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Operator: Thank you for standing by and welcome to the Aristocrat FY21 results briefing. All participants are in a listen only mode. There will be a presentation followed by a question-and-answer session. If you wish to ask a question, you will need to press the star key, followed by the number one on your telephone keypad. I would now like to hand the conference over to Mr Trevor Croker, Chief Executive Officer and Managing Director. Please go ahead.

Trevor Croker: Good morning and welcome to Aristocrat's financial results presentation for the fiscal year to 30 September 2021. My name is Trevor Croker, Chief Executive Officer and Managing Director of Aristocrat. It is a pleasure to present Aristocrat's results today along with Julie Cameron-Doe, our Chief Financial Officer. Also on the line for today's call is Mitchell Bowen, CEO of Aristocrat Gaming and Chief Transformation Officer and Mike Lang, CEO of Aristocrat Digital. Thank you to everyone for joining us.

Turning to our agenda on slide 2, please note that the details of the full-year results are contained in the Operating and Financial Review document released this morning. Today we will step through the presentation deck, beginning with the strategic overview of our business, before moving to Group results, highlights of our operational performance, and outlook and finally opening the lines for your questions. Before we begin, please note the usual disclaimer statement available at the back of the presentation deck. References to prior corresponding period or PCP relate to the year to 30 September 2020. All references are to Australian dollars, unless otherwise indicated.

Turning now to slide 4, our results today demonstrate the successful execution of our strategy over the reporting period. Our focus on share taking through sustained investment in outstanding product, the best people and capabilities and strong business fundamentals has remained at the heart of our approach. Today Aristocrat is a global gaming content, technology business and mobile game publisher, that is global in scale while also delivering profitable, organic growth ahead of category. We're also an increasingly resilient business with 80% of Group revenues in the period derived from recurring sources, up from around 50% four years ago.

We continue to invest to grow in new adjacent segments, channel and genre opportunities, adding to our diversity and performance momentum. In Gaming, 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 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 fiscal 2021.

At the same time, our Digital business consolidated its position as a top-five publisher in tier 1 Western markets, delivering world-class games across multiple genres. 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. The Digital business contributed just over half of total Group revenue for the period, further highlighting our success in diversifying and growing our operations.

With its global scale and ambitious plans, we believe it's the right time to replace the informal name "Aristocrat Digital" with a new name and brand that both truly describes our mobile-first publishing operations and helps to facilitate its growth. From today, Aristocrat Digital will be known as Pixel United, abbreviated to PxU. The new name will allow the business to more effectively recruit digital talent and engage potential partners and other stakeholders, while reducing scope for confusion with our Aristocrat Gaming business.

As Aristocrat's total operations continue to become more digital in nature, it's also helpful to clarify any suggestion that only our mobile publishing business has digital characteristics when that's clearly not the case. There are no broader changes as a result of the re-brand with Big Fish, Product Madness and Plarium continuing to operate as normal under the umbrella of Pixel United rather than Aristocrat Digital. 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.

Turning to slide 5 for an update on the proposed acquisition of Playtech. Consistent with UK Takeover Code requirements and in line with published materials, we are pleased to provide an update on progress since we announced the proposed acquisition of Playtech plc on 18 October. All relevant materials continue to be available on the 'power of play' website, with links also provided to these materials from our Aristocrat Group website.

As we shared last month, the proposed acquisition of Playtech is strategically and financially compelling. It will accelerate Aristocrat's strategy and provide material scale in the already large and growing US$70 billion online RMG segment. The acquisition will deliver medium-term revenue and earnings growth, in particular in the fast-growing and liberalising North American online RMG segment, combining Aristocrat's core strengths in exceptional gaming content, long-term customer and regulatory relationships with Playtech's technology and platform.

Online RMG offers new and complementary growth channels for Aristocrat's land-based Gaming business and content, alongside the other significant strategic and financial benefits set out in detail in our disclosures last month. Aristocrat's offer of 680 pence per share in cash provides full, fair and certain value for Playtech shareholders. This represents a 58% premium to the undisturbed share price at the time prior to the firm offer announcement. We also believe that the combined group will provide greater opportunities to Playtech employees.

The proposed acquisition has been unanimously recommended by the Playtech Board and in addition, we received irrevocable undertakings and letters of intent supporting the transaction from Playtech shareholders representing 16.52% of Playtech's share capital as at 15 November 2021. Aristocrat has put in place an interim financing agreement to provide funding certainty to complete the proposed transaction. This has been supported by a successful $1.3 billion equity raise, structured by the way of a pro-rata entitlement offer.

The Institutional component of the Aristocrat equity raise offer saw a strong 92% take-up rate, with 19 of our top 20 institutional shareholders participating in either part or in full. The retail component of the equity raise also successfully closed last week. A strong take-up rate of 78% comfortably exceeding the average of entitlement offers of this type. The Aristocrat equity raise was structured to provide equitable treatment to all Aristocrat shareholders and we are delighted at the strength of support from our shareholders for the proposed acquisition.

Debt financing arrangements are progressing to plan. Aristocrat has received consents from its TLB lenders in connection with existing Aristocrat TLB financing arrangements. We have also received strong support from credit agencies, with S&P moving to a "Positive Outlook". This reflects a potential upgrade to BBB- upon close of the proposed transaction due to the expanding scale, customer and geographical footprint and more diverse earnings profile of the combined business. In addition, Fitch has initiated coverage with a rating of BBB- and a stable outlook, while Moody's has reaffirmed its rating of Ba1.

