



1HFY16 Results Announcement

Ainsworth Game Technology Limited

23rd February, 2016
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Disclaimer

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5.Segment Results - Rest of the World

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7.Regulatory Update

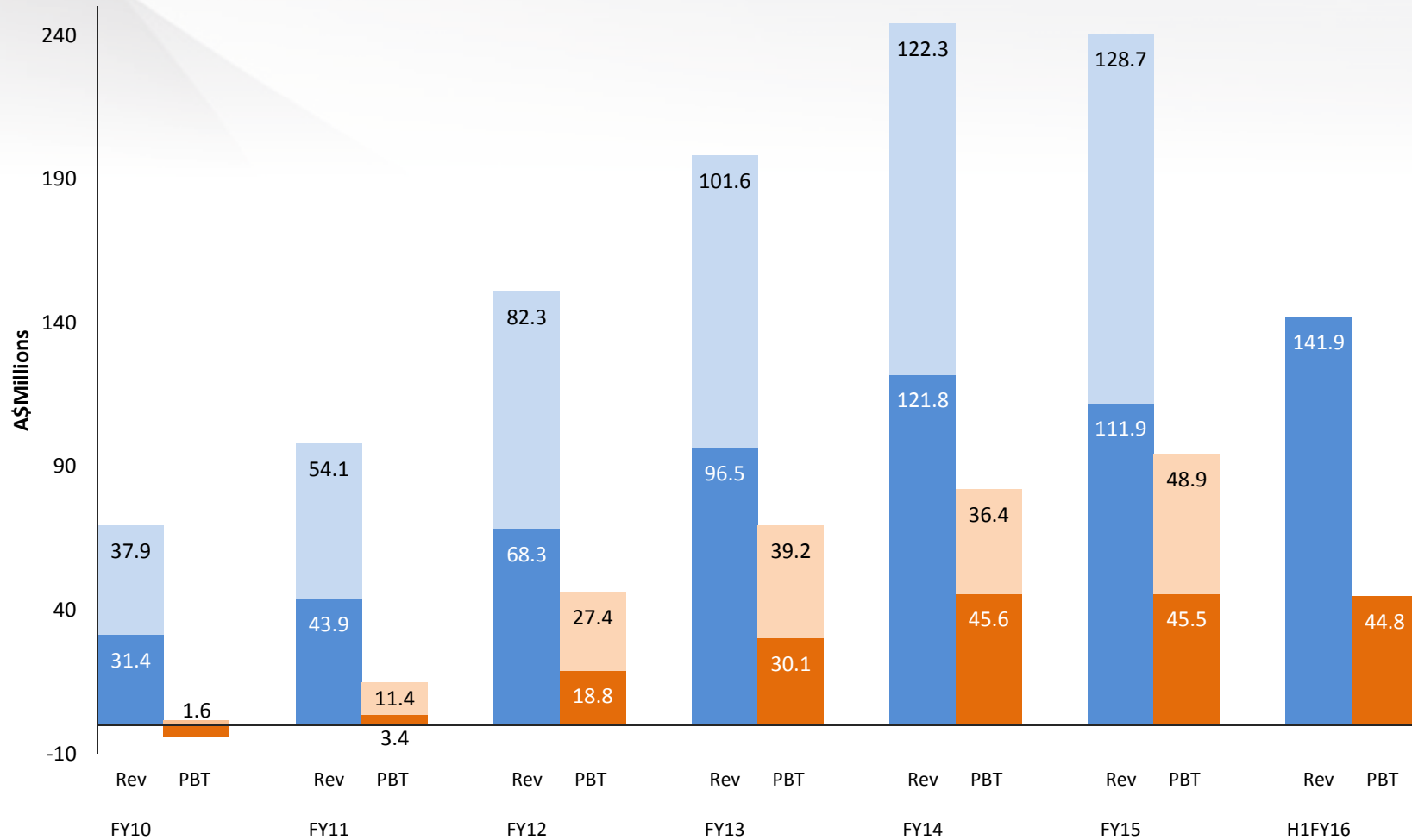
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10.Outlook and Questions

Continuing International Growth and Profitability

Historical Financial Performance



1HFY16 Results Summary

- Continued execution of a clear strategy: A more diversified Ainsworth is developing with an improving quality of recurring earnings and strong growth, profitability and strategic value in international markets.
 - Total sales revenue of \$141.9m, an increase of 27% on pcp
 - Domestic revenue \$50.3m (-6% on pcp)
 - International revenue \$91.6m (+57% on pcp)
 - Profit before tax of \$44.8 million (-2% on pcp)
 - Reported Net profit after tax of \$33.1 million, including a tax expense of \$11.7 million
 - Currency adjusted NPAT \$26.3m (+7% v \$24.6m pcp), \$9.8m currency gains pre tax

- Continued strong growth in international businesses: now 65% of total revenue
 - North Americas revenues up 42%, profit +40%: 20% growth in unit volumes and stable ASP's
 - Secured 16 new gaming licences (5 US State licences and 11 US Tribal licences)
 - Latin America revenues up 64%, profit up 115%
 - 29% growth in unit volumes, extended credit terms impact working capital
 - Rest of World revenues up 105%, profit up 91%: 74% increase in unit volumes driven by improved NZ performance

