

Aristocrat Leisure Limited

Results Presentation
Half Year to 30 June 2010



24 August 2010

ARISTOCRAT

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Results Overview

Jamie Odell

Financial Results & Segment Performance

Toni Korsanos

Strategy Update

Jamie Odell

Outlook

Jamie Odell

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Results Overview

\$ million	Translational FX impact		Constant currency	HY 2009
	HY 2010	HY 2010	HY 2010	
Operating profit after tax and non-controlling interest ¹	36.6	7.7	44.3	44.0
Net abnormal items after tax	12.7		12.7	(77.4)
Net profit/(loss) after tax and non-controlling interest	49.3	7.7	57.0	(33.4)

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

Results Overview cont...

\$ million				Variances vs HY2009			
	HY 2010	Constant currency HY 2010	HY 2009		Constant currency (%)	Reported	(%)
Revenue	340.5	396.5	441.7	▼	10.2	▼	22.9
Operating profit after tax and non-controlling interest ¹	36.6	44.3	44.0	▲	0.7	▼	16.8
Net abnormal items after tax	12.7	12.7	(77.4)		nm		nm
Net profit/(loss) after tax and non-controlling interest	49.3	57.0	(33.4)		nm		nm
Operating cash flow ¹	77.4	92.9	74.7	▲	24.4	▲	3.6
Closing net debt	49.0	52.9	111.5	▼	52.6	▼	56.1

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.

2010 Half-Year Summary

- One year into 3 - 5 year turnaround
- Difficult trading conditions continue
- Headline numbers demonstrate responsible fiscal management and the benefit of early turnaround improvements
- Focus on North America beginning to yield tangible results
- Performing strongly in Asia Pacific
- Australia and Japan at earlier point in turnaround effort
- Accelerating focus on capability building to deliver stronger games to key markets

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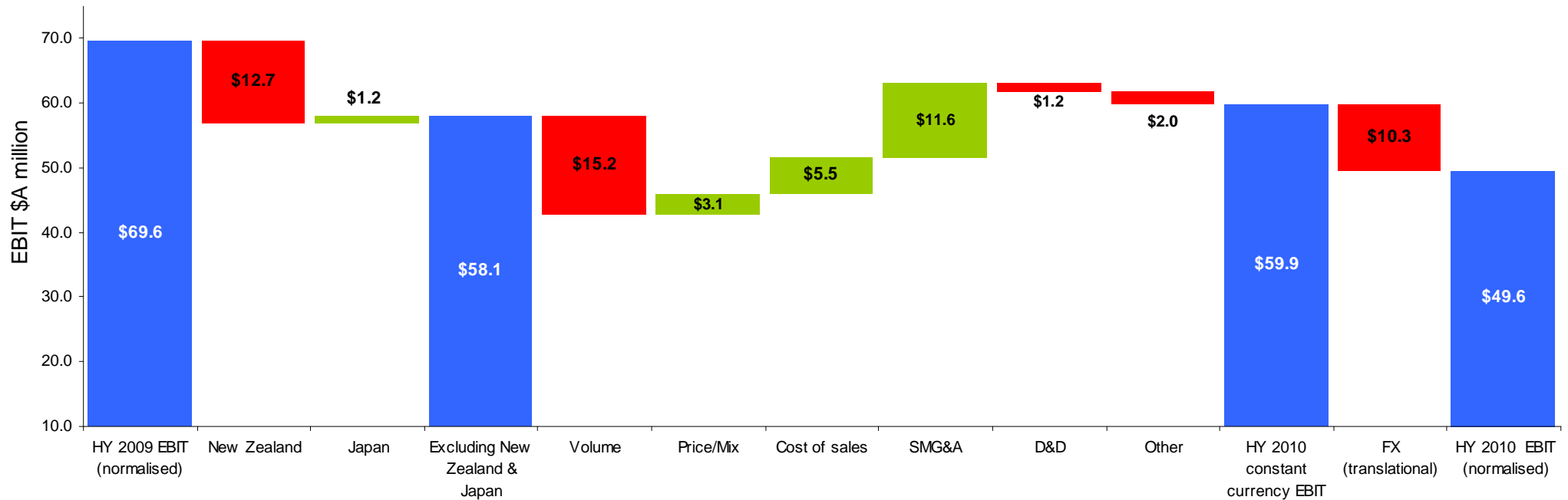
Questions