Aristocrat may therefore be considered investment grade upon the close of the proposed acquisition.

The regulatory engagement process is also on track and we are focused on progressing this quickly. Aristocrat holds gaming licences in over 335 gaming jurisdictions, including many US states and tribal nations. Aristocrat's long-term engagement with regulators across key gaming jurisdictions, together with our strong financial fundamentals, deep customer relationships and established presence in global gaming markets positions us to complete the transaction as planned in the second quarter of calendar year 2022.

Finally, we note that Playtech published its scheme document last Friday, which sets the Playtech shareholder vote on Aristocrat's proposed acquisition for 12 January 2022. Playtech has also published a circular in respect of its proposed disposal of the Finalto business, which sets 1 December as the date on which Playtech shareholders will be asked to vote on the sale. We look forward to working through the process and providing updates as appropriate.

Turning now to slide 6 and a reminder of our established growth strategy. This describes the "flywheel effect" Aristocrat is achieving off the back of strong business fundamentals and our preparedness to invest heavily in organic growth and selective M&A. The decisions we have taken have made Aristocrat today even more diversified, resilient and focused than we were in the pre-COVID period. With our financial performance almost back to pre-COVID levels over fiscal 2021, we are ideally placed to accelerate our momentum going forward.

Before stepping through the detail of our financial performance for the period, I'd like to take a moment to touch on some of the progress we've achieved against our key pillars of this strategy on slide 7. From a People-First perspective, we were proud to be certified a Great Place to Work in Australia and the US for the first time, and in India for an impressive 6th year during the reporting period.

We see this as recognition of the efforts we've made in energising our culture and supporting our people, which include our recent pivot to a permanent, flexible hybrid work model globally. It also includes innovative engagement, development, retention and incentive strategies deployed over the year. An aggregate engagement score of 8.4 was achieved across the year, with 91% participation, which is above relevant technology benchmarks.

From a customer perspective, Aristocrat Gaming was named Industry Supplier of the Year at the Global Gaming Awards in Las Vegas in October 2021 for a third year in a row – underscoring our focus on being a supplier of choice to customers in our largest market and across key gaming segments globally. I've previously touched on some of these highlights in terms of our ongoing diversification and business resilience. Over the year, we continued to invest to grow in adjacent gaming segments in the US and in fast-growing mobile gaming genres.

In Pixel United, a number of acquisitions were announced to further expand our presence in key game development hubs, including Finland and Poland, to support planned pipeline growth. Over US$520 million was invested in user acquisition, representing 28% of Pixel United revenues, which was the higher end of our 25% to 28% target range. In addition, $528 million was invested in D&D during the year, representing a market-leading 11% of group revenue for the 12 months to 30 September 2021.

Turning now to slide 8, our strategy is fundamentally geared to delivering sustainable performance, which means that a robust Sustainability program is an important part of our approach. Our sustainability strategy is structured around three pillars and focuses on the issues and the priorities that are most material to our business. These priorities are reviewed periodically and updated in line with progress, materiality and the feedback of our stakeholders.

Details of our recent progress will be provided in our sustainability disclosures for fiscal year 2021, which will be published on our Group website on the 27th of this month. I encourage you to review the disclosures in full but would like to take this opportunity to share a few highlights.

In terms of our Business Operations, Aristocrat recently committed to adopting a Group-wide science-based greenhouse gas emissions reduction target consistent with the requirements of the Paris Agreement. We have made investments in improved data capturing and specialist capability in order to deliver this goal.

We've also continued to lift the bar in corporate governance, reflecting the fact that this is one of our most material ESG priorities.

In Responsible Gameplay, we delivered a raft of initiatives, including new tools, features and functionality to enhance player information and choice across our Gaming and Social Casino products. We also achieved support for an Australian-first trial of cashless gaming technology in New South Wales, in partnership with the government, the regulator and our customer. We look forward to that trial launching early in the new calendar year, now that venues in New South Wales have been able to re-open.

In terms of our People and Community, I've mentioned our Great Places to Work certifications and our strong engagement results. I would add that we are pleased to have delivered our 2021 gender equity commitments in full and have moved to adopt higher targets for the 2022 to 2025 period. These will also be set out in our disclosures in detail.

Of course, we readily acknowledge that our ESG journey is an ongoing one, with plenty still to do. But we are excited by the progress we're making and the impact our efforts are having, particularly with respect to our culture and engagement. We're also pleased at the quality of conversations we're having with customers, players, partners and other stakeholders about shared initiatives and a focus on the longer term.

Turning now to enterprise transformation on slide 9, this provides some context as to how we're investing in our core business capability to facilitate ongoing transformation in our scale and velocity. In other words, we're increasingly focused on ensuring Aristocrat is not only becoming bigger, but also better, meaning more resilient and diverse, more innovative and much more capable of digesting change.

We think about our effort in three buckets, the first being key portfolio initiatives. These aim to scale and diversify existing businesses, explore and enter attractive adjacencies and to establish a pipeline of new growth options and convergent opportunities. Major focus areas include strategy execution, talent development and increasing organisational capability. It also includes ESG, where we are focused on our most material priorities in strong Governance, promoting responsible gameplay, employee engagement and diversity and inclusion.

