

AGEM Index

Association of Gaming Equipment Manufacturers

February 2016

The AGEM Index reported positive growth in February 2016 after falling 8.86 points in January 2016. The composite index stood at 197.00 at the close of the month, which represents an increase of 8.54 points, or 4.5 percent, when compared to January 2016. The AGEM Index reported a year-over-year increase for the fifth consecutive month, rising 4.29 points, or 2.2 percent, when compared to February 2015.

During the latest period, eight of the 14 global gaming equipment manufacturers reported month-to-month gains in stock price, with two up by more than 50 percent and another up by more than 40 percent. Of the six manufacturers reporting declines in stock price during the month, only one was down by more than 10 percent.

The broader stock markets experienced continued volatility and lackluster performances in February. The Dow Jones Industrial Average reported a modest increase month-to-month, rising 0.3 percent to 16,516.50. Meanwhile, the S&P 500 and NASDAQ both reported month-to-month declines in February. The S&P 500 fell 0.4 percent to 1,932.23, while NASDAQ declined 1.2 percent to 4,557.95.

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

- With a stock price of \$8.51 (+43.8 percent), Scientific Games Corporation (SGMS) contributed 3.69 points.
- Konami Corp. (9766) reported a stock price of ¥2,739 (-1.0 percent) and contributed 1.47 points (changes in foreign currency exchange rates between periods impacted the composite score).
- Astro Corp. (3064) contributed 1.16 points, due to a 109.2-percent increase in stock price to NT\$41.00.

Selected negative contributors included the following:

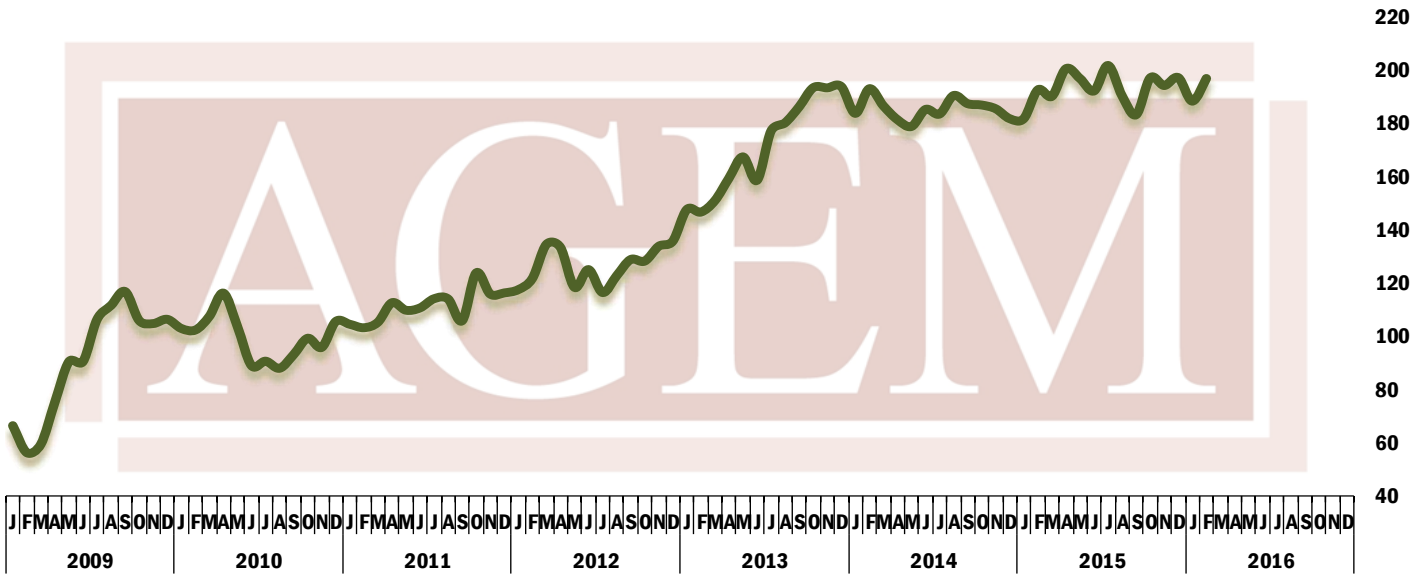
- With a stock price of \$7.07 (-12.0 percent), Daktronics, Inc. (DAKT) contributed negative 0.43 points.
- INTRALOT S.A. (INLOT) contributed negative 0.13 points, due to a 5.0-percent decline in stock price to €1.13.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Feb-16	Jan-16	Feb-15	Prior Period	Prior Year	
Agilysys	Nasdaq: AGYS (US\$)	10.45	9.90	9.89	5.56	5.66	0.15
Ainsworth Game Technology	ASX: AGI (AU\$)	2.19	2.22	2.50	(1.35)	(12.40)	0.15
Aristocrat Technologies	ASX: ALL (AU\$)	10.00	10.25	7.44	(2.44)	34.41	0.70
Astro Corp.	Taiwan: 3064 (NT\$)	41.00	19.60	30.55	109.18	34.21	1.16
Crane Co.	NYSE: CR (US\$)	49.05	47.76	66.83	2.70	(26.60)	0.88
Daktronics, Inc.	Nasdaq: DAKT (US\$)	7.07	8.03	10.23	(11.96)	(30.89)	(0.43)
Everi Holdings Inc.	NYSE: EVRI (US\$)	2.94	2.81	7.11	4.63	(58.65)	0.10
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	0.22	0.13	0.37	69.23	(40.54)	0.07
Gaming Partners International	Nasdaq: GPIC (US\$)	9.64	9.20	8.50	4.78	13.41	0.04
International Game Technology PLC	NYSE: IGT (US\$)	14.78	14.47	17.84	2.14	(17.15)	0.72
INTRALOT S.A.	ATHEX: INLOT (€)	1.13	1.19	1.79	(5.04)	(36.87)	(0.13)
Konami Corp.	TYO: 9766 (¥)	2,739.00	2,766.00	2,418.00	(0.98)	13.28	1.47
Scientific Games Corporation	Nasdaq: SGMS (US\$)	8.51	5.92	13.51	43.75	(37.01)	3.69
Transact Technologies	Nasdaq: TACT (US\$)	7.24	7.73	6.52	(6.34)	11.04	(0.04)
Change in Index Value							8.54
AGEM Index Value: January 2016							188.46
AGEM Index Value: February 2016							197.00

