



## ARISTOCRAT DELIVERS STRONG HALF YEAR OPERATIONAL PERFORMANCE AND CASH FLOWS, WITH FINANCIAL STRENGTH TO INVEST FOR LONG-TERM GROWTH

Sydney, 21 May 2020

A\$ million	Six months to 31 March 2020	Six months to 31 March 2019		Change %
<b>Normalised results<sup>1</sup></b>				
Operating revenue	2,251.8	2,105.3	▲	7.0
EBITDA	707.6	766.3	▼	(7.7)
EBITDA margin	31.4%	36.4%	▼	(5.0) pts
EBITA	550.8	644.4	▼	(14.5)
NPAT	305.9	356.5	▼	(14.2)
NPATA	368.1	422.3	▼	(12.8)
Earnings per share (fully diluted)	47.9c	55.9c	▼	(14.3)
EPSA (fully diluted)	57.7c	66.2c	▼	(12.8)
Interim dividend per share	0.0c	22.0c	▼	(100.0)
<b>Reported Results (Including recognition of a ~\$1 billion deferred tax asset)</b>				
Revenue	2,251.8	2,105.3	▲	7.0
Profit after tax	1,305.2	346.0	▲	277.2
NPATA	1,367.4	411.8	▲	232.1
<b>Balance sheet and cash flow</b>				
Net working capital / revenue <sup>2</sup>	6.1%	5.6%	▲	0.5 pts
Operating cash flow	620.0	438.2	▲	41.5
Closing net debt/(cash) <sup>3</sup>	2,250.5	2,429.8	▼	7.4
Net debt / EBITDA <sup>3,4</sup>	1.4x	1.6x	▼	0.2x

Footnotes are provided on page 3

Aristocrat Leisure Limited (ASX: ALL) today announced its financial results for the six months ended 31 March 2020.

Normalised profit after tax and before amortisation of acquired intangibles (NPATA) of \$368.1 million represented a decrease of 12.8% in reported terms, compared to the results delivered in the six months to 31 March 2019. Group revenue increased 7% to \$2.25 billion, reflecting a 6% decrease in Land-based revenues, which was more than offset by 19% growth in Digital revenue, in local currency, over the reporting period compared to the prior corresponding period.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was 7.7% lower than the prior corresponding period, at \$707.6 million. Operating cash flows increased over 40% to \$620 million, while the Group's balance sheet strengthened with net leverage reducing from 1.6x to 1.4x as at 31 March 2020, compared to the prior corresponding period.

Aristocrat continued to take a comprehensive approach to optimising liquidity and positioning to invest for long-term growth, in line with its strategy. The Group had \$1.8 billion of liquidity available on a pro-forma basis as at 31 March 2020. The Directors' decision to suspend the FY20 interim dividend further enhances the Group's liquidity position and balance sheet.

Reported results were also positively impacted by recognition of a \$1 billion deferred tax asset, in line with the Group structure changes announced in November 2019, which is expected to generate long term cash tax savings.

## OPERATIONAL HIGHLIGHTS

While Group results for the half year to 31 March 2020 were materially impacted by the COVID-19 related global shut-down of Land-based customers, Aristocrat's competitiveness and operational performance strengthened across Land-based and Digital operations.

Highlights include:

Land-based:

- Aristocrat's Class III Premium installed base grew 9.4%, and its Class II installed base grew 1.8%, with continued penetration of leading hardware configurations and high-performing game titles.
- Aristocrat's market-leading average fee per day pre-COVID-19 increased 0.3% to US\$50.20 (normalised to exclude the number of days operators were closed). On an unadjusted basis, the average fee per day for the period was just above US\$46.
- Aristocrat was again named 'Best Overall Supplier of Slot Content' at the Annual EK Gaming Slot awards in March 2020.
- In Outright Sales in North America the business continued to drive share in the core video segment while overall volumes moderated as the business cycled over a new market entry in the prior corresponding period. Market-leading ship share was maintained across ANZ and the Asia Pacific region.
- Increased investment in D&D in absolute terms and an unrelenting commitment to exceptional product, people and culture.

Digital:

- The Digital business delivered double-digit growth in bookings, revenue and profit over the period, compared to the prior corresponding period.
- *RAID: Shadow Legends*<sup>TM</sup> continued its impressive growth trajectory – generating US\$160 million in bookings in the period, supported by additional targeted User Acquisition (UA) investment.
- Ongoing performance across an increasingly diverse portfolio, with evergreen titles such as *Lightning Link*<sup>TM</sup> and *Cashman Casino*<sup>TM</sup> benefiting from the delivery of Live Ops, new Features and Slot Content.
- Continued investment in user acquisition and retention, with total UA spend increasing to 29% of Digital revenue in the period, due to the availability of quality investment opportunities.
- Average Bookings Per Daily Active User (ABPDAU) grew over 30% to US\$0.50 due to the successful focus on monetisation and the scaling of *RAID: Shadow Legends*<sup>TM</sup>.
- A newly formed global Digital Leadership Team, under Digital CEO Mike Lang, reflects further maturing of Aristocrat's Digital operations into a core growth engine of the Group.

Aristocrat Chief Executive Officer and Managing Director, Trevor Croker, said “Aristocrat delivered a result for the half year to 31 March 2020 that demonstrates our core strengths and the relevance of our product-led strategy, despite the unprecedented challenges generated by the COVID-19 pandemic.”

“Our progress in driving share through outstanding product and diversifying revenue streams – including across attractive Digital genres and titles – are also evident in this result.”

“Particularly in this uncertain period, we will continue to focus on what we can control and do all we can to protect the health and wellbeing of employees, customers and suppliers.”

“We will also continue to drive our strategic advantages in product, with aggressive investment in our core growth engines of Design and Development and User Acquisition to target share and continue to diversify our portfolios. In Land-based, we will execute our ambitious plans to partner and grow with our customers as conditions improve. And in Digital, we will accelerate execution of our portfolio-based growth strategy as we further mature and scale the organisation.”

“Our strong balance sheet, ample liquidity and excellent financial fundamentals position us to emerge from this period strongly, while allowing us full optionality to continue to invest for long-term growth.”

“I want to acknowledge and thank our extraordinary team of employees around the world, whose resilience, pragmatism and care for each other throughout this period has been nothing short of inspiring. The energy and culture of Aristocrat people has been particularly striking during these challenging times and places the business in great stead for the future” Mr Croker concluded.

**Notes to the table on page 1:**

- (1) Normalised results are statutory profit (before and after tax), excluding the impact of certain significant items relating to the acquisition of Plarium and the Group structure changes detailed in the Review of Operations.
- (2) Revenue based on 12 months to 31 March.
- (3) Net debt excludes lease liabilities recognised under AASB 16 from 1 October 2019.
- (4) Consolidated EBITDA as defined by the Credit Agreement.

The information presented has not been audited in accordance with the Australian Auditing Standards.

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Aristocrat Leisure Limited (ASX: ALL) is a leading gaming provider and games publisher, with more than 6,200 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 are available in 80 countries. For further information visit the Group's website at [www.aristocrat.com](http://www.aristocrat.com).