

# AGEM Index

Association of Gaming Equipment Manufacturers

May 2016

The AGEM Index posted a sharp increase in May 2016 after gaining 2.16 points in April 2016. The composite index stood at 255.34 at the close of the month, which represents an increase of 28.83 points, or 12.7 percent, when compared to April 2016. The AGEM Index reported a year-over-year increase for the eighth consecutive month, rising 58.36 points, or 29.6 percent, when compared to May 2015.

During the latest period, 10 of the 14 global gaming equipment manufacturers reported month-to-month gains in stock price, with two up by more than 10 percent. Of the four manufacturers reporting declines in stock price during the month, two were down by more than 10 percent.

The broader stock markets reported positive results in May 2016. The S&P 500 reported a month-to-month increase of 1.5 percent, rising to 2,096.95. Additionally, the Dow Jones Industrial Average increased 0.3 percent to 17,787.20. NASDAQ increased 3.4 percent during the period, rising to 4,938.48.

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

- Aristocrat (ALL) reported a stock price of 12.86 (+28.6 percent) and contributed 14.25 points.
- With a stock price of ¥4,200 (+22.27 percent), Konami Corp. (9766) contributed 9.96 points.
- International Gaming Technology (IGT) contributed 3.83 points due to a 9.34 percent increase in stock price to \$18.96.
- Crane Co. (CR) contributed 1.18 points to the index with a 3.29 percent increase in stock price to \$57.40.

Selected negative contributors included the following:

- With a stock price of \$7.97 (-8.69 percent), Daktronics (DAKT) contributed negative 0.32 points.
- Everi Holdings (EVRI) contributed negative 0.15 points due to a 14.88-percent decline in stock price to \$1.43.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		May-16	Apr-16	May-15	Prior Period	Prior Year	
Agilysys	Nasdaq: AGYS (US\$)	11.73	10.68	9.03	9.83	29.90	0.28
Ainsworth Game Technology	ASX: AGI (AU\$)	2.40	2.33	3.10	3.00	(22.58)	(0.12)
Aristocrat Technologies	ASX: ALL (AU\$)	12.86	10.00	7.80	28.60	64.87	14.25
Astro Corp.	Taiwan: 3064 (NT\$)	39.30	36.50	30.75	7.67	27.80	0.06
Crane Co.	NYSE: CR (US\$)	57.40	55.57	60.53	3.29	(5.17)	1.18
Daktronics, Inc.	Nasdaq: DAKT (US\$)	7.97	8.70	10.78	(8.39)	(26.07)	(0.32)
Everi Holdings Inc.	NYSE: EVRI (US\$)	1.43	1.68	7.73	(14.88)	(81.50)	(0.15)
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	0.26	0.25	0.25	4.42	4.00	0.00
Gaming Partners International	Nasdaq: GPIC (US\$)	9.01	8.90	10.39	1.24	(13.28)	0.01
International Game Technology PLC	NYSE: IGT (US\$)	18.96	17.34	18.09	9.34	4.81	3.83
INTRALOT S.A.	ATHEX: INLOT (€)	1.07	1.02	1.66	4.90	(35.54)	0.04
Konami Corp.	TYO: 9766 (¥)	4,200	3,435	2,325	22.27	80.65	9.96
Scientific Games Corporation	Nasdaq: SGMS (US\$)	9.79	9.92	15.22	(1.31)	(35.68)	(0.12)
Transact Technologies	Nasdaq: TACT (US\$)	7.44	8.71	6.51	(14.58)	14.29	(0.09)
Change in Index Value							28.82
AGEM Index Value: April 2016							226.51
<b>AGEM Index Value: May 2016</b>							<b>255.34</b>

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A number of industry manufacturers released financial results for the first quarter of 2016 in recent months. Selected company highlights below suggest mixed results for key players in the industry.

