

# H1FY15 Results Announcement

Ainsworth Game Technology Limited



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1.Results

2.Consolidated Results

3.Segment Results - Australia

4.Segment Results - Americas

5.Segment Results - Rest of the World

6.Gaming Products

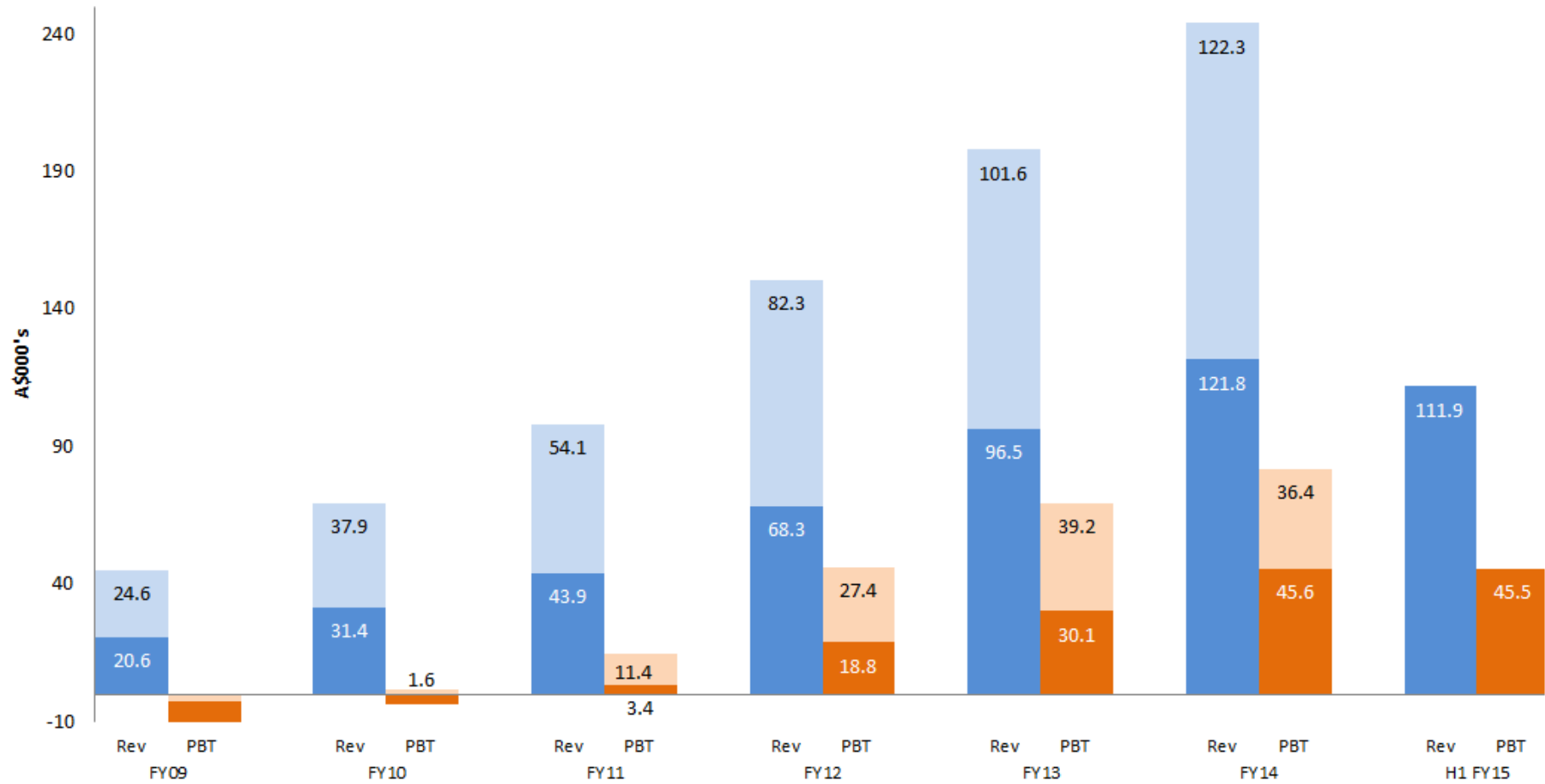
7.Regulatory Update

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## Historical Financial Performance



