

# AGEM Index

Association of Gaming Equipment Manufacturers

January 2015

The AGEM Index remained flat in the first month of 2015 when compared to December 2014, moving from a composite index of 181.84 to 181.89. The latest period represents the first month the AGEM Index has not reported a month-to-month decline since August of 2014. Compared to a year ago, the index fell 1.96 points (-1.1 percent). The AGEM Index has now reported annual declines for four consecutive months.

In January 2015, half of the 14 global gaming equipment suppliers reported month-to-month gains in stock price, with two up by more than 20 percent. However, these gains were offset by the remaining seven suppliers reporting monthly declines in stock price. In addition, four reported declines of more than five percent.

The broader stock markets continued to report month-to-month declines in January 2015. NASDAQ ended the month at 4,637.99, which represents a decline of 2.1 percent when compared to the prior month. The S&P 500 followed, falling 3.1 percent from 2,058.90 to 1,994.99. The Dow Jones Industrial Average reported the greatest decline of the three major indices, falling 3.7 percent to 17,164.95.

Selected positive contributors to the January 2015 AGEM Index included the following:

- Ainsworth Game Technology (AGI) contributed 1.37 points, due to a 25.0-percent increase in stock price to AU\$2.95.
- Crane Co. (CR) reported a stock price of \$60.95 (+3.8 percent) and contributed 1.22 points.
- With a stock price of AU\$7.02 (+7.0 percent), Aristocrat Technologies (ALL) contributed 1.10 points.

Selected negative contributors included the following:

- GTECH S.p.A. (GTK) contributed negative 2.97 points, due to a 5.9-percent decline in stock price to €17.40.
- Due to a 1.9-percent decline in stock price to \$16.92, International Game Technology (IGT) contributed negative 0.71 points.
- With a stock price of \$11.81 (-7.2 percent), Scientific Games Corporation (SGMS) contributed negative 0.64 points.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Jan-15	Dec-14	Jan-14	Prior Period	Prior Year	
Ainsworth Game Technology	ASX: AGI (AU\$)	2.95	2.36	4.22	25.00	↑ (30.09)	1.37
Aristocrat Technologies	ASX: ALL (AU\$)	7.02	6.56	4.55	7.01	↑ (54.29)	1.10
Astro Corp.	Taiwan: 3064 (NT\$)	31.40	30.50	42.25	2.95	↑ (25.68)	0.03
Crane Co.	NYSE: CR (US\$)	60.95	58.70	63.16	3.83	↑ (3.50)	1.22
Daktronics, Inc.	Nasdaq: DAKT (US\$)	12.38	12.51	14.61	(1.04)	↓ (15.26)	(0.05)
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	0.34	0.39	0.21	(12.82)	↓ (61.90)	(0.01)
Gaming Partners International	Nasdaq: GPIC (US\$)	8.29	8.61	8.17	(3.72)	↓ (1.47)	(0.02)
Global Cash Access	NYSE: GCA (US\$)	6.61	7.15	8.48	(7.55)	↓ (22.05)	(0.29)
GTECH S.p.A.	MILAN: GTK.MI (€)	17.40	18.49	22.60	(5.90)	↓ (23.01)	(2.97)
IGT	NYSE: IGT (US\$)	16.92	17.25	14.43	(1.91)	↓ (17.26)	(0.71)
INTRALOT S.A.	ATHEX: INLOT (€)	1.31	1.09	1.95	20.18	↑ (32.82)	0.32
Konami	NYSE: KNM (US\$)	18.85	18.34	23.72	2.78	↑ (20.53)	0.66
Scientific Games Corporation	Nasdaq: SGMS (US\$)	11.81	12.73	14.08	(7.23)	↓ (16.12)	(0.64)
Transact Technologies	Nasdaq: TACT (US\$)	5.95	5.47	11.88	8.78	↑ (49.92)	0.04
Change in Index Value							0.05
AGEM Index Value: December 2014							181.84
<b>AGEM Index Value: January 2015</b>							<b>181.89</b>

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The world's largest gaming market, Macau, has been facing year-over-year declines in gross gaming revenue since June 2014, and in December, the region witnessed a record 30.4-percent year-over-year drop. As a result, Macau gaming revenues in 2014 totaled \$44.1 billion, which represents a decline of 2.6 percent from the record \$45.2 billion reported in 2013. Before 2014, gaming revenues in Macau had not reported a year-over-year decline since companies from the United States began operating in the Chinese Special Administrative Region in 2003.

