Aristocrat Leisure Limited

Investor Presentation
23 May 2019

Results Presentation

Six months to 31 March 2019

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Agenda

Strategic context

Our operating model supports long-term growth and value creation

Inputs

- Superior talent
- Commitment to innovation
- Market-leading product and content
- Strong infrastructure, processes, systems
- Robust financial capacity
- Good governance

Growth enabling business model

Portfolio of quality businesses

Outputs

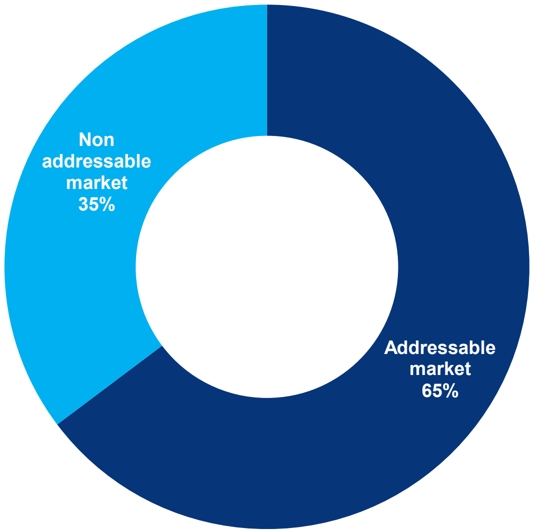
- ✓ Brilliant customer and player experience
- ✓ Sustainable growth
- ✓ Superior long-term financial performance
- ✓ Shareholder value maximisation

Land-based strategic context 2014

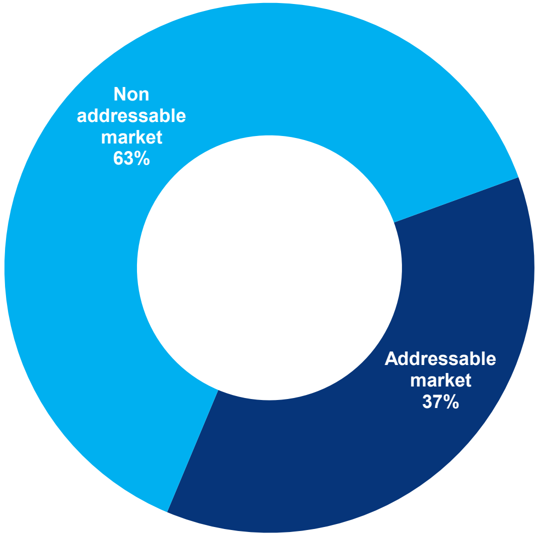
Through investment into adjacencies, we are significantly increasing our addressable market

In 2014, Aristocrat participated in 65% of the Outright Sale market and 37% of the Gaming Operations market….

NA Outright Sale Market[1]



NA Gaming Operations Market[1]



Note:
1 North American market sizing sourced from EK Gaming and Aristocrat management estimates.

Land-based North American Adjacencies

Strong market segmentation and investment leading to successful entry into a number of identified adjacent markets, growing our addressable market and share gain opportunities

Gaming Operations | **Outright Sales**

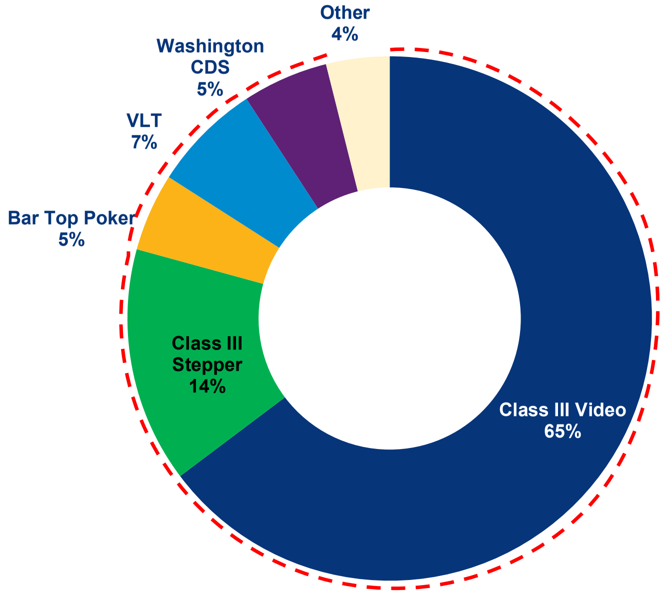
	Class II Gaming Ops Video	Class III Gaming Ops Stepper	Class III Stepper	Video Lottery Terminal	Washington CDS	Bar Top Poker
						
	Ovation™	RELM XL™	RELM™	VLT	WA CDS	Bar Top
ALL Launch:	FY17	FY18	FY17	FY19 Entry	FY19 Entry	FY19/20 Entry
Annual churn:	n/a	n/a	13k	4.3k	4.3k	3.0k
Installed Base:	32k	10k	225k	46k	31k	98k

Note:
1 North American FY19F market information sourced from EK Gaming and Aristocrat management estimates.