Profit & Loss

	Unit	Constant currency			Change (%)			
		HY 2010 ¹	HY 2010 ¹	HY 2009 ¹	Reported	Constant currency		
Revenue	A\$m	340.5	396.5	441.7	▼	22.9	▼	10.2
Total segment profit	A\$m	113.2	133.5	137.6	▼	17.7	▼	3.0
Segment profit margin	%	33.2	33.7	31.2	▲	2.0pts	▲	2.5pts
EBIT (before D&D)	A\$m	104.5	120.9	129.4	▼	19.2	▼	6.6
D&D	A\$m	54.9	61.0	59.8	▼	8.2	▲	2.0
EBIT (after D&D)	A\$m	49.6	59.9	69.6	▼	28.7	▼	13.9
Operating profit after tax and non-controlling interest	A\$m	36.6	44.3	44.0	▼	16.8	▲	0.7
EPS (fully diluted)	cps	6.9	8.3	9.1	▼	24.2	▼	8.8

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

HY 2010 vs HY 2009 EBIT



- Volume declines in platforms and game conversions in North America and Australia
- Positive price mix driven by strong Asia Pacific performance and higher than average selling price in North America
- Stronger price mix will position Aristocrat well as markets improve

Capital Management

- Prudent approach to balance sheet management
- Conservative debt ratios well within BBB- rating
- Secured debt facilities for the next 3 years, providing headroom and ability to act on strategic opportunities
- Interim dividend of 3.5 cents per share. Represents a payout ratio of 51% of normalised earnings

	Unit	HY 2010	HY 2009	Change
Operating cash flow ¹	A\$m	77.4	74.7	▲ 2.7
Operating cash flow / profit after tax ¹	%	211.5	169.8	▲ 41.7pts
Net debt	A\$m	49.0	111.5	▼ 62.5
Debt / EBITDA	x	0.5	1.7	▼ 1.2
Interest cover	x	22.5	8.5	▲ 14.0
Cash flow per share ¹ (fully diluted)	cps	14.6	15.4	▼ 0.8
Dividends	cps	3.5	4.5	▼ 1.0

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

North America



- Strong result despite contracting market and difficult trading conditions
- Replacement cycle remained flat and no major new casinos/expansions
- EGM ship share increased
- Release of new VIRIDIAN WS™ significant driver of sales and improved margins
- Contribution from gaming operations increased due to a higher installed base
- Gaming operations pipeline skewed towards Q4



	Unit	HY2010	Change (%)	
Revenue	US\$m	159.8	▼	3.0
Profit	US\$m	66.8	▲	5.5
Margin	%	41.8	▲	3.4pts
Volume				
- Platforms	Units	4,040	▼	5.3
- Conversions	Units	3,372	▼	23.7
Price				
-Av sell price	US\$/unit	15,081	▲	1.8
Gaming operations				
- Installed base	Units	6,204	▲	3.6
- Av fee per day	US\$	40.08	▼	7.1

Australia

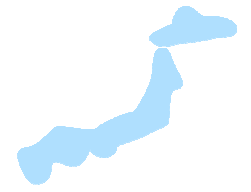


- Sales dampened by poor game performance, customer capital constraints and regulatory uncertainty
- Margins declined due to product mix, pricing and games support
- Significant leadership renewal and sales and marketing capability building

	Units	2010	change (%)	
Revenue	A\$m	69.6	▼	22.3
Profit	A\$m	11.8	▼	45.9
Margin	%	17.0	▼	7.3 pts
Volume				
- Platforms	Units	2,075	▼	5.2
- Conversions	Units	3,128	▼	53.2
Price				
- Av sell price	A\$/unit	16,597	▼	6.7



Japan



- As flagged, result due to lack of key game release
- Losses reduced through cost containment
- Accelerating demand for key licensed games validating strategic direction
- No benefit from this trend in the first half

	Units	2010	Change (%)	
Revenue	¥m	658.1	▼	57.7
Loss	¥m	(198.8)	▲	30.1
Margin	%	(30.2)	▼	11.9 pts
Volume				
- Games	Units	2,342	▼	59.2
Price				
- Av sell price	¥/unit	267,321	▲	1.5



Rest of World



- Strong performances in Asia Pacific and Europe offset by weak results in New Zealand
- Achieved highest floor share in new Singapore casinos. Strong sales continued in Macau
- European profits doubled and margins improved, reflecting the impact of the strategy
- Share held across the segment
- ACE continued business development

