

AINSWORTH GAME TECHNOLOGY

2018

ANNUAL GENERAL MEETING



Agenda

- Welcome
- Chairman's Address
- Chief Executive Officer's Address
- Annual General Meeting

Chairman's Address

Presentation by Graeme Campbell

2018 Financial Highlights

FY18 results:

- Revenue is \$266m and NPAT is \$32m
- Adjusted PBT is \$39.5m

Strong 2H18 recovery:

- 2H adjusted PBT is \$28m, 155% increase on the \$11m in 1HFY18, excluding \$5m of gains from non-recurring one-off items

Continued growth in international footprint:

- International revenue is \$202m, 76% of total revenue
- The Americas continues to be the primary focus for growth
- 900 Historical Horse Racing products sold to Churchill Downs Incorporated (CDI) in Kentucky is a result of leveraging the previously acquired Nova Technologies game design expertise



Strategy to expand international footprint and higher quality earnings delivering results



2018 Financial Highlights (continued)

- Strong cash flow – cash from operating activities increased to \$18m(+\$13m from pcg) resulting in cash balance of \$36m
- Final dividend declared – 2.5 cents per share fully franked
- FY18 total dividend declared – 4.0 cents per share fully franked



Chief Executive Officer's Address

Presentation by Danny Gladstone

Profit and Loss Summary

A\$m	12 months to 30-Jun-2018	12 months to 30-Jun-2017	Change (%)
Domestic revenue	63.6	74.1	(14%)
International revenue	202.0	208.0	(3%)
Total revenue	265.6	282.1	(6%)
Gross profit	156.6	170.0	(8%)
EBITDA	68.0	70.3	(3%)
PBT	42.3	46.9	(10%)
Income tax expense	(10.4)	(9.0)	(16%)
NPAT	31.9	37.9	(16%)
R&D (% of revenue)	13%	12%	1%
EPS (diluted) (A\$)	0.09	0.12	(25%)
DPS (A\$)	0.04	-	100%

Operating Costs

A\$m	12 months to 30-Jun-2018	12 months to 30-Jun-2017	Change %
Sales, service and marketing ('SSM')	59.6	52.1	14%
R&D	34.4	34.2	1%
Administration	23.3	26.2	(11%)
Total Operating costs	117.3	112.5	4%

Staff Headcount

Australia and Rest of the World

# Staff	FY18	FY17
Sales	35	38
Service	83	80
Production	43	43
Administration	42	42
R&D	134	136
Total Staff Numbers - Australia & Rest of the World	337	339

Americas

# Staff	FY18	FY17
Sales	31	33
Service	52	48
Production	78	70
Administration	51	50
R&D	48	40
Total Staff Numbers - North and Latin America	260	241

Balance Sheet

A\$m	30-Jun-18	30-Jun-17
Cash	35.7	21.1
Receivables	153.5	128.6
Other Current Assets	84.8	87.3
Total Current Assets	274.0	237.0
Non-Current Receivables	39.3	39.9
Deferred Tax Assets	5.0	4.7
Other Non-Current Assets	188.0	183.1
Total Non-Current Assets	232.3	227.7
Payables	37.5	33.0
Loans and borrowings	0.2	0.2
Current Tax Liability	4.1	7.3
Other Current Liabilities	10.6	9.3
Total Current Liabilities	52.4	49.8
Loans and borrowings	71.7	65.5
Employee Benefits	0.6	0.7
Deferred Tax Liabilities	2.8	4.1
Total Non-Current Liabilities	75.1	70.3
Share Capital	203.0	200.2
Other Equity	175.8	144.4
Total Equity	378.8	344.6

Segment Results - North America

- Slight revenue growth driven by strong ASP and increased win per day on route
- 900 Historical Horse Racing units delivered to Churchill Downs (CDI), leveraged off Nova Technologies game design expertise
- Included in Segment profit is \$2.5m gain from sale of land and a one-off impairment loss of \$0.9m relating to a North America distributor
- Maintained Gaming Operations install base while increasing win per day
- Strong win per day driven by PacMan™ placements
- Sale of initial units for Washington State Electronic Scratch Ticket System

A\$m	12 months to 30-Jun-2018	12 months to 30-Jun-2017	Change (%)
Revenue	105.7	101.4	4%
Segment Profit	40.7	44.6	(9%)
Segment Profit (%)	39%	44%	(5%)
Unit Volume (no.)	3,021	3,105	(3%)
ASP (US\$'000's) *	17.8	16.4	9%
Game Operations – Installed Base	2,583	2,669	(3%)
Ave per Day (US\$)	25	22	14%

*Excludes distributor sales, reworks and on-charges



Segment Results - Latin America

- Solid growth in gaming operations installing 1,600 new units. Converted to sale 900 existing units for a net install base increase of 23%
- Increase in the number of used machine sales to meet market demand for lower price point resulted in lower ASP
- Mexico remains an important market with significant market share increases and strong results
- Strong 2H result, 15% growth on 1H with new game titles and broader product offering
- Strong product performance in core Multi Games, Quad Shot™ series, Oriental Fortune™ and Pac Man™

