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AINSWORTH
EXPERIENCE COUNTS™

1HFY17 Results Announcement

Ainsworth Game Technology Limited

21st February, 2017
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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

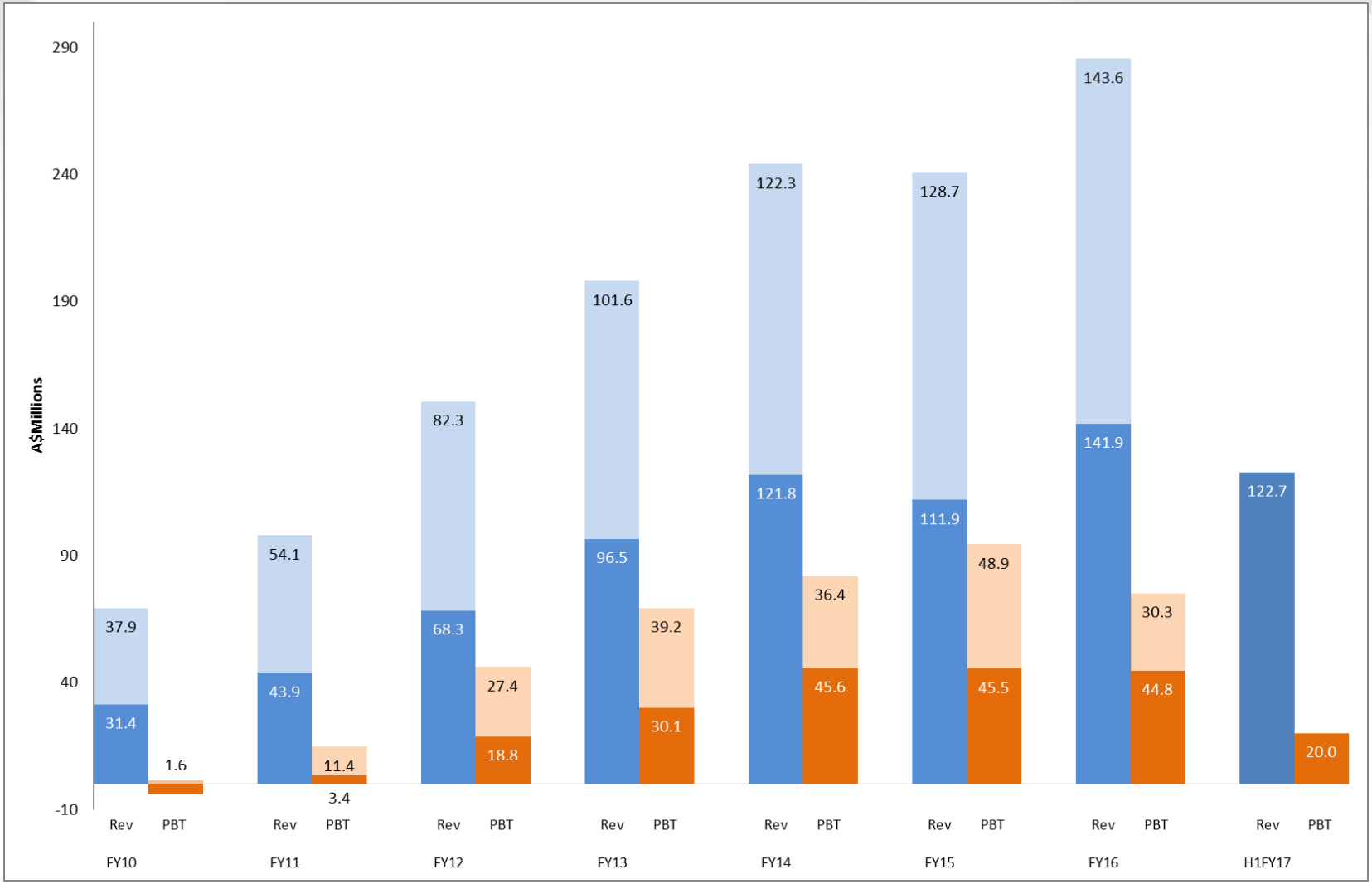
7.Regulatory Update

8.Online and Social

9.Novomatic Update

10.Outlook and Questions

Continued execution of a clear strategy: building a stronger, more diversified Ainsworth with greater presences in the key international markets complemented by higher quality recurring earnings.



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1HFY17 Results Summary

- Continued execution of a clear strategy: building a stronger, more diversified Ainsworth with greater presences in the key international markets complemented by higher quality recurring earnings.
  - Total sales revenue of $122.7m, a decrease of 14% on PCP
  - International revenue $81.7m (-11% on PCP)
  - Domestic revenue $41.0m (-18% on PCP)
  - Profit before tax of $20.0 million (-55% on PCP)
  - Reported net profit after tax of $20.6 million, including a tax benefit of $0.6 million- a result of prior year tax true-up adjustment
  - Currency adjusted NPAT $15.8m (-40% v $26.3m PCP), (adjusted for $4.8m in currency gains)
  - 1HFY17 dividend suspended to fund growth investments in sales and marketing and R&D

- International market presences maintained. Temporary decrease in international revenue due to timing delay in approval of cabinets and game softwares. Solid recovery is expected in Half 2.
- Challenging period for domestic operations in a highly competitive market, new game refresh strategy to drive growth.
- Continued improvement in quality of earnings driven by greater recurring revenues from machines on participation; strong growth in Nova Technologies in North America.
- Total machine install base under Game Operations of 4,961 in the Americas (+52% on PCP and +8% compared to FY16).
- Strong second half profit performance to be driven by North America, continued contribution from participation, investments in sales and marketing and new product releases and Novomatic synergies.

