

Aristocrat Leisure Limited

Business Review



Contents

- 4** Chairman & CEO Welcome
- 6** 2013 in Review
- 8** Our Growth Strategy
- 10** 2013 Product Portfolio
- 12** Sustainability at Aristocrat
- 20** 5 Year Financial Summary
- 21** Board of Directors
- 24** Executive Leadership Team



Chairman & CEO Welcome



Ian Blackburne
CHAIRMAN



Jamie Odell
CEO

Welcome to Aristocrat's Business Review for the year ending 30 September 2013. We are pleased to report that it's been another positive year for Aristocrat, as we continue to execute our growth strategy across the globe.

Our primary focus over the past 12 months has been growing our market share in key, high value markets and segments. We have made solid progress with an unrelenting commitment to delivering our customers the best possible games and most compelling performance levels. To do this we stepped up our investment in world-leading technical and creative talent, worked hard to embed a high performance culture and gained recognition as an employer of choice across the global industry. We have also sharpened our focus on what local customers and players want, challenging ourselves to live up to our promise and truly 'transform the game'.

The quality and breadth of the portfolios Aristocrat showcased across our major tradeshows in 2013 set a new benchmark for our business, generating positive customer and market feedback. Over the course of 2013, we accelerated our efforts to ensure our core gaming business is positioned not only to compete, but to grow and build value across key markets and segments into the future.

With the acquisition of Product Madness Inc, a leading publisher of social slots, we also increased our online gaming presence, delivering Aristocrat all the benefits of a top tier social casino operator and best of breed social gaming platform. While it's early days, throughout 2013 we worked to leverage new and existing distribution opportunities for our broad game content library in the social network and mobile gaming channels, with early Facebook app releases generating encouraging results.

We also took full control of the award-winning nLive™ product, which offers our casino customers in the US a fully branded free-play site to promote their venues and better engage customers. nLive™ is also fully capable of delivering real-money online gaming in the US, ensuring Aristocrat is well positioned to take advantage of further opportunities as the industry evolves and regulations change.

We look forward to keeping you updated as Aristocrat continues its journey of transformation and growth.

Ian Blackburne
CHAIRMAN

Jamie Odell
CEO

The quality and breadth of the portfolios Aristocrat showcased across our major tradeshows in 2013 set a new benchmark for our business.



2013 in Review

The Review of Operations contained in the 2013 Annual Report provides a detailed overview of the Group's performance for the year ending 30 September 2013.

[Click here to view the report](#)

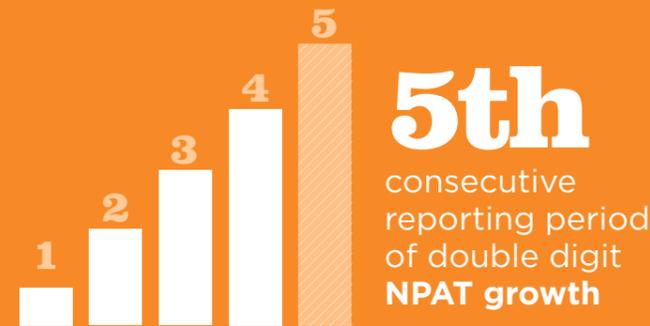
2013 Highlights

1,688
volunteer hours worked globally

Supplying customers in over

90
countries

19.4c
Earning per share (fully diluted)



High Performance Leadership Toolkit

9
Modules



186
Sessions



9
Locations

Las Vegas, Sydney, Macau, London, Austin, RSA, India, NZ, Newcastle



364
Participants



Licensed in over **240** jurisdictions

Almost **12%** increase in Gaming Ops footprint*



2,173 employees globally



16.9% increase in NPAT*

530,000+ people playing Product Madness games every day



Our Growth Strategy

Our strategy focuses on three key pillars – Core Momentum, Industry Transformation and People & Culture.