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In the past month, a number of gaming equipment manufacturers released their financial results for the period ending December 31, 2015. Additional releases are expected in the coming weeks. Selected company highlights are noted below.

Ainsworth Game Technology (AGI) reported revenue of AU\$141.9 million for the six months ending December 31, 2015. The latest period represents a 26.8-percent increase when compared to the six months ending December 31, 2014. Domestic revenue (Australia), which accounts for 35.4 percent of total revenue was AU\$50.3 million, representing a decline of 6.0 percent from a year ago. Meanwhile, international revenue, which accounts for the remaining 64.6 percent of total revenue reported an annual gain of 56.8 percent, rising to AU\$91.6 million. Gains in international revenue were attributable to a 42-percent increase in North America to AU\$43.0 million, which was driven by strong performances in California and new markets in Idaho, Louisiana, Kansas, Missouri, Maryland and West Virginia.

Scientific Games Corporation (SGMS) completed its merger with Bally Technologies in November 2014. The following represents the company's actual results for 2015 and pro forma results for the prior year. In the fourth quarter of 2015, Scientific Games reported revenues of \$737.0 million, which represents a gain of 4.2 percent compared to the prior year. The product sales segment reported the greatest annual increase in revenues during the period, rising 8.5 percent to \$252.0 million. Services followed with a gain of 2.5 percent to

\$343.0 million, while the instant games segment reported revenue growth of 1.0 percent and increased to \$142.0 million.

Despite the gain in fourth quarter revenue, Scientific Games' revenue fell 6.4 percent in 2015 to \$2.8 billion. Services revenue increased 7.4 percent during the year to \$1.4 billion, while instant games revenue rose 2.1 percent to \$544.0 million. However, these gains were offset by a 25.3-percent decline in product sales revenue to \$863.0 million.

Agilysys (AGYS) reported revenue of \$31.3 million in the company's fiscal third quarter of 2016, representing a 26.5-percent increase over the same period of the previous year. Product revenue was a key driver of the revenue gains, increasing 64.5 percent year-over-year to \$11.9 million. Hardware replacement sales as well as increased new logo hardware sales were important facets in product revenue escalation. With a gain in customer installation and implementation projects, professional services revenue increased 25.5 percent to \$4.5 million. Support, maintenance and subscription services revenue increased 7.0 percent year-over-year in the latest period, rising to \$14.9 million.

While selected gaming suppliers reported positive results in a number of areas, it will be important to monitor the balance of the sector to provide additional insight.



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.



For More Information, Contact:

Marcus Prater, Executive Director
P.O. Box 50049, Henderson, NV 89016-0049
702.812.6932 | AGEM.org@cox.net

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, APEX Gaming, 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, Gambelit 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, Casino Screens, 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), RMMC, Sanmina, SCA Gaming, Sightline Payments, Slot Constructor, Southwest Manufacturing Services, Spin Games, StylGame USA, Talent Associates, The Bright Group, Tohkoh Plastics America, Touch Dynamic, Tournament One, TOVIS, TransAct Technologies, Vantiv Gaming Solutions, Veridocs, Wells Fargo, Young Electric Sign Company (YESCO) and Zebra Technologies.