



# A600

**FY15 Annual Results Announcement**  
**Ainsworth Game Technology Limited**

[www.ainsworth.com.au](http://www.ainsworth.com.au)



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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

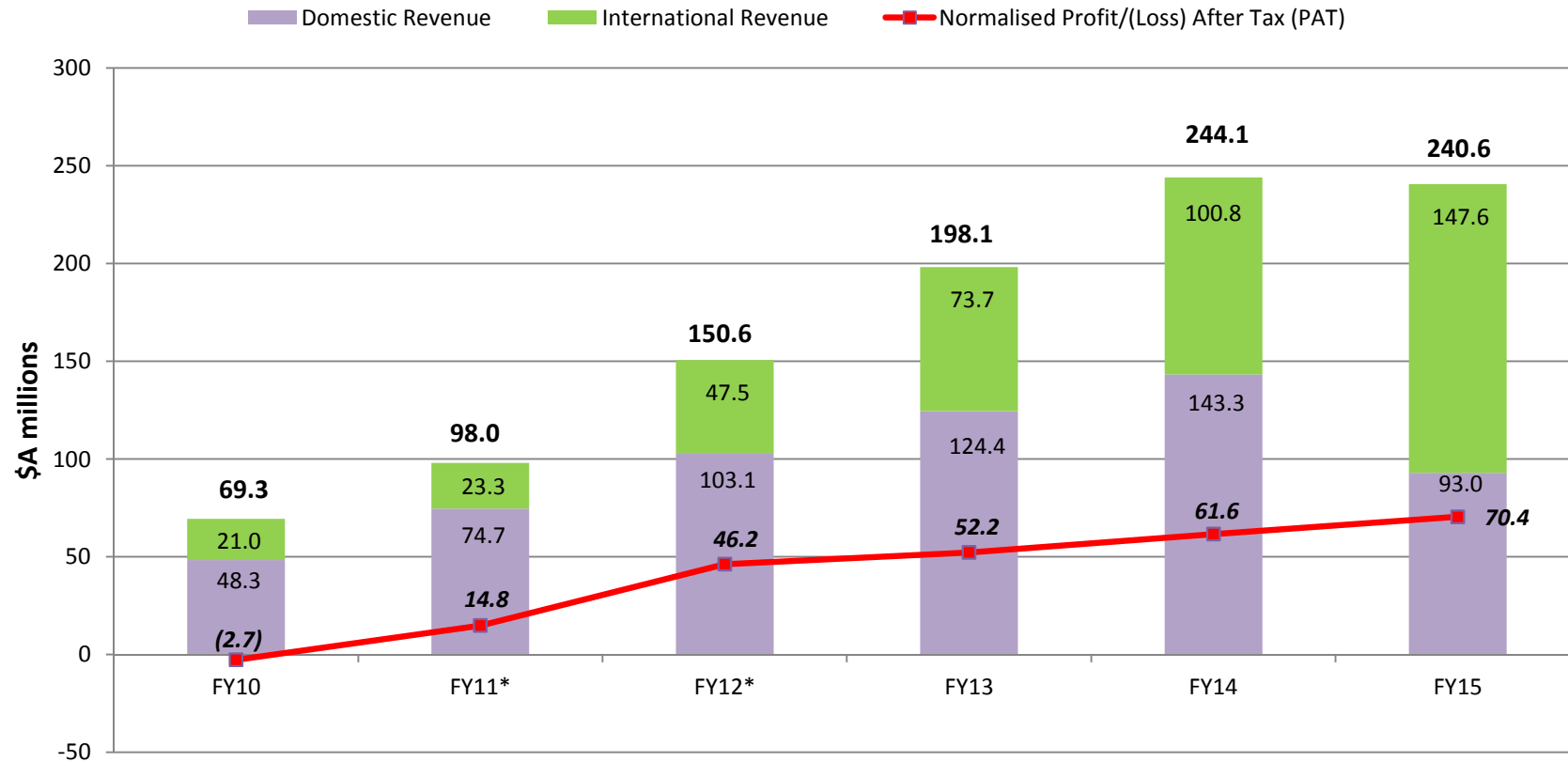
8.Online

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# A stronger, diversified and more profitable Ainsworth is emerging

## Historical Financial Performance



\*Note: Normalised net profit for H2 FY11 and H1 FY12 excludes one off recognition of \$8.5 million and \$21.8 million in deferred assets.



