

AGEM Index

Association of Gaming Equipment Manufacturers

July 2015

After reporting month-to-month declines for two consecutive months, the AGEM Index posted a respectable gain in July 2015. The composite index ended the month at 201.90, which represents an increase of 9.62 points (+5.0 percent) from June 2015. The index reported even more substantial gains when compared to a year ago, rising 18.29 points, or 10.0 percent. The latest period represents the fifth consecutive month of year-over-year gains.

In July 2015, six of the 13 global gaming equipment manufacturers reported month-to-month increases in stock price, with each reporting gains of more than 10 percent. Of the six manufacturers that reported declines in stock price, three were down by more than five percent, with one (Global Cash Access) falling nearly 35 percent. Intralot S.A. (INLOT) reported no change in stock price from June to July 2015.

The broader stock markets also reported positive trends in July 2015. The Dow Jones Industrial Average ended the month at 17,689.86, representing a slight increase of 0.4 percent when compared to June 2015. Meanwhile, the S&P 500 reported a gain of 2.0 percent, rising to 2,103.84, and the NASDAQ increased 2.8 percent to 5,128.28.

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

- International Game Technology PLC (IGT) reported an 11.5-percent gain in stock price to \$19.80 and contributed 5.01 points.
- Due to a stock price of AU\$8.57 (+12.0 percent), Aristocrat Technologies (ALL) contributed 4.88 points.
- Konami Corp. (TYO:9766) contributed 3.60 points, due to a 13.7-percent gain in stock price to ¥2,588.

Selected negative contributors included the following:

- Crane Co. (CR) contributed negative 3.23 points, due to a 9.4-percent decline in stock price to \$53.20.
- With a stock price of \$5.05 (-34.8 percent), Global Cash Access (GCA) contributed negative 1.28 points.
- Due to a stock price of \$15.10 (-2.8 percent), Scientific Games Corporation (SGMS) contributed negative 0.41 points.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Jul-15	Jun-15	Jul-14	Prior Period	Prior Year	
Ainsworth Game Technology	ASX: AGI (AU\$)	3.00	2.57	3.77	16.73	↑ (20.42)	1.24
Aristocrat Technologies	ASX: ALL (AU\$)	8.57	7.65	5.70	12.03	↑ 50.35	4.88
Astro Corp.	Taiwan: 3064 (NT\$)	28.35	30.20	38.50	(6.13)	↓ (26.36)	(0.06)
Crane Co.	NYSE: CR (US\$)	53.20	58.73	68.61	(9.42)	↓ (22.46)	(3.23)
Daktronics, Inc.	Nasdaq: DAKT (US\$)	11.43	11.86	11.10	(3.63)	↓ 2.97	(0.20)
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	0.18	0.16	0.40	12.50	↑ (55.00)	0.00
Gaming Partners International	Nasdaq: GPIC (US\$)	10.00	10.11	8.56	(1.09)	↓ 16.82	(0.01)
Global Cash Access	NYSE: GCA (US\$)	5.05	7.74	8.37	(34.75)	↓ (39.67)	(1.28)
International Game Technology PLC	NYSE: IGT (US\$)	19.80	17.76	16.93	11.49	↑ 16.95	5.01
INTRALOT S.A.	ATHEX: INLOT (€)	1.70	1.70	1.85	-	↔ (8.11)	(0.00)
Konami Corp	TYO: 9766 (¥)	2,588.00	2,276.00	2,415.00	13.71	↑ 7.16	3.60
Scientific Games Corporation	Nasdaq: SGMS (US\$)	15.10	15.54	8.54	(2.83)	↓ 76.81	(0.41)
Transact Technologies	Nasdaq: TACT (US\$)	7.41	6.68	9.01	10.93	↑ (17.76)	0.07
Change in Index Value							9.62
AGEM Index Value: June 2015							192.28
AGEM Index Value: July 2015							201.90

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During July 2015, a few gaming equipment manufacturers released their financial results for the three months ending June 2015. Additional reports in August 2015 will shed more light on the sector's performance through the first half of the year. Selected highlights are noted below.

Global Cash Access (GCA) completed its \$1.2-billion acquisition of Multimedia Games Holding Company, Inc. in December 2014. The following reflects the combined company results for the second quarter of 2015 and pro forma results for the prior year. Global Cash Access reported net revenues of \$206.4 million in the second quarter, which represents an increase of 5.7 percent from a year ago. The latest gain is attributable to a 9.1-percent increase in Games segment revenues to \$54.9 million. Meanwhile, net revenues for the Payments segment increased 4.6 percent to \$151.5 million.

The company noted that it would be implementing a number of initiatives to achieve sustainable long-term growth. These initiatives include an expansion of its game development studios from its existing eight to a total of 16, which is expected to expand the number of games offered on an annual basis. Two studios are reportedly opening before the end of 2015 and will be located in Reno, Nevada and Chicago, Illinois.

In addition, Global Cash Access plans to rebrand itself and will reportedly reveal its new name, logo and New

York Stock Exchange ticker symbol at the Global Gaming Expo in Las Vegas, Nevada, which will be held from September 29 through October 1. The company's rebrand will reflect its role as a full-service supplier of casino gaming equipment and payment solutions.

In November 2014, Scientific Games Corporation (SGMS) completed its merger with Bally Technologies. In the second quarter of 2015, the company reported net revenues of \$691.5 million, which represented a decline of 9.9 percent from its pro forma estimate of \$767.3 million one year ago. During the period, services revenues increased 5.5 percent year-over-year to \$337.9 million. However, this gain was offset by a 30.0-percent decline in product sales revenues to \$218.1 million. Instant games revenue remained flat at \$135.5 million.

By July 31, 2015, the combined company implemented approximately \$184 million in annualized cost savings related to the merger integration. Scientific Games noted these savings were reflective of the elimination of duplicate positions and overhead costs. The company originally estimated it would achieve costs savings of \$188 million by the end of 2015. That estimate has now been revised upwards to \$200 million. As part of its integration efforts, Scientific Games Corporation initiated the closure of the WMS Waukegan, Illinois facility during the second quarter of 2015.



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., BetConstruct, Bingotimes Digital Technology, Boss Gaming, Cammegh Limited, CG Technology (CGT), Cole Kepro International, DEQ Systems, Euro Games Technology (EGT), FBM, Galaxy Gaming, Gambliit Gaming, Gaming Support, Glory Global Solutions, Gold Club, Grand Vision Gaming, Incredible Technologies, Inspired Gaming, Interblock USA, Intervention 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, Axiomtek, 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, Lazcano 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, Proforma GPS, Quantum Gaming Concepts, Rainmaker, Randstad Staffing, Regulatory Management Counselors (RMC), Robert Half Technology, Sanmina, SCA Gaming, Sightline Payments, Southwest Manufacturing Services, Spin Games, 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.