



Ainsworth Game Technology Ltd

ABN 37 068 516 665

10 Holker Street,
Newington NSW 2127
Tel: +61 2 9739 8000

www.agtslots.com.au

20 August 2020

ASX Release

ASX Code : AGI

Ainsworth Game Technology Limited (AGT) – Business Update

Summary

- AGT's priorities are the health and wellbeing of its employees and the preservation of shareholders' funds. The company is providing flexibility for staff to work safely and remotely.
- Customers across all AGT's markets suspended operations from mid-March. Some reopenings of customers' facilities have occurred since that time, although venues have reduced CAPEX due to visitations being well below pre pandemic levels.
- AGT implemented a series of cost saving measures to ensure the company can endure a protracted downturn.
- H2FY20 revenues impacted, \$42m compared to \$116m in the prior comparative period; a decline of 63%.
- FY20 underlying net loss before tax of approximately \$34m, subject to audit completion and excludes non-cash related impairment charges (LATAM one off non-cash impairment of \$12m). The net loss also excludes one off costs and Job Keeper subsidies.
- Focus on liquidity and balance sheet strength; \$26.5m of cash at 30 June 2020. Debt facility with ANZ is in the process of being restructured.
- With a reduced cost base and more flexible financing facility, AGT is positioned to benefit as customers progressively resume more typical business levels.

Chief Executive Officer Lawrence Levy commented, "While Covid-19 hit our industry hard, we moved quickly to protect Ainsworth. We took proactive measures to streamline our overheads and we are securing more flexible financing arrangements to ensure we can endure a protracted downturn. AGT is now well positioned as customers across our major markets look to recover from the effects of the pandemic".

FY20 Results

Subject to audit completion, AGT expects to report FY20 results as follows:

- Revenues of \$149m, a decline of 36% versus the prior financial year.
- Positive adjusted EBITDA A\$2.9m (excludes one-off impairment charge).
- Adjusted net loss before tax of approximately \$34m – excludes one off costs including non-cash impairment charges, Job Keeper and costs associated with the acquisition of MTD, which was completed in March 2020.
- Included in FY20 are 67 redundancies (23 in Australia and 44 in Americas) at an annualised cost saving of A\$6.4m. In addition, 40 roles have been eliminated at a further cost saving of A\$3.8m per annum.
- Net debt of \$17.5m as at 30 June 2020.
- In addition, on review of LATAM Cash Generating Unit a one-off (non-cash) impairment of A\$12m is expected at FY20.
- The FY20 final dividend has been cancelled to ensure the Company is well placed to should a protracted downturn eventuate.
- AGT is expecting to release preliminary, unaudited FY20 results on 27 August 2020 after market close and anticipates release of audited results in September 2020.



This delayed reporting of audited results is permitted pursuant to ASX Class Waiver Decision – Extended Reporting and Lodgment Deadlines dated 16 June 2020 and reliance on ASIC Corporations (Extended Reporting and Lodgment Deadlines – Listed Entities) Instrument 2020/451, which permits the extension of the lodgment date for audited annual accounts and the other documents required to be lodged with ASIC under section 319 of the *Corporations Act 2001 (Cth)*, to 2 November 2020. AGT will immediately make a further announcement to the market after the lodgment of its unaudited accounts if there is a material difference between the unaudited accounts and the audited accounts.

Cost minimisation measures

To assist with the impact of the pandemic and restrictions established in global markets, various cost minimisation measures were implemented in Q4.

- Executive Management voluntarily took 20% reductions in base salaries for the June quarter. This has now been extended for the September quarter.
- Chairman waived his fees for the June quarter and has agreed to 20% reduction for the September quarter.
- Other paid directors have taken 20% reduction in fees (including sub-committee fees) for the June quarter which has been extended for the September quarter.
- Rent concessions for Newington facility were provided. June quarter waived and 50% reduction for 6 months to 31/12/20. Other rental concessions were provided for service premises occupied.
- Stand downs were initiated across the Australian operations as well as reduced working days to 2-3 days across operational departments. In the USA, 111 employees and 15 contractors placed on furlough with a freeze on all new hires.

Further details will be provided in FY20 results announcement.

Debt facility and liquidity

- AGT finished H1FY20 with cash balances of \$42m following the repayment of borrowing during the first half of the year.
- In H2FY20 the completion of the MTD acquisition in March required US\$18m of consideration including US\$5m to be held subject to re-signing of a key contract in Montana or attaining set financial targets.
- AGT currently has a A\$44m drawn debt facility with ANZ. The ANZ facility is in the process of being amended with covenants being revised to minimum liquidity levels and quarterly sales targets. These new conditions are intended to be in place for the remaining term of the loan, which expires in September 2021, effectively replacing the previous covenants in place at 30 June 2020.
- The facility is expected to be reduced to A\$60m with progressive reductions of A\$10m in December 2020 and A\$10m in each of March and April 2021.
- AGT had cash balances at 30 June 2020 of \$26.5m.

A further update will be provided with the preliminary unaudited FY20 results, expected to be released to ASX after market close on 27 August 2020.

This announcement was authorised for lodgement by the Board of Directors.

Ends

For further information, please contact:

Pegasus Advisory
Michael Brown
Email: mbrown@pegasusadvisory.com.au
Ph: 0400 248 080

Ainsworth Game Technology Ltd
Mark Ludski
CFO/Company Secretary
Email: Company.Secretary@agtslots.com
Ph: +61 2 9739 8021