



ARISTOCRAT ANNOUNCES STRATEGIC ACQUISITION OF SOCIAL GAMING COMPANY BIG FISH FOR US\$990 MILLION¹

Sydney, 30 November 2017

Highlights

- Transforms Aristocrat's Digital business to create the 2nd largest Social Casino publisher globally by revenue²
- Provides access to digital-first content creation and meta-game capability to access fast growing segments in the Social Casino sector
- Materially expands Aristocrat's Social Gaming business and penetration into new game genres
- Deep game development talent pool and strong cultural alignment
- Financially attractive and expected to be EPSA accretive in the first full year of ownership
- Provides a platform for growth through existing successful applications and an attractive pipeline of new applications

Overview

Aristocrat Leisure Limited (Aristocrat) (ASX: ALL) today announced that it has entered into a binding agreement to acquire 100% of social gaming company Big Fish Games, Inc. (Big Fish) for a total consideration of US\$990 million in cash, subject to customary completion adjustments, implying a multiple of 11.9x Adjusted EBITDA for the 12 months ending 30 September 2017³.

Big Fish, a wholly owned subsidiary of Churchill Downs Incorporated (Churchill Downs), is a global publisher of free-to-play games that operates across three key business lines that are focused on specific game segments, including Social Casino, Social Gaming and Premium Paid games.

Big Fish is headquartered in Seattle, USA, has approximately 700 full-time employees and five in-house development studios in Seattle and Oakland, USA.

Big Fish has a number of key profitable applications, as well as a strong pipeline of new applications. Big Fish's largest social casino application, *Big Fish Casino*, remains a top ranking social casino application globally with industry leading user monetisation levels⁴.

Big Fish's social gaming hit titles, *Gummy Drop!* and *Fairway Solitaire*, are ranked the number ten and number six games in the casual and card game categories, respectively⁵.

1 The purchase price is subject to customary completion adjustments.

2 Eilers & Krejci Gaming, LLC's Social Casino Gaming Tracker (3Q17). Ranking based on the combined web and mobile gross revenue of Product Madness and Big Fish for the 12 month period ended 30 September 2017.

3 Adjusted EBITDA excludes stock-based compensation expense, acquisition-related charges (including fair value adjustments related earn-outs and deferred payments), allocated corporate costs from Churchill Downs, and includes the net change in deferred revenue (net of change in deferred platform fees) to present on a bookings (cash) basis.

4 App Annie and Eilers & Krejci Gaming, LLC.

5 App Annie.

Big Fish's success has been driven by its digital-first content creation, meta-game capability, 3rd party developer network and multi-app strategy. It has also been underpinned by a deep game development talent pool and leadership team that has successfully scaled the business.

For the 12 months ending 30 September 2017 Big Fish generated adjusted revenue of US\$458 million and adjusted EBITDA of US\$83 million. As a result of the Big Fish transaction, Digital revenue contribution increases significantly from 24%, pro-forma for the acquisition of Plarium, to 38% for the year ended 30 September 2017⁷.

The acquisition of Big Fish is expected to be EPSA accretive in the first full year of ownership⁶.

Big Fish's key game development talent and leadership team have entered into non-compete and retention arrangements with Aristocrat.

Big Fish will operate as a standalone business alongside Product Madness and Plarium, minimising scope for disruption to Aristocrat's existing businesses.

The transaction is subject to regulatory and other approvals, and customary closing conditions. The transaction is expected to complete in the first quarter of calendar year 2018. Under the sale and purchase agreement, Big Fish and Churchill Downs have made representations, warranties and covenants customary for a transaction of this type.

Rationale

Chief Executive Officer and Managing Director of Aristocrat, Trevor Croker said "The strategic and financial benefits from the acquisition are highly compelling. The acquisition of Big Fish will immediately provide scale across our entire Digital platform, following the recent acquisition of Plarium, which expanded our Digital business into the fast growing social gaming market. Our Digital revenues approximately double from A\$651 million, pro-forma for the acquisition of Plarium, to A\$1.3 billion for the year ended 30 September 2017⁷."

"Our Social Casino business will become the second largest Social Casino publisher globally, with revenues increasing from A\$383 million to A\$641 million for the year ended 30 September 2017⁶. Big Fish's digital-first social casino content and industry-leading meta-game capability and applications are highly complementary to Aristocrat's existing and industry-leading land based digital content business."

"The acquisition of Big Fish will also materially expand our social gaming footprint, positioning Aristocrat to further capitalise on growth in mobile gaming following the acquisition of Plarium. Big Fish's strength in casual and card games is highly complementary to Plarium's strategy games portfolio."

"We are excited to work with the Big Fish team to take advantage of the opportunities this combination will create, and look forward to welcoming them to the Aristocrat family."

"Through continued optimisation of Big Fish's existing successful applications, together with Big Fish's attractive pipeline of new titles across both Social Casino and Social Gaming, this transaction

⁶ Big Fish financial information converted at AUD:USD exchange rate of 0.75 and presented on a bookings basis.

⁷ Pro-forma revenue includes full year contribution from Big Fish for the 12 month period ended 30 September 2017 and Plarium for the 12 month period ended 31 March 2017.

ideally positions us to capitalise on the positive growth outlook in each of these markets,” Mr Croker concluded.

Acquisition funding

Aristocrat will fund the acquisition via existing cash and an incremental US\$890 million 7 year Term Loan B debt facility. The US Term Loan B market offers long term, flexible financing. Aristocrat continues to target financial metrics in line with an investment grade level.

Further information regarding the acquisition is contained in the investor presentation released to the ASX today.

Goldman Sachs and UBS AG, Australia Branch are acting as financial advisors to Aristocrat. Covington & Burling LLP is acting as legal adviser.

ENDS

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Aristocrat Leisure Limited (ASX: ALL) is a leading global provider of gaming solutions. The Group is licensed by over 200 regulators and its products and services are available in over 90 countries around the world. Aristocrat offers a diverse range of products and services including electronic gaming machines and casino management systems. The Group also operates within the online social gaming and real money wager markets. For further information visit the Group’s website at www.aristocrat.com