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**AINSWORTH GAME TECHNOLOGY LIMITED
2017 ANNUAL GENERAL MEETING ADDRESSES**

INDEPENDENT NON-EXECUTIVE CHAIRMAN

(Presented by Mr Graeme Campbell)

Ladies and Gentlemen,

I am pleased to present this review of the 2017 financial year.

In 2017 we started to see the benefits of executing our strategic priorities: to improve our competitiveness, cement our strong market positions and invest for future growth and shareholder returns.

For a start, the FY17 profit result exceeded guidance. Ainsworth delivered, on a pre currency basis, Profit before Tax (PBT) of \$57.4m, 2.5% ahead of expectations. Your company delivered a strong second half performance, with \$42.2m PBT, an increase of 178% on the \$15.2m reported in the first half. This second half performance reflects our focus to create a more competitive and broader product offering, with continued investment in technology, sales and marketing, and to strengthen our international footprint.

As many of you will know, our strategy has been to expand and diversify our offerings to the global gaming market. Pleasingly, we reported ongoing growth in international markets in FY17 with revenues up 2% on the prior corresponding period. International revenues now account for 74% of the total Group revenue.

The Americas is our primary focus given the size and potential growth. Our goal is to leverage our technology and game expertise into the largest market opportunities. Revenues in the Americas region were slightly lower at -3.2% on the prior corresponding period. Segment profits within the Americas were broadly consistent at \$82.3m with growth in Latin America and a decline in the first half in North America.

Ainsworth has developed a strong presence in the key North American market. The new Las Vegas facility which opened in April 2016 is enhancing our profile and representation with customers and has broadened our platform for future growth. Our new game studio there continues to expand our US game content with the release this year of several new game titles. Class II hardware games are also being strengthened, leveraging well known Class III cabinets and titles.

The pipeline for new sales and units under gaming operation in North America in FY18 is strong. Ainsworth has commenced delivery on its largest ever installation of games at the new Four Winds South Bend property in Indiana, USA. It is encouraging to see that we are already beginning to generate returns on our investments in game design and additional sales and marketing capability in this market.

Nova Technologies, which provided a full year's contribution to the FY17 results, continue to outperform. The A640 cabinet is expected to be released into the Class II market later this year.

Our Latin American business has delivered five years of consistent profitable growth across all markets. We reported another year of improved performance with revenues increasing by 5%, and profits rising by 11%.

The Rest of the World segment performed well with a good contribution from Novomatic AG. Segment revenue was \$28.1 million, an increase of 54% compared to 2016. Profit was 50% higher. It is encouraging to see the benefits beginning to be realised from this relationship with increased revenue and profitability. We will continue to explore and deliver synergy benefits from this strategic relationship for all our shareholders.

Domestic revenue was \$74.1 million and now accounts for 26% of total revenue. While the domestic market remains challenging, the second half of the year saw improvement and with the new EVO™ cabinet and our broadened game library there are early signs of optimism for a stronger FY18.

Recurring revenues from machines on participation provide high quality earnings and are another important part of Ainsworth's strategy. At 30 June 2017, the Group had a total of 5,317 machines on participation, rental and/or lease, an increase of 16% over the prior corresponding period. These participation machines contribute 15% of group revenue an increase from the 12% in 2016.

Ainsworth's strategic investments in real money gaming and social casino platform technology are also expected to provide further opportunities to leverage Ainsworth's recognised brands across online social and mobile gaming channels.

Given the importance of being able to self-fund our ambitious growth targets, and the temporary build-up of working capital ahead of future sales, the Board has prudently determined to suspend the FY17 final dividend. The Board maintains its commitment and policy to distribute 40-60% of after tax profits to shareholders and will review re-commencement of dividend payments in FY18.

Finally, the regulatory approval process for the sale of shares by Mr Ainsworth to Novomatic has progressed well. I am pleased to advise that Novomatic has now received the necessary approvals from the majority of gaming regulators, including Nevada. We expect, subject to final regulatory approvals, to report completion as planned.

I am encouraged by Ainsworth's progress in executing on our planned strategic priorities. I would specifically like to acknowledge Mr Len Ainsworth for his valuable guidance and expertise during his long and accomplished tenure as Executive Chairman. I also thank the non-executive directors for their support and efforts, the rest of the highly capable and effective executive team, along with the invaluable contributions of our dedicated and loyal employees, my fellow shareholders and valued customers.

