



FY2019 ANNUAL RESULTS PRESENTATION

Ainsworth Game Technology Limited

Disclaimer

IMPORTANT NOTICE

This presentation has been prepared by Ainsworth Game Technology Limited ACN 068 516 665 (AGT) in good faith. No express or implied warranty is given as to the accuracy or completeness of the information in this document or the accompanying presentation. All statutory representations and warranties are excluded, and any liability in negligence is excluded, in both cases to the fullest extent permitted by law. No responsibility is assumed for any reliance by any person on this document or the accompanying presentation.

Summary information

The information contained in this presentation is a summary overview of the current activities of AGT. This presentation does not purport to be all inclusive or to contain all the information that a prospective investor may require in evaluating a possible investment. This presentation is for general information purposes and is not intended to be and does not constitute a prospectus, product disclosure statement, pathfinder document or other disclosure document for the purposes of the Corporations Act and has not been, and is not required to be, lodged with the Australian Securities & Investments Commission. This presentation should be read in conjunction with all other periodic and continuous disclosure announcements lodged by AGT with the Australian Securities Exchange, available at www.asx.com.au.

Not financial product advice

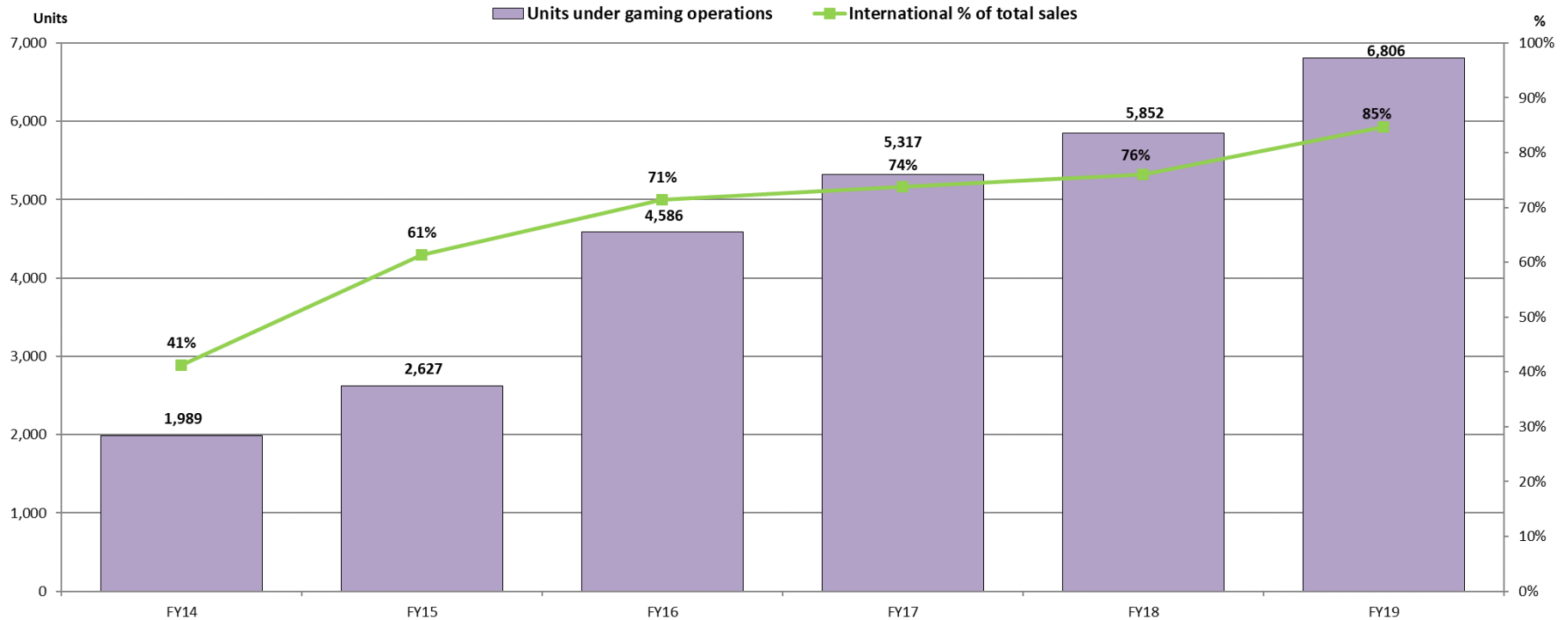
The material contained in this presentation is not, and should not be considered as, financial product or investment advice. This presentation is not an offer, invitation or recommendation to acquire New Shares, and does not take into account the investment objectives, financial situation or particular needs of any particular investor. You must make your own independent assessment and review of AGT, and the information contained, or referred to, in this presentation, including its financial condition, assets and liabilities, financial position, profits and losses, prospects and business affairs, including the merits and risks involved. Nothing in this presentation constitutes investment, legal, tax or other advice. You should seek legal, financial, tax and other advice appropriate for your jurisdiction.