## H1FY15 Results

- Total sales revenue of \$111.9m, a decrease of 8% on pcp
  - Domestic revenue \$53.5m (-34% on pcp)
  - International revenue \$58.4m (+45% on pcp)
  
- Profit before tax of \$45.5 million, similar to pcp
  
- Net profit after tax of \$34.6 million, including a tax expense of \$10.9 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 52% of total revenue compared to 33% in pcp
  
- Secured 23 new gaming licences (21 US Tribal licences and 2 US State licences)
  
- Continued strong domestic and international game performance
  - Including *High and Low Denomination Core game titles, the A560SL Sweet Zone™ game range and Reels of Wheels™*
  - The recent release of the *A560™ Ultimate Choice™ multi-game* in New South Wales is providing strong results and therefore revenue opportunities



## H1FY15 Results

- Supported by investment in R&D (~11% of revenue in H1FY15)
- Growth in international businesses
  - Americas: growth in recurring installed base, sales volume & revenues
  - Total machine install base under Game Operations of 2,286 in the Americas (+48% on pcp)
  - Further investment in resources and capabilities has resulted in the workforce in the Americas increasing by 11%
  - Continued expansion of Las Vegas infrastructure (facilities & staff)
- Interim dividend
  - Fully franked interim dividend of 5 cents per ordinary share to be paid on 21 April 2015
  - Dividend payout ratio of 47% of profit after tax



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## Profit & Loss Summary

- Strong international revenue growth
- International markets represent 52% of total revenue driven by revenue gains in the Americas
- Progression of new hardware and software in core Australian markets to provide increased domestic revenue in H2FY15
- 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 increased by \$10m due to net foreign currency gains on balance sheet translations
- Effective income tax rate of 24% (22% pcp)
- Continued commitment and progression of product development/approvals

A\$m	6 months to 31 Dec 2014	6 months to 31 Dec 2013	Movement	Change (%)
Domestic revenue	53.5	81.4	▼	-34%
International revenue	58.4	40.4	▲	45%
<b>Total revenue</b>	<b>111.9</b>	<b>121.8</b>	▼	<b>-8%</b>
Gross profit	70.5	77.8	▼	-9%
<b>EBITDA</b>	<b>50.3</b>	<b>49.2</b>	▲	<b>2%</b>
PBT	45.5	45.6	▼	-
Income tax expense	10.9	9.9	▲	10%
<b>NPAT</b>	<b>34.6</b>	<b>35.7</b>	▼	<b>-3%</b>
R&D (% of revenue)	11%	10%	▲	1%
<b>EPS (diluted) (A\$)</b>	<b>0.11</b>	<b>0.11</b>	-	<b>0%</b>
DPS (A\$)	0.05	0.05	-	-





