



FY18 Annual Results Announcement

Ainsworth Game Technology Limited

www.agtslots.com

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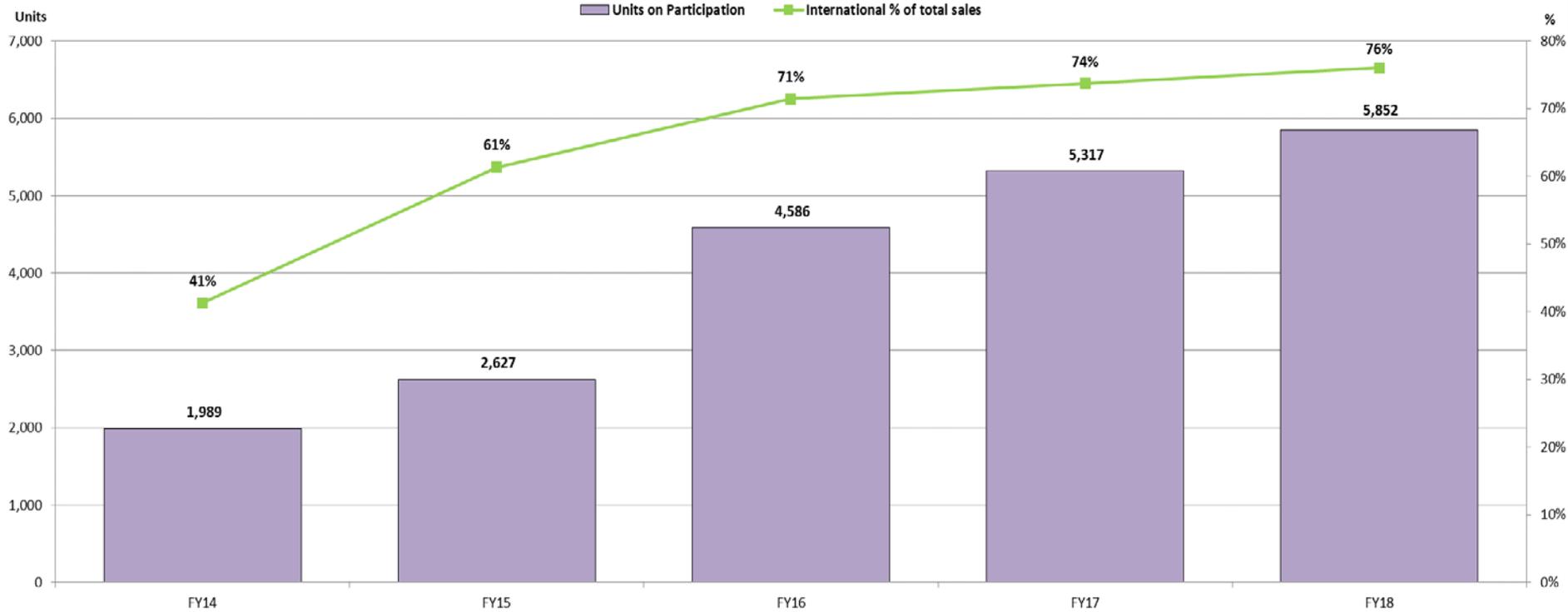
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Strategy to expand international footprint and higher quality earnings delivering results



1. Results Highlights

2. Consolidated Results

3. Segment Results - Americas

4. Segment Results - Australia

5. Segment Results - Rest of the World

6. Gaming Products

7. Regulatory Update

8. Online

9. Outlook

Key Highlights

FY18 Results:

- Profit before tax (excluding currency impacts) is \$39.2m – delivered on guidance
- Total sales revenue of \$265.6m, decrease of 6% on pcp
- EPS of 9.0 cents (PCP: 12.0 cents)
- Final dividend declared - 2.5 cents per share fully franked

Continued growth in International footprint:

- International revenue \$202m, -3%, 76% of total
- North America revenues +4%, profit -9% and Latin America revenues similar to pcp with less than 1% increase, profit -19%
- Historical Horse Racing products sold to Churchill Downs Inc during the year is a result of leveraging the previously acquired Nova Technologies game design expertise

