

# ARISTOCRAT LEISURE LIMITED INVESTOR DAY PRESENTATION | RECURRING REVENUE IN



24 March 2015



ARISTOCRAT

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# Agenda

1 Introduction

2 Content & Class III

3 Class II & VGT

4 Digital

5 Q&A

6 Product Demonstrations

# Today's Presenters

## Presenters

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**Jamie Odell**

Chief Executive &  
Managing Director



**Toni Korsanos**

Chief Financial Officer



**Rich Schneider**

Chief Product Officer



**Jay Sevigny**

President, VGT



**Mark Beck**

VP Finance and UA,  
Product Madness

## Product Demonstrators

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**Victor Blanco**

Senior VP, Platform  
Architecture



**Joe Kaminkow**

Senior VP, Game  
Development



**James Starr**

EVP Sales,  
VGT



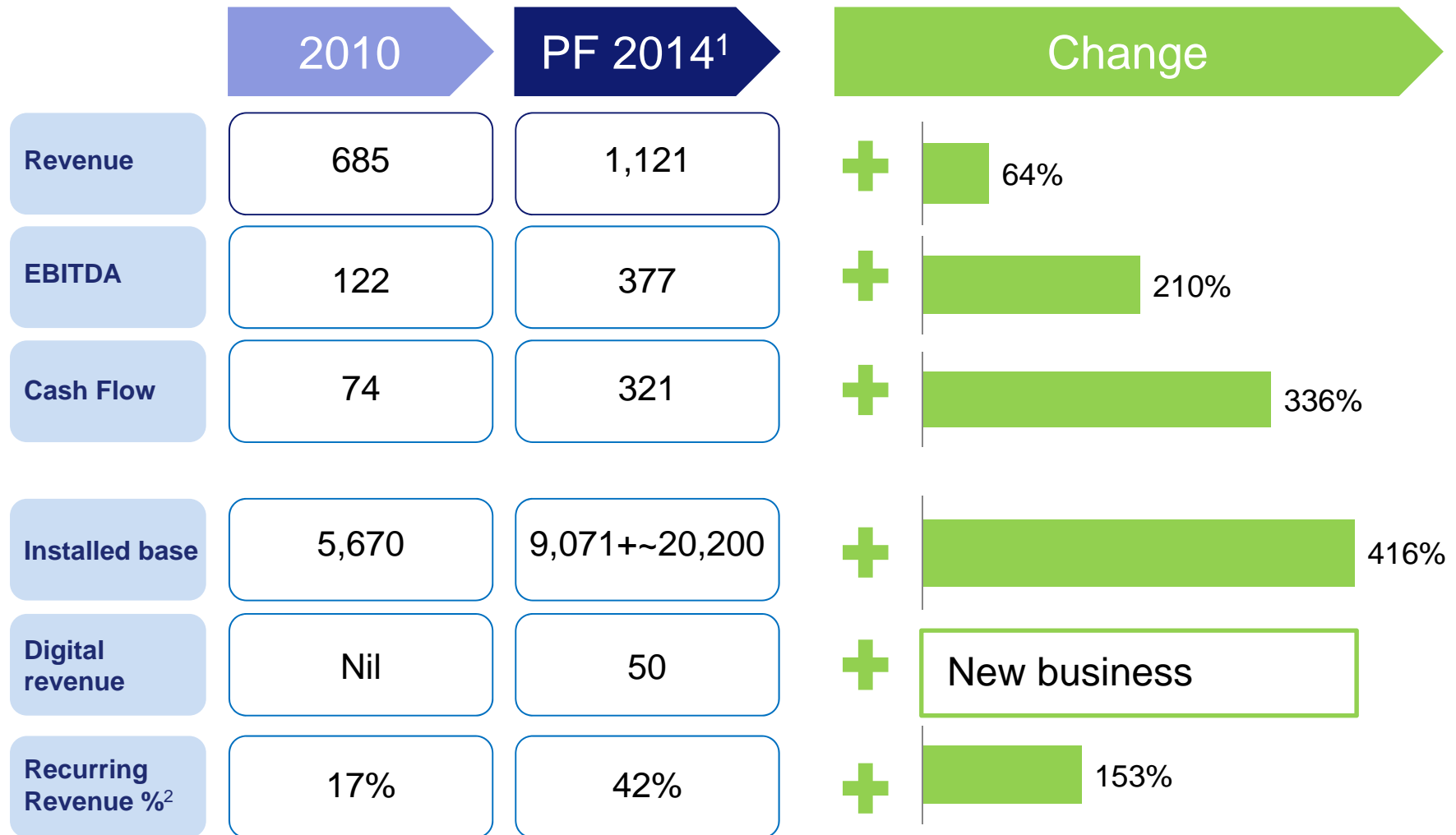
**Maureen Sweeny**

Chief Commercial  
Officer

Section 1  
**Introduction**

ARISTOCRAT.

# Transformation of Aristocrat

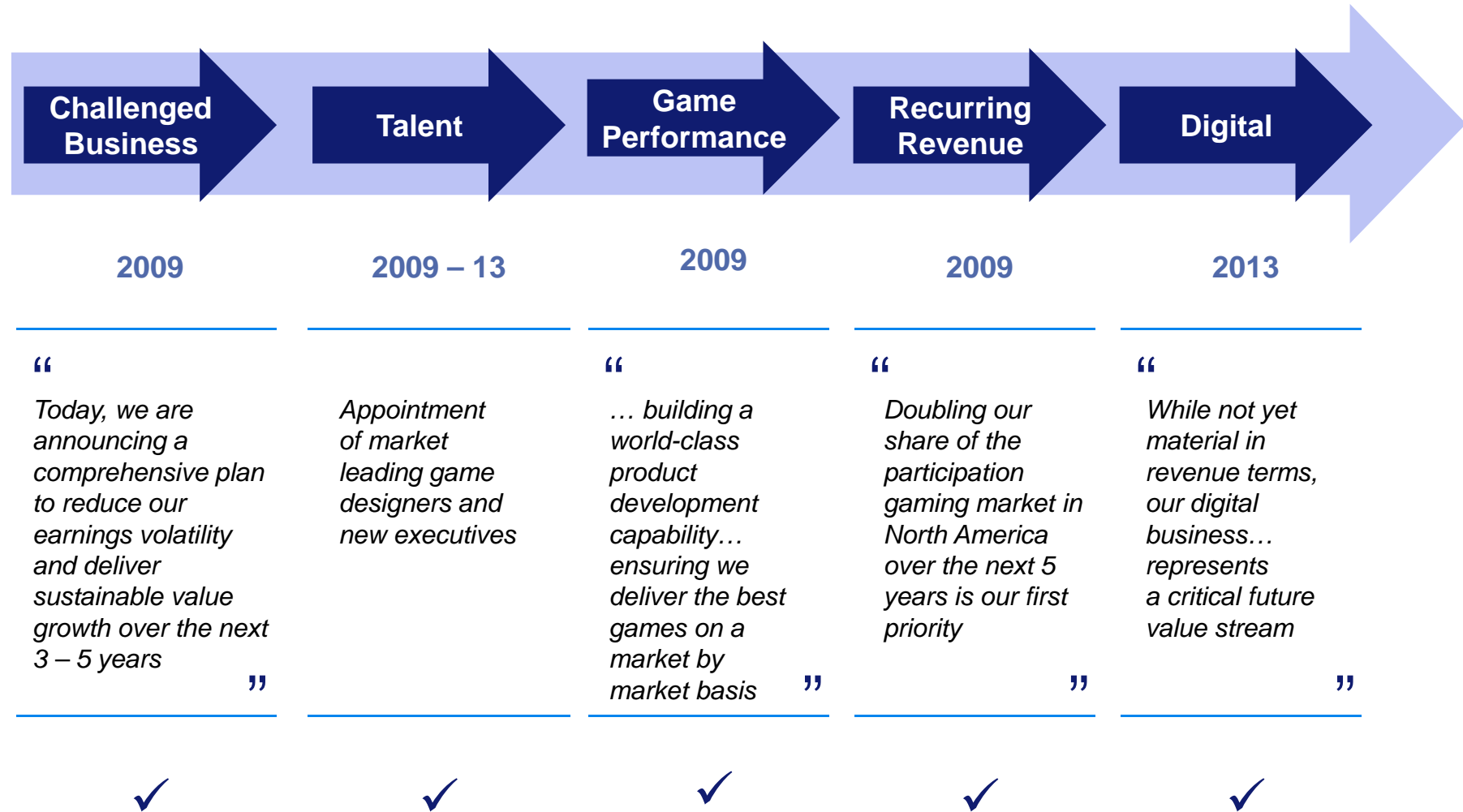


Note:

(1) 2014 is pro forma for acquisition of VGT; Aristocrat 30 September 2014 YE; VGT 31 December 2013 YE except for Recurring Revenue which is based on a 30 September 2014 YE