## Segment Overview

<i>In millions of AUD</i>	6 months to 31-Dec-14		6 months to 31-Dec-13		Variance %	12 months to 30-Jun-14	
<b>Segment revenue</b>							
Australia	\$53.5	48%	\$81.4	67%	-34%	\$143.3	59%
Americas	\$52.7	47%	\$34.4	28%	53%	\$90.4	37%
Rest of World	\$5.7	5%	\$6.0	5%	-5%	\$10.4	4%
<b>Total segment revenue</b>	<b>\$111.9</b>	<b>100%</b>	<b>\$121.8</b>	<b>100%</b>	<b>-8%</b>	<b>\$244.1</b>	<b>100%</b>
<b>Segment result</b>							
Australia	\$28.5		\$46.9		-39%	\$83.6	
Americas	\$20.7		\$12.4		67%	\$36.3	
Rest of World	\$3.3		\$3.6		-8%	\$6.1	
<b>Total segment result</b>	<b>\$52.5</b>		<b>\$62.9</b>		<b>-17%</b>	<b>\$126.0</b>	
<b>Unallocated expenses</b>							
Net foreign currency gains	\$14.3		\$4.2		240%	\$0.8	
R&D expense	-\$11.9		-\$12.1		-2%	-\$26.4	
Corporate	-\$8.3		-\$10.4		-20%	-\$20.3	
Other expenses	-\$2.0		-		-	-	
<b>Total unallocated expenses</b>	<b>-\$7.9</b>		<b>-\$18.3</b>		<b>-57%</b>	<b>-\$45.9</b>	
<b>EBIT</b>	<b>\$44.0</b>		<b>\$44.1</b>		<b>-</b>	<b>\$79.1</b>	
Net interest	\$1.5		\$1.5		-	\$2.9	
<b>Profit before income tax</b>	<b>\$45.5</b>		<b>\$45.6</b>		<b>-</b>	<b>\$82.0</b>	
Income tax	-\$10.9		-\$9.9		10%	-\$20.4	
<b>Profit after income tax</b>	<b>\$34.6</b>		<b>\$35.7</b>		<b>-3%</b>	<b>\$61.6</b>	