- **Core Momentum** – In 2013, we continued to focus on our core gaming business and taking the necessary steps to underpin share growth in the coming years. This included a major investment in new and existing creative talent in order to continue to build competitive entertainment gaming and jackpot portfolios, and to add further excitement and performance to our gaming operations product. Legendary names such as Dan Marks, Scott Olive and Joe Kaminkow joined our talented global group of artists and designers during 2013, making an impact in the quality of our core game portfolio.
- **Industry Transformation** – We have made several considered investments over the course of 2013 to secure our future position in the emerging social gaming category. We acquired an internet gaming system (“IGS”) and a remote game server (“RGS”), enabling us to deliver Aristocrat game content in both the online wager and free-to-play environments. Our purchase of Product Madness Inc, a best-in-class social slots publisher, marked our entry into the fast growing social casino market with Aristocrat content.
- **People & Culture** – We are committed to building a high performance culture and ensuring that Aristocrat attracts and retains the best performers with the right capability and behaviours to bring our strategy to life. The rollout of our High Performance Leadership Toolkit over the course of 2013 represented a significant investment in supporting our key leaders to maximise their effectiveness every day. We also implemented a range of improvement measures in response to a global employee survey and bedded down our comprehensive talent management program.





1

SHOWCASING OUR IP

In 2013, Aristocrat showcased our strongest portfolio of games tailored to suit players and customers across our major global markets, including:

- 1. The Australasian Gaming Expo (AGE);
- 2. G2E (Global Gaming Expo) Macau;
- 3. G2E (Global Gaming Expo) Las Vegas;
- 4. ICE (International Gaming Industry Exhibition) London.



2

AGE Australia

50

unique game titles across 7 differentiated product families

G2E Las Vegas

200+

games on display

G2E Macau

80%

increase in Aristocrat games on stand in dual language



3



Sustainability at Aristocrat

For us, sustainability is about ensuring our business and our industry has a long-term future – economically, socially and environmentally. Our sustainability priorities are established at Board level and cascaded throughout the global organisation and expressed in the way we do business every day – our processes, our people and our products.

Governance and risk management

Aristocrat operates in a highly regulated industry in which our probity is of utmost importance. We adhere to stringent processes and controls to ensure the suitability of our people, customers, vendors, agents, distributors, major shareholders and other associates. Our extensive probity process is constantly reviewed for effectiveness and we deliver a detailed anti-bribery and anti-corruption training course for employees.

The Corporate Governance framework we have developed uses Aristocrat's long established values as well as the 'Corporate Governance Principles and Recommendations' published by the ASX Corporate Governance Council. Full details of our Corporate Governance framework, including remuneration details, can be found in our 2013 Annual Report.

[Click here to view the report](#)

Aristocrat also operates within a sound risk management framework. Formal ongoing processes are in place to identify, assess, monitor and appropriately manage the risks the business faces or might be exposed to in the course of our operations.

Our role in encouraging a sustainable industry

Aristocrat works closely with industry leaders to promote responsible gaming initiatives and support the adoption of evidence based responsible gaming practices and policies. We support responsible gaming and harm minimisation initiatives that:

- are proven to reduce problem gambling without unduly impacting the overwhelming majority of recreational gamers, or limiting their choices, amenity and enjoyment;
- foster player empowerment and informed decision making, while protecting individual privacy;
- are able to be implemented with a high degree of integrity, both from a technological and legal perspective; and
- are affordable and viable for customers and ultimately for players.

We continue to invest in initiatives such as the innovative Blue Gum™ electronic gaming machine, which incorporates a range of harm minimisation features including:

- special messages and animations to encourage players to gamble responsibly;
- a bank meter allowing players to 'bank' any wins;
- an alarm clock to help players monitor the amount of time spent playing; and
- a 'charity meter' to direct part of winnings to a registered charity.

Our sustainable practices

Aristocrat not only complies with the various environmental laws to which our operations are subject, but also aims to achieve a high standard of environmental performance across all our operations. To reduce our environmental footprint, mitigate regulatory risks and decrease costs, we have implemented a range of initiatives including:

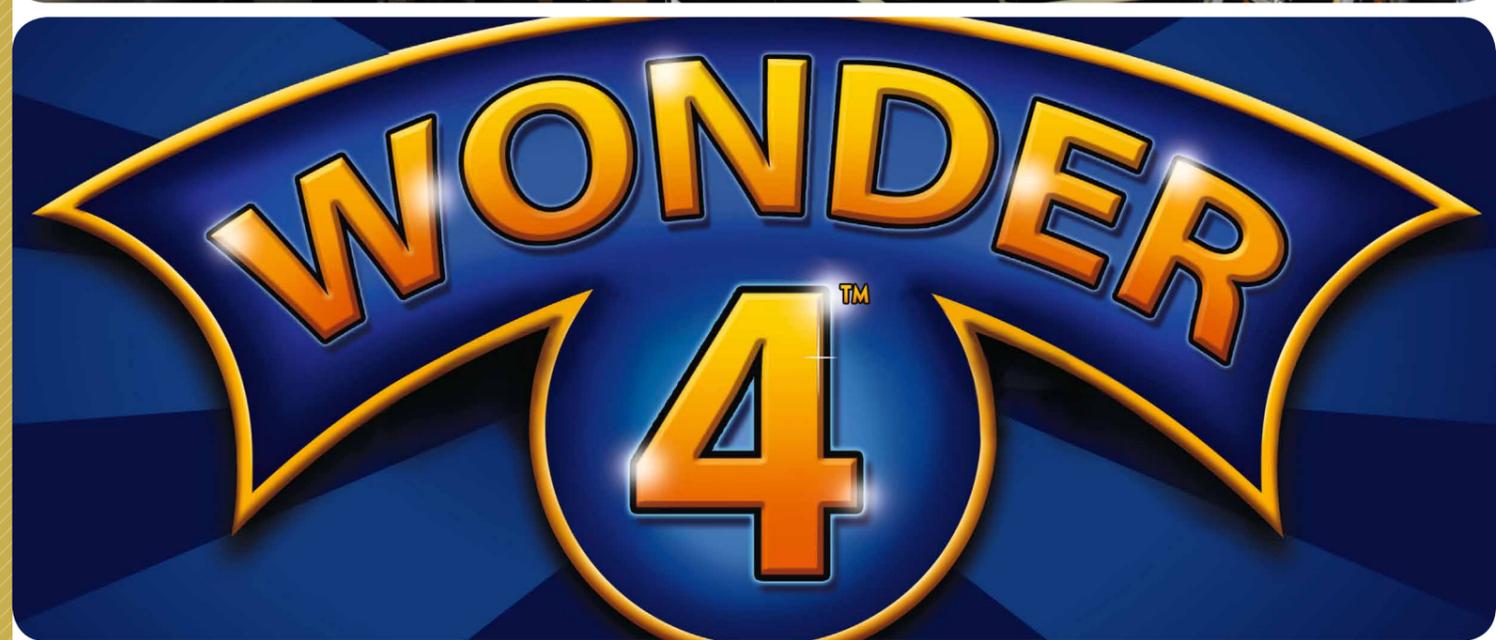
- introducing energy efficiency and recycling programs across all our offices and sites;
- establishing water recycling systems in our Integration (manufacturing) Centres;
- removing hazardous materials previously used in products and ensuring suppliers comply with similar standards;
- increasing the usage of recyclable material in our products and packaging, and labelling of all plastics with the appropriate recyclable symbol and material type; and
- introducing practices to define environmental considerations in product design.

Through our centralised procurement system, suppliers tendering for work must provide information about their sustainability practices. Information provided on topics such as occupational health and safety, risk management, governance, community investment and environmental practices forms part of our supplier selection process. Our comprehensive procurement policy requires our employees to:

- adopt strategies to avoid unnecessary consumption and manage demand;
- foster a viable market for sustainable goods and services; and
- support suppliers who are socially responsible and adopt ethical practices.

BIRTCHER CASE STUDY

Our integration centre in Birtcher, Las Vegas, demonstrates how Aristocrat is active in seeking to continually improve our environmental performance.



147,000

Square metres of warehouse, production, and offices.





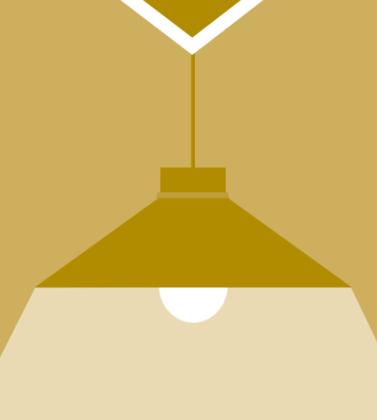
ENERGY

We partnered with the Nevada Energy (Building IQ) to undertake a comprehensive review of energy efficiency performance and capture key opportunities. In 2013, the team at Birtcher delivered an 18% reduction in overall energy consumption compared to the prior year.

An annual analysis to assess energy loss will be undertaken each year, with the energy Action Plan updated accordingly.

Key contributors to this result were:

18%
Reduction



Installation of a **new lighting control system** and tinted windows

Commissioning



7
Evaporative coolers

Installation of **reflective roofing material.**



HAZARDOUS MATERIALS

Hazardous materials training program was delivered to all employees.

