

# Aristocrat Leisure Limited

**Results for the year ended  
31 December 2008**

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# David Simpson Executive Chairman

**Simon Kelly**  
**Chief Financial Officer**  
**and Finance Director**

# Reported Results vs October Guidance

	Actual \$Million	Guidance \$Million
<b>Operating Profit after Tax</b>	<b>141.0</b>	<b>120 - 150</b>
Abnormals		
- Class Action	(40.2)	} (22)
- Property Sales	21.0	
- Asset Impairment	(19.9)	
<b>Net Profit after Tax</b>	<b>101.9</b>	<b>98 - 128</b>

# Profit and Loss

	Constant Currency 2008 \$Million	Normalised* 2008 \$Million	Reported 2007 \$Million
<b>Total Revenue</b>	1,027.2	1,079.9	1,122.0
<b>Gross Margin</b>	53.2%	52.1%	58.0%
<b>SMG&amp;A</b>	231.8	238.4	238.7
<b>EBIT before R&amp;D</b>	315.8	330.1	436.5
<b>R&amp;D</b>	115.8	117.2	104.2
<b>Profit before Tax</b>	180.2	193.1	326.2
<b>Tax %</b>	26.9%	27.0%	24.0%
<b>Profit after Tax</b>	131.8	141.0	247.9
<b>Earnings Per Share (fully diluted)</b>	28.5c	30.5c	52.8c

\* 2008 Actual has been normalised for Class Action settlement (\$57.4m), Profit from Property Sales (\$21.0m) and Asset Impairment (\$19.9m).