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Group Profit & Loss Summary

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- 1HFY17 Profit before tax consistent with guidance provided on 26th October 2016.
- International markets represent 67% of total revenue, (+2% v PCP).
- Slight increment on gross margin (+1% on PCP) .
- Investing for growth: Increase in sales and marketing capacity and R&D expense, resulted from new product approval costs for A600™ and establishment of game studio in Las Vegas. Dividend suspended for 1HFY17 to fund growth investments. Full year dividend to be reviewed.
- Positive foreign exchange gains in 1HFY17 results: $4.8m contribution to pre tax profit.
- Good momentum going in Half 2 with significantly stronger results expected versus 1HFY17.

A$m	6 months to 31-Dec-2016	6 months to 31-Dec-2015	Change (%)	Change (%)
Domestic revenue	41.0	50.3	▼	(18%)
International revenue	81.7	91.6	▼	(11%)
Total revenue	**122.7**	**141.9**	▼	**(14%)**
Gross profit	74.4	84.8	▼	(12%)
EBITDA	**31.9**	**53.8**	▼	**(41%)**
PBT	20.0	44.8	▼	(55%)
Income tax (benefit)/expense	(0.6)	11.7	▲	105%
NPAT	**20.6**	**33.1**	▼	**(38%)**
R&D (% of revenue)	14%	10%	▲	4%
EPS (diluted) (A$)	**0.06**	**0.10**	▼	**(40%)**
DPS (A$)	-	0.05	▼	(100%)

Results Adjusted for Currency Gains

A$m	6 months to 31-Dec-2016	6 months to 31-Dec-2015	Movement	Change (%)
PBT	20.0	44.8	▼	(55%)
Currency gains (before tax)	(4.8)	(9.8)	▼	(51%)
Adjusted PBT	**15.2**	**35.0**	▼	**(57%)**
NPAT	20.6	33.1	▼	(38%)
Currency gains (after tax)[(1)]	(4.8)	(6.8)	▼	(29%)
Adjusted NPAT	**15.8**	**26.3**	▼	**(40%)**

(1) No tax effect in currency gains for H1FY17 due to a change in tax treatment; H1FY16 ($9.8m x 0.7 = $6.8m).

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Results adjusted for currency gains and significant items outside ordinary business activities

A$m	6 months to 31-Dec-2016	6 months to 31-Dec-2015	Variance %
Reconciliation:			
Profit before tax	**20.0**	**44.8**	**(55%)**
Net interest	(1.4)	(1.0)	(40%)
Depreciation and amortisation	13.3	10.0	33%
Reported EBITDA	**31.9**	**53.8**	**(41%)**
Foreign currency gains	(4.8)	(9.8)	(51%)
Due diligence costs on strategic opportunites/acquisitions	-	0.6	(100%)
Impairment losses	2.5	-	100%
Underlying EBITDA	**29.6**	**44.6**	**(34%)**

$2.5m significant items outside ordinary business activities were impairment losses recognised for a prior period receivable where payments had fallen into arrears

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Operating Costs

	H1FY17	H1FY16	Variance
Sales, service and marketing	27.3	25.0	9%
R&D	18.4	13.8	33%
Administration	12.7	10.7	19%
Total Operating costs	**58.4**	**49.5**	**18%**

- Increase in Sales, service and marketing expenses primarily due to:
  - Establishment of Nova Technology (Class II business units) overheads
  - Increase in sales and service representatives in Americas
- Increase in R&D expenses primarily due to:
  - Evaluation and testing expenses
  - New product initiatives carried out during the year
  - Establishment of LV game design
- Increase in Administrative expenses primarily due to:
  - Additional headcount in Las Vegas
  - Increased LV Facility building costs

Staff Headcount

Australia and Rest of the World	
# Staff	**H1 FY17**
Sales	38
Service	79
Production	45
Administration	44
R&D	135
Total Staff Numbers - Australia & Rest of the World	**341**

