



## **ARISTOCRAT LEISURE LIMITED ANNOUNCES 2006 RESULTS**

**Sydney, 20 February 2007**

Aristocrat Leisure Limited (ASX: ALL) today announced the Company's results for the year ended 31 December 2006.

Key points include:

- Net profit after tax and minorities of \$239.0 million, a 2.2% fall on the \$244.3 million profit for 2005, with strong underlying business performance being offset by a significant decline in Japanese profits and a substantial increase in research and development expenditure;
- Non-Japanese business profits increased by 26.7%, most notably in North America where profits increased 38.5% to \$252.4 million;
- Japanese revenue fell by \$323.3 million (86.5%) with profit declining from \$88.0 million to a loss of \$5.6 million, as the transitioning to new regulations (Regulation 5) caused short term uncertainties throughout the entire industry;
- Investment in research and development increased by almost \$30 million (44.7%) to \$95.2 million, spread across games, systems and server based gaming initiatives;
- Solid operating cash flow of \$204.8 million. Underlying cash flow, adjusting for prior year timing differences, remained strong at 28.3% of revenue; and
- A 20.0% increase in the final dividend to 24.0 cents per share (fully franked), bringing total dividends for the year to 36.0 cents per share (up 20.0%), representing a 71% payout ratio.

Chief Executive Officer and Managing Director of Aristocrat Leisure Limited, Mr Paul Oneile said "I am pleased to report that, despite the subdued market and regulatory conditions across most jurisdictions in which we operate, the Company continues to gain market share and improve margins.

"The underlying 27% segment profit growth in our non-Japanese businesses demonstrates the robustness of our business model and geographic spread.

"While the Japanese market has been very disappointing, we successfully launched our first Regulation 5 game towards the end of the year. We have a strong pipeline of seven approved game titles going into 2007, with further games in development,

positioning us well to capitalise on the significant opportunity now emerging with up to 1.6 million machines expected to be replaced during the year."

Mr Oneile concluded, "We have increased our investment in research and development by almost \$30 million (up 44.7%) to ensure we are well placed to capture a large share of the anticipated expansion of global gaming markets over the next few years. I expect strong growth in our results over 2007 and 2008."

Operating sector key points include:

- Australian revenue increased 1.9% following three years of period-on-period declines. Profits increased 2.7% to \$109.7 million and margin increased by \$2.9 million. These improvements reflect the early signs of a positive change in market sentiment and the continuing success of the Company's premium product portfolio in what continues to be a difficult market.
- North American revenue improved 13.3% to \$565.2 million, while profit increased 38.5% to \$252.4 million, driven primarily by improved pricing on flat cost structures. Unit sales volumes increased 1.2%, despite running 6.7% behind the prior corresponding period at the half year and technical issues preventing the full commercial launch of the business's stepper (mechanical reel) product.
- Japanese revenue fell by 86.5% with profit reversing by \$93.6 million, reflecting market issues associated with the transition to new regulations (Regulation 5). One new Regulation 5 game, *Kaido-oh*<sup>™</sup> was launched late in the year and sold 10,100 units, a very credible result, placing it amongst one of the best selling Regulation 5 games to date. The result also included a write-off of \$7.4 million of obsolete (Regulation 4) inventory.
- Strong growth was reported from all other international businesses, except New Zealand. Non-Japanese business segment revenue and segment profit increasing by 14.3% and 26.7% respectively, reflecting the superior performance of the Company's products and improved share of the global market.
- Research and development expenditure rose 44.7% to \$95.2 million, representing 8.6% of revenue for the year (compared with 5.1% for 2005), as the Company increased its new product delivery output and invested in new technologies.

Results compared with last year:

	<b>2006 \$ Million</b>	<b>2005 \$ Million</b>	<b>Variance</b>
<b>Total Revenue</b>	1,094.7	1,317.0	(16.9)%
<b>Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)</b>	366.7	398.1	(7.9)%
<b>Earnings before Interest and Tax (EBIT)</b>	335.3	358.4	(6.4)%
<b>Profit after Tax and Minority Interest</b>	239.0	244.3	(2.2)%
<b>Operating Cash Flow</b>	204.8	393.2	(47.9)%
<b>Net (Debt)/Cash</b>	(40.8)	183.7	(122.2)%
<b>Fully Diluted Earnings per Share</b>	50.9 c	51.1 c	(0.4)%
<b>Total Dividends per Share</b>	36.0 c	30.0 c	20.0%

## **DIVIDEND**

The Board has approved a final dividend in respect of the year ended 31 December 2006 of 24.0 cents per share. The total dividend for the year is a record 36.0 cents per share. The final dividend, payable on 23 March 2007, will be fully franked.

## **OUTLOOK**

The Company remains confident that momentum in the business is positive and its business fundamentals remain intact. Strong earnings growth is expected as the Company continues to capture market share and as global gaming markets expand over the next few years.

## **Enquiries**

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**Aristocrat Leisure Limited** (ASX: ALL) is a leading global provider of gaming solutions that consistently outperform the competition. 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 Company's website at [www.aristocratgaming.com](http://www.aristocratgaming.com).