

Research Update:

Aristocrat Leisure Ltd. Upgraded To 'BBB' On Increased Scale And Strong Cash Flow Generation; Outlook Stable

February 5, 2026

Rating Action Overview

- Australia-based gaming content and technology provider, Aristocrat Leisure Ltd.'s, expanding scale, earnings growth, strong free cash flow, and low financial leverage underpin its enhanced creditworthiness.
- We expect Aristocrat's leading market share position in land-based gaming and its evolving online real-money gaming segment to support robust earnings growth and EBITDA margin expansion.
- On Feb. 5, 2026, S&P Global Ratings raised its long-term issuer credit rating on Aristocrat to 'BBB' from 'BBB-'. We also raised the related issue ratings on the company's unsecured US\$500 million revolving credit facility and US\$1.1 billion term loan A.
- The stable outlook reflects our expectation that Aristocrat will prioritize investments that strengthen its market positions across land-based, social casino, and online real-money gaming. We also expect it to be disciplined in its approach to shareholder distributions.

Rating Action Rationale

We raised our rating on Aristocrat to reflect its strong operating performance across core businesses, growing revenue diversity, and strong free cash flow. In our view, the company's market-leading position in land-based gaming (Aristocrat Gaming) underpins its business risk profile. Market share gains for the company's installed participation units base (in North America) and outright gaming machine sales across North America and Australia, drive consistent earnings growth. The continued expansion of Aristocrat's operations into online real-money gaming (RMG) through the Aristocrat Interactive segment adds to the group's revenue diversity and scale.

Aristocrat continues to benefit from a high degree of recurring revenue, providing a foundation for revenue and cash flow stability. Recurring revenues contributed to 72% of overall revenue in fiscal 2025 (year ending Sept. 30, 2025). Aristocrat has grown its high proportion of participation

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units in North America in recent years. These units generate either a fixed fee or a percentage of gross gaming revenue from casino operators. Furthermore, the company holds the largest market share for outright gaming machine sales in Australia and New Zealand. Its ship share rose to 43% in fiscal 2025, up from 34% in fiscal 2024.

While we believe Aristocrat's online RMG segment will be a key driver of future earnings growth, this segment remains exposed to consumer discretionary spending. Additionally, because of some overlap between online and land-based games, there is a chance players may switch from one to the other instead of doing both.

Consistent and strong free cash flow generation gives Aristocrat significant financial flexibility. We expect Aristocrat to generate at least A\$1.5 billion in free operating cash flow (FOCF) annually from fiscal years 2026 to 2028, after deducting design and development investment and capital expenditure (capex). As a result, we believe the company has sizable capacity to pursue bolt-on acquisitions, while organically repaying debt and making higher shareholder distributions, should it choose to.

Aristocrat recently approved an increase and extension to its A\$1.5 billion share buyback program, due to be completed by March 2027. We anticipate that in the absence of any material M&A activity Aristocrat's strong cash flow generation will support continued sizable cash accumulation, reinforcing its strong balance sheet.

We anticipate the Aristocrat Interactive segment will be a key source of earnings growth over the next few years. This is likely to result from Aristocrat's plan to scale the release of new online RMG content by leveraging its existing land-based intellectual property (IP). Following the acquisition of NeoGames in April 2024, the company benefits from a strong market position for iLottery in North America, with a 72% share of gross wager.

We view the online RMG market as fast-growing, yet highly competitive. The combination of Aristocrat's content, existing customer base, long-established relationships with regulators, technology, and RMG platform, positions the company well for earnings expansion. We expect the EBITDA contribution from the Aristocrat Interactive segment to climb over the next few years. Legalization of iLottery and iGaming across more American states has the potential to boost earnings, in our view. However, the timing and extent of further legalization remains uncertain.

We expect Aristocrat will maintain a strong balance sheet and ample liquidity over the next 12 months. Aristocrat reported a ratio of net debt to EBITDA (company measure) of 0.2x in fiscal 2025. This was well below its target range of 1.0-2.0x and S&P Global Ratings' downside rating threshold of 2.0x. In our calculation of S&P adjusted debt, we include lease liabilities and assume that about A\$100 million of cash is inaccessible due to regulatory requirements from certain jurisdictions.

Aristocrat now has a single class of debt following the full repayment of its US\$250 million term loan B, ahead of its maturity in May 2029. The company's capital structure now comprises a US\$1.1 billion term loan A and an undrawn A\$500 million revolving credit facility, both due in May 2027. Despite these maturities nearing 12 months, we anticipate the company will be able to extend (or refinance) these facilities with its lenders, given the strength of the company's credit profile.