Past and future performance

This presentation contains information as to past performance of AGT. Such information is given for illustrative purposes only, and is not – and should not be relied upon as – an indication of future performance of AGT. The historical information in this presentation is, or is based upon, information contained in previous announcements made by AGT to the market. These announcements are available at www.asx.com.au.

This presentation contains certain “forward looking statements”. Forward looking words such as “expect”, “should”, “could”, “may”, “will”, “believe”, “forecast”, “estimate” and other similar expressions are intended to identify forward-looking statements. Such statements are subject to various known and unknown risks, uncertainties and other factors that are in some cases beyond AGT's control. These risks, uncertainties and factors may cause actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements and from past results, performance or achievements. AGT cannot give any assurance or guarantee that the assumptions upon which management based its forward-looking statements will prove to be correct or exhaustive beyond the date of its making, or that AGT's business and operations will not be affected by other factors not currently foreseeable by management or beyond its control. Such forward-looking statements only speak as at the date of this announcement and AGT assumes no obligation to update such information.

Continued execution of a clear strategy: Grow international revenues and higher quality earnings



AGENDA

1. CEO's Observations
2. Results Summary
3. Consolidated Results
4. Segment Performance
5. Gaming Products
6. Online
7. Outlook



CEO's Observations



"I am confident AGT can drive long term growth by leveraging its excellent reputation, focusing R&D and complementing organic performance with selective acquisitions".

- Highly regarded and established recognition across all global markets.
- Significant scale, footprint and excellent market reputation.
- Ability to leverage scale of products across all geographic regions.
- Re-evaluation and focus on investment in R&D to drive growth.
- Achieve growth opportunities in established and new markets.
- Disciplined M&A strategy to drive earnings growth.

Results Summary

FY19 results down:

- Total sales revenue of \$234.3m, decrease of 12% on pcip.
- Profit before tax (excluding currency impacts and one-off items) is \$13.0m.
- Diluted EPS down to 3.0 cents (pcip: 9.0 cents).

Continued strong contribution in international businesses:

- International revenue \$198.2m, -2%, 85% of total.
- North America revenues +8%, profit +16%.

Year-on-year increased gaming operations:

- 6,806 units under gaming operations at 30 June 19, 16% increase on FY18.

Strong balance sheet:

- Repaid USD14.5m debt in FY19 with \$61.7m cash balance at 30 June 19.
- Net cash of \$6.2m in FY19 compared to net debt of (\$36.2m) in FY18.

New product suite set to improve domestic game performance:

- Disappointing AU performance with continuing competitive challenges. Revenue -43%, Segment Profit down to \$2.8m.
- New products expected to drive increased contributions progressively in FY20.

