



Company	Aristocrat Leisure Ltd
Code	ALL
Meeting	AGM
Date	21 February 2019
Venue	Radisson Blu Hotel, O'Connell Street, Sydney, Street, Sydney NSW
Monitor	Carol Limmer, with assistance from Sue Erbag

Number attendees at meeting	77 in total - 38 shareholders, 2 non-voting shareholders 2 proxyholders , 3 Corp reps and 32 visitors
Number of holdings represented by ASA	44 plus 1 directed to ASA rep personally
Value of proxies	\$ 4.2m plus \$105k
Number of shares represented by ASA	163,718 plus 4,116
Market capitalisation	\$15.6 bn
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Chair of HR and Remuneration Committee and Company Secretariat

Recent Acquisitions for Digital Proving Successful

This year, due to public transport problems with new rail installation, the AGM was held in central location in CBD in lieu of North Ryde.

Chair and CEO presented reports and incoming Chair also spoke (reports are available on ALL website). The Chair reflected on his 10 years on the Board and 9 years as Chair and the significant progress made during that time from underperforming business to a successful company. He also welcomed the new Chair, Mr N Chatfield to his new role as Chair. Mr Chatfield said that there would be continuity of high quality profitable growth. The CEO mentioned their strong and flexible Balance Sheet and being optimistic on growth for 2019. Among highlights were good financial performance including record increase in annual profit. Revenue was up substantially, as were share price, dividends and earnings per share. There were further gains in Americas and Australian markets and quite transformational growth in Digital business. ALL is optimistic on growth for 2019. It was mentioned that investment in Design and Development would continue to have a strong focus.

Among questions raised by ASA representatives were whether ALL is likely to list in USA in future, given the bulk of business and the most Senior Executives being domiciled there (unlikely in the near term), about comments on the increasingly competitive market due to consolidations in the industry (most of the consolidations have already happened). Other questions related to E Sports for younger people, Franking Credit issue, retention of talent, whether Ms Tansey, who was up for re-election, was increasing her 'skin in the game' (in response to ASA's question Ms Tansey confirmed she had made a recent purchase and that she would be continuing to make further purchases). There was also a question on a litigation matter from a manufacturer (details on website) which is matter ALL is vigorously defending. One shareholder said that many people had a 'Doom and Gloom' outlook and asked how ALL felt about debt with Chair responding that gearing ratio of 1.7 times is not excessive and with their strong cash flow this is likely to reduce.

Chair of the HR and Remuneration Committee spoke, giving overview of their focus on pay for performance and the outstanding results achieved. She said when ALL outperform they pay well. She particularly commented on the focus on US market practice taken by ALL. ASA paid particular attention to comments/questions on remuneration eg need to show Actual Remuneration in Annual Report (ALL undertook to consider this), the 3 year performance period for long-term incentives (not long enough, and even mentioned that ALL could consider a trading lock after meeting performance hurdles which would better align with shareholders and also serve as a retention tactic), the vesting scale for total shareholder return hurdle (50% award at median not rigorous enough for ASA) and the 40% hurdle based on Individual balanced scorecard key performance indicators (too much like a service related hurdle). The short-term incentive proportion of variable pay is high (200% potential – paid at 109%).

Mr Stephen Mayne asked a lot of questions in relation to his role as part of anti-gambling alliance – he raised issues from a number of aspects. He emphasised that he was not attending with his ASA 'hat'. He also asked why it was necessary to appoint a relatively recent non-executive director as Chair and someone well known to current Chair, Melbourne (not Sydney or USA based) and has not been in the gaming space. Also queried the level of remuneration being given to new Chair

Directors spoke in support of their proposed re-elections.

ASA voted FOR re-election of Directors and AGAINST Grant of Long Term Incentives to CEO as well as the remuneration report. All resolutions passed within range of 73.40 and 97.06% in FAVOUR. The Grant to the CEO had a 26.51% % AGAINST vote with the Remuneration Report drawing 8.03% AGAINST.

The Chair essentially controlled the meeting – He did not get involved with questions/comments with a political connotation and he and the CEO were somewhat reluctant to provide much information in response to questions with an anti-gambling focus eg numbers of gambling machines in Australia and NSW (evidently has the most of any area in the world), negative social impact(s) for people with gambling addiction, why ALL had not taken initiative on call to have a maximum \$1 bet on machines, what would happen to profit if gaming shares were abolished etc. ALL emphasised that they do not determine law on gambling matters but absolutely obey all laws.