



Aristocrat's robust fundamentals and diversification delivers strong portfolio performance

Sydney, 18 May 2023

KEY HIGHLIGHTS

- Revenue growth of 12% (5% in constant currency) driven by outstanding performance from North America Gaming Operations and global Outright Sales, and resilient performance from Pixel United in a challenging environment
- 14% growth in normalised NPATA to \$659 million (up 5% in constant currency) achieved after higher investment for future growth
- Anaxi delivered on its initial market entry commitments, signing agreements with partners representing over 55% of the US iGaming market, and completing the acquisition of Roxor Gaming
- Meaningful strides in ESG, including expansion of Australian-first trial of cashless gaming technology
- Strong cash flow generation and balance sheet with liquidity of ~\$3.5 billion¹
- Continued execution of capital management strategy including \$338 million cash returned to shareholders through dividends and on-market share buy-backs

A\$ million	Six months to 31 March 2023	Six months to 31 March 2022		Change %
Normalised results¹				
Operating revenue	3,080.4	2,745.4	▲	12.2
EBITDA	1,025.5	970.3	▲	5.7
EBITDA margin	33.3%	35.3%	▼	(2.0) pts
EBITA	892.6	843.5	▲	5.8
NPAT	619.1	530.7	▲	16.7
NPATA	658.8	580.1	▲	13.6
Earnings per share (fully diluted)	93.9c	80.0c	▲	17.4
EPSA (fully diluted)	100.0c	87.5c	▲	14.3
Interim dividend per share	30.0c	26.0c	▲	15.4
Reported results				
Revenue	3,080.4	2,745.4	▲	12.2
Profit after tax	653.0	513.0	▲	27.3
NPATA	692.7	562.4	▲	23.2
Balance sheet and cash flow				
Net working capital/revenue	5.4%	1.9%	▲	3.5 pts
Operating cash flow	613.1	502.4	▲	22.0
Closing net (cash)	(440.1)	(523.5)	▼	(15.9)
Net (cash) to EBITDA ²	(0.2)x	(0.3)x	▲	(0.1)x

NOTES TO TABLE:

- (1) Normalised results are statutory profit (before and after tax), excluding the impact of certain significant items detailed in the Review of Operations.
(2) Consolidated EBITDA for the Group as defined in Aristocrat's Syndicated Facility Agreement (also referred to as Bank EBITDA).
The information presented has not been audited in accordance with the Australian Auditing Standards.

¹ Available at 31 March 2023, including ~\$2.7 billion in cash resources.

Aristocrat Leisure Limited (ASX: ALL) today announced its financial results for the six months ended 31 March 2023.

Net profit after tax and before amortisation of acquired intangibles (NPATA) of \$659 million was 14% above the prior corresponding period (PCP) in reported terms (5% in constant currency). This reflected a strong performance in the Gaming Americas, resilience in Pixel United despite challenging market conditions, interest income benefits and effective strategic investment in talent and technology.

Aristocrat Chief Executive Officer and Managing Director, Trevor Croker, said “Aristocrat delivered a quality result over the period, demonstrating the ongoing resilience, competitiveness and diversification of our portfolio, as we navigated challenging market conditions and continued to invest fully behind our successful Group growth strategy.

“The benefit of our investment to grow and diversify Aristocrat’s revenue base was particularly evident in our ability to deliver solid revenue growth and stable EBITDA in constant currency at Group level over the half year, with a continued strong performance from the Aristocrat Gaming Americas business more than offsetting the challenging mobile gaming market conditions for Pixel United.

“We continued to invest to grow into attractive adjacencies and verticals, as we build further resilience in our operating portfolio, including through executing our ‘build and buy’ strategy in Online RMG.

“Our newest operating business, Anaxi, delivered on its initial market entry commitments and established sound foundations for growth. With content agreements signed with partners representing over 55% of the iGaming market in the US, we are comfortably on course to exceed our target of penetrating at least 70% of regulated jurisdictions across North America over the next five years.

“We continued to make meaningful strides forward in our ESG priorities, including progress towards setting and communicating a rigorous, Group-wide, science-based emissions reduction target by the end of calendar 2023. Responsible Gameplay is Aristocrat’s highest sustainability priority, and we remained focused on aligning our core business systems, processes, policies and actions to match our commitments during the period. Our Australian-first trial of cashless gaming technology was recently expanded with the support of the NSW government and a major customer, and is progressing well.

“Strong free cash flow generation was applied to fund Aristocrat’s growth plans, while surplus cash has been appropriately returned to shareholders, including \$338 million returned through dividends and on-market share buy-backs, in line with the Group’s disciplined capital allocation framework.

“Our teams faced into considerable economic and political uncertainty during the half, including the continuation of the conflict in Ukraine, and I am tremendously thankful for their efforts. Looking ahead, we will continue to navigate challenges with a focus on portfolio performance and capturing the significant strategic opportunities in front of us including delivering on our online RMG strategy with the proposed acquisition of NeoGames announced earlier this week,” Mr Croker concluded.

FINANCIAL SUMMARY

Group revenue increased to \$3.1 billion, representing an increase of 12.2% in reported terms and 4.7% in constant currency compared to the PCP.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$1,025.5 million was 5.7% higher on a reported basis and 2.1% lower on a constant currency basis compared to the PCP.