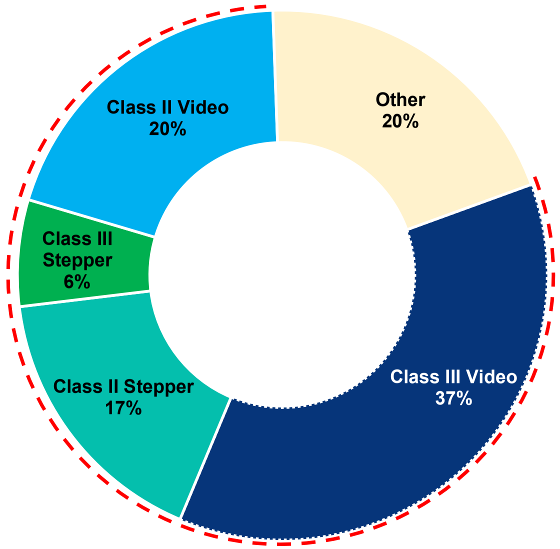
Land-based strategic context 2020

Through investment into adjacencies, we are significantly increasing our addressable market

NA Outright Sale Market[1]



NA Gaming Operations Market[1]



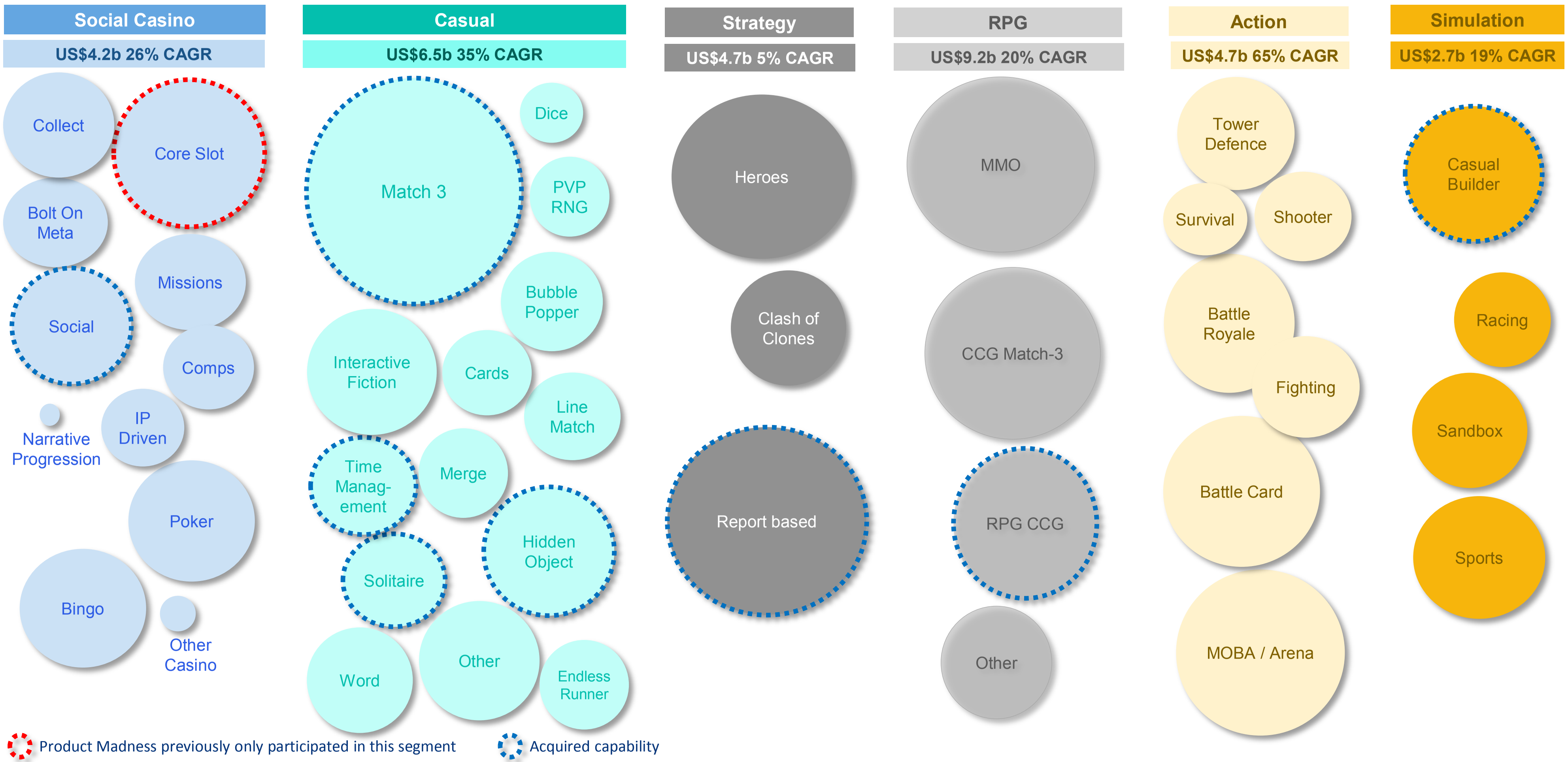
…through investment into adjacent market opportunities, Aristocrat will have a presence in 96% of the Outright Sale market and 80% of the Gaming Operations market by late 2020