The second bucket comprises integration and change management initiatives, while the third area is all about accelerating productivity. This spans initiatives focused on process management, and data and analytics. This transformation effort is ongoing and will underpin our ability to sustain our strong growth long term and fully implement our strategy.

I'll now turn to a summary of our Group performance for the year, building on the market disclosures released on 18 October. Turning to slide 10, over the year to 30 September 2021, the Group delivered strong growth and a high-quality result that reflects the successful execution of our strategy and the sustained levels of market-leading investment I outlined earlier.

Normalised profit after tax and before amortisation of acquired intangibles or NPATA of $865 million represents an increase of 81% in reported terms and an impressive 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 is only 3% below the pre-COVID financial year 2019 result of $894.4 million, despite the unfavourable foreign currency impact and with not all markets fully operational during the period. Earnings before interest, tax, depreciation and amortisation, or EBITDA, of $1.5 billion represents 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 remains robust with over $2.7 billion in available funds and a net debt to EBITDA ratio of 0.5 times as at 30 September 2021.

The Directors have authorised a fully franked dividend of 26 cents per share or $174 million in respect to the period ended 30 September 2021. The record date will be 2 December and the payment date will be 17 December 2021.

I'll now invite Julie to take us through further details of the Group results on slide 12. Julie.

Julie Cameron-Doe: Thank you, Trevor and good morning everyone. The profitable growth we have reported today came on the back of stronger revenue across both the Aristocrat Gaming and Pixel United businesses to $4.7 billion, up 14% in reported terms and 25% in constant currency.

Increased operating leverage further enhanced the result, demonstrating the quality of earnings delivered in the period. EBITDA increased 43% compared to the PCP, as Trevor mentioned, and the EBITDA margin expanded to 32.6% from 26.1%. Fully diluted earnings per share before amortisation of acquired intangibles of 135.6 cents represents an 82% increase compared to the PCP.

During the year, the Group adopted the new IFRS accounting interpretation in relation to configuration and customisation costs incurred in implementing software-as-a-service arrangements with cloud providers. While this had no overall impact on the result, I would draw your attention to the restatement of the prior year comparatives across the financial statements, which is consistent with the new IFRS guidance.

Slide 13 sets out the composition of Aristocrat's reported NPATA performance of $865 million, normalised for significant items and compared to the PCP. The 81% [increase] in NPATA during the year was driven by over $415 million in incremental profit from the Americas Gaming business with a significant contribution from Gaming Operations combining growth in installed base and fee per day.

Growth was also seen across the ANZ Gaming business, despite extended lockdowns in the key jurisdictions of New South Wales and Victoria. The result was partly offset by weakness in the International Gaming segment, which continued to be impacted by venue closures or travel restrictions across key regions.

Pixel United delivered $120 million in incremental profit, reflecting profitable growth in Social Casino and the impact of continued scaling of key, world-class games such as RAID: Shadow Legends.

Higher corporate and other costs reflected increased investment in enterprise transformation, people and capability and the Group's market-leading investment in D&D was consistent with our growth strategy. The result was offset by almost $100 million in unfavourable foreign exchange movement compared to the PCP.

Turning now to slide 14. The Group generated over A$1.3 billion in operating cash flow, up 30% compared to PCP. The interest and tax expense line increased 77%, driven by higher taxes paid in line with improved business performance and the deferral of fiscal 2020 payments for the reporting period due to COVID-19.

Capital expenditure was over $200 million in the year, primarily comprised of continued investment in hardware to support growth in the Americas Gaming Operations installed base.

Significant non-cash items in the period related to the remaining contingent Plarium retention arrangements and the Big Fish onerous lease provision. The change in net working capital is stated after the payment of the Kater and Thimmegowda legal settlement as disclosed at the half.

Moving now to capital investments and our balance sheet, slide 15. Aristocrat continued to allocate capital according to our established priorities in order to promote long-term growth and appropriate shareholder returns.

During the year, as Trevor highlighted, we committed $528 million in D&D to further strengthen our product portfolios. We also invested US$521 million in User Acquisition to grow our mobile games business, Pixel United, and over $200 million in capex as previously noted.

We continue to prioritise capital for M&A to accelerate our growth, as recently highlighted by our offer to acquire Playtech. From a capital returns perspective, we maintain our discretionary dividends policy. As previously disclosed and consistent with our established track record, Aristocrat would expect to resume deleveraging following the completion of the Playtech acquisition.

The Group's strong balance sheet and liquidity position as at 30 September 2021 continues to provide us with financial strength, flexibility and full optionality to pursue our growth strategy.

Net debt of $805 million at period end is down from $1.6 billion the previous year, and represents a net debt to EBITDA leverage ratio of 0.5 times. At 30 September 2021, Aristocrat had total liquidity of over $2.7 billion, comprised of cash and available revolving credit facilities of $277 million.

Our debt facilities, largely drawn from the US Term Loan B market, remain competitively priced at a weighted average of LIBOR plus 250 basis points. Credit agreements remain covenant-light and provide the Group with financial flexibility.

That completes the overview of Group results. I will now pass back to Trevor to comment on operational performance and outlook for the 2022 financial year. Trevor.