(2) Aggregate of US Class III Gaming Operations, Digital and VGT revenue

# Delivering on Strategic Objectives



# Growth From Here...

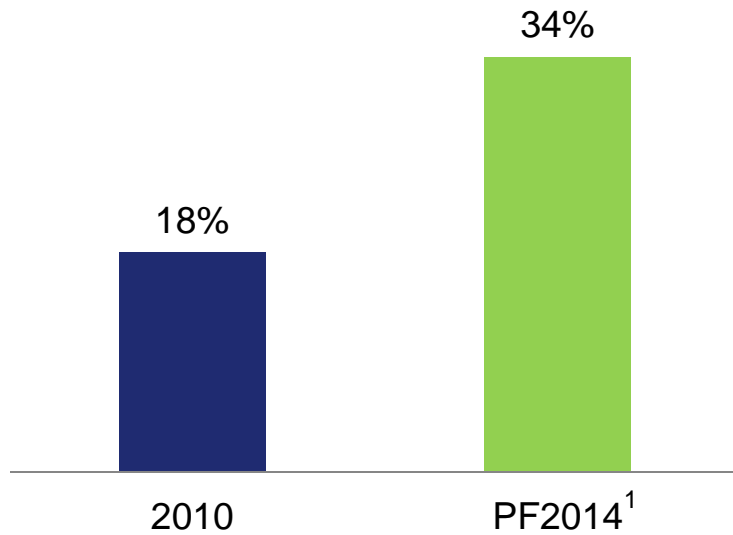
**Why we are focused on increasing our proportion of recurring revenues...**

- 1** Maximise Shareholders Returns
- 2** Position for Long Term, Sustainable Growth
- 3** Flexibility for Further Investment in Growth Opportunities

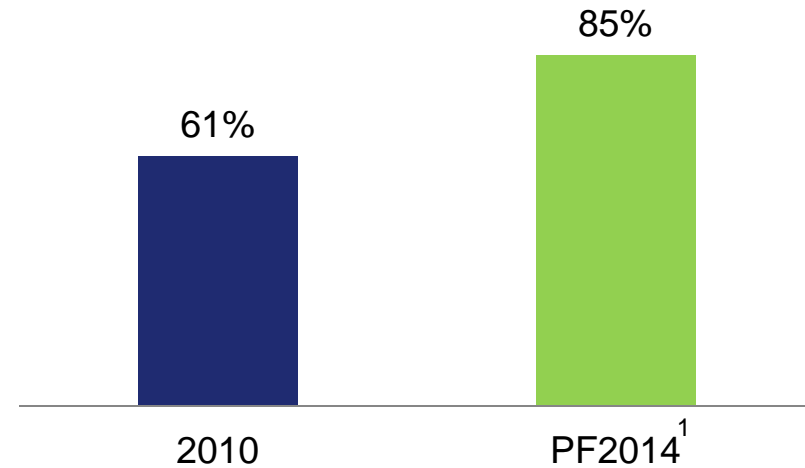


# Why Focus on Recurring Revenues?

EBITDA margin %



Operating cash flow conversion %



Recurring revenue %<sup>1</sup> 17%

42%

Recurring revenue %<sup>1</sup> 17%

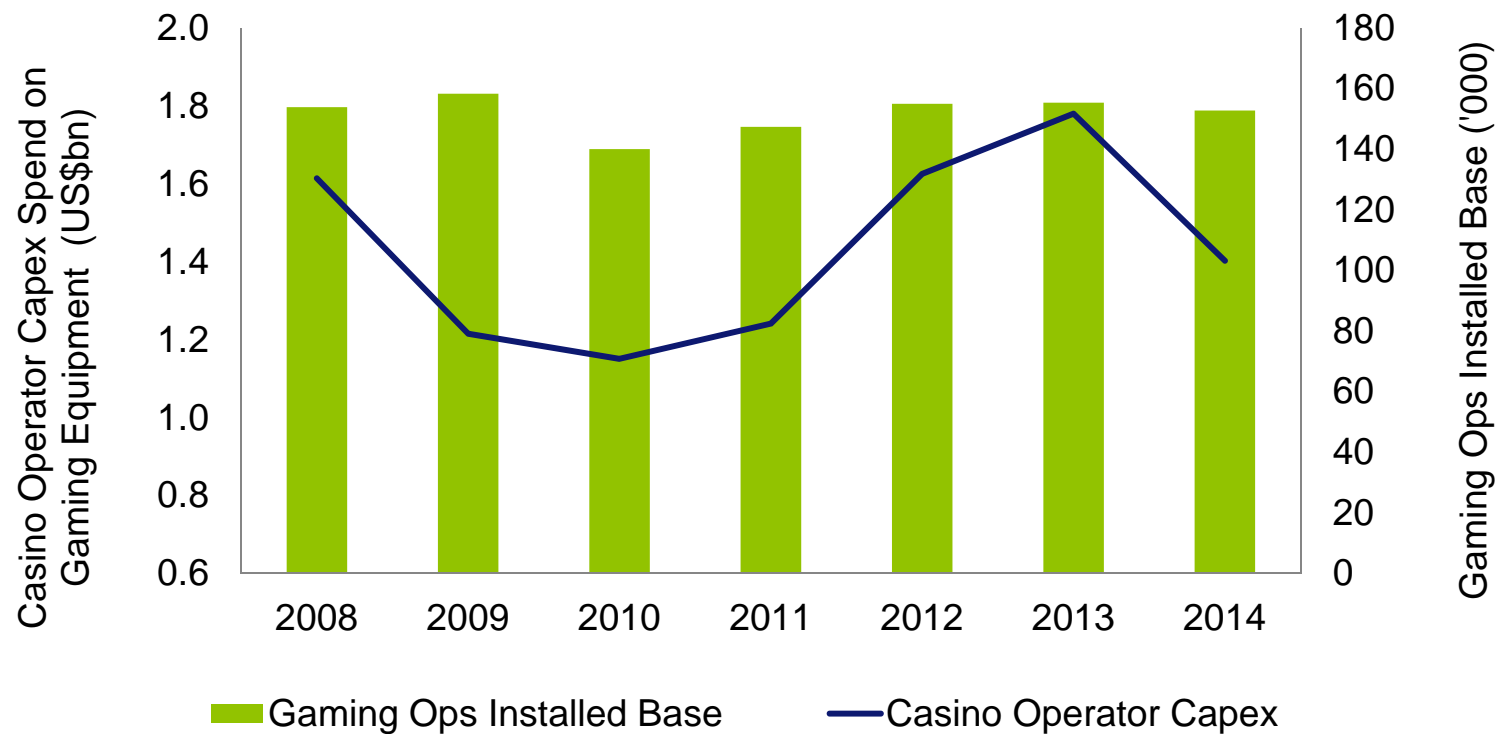
42%

Note:

(1) PF2014 is pro forma for acquisition of VGT; Aristocrat 30 September 2014 YE; VGT 31 December 2013 YE except for Recurring Revenue which is based on a 30 September 2014 YE