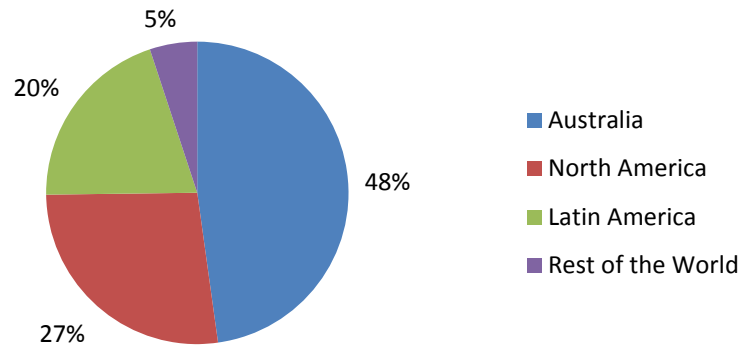


## Financial Performance Summary

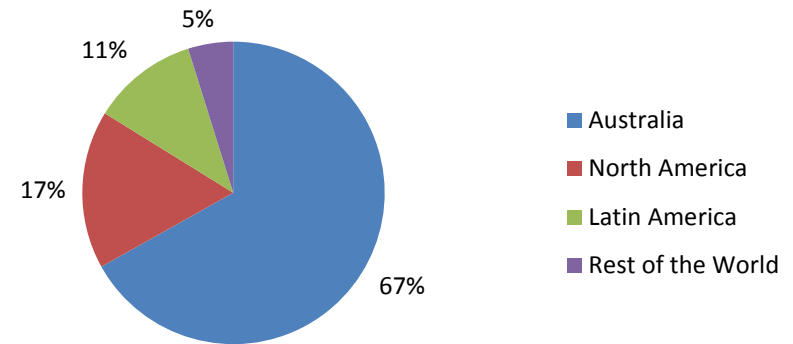


## Financial Performance Summary

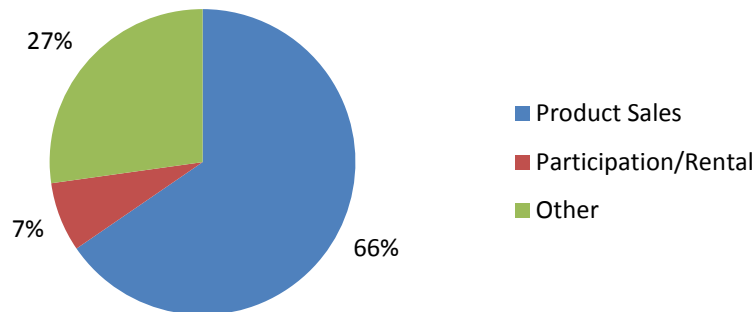
### H1FY15 Geographical Breakdown



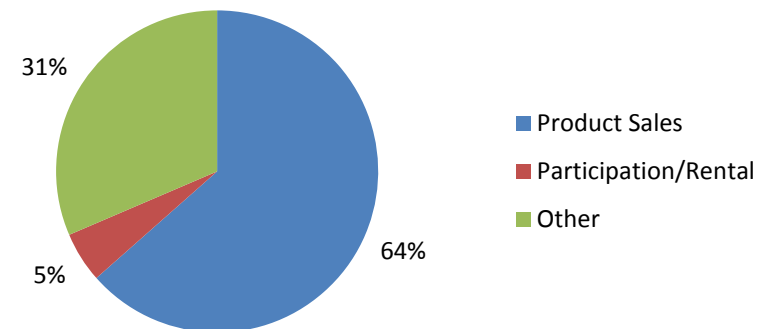
### H1FY14 Geographical Breakdown



### H1FY15 Operational Breakdown



### H1FY14 Operational Breakdown



## Balance Sheet

- Strong balance sheet position
  - Net cash position of \$54.4m as at reporting date
  - Minimal debt
- Receivables totalled \$127.4m (FY14:\$115.0m) - an increase of 11%, due to timing of the sales and balance sheet translation at period end
- Increase in PPE due to growth in installed based of participation machines in the Americas
- Net tangible asset backing per share of \$0.71(up from \$0.63)

A\$m	31-Dec-14	30-Jun-14	Change (%)
Cash	22.2	20.9	6%
Term Deposits	32.2	51.0	-37%
Receivables	99.0	93.3	6%
Other Current Assets	60.6	41.7	45%
<b>Total Current Assets</b>	<b>214.0</b>	<b>206.9</b>	<b>3%</b>
Non-Current Receivables	28.4	21.7	31%
Deferred Tax Assets	1.4	3.5	-60%
Other Non-Current Assets	72.0	56.6	27%
<b>Total Non-Current Assets</b>	<b>101.8</b>	<b>81.8</b>	<b>24%</b>
Payables	31.1	28.6	9%
Loans and Borrowings	0.5	0.3	67%
Current Tax Liability	16.9	11.6	46%
Other Current Liabilities	6.9	12.1	-43%
<b>Total Current Liabilities</b>	<b>55.4</b>	<b>52.6</b>	<b>5%</b>
Loans and Borrowings	0.2	0.1	100%
Deferred Tax Liabilities	1.5	-	-
Other Non-Current Liabilities	0.7	0.7	-
<b>Total Non-Current Liabilities</b>	<b>2.4</b>	<b>0.8</b>	<b>206%</b>
Share Capital	182.3	182.3	-
Other Equity	75.7	53.0	43%
<b>Total Equity</b>	<b>258.0</b>	<b>235.3</b>	<b>10%</b>



## Cash Flow Statement

- Dividends paid of \$16.1m (5 cents per ordinary share paid during the year)
- Net cash from operating activities down \$17.0m on pcp due to:
  - Reduction in domestic sales and the timing of sales in impacting cash collection in the period; and
  - Inventories increase due to port disruptions within the Americas and planned ramp up for H2FY15 deliveries in all markets on expected revenue opportunities
- Other investing expenditure represents “one-off” payments for the acquisition of license fee and business investments

A\$m	6 months to 31 Dec 2014	6 months to 31 Dec 2013	Change
<b>Net cash from operating activities</b>	<b>12.0</b>	<b>29.0</b>	<b>(17.0)</b>
Interest received	1.6	1.7	(0.1)
Acquisitions of PPE	(4.4)	(11.0)	6.6
Proceeds from call deposits	-	21.4	(21.4)
Development expenditure	(3.9)	(3.1)	(0.8)
Other	(7.2)	(0.8)	(6.4)
<b>Net cash (used in)/from investing activities</b>	<b>(13.9)</b>	<b>8.2</b>	<b>(22.1)</b>
Dividend paid	(16.1)	(16.1)	-
Other	(0.1)	(0.4)	0.3
<b>Net cash used in financing activities</b>	<b>(16.2)</b>	<b>(16.5)</b>	<b>0.3</b>
Net (decrease)/increase in cash	(18.1)	20.7	(38.8)
Cash at beginning of the period	72.5	40.3	32.2
<b>Cash at end of period</b>	<b>54.4</b>	<b>61.0</b>	<b>(6.6)</b>



