

AGEM Index

Association of Gaming Equipment Manufacturers

June 2015

The AGEM Index fell to 192.28 in June 2015, which represents a decline of 4.70 points (-2.4 percent) compared to the prior month. The latest performance represents the second consecutive month-to-month decline after the composite index fell 3.70 points (-1.8 percent) in May 2015. Despite falling in recent months, the AGEM Index witnessed its fourth consecutive year-over-year gain in June 2015, rising 6.94 points (+3.7 percent).

During the latest period, five of the 13 global gaming equipment manufacturers reported gains in stock price. However, most of these gains were relatively modest, with four up by less than three percent. The one standout was Daktronics, Inc. (DAKT) that pushed north 10 percent. Of the eight manufacturers that reported declines in stock price, one was down by 17 percent, while another fell 36 percent.

The broader stock markets reported similar trends in June 2015. The Dow Jones Industrial Average ended the month at 17,619.51, which represents a decline of 2.2 percent compared to May. In addition, the S&P 500 fell 2.1 percent to 2,063.11, while NASDAQ fell 1.6 percent to 4,986.87.

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

- Daktronics (DAKT) contributed 0.61 points, due to a 10.0-percent increase in stock price to \$11.86.
- Scientific Games Corporation (SGMS) reported a stock price of \$15.54 (+2.1 percent) and contributed 0.33 points.

Selected negative contributors included the following:

- Aristocrat Technologies (ALL) reported a stock price of AU\$7.65 (-1.9 percent) and contributed negative 2.30 points to the index.
- With a stock price of AU\$2.57 (-17.1 percent), Ainsworth Game Technology (AGI) contributed negative 1.45 points.
- Crane Co. (CR) contributed negative 1.20 points, due to a 3.0-percent decline in stock price to \$58.73.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Jun-15	May-15	Jun-14	Prior Period	Prior Year	
Ainsworth Game Technology	ASX: AGI (AU\$)	2.57	3.10	3.74	(17.10)	(31.28)	(1.45)
Aristocrat Technologies	ASX: ALL (AU\$)	7.65	7.80	5.26	(1.92)	45.44	(2.30)
Astro Corp.	Taiwan: 3064 (NT\$)	30.20	30.75	39.45	(1.79)	(23.45)	(0.02)
Crane Co.	NYSE: CR (US\$)	58.73	60.53	74.36	(2.97)	(21.02)	(1.20)
Daktronics, Inc.	Nasdaq: DAKT (US\$)	11.86	10.78	11.92	10.02	(0.50)	0.61
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	0.16	0.25	0.45	(36.00)	(64.44)	0.00
Gaming Partners International	Nasdaq: GPIC (US\$)	10.11	10.39	8.16	(2.69)	23.90	(0.03)
Global Cash Access	NYSE: GCA (US\$)	7.74	7.73	8.90	0.13	(13.03)	0.01
International Game Technology	NYSE: IGT (US\$)	17.76	18.09	15.91	(1.82)	11.63	(0.76)
INTRALOT S.A.	ATHEX: INLOT (€)	1.70	1.66	2.02	2.41	(15.84)	(0.01)
Konami Corp	TYO: 9766 (¥)	2,276.00	2,325.00	2,239.00	(2.11)	1.65	0.11
Scientific Games Corporation	Nasdaq: SGMS (US\$)	15.54	15.22	11.12	2.10	39.75	0.33
Transact Technologies	Nasdaq: TACT (US\$)	6.68	6.51	10.36	2.61	(35.52)	0.02
Change in Index Value							(4.70)
AGEM Index Value: May 2015							196.98
AGEM Index Value: June 2015							192.28

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In Macau, the rapid decline in gross gaming revenue that plagued the market in the second half of 2014 has continued through the first half of 2015. In June, Macau reported gaming revenue of \$2.2 billion, representing a drop of 36.2 percent year-over-year as well as the 13th straight month of decline and the 10th straight month of double-digit drops. Year-to-date, total gaming revenue of \$15.2 billion is down 37.0 percent from 2014.

The downward trend has been linked to several factors, mainly an ongoing corruption investigation on mainland China that has curtailed the lucrative VIP gaming segment. In 2011, VIP baccarat play accounted for 72.9 percent of gross gaming revenue. Last year, that figure fell to 60.3 percent. In the first quarter of 2015 (latest available data), the share fell to 57.9 percent compared to 63.5 percent in the prior year period.

A partial smoking ban is also a factor in falling gaming revenues, as it limits smoking in casinos to designated lounges and VIP gaming areas. Gaming revenue declines could be exacerbated should the Macau government implement a full indoor smoking ban in the near future, as it has indicated it will do. Casino operators have asked for smoking lounges to remain legal. A decision is expected later this year.

While the overall trend in gaming revenue has been negative, slot machine revenue has reported mixed results. Slot revenue totaled \$1.8 billion in 2014, which was relatively flat from 2013 and in contrast to the 2.6-percent drop in overall gross gaming revenue for the

year. In the first quarter of 2015 (latest available data), slot revenue was down 26.3 percent year-over-year, though that decline was not as pronounced as the 36.5-percent fall in total gross gaming revenue. Slot revenue's share of total gaming revenue has increased to 4.5 percent, up from 3.8 percent in the first quarter of 2014.

Amid Macau's tumbling gaming numbers, the Chinese government recently relaxed visitation rules to its Special Administrative Region. The revised rules allow residents of mainland China to visit Macau twice a month instead of twice every 60 days. The revision also extended the maximum length of stay from five days to seven days.

Gaming revenue could see a boost over the next two years as six properties are due to open by the end of 2017. However, new casinos could be hindered by Macau's cap on live table games, which limits annual growth in the number of tables to 3 percent. New properties are planning to add between 400 and 500 tables, but those numbers could be optimistic given the recently opened Galaxy Macau Phase 2, which was granted only 150 tables after requesting 400. The table game cap could spur greater installation of slot machines along with continued expansion of stadium-style electronic table game (ETG) areas. Live dealer ETG multigame areas allow casinos to operate dozens of gaming terminals that count only as a single table game for regulatory purposes. The industry abroad is continuing to evolve.



www.AGEM.org

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, 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-Innocode, 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, NanoLumens, Olsen Gaming/Spectronix, Outpost Creative, Portilla, Ruy-Díaz y Aguilar, Portwell, Proforma GPS, Quantum Gaming Concepts, 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.