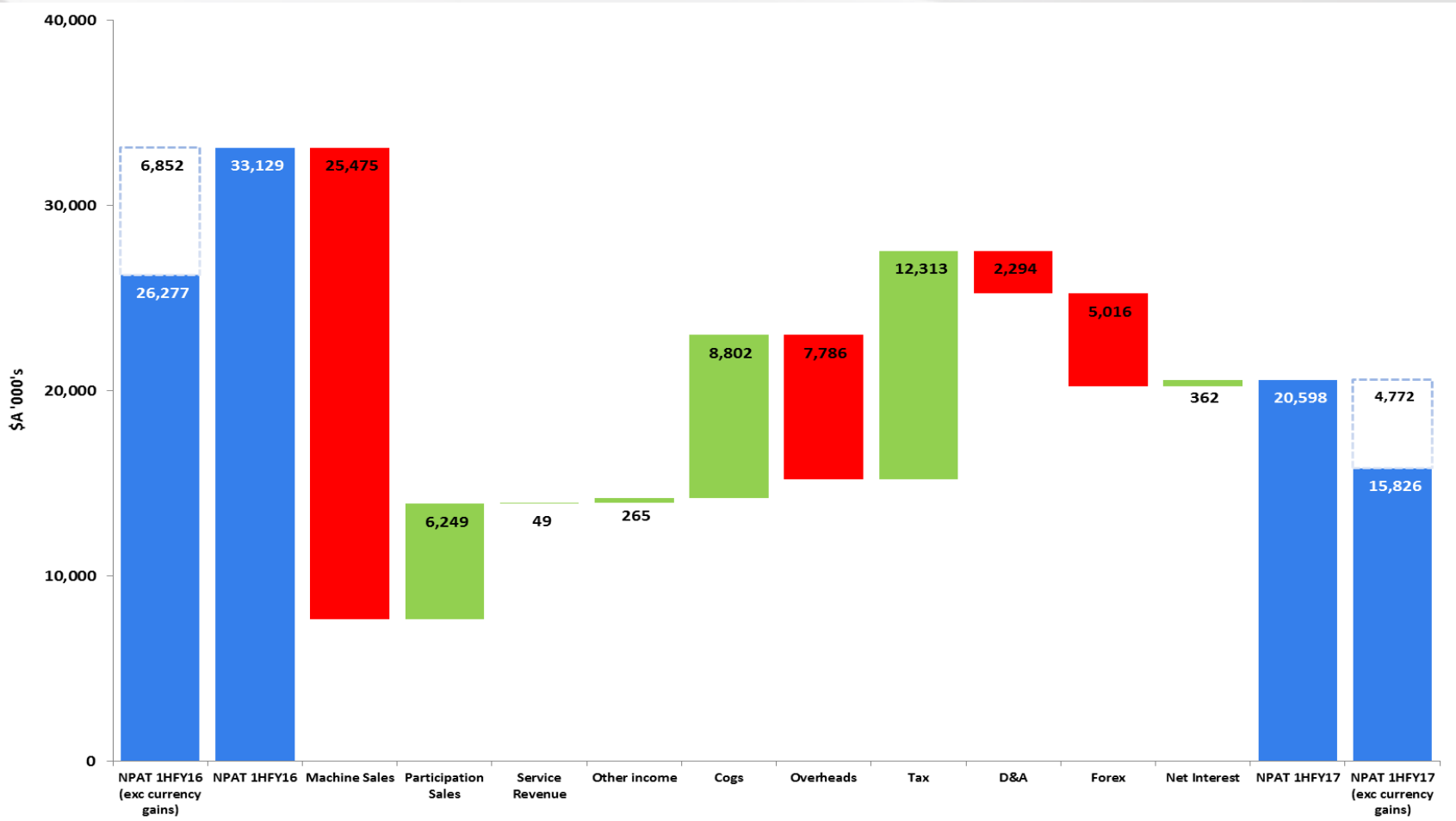
Americas	
# Staff	**H1 FY17**
Sales	32
Service	46
Production	56
Administration	49
R&D	37
Total Staff Numbers - North and Latin America	**220**

Segment Overview

In millions of AUD	6 months to 31-Dec-2016	6 months to 31-Dec-2015	Variance	Variance %
Segment revenue				
Australia	41.0	50.3	(9.3)	(18%)
Americas	70.3	79.9	(9.6)	(12%)
Rest of World	11.4	11.7	(0.3)	(3%)
Total segment revenue	**122.7**	**141.9**	**(19.2)**	**(14%)**
Segment result				
Australia	12.5	19.0	(6.5)	(34%)
Americas	30.5	34.8	(4.3)	(12%)
Rest of World	6.2	6.3	(0.1)	(2%)
Total segment result	**49.2**	**60.1**	**(10.9)**	**(18%)**
Unallocated expenses				
Net foreign currency gains	4.8	9.8	(5.0)	(51%)
R&D expenses	(18.4)	(13.8)	(4.6)	(33%)
Corporate expenses	(12.7)	(10.7)	(2.0)	(19%)
Other expenses	(2.5)	(0.6)	(1.9)	(317%)
Share of profit of equity- accounted investee	0.1	-	0.1	100%
Total unallocated expenses	**(28.7)**	**(15.3)**	**(13.4)**	**(88%)**
Less : interest included in segment result	(1.9)	(1.0)	(0.9)	(90%)
EBIT	**18.6**	**43.8**	**(25.2)**	**(58%)**
Net interest	1.4	1.0	0.4	40%
Profit before income tax	**20.0**	**44.8**	**(24.8)**	**(55%)**
Income tax benefit/(expense)	0.6	(11.7)	12.3	105%
Profit after income tax	**20.6**	**33.1**	**(12.5)**	**(38%)**

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Net Profit Bridge



- $5.0m decrease in forex represents a decrease in foreign exchange gains in 1HFY17 of $4.8m (v $9.8m PCP).
- $2.3m increase in D&A charge reflects rise in number of machines under participation and deprecation of LV facility.
- $12.3m decrease in tax expense due to reversal of prior year DTL recognition.
- $15.8m Currency Adjusted NPAT 1HFY17 (v $26.3m PCP). Excludes $4.8m currency gain[1] (v $6.8m PCP).