Addressable market for Aristocrat

Note:
1 North American market sizing sourced from EK Gaming and Aristocrat management estimates (FY19F, Outright Sale: 80k for sale units, Gaming Operations: 161k units installed base).

Digital strategic context: Aristocrat's addressable market

In 2014, Aristocrat only participated in the Core Slot segment of Social Casino, which represented an addressable market of less than US$2bn. Through acquisitions of Plarium and Big Fish, Aristocrat is now targeting a US$32bn market opportunity



Source: App Annie (includes iOS and Google Stores, but excludes Facebook and other local platforms in Asia) data for CY18 – based on Aristocrat's segmentation and categorisation of approximately 550 games - CAGR CY2015-CY2018.

Digital strategic context: how we are leveraging our capabilities

Our Capabilities

1 Game Design

- World Class Game Design across core and adjacencies

2 Evergreen Brands

- Longevity of franchises, providing strong financial stability

3 Digital Skills

- Data Science and product management
- Monetisation and game economy

4 Marketing

- User Acquisition skills and platform
- Virality and branding

5 Market Intel and Portfolio Planning

- Market intimacy
- Portfolio planning across all studios

6 Operational Rigour

- Focused on returns across both marketing and development costs

Our Focus

Portfolio Growth	*Portfolio Growth*	• Strong pipeline of content into evergreen franchises • Execute high quality, new content games • Rigorous "fill or kill" approach to game development and launch
Leverage Scale	*Leverage Scale*	• 8m DAU; plan to grow further • Leverage data capabilities and share learnings to drive further scale and optimise existing DAU • Cross promotion and Platform partnership opportunities
Maximise efficiency	*Maximise efficiency*	• Marketing Spend (UA e.g. common UA platform management tool) • Design and Development (D&D)

Tax update

Consistent with the changes in the Group's business profile, Aristocrat is in the process of implementing changes in the Group structure which is expected to result in reductions in foreign cash tax paid and book tax expense from FY20 onwards

- Large and increasing majority of Aristocrat's profit is generated from the US (representing 60% of Group revenues)
- Changes being implemented to Group structure to ensure it remains fully aligned with underlying business model
- Aristocrat continues to be tax resident and to pay taxes in Australia; no impact on the amount of Australian tax the business pays (average > $120m per year[1])
- Treatment confirmed by private ruling from the Australian Tax Office
- Effective tax rate (ETR) expected to reduce by 150 to 250 bps compared to the FY19 ETR
- Upon implementation, expect to recognise a material deferred tax asset
- Implementation not anticipated until after 30 September 2019 and subject to receipt of gaming regulatory and other necessary approvals
- Further market update to be provided, including indicative financial impacts, on completion of steps to implementation after 30 September 2019

Note:
[1] Average Australian tax contribution from Aristocrat from FY16-FY18 according to Voluntary Tax Transparency Code Report.

Group Results Summary

Group Results Summary

Normalised NPATA up 17% to $422m, driven by strong growth across North America and Digital with a further lift in ANZ performance. Continued investment in talent & technology

A$ million	Six months to 31 March 2019[1]	Six months to 31 March 2018[1]		Change %
Normalised results				
Operating revenue	**2,105.3**	1,622.0	▲	29.8
EBITDA	**766.3**	642.9	▲	19.2
EBITDA margin	**36.4%**	39.6%	▼	(3.2) pts
EBITA	**644.4**	551.9	▲	16.8
NPAT	**356.5**	310.5	▲	14.8
NPATA	**422.3**	361.5	▲	16.8
Earnings per share (fully diluted)	**55.9c**	48.6c	▲	15.0
EPSA (fully diluted)	**66.2c**	56.6c	▲	17.0
Interim dividend per share	**22.0c**	19.0c	▲	15.8
Reported Results				
Revenue	**2,105.3**	1,559.7	▲	35.0
Profit after tax	**346.0**	256.5	▲	34.9
NPATA	**411.8**	307.5	▲	33.9
Balance sheet and cash flow				
Net working capital / revenue	**5.6%**	6.1%	▼	(0.5) pts
Normalised operating cash flow	**438.6**	302.0	▲	45.2
Net debt / EBITDA	**1.6x**	2.0x	▼	0.4x
Closing net debt/(cash)	**2,429.8**	2,557.9	▼	5.0