CONSOLIDATED RESULTS

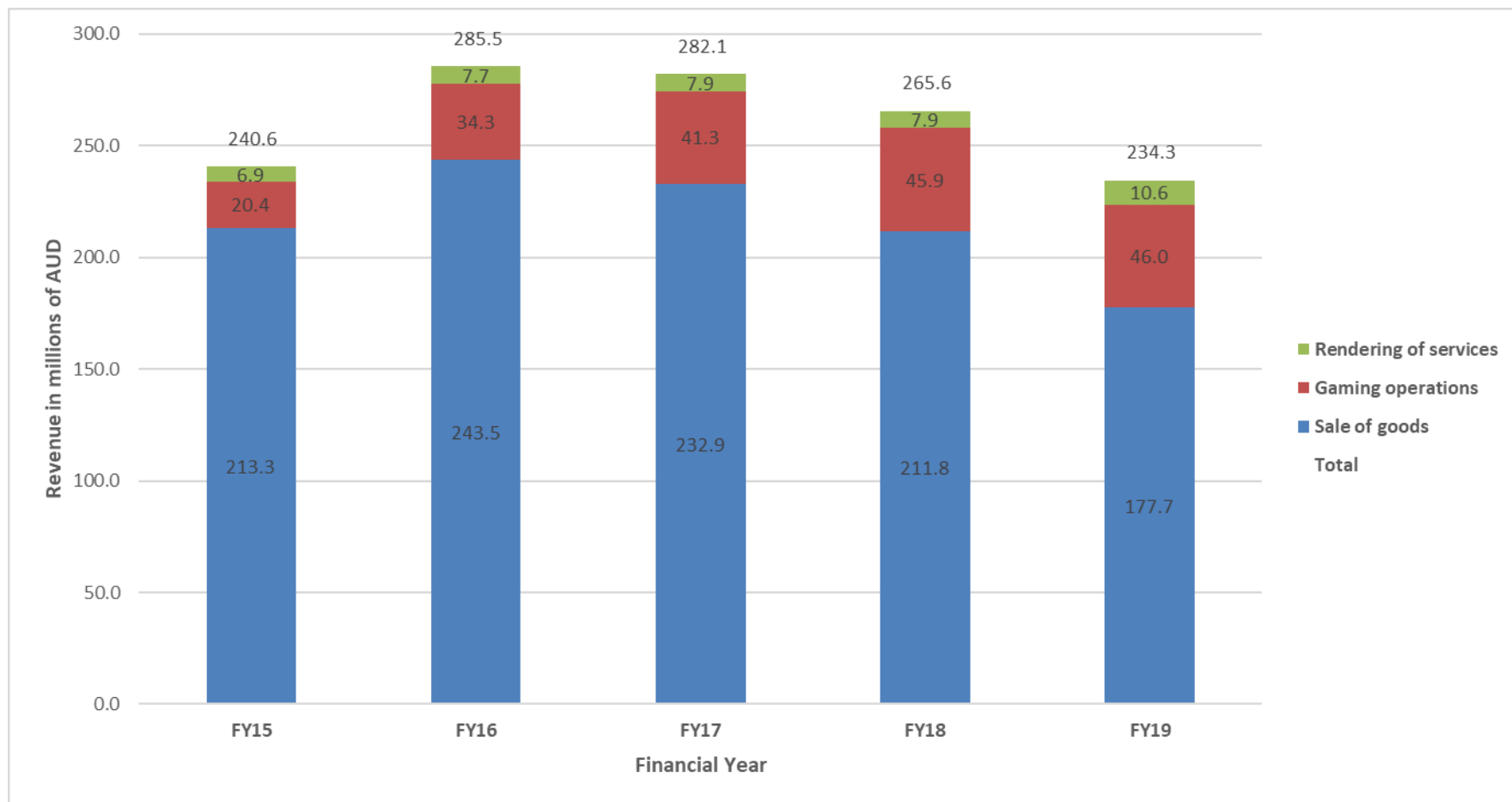


Profit & Loss summary

- Profit before tax (excluding currency impacts) is \$8.6m, 78% decrease on pcp.
- International sales growth -2% v pcp. International sales account for 85% of group revenues.
- Excellent contribution from North America, profit +16%.
- 43% decline in domestic revenue compared to pcp.
- Challenging conditions expected for H1FY20, primarily for Australia, with improvements in H2FY20.
- Good prospects in the Americas within FY20.
- Increased investment in R&D to increase profitability: 17% on revenue, pcp 13%.