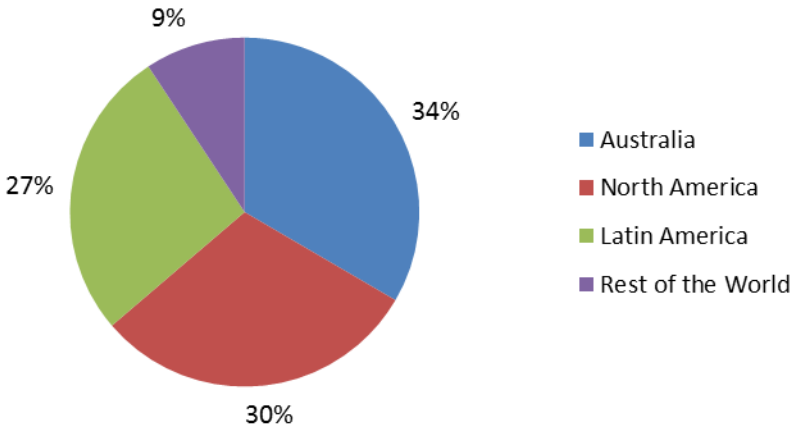
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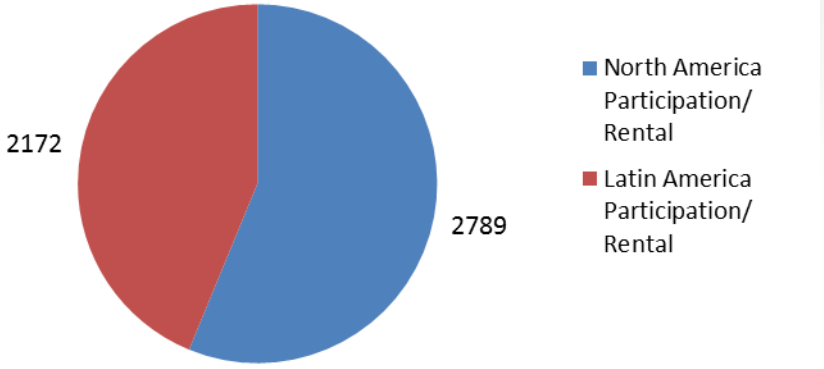
Ainsworth at a Glance

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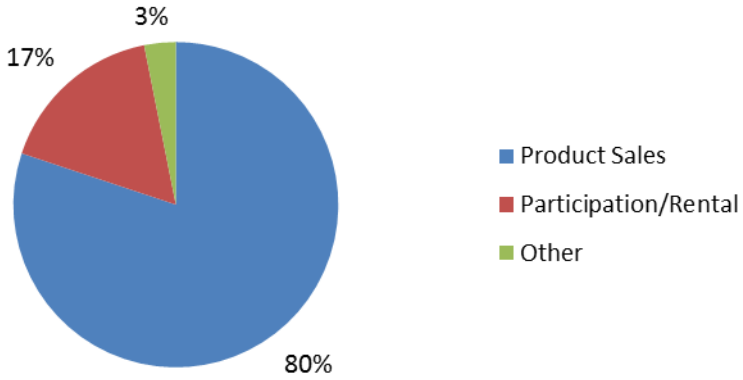
Revenue Breakdown by Geography



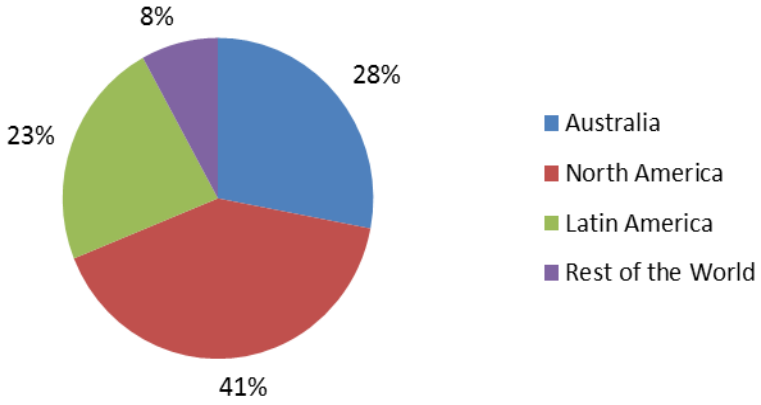
Americas Game Operations - Installed Base



Operational Breakdown



EBITDA Breakdown



Balance Sheet

- Strong balance sheet position with capital to fund growth and innovation.
- Receivables totalled to $148.9m (FY16:$156.6m) – a decrease of 5% due to decrease in sales volume.
- Increase in other current assets due to increase in inventory on hand, in anticipation of stronger sales in Half 2.
- Adequate debt facilities and financial covenant headroom.

