



## **ARISTOCRAT ANNOUNCES RETURN TO PROFIT AND PROGRESS IN TURNAROUND PROGRAM**

**Sydney, 24 February 2011**

Aristocrat Leisure Limited (ASX: ALL) today announced its full year results to 31 December 2010, together with progress in the Group's turnaround program.

The Group delivered an operating profit (before abnormal items) after tax and non-controlling interest of \$54.6 million for the 2010 full year. This result is within the \$50 - \$60 million range previously flagged to the market. Net abnormal gains after tax for the period were \$22.6 million.

Reported profit (post abnormal items) after tax and non-controlling interest was \$77.2 million for the year ended 31 December 2010 compared to a loss of \$157.8 million in the prior year.

2010 was a challenging year for the Group, and headline results reflect the fact that the business is 18 months into a five year turnaround program to deliver a sustained improvement in performance. Significant headwinds, including generally weak market conditions and the ongoing strength of the Australian dollar, dampened reported results for 2010.

Operational performance for the year was mixed, with strong results in markets such as Asia Pacific and Europe and an encouraging performance in North America offset by weaker earnings in Australia and Japan. The key determinant was portfolio competitiveness, which improved in North America and a number of other markets over the course of 2010. In Australia and Japan, where the turnaround program is at an earlier stage, fewer new games and products were launched in 2010 and the competitiveness of portfolios in these markets deteriorated.

Throughout the reporting period, the Group sharpened its singular focus on delivering better and more competitive products in core markets and segments as quickly as possible, while further reducing costs. Value-adding capability was bolstered, particularly in the areas of technology and innovation, which was fast-tracked and leveraged across portfolios during 2010. Pipelines were progressively improved and encouraging progress, in the form of stronger and more competitive games was evident in North America, Aristocrat's highest priority market, late in the fourth quarter.

Chief Executive Officer and Managing Director, Jamie Odell, said he was encouraged by the progress we've seen in these markets where we have delivered new generation games and more competitive products with state of the art technology in line with our strategy.

"Our impressive widescreen innovation in North America helped the Group achieve value and share growth in the outright sale segment in 2010, despite a double-digit fall in overall demand. The fee per day performance of our new gaming operations products is also very encouraging, and significantly ahead of the average fee per day performance of our legacy products," he said.

"Portfolio quality is key to performance improvement. As a result, we expect to continue to see faster progress in those markets such as North America where our turnaround program is more advanced, than Australia and Japan.

“Momentum is improving across all key markets and by full year 2011, we expect to see consistent evidence of better games and stronger product portfolios delivering tangible value in these markets, whether that’s improvement in average prices, higher fee per day results, stabilising share numbers or healthier margins.

“In the interim, we will continue to execute our transformation strategy in a disciplined and focused way. We remain absolutely committed to demonstrating a sustained lift in performance across all key markets over the next few years and I believe we are on track to deliver this.”

## **Dividends**

The directors have authorised a final dividend in respect of the year ended 31 December 2010 of 1.5 cents per share. The dividend will be unfranked and is expected to be declared and paid on 28 March 2011. The Dividend Reinvestment Plan (DRP) will be activated in respect of this dividend and a 2.5% discount will apply. The dividend will be funded by way of an underwritten DRP. Further details of the final dividend are set out in a separate ASX announcement.

Total dividends in respect of the 2010 year amount to 5.0 cents per share compared to 4.5 cents per share in the prior corresponding period. Total 2010 dividends represent a payout ratio of 49% of normalised earnings. It remains the Group’s intention to maintain an annual earnings payout ratio within its stated 50%-70% range over the medium term.

## **Outlook**

In 2011 we expect continued volatility and markets to remain subdued. Despite anticipated foreign exchange, interest and tax impacts, full year performance is expected to be ahead of the corresponding 2010 result driven by stronger operational performance supported by new products. At this early stage of the year, and based on current insights, the Group expects to deliver financial performance ahead of 2010 operating profit (before abnormal items) after tax and non-controlling interest in the order of 10%-20% for the full year.

Overall operational performance for the first half of 2011 is expected to be marginally lower compared to the prior corresponding period. Significant challenges are expected as a result of a larger impact from translational foreign exchange, if current exchange rates prevail, higher interest costs due to higher levels of debt following the settlement of convertible bonds damages in 2010 and a higher effective tax rate.

The Group anticipates that operational performance in the second half of 2011 will be substantially stronger with momentum to build through further major new participation game releases and new systems modules in North America, more new product launched in Australia and two key licensed games released in Japan. Pipelines will be substantially restocked in all markets and the Group will be well placed to leverage strongly performing new product to achieve significant revenue growth for the full year.

## Summary results

\$ million	Constant currency <sup>^</sup>			Variance vs FY 2009	
	FY2010	FY 2010	FY 2009	Constant currency <sup>^</sup>	Actual
<b>Normalised results *</b>					
<b>Total segment revenue from ordinary activities</b>	760.0	684.6	908.6	(16.4)%	(24.7)%
<b>Earnings before interest and tax</b>	99.6	84.7	169.9	(41.4)%	(50.1)%
<b>Profit after tax and non-controlling interest</b>	66.0	54.6	116.4	(43.3)%	(53.1)%
<b>Fully diluted earnings per share</b>	12.4c	10.3c	23.0c	(46.1)%	(55.2)%
<b>Total dividends per share</b>	5.0c	5.0c	4.5c	11.1%	11.1%
<b>Reported results</b>					
<b>Profit / (loss) after tax and non-controlling interest</b>	88.7	77.2	(157.8)	156.2%	148.9%
<b>Balance sheet / Cash flow</b>					
<b>Operating cash flow *</b>	86.6	73.6	157.8	(45.1)%	(53.4)%
<b>Fully diluted cash flow per share *</b>	16.3c	13.9c	31.2c	(47.8)%	(55.4)%
<b>Closing net debt</b>	290.7	285.8	75.3	(286.1)%	(279.5)%

<sup>^</sup> Adjusted for translational exchange rates using rates applying in 2009

\* Before the net impact of abnormal and one off items that are not representative of the underlying operational performance of the Group.

Further Information:

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General Manager Corporate Affairs

Aristocrat Leisure Limited (ASX: ALL) is a leading global provider of gaming. The Group 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 and casino management systems. For further information visit the Group's website at [www.aristocratgaming.com](http://www.aristocratgaming.com).