A\$m	12 months to 30-Jun-2019	12 months to 30-Jun-2018	Change (%)
Domestic revenue	36.1	63.6	(43%)
International revenue	198.2	202.0	(2%)
Total revenue	234.3	265.6	(12%)
Gross profit	139.9	156.6	(11%)
EBITDA	44.8	68.0	(34%)
EBITDA Margin %	19%	26%	(7%)
PBT	14.7	42.3	(65%)
Income tax expense	(3.8)	(10.4)	63%
NPAT	10.9	31.9	(66%)
R&D (% of revenue)	17%	13%	4%
EPS (diluted) (A\$)	0.03	0.09	(67%)
DPS (A\$)	-	0.04	N/A

Revenue type breakdown



Results adjusted for currency movement

A\$m	12 months to 30-Jun-2019	12 months to 30-Jun-2018	Change (%)
PBT	14.7	42.3	(65%)
Currency gains (before tax)	(6.0)	(3.1)	(95%)
Adjusted PBT	8.6	39.2	(78%)
NPAT	10.9	31.9	(66%)
Currency gains (after tax) ⁽¹⁾	(4.4)	(2.6)	(69%)
Adjusted NPAT	6.5	29.3	(78%)
Adjusted EPS (diluted) (A\$)	0.02	0.09	(78%)

⁽¹⁾ No tax effect on \$0.5m currency gain in FY19 (FY18: \$1.5m currency gain).
 Calculation of currency gains after tax: FY19: $(\$0.5m + (\$5.5m \times 0.7) = \$4.4m \text{ gain})$,
 FY18: $(\$1.5m + (\$1.6m \times 0.7) = \$2.6m \text{ gain})$. These net currency gains predominantly
 relate to balance sheet translation originated from investment in the Americas.

Profit Before Tax to EBITDA

A\$m	12 months to 30-Jun-2019	12 months to 30-Jun-2018	Change %
Reconciliation:			
Profit before tax	14.7	42.3	(65%)
Net interest	(3.3)	(2.3)	(43%)
Depreciation and amortisation	33.4	28.0	19%
Reported EBITDA	44.8	68.0	(34%)
Foreign currency gain	(6.0)	(3.1)	(94%)
Impairment losses (Receivables)	0.9	2.7	(67%)
Impairment losses (616 Digital LLC)	1.9	2.5	(24%)
Impairment losses (Service Goodwill)	2.4	-	N/A
Reversal of bad debt provisions	(1.0)	-	N/A
Gain on sale of land	-	(2.5)	N/A
Underlying EBITDA	43.0	67.6	(36%)

Impairment losses on 616 Digital LLC \$1.9m – 616's earnings growth continued to be affected by the ongoing maturation of the North American and Australian social gaming market and an increase in player acquisition and retention costs. Despite progressive initiatives to consolidate the position and acquire 100% of 616 within FY20, no certainty exists as to the future profitability of this investment resulting in the write-down of carrying value of AGT's 40% interest in 616 by \$1.9m.

Impairment losses on Australian service goodwill \$2.4m – The lower unit sales volume in NSW adversely affected the service business in Australia resulting in a recognition of impairment of goodwill relating to Australia service business.

Operating Costs

A\$m	12 months to 30-Jun-19 constant currency basis	12 months to 30-Jun-19	12 months to 30-Jun-18	Change %
Sales, service and marketing ('SSM')	61.0	64.9	59.6	9%
R&D	39.4	40.4	34.4	17%
Administration	24.1	25.0	23.3	7%
Total Operating costs	124.5	130.3	117.3	11%

- Increase in SSM expenses primarily due to:
 - Additional depreciation expense due to increase in machines placed under participation and lease.
 - Adverse forex translation impact - \$3.9m.
- Increase in R&D expenses is primarily due to:
 - Increased third party contractors and technical compliance costs.
 - Decrease in capitalised development costs.
 - Increase in amortisation costs as a result of commercialisation of previously capitalised projects.
 - Adverse forex translation impact - \$1.0m.
- Increase in Administration expenses is primarily due to:
 - \$2.4m reversal of previously recognised Long Term Incentive (LTI) payment expense amortisation in FY18.
 - Adverse forex translation impact - \$0.9m.

