



27 February 2015

Company Announcements Platform
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

Aristocrat Leisure Limited – 2015 Annual General Meeting

In accordance with Listing Rule 3.13.3, please find attached the addresses by the Chairman and Chief Executive Officer and Managing Director.

Yours sincerely

A handwritten signature in black ink, appearing to read "A Korsanos".

A Korsanos
Company Secretary
Aristocrat Leisure Limited

Aristocrat Leisure Limited
2015 Annual General Meeting

Chairman's address - Dr Ian Blackburne

Ladies and Gentlemen, I am now delighted to present to you a summary of Aristocrat's performance for the financial year ended September 30, 2014.

It's impossible to reflect on the past 12 months without acknowledging the sheer pace of change that confronted our business. Since I last stood before you, consolidation among gaming equipment suppliers has accelerated significantly. In addition, increasingly competitive markets, fast-changing customer and player preferences and technological advances globally have all combined to drive more complexity, challenge and opportunity across our operating environment.

Aristocrat responded effectively to these challenges over the course of 2014 – successfully executing our strategy, delivering performance in our core business and positioning the business for future growth.

Our strategy to create the world's best gaming content and technology yielded further, positive results again this year, and we were very encouraged by the widespread recognition of the strength of our new games and cabinets which are underpinned by outstanding new technology. After the meeting I encourage you to look at our innovative new Helix cabinets in the showroom here. These are proving to be highly popular with players and customers alike, and are driving greatly improved performance wherever they have been released.

With stronger market execution share gains were achieved across Aristocrat's core gaming markets, particularly outright sales in Australia and the US, and we reached a new record Class III gaming operations installed base in North America. Group revenue growth of 6.9% and normalised, reported profit growth of 10.2% for the year, compared to our 2013 results, highlights the progress the business is making.

We are delighted that, over the year in review, Aristocrat was a top performing stock for many shareholders.

Sustained improvement in Group performance delivered a further lift in total shareholder returns, with earnings per share 6.7% higher (to 20.7 cents) compared to the 2013 full year. Total dividends of 16.0 cents represented a payout ratio of 76% of normalised earnings, demonstrating the Board's confidence in the business' performance momentum.

Gearing levels at the close of the reporting period were also better than our expectations, and driven fundamentally by higher earnings. Looking ahead, Aristocrat's recurring revenue base and strong cash flows will give the business the capacity to consider additional organic and inorganic investments in line with our strategy and shareholders' longer term interests.

The acquisition of Video Gaming Technologies Inc. (VGT) was announced late in the reporting period and closed on 20 October 2014. This outstanding strategic acquisition is highly accretive, more than tripling our US recurring revenue footprint, and it brings together complementary businesses with aligned cultures and a shared focus on great games and outstanding customer service.

In our social digital business, Aristocrat proved three important propositions over the course of the year: firstly, we can be profitable in this fast-growing segment, secondly we can leverage our great land-based gaming content for strong digital performance, and finally we have the technological capability to expand into mobile distribution channels to support our ambitions. We enjoyed a very successful worldwide launch of our popular Heart of VegasTM app on iPad during the year, and in recent weeks launched this flagship application on smartphones as well. Those interested to enjoy the app can now download it from i-Tunes directly to your phone, or tablet device.

This year we also took the opportunity to divest Lotteries, and de-risk the Japan business in the face of increasing regulatory uncertainty. These steps mean there can be an increased management focus and investment in our growing core markets and segments globally. We have been – and continue to be – disciplined about investing resources behind the activities and markets that drive value, and removing distractions that create complexity without sufficient benefit for shareholders.

I do want to emphasize that success this year was the output of five years of hard work. Consistent with our remuneration policies, the Board is pleased to have been able to appropriately reward key executives and team members. It's worth underlining that today over 75% of our revenues are earned outside Australia, and 70% of our key leaders are based outside Australia. The reality is that Aristocrat competes in the global race for talent and must strive hard to retain a competitive edge. Later, my colleague, Remuneration Committee Chair Kathleen Conlon, will say more on the Board's approach and the remuneration resolutions upon which we seek your support at the appropriate time today.

