



**Sydney, 24 February 2022**

ASX Market Announcements Office  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

**Aristocrat Leisure Limited – 2022 Annual General Meeting**

In accordance with ASX Listing Rule 3.13.3, please find attached the CEO and Managing Director's address, including trading outlook, an update on strategy and executive transition, to be delivered at the 2022 Annual General Meeting to be held today.

**Authorised for lodgement by:**

**Kristy Jo**  
**Company Secretary**

*Aristocrat Leisure Limited (ASX: ALL) is a leading global gaming content and technology company and top-tier mobile games publisher, with more than 7,000 employees in over 20 locations around the world. Aristocrat offers a diverse range of products and services including electronic gaming machines, casino management systems and free-to-play mobile games. The company's regulated gaming products are approved for use in more than 300 licensed jurisdictions and are available in more than 100 countries.*

**ARISTOCRAT LEISURE LIMITED  
2022 ANNUAL GENERAL MEETING**

**CEO'S ADDRESS  
24 FEBRUARY 2022**

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

I will start by saying a few words about our strategy and progress at a high level, before stepping through a summary of our 2021 results, and addressing outlook for the balance of the 2022 financial year.

As Neil mentioned, our performance in the 12 months to 30 September 2021 demonstrates the ongoing, successful execution of our sustainable growth strategy. Our focus on share taking through investment in outstanding product, the best people and capability, together with strong business fundamentals, has remained at the heart of our approach.

Today, Aristocrat is a global games and technology powerhouse. We are expanding in scale, and delivering profitable, organic growth ahead of the gaming and mobile categories in which we operate.

We are also an increasingly resilient business – with 80% of Group revenues in the period derived from recurring sources, up from around 50% just four years ago. Throughout the COVID impacted period, we have maintained our investment in new adjacent segments, channel and genre opportunities, to further add to our operational and geographic diversity and momentum going forward. In fiscal 2021, we also chose to invest in Aristocrat's core business capability, in order to facilitate ongoing transformation in the scale and velocity of our enterprise.

2021 was also a year of effective execution.

In our Aristocrat Gaming business, we further enhanced our leading position in North American Gaming Operations during the year; growing the total Gaming Operations floor as well as our share, in addition to achieving a higher average fee per day. We also increased share across key Outright Sales segments globally. Our games and products continued to be recognised as top performing. Aristocrat games made up 17 of the top 25 premium leased products in the North American market on average across the period which is an outstanding result.

At the same time, Pixel United consolidated its position as a top 5 publisher in tier 1 western markets, delivering world-class games across multiple genres. We believe the new name better reflects the global scale and ambition of our mobile-first game publishing business, and will help to accelerate its growth going forward. In 2021, we continued to focus on growing our pipeline, with a series of tuck-in acquisitions and further organic investment which successfully grew key titles and delivered strong performance across the year. Pixel United contributed just over half of total Group revenue for the period, further highlighting our success in diversifying and growing our operations.

Finally, our strong balance sheet, cash flow generation and available liquidity continues to provide full strategic optionality as we accelerate implementation of our growth plans in the

period ahead. I would note our repayment this month of Aristocrat's US \$500 million Term Loan B sidecar facility, which the business put in place at the outset of the COVID disruption in order to ensure we had full financial flexibility. Given Aristocrat's performance and strong operating cashflow, we've taken the opportunity to pay out this facility and appropriately reduce debt.

I'd like to say a few words about our entry into the strategic adjacency of online Real Money Gaming or RMG, which Neil touched on.

Aristocrat has been investing in building online RMG capabilities in-house over the past year. Leveraging these foundations, and our growing global systems and technology capabilities, we will be accelerating a 'build and buy' approach to scaling in online RMG. This will see us invest strongly in building out our own online RMG platform infrastructure while also undertaking select M&A, partnerships, and talent acquisitions to accelerate progress wherever appropriate.

To bring the right level of focus and momentum to the task, we are establishing a third global operating business within Aristocrat. This business will sit alongside Aristocrat Gaming and Pixel United within our structure, and will be led by Mitchell Bowen. As CEO of the Aristocrat Gaming business over the last three years, Mitchell has cemented his reputation as an industry executive of global standing. His strategic and operational impact is evident in the outstanding momentum of the Gaming business and its recovery post COVID, with excellent staff engagement and an unwavering customer focus. Mitchell will be supported by a dedicated leadership team that will include a number of key internal and external appointments, to rapidly bolster our capabilities in relevant areas.