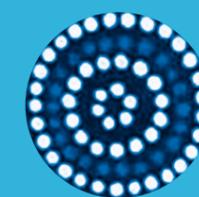


VEHICLE EMISSIONS

Reduced fuel emissions over the past four years by 42%, with the move to highly efficient service vehicles.



Partnered with the Canadian government to develop guidelines to manage cradle to grave environmental policies for gaming equipment.



WATER

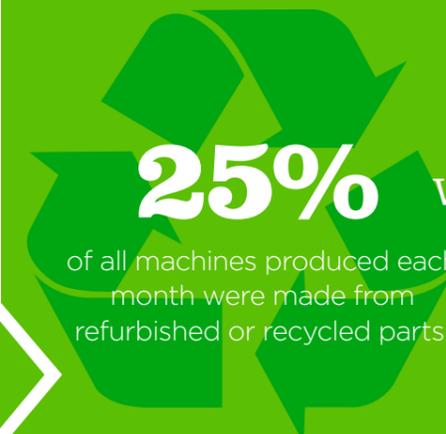
Converting the landscaping of the site to indigenous desert has reduced water consumption by

40%

RECYCLING

At Birtcher, a Stewardship Plan for recycling is reviewed annually.

Over 2013...



of all machines produced each month were made from refurbished or recycled parts.



We also **100%** recycled of all electronic components, associated metals, plastics and cardboard used at the site.

Work Health and Safety (WH&S)

Ensuring safety within our workplaces is our most fundamental obligation to employees and other workers, and it is one that we take very seriously at Aristocrat.

Our stringent processes include:

- The inclusion of safety discussions at every management meeting;
- WH&S information included and assessed for all tenders;
- Lead WH&S metrics included in CEO and Executive Leadership Team KPOs; and
- Consideration of WH&S processes given when allocating resources and tasks.

This year the management team has formalised our hazard identification and risk assessment processes, ensuring even more comprehensive 'near miss' reporting with a focus on timely corrective action.

Monthly reporting at the Executive team and Board levels guarantees transparency across the business and promotes a safety culture with a strong control and prevention effort. These reports include a review of lead and lag indicators and address all parts of the business. Investment in WH&S training and education helps ensure that all Aristocrat people understand what is expected of them in terms of safe behaviours, and that they know how to address any issues they may come across.

Our Community

Our people are part of diverse local communities around the globe, and as a business we encourage involvement with community groups that reflect the values of each local team. With the guidance of the Community Involvement Committee (CIC), staff can nominate to participate in a range of fundraising and volunteering activities within their regions including a workplace giving program.

1,688 hours

in total volunteered across events and activities

97 people

volunteered across the ANZ business

43 events

events worked on by teams globally

Our People

The Aristocrat family comprises nearly 2,200 employees working around the globe. We strive to build a high performance culture that is uniquely Aristocrat, while also embracing our diversity.

We aim to offer all employees an encouraging, stimulating and safe working environment, supporting them with efficient processes and policies that help them succeed and perform to their full potential. To meet this objective, we rolled out our High Performance Leadership Toolkit to all people managers globally during the course of this year. Support provided through this program has equipped our people managers to meet the challenges of managing staff with confidence and essential management tools.

During 2013, a Global Diversity Council was established, supported by a range of regional working groups, to deliver our diversity initiatives around the globe. These initiatives have been an important driver behind the positive employee survey results achieved this year and our focused action planning for 2014.

Our global remuneration strategy is another key driver in achieving our business objectives while at the same time enabling us to attract, motivate and retain staff. Aristocrat's remuneration framework is:

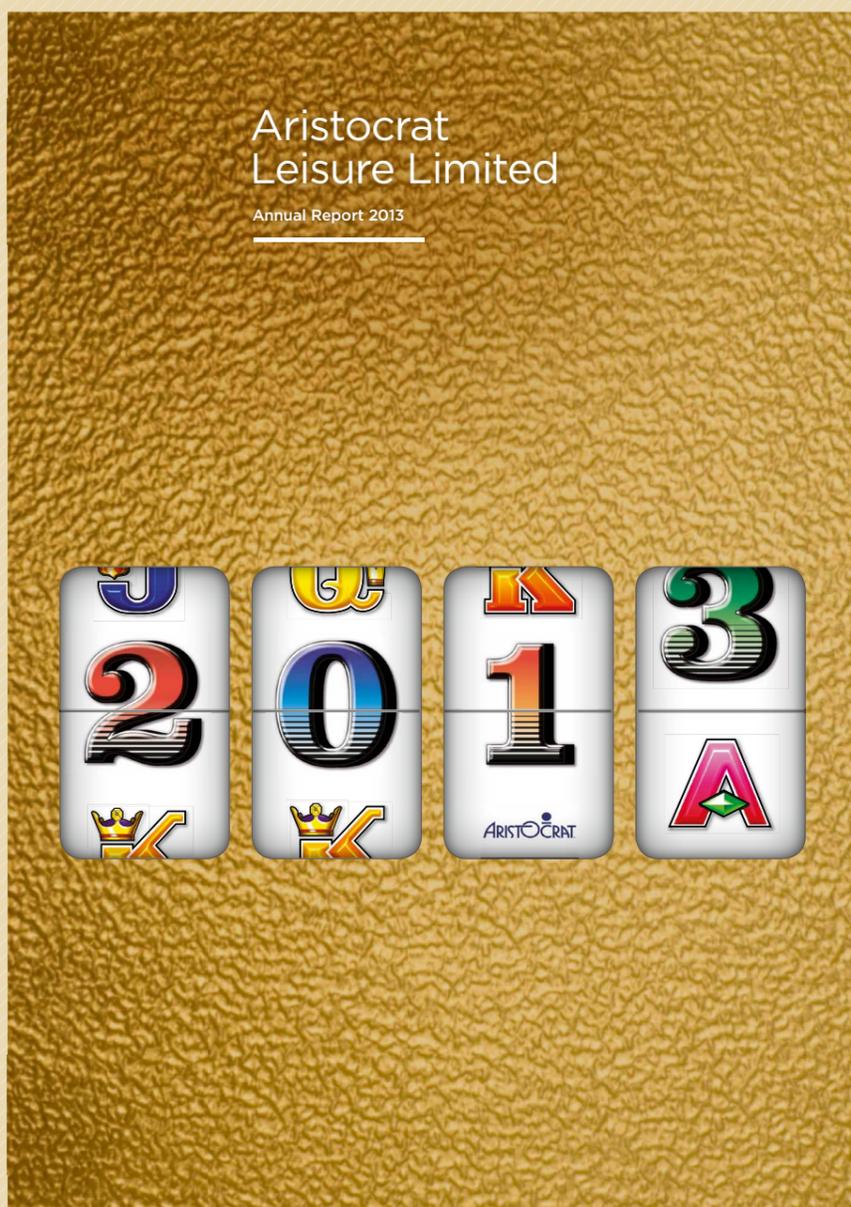
- aligned with the Group's business strategy
- globally relevant
- performance and outcome driven
- competitive
- transparent

Our remuneration policy is included in the 2013 Annual Report under Remuneration Report.



- 1 US team volunteering at Habitat for Humanity.
- 2 Sydney IT team fundraising for Pink Stumps Day for the McGrath Foundation.
- 3 Las Vegas team setting up the Magical Christmas Forest for Opportunity Village.
- 4 Indian team celebrating Holi - Festival of Colours.
- 5 Team in Macau playing at the annual Special Olympics Event.

5 Year Financial Summary



[Click here to view the report.](#)

Board of Directors



Ian D Blackburn
NON-EXECUTIVE CHAIRMAN

Dr Ian Blackburn is the Chairman of Recall Holdings Limited and a director of Teekay Corporation (listed on the NYSE). A former research scientist, he spent 25 years in the petroleum industry in technical, manufacturing, marketing and strategic planning roles, as well as serving as Managing Director of Caltex Australia Limited.

Dr Blackburn has been a director of various public companies for more than 15 years including formerly, CSR Limited, Suncorp-Metway Limited and Symbion Health Limited. He has also been Chairman of CSR Limited, the Australian Nuclear Science and Technology Organisation, and the Royal Botanic Gardens.



Jamie R Odell
CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

Jamie Odell was appointed Chief Executive Officer and Managing Director of Aristocrat Leisure Limited effective 1 February, 2009 and his appointment received regulatory approval on 13 May, 2009. Prior to his appointment, Mr Odell was Managing Director of Foster's in the Australian and Asia Pacific region with responsibility for the sales and marketing of Foster's extensive portfolio of beer, wine, spirits and other alcoholic and non-alcoholic beverages. Before joining Foster's, he was Regional Vice President (Asia Pacific) Allied Domecq Duty Free, responsible for sales through travel-related channels in Asia and Australasia. In October 2012, Jamie was appointed to the Board of the American Gaming Association (AGA).



