

FY14 Annual Results Announcement

Ainsworth Game Technology Limited



**winning
play**

A560 SL

A560

Disclaimer

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1.Results Highlights

2.Consolidated Results

3.Segment Results - Australia

4.Segment Results – Americas

5.Segment Results – Rest of the World

6.Gaming Products

7.Regulatory Update

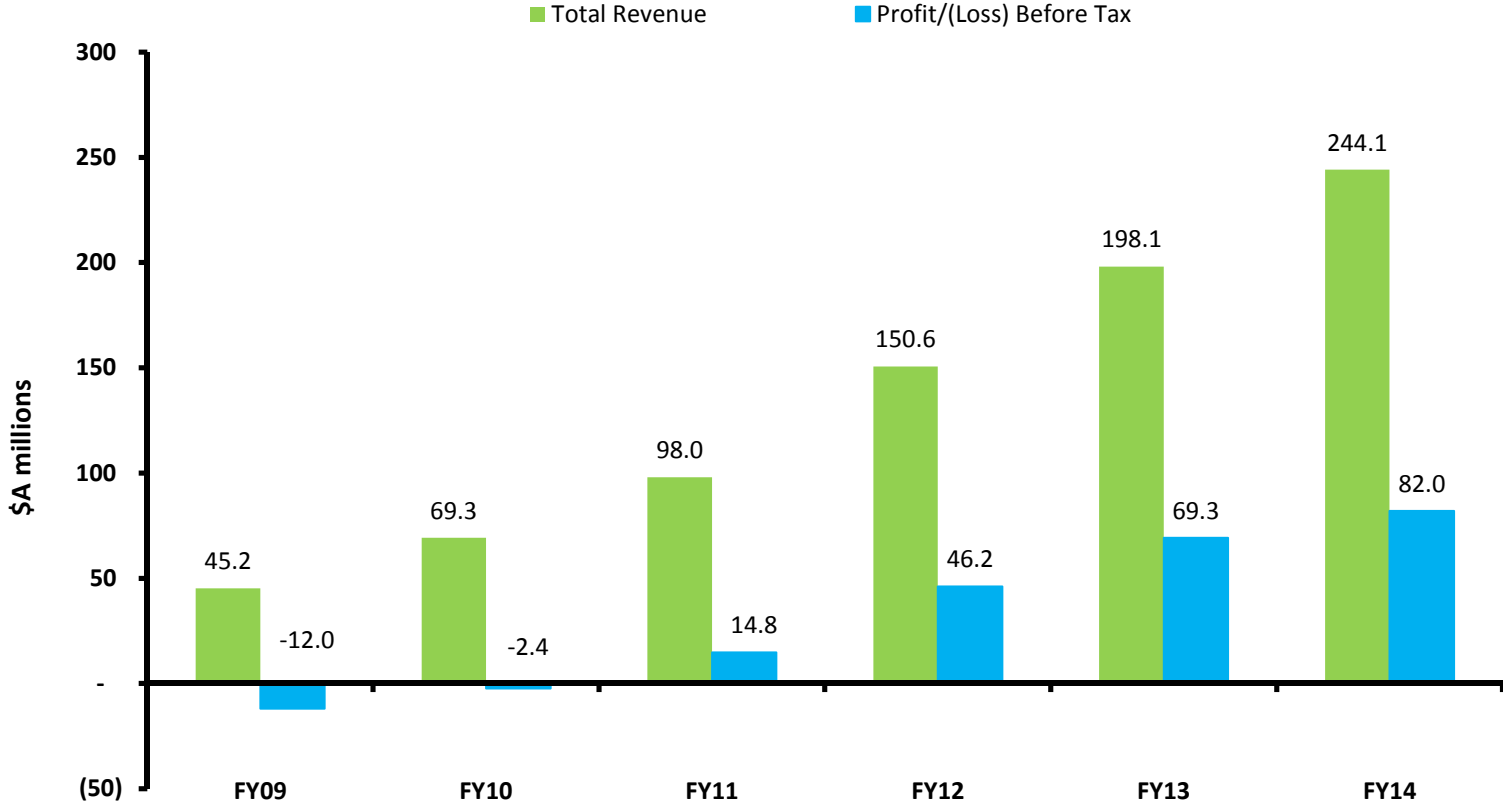
8.Online

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Historical Financial Performance

