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# Aristocrat Leisure Limited

Results Presentation  
Full Year to 31 December 2010



24 February 2011

ARISTOCRAT

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# Agenda

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|---------------------------------------|---------------|
| 1. Financial results summary          | Jamie Odell   |
| 2. Detailed 2010 review, 2011 outlook | Jamie Odell   |
| 3. Group results                      | Toni Korsanos |
| 4. Concluding comments                | Jamie Odell   |
| 5. Questions                          |               |



# Financial Results - Summary

\$ million	FY2010	FY 2009	Change %	Constant currency FY 2010 <sup>2</sup>	Change %
Revenue	684.6	908.6	▼ 24.7	760.0	▼ 16.4
Operating profit after tax and non-controlling interest <sup>1</sup>	54.6	116.4	▼ 53.1	66.0	▼ 43.3
Net abnormal items after tax	22.6	(274.3)	▲ 108.2	22.7	▲ 108.3
Net profit/(loss) after tax and non-controlling interest	77.2	(157.8)	▲ 148.9	88.7	▲ 156.2
Operating cash flow <sup>1</sup>	73.6	157.8	▼ 53.4	86.6	▼ 45.1
Closing net debt	285.8	75.3	▲ 279.5	290.7	▲ 286.1

Notes:

1 Normalised for the net impact of abnormal and one-off items that are not representative of the underlying operational performance of the Group.

2 Full year 2010 result adjusted for translational exchange rates using rates applying in 2009.

# Financial Results - Summary

- A challenging year - weak economic conditions, 18 months into 5 year turnaround
- Operational performance mixed, reflecting availability of new product
- Accelerated implementation of strategy and step-change in competitiveness of product portfolio across key markets
- Early signs of improvements in North America
- Australia and Japan product pipelines steadily building
- Business positioned to lift top line performance through 2011 and 2012

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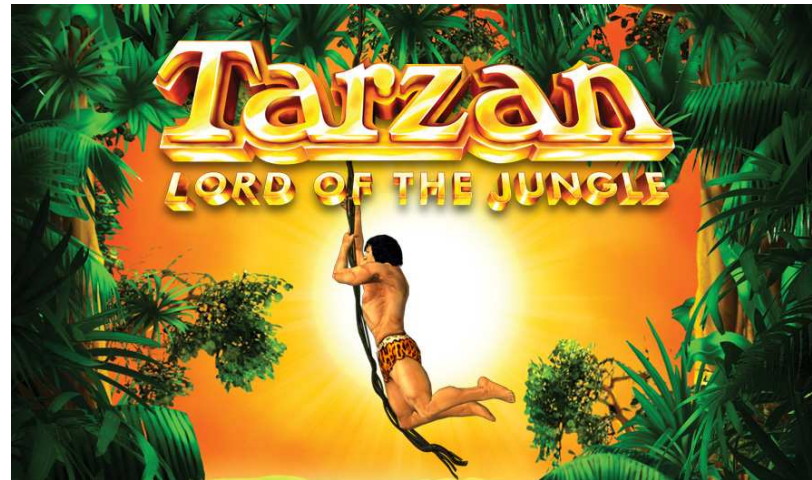
# North America Results

	Unit	FY2010	Change (%)	
Revenue	US\$m	296.8	▼	7.9
Profit	US\$m	116.1	▼	7.0
Margin	%	39.1	▲	0.4pts
Volume				
- Platforms	Units	7,662	▼	7.3
- Conversions	Units	7,114	▼	7.9
Price				
-Av. sell price	US\$/unit	15,054	▲	2.6
Gaming operations				
- Install base	Units	5,670	▼	11.5
- Av. fee per day	US\$	38.53	▼	8.5
Estimated overall market size				
- New and replacement	Units	61,000	▼	12.0

- Share gain year on year in declining market
- Gaming operations footprint declined reflective of ageing installed base pending new game releases
- New systems modules delivering added functionality to be released from H2 2011

# G2E 2010 Overview

- Step-change in the competitiveness of North American product portfolio
- First outputs of new product development capability and focus, in line with our strategy
- Early evidence of stronger performance in new games (fee per day, average selling price)
- More releases coming on stream in 2011





