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Ainsworth Game Technology Limited
Full Year Results to 30 June 2013 and Dividend Announcement

Ainsworth Game Technology Limited (AGT) today announced an audited profit before tax of \$69.3 million for the year ended 30 June 2013, an increase of 50% on the prior corresponding period in 2012 and 6.6% above the \$65 million guidance provided on 2 July 2013.

The profit after tax was \$52.2 million for the financial year ended 30 June 2013. This result included a tax expense of \$17.1 million compared to an income tax benefit of \$18.1 million for the corresponding period in 2012 following the recognition of deferred tax assets.

Based on the results, the Board has declared a final dividend in respect of the year ended 30 June 2013 of \$0.05 per ordinary share resulting in full year dividends of \$0.08 per ordinary share. The dividend will be unfranked and is expected to be paid on 27 September 2013.

The financial results for the year ended 30 June 2013 are summarised as follows:

Amounts expressed in A\$ millions <i>(unless otherwise stated)</i>	FY13	FY12	Movement %
Revenue	198.1	150.6	▲ 32%
Earnings before interest, tax and depreciation and amortisation (EBITDA) ⁽¹⁾	74.1	53.3	▲ 39%
Earnings before interest and tax (EBIT) ⁽¹⁾	66.0	48.1	▲ 37%
Net profit before tax	69.3	46.2	▲ 50%
Net profit after tax ⁽²⁾	52.2	64.3	▼ 19%
Earnings per share (basic) – dollars	\$0.16	\$0.23	-
Dividends per share (unfranked) - dollars			
- Interim (paid 12 April 2013)	\$0.03	-	-
- Final (declared 27 August 2013)	\$0.05	-	-
	\$0.08	-	-

⁽¹⁾ EBITDA and EBIT for comparative period in FY12 excludes one-off profit on sale of \$2.7 million relating to the previous sale of the Company's Newington property.

⁽²⁾ Net profit after tax in FY13 included \$17.1 million tax expense compared to an income tax benefit of \$18.1 million in the prior corresponding period in 2012, resulting from the recognition of deferred tax assets.

Sales revenue achieved for the financial year ended 30 June 2013 was \$198.1 million, a 32% increase over the previous corresponding period in 2012.

Domestic revenue was \$124.4 million (63% of total revenue), an increase of 21% compared to \$103.1 million in the prior corresponding period (68% of total revenue). This result benefited from an acceleration of orders and deliveries of the A560ST™ and Quad Shot™ in New South Wales and Queensland markets in the first half and a significant increase (349%) of revenue within Victoria in the second half of FY13.

Further market share gains for AGT across all domestic segments were achieved in FY13. The approval and successful release of the mid denomination 4 level standalone progressive Reels of Wheels™ and Multiplay™ Big Time II within New South Wales continues to produce leading product performance.

International revenue for the period was \$73.7 million (37% of total revenue), an increase of 55% compared to \$47.5 million in the prior corresponding period (32% of total revenue). Significantly, South America recorded an increase of 77% and represented 27% of overall international revenue. Continued progress to gain market share and revenue growth within the key international market of North America in FY14 is expected, as new products progress through the necessary regulatory approval cycles.

Chief Executive Officer, Mr Danny Gladstone said, "I am pleased with the progress to date and expect continued financial improvements in all markets in the 2014 financial year".

The Company advised it had progressively completed the development of products available to regulated online markets in Europe and North America through GameAccount as previously announced. Mr Gladstone said, "This online strategy is expected to enable the Company to capitalise on additional revenue streams from this emerging market segment".

"We continue to pursue opportunities to establish gaming operations in the Americas with products under participation or of a recurring revenue nature. At 30 June 2013, the Group had a total of 1,156 machines within the Americas on participation, rental and/or lease. An additional 512 machines, an increase of 60% on 2012 were under trial subject to conversion to potential sale and/or lease in the first half of FY14," Mr Gladstone said.