## Key Highlights

- FY15 net profit after tax increased by 14% versus pcp to \$70.4m. Includes \$17.9m of foreign currency gains (after tax). NPAT was \$52.5m excluding forex gains.
- EPS increased to 22 cents per share versus 19 cents per share in FY14, +16%. EPS was 16.4 cents per share excluding forex gains .
- Strong growth in international sales and profitability validates the strategy to build a diversified gaming and technology Group with domestic and offshore operations:
  - International revenue was \$147.6m, +46% versus pcp, now contributes 61% of total. Profit was \$66.8m compared to \$42.4m, +58% versus pcp.
  - Americas revenue was \$133.0m, +47.1%, 55% of total. Profit was \$58.3m compared to \$36.3m, +60.6%.
  - Rest of World Sales \$14.6m, +39.3% , 6% of total. Profit was \$8.5m compared to \$6.1m, +40.0%.



## Key Highlights

- Further improvement in quality of earnings driven by greater recurring revenues from machines on participation and machines under service in NSW. At year end FY15, 2,627 machines within the Americas on participation, rental and/or lease, + 32% versus pcp. NSW fleet of 14,059 machines under service agreements.
- Further progress in online and social . Following investment, operations now expected to move into profitability:
  - Technical integration of GameConnect™ Remote Gaming Server (RGS) completed.
  - Players Paradise Slots™ launched to offer the Group's content to the growing social casino sector.
- Competitive and challenging domestic market conditions. Temporary loss of share prior to new product platform launch. A600™ launched at Australasian Gaming Exhibition and very well received. Already approved in NSW and QLD. Expect strong organic revenue and profit growth.



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## Profit & Loss Summary

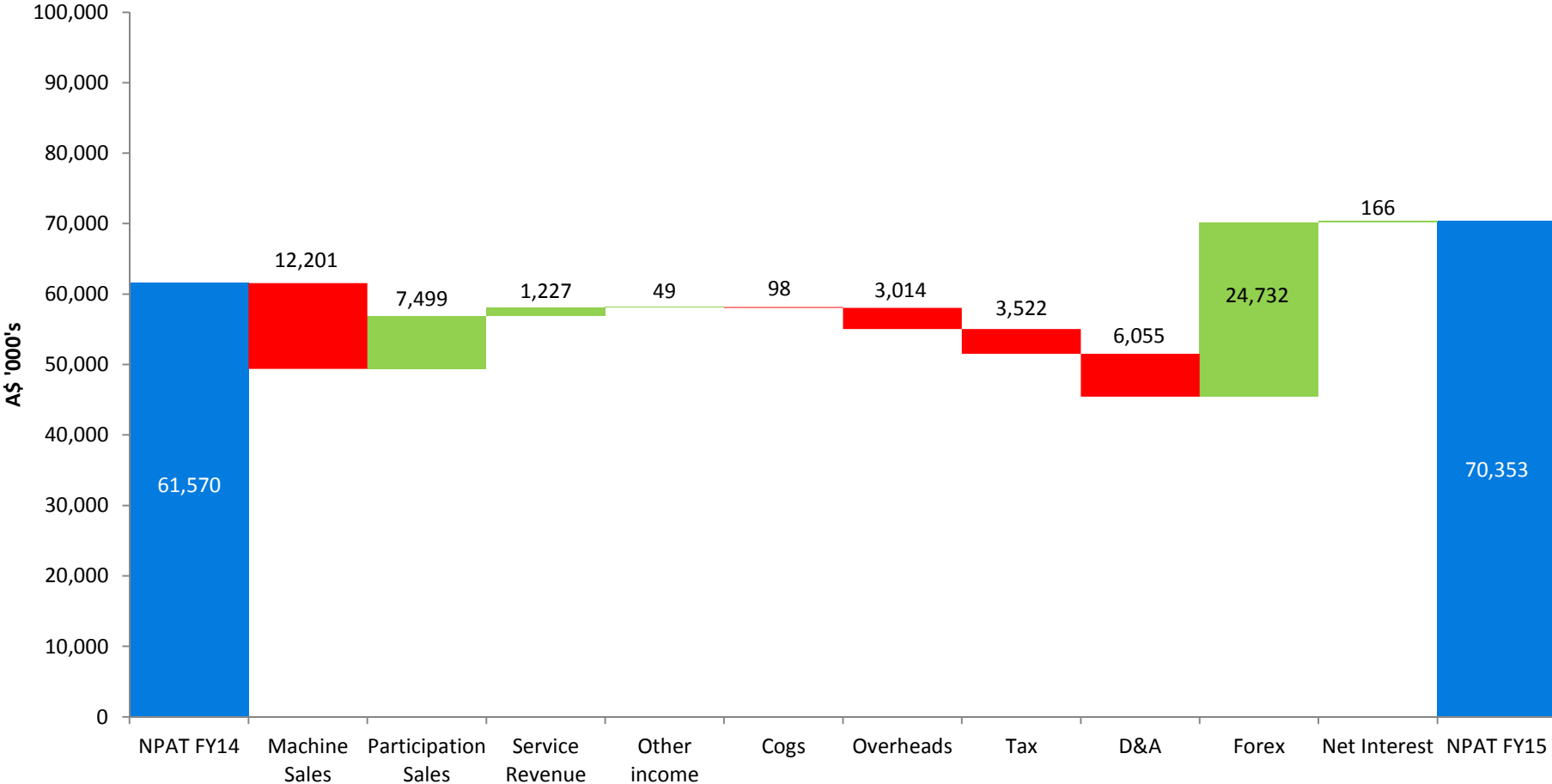
- Strong international sales growth (+46% v pcp) effectively offset temporary fall in weak domestic market (-35%).
- Gross Profit margins held steady at 63% . Pressure in domestic market offset by strong contributions from machines under participation and the Americas.
- Positive foreign exchange gains in FY15 results: \$25.6m contribution to pre tax profit, \$17.9m after tax.
- R&D commitment maintained at 11% of revenue, investment in A600™.
- 10 cents per share dividend declared, 46% payout ratio, fully franked.

