

# AGEM Index

Association of Gaming Equipment Manufacturers

January 2016

After ending 2015 on a positive note, the AGEM Index reported a decline in the first month of 2016, largely due to broader market declines that emerged. The composite index stood at 188.46 at the close of January 2016, which represents a decline of 8.86 points, or 4.5 percent, when compared to December 2015. However, compared to a year ago, the AGEM Index reported an increase of 6.57 points, or 3.6 percent, in the latest period.

In January, 10 of the 14 global gaming equipment manufacturers reported month-to-month declines in stock price, with three down by more than 30 percent. Of the four manufacturers who reported gains in stock price during the month, only one was up by more than five percent.

The broader stock markets experienced increased volatility and material declines during the month, with each of the major indices down more than five percent when compared to December 2015. The S&P 500 ended January 2016 at 1,940.24, which represents a decline of 5.1 percent from the prior period. The Dow Jones Industrial Average reported a 5.5-percent decrease, falling to 16,466.30. NASDAQ experienced the greatest decline, falling 7.9 percent to 4,613.95.

Selected positive contributors to the January 2016 AGEM Index included the following:

- With a stock price of €1.19 (+1.7 percent), INTRALOT S.A. (INLOT) contributed 0.10 points.
- Astro Corp. (3064) contributed 0.03 points, due to its 7.7-percent increase in stock price to NT\$19.60.

Selected negative contributors included the following:

- International Game Technology PLC (IGT) contributed negative 3.77 points, due to a 10.6-percent decline in stock price to \$14.47.
- Scientific Games Corporation (SGMS) reported a stock price of \$5.92 (-34.0 percent) and contributed negative 2.15 points.
- With a stock price of \$2.81 (-36.0 percent), Everi Holdings Inc. (EVRI) contributed negative 0.83 points.

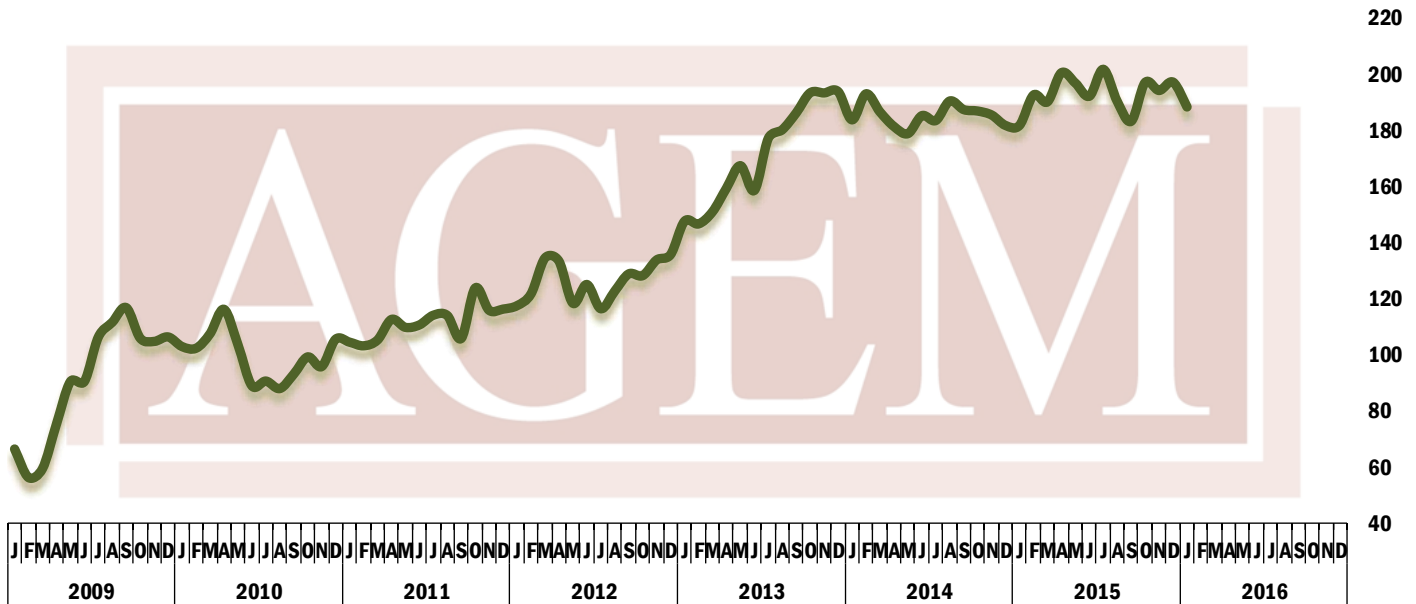
AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Jan-16	Dec-15	Jan-15	Prior Period	Prior Year	
Agilysys	Nasdaq: AGYS (US\$)	9.90	9.99	10.38	(0.90)	(4.62)	(0.03)
Ainsworth Game Technology	ASX: AGI (AU\$)	2.22	2.29	2.95	(3.06)	(24.75)	(0.29)
Aristocrat Technologies	ASX: ALL (AU\$)	10.25	10.21	7.02	0.39	46.01	(0.65)
Astro Corp.	Taiwan: 3064 (NT\$)	19.60	18.20	31.40	7.69	(37.58)	0.03
Crane Co.	NYSE: CR (US\$)	47.76	47.84	60.95	(0.17)	(21.64)	(0.06)
Daktronics, Inc.	Nasdaq: DAKT (US\$)	8.03	8.72	12.38	(7.91)	(35.14)	(0.35)
Everi Holdings Inc.	NYSE: EVRI (US\$)	2.81	4.39	6.61	(35.99)	(57.49)	(0.83)
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	0.13	0.19	0.34	(31.58)	(61.76)	(0.02)
Gaming Partners International	Nasdaq: GPIC (US\$)	9.20	8.96	8.29	2.68	10.98	0.02
International Game Technology PLC	NYSE: IGT (US\$)	14.47	16.18	16.92	(10.57)	(14.48)	(3.77)
INTRALOT S.A.	ATHEX: INLOT (€)	1.19	1.17	1.31	1.71	(9.16)	0.10
Konami Corp.	TYO: 9766 (¥)	2,766.00	2,888.00	2,209.00	(4.22)	25.22	(0.80)
Scientific Games Corporation	Nasdaq: SGMS (US\$)	5.92	8.97	11.81	(34.00)	(49.87)	(2.15)
Transact Technologies	Nasdaq: TACT (US\$)	7.73	8.59	5.95	(10.01)	29.92	(0.07)
Change in Index Value							(8.86)
AGEM Index Value: December 2015							197.32
<b>AGEM Index Value: January 2016</b>							<b>188.46</b>

