



# Aristocrat Leisure Limited

Results Presentation  
Full Year to 31 December 2009

23 February 2010

ARISTOCRAT

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# Agenda

Results Overview

Jamie Odell

Financial Results & Segment Performance

Toni Korsanos

Strategy Update

Jamie Odell

Outlook

Jamie Odell

Questions

# Results Overview

A\$million	2009	Change (%) <sup>2</sup>	
Revenue	908.6	▼	15.9
Operating profit after tax and minority interest <sup>1</sup>	116.4	▼	17.0
Net abnormal items after tax	(274.3)		nm
(Loss) / Net profit after tax and minority interest	(157.8)		nm
Operating cash flow <sup>1</sup>	157.8	▼	9.2
Closing net debt	75.3	▼	80.0

Notes:

1 Normalised

2 Change in reported numbers

# 2009 Full Year Summary

- A challenging year but positive signs emerging
- Ship share growth in North America and Australia
- Revenue growth in Australia
- Gaming operations installed base grew in North America
- Traction building around improved product portfolio
- Strong fundamentals, implementing our transformation strategy in line with plan

	Market Conditions <sup>1</sup>	Aristocrat Profitability <sup>2</sup>
North America	▼ c.30%	▼ 18.8%
Australia	Flat	▲ 21.6%
Japan	▼ c.30%	▼ 68.6%

Note:

1 Market shipments

2 Reported currency

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# Profit & Loss

	2009 <sup>1</sup>	2008 <sup>1</sup>	Change (%)	
			Reported	Constant currency
Revenue (A\$m)	908.6	1,079.9	▼ 15.9	▼ 16.0
Total segment EBIT (A\$m)	303.9	358.2	▼ 15.2	▼ 14.2
Segment EBIT (%)	33.4	33.2	▲ 0.2pts	▲ 0.7pts
EBIT (before D&D) (A\$m)	283.3	330.1	▼ 14.2	▼ 13.1
D&D (A\$m)	113.4	117.2	▼ 3.2	▼ 6.1
EBIT (after D&D) (A\$m)	169.9	212.9	▼ 20.2	▼ 16.9
Operating profit after tax and minority interest (A\$m)	116.4	140.3	▼ 17.0	▼ 13.3
EPS (fully diluted) (cps)	23.0	30.5	▼ 24.6	▼ 21.0

