

Aristocrat Limited

FY17 Results Presentation—12 months to 30 September 2017

30 November 2017



ARISTOCRAT

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Group Results Summary

Results Presentation: 12 months to 30 September 2017

A\$ million	FY2017	FY2016	Change %	
Reported Result ^{1,2}				
Revenue	2,453.8	2,128.7	▲	15.3
EBITDA	1,001.2	806.0	▲	24.2
EBITDA margin	40.8%	37.9%	▲	2.9pts
EBITA	858.1	673.4	▲	27.4
EBITA margin	35.0%	31.6%	▲	3.4pts
NPAT	495.1	350.5	▲	41.3
NPATA	543.4	398.2	▲	36.5
EPSA (fully diluted)	85.0c	62.4c	▲	36.2
Operating cash flow	799.1	680.5	▲	17.4
Other Items				
Net debt / EBITDA	0.6x	1.2x	▼	50.0
Closing net debt / (cash)	652.3	1,004.6	▼	35.1

- Group performance well ahead of prior corresponding period
- Results driven by growth across all of our strategic segments: Gaming Operations, Digital and Class III Outright Sales
- Strong free cash flow generation driving continued reduction in overall gearing levels
- Continued investment in core product development and capability

Notes:

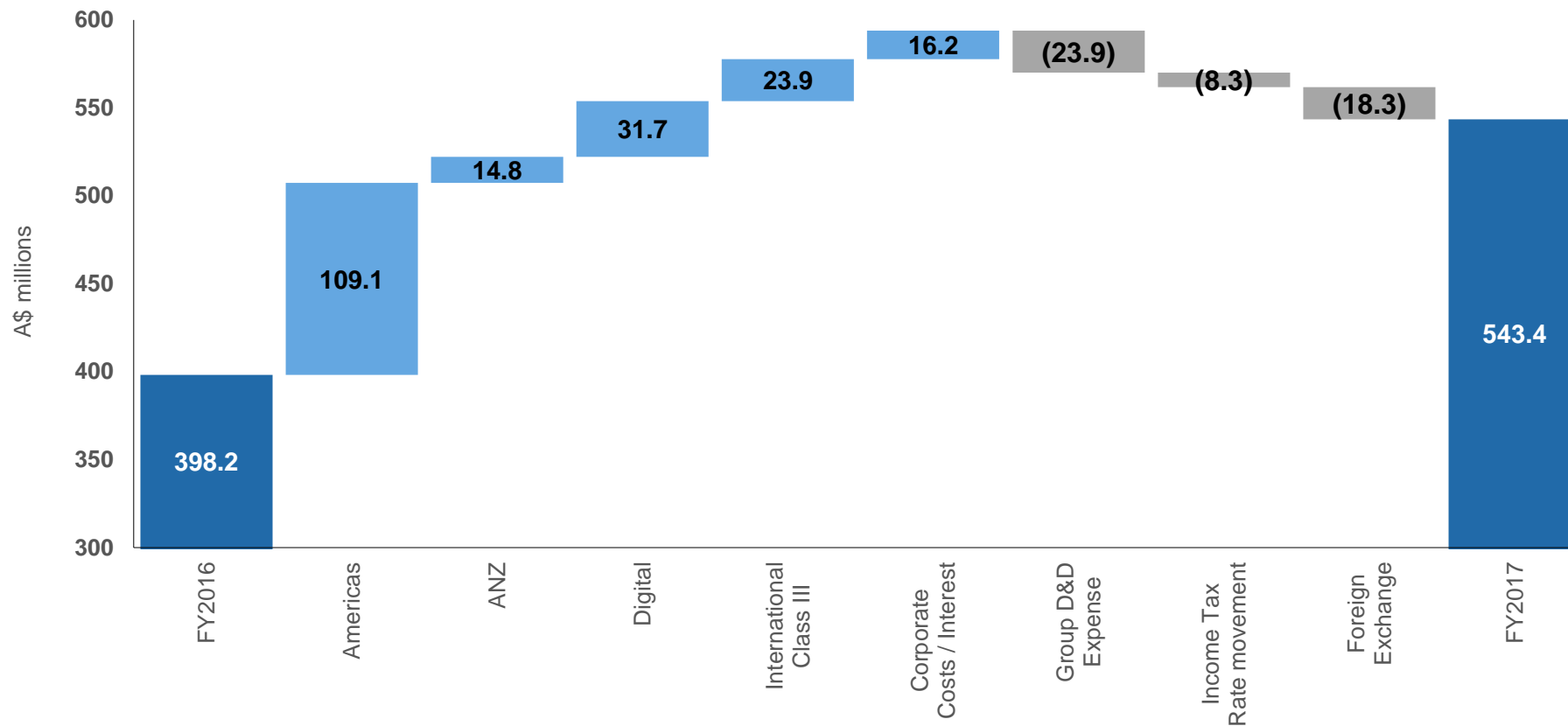
1 Refer to Operating & Financial Review for definitions of line items