1HFY16 Results

- Continued strong domestic and international game performance
 - The recent release of the *A600*[™] cabinet and *Cash Adventures*[™] game series has seen steady growth in the Domestic market.
 - Internationally Low Denomination Core game titles and *A560SL*[™] *Sweet Zone*[™] game range continue to build on previous years of success. *Quad Shot*[™] and *Sky High Stacks*[™] are also released in *A560SL*[™] to boost sales in the short to medium term

- Challenging period for domestic operations in a highly competitive market, new game refresh strategy to drive growth.
 - Revenues -6%, profit -33%: Early stages in product transition strategy across Eastern states, margin impacts from production ramp up of *A600*[™], encouraging 5% increase in ASP's

- Continued improvement in quality of earnings driven by greater recurring revenues from machines on participation and under service in NSW
 - Total machine install base under Game Operations of 3,268 in the Americas (+43% on pcp)
 - 15,374 machines under service in NSW including key strategic additions

1HFY16 Results

- Online and social – continued to build platform for growth. *Game Connect*™ RGS and 10 HTML5 games approved in the UK. Ainsworth Games now available on 35 Online Casino Operators. Social live for 12 months, 50k daily average users. *King Spin Slots*™ new social casino App successfully launched November 2015.
- Nova acquisition performing well, in line with expectations, complementary platform for substantial growth and leverage in Class II market.
- Confident international outlook driven by ongoing growth in international businesses, opening of new US facility in April, increase in machines on participation and strong game portfolio.
- Challenging and highly competitive domestic market conditions set to continue in 2HFY16. Early stages for new Game Development team structure and product refresh. *A600*™ product transition strategy underway with focus on driving market acceptance. Confident medium term outlook although to 2HFY16 domestic gross margins expected to remain at similar levels to 1HFY16.
- Interim dividend
 - Fully franked interim dividend of 5 cents per ordinary share.
 - Dividend payout ratio of 49% of profit after tax.

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Group Profit & Loss Summary

- 57% international revenue growth offset challenged domestic performance.
- International markets represent 65% of total revenue driven by revenue gains in the Americas and New Zealand.
- Gross margin 60% for 1st half, impacted by increase in international business, continued diversification of product offering and higher transitional product costs on the release of A600™ in domestic markets.
- Positive foreign exchange gains in 1HFY16 results: \$9.8m contribution to pre tax profit, \$6.9m after tax.
- Effective income tax rate of 26% (24% pcp).

A\$m	6 months to 31 Dec 2015	6 months to 31 Dec 2014	Movement	Change (%)
Domestic revenue	50.3	53.5	▼	-6%
International revenue	91.6	58.4	▲	57%
Total revenue	141.9	111.9	▲	27%
Gross profit	84.8	70.5	▲	20%
EBITDA	53.8	50.3	▲	7%
PBT	44.8	45.5	▼	-2%
Income tax expense	11.7	10.9	▲	7%
NPAT	33.1	34.6	▼	-4%
R&D (% of revenue)	10%	11%	▼	-1%
EPS (diluted) (A\$)	0.10	0.11	▼	-1%
DPS (A\$)	0.05	0.05	-	-

Results Adjusted for Currency Gains

A\$m	6 months to 31 Dec 2015	6 months to 31 Dec 2014	Movement	Change (%)
PBT	44.8	45.5	▼	-2%
Currency gains (before tax)	-9.8	-14.3	▼	-32%
Adjusted PBT	35.0	31.2	▲	12%
NPAT	33.1	34.6	▼	-4%
Currency gains (after tax) ¹	-6.9	-10.0	▼	-32%
Adjusted NPAT	26.3	24.6	▲	7%

¹Calculation of 'Currency gains (after tax)' - 1HFY16 (\$9.8m x 0.7 = \$6.9m). 1HFY15 (\$14.3 x 0.7 = \$10.0m).

Headcount

Australia and Rest of the World

# Staff	1HFY16
Sales	33
Service	85
Production	40
Administration	45
R&D	146
Total Staff Numbers - Australia & Rest of the World	349

North and Latin America

# Staff	1HFY16
Sales	29
Service	23
Production	53
Administration	70
R&D	22
Total Staff Numbers - North and Latin America	197

Total Staff Numbers Consolidated AGT	546
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Segment Overview

	6 months to 31-Dec-15	6 months to 31-Dec-14	Change %
Segment revenue			
Australia	\$50.3	\$53.5	-6%
Americas	\$79.9	\$52.8	51%
Rest of World	\$11.7	\$5.6	109%
Total segment revenue	\$141.9	\$111.9	27%
Segment result			
Australia	\$19.0	\$28.5	-33%
Americas	\$34.8	\$20.6	69%
Rest of World	\$6.3	\$3.4	85%
Total segment result	\$60.1	\$52.5	14%
Unallocated expenses			
Net foreign currency gains	\$9.8	\$14.3	-31%
R&D expense	-\$13.8	-\$11.9	16%
Corporate	-\$10.7	-\$8.3	29%
Other expenses	-\$0.6	-\$2.0	-70%
Total unallocated expenses	-\$15.3	-\$7.9	93.7%
Less: Interest included in segment result	-\$1.0	-\$0.6	67%
EBIT	\$43.8	\$44.0	-
Net interest	\$1.0	\$1.5	-30%
Profit before income tax	\$44.8	\$45.5	-1%
Income tax	-\$11.7	-\$10.9	7%
Profit after income tax	\$33.1	\$34.6	-4%