Achieving a scaled position in online RMG will be a medium-term effort. It will take sustained investment over a number of years. However, our record shows that Aristocrat knows how to successfully scale businesses. We will apply a similar mix of effective organic and inorganic investment, and financial and operational rigour to this task, under Mitchell's leadership and aligned to shareholders' interests.

We have clear advantages in our powerful product portfolio, strong customer and regulator relationships, full financial optionality and strategic rigour. We are excited to be wasting no time in implementing our plans, and initiating investment in the current business. We will provide more detail on our strategy and key priorities at our half year results in May.

With Mitchell's move into online RMG, today we also announced Hector Fernandez as the new CEO of Aristocrat Gaming. Hector joined Aristocrat over 3 years ago as CFO of the Americas Gaming business, before taking on the President role in mid-2019. Throughout his time at Aristocrat, Hector has championed fresh thinking and high performance and worked with a talented team to solidify our Americas business as the market pace-setter, and the supplier of choice. A seamless leadership transition is well underway, and will be supported by additional internal appointments and promotions that further underline the depth of talent we're delighted to have at Aristocrat.

I'll now turn to a brief summary of results for the 2021 fiscal full year, beginning with Group results for the 12 months to 30 September 2021.

## **FY21 Results Summary**

Normalised profit after tax and before amortisation of acquired intangibles (or NPATA) of \$865 million represents an increase of 81% in reported terms, and 102% in constant currency, compared to the PCP, reflecting outstanding product and portfolio performance, with profitable growth and margin expansion across both Gaming and Pixel United segments.

This result was only 3% below the pre-COVID FY2019 result of \$894.4 million, despite the unfavourable foreign currency impact and with not all markets fully operational during the period due to COVID driven disruptions.

Revenue of \$4.7 billion was up 14% in reported terms and 25% in constant currency. Earnings before interest, tax, depreciation and amortisation (or EBITDA) of \$1.5 billion represented an increase of 43% in reported terms, and 58% in constant currency compared to the PCP.

With strong operating cash flow of over \$1.3 billion, up 30% compared to the PCP, the Group's balance sheet remained robust, with over \$2.7 billion in available funds and a net debt to EBITDA ratio of 0.5x as at 30 September 2021.

During the year, we committed over half a billion dollars in D&D to further strengthen our product portfolios. The \$528 million investment represented 11% of Group revenue, and another industry-leading commitment, consistent with our historic 11-12% investment range. We also spent US \$521 million in User Acquisition, to grow Pixel United, and over \$200 million in capital investment, primarily hardware to support growth in the Americas Gaming Operations installed base.

Turning now to highlights of our operational results, beginning with our Gaming business.

## **Operational Results Summary**

Our global Aristocrat Gaming business was relentless over the year in its focus on people, portfolio competitiveness and customer engagement.

In the Americas, Gaming revenue increased 46% while profit more than doubled to US \$729 million, driven by growth in the Class II and Class III Premium Gaming Operations installed base to over 54,000 units. This result was coupled with an industry-leading, unadjusted average fee per day of US \$51 in the period, up 45% on the PCP, reflecting continued penetration of Aristocrat's high-performing games. The business grew share across key segments and expanded margins, and industry game performance data for the period underlined the business' exceptional portfolio strength across the year.

North American Outright Sales revenue increased 30% compared to the PCP, representing a significant recovery in volumes and demand and continued expansion into adjacent segments. Average Selling Price (or ASP) also remained strong.

Across Australia and New Zealand, revenue increased 43% to \$400 million in constant currency compared to the PCP, while profit increased by almost 160% to \$152 million. The ANZ business extended its market-leading ship share performance in 2021, once again highlighting portfolio strength and the business' outstanding operational momentum.

Turning now to Pixel United.

