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

Dear Sir/Madam

Aristocrat Leisure Limited – 2019 Annual General Meeting

In accordance with Listing Rule 3.13.3, please find attached the CEO and Managing Director's address, including trading outlook.

Yours sincerely

A handwritten signature in blue ink, appearing to read "RH Bell".

RH Bell
Corporate General Counsel & Company Secretary
Aristocrat Leisure Limited

ARISTOCRAT LEISURE LIMITED
2019 ANNUAL GENERAL MEETING

CEO's address – Mr Trevor Croker

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

Today I will share a summary of our performance over the 2018 fiscal year, highlighting our continued growth and confirming our expectations for the 2019 full year. I will also take the opportunity to reflect on our growth strategy, with a particular focus on our approach with respect to our emerging Digital segment.

Turning first to our performance for the 2018 fiscal year...

As Ian referenced, Aristocrat delivered another record profit. Based on our preferred metric of NPATA, profit increased 34% to \$729.6m. 17% of the 34% profit growth was delivered by the performance of existing businesses, 12% came from digital acquisitions and the remaining 5% driven by our lower effective tax rate. Pleasingly, this result was achieved against a backdrop of broadly flat land-based markets. Industry leading talent, game content, hardware and technology, coupled with effective in-market execution focused on our highest value, strategic opportunities were once again key contributors to our performance.

North America EBITA growth was driven by another outstanding performance in gaming operations, with units increasing 15% to over 44,000 units, and a modest expansion in our market-leading average fee per day. Within our Outright Sales business we maintained ship share in an increasingly competitive market. Similarly, a record profit result in ANZ reflected our success in maintaining our market-leading share position, with great games, differentiated hardware and enhanced customer services.

We also executed a step-change in our Digital business during the year. With further growth in Product Madness and the benefit of two significant acquisitions: Big Fish Gaming and Plarium combined, our Digital businesses accounted for almost a third of Group segment profit over the period.

Aristocrat also increased its commitment to innovation through continued strong investment in Design & Development, or D&D, which remains our number one investment priority as Ian mentioned. D&D underpins our competitiveness and ability to deliver high quality content, support our customer offer and drive profitable growth over the long term. Total D&D spend, including recently acquired Digital businesses, increased more than 50% in absolute terms during the period.

We maintain a firm commitment to continue to invest in innovation going forward, and leverage our growing scale and capability to lift efficiency and create capacity for sustainable growth. Finally, Aristocrat continues to have a strong and flexible balance sheet capable of supporting our strategic ambitions.

I'll now provide a little more detail on our operational results of the full year to 30 September 2018.

Aristocrat achieved around 25% growth in our Class III North American premium gaming operations footprint, to over 20,000 units, while also growing our Class II footprint over 8%. This was supported by a 2.2% improvement in overall average fee per day. This progress was fuelled by penetration of leading hardware configurations including the ARC Double, Helix and RELM XL cabinets, together with top performing proprietary titles such as Lightning Link, Dragon Link, Buffalo Grand and 5 Dragons Grand.

Growth in Class II gaming operations was driven by the ongoing success of the Ovation video product and penetration into new gaming jurisdictions outside of Oklahoma.

In Outright Sales, the business held share and margins, while increasing revenue 4.7% and holding Average Selling Price above the industry average. This reflected Aristocrat's premium offer, competitive game performance and the introduction of new and differentiated hardware in Helix XT and Helix Tower in the back half of the year.

We were also very encouraged to receive positive feedback from US customers, with Aristocrat voted 'supplier of the year' at last October's Global Gaming Exhibition or G2E trade show for the fifth consecutive year.

At the same time, Aristocrat continued to push into attractive, high value adjacencies or market segments in North America where we currently have little to no presence and can offer a point of differentiation to customers. During 2018, we focused on expanding our gaming operations capability, and now participate in all the major segments of that market in North America, including Class III stepper - both for sale and gaming operations- and Class II video. We now have a stronger, broader portfolio and larger addressable market opportunity before us, with exciting scope for further growth despite relatively mature market dynamics. We will continue to target new adjacencies to further expand growth opportunities over time.

In Australia and New Zealand, Aristocrat also extended our market-leading ship share performance, driven by the high performing Helix cabinet range, and further penetration of the Dragon Cash and Dragon Link product families with additional games, along with the introduction of Players Choice Emerald and Opal, 5 Dragons Empire and Fantastic Jackpots. Overall revenues increased 5.5% to \$455m and segment profit was up 8.9% to \$207.4m over the full year, compared to the prior corresponding period. High quality profitable growth was demonstrated by margins expanding 150 basis points to 45.6%.

The business also continued to offer more flexible customer solutions through the period, with an increase in long term buying programs for strategic accounts, and bundled offers.

International Class III revenue and profit decreased 6% and 11% respectively to \$202 million and \$100 million compared to the PCP, as the business cycled over a concentration of new openings in Macau, the Philippines and South Africa in the prior year. Underlying performance remained strong across the segment, driven by ongoing penetration of Lightning Link across the Asia Pacific region, where the business is continuing to focus on floor optimisation strategies in line with market maturity.