Thank you and I will now hand over to Danny who will give the CEO's address.

CHIEF EXECUTIVE OFFICER

(Presented by Mr DE Gladstone)

Thank you Graeme.

I am pleased to say FY17 was a productive year at Ainsworth. Importantly, we made further progress in executing on our priorities: to grow international revenues and drive higher quality earnings. International revenues grew by 2% and now account for almost three quarters of the group's total sales and we closed the year with 5,317 units on participation, a solid 16% increase. Momentum is clearly building at Ainsworth and with our strong second half seasonality, we have a positive outlook for FY18.

Starting with the results for the year ended 30 June 2017, we delivered on earnings guidance with a strong performance in the second half. In the first half, we suffered from timing delays in gaining approvals for cabinets and game software in North America. We were also impacted by the introduction of a gaming tax in Argentina which affected our Latin American performance. The second half was much stronger across the group.

Sales revenue for the FY17 year was \$282.1 million, a slight decrease of 1% on the pcp. Growth in international markets was offset by a weaker domestic performance. Group sales were up by 30% in second half compared to the first half of the year and up by 11% on pcp demonstrating the momentum as the year progressed. International sales were also strong in second half, increasing by 55% on first half and 12% on pcp.

Our gross profit margin remained consistent with pcp. We have aimed to keep this ratio broadly constant to ensure revenue growth converts to profitability.

We made deliberate investments in growth in the period. This is a sign of confidence in our outlook. We spent \$112.5m in the year, with investments in Research and Development and building our infrastructure to support growth objectives. These figures also include Nova Technologies overheads. Together with Nova, we now employ around 580 people, an increase of 40 from last year.

Over the last few years we have expanded sales, marketing and service in the Americas. Around 42% of Ainsworth employees now reside there. This client facing team now accounts for almost half of our total operating costs. Our business is a relationship business. We sell face to face, on the floors, in the venues.

We have a further 128 people in service, that's over 20% of our total headcount. Our machines are well built, reliable and easy to maintain. That's important to our customers.

Administration expenses increased by 32% to \$26.2m. This reflects the increased headcount and final building costs at the Last Vegas facility. As we said before, this new facility, which opened in 2016, raises our presence and profile in this key market.

We have invested in R&D too. Kieran Power, who joined us as Chief Technology Officer in January, has strengthened our development teams and established a clear product plan. Getting our product strategy right is key to our future and we have intensified our efforts here.

We also had \$3.3m of significant items outside of ordinary business in the underlying EBITDA results. If we had excluded these one off costs the results would have been higher.

Depreciation and amortisation increased from \$23m to \$25.8m. This reflects the increase in the size of the fleet of machines we own and effectively rent to our customers to generate recurring income. Our participation business is growing nicely.



Our Profit before Tax was \$46.9m. Excluding the \$10.5m pre-tax loss on foreign exchange, our PBT was \$57.4m. This compares to guidance of at least \$56m. Excluding the negative effect of foreign exchange movements, PBT in second half was up 178% on first half and 19.2% on pcp.

We have a strong and conservative balance sheet with capital to fund growth and innovation. Our cash liquidity at the end of year, after all our investments spend, was \$21.1m. Our gearing ratio was 16% and our leverage ratio of EBITDA to Net debt was 0.93 times. We are well funded and conservatively geared.

Turning now to Business Review

Let's start with our largest business. North America is a story of initial temporary delays early in the year followed by strong recovery with momentum building through the second half. We did encounter some early delays in approvals for our A600 series of cabinets as we noted at the release of the half year results in February. The recovery has been strong with second half sales 73% higher than in first half, and profits 112% higher than in the first half.

Unit volumes were 3,105 for the year. That was made up of 988 units in first half and 2117 in second half. This was a good recovery too.

The highlight of the year was the successful release of **PAC-MAN WILD EDITION™** on the A640® cabinet in second half. We are seeing strong demand for licensed software titles. At year end, we had over 350 units on contract and this number continues to grow.

We also established an important corporate partnership in the US. This partner has already contracted sales of over 600 new units in H2FY18. We see scope for this relationship to develop into FY18 and beyond.

In FY17, we completed the full integration of Nova Technologies, which continues to outperform. Our progress in Washington State shows that.