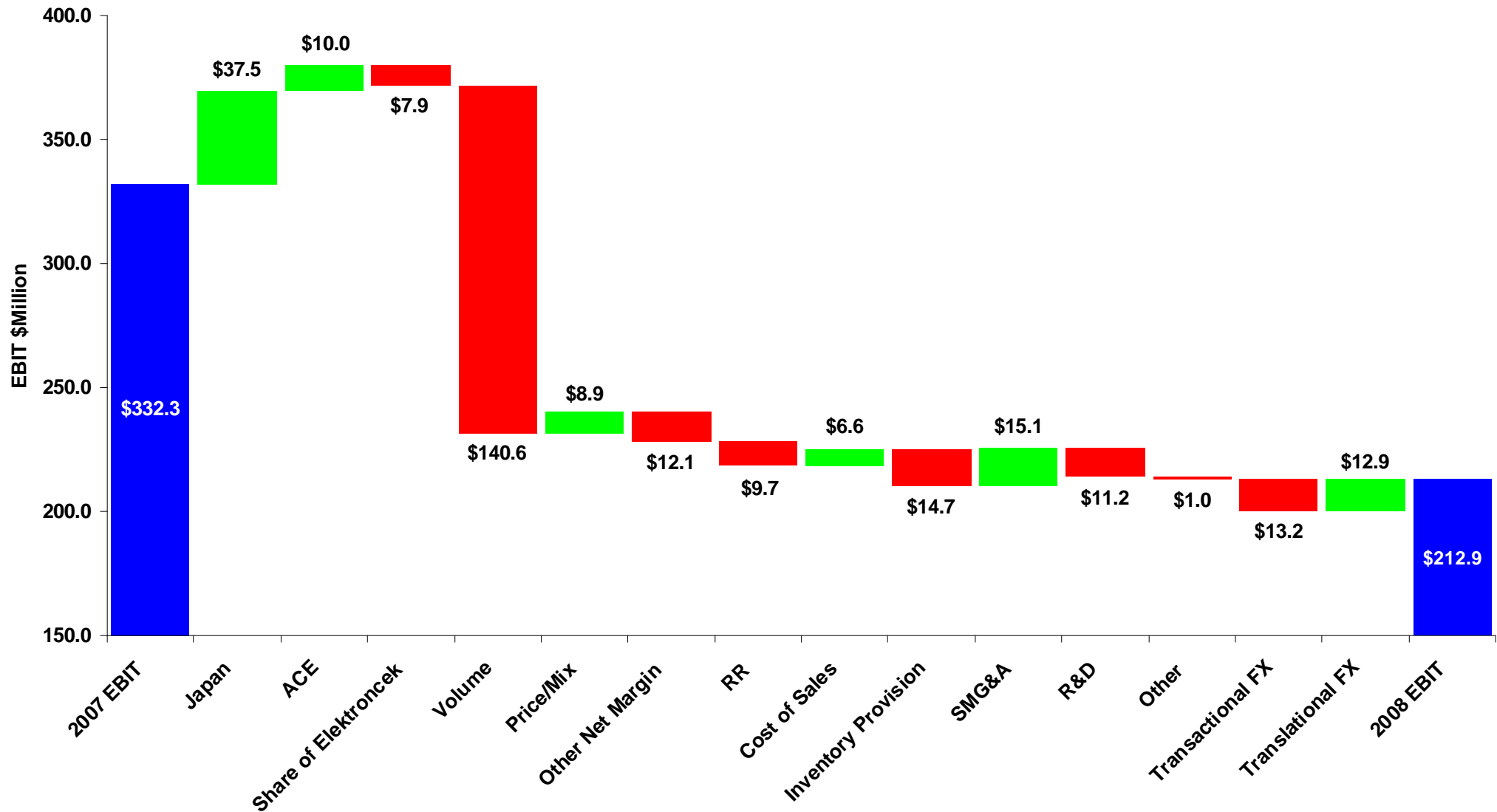
# Profit and Loss

	Normalised* 2008 \$Million (Dec Rate)**	Normalised* 2008 \$Million	Reported 2007 \$Million
<b>Total Revenue</b>	1,237.0	1,079.9	1,122.0
<b>Gross Margin</b>	51.9%	52.1%	58.0%
<b>SMG&amp;A</b>	262.2	238.4	238.7
<b>EBIT before R&amp;D</b>	385.8	330.1	436.5
<b>R&amp;D</b>	129.6	117.2	104.2
<b>Profit before Tax</b>	235.8	193.1	326.2
<b>Tax %</b>	27.0%	27.0%	24.0%
<b>Profit after Tax</b>	172.1	141.0	247.9
<b>Earnings Per Share (fully diluted)</b>	37.3c	30.5c	52.8c

\*2008 Actual has been normalised for Class Action settlement (\$57.4m), Profit from Property Sales (\$21.0m) and Asset Impairment (\$19.9m)