A$m	6 months to 31-Dec-2016	6 months to 30-Jun-2016
Cash	27.4	26.4
Receivables	114.0	118.7
Other Current Assets	79.0	63.0
Total Current Assets	**220.4**	**208.1**
Non-Current Receivables	34.9	37.9
Deferred Tax Assets	4.8	1.6
Other Non-Current Assets	186.4	188.4
Total Non-Current Assets	**226.1**	**227.9**
Payables	34.0	30.3
Loans and borrowings	0.6	0.1
Current Tax Liability	1.8	9.5
Other Current Liabilities	8.1	7.8
Total Current Liabilities	**44.5**	**47.7**
Loans and borrowings	69.6	67.8
Employee Benefits	0.6	0.7
Deferred Tax Liabilities	3.4	3.9
Total Non-Current Liabilities	**73.6**	**72.4**
Share Capital	200.2	193.8
Other Equity	128.2	122.1
Total Equity	**328.4**	**315.9**

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Cash Flow Statement

- Decrease in Net Cash from Operations to $7.0m due to a reduction in domestic and international receivables and increase in working capital investment in anticipation of significant increase volume sales in Half 2 and recurring revenue in the Americas.

- $2.2m capitalised development expenditure predominately relating to new product initiatives and new software support for game concepts and features.

A$m	6 months to 31-Dec-2016	6 months to 31-Dec-2015	Change
Net Cash from Operating Activities	**7.0**	**17.0**	**(10.0)**
Interest received	1.9	1.2	0.7
Proceeds from sale of PPE	6.2	-	6.2
Acquisitions of PPE	(2.6)	(26.9)	24.3
Acquisition of equity- accounted investee	-	(2.1)	2.1
Development expenditure	(2.2)	(4.0)	1.8
Net cash generated from/(used in) investing activities	**3.3**	**(31.8)**	**35.1**
Dividend paid	(9.9)	(16.1)	6.2
Other	-	7.0	(7.0)
Net cash used in financing activities	**(9.9)**	**(9.1)**	**(0.8)**
Net increase/(decrease) in cash	0.4	(23.9)	24.3
Cash at beginning of the period	26.4	41.3	(14.9)
Effect of FX on cash on hand	0.6	0.5	0.1
Cash at end of period	**27.4**	**17.9**	**9.5**

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Segment Results - Australia

- Challenging period for volume and revenue growth given highly competitive domestic market conditions and:
  - Reduced activity with Corporate Accounts compared to PCP.
- Product margin pressure as a result of:
  - Higher componentry cost of A600™ compared to legacy products.
- Margin pressure was slightly offset by increase in ASP. Continued pricing discipline.
- Overall demand expected to contract slightly compared to FY 2016.
- Gross margins in H2FY17 expected to remain at similar levels as in H1FY17.
- Machines under service in NSW is 14,523 (478 decrease from 15,001 at 30 June 2016).

A$m	6 months to 31-Dec-2016	6 months to 31-Dec-2015	Change (%)	Change (%)
Revenue	**41.0**	**50.3**	▼	**(18%)**
Segment Profit	**12.5**	**19.0**	▼	**(34%)**
Segment Profit (%)	30%	38%	▼	(8%)
Unit Volume (no.)	1,483	1,915	▼	(23%)
ASP (ex rebuilds) ($A'000's)	22.3	21.3	▲	5%
Service Revenue	**3.3**	**3.3**	-	-

