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

Dear Sir/Madam

Aristocrat Leisure Limited – 2018 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

RH Bell
Corporate General Counsel & Company Secretary
Aristocrat Leisure Limited

ARISTOCRAT LEISURE LIMITED
2018 ANNUAL GENERAL MEETING

CEO's address - Mr Trevor Croker

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

As I approach the anniversary of my appointment to the CEO role, two themes come through clearly for me. Firstly, my confidence in our business' potential, growth trajectory and strategy is as strong as ever. Aristocrat remains exceptionally disciplined in our focus on the things that underpin growth, namely:

- market leading content, technology and expanding distribution channels;
- outstanding talent and
- effective execution.

Secondly, we increasingly view our operating businesses as a set of diverse channels to market, with assets to be strategically deployed across channels in ways that maximise player enjoyment, customer benefits and value to Aristocrat. The business is significantly bigger, and more geographically and operationally diverse than at any time in our history – and now includes a material presence in unregulated, large and fast-growing non-casino game segments.

We have constructed a robust platform upon which we have built, and will continue to pursue, market leading positions wherever strategic opportunities present across the total global land-based and digital gaming market.

In fact, when we look across almost every key metric, Aristocrat has taken enormous strides forward over the past 12-18 months.

Today I want to focus on two key topics; namely:

- our growth strategy, focusing on how we are transforming our business for sustained growth, and the part that our expanding digital capabilities – including recent acquisitions – play in delivering on our ambitions; and

- a summary of our performance over the 2017 fiscal year, highlighting continued growth in our core business and confirming our expectations for the 2018 full year.

Turning first to strategy….

Aristocrat has adapted and evolved our business in order to drive growth, profitability and shareholder returns over the past several years. As shareholders are aware, we have made several important acquisitions in executing this strategy, including Product Madness, VGT, Plarium and Big Fish.

Prior to our acquisition of VGT, our core business largely comprised CIII product sales. Aristocrat's performance was heavily influenced by the capital expenditure cycle of casinos, and the performance of our games, leading to significant revenue volatility and low visibility.

At that time, casinos were not significantly expanding their floors and hence Aristocrat's growth plans focused on two key strategies. The first was investing in the highest quality people and content in order to take share, even if overall casino markets were flat (which they have largely been since that time). The second strategy was to increase the contribution of "recurring" revenue, principally via an expansion of the gaming operations installed base, and seeking growth opportunities.

The first strategy has been executed very successfully, and we are proud to lead the industry today, both in terms of our people and game development.

Our second strategy – to drive recurring revenues – led us to make a number of acquisitions in adjacent segments with attractive recurring revenue profiles.

As Ian referenced, we announced our intention to acquire Plarium Global Ltd during the 2017 fiscal year and subsequently completed the acquisition on 20 October 2017. With the addition of Plarium to our business, Aristocrat is continuing our proven approach of moving into strategically attractive adjacencies as part of our recipe for growth.

Plarium materially expands our addressable digital market by eight times, in particular by providing an entry into the massive multiplayer online (MMO) and role playing game (RPG) segments, through hit titles such as Vikings™ and Stormfall™ respectively. Plarium also provides an entry into casual gaming, with titles such as Family Zoo™, which is competing in the fast-growing Match 3 segment.

Plarium significantly increases our presence in the high-growth social games market and brings additional scale, capability and diversification to our digital business. For example, Plarium's robust, browser-based game business represents a high margin revenue stream and capability set that Aristocrat's Product Madness business does not have. Together with the Plarium team, we are assessing opportunities to maximise the potential of browser-based gaming both within Plarium and more generally across our digital businesses.

The integration of Plarium is progressing extremely well and in line with our expectations.

We also announced the acquisition of Big Fish Games after the close of the 2017 financial year. Big Fish is one of the top six digital social casino game publishers globally, with popular titles led by Big Fish Casino™. It also has a significant presence in the casual free to play segment, with titles including Gummy Drop™ , Fairway Solitaire™ and Cooking Craze™. Big Fish also has strong capability in the fast-growing Social Casino meta-game segment that is complementary to Aristocrat's existing strength in content-only driven apps and represents a total market opportunity that is around five times the size of the land based social casino segment, at circa $3.6 billion US dollars.