# Why Focus on Recurring Revenues?

## Gaming Operations Installed Base versus Casino Capex—US



Source: Eilers Research

# Addressable Recurring Revenue Markets

## Class III Gaming Operations

9,071  
installed units

## Class II

~20,200  
installed units

~90%  
Share of  
mechanical reel

## Digital

**product madness**  
An ARISTOCRAT Company

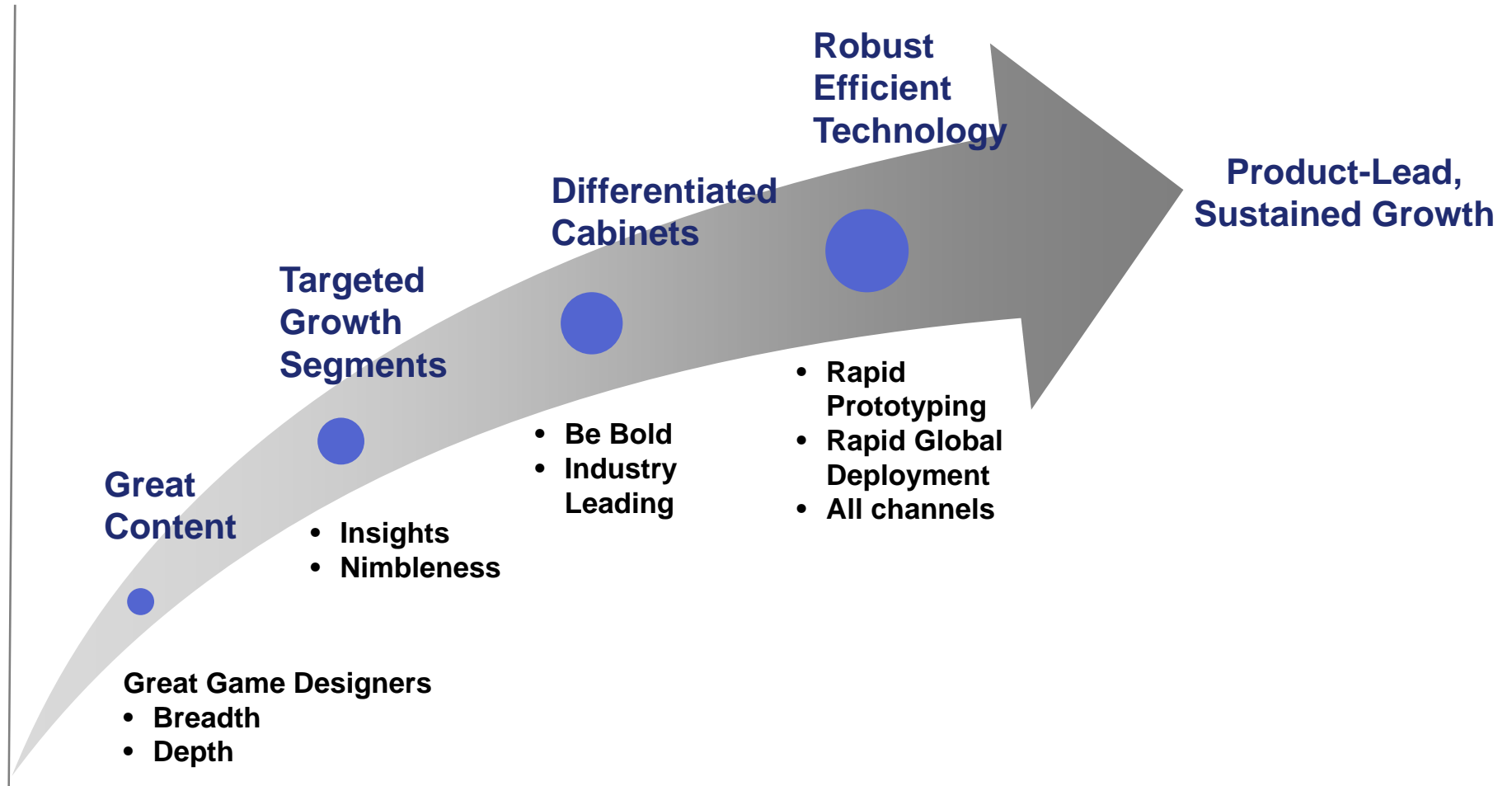
10<sup>th</sup> largest Social  
Casino by revenues  
as at 4Q14  
(Eilers Research)

Position	<b>Growing</b>	<b>Incumbent</b>	<b>Emerging Challenger</b>
Market Size	<b>Stable</b>	<b>Stable</b>	<b>Growing</b>

Section 2  
**Content & Class III**

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# Our Formula For Product-Led, Sustained Growth



# The Right Content At The Right Time

## Creative Team That Delivers Breadth and Depth

<b>Core</b>		<b>Jackpots</b>		<b>Entertainment</b>		<b>Gaming Operations</b>	
<b>New Core Brands</b>	<b>Legends</b>	<b>Low % SAPs</b>	<b>High % SAPs</b>	<b>Low Volatility</b>	<b>Mid Volatility</b>	<b>Proprietary</b>	<b>3rd Party</b>
						<b>Tier 1</b> 	<b>Tier 1</b> 
<b>Multi-Play</b>	<b>Multigame</b>	<b>Links</b>		<b>Innovation</b>		<b>Tier 2</b>	<b>Tier 2</b>
						<b>Tier 3</b>	<b>Tier 3</b>

# Industry Leading Cabinets Drive Industry Leading Results



Viridian Widescreen



Verve



Helix Slant



Double Arc

Helix Upright



Single Arc

2010

2011

2012

2013

2014

2015

2016

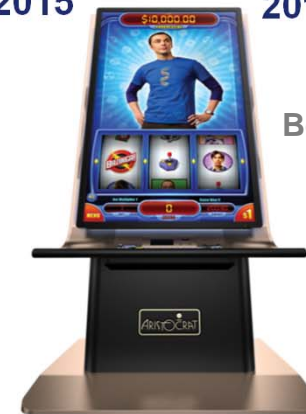
Viridian Slant



Wonder Wheels



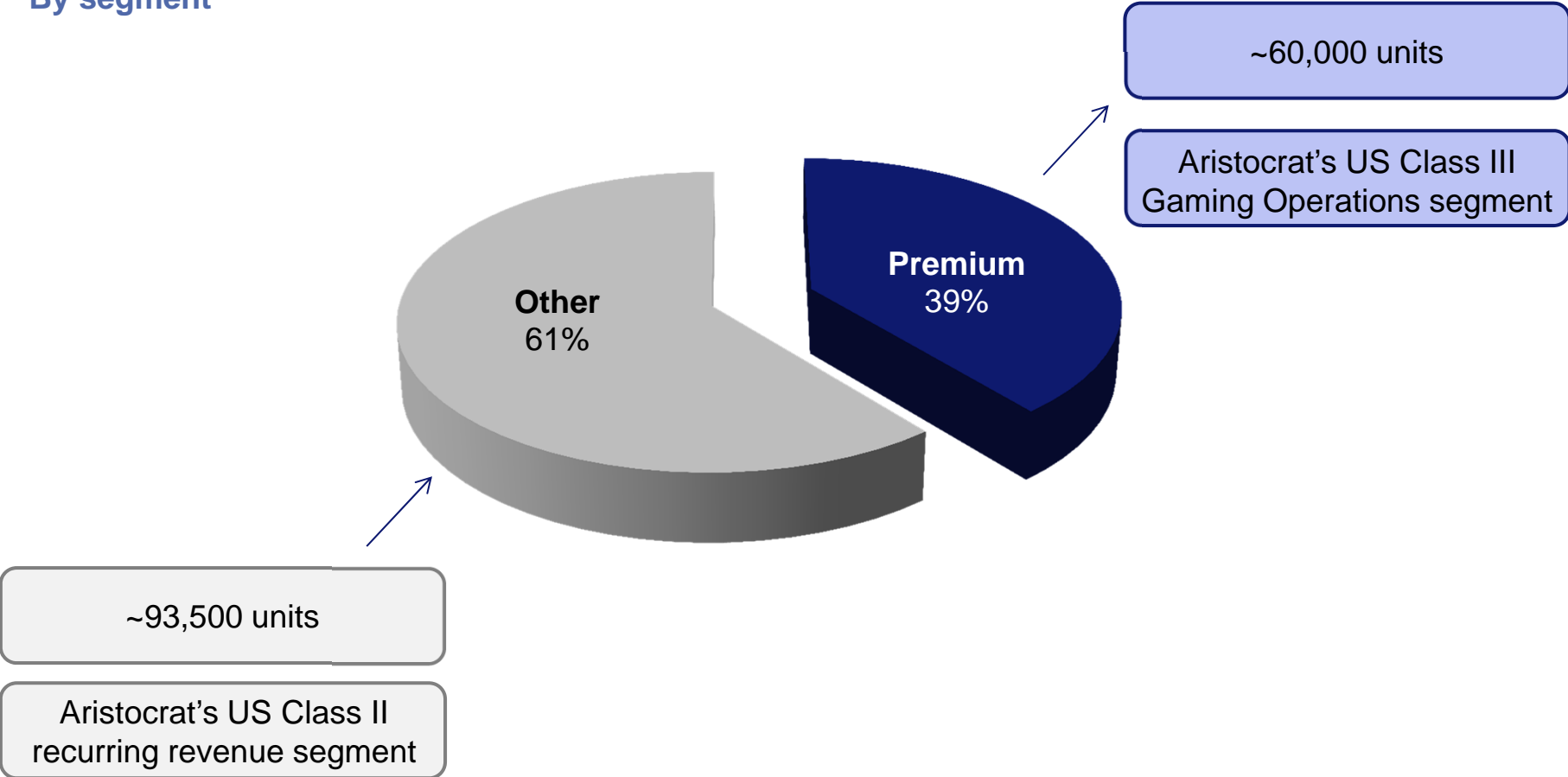
Behemoth



# North American Recurring Revenue Addressable Market

## North American Recurring Revenue Installed Base

By segment



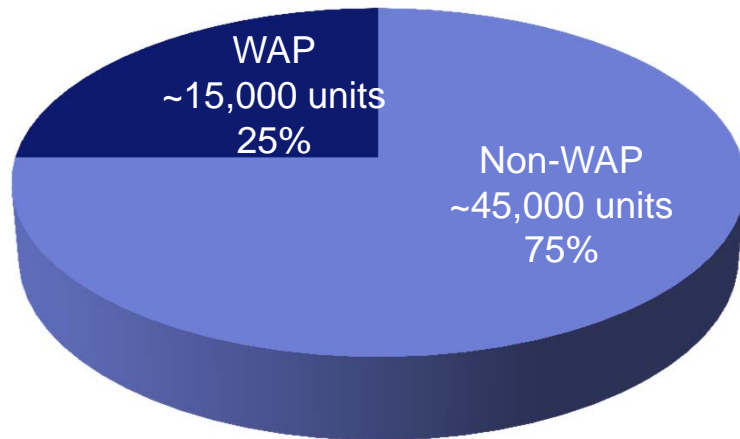
Source: Eilers Research and Industry Reports