\*\*December 2008 rates: USD 69.28c; JPY 62.57

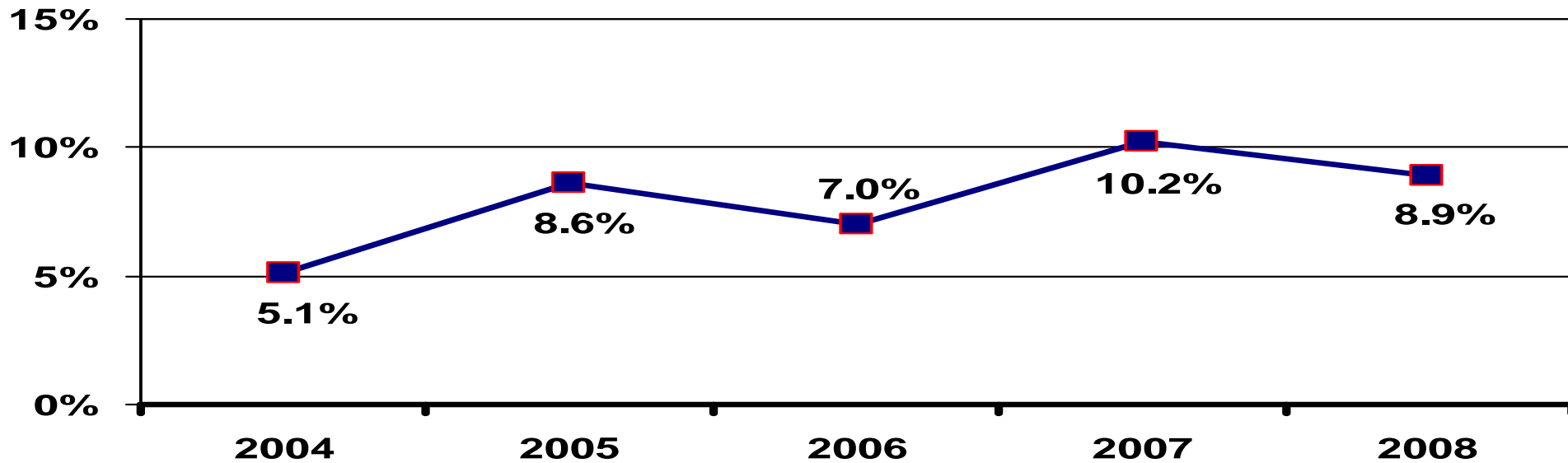
# FY 2008 vs FY 2007 Normalised EBIT



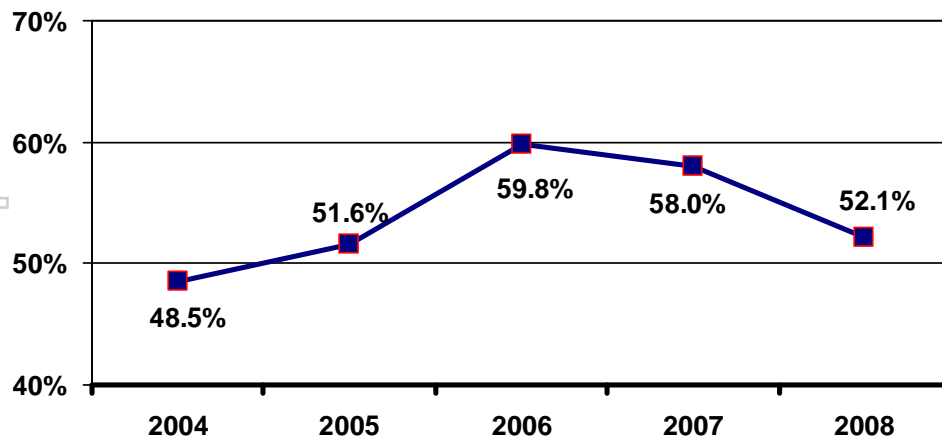
# 5 Year Trend Analysis

## WEIGHTED AVERAGE GLOBAL PRICING

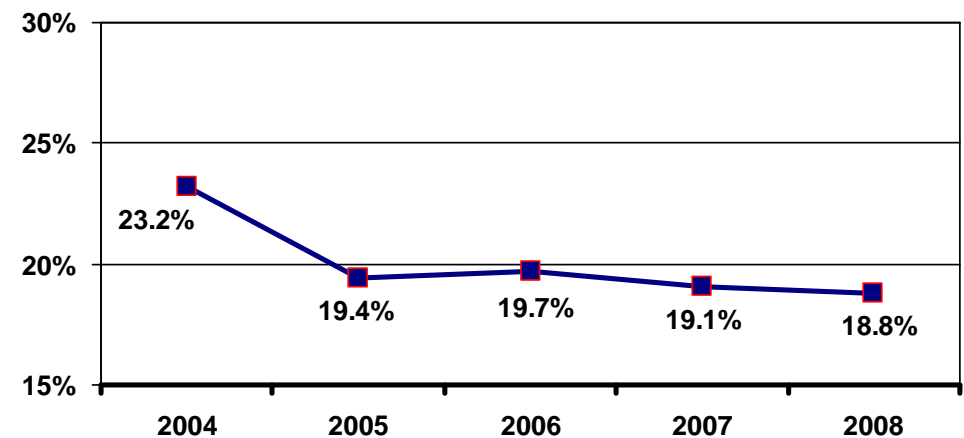
GROWTH <sup>(1) (2)</sup> - CAGR 8.7%



## GROSS MARGIN



## NET EXPENSES <sup>(3)</sup> / REVENUE



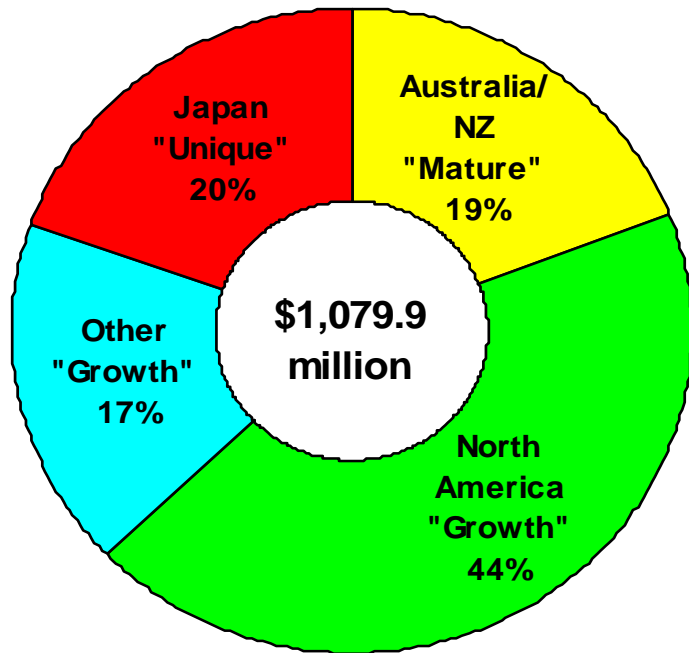
(1) Constant Currency - annualised

(2) Excludes Japan

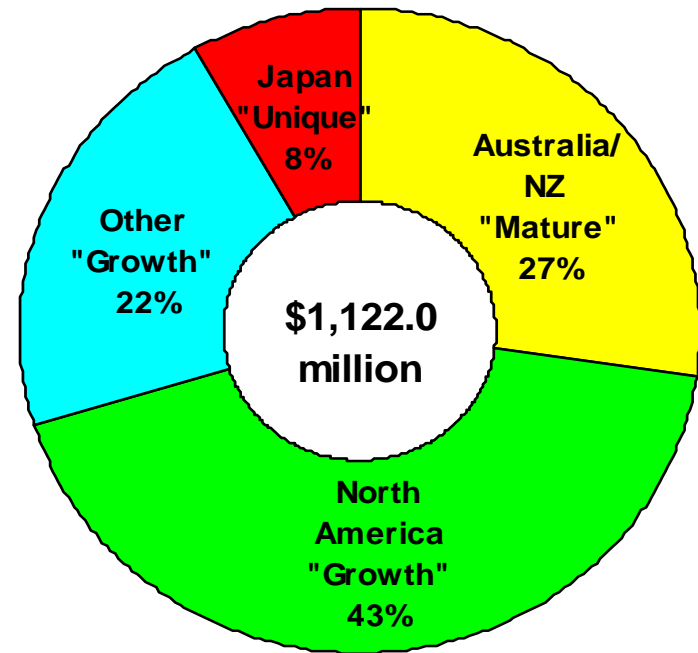
(3) Excludes R&D

# Segment Revenue Split

2008 Segment Revenue by region



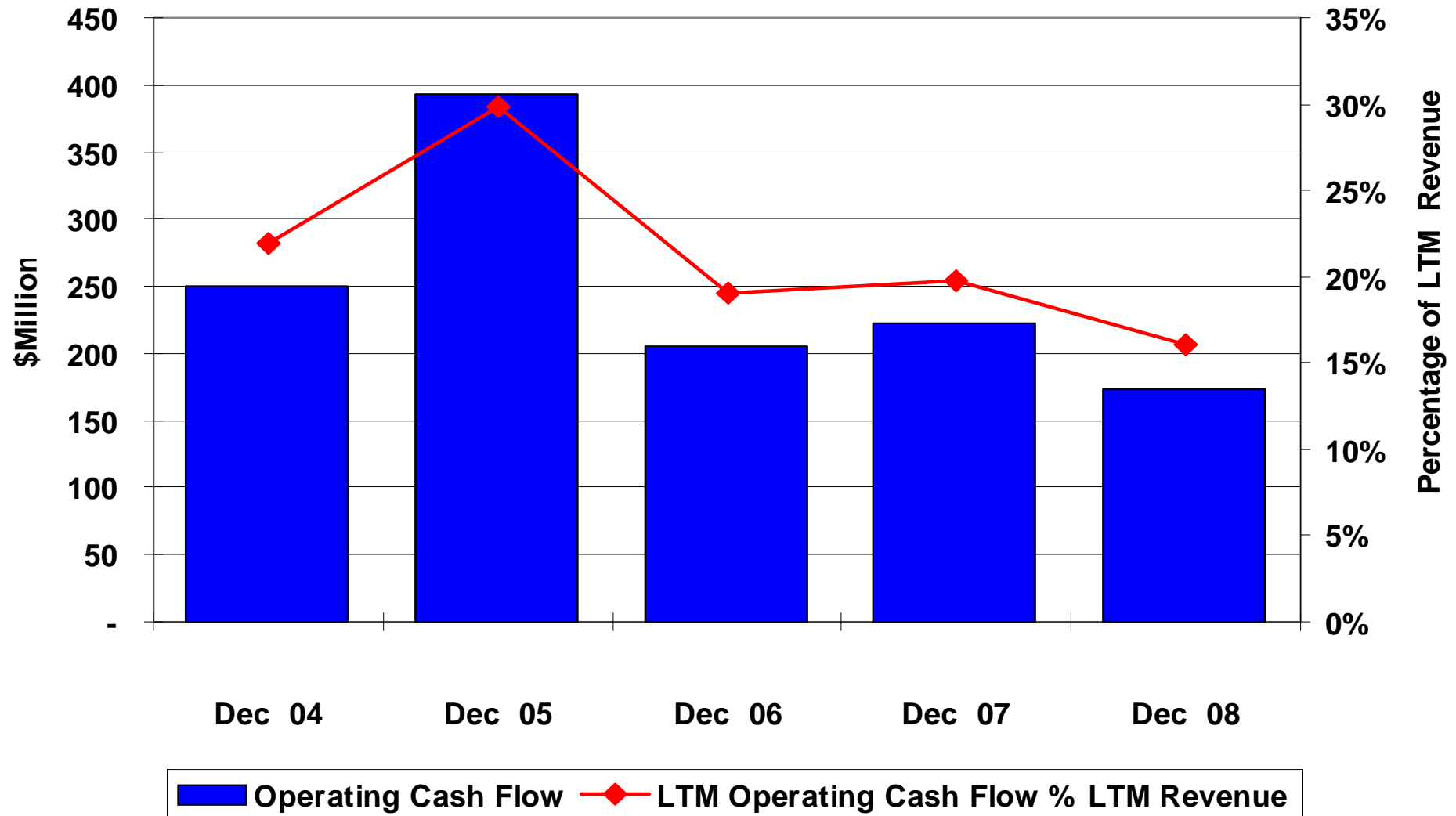
2007 Segment Revenue by region



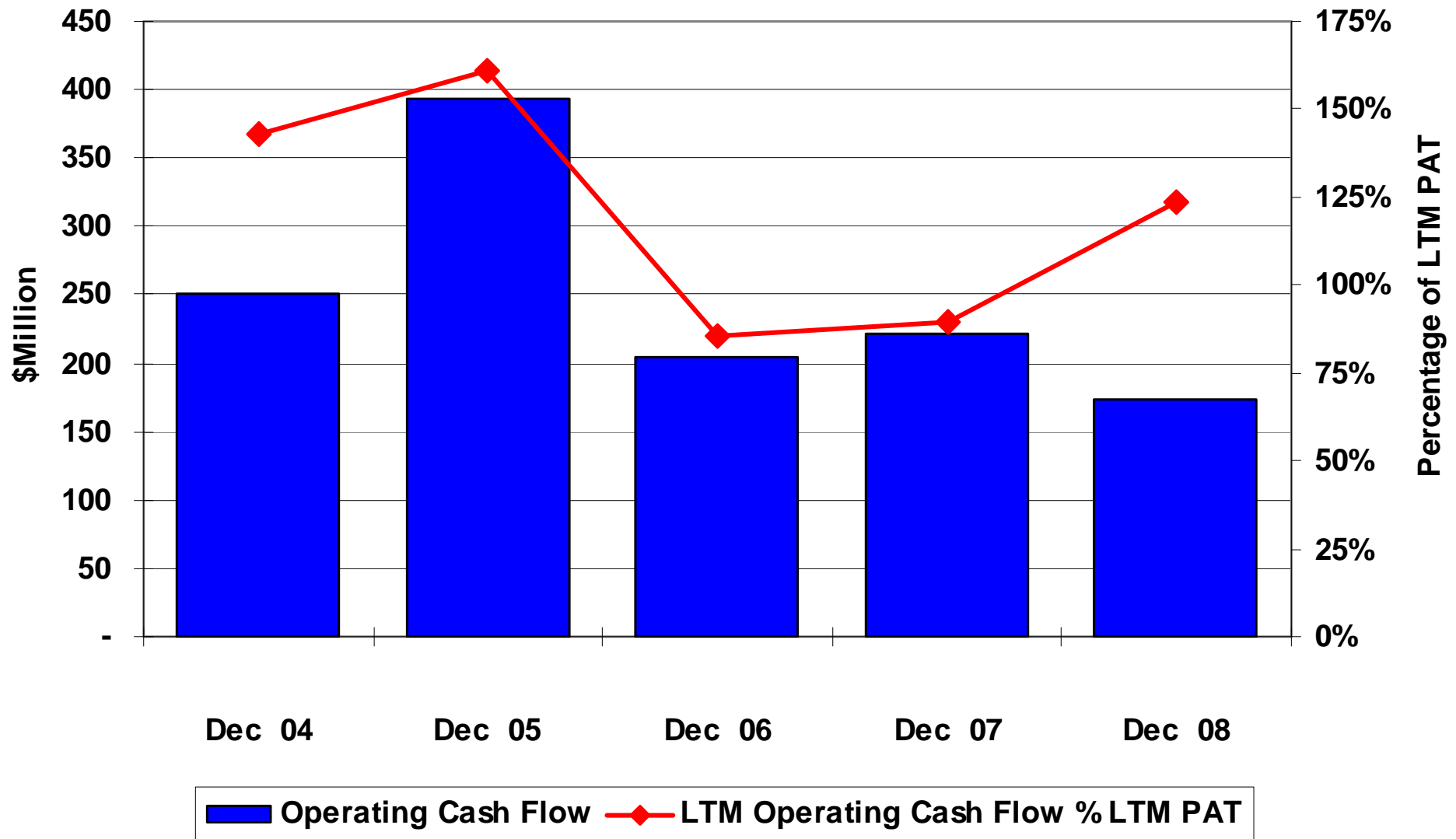
# Cash Flow

	2008 \$Million	2007 \$Million
<b>Net debt - opening balance</b>	<b>(111.8)</b>	<b>(40.8)</b>