# North America - 2011 Outlook

- Improved performance, despite expected flat market. Performance heavily weighted to H2
- Aristocrat to maintain shipshare in outright sales and improve margins from move to widescreen
- Gaming operations performance to improve with more competitive games: fee per day, footprint and value share to lift with building momentum over 2011
- Systems revenues to increase with new *Oasis™* modules delivering added functionality
- North America well positioned to compete aggressively through 2011 and beyond, and achieve sustainable growth through more compelling product
- Release of the widescreen stepper product in H2

# Australia Results

	Units	2010	change (%)	
Revenue	A\$m	137.6	▼	33.8
Profit	A\$m	23.3	▼	68.3
Margin	%	16.9	▼	18.4 pts
Volume				
- Platforms	Units	3,737	▼	29.4
- Conversions	Units	8,949	▼	23.1
Price				
- Av. sell price	A\$/unit	15,848	▼	7.9

- Poor performance relating to legacy portfolio
- Year of rebasing for future growth – more diverse product portfolio in 2011
- New product tailored specifically to Australian market

# Australia - 2011 Outlook

- No material change in overall demand expected
- Aristocrat to improve shipshare and margins due to a broader product portfolio tailored for Australian market
- Top line momentum and share growth to build from Q2 2011
- Australia positioned to recover through 2011 through a stronger and more competitive product offering

# Japan Results

	Units	2010	Change (%)	
Revenue	¥m	3,850.5	▼	54.7
Profit	¥m	462.3	▼	69.4
Margin	%	12.0	▼	5.8 pts
Volume				
- Games	Units	14,277	▼	52.0
Price				
- Av. sell price	¥ / unit	266,482	▼	5.9

- Improved pachislot market led to more intense competition
- Legacy product was uncompetitive
- New licences supported by new technology and cabinet developed for 2011



# Japan - 2011 Outlook

- All game releases to feature licensed content, bigger and better game releases
- New cabinet and technology launching in H2 to further improve competitiveness
- Unit sales to lift and stabilise, stronger product releases and continued cost containment
- Performance heavily weighted to H2 due to timing of key game releases
- Significant upside in getting Japan right. Steady progress being made but will require full five year turnaround window to achieve sustainable value growth

# Rest of World Results

	Unit	FY 2010 <sup>1</sup>	Change (%)	
Revenue	A\$m	199.1	▲	5.3
Profit	A\$m	64.3	▲	13.6
Margin	%	32.3	▲	2.4 pts
Volume				
- Platforms	Units	7,239	▲	18.2

*Note 1: Constant currency*

- Strong performance in Asia Pacific, Europe and Latin America offset by weak result in New Zealand and South Africa
- Achieved highest floor share in Singapore casinos and strong sales in Macau
- Share growth in Asia and Europe and maintained share elsewhere
- Aristocrat Lotteries approved in Italy and roll out commenced

# Asia Pacific Overview

- Market leading share of new openings in Singapore and leader position in Macau growing
- Game performance extremely strong and sustained
- Success built on high game quality, tailored to needs of local operators and players



# Rest of World - Results

- Europe revenues improved and profits increased significantly
- Aristocrat Lotteries, entered Italian market, beginning rollout against Cogetech contract with impressive early game performance
- South Africa revenues and profit declined, reflecting depressed economic conditions
- Latin America revenues grew strongly in H2 2010, but profits flat due to cost of expansion into Mexico and unfavourable mix shift
- New Zealand cycled over one-off impact of regulatory reform, with revenue and profit down significantly



# Rest of World - 2011 Outlook

- Holding share across markets, overall demand expected to be flat
- Net revenues to fall somewhat due to fewer Asia Pacific openings
- Europe and South Africa expected to be flat, revenues to improve in Latin America and New Zealand due to stronger product releases
- Aristocrat Lotteries business to benefit from rollout of Cogetech contract
- Emerging business team actively pursuing potential value streams including global VLT markets and licensing game IP

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# Profit & Loss

\$ million	Units	FY2010	FY 2009	Change %	Constant currency FY 2010 <sup>2</sup>	Change %
Revenue	A\$m	684.6	908.6	▼ 24.7	760.0	▼ 16.4
Total segment profit	A\$m	211.8	303.9	▼ 30.3	239.0	▼ 21.4
Segment profit margin	%	30.9	33.4	▼ 2.5pts	31.4	▼ 2.0pts
EBIT (before D&D)	A\$m	194.5	283.3	▼ 31.3	217.2	▼ 23.3
D&D	A\$m	109.8	113.4	▼ 3.2	117.6	▲ 3.7
EBIT (after D&D)	A\$m	84.7	169.9	▼ 50.1	99.6	▼ 41.4
Operating profit after tax and non-controlling interest	A\$m	54.6	116.4	▼ 53.1	66.0	▼ 43.3
EPS (fully diluted)	cps	10.3	23.0	▼ 55.2	12.4	▼ 46.1

Notes:

1 Normalised for the net impact of abnormal and one-off items that are not representative of the underlying operational performance of the Group.