Encouraging early signs of improving share in Australia:

- Australia revenues -14%, profit -19%
- New product launches boosted June NSW market share to 15%, more than twice the average share for the year

Further improvement in quality of earnings:

- 5,852 units on participation, 10% increase on FY17 as a result of increased placement in Latin America

Strong cash flow with intention to commence debt repayment in FY19:

- Closing cash balance \$35.7m, up by \$14.6m on pcp

FY19 Outlook:

- Reclaiming market share through product performance

1. Results Highlights
2. Consolidated Results
3. Segment Results - Americas
4. Segment Results - Australia
5. Segment Results - Rest of the World
6. Gaming Products
7. Regulatory Update
8. Online
9. Novomatic Update
10. Outlook

Profit & Loss Summary

- Profit before tax (excluding currency impacts) is \$39.2m
- Included in results is a gain on sale of land of \$2.5m pre tax profit and \$5.2m of non-recurring costs including \$2.7m loss on impairment of receivables and \$2.5m impairment on 616 Digital LLC investment
- Slight decrease in international sales (-3% v pcp)
- -14% decline in domestic revenue compared to FY17
- Gross Profit decreased by 8% due to the decrease in number of units sold and the full release of the A600 cabinet range in FY18 which has a higher componentry cost compared to legacy cabinets
- Pre tax contributions from currency gain in FY18, \$3.1m v currency loss of \$10.5m in FY17
- Total dividend of 4.0c per share totalling \$13.3m for FY18

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%

Results Adjusted for Currency (Gain) / Loss

A\$m	12 months to 30-Jun-2018	12 months to 30-Jun-2017	Change (%)
PBT	42.3	46.9	(10%)
Currency (gain) / loss (before tax)	(3.1)	10.5	(130%)
Adjusted PBT	39.2	57.4	(32%)
NPAT	31.9	37.9	(16%)
Currency (gain) / loss (after tax) ⁽¹⁾	(2.6)	9.7	(127%)
Adjusted NPAT	29.3	47.6	(38%)

⁽¹⁾ No tax effect on \$1.5m currency gain in FY18 (FY17: \$7.5m currency loss)

Calculation of currency (gain)/ loss after tax: FY18: $(\$1.5m + (\$1.6m \times 0.7) = \$2.6m \text{ gain})$, FY17 $(\$7.5m + (\$3m \times 0.7) = \$9.7m \text{ loss})$. These currency (gain)/ loss relate to balance sheet translation originated from investment in the Americas.

Reconciliation – Profit before Tax to EBITDA

A\$m	12 months to 30-Jun-2018	12 months to 30-Jun-2017	Change %
Reconciliation:			
Profit before tax	42.3	46.9	(10%)
Net interest	(2.3)	(2.4)	4%
Depreciation and amortisation	28.0	25.8	8%
Reported EBITDA	68.0	70.3	(3%)
Foreign currency (gain) / loss	(3.1)	10.5	(130%)
Impairment losses (Receivables)	2.7	3.3	(18%)
Impairment losses (616 Digital LLC)	2.5	-	100%
Gain on sale of land	(2.5)	-	(100%)
Underlying EBITDA	67.6	84.1	(20%)

Impairment losses on receivables \$2.7m – predominately relates to the write down of two long outstanding receivables from distributors in North America (\$0.9m) and Asia (\$0.9m). These receivables are behind from previously negotiated payment plans.

Impairment losses on 616 Digital LLC \$2.5m – 616's earnings growth has been adversely affected by the ongoing maturation of the North American and Australian social gaming market and an increase in player acquisition and retention costs. These market conditions have been to the disadvantage of smaller operations like 616 in favour of larger scale competitors, and are reflected in lower than anticipated year on year revenue and EBITDA growth, requiring a write down in the carrying value of AGT's 40% interest in 616 by \$2.5m.