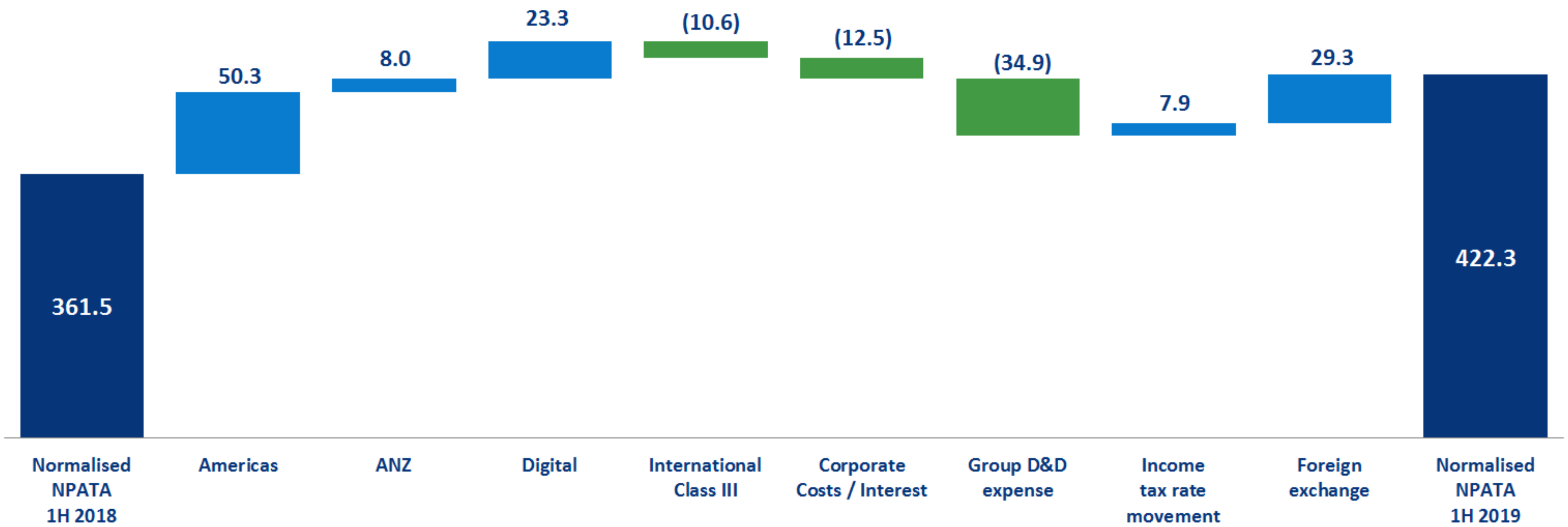
- Normalised revenue up 30% to $2.1bn
- Normalised NPATA up 17% to $422.3m
- Record results recorded across both North America and ANZ markets
- Digital earnings up on full period of acquisitions and continued strong performance across game portfolio
- Normalised operating cash flow up 45%, reflecting ongoing strong cash generating fundamentals
- Reduction in net debt and leverage reflects strong earnings growth and free cash flow generation
- Interim dividend per share of 22.0 cps (fully franked), up 16%

Note:
[1] Refer to Review of Operations for definitions and explanations of line items.

Financial Performance

Earnings growth across both Land-based and Digital markets enabled by D&D investment. International Class III down with no new major casino openings in the period

NPATA bridge (A$m)[1]



Note:
[1] Numbers above are reported on a constant currency basis and are tax effected at the prior year tax rate.

Cash Flow

Strong fundamentals maintained; higher operating cash flow driven by stronger earnings growth

Operating Cash Flow **A$ million**	**Six months to 31 Mar 2019**	**Six months to 31 Mar 2018**	**Change %**
EBITDA	**766.3**	642.9	19.2
Change in net working capital	**(152.0)**	(104.0)	46.2
Subtotal	**614.3**	538.9	14.0
Interest and tax	**(195.6)**	(180.5)	(8.4)
Acquisition related & significant items (cash and non-cash)	**(14.5)**	(97.6)	85.1
Other cash and non-cash movements	**34.0**	(12.9)	n/a
Operating cash flow	**438.2**	247.9	76.8
One-off and significant items (cash)	**0.4**	54.1	(99.3)
Operating cash flow (normalised)	**438.6**	302.0	45.2
Operating cash flow (normalised) less capex	**288.5**	181.8	58.7