A\$m	12 months to 30-Jun-2018	12 months to 30-Jun-2017	Change (%)
Revenue	78.7	78.5	-
Segment Profit	30.6	37.7	(19%)
Segment Profit (%)	39%	48%	(9%)
Unit Volume (no.)	3,322	3,188	4%
ASP (US\$'000's) *	16.9	17.5	(3%)
Game Operations – Installed Base	3,269	2,648	23%
Ave per Day (US\$)	15	16	(6%)

*Excludes distributor sales, reworks and on-charges



Segment Results - Australia

- Successful launch of EVO cabinet and Golden Cash™ game series driving improvement in market share. NSW share increased to 15% in June, more than twice the average share for the year
- Decrease in revenue of 14% on pcp, due to lower sales made
- Despite challenging period for volume and revenue growth, ASP has increased
- Machines under service in NSW is 14,301

A\$m	12 months to 30-Jun-2018	12 months to 30-Jun-2017	Change (%)
Revenue	63.6	74.1	(14%)
Segment Profit	19.4	24.0	(19%)
Segment Profit (%)	30%	32%	(2%)
Unit Volume (no.)	2,156	2,607	(17%)
ASP (ex rebuilds) (\$A'000's)	22.5	21.1	7%
Service Revenue	7.5	7.3	3%



Segment Results – Rest of the World

- Revenue drop due to lower Asia, NZ and Europe sales compared to pcp
- Online contributed \$4.1m in revenue, +15% on pcp
- Included in the segment profit is a one-off impairment loss recognised for an Asian trade receivable of \$0.9m
- Delivered 1,000 kits to Novomatic in FY18. Novomatic contributed revenue of \$6.8m in FY18 (\$11.4m pcp) and profit of \$4.4m (\$5.5m pcp)

A\$m	12 months to 30-Jun-2018	12 months to 30-Jun-2017	Change (%)
Revenue	17.6	28.1	(37%)
Segment Profit	10.4	15.0	(31%)
Segment Profit (%)	59%	53%	6%
Unit Volume (no.)*	1,215	1,807	(33%)

*Units Volume include Kits to Europe (Novomatic)

Outlook

- Continued focus on execution of strategies : increase international profitability and higher quality earnings to deliver long term returns for shareholders
- Ongoing commitment to investing in new technologies, product development and game performance to enhance AGT's competitiveness and customer offerings
- 1HFY19 results reflect solid performance in the Americas and challenging conditions in the Australian markets
- 1HFY19 Profit Before Tax, excluding currency movements, is expected to be approximately \$8.0m, compared to \$11.3m in the PCP (excluding currency movements and the \$4.9m one off gain reported in 1HFY18)
- 2HFY19 PBT excluding currency movements, expected to increase by at least 75% compared to 1HFY19
- 2HFY19 revenue and profits also expected to increase versus 2HFY18 (excluding the significant sales to Churchill Downs Inc and Novomatic)

Financial Statements and Reports

To receive and consider the Annual Financial Report including the Directors' and Auditor's Reports in respect of the financial year ended 30 June 2018.

Resolution 1

Re-election of Mr Michael Bruce Yates, as Director

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That Mr Michael Bruce Yates, who retires in accordance with Rule 7.1(f) of the Company Constitution and ASX Listing Rule 14.4, and being eligible, offers himself for re-election, be re-elected as a non-executive director of the Company.”

THE PROXIES HELD ON THE ABOVE RESOLUTION ARE AS FOLLOWS:

FOR	280,423,392	99.22%
AGAINST	2,218,363	0.78%

Included above are 456,394 proxies which were open and usable and the Chairman has elected to vote these in favour of the resolution.

Resolution 2

Re-election of Ms Heather Alice Scheibenstock, as Director

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That Ms Heather Alice Scheibenstock, who retires in accordance with Rule 7.1(f) of the Company Constitution and ASX Listing Rule 14.4, and being eligible, offers herself for re-election, be re-elected as a non-executive director of the Company.”

THE PROXIES HELD ON THE ABOVE RESOLUTION ARE AS FOLLOWS:

FOR	280,482,900	99.21%
AGAINST	2,239,617	0.79%

Included above are 454,807 proxies which were open and usable and the Chairman has elected to vote these in favour of the resolution.

Resolution 3

Approval of Remuneration Report

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That the Remuneration Report for the Company required by section 250R(2) of the *Corporations Act 2001 (Cth)*, which is included in the Directors’ Report in respect for the year ended 30 June 2018, be adopted.”

THE PROXIES HELD ON THE ABOVE RESOLUTION ARE AS FOLLOWS:

FOR	278,997,599	98.81%
AGAINST	3,355,740	1.19%

Included above are 527,394 proxies which were open and usable and the Chairman has elected to vote these in favour of the resolution.

Resolution 4

Conditional Spill Resolution

“That, subject to and conditional on at least 25% of the votes cast on Resolution 3 being cast against the Remuneration Report:

THE PROXIES HELD ON THE ABOVE RESOLUTION ARE AS FOLLOWS:

FOR	18,792,508	6.67%
AGAINST	263,116,781	93.33%

Included above are 477,144 proxies which were open and usable and the Chairman has elected to vote these in favour of the resolution.

OTHER BUSINESS



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