	Unit	HY 2010 ¹	Change (%)	
Revenue	A\$m	97.7	▼	5.4
Profit	A\$m	34.1	▲	1.2
Margin	%	34.9	▲	2.3 pts
Volume				
- Platforms	Units	3,470	▲	1.7

Note 1: Constant currency



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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 and 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

World-class organisation

- Align resources and processes with strategy and reduce overheads

North America - Focus to Unlock Potential

Key deliverable

Double gaming operations market share (by value) over five years

Grow systems footprint

Develop stepper business

Status

- On track to achieve a 10% value share by 2014
- Impressive pipeline of new titles due for release in H2 including Rockin' Olives TM, Tarzan TM & Beijing Bonanza TM
- Record number of properties using OASIS 360 TM casino management system
- Increased investment behind systems business to add value and functionality
- First gaming ops stepper product launched
- Second stepper studio established increasing game development capability
- Two stepper games due for release in late 2010

Australia - Agile and Customer Led

Key deliverable

Close gap between ship share and installed base



Status

- Ship share improved, but challenge remains to grow ship share towards installed base
- Key changes implemented including:
 - Significant leadership renewal and capability building
 - Comprehensive market segmentation strategy
 - Insights function integrated into new product development process
 - Australian focused games studio established
- H2 2010 games release pipeline restructured in line with customer feedback

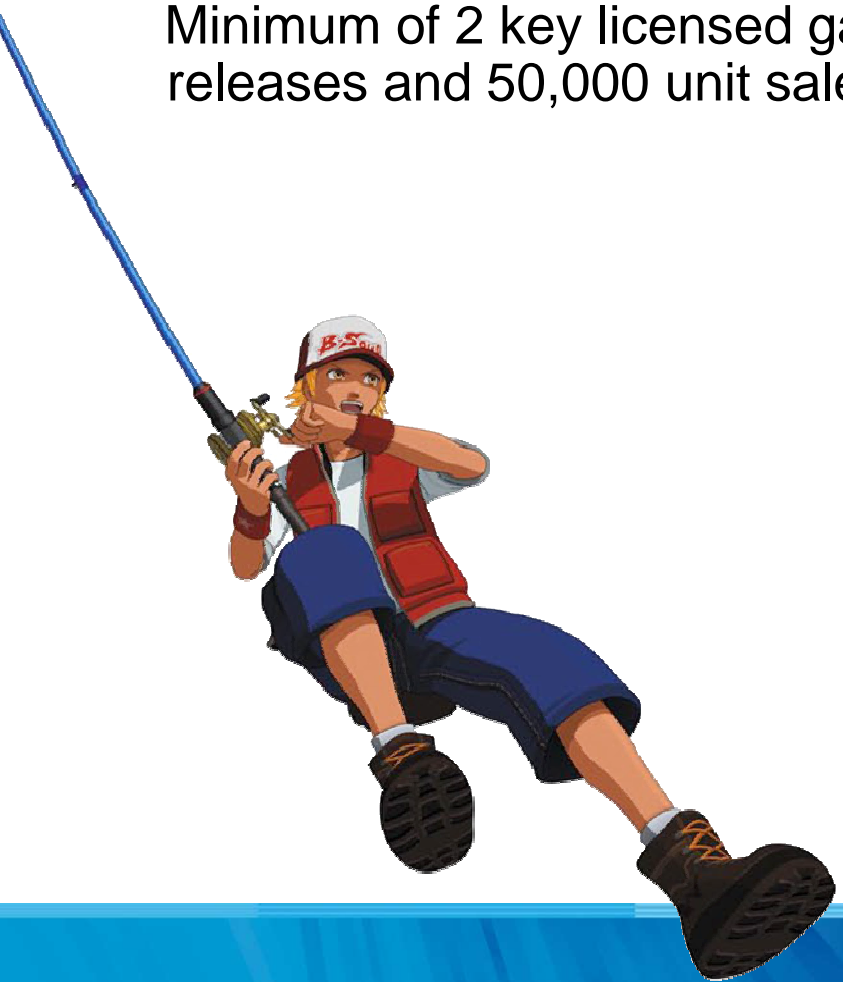
Japan - Manage Volatility

Key deliverable

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

Status

- Integrated Spiky acquisition
- New agreement signed with one of Japan's largest distribution agents
- Developed comprehensive licensed games roadmap
- Commissioned an additional creative studio in Japan
- Demand shifting towards key licensed games in line with our strategy