5 Consecutive Years of Growth



FY14 Results Highlights

- Total sales revenue of \$244.1m, an increase of 23% on pcp
 - Domestic revenue \$143.3m (+15% on pcp)
 - International revenue \$100.8m (+37% on pcp)

- Profit before tax of \$82.0 million, an increase of 18% on pcp (+23% on pcp normalised for foreign currency effects)

- Net profit after tax of \$61.6 million, including a tax expense of \$20.4 million

- Further revenue gains in the key market of the Americas has assisted in increasing the contribution of revenue from international markets which now represent 41% of total revenue compared to 37% in 2013

- Secured 31 new gaming licences including Alderney (Online), Arizona (Temporary Licence), Mississippi & Missouri

- Continued strong domestic and international game performance
 - Including *Players Paradise™*, *Quad Shot™* and *Reels of Wheels™*
 - Release of A560SL™ in March 2014 and with game brands such as *Sweet Zone™* and *Whopper Reels™* providing revenue opportunities



FY14 Results Highlights

- Supported by investment in R&D (~11% of revenue in FY14)
- Extension of long term incentive arrangements established in July 2013
- Growth across domestic and international businesses
 - Domestic: growth in sales volume & revenues
 - Americas: growth in recurring installed base, sales volume & revenues
 - Total machine install base under Game Operations of 1,989 in the Americas (+72% on pcp)
 - Further investment in resources and capabilities has resulted in our global workforce increasing by 14%
 - Continued expansion of Las Vegas infrastructure (facilities & staff)
- Final dividend
 - FY14 final declared dividend of 5 cents per ordinary share and to paid 26 September 2014
 - Dividend payout ratio of 52% of profit after tax



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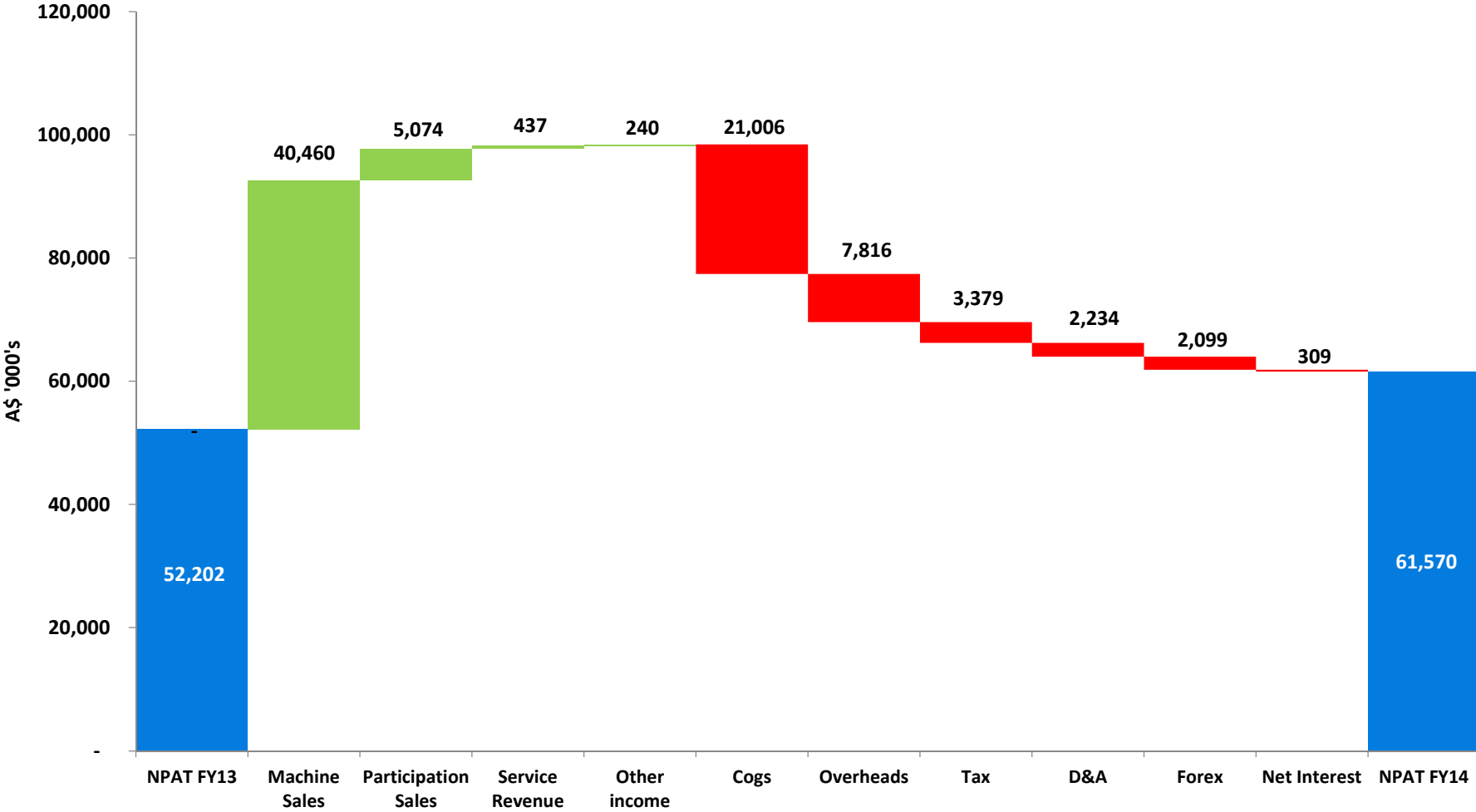
Profit & Loss Summary