Staff Headcount

Australia and Rest of the World

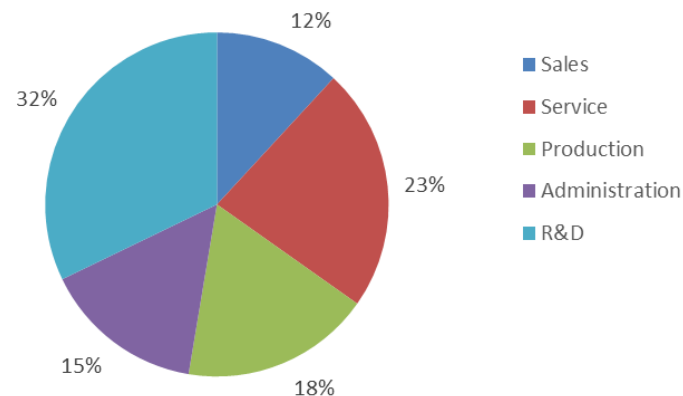
# Staff	FY19	FY18
Sales	35	35
Service	76	83
Production	31	43
Administration	38	42
R&D	135	134
Total Staff Numbers - Australia & Rest of the World	315	337

Americas

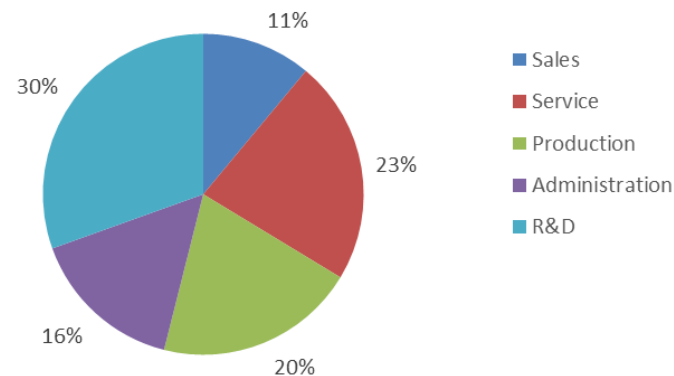
# Staff	FY19	FY18
Sales	33	31
Service	55	52
Production	77	78
Administration	49	51
R&D	49	48
Total Staff Numbers - North and Latin America	263	260