Strong revenue growth in America driving operational leverage and profit growth

Net Profit Bridge

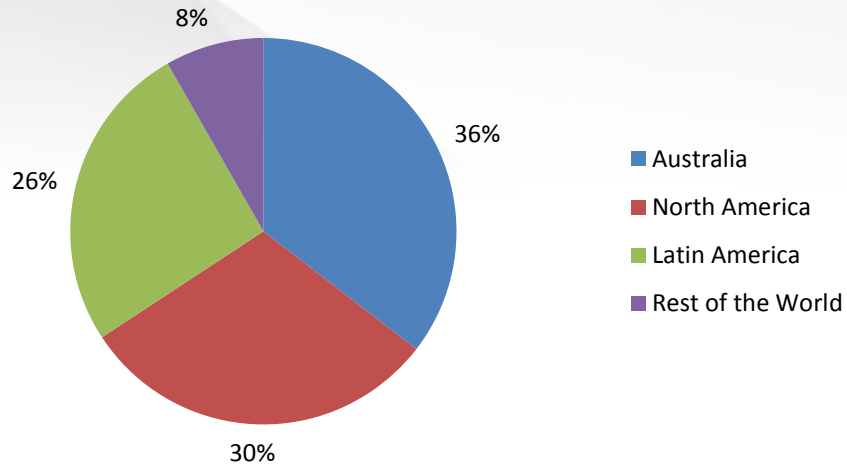


- \$4.5m forex represents a decrease in foreign exchange gains in 1HFY16 of \$9.8m (v \$14.3m pcp).
- \$4.7m increase in D&A charge reflects rise in number of machines under participation.
- \$0.8m increase in tax expense.
- \$26.3m Currency Adjusted NPAT 1HFY16 (v \$24.6m pcp). Excludes \$6.9m after tax currency gain¹ (v \$10.0m pcp).

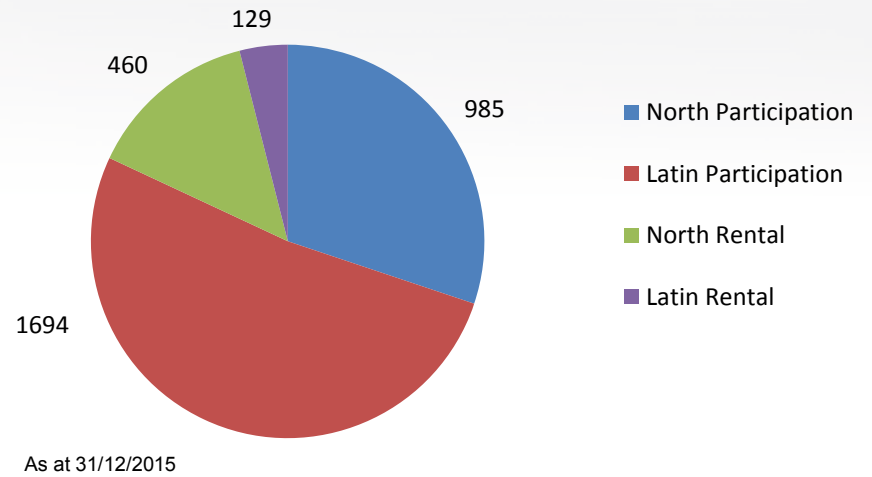
¹Calculation of 'after tax currency gain' - 1HFY16 (\$9.8m x 0.7 = \$6.9m). 1HFY15 (\$14.3 x 0.7 = \$10.0m).

Ainsworth at a Glance

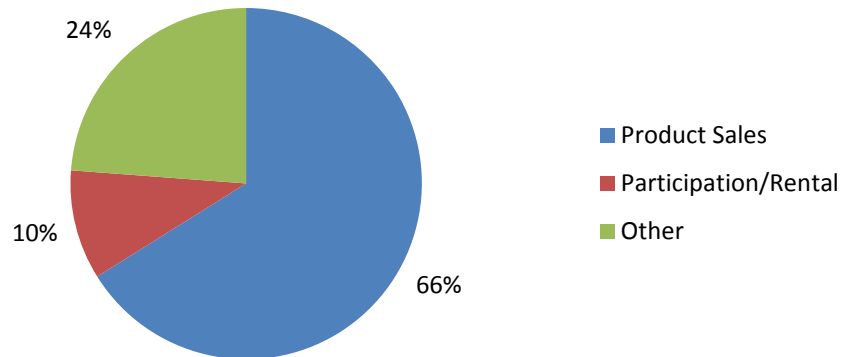
1HFY16 Revenue Breakdown by Geography



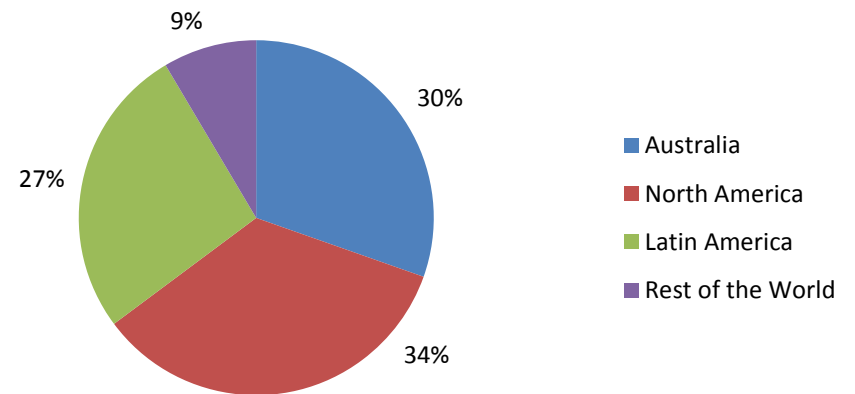
Americas Game Operations - Installed Base