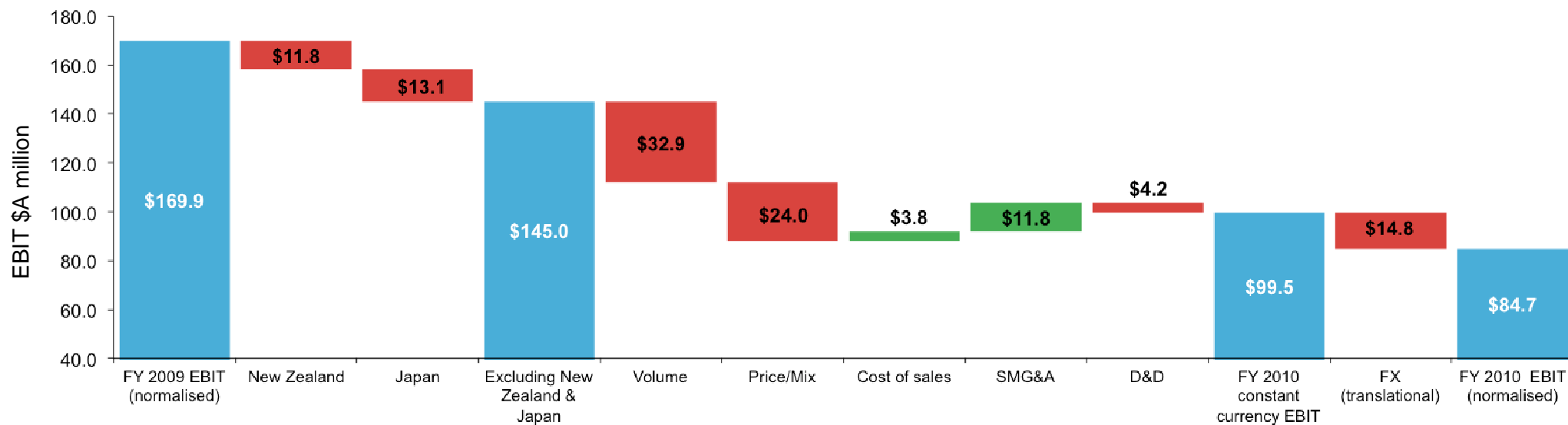
2 Full year 2010 result adjusted for translational exchange rates using rates applying in 2009.

# Abnormals

\$ million	FY2010	
	Before tax	After tax
Convertible bonds settlement	35.8	22.1
Profit on disposal of investment in Elektronček	12.7	12.7
Impairment of gaming operation assets	(12.5)	(8.1)
Restructuring costs	(6.1)	(4.1)
Net abnormal profit	29.9	22.6



# EBIT Bridge



# Capital Management

- Continued strong cash flow generation
- Commitment to reducing gearing levels and related interest costs
- Final dividend declared 1.5 cents per share
- The dividend will be funded by fully underwritten DRP with a 2.5% discount

	Unit	FY 2010	FY 2009	Change
Operating cash flow <sup>1</sup>	A\$m	73.6	157.8	▼ 84.2
Operating cash flow / profit after tax <sup>1</sup>	%	134.8	135.6	▼ 0.8pts
Net debt	A\$m	285.8	75.3	▲ 210.5
Debt / EBITDA	x	2.5	0.7	▲ 1.8
Interest cover	x	9.0	12.6	▼ 3.6
Cash flow per share <sup>1</sup> (fully diluted)	cps	13.9	31.2	▼ 17.3
Dividends	cps	5.0	4.5	▲ 0.5

Notes:

<sup>1</sup> Normalised for the net impact of abnormal and one-off items that are not representative of the underlying operational performance of the Group.