David C P Banks
NON-EXECUTIVE DIRECTOR

David Banks has more than 25 years' experience in the industrial, entertainment and gaming industries in financial, operating and strategic planning roles. Previously the Chief Executive (Casinos Division) of Tabcorp Holdings Limited and Chief Executive Officer of Star City Holdings Limited, Mr Banks was most recently the Group Chief Operating Officer of Galaxy Entertainment Group based in Macau. He is a former President of the Australasian Casinos Association and a former Director of the Australian Gaming Council.



Lewis (Kelly) Flock
NON-EXECUTIVE DIRECTOR

Lewis (Kelly) Flock is based on the West Coast of the United States and has over 20 years' experience in the video gaming industry in North America. He has held senior roles with some of the largest gaming brands in the world, including Sony, THQ and LucasArts Entertainment. Mr Flock has extensive production, marketing and IP management experience. He has also successfully led the turnaround of several video gaming studios. Mr Flock has advised that he will retire from the Board effective 19 February 2014.



Roger A Davis
NON-EXECUTIVE DIRECTOR

Roger Davis was nominated as a Non-Executive Director in November 2004 and was appointed Non-Executive Director in June 2005. Mr Davis is currently the Chairman of the Bank of Queensland and a Consulting Director - Investment Banking for Rothschild Australia Limited. He is also a Director for Trust Company Limited, Argo Investments Ltd and Ardent Leisure Limited. He is a former Chairman for Centric Wealth Advisors Limited and Charter Hall Office REIT; former Director, Territory Insurance Office; former Senior Executive for Citicorp and Citigroup Inc. in the United States and Japan; as well as a former Group Managing Director for the ANZ Banking Group Limited.



Stephen W Morro
NON-EXECUTIVE DIRECTOR

Stephen Morro has over 25 years' experience in the gaming industry, including 20 years in various roles at IGT. As IGT 's former Chief Operating Officer and President of the Gaming Division, Mr Morro was responsible for its global operations, which involved the development and execution of strategic plans for product, technology, marketing, manufacturing and distribution. He has an extensive background in regulatory, legislative, M&A and legal strategies and is one of a small group in the gaming industry with experience as a supplier, operator and regulator.



Rosalind Dubs
NON-EXECUTIVE DIRECTOR

Rosalind Dubs was nominated as a Non-Executive Director in December 2008 and appointed Non-Executive Director effective June 2009. Ms Dubs is a Director of ASC Pty Limited and ANU Enterprise Pty Ltd. Ms Dubs is the former Chair of the Space Industry Innovation Council. She was formerly the Deputy Vice-Chancellor (External Relations) at the University of Technology in Sydney; the VP Operations Thales ATM SA (France); held senior executive positions in Airservices Australia, the Australian National University and CSIRO; former Director, Structural Monitoring Systems Plc, Thales ATM Pty Limited, Thales ATM Inc (USA) and Thales ATM Navigation GmbH (Germany). She was also formerly the Chair of Thales ATM spA (Italy).

Executive Leadership Team



Jamie Odell
CHIEF EXECUTIVE OFFICER

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Toni Korsanos
CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Toni Korsanos was appointed Chief Financial Officer in July 2009, after joining Aristocrat in 2007 as General Manager, Group Finance. Toni has almost 20 years' experience in financial and general management in leading companies including Kellogg's and Goodman Fielder Ltd. Immediately prior to joining Aristocrat, Toni was Senior Commercial Finance Manager - Business Support at Kellogg's Australia and New Zealand. Toni also spent seven years with Coopers & Lybrand, Sydney in senior audit roles. Toni holds a Bachelor of Economics (Accounting and Finance) from Macquarie University, and is a member of the Institute of Chartered Accountants.



Trevor Croker
MANAGING DIRECTOR, ANZ AND ASIA PACIFIC

Trevor Croker joined Aristocrat as Managing Director, Australia and New Zealand in October 2009. Trevor has significant experience building high performance sales organisations, most recently as Sales Director of Carlton and United Breweries. Trevor has also held sales transformation and leadership roles within Foster's Australia and Beringer Blass Wine Estates, in addition to a number of national and regional sales management positions. Trevor holds a Graduate Diploma in Management from the University of New South Wales and an Associate Diploma Sports Administration from Griffith University.