A\$m	12 months ended 30-Jun-2015	12 months ended 30-Jun-2014	Change (%)	Change (%)
Domestic revenue	93.0	143.3	▼	(35%)
International revenue	147.6	100.8	▲	46%
<b>Total revenue</b>	<b>240.6</b>	<b>244.1</b>	▼	<b>(1%)</b>
Gross profit	152.0	155.6	▼	(2%)
<b>EBITDA</b>	<b>107.6</b>	<b>89.4</b>	▲	<b>20%</b>
PBT	94.4	82.0	▲	15%
Income tax expense	24.0	20.4	▲	18%
<b>NPAT</b>	<b>70.4</b>	<b>61.6</b>	▲	<b>14%</b>
R&D (% of revenue)	11%	11%	-	No Change
<b>EPS (diluted) (A\$)</b>	<b>0.22</b>	<b>0.19</b>	▲	<b>16%</b>
DPS (A\$)	0.10	0.10	-	No Change





# Net Profit Bridge



- \$24.73m forex represents the incremental foreign exchange gains in FY15
- \$6.06m increase in D&A charge reflects rise in number of machines under participation



## Balance Sheet

- Continuing strong balance sheet with \$41.3m of cash to fund innovation, growth and international expansion.
- 25% Return on Equity.
- A\$30m debt facility to fund working capital, A\$9.3m drawn.
- Increase in receivables converted to cash post year end.
- Inventory build up at year end in anticipation of strong sales and new product release.

A\$m	12 months ended 30-Jun-2015	12 months ended 30-Jun-2014	Change (%)
Cash	26.1	20.9	25%
Term deposits	15.2	51.0	(70%)
Receivables	110.3	93.7	18%
Other Current Assets	69.6	41.3	69%
<b>Total Current Assets</b>	<b>221.2</b>	<b>206.9</b>	<b>7%</b>
Non-Current Receivables	36.3	21.7	67%
Deferred Tax Assets	2.8	3.5	(20%)
Other Non-Current Assets	88.4	56.6	56%
<b>Total Non-Current Assets</b>	<b>127.5</b>	<b>81.8</b>	<b>56%</b>
Payables	29.4	28.6	3%
Loans and borrowings	0.2	0.3	(33%)
Current Tax Liability	13.0	11.6	12%
Other Current Liabilities	9.9	12.1	(18%)
<b>Total Current Liabilities</b>	<b>52.5</b>	<b>52.6</b>	<b>(0%)</b>
Loans and borrowings	9.3	0.1	9,200%
Employee Benefits	0.9	0.7	29%
Deferred Tax Liabilities	5.5	-	550%
<b>Total Non-Current Liabilities</b>	<b>15.7</b>	<b>0.8</b>	<b>1,863%</b>
Share Capital	182.4	182.3	No Change
Other Equity	98.1	53.0	85%
<b>Total Equity</b>	<b>280.5</b>	<b>235.3</b>	<b>19%</b>



## Cashflow Statement

- Fall in Net Cash from Operations to \$20.2m reflects temporary increase in working capital and extended payment terms associated with sales in LATAM.
- \$9.4m capitalised development expenditure, predominantly relating to A600™.