Operational Revenue Breakdown, 1HFY16



1HFY16 EBITDA Breakdown



Balance Sheet

- Strong balance sheet position with capital to fund growth and innovation.
- Receivables totalled to \$155.1m (FY15:\$145.7m) – an increase of 6% 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. Extended credit terms impact working capital.
- A\$90m debt facility to fund working capital, A\$16.9 drawn.
- Net tangible asset backing per share of \$0.84 (up from \$0.78).

A\$m	31-Dec-15	30-Jun-15
Cash	17.9	26.1
Term Deposits	-	15.2
Receivables	117.2	109.4
Other Current Assets	66.5	70.5
Total Current Assets	201.6	221.2
Non-Current Receivables	37.9	36.3
Deferred Tax Assets	1.1	2.8
Other Non-Current Assets	126.5	88.4
Total Non-Current Assets	165.5	127.5
Payables	30.7	29.4
Loans and Borrowings	0.5	0.2
Current Tax Liability	4.0	13.0
Other Current Liabilities	6.3	9.9
Total Current Liabilities	41.5	52.5
Loans and Borrowings	16.5	9.3
Deferred Tax Liabilities	7.6	5.5
Other Non-Current Liabilities	0.9	0.9
Total Non-Current Liabilities	25.0	15.7
Share Capital	182.4	182.4
Other Equity	118.1	98.1
Total Equity	300.5	280.5

Cash Flow Statement

- Dividend paid of \$16.1m (5 cents per ordinary share) paid during the half.
- Increase in acquisitions of PPE predominately due to the construction of Las Vegas facility totalling to \$23.5m. Low maintenance capex requirements of \$3.3m.
- Acquisitions of Investment relate to the purchase of 40% interest in 616 Digital LLC in August 2015. Option to acquire remaining 60% subject to valuations and financial milestones.

A\$m	6 months to 31 Dec 2015	6 months to 31 Dec 2014	Change
Net Cash from Operating activities	17.0	12.0	5.0
Interest received	1.2	1.6	(0.4)
Acquisitions of PPE	(26.8)	(4.4)	(22.4)
Development expenditure	(4.0)	(3.9)	(0.1)
Acquisitions of investment	(2.0)	(1.6)	(0.4)
Acquisitions of other intangibles	0.0	(5.6)	5.6
Other	(0.1)	0.0	(0.1)
Net cash from/(used in) investing activities	(31.7)	(13.9)	(17.8)
Dividend paid	(16.1)	(16.1)	-
Other	7.0	(0.1)	7.1
Net cash used in financing activities	(9.1)	(16.2)	7.1
Net (decrease)/increase in cash	(23.9)	(18.1)	(5.8)
Cash at beginning of the period	41.8	72.5	(30.7)
Cash at end of period	17.9	54.4	(36.5)

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Segment Results - Australia

– Challenging period for volume and revenue growth given highly competitive domestic market conditions and:

- the product transition across Eastern Seaboard – A560X™ to A600™;
- Reduced activity with Corporate Accounts compared to pcp. Retained footprint in the important clubs market.

– Product margin pressure as a result of:

- A600™ product transition;

– 5% increase in ASP.

– Sustainable growth in machines under service in NSW/ACT to 15,374, including key strategic additions.

– Confident medium term outlook driven by game performance and A600™ uptake. Gross margins in 2HFY16 expected to remain at similar levels as in 1HFY16.

A\$m	6 months to 31-Dec-15	6 months to 31-Dec-14	Movement ▲ / ▼	Change (%)
Revenue	50.3	53.5	▼	-6%
Segment Result	19.0	28.5	▼	-33%
Segment Result (%)	38%	53%	▼	-15%
Unit Volume (no.)	1,915	2,078	▼	-8%
ASP (ex rebuilds) (\$A'000's)	21.3	20.3	▲	5%
Service Revenue	3.8	3.6	▲	6%