- Strong continued domestic and international revenue growth
- Revenue gain in Americas has led to international markets representing 41% of total revenue
- Gross margin impacted by increase in international business, continued diversification of product offering, volume discounts to corporate customers and transitional product costs
- Net financing income fell by \$2m due to reduction in net foreign currency gains
- Effective income tax rate of 25%
- Continued commitment to product development

A\$m	30 Jun 2014	30 Jun 2013	Change (%)	Change (%)
Domestic revenue	143.3	124.4	▲	15%
International revenue	100.8	73.7	▲	37%
Total revenue	244.1	198.1	▲	23%
Gross profit	155.6	130.6	▲	19%
EBITDA	89.4	74.1	▲	21%
PBT	82.0	69.3	▲	18%
Income tax expense	20.4	17.1	▲	19%
NPAT	61.6	52.2	▲	18%
R&D (% of revenue)	11%	12%	▼	-1%
EPS (diluted) (A\$)	0.19	0.16	▲	19%
DPS (A\$)	0.10	0.08	▲	25%



Financial Performance Summary



Balance Sheet

- Strong balance sheet position
 - Net cash position of \$71.9m as at reporting date
 - Minimal debt
- Receivables totalled \$115.4m (FY13: \$101.9m) due to volume and timing differences
- Receivables as a percentage of revenue reduced to 47% (FY13: 51%)
- Net increase in Other Non-Current assets mainly due to \$7.8m in acquisition of land in LV and \$10.3m in PPE
- Utilisation of carried forward tax losses
- Net tangible asset backing per share of \$0.65 (up from \$0.54)

** Reclassification of term deposits greater than 90 days from receivables to cash*

A\$m	30 Jun 2014	30 Jun 2013	Change (%)
Cash	20.9	16.2	+29%
Term deposits	51.0	50.4	+1%
Receivables*	93.7	79.9	+17%
Other Current Assets	41.3	30.7	+35%
Total Current Assets	206.9	177.2	+17%
Non-Current Receivables	21.7	22.0	-1%
Deferred Tax Assets	3.5	12.4	-72%
Other Non-Current Assets	56.6	34.4	+65%
Total Non-Current Assets	81.8	68.8	+19%
Payables	28.6	27.6	+4%
Loans and borrowings	0.3	0.5	-40%
Current Tax Liability	11.6	2.4	383%
Other Current Liabilities	12.1	10.1	+20%
Total Current Liabilities	52.6	40.6	+30%
Loans and borrowings	0.1	0.4	-75%
Employee Benefits	0.7	0.6	+17%
Total Non-Current Liabilities	0.8	1.0	-20%
Share Capital	182.3	182.3	-
Other Equity	53.0	22.1	+140%
Total Equity	235.3	204.4	+15%



Cash Flow Statement

- Free cash flow of \$36.0m (FY13: \$20.9m)
- Acquisition of PPE includes US land acquisition of \$7.8m
- Proceeds from call deposits reflects movement of term deposits greater than 90 days
- Dividends paid of \$32.2m (10 per ordinary share paid during the year)

