



20 February 2013

Company Announcements Platform  
Australian Securities Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam

**Aristocrat Leisure Limited – 2013 Annual General Meeting**

In accordance with Listing Rule 3.13.3, please find attached the addresses by the Chairman and Chief Executive Officer and Managing Director.

Yours sincerely

A handwritten signature in black ink, appearing to read "A Korsanos".

A Korsanos  
Company Secretary  
Aristocrat Leisure Limited

## **INTRODUCTION**

Ladies and gentlemen, over the course of 2012, Aristocrat maintained its turnaround momentum by focusing on the things within our control: listening to customers, delivering a step-change in the quality of our games and systems, targeting the right markets and segments, managing costs and executing well in line with our strategy.

This approach again delivered high quality results, and I am delighted to present the highlights to you today.

Before I do that I want to remind you that in 2012 we took the important step of moving our financial year-end from 31 December to 30 September. For maximum transparency through this change, this year's Annual Report shows our 2012 results compared against both the twelve and nine month periods to 30 September 2011. Next year's report will return to the familiar 12-month only reporting format.

## **FINANCIAL / OPERATIONAL RESULTS**

For the nine months to 30 September 2012, the business reported an NPAT result of \$45.5 million. This represents growth of 128.6% compared to the prior corresponding period and extends our recent performance of delivering continuing year-on-year NPAT improvement.

Significantly, the business also reported further improvement in cash flow, a strengthening of the balance sheet and another improvement in gearing metrics. Net debt at 30 September 2012 was \$191.8 million, a pleasing reduction of \$108.9 million over the 12 months and \$40.2 million over 9 months.

Earnings per share rose from 3.7 cents in the nine months to 30 September 2011 to 8.3 cents in the nine months to 30 September 2012. In reported currency, this equates to an increase of over 120%. A final dividend of 2.0 cents per share brought total dividends paid for the nine months to 30 September 2012 to 6.0 cents per share, representing a payout ratio of 73% - at the top end of our target range and demonstrating our confidence in the business' momentum.

As we indicated to the market last November, Aristocrat's strengthening balance sheet gives the Board the ability to provide enhanced returns to shareholders, as well as investing strategically for growth. The Board will consider appropriate capital management initiatives over the coming months.

Once again, our results have been principally driven by better operational performance. Significant factors were share gains in Australia, further growth in our gaming operations footprint in North America, improved volumes in Japan and the maintenance of our dominant position in Asia Pacific markets. In other words, the business delivered a well-balanced performance across our global footprint.

At the heart of our progress is the success we are having in recruiting exceptional creative and technical talent. This translates into more competitive product portfolios and better in-market execution around the globe.

Aristocrat is nearing the end of its initial 3-5 year turnaround of the core Class III gaming business, and is now expanding our focus to include additional avenues for growth beyond 2014.

This year the Board approved a number of measured investments that will significantly increase our presence in the online gaming and social casino markets. It is part of our strategy to ensure that Aristocrat is positioned to benefit from both existing and emerging value streams in a rapidly evolving global gaming industry, delivering superior growth and returns over the long term.

Over the course of 2012, and with the benefit of stability, experience and an effective skills mix, the constructive working relationship within the Board, and between the Board and management, continued to strengthen. Directors benefited from visits to key domestic and international markets during the year, including India, Macau and Las Vegas, which exposed Board members to broader industry dynamics and enhanced our ability to discharge our duties effectively. These visits also allowed Directors to engage directly with a wide cross-section of staff, customers and regulators, deepening the Board's understanding of Aristocrat's business and operating practices, and specifically our rigorous probity processes.

For the first time, our annual Business Review publication includes a dedicated sustainability section. Aristocrat is making an increased effort to engage with stakeholders on all key aspects of our business - including complex issues such as responsible gaming.

## **REMUNERATION**

I'd now like to say a few words on executive remuneration and performance incentives, beginning with a reiteration of the Board's established approach to this issue. With the assistance of our Human Resources and Remuneration Committee, the Board has in place a rigorous governance framework and recently refreshed, best practice policies on remuneration and performance incentives. We are mindful of the need to attract and retain skilled staff, while ensuring that rewards are linked as closely as possible to real outcomes that build shareholder value.

Recent history shows that we are serious about performance hurdles. Short term incentives were not paid in 2009 or 2010 due to unacceptable financial results at that time. For the same reason, the Performance Share Rights granted to key executives as part of Long Term Incentive programs did not vest in 2009, 2010, 2011 or 2012. I am pleased that, as operational performance has improved, performance hurdles are beginning to be met. Shareholders will recall that 50% of the target short term incentive for 2011 was approved by the Board. I can confirm that 2012 hurdles have been positively assessed, and appropriate short-term payments will therefore be made to participating staff effective December 2012, in some cases in full.

By their nature, long-term incentives take longer to respond to the business' performance turnaround. The Board is conscious that PSRs have not vested for four years but is confident that Long Term Incentive payments should begin to vest in the foreseeable future, provided of course that the company's performance is sustained and hurdles continue to be met.

## **CONCLUSION**

In conclusion, 2012 was a significant and positive year for the business, as we took another step closer to unlocking Aristocrat's full potential for the benefit of shareholders and all stakeholders. I'd like to take the opportunity to thank my fellow Directors, senior management and all Aristocrat people for their contribution to this solid team effort.

Aristocrat's promised turnaround is now becoming a reality, with strengthening operational performance driving sustained top and bottom line growth and a trajectory of improving returns well established. The business is well placed to leverage our exciting content and emerging channels to fuel growth and superior returns over the medium term.

I'd now like to invite Jamie Odell, CEO and Managing Director of Aristocrat, to provide further comment on the 2012 financial year and management's plans for the future.