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Segment Results - Americas

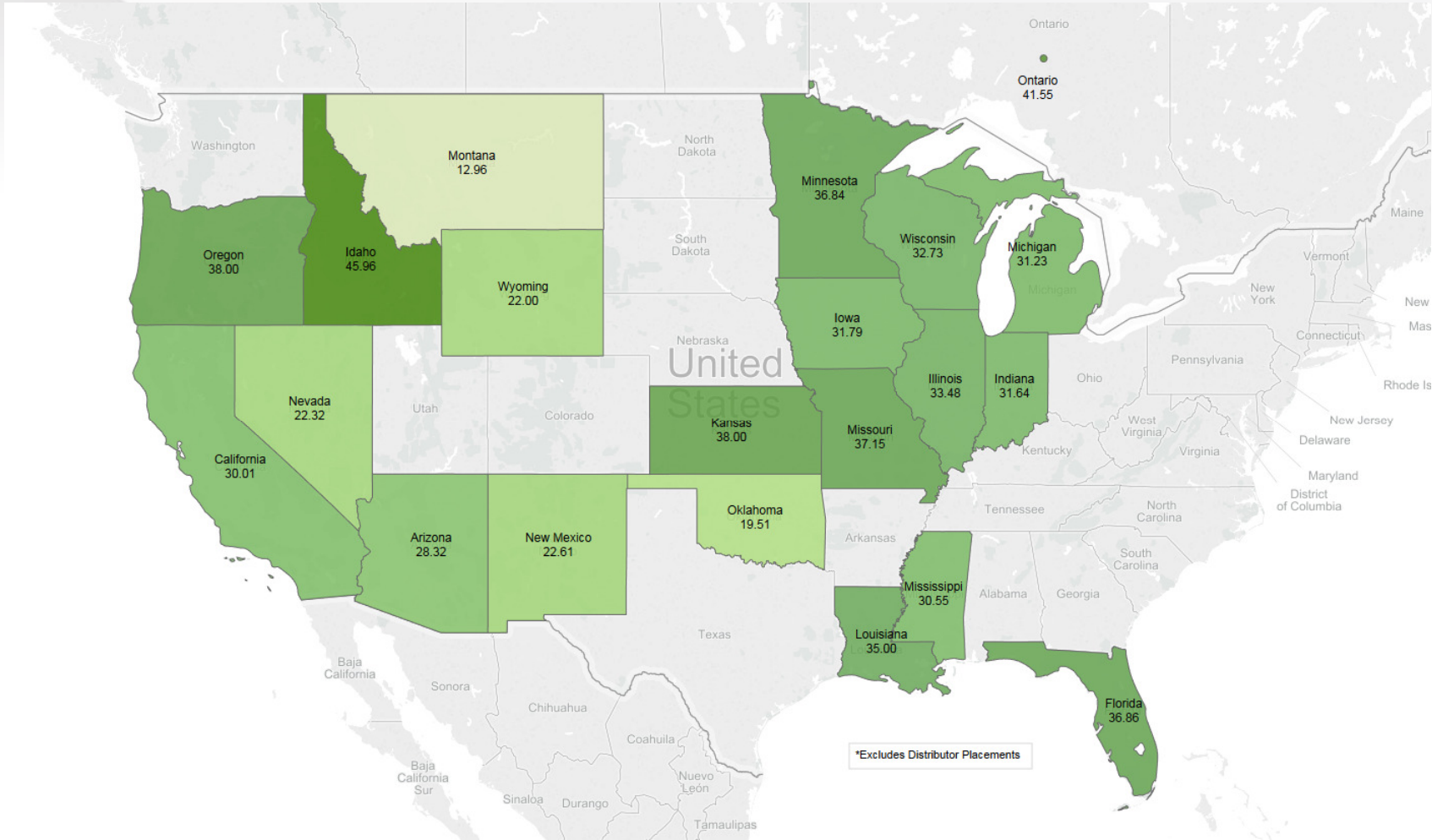
- Growth in revenue, volume and profitability.
- 20% increase in unit volume sales, similar ASP's: Increased contribution from Pennsylvania, Wisconsin, Oregon, and continued solid growth in California. Good contribution from newer jurisdictions Louisiana, Missouri and Mississippi.
- Growth in Recurring Revenue Installed Base with an increase of 222 units (+18% on pcp).
- The A560SL™ continues to perform well across the US and Canada.
- Exceeded expectations on sale of A560ST™ by 17%.
- Expect ongoing profitable growth leveraging technology, game performance, sales network, Nova and new US facility.

