

# AGEM Index

Association of Gaming Equipment Manufacturers

January 2017

The AGEM Index began 2017 on a positive note, continuing the momentum from 2016. The composite index stood at 330.14 points at the close of the first month of 2017, which represents an increase of 8.87 points, or 2.8 percent, when compared to December 2016. The AGEM Index reported a year-over-year increase for the 16th consecutive month, rising 141.7 points, or 75.2 percent, when compared to January 2016.

During the latest period, seven of the 13 global gaming equipment manufacturers reported month-to-month increases in stock price, with two up by more than 10 percent. Six manufacturers reported decreases in stock price during the month with one experiencing double digit losses.

The broader stock markets continued to gain value in early 2017. The S&P 500 reported a month-to-month increase of 1.8 percent, rising to 2,278.87. Additionally, the Dow Jones Industrial Average increased 0.5 percent to 19,864.09, while the NASDAQ increased 4.3 percent during the period to 5,614.79.

Selected positive contributors to the January 2017 AGEM Index included the following:

- Scientific Games Corporation (SGMS) contributed 4.09 points due to a 21.43 percent increase in stock price to \$17.00.
- International Gaming Technology (IGT) reported a 3.49 percent increase in stock price, rising to \$26.41 and contributing 2.37 points.
- Everi Holdings (EVRI) contributed 0.90 points due to a 35.94 percent increase in stock price to \$2.95.

Selected negative contributors included the following:

- With a stock price of AU\$1.81 (-14.22 percent), Ainsworth Game Technology (ASX: AGI) contributed negative 0.57 points.
- Konami Group (TYO: 9766) contributed negative 0.53 points to the index due to a 3.73 percent decline in stock price to ¥4,520.
- With a stock price of \$9.73 (-6.08 percent) Agilysys (AGYS) contributed negative 0.18 points.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Jan-17	Dec-16	Jan-16	Prior Period	Prior Year	
Agilysys	Nasdaq: AGYS (US\$)	9.73	10.36	9.90	(6.08)	(1.72)	(0.18)
Ainsworth Game Technology	ASX: AGI (AU\$)	1.81	2.11	2.22	(14.22)	(18.47)	(0.57)
Aristocrat Technologies	ASX: ALL (AU\$)	15.14	15.50	10.25	(2.32)	47.71	2.62
Astro Corp.	Taiwan: 3064 (NT\$)	25.60	27.20	19.60	(5.88)	30.61	(0.02)
Crane Co.	NYSE: CR (US\$)	72.04	72.12	47.76	(0.11)	50.84	(0.06)
Everi Holdings Inc.	NYSE: EVRI (US\$)	2.95	2.17	2.81	35.94	4.98	0.90
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	0.60	0.58	0.13	3.45	361.54	0.01
Gaming Partners International	Nasdaq: GPIC (US\$)	11.88	11.82	9.20	0.51	29.13	0.01
International Game Technology PLC	NYSE: IGT (US\$)	26.41	25.52	14.47	3.49	82.52	2.37
INTRALOT S.A.	ATHEX: INLOT (€)	1.08	1.01	1.19	6.93	(9.24)	0.19
Konami Corp.	TYO: 9766 (¥)	4,520	4,695	2,766	(3.73)	63.41	(0.53)
Scientific Games Corporation	Nasdaq: SGMS (US\$)	17.00	14.00	5.92	21.43	187.16	4.09
Transact Technologies	Nasdaq: TACT (US\$)	6.90	6.60	7.73	4.55	(10.74)	0.03
Change in Index Value							8.87
AGEM Index Value: December 2016							321.28
<b>AGEM Index Value: January 2017</b>							<b>330.14</b>

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Several gaming suppliers recently released their calendar or fiscal year-end results. To provide insight into the latest trends within the industry, selected highlights from those reports are included as follows.

Aristocrat Technologies (ALL) reported 2016 annual revenues of AU\$2.1 billion, a 34.5 percent increase from the AU\$1.6 billion reported at the fiscal year-end of 2015. Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) grew from AU\$523.1 million to AU\$ 806 million in 2016, representing a 54.1 percent year-over-year increase.

Aristocrat's strong operating results were driven by several factors. Digital revenue generation grew from 9.3 percent of revenue in 2015 to 13.1 percent of revenue in 2016. Aristocrat saw continued growth over the year in daily active users after the launch of Heart of Vegas, a mobile gaming platform on Facebook and iOS and Android operating systems. The result was 82 percent growth in digital revenue, rising to \$269 million in 2016.

Class III outright sales in North America also increased despite relatively little growth in the market from year to year. As far as Aristocrat's gaming operation, its premium Class III install based grew 39 percent while Class II grew 4 percent. In the Australia and New Zealand region, revenue increased by 31 percent with favorable performance in all market segments.

Konami Corporation released its third quarter 2017 fiscal year results, with revenue down 8.5 percent to ¥163.9 billion for the nine months ending December 2016. Of that total revenue, Gaming and Systems, Konami's cabinet and gambling unit, contributed ¥21.7 billion. The results represent a 10.8 percent decline from the same time period of the previous year.

While Konami continues to report strong sales of its new Podium series, the company also noted business was strong in the North American market. In total, the company's gaming unit expanded on a local currency basis, but a rising Yen had an impact on the financial results.

Konami's amusement business unit, including its pachislot and pachinko machine operations, also saw reductions in revenue. The amusement segment accounted for ¥17.1 billion, a 17.3 percent decrease from the same period of the prior year. Part of this decrease can be attributed to a one-month moratorium on pachislot and pachinko replacement surrounding the G7 Ise-Shima Summit in May 2016. Profitability for the segment climbed 11.2 percent during the same period.



## 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
- NOVOMATIC Group
- 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, Universal Gaming Resources, Vantiv Entertainment Solutions, Wells-Gardner Technologies and Win Systems.

**AGEM Associate Members:** 3M Touch Systems, Advanced Gaming Associates, Adlink Technology, Advantech-Innocore, Agilyss, AMD, Arrow International, Asimex Global, Atrient, Automated Cashless Systems, AVUIITY, 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, Cooper Levenson, Digital Instinct, DiTronics Financial Services, Duane Morris LLP, DynaGraphic Printing, EFCOtec Corporation, Eilers & Krejcik Gaming, Elite Gaming Technology, Esterline Interface Technologies, Fantini Research, Finnegan, Henderson, Farabow, Garrett & Dunner, 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, Patir Casino Seating, 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, Touch Embedded Solutions, Tournament One, TOVIS, TraffGen USA, TransAct Technologies, Veridocs, Wells Fargo, Young Electric Sign Company (YESCO) and Zebra Technologies.