Throughout 2014, your Board took an active approach to engaging the business. Directors variously visited and met customers in Macau and Manila, Las Vegas and key Australian markets, and attended major tradeshows around the world. I particularly want to thank our US colleague Steve Morro who has been a great partner of the North American executive team, and who actively supported management throughout the acquisition of VGT. We recognize Steve's value to this board by signifying him as Lead Director, USA. Looking ahead, we want to strengthen the Board further. We have determined to commission an independent review of the Board in line with best practice, and we look forward to applying the advice in succession planning for the board, and improving board skillsets and experience wherever opportunities present.

Finally, I'd like to remind you that our annual Business Review publication is once again available online at the Aristocrat homepage, and offers an at-a-glance summary of our financial performance, strategy and progress in our sustainability agenda. As always, your feedback is welcome and very helpful as we aim to continuously improve the content and presentation of this important publication.

I'd like to assure shareholders that Aristocrat will continue to strive hard to deliver 'the world's greatest gaming experience, every day' across an even broader range of strategic channels, markets and segments in the year ahead. I would like to thank my fellow Directors, the senior management team and all Aristocrat people for their contribution to another positive full year result.

I'm now pleased to invite Jamie Odell, CEO and Managing Director of Aristocrat, to provide further comment on the 2014 financial year and the outlook for 2015.

CEO & Managing Director's address – Mr Jamie Odell

Thank you Chairman, and welcome everybody – thank you for joining us today.

As Ian mentioned, the year to 30 September 2014 was a significant year of change and achievement for Aristocrat. It marked the successful conclusion of our 5-year turnaround program.

Shareholders may recall that in 2009, we said that step-changing our share of the US Class III recurring revenue value pool was our top strategic priority, in order to reduce earnings volatility and lift cash flows. We also committed to leveraging our competitive strengths in premium content while exiting non-core businesses and cleaning up legacy risks. I'm pleased to say we have achieved each of these objectives over the course of our turnaround. In particular, we have more than trebled the percentage of Aristocrat revenues that are recurring in nature, invested behind our competitive advantages in content and technology, methodically removed distractions and established the business on a sustainable growth trajectory.

During 2014, accelerating core business performance and confidence in our plans supported a number of important strategic decisions – most notably, the acquisition of VGT Inc, as well as the divestment and de-risking of non-core businesses. These steps will position us well for the future as we embark upon the next phase in our growth.

As we reported last November, Group performance for 2014 was ahead of the prior corresponding period, with normalised profit after tax of \$118.1 million representing a 10.2% increase in reported terms, and a 1.3% increase in constant currency, over the \$107.2 million delivered in the year to 30 September 2013.

Once again, this performance was driven by strong operational delivery, particularly outstanding share growth in the critical US gaming operations segment. Further share growth in the US and Australian outright sales markets, and accelerating profitability in our digital business, also contributed.

Aristocrat's investment in targeted, market-leading games, technology and improved front-end execution drove share growth across all key markets and segments over the 12 months to 30 September 2014. Regulatory change however contributed to a disappointing result in Japan and Asia Pacific, and subdued conditions saw the US outright sales market contract over the reporting period.

Group revenue improved 6.9%, and normalised EBIT grew 11.0% over the reporting period, or 1.7% and 2.6% growth respectively in constant currency. Excluding Japan, revenue for the year increased 13.0% and EBIT increased 18.8% on a reported basis.

Operating cash flow of \$158.8 million was 61.7% higher than the prior corresponding period, predominantly reflecting higher receipts on increased revenues, and cash management initiatives.

The result reflects a revitalised core Class III product pipeline that is approaching full strength and is driving share and value growth in line with our strategy. Also evident is Aristocrat's gathering momentum in digital gaming, and the impact of our focused approach to building profitable scale in this emerging segment that leverages our competitive strength in premium game content.

