

AGEM Index

Association of Gaming Equipment Manufacturers

June 2016

The AGEM Index posted a modest increase in June 2016 after gaining 28.83 points in May 2016. The composite index stood at 260.01 at the close of the month, which represents an increase of 4.67 points, or 1.83 percent, when compared to May 2016. The AGEM Index reported a year-over-year increase for the eighth consecutive month, rising 67.7 points, or 35.2 percent, when compared to June 2015.

During the latest period, 11 of the 14 global gaming equipment manufacturers reported month-to-month drops in stock price, with five down by more than 10 percent. Of the three manufacturers reporting increases in stock price during the month, one was up by more than 10 percent.

The broader stock markets reported mixed results in June 2016 largely due the recent British exit from the European Union, which has rattled international and domestic markets. The S&P 500 reported a month-to-month increase of 0.1 percent, rising to 2,098.96. Additionally, the Dow Jones Industrial Average increased 0.8 percent to 17,929.99. NASDAQ decreased 2.2 percent during the period, falling to 4,827.67.

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

- Aristocrat (ALL) reported a stock price of AU\$13.80 (+7.3 percent) and contributed 8.25 points.
- With a stock price of \$0.31 (+19.2 percent), Galaxy Gaming Inc. (GLXZ) contributed 0.03 points.
- Gaming Partners International (GPIC) contributed 0.03 points due to a 3.2-percent increase in stock price to \$9.30.

Selected negative contributors included the following:

- With a stock price of \$6.25 (-21.6 percent), Daktronics (DAKT) contributed negative 0.47 points.
- International Gaming Technology (IGT) contributed negative 0.52 points due to a 1.2-percent decline in stock price to \$18.74.
- Ainsworth Game Technology (AGI) reported a stock price of AU\$2.16 (-10.0 percent) and contributed negative 0.46.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Jun-16	May-16	Jun-15	Prior Period	Prior Year	
Agilysys	Nasdaq: AGYS (US\$)	10.47	11.73	9.18	(10.74) ↓	14.05 ↑	(0.31)
Ainsworth Game Technology	ASX: AGI (AU\$)	2.16	2.40	2.57	(10.00) ↓	(15.95) ↓	(0.46)
Aristocrat Technologies	ASX: ALL (AU\$)	13.80	12.86	7.65	7.31 ↑	80.39 ↑	8.25
Astro Corp.	Taiwan: 3064 (NT\$)	37.30	39.30	30.20	(5.09) ↓	23.51 ↑	(0.04)
Crane Co.	NYSE: CR (US\$)	56.72	57.40	58.73	(1.18) ↓	(3.42) ↓	(0.47)
Daktronics, Inc.	Nasdaq: DAKT (US\$)	6.25	7.97	11.86	(21.58) ↓	(47.30) ↓	(0.71)
Everi Holdings Inc.	NYSE: EVRI (US\$)	1.15	1.43	7.74	(19.58) ↓	(85.14) ↓	(0.18)
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	0.31	0.26	0.16	19.23 ↑	93.75 ↑	0.03
Gaming Partners International	Nasdaq: GPIC (US\$)	9.30	9.01	10.11	3.22 ↑	(8.01) ↓	0.03
International Game Technology PLC	NYSE: IGT (US\$)	18.74	18.96	17.76	(1.16) ↓	5.52 ↑	(0.52)
INTRALOT S.A.	ATHEX: INLOT (€)	0.90	1.07	1.70	(15.89) ↓	(47.06) ↓	(0.31)
Konami Corp.	TYO: 9766 (¥)	3,895	4,200	2,276	(7.26) ↓	71.13 ↑	(0.11)
Scientific Games Corporation	Nasdaq: SGMS (US\$)	9.19	9.79	15.54	(6.13) ↓	(40.86) ↓	(0.59)
Transact Technologies	Nasdaq: TACT (US\$)	8.02	7.44	6.68	7.80 ↓	20.06 ↑	0.06
Change in Index Value							4.67
AGEM Index Value: May 2016							255.34
AGEM Index Value: June 2016							260.01

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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 somewhat mixed results for key players in the industry.

Gaming Partners International Corporation (GPIC) reported total revenue of \$16.1 million in the first quarter of 2016, which represents a decrease of 13.7 percent compared to the same quarter in the previous year. Revenues were softer due to a decline in casino openings and expansions along with manufacturing constraints in GPIC's playing card operation.

In April of 2016, GPIC wrote a letter of intent to acquire Dolphin Products Limited for an estimated cash price of \$5.9 million. Dolphin is a manufacturer and distributor of RFID and traditional gaming chips for major casinos in Asia and Australia.

Agilysys (AGYS) reported fiscal year 2016 revenues of \$120.4 million, up 16.3 percent over the prior year. Hardware replacement sales and new logo hardware sales helped drive a 30.1-percent increase in product revenue. Revenue from support, maintenance and subscription services increased 7.3 percent while professional services revenue increased 20.2 percent.

Ainsworth Game Technology (AGI) reported revenue for the six months ending December 2015 of AU\$141.9 million, which represents a gain of 26.8 percent over the same period of the prior year. Ainsworth's revenue

increases were predominantly in the American market, which now represents 58 percent of Ainsworth's business compared to 39 percent in the same period of last year. Ainsworth reported 1,445 units under gaming operation in North America with AU\$43 million in revenue, which represented an increase of 18 percent and 42 percent, respectively.

Aristocrat (ALL) reported net sales of AU\$938.3 million on a constant currency basis in the first half of 2016, which is a 37-percent increase from the first half of 2015. Aristocrat's installed base of Class III premium games increased 26 percent to 11,613 units, which helped drive revenues in the Americas. Digital revenue doubled in constant currency terms with the continued rise of daily active users on the iPad and Android platforms. In the first half of 2015, digital revenue comprised 8.4 percent of Aristocrat's total segment revenue. In 2016, digital revenue now comprises 13 percent of that figure.

In addition to past performances, many gaming equipment suppliers are keeping an eye on the possibility of a ballot initiative in Nebraska to authorize gaming. Recent reports suggest a group, Keep the Money in Nebraska, is obtaining resident signatures within the Cornhusker State to find its way to the ballot.



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.

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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, NYX Gaming Group, 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, Intervention Gaming, ISMS, Iverson Gaming Systems, Jumbo Technology, Matsui Gaming Machine Co., Metronia, NanoTech Gaming, 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, Agilysys, AMD, Arrow International, Asimex Global, Atrient, Axiontek, British Group Interactive (BGI), Brown & Brown Insurance of Nevada, Camryn Industries, CardConnect, Carmanah Signs, Casino Connection International, Casino Screens, Catapult Global, CDC Gaming Reports, CMC Trading Engineering, 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, Lazcano Sámano, Legacy Electronics, Lewis Roca Rothgerber, Lightstone Solutions, Majestic Realty, Media Resources, Metalcraft, NanoLumens, Olsen Gaming / Spectronix, Outpost Creative, Portilla Ruy-Diaz 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.