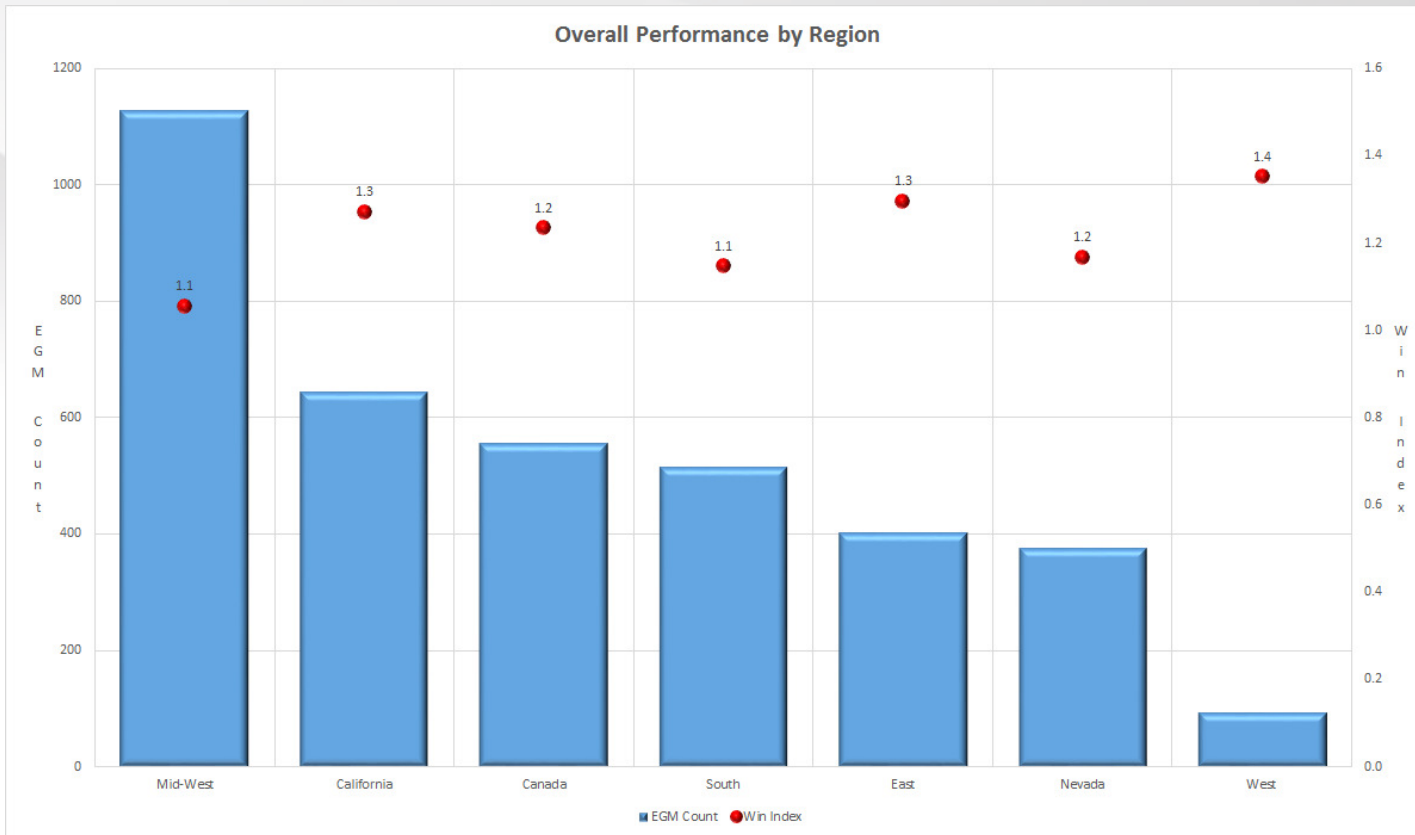
North America

A\$m	6 months to 31-Dec-15	6 months to 31-Dec-14	Movement ▲ / ▼	Change (%)
Revenue	43.0	30.2	▲	42%
Segment Result	18.0	12.9	▲	40%
Segment Result (%)	42%	43%	▼	-1%
Unit Volume (no.)	1,340	1,116	▲	20%
ASP (US\$'000's)*	16.8	16.9	▼	-1%
Units on Trial	259	242	▲	7%
Game Operations – Installed Base	1,445	1,223	▲	18%
Ave per Day (US\$)	30	33	▼	-9%