Finally, our results for fiscal 2014 highlight the inherent strength of our global portfolio, as the business delivered Group EBIT growth despite mixed results across regions. Looking ahead, the addition of VGT to our portfolio adds further stability and strength, given the significant lift in recurring revenues and cash flow generation it will deliver to the Group.

I will now touch on some of the operational features of the result in more detail, beginning with our largest segments in North America....

Aristocrat's total gaming class III operations installed base increased 20% to a fresh record of 9,071 units during the reporting period, with average fee per day increasing 10.5% or \$4.38 to \$46.02. A high quality class III gaming operations result reflected the impact of a successful mix of new proprietary and licensed game releases during the reporting period, including *Cash Express Gold Class™*, *Buffalo Stampede™*, *Batman™*, *Walking Dead™* and the ongoing popularity of the *Tarzan™* franchise.

Once again, Aristocrat's gaming operations and broader product portfolio attracted outstanding market feedback. The blockbuster release *Walking Dead™* was named 'casino product of the year' at the annual Global Gaming Awards, and Eilers-Fantini's October slot survey named Aristocrat as the top supplier at this year's G2E trade show by a wide margin. Aristocrat games also made up 5 of the top 7 most anticipated new releases nominated by survey respondents, with *Buffalo™* once again named the top performing slot game in North America.

Pleasingly, Aristocrat also accounted for 5 of the top 10 new technologies showcased at G2E, with respondents nominating our new *Helix™*, *Arc™* and *Behemoth™* cabinets, system innovations and other Aristocrat technologies.

Despite a contracting outright sales market, Aristocrat grew share on the strength of powerful game content, continued *Viridian WS™* penetration and the rollout of our new *Helix™* cabinet.

Our *Oasis360™* systems offer was also strengthened with the acquisition of Paltronics (assets), and our exclusive partnership with House Advantage, which were both completed during the reporting period. While operator consolidation and closures drove a lower overall market, Aristocrat held share and improved margins over the full year.

In Australia, the strong product led momentum reported in the first half of the year was sustained over the twelve months to 30 September 2014. A complete portfolio of high-performing games, together with the successful launch of the new *Helix* cabinet and ongoing *Viridian WS* performance, drove a shipshare result of around 43% for NSW over the full year, and also saw Aristocrat regain market leadership in Queensland.

Across the Rest of World segment, performance was solid, excluding Japan. Aristocrat maintained its leading share position across Asia Pacific, including in the important Macau market, although regulatory change and reduced expansions across Asia, and weak economic conditions in Europe drove total segment revenue and profit declines.

In our social Digital business, Product Madness drove sustained growth in the *Heart of Vegas™* Facebook application throughout the reporting period. Today, *Heart of Vegas™* is the 5th largest social casino on Facebook. Revenues and profitability grew strongly over the second half of the reporting period, off the back of the release of *Heart of Vegas™* on tablet. As the Chairman mentioned, we have recently also launched a version of this popular app for smartphones.

Overall average revenue per daily active user (or ARPDAU) was US 26c at period end, with a fresh record of 800,000 Daily Active Users (or DAU). This compares to an ARPDAU of 7c and a total of 531,000 DAUs in the PCP. ARPDAU on our flagship social app, *Heart of Vegas™*, grew from US 16c at the beginning of the year to US 38c at period end, reflecting the benefit of premium Aristocrat gaming content.

In addition, the non-core Lotteries business was divested in the second half of the year to allow tighter focus on our strategic priorities.

As previously flagged, Japan performance was materially impacted by the deferral of *Black Lagoon 2™*, which resulted in the business releasing only one game in the reporting period compared to two in the PCP. This drove a 71.9% drop in local currency revenues, and an operating loss for the year.

In summary, the year to 30 September 2014 shows that our product-led, share-taking strategy continues to gain traction. Across priority markets and segments, game pipelines are now largely filled, with a critical mass of tailored new product driving strong customer interest and operational performance despite market conditions.