Statutory Cash Flow **A$ million**	**Six months to 31 Mar 2019**	**Six months to 31 Mar 2018**	**Change %**
Operating cash flow	**438.2**	247.9	76.8
Capex	**(150.1)**	(120.2)	(24.9)
Acquisitions and divestments	**(20.8)**	(1,848.1)	98.9
Investing cash flow	**(170.9)**	(1,968.3)	91.3
Proceeds from borrowings	**-**	1,660.0	n/a
Repayment of borrowings	**-**	(4.4)	n/a
Dividends and share payments	**(197.0)**	(130.4)	(51.1)
Financing cash flow	**(197.0)**	1,525.2	n/a
Net increase/(decrease) in cash	**70.3**	(195.2)	n/a

Balance Sheet and Debt Profile

Strong balance sheet supportive of Aristocrat's growth strategy

Balance Sheet Statistics[1] A$ million	31 Mar 2019	30 Sep 2018	31 Mar 2018
Total debt	**2,933.8**	2,881.1	2,915.5
Net debt / (cash)	**2,429.8**	2,453.0	2,557.9
Net debt / EBITDA	**1.6x**	1.7x	2.0x
Interest Cover	**11.7x**	11.4x	10.8x

Debt Profile Statistics A$ million		31 Mar 2019
Total Liquidity	A$m	**611.8**
Debt maturity	Years	**5.6**
Fixed / floating interest rate ratio	%	**54.0**

- Balance sheet strength improved following strong earnings and cash generation
- Conservative borrowing metrics maintained
- Strong liquidity position
- US$100m debt repaid (May 2019) post period end
- Term Loan B (TLB) debt remains competitive with long term (>5 years) funding certainty and flexibility maintained
- Stable credit ratings maintained

Note:
[1] Refer to Review of Operations for definitions of line items.

Operational Performance

Americas

Record earnings result +17% with continued growth in premium Gaming Operations and market share gains in Outright Sales

Americas		Six months to 31 Mar 2019	Six months to 31 Mar 2018[2]		Change %
Revenue	US$m	**682.7**	578.2	▲	18.1
Profit	US$m	**373.8**	319.1	▲	17.1
Margin	%	**54.8**	55.2	▼	(0.4) pts
Volume[1]					
Platforms	Units	**8,974**	6,465	▲	38.8
Conversions	Units	**1,270**	1,377	▼	(7.8)
Price[1]					
ASP	US$ / unit	**18,512**	18,726	▼	(1.1)
Gaming Operations[1]					
Class III premium	Units	**21,695**	18,304	▲	18.5
Class II	Units	**24,681**	22,996	▲	7.3
Total units	Units	**46,376**	41,300	▲	12.3
Total avg fee per day	US$ / day	**50.05**	49.41	▲	1.3

- Double-digit revenue and profit growth
- Strong momentum continues across recurring revenue with growth in Class II and Class III installed base up over 7% and 18% respectively
- Volume growth achieved profitably with market-leading average fee per day maintained (+1.3% to US$50.05 / day)
- Improvement in ship share driven by successful move into new adjacent markets and performance of *Helix XT*™ and *Helix Tower*™ cabinets
- Winner of 'Best Overall Supplier of Slot Content' at the inaugural EKG Slot Awards

Notes:
1 North America only.
2 Americas comparative period has been restated per note 3-3 in the financial statements.

Class III - ANZ & International

Leading market share levels maintained across key markets, driven by favourable commercial mix and phasing of new games

ANZ		Six months to 31 Mar 2019[1]	Six months to 31 Mar 2018		Change %
Summary Profit or Loss					
Revenue	A$m	**230.0**	214.9	▲	7.0
Profit	A$m	**108.9**	97.6	▲	11.6
Margin	%	**47.3**	45.4	▲	1.9 pts
Volume					
Platforms	Units	**6,755**	6,805	▼	(0.7)
Conversions	Units	**2,102**	2,180	▼	(3.6)
Price					
ASP	A$ / unit	**21,264**	20,858	▲	1.9

Note:
[1] Constant currency

International		Six months to 31 Mar 2019[1]	Six months to 31 Mar 2018		Change %
Summary Profit or Loss					
Revenue	A$m	**92.0**	108.2	▼	(15.0)
Profit	A$m	**40.2**	55.2	▼	(27.2)
Margin	%	**43.7**	51.0	▼	(7.3) pts
Volume					
Platforms	Units	**2,965**	3,010	▼	(1.5)

Note:
[1] Constant currency.

