

**Rating Action: Moody's affirms Aristocrat's Ba1 ratings, revises outlook to stable**

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Sydney, February 05, 2021 -- Moody's Investors Service has affirmed the Ba1 corporate family rating (CFR) of Aristocrat Leisure Ltd. At the same time, Moody's has affirmed the Ba1 foreign currency senior secured bank credit facility rating of Aristocrat International Pty Limited.

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The outlooks on both entities have been changed to stable from negative.

"The change in Aristocrat's outlook to stable reflects our expectation that the company's credit metrics will recover to within rating tolerance thresholds over the next 12-18 months," says Maadhavi Barber, a Moody's Analyst. "We expect strong Digital revenue growth, as well as a moderate, gradual recovery in Land Based segment revenue over the period, will continue to drive Aristocrat's earnings."

#### RATINGS RATIONALE

The rating affirmation reflects Aristocrat's strong market presence and distribution across a diversified geographical footprint, as well as its track record of developing products that continue to attract consumers. In addition, recurring revenue and earnings stability have increased, as a result of significant organic growth in the premium gaming operations and digital businesses, and recent acquisitions.

The company's results for the fiscal year ended September 30, 2020, exceeded Moody's initial expectations, largely reflecting a faster-than-expected recovery across the North American Gaming operations (around 33% of Aristocrat's fiscal 2020 revenues), combined with strong revenue growth (around 57% of revenues) in the Digital segment.

The rating agency forecasts the company's leverage -- as measured by Moody's adjusted debt/EBITDA -- will improve to around 2.4x-2.9x, just below the downgrade threshold of 3.0x.

Aristocrat's significant liquidity buffer of around AUD1.95 billion as of 30 September 2020 should help the company withstand any further unforeseen events, or a slower-than-expected recovery in the Land Based business. Liquidity is supported by USD500 million proceeds from the term loan B facility completed in May 2020, as well as AUD277 million available under its revolving credit facility.

#### ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CONSIDERATIONS

The ratings of Aristocrat take into account environmental, social and governance factors.

Aristocrat's operations are exposed to elevated social risks as responsible gaming is an increasing focus for industry regulation. However, Aristocrat aims to promote a sustainable games industry. This includes seeking to mitigate social and reputational risks by increasing transparency for digital game players, and ensuring age minimums for social casino-style games.

The company's Global Information Security Policy aims to address these risks and protect customers, partners and employees from potential data breaches. Aristocrat is also focused on strengthening its clear-web and dark-web threat intelligence capabilities to proactively identify and manage potential issues.

Aristocrat's governance is a credit-supportive factor given that Aristocrat is listed on the Australian Stock Exchange (ASX), and therefore, subject to ASX listing rules, in addition to other relevant laws and regulations. Aristocrat's Board is responsible for maintaining a sound and transparent governance framework and ensuring full compliance with the company's stringent regulatory obligations. Six out of eight members are independent.

#### FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Moody's could upgrade the rating if the company commits to a financial policy in line with an investment-grade rating, which would include maintaining adjusted debt/EBITDA below 2.0x on a sustained basis. An upgrade to investment grade would also require Aristocrat transitioning to a fully unsecured capital structure.

The ratings could be downgraded if there is a further deterioration in operating conditions or the company pursues major acquisitions, which cause leverage to increase and/or liquidity weakening to levels below our expectations for the rating. Specifically, adjusted debt/EBITDA sustained above 3.0x would likely lead to a downgrade.

The principal methodology used in these ratings was Business and Consumer Service Industry published in October 2016 and available at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_1037985](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1037985). Alternatively, please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

## COMPANY PROFILE

Aristocrat Leisure Ltd is a leading gaming provider and games publisher, with more than 6,400 employees located in offices around the world. Aristocrat offers a diverse range of products and services including electronic gaming machines, casino management systems and digital social games. The company's land-based products are approved for use in more than 300 licensed jurisdictions and available in over 80 countries.

## REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_1243406](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1243406).

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