Trevor Croker: Thanks, Julie. Turning first to the Aristocrat Gaming business on slide 17. Overall Gaming revenue increased 27.5% while profit grew an impressive 83% compared to the PCP with strong performance across the Americas and ANZ businesses as highlighted.

Americas revenue increased 46% while profit more than doubled to US$729 million, driven by growth from 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$51.41 in the period, up 45% on the PCP, reflecting continued penetration of high performing games.

The business grew share across key segments and expanded margins with operational momentum supported by a stronger than expected economic recovery, positive consumer sentiment and participation.

Aristocrat's Class III Premium installed base grew 14% to almost 28,000 units while the Class II Gaming Operations installed base grew 4% to over 26,000 units with almost all machines switched on in customer venues that were open at 30 September 2021. As previously referenced, Eilers game performance data for the period underlined the business' exceptional portfolio strength.

Finally, North America Outright Sales revenue increased 30% compared to the PCP, representing a significant recovery in volumes and demand following the launch of the MarsX Portrait cabinet and continued expansion into adjacent segments. Average Selling Price, or ASP, also remained strong.

In ANZ, revenue increased by 43% to $400 million in constant currency compared to the PCP, while profit increased by almost 160% to $152 million. Margins expanded to over 38% reflective of strong product and cabinet performance, and COVID impacts in the prior period.

Average cabinet selling prices decreased slightly, driven by promotional activity to aid customer recovery and support longer-term growth. The ANZ business extended its market-leading ship share performance, once again highlighting portfolio strength and the business' outstanding operational momentum.

Moving now to Pixel United on slide 18, again noting this is the new name for Aristocrat's Digital segment. I also remind you that the figures on this slide are in US dollars.

Pixel United 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 performance reflected effective investment in Live Ops, features and new games content while the circa $70 million increase in UA over the period supported the profitable growth of RAID: Shadow Legends.

It also helped drive strong performance in Social Casino games, especially Lightning Link and Cashman Casino, along with the scaling of EverMerge and the global launch of Mech Arena, the business' first title in the action genre.

Overall, player demand remained elevated compared to pre-COVID levels, albeit somewhat moderated compared to the second half of fiscal 2020.

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 re-basing 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 as I touched on previously.

The business grew share in mobile gaming over the period to become the clear global number one in the Social Slots segment and the number two in the total Social Casino genre.

We also achieved the number one position in the Squad RPG or Role Playing Games segment, and the number two spot globally in the Casual Merge segment according to industry data.

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 Users, or ABPDAU, performance compared to the PCP. The result of 74 cents was a new ABPDAU record for our business.

In summary, Pixel United made significant strides forward over the 12 months to 30 September 2021. The business has accelerated its momentum, grown in scale, portfolio breadth and the capabilities to drive performance. We will continue to invest to grow the game development pipeline and further build our capabilities to fully capture our opportunities in this growing segment.

Slide 20 provides a recap and summary of our performance highlights for the year to 30 September 2021. I won't repeat the highlights on this call other than to say that we are encouraged by the growth, diversification and resilience that underpins this very pleasing result.

The 81% increase in NPATA together with margin and share expansion across key Gaming and mobile segments, shows the benefit of our increasingly competitive and high-performing product portfolios and strengthening customer and player engagement.

As I said at the outset, this performance is also testament to the relevance of our established growth strategy and effective execution over the 12 months to 30 September 2021. It also reflects the outstanding efforts and impact of our global team of more than 7,000 talented people.

Turning now to outlook for the 2022 fiscal year, on slide 21. Aristocrat plans for continued growth over the full year to 30 September 2022, assuming no material change in economic and industry conditions, excluding the impact of the proposed acquisition and funding of Playtech and reflecting the following factors:

- enhanced market-leading positions in Gaming Operations, measured by the number of 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 recent 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 historical range of 11% to 12% of revenue; and
- further investment in core business capability, to facilitate ongoing transformation in our scale and velocity.

Non-operating expense assumptions are also set out on this slide, specifically regarding interest expense, amortisation of acquired intangibles and income tax expense.

Finally, the Group has entered the 2022 fiscal year with excellent momentum, flexibility and resilience, and a balance sheet that continues to provide full strategic optionality. Our teams are excited to continue to deliver profitable growth and accelerating our strategy with our proposed acquisition, expected to complete in mid-calendar year 2022.

With that, I'll conclude the formal presentation and hand it back to the Moderator to open the line for questions. For the benefit of others on the call, please limit yourself to two questions before re-joining the queue if you wish.

Operator: Thank you. If you wish to ask a question, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star two. If you are on a speaker phone, please pick up the handset to ask your question. Your first question comes from Matt Ryan of Barrenjoey. Please, go ahead.

Matt Ryan: (Barrenjoey, Analyst) Thank you and hi to Trevor and Julie. My first question was just going to be around the big increase that you saw in your participation yield in the second half. I'm guessing that this will moderate over the course of fiscal '22 but I was just hoping if you could give us a sense of what you're seeing on the ground at the moment with casino GGR in the US and how much moderation that you're seeing at the moment?

Trevor Croker: Yes, thanks Matt, I appreciate the question. Well first of all, Mitchell Bowen is on the line so I'll make a couple of opening comments and then Mitchell might give you some more context around what we're seeing.