A\$m	12 months ended 30-Jun-2015	12 months ended 30-Jun-2014	Change
<b>Net Cash from Operating Activities</b>	<b>20.2</b>	<b>57.6</b>	<b>(37.4)</b>
Interest received	3.4	2.6	0.8
Acquisitions of PPE	(15.3)	(14.5)	(0.8)
Proceeds from call deposits	0.0	26.5	(26.5)
Development expenditure	(9.4)	(7.1)	(2.3)
Acquisitions of investment	(1.6)	0.0	(1.6)
Acquisitions of intangibles	(5.6)	0.0	(5.6)
Other	0.0	(0.5)	0.5
<b>Net cash from / (used in) investing activities</b>	<b>(28.5)</b>	<b>7.0</b>	<b>(35.5)</b>
Dividend paid	(32.2)	(32.2)	0.0
Other	8.8	(0.6)	9.4
<b>Net cash (used in) financing activities</b>	<b>(23.4)</b>	<b>(32.8)</b>	<b>9.4</b>
Net increase in cash	(31.7)	31.8	(63.5)
Cash at beginning of the period	71.9	40.1	31.8
Effect of FX on cash on hand	1.0	0.0	1.0
<b>Cash at end of period</b>	<b>41.2</b>	<b>71.9</b>	<b>(30.7)</b>



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## Segment Results - Australia

Challenging market conditions and competitive environment:

- Decline in business activity, changes in customer purchasing patterns, some pricing pressure from competitor consolidation, delay in product approval.
- Minimal corporate and casino sales in FY15.
- Caused temporary loss of share as expected, in anticipation of launch of new product platform.
- Launch of the A600™ at AGE in August 2015 well received. Approved in core QLD and NSW markets.
- Confident of increased sales and profits.

A\$m	12 months ended 30-Jun-2015	12 months ended 30-Jun-2014	Change (%)	Change (%)
Revenue	93.0	143.3	▼	(35%)
Segment Profit	46.6	83.6	▼	(44%)
Segment Profit (%)	50%	58%	▼	(8%)
Unit Volume (no.)	3,535	6,004	▼	(41%)
ASP (ex rebuilds) (\$A'000's)	20.7	20.2	▲	2%
Service Revenue	6.5	5.7	▲	14%



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## Segment Results – Americas

North America – strong growth in sales, share and participation:

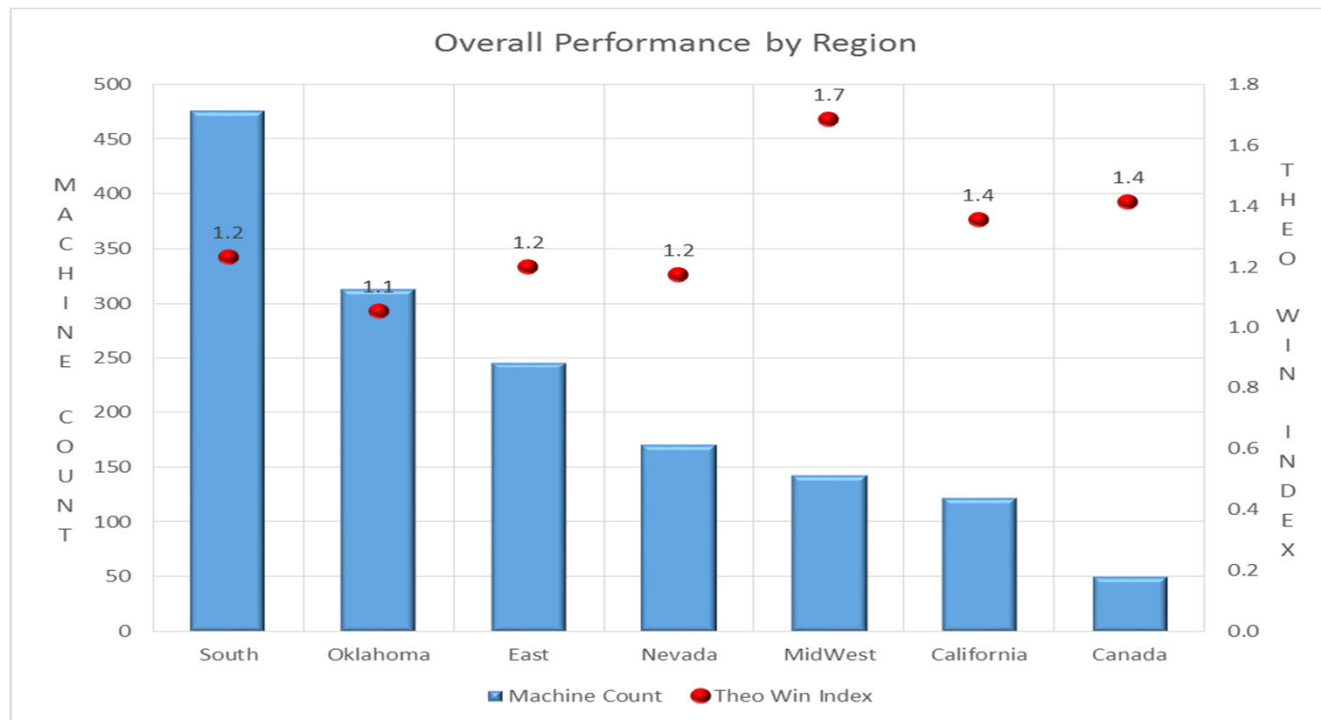
- Good contributions from new jurisdictions– Wyoming, Mississippi, Arizona and Missouri (+56% incr in units).
- Continuing growth in existing markets – California and Nevada (+19% incr in installed base).
- Release of new products and games drove share gains.
- Strong A560 SL™ sales, 3,100 total units sold + 30% versus pcp.
- Yield stable from half year.
- High conversion rate of sales/ trials.