**Excludes distributor sales, reworks & on-charges*

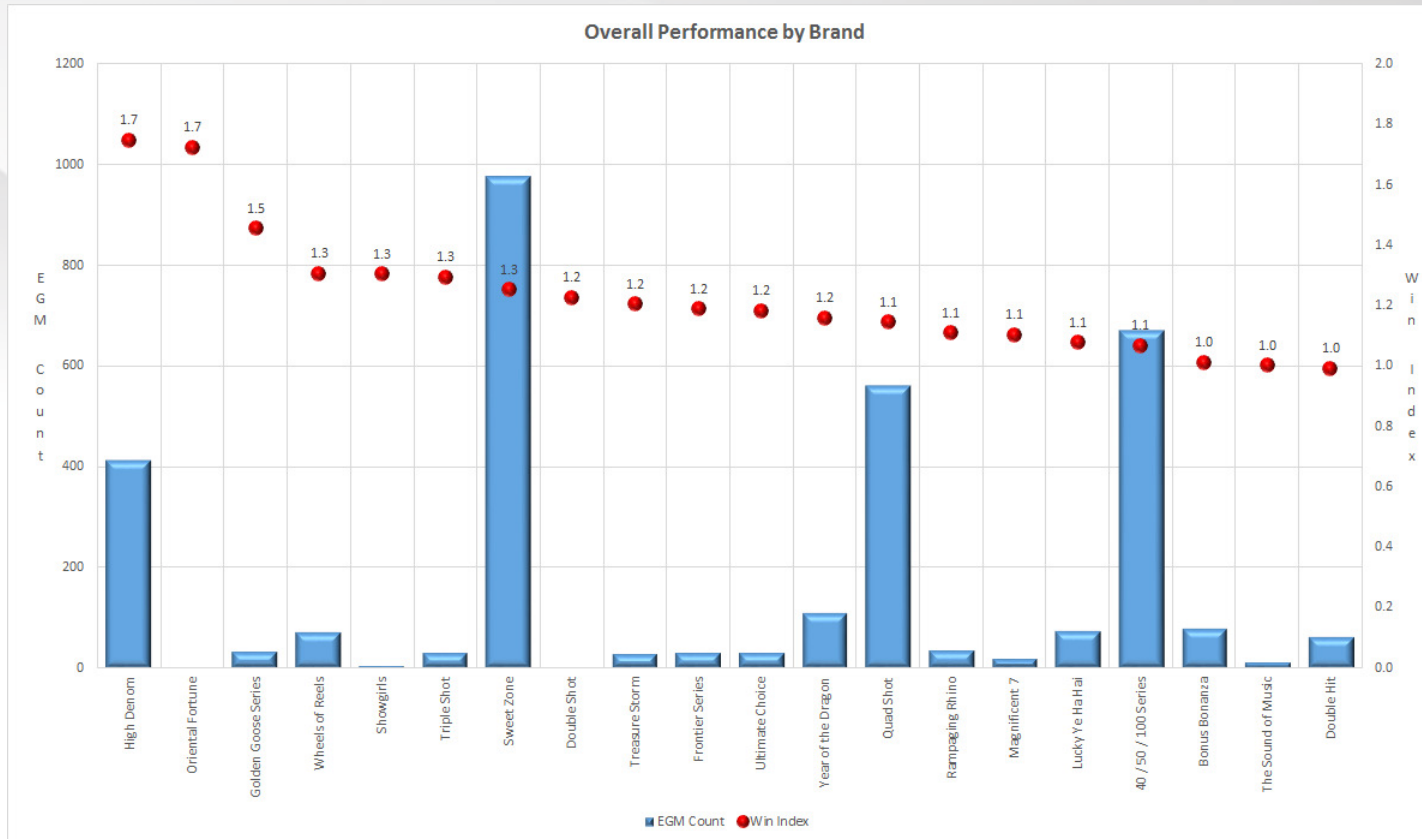
North America 1HFY16 Win Per Day





Game Performance – North America

- Information is based on sample data obtained from nearly 4,000 customer units.
- All regions show overall performance above house average.
- The strongest performance is in the West with an average win index of 1.4.
- This report covers 142 game titles;
 - 93 of these or 65% are performing at an average index of 1 or above.



Performance by Brand – North America

- Information is based on sample data obtained from nearly 4,000 customer units.
- Top performing brand is High Denom with an average index of 1.7.
- Top performing brands by reported install base are Sweet Zone, 40/50/100 Series then Quad Shot.

Segment Results - Americas

- Strong growth in revenue, volume and profitability across the region.
- 29% increase in units sold with increased contribution from Mexico, largest market (42% increase in units sold) and Argentina (51% increase in units sold).
- Growth in Recurring Revenue Installed Base to 1,823 (+71% on pcp) mainly from Mexico, Peru and the Caribbean.
- Increase in yield of 23%.
- High performance in products such as *Multi Win™* multi game range, *Quad Shot™*, *Rio Grande Rapids™* and *Players Paradise™*.
- The focus is on further expanding our footprint within the region.
- Sales include extended credit terms impacting working capital.

Latin America

A\$m	6 months to 31-Dec-15	6 months to 31-Dec-14	Movement ▲ / ▼	Change (%)
Revenue	36.9	22.5	▲	64%
Segment Result	16.8	7.8	▲	115%
Segment Result (%)	46%	35%	▲	11%
Unit Volume (no.)	1,398	1,087	▲	29%
ASP (US\$'000's)*	15.4	15.1	▲	2%
Units on Trial	54	80	▼	-33%
Game Operations – Installed Base	1,823	1,063	▲	71%
Average per Day (US\$)	16	13	▲	23%

*Excludes distributor sales, reworks & on-charges

Latin America 1HFY16 Win Per Day



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Segment Results – Rest of the World

- Strong sales growth with increase in New Zealand revenues to \$7.5m (up 311% to pcp).
- The Asian market slowdown in certain locations has made operators cautious in selecting products. New properties are reverting to “tried & trusted” games to ensure their revenue stream.
- There are a number of new properties gazetted to come on stream in Macau, Philippines and eventually Korea that could provide new opportunities.

A\$m	6 months to 31-Dec-15	6 months to 31-Dec-14	Movement ▲ / ▼	Change (%)
Revenue	11.7	5.6	▲	108%
Segment Result	6.3	3.3	▲	91%
Segment Result(%)	54%	58%	▼	-4%
Unit Volume (no.)*	462	266	▲	74%
Units on Trial	112	138	▼	-19%

**Excludes kits, reworks & on-charges*

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Gaming Products

- Ainsworth's game strategy: concentrate on mid denomination and legacy product, based on existing proven maths models as well as expanding our game offering with revolutionary concepts that will add a new dimension to our extensive range.
- Significant in house R&D teams based in Australia (27 FTE) & US (20 FTE). Flat organisational structure to promote creativity. Addition of younger graduates to provide contemporary input – delivering returns. Efficient and rigorous review process leveraging strengths across teams. Commercial approach, accelerated product development.
- Domestically single and multi-game multi-denomination packages have been released to support the new *A600™* cabinet this half including; *New Double Shot™* Multi Game & Multi- Denomination, *Ultimate Gold™* Series, *Double Shot™*, *Quad Shot™*, *Cash Adventures™* Link Jackpots, *Cash Odyssey™* Standalone Jackpots and *Oriental Express™* Mystery Link Jackpots.
- North and Latin America market releases in both *A560SL™* and *A560™* these include; *New Sweet Zone™*, *Double Sweet Zone™*, *Sky High Stacks™*, *Thunder Wilds™*, *Double Shot™*, *Quad Shot™*, New & exciting 40L/50L product and High Denomination product.