Strong free cash flow generation was applied to fund Aristocrat's growth strategy, while \$166 million in surplus cash was returned to shareholders in the form of on-market share buy-backs over the six months to 31 March 2023. At period end, Aristocrat had completed 48% of its up to \$1.0 billion on-market share buy-back program. As announced earlier this week the program has been increased by up to \$500 million. This brings the total program size to up to \$1.5 billion and the program will run up to 31 May 2024.

The Group's balance sheet maintained the business' optionality, with a net cash position of \$440.1 million and liquidity of \$3.5 billion at 31 March 2023.

The Directors have authorised an interim fully franked dividend of 30 cps (A\$196.3 million)² for the period ended 31 March 2023. The record and payment dates for the interim dividend are 26 May 2023 and 3 July 2023, respectively.

OPERATIONAL HIGHLIGHTS

Aristocrat's portfolio of scaled, world-class Gaming and Pixel United assets delivered a quality result over the six months to 31 March 2023, off the back of superior products, ongoing investment and successful execution, despite mixed market conditions across key segments.

Growth in Aristocrat Gaming was driven by market-leading performance in North American Gaming Operations and global Outright Sales, despite continued supply chain issues and mixed operating conditions across key markets.

Pixel United delivered a resilient performance in a challenging environment, outperforming the global mobile games market and continuing to grow share in Social Casino. This was achieved as overall mobile bookings moderated, and the business continued to manage the impacts of the conflict in Ukraine, including its exit from the Russian market.

Aristocrat's online RMG business, Anaxi, delivered on its initial market entry commitments and built solid foundations for accelerated growth.

The Group continued its market-leading organic investment in product and technology, along with innovation, operational excellence and customer engagement, to drive further share growth in key markets and genres. Design and Development (D&D) investment increased to a market-leading 12%, and User Acquisition (UA) investment remained disciplined.

² Amount based on the shares issued at the reporting date.

Highlights for the period included:

Aristocrat Gaming:

- Americas delivered a \$59.5 million increase in post-tax profit, driven by a 27% increase in Outright Sales units, reflecting increased customer capital availability, penetration of premium Portrait cabinets and successful expansion into strategic adjacencies.
- Class III Premium and Class II Gaming Operations installed base grew 9% to exceed 61,000 units, with average fee per day holding broadly stable at US\$55.
- Retained position as the leading supplier in the US market, achieving portfolio performance of 1.4x floor average³ and exceptional portfolio strength demonstrated by Aristocrat featuring in 20 of the top 25 premium leased games⁴.
- Continued expansion into attractive adjacencies, including VLT in Canada, Oregon, Illinois, and New York, Washington CDS, and Historical Horse Racing in Kentucky, Louisiana, and New Hampshire.
- ANZ maintained market-leading ship share in a challenging operating environment.
- International Class III growth was driven by operating conditions in Europe, together with benefits from churn across Asia.

Pixel United:

- Navigated challenging market conditions as the global mobile games market declined 10% during the 12 months ended 31 March 2023⁵.
- Maintained its position as a Top 5 mobile games publisher in Tier-1 western markets⁶, with 6 of the top 100 mobile games in the US across multiple genres⁶, showing the benefits of continued investment in features, new content and best practices in Live Ops.
- Retained leading positions in key genres, including #1 in Social Slots segment, #2 in the broader Social Casino genre, #1 in the Squad RPG (Role-Playing Games) segment and #4 in the Casual Merge segment according to industry data⁶.
- Average Bookings Per Daily Active User (ABPDAU) grew 13%, driven by performance in Social Casino and RPG, Strategy & Action.

Anaxi:

- Signed content agreements with partners representing over 55% of the US iGaming market, including Caesars Sportsbook & Casino, BetMGM and Penn Entertainment.
- Completed the acquisition of Roxor Gaming, with Roxor's highly scalable and feature rich Remote Game Server and content publishing technology to accelerate Anaxi's growth plans.

³ Based on the average theoretical net win index versus house, Eilers March 2023 report for North America.

⁴ Eilers March 2023 report.

⁵ 12 months to 31 March 2023, Sensor Tower.

⁶ Sensor Tower; Tier-1 western markets defined as the United States, United Kingdom, Canada, France, Germany, and Australia.

OUTLOOK

Aristocrat's guidance to deliver NPATA growth over the full year to 30 September 2023 remains unchanged, assuming no material change in economic and industry conditions, reflecting:

- Continued strong revenue and profit growth from Aristocrat Gaming, underpinned by market-leading positions and recurring revenue drivers in Gaming Operations;
- Improved 2H23 profit compared to PCP from Pixel United, with full year expected to be moderately below the level reported for FY2022 (in local currency); and
- Further investment in Anaxi, to support our online RMG ambitions.

Over the medium-term, Aristocrat aims to:

- Continue to gain market share in all key segments;
- Deliver high quality, profitable growth;
- Continuously invest in D&D to improve competitiveness and breadth of product;
- Invest to diversify our business in line with strategy; and
- Effectively manage capital to support long-term growth and maximise shareholder returns.

Additional detail for modelling inputs for the fiscal full year to 30 September 2023 are available in the Investor Presentation.

Authorised for lodgment by Kristy Jo, Company Secretary

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Aristocrat Leisure Limited (ASX: ALL) is a leading global gaming content and technology company and top-tier mobile games publisher, with more than 7,500 employees in over 20 locations around the world. Aristocrat offers a diverse range of products and services including electronic gaming machines, casino management systems and free-to-play mobile games. The company's regulated gaming products are approved for use in more than 300 licensed jurisdictions and are available in more than 100 countries.