

Ainsworth Game Technology Ltd

ABN 37 068 516 665

10 Holker Street
Newington NSW
Australia 2127

Tel: +61 2 9739 8000

Fax: +61 2 9648 4327

www.ainsworth.com.au

17 November 2015

ASX Release**ASX Code: AGI****AINSWORTH GAME TECHNOLOGY LIMITED
2015 ANNUAL GENERAL MEETING ADDRESSES****EXECUTIVE CHAIRMAN**

(Presented by LH Ainsworth)

Ladies and Gentlemen,

It is my pleasure to present this 2015 AGM review. The 2015 financial year saw Ainsworth deliver its sixth consecutive year of profit growth.

This profit result, in a challenging year, validates our strategy to build a diversified and international gaming and technology Group with greater profitability and higher quality earnings.

Our net profit after tax increased to \$70 million. Earnings per share increased to 22 cents. Impressively, Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) increased by 20% to \$108 million. These are pleasing results which highlight our momentum. We also continue to benefit from a strong balance sheet which can fund new product development and innovation, the heart of Ainsworth as well as support our significant growth ambitions; and reward our shareholders.

We remain firmly committed to building and delivering value for all shareholders. I am pleased to report the Board was able to declare a total dividend for FY15 of 10 cents per share, fully franked. This payment represents a pay-out ratio of 46% recognising we are clearly in an investment and growth phase in our development.

Ainsworth is now a well-recognised and accepted international Group. Around five years ago we committed to a strategy to build a strong, growing and profitable international business, focused substantially on the opportunities within the large markets of the Americas.

We continue to have confidence in our products' performance but as you will know, growing successfully overseas is always a challenge and few Australian companies succeed.

Specifically, we sought to leverage our proprietary technology and gaming expertise to substantially increase our profitability. We focused, too, on improving the quality of our earnings by developing an increasing participation business to provide recurring revenues. We invested in multiple new licenses and their related markets, as we continue to do, to ensure our ongoing growth and sustainability. These include our growing online gaming businesses. In 2015, I am pleased to say, we made progress on all of these fronts.

I am delighted to say, as we released to ASX this morning, that consistent with this strategy we have today entered into a binding agreement to acquire 100% of the shares of Nova Technologies, LLC. Nova is a leading provider of an NIGC certified Class 2 system and games. As well as licenses and software, it also has over 1,300 units on participation. This takes our total number of units on participation in North America to over 2,600. This is an accretive acquisition and highly complementary addition to our North American business. We have been disciplined and highly selective in our acquisitive growth strategy and we are now excited to have an excellent platform that we can substantially grow and develop over time. Danny will talk more of this later.

Without including Nova, as the previous chart showed, our international revenues have grown from \$21 million five years ago to \$148 million in 2015. These international revenues now exceed revenues from the Australian market by almost 60%. This is a sizeable contribution to the Group and an excellent performance as well as a trend we expect to continue through both organic growth and through the acquisition.

Our profile and presence in the Americas is about to go forward to the next stage via another exciting development. The above slide shows the architectural design of our new facility being built in Las Vegas. The facility is planned to open in the second half of FY16. It will be a centre for manufacturing, sales across the region, research and new product development. It will strengthen our position internationally and promote further growth and profitability.

We are also strengthening our Board to drive and govern our growth. On this front I have an announcement to make. Subject to regulatory approvals and the necessary procedural formalities, Ainsworth expects to appoint Ms Heather Scheibenstock to the Board as a new Independent Non-Executive Director commencing in mid-January. Ms Scheibenstock has a wealth of experience in the gaming and leisure industry with a specialty in strategic planning and offshore growth. Heather worked at Echo Australia and more recently at the internationally recognised Solaire Group. Heather's appointment will complement the Board's existing skills and expertise.

2016 is expected to be another progressive and prosperous year for Ainsworth. We remain focused on the execution of our strategies to build a stronger, more diversified and profitable global gaming and technology Group. With new products like the recently launched A600 gaining traction with customers in Australia; new games and technologies that we can leverage across our platforms; new jurisdictions and licenses to drive further growth including now the complementary Class 2 market in the US with Nova; a much larger participation business to provide recurring income and a growing social and online business to position us in new markets; as well as the new US facility to cement our presence in America, we have a confident outlook.