<b>Operating cash flow</b>	173.8	222.2
<b>Investing cash flow</b>	(18.4)	(55.3)
	155.4	166.9
<b>Financing cash flow</b>	1.8	4.0
<b>Capital management initiatives</b>	(334.6)	(253.0)
<b>Movement in net debt</b>	(177.3)	(82.1)
<b>Effect of exchange rate changes on net debt</b>	(29.9)	11.1
<b>One-off - Class Action Settlement payment</b>	(57.4)	-
<b>Net debt - closing balance</b>	<b>(376.4)</b>	<b>(111.8)</b>

# Operating Cash Flow vs Revenue



# Operating Cash Flow vs PAT



# Capital Management

## Bank Facilities

- 364 day facilities rolled to February 2010
- Overall facilities reduced to A\$805 million debt and US\$100 million LC
- 3 year facility matures February 2011

## Capital Management

- On market buyback suspended
- Dividend payout ratio 50 – 70%
- Supplementary dividends suspended
- Underwritten DRP

Commitment to maintaining investment grade credit rating

# Key Financials and Ratios

	2008*	2007
	\$Million	\$Million
EBITDA	253.2	366.7
EBIT before R&D	330.1	436.5
EBIT	212.9	332.3
Working Capital/Revenue (%)	14.4%	12.1%
Operating Cash Flow	173.8	222.2
Operating Cash Flow/Revenue (%)	16.1%	19.8%
Operating Cash Flow/PAT (%)	123.3%	89.6%
Net Debt	376.4	111.8
Net Debt/EBITDA**	1.5X	0.3X
EBITDA/Interest Expense**	13.0X	29.0X
Return on Equity	73.3%	77.1%
Fully Diluted EPS	30.5c	52.8c
Fully Diluted Operating Cash Flow per Share	37.8c	47.4c

\* 2008 Actual has been normalised for Class Action settlement (\$57.4m), Profit from Property Sales (\$21.0m) and Asset Impairment (\$19.9m).

\*\* EBITDA represents Bank EBITDA which is inclusive of interest received.