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%

4% increase in total costs with resources reallocated to revenue growth and customer support:

- Increase in SSM expenses primarily due to:
 - Additional depreciation expense due to increase in machines placed under participation and lease
 - Establishment of engineers to support server based products in Washington, Kentucky and Class II
 - Increased selling and marketing costs in the Americas
 - Acceleration of depreciation in older style cabinets
- Decrease in Administration expenses is primarily due to:
 - \$2.5m reversal of previously recognised 2015 Performance Rights share-based payment expense amortisation

Staff Headcount

Australia and Rest of the World

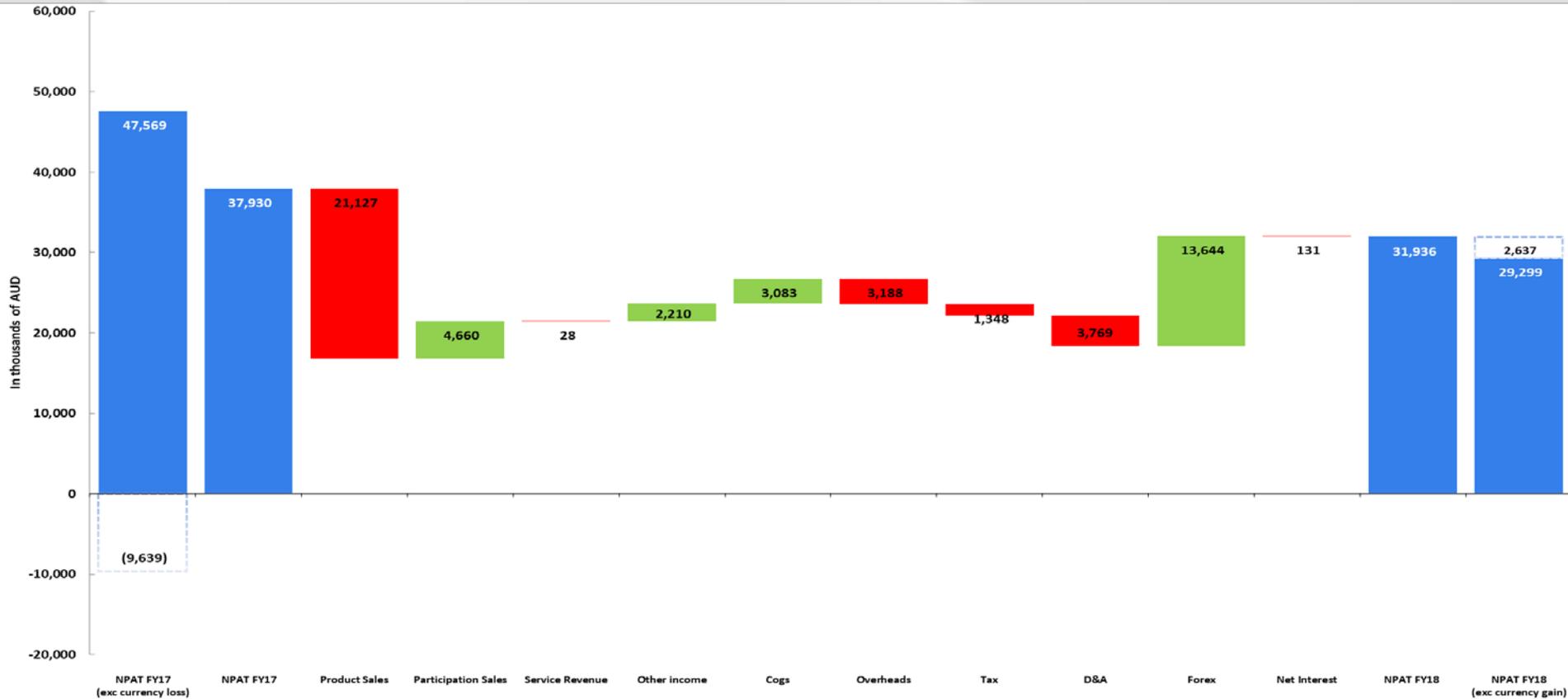
# Staff	FY18	FY17
Sales	35	38
Service	83	80
Production	43	43
Administration	42	42
R&D	134	136
Total Staff Numbers - Australia & Rest of the World	337	339

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
	FY18	FY17
Total Staff Numbers Consolidated AGT	597	580

The increase in total staff numbers is a result of additional investments in Game Design, Technology, Production, Sales and Customer support to drive future revenue.