The business recorded bookings growth of 14%, and a 22% increase in segment profit compared to the PCP, to deliver bookings of over \$1.8 billion and segment profit of over \$600

million over the reporting period. This reflected effective investment in Live Ops, features and new game content while a circa \$70 million increase in User Acquisition (or UA) over the period supported the profitable growth of *RAID: Shadow Legends*<sup>TM</sup>. It also helped drive strong performance in social casino games, especially *Lightning Link*<sup>TM</sup> and *Cashman Casino*<sup>TM</sup>, along with the scaling of *EverMerge*<sup>TM</sup> and the global launch of *Mech Arena*<sup>TM</sup> - the business' first title in the action genre.

Increased profits and margins were driven by strong retention and engagement in social casino, together with UA, an increased contribution from Plarium Play, the strategic rebasing of Big Fish completed in the second half of the prior year, and a prudent approach to cost management.

Pixel United continued to invest heavily in new content and portfolio expansion, including attracting and securing world-class game development talent and growing our presence in key high-quality, lower cost mobile development hubs.

Daily Active Users (or DAU) increased to 6.8 million at period end. DAU quality, a favourable genre mix and effective Live Ops combined to deliver an impressive 25% increase in Average Bookings Per Daily Active User (or ABPDAU) performance, compared to the PCP. The result of 74 cents was a new ABPDAU record for our business.

### **Outlook**

Turning now to outlook.

I want to start by briefly touching on the situation in Ukraine, where our Pixel United organisation has a significant number of employees. As you would expect, the safety and wellbeing of our people is our absolute priority and focus. Comprehensive business continuity plans have been developed and implemented over recent weeks, in order to keep our people safe, while securing local systems and key assets, and ensuring business continuity across our operations. We will continue to monitor the situation and actively implement and update our plans to respond to any developments, and we look forward to a rapid de-escalation of tensions as quickly as possible.

From a macroeconomic perspective, we are closely watching inflation data in the US and other key markets, and any potential impacts on consumer sentiment and also cost inputs. We note some US Gaming customers have called out these issues as watchpoints over the coming period. Aristocrat continues to do all we can, for example in strengthening our supply chains and working closely with our customers, to best manage these uncertainties.

Aristocrat plans for continued growth over the full year to 30 September 2022, assuming no material change in economic and industry conditions, reflecting the following factors:

- Continued market-leading positions in Gaming Operations, measured by the number of installed machines and fee per day.
- Sustainable growth in floor share across key Gaming Outright Sales markets globally.
- Further growth in Pixel United bookings, with UA spend expected to be within the range of 26% and 29% of overall Pixel United revenues, pending timing and success of new game launches during the year.
- Continued D&D investment to drive sustained, long-term growth, with investment likely to be modestly above the historic range of 11-12% of revenue; and
- Further Investment in core business capability, to facilitate ongoing transformation in our scale and velocity and investment to accelerate the RMG strategy.

Non-operating items include:

- Interest Expense: US dollar borrowings incur fully loaded interest expense of approximately 5% including hedging costs and other finance fees.
- Amortisation of Acquired Intangibles: Circa US\$90 million pre-tax for FY22 relating to assets previously acquired.
- Income tax expense: FY22 normalised Effective Tax Rate (ETR) of approximately 24.5% to 25.5% reflective of current corporate tax rates and regional earnings mix.
- Costs related to the proposed acquisition of Playtech plc.

### **Summary**

In summary, and as Neil said at the outset, the 12 months to 30 September 2021 was very positive for Aristocrat. The high quality results delivered across our business reflected effective execution of a growth strategy that is proven and powerful. It also highlights our resilience, strong culture and ability to manage an unprecedented level of change and disruption. We have entered the 2022 fiscal year with momentum, and a balance sheet that continues to provide full strategic optionality. Our people are excited to accelerate our strategy and transformation in the period ahead.

In closing, I want to again highlight and thank the incredibly talented team we have across the business which, together with our financial strength and broadening capabilities, give us great belief in our future despite headwinds and challenges.

I'd also like to acknowledge the rigorous working relationship that exists between our Board and management at Aristocrat, through which we continue to bring deep experience and our combined talents to bear to advance our growth strategy.

I will now close by thanking our people, customers, players and of course our shareholders. I want to assure you that everyone at Aristocrat is fully focused on delivering the high-quality performance you rightly expect from us.

Thank you, and I'll now pass back to Neil.