

AGEM Index

Association of Gaming Equipment Manufacturers

October 2016

The AGEM Index posted another increase in October 2016 after gaining 20.46 points in September 2016. The composite index stood at 321.90 points at the close of the month, which represents an increase of 15.04 points, or 4.9 percent, when compared to September 2016. The AGEM Index reported a year-over-year increase for the 13th consecutive month, rising 124.68 points, or 63.2 percent, when compared to October 2015.

During the latest period, six of the 13 global gaming equipment manufacturers reported month-to-month increases in stock price, with three up by more than 10 percent. Seven manufacturers reported decreases in stock price during the month, with four reporting double-digit drops.

The broader stock markets reported negative results in October 2016 due partially to speculation surrounding the upcoming national election. The S&P 500 reported a month-to-month decrease of 1.9 percent, falling to 2,126.15. Additionally, the Dow Jones Industrial Average decreased 0.9 percent to 18,142.42, while the NASDAQ decreased 2.3 percent during the period to 5,189.14.

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

- International Gaming Technologies (IGT) contributed 12.51 points due to a 17.80 percent increase in stock price to \$28.72.
- Crane Co. (CR) reported a stock price of \$68.01 (+7.94 percent) and contributed 3.84 points.
- With a stock price of ¥4,145 (+6.42 percent), Konami Corp (TYO: 9766) contributed 2.45 points to the overall index.

Selected negative contributors included the following:

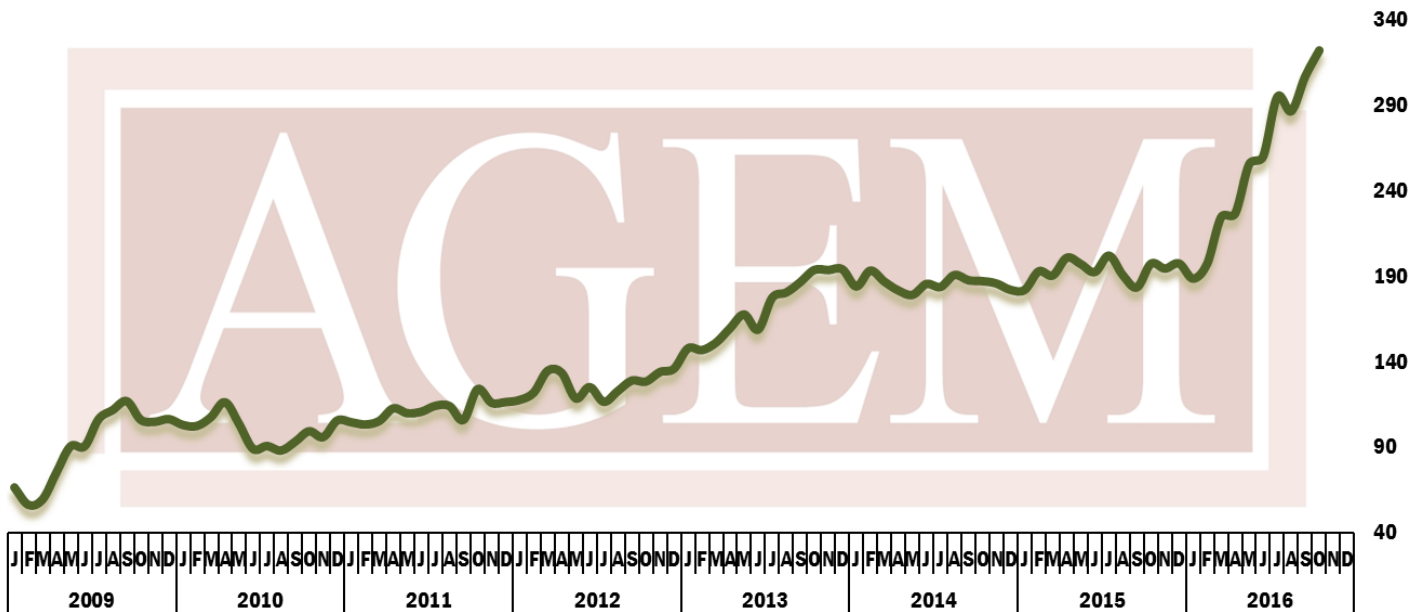
- With a stock price of AU\$15.34 (-2.97 percent), Aristocrat Technologies (ASX) contributed negative 3.32 points.
- Ainsworth Game Technology (AGI) contributed negative 1.16 points due to a 20.89 percent decline in stock price to AU\$1.78.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Oct-16	Sep-16	Oct-15	Prior Period	Prior Year	
Agilysys	Nasdaq: AGYS (US\$)	9.65	11.12	11.37	(13.22) ↓	(15.13) ↓	(0.36)
Ainsworth Game Technology	ASX: AGI (AU\$)	1.78	2.25	3.18	(20.89) ↓	(44.03) ↓	(1.16)
Aristocrat Technologies	ASX: ALL (AU\$)	15.34	15.81	9.32	(2.97) ↓	64.59 ↑	(3.32)
Astro Corp.	Taiwan: 3064 (NT\$)	27.85	34.00	21.00	(18.09) ↓	32.62 ↑	(0.15)
Crane Co.	NYSE: CR (US\$)	68.01	63.01	52.64	7.94 ↑	29.20 ↑	3.84
Everi Holdings Inc.	NYSE: EVRI (US\$)	2.01	2.39	4.68	(15.90) ↓	(57.05) ↓	(0.26)
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	0.52	0.46	0.24	13.04 ↑	116.67 ↑	0.03
Gaming Partners International	Nasdaq: GPIC (US\$)	10.39	10.60	9.28	(1.98) ↓	11.96 ↑	(0.02)
International Game Technology PLC	NYSE: IGT (US\$)	28.72	24.38	16.22	17.80 ↑	77.07 ↑	12.51
INTRALOT S.A.	ATHEX: INLOT (€)	1.23	1.04	1.51	18.27 ↑	(18.54) ↓	0.17
Konami Corp.	TYO: 9766 (¥)	4,145	3,895	2,758	6.42 ↑	50.29 ↑	2.45
Scientific Games Corporation	Nasdaq: SGMS (US\$)	12.40	11.27	11.09	10.03 ↑	11.81 ↑	1.32
Transact Technologies	Nasdaq: TACT (US\$)	7.20	7.48	9.57	(3.74) ↓	(24.76) ↓	(0.02)
Change in Index Value							15.04
AGEM Index Value: September 2016							306.85
AGEM Index Value: October 2016							321.90