Outlook

The stable outlook reflects our expectation that Aristocrat will consolidate its operating performance, supporting earnings margins and continued growth in free cash flow. We expect the company will remain disciplined in deploying capital to strengthen its market positions in land-based, social casino games, and online real-money gaming.

We expect Aristocrat will remain committed to maintaining an S&P Global Ratings-adjusted ratio of debt to EBITDA of less than 2.0x under a range of variable trading conditions, in accordance with its financial policies.

Downside scenario

We could lower the rating on Aristocrat if its debt-to-EBITDA ratio were to exceed 2.0x without a credible plan to reduce debt. We can tolerate a temporary spike in the company's debt-to-EBITDA ratio caused by sizable, debt-funded acquisitions. However, this would be contingent on our expectation that the company will deleverage below 2x within 12-24 months, as per its financial policies.

Upside scenario

An upgrade would most likely result from a material and sustained improvement in the group's scale and diversity and growth in its free cash flow generation. This could stem from:

- Organic growth of the business over time; or
- Successful integration of an acquisition that further entrenches the group's market positions or enhances revenue diversity without materially increasing its exposure to regulatory risks.

Although less likely, we could also upgrade Aristocrat if it commits to a more conservative financial policy, such that its S&P Global Ratings-adjusted ratio of debt to EBITDA sustainably remains below 1.5x.

Company Description

Aristocrat is a global entertainment and gaming content creation provider. It operates through three segments: Aristocrat Gaming (regulated land-based gaming), Product Madness (social casino), and Aristocrat Interactive (regulated online RMG).

Aristocrat offers a diverse range of products and services. These include electronic gaming machines, casino management systems, free-to-play mobile games, and growing online real-money gaming capabilities.

The company employs more than 7,300 people around the world. Its land-based products are approved for use in more than 330 licensed jurisdictions and are available in more than 100 countries.

Our Base-Case Scenario

Assumptions

- Real GDP growth in Australia of 2.1% in 2026 and 2027.
- U.S. real GDP growth of 2% in 2026 and 1.9% in 2027.

- We forecast revenue growth of about 3% for Aristocrat Gaming in fiscal years 2026 and 2027. This is likely to be supported by underlying gross gaming revenue growth in the company's key markets. In addition, growth in the company's installed base will be supported by its Baron cabinet rollout, and new game launches such as Phoenix Link and Monopoly.
- Softer revenue in Product Madness reflecting the divestment of Big Fish assets. Aristocrat is likely to maintain or improve market share in a declining social casino market. Increased direct-to-consumer (D2C) revenues are a particular focus for Aristocrat and could support improved earnings margins for the segment over the forecast period.
- Material revenue growth in Aristocrat Interactive, driven by new iLottery contracts, expanded content offerings, platform rollouts, and continued investment in technology and market access.
- Expanded EBITDA margins in fiscal years 2026 and 2027, reflecting improved operating efficiency, cost savings, and materially higher revenue growth generated by Interactive segment.
- Annual capex of A\$500 million-A\$600 million in fiscal years 2026 and 2027.
- Dividend distributions of A\$580 million-A\$620 million in fiscal years 2026 and 2027.
- Remaining on-market share buybacks of about A\$916 million to be completed by March 2027 (total program of up to A\$1.5 billion).

Key metrics

Aristocrat Leisure Ltd.--Forecast summary

Period ending	Sep-30-2024	Sep-30-2025	Sep-30-2026	Sep-30-2027	Sep-30-2028
(Mil. AUD)	2024a	2025a	2026e	2027f	2028f
Revenue	6,604	6,297	6,308	6,616	6,891
EBITDA	2,446	2,613	2,677	2,915	3,127
Funds from operations (FFO)	1,739	1,929	2,077	2,250	2,396
Capital expenditure (capex)	461	458	527	571	615
Free operating cash flow (FOCF)	1,271	1,475	1,530	1,671	1,846
Dividends	448	538	588	621	688
Discretionary cash flow (DCF)	(108)	(40)	26	1,050	1,158
Debt	1,759	970	94	--	--
Adjusted ratios					
Debt/EBITDA (x)	0.7	0.4	NM	--	--
FFO/debt (%)	98.9	199.0	2,222.5	N/A	N/A
EBITDA interest coverage (x)	14.9	16.0	18.1	20.7	23.4
Annual revenue growth (%)	4.9	(4.6)	0.2	4.9	4.1
EBITDA margin (%)	37.0	41.5	42.4	44.1	45.4

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. NM--Not meaningful. N/A--Not applicable. A\$--Australian dollar. We assume that Aristocrat will complete its approved A\$1.5 billion ongoing share buyback program by March 2027 (i.e., in fiscal 2027), following about A\$584 million of share repurchases in fiscal 2025.