I would sincerely like to thank, for their hard work and effort, our Board of Directors, our CEO Mr Danny Gladstone and his Executive team who are all vital to our progress, our loyal and dedicated employees and our valued customers worldwide.

Thank you.

I will now hand over to Mr Danny Gladstone who will give the CEO's address and provide details on the outlook for the Group.

CHIEF EXECUTIVE OFFICER

(Presented by DE Gladstone)

I am pleased to report that in 2015 Ainsworth delivered a good result in a challenging year.

Today I would like to present to you some of the key events and milestones of the year. These achievements highlight our capabilities. They demonstrate our expertise and they lay the foundations for further growth domestically and internationally.

Starting with results for FY15, Ainsworth has delivered another year of improved financial performance.

We delivered a profit after tax of \$70 million, an increase of 14% on the previous year. The profit includes \$18 million of foreign currency gains after tax. Earnings per share increased to 22 cents per share up from 19 cents in 2014. Return on Equity was 25% and we finished the year with \$41 million of net cash on the balance sheet to fund innovation and expansion.

These results highlight our ability to take our gaming expertise and proprietary technology and build a profitable and successful international business. Experience counts at Ainsworth. In essence, we pulled together a group of seasoned and effective executives and a core group of game designers, mathematicians and artists to drive further creativity and performance. We also added younger graduates to the team to ensure we have the experience and people to deliver on our future needs. We are already seeing results from this with the online products we are producing. We extended our Long Term Incentive to retain our valued employees. The results clearly shows the effectiveness of our strategy.

We are now well established in international markets with solid foundations. Our international business performed well with sales up by 46%. Within this, Latin American revenues grew by 58%, the Rest of the World grew by 40% and North American revenue grew by 41%. It is encouraging to see Ainsworth's market leading products and technology are succeeding in international markets. We are building good momentum for further success.

We have a significant and successful business in Latin America based on the depth of expertise and local market understandings that we have built up over the years, plus, our products continue to outperform for our customers. In 2015 Latin America again proved itself as one of our best performing markets. Again the strategies we employed have been validated. As part of our strategy to improve our quality of earnings, we saw a pleasing 48% increase in the number of machines on participation to 1,311 in FY15. We sold 39% more units to 2,219. We operate in 13 countries across the region with Mexico being our single largest market where sales grew by over 30%. The market is increasingly becoming more regulated and we are confident of a sustained performance in FY16.

The Rest of the World region performed well too in FY15. Sales grew by 39% and unit volumes increased by 30%. Asia made a good contribution, especially the Philippines. We have a limited exposure to Macau where regulatory change has affected the market. We expect strong growth this year in this business.

The large North American market is a key priority. In 2015 our share increased, driven by the release of new products and games. We sold 3,100 units in this market last year, an increase of 30%. The 560SL™ was a star performer across the Americas. It is an excellent machine and is well suited to the American market. We have a strong game library for the A560SL™. It continues to be widely accepted and well supported in this market.

We saw a strong increase in the installed base in our existing markets such as Nevada and California and a good initial contribution from new jurisdictions such as Wyoming, Mississippi, Arizona and Missouri. We also secured 36 additional tribal licenses.

The second key event in 2015 was the launch of the technologically advanced A600™ cabinet and a number of new game concepts at the Australasian Gaming Exhibition in August. To add to the comments of our Chairman Len Ainsworth: “The A600™ continues our innovation vision. Its classic design and game presentation qualities are unsurpassed”. The Australasian Gaming Exhibition marked the turning point in our domestic transition strategy to this market leading, next generation product.

Given the product transition to the A600™ in the domestic market, we saw a temporary loss of sales and ship share prior to the launch. I am pleased to say that the new platform is being well received by our customers. Given this, we expect to see similar 1H FY16 total unit sales versus pcp for the domestic market. We expect the A600™ to provide further momentum to the second half and beyond.