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Segment Results - Americas

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North America

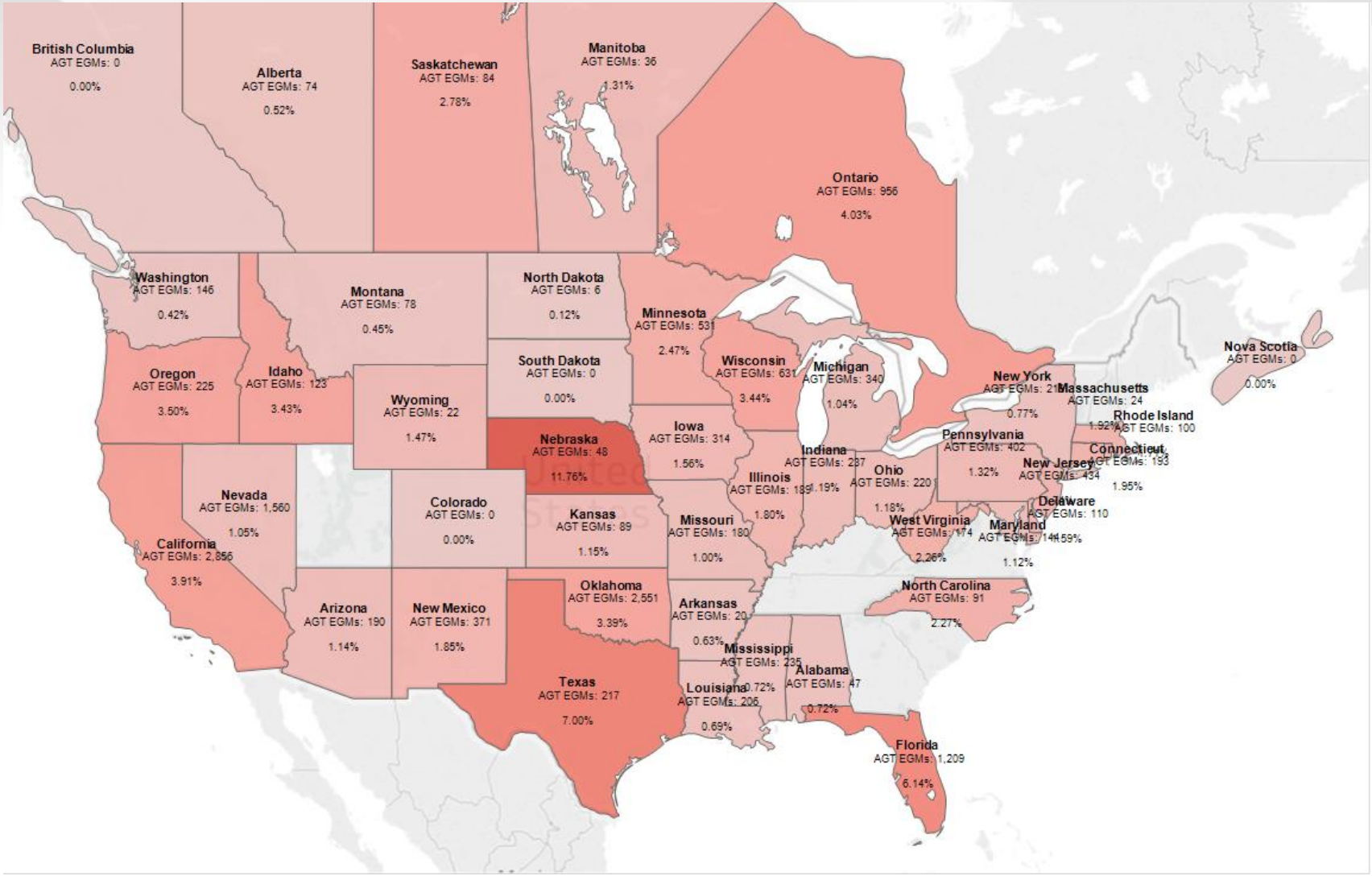
- Greater presence and profile in local market.
- Strong momentum following temporary delay in sales caused by new product transition in H1 with the launch of A600™ series of cabinets.
- Maintained strong ASP in competitive market.
- Strong growth in installed base of machines on participation. Grew Class II install base by 10% during H1, 27% since acquisition of Nova Technologies. Provides high quality recurring earnings.

North America

A$m	6 months to 31-Dec-2016	6 months to 31-Dec-2015	Change (%)	Change (%)
Revenue	**37.2**	**43.0**	▼	**(13%)**
Segment Profit	**14.3**	**18.0**	▼	**(21%)**
Segment Profit (%)	38%	42%	▼	(4%)
Unit Volume (no.)	988	1,340	▼	(26%)
ASP (US$'000's) *	17.0	16.8	▲	1%
Units on Trial	277	259	▲	7%
Game Operations – Installed Base**	2,789	1,445	▲	93%
**Ave per Day (US$) ** **	**23**	**30**	▼	**(23%)**

*Excludes distributor sales
**Includes units from acquisition of Nova Technologies, LLC

North America Market Penetration by Total Placements



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Continued development of Top Performing Brands In North America

Top Performing Brands

- All brands listed are performing at an average index of 1 to 2.2 of house average.