# Segment Review

# Australia/New Zealand

At Constant Currency <sup>^</sup>	2008 \$Million	2007 \$Million	Variance %
Revenue	208.2	305.3	(31.8)%
Profit	60.8	119.0	(48.9)%
Margin %	29.2%	39.0%	(9.8) pts

<sup>^</sup> Adjusted for translational exchange rates using rates applying in 2007

## Australia

- Delayed launch of *Viridian™ Gen 7™*
- Continued deterioration in market conditions
- Hardware sales down 44%, conversions up 29%
- Share of installed base static at 67%
- Aristocrat hardware replacement cycle – annualised 35 years
- Performance and average pricing improvements driven by *Viridian™ Gen 7™*
- Successful launch of licencing model

## New Zealand

- Restrictive regulatory environment, continued decline in gaming venues

# North America

At Constant Currency <sup>^</sup>	2008 \$Million	2007 \$Million	Variance %
Revenue	456.7	483.6	(5.6)%
Profit	181.4	203.9	(11.0)%
Margin %	39.7%	42.2%	(2.5) pts

<sup>^</sup> Adjusted for translational exchange rates using rates applying in 2007

- Delayed approval of *Viridian*<sup>™</sup> *Gen 7*<sup>™</sup>
- Worsening economic conditions
- Replacement cycle at historic low – implied c18.5 years
- Unit sales fell 21.5%, software increased 36%
- Average price growth of 8.4%
- Growth in recurring revenue installed base, average increased 10%
- Recurring revenue down to USD37/day – lower operator revenue, jackpot vs non-jackpot mix
- Q4 share returned to 2007 levels
- Record systems revenue – competitiveness and share maintained

# Japan

At Constant Currency <sup>^</sup>	2008 \$Million	2007 \$Million	Variance %
Revenue	174.8	91.2	+91.7%
Profit	43.4	5.9	+635.6%
Margin %	24.8%	6.5%	+18.3 pts

<sup>^</sup> Adjusted for translational exchange rates using rates applying in 2007

- Overall size of pachislot market and demand continues to decline
- Operator focus on major titles – price competitiveness
- Record share of annual sales, c6% - 7%
- 57,473 units sold vs 29,843 in 2007 - 5 games released
- Maintained Yen gross margin/unit
- Margin improvement driven by fixed cost leverage and lack of significant inventory provisioning
- 2 further games approved, 6 in development/regulatory approval process

# Consolidated Other Markets

At Constant Currency <sup>^</sup>	2008 \$Million	2007 \$Million	Variance %
Revenue	214.7	280.4	(23.4)%
Profit	57.0	87.3	(34.7)%
Margin %	26.5%	31.1%	(4.6) pts

<sup>^</sup> Adjusted for translational exchange rates using rates applying in 2007

- Macau results impacted by timing of venue openings/machine overhang
- Europe affected by delayed game approvals and economic environment
- European release of *Viridian™ Gen 7™* - average prices up 28%
- Sales growth in South Africa (+9%) and South America (+75%)
- Stable/growing regional market positions maintained
- Elektroncek results impacted by timing of venue openings and poor economic environment
- Initial revenues earned from ACE business