A\$m	30 Jun 2014	30 Jun 2013	Change
Net Cash from Operating Activities	57.6	31.6	+26.0
Interest received	2.6	3.0	(0.4)
Acquisitions of PPE	(14.5)	(6.0)	(8.5)
Proceeds from call deposits	26.5	3.5	+23.0
Development expenditure	(7.1)	(4.7)	(2.4)
Other	(0.5)	0.3	(0.8)
Net cash from / (used in) investing activities	7.0	(3.9)	+10.9
Dividend paid	(32.2)	(9.7)	(22.5)
Other	(0.6)	(1.0)	+0.4
Net cash (used in) financing activities	(32.8)	(10.7)	(22.1)
Net increase in cash	31.8	17.0	+14.8
Cash at beginning of the period	40.1	23.1	+17.0
Cash at end of period	71.9	40.1	+31.8



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Segment Results - Australia

- Revenue and volume growth in an established market
- Revenue growth of 84% in Victoria as it transitions out of the previous duopoly
- Release of branded products including:
 - *Players Paradise™* linked jackpot
 - Highly successful *Quad Shot™* game range
 - *A560 Wide Boy Reels of Wheels™*
- Increase in installed base of machines under service in NSW to over 13,500 including recently added Reel Gaming Solutions business in ACT

A\$m	30 Jun 2014	30 Jun 2013	Change (%)	Change (%)
Revenue	143.3	124.4	▲	15%
Segment Result	83.6	69.9	▲	20%
Segment Result (%)	58%	56%	▲	2%
Unit Volume (no.)	6,004	5,267	▲	14%
ASP (ex rebuilds) (\$A'000's)	20.2	20.2	-	0%
Service Revenue	5.7	5.2	▲	10%



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Segment Results - Americas

- Growth in revenue, volume and profitability
- Growth in Recurring Revenue Installed Base with an increase of 503 units (84%)
- Release of products such as *The Magnificent 7™* and *Cash Challenge™* together with previously released *Reels of Wheels™* continue to achieve high performance in venues
- Release of A560SL™ in March 2014 and with game brands such as *Sweet Zone™* and *Whopper Reels™* providing revenue opportunities
- Maintaining ASP in competitive market

North America

A\$m	30 Jun 2014	30 Jun 2013	Change (%)	Change (%)
Revenue	58.5	42.9	▲	36%
Segment Result	25.8	21.8	▲	18%
Segment Result(%)	44%	51%	▼	-7%
Unit Volume (no.)	2,381	2,021	▲	18%
ASP (US\$'000's) *	16.7	16.8	▼	-1%
Units on Trial	304	354	▼	-14%
Game Operations – Installed Base	1,105	602	▲	84%
Ave per Day (US\$)	35	39	▼	-10%

* excludes distributor sales, reworks & on-charges



Segment Results - Americas

Latin America

- Growth in revenue, volume and profitability
- Growth in Recurring Revenue Installed Base with an increase of 330 units (60%)
- High performance in products such as *Multi Win™* multi game range, *Rio Grande Rapids™* and *Quad Shots™*
- The focus is on further expanding its footprint within this market

A\$m	30 Jun 2014	30 Jun 2013	Change (%)	Change (%)
Revenue	31.9	19.6	▲	63%
Segment Result	10.5	4.4	▲	139%
Segment Result(%)	33%	22%	▲	11%
Unit Volume (no.)	1,593	1,121	▲	42%
ASP (US\$'000's) *	15.4	15.8	▼	-3%
Units on Trial	72	158	▼	-54%
Game Operations – Installed Base	884	554	▲	60%
Ave per Day (US\$)	13	15	▼	-13%

* excludes distributor sales, reworks & on-charges



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Segment Results - Rest of the World

- Revenue, volume and profitability in Asia impacted by cut off procedures
- New Zealand market increased revenue by 48% compared to PCP
- New Zealand increase was a direct result of further penetration and interest by the major trust groups within the hotel and club segment
- Asia market presents challenges following the introduction of new gaming standards including dual language requirements in Macau
- Revenue growth within Asia expected in future periods with the launch of performing games
- The Group has recently launched its *Treasure Storm*[™] linked product with game titles *888 Blue Dragon*[™], *888 Red Dragon*[™] and *888 Yellow Dragon*[™] within the Asia market

A\$m	30 Jun 2014	30 Jun 2013	Change (%)	Change (%)
Revenue	10.4	11.1	▼	-6%
Segment Result	6.1	6.2	▼	-2%
Segment Result(%)	58%	56%	▲	2%
Unit Volume (no.)	670	849	▼	-21%
Units on Trial	77	27	▲	185%