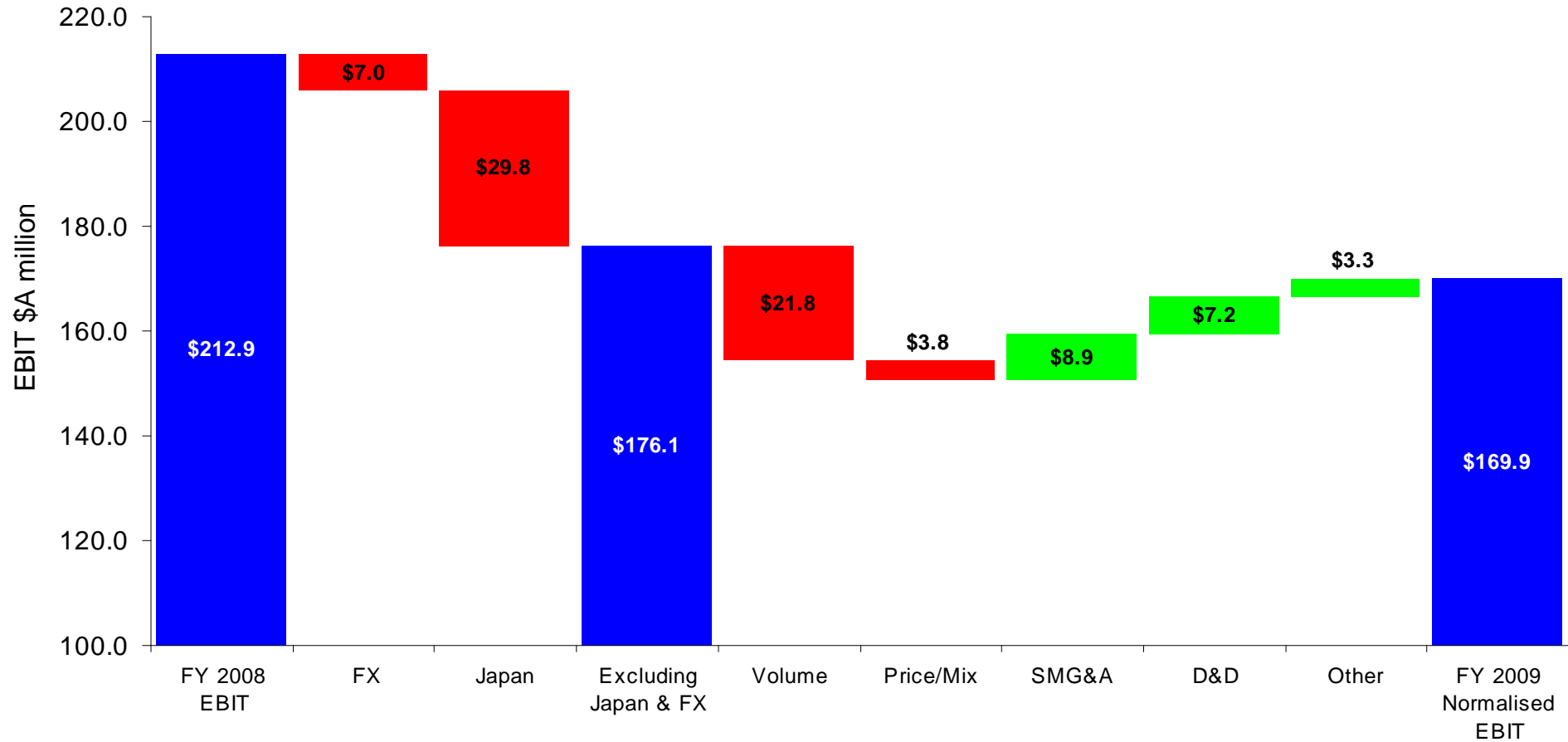
Note 1: Normalised

# Abnormals

A\$million	Half 1	Half 2	Total
Profit on sale of property	8.8		8.8
Convertible bond damages and related costs		(187.3)	(187.3)
Restructuring costs	(3.0)	(9.6)	(12.6)
Intellectual property settlement	(3.3)		(3.3)
Impairment of multi-terminal gaming businesses	(79.9)		(79.9)
<b>Net abnormals (one-off items) after tax</b>	<b>(77.4)</b>	<b>(196.9)</b>	<b>(274.3)</b>