ANZ

- Revenue growth 7%; Earnings up 12%
- Market-leading ship share driven by strong performing game portfolio
- Improvement in margins reflective of shift in sales mix towards recurring revenue

International

- Lower revenue and profit as the business continues to cycle over a concentration of new casino openings and shifts in product mix in the prior year
- Market-leading APAC floor share maintained driven by optimisation of commercial models

Digital Summary

Revenue growth of 37% reflects a full period of acquisitions and represents 39% of group revenue. Transitioning towards a balanced portfolio approach with new and acquired Social Casual games

Digital		Six months to 31 Mar 2019	Six months to 31 Mar 2018		Change %
Summary Profit or Loss					
Bookings	US$m	**586.1**	435.9	▲	34.5
Revenue	US$m	**586.8**	428.5	▲	36.9
Profit	US$m	**175.8**	150.0	▲	17.2
Margin	%	**30.0**	35.0	▼	(5.0) pts
Key metrics					
UA Spend	US$m	**153.1**	104.9	▲	45.9
DAU period end	Millions	**8.0**	8.3	▼	(3.6)
ABPDAU half year	US$	**0.38**	0.41	▼	(7.3)

- Revenues up 37% driven by growth in Product Madness and full period benefit of acquired Plarium and Big Fish businesses
- Margin moderated in line with expectations with lower margin acquired businesses, with a greater proportion of casual games
- UA spend 46% higher in line with expectations, driven by full period of new businesses and scaling of new and franchise games

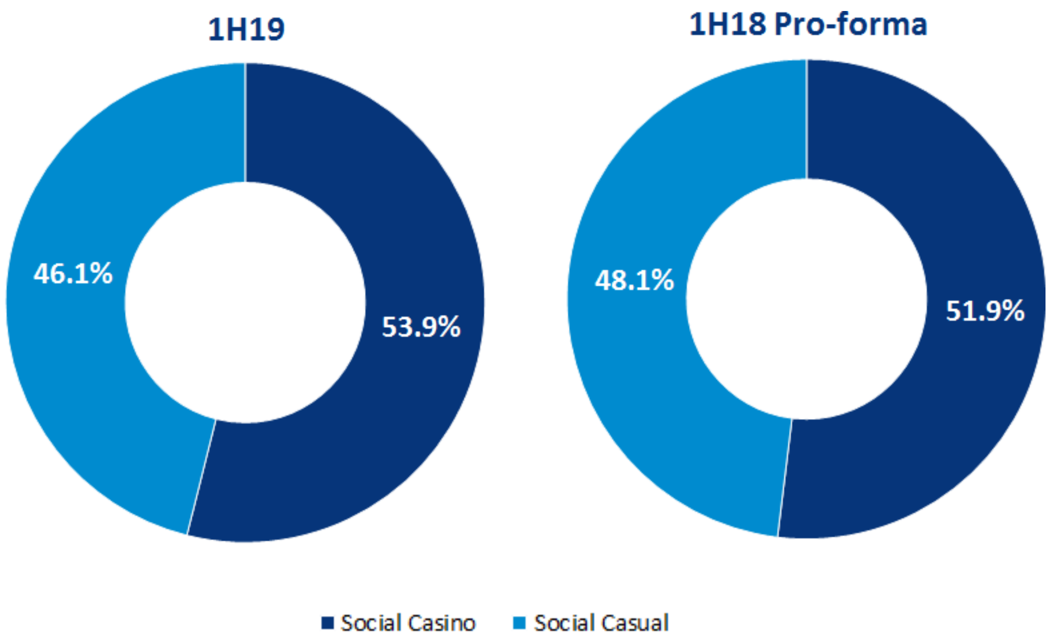
Digital - Pro-Forma		Six months to 31 Mar 2019	Six months to 31 Mar 2018		Change %
Summary Profit or Loss					
Bookings	US$m	**586.1**	584.6	▲	0.3
Revenue	US$m	**586.8**	577.7	▲	1.6
Profit	US$m	**175.8**	188.3	▼	(6.6)
Margin	%	**30.0**	32.6	▼	(2.6) pts

- Bookings flat on a pro-forma basis, reflective of the investment and transition of our Digital business
- Profit on a pro-forma basis declined 6.6% against the PCP, reflects the higher marketing spend behind new games in this transition period, and a decline in Big Fish premium browser and Plarium legacy titles, partially offset by our focus on efficiency

