

AGEM Index

Association of Gaming Equipment Manufacturers

February 2015

After reporting a relatively flat performance in the first month of 2015, the AGEM Index increased 10.82 points (+5.9 percent) month-to-month in February 2015, reaching a composite index of 192.71. The latest month represents the highest monthly gain reported since the index rose 18.59 points from June 2013 to July 2013. However, the AGEM Index remains down 0.43 points (-0.2 percent) compared to a year ago.

In February 2015, 11 of the 14 global gaming suppliers reported month-to-month gains in stock price. Of the companies reporting gains, all but one were up by more than five percent, with Intralot S.A. (INLOT) and Scientific Games Corporation (SGMS) reporting the greatest gains of 36.6 percent and 14.4 percent, respectively.

The broader stock markets also reported substantial month-to-month gains in February 2015. During the month, the S&P 500 reported an increase of 5.5 percent, rising to 2,104.50. Meanwhile, the Dow Jones Industrial Average ended the month at 18,132.70, which represents a gain of 5.6 percent from January 2015. NASDAQ reported the greatest monthly increase of the three major indices rising 7.1 percent to 4,963.53.

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

- Crane Co. (CR) reported a stock price of \$66.83 (+9.7 percent) and contributed 3.14 points.
- With a stock price of \$17.84 (+5.4 percent), International Game Technology (IGT) contributed 2.02 points.
- Aristocrat Technologies (ALL) contributed 1.98 points, due to a 6.0-percent gain in stock price to AU\$7.44.

Selected negative contributors included the following:

- Ainsworth Game Technology (AGI) contributed negative 0.79 points due to a 15.3-percent decline in stock price to AU\$2.50.
- Daktronics (DAKT) reported a stock price of \$10.23 (-17.4 percent) and contributed negative 0.65 points.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Feb-15	Jan-15	Feb-14	Prior Period	Prior Year	
Ainsworth Game Technology	ASX: AGI (AU\$)	2.50	2.95	4.20	(15.25)	(40.48)	(0.79)
Aristocrat Technologies	ASX: ALL (AU\$)	7.44	7.02	4.98	5.98	49.40	1.98
Astro Corp.	Taiwan: 3064 (NT\$)	30.55	31.40	44.80	(2.71)	(31.81)	(0.02)
Crane Co.	NYSE: CR (US\$)	66.83	60.95	71.42	9.65	(6.43)	3.14
Daktronics, Inc.	Nasdaq: DAKT (US\$)	10.23	12.38	14.17	(17.37)	(27.81)	(0.65)
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	0.37	0.34	0.28	8.82	32.14	0.01
Gaming Partners International	Nasdaq: GPIC (US\$)	8.50	8.29	9.56	2.53	(11.09)	0.01
Global Cash Access	NYSE: GCA (US\$)	7.11	6.61	8.40	7.56	(15.36)	0.30
GTECH S.p.A.	MILAN: GTK.MI (€)	18.51	17.40	23.96	6.38	(22.75)	0.83
IGT	NYSE: IGT (US\$)	17.84	16.92	15.09	5.44	18.22	2.02
INTRALOT S.A.	ATHEX: INLOT (€)	1.79	1.31	2.15	36.64	(16.74)	0.84
Konami	NYSE: KNM (US\$)	20.18	18.85	25.00	7.06	(19.28)	1.71
Scientific Games Corporation	Nasdaq: SGMS (US\$)	13.51	11.81	13.40	14.39	0.82	1.38
Transact Technologies	Nasdaq: TACT (US\$)	6.52	5.95	11.60	9.58	(43.79)	0.04
Change in Index Value							10.82
AGEM Index Value: January 2015							181.89
AGEM Index Value: February 2015							192.71

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In the past month, a number of gaming equipment manufacturers released their earnings results for the period ending December 31, 2014, with additional earnings releases expected in the coming weeks. Selected company highlights are noted below.

Ainsworth Game Technology (AGI) reported revenue of AU\$111.9 million for the six months ending December 31, 2014. The latest period represents a decline of 8.1 percent when compared to the six months ending December 31, 2013. Domestic revenue (Australia), which accounts for 47.8 percent of total revenue was AU\$53.5 million for the period, representing a decline of 34.3 percent from a year ago. Meanwhile, international revenue, which accounts for the remaining 52.2 percent of total revenue reported an annual gain of 44.6 percent, rising to AU\$58.4 million. Gains in international revenue were attributable to a 46.7-percent increase in North America revenue to AU\$30.2 million as well as a 63.0-percent revenue gain in South America to AU\$22.5 million, driven by sales activity in Canada, Oklahoma, California, Mexico and Argentina.

Ainsworth recently broke ground on a 291,000-square-foot facility in Las Vegas, Nevada that will serve as the new headquarters for the Americas. The facility will be located along Interstate-215 (within minutes of McCarran International Airport) and is expected to be completed in the first half of 2016.

In its fiscal first quarter of 2015, International Game Technology (IGT) reported net revenues of \$450.6 million, which represents a decline of 16.7 percent from

a year ago. During the quarter, the company reported a 22.7-percent increase in interactive revenue to \$91.5 million. However, these gains were offset by declines in gaming operations and product sales revenues.

Gaming operations revenue for IGT totaled \$211.1 million during the quarter, down 5.3 percent from a year ago, due to a 16.4-percent decline in the installed base. Product sales revenues declined 39.2 percent to \$148.0 million. During the period, machine units recognized fell 54.7 percent to 5,800, while the average machine selling price increased 5.3 percent to \$13,900.

In February, gaming regulators in Nevada approved GTECH's (GTK) \$6.4-million acquisition of IGT. The new company will reportedly be named "IGT" and will have its corporate headquarters in the United Kingdom, with operating headquarters in Las Vegas, Rome and Providence, Rhode Island. The company's global gaming operating unit will be headquartered in IGT's existing Las Vegas offices, while its building in Reno, Nevada will become a primary manufacturing facility. The acquisition is expected to close in mid-April 2015.

Scientific Games Corporation (SGMS), which recently completed its acquisition of Bally Technologies, has not yet announced its earnings release date. The company recently reported it would be relocating its global corporate headquarters to Las Vegas. Scientific Games is currently in the process of transitioning the WMS manufacturing operations from Illinois to Las Vegas.



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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, Ganlot Inc., 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.