# FY 2009 vs FY 2008 EBIT



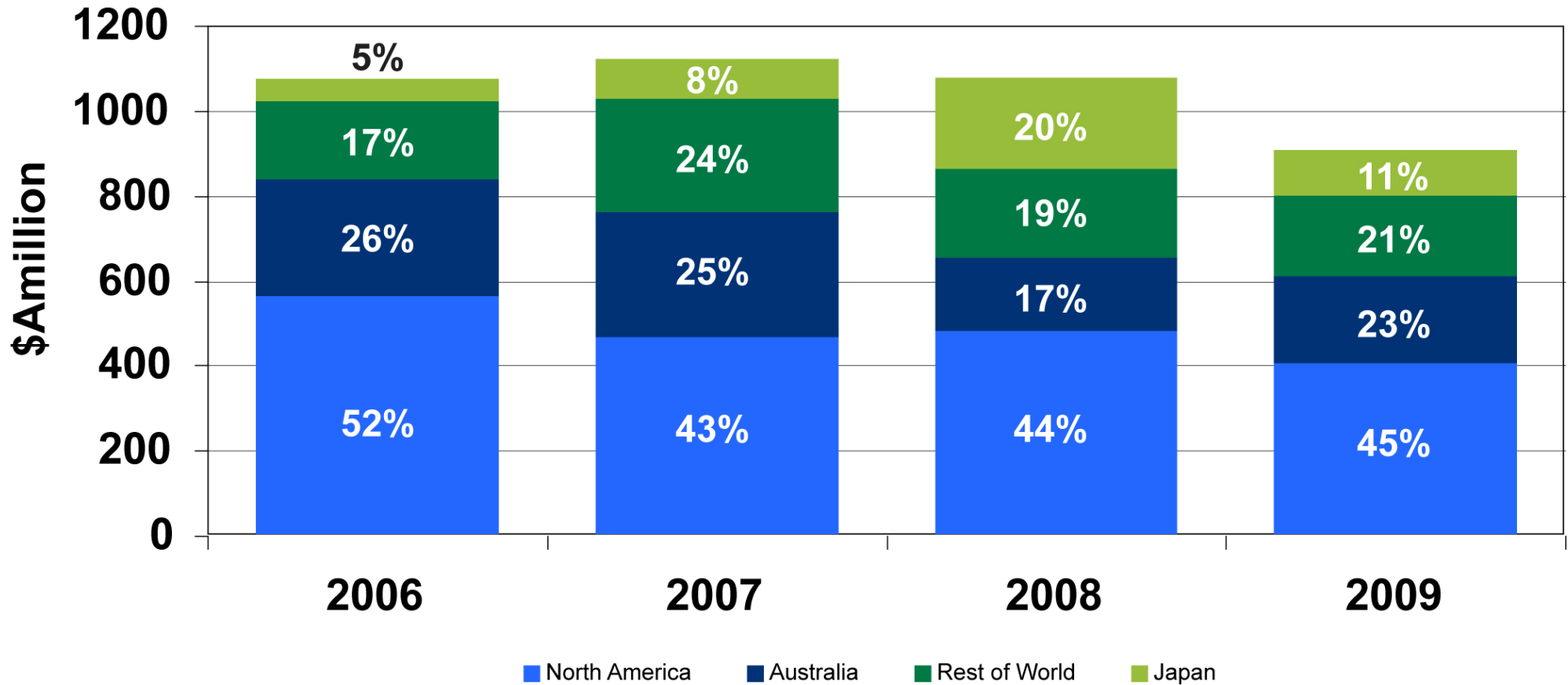
# Capital Management

- Prudent approach to balance sheet management
- Conservative debt ratios well within BBB- rating
- April 2009 capital raising \$236.7m
- Debt headroom and ability to act on strategic opportunities
- No final dividend will be paid for 2009. Full year 4.5 cents per share

	2009	2008	Change
Operating cash flow <sup>1</sup> (A\$m)	157.8	173.8	▼ 16.0
Operating cash flow / profit after tax <sup>1</sup> (%)	135.6	123.9	▲ 11.7
Net debt (A\$m)	75.3	376.4	▼ 301.1
Debt / EBITDA (x)	0.7	1.7	▼ 1.0
Interest cover (x)	23.6	13.9	▲ 9.3
Cash flow per share <sup>1</sup> (fully diluted) (cps)	31.2	37.8	▼ 6.6
Dividends (cps)	4.5	36.0	▼ 31.5

*Note 1: Normalised*

# Segment Revenue Split



# North America

- Revenues, profit and margins declined
- Strong growth in gaming operations installed base
- Ship share up, but unit sales decreased
- Systems business declined, but record number of *OASIS™* customers
- *RFX™* stepper sales limited, focus on developing games library



	2009		Change (%)
Revenue (US\$m)	322.4	▼	16.8
Profit (US\$m)	122.1	▼	20.9
Margin (%)	37.9	▼	1.9pts
<b>Volume</b>			
- Platforms	8,262	▼	23.8
- Conversions	7,723	▼	11.1
<b>Price</b>			
- US\$ / units	14,675	▼	2.9
<b>Gaming operations</b>			
- Units	6,409	▲	17.4
- US\$ / day	42.12	▼	8.1

# Australia

- Revenue, profit and margin increased
- Ship share up 4.2%
- Traction behind *JAWS™*, *Hit the Heights™*, *More Chilli™* and new 3-year licensing model
- Increased penetration of *VIRIDIAN™ GEN7* in NSW, early days in QLD



	2009	change (%)	
Revenue (A\$m)	207.8	▲	12.1
Profit (A\$m)	63.1	▲	21.6
Margin (%)	30.4	▲	2.4 pts
<b>Volume</b>			
- Platforms	5,292	▲	37.3
- Conversions	11,636	▼	13.5
<b>Price</b>			
- A\$ / units	17,241	▲	3.8

JAWS is a trademark and copyright of Universal Studios. Licensed by Universal Studios Licensing LLP. All rights reserved.