### North America

A\$m	30-Jun-15	30-Jun-14	Change (%)	Change (%)
Revenue	82.7	58.5	▲	41%
Segment Profit	38.1	25.8	▲	48%
Segment Profit (%)	46%	44%	▲	2%
Unit Volume (no.)	3,100	2,381	▲	30%
ASP (US\$'000's) *	16.7	16.7	-	-
Units on Trial	228	304	▼	(25%)
Game Operations – Installed Base	1,316	1,105	▲	19%
Ave per Day (US\$)	33	35	▼	(6%)

\* excludes distributor sales, reworks & on-charges



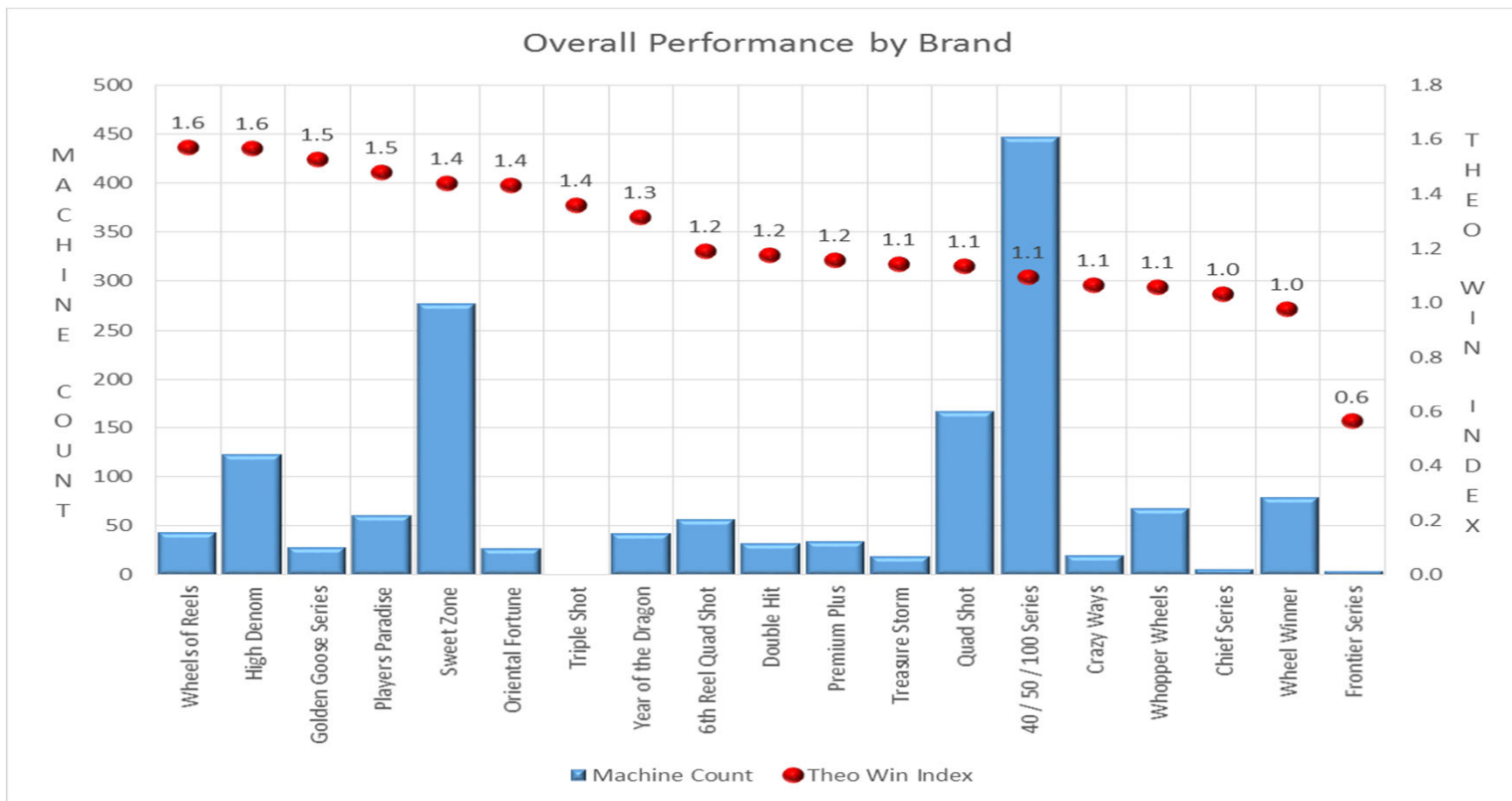


### Overall Performance

- All regions show overall performance above house average.
- The strongest performance is in the Mid-West with an average Theoretical Win index of 1.7.
- This Report covers 111 game titles.
  - 78 of these or 70% are performing at an average index of 1 or above.