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## Segment Results - Australia

- The continued rollout of branded products including:
  - *Multi play Big time multi- games;*
  - *Quad Shot™ game range;* and
  - *The highly successful mid denomination Double Shot™ game range*
- Decrease in unit sales volume from QLD and VIC due to delay in product approvals and general market conditions
- Reduced sales activity from casinos and large corporates compared to pcp
- Increase in installed base of machines under service in NSW to over 14,000

A\$m	6 months to 31-Dec-14	6 months to 31-Dec-13	Movement ▲ / ▼	Change (%)
<b>Revenue</b>	<b>53.5</b>	<b>81.4</b>	▼	-34%
<b>Segment Result</b>	<b>28.5</b>	<b>46.9</b>	▼	<b>-39%</b>
Segment Result (%)	53%	58%	▼	-5%
Unit Volume (no.)	2,078	3,400	▼	-39%
ASP (ex rebuilds) (\$A'000's)	20.3	20.3	-	-
<b>Service Revenue</b>	<b>3.6</b>	<b>2.8</b>	▲	<b>29%</b>



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## Segment Results - Americas

- Growth in revenue, volume and profitability
- Increase contribution from Canada, Oklahoma and Armed Forces whilst maintaining strong sales in California
- Growth in Recurring Revenue Installed Base with an increase of 443 units (+57% on pcp)
- The A560SL™ continues to perform well with game brands such as *Sweet Zone™ Producing >150% of house on average*

A\$m	North America		Movement ▲ / ▼	Change (%)
	6 months to 31-Dec-14	6 months to 31-Dec-13		
<b>Revenue</b>	<b>30.2</b>	<b>20.6</b>	▲	<b>47%</b>
<b>Segment Result</b>	<b>12.9</b>	<b>8.8</b>	▲	<b>47%</b>
Segment Result (%)	43%	43%	-	-
Unit Volume (no.)	1,116	804	▲	39%
ASP (US\$'000's)*	16.9	16.5	▲	2%
Units on Trial	242	281	▼	-14%
Game Operations – Installed Base	1,223	780	▲	57%
<b>Ave per Day (US\$)</b>	<b>33</b>	<b>37</b>	▼	<b>-11%</b>

\* excludes distributor sales, reworks & on-charges



## Segment Results - Americas

- Growth in revenue, volume and profitability
- Increase contribution from Mexico and Argentina
- Growth in Recurring Revenue Installed Base to 1,063 (+39% on pcp) mainly from Mexico and Puerto Rico
- High performance in products such as *Multi Win™* multi game range, *Rio Grande Rapids™* and *Players Paradise™*
- The focus is on further expanding our footprint within this market

## Latin America

A\$m	6 months to 31-Dec-14	6 months to 31-Dec-13	Movement ▲ / ▼	Change (%)
<b>Revenue</b>	<b>22.5</b>	<b>13.8</b>	▲	<b>63%</b>
<b>Segment Result</b>	<b>7.8</b>	<b>3.6</b>	▲	<b>117%</b>
Segment Result (%)	35%	26%	▲	9%
Unit Volume (no.)	1,087	673	▲	62%
ASP (US\$'000's)*	15.1	14.9	▲	1%
Units on Trial	80	192	▼	-58%
Game Operations – Installed Base	1,063	763	▲	39%
<b>Average per Day (US\$)</b>	<b>13</b>	<b>15</b>	▼	<b>-13%</b>