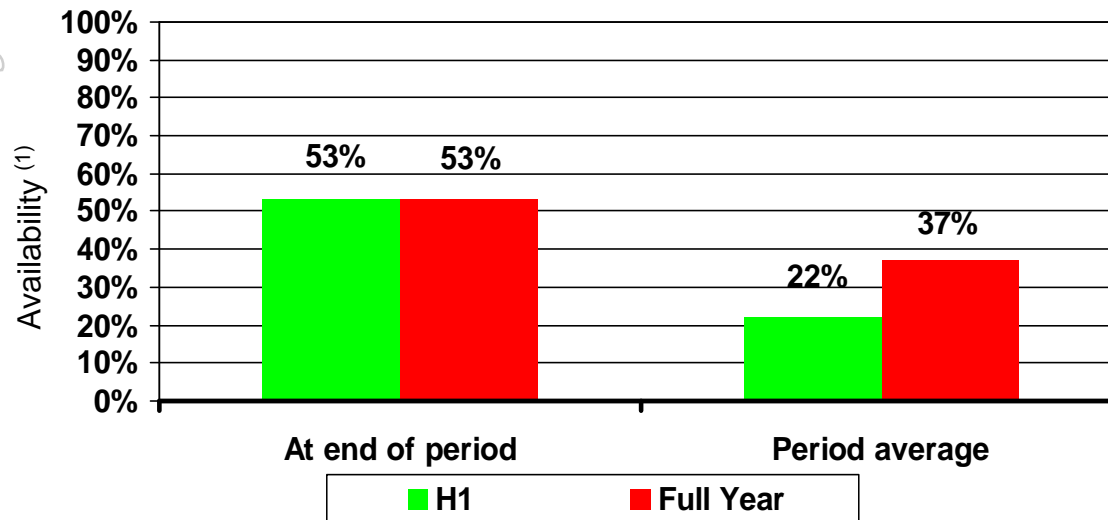
# **Paul Kitchen**

## **Group General Manager**

### **Marketing**

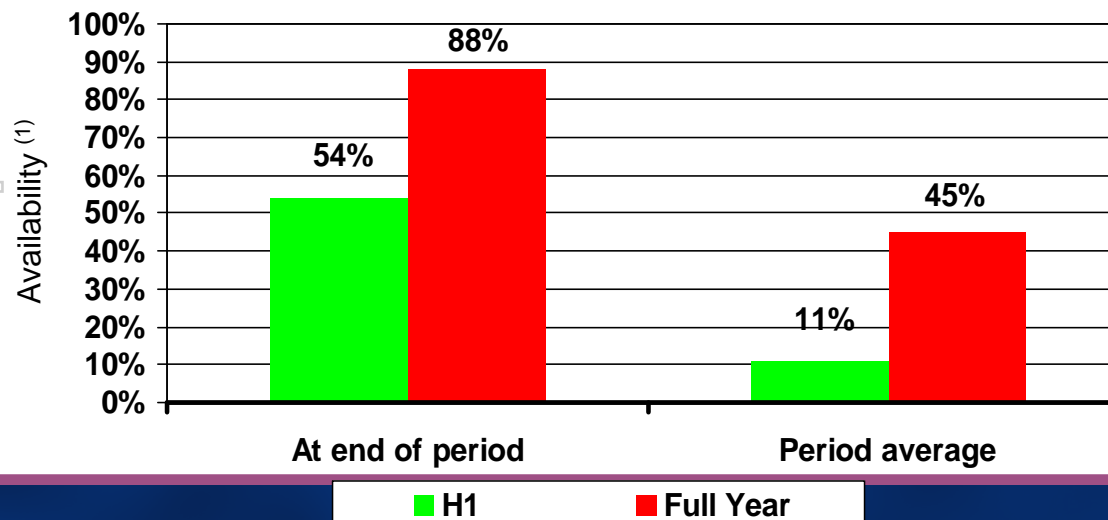
# Viridian™ Gen7™ Platform Availability

## AUSTRALIA



- Improved availability of Viridian cabinet in North America during the 2<sup>nd</sup> half of 2008