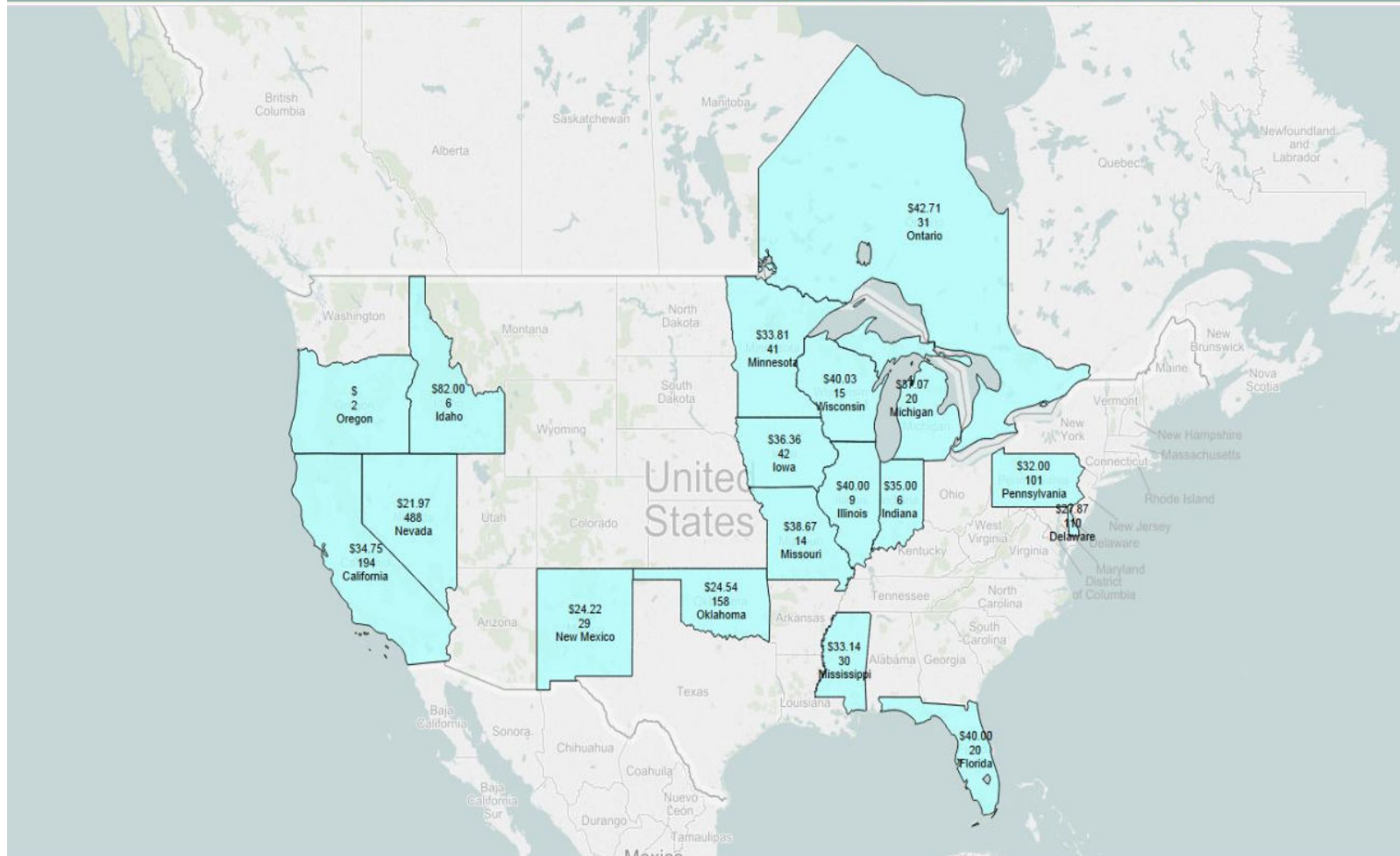


### Performance by Brand

- Top performing brand is Wheels of Reels with an average index of 1.6.
- Top performing brands by reported install base are 40/50/100 Series, Sweet Zone™ then Quad Shot.™
- Overall, all brands are performing at an average index of 1 or above with the exception of the Frontier Series.