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Financial Performance Summary

Results Presentation: 12 months to 30 September 2017

NPATA bridge ¹



Note:

¹ Numbers above are reported on a constant currency basis and are tax effected at the prior year tax rate

Balance Sheet & Debt Profile

Results Presentation: 12 months to 30 September 2017

Balance Sheet Statistics ^{1, 2}

A\$ million	FY2017	1H2017	FY2016
Total debt	1,199.4	1,227.6	1,287.8
Net debt / (cash)	652.3	833.1	1,004.6
Net debt / EBITDA	0.6x	0.9x	1.2x
Interest cover	19.1x	14.7x	10.7x

Debt Profile Statistics ²

A\$ million		FY2017
Total liquidity	A\$m	681.7
Debt maturity	Years	3.9
Fixed / floating interest rate ratio	%	62%

- Continued strong balance sheet position
- Reduction in gearing levels due to sustained earnings growth and cash flow generation. US\$50m repaid during period
- Further reduction in cost of borrowing achieved through repricing of TLB facility in March and September
- Plarium acquisition completed October 2017, funded by new US\$425m 7 year TLB accordion debt facility and cash
- Leverage pro-forma post acquisition of Plarium 1.2x, well within tolerance levels
- Both Moody's and S&P upgraded credit ratings during period. Ratings affirmed post Plarium acquisition

Notes:

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Cash Flow

Operating Cash Flow ^{1,2}				
A\$ million	FY2017	FY2016	Change	
EBITDA	1,001.2	806.0		
Change in net working capital	(51.9)	20.4		
Interest and tax	(171.0)	(152.3)		
Other cash and non-cash movements	20.8	6.4		
Operating cash flow	799.1	680.5	▲	118.6

Key Statistics ^{1,2}				
	FY2017	FY2016	Change	
Normalised net working capital / revenue (%)	7.5	7.3	▼	0.2
Operating cashflow / EBITDA (%)	79.8	84.4	▼	(4.6)
Final dividend per share (cps)	20.0	15.0	▲	5.0
Total dividends per share (cps)	34.0	25.0	▲	9.0