AGT also advised that subsequent to the reporting date it had acquired approximately 24 acres of vacant land in a suitable location in Las Vegas to allow for the Group's continued expansion in the Americas. "This land will allow the Company to establish a purpose-built facility considerably greater in size than the currently occupied premises. The timing of the acquisition will enable us to progress building design, approval and construction phases prior to the expiration of the current lease in November 2016," Mr Gladstone said.

A gross margin of 66% was achieved in the current period compared to 68% in the previous corresponding period in 2012. The Company noted that margins within domestic markets remained strong and the margin decrease was primarily due to the increased contribution to total revenue from South America in the period. Continued cost reduction initiatives combined with higher sales volumes, favourable currency movements, production efficiencies and a greater concentration of premium progressive recurring revenue games are expected to assist in off-setting potential negative margin impacts as international revenue increases its contribution to total revenue of the Group.

Operating costs, excluding cost of sales, financing costs and other expenses were \$65.9 million, an increase of 22% on the previous corresponding period in 2012. This increase was primarily due to the full year impact of previous expansion of the American facility commenced in FY12 which accounted for 43% of the overall increase. The Group has now established the necessary USA infrastructure to support the expected expansion in targeted international markets. Further expansion will be aligned to the achievement of revenue growth within international market segments.

Research and development (R&D) was \$23.2 million (12% of total revenue), an increase of 24% on the \$18.6 million (12% of total revenue) in the previous corresponding period. Continued investment in R&D initiatives has been maintained at 12% of total revenue to ensure efficient time to market, progress of approvals and new development projects for global markets. “This investment is expected to position the Group to grow revenue and continue to provide high performing innovative and technically advanced gaming products for our customers,” Mr Gladstone said.

AGT has recently introduced a new long term incentive plan for staff following the successful implementation of previous programs. “This plan will help ensure the retention of our most valuable asset, our people, across the Company by linking incentives with performance. This will further align the benefits to employees with earnings growth and increased shareholder returns.” Mr Gladstone said.

Consistent with the previously stated intentions, the Board has declared a final dividend after considering growth opportunities and a commitment to return profits to shareholders. The dividend results in a full year payout ratio of 49% of profit after tax.

Executive Chairman, Mr LH Ainsworth said, “The final dividend payment is a result of a conservative approach to capital management, coupled with strong trading over the preceding 12 months. The Company continues to actively pursue opportunities to deliver growth and the payment of dividends is not expected to impact upon AGT’s ability to invest in new development initiatives which is a key driver of profitability.”

“I express my congratulations to Danny, his executive team and the many loyal and dedicated employees for their contributions to the Group’s continual improvement in financial results,” Mr LH Ainsworth said.

The Company advised that the key dates for the declared final dividend were as follows:

Shares trade ex-dividend	4 September 2013
Record date	10 September 2013
Payment date	27 September 2013

The Company announced that subsequent to 30 June 2013 it had secured a \$30 million multi-option currency facility with a leading Australian bank enabling it to leverage the current low interest rates in overseas markets. “This facility will allow AGT to efficiently utilise and manage working capital, ensure over time an appropriate mix of debt on the balance sheet and assist in creating a natural hedge against adverse foreign currency movements,” Mr LH Ainsworth said.

The Company advised that based on internal forecasts, including orders delivered and on hand, the Group expects a profit after tax in the first half of FY14 to be at least 15% ahead of the \$22 million reported for the half year ended 31 December 2012. A further update on the expectations on the first half profitability for FY14 will be provided at the Company’s Annual General Meeting to be held on 20 November 2013.

Mr Gladstone said “The Company is an established and globally recognised provider of high performing gaming products and has secured a solid financial position. Further revenue growth is expected within all international markets in FY14 as recently developed products receive regulatory approvals for installation. We continue to pursue opportunities to further improve market share in all domestic markets, capitalising on the Group’s established market leading position.”

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