## NORTH AMERICA WPD BY TERRITORY (LATEST REPORTED DATA)



## Segment Results – Americas

Strong product acceptance and growth from jurisdictions across the region:

- 39% increase in units sold.
- Mexico is largest market in region for AGI representing 38% of units sold in region. Sales +54%.
- Good contribution from Caribbean, new openings
- Yield increase to USD\$15 per day.
- Higher working capital, extended payment terms to facilitate sales.

### Latin America

A\$m	12 months ended 30-Jun-2015	12 months ended 30-Jun-2014	Change (%)	Change (%)
Revenue	50.3	31.9	▲	58%
Segment Profit	20.2	10.5	▲	92%
Segment Profit (%)	40%	33%	▲	7%
Unit Volume (no.)	2,219	1,593	▲	39%
ASP (US\$'000's) *	15.4	15.4	-	-
Units on Trial	98	72	▲	36%
Game Operations – Installed Base	1,311	884	▲	48%
<b>Ave per Day (US\$)</b>	<b>15</b>	<b>13</b>	<b>▲</b>	<b>15%</b>

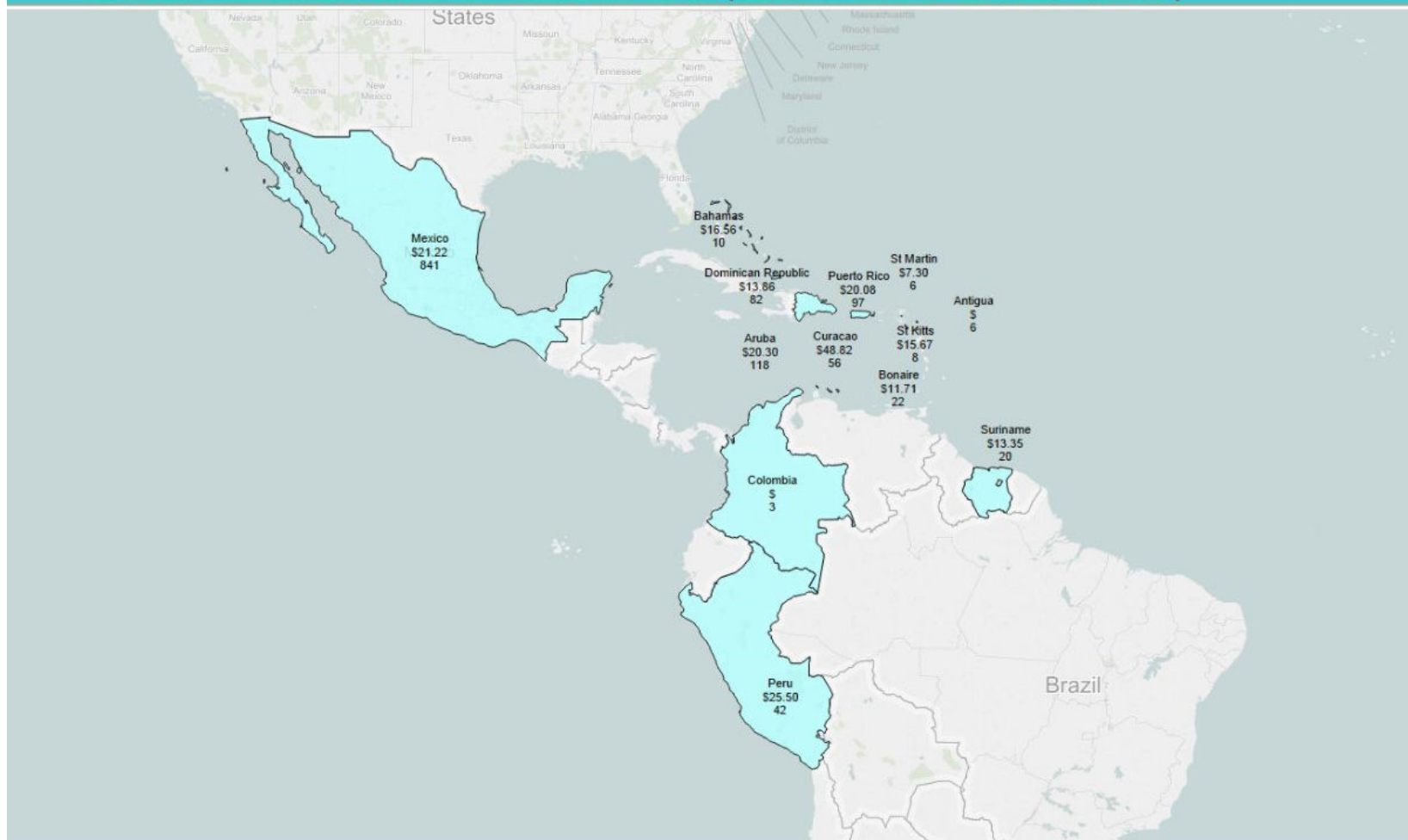
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## FY-2015 LATIN AMERICA SALES