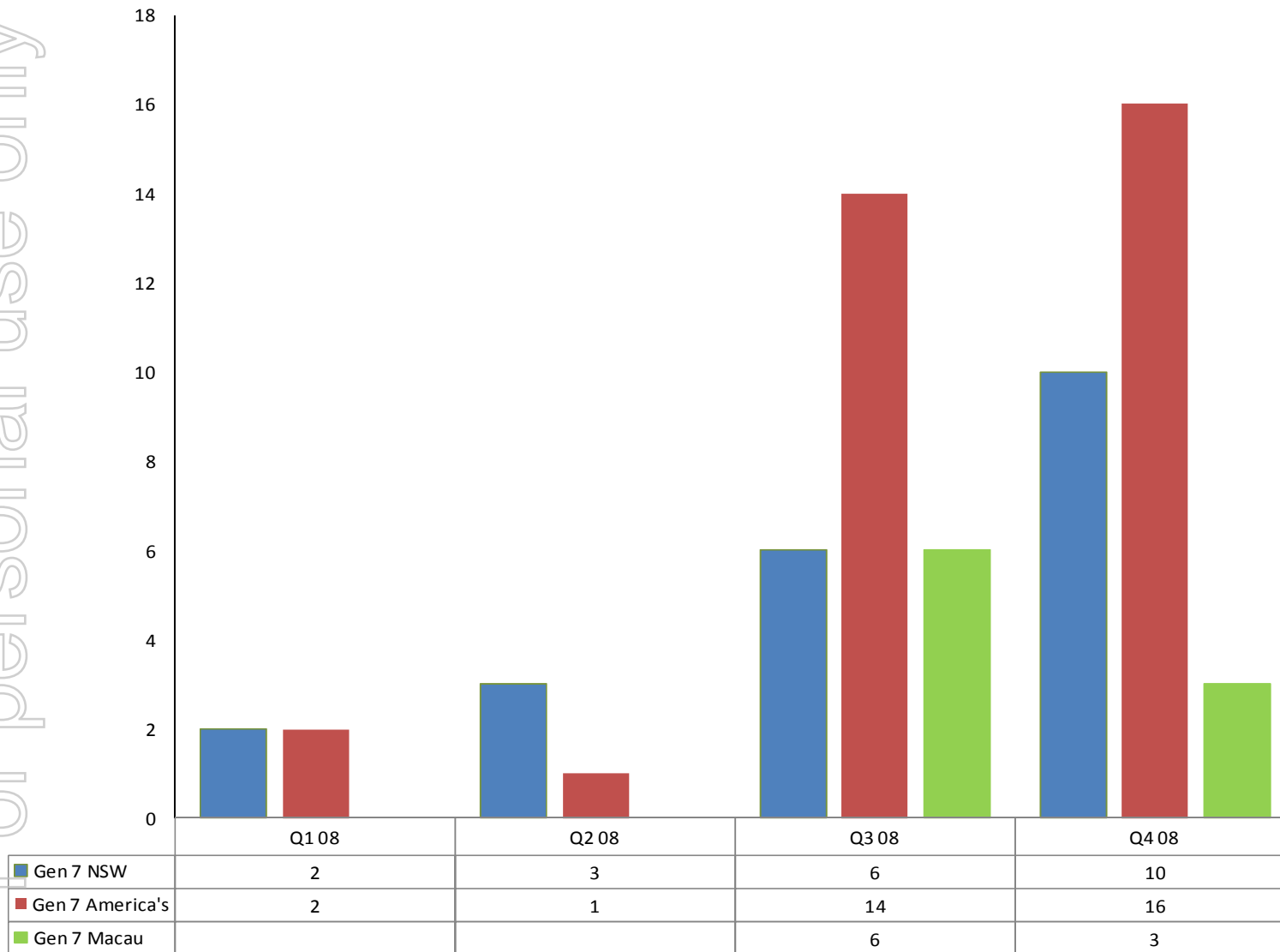
## NORTH AMERICA



Current units in the field

- USA > 6,000
- Australia > 2,000

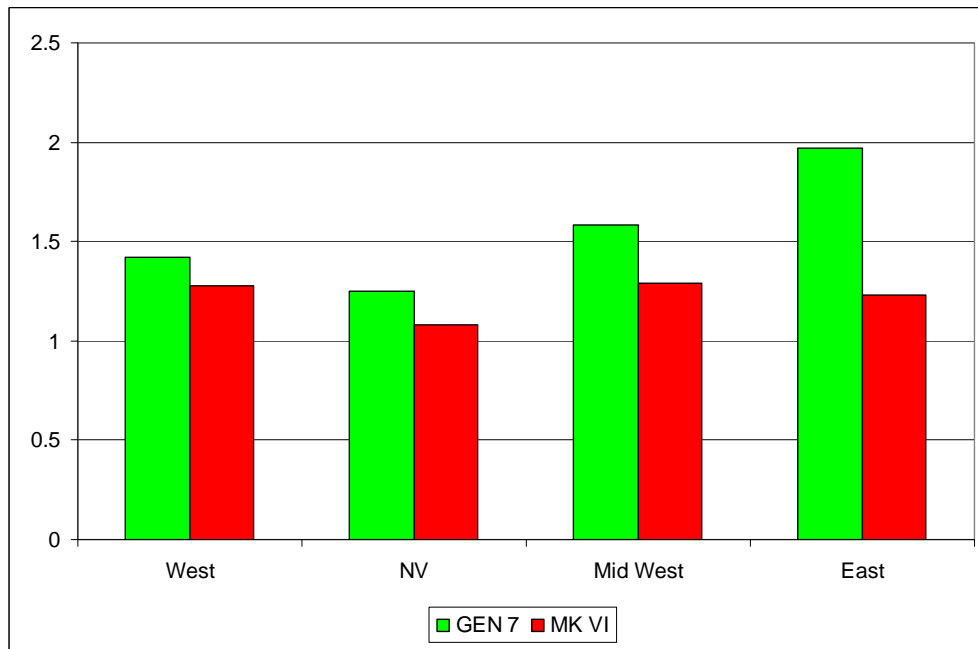
# Gen7™ Quarterly Game Approvals



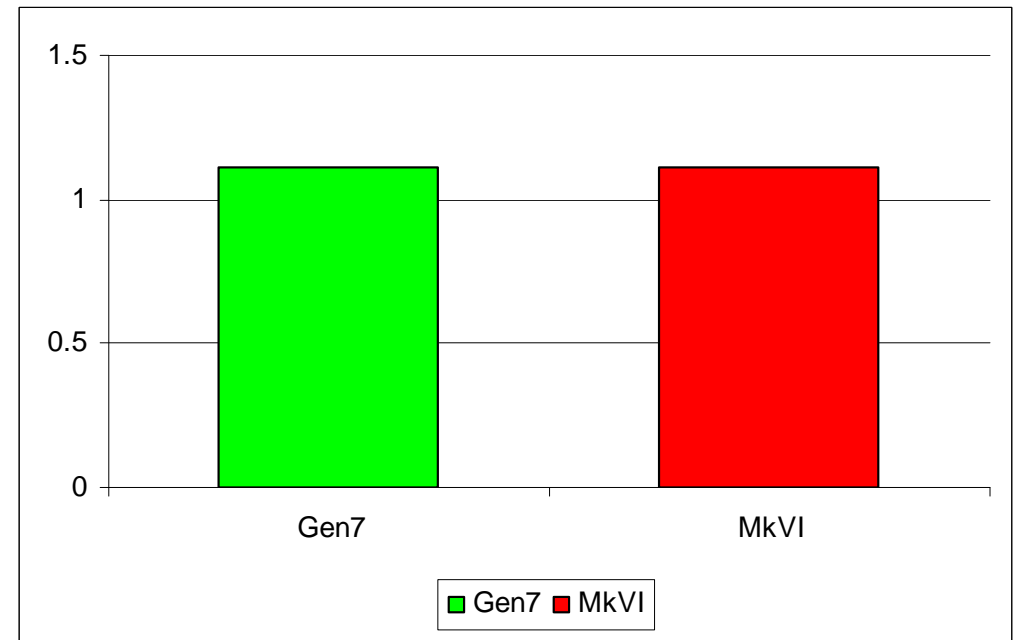
- Native games approvals lifted during Q3 and Q4 which also results in more new games for sale from start of 2009

# Viridian™ Gen7™ Performance

## North America



## Australia



- In North America, Viridian games are outperforming the older platform games and delivering up to nearly two times floor average, while in Australia they are holding at similar levels to MkVI

# Game Releases



Aus / USA  
Jaws; Hit the Heights



USA Only  
Viridian RFX Stepper; Sopranos Video; Mega Millioniser



**Jamie Odell**  
**Chief Executive Officer and**  
**Managing Director Elect**

# Questions