Liquidity

We consider Aristocrat to have strong liquidity. We estimate the company's sources of liquidity, including cash, will exceed uses by 1.5x over the 12 months ending Sept. 30, 2026, and by 1x over the subsequent 12 months. We also expect net sources to remain positive even if EBITDA declined by 30%.

We believe the group has well-established, solid relationships with banks. Additionally, the company manages its interest rate exposure in accordance with its hedging policy. In our view, this is prudent risk management.

Aristocrat recently approved an increase of its on-market share buyback program to A\$1.5 billion from A\$750 million by March 2027 (up to about A\$916 million remaining as of Sept. 30, 2025). In fiscal 2025, the company returned A\$1.4 billion to shareholders through dividends and share buybacks. This follows completion of a previous A\$1.85 billion program that ended in January 2025. Despite this, we believe the company will maintain strong liquidity.

We estimate Aristocrat had the following sources and uses of liquidity as of Sept. 30, 2025:

Principal liquidity sources	Principal liquidity uses
<ul style="list-style-type: none"> Cash and cash equivalents of about A\$1.3 billion; Undrawn revolving credit facilities of about A\$0.75 billion; and Cash funds from operations of about A\$2.1 billion over the next 12 months. 	<ul style="list-style-type: none"> No debt maturities over the next 12 months; Capex of about A\$530 million during the same period; Dividend distributions of A\$590 million during the same period; Remaining on-market share buyback of about A\$916 million to be completed by March 2027; and Annual amortization of 5% on the US\$1.1 billion term loan A.

Covenants

Aristocrat continues to comfortably comply with its financial covenants.

Environmental, Social, And Governance

Social factors are a moderately negative consideration in our credit rating analysis of Aristocrat. The company is exposed to regulatory and compliance risks across the more than 330 jurisdictions and 100 countries in which it operates. Online gaming also remains largely unregulated. This implies the industry faces potential regulatory developments. In addition, slot machine and social gaming can have detrimental and lasting effects on consumers.

Diversity in business segments helps protect Aristocrat's earnings. The company benefited from this diversity during the height of the pandemic. When casino closures and operating restrictions hit the company's gaming revenue and EBITDA, the digital gaming segment provided a material counterbalance. During this period, Aristocrat also began modifying its supply chain to reduce geographic and supplier concentration risk for key components of its land-based machines. This positions the company well amid a turbulent trade environment.

Issue Ratings--Subordination Risk Analysis

Capital structure

As of Sept. 30, 2025, Aristocrat had committed loan facilities comprising of an unsecured US\$1.1 billion term loan A and US\$500 million revolving credit facility.

Analytical conclusions

We rate Aristocrat's secured debt 'BBB', the same as the issuer credit rating. This is because we do not see significant elements of subordination risk present in the capital structure.

Rating Component Scores

Rating Component Scores

Rating Component Scores	
Component	
Foreign currency issuer credit rating	BBB/Stable/--
Local currency issuer credit rating	BBB/Stable/--
Business risk	Satisfactory
Country risk	Very low risk
Industry risk	Intermediate risk
Competitive position	Satisfactory
Financial risk	Modest
Cash flow/leverage	Modest
Anchor	bbb+
Modifiers	
Diversification/portfolio effect	Neutral/Undiversified
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Strong
Management and governance	Neutral
Comparable rating analysis	Negative
Stand-alone credit profile	bbb

Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019

- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Industry Credit Outlook 2024: Hotels, Gaming and Leisure](#), Jan. 9, 2024
- [Industry Top Trends Update Asia-Pacific: Gaming](#), July 18, 2023
- [Aristocrat Leisure Ltd.](#), June 13, 2023
- [Aristocrat Leisure Upgraded To 'BBB-' On More Conservative Financial Policy And Capital Discipline: Outlook Stable](#), May 17, 2023

Ratings List

Ratings List

Upgraded

	To	From
Aristocrat Leisure Ltd.		
Issuer Credit Rating	BBB/Stable/--	BBB-/Stable/--
Aristocrat Technologies Australia Pty Ltd.		
Aristocrat Technologies Inc.		
Senior Secured	BBB	BBB-

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