## LATIN AMERICA WPD BY TERRITORY (LATEST REPORTED DATA)



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## Segment Results – Rest of the World

Strong sales growth (+38%) with good contribution from Asia (+115%) driven by Philippines:

- 872 units sold (+30%) with increase in number of units on trial.
- Limited exposure to Macau market, affected by regulatory change. Positive outlook as new gaming standards are progressively introduced.

A\$m	12 months ended 30-Jun-2015	12 months ended 30-Jun-2014	Change (%)	Change (%)
Revenue	14.6	10.4	▲	39%
Segment Profit	8.5	6.1	▲	39%
Segment Profit (%)	58%	58%	-	-
Unit Volume (no.)	872	670	▲	30%
Units on Trial	125	77	▲	62%



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# Gaming Products



**QUAD Shot**  
MULTI DENOM

**DOUBLE Shot**  
MULTI DENOM



**CASH**  
ADVENTURES

**THUNDER**  
WILDS



**GRAND**  
FORTUNE

**ORIENTAL**  
EXPRESS\$



## Product Review

### Australia

- Multi-denominational game marketing was introduced into New South Wales and Queensland across a number of established brands.
- Through out the year a greater focus on game design innovation and resourcing was a key initiative.
- Number of new game concepts were released at the recent AGE resident in the newly approved technically advanced A600™ wide screen cabinet.

### North America

- Good contribution from Sweet Zone™, High Denom™ and 40/50 lines core game titles were the key contributing game brands.
- Licensed games Sound of Music and Showgirls were also released late in the in the 4th quarter.
- FY16 new game launches– Three Amigos™, Cinderella™ and King Kong™.

### Latam

- The entire game portfolio produced excellent results with Quad Shot™, Rio Grande Rapids™, Sweet Zone™ and MultiWin™ the stellar game brand performers.

### Rest of World

- Both the A560X™ and A560SL™ platforms were launched in selected markets.
- Product performance across all market segments remained at benchmark levels.
- Notable game releases during the period were:
  - Hot™ Multidenom
  - Thunder Hits™
  - Thunder Wilds™
  - Firestorm™
  - MultiPlay™



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## Regulatory Update

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

From 1 July 2014 to current, the AGT group has secured the following new gaming licenses:

Kansas (temporary)	Saskatchewan
Louisiana	UK (Online remote operating licence)
Massachusetts (temporary)	West Cape (South Africa)
Oklahoma	

In addition 36 new tribal licences were secured across:

Arizona (8)	Minnesota (1)	Oregon (2)
California (2)	Mississippi (1)	Wisconsin (2)
Iowa (1)	New Mexico (3)	Wyoming (2)
Kansas (2)	New York (1)	
Michigan (1)	Oklahoma (10)	

The AGT Group has submitted gaming license applications with the states of Delaware, New Mexico and the Gaming Board for the Bahamas and additional tribal applications in Kansas, Louisiana, Michigan and Oklahoma. We expect the other state licences to be issued within the next 7 months.



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## Online

### Real Money Gaming:

- Alderney Licence approved, initial games and Game Connect™ RGS also approved.
- Supply contracts completed with Playtech PLC and 2 more contracts are in the final stages of negotiation.
- Other opportunities in regulated European markets are in the early stages of assessment.

### Social Gaming:

- Players Paradise™ Slots App was successfully launched in conjunction with 616 Digital LLC on desktop, Android and IOS.
- Recognised globally successful games are performing well with a supporting jackpot product strategy now a feature.
- Additional Apps are in development for release in the 1<sup>st</sup> quarter FY 2016.



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## Outlook

- Strong growth in international sales and profitability validates the strategy to build a diversified gaming and technology Group with domestic and offshore operations.
- Momentum in international operations continuing in Q1 FY16.
- New Las Vegas facility due to open in April 2016, augmenting presence in the Americas markets.
- Ongoing growth in machines under participation, driving higher quality recurring revenues. Additional licenses of themed product in Americas.
- After period of investment real money online gaming turning profitable. Option exercised to acquire 40% of 616 (social gaming). Remaining 60% to be acquired subject to financial conditions.
- Turning point in Australian market driven by launch of new product pipeline. Expect sales and profit growth in Australia based on positive responses to launch of market leading A600™.
- Net cash on the balance sheet supports growth and innovation.
- Affirm expect to deliver strong organic sales and profit growth in FY16.
- Trading update to be provided at the AGM.