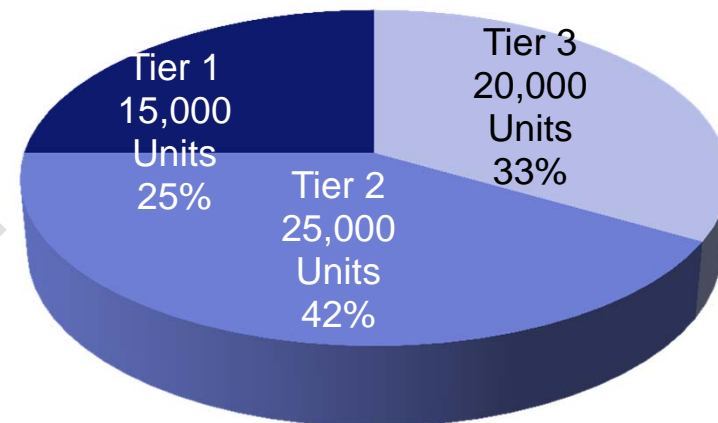
# New Segmentation Model Targets the Highest Growth Opportunities

## Premium Sector Segmentation

### Historical Model



### New Model



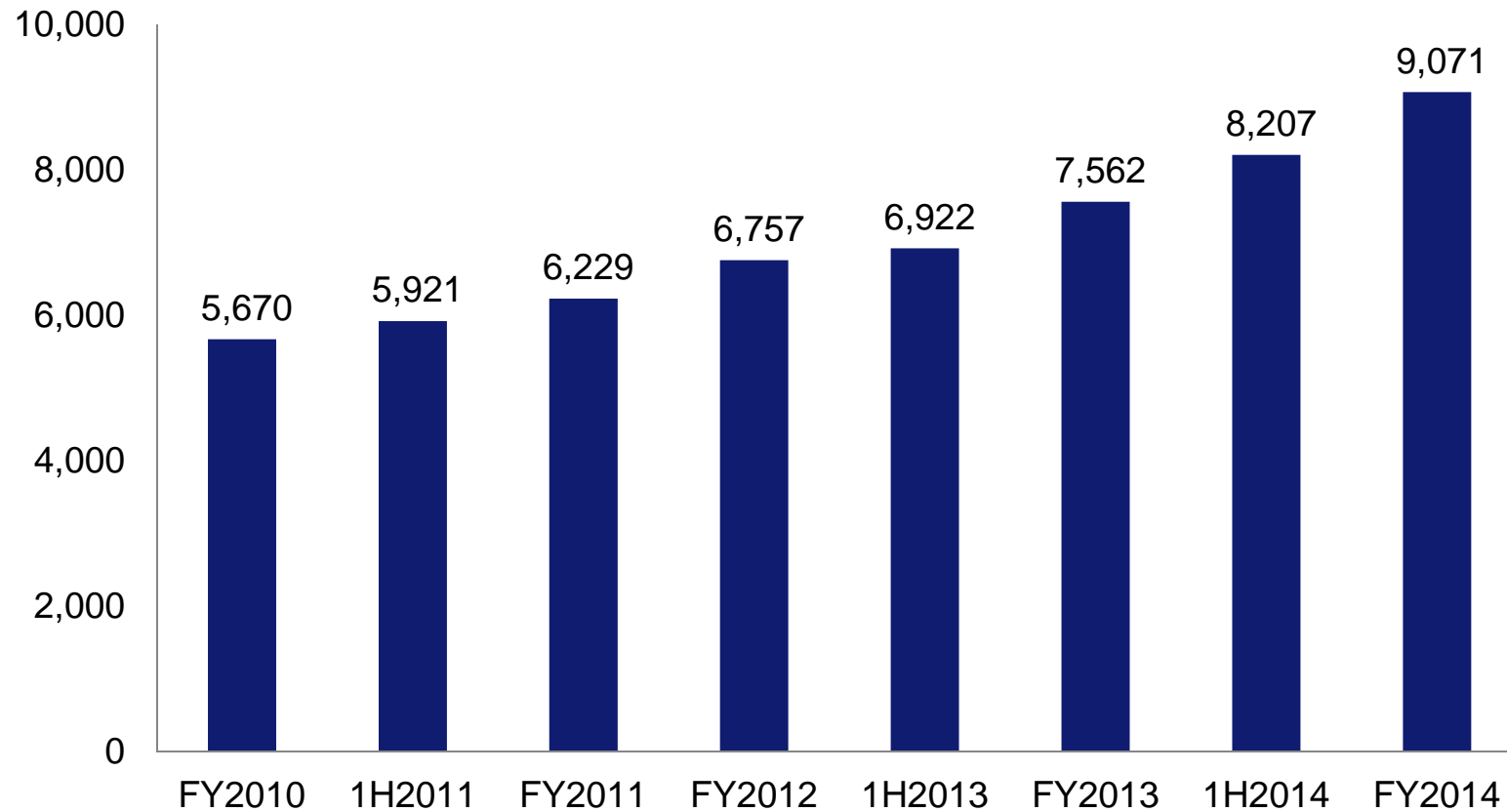
Potential for Growth Across All Tiers

Source: Eilers Research and Industry Reports

# Growth Through More Quantity and Quality

## *Anchor Brands—Stronger for Longer*

### Class III—Installed Base and FPD



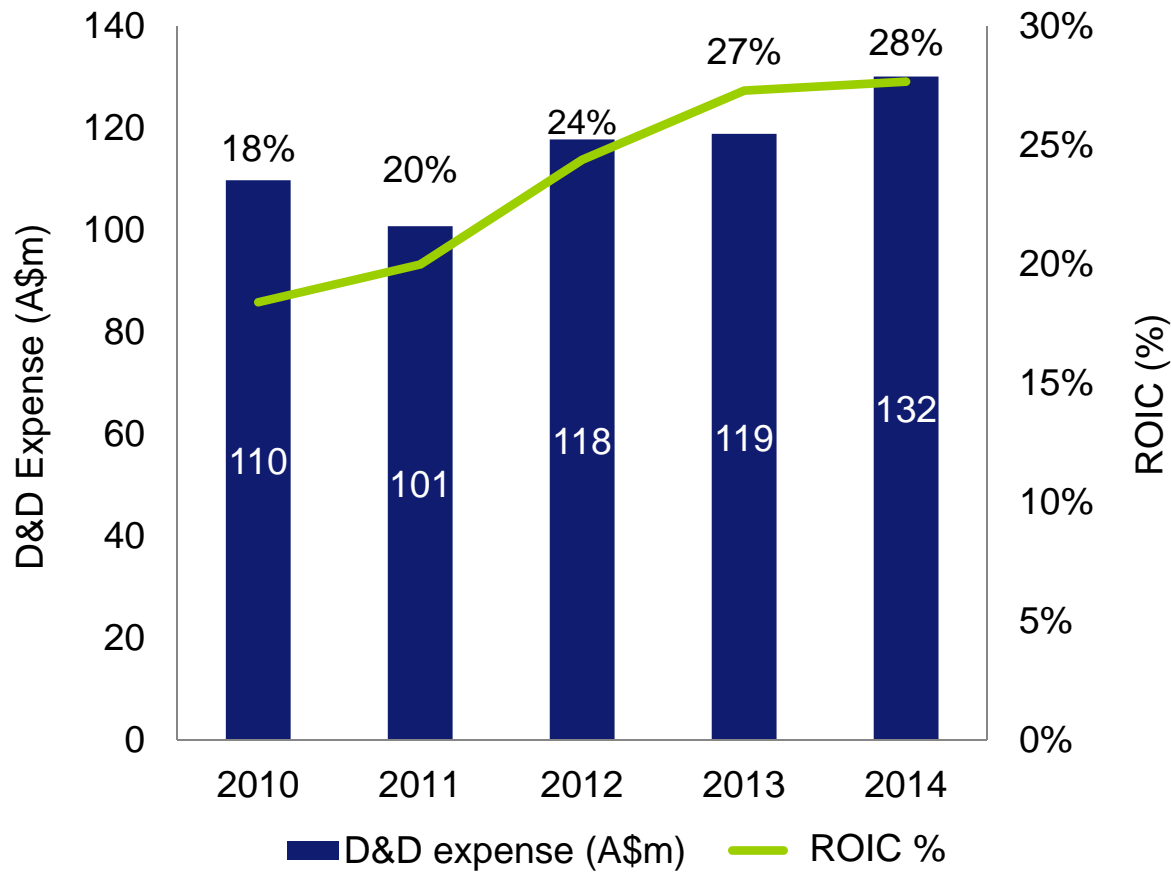
FPD

\$38.53

\$46.02

# D&D Spend Generating Stronger Returns

## D&D Expense and ROIC



## D&D Efficiency Drivers

- Market Segment Led Development
- Multi-market Content
- GDK Investment
- Noida Tech Support