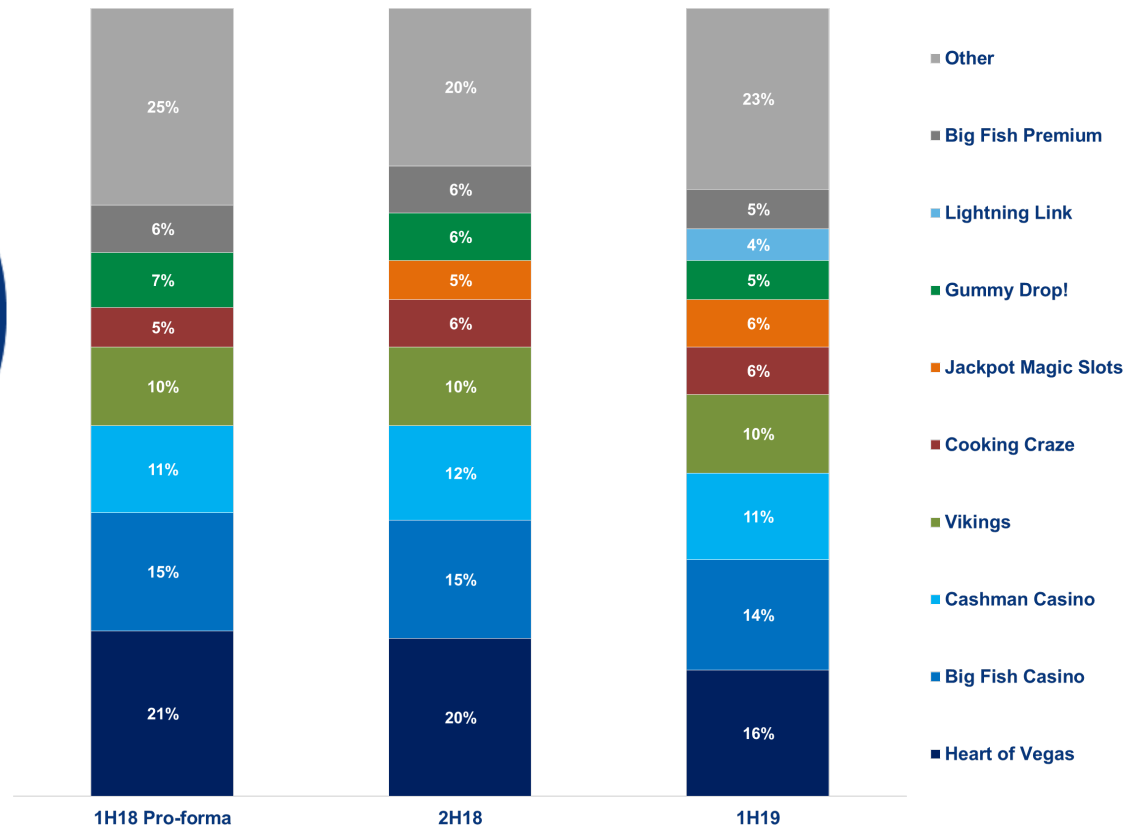
Stability and diversity across Digital portfolio

Our portfolio continues to diversify with the introduction of new games, whilst the older franchises continue to perform well through the introduction of new content and features

Bookings by segment



Bookings by game - >US$50m p.a.[1]



Note:
[1] Games which contributed more than US$25m bookings in relevant half year period.

Active portfolio management driving sustainable growth

Each of our franchise games are managed to maximise value according to its lifecycle, thereby ensuring a solid revenue foundation to underwrite the pipeline of new products

Outlook

Consistent with February 2019 guidance statement, Aristocrat continues to track in line with its plans for continued growth in the 2019 fiscal year, reflecting:

- **Land-based Outright Sales:** Expect incremental gains in attractive North American adjacencies, in addition to maintaining market-leading share positions across key for-sale segments globally including in the APAC region with no major casino expansions planned in FY19;
- **Land-based Gaming Operations:** Expect expansion across our total Gaming Operations installed base, leveraging our broadening portfolio, while maintaining market-leading average fee per day performance across the overall combined installed base;
- **Digital:** Further growth in Digital bookings supported by new game releases. User Acquisition spend is expected to remain at around 25% to 28% of overall Digital revenues, with the higher relative spend reflective of the increased number of game releases planned for FY19;
- Anticipate lifting **Design and Development** investment across our land-based and Digital portfolio - in absolute dollar terms - while remaining broadly in line with the PCP as a percentage of sales;
- Moderate growth in **corporate costs**, as we build the appropriate infrastructure to grow a more complex and diverse business;
- **Tax:** A further 100 - 150bps reduction in the Group's effective tax rate over FY18; and
- **Seasonality:** As we build towards a more diversified Digital portfolio, we continue to expect some skewing of our earnings to the second half of the financial year, reflecting the planned cadence of game releases and corresponding UA investment as previously noted.