The gaming market in Macau is off to a sluggish start in 2015 as well. In January, gross gaming revenues reported a decline for the eighth consecutive month when they fell 17.4 percent compared to January 2014, and gaming analysts expect the trend to continue in February. The latest trends are primarily attributable to a decline in VIP gamblers, many of whom were allegedly affected by the Chinese government's recent attempts to eliminate corruption.

Macau's gaming market could face a positive turn in the second half of 2015 as two properties are expected to open in Cotai in the coming months. In an effort to diversify their revenue base and attract more visitors, these properties will increase their focus on non-gaming amenities and family-oriented activities.

Melco Crown will be opening its \$3.2-billion Studio City in the summer of 2015. In addition to more than 1,500 gaming machines, the Hollywood-themed property will offer a 1,600-room, two-tower hotel, restaurants, a

nightclub, a 5,000-seat entertainment center and a 300,000-square-foot mall. In addition, the resort will include a virtual-reality Batman-themed ride and a 30,000-square-foot facility for family entertainment that will feature characters from Warner Bros. and DC Comics. Studio City will also be home to the Golden Eye, which at 426 feet, will be Asia's highest Ferris wheel.

Galaxy Entertainment is spending more than \$7.4 billion to expand Galaxy Macau, which will include a re-creation of New York's Broadway theater district. The expansion is expected to open in May of 2015 and will double the size of the property to include six hotels with 4,000 rooms. The resort will also add more than 1,000 gaming machines, an entertainment district, new restaurants, bars and lounges, 200 retail stores and a 3,000-seat Broadway Theater.

Additional casino openings in 2016 should also provide opportunities in Macau. Las Vegas Sands plans to open its \$2.7-billion Parisian with 3,000 rooms, 2,500 slot machines and replicas of Paris landmarks. Also, Wynn Resorts will complete its \$4.1-billion Wynn Palace with 1,700 hotel rooms and 1,000 slots, and MGM China will open its \$2.9 billion MGM Cotai with 1,600 rooms and 2,500 slots.

Upcoming casino openings and expanded offerings are expected to contribute to an evolving gaming market in Macau, while providing opportunities for gaming equipment suppliers.



[www.AGEM.org](http://www.AGEM.org)

## The AGEM Index

The Association of Gaming Equipment Manufacturers (AGEM) produces the monthly AGEM Index that comprises 14 global gaming suppliers throughout the world. A total of 9 suppliers are based in the United States and are listed on the NYSE, Nasdaq or OTC market, while two trade on the Australian exchange, one supplier trades on the Athens exchange, one trades on the Milan exchange, and another trades on the Taiwan OTC exchange. The index is computed based on the month-end stock price (adjusted for dividends and splits) of each company and weighted based on approximation of market capitalization. Market capitalizations for manufacturers trading on foreign exchanges have been converted to US dollar-equivalents as of month-end for comparability purposes. The AGEM Index is based on a 100-point value as of January 2005.

## About AGEM

AGEM is an international trade association representing manufacturers of electronic gaming devices, systems, and components for the gaming industry. The Association works to further the interests of gaming equipment manufacturers throughout the world. Through political action, tradeshow partnerships, information dissemination and good corporate citizenship, the members of AGEM work together to create benefits for every company within the organization. Together, AGEM and its member organizations have assisted regulatory commissions and participated in the legislative process to solve problems and create a positive business environment.