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Segment Results - Americas

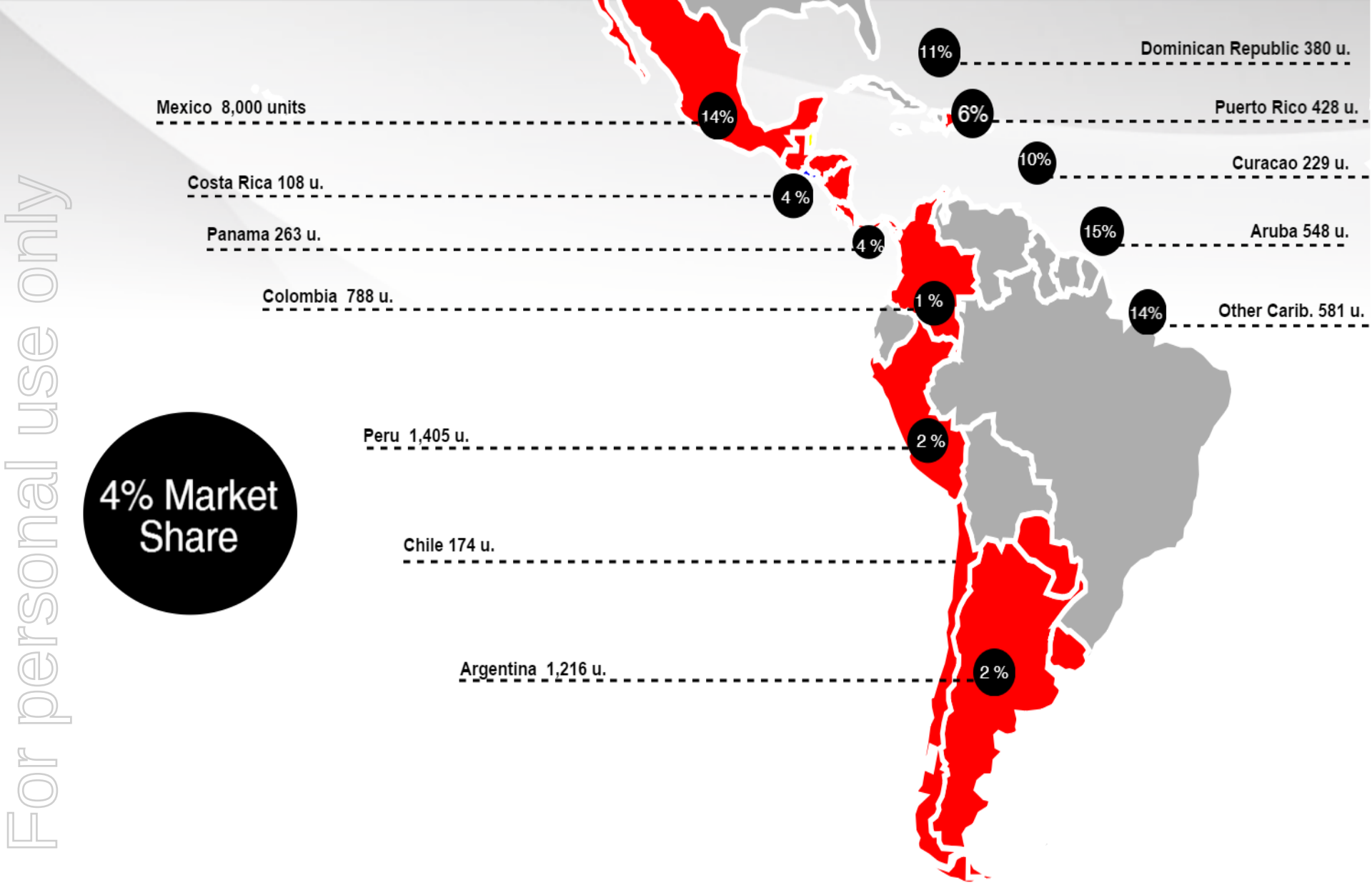
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Latin America

- Continued strong market positions across the region.
- New product transition in H1 with the launch of A600 series of cabinets.
- Growth in ASP throughout the region.
- Significant and sustained growth in gaming operations install base. Mexico having the largest gains in install base.
- Strong product performance in new range of Multi Game, Quad Shot and Link Progressives.
- Continued penetration in Mexico, representing 34% of units sold.
- Revenue shortfall as a result of new gaming tax in Argentina.

Latin America

A$m	6 months to 31-Dec-2016	6 months to 31-Dec-2015	Change (%)	Change (%)
Revenue	**33.1**	**36.9**	▼	**(10%)**
Segment Profit	**16.2**	**16.8**	▼	**(4%)**
Segment Profit (%)	49%	46%	▲	3%
Unit Volume (no.)	1,228	1,398	▼	(12%)
ASP (US$'000's) *	16.1	15.4	▲	5%
Units on Trial	32	54	▼	(41%)
Game Operations – Installed Base	2,172	1,823	▲	19%
Ave per Day (US$)	**16**	**16**	-	-



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Continued development of Top Performing Brands In Latin America

Top Performing Brands

- All brands listed are performing at an average index of 2.1 to 3.0 of house average.



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Segment Results – Rest of the World

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- Strong performance in Asia and Europe offset by weak results in New Zealand.
- Slight fall in revenue, -3% versus PCP due to a large sale in PCP to Sky City Auckland.
- Segment profit maintained despite 8% decrease in unit volume.

A$m	6 months to 31-Dec-2016	6 months to 31-Dec-2015	Change (%)	Change (%)
Revenue	**11.4**	**11.7**	▼	**(3%)**
Segment Profit	**6.2**	**6.3**	▼	**(2%)**
Segment Profit (%)	54%	54%	-	-
Unit Volume (no.)	424	462	▼	(8%)
Units on Trial	10	112	▼	(91%)

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Gaming Products







MEGA Shot

Double Sweet

KING KONG™

Sweet ZONE XTREME

BISON RUMBLE RUMBLE

FIRE Money

ICE Money

FORTUNE SERIES

¡THREE AMIGOS!

PLAYERS Paradise GOLD

PAC-MAN WILD EDITION

PAC-MAN VIDEO SLOT WILD EDITION&©2017 BANDAI NAMCO Entertainment Inc.

