

AGEM Index

Association of Gaming Equipment Manufacturers

September 2016

The AGEM Index posted a modest increase in September 2016 after relinquishing 8.29 points in August 2016. The composite index stood at 306.85 points at the close of the month, which represents an increase of 20.46 points, or 7.14 percent, when compared to August 2016. The AGEM Index reported a year-over-year increase for the 12th consecutive month, rising 123.51 points, or 67.4 percent, when compared to September 2015.

During the latest period, nine of the 13 global gaming equipment manufacturers reported month-to-month increases in stock price, with three up by more than 10 percent. Three manufacturers reported decreases in stock price during the month, while Galaxy Gaming reported a flat performance.

The broader stock markets reported mixed results in September 2016. The S&P 500 reported a month-to-month decrease of 0.1 percent, falling to 2,168.27. Additionally, the Dow Jones Industrial Average decreased 0.5 percent to 18,400.88, but the NASDAQ increased 1.9 percent during the period to 5,213.22.

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

- Aristocrat Technologies (ASX) contributed 6.16 points due to a 4.7-percent increase in stock price to AU\$15.81.
- Konami Corporation (TYO: 9766) reported a stock price of ¥3,895 (+6.57 percent) and contributed 5.71 points.
- With a stock price of \$11.27 (+36.61 percent), Scientific Games (SGMS) contributed 4.27 points to the overall index.

Selected negative contributors included the following:

- With a stock price of \$63.01 (-2.04 percent), Crane Co. (CR) contributed negative 0.89 points.
- Astro Corp. (TW: 3064) contributed negative 0.01 points due to a 2.16-percent decline in stock price to NT\$34.00.

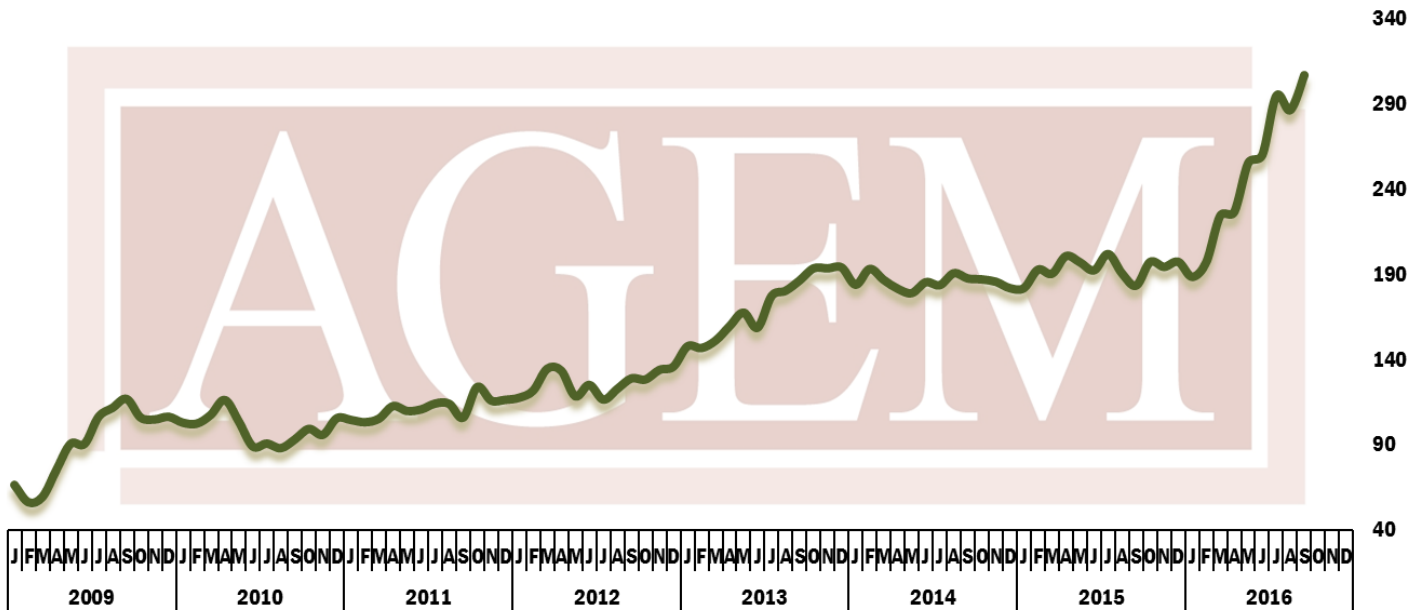
Note: Daktronics, Inc. is no longer reported in the index.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change			Index Contribution
		Sep-16	Aug-16	Sep-15	Prior Period	Prior Year		
Agilysys	Nasdaq: AGYS (US\$)	11.12	11.05	11.12	0.63	-	↔	0.02
Ainsworth Game Technology	ASX: AGI (AU\$)	2.25	2.21	2.80	1.81	(19.64)	↔	0.25
Aristocrat Technologies	ASX: ALL (AU\$)	15.81	15.10	8.61	4.70	83.62	↕	6.16
Astro Corp.	Taiwan: 3064 (NT\$)	34.00	34.75	23.60	(2.16)	44.07	↕	(0.01)
Crane Co.	NYSE: CR (US\$)	63.01	64.32	46.61	(2.04)	35.19	↕	(0.89)
Everi Holdings Inc.	NYSE: EVRI (US\$)	2.39	2.11	5.13	13.27	(53.41)	↔	0.25
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	0.46	0.46	0.24	-	91.67	↕	-
Gaming Partners International	Nasdaq: GPIC (US\$)	10.60	9.95	10.00	6.53	6.00	↕	0.06
International Game Technology PLC	NYSE: IGT (US\$)	24.38	22.83	15.33	6.79	59.03	↕	3.94
INTRALOT S.A.	ATHEX: INLOT (€)	1.04	0.88	1.70	18.18	(38.82)	↔	0.69
Konami Corp.	TYO: 9766 (¥)	3,895	3,655	2,583	6.57	50.79	↕	5.71
Scientific Games Corporation	Nasdaq: SGMS (US\$)	11.27	8.25	10.45	36.61	7.85	↕	4.27
Transact Technologies	Nasdaq: TACT (US\$)	7.48	7.54	9.06	(0.80)	(17.44)	↔	(0.01)
Change in Index Value								20.46
AGEM Index Value: August 2016								286.40
AGEM Index Value: September 2016								306.85