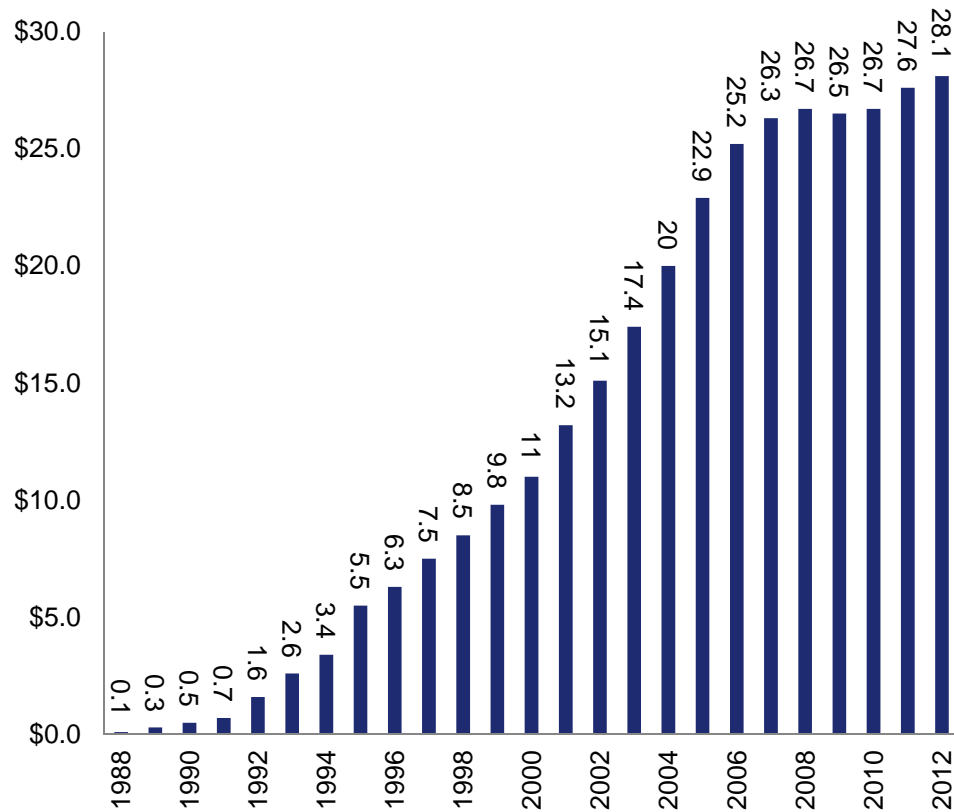
Note:

(1) ROIC is calculated as EBIT adjusted for a 30% corporate tax rate divided by average invested capital. Average invested capital is the current and previous periods net debt plus shareholders equity

Section 2  
**Class II & VGT**

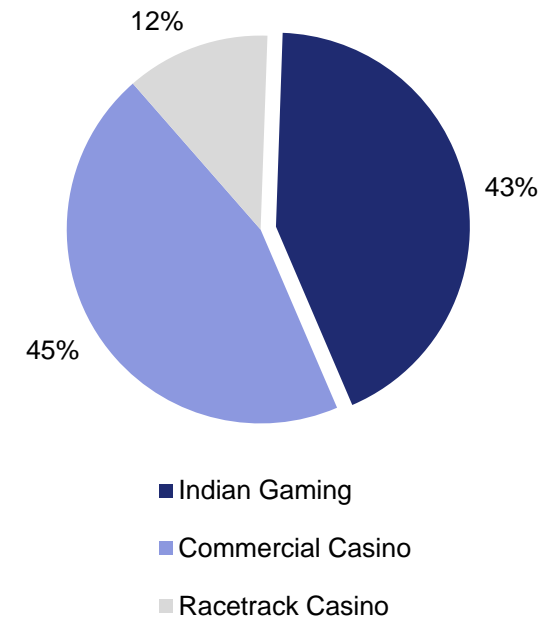
# Indian Gaming—A Significant and Sustainable National Market

**Indian Gaming Revenue—US  
Historical Performance (US\$ bn)**



Source: 2014 Indian Gaming Industry Report by Alan P. Meister

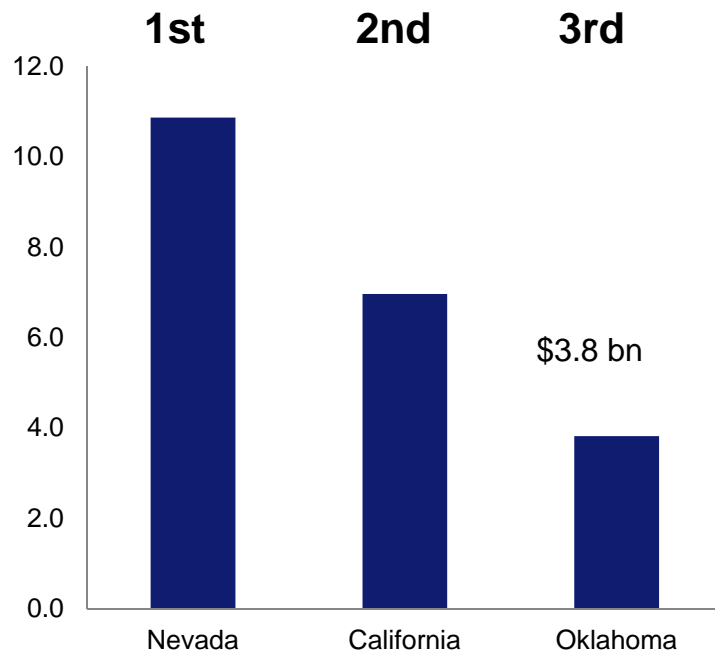
**Total Gaming Revenue—US  
Composition by Market**



**2012 Revenue:  
~US\$65 billion**

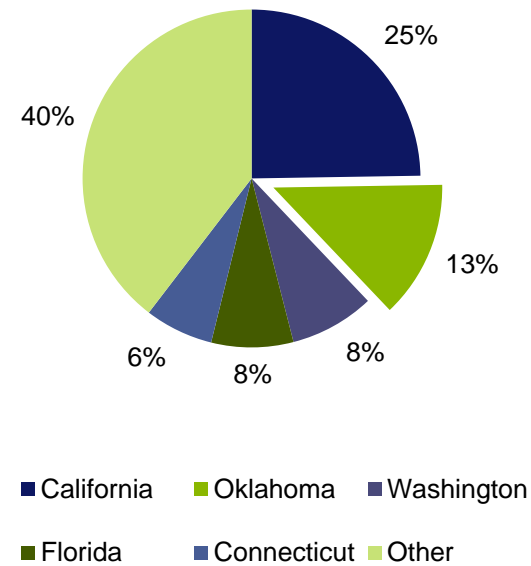
# Indian Gaming—Oklahoma is the Third Largest Gaming State in the US