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# Outlook Summary – Full Year

- Global market conditions remain subdued
- More and better product to drive performance improvements in all key markets
- Group operational performance significantly ahead of pcg reflecting higher segment profitability and increasing D&D efficiency
- Higher funding costs year on year however net debt trending down
- Translational FX will remain a headwind at current levels



# Outlook Summary - H1 2011

- H1 2011 EBIT expected to be lower than pcip due to fewer new openings in Asia Pacific region and expected higher translational FX impacts at current levels
- Other challenges include higher interest costs and a higher effective tax rate
- New gaming operations product releases achieving higher fee per day in North America
- Costs controlled and D&D efficiency improved, with savings reinvested in line with strategy
- New products achieving improved average selling price in Australia, and average selling price / fee per day in North America, compared to legacy product

# Outlook Summary – H2 2011

- Fully stocked pipelines in all key markets
- North America uplift in gaming operations installed base and fee per day. New products achieving higher fee per day than legacy
- Growth in Australian outright sales at higher average selling price delivering EBIT margin improvement compared to pcp. Shipshare stabilised in mid-thirties.
- Japan 25,000 unit sales target supported by release of two key licensed games in H2

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# Supplementary materials

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# Detailed P&L

A\$ million (unless otherwise stated)	FY 2010 <sup>1</sup>	FY 2009 <sup>1</sup>	Change (%)	Constant currency 2010 <sup>1</sup>	Change (%)
Revenue	684.6	908.6	(24.7)%	760.0	(16.4)%
Gross margin	370.7	495.1	(25.1)%	404.7	(18.3)%
Gross margin	54.1%	54.5%	0.4pts	53.3%	(1.2)pts
EBIT (pre D&D)	194.5	283.3	(31.3)%	217.2	(23.3)%
D&D	(109.8)	(113.4)	3.2%	(117.6)	(3.7)%
EBIT	84.7	169.9	(50.1)%	99.6	(41.4)%
Interest	(13.5)	(13.9)	2.9%	(13.5)	2.9%
Tax	(16.0)	(39.1)	59.1%	(19.5)	50.1%
Operating profit after tax and non-controlling interest	54.6	116.4	(53.1)%	66.0	(43.3)%
EPS (fully diluted)	10.3c	23.0c	(55.2)%	12.4c	(46.1)%

<sup>1</sup> Normalised for the net impact of abnormal and one-off items that are not representative of the underlying operational performance of the Group



# North America

	Unit	FY 2010	FY 2009	Change	
Revenue	US\$m	296.8	322.4	(25.6)	(7.9)%
Profit	US\$m	116.1	124.9	(8.8)	(7.0)%
Margin	%	39.1	38.7	-	0.4 pts
Revenue	A\$m	323.1	405.6	(82.5)	(20.3)%
Profit	A\$m	126.7	156.2	(29.5)	(18.9)%
Margin	%	39.2	38.5	-	0.7 pts
Volume					
- Platforms	Units	7,662	8,262	(600)	(7.3)%
- Conversions	Units	7,114	7,723	(609)	(7.9)%
Price					
- Av. selling price	US\$ / unit	15,054	14,675	379	2.6%
Gaming operations					
- Install base	Units	5,670	6,409	(739)	(11.5)%
- Av. fee per day	US\$ / day	38.53	42.12	(3.59)	(8.5)%

# Australia

	Unit	FY 2010	FY 2009	Change	
Revenue	A\$m	137.6	207.8	(70.2)	(33.8)%
Profit	A\$m	23.3	73.4	(50.1)	(68.3)%
Margin	%	16.9	35.3	-	(18.4) pts
Volume					
- Platforms	Units	3,737	5,292	(1,555)	(29.4)%
- Conversions	Units	8,949	11,636	(2,687)	(23.1)%
Price					
- Av. selling price	A\$ / unit	15,848	17,214	(1,366)	(7.9)%

# Japan

	Unit	FY 2010	FY 2009	Change	
Revenue	¥m	3,850.5	8,493.5	(4,643.0)	(54.7)%
Profit	¥m	462.3	1,511.3	(1,049.0)	(69.4)%
Margin	%	12.0	17.8	-	(5.8) pts
Revenue	A\$m	48.5	106.1	(57.6)	(54.3)%
Profit	A\$m	6.0	17.7	(11.7)	(66.1)%
Margin	%	12.4	16.7	-	(4.3) pts
Volume					
- Games	Units	14,277	29,760	(15,483)	(52.0)%
Price					
- Av. selling price	¥ / unit	266,482	283,187	(16,705)	(5.9)%