Gaming Products

- North America market releases in both A560SL™ and A560™ these include;
 - *New Sweet Zone™*
 - *Double Sweet Zone™*
 - *Sky High Stacks™*
 - *Thunder Wilds™*
 - *Double Shot™*
 - *Quad Shot™*
 - New & exciting 40L/50L product
 - High Denomination product

Australia

- Adding to the library of mid denomination product in New South Wales and Queensland to build on our successful legacy product.
- Continuing our drive for game design innovation and resourcing was a key initiative.
- Number of new game concepts were released to expand our game offering in the newly approved technically advanced A600™ wide screen cabinet.
- The roll out of A600™ cabinet continues to the rest of the Australian jurisdictions, along with a library of games approved and a schedule of games to support these markets.

Gaming Products

North America

- Good contribution from our new *Double Sweet Zone*[™], *Sky High Stacks*[™] and continued grow of our 40/50 lines core game titles.
- New concept development continues for the upcoming *A600*[™] launch.
- A list of proven game concepts will also be available for the launch of *A600*[™] to ensure that we have a wide variety of product available.
- FY16 new game launches– *Three Amigos*[™], *Cinderella*[™] and *King Kong*[™].

Latin America

- The entire game portfolio produced excellent results with *Double Shot*[™], *Quad Shot*[™], *Sweet Zone*[™], *Double Sweet Zone*[™], Link Progressives and *MultiWin*[™] the stellar game brand performers.
- *Piñata Pays*[™], *Quad Shot*[™] and *Thunder Wilds*[™] Link Progressives for the *A560SL*[™] and other games titles to be released will add strength to the game library.

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:
 - *Ultimate Gold*[™]
 - *Quad Shot*[™]
 - *Double Shot*[™]
 - *MultiPlay*[™] & *MultiWin*[™]

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Regulatory Update

Continued execution of clear strategy to secure selective new licenses to enhance growth.

From 1 July 2015 to 31 December 2015, the AGT group has secured the following new gaming licenses:

Delaware	Bahamas
Louisiana (Indian Gaming Unit)	Puerto Rico
New Mexico	

In addition 11 new tribal licences were secured across:

Kansas (3)	New Mexico (1)
Louisiana (3)	Oklahoma (3)
Michigan (1)	

The AGT Group has submitted gaming license applications with the states of Colorado and Washington and additional tribal applications in California, Florida, Louisiana, New York, Oklahoma and Washington.

At 31 December 2015, AGT has a total of 189 licenses (27 US State and 162 US Tribal).

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Online and Social

Ainsworth is developing a solid platform in Online and Social. Disciplined investment approach to maximise returns.

Real Money Gaming:

- *Game Connect*[™] RGS and 10 HTML5 games are approved in UK and Alderney with platform providers Microgaming and NYX.
 - Ainsworth games are available on 35 Online Casino Operators since Q2FY16.
- *Game Connect*[™] RGS will be integrated with new platform provider iSoftBet in Q3FY16.
- Genting Casinos UK are in the final stages of negotiation.

Social Gaming:

- Ainsworth's Players Paradise Slots has been live for 12 months with 50k Daily Average Users.
- Ainsworth's new social casino app, *King Spin*[™] Slots, was successfully launched in November 2015.
- Ainsworth games have also been licensed to third party social casino partners.

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Nova Update

- Pleased with Nova – early performance on track.
- Detailed immediate integration plan now being executed.
- Nova acquisition completed on 15th January 2016, USD\$38M purchase price funded through ANZ facility.
- Highly complementary acquisition – provides AGT with an immediate presence in US Class II markets.
- Opportunity for substantial growth in Americas with an expanded library of products to an increasingly large addressable market.
- Cross promote Nova product into AGT's existing market.
- Nova doubles AGT's number of gaming units under gaming operation in North America on daily fee arrangements to over 2,800.
- Potential to grow outside US.

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- 4.Segment Results - Americas
- 5.Segment Results - Rest of the World
- 6.Gaming Products
- 7.Regulatory Update
- 8.Online and Social
- 9.Nova Update

10.Outlook and Questions

FY2016 Outlook

1HFY16 results show continued execution of clear strategy: AGT is

- Becoming more diversified: International revenues are 65% of total.
- Becoming more profitable: Currency adjusted NPAT of \$26.3m, +7% v pcp, North America profit +40%, Rest of the World +91%, Latin America +115%.
- Growing; International revenue +57% v pcp, North America + 42%, Latin American + 64%, new Las Vegas facility opens in April, Nova provides an immediate entry into complementary Class II, platform for substantial growth.
- Improving quality of recurring earnings: 3,268 machines on participation and rental,+43% v pcp. 15,374 machines under service in NSW.

Continued strong game performance drives results:

- Restructured Game Development teams with flat structure to enhance creativity.
- Game plan to refresh proven games and develop new games.
- Nova library.

Highly competitive and challenging conditions set to continue in domestic market:

- Product transition strategy underway.
- High componentry and marketing costs for A600™ with initial short production runs.
- 2HFY16 domestic gross margins expected to remain in 2HFY16 at similar levels to 1HFY16.
- NPAT, excluding currency gains, for FY16 expected to be similar to the \$52.5m reported in FY15.
- Confident medium term outlook driven by ongoing growth in international businesses, greater local profile and presence in the Americas with Nova and new facility, increase in machines on participation, strong game portfolio and further market acceptance of A600™ supporting improved in domestic performance.

Thank You

Thank you for your interest in Ainsworth Game Technology Limited

Please visit us at www.ainsworth.com.au