On a combined basis, the revenues of Product Madness and Big Fish positions Aristocrat as the clear #2 social digital casino publisher in the world, and further cements our status as a leading digital game content business.

This acquisition closed in January, and we are working diligently with the Big Fish team through an integration and strategy-setting process.

The successful implementation of our strategy both in terms of organic growth and through these major acquisitions has been a very significant driver of Aristocrat's performance and of shareholder returns in recent years. We continue to anticipate that both acquisitions will be EPS accretive in the first full year of Aristocrat ownership.

Today, our growing digital business comprises strong and complementary positions across:

- Land-based social casino, via Product Madness;
- Digital lead social casino, including meta came capability, via Big Fish;
- Casual gaming, through Big Fish and Plarium and
- MMO and strategy, also via Plarium.

Our teams are already working to ensure that best practice and game development opportunities are shared across the breadth of our digital business, and indeed our land based operations where relevant.

Finally, I'd like to make few comments on our strategic approach to our core land-based Class III and Class II businesses. Customer centricity is critical here, and our ongoing competitiveness depends on placing customer experience and quality at the very centre of our core commercial systems and processes. We are very focused on doing just that, and continue to see strong growth opportunities across our core land based operations.

Aristocrat has invested heavily in innovation and design and development and we will continue to do so. I do want to stress a point I have made before – namely, that fully funding the growth strategies of our core business is our first priority. We are always open to considering inorganic investment where it meets our rigorous investment criteria, allows us to leverage our capabilities and accelerates our strategy, however never at the expense of our operating businesses.

It is important to note that both our organic growth and our acquisitions have been critical to delivering an almost 300% increase in TSR over the three years to financial year 2017.

I look forward to communicating with our shareholders regarding these investments, and providing updated information about our growth strategy, particularly our digital expansion, in an investor strategy update scheduled for the 1st of May this year. The presentation will be webcast for all shareholders, and also available to be reviewed via the Aristocrat website at any time.

I will now provide a summary of our performance for the 2017 fiscal year.

Aristocrat delivered a very strong result for the year, against a backdrop of broadly flat markets and increasing pressure from existing and new competitors. Industry leading talent, game content, hardware and technology, coupled with effective in-market execution focused on our highest value, strategic opportunities were the key contributors to our performance.

As Ian mentioned, Group revenue improved over 15% in reported terms to a record result of more than $2.45b. Earnings before interest, tax, depreciation and amortisation (or EBITDA) increased over 24% in reported terms and almost 28% in constant currency, compared to the prior corresponding period (or PCP). Operating cash flow of over $799 million was more than 17% higher than the PCP, reflecting the impact of strong operational performance across the business, with a higher mix of recurring revenues as well as a disciplined focus on cash management over the course of the fiscal year.

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 achieved 18% growth in our Class III premium gaming operations footprint, to over 16,000 units, while also growing our Class II footprint, and realising a 5% improvement in overall average fee per day. This progress was driven by continued penetration of high-performing CIII products such as Lightning Link™, Buffalo Grand™, Walking Dead 3™ and Game of Thrones™, as well as the launch of innovative products such as Fast Cash™ and 5 Dragons Grand™, supported by leading cabinet configurations. Growth in Class II gaming operations was driven by new openings, placements at existing locations and the successful launch of the Class II video product *Ovation*™.

In outright sales, units increased 9% and Average Selling Price (or ASP) grew 4%, driven by strong performance across the game portfolio together with continued momentum in the Helix™ and Arc single cabinets and the introduction of the Helix plus™.

We were also very encouraged to receive positive feedback from US customers, with Aristocrat voted 'supplier of the year' at the G2E tradeshow for the fourth consecutive year.

Aristocrat also maintained our market-leading share position in ANZ with the benefit of a broader game portfolio and an expanded Helix™ cabinet offer. Overall revenues and segment profit increased by 4.6% and 12.7% respectively, with profit margins increasing 3.2 points to 44.2%, reflecting efficiency improvements and new commercial models. Top performing titles included 5 Dragons Empire™, Lightning Link™, Lightning Cash™, Player's Choice Emerald Edition™ and the highly anticipated Dragon Link™ and Dragon Cash™ titles.