# Japan

- Revenues and profit declined
- Gross margin per unit maintained, but more than offset by volume decline
- One key licensed game (*Tetsuya*) sold ahead of plan
- Revenue impacted by lack of second key licensed game



	2009		Change (%)
Revenue (¥bn)	8.5	▼	49.3
Profit (¥bn)	1.4	▼	68.0
Margin (%)	16.8	▼	9.8 pts
<b>Volume</b>			
- Games	29,760	▼	48.2

# Rest of World

- Generally unfavourable performance but market share stable
- New Zealand profit up \$5.2m (61.9%)
- *Fa Fa Fa™* performing strongly in Macau but Asia Pacific weak overall
- South America segment revenues down but Mexico presence established in Q4
- ACE revenue growth, however, \$1.7m loss due to business development investment



	2009 <sup>1</sup>	Change (%)	
Revenue (A\$m)	191.6	▼	8.7
Profit (A\$m)	51.4	▼	20.7
Margin (%)	26.8	▼	4.1 pts
<b>Volume</b>			
- Platforms	6,123	▼	35.9

*Note 1: Constant currency*

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# Four Strategic Themes

## Player led, technology driven

*Obtain privileged  
insights to generate  
competitive advantage*

## Right markets and segments

*Focus on the most  
profitable large  
markets and  
segments*

## Best games and systems

*Apply insights to  
build the best games  
and systems*

## World class organisation

*Build a lean, effective  
organisation to  
deliver the best  
products*

# 5 Initiatives that Underpin Success

Focus to unlock potential in North America

- Double gaming operations market share (by value) over five years
- Grow systems footprint
- Develop stepper businesses

Agile & customer led in Australia

- Close gap between ship share and installed base

Manage volatility in Japan

- Consistently achieve a minimum of 2 key licensed game releases and over 50,000 unit sales p.a.

World class product development process

- Deliver the best games and systems in each market, faster and more efficiently

Rightsize business

- Align resources and processes with strategy and reduce overheads

# North America - Focus to Unlock Potential

## Key deliverable

Double gaming operations market share over five years

Grow systems footprint

Develop stepper business

## Status

- Gaming operations footprint up 17.4% (950 units) vs pcp
- Further progress expected in 2010 with strong game releases
- Record number of properties using *OASIS™* casino management system
- Increased investment behind systems business
- *VIRIDIAN™ RFX™* stepper released
- Games library focus
- Will take time to build the business

# Australia - Agile & Customer Led

## Key deliverable

Close gap between ship share and installed base



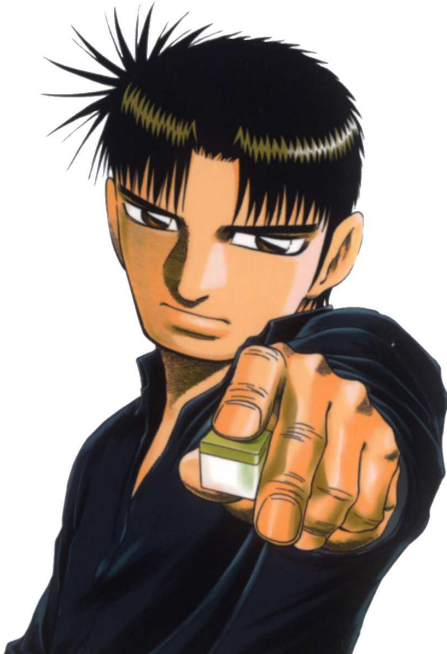
## Status

- Increased management focus, better understanding of customer needs
- More investment behind dedicated games development for Australian market
- Ship share up 4.2% versus pcp
- Accelerate business model changes through 2010
- Actively contributing to gaming policy debate

# Japan - Manage Volatility

## Key deliverable

Minimum of 2 key licensed game releases and 50,000 unit sales p.a.