1H19 Results Summary

Normalised profit growth of 17% driven by strong organic growth across North America and ANZ and full period benefit of acquired Digital businesses

- Strong top-line revenue growth (+21% constant currency; +30% reported) and EBITDA growth (+10% constant currency; +19% reported)
- EBITDA margin moderates from 39.6% to 36.4% reflecting increased D&D investment and acquired lower margin Digital businesses
- North America profit +17%: Rapid expansion in Gaming Operations installed base (now >46,000 units) driving increased recurring revenue; increased share gains in Outright Sales, driven by targeted push into adjacencies (volumes up over 38%)
- Higher margin ANZ growth (profit +12% constant currency) driven by favourable commercial mix and phasing of new games
- International Class III earnings down as we continue to cycle over prior year new casino openings
- Digital revenues up 37%, profit up 17% driven by growth in Product Madness and full period benefit of recently acquired businesses. Margin moderates to 30% reflecting larger social casual segment
- Normalised operating cash flows of $439 million up 45%; Balance sheet strength maintained with leverage down to 1.6x
- Interim dividend increased 16% to 22.0 cps (fully franked)

Appendix

Segment Financial Information (statutory)

Statutory P&L - Americas A$ million	Six months to 31 Mar 2019	Six months to 31 Mar 2018[1]
Revenue		
Revenue from external customers	**957.0**	746.0
Acquisition accounting fair value adjustments	**-**	-
Statutory revenue	**957.0**	746.0
EBITDA	**609.8**	478.2
EBITDA Margin (%)	***63.7%***	*64.1%*
Total Segment Depreciation and Amortisation	**85.7**	66.6
D&A (% of Sales)	***9.0%***	*8.9%*
Segment Profit	**524.1**	411.6
Profit Margin (%)	***54.8%***	*55.2%*
Amortisation of acquired intangibles	**44.2**	38.8
Segment Profit after amortisation of acquired intangibles	**479.9**	372.8

Statutory P&L - ANZ A$ million	Six months to 31 Mar 2019	Six months to 31 Mar 2018
Revenue		
Revenue from external customers	**230.6**	214.9
Acquisition accounting fair value adjustments	**-**	-
Statutory revenue	**230.6**	214.9
EBITDA	**119.0**	105.8
EBITDA Margin (%)	***51.6%***	*49.2%*
Total Segment Depreciation and Amortisation	**9.9**	8.2
D&A (% of Sales)	***4.3%***	*3.8%*
Segment Profit	**109.1**	97.6
Profit Margin (%)	***47.3%***	*45.4%*
Amortisation of acquired intangibles	**-**	-
Segment Profit after amortisation of acquired intangibles	**109.1**	97.6

Statutory P&L - International Class III A$ million	Six months to 31 Mar 2019	Six months to 31 Mar 2018
Revenue		
Revenue from external customers	**96.8**	108.2
Acquisition accounting fair value adjustments	**-**	-
Statutory revenue	**96.8**	108.2
EBITDA	**48.1**	58.5
EBITDA Margin (%)	***49.7%***	*54.1%*
Total Segment Depreciation and Amortisation	**5.6**	3.3
D&A (% of Sales)	***5.8%***	*3.0%*
Segment Profit	**42.5**	55.2
Profit Margin (%)	***43.9%***	*51.0%*
Amortisation of acquired intangibles	**-**	-
Segment Profit after amortisation of acquired intangibles	**42.5**	55.2

Statutory P&L - Digital A$ million	Six months to 31 Mar 2019	Six months to 31 Mar 2018
Revenue		
Revenue from external customers	**820.9**	552.9
Acquisition accounting fair value adjustments	**-**	(62.3)
Statutory revenue	**820.9**	490.6
EBITDA	**256.6**	198.9
EBITDA Margin (%)	***31.3%***	*36.0%*
Total Segment Depreciation and Amortisation	**10.7**	5.2
D&A (% of Sales)	***1.3%***	*0.9%*
Segment Profit	**245.9**	193.7
Profit Margin (%)	***30.0%***	*35.0%*
Amortisation of acquired intangibles	**46.5**	32.4
Segment Profit after amortisation of acquired intangibles	**199.4**	161.3

Note:
[1] Americas comparative period has been restated per note 3-3 in the financial statements.

Appendix

Reconciliation of Statutory Financial Statements Revenue, EBITDA, NPATA, NPAT to Review of Operations

A$ million	Statutory Financial Statements 1H19	Significant items: Contingent retention arrangements	Significant items: Acquisition and Restructure related costs	Review of Operations 1H19
Financial Results				
Revenue	**2,105.3**	-	-	**2,105.3**
EBITDA	**751.8**	8.6	5.9	**766.3**
NPATA	**411.8**	6.2	4.3	**422.3**
NPAT	**346.0**	6.2	4.3	**356.5**

Contingent retention arrangements: The Group's reported result after tax for the period includes an expense of $6.2 million relating to the contingent retention arrangement for the acquisition of Plarium

Acquisition related transaction, integration and restructuring costs: The Group's reported result after tax for the period includes an expense of $4.3 million relating to the acquisitions of Plarium and Big Fish and transaction fees in relation to changes in the Group structure

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