I'll now turn to our Digital business ...

The Digital business grew significantly in scale and diversity over the course of the reporting period supported by strong organic and inorganic growth. Segment margins moderated to 32.8%, due to a more diverse portfolio that included lower margin, but still incrementally profitable, social casual games. This result also reflected some significant marketing investment or User Acquisitions costs during the period. Investment was directed behind new product launches including FaFaFa Gold, Family Zoo, Lightning Link and the growth of Cashman Casino, Vikings and Cooking Craze.

In US dollars, total portfolio bookings increased over 245% to just over \$1billion during the year. Segment profit grew 172% to \$330.8m, driven by acquisitions and, within Product Madness, the ongoing performance of Heart of Vegas, the Cashman Casino app and the early successful scaling of Lightning Link.

At year end, Daily Active Users or DAU totalled 8.1m, spread across Product Madness at 2.0m, Big Fish at 3.6m and Plarium at 2.5m users – representing a sizeable ecosystem.

As I've referenced, the acquisitions of both Plarium and Big Fish have given us immediate scale in the digital social casino segments, footholds in other attractive, higher growth social gaming genres and a range of critical digital capabilities. We also have ample internal opportunity for capturing efficiencies, collaboration and sharing of best practice which our teams are fully focused on.

We are steadily building a meaningful, global digital presence based around core social casino and social casual market segments. RAID by Plarium will be launched worldwide in the next couple of weeks with a three further games set to launch over the balance of the year, including the much anticipated Toy Story Drop!, a match-3 puzzle adventure game created through a collaboration with Disney.

More broadly, we view 2019 a transition year in digital, during which we will focus on fully and successfully integrating both acquisitions, optimising the opportunities of our growing scale and investing in new games, in line with a clear portfolio strategy and rigorous financial objectives.

Over time, we will be targeting growth in our Digital business that at least matches industry growth rates. To achieve this, we will continue to invest in the near term to build out a balanced game portfolio across key genres, demographics and geographies, in order to better manage volatility and drive long term, sustainable performance.

Our digital exposure has historically been limited to our Product Madness business, which sits within a small but relatively high-monetising segment, in which we have achieved compounding growth and enjoyed industry leading margins off the back of our powerful, proprietary content. Social casino will continue to be a very important part of our Digital business going forward. We have continued to invest strongly behind growth in this segment, both through Product Madness and also the acquisition of Big Fish, with its popular social casino application.

However, to continue to grow in Digital, we must compete in the broader social games segment, which represents a US\$50 billion market –ten times larger than the total social casino market. Investors should be confident that we are doing so in a methodical and disciplined way: acquiring and developing the key digital skills and capabilities required to win, focusing on the most attractive genres while extracting appropriate scale efficiencies and closely managing ROI.

We believe we're on a very exciting journey with our Digital business, and we are keen and committed to bringing all stakeholders, but particularly our shareholders, along the journey with us. As part of this effort, we will continually enhance our Digital segment disclosures going forward, to include KPIs across market segments, and provide clear insight into our growing and diverse digital operations.

Turning now to our expectations for the 2019 fiscal year... Overall results in the current financial year are tracking in line with our plans for continued growth in the 2019 fiscal year, reflecting the following expectations:

- In land-based outright sales, we 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;

- In land-based gaming operations, we 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;
- We continue to anticipate further growth in Digital bookings supported by new game releases. User Acquisition or UA 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;
- We anticipate lifting D&D 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;
- We anticipate moderate growth in corporate costs, as we build the appropriate infrastructure to grow a more complex and diverse business;
- We expect a further 100 - 150bps reduction in the Group's effective tax rate over FY 2019; and
- Finally, as we build towards a more diversified Digital portfolio, our expectation is that our FY2019 results will be skewed to the second half of the financial year, reflecting the planned cadence of game releases and corresponding UA investment as previously noted.

We believe that we have the strategy, portfolio, capability, culture and unrelenting focus to drive profitable growth over the 2019 fiscal year and beyond. Shareholders can be very confident that everyone at Aristocrat is working hard every day to deliver the high quality growth and sustained performance you expect from us, and that we know we are capable of achieving.

Thank you.

Full Year Trading Outlook

- Aristocrat is tracking 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 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;
- **Digital:** Further growth in bookings supported by new game releases. UA spend expected to remain between 25% and 28% of overall Digital Revenues, with the higher relative spend reflective of increased number of game releases planned for FY19;
- Anticipate lifting **D&D** investment across Land-based and Digital, in absolute dollar terms, while remaining broadly in line with FY 2018 as a percentage of sales;
- Moderate growth in **corporate costs** anticipated, as we support a larger, more complex and diverse business;
- **Tax:** A further 100bps - 150bps reduction in the Group's effective tax rate versus FY18 is expected;
- **Seasonality:** FY2019 earnings are expected to be skewed to the second half, reflecting the timing of an increased pipeline of digital game releases across a broad range of genres and corresponding UA investment.