



## ARISTOCRAT ANNOUNCES HALF YEAR RESULTS AND TRANSFORMATION PROGRAM

Sydney, 25 August 2009

Aristocrat Leisure Limited (ASX: ALL) today announced its half year results and a major transformation strategy for the Group worldwide to produce sustainable, long term growth for the business.

### Results

Aristocrat confirmed earlier guidance of an operating profit after tax (pre-abnormals) of \$44.2 million, with revenue of \$441.7 million, for the half year ended 30 June 2009.

Aristocrat posted a net loss (post tax and abnormals) of \$33.1 million for the period, largely due to a non-cash writedown of \$79.9 million against the Group's investments and associated inventories in its multi-terminal gaming businesses, PokerTek and Elektronček.

During the period, Aristocrat's North American operations suffered from difficult economic and gaming market conditions. Revenue declined 9.7% to US\$164.8 million and profit fell 16.2% to US\$62.0 million. However, the Group slightly improved its share of sales and is positioned well for the second half, with scheduled game releases and an increasing participation installed base.

The Group posted an 11.1 percent fall in profit contribution in Australia to \$22.4 million amid difficult market conditions, however, the *VIRIDIAN™* cabinet and *GEN7™* platform have now been launched into the Queensland market and the new licensing model into New South Wales and Queensland has achieved good penetration.

Aristocrat's Japan division posted a loss of Yen 341.8 million (A\$5.3 million), compared with profit of Yen 2,608.2 million (A\$26.6 million) in the previous corresponding half. While economic conditions in Japan remain challenging, the planned launch of a major new licensed title in the second half is expected to deliver benefits.

Outside major markets, results for the half were mixed with poor economic conditions impacting demand as operators deferred capital expenditure. However, regulatory changes in response to new responsible gaming initiatives provided an opportunity in New Zealand, with revenue and profit increasing 113.0% and 209.5% respectively (in local currency terms) versus the prior corresponding period.

Operating cash flow for the period increased strongly to \$74.7 million, representing 169.0% of profit after tax for the half. Aristocrat continues to take a prudent approach to balance sheet management. Following a successful \$236.7 million capital raising in April, debt coverage ratios and debt levels have been maintained at conservative levels and well within those expected at the BBB- investment grade credit rating. At period end, the Group's net debt had reduced to \$111.5 million from \$376.4 million at 31 December 2008.

Chief Executive Officer and Managing Director of Aristocrat, Mr Jamie Odell, said "We are disappointed with the results amid challenging global conditions. Operators continue to be cautious in terms of capital spending and new venue openings slowed markedly. However, we have maintained our pricing, cash flows and conservative debt levels while controlling costs.

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“Our games pipeline for the second half is robust and we are confident in our ability to deliver high performing game content in all of our major markets, subject to regulatory approvals”, he added.

### **Transformation Program**

Mr Odell also announced a major transformation strategy following a rigorous four month worldwide review of operations.

“Today we are announcing a comprehensive plan to reduce our earnings volatility and deliver sustainable value growth over the next 3 – 5 years”, said Mr Odell. “We will home in on the few game-changing opportunities that will make us successful. This means a resolute focus on our major markets of North America, Australia and Japan.

“Doubling our share of the participation gaming market in North America over the next five years is our first priority. We will also grow our US systems and stepper businesses. We will increase our investment in US specific game development and make better use of leading edge technologies to add value to our portfolio” said Mr Odell.

“More of our management team will be based in North America, reflecting our determination to become more genuinely embedded in the region as a local business delivering tailored solutions to North American customers” Mr Odell added.

“In Australia, closing the gap between ship share and our installed base is also key. We are committed to the Australian market for the long term, but must become more responsive to customer feedback. We will increase investment in dedicated game content for the Australian market, and promote innovative licensing options along with a more customer focused sales model” said Mr Odell.

“Better managing volatility in Japan is a third core objective. We are aiming to consistently achieve a minimum of 2 licensed game releases and over 50,000 unit sales per annum in Japan over the longer term. We will implement strategies to optimise our game approval slots and make greater use of licensed characters, while improving core processes and building management capability.

“Also vital will be building a world-class product development capability, improving our speed to market, and ensuring we deliver the best games and systems on a market by market basis” said Mr Odell.

A thorough cost alignment program will extract savings through rightsizing, appropriate outsourcing, supply chain optimisation and exiting low margin jurisdictions.

“Outside major markets, we will pursue high value opportunities deliberately and with focus. We expect to exit around thirty low margin jurisdictions over the coming months. One size no longer fits all.

“I’m confident that we’ve identified the issues that will make a real difference and drive sustainable improvement in our performance. This strategy is about fixing business fundamentals with the aid of a clear plan with appropriate milestones, oversight and accountability” said Mr Odell.

Mr Odell concluded “What matters now is executing our plans and turning around performance. We are determined to build our credibility through results, and are energized by the challenge”.

## Interim Dividend

The Directors have determined to pay a fully franked interim dividend of 4.5 cents per share for the half year ended 30 June 2009. This dividend represents a payout ratio of 54.3 percent of normalised earnings and will be payable on 29 September 2009. The record date will be 5.00 pm on 8 September 2009.

The Company's Dividend Reinvestment Plan ("DRP") will remain active in respect of this dividend (for shareholders resident in Australia and New Zealand), with DRP participants to be issued Aristocrat shares which will rank equally with existing shares on issue. No discount will apply in determining the DRP issue price. The DRP terms can be found in the Investor Information Section of the Company's website ([www.aristocratgaming.com/dividend.aspx](http://www.aristocratgaming.com/dividend.aspx)).

Any shareholder who wishes to participate in the DRP or to change their current participation in the DRP must lodge an application or variation notice on or before 5.00 pm on 8 September 2009 to the Company's share registry Registries Limited.

## Summary Results

	H1 2009 \$ Million Constant Currency <sup>^</sup>	H1 2009 \$ Million	H1 2008 \$ Million	Constant Currency <sup>^</sup> Variance vs H1 2008	Actual Variance vs H1 2008
<b>Normalised Results</b>					
<b>Total Revenue from Ordinary Activities</b>	374.4	441.7	466.3	(19.7)%	(5.3)%
<b>Earnings before Interest and Tax</b>	57.7	69.6	102.7	(43.8)%	(32.2)%
<b>Profit after Tax and Minority Interest</b>	35.2	44.0	70.4	(50.0)%	(37.5)%
<b>Fully Diluted Earnings per Share</b>	7.3c	9.1c	15.2c	(52.0)%	(40.1)%
<b>Interim Dividend per Share</b>	4.5c	4.5c	14.0c	(67.9)%	(67.9)%
<b>Reported Results</b>					
<b>(Loss) / Profit after Tax</b>	(41.9)	(33.1)	71.4	(158.7)%	(146.4)%
<b>Balance Sheet / Cashflow</b>					
<b>Operating Cash Flow</b>	68.0	74.7	64.5	5.4%	15.8%
<b>Fully Diluted Cashflow per Share</b>	14.1c	15.4c	13.9c	1.4%	10.8%
<b>Net Debt</b>	128.4	111.5	269.4	(52.3)%	(58.6)%

<sup>^</sup> Adjusted for translational exchange rates using rates applying in 2008

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Aristocrat Leisure Limited (ASX: ALL) is a leading global provider of gaming. The Company is licensed by over two hundred regulators and its products and services are available in over ninety countries around the world. Aristocrat offers a diverse range of products and services including electronic gaming machines, interactive video terminal systems, electronic tables and casino management systems. For further information visit the Group's website at [www.aristocratgaming.com](http://www.aristocratgaming.com).

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