**Total Gaming Revenue—Largest States**  
(2012YE, US\$ billions)



**2012 Revenue:  
~US\$65 billion**

**Indian Gaming Revenue—By State**  
(2012YE, US\$ billions)

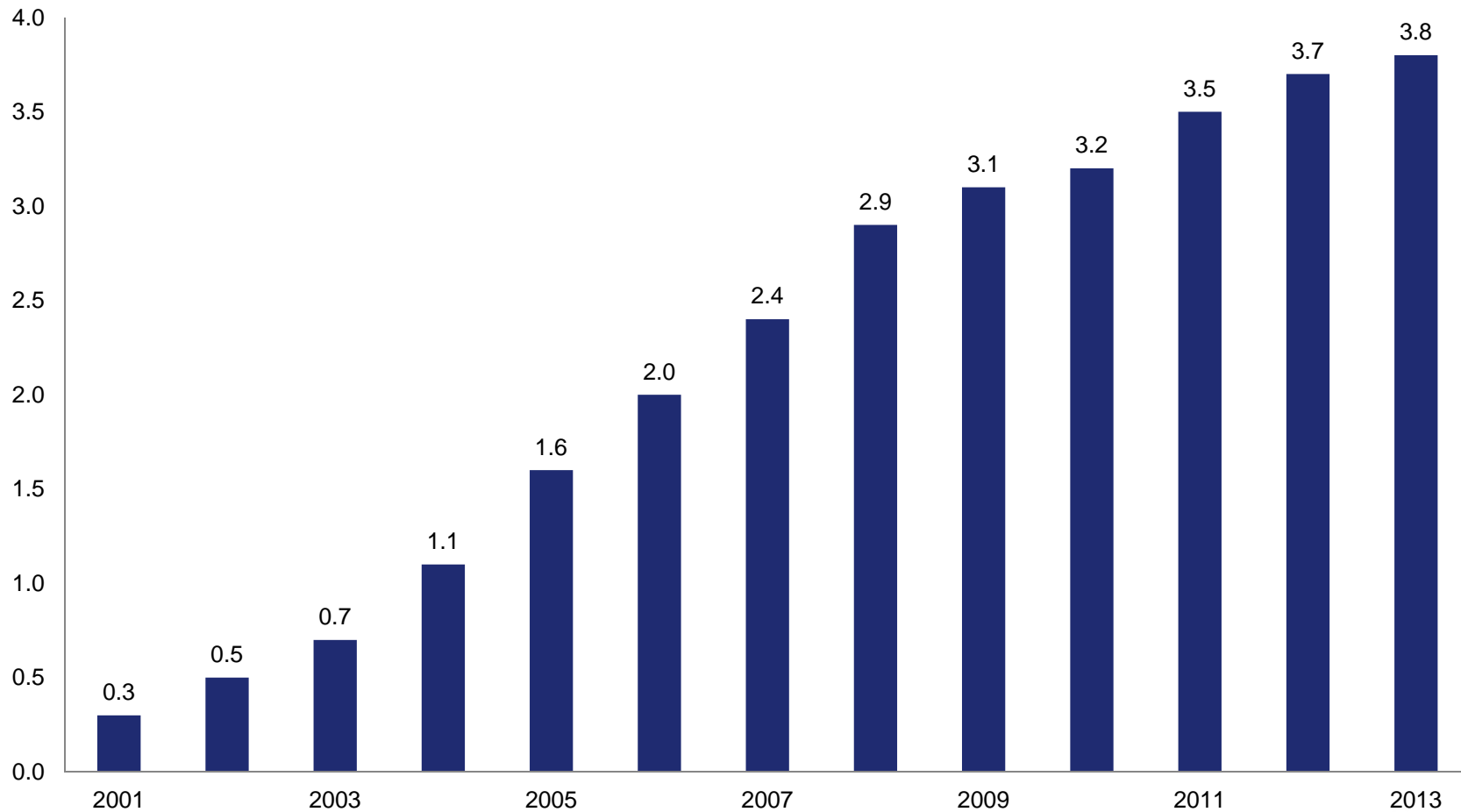


**2012 Revenue:  
~US\$28 billion**

Source: 2014 Indian Gaming Industry Report by Alan P. Meister

# Indian Gaming—Oklahoma Gaming Revenues Have Grown Strongly

## Oklahoma Indian Casino Gaming Revenue (US\$ billions)

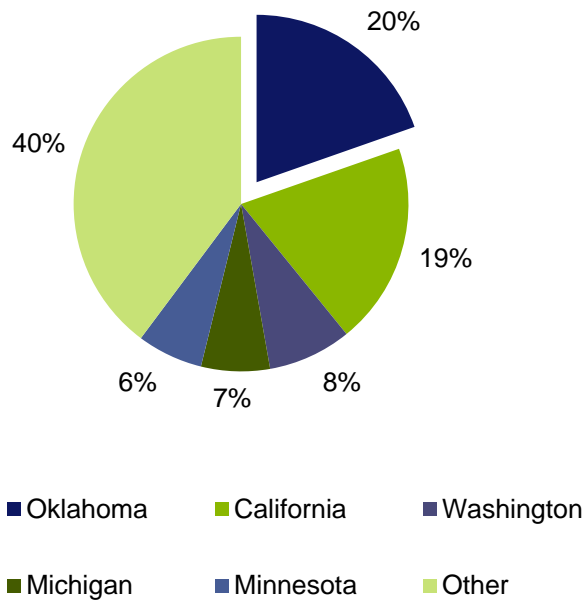


Source: 2014 Indian Gaming Industry Report by Alan P. Meister and Nathan Associates analysis

# Indian Gaming—Oklahoma has the Largest Installed Base of Machines

## Indian Casino Installed Base—All Units

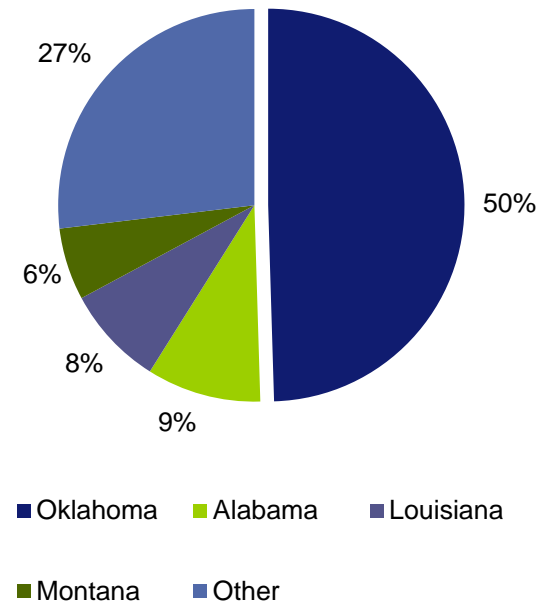
By State



**Total # of units ~355,000**  
**Oklahoma # units ~69,700**

## Indian Casino Installed Base—Class II Units

By State



**Total # of units ~50,500**  
**Oklahoma # units ~25,000**

**Oklahoma Class II units ~36% of all units**

Source: Eilers Research and industry reports



# VGT—Operational Overview

## Headquarters Franklin, TN



## FTEs

- Total: 630
- Service and Field Ops: ~275
- Product and Game Design: ~200

## Manufacturing Tulsa, OK

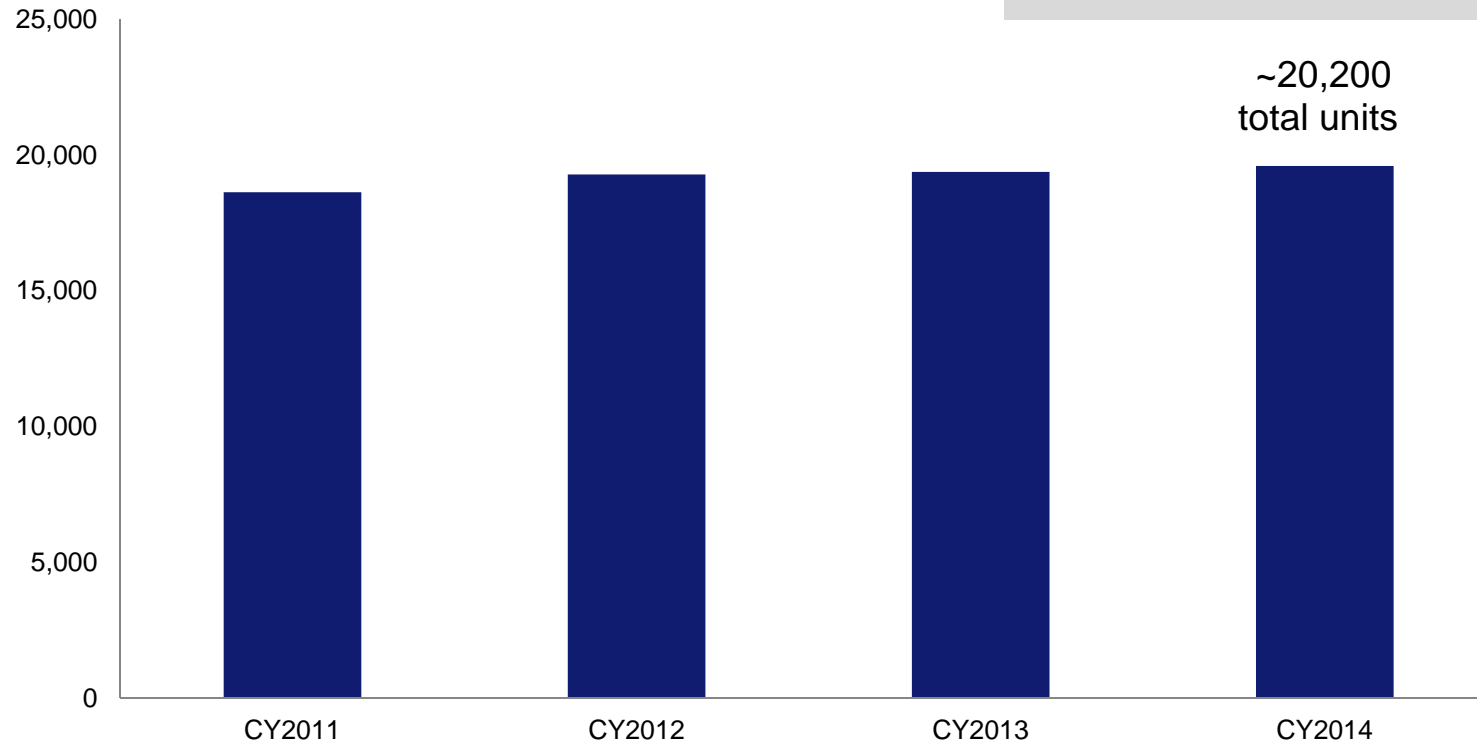


## Service Offering

- Field Service: 24 hours / 7 days
- Venues: ~120
- Terminal up-time: >99.9%

# Incumbent Position, Stable Installed Base and Strong Performance

## VGT Class II Installed Base (no. units)



- ~90% share of mechanical reel in OK
- ~40% share of Class II nationally

FPD

~6% CAGR

Source: Industry Reports (market shares)

# Long Lived Class II Mechanical Reel Content

## Drivers of Content Success

Early to Market

Unique Features

Valued RTP

Enduring Game Performance

## Enduring Game Performance

(Top 4 titles by Revenue and First Release Date)