Rich Schneider
CHIEF PRODUCT OFFICER

Rich Schneider joined Aristocrat Leisure Limited as Chief Product Officer on 28 July 2011. Rich brings with him more than 20 years of experience creating and delivering system and game products to the casino industry in the US, serving most recently as the CEO of Walker Digital Table Systems. Rich has also served as COO of Acres Gaming, VP of Game Engineering at Casino Data Systems and in a number of lead role positions in IGT's system and game development/product management organisations. Rich was also a founding member of the Gaming Standards Association and was Chairman for three years. Rich has a Bachelor of Science (Engineering) from the University of Nevada Las Vegas.



Jason Walbridge
CHIEF SUPPLY OFFICER AND MANAGING DIRECTOR EMEA

Jason Walbridge was appointed Chief Supply Officer effective July 2011 and he took over responsibility for the EMEA business in July 2013. Having joined the company in 1997, Jason was previously Senior Vice President Design & Development, Integration and Services in the Aristocrat Americas business and has held a number of other roles within Aristocrat in the Americas and New Zealand. Prior to joining the business, Jason was a management consultant for Ernst & Young New Zealand and Impac Australia after serving as a commissioned officer in the New Zealand Army in a variety of operational leadership roles around the world. Jason holds a Masters in Business Administration (International Management) from the Auckland Institute of Studies.



Atul Bali
PRESIDENT - THE AMERICAS

Atul Bali joined Aristocrat as the President, Aristocrat Americas in June 2012. Atul brings a deep understanding of regulated lotteries, online gaming and gaming technology. Previously, as CEO of the XEN Group, Atul oversaw the expansion of the Group's portfolio of social media, data technology, online gaming and ecommerce businesses. Atul previously held leadership roles at Grupo Lottomatica, including President of the GTECH G2 division and Group SVP for Corporate Development and Strategy. A chartered accountant, Atul began his career with KPMG in the United Kingdom.



Craig Billings
MANAGING DIRECTOR - STRATEGY AND BUSINESS DEVELOPMENT

Craig Billings was appointed to the role of Managing Director - Strategy and Business Development in July 2012. Craig has a long history within the gaming industry, having held senior roles at IGT, including Chief-of-Staff to the CEO and Head of Corporate Development, and within the Investment Banking Division of Goldman Sachs where he served clients in the gaming industry, first from New York and then from London. Craig holds a degree from the University of Nevada Las Vegas and a Masters of Business Administration from Columbia Business School.



Mark Dunn
EXECUTIVE VICE PRESIDENT & GENERAL COUNSEL

Mark Dunn was appointed Executive Vice President and General Counsel on 1 December, 2011. Prior to this, Mark held roles with Caesars Entertainment Corporation and its predecessor Harrah's Entertainment Inc. for more than nine years. His responsibilities included managing legal affairs for the company's Western Division, including casinos in Nevada, Las Vegas and International locations such as the UK, South Africa, Egypt and Canada. Mark has also held roles in the private practice of law for 13 years and was a law clerk for the former Missouri Supreme Court Judge, the Honorable Ann K. Covington. Mark holds undergraduate and law degrees from the University of Missouri.



Gayle Philpotts
GLOBAL HR DIRECTOR

Gayle Philpotts joined Aristocrat in July 2012 as Global Human Resources Director. Gayle is an experienced HR leader and comes to Aristocrat from the multinational pharmaceutical company iNova. Previously, Gayle has led HR teams at Wyeth/Pfizer, Sun Rice, George Weston Foods and Westpac Bank among other assignments. Gayle holds a Bachelor of Arts and MBA from the University of Wollongong, as well as a Doctor of Business Administration from Southern Cross University.