In the International CIII segment, performance over the 2017 fiscal year was particularly strong. Aristocrat maintained its market-leading share position in Asia Pacific, with performance driven by large scale openings in the region. EMEA also delivered impressive growth, with a new casino opening in South Africa and increased recurring revenue across the segment. I'll now turn to our Digital business …

In the third quarter of 2017, Product Madness was the industry's 4th largest digital social casino business by gross revenues, up from 10th just three years ago. Revenues and profitability grew 41% and 39% respectively, in constant currency, driven by strong content releases, with the continued strength of our flagship core content app Heart of Vegas™ as well as the launch and scaling of our new app Cashman Casino™. Portfolio-wide ARPDAU grew 26% to 53c for the period, while at the same time DAUs reached a new record for the business of over 1.7m.

Turning now to the issue of tax….

As shareholders will be aware, the US recently introduced substantial tax reform. While Aristocrat derives a significant proportion of Group earnings from North America, current transfer pricing agreements have the effect of repatriating earnings to Australia, which limits the potential benefits of the reduction in US Corporate Tax rates for the Group.

In terms of Aristocrat's effective tax rate for the 2018 fiscal year, our initial assessment is that it will reduce by around 3 percentage points compared to the effective tax rate that applied over the 2017 fiscal year. This includes a provisional non-cash net benefit of approximately 6.5 million US dollars, reflecting the one-off revaluation of the Group's US net deferred tax liability.

We are continuing to work through a detailed analysis of the impacts of these reforms on our business, including potential re-investment of a portion of benefits back into the business. I'll now provide comment on our full year trading outlook.

Aristocrat reiterates its guidance from November 2017 for continued growth in the 2018 fiscal year. This reflects the following assumptions:

- Continued growth in the North American Class III gaming operations installed base, with a stable average fee per day.
- Maintenance of industry-high ARPDAU levels in the Product Madness digital business, with strong growth in DAUs due largely to further penetration by *Cashman Casino*™ and the launch of *Fafafa Gold*™.
- Share gains in a flat North American outright sales market as a result of moving into new adjacent market opportunities.
- Maintenance of ship share in line with market-leading 2017 levels in a flat market in ANZ.
- Growth in the Class II gaming operations installed base driven by the rollout of Ovation™ with a stable fee per day.
- Moderating performance in the International Class III segment driven by a reduction in new casino openings over the full year, while maintaining our leading ship share positions in key markets.
- An increase in D&D investment in dollar terms while remaining stable as a percentage of sales.
- A reduction in the Group effective tax rate by around 3 percentage points, taking into account the impact of recent US tax reform and including the one-time benefit of $6.5m US dollars from the revaluation of the Group's US net deferred tax liability

In addition to the above, we expect 11 months contribution from Plarium and 9 months contribution from Big Fish, after adjusting for one off transaction and integration costs, which will be disclosed as significant items. Prevailing foreign exchange rates have been applied, and we look forward to providing more detail at the time of our half year results announcement in May.

Before closing, I'd also like to note that in recent months, our executive leadership team has been significantly refreshed. I was delighted to be able to promote Julie Cameron-Doe, Mitchell Bowen and Matthew Wilson to the positions of Chief Financial Officer, Managing Director Class III ANZ & International and Managing Director, Class III Americas respectively. Over the same period of time, we have also welcomed Jeff Goldstein, Chief Strategy Officer, and James Alvarez, Chief Information Officer, to the business.

Going forward, we will intensify our focus on recruiting, developing and retaining outstanding leadership, creative and technical talent, and entrenching a shared culture that drives both performance and industry-leading responsibility and sustainability. I have great confidence in our core business continuing to deliver, and am energised by the incremental growth opportunities from our total digital business.

Shareholders can be very confident that everyone at Aristocrat is working hard to ensure we continue to deliver the high quality growth and performance you expect and that we are capable of achieving.

Thank you.

Full Year Trading Outlook

- Aristocrat reiterates its guidance from November 2017 for continued growth in the 2018 fiscal year
- We now also expect:
  - 11 and 9 months' contribution from the acquisitions of Plarium and Big Fish respectively
  - One off transaction and integration costs associated with the acquisitions will be disclosed as significant items
  - A reduction in the Group effective tax rate of c. 3 percentage points for the fiscal year 2018, taking into account the impact of recent US Tax Reform and including the one-time benefit of US$6.5m from the revaluation of the Group's US net deferred tax liability