Over the course of the year, we also continued to focus on lifting our front-end capability to ensure the business can extract full advantage from our powerful product portfolio. The appointment of Maureen Sweeny as Chief Commercial Officer was an important step forward in driving consistency and effectiveness across our global Class III sales and marketing functions.

Recently, we also announced the appointment of Jay Sevigny as President of VGT. Jay served as Chief Operating Officer of VGT for six years, before leaving to pursue other business interests in 2011. Jay has more than three decades' experience in the gaming industry, having moved through a range of senior leadership roles in finance, marketing and general management at Harrah's Entertainment, Gaylord Entertainment Company and VGT. Jay's outstanding leadership skills and deep familiarity with VGT makes him an ideal choice to lead our Class II business as it embarks upon its next strategic horizon, and we look forward to his contribution.

I am also pleased to report that the VGT integration is proceeding well, in line with our expectations, with a seamless ownership transition now behind us, and increasing collaboration across teams as we focus on identifying and prioritising growth opportunities.

Outlook

Looking ahead over the balance of 2015, we are expecting another significant year for Aristocrat as we integrate the VGT business and continue to focus on the things we can control – in particular improving our portfolio focus, competitiveness and earnings mix as previously flagged.

We expect our operational momentum and share performance to lift further over the full year to 30 September 2015, albeit with generally flat to weaker demand in a number of key segments. We expect to see a significant lift in the percentage of total revenues that are recurring in nature, as we integrate VGT and continue to grow recurring revenues in our Class III and Digital businesses over the course of 2015. At this stage, we expect performance to be moderately skewed to the second half of the year.

In the Class III recurring revenue segment, we expect to see continued benefit from the carry-forward of a growing installed base and fee per day, with the pace of growth in the installed base moderately lower than the prior year. Our digital business will also grow with the benefit of a higher DAU base and monetisation rates, further supported by the launch of new mobile products. As we drive greater scale, higher User Acquisition costs are likely to moderate margins over the full year compared to the prior corresponding period.

In Class II, while we continue to expect the market to be flat over the full year, the VGT business is positioned to sustain strong cash flows and deliver positive performance as we focus on integration. The completion of purchase accounting and associated valuations will introduce a significant amortisation expense to the P&L. As a result, going forward, we will be reporting NPAT-A or net profit after tax and before amortisation on acquired intangibles.

As previously flagged, from an outright sales perspective, we expect market decline in the US and flat demand in Australia with anticipated further share gains in the US and Australia.

We continue to expect a core Class III US outright sale market of around 55,000 units in total in 2015, due to fewer expansions and a slower replacement cycle.

Asia Pacific demand remains subdued as forecast churn driven by regulatory changes is building slowly. New openings remain on track to drive demand over the full year.

In Japan, we have recently commenced commercialisation of *Black Lagoon 2*. However, given competitive market conditions and ongoing regulatory uncertainty, we are anticipating moderate sales at this stage. The second game scheduled for release in 2015, *Ninja Gaiden*, has been impacted by the recent regulatory changes and will not be commercialised in the current financial year.

Spend on D&D investment in our Class III and Digital businesses will continue to grow, but overall D&D investment will reduce moderately as a percentage of revenue.

At a Group level, as previously flagged, we anticipate increased debt levels associated with the VGT acquisition, as well as a significant increase in interest costs over the full year compared to the prior period. The effective cost of interest on the US\$1.3billion Term Loan B debt is around 5.5%, as previously disclosed.

In closing, I'd like to add my thanks to those expressed by the Chairman. Thank you in particular to our shareholders for your support – not only in the past year but across our 5 year turnaround. I am grateful to the Board for their guidance and engagement, and also acknowledge my executive team and all Aristocrat people for their hard work over the course of the year that has delivered a result of which we can all be proud.

I look forward to keeping you informed of our progress.