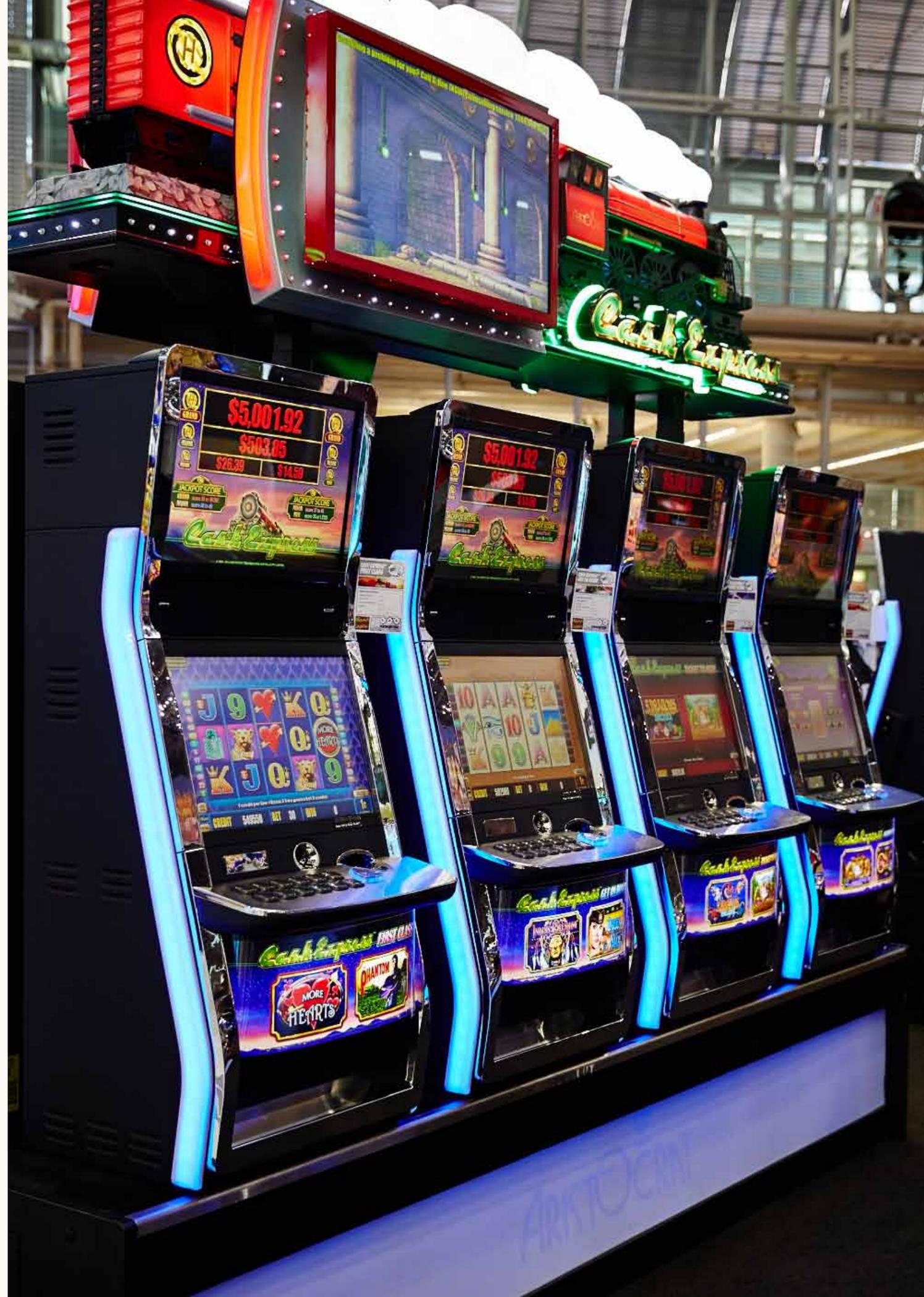
Manjit Gombra-Singh
CHIEF TECHNOLOGY OFFICER

Manjit Gombra-Singh was appointed Chief Technology Officer of Aristocrat in December 2012 after previously holding the role of Senior Vice President for Aristocrat responsible for research and development of enabling technologies. Manjit has a broad background in technology, having worked at Juniper Networks on virtualization and management technologies as well as cloud initiatives, leadership roles on Internet and Mobile product lines at IGT, and engineering management roles at Sun Microsystems. Manjit is a published author on cloud computing and mobile gaming technologies and holds a Master of Technology (Computer Science) degree from University of Hyderabad.



Victor Blanco
SENIOR VICE PRESIDENT OF PLATFORM ARCHITECTURE

Victor Blanco joined Aristocrat as Senior Vice President of Platform Architecture in January 2010. Victor founded and leads Aristocrat's development centre in Austin, Texas with a focus on software innovation and next generation platforms. He was previously Director of Software Architecture at HTC, helping drive HTC's transition from a white label smartphone manufacturer to an established international brand. Victor also spent eight years with Microsoft as a Software Architect contributing to the launch of the Xbox video game console, the Xbox Live service and Ultra-Mobile PC platforms. Victor holds a Bachelor of Computer Science from Texas A&M University.



aristocrat.com.au

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