



ARISTOCRAT DELIVERS 23% FULL YEAR NORMALISED NPATA GROWTH, STRONG OPERATIONAL PERFORMANCE

Sydney, 20 November 2019

A\$ million	2019	2018 ²		Change %
Normalised results¹				
Operating revenue	4,397.4	3,583.8	▲	22.7
EBITDA	1,596.8	1,328.6	▲	20.2
EBITDA margin	36.3%	37.1%	▼	(0.8) pts
EBITA	1,346.9	1,129.3	▲	19.3
NPAT	752.8	616.9	▲	22.0
NPATA	894.4	729.6	▲	22.6
Earnings per share (fully diluted)	118.0c	96.5c	▲	22.3
EPSA (fully diluted)	140.2c	114.1c	▲	22.9
Total dividend per share	56.0c	46.0c	▲	21.7
Reported Results				
Revenue	4,397.4	3,509.5	▲	25.3
Profit after tax	698.8	542.6	▲	28.8
NPATA	840.4	655.3	▲	28.2
Balance sheet and cash flow				
Net working capital / revenue	5.6%	1.7%	▲	3.9 pts
Operating cash flow	1,085.5	933.8	▲	16.2
Closing net debt/(cash)	2,224.1	2,453.0	▼	9.3
Net debt / EBITDA ³	1.4x	1.7x	▼	0.3x

Footnotes are provided on page 4

Aristocrat Leisure Limited (ASX: ALL) today announced its financial results for the year ended 30 September 2019.

Normalised profit after tax and before amortisation of acquired intangibles (NPATA) of \$894.4 million represented growth of 22.6% in reported terms and 13.9% in constant currency.

This result was driven by continued strong operational momentum across both Land-based and Digital businesses, supported by currency and tax benefits. Operationally, the Group's key Americas, ANZ and Digital businesses grew, with increased and targeted investment in competitive product portfolios, particularly in terms of Design & Development (D&D) and User Acquisition (UA).

The Directors have authorised a final fully franked dividend of 34.0 cents per share (A\$217.1 million) in respect of the 6 months ended 30 September 2019. Total dividends for FY2019 of 56.0 cents per share represent a 21.7% or 10.0 cents per share increase on the prior corresponding period (PCP). The record and payment dates for the second half and final dividend are 29 November 2019 and 17 December 2019, respectively.

Other key features of the result include:

- Revenue increased 14.8% in constant currency and 22.7% in reported terms, compared to the prior corresponding period, to a new record of \$4.4 billion.
- Earnings before interest, tax, depreciation and amortisation (EBITDA) increased 11.8% in constant currency and 20.2% in reported terms, demonstrating Aristocrat's continued ability to grow top line revenue profitably.
- Operating cash flow exceeded \$1 billion, amidst a period of significant investment in new hardware to support expansion into strategic adjacencies in Outright Sales and growth in the business' Gaming Operations footprint.
- Net gearing reduced to 1.4x at 30 September 2019, from 1.7x pro-forma at the prior period end, after self-funding growth via increased investment in Design & Development and User Acquisition, while paying higher dividends, demonstrating asset-light, free cash flow generating capability.

Tax Update

A large and increasing majority of Aristocrat's profit generation comes from the US. In response to this significant shift, Aristocrat implemented changes in its Group structure on 19 November 2019 that are expected to lead to reductions in both cash tax paid and accounting tax expense but will not impact the amount of Australian tax the business pays, which has averaged over \$120 million per year for the past three years, as disclosed in Aristocrat's Voluntary Tax Transparency Code Report.

As flagged in May, Aristocrat has obtained a private ruling from the Australian Tax Office that confirms the treatment adopted by the Company.

Outlook

The Group plans for continued growth in the 2020 fiscal year, driven by the following:

- In Land-based Outright Sales, we anticipate further incremental gains in attractive North American adjacencies. We expect to maintain market-leading share positions across key for sale segments globally;
- In Land-based Gaming Operations, we expect continued expansion across our total Gaming Operations installed base, leveraging our broadening portfolio, while maintaining market-leading average fee per day performance across the overall combined installed base;
- Across Digital, we anticipate further growth in Digital bookings supported by scaling of recently released new games. User Acquisition spend will continue to be allocated dynamically based on game performance and is expected to remain between 25% to 28% of overall Digital revenues;
- We expect the changes in our group structure to start to generate non-Australian cash tax savings which will further enhance the Group's ability to invest to sustain our growth momentum and create value for shareholders;
- We anticipate continuing to lift D&D investment across our Land-based and Digital portfolio - in absolute dollar terms - while remaining broadly in line with the prior years, from a percentage of revenue perspective;
- We expect a moderate increase in SG&A across the business, as we invest in digital, data and transformation skillsets for growth.

- Non-operating items:

Expense Item	Assumption
Interest Expense	US\$ borrowings incur fully loaded interest expense of 5% including hedging costs and other finance fees.
Amortisation of acquired intangibles	Circa US\$105 million pre-tax for FY2020 relating to assets previously acquired.
Income Tax Expense	Recognition of approximately A\$1 billion deferred tax asset in H1 FY2020 resulting in a credit to the P&L income tax charge which will be normalised. FY2020 ETR of approximately 23.5% to 24.5%, normalised for the initial deferred tax asset recognition.

Aristocrat Chief Executive Officer and Managing Director, Trevor Croker, said “Aristocrat delivered another year of high-quality profit growth in fiscal 2019, further extending our track record of share taking and organic momentum, driven by strong investment in talent, product portfolios and marketing across our Land-based and Digital businesses.”

“Sustained operating performance drove strong free cash flow generation, which was in turn invested to fund further growth, pay progressive dividend increases and provide significant balance sheet optionality for the future.”

“Throughout the year, Aristocrat strived to meet the evolving needs of customers and players by investing in our product portfolios and expanding into attractive new segments and genres. As we’ve built scale, we’ve also evolved our operating model and increased coordination and sharing of best practices within our Land-based and Digital operations globally.”

“We also made significant strides in bedding down recent Digital acquisitions, leveraging critical skillsets and establishing a diversified portfolio approach, analogous to our proven Land-based growth strategy. The successful global launch and scaling of *RAID: Shadow Legends*™, our first entry into the CRPG genre, contributed to our performance and generated valuable insights we will apply to future game launches and genre entry strategies” Mr Croker concluded.

Dividend Key Dates:

Ex-dividend Date: Thursday 28 November 2019
Record Date: Friday 29 November 2019
Payment Date: Tuesday 17 December 2019

Notes to the table on page 1:

(1) Normalised results and operating cash flow are statutory profit (before and after tax) and operating cash flow, excluding the impact of certain significant items relating to the acquisitions of Plarium and Big Fish detailed on page 16 of the Operating and Financial Review.

The operating revenue and results for the 12 months to 30 September 2018 reflect the ongoing revenue recognition principles for the acquired businesses since the date of acquisition and corresponds to the revenue and results that would have been recognised under Accounting Standards had the businesses not been acquired to explain the underlying performance of the entity and the drivers of its profit.

(2) Comparative period has been restated per note 6-8 in the financial statements.

(3) 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 6,400 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 are available in 80 countries. For further information visit the Group's website at www.aristocrat.com.