Net Profit Bridge



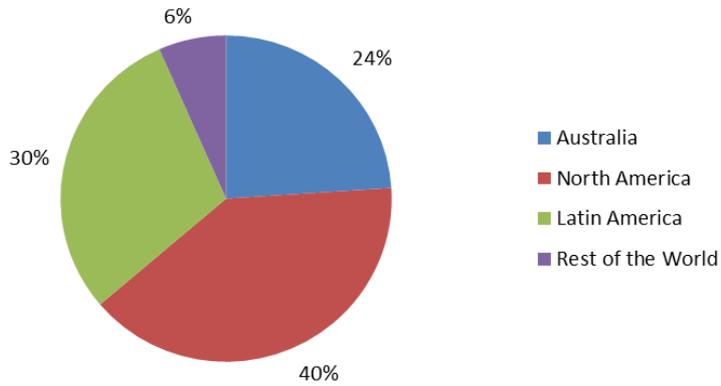
(1) No tax effect on \$1.5m currency gain in FY18 (FY17: \$7.5m currency loss)

Calculation of currency (gain)/ loss after tax: FY18: (\$1.5m + (\$1.6m x 0.7) = \$2.6m gain), FY17 (\$7.5m + (\$3m x 0.7) = \$9.7m loss). These currency (gain)/ loss relate to balance sheet translation originated from investment in the Americas.

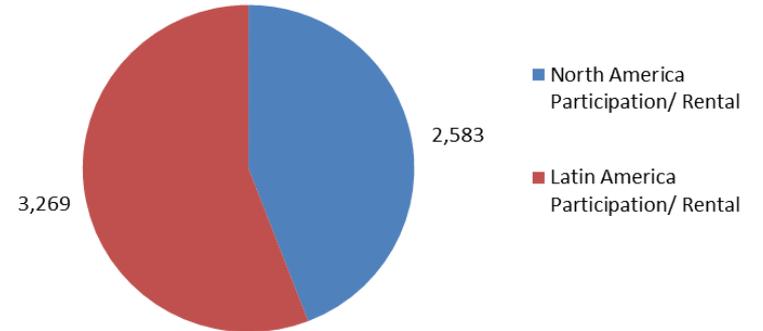
- \$21.1m decrease in machine sales due to decrease in number of units sold in FY18
- \$4.7m increase in participation and lease due to Pacman™ placement and increased install base in Latin America
- \$13.6m increase in forex represents a foreign currency gain of \$3.1m (versus a currency loss pcp of \$10.5m)
- \$29.3m currency adjusted PAT in FY18 (versus \$47.6m pcp). Excludes \$2.6m after tax currency gain (versus \$9.7m currency loss pcp) (1)