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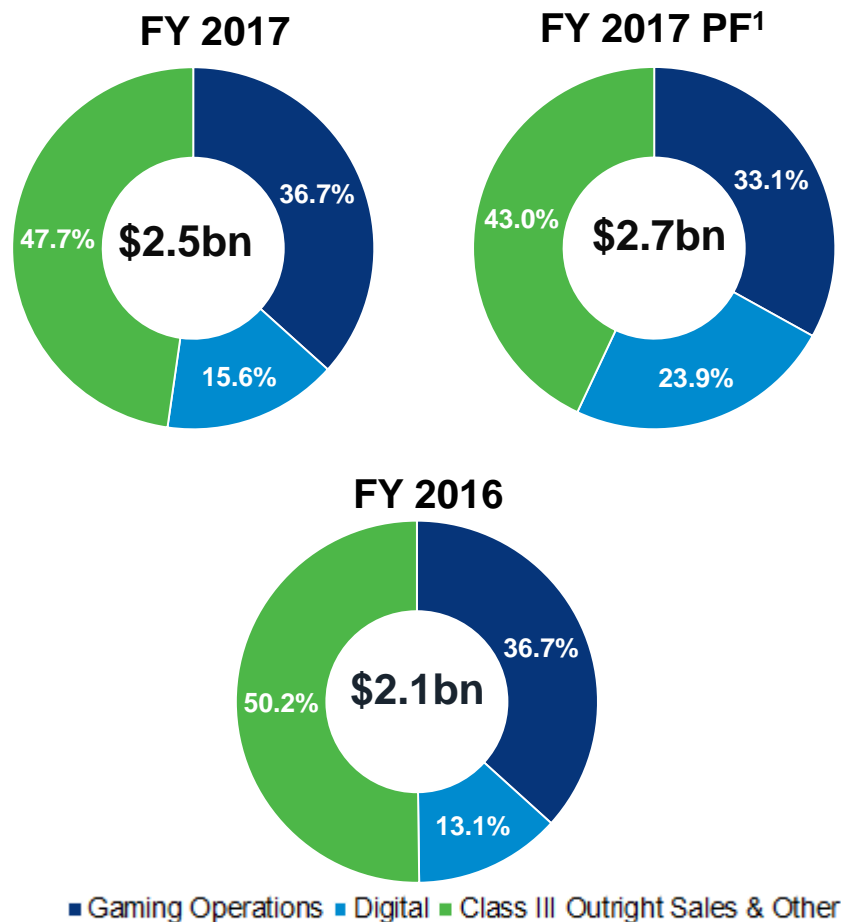
- Growth in operating cashflow, with strong working capital and cashflow conversion metrics maintained
- 2017 final dividend per share of 20.0cps. 100% franked. Total FY17 DPS of 34.0cps, +9.0cps (+36%) versus FY16

Statutory Cash Flow ^{1,2}		
A\$ million	FY2017	FY2016
Operating cash flow	799.1	680.5
Capex	(213.5)	(192.6)
Acquisitions and divestments	(23.0)	(16.7)
Investing cash flow	(236.5)	(209.3)
Repayment of borrowings	(65.5)	(359.1)
Payments for loans advanced	-	(13.5)
Dividends and share payments	(231.1)	(133.8)
Financing cash flow	(296.6)	(506.4)
Net increase in cash	266.0	(35.2)

Operational Performance Highlights

Results Presentation: 12 months to 30 September 2017

Revenue by Strategic Segment



- 12th consecutive period of earnings growth with total revenue of \$2.45bn a new record for the business
- 52% of total Group revenues derived from recurring sources by period end, Performance reflective of improved revenue mix. On a pro-forma basis this increases to 57%, with Digital contributing 24% of Group revenues
- Investment in core business as well as strategic investments in adjacent markets and segments

Note:

¹ Pro forma revenue includes full year contribution of Plarium for 12 months ended 31 March 2017

Plarium financial information converted at AUD:USD exchange rate of 0.75 and presented on a bookings basis

North America Result

Results Presentation: 12 months to 30 September 2017

		FY2017	FY2016	Change	
Revenue	US\$m	1,033.7	890.1	▲	16.1 %
Segment profit	US\$m	546.6	434.0	▲	25.9 %
Margin	%	52.9	48.8	▲	4.1 pts
Volume					
Platforms	Units	12,575	11,503	▲	9.3 %
Conversions	Units	2,506	2,487	▲	0.8 %
Price					
ASP	US\$/unit	18,892	18,104	▲	4.4 %
Gaming Operations					
Class III premium gaming operations	Units	16,161	13,675	▲	18.2 %
Class II gaming operations	Units	22,437	21,427	▲	4.7 %
Total units	Units	38,598	35,102	▲	10.0 %
Total gaming operations	US\$/day	50.70	48.19	▲	5.2 %

- Revenue and profit growth
- Strong performance across Class III premium gaming operations footprint driven by top performing content and hardware
- Class II installed base growth driven by successful launch of *Ovation™* as well as new openings and expansions
- Continued growth in average FPD
- Outright sales improvement, with ASP also higher due to strong performance across cabinets and broad game portfolio
- Positive feedback from G2E tradeshow and US Slot Surveys¹

