

AGEM Index

Association of Gaming Equipment Manufacturers

May 2015

After reporting a month-to-month gain of 10.39 points in April 2015, the AGEM Index declined in May 2015. The composite index dipped to 196.98 in the latest period, which represents a decline of 3.70 points (-1.8 percent) from the prior period and the second month-to-month decline this year. Compared to a year ago, the AGEM Index is up 18.05 points (+10.1 percent). The index previously reported year-over-year gains for three consecutive months.

In May, eight of the 13 global gaming equipment suppliers reported monthly gains in stock price, with four up by more than 10 percent. These gains were offset by declines reported by five suppliers, two of which were down by more than 10 percent.

The broader stock markets reported gains in May 2015 compared to April 2015. The Dow Jones Industrial Average closed the month at 18,010.68, which represents an increase of 1.0 percent. The S&P 500 also reported a 1.0-percent increase during the period, rising from 2,085.51 to 2,107.39. NASDAQ witnessed the most substantial growth of the three major indices, rising 2.6 percent to 5,070.03.

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

- Scientific Games Corporation (SGMS) contributed 3.08 points due to a stock price of \$15.22 (+20.1 percent).
- With a stock price of AU\$3.10 (+10.7 percent), Ainsworth Game Technology (AGI) contributed 0.78 points.
- Konami Corp (TYO:9766) contributed 0.45 points due to a 5.3-percent gain in stock price to ¥2,325.

Selected negative contributors included the following:

- With a stock price of \$18.09 (-11.1 percent), International Game Technology (IGT) contributed negative 4.67 points.
- Aristocrat Technologies (ALL) contributed negative 3.55 points due to a 6.3-percent decline in stock price to AU\$7.80.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		May-15	Apr-15	May-14	Prior Period	Prior Year	
Ainsworth Game Technology	ASX: AGI (AU\$)	3.10	2.80	3.94	10.71	(21.32)	0.78
Aristocrat Technologies	ASX: ALL (AU\$)	7.80	8.32	5.31	(6.25)	46.89	(3.55)
Astro Corp.	Taiwan: 3064 (NT\$)	30.75	26.95	40.20	14.10	(23.51)	0.12
Crane Co.	NYSE: CR (US\$)	60.53	61.11	74.11	(0.95)	(18.32)	(0.39)
Daktronics, Inc.	Nasdaq: DAKT (US\$)	10.78	10.73	12.41	0.47	(13.13)	0.03
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	0.25	0.28	0.48	(10.71)	(47.92)	0.00
Gaming Partners International	Nasdaq: GPIC (US\$)	10.39	11.08	8.35	(6.23)	24.43	(0.06)
Global Cash Access	NYSE: GCA (US\$)	7.73	7.40	8.90	4.46	(13.15)	0.27
International Game Technology	NYSE: IGT (US\$)	18.09	20.35	12.55	(11.11)	44.14	(4.67)
INTRALOT S.A.	ATHEX: INLOT (€)	1.66	1.63	2.09	1.84	(20.57)	0.10
Konami Corp	TYO: 9766 (¥)	2,325.00	2,209.00	2,303.00	5.25	0.96	0.45
Scientific Games Corporation	Nasdaq: SGMS (US\$)	15.22	12.67	8.95	20.13	70.06	3.08
Transact Technologies	Nasdaq: TACT (US\$)	6.51	5.12	10.28	27.15	(36.67)	0.16
Change in Index Value							(3.70)
AGEM Index Value: April 2015							200.68
AGEM Index Value: May 2015							196.98

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During the month, a number of gaming equipment manufacturers reported their earnings for the three months ending March 2015. While results by company have been mixed, selected results are highlighted below.

International Game Technology PLC (IGT) reported separate results for GTECH S.p.A. and International Game Technology, since their merger was not completed until after the end of the reporting period. During its first quarter of 2015, GTECH S.p.A. reported net revenues of €807.7 million, which represents an increase of 3.4 percent compared to the prior year. The gain in net revenues was primarily attributable to a 3.6-percent increase in service revenues to €755.4 million, which was driven by lottery growth in Italy and the Americas. Adjusted EBITDA was €295.6 million, down modestly from €296.0 million reported a year ago.

The Americas segment reported the greatest annual increase in net revenues during the period, rising 22.8 percent to €300.0 million due to gains in service revenues. The International segment followed with net revenues of €77.1 million (+2.0 percent annually). Meanwhile, net revenues in Italy reported a decline of 6.7 percent year-over-year, falling to €430.4 million due mainly to higher sports betting payout.

IGT reported net revenues of \$399.4 million during its second fiscal quarter of 2015, which represents a decline of 22.1 percent compared to the prior year period. Gaming operations revenues fell 17.2 percent to

\$190.7 million due to an 18.4-percent decline in the installed base to 43,600 units. Product sales revenues fell 43.4 percent annually to \$114.6 million, primarily due to a decline in new unit sales and non-machine sales. In addition, the average machine selling price fell 18.4 percent to \$12,000.

IGT recently announced plans to sell its 610,000-square-foot campus in Las Vegas, Nevada located on Buffalo Drive near the 215 Beltway. The company reportedly plans to keep corporate headquarters in Las Vegas, but is looking for smaller locations to fit its needs.

Galaxy Gaming (GLXZ) reported revenues of \$2.6 million in its first quarter of 2015, up 14.1 percent from \$2.3 million one year ago. The latest gain is attributable to increased placement of premium games as well as expansion into new markets. Meanwhile, adjusted EBITDA reported an annual decline of 15.4 percent to \$828,700 during the period, which the company sourced to a 37.0-percent rise in selling, general and administrative expenses from a year ago.

Intralot S.A. (INLOT) reported a 12.0-percent gain in net revenues in its first quarter of 2015, rising from €445.7 million in 2014 to €499.4 million in the latest period. During the quarter, the company renewed its contracts with the Netherlands, Morocco and Azerbaijan and continued to streamline its operations.



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The AGEM Index

The Association of Gaming Equipment Manufacturers (AGEM) produces the monthly AGEM Index that comprises 13 global gaming suppliers throughout the world. A total of 8 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 on the Tokyo 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
- Austrian Gaming Industries
- Global Cash Access (GCA)
- International Game Technology (IGT)
- Intralot S.A.
- Konami Gaming
- Scientific Games

AGEM Silver Members: Action Gaming, AGS, Aruze Gaming America, 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, NanoTech 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, G2 Game Design, GameAccount Network, Gaming Capital Group, Ganlot, Gary Platt Manufacturing, Gasser Chair Company, Genesis Interactive Technologies, GeoComply USA, Global Experience Specialists (GES), Global Gaming Group (G3), Greenberg Traurig, Hanco Technologies, House Advantage, Howard & Howard, Impact Display Solutions, Intel, IPS, Ipsos, James Industries, JCS Technologies, Joingo, Jones Walker, KEY-BAK, Kontron, Lazzano 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), Robert Half Technology, Sanmina, SCA Gaming, Sightline Payments, Southwest Manufacturing Services, Spin Games, Strategy9, StylGame USA, Talent Associates, The Bright Group, Touch Dynamic, Tournament One, TOVIS, TransAct Technologies, Vantiv Gaming Solutions, Veridocs, Wells Fargo, Young Electric Sign Company (YESCO) and Zebra Technologies.