Ainsworth at a Glance

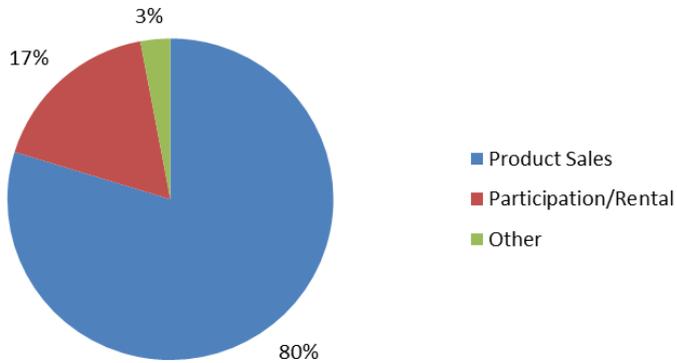
Revenue Breakdown by Geography



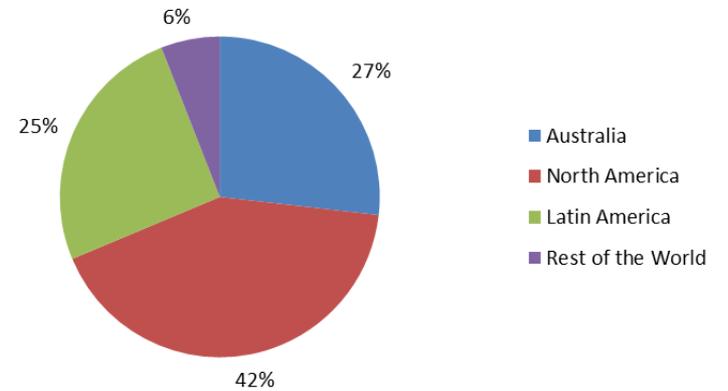
Americas Game Operations - Installed Base



Revenue Breakdown by Product Type



EBITDA Breakdown



Balance Sheet

- Strong balance sheet to self fund growth strategies
- A\$90m multi-option facility arrangement extended to 30 September 2021
- Receivables totalled to \$192.8m (FY17: \$168.5m). Cash collection expected in H1FY19 should reduce receivables
- Net debt of (\$36.2m) improved as a result of higher cash balance at June 18 (at June 17 net debt was (\$44.6m)). Expect to commence debt reduction strategy supported by continuous strong cash flow
- Expect cash payment of CDI 900 machine order on opening of Derby City Gaming facility - September 2018

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

Balance Sheet Ratios

Financial covenants ratios	FY18
Interest cover ratio - (EBITDA/Interest Expense)	43.05
Gearing Ratio - (Debt)/(Debt + Equity)	15.92%
Leverage Ratio - (Debt/EBITDA)	1.05

Debt ratios	30/06/2018	30/06/2017
Debt ratio (Total Liabilities/Total Assets)	25.19%	25.84%
Debt to Equity ratio (Total Liabilities/Total Equity)	33.67%	34.85%
Cash Flow to Debt ratio (Cash Flow from Operations/Total Liabilities)	14.40%	3.63%

Cashflow Statement

- Net cash from operating activities is \$18.4m, resulting from improved working capital management
- Increase in net cash from financing activities due to additional USD2.5m drawdown
- Included in acquisitions of PPE is the purchase of land in Las Vegas amounting to A\$4.1m
- Strong closing cash balance of \$35.7m, an increase of \$14.6m

A\$m	12 months to 30-Jun-2018	12 months to 30-Jun-2017	Change
Net cash from operating activities	18.4	5.2	13.2
Interest received	3.9	3.7	0.2
Proceeds from sale of PPE	4.6	6.3	(1.7)
Acquisitions of PPE	(8.3)	(5.4)	(2.9)
Development expenditure	(5.6)	(4.5)	(1.1)
Net cash (used in) / from investing activities	(5.4)	0.1	(5.5)
Proceeds from borrowings	3.1	-	3.1
Proceeds from finance leases	0.3	0.1	0.2
Payment of finance lease liabilities	(0.2)	(0.1)	(0.1)
Dividend paid	(2.2)	(9.9)	7.7
Net cash from / (used in) financing activities	1.0	(9.9)	10.9
Net increase / (decrease) in cash and cash equivalents	14.0	(4.6)	18.6
Cash and cash equivalents at 1 July	21.1	26.4	(5.2)
Effect of exchange rate fluctuations on cash held	0.6	(0.7)	1.3
Cash and cash equivalents at 30 June	35.7	21.1	14.6

1. Results Highlights
2. Consolidated Results
3. Segment Results - Americas
4. Segment Results - Australia
5. Segment Results - Rest of the World
6. Gaming Products
7. Regulatory Update
8. Online
9. Outlook

Segment Results – North America

North America – consolidating market position:

- 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

North America

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

Continued Development of Top Performing Brands in North America

Top Performing Brands

- All brands listed are performing at an average index of 1.0x to 3.1x of house average based on sample data obtained from customers



Segment Results – Latin America

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™

Latin America

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

Continued Development of Top Performing Brands in Latin America

Top Performing Brands

- All brands listed are performing at an average index of 1.5x to 3.4x and above of house average based on sample data obtained from customers