International Game Technology PLC (IGT) reported total revenue of \$1.28 billion in the first quarter of 2016, which represents an increase of 51 percent compared to the same quarter in the previous year. On a pro forma, constant currency basis, revenue rose 4 percent due to strong performance in North America and Italy. Due to the record Powerball jackpot in the United States, global lottery same-store revenue (excluding Italy) increased 18 percent. IGT sold 5,695 gaming machines worldwide in the first quarter of 2016.

Everi Holdings, Inc. (EVRI) reported first quarter 2016 revenues of \$205.8 million, down 1 percent over the same period of the prior year. Of that revenue, \$48.2 million came from Everi's games segment, which reported a 12 percent decrease year over year. Everi's payments segment increased revenues by approximately 3.0 percent, rising to \$157.6 million during the latest period. This was in part due to higher dollar transaction volumes and fees in the ATM side of Everi's business.

Galaxy Gaming, Inc. (GLXZ) reported first quarter 2016 revenue of \$2.9 million, which represents a gain of 15.4 percent over the same quarter one year ago. Galaxy Gaming's revenue increases were primarily attributed to the additional placement of premium games, which

command higher pricing points, as well as the company's increased penetration into the United Kingdom.

TransAct Technologies (TACT) reported net sales of \$14.4 million in the first quarter of 2016, which is an 11.2 percent decrease from the first quarter of 2015. During the period, casino and gaming sales declined 2.6 percent to \$5.4 million, while lottery sales fell 27.2 percent to \$2.9 million. The fall in casino and gaming revenue was due primarily to a 39 percent decline in the international markets, which was offset partially by a 58.9 percent increase in domestic markets. Epicentral software sales increased domestically due to two completed installations in the first quarter of 2016. International sales suffered because of a 41 percent decrease in thermal casino printer sales and a 29 percent decrease in off-premise gaming printers.

Scientific Games reported first quarter revenues of \$682 million in 2016, a 3.5-percent increase from the same period in the prior year. Key drivers were the growth in interactive revenues which grew by \$25.7 million on strong performances in social gaming and new customer agreements for SG Universe.



## 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:

- AGS
- Ainsworth Game Technology
- Aristocrat Technologies
- Austrian Gaming Industries
- Everi Holdings Inc.
- International Game Technology PLC (IGT)
- Intralot S.A.
- Konami Gaming
- Merkur Gaming
- Sega Sammy Creation
- Scientific Games

**AGEM Silver Members:** Action Gaming, Aruze Gaming America, Casino Technology, Crane Payment Innovations (CPI), Gaming Partners International (GPI), JCM Global, 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, Gamblit 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, Vantiv Entertainment Solutions, Wells-Gardner Technologies and Win Systems.

**AGEM Associate Members:** 3M Touch Systems, Abbott Law Chartered, Advanced Gaming Associates, Adlink Technology, Advantech-Innocore, Aglysys, 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, Daktronics, Digital Instinct, DiTronics Financial Services, Duane Morris LLP, DynaGraphic Printing, Eilers & Krejcik Gaming, Elite Gaming Technology, Esterline Interface Technologies, Fantini Research, Four Corners, Fox Rothschild, G2 Game Design, GAN, Gaming and Entertainment Touch Technology, Gaming Capital Group, Ganlot, Gary Platt Manufacturing, Gasser Chair Company, Genesis Interactive Technologies, GeoComply USA, Global Gaming Group (G3), Greenberg Traurig, Holley, Driggs, Walch, Fine, Wray, Puzey & Thompson, House Advantage, Howard & Howard, Impact Display Solutions, Intel, IPS, James Industries, James Industry Research Group, JCS Technologies, Jones Walker, KEY-BAK, Kontron, Lazzano Sámano, Legacy Electronics, Lewis Roca Rothgerber, Lightstone Solutions, Media Resources, Metalcraft, NanoLumens, Olsen Gaming / Spectronix, Outpost Creative, Portilla Ruy-Díaz y Aguilar, Proforma GPS, Randstad Staffing, Regulatory Management Counselors (RMC), RMMC, RSM, 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, Veridocs, Wells Fargo, Young Electric Sign Company (YESCO) and Zebra Technologies.