## AGEM Index

The AGEM index and overview is prepared by Applied Analysis (AA). AA is a Nevada-based advisory services firm providing consultation services for public and private entities. The company utilizes extensive experience in economics, information technology and finance to provide a wide range of services, including urban economic consulting, financial advisory services, market analysis, public policy analysis, hospitality industry and gaming consulting, and information system and technology consulting.



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## AGEM Membership Roster

### AGEM Gold Members:

- Ainsworth Game Technology
- Aristocrat Technologies
- Aruze Gaming America
- Austrian Gaming Industries
- Global Cash Access (GCA) / Multimedia Games
- GTECH
- International Game Technology (IGT)
- Intralot S.A.
- Konami Gaming
- Scientific Games / Bally / SHFL / WMS
- Video Gaming Technologies (VGT)

**AGEM Silver Members:** Action Gaming, American Gaming Systems (AGS), Casino Technology, Crane Payment Innovations (CPI), Gaming Partners International (GPI), JCM Global, Merkur Gaming, Ortiz Gaming, Suzo-Happ Group, TCSJohnHuxley and Zitro.

**AGEM Bronze Members:** Abbiati Casino Equipment, Alfastreet, Amatic Industries, Astro Corp., Bingotimes Digital Technology, Boss Gaming, Cadillac Jack, Cammegh Limited, CG Technology (CGT), Cole Kepro International, DEQ Systems, Euro Games Technology (EGT), FBM, Galaxy Gaming, Gamblit Gaming, Gaming Support, Glory Global Solutions, Gold Club, Grand Vision Gaming, Incredible Technologies, Inspired Gaming, Interblock USA, Intervision Gaming, ISMS, Iverson Gaming Systems, Jumbo Technology, Matsui Gaming Machine Co., Metronia, Modern Gaming, NYX Gaming Group, Patriot Gaming & Electronics, Quixant Ltd., Reel Games, Table Trac, U1 Gaming, Wells-Gardner Technologies and Win Systems.

**AGEM Associate Members:** 3M Touch Systems, Abbott Law Chartered, Advanced Gaming Associates, Adlink Technology, Advantech-Innocore, AMD, Arrow International, Asimex Global, Atrient, British Group Interactive (BGI), Brown & Brown Insurance of Nevada, Camryn Industries, CardConnect, Carmanah Signs, Casino Enterprise Management, Catapult Global, Coloredge, Cooper Levenson, Cybertec Gaming Systems, Daktronics, Digital Instinct, DiTronics Financial Services, DynaGraphic Printing, Eilers Research, Elite Gaming Technology, Esterline Interface Technologies, Fantini Research, Fox Rothschild, FutureLogic, G2 Gamedesign, GameAccount Network, Gaming Capital Group, Gary Platt Manufacturing, Gasser Chair Company, Genesis Interactive Technologies, GeoComply USA, Global Experience Specialists (GES), Global Gaming Group (G3), Greenberg Traurig, Hanco Technologies, Howard & Howard, Impact Display Solutions, Intel, IPS, Ipsos, James Industries, JCS Technologies, Joingo, Jones Walker, KEY-BAK, Kontron, Lazcano Sámano, Leap Forward Gaming, Legacy Electronics, Lewis Brisbois Bisgaard & Smith, Lewis Roca Rothgerber, Lightstone Solutions, McGladrey LLP, Metalcraft, Olsen Gaming/Spectronix, Outpost Creative, Portilla, Ruy-Díaz y Aguilar, Portwell, Proforma GPS, Rainmaker, Regulatory Management Counselors (RMC), Renewable Creative, Robert Half Technology, SCA Gaming, Sightline Payments, Southwest Manufacturing Services, Spin Games, Strategy9, StylGame USA, Talent Associates, The Bright Group, Touch Dynamic, Tournament One, TOVIS, TransAct Technologies, Twain Financial Partners, Vantiv Gaming Solutions, Veridocs, Wells Fargo, Young Electric Sign Company (YESCO) and Zebra Technologies.