## Status

- 1 key licensed game released and overall 29,760 units sold in 2009
- Management focus and better understanding of market preferences
- 3 year product plan in place
- Acquisition to increase approval slots
- Strategy to acquire more licensed characters
- Will take 2-3 years to see top line momentum

# Rest of World - a Focused Approach

## Key deliverable

Improved ROI outside major markets

## Status

- Exited 40 non-core jurisdictions
- Criteria and processes in place for future market / product entry decisions
- Generally holding share, but will take time to increase profitability due to market conditions

**VIRIDION™**

**GEN7™**

# World Class Product Development

## Key deliverable

Deliver the best games and systems in each market – faster, and more efficiently



## Status

- Established global marketing insights function
- Extensive customer outreach underway in key markets
- Boosted core product development processes and technology capability to leverage insights
- Indian Development Centre fully operational, progress on a range of other efficiency & optimisation initiatives
- Success defending core IP assets
- Product improvements expected in 2011

# Rightsize the Business

## Key deliverable

Align resources to strategy and eliminate cost that will not drive value

## Status

- Completed organisational rightsizing program
- Removing 140 FTE roles, equivalent to 7% of total head count and of total staff costs
- Normalised SMG&A costs down, rigorous ongoing cost containment
- Organisational culture initiatives gaining traction



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# Outlook 2010

Another tough year, focused on building for long term value

	Market	Aristocrat
North America	Slight improvement in replacement cycle offset by lower expansions	Build on 2009 momentum - grow gaming operations base
Australia	Flat market with increasing competition	Build capability and rebase business
Japan	Flat market, in the absence of regulatory change	Integrate acquisition and develop pipeline - release 1 key licensed title

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Strategy Update

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Outlook

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Questions

# Supplementary materials

# Detailed P&L

A\$million (unless otherwise stated)	2009 <sup>1</sup>	2008 <sup>1</sup>	Change (%)	Constant currency 2009 <sup>1</sup>	Change (%)
Revenue	908.6	1079.9	(15.9)%	907.5	(16.0)%
Gross margin	495.1	562.6	(12.0)%	495.3	(12.0)%
<i>Gross margin</i>	54.5%	52.1%	2.4 pts	54.6%	(0.1 pts)
EBIT (pre D&D)	283.3	330.1	(14.2)%	286.9	(13.1)%
D&D	(113.4)	(117.2)	3.2%	(110.0)	6.1%
EBIT	169.9	212.9	(20.2)%	176.9	(16.9)%
Interest	(13.9)	(19.8)	29.8%	(13.9)	29.8%
Tax	(39.1)	(52.1)	25.0%	(40.8)	21.7%
Operating profit after tax and minority interest	116.4	140.3	(17.0)%	121.7	(13.3)%
EPS (fully diluted)	23.0c	30.5c	(24.6)%	24.1c	(21.0)%

Note 1: Normalised

# North America

	2009	2008	Change	
Revenue (US\$m)	322.4	387.7	(65.3)	(16.8)%
Profit (US\$m)	122.1	154.4	(32.3)	(20.9)%
Margin (%)	37.9%	39.8%	-	(1.9) pts
Revenue (A\$m)	405.6	470.4	(64.8)	(13.8)%
Profit (A\$m)	152.3	187.6	(35.3)	(18.8)%
Margin (%)	37.5%	39.9%	-	(2.4) pts
<b>Volume</b>				
- platforms	8,262	10,841	(2,579)	(23.8)%
- conversions	7,723	8,684	(961)	(11.1)%
<b>Price</b>				
- avg. US\$ / unit	14,675	15,117	(442)	(2.9)%
<b>Gaming operations</b>				
- units	6,409	5,459	950	17.4%
- avg. US\$ / day	42.12	45.84	(3.72)	(8.1)%

# Australia

	2009	2008	Change	
Revenue (A\$m)	207.8	185.3	22.5	12.1%
Profit (A\$m)	63.1	51.9	11.2	21.6%
Margin (%)	30.4%	28.0%	-	2.4 pts
<b>Volume</b>				
- platforms	5,292	3,853	1,439	37.3%
- conversions	11,636	13,445	(1,809)	(13.5)%
<b>Price</b>				
- avg. A\$ / unit	17,214	16,584	630	3.8%

# Japan

	2009	2008	Change	
Revenue (¥m)	8,493.5	16,758.1	(8,264.6)	(49.3)%
Profit (¥m)	1,425.9	4,452.7	(3,026.8)	(68.0)%
Margin (%)	16.8%	26.6%	-	(9.8) pts
Revenue (A\$m)	106.1	214.3	(108.2)	(50.5)%
Profit (A\$m)	16.4	52.3	(35.9)	(68.6)%
Margin (%)	15.5%	24.4%	-	(8.9) pts
<b>Volume</b>				
- units	29,760	57,437	(27,677)	(48.2)%