I think what we are seeing is, we still see strong coin-in in across Class III and Class II. It is coming back as far as growth over period because we are now back circling over re-openings around this time last year.

Overall, you would have seen that there's been some positive GGR reporting in the last couple of weeks, particularly by operators and also by other manufacturers around quite stable GGR perspective.

So you know, we're still conscious that there are a number of stimulating factors out there but we're still very happy with our GGR performance against last year and the portfolio obviously continues to contribute strong from that perspective.

I might just ask Mitchell about some commentary around what he's hearing from the customer's point of view. Mitchell?

Mitchell Bowen: Yes, thanks, Trevor and thanks, Matt. Look, I think Trevor summed it up nicely. I think the demand is remaining relatively consistent at the moment, however, with a change of mix in fixed fee per day and consumer behaviour, we do expect that to moderate towards the back end of this year and early next year.

However, the game performance and the product pipeline that we've got coming through, the new cabinet launches that we've got planned for '22 are all positives that we aim to try and keep that as positive and keep the momentum going as fast as we can.

But at a GGR level, we are seeing some consistent performance across both Class II and Class III, particularly obviously in that Gaming Operations space.

Matt Ryan: (Barrenjoey, Analyst) Thanks, Mitch and just a question on margins. It feels like there's a pretty sizeable increase in cost coming in the FY22 year and your guidance on D&D is pretty clear but I notice there was a pretty significant uplift in SG&A and corporate costs in the period that we just went through. So I was just hoping if you could tell us whether that's the new normal moving forward?

Trevor Croker: Yes, thanks, Matt. I'll pass to Julie. I think it's important that we reference slide 9 which is about building scale and capacity for continued growth. That's really what we're talking to here. It's continuing to be able to do that but I'll let Julie walk you through why we're doing that.

Julie Cameron-Doe: Yes, thanks, Trevor and hi, Matt. Yes and I think when we think about our investment in transformation, I think you've got to step back from the overall result and focus on the quality. That's what we've done. We've seen the great improvement in cash flow in there as well with over $1.3 billion of operating cash flow delivered.

In terms of SG&A, as you know, we've been flagging for a few years now the need to invest in capability and skillsets but obviously we went into cash preservation mode in March 2020 and we had to pause a bunch of things.

So then you start to see the ramping effect of the initiative when we re-started them in the first half, when we were starting to get confident in the trajectory of our performance, so you do see that effect especially in corporate costs and you see the uplift in corporate costs in the second half.

But the focus we've got on that when we say in the outlook statement that we expect to continue to invest, we are referring to the full year number rather than the run rate in the second half. So that might help you to get a better understanding of that.

But really, as Trevor's gone into in slide 9, we're very focussed on what we can do to facilitate the ongoing transformation in our scale and velocity so that's where we've become really focused in investing in those kind of areas and in those priorities.

You've also got to think about the noise in the numbers year-over-year. We don't have to go into it now, I'm sure we can do it offline but obviously they were lower costs in the second half of last year when we were in cash preservation mode and then there were those year-end provisions that we talked about previously.

So there's a bit of normalisation you have to do when you're looking at the year-over-year comps but you can clearly see that we've re-started and we've set quite a few of those initiatives now. They're really tied to our growth aspirations as a business.

Matt Ryan: (Barrenjoey, Analyst) Thank you.

Trevor Croker: Thanks, Matt.

Julie Cameron-Doe: Thank you.

Operator: The next question comes from Larry Gandler of Credit Suisse. Please, go ahead.

Larry Gandler: (Credit Suisse, Analyst) Thanks, guys. A couple of questions on Digital and if I could squeeze maybe one in on International? So the two questions on digital are, with regards to Plarium Play, maybe you can give us some indication how that's grown in your channels and whether Mech Arena is contributing to that nicely?

If you have other games - this is the second part of the question - so the games in the pipeline, where are those categories? What categories are you targeting there? So those are the Digital questions.

Then on the International, there's a big delta from what you guys reported this year to where that division had, say, peak earnings. What steps and how quickly can we get back towards - obviously not peak but get back towards that?

Trevor Croker: Yes, thanks, Larry. Good way to squeeze three questions into two, so thank you for doing that. But look, I'll just make a quick comment on Plarium Play and then I'll hand to Mike to talk to you about Plarium Play and what it looks like and also his pipeline as well.

Now, Plarium Play is about 30% of bookings for the Digital business now across the board. I mean, Mike will talk about how layered etcetera - sorry, 30% of RAID. My apologies - not of total bookings and I'll get Mike to just talk about how that's progressing and also the pipeline so over to you, Mike.

Mike Lang: Thank you, Trevor. So in regards to Plarium Play, we continue to be very enthused with the momentum we're seeing at Plarium in regards to more and more consumers shifting to the more robust experience of Plarium Play, which we're excited about but also it's very favourable economics and that we do not pay platform fees then related to that.

Your question regards the Mech Arena, our plan is to bring Mech Arena onto Plarium Play at the beginning of the calendar year. This upcoming calendar year. In addition to a number of new content features in this exciting new genre and the action genre that we’ve not been in. So the story continues to be very positive in Plarium Play and we hope to do much more there.