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

Scientific Games (SGMS) reported \$720 million in revenue for the third quarter of 2016. This represents a \$48.4 million increase over the prior year and year-over-year growth of 7 percent. Social gaming was a major driver as sales were up 81 percent while gaming machine sales increased 22 percent. Table products sales were up 9.3 percent, as well. However, gaming operations, the largest revenue generator for Scientific Games' gaming segment, declined 5.9 percent to \$182.4 million as the installed base of gaming machines decreased year over year, which additionally resulted in a lower mix of high-yielding games.

While Konami Corp. offers a wide range of products and entertainment devices, gambling units have become a much smaller portion of the company's business model. In the first half of fiscal year 2016, pachislot and pachinko machines accounted for ¥5.3 billion or nearly 5 percent of Konami's total revenues. One year later, this business unit now accounts for just ¥800 million worth of revenues. With an 85 percent drop in year-over-year sales, slots account for less than 1 percent of Konami's ¥101.4 billion in revenues.

However, Konami's gaming and systems segment is still a large earner for the company, turning in ¥13.8 billion in the first half of the 2017 fiscal year. Konami installed its casino management system "SYNKROS" at the Barona Resort & Casino near San Diego while introducing several new casino game products, such as the skill-based game Beat Square.

In recent news, Aristocrat announced a cross-licensing agreement with IGT covering certain game features and system patents. The companies have since set aside all outstanding litigation surrounding intellectual property. As part of the deal, Aristocrat can offer games that include patented features from IGT in exchange for licensing fees. IGT reached a similar agreement with Everi Games just a few days later.

IGT has also announced its selection for the casino management system for the new Lucky Dragon Hotel & Casino in Las Vegas. The new property expects to open in early December. IGT will be installing the latest version of its casino management system, which offers advanced marketing, player communication and floor optimization services. IGT will also occupy the largest floor share of the new casino and feature 12 of its new electronic table games systems.



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:

- 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, Gamblit Gaming, GameCo, Gaming Arts, 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, 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, Metalcraft, NanoLumens, Olsen Gaming / Spectronix, Outpost Creative, Portilla Ruy-Díaz y Aguilar, Proforma GPS, Regulatory Management Counselors (RMC), RMMC, RSM US LLP, Sanmina, SCA Gaming, Sightline Payments, Slot Constructor, Southwest Manufacturing Services, Spin Games, StylGame USA, Taft Stettinius & Hollister, 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.