In July, Tulalip Resorts Casino in Washington agreed to serve as our sponsor for the required Class III central determination testing. This potentially opens up for us the fourth largest gaming market in the U.S. (behind Nevada, California and Oklahoma). We are excited to begin the process of offering our products to casinos across that state. We confidently expect sales in the second half of FY18 and beyond. We will use a common hardware platform across Class II and Class III in FY18 to help leverage this growth.

In FY18, we have delivered and installed 270 games at the new Four Winds South Bend property, which is expected to open early in the 2018 calendar year. This accounts for 15% of the casino floor. It is the largest single installation of games in Ainsworth's history.

We are accelerating our range of Class II game titles. In the first half of this year, we are launching 54 new titles on the A600® platform and a further 22 on the successful A560 SL™. Given our top performing brands historically have performed at an average index of between 1.4 times and 2.9 times house average; we are looking forward to continued growth.

Ainsworth outperforms relative to its size over there. In a competitive industry where large multinational companies with significant scale and resources operate, it is pleasing to see your company perform well.

In Latin America, we increased our market share across the region to 5%, from 4% at the half year stage and reported another year of improved performance. Revenues increased by 5%, and profits rose by a pleasing 11%.

Unit volumes increased by 9% in the Latin American region to 3,188 with average selling prices rising to US\$17,500, +13%. Importantly, the installed base of machines on participation, which generates high quality recurring revenues, increased to 2,648, a rise of 48%. We saw strong product performance in our established game range of Multi Game, Quad Shot™ and Link Progressives in the new A600® series of cabinets. All of the brands are currently performing at an average of 1.7 – 2.5 times house average. Superior game performance is a lead indicator of future profitability.

FY17 was clearly a challenging period for volumes and revenues in our Australian operations. We operate in a highly competitive market with an effective market leader. We also expected overall market demand to contract slightly in 2017 compared to 2016.

Domestic revenue was \$74.1 million, 9% lower compared to \$81.5 million in the pcp. Sales to corporates and casinos were minimal in the period. Profit fell by 17% for the year overall. Margins were 32%.

While the domestic market remains challenging, the second half of the year saw some recovery. Sales in second half increased by 6% on pcp and encouragingly profits increased by 15% on pcp. Sales in NSW were up by 20% in second half on pcp. We recently released the new EVO™ cabinet at August's AGE and received a positive market response. Combined with our broadened game library, we expect to consolidate our market share in FY18.

The Rest of the World segment delivered a strong result with a profitable margin contribution from sales, games and content from Novomatic AG. Segment revenue was \$28.1 million, an increase of 54% compared to 2016. Profit was 50% higher at \$15m.

Our strategic investments in the online spectrum - real money gaming and social casino platform technologies continue to generate returns. Ainsworth is implementing a multichannel distribution strategy, which will offer our recognised land-based slot content to social casinos and regulated real money gambling partners throughout UK, Europe, Australasia and the Americas.

In FY18, we will strengthen our position and expand into new online markets through Novomatic's Greentube online platform as well as exploring new licensed opportunities in Latin America.

Let me move forward to the Outlook

We enter FY18 with positive momentum although once again our profit will be very much weighted to the second half. Our sales pipeline in the second half in North America is strong with large, confirmed orders and new market opportunities. Our new licensed **PAC-MAN WILD EDITION™** product is increasing the number of units under operation, generating high quality recurring revenues. Encouragingly, in the second half we expect to see some early benefits from our investments in R&D and strengthened technology leadership. With a broadened product offering and the new, recently launched EVO™ cabinet in Australia, we expect to be more competitive in the domestic markets in the remainder of the year.

Trading for the first half of FY18 has been adversely affected by regulatory delays in Australia, lower unit sales in Asia compared to pcp and a temporary deterioration in margin in North America based on sales mix changes. Pre-tax profit, excluding foreign exchange impacts, is expected to be down on pcp.

However, we confidently expect pre-tax profit for the Group, excluding foreign exchange impacts, to increase in the second half of FY18 compared to pcp. Overall, our profit expectations for the year as a whole remain unchanged given the strong second half outlook.

We will provide a further update to the market at the time of our half year results in February.



I wish to express my appreciation to Mr Graeme Campbell in his role as the new Chairman and Mr Len Ainsworth, for their commitment to the Company. I would also like to thank the other Directors for their wise counsel, the executive team in both the US and Australia for their impressive work through the year, our talented employees for their major contribution to our continued success, our supportive shareholders and importantly, our customers for whom we strive to deliver the best in gaming experiences.

Thank you.

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