In regard to the pipeline, we’ve got three particular areas that we’re most excited about going into this year. In addition to continued scaling of Mech Arena, the first is in the strategy segment. We’ve got a new exciting game that we’re working on there called Magic Wars that comes from the team that was involved with Vikings project that was very successful for Plarium.

The strategy segment continues to be one of the larger genres for mobile gaming and we think there’s a lot more that we can do in that genre. We also plan to become and expand out on the casual merge segment with our acquisition that we’ve announced of Futureplay in Helsinki, Finland. That group we’re really excited about what they’re doing in that segment and that will continue to expand this year as the pipeline.

Then finally, we have the really, really exciting social casino slots game that’s been in development for a number of years that is going to be really breakthrough in regard to not only the digital first content that’s being created by the amazing D&D studios within Aristocrat but also in terms of the graphics and features and capabilities that we think is going to be very market changing.

So we’re really excited about our pipeline this year. We’re hopeful that we will continue to see success we’ve seen over these last few years organically.

Trevor Croker: Thanks Mike. So just on the second question, Larry, you were asking about the International performance and the delta to previous years. I'll just hand to Mitchell to talk about next steps. But as you will recall, both of those markets, being Asia and EMEA, are recovering from COVID-19 at a much slower pace.

So I'll just give Mitchell the opportunity to give you some context in there and the steps that we're taking.

Mitchell Bowen: Thanks Trevor. Hi Larry. Yes, look, the international side of things, as you would appreciate, for the majority of - not the majority, for a large part of 2021 those jurisdictions were shut down. They are going to slowly emerge. Asia is heavily reliant on the travel side of things. So once borders open up we expect Asia to recover a little bit quicker.

There are some new openings and expansions that we are expecting in the first and second quarters of this year, which we are focused on with there. In particular bigger markets like the Philippines and Macau is where that focus will be. Obviously, Macau does have some regulatory and concessionaire matters to attend to, which we are working with operators and local governments accordingly, on our product technical standards.

And then Europe is a market-by-market as restrictions lift and those markets open up. We are very active with our fleet, similar to what we have done with Aristocrat Assist in the bigger markets like North America and ANZ. We will do a similar thing across Latin America, EMEA, and Asia. So we are poised, but it will be a bit of a slower growth there Larry.

Larry Gandler: (Credit Suisse, Analyst) Thanks Mitchell.

Trevor Croker: Thanks for that Larry. Back to you Moderator.

Operator: Thank you. Your next question comes from Justin Barratt of CLSA. Please go ahead.

Justin Barratt: (CLSA, Analyst) Hi team, thanks very much for your time. I just noted again that your D&D spend is expected to be modestly above the historic range. I just wanted to understand a little bit more detail and the reason for that. Is it just simply paying a little bit of catch-up for slightly reduced spend during COVID-19? Or is there another reason?

Trevor Croker: Yes, thanks Justin, appreciate the question. The grounds we've given there is that D&D is our number one priority that we use every year to continue to accelerate our growth as far as our organic business goes. We're entering two new adjacencies this year in New York Lotteries and HHR. Plus we are increasing our investment in technology and ongoing hardware investment.

We wanted to guide that it could be slightly ahead, or will be slightly ahead of where we have normally been. But it is about reinvesting for the next wave of growth. It's about investing to continue to have the strongest portfolio, the best hardware, and the best technology to support our portfolio and our customers going forward.

So it's consistent with our strategy. It's not a break-out, we just wanted to provide that context.

Justin Barratt: (CLSA, Analyst) Fantastic, thanks so much, very much for that. Then just another one. You noted that you're looking at a move into Kentucky HHR and New York Lottery markets in early 2022. Can you just provide a little bit more detail on that and the extent of the opportunities there?

Trevor Croker: Yes, so these are two markets and this is consistent with our adjacency approach. So the way that we enter new markets is to look at adjacencies and where we have low share or no share, and we have the capability or capacity to enter those segments and be successful.

So HHR is a specific segment that we haven't participated in historically. The total market is about 19,500 units. It's across a few markets, largely Kentucky, Kansas, Virginia. It's really about, it's also a market, so it's really about entering that segment. We will be entering that segment with around 20 titles, on the Mars and the Helix XT products going forward. We expect to be doing that in calendar year 2022.

As far as New York Lotteries goes, again the same principle as to why we're entering that. It's a different delivery mechanism, but still we believe our games will resonate and our maths will resonate. We have confidence around that. It's a market size of about 18,250-odd units. It is a fee-per-day market. We have been allocated a tier 2 position in that market, which means we can achieve a maximum of about 10% of the units on the floor in that market. We will enter that market in trial in calendar year 2022 as well.

Operator: Thank you. Once again, if you wish to ask a question please press star-one on your telephone and wait for your name to be announced. Your next question comes from Rohan Sundram of MST Financial. Please go ahead.

Rohan Sundram: (MST Financial, Analyst) Hi team, thanks for this. I'm just keen to find out, Trevor, how would you rate your forward visibility now versus, say, six months ago in land-based? Maybe also for Mitch, how has the tone of discussions with major customers changed? Maybe how you're managing supply chain disruptions. I know there's a few in there, in my heart it feels like one question.