DREAM STRIKE

LUCKY WAYS

THUNDER GOLD

THUNDER MONEY

WIN STORM

DOUBLE Shot

QUAD Shot

TRIPLE Shot

Oriental GOLD

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Product Review

Australia

- Executed plan to create combined QCOM games submissions.
- Effectively reducing submission costs and increasing product offerings to Queensland, Victoria and Tasmanian markets.
- Strengthened the legacy product offering into New South Wales and QCOM markets across a number of established brands such as Double Shot™, Quad Shot™ and now Triple Shot™.
- Finalising the Mega Shot™ concept; this concept is our first 1c, 2c, 5c & 10c multi-denomination product. Mega Shot™ is targeted for release in multiple markets by AGE.
- Increase diversity of game concepts by introducing third party developed games to the reliable Ainsworth platform.
- Focusing on the creation of Multi games aimed and boosting sales to venues with smaller machine counts.
- Scheduled release of Novomatic AG art based games to NSW followed by other domestic markets.

North America

- Established Game Design and Graphic Arts team in the Las Vegas office to develop North American unique product. First brand released to the market was Double SweetZone Xtreme™.
- Approval & Release of Key A640™ games Fire Money™, Ice Money™, Rumble Rumble Bison™ and Fortune Rhino™.
- Released Licensed premium product on A640™ with participation – Three Amigos™, Magnificent Seven Reloaded™ and King Kong™.
- Plan on releasing the much-anticipated PAC-MAN™ in the 4th quarter of FY17. Working on the following up title to provide support and increase sales opportunities.
- Scheduled release of Novomatic AG art based games to boost product range. Note - math used in these games are strong performing Ainsworth models.

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Product Review

Latin America

- Continue the steady release of legacy content such as Quad Shot™ on A600™ & A640™ platforms.
- Released Latin America specific Link product based on proven math models such as Dream Strike™ on A600™ platform.
- Developed another powerful legacy link Players Paradise Gold™ targeted A640™.
- Started development of Fruit Games which will be incorporated in the Multi games of the future.
- Creating the framework to increase efficiencies of Multi language games.
- Developing Mega Choice™ multi game with operator selectable games, denominations and returns for each game.

Rest of the World

- A600™ platform released to every major market.
- A640™ targeted release based on market demand.
- Product performance across all market segments have slightly increased.
- Notable game releases during the period were:
  - Win Storm™ link
  - Thunder Gold™ & Thunder Money™ premium mid denomination product
  - Dream Strike™ link
  - Oriental Gold™ link
  - Lions Pride™ 243 ways game branded - Lucky Ways™

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Regulatory Update

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

From 1 July 2016 to current, the AGT group has secured the following new gaming licenses:

Colorado
Kansas (permanent licence)
Manitoba (permanent licence)
New York (Commercial gaming)
Nova Scotia (permanent licence)
Washington

In addition 12 new tribal licences were secured across:

California (3)
Montana (1)
Oklahoma (3)
Washington (4)
Texas (1)

Note: This includes Class II licences

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Online and Social

Ainsworth's online focus is aimed at offering a multichannel distribution strategy to enable AGT product contents to be available in all digital channels including social casinos and regulated real money gambling partners throughout UK, Europe, Australasia and the Americas.

Ainsworth aims to develop its slot games titles to be launched simultaneously in social casinos, real money gambling and land based machines. Being the first to have this convergence launch strategy, Ainsworth expects revenue growth in Americas via licensing its social casino content along with sales of its land based machines as bundled packages.

Real Money Gaming in UK and Europe:

- Expanding the number of operators with our current integrations with platforms: Microgaming Ltd, NYX and iSoftbet
- Launching additional new 15 games and innovative digital only products
- Investigating new licensed territories via our existing platform agreements

Social Gaming:

- Target to increase our daily average users (DAU) in Players Paradise Slots with strategic social casino marketing advertising campaigns
- Launch of Bandai Namco's IP title Pacman™ in King Spin Slots™ developed in conjunction with 616 Digital LLC on Android and IOS
- Signed additional content licensing agreements with Zynga and Playstudios/MGM Resorts

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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

8.Online and Social

9.Novomatic Update

10.Outlook and Questions

Novomatic Update

- Regulatory approval process continues. Expected completion in September 2017 quarter;
- Revenue in current period of A$2.9 million. Significant revenue as previously detailed planned in 2HFY17;
- The progress in game development on 6 Novomatic game assets is well underway.

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10.Outlook and Questions

Outlook

Continued execution of a clear strategy: building a stronger, more diversified Ainsworth with greater presences in the key international markets complemented by higher quality recurring earnings

FY17 Profit guidance – PBT, excluding foreign exchange rate movements, expected to be at least $56m

Stronger 2H17 profit performance

- Line of sight on stronger 2H17 PBT, excluding foreign exchange rate movements, versus first half: Improved.
- North America expected to increase profit contribution versus 1H with new Las Vegas facility operation, increased participation boosted by Nova and further market acceptance of A600™.
- Highly competitive domestic market conditions set to continue. Product transition strategy underway.
- High componentry and marketing costs for A600™compared to legacy products. Recovery to be driven through innovative game development and cost reduction initiatives.
- Expect return on sales ad marketing investment and new product releases and the anticipated synergies with Novomatic AG.

Confident outlook

- Focus on continuing growth in international business, improving the quality of our recurring earnings through increased participation and the progression to deliver on the expected synergies with Novomatic AG beginning in 2HFY17.
- International revenues are forecast to represent 75% of total FY17 revenue driven by increases in North America and Europe.

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