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Ainsworth Game Technology Limited
Half Year Results to 31 December 2014 and Interim (Fully Franked) Dividend Announcement

Ainsworth Game Technology Limited (AGT) today announced a net profit after tax of \$34.6 million for the six month period ended 31 December 2014, a decrease of 3% on the previous corresponding period. The profit before tax was \$45.5 million for the six-month period ended 31 December 2014, similar to the previous corresponding period.

Based on the above results, the Board has declared an interim fully franked dividend in respect of the six months ended 31 December 2014 of 5.0 cents per ordinary share with no Conduit Foreign Income (CFI).

Executive Chairman, Mr LH Ainsworth said, "The declared dividend is fully franked and represents a payout ratio of 47% of after tax profits in line with the Board's objective of returning profits to shareholders and our previously stated dividend policy. It is particularly pleasing that all the tax losses accumulated since starting the business have now been utilised, and we can reward shareholders with a fully franked dividend."

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

Shares trade ex-dividend	23 March 2015
Record date	25 March 2014
Payment date	21 April 2014

The financial results for the half year ended 31 December 2014 are summarised as follows:

Amounts expressed in A\$ millions (unless otherwise stated)	6 Months to 31 Dec 2014	6 Months to 31 Dec 2013	Movement % ▼ ▲
Revenue	111.9	121.8	▼ 8%
Earnings before interest, tax, depreciation and amortisation (EBITDA) ⁽¹⁾	50.3	49.2	▲ 2%
Earnings before interest and tax (EBIT)	44.0	44.1	-
Profit before tax (PBT)	45.5	45.6	-
Net profit after tax (NPAT)	34.6	35.7	▼ 3%
Earnings per share (basic) - AUD	\$0.11	\$0.11	-
Dividend per share – AUD	\$0.05	\$0.05	-

(1) Included in EBITDA is net foreign currency gains of \$14.2 million (31/12/2013: gain of \$4.2 million)

Mr Ainsworth added, “Further, the results emphasize the investment and growth potential within international markets which now represent over half of the revenue for the period. I am confident of domestic revenue gains as we progressively commercialise new products within our core domestic markets within FY15.”

Sales revenue achieved for the six months was \$111.9 million, an 8% decrease over the previous corresponding period. Continued investment in Research and Development is expected to assist in positioning the Group for growth in the second half of FY15.

International revenue for the period was \$58.4 million (52% of total revenue), an increase of 45% compared to \$40.4 million in the previous corresponding period (33% of total revenue).

North America achieved revenue of \$30.2 million, a 47% increase on the previous corresponding period. The A560SL™ continues to perform well with game brands such as Sweet Zone™ consistently performing greater than 150% of house average. Increased contributions from Oklahoma, Canada, Michigan and continued sales momentum within Californian tribal venues resulted in volume increasing by 39% in the reporting period.

Latin America delivered revenue of \$22.5 million, an increase of 63% on the previous corresponding period. Strong product performance on Multi-Win™ Multi Game range, Rio Grande Rapids™ and Players Paradise™ within this region and new revenue openings has created revenue growth from both established and new customers.

Chief Executive Officer, Mr Danny Gladstone said, “We continue to pursue opportunities to establish gaming operations in the Americas with products under participation or of a recurring revenue nature. At 31 December 2014, 2,286 machines were on participation, rental or lease with an additional 460 machines under trial subject to conversion to potential sale and/or lease in the second half of FY15”.

Domestic revenue was \$53.5 million (48% of total revenue), a reduction of 34% compared to \$81.4 million in the previous corresponding period (67% of total revenue). The transition to and progression of hardware and software approvals for the A560SL and A560X within domestic markets impacted sales opportunities in the current period.

Product submissions to approve and support these new hardware configurations across all domestic markets are expected to realise increasing revenue contributions in the second half of FY15. Victoria recorded revenue of \$9.9 million a reduction of 44% compared to the previous corresponding period. The introduction of voluntary pre-commitment loyalty systems and increased gaming taxes has initially impacted revenue opportunities within this market.

Mr Danny Gladstone said, “I am confident that with the expected approval of products by gaming regulators and the interest expressed by corporate customers in our new hardware and games, we can expect increased revenue opportunities within Australia in the second half of the 2015 financial year.”

The establishment of the Group’s on-line business, both real money and social gaming, continues to gain good momentum in the current period. To complement the recent Playtech agreement to supply content to their operators, further discussions are in progress to expand the distribution of the Company’s content to other UK and European operators. To support these efforts, an experienced on-line business executive based in the UK has recently been appointed.

As previously advised, the launch of the Players Paradise™ social casino went live in January 2015 on both desk top and mobile platforms. Initial performance is trending positively whilst marketing strategies continue to be implemented over coming periods to monetise the opportunity we have created.

The Company continues to evaluate potential strategic investment opportunities to complement and expand current product offerings, in both machines and the on-line environments, to both existing and new customers.

A gross margin of 63% was achieved in the current period compared to 64% in the previous corresponding period in 2013. The Company noted that margins were impacted by the introduction of new hardware configurations and a diversified range of product offerings to provide both outright sales and recurring revenue opportunities. The increased contributions from international regions, primarily Latin America were at lower margins than other markets.

Operating costs, excluding cost of sales and financing costs, were \$41.0 million, an increase of 12.1% on the previous corresponding period in 2013. This increase was primarily due to increased selling costs, higher depreciation on increased installed base of participation products and one-off costs incurred in evaluating strategic investment opportunities.

Research and development (R&D), a significant growth driver for our business, was \$11.9 million (11% of total revenue), similar to the \$12.1 million (10% of total revenue) in the previous corresponding period. Continued investment in R&D initiatives and progression of necessary approvals in global markets is expected to provide an increased library of innovative games both core and licensed in a variety of hardware configurations. Importantly, we are encouraged by the feedback from existing and potential customers that our R&D expenditure is successfully meeting their changing needs.

Mr Gladstone said, "The Company continues to make good progress and expects investment in product initiatives to create further revenue gains in the second half of the financial year ending 30 June 2015 compared to the current half reported."

The Company advised a conference call for its half-year results will occur on Wednesday 25 February at 9.30am (AEST). The conference call details are as follows:

Conference Title: Ainsworth Game Technology FY15 Half Year Results
Conference ID: 7190211
Local Number: Sydney 02 8113 1400 and Melbourne 03 8338 0900
Toll Free Number: 1800 554 798 (within Australia)

Ends

For further information please contact:
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or

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