## INTRODUCTION

Thank you Chairman, and welcome everybody to Aristocrat's 2013 Annual General Meeting.

Aristocrat delivered another high quality result over the 9 months to 30 September 2012 – the fourth consecutive reporting period in which we have delivered substantial NPAT growth, despite generally weak economic conditions and acute competitive pressures across our major markets. EBIT growth of 53.5% and revenue growth of 25.4% was delivered over the 12 months to 30 September 2012. Over the nine month period, EBIT growth of 75.7% and revenue growth of 29.7% was recorded, compared to the prior corresponding period.

As the Chairman noted, Aristocrat's performance demonstrates that the turnaround we embarked on a little over three years ago is gaining pace. Fundamental business and capability improvements have been bedded down, and the top and bottom line results of our strategy are absolutely clear. Once again, superior operational performance has driven our success. Strong new products, delivered to key markets and segments around the world, generated revenue growth and share gains over the 9 months to 30 September 2012. This fact underlines that our performance improvement has not only been significant but is also sustainable.

As Aristocrat marks its 60th anniversary in 2013, sustainability and our focus on long-term value creation continue to differentiate us from many. Aristocrat has never been more focused on the future and on generating superior, sustainable returns for shareholders. This vision also drives our commitment to long term customer relationships, the highest probity and operating standards and constructive relationships with regulators and policy makers across every jurisdiction in which we operate.

While we continued to work energetically on optimising our existing class III business over the course of 2012, we also took the first critical steps in implementing our digital strategy. Building on the success of our turnaround, our objective is to ensure Aristocrat is well placed to benefit as new value streams open up and the global gaming industry evolves. I will speak further on our strategy and outlook for the remainder of 2013 after I address our operational results in more detail.

## OPERATIONAL RESULTS

The benefits of Aristocrat's balanced global portfolio were in evidence in 2012, with all major regions contributing to an improved operational result.

Profit growth and share gains in Australia were well ahead of market growth, and flowed directly from a more competitive games portfolio, increasingly targeted to the most profitable segments in each jurisdiction.

Innovative titles including Phantom™ and Queen of the Nile Legends™ were sold into new markets including Queensland, Victoria, Tasmania and New Zealand over the course of the year. In fact, more than 1,600 Phantom™ and 1,200 Queen of the Nile Legends™ units now have been sold across Australia representing two of our most successful product launches in Australia in more than a decade.

Aristocrat also focused on the important 1c segment in New South Wales, with popular releases such as 5 Bats™ and There's the Gold™ achieving strong sales and generating customer interest. Importantly, in 2012, we made further inroads into our largest value opportunity – the US gaming operations market. Aristocrat grew our footprint to a fresh record of 6.757 units while also increasing our average fee per day a further 6.5% for new product.

US unit sales were 18.9% higher than the prior corresponding period, and the average selling price of new products was maintained, reflecting our investments in product quality as well as overall market growth. Systems revenue and customer numbers also increased during the year, driven by a mix of larger installs and higher systems hardware sales.

While performance across our Rest of World segment was generally constrained by weak trading conditions, an impressive turnaround in Japan and continued strength in Asia Pacific markets delivered very positive overall results. Revenue increased 63% while profit increased over 140% compared with the prior corresponding period. Revenues in Japan more than tripled with the benefit of successful new games and we maintained our dominant position in Asia Pacific with new and purpose-built Asian games delivering exceptional performance.

As the Chairman mentioned, these operational improvements reflect the step-change we have driven in both technical and creative capability across our business, together with ongoing improvements in business processes.

## **STRATEGY**

Aristocrat will continue to focus on optimising our core class III gaming business – our key value driver – as part of our turnaround effort. However, the progress we're making gives us the opportunity to also invest wisely in emerging value streams. As always, we are guided by our commitment to generate superior and sustainable shareholder returns over the long term.

When I stood before you last year, I outlined Aristocrat's digital strategy and approach to generating value in a transforming industry. I stressed that the most significant future opportunities for our industry would come from delivering the world's greatest gaming content, built on leading edge intellectual property, and distributed through multiple channels via increasingly connected technologies.

In 2012, we began to implement this strategy with an ambitious talent acquisition effort that has brought some of the industry's best creative, technical and digital business talent to Aristocrat over the past few months. This has been supported with investment in better technology to support great gaming content and bring it to life. In addition, our recent acquisition of online wagering and social gaming platforms will help ensure that we are able to deploy Aristocrat content through more channels and capture greater value as the industry evolves.

Fully implementing our digital plans will be a medium-term undertaking, and we will continue to take a measured and careful approach that is very much focused on returns. I look forward to providing more detail around our digital strategy goals and plans at our half-year results. Moving now to outlook for the remainder of 2013.

## **OUTLOOK**

Looking ahead, we expect to face ongoing challenging economic and trading conditions and currency headwinds. We continue to expect a further strong lift in performance over the full year to 30 September 2013, with the benefit of major new game releases across all key markets, continued cost discipline and efficiency and culture measures. Performance will be weighted to the second half, due to the timing of new game releases in the US, Australia and Japan.

## **CONCLUSION**

Our 2012 results show that Aristocrat is well and truly back on a sustainable growth trajectory, delivering in line with our commitments and moving closer to capturing our full potential. I want to assure you that the Aristocrat team is energised and highly motivated to maintain this performance momentum. We will be driving the business hard to lock in improvements over the balance of 2013. And we will not waver in our focus on delivering our most fundamental commitment - superior and sustainable shareholder returns.

I look forward to keeping you informed of our progress, and will now hand back to the Chairman to continue the meeting. Thank you.