	FY19	FY18
Total Staff Numbers Consolidated AGT	578	597

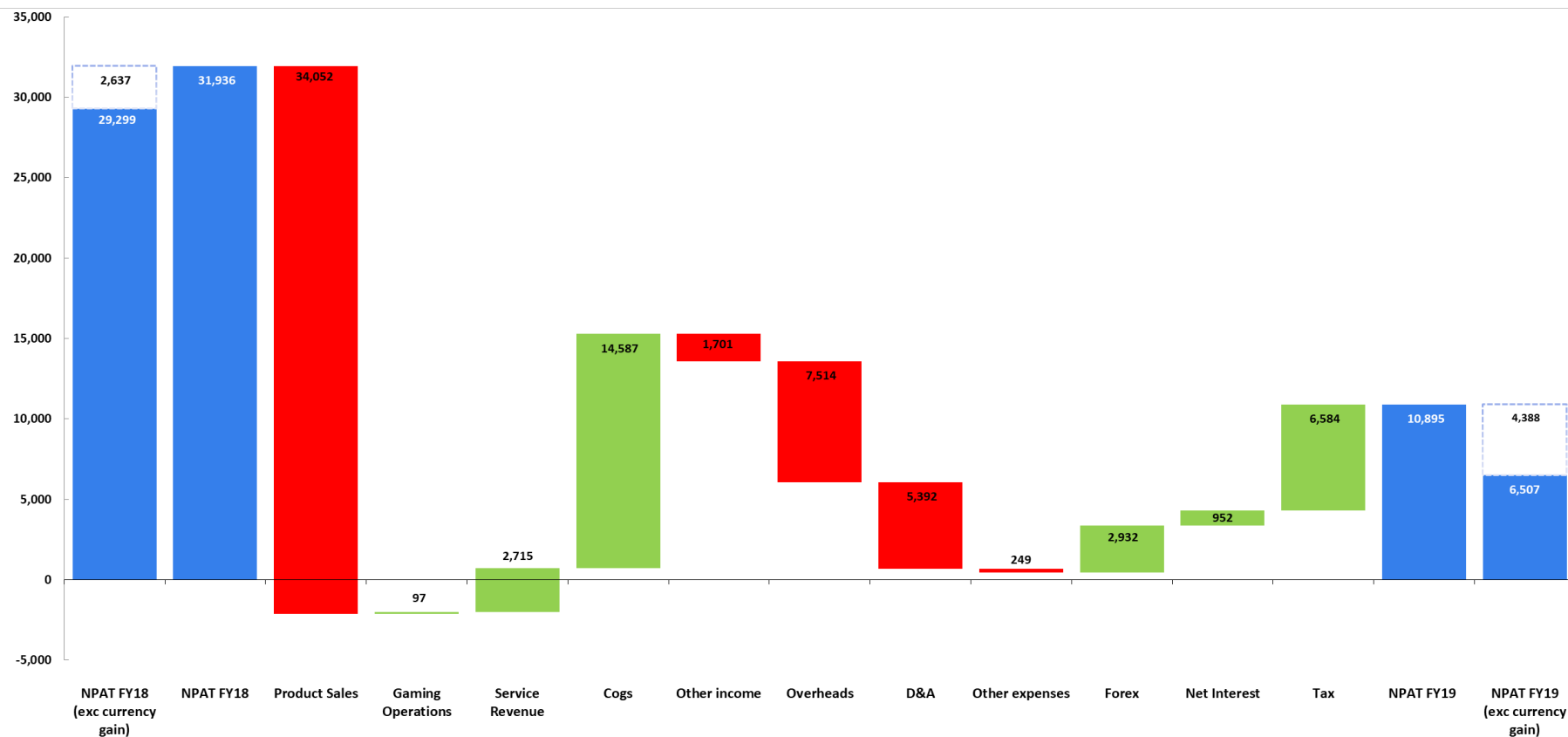
Total breakdown of workforce by role - FY19



Total breakdown of workforce by role - FY18



Net Profit Bridge



- \$34.1m decrease in product sales due to reduction in unit sales, primarily from Australia and ROW.
- \$14.6m decrease in cogs as a direct result of reduction in units sales.
- Other income decrease due to prior year gain on sale of land in LV.
- \$6.5m currency adjusted PAT in FY19 (versus \$29.3m pcg). Excludes \$4.4m after tax currency gain (versus \$2.6m currency gain pcg) ⁽¹⁾.

⁽¹⁾ No tax effect on \$0.5m currency gain in FY19 (FY18: \$1.5m currency gain).

Calculation of currency gain after tax: FY19: $(\$0.5m + (\$5.5m \times 0.7) = \$4.4m \text{ gain})$, FY18: $(\$1.5m + (\$1.6m \times 0.7) = \$2.6m \text{ gain})$. These currency gains relate to balance sheet translation originated from investment in the Americas.

Balance Sheet

- Strong balance sheet to self fund growth strategies.
- Prudent cash management resulting in net cash increase of \$26.0m.
- Receivables closing balance of \$148.6m (30 June 18 : \$192.7m) – reduction of 23%.
- Loan payment of USD14.5m in this period resulted in net cash of \$6.2m.
- Additional USD8.0m paid post-year end (in July 19).
- Planned debt reduction strategy resulted in:
 - Improved gearing ratios.
 - Significant improvement in debt ratios.

A\$m	30-Jun-19	30-Jun-18
Total assets	483.3	506.3
Net assets	393.5	378.8
Total debt	55.4	71.9

Financial covenant ratios	30-Jun-19
Interest ratio - (EBITDA/Interest Expense)	22.89
Gearing ratio - (Debt)/(Debt+ Equity)	12.35%
Leverage ratio - (Debt/EBITDA)	1.08

Debt ratios	30-Jun-19	30-Jun-18
Debt Ratio (Total Liabilities/Total Assets)	18.57%	25.19%
Debt to Equity Ratio (Total Liabilities/Total Equity)	22.80%	33.67%
Cash Flow to Debt ratio - (Cash Flow from Operations/Total Liabilities)	68.22%	15.09%

Cash Flow Statement

- Net cash from operating activities is \$61.2m, resulting from improved working capital management.
- Solid closing cash balance of \$61.7m despite loan and dividend payments.
- Dividend payment suspended to accommodate for further investment in product development.