World-Class Product Development

Key deliverable

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



verve^{hd}™

Status

- Additional resources placed in video, stepper and platform development teams in North and Latin America
- Invested in dedicated creative studios in Australia and Japan
- Boosted investment in value-adding technology, innovation and platform development
- Savings from Indian Development Centre reinvested with quality and delivery building to plan
- Insights function live across all markets and integrated into our new product development process

World-Class Organisation

Key deliverable

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

Status

- Increased design and development and strategic pricing capability
- Restructured the Australian sales and marketing organisation
- Divested the remaining share of Elektroncek
- Organisational culture initiatives building momentum with aligned KPOs driving a performance focus

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Outlook 2010

A tough year, focused on building for long term value

	Market	Aristocrat
North America	No improvement expected in market size	Aim to maintain sales momentum & increase gaming ops installed base with strong product releases in Q4
Australia	Market to remain flat and capital constrained	Stronger game releases in H2. Focus remains on capability building
Japan	First half growth levels unlikely to be sustained	One key game release and first Spiky game scheduled

A stronger second half expected

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Supplementary materials

Detailed P&L

A\$ million (unless otherwise stated)	HY 2010 ¹	HY 2009 ¹	Change (%)	Constant currency 2010 ¹	Change (%)
Revenue	340.5	441.7	(22.9)%	396.5	(10.2)%
Gross margin	190.1	231.7	(18.0)%	215.8	(6.9)%
<i>Gross margin</i>	55.8%	52.5%	3.3 pts	54.4%	1.9 pts
EBIT (pre D&D)	104.5	129.4	(19.2)%	120.9	(6.6)%
D&D	(54.9)	(59.8)	8.2%	(61.0)	2.0%
EBIT	49.6	69.6	(28.7)%	59.9	(13.9)%
Interest	(1.2)	(10.0)	88.0%	(1.2)	88.0%
Tax	(11.6)	(15.4)	24.7%	(14.3)	7.1%
Operating profit after tax and non-controlling interest	36.6	44.0	(16.8)%	44.3	0.7%
EPS (fully diluted)	6.9c	9.1c	(24.2)%	8.3c	(8.8)%

¹ 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	HY 2010	HY 2009	Change	
Revenue	US\$m	159.8	164.8	(5.0)	(3.0)%
Profit	US\$m	66.8	63.3	3.5	5.5%
Margin	%	41.8	38.4	-	3.4 pts
Revenue	A\$m	181.3	227.7	(46.4)	(20.4)%
Profit	A\$m	76.3	86.5	(10.2)	(11.8)%
Margin	%	42.1	38.0	-	4.1 pts
Volume					
- Platforms	Units	4,040	4,264	(224)	(5.3)%
- Conversions	Units	3,372	4,417	(1,045)	(23.7)%
Price					
- Average selling price	US\$/unit	15,081	14,819	262	1.8%
Gaming operations					
- Installed base	Units	6,204	5,987	217	3.6%
- Average fee per day	US\$/day	40.08	43.12	(3.04)	(7.1)%

Australia

	Unit	HY 2010	HY 2009	Change	
Revenue	A\$m	69.6	89.6	(20.0)	(22.3)%
Profit	A\$m	11.8	21.8	(10.0)	(45.9)%
Margin	%	17.0	24.3	-	(7.3) pts
Volume					
- Platforms	Units	2,075	2,189	(114)	(5.2)%
- Conversions	Units	3,128	6,677	(3,549)	(53.2)%
Price					
- Average selling price	A\$/unit	16,597	17,790	(1,193)	(6.7)%

Japan

	Unit	HY 2010	HY 2009	Change	
Revenue	¥m	658.1	1,555.3	(897.2)	(57.7)%
Loss	¥m	(198.8)	(284.4)	85.6	30.1%
Margin	%	(30.2)	(18.3)	-	(11.9) pts
Revenue	A\$m	8.3	21.1	(12.8)	(60.7)%
Loss	A\$m	(2.5)	(4.5)	2.0	44.4%
Margin	%	(30.1)	(21.3)	-	(8.8) pts
Volume					
- Games	Units	2,342	5,747	(3,405)	(59.2)%
Price					
- Average selling price	¥/unit	267,321	263,283	4,038	1.5%