1. Results Highlights
2. Consolidated Results
3. Segment Results - Americas
4. Segment Results - Australia
5. Segment Results - Rest of the World
6. Gaming Products
7. Regulatory Update
8. Online
9. Outlook

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
- Continuous recovery in market share in FY19 is expected to be driven by the initial positive response of Golden Cash™ game series and further new game portfolio offerings

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%

1. Results Highlights
2. Consolidated Results
3. Segment Results - Americas
4. Segment Results - Australia
5. Segment Results - Rest of the World
6. Gaming Products
7. Regulatory Update
8. Online
9. Outlook

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 units 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)

1. Results Highlights
2. Consolidated Results
3. Segment Results - Americas
4. Segment Results - Australia
5. Segment Results - Rest of the World
6. Gaming Products
7. Regulatory Update
8. Online
9. Outlook

Gaming Products –FY18 Key Highlights

- Launch of 70 new game titles into key class II and class III markets
- Continued global rollout of the EVO cabinet
- Enhanced core product offerings through a diversified range of game mechanics



Server Based Gaming Products – Highlights

- Delivered Electronic Scratch Ticket System in Washington State
- Completed Four Winds Casino install which included 270 units
- Historical Horse racing system for Churchill Down was approved, which included 900 units and over 60 games
- Delivered 60 approved games across our Class II server based business

Global Gaming Products for FY19

Continue executing on our global game strategy to:

- Launch eight major proprietary brands with a balanced diversified portfolio
- Schedule rollout of 75 new proprietary titles across the EVO and A640 cabinets
- Rollout of 45 new and ported titles to Class II markets
- Engagement of 2 external game development studios to increase diversity, which will accelerate new game titles capacity
- Continued build-up of internal studio capacity and quality to enable increased productivity

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2. Consolidated Results
3. Segment Results - Americas
4. Segment Results - Australia
5. Segment Results - Rest of the World
6. Gaming Products
7. Regulatory Update
8. Online
9. Outlook

Regulatory Update

Continuing strategy to deliver new jurisdictions based on detailed market assessment of commercial opportunities

From 1 July 2017 to current, the AGT group has secured new tribal gaming licenses in the key commercial markets – California, Colorado, North Dakota and Washington.

1. Results Highlights
2. Consolidated Results
3. Segment Results - Americas
4. Segment Results - Australia
5. Segment Results - Rest of the World
6. Gaming Products
7. Regulatory Update
8. Online
9. Outlook

Online and Social

Real Money Gaming:

- Focus on expanding our content offerings into the North and Latin American markets with a primary focus on New Jersey and Mexico
- Announced online agreement with GVC to launch exclusive Ainsworth casino content for the first time in New Jersey at MGM Resorts and Borgata casino
- Reached agreement with The Logrand Group to introduce Ainsworth games for the first time into Mexico on Strendus.com.mx
- Expand Ainsworth online content – including more than 40 new land-based titles – into our existing European partners and operators



BORGATA
CASINO.COM



Social Gaming:

- Completed development of 40 Ainsworth slot titles for Novomatic's social casino platform for North American land-based casinos
- Adding newest Ainsworth game titles to our Player's Paradise social casino App



1. Results Highlights
2. Consolidated Results
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6. Gaming Products
7. Regulatory Update
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9. Outlook

Outlook

- Purposeful strategies to regain market share, expand international footprint, invest in game technologies and drive higher quality earnings are expected to result in improvement in financial results
- Leverage off Nova Technologies system and game design expertise to further release Historical Horse Racing products
- Machines on participation, generating daily recurring revenues of \$29.8m in North America and \$16.1m in Latin America
- Domestic market share, despite competition, expected to continue to recover. June's share of 15% in NSW, more than twice FY18 average
- Investing in product quality and innovation is the solution to market competition
- Strong financial position with balance sheet organic deleveraging in FY19. Dividend payments declared during the year as a signal of confidence
- Although facing intense competition, AGT will continue to invest in new product offering to reclaim market share in Class III & Class II markets, while also pursuing new markets
- Continue to invest cash flow in product improvements, innovation, sales and marketing while retiring debt and rewarding our shareholders