2002



2002



2005



2008



# Integration

## Update

- On track
- Light touch, practical and value led approach

### Focus Areas:

Business  
Critical  
Integration

Fact  
Gathering

Assessment of  
Joint Growth  
Opportunities

# Growth Drivers

2019-2021

**Sustaining Growth  
in the Existing  
Installed Base**

**New  
Products**

**Future Growth  
Opportunities**

# Sustaining Growth in the Existing Installed Base

Cabinet  
Refurbishment

Revenue  
Maximisation

Game  
Design

New Titles

## Revenue Maximisation Example Hot Red Ruby Cabinet Evolution

2002



Current



# New Products: The Wide Area Progressive

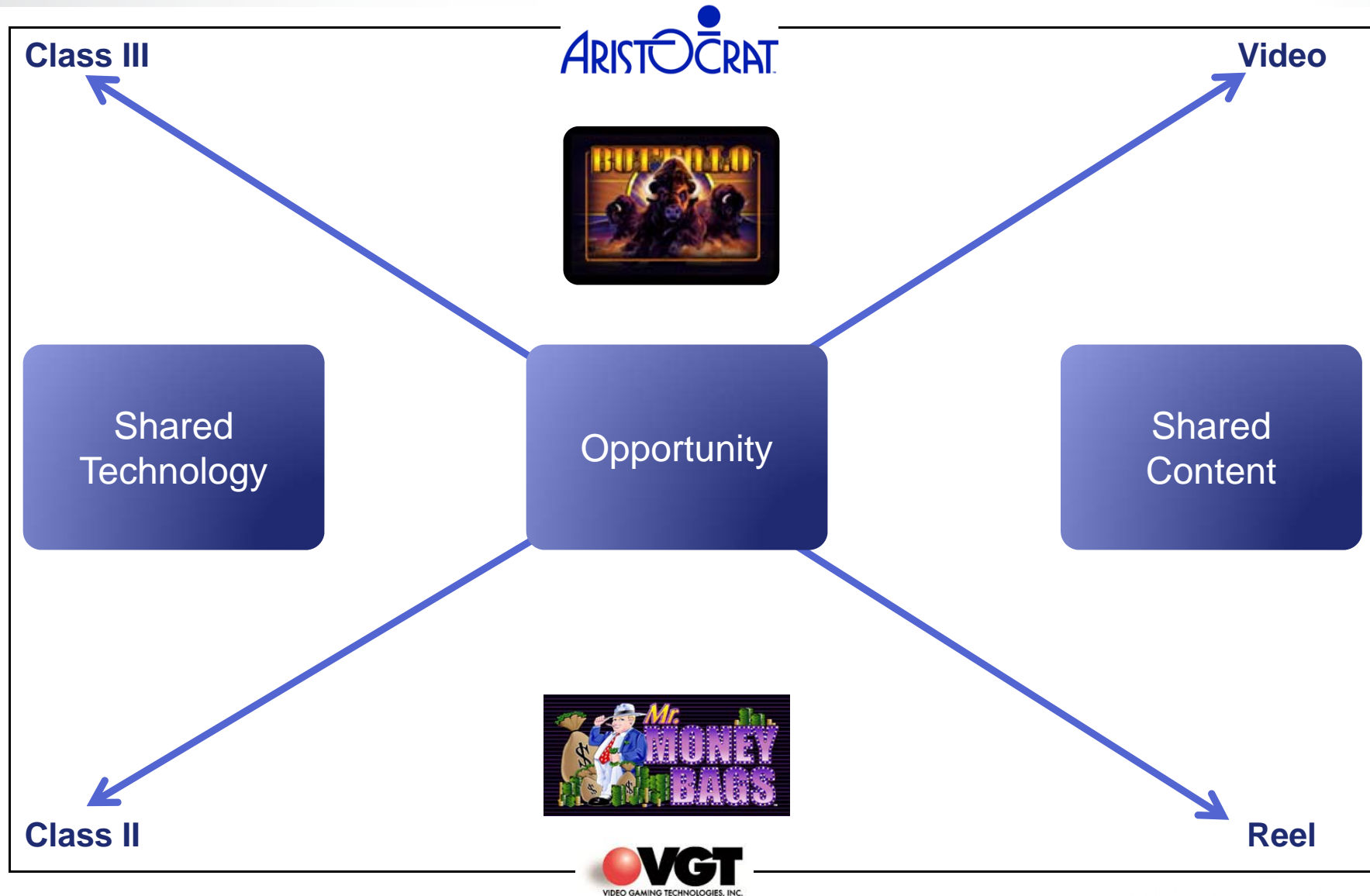
## Mechanical Reel Wide Area Progressive

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- WAP product developed in collaboration between VGT and Aristocrat
- Employs VGT mechanical reel content and Aristocrat technology

