



ARISTOCRAT ANNOUNCES NORMALISED PROFIT GROWTH & STRONG OPERATIONAL PERFORMANCE FOR 2014 FULL YEAR

Sydney, 25 November 2014

A\$ million	12 months to 30 Sep 2014	12 months to 30 Sep 2013	Change %
Normalised Result¹			
Revenue	870.3	813.8	▲ 6.9
EBITDA	209.8	188.1	▲ 11.5
EBIT	161.3	145.3	▲ 11.0
NPAT ²	118.1	107.2	▲ 10.2
EPS (fully diluted) ³	20.7c	19.4c	▲ 6.7
Total dividend per share	16.0c	14.5c	▲ 10.3
Operating cash flow	158.8	98.2	▲ 61.7
Net Debt / EBITDA ⁴	(0.8x)	1.1x	▼ (172.7)
Closing (net debt) / cash	171.3	(208.2)	▲ na
Statutory Result			
Statutory Profit/(Loss) after tax	(16.4)	107.2	▼ (115.3)

¹ Refer to 2014 Full Year Results presentation - Slide 7 'Reconciliation of Normalised PAT to Statutory Operating Loss'

² Operating profit after tax and non-controlling interest

³ Earnings per share

⁴ Bank EBITDA

The information presented in this document has not been audited in accordance with the Australian Auditing Standards

Aristocrat Leisure Limited (ASX: ALL) today announced its results for the full year ended 30 September 2014.

Group performance for the year was ahead of the prior corresponding period, with normalised profit after tax of \$118.1 million representing a 10.2% increase in reported terms, and a 1.3% increase in constant currency, over the \$107.2 million delivered in the year to 30 September 2013. The Group delivered a statutory loss after tax of \$16.4 million after allowing for significant items.

Performance was driven by strong operational delivery, particularly outstanding share growth in the critical US gaming operations segment with a 20% improvement in install base. Further share growth in the US and Australian outright sales markets, and accelerating profitability in Aristocrat's digital business where revenues increased almost 300%, also contributed to the result.

Directors have authorised a final dividend in respect of the full year ended 30 September 2014 of 8.0 cents per share, representing 16.0 cents in total for the 2014 full year. This equates to a payout ratio of 76% of normalised earnings, and a 10.3% increase in total dividends compared to the prior year.

Other key features of the result include:

- Group revenue improved 6.9%, and normalised EBIT grew 11.0% over the reporting period, or 1.7% and 2.6% respectively in constant currency. Excluding the variability driven by the Japanese business, revenue for the year increased 13.0% and EBIT increased 18.8% on a reported basis.
- Aristocrat's investment in targeted, market-leading games and improved front-end execution drove share growth across all key markets and segments over the 12 months to 30 September 2014. In North America, Aristocrat's total class III gaming operations installed base and average fee per day increased 20% and 10.5% respectively over the reporting period. In Australia, the business improved shipshare by circa 10 percentage points for NSW while also regaining market leadership in Queensland.
- Across markets, conditions continued to be highly competitive. Deferral of the major game release *Black Lagoon 2™* led to a disappointing operating loss in Japan, while lower expansions across Asia Pacific, and a contraction in the US outright sales market, dampened results over 2014.
- Statutory results were influenced by a number of significant items; specifically an adjustment in the valuation of the Japan business of \$78.0 million, a \$43.4 million loss on the disposal of the non-core Lotteries business in the second half, and \$13.1 million in transaction and restructuring costs relating to the acquisition of Video Gaming Technologies Inc ('VGT').
- Operating cash flow of \$158.8 million was 61.7% higher than the prior corresponding period, predominantly reflecting higher receipts on increased revenues, and cash management initiatives.
- The Group closed in a net cash position at year-end, due to the equity raising for the acquisition of VGT, which completed ahead of expectations on 20 October 2014.
- Sustained improvement in Group performance delivered another uplift in EPS, with normalised fully diluted earnings per share of 20.7 cents, up 6.7% compared to the prior year.

Over the 2014 financial year, Aristocrat made demonstrable progress in its product-led, share-taking strategy. Across key markets, the Group closed portfolio gaps, better targeted game development and technology resources at key segments and improved front-end sales execution.

In North America, Aristocrat's total class III gaming operations installed base increased 20% to a fresh record of 9,071 units during the reporting period, with average fee per day increasing 10.5% to \$46.02. In the North American outright sales market, Aristocrat grew share over 2014 on the strength of powerful game content and highly performing cabinets despite an estimated 11% decline in market demand compared to the prior corresponding period. Significant share gains in the major Australian markets of New South Wales and Queensland were also achieved, together with accelerating revenue and profit momentum in the Group's digital business. Aristocrat also held its leading share position across Asia Pacific markets.

Chief Executive Officer and Managing Director, Jamie Odell, said “With the benefit of our strengthening operational performance, Aristocrat took a number of important decisions to position us for the future and maximise resources behind our growing, core business. The acquisition of VGT shortly after year-end was a bold step forward. In addition, the disposal of our non-core Lotteries business and the adjustment in the carrying value of the unique and volatile pachislot business in Japan reduce risk and management distraction going forward.

“Aristocrat’s product-led, share-taking strategy delivered outstanding operational performance across core markets and segments in 2014 – particularly in the critical US gaming operations segment, which remains our single most compelling strategic opportunity.

“Over the course of the year, the business continued to methodically close portfolio gaps while also lifting front-end effectiveness and sales execution. Our results reflect a revitalised core product pipeline that is approaching full strength and driving consistent share and value growth in line with our strategy.

“Our 2014 result extends our record of consistent NPAT growth, with high quality games and products sustaining robust operational performance despite increased competition and mixed conditions across our key markets.

“2015 will be a transformative year for Aristocrat as we integrate the VGT business and take the next step forward in executing our vision to deliver the world’s greatest gaming experience every day.

“While we expect our operational momentum and market share performance to lift further over the full year to 30 September 2015, generally flat to weaker demand in a number of key segments will be a constraint. Aristocrat will continue to focus on the things we can control – in particular improving our portfolio focus, competitiveness and earnings mix over the 2015 full year.

“We expect to see a significant lift in the percentage of total revenues that are recurring in nature, as we integrate VGT and continue to grow recurring revenues in our Class III and Digital businesses over the course of 2015” Mr Odell concluded.

Dividend Key Dates

Shares trade ex-dividend	28 November 2014
Record Date	2 December 2014
Payment Date	19 December 2014

Further Information:

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Aristocrat Leisure Limited (ASX: ALL) is a leading global provider of gaming solutions. The Company is licensed by over 200 regulators and its products and services are available in over 90 countries around the world. Aristocrat offers a diverse range of products and services including Class II and Class III gaming machines and casino management systems. The Group also operates within the online social gaming and real money wager markets. For further information visit the Group’s website at www.aristocratgaming.com.