www.AGEM.org

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Gaming equipment manufacturers are continuing to witness the effects of consolidation within the industry. During the past two years, there have been a handful of major mergers, including Bally Technologies' purchase of SHFL Entertainment, Scientific Games Corporation's (SGMS) acquisition of WMS Industries and Bally Technologies, Global Cash Access' purchase of Multimedia Games, and the merger between International Game Technology (IGT) and GTECH Holdings. There have been a number of smaller mergers, acquisitions and corporate consolidations within the gaming equipment manufacturing industry as well.

Most recently, Ainsworth Game Technology (AGI) completed its acquisition of Nova Technologies, LLC in January 2016. Based in South Carolina, Nova Technologies is a Class II slot manufacturer that provides machines to Native American casinos. The acquisition was the third purchase of a Class II slot company to occur since the end of 2014. In October 2014, Aristocrat Technologies (ALL) completed its \$1.3 billion purchase of Video Gaming Technologies, Inc. American Gaming Systems followed in June 2015 by completing its \$382 million acquisition of Cadillac Jack.

Ainsworth purchased Nova Technologies for \$38 million, giving the company an opportunity to expand within the Native American gaming market. The acquisition brings the total number of gaming units Ainsworth operates in North America to over 2,800, with 1,425 units coming directly from Nova Technologies.

Nova's slot manufacturing business will be transferred to Ainsworth's new 291,000-square-foot headquarters in Las Vegas, Nevada, which is currently under construction with completion expected in the second quarter of 2016.

International Game Technology (IGT) continues to undergo major changes following its \$6.4 billion merger with GTECH Holdings. In December, the company finalized the sale of its headquarters in southwest Las Vegas to Panattoni Development for \$75 million. The 610,000-square-foot building, which sits on nearly 38 acres, sold less than a year after being listed. IGT signed a long-term lease for the 300,000-square-foot office space, and the roughly 300,000-square-foot warehouse will be marketed for lease. The company also announced manufacturing facility closures in Coventry, Rhode Island, Canada and Austria.

IGT will be consolidating its manufacturing operations into its 1.2-million-square-foot facility in Reno, Nevada. The company's corporate headquarters is located in London, and it is maintaining operating headquarters in Las Vegas, Rome and Providence, Rhode Island.

Corporate consolidations within the gaming equipment manufacturing sector are not unusual. Similar to other industries, the recent trends provide an opportunity for emerging technologies and brands to reach a broader audience and leverage existing infrastructure.



[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 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, lotteries, 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
- Everi Holdings Inc.
- International Game Technology PLC (IGT)
- Intralot S.A.
- Konami Gaming
- Sega Sammy Creation
- 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, Century Gaming Technologies, CG Technology (CGT), Cole Kepro International, DEQ Systems, Euro Games Technology (EGT), FBM, Galaxy Gaming, Gambit Gaming, GameCo, 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, Agilysys, AMD, Arrow International, Asimex Global, Atrient, Axiomtek, British Group Interactive (BGI), Brown & Brown Insurance of Nevada, Camryn Industries, CardConnect, Carmanah Signs, Casino Connection International, Catapult Global, CDC Gaming Reports, Coloredge, Cooper Levenson, Coretronic, Cybertec Gaming Systems, Daktronics, Digital Instinct, DiTronics Financial Services, DynaGraphic Printing, Eilers & Krejcik Gaming, Elite Gaming Technology, Esterline Interface Technologies, Fantini Research, Four Corners, Fox Rothschild, G2 Game Design, GAN, Gaming Capital Group, Ganlot, Gary Platt Manufacturing, Gasser Chair Company, Genesis Interactive Technologies, GeoComply USA, Gill's Printing & Color Graphics, Global Experience Specialists (GES), Global Gaming Group (G3), Greenberg Traurig, House Advantage, Howard & Howard, Impact Display Solutions, Intel, IPS, James Industries, James Industry Research Group, JCS Technologies, Joingo, Jones Walker, KEY-BAK, Kontron, Lazcano Sámano, Leap Forward Gaming, Legacy Electronics, Lewis Roca Rothgerber, Lightstone Solutions, McGladrey LLP, Media Resources, Metalcraft, NanoLumens, Olsen Gaming / Spectronix, Outpost Creative, Portilla Ruy-Díaz y Aguilar, Proforma GPS, Randstad Staffing, Regulatory Management Counselors (RMC), 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.