# Future Growth Opportunities

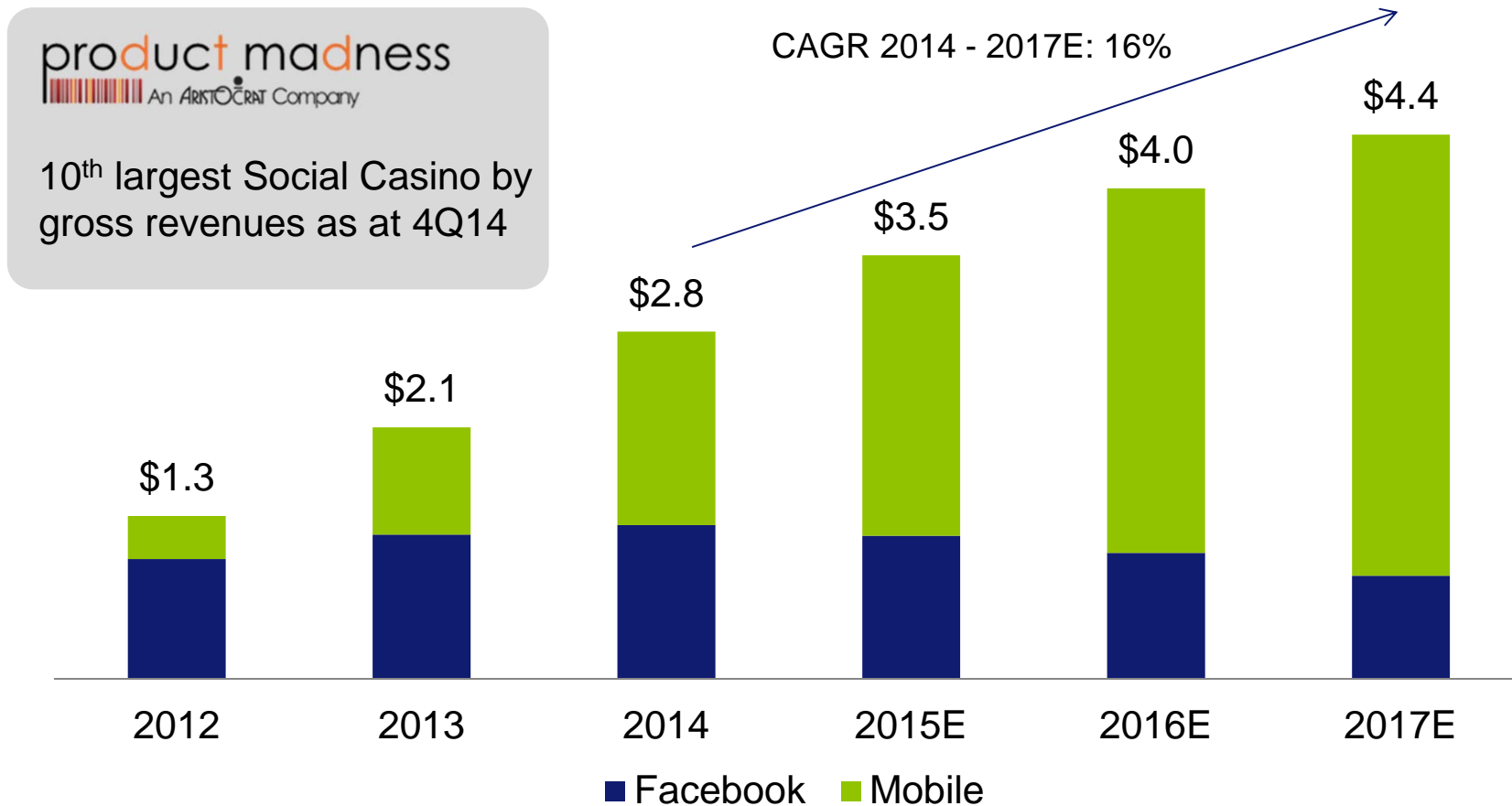




Section 3  
**Digital**

# Social Casino Growth and Composition

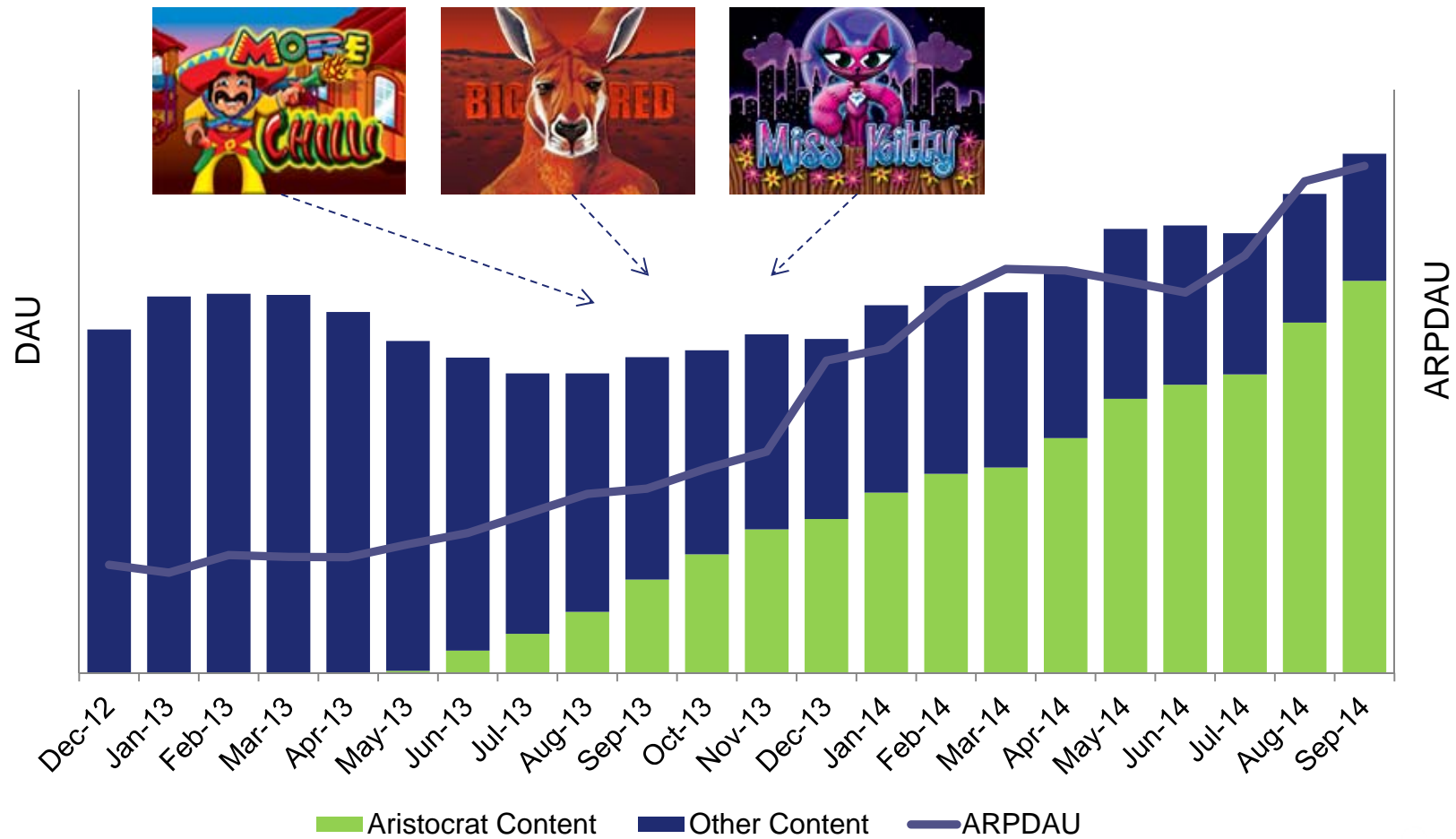
## Social Casino Market Revenues (US\$ billion)



Source: Eilers Research

# New Content—Successful Content Led Growth Strategy

## ARPPDAU and DAU—Monthly Performance



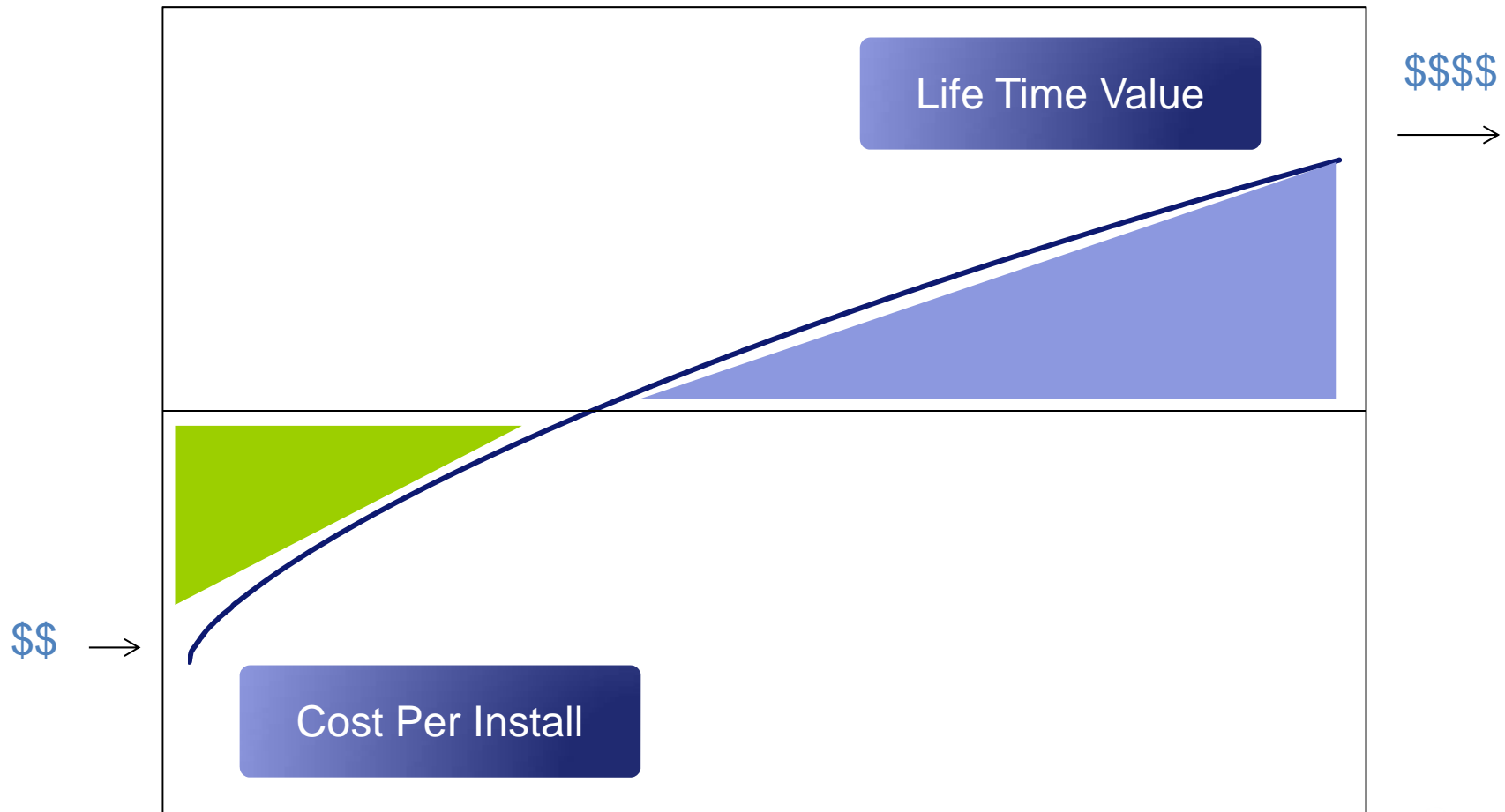
# Growing Our Digital Business into the Future

New  
Users

New  
Channels

New  
Content

# New Users—User Acquisition Cost and Lifetime Return of a New Player



# New Channels—Our Priority Growth Driver



	Facebook	iPad	iPhone	Android
<b>Launch Date</b>	June 2013	July 2014	January 2015	2H FY15
<b>Top Grossing</b>	8 – Overall Games	4 – US Casino 11 – US Games	16 – US Casino 53 – US Games	TBD
<b>2015 Priorities</b>	<ul style="list-style-type: none"> <li>• Content!!</li> <li>• Product Features</li> <li>• Retention</li> <li>• Player Management</li> </ul>	<ul style="list-style-type: none"> <li>• Content!!</li> <li>• Product features</li> <li>• User Acquisition</li> </ul>	<ul style="list-style-type: none"> <li>• Content!!</li> <li>• Product features</li> <li>• User acquisition</li> </ul>	<ul style="list-style-type: none"> <li>• Launch</li> <li>• Optimize / test</li> </ul>

Source: Industry Sources

# New Content – Across All Channels Content is King

## Recent Game Launches

Facebook



iOS



# Growing Our Digital Business into the Future

New  
Users

New  
Channels

New  
Content





# Summary

**Q&A**

**ARISTOCRAT.**

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