Note:

¹ Eilers & Krejcik | Eilers Fantini Quarterly Slot Survey - 3Q17

ANZ Result

Results Presentation: 12 months to 30 September 2017

		FY2017 ¹	FY2016	Change	
Revenue	A\$m	431.7	412.7	▲	4.6 %
Segment profit	A\$m	190.6	169.1	▲	12.7 %
Margin	%	44.2	41.0	▲	3.2pts
Volume					
Platforms	Units	14,377	13,784	▲	4.3 %
Conversions	Units	4,214	4,682	▼	(10.0)%
Price					
ASP	A\$/unit	20,348	20,903	▼	(2.7)%

- Further growth in mature market achieved through customer focussed product offering
- Continued market leadership across all key Australian jurisdictions
- Expansion in margins reflecting focus on efficiency improvements and expansion of commercial models

Note:

¹ Constant currency

International Class III Result

Results Presentation: 12 months to 30 September 2017

		FY2017 ¹	FY2016	Change	
Revenue	A\$m	220.1	181.1	▲	21.5 %
Segment profit	A\$m	115.1	80.5	▲	43.0 %
Margin	%	52.3	44.5	▲	7.8pts
Volume					
Platforms	Units	7,125	5,978	▲	19.2 %

Note:

¹ Constant currency

- Performance was strong, driven by new openings (Philippines, Malaysia, South Africa as well as Macau)
- Solid BAU performance despite cycling over period of regulatory churn in Macau
- Margin improvement due to sales mix and improved operating leverage
- Leading share in key APAC markets

Digital Result

Results Presentation: 12 months to 30 September 2017

		FY2017 ¹	FY2016	Change	
Revenue	A\$m	395.0	279.7	▲	41.2%
Segment profit	A\$m	163.9	118.1	▲	38.8%
Margin	%	41.5	42.2	▼	(0.7)pts
		FY2017 ¹	FY2016	Change	
DAUs: end of period		1,729,859	1,268,733	▲	36.3%
ARPDau: average	USD	0.53	0.42	▲	26.2%

Note:

¹ Constant currency

² Eilers & Krejcik | Social Casino Gaming Tracker – 3Q17

- Significant increase in revenue and profit
- Performance driven by ongoing success of *Heart of Vegas™* and successful launch of *Cashman Casino™* application during the period
- DAUs grew to over 1.7m at period end
- Improvement in ARPDau due to sophisticated product and marketing features as well as leading content
- Social casino business now ranks 4th in terms of total revenues for Q3²

Strategic Update

Results Presentation: 12 months to 30 September 2017

Enter into adjacent market opportunities

Class III Stepper	VLT	Class II Video	Digital
			

✓ Next phase of growth identified

✓ Priority opportunities in new markets and in product adjacencies

✓ Plarium acquisition + planned *Fa Fa Fa Gold™* launch in line with Digital strategy

Full Year Trading Outlook

- Aristocrat expects continued growth in the 2018 fiscal year:
- Continued growth in the North American Class III gaming operations installed base with a stable average fee per day relative to FY2017
- Maintenance of industry-high ARPDAU levels in the Digital business, with strong growth in DAU due largely to further penetration by *Cashman Casino™* and launch of *Fa Fa Fa Gold™*
- Increased share 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 ANZ market
- Growth in Class II gaming operations installed base driven by the rollout of *Ovation™* and a stable fee per day
- Moderating performance in the International Class III segment driven by a reduction in new casino openings in FY2018 while maintaining our leading ship share positions
- An increase in D&D investment in dollar terms while remaining stable as a percentage of sales
- Group effective tax rate to remain at 32% and prevailing FX rates have been applied
- Growth in earnings for the Plarium business, however, the impact of purchase price accounting, funding and transaction costs will result in only a small NPATA contribution for the period. Further detail will be reported at the time of the 1H 2018 results announcement



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