\* excludes distributor sales, reworks & on-charges



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## Segment Results - Rest of the World

- The Asian market is still on track to grow within the coming two years as a number of new properties come on stream in Macau, Philippines and eventually Korea
- AGT's position is still dependant on game acceptance and performance within the Asian market
- NZ pubs and clubs operators are slowing their uptake of product as there remains uncertainty in the costs associated with existing product in the field to allow it to accept the new bank notes to be introduced towards the latter part of 2015. 50% of installed EGM's are affected

A\$m	6 months to	6 months to	Movement ▲ / ▼	Change (%)
	31-Dec-14	31-Dec-13		
Revenue	5.7	6.0	▼	-5%
<b>Segment Result</b>	<b>3.3</b>	<b>3.6</b>	<b>▼</b>	<b>-8%</b>
Segment Result(%)	58%	60%	▼	-2%
Unit Volume (no.)*	266	268	▼	-1%
Units on Trial	138	54	▲	156%

\* excludes kits, reworks & on-charges



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## Gaming Products

- Domestically single and multi-game multi- denomination packages to be launched in domestic markets this half including;
  - Double Shot™ Multi Game & Multi- Denomination packs in both A560 dual screen & A560SL
  - Ultimate Gold™ Series
  - Thunder Wilds™ and Thunder Hits™
  - Firestorm™ Jackpots
  - Frontier™ Series
  
- Up coming North America market releases in both A560SL™ and A560™ these include new Sweet Zone™ games King Cat™, Jumbo Wilds™, Firestorm™, 5 Star Jackpots™, Frontier Jackpots™ and the Ultimate Choice™ game range
  
- New recurring revenue games will also be released for Reels of Wheels™ and The Magnificent 7™, titles ROW Horsepower™ and Mag 7 Reloaded™ respectively; and
  
- The first A560SL™ licensed titles Showgirls™ and Sound of Music™ will be launched this half



**FRONTIER**

**FIRE \$ TORM**

**ULTIMATE**  
*Gold*

**THUNDER**  
**WILDS**

**DOUBLE**  
*Shot*  
**MULTI DENOM**







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## Regulatory Update

- 23 new licence approvals (21 US Tribal licences, 2 US State licences)
- US State licence approvals were Arizona & California (Finding of Suitability determination)
- Arizona State Licence approval (permanent licence) – October 2014
- New tribal jurisdictions included Kansas and Wyoming
- 5 US State licence applications awaiting determination – Delaware, Kansas, Louisiana, Massachusetts and New Mexico
- Other pending applications include Saskatchewan (Canada) and UK (Software Operating Licence application)
- As at February 2015 the Group has a total of 181 unique\* jurisdictional licences
- AGT Ltd has also been selected as a pre-qualified vendor with the British Columbia Lottery Corporation (online market)

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



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## Online – Real Money Gaming

- Ainsworth has installed the GameConnect™ Remote Gaming Server in a data center in the Channel Islands of Guernsey to provide content services to UK online casino platforms
- GameConnect™ RGS will be operational to go live with UK operators in Q4FY15 with desktop and mobile games
- B2B distribution agreement signed with Playtech PLC, other agreements in negotiation
- Ainsworth is in the final stage of approval for a UK Gambling software license to provide content to operators via GameConnect™



## Online – Social Casino

- Ainsworth launched Players Paradise™ Social Casino based on the 616 Digital platform in January 15, 2015 on Facebook desktop and all mobile device formats
- Ainsworth plans to launch a second Social Casino site during calendar year 2015



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## FY2015 Outlook

- FY15 total revenue growth expected on pcp of \$244.1m, primarily through expansion in international markets;
- Increased contribution from domestic markets is expected in H2FY15 following the progressive transition and approval of new product offerings;
- The Company commenced construction of its Las Vegas facility in Feb 2015 and expects to complete by Q4FY16; and
- The Company continues to look at acquisition and growth opportunities.



## Thank You

Thank you for your interest in Ainsworth Game Technology Limited

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