A\$m	12 months to 30-Jun-2019	12 months to 30-Jun-2018	Change
Net cash from operating activities*	61.2	19.2	42.0
Interest received	-	3.9	(3.9)
Proceeds from sale of PPE	-	4.6	(4.6)
Acquisitions of PPE	(6.5)	(8.3)	1.8
Development expenditure	(3.3)	(5.5)	2.2
Net cash used in investing activities	(9.8)	(5.3)	(4.5)
Proceeds from borrowings	-	3.2	(3.2)
Borrowing costs paid	(1.9)	(0.9)	(1.0)
Proceeds from finance leases	-	0.2	(0.2)
Payment of finance lease liabilities	(0.9)	(0.2)	(0.7)
Repayment of borrowings	(20.7)	-	(20.7)
Dividend paid	(3.6)	(2.2)	(1.4)
Net cash (used in) / from financing activities	(27.1)	0.1	(27.2)
Net increase in cash and cash equivalents	24.3	14.0	10.3
Cash and cash equivalents at 1 July	35.7	21.1	14.6
Effect of exchange rate fluctuations on cash held	1.7	0.6	1.1
Cash and cash equivalents at 30 June	61.7	35.7	26.0

*Interest received from customers in FY19 is classified in 'Net cash from operating activities'.

SEGMENT PERFORMANCE



North America

Consistent strong performance:

- Revenue growth due to increased sales of the high performing Quick Spin™ product family on the A640 cabinet.
- 16% increase in segment profit due to product mix, focus on spend and overhead containment.
- Gaming Operations install base declined as customers prefer to purchase top performing titles. This is partially offset with increase in daily win with product performance management and service connection fees on Historical Horse Racing (“HHR”) products.
- Slight drop in ASP in a very competitive market – consistent when normalised for 900 units to CDI in FY18.

A\$m	12 months to 30-Jun-2019	12 months to 30-Jun-2018	Change (%)
Revenue	114.0	105.7	8%
Gross Profit	74.7	65.6	14%
Segment EBITDA	57.4	50.3	14%
Segment Profit	47.1	40.7	16%
Segment Profit (%)	41%	39%	2%
Unit Volume (no.)	2,952	3,021	(2%)
ASP (US\$'000's) *	17.2	17.8	(3%)
Game Operations – Installed Base at 30 June	2,190	2,583	(15%)
Ave per Day (US\$)	26	25	4%

*Excludes distributor sales, reworks and on-charges.

Latin America

Lighter Performance:

- Legacy game performance is strong thus providing continued profitability throughout the region.
- Decline in ASP due to increased mix of units sold in lower priced market.
- Second-hand machines account for 32% of volume in FY19, significantly higher than pcg of 17%.
- Gaming Operations increased 41% y/y with a decline in yield due to foreign currency deterioration and Lease to Sale conversion of best performing products.
- Mexico remains an important market with continual growth and robust results. To compliment our growth strategy, we launched the Mustang Money online casino in Q4FY19.

A\$m	12 months to 30-Jun-2019	12 months to 30-Jun-2018	Change (%)
Revenue	72.7	78.7	(8%)
Gross Profit	43.7	47.7	(8%)
Segment EBITDA	29.1	34.1	(15%)
Segment Profit	24.0	30.6	(22%)
Segment Profit (%)	33%	39%	(6%)
Unit Volume (no.)	2,931	3,322	(12%)
ASP (US\$'000's) *	16.0	16.9	(5%)
Game Operations – Installed Base at 30 June	4,616	3,269	41%
Ave per Day (US\$)	10	15	(33%)

*Excludes distributor sales, reworks and on-charges.