Trevor Croker: Yes, you're getting as good as Larry on that one Rohan. Thanks for that, but we're certainly happy to answer the questions, so no problems at all. We have been working hard over the last couple of years about investing in the way that our sales teams have tools. Tools like Salesforce, CRM, and also developing that capability.

So as we came through the pandemic period we have been able to really escalate the implementation of those tools. We already had them prior, but we have been able to use them to get ourselves the visibility. Yes, we made the comment about, we're carrying excellent momentum into 2022. I would say, excellent momentum and great visibility from my perspective as we come into 2022 for our traditional gaming business. Noting that there is volatility in fee-per-day.

But as far as product pipeline goes, customer pipeline goes, customer attitudes and acceptance of our product, then I would say we're in good shape. Mitchell can answer with more clarity around the customer piece, and I'll pass to him in a second.

On your second point about supply chain, we've spoken to you a couple of times now that we took a long position going into COVID-19. We looked at making sure we remained preferred partners with our suppliers. We diversified our supply chain over the period prior. We have continued to invest around making sure we have access to the componentry to be successful.

We are more experiencing now with the logistics challenge, as opposed to the supply challenges. So as far as componentry goes, we're largely able to get the components we need. It's now around the logistics aspects. We have been able to build a capability within our team to manage that at a micro level as far as supply and logistics goes.

So I'll hand to Mitchell to talk about customers, and he can perhaps just give you a little bit more colour around the supply. But the team's done an exceptional job at managing that, and very comfortable with the visibility and our ability to do that. Like I said, we went long on inventory, and we're going to remain long on inventory to support our customers.

Mitchell?

Mitchell Bowen: Yes, thanks Trevor. Rohan, I think probably on the customer side, I think we've talked a lot about product performance. We can talk about 17 of the top 25 in premium, we can talk seven of the top 25 in outright sales, we can talk the top 5 cabinets, et cetera.

What we have done with our customers and continued on through or post the first and second lockdown is really try and have conversations with our customers that are less transactional and more relationship, take a whole of portfolio approach and just listen to the challenges that they've got on their floors, and how we can provide solutions. Whether it's in a services form, or a product, or jackpot configurations and so on.

So look, as Trevor talked about, the funnel is strong on all lines of business. As we take this portfolio approach across game sales, Gaming Ops and CX we are starting to build out these longer-term master lease agreements and purchase agreements with our customers across both North America and ANZ, which does gives us a lot great visibility. Which is why you see the continued investment in R&D, and why we didn't slow down during the COVID-19 period. That's starting to emerge as a bit of an advantage for us going forward.

So the customers, we just continue to listen to our customers and make sure we're responding accordingly.

Trevor Croker: Thanks Mitchell. Did you want to make any further comments on supply chain?

Mitchell Bowen: I think, like you said Trevor, the two main aspects that we look at across supply chain are really about the actual supply, making sure that we've got componentry across all our product lines. As well as the logistics side, both on freight and shipping, as much as it's from suppliers to Aristocrat and from Aristocrat to customer.

We will continue to do that. We've got visibility of componentry purchase orders out for quite periods of time. But as you would appreciate, the whole globe has got a supply chain challenge. We are trying to balance the sourcing components with the funnel, with customer requirements. I feel like we're doing a pretty good job of that at the moment. But that will continue into the first half of next year, that's for sure.

Trevor Croker: Thanks Mitchell.

Operator: Your next question comes from David Fabris of Macquarie. Please go ahead.

David Fabris: (Macquarie, Analyst) Oh, hi Trevor, hi Julie. I've got a couple of questions. I'll start off with the US land-based market, then I just want to follow up with a Term Loan B question. So just with the US land-based market, can you maybe make some comments around the replacement cycle? When you think that might fully recover, and the demand level that you'd be expecting.

Secondly on that, with casinos, do you think they're amenable to increasing that allocation to Gaming Operations from those traditional levels we saw on a pre-COVID-19 basis?

Trevor Croker: Yes, thanks David. We will jump into that. So first of all, I think we saw around about a 60,000 unit demand in 2019, which dropped down to around I think 34,000 in market for '20. It's starting to move back towards that 60,000 in '22. Probably back to around the more normal levels of 70,000 in '23 is our view on the land-based market.

I think if you then think about the overall position about what we're seeing with Gaming Ops versus for sale, I guess traditionally we've seen that Gaming Ops sitting in that 10% to 15% of the floor. That seems to be moving slightly higher to, say, 15% to 20% of the floor is what we're starting to observe. Again, given good cabinet investment, great game performance, and game performance investment.

So that would be my commentary to you on the way we are seeing the market over the period of time from pre-COVID-19 into COVID-19 and then back out again. I still think that there's a lot of water to run under the bridge as far as operators views on how much they're going to allocate to for sale games. That still hasn’t come back to historic levels, as I said, and I think that’s still going to take a little bit of time to come back.

But Gaming Operations has increased as a percentage of the overall floor. We have been a big driver of the increase in the overall floor of Gaming Operations in the last 12 months.

David Fabris: (Macquarie, Analyst) Great, appreciate that. Just thinking about the Term Loan B market, you’ll need to raise debt for Playtech, maybe you can refinance some of your other debt as well. Can you talk about maybe the rates that might be achievable within the Term Loan B market? Maybe a range or something. Can you get a better rate than where you're at now?

I know you made some comments earlier on the call, but can you help us understand this a little more please?