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Gaming Products

- The A560SL™ cabinet and game range was recently launched at the Australian Gaming Expo
- The Magnificent 7™ licensed theme will be launched in multiple domestic jurisdictions during the 1st half of FY15
- The A560SL™ performance in the US remains strong with the Sweet Zone™ game brand in particular Rumble Rumble™ producing greater than 2 times house average
- Further A560SL™ and A560™ High Boy titles will be launched at the upcoming Las Vegas G2E Expo, these include Firestorm™, 5 Star Jackpots™, Frontier Jackpots™ and the Ultimate Choice™ game range
- Continued recurring revenue products will also be showcased with further Reels of Wheels™ and The Magnificent 7™, titles ROW Horsepower™ and Mag 7 Reloaded™ respectively
- The first A560SL™ licensed titles Showgirls™ and Sound of Music™ will also debut



Gaming Products

The image displays four Insworth A560 SL slot machines, each with a unique theme and background. The machines are arranged in a row, with a large, stylized rhinoceros and a blue elephant in the background. The machines are illuminated with bright lights, and the background features a fiery, colorful pattern.

Each machine has a top display showing the following values:

- MAJOR: \$4,500.00
- MINOR: \$250.00

The machines are labeled with their respective titles:

- WHOPPER REELS**
- RUMBLE**
- RAMPAGING RHINO**
- BONUS BONANZA**

Below each machine is the **A560 SL** logo. At the bottom of the image, there are three logos: **winning play**, **A560 SL**, and **INSWORTH EXPERIENCE COUNTS**.

Gaming Products

Core A560HB, ST, SBT:



Premium A560 Wide Boy:



New A560SL, A560:



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Regulatory Update

- 31 new licence approvals (26 US Tribal licences, 3 US State licences, Manitoba - Canada and Alderney - Online)
- US State licence approvals were Mississippi, Missouri & Arizona
- Arizona State License approval (temporary licence) - July 2014
- Obtained Category e2 Gambling Licence from the Alderney Gambling Control Commission - June 2014
- 4 US State licence applications have been submitted awaiting determination - Delaware, Louisiana, Massachusetts and New Mexico
- As at August 2014 the Group has a total of 163 unique* jurisdictional licences

** Where a regulator has granted licences to multiple entities within the Group the jurisdiction is counted only once.*



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Online Overall Strategy

- Establish online infrastructure and development team in the fastest growing segment of the gambling industry
- Integrate the Ainsworth land based gaming business with online and mobile technologies
- Obtain online gaming licenses in regulated European territories for real money gaming
- Acquire and develop technology for emerging social gaming platforms on Facebook and mobile devices
- Build best of breed B2B business partnerships for real money and social gaming



Online – Real Money Gaming

- Ainsworth licenses the GameConnect™ Remote Gaming Server (RGS) from online development partner ComTrade Gaming for business to business (B2B) content distribution to regulated markets in Europe and North America
- Ainsworth has been granted a B2B eGambling license from the Alderney Gambling Control Commission (AGCC) in June 2014
- Ainsworth is currently setting up data center resources in the Channel Islands of Guernsey to provide content services to UK online casino platforms
- GameConnect™ RGS is on track to go live by end of calendar year 2014 both with desktop and mobile games
- Ainsworth is applying for a UK Gambling software license to provide content to operators via GameConnect™



Online – Real Money Gaming



Ainsworth Interactive Division



B2B eGambling Service License



AINSWORTH REMOTE GAMING SERVER

Licensed from ComTrade



Online Game Distribution - Casino Platform Partners



Online – Social Casino

- Ainsworth has established an agreement to partner with 616 Digital LLC, an online social gaming casino platform provider on Facebook
 - Subject to specific performance hurdles, an option is in place to acquire 100% of the 616 business at a future date
 - Ainsworth will initially supply 616 Digital with 15 game titles and jointly contribute to their marketing and launch, expected by December 2014
- Ainsworth has a licensed content agreement with Win.com, the Social casino division of Bwin.Party group



Online – Social Casino



Ainsworth Interactive Division



616 DIGITAL LLC.



Content distribution through Facebook database on
Desktop PC, tablet & mobile devices



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FY2015 Outlook

- Further revenue growth is expected within international markets
- Maintain a strong position in all established domestic markets
- The Company will expand it's infrastructure and capabilities within the Americas including the commencement of construction of a purpose built facility in Las Vegas due to be completed in FY16
- The Company expects to update expectations on Half One profitability (31/12/2014) results at the Annual General Meeting on 19 November 2014



Thank You

Thank you for your interest in Ainsworth Game Technology Limited

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