The Global Gaming Expo, (known as G2E) held in September in Las Vegas, was another important milestone for us. It was our most successful G2E on record. It highlighted our momentum and growing share in international markets.

Given such positive interest at G2E, in 2016 we expect further organic growth and progress in North America. We look forward to a full year’s contribution from the additional markets. We have a number of new initiatives which we expect will drive organic sales and profits including new games, the introduction of the new A600™ machine and of course the new facility in Las Vegas which will drive efficiencies and enhance our profile and presence.

As we said at the time of the annual results in August, Ainsworth committed to plans to expand into the previously un-addressable Class II markets in the Americas. We are excited to announce today that we have entered into a binding agreement to acquire 100% of the shares of Nova Technologies, LLC.

The total purchase price is USD\$38 million to be paid in full, in cash on completion subject to certain adjustments at close. This represents a multiple of approximately 8.1-8.5 times trailing twelve month EBITDA, depending upon the exact date of close. The acquisition will be debt free and funded through operating cash flow and our new credit approved \$90 million secured loan facility. This new facility replaces the current \$30 million facility, subject to documentation. This approval shows the strength of our business and the quality of our cash flows.

Based in South Carolina and Oklahoma, Nova is a proven performer in the complementary US Class II machine market. Having experienced significant growth in the past few years, Nova is a great success story in this space with around 1,300 units under operation connected to its certified and proven Class II Bingo Server operating on daily fees. Not only is this transaction earnings accretive from day one and beyond, we believe this acquisition complements our current footprint and efforts in North America and elsewhere. Among other benefits, we intend to use this as the ideal vehicle to extend our extensive Ainsworth offerings in Class II gaming products. We look forward to gaining a very talented team with expertise that will provide additional technical resources to ensure further development initiatives in coming periods. With this approach we will accelerate our offerings in not only the Class II market, but also other areas of gaming in the Americas where we currently do not have a product presence. For example, we see significant utilization in Mexico and other selected markets.

The deal is subject to the necessary regulatory approvals, and we expect to close early in the new calendar Year.

The next milestone to note was the exercise of our option to acquire 40% of the equity in Digital 616 LLC. This acquisition confirms our commitment to, and accelerates our presence in, the online gaming markets. We can leverage our technology and content into these new markets, applications and devices. We are making good progress here. We were granted a license to operate in Alderney and our initial games and Remote Game Server were also approved. In our social gaming business the Players Paradise Slots and King Spin Apps have been launched in conjunction with 616 Digital on desktop, Android and IOS. Given our confidence in this market we expect to purchase the remaining 60% of 616 Digital LLC in FY16 at a capped price subject to financial conditions.

We enter FY16 quietly confident. Our international business is expanding and our domestic business is improving. We are focused on integrating Nova and delivering growth. We are making progress in new markets and we are finding new profitable ways to successfully leverage our technology and content.

We expect to deliver strong sales growth in the year to 30 June 2016 with organic growth and some further currency assistance. Although sales are expected to be strong, higher component costs in our local manufacturing due to the lower Australian dollar will result in a temporary decline in margins in the near term. We expect that margins will recover with improved production efficiencies, planned cost reduction initiatives and increased production volumes of the A600™. As a result of the decline in margins and increased investments, primarily in the Americas to drive growth, the reported pre-tax profit for half one of FY16 is expected to be similar to the previous corresponding period. Our key metric, normalised pre-tax profit, excluding currency gains, is also expected to be similar for half one of FY16 compared to the pcp. The second half of the financial year should see a stronger profit contribution at the normalised level than the first half with full year FY16 normalised PBT expected to be in line with last year's result.

Ainsworth is successfully evolving. We are becoming a stronger, diversified and more profitable gaming and technology Group. While our results to date are good, we are confident of further growth and profitability next year and in the years to come.

Thank you.

Ends

For further information please contact:
Pegasus Advisory
Michael Brown
Email: mbrown@pegasusadvisory.com.au
Mobile: 0400 248 080