Julie Cameron-Doe: Sure, hi, it's Julie here. So yes, we talked to our weighted average at the moment being LIBOR plus 250 basis points. Obviously that’s a combination of our original Term Loan B, which we upsized in 2018 for Plarium and then for Big Fish, and obviously the side-car that we raised in 2020, which we had to take broader terms on that.

So when we look at what we are likely to achieve when we go out to market - the debt, we'll obviously be looking to refinance and achieve a better rate than we achieved on the $500 million, which was LIBOR plus 375. You may have noticed today, David, that we just had Fitch initiate coverage, and they've actually got us out there at BBB- now, so that's actually moving us to investment grade.

Earlier on, over the course of the last month we had S&P out there who changed their outlook to favourable. So that's in anticipation of, on close of the deal, or on proof that we deleverage as we have committed to, that we would also be moving to investment grade there. So obviously that would put us in a really good position from a debt marketing perspective. So we do expect to improve the pricing on the debt.

David Fabris: (Macquarie, Analyst) Great, and just to follow up on that, can you give us some indication of what benefit you get once you're investment grade on those spreads or is that too complicated?

Julie Cameron-Doe: I think that's probably pushing it a bit too far out there at the moment for us. I think it's just really an indication of the quality of the credit, taking into account what the combined businesses would look like in terms of the geographical spread and the diversification. So I think there's a lot of focus on quality there, but I think it's a bit early to be getting into what those spreads might look like.

David Fabris: (Macquarie, Analyst) No worries, appreciate the extra colour. Thank you very much.

Trevor Croker: Thanks, David.

Operator: Thank you. Your next question comes from Alexander Mees of Morgans. Please go ahead.

Alexander Mees: (Morgans, Analyst) Thank you. Good morning, Trevor and Trevor's team. Your earnings in FY21 are almost back to what you achieved in FY19. It's a broad philosophical question, but I'm just wondering do you think that Aristocrat is a stronger business coming out of COVID-19 than when you went into COVID-19? If so, what elements of the business have strengthened? Thank you.

Trevor Croker: Yes, thanks, Alexander. Great summary and we are a stronger business. We went into COVID-19 with a very strong portfolio with very strong people and a very strong balance sheet. We've come out of this period of time with a stronger portfolio, better culture, better people, better engagement and a stronger financial position, hence the strategic opportunity we've got when we talk about Playtech going forward. What's driven that is staying focused on making sure that we have the best people, making sure that we focus on supporting our customers and continuing to focus on building business resilience.

To Mitchell's point earlier, we've built a very, very strong portfolio of games, cabinets and technology in CX and the Digital business to continue to grow. At the same time, we've been investing behind new talent and bringing in talent and capability to ensure that we're able to grow going forward. You see in the Pixel United, the old Aristocrat Digital business, has made some talent acquisitions and new studio hires in new geographies, which is going to build capability in our pipeline.

Then, we've really set up the opportunity for using M&A as an accelerator of our growth hence the opportunity that we've taken with Playtech, which is really around putting our world-class content, our regulatory relationships and our great customer relationships together with their strong technology platform to be the next accelerator of growth at Aristocrat. So the core business is very, very robust. We're executing on our strategy. We've built the capability and capacity and now we're focusing on accelerating our strategy for further growth by using M&A to drive it.

Alexander Mees: (Morgans, Analyst) Thank you. If I could just make a follow-up on that. One thing that's clear is your investment in new design studios around the world improves the concentration, I suppose, of your design function. I'm just wondering because you're now more geographically diverse from the point of view of your studios, does that confer a competitive advantage?

Trevor Croker: I think it does. First of all, I think - first of all, we're prepared to invest where the talent is and we don't need to move people to central locations or build super studios in any part of the world. Where talent is, is where we're prepared to invest. As I said, Pixel United have done that across Finland, across Poland and continuing to focus in areas there. We've done it in our Gaming business with multiple studios in different geographies. What we see is where the creative talent is, where the technology talent is as well, is where we're prepared to invest and build scale.

So believe we've built great scale. We also believe that we're maximising the creative capacity in various jurisdictions and geographies. In some cases, it's also a cost advantage as well, but we do it more for creative access and having high-quality creative people and then supporting them to continue to grow our portfolio.

Operator: Thank you. There are no further questions at this time. I will now hand back to Mr Croker for closing remarks.

Trevor Croker: Great, thank you. Well, thank you, everybody, for your time and your interest in Aristocrat. As I just said, we've been focused on executing on our strategy for the last 12 months and you can see that in the quality of the performance that we have presented to you today. Also, the momentum that we're carrying into FY22, we're obviously seeing that now and we see that we have the visibility and confidence around that as well. We continue to build capacity, both financially and in our organisation and also build the capability in talent and creativity to continue to grow this business.

We're now focused on delivering on our core business, which we're very confident about, and then looking at how we accelerate growth through M&A and that's where we're focused on with Playtech, but more importantly we have other strategic choices to continue to grow the business going forward. I'd like to thank you on behalf of all the people at Aristocrat who put in a lot of work every day to make this Company a great Company and thank you for your interest and we look forward to talking to you again soon. Have a great day. Thank you.

Operator: That does conclude our conference for today. Thank you for participating. You may now disconnect.

End of Transcript