Australia

Competitive pressures affect results:

- New product launches expected to re-energise performance.
- Maintained ASP despite tough conditions.
- Continuous competitive period for volume and revenue growth due to challenging market conditions and lack of product performance.
- Decrease in segment profit attributable from fixed overhead and trade out of older style cabinets.
- Recent release of *Loaded with Loot*TM and *Electric Cash*TM – positive initial feedback.

A\$m	12 months to 30-Jun-2019	12 months to 30-Jun-2018	Change (%)
Revenue	36.1	63.6	(43%)
Gross Profit	14.0	30.9	(55%)
Segment EBITDA	5.4	21.6	(75%)
Segment Profit	2.8	19.4	(86%)
Segment Profit (%)	8%	31%	(23%)
Unit Volume (no.)	978	2,156	(55%)
ASP (ex rebuilds) (\$A'000's)	22.8	22.5	1%
Service Revenue	8.0	7.5	7%

Rest Of World

Challenged performance

- Revenue decreased by 35%, mainly reduced contribution from Novomatic compared to pcp.
- Online contributed \$4.2m in revenue, similar to pcp.
- Challenging conditions for Asia and NZ, refreshed strategy on product portfolio.

A\$m	12 months to 30-Jun-2019	12 months to 30-Jun-2018	Change (%)
Revenue	11.5	17.6	(35%)
Gross Profit	7.5	12.4	(40%)
Segment EBITDA	7.1	10.7	(34%)
Segment Profit	6.8	10.4	(35%)
Segment Profit (%)	59%	59%	-
Unit Volume (no.)*	438	1,215	(64%)

*Unit volume include Kits to Europe (Novomatic).

GAMING PRODUCTS



Key Highlights

- Delivered a diverse range of new game brands from the portfolio to key markets.
- Continued the success of the Quick Spin™ brand with a new suite of games – Super Crystal 7's, Super Volcano 7's, Super Money 7's and Super Lantern 8's.
- Launch of Multiplay games - Super Charged 7s, Triple Action Dragons with solid performance.
- Strong global approvals and roll out of brands in Crazy Jackpots™, Mad Millions™, Flying Wilds™ and Kanga Series™.
- New approvals of Loaded with Loot™ and Electric Cash™ games series.



Pipeline

Continue executing on our global game strategy to:

- Continue the rollout of current new game brands – Loaded with Loot™ and Electric Cash™.
- Release a broad range of new innovative Class III proprietary brands across the EVO™ and A640™ cabinets including:
 - Lucky Break
 - Money Up
 - Pan Chang
 - Galaga
- Continue support and expansion of Quick Spin™ wheel games into trending game segments.
- Continue to release new innovative proprietary and licensed games into Class II leveraging off Class III titles.



ONLINE



Online

Our strategy is to focus on content distribution, interactive product innovation and building player databases with live data capabilities throughout the online markets of Europe, LATAM and the USA.



Online

BUSINESS HIGHLIGHTS

- Ainsworth has 62 games developed and approved for online distribution throughout regulated territories in Europe, USA and Latin America in FY19.
- 20 games are now approved by the Division of Gaming Enforcement in New Jersey with platform provider GVC for PlayMGM online.
- Ainsworth has submitted an application for an online content supplier's license with the Pennsylvanian regulator in the US.

MUSTANG MONEY CASINO

- Mustangmoney.mx expands into the real money online casino market in Mexico.
- Our strategy leverages innovative RGS technology and proven slot game brands offering players a state of the art, friendly and secure virtual casino with an extensive range of online gaming and sports betting products.
- Early performance indicators and trends exceed expectations with more than 40,000 players.



Outlook

CEO: “I am confident AGT can drive long term growth by leveraging its excellent reputation, focusing R&D and complementing organic performance with selective acquisitions”.

- Strive to drive long term growth by leveraging AGT’s established reputation and continual focus on R&D.
- Explore opportunities in established and new markets.
- Challenging conditions expected for H1FY20, primarily for Australia, with improvements in H2FY20.
- Good prospects in the Americas within FY20.
- An update to be provided at the 2019 AGM.



AINSWORTH GAME TECHNOLOGY

10 Holker St, Newington NSW

www.agtslots.com.au