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As casino operators scramble to engage millennials who are reluctant to spend time and money at a slot machine, skill-based games have found a space mostly online to engage this ever-important demographic. However, these games have yet to see much space on the casino floor as laws and regulations surrounding skill-based games are still in the process of firming up.

Social games as well as E-sports are seen by many operators as a way to engage an audience that has been reluctant to participate in traditional gaming. As an example, the Las Vegas Convention and Visitors Authority reported in 2015 that while Millennials made up over a quarter of the visitors to Las Vegas, only 63 percent gambled at a casino during their stay. In addition, only 9 percent of millennials reported spending more than five hours gambling per day on average. That compares to 40 percent of the silent generation, 29 percent of the Baby Boomers, and 23 percent of Generation X reporting to be spending five hours or more gambling.

Millennials are still spending during their trips to Las Vegas, but they consistently spend more on social experiences such as nightclubs and day clubs in comparison to other generations. In 2015, 17 percent of Millennials reported attending a nightclub while 4 percent reported spending time at a day club. Generation X reported only 4 percent of visitors going to nightclubs and 1 percent attending a day club, while Boomers and the Silent Generation reported 0 percent attendance for both.

In response to the changing preferences and demographics of the casino customer, Caesars Entertainment announced a multi-year agreement to officially bring skill-based games to the casino floor. Caesars is partnering with Gamblit Gaming on a multi-year agreement to start placing Gamblit's Model G and TriStation units in its casinos.

Caesars plans on rolling out its first games at Harrah's Rincon in Southern California. The Model G and Tristation will feature a word matching and Match 3 game and will expand to include gambling versions of Catapult King and INTO THE DEAD, which have a combined 95 million online downloads.

Pending regulatory approval, Caesars aims to bring these games to its Nevada properties as well, with plans to deploy 125 Gamblit gaming positions across numerous Nevada properties. Additionally, the two companies hope to release another 100 positions in other markets across the United States.

Skill-based games are designed to offer a different and more social experience than traditional slot machines. While slot machines will continue to dominate casino floors into the foreseeable future, catering particularly to the aging Baby Boomer population, skill-based games offer a more social experience that appeals to the next generation of gamblers.



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, 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), Exacta Systems, FBM, Galaxy Gaming, Gambelit Gaming, GameCo, Gaming Support, Glory Global Solutions, Gold Club, Grand Vision Gaming, Incredible Technologies, Inspired Gaming, Interblock USA, Intersivion Gaming, ISMS, Iverson Gaming Systems, Jumbo Technology, Matsui Gaming Machine Co., Metronia, Patriot Gaming & Electronics, Quixant Ltd., Table Trac, Vantiv Entertainment Solutions, Wells-Gardner Technologies and Win Systems.

AGEM Associate Members: 3M Touch Systems, Advanced Gaming Associates, Adlink Technology, Advantech-Innocore, Agilysys, AMD, Arrow International, Asimex Global, Atrient, Automated Cashless Systems, 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, CMC Trading Engineering, Cooper Levenson, 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, Gambling Compliance, 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, Lewis Roca Rothgerber, Lightstone Solutions, Majestic Realty, Media Resources, Metacraft, NanoLumens, Olsen Gaming / Spectronix, Outpost Creative, Portilla Ruy-Díaz y Aguilar, Proforma GPS, 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.