

AGEM Index

Association of Gaming Equipment Manufacturers

March 2017

The AGEM Index reached another record high in March, continuing the momentum from previous months. The composite index stood at 361.28 points at the close of March 2017, which represents an increase of 9.84 points, or 2.8 percent, when compared to February 2017. The AGEM Index reported a year-over-year increase for the 18th consecutive month, rising 136.93 points, or 61.0 percent, when compared to March 2016.

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. Four manufacturers reported decreases in stock price during the month with three experiencing double-digit losses.

The broader stock markets produced mixed results in March. The S&P 500 reported a slight month-to-month decrease, falling 0.04 percent to 2,362.72. Additionally, the Dow Jones Industrial Average decreased 0.7 percent to 20,663.22, while the NASDAQ increased 1.5 percent during the period to 5,911.74.

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

- Aristocrat Technologies (ALL) contributed 8.58 points due to an 8.25 percent increase in stock price to AU\$17.97.
- Scientific Games Corporation (SGMS) reported a 14.53 percent increase in stock price, rising to \$23.65 and contributing 3.91 points.
- Crane Co. (CR) contributed 2.02 points due to a 3.51 percent increase in stock price to \$74.83.

Selected negative contributors included the following:

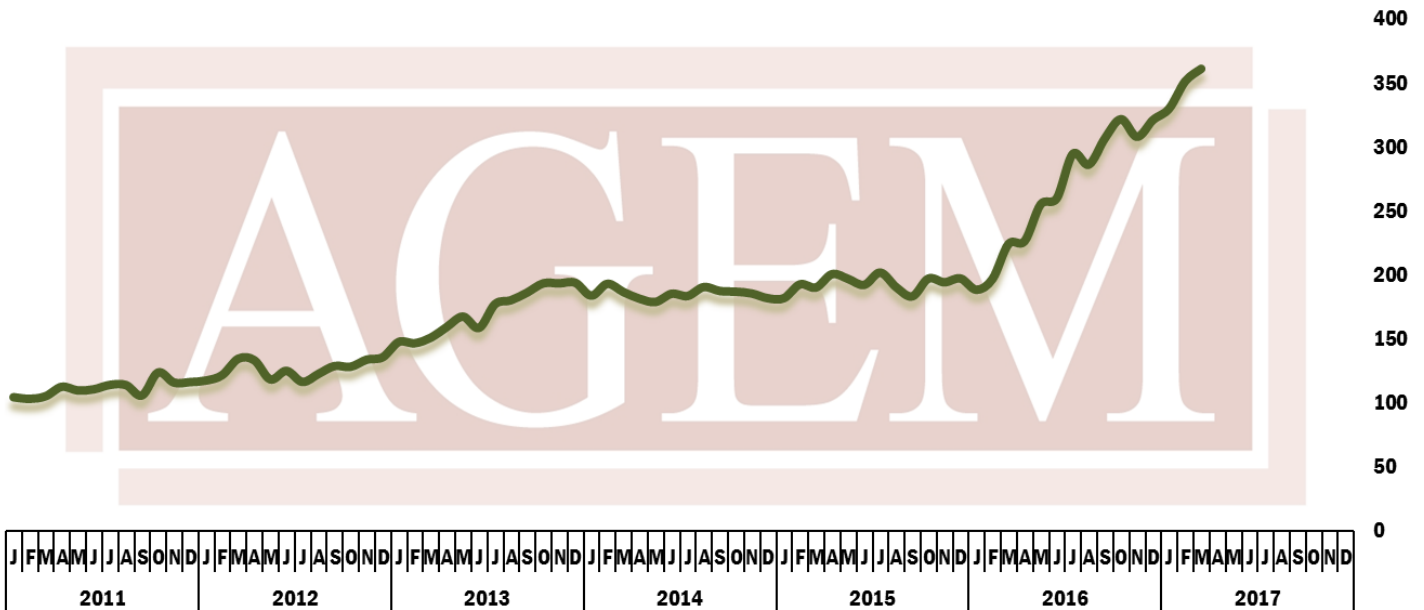
- With its stock price falling 12.22 percent to \$23.70, International Game Technology (IGT) contributed negative 7.52 points.
- Gaming Partners International (GPIC) contributed negative 0.13 points to the index due to a 12.51 percent decline in stock price to \$10.00.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Mar-17	Feb-17	Mar-16	Prior Period	Prior Year	
Agilyys	Nasdaq: AGYS (US\$)	9.45	9.10	10.21	3.85	(7.44)	0.11
Ainsworth Game Technology	ASX: AGI (AU\$)	1.84	1.75	2.33	5.14	(21.03)	0.27
Aristocrat Technologies	ASX: ALL (AU\$)	17.97	16.60	10.30	8.25	74.47	8.58
Astro Corp.	Taiwan: 3064 (NT\$)	19.10	22.60	54.70	(15.49)	(65.08)	(0.09)
Crane Co.	NYSE: CR (US\$)	74.83	72.29	53.86	3.51	38.93	2.02
Everi Holdings Inc.	NYSE: EVRI (US\$)	4.79	3.25	2.29	47.38	109.17	1.94
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	0.63	0.56	0.22	12.50	186.36	0.04
Gaming Partners International	Nasdaq: GPIC (US\$)	10.00	11.43	9.85	(12.51)	1.52	(0.13)
International Game Technology PLC	NYSE: IGT (US\$)	23.70	27.00	18.25	(12.22)	29.86	(7.52)
INTRALOT S.A.	ATHEX: INLOT (€)	1.22	1.13	1.13	7.96	7.96	0.23
Konami Corp.	TYO: 9766 (¥)	4,725	4,740	3,330	(0.32)	41.89	0.40
Scientific Games Corporation	Nasdaq: SGMS (US\$)	23.65	20.65	9.43	14.53	150.80	3.91
Transact Technologies	Nasdaq: TACT (US\$)	8.10	7.40	8.14	9.46	(0.49)	0.07
Change in Index Value							9.84
AGEM Index Value: February 2017							351.44
AGEM Index Value: March 2017							361.28

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Several gaming suppliers recently released their year-end and fourth quarter results. Selected highlights from those reports suggest shifts in revenue and profitability are taking place.

International Game Technology (IGT) reported total revenue of \$5.2 billion for the 2016 calendar year. Revenue increased 9.9 percent from 2015, while adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) increased 8.9 percent to \$1.8 billion. Though revenue for the year was strong, IGT's fourth quarter revenue and earnings reported year-over-year declines as gaming service revenue offset growth in IGT's global lottery segment. Fourth quarter revenue declined 3 percent to \$1.3 billion, while adjusted EBITDA fell 6 percent to \$422 million.

Everi Holdings (EVRI) reported a 4 percent increase in annual revenues from \$826.9 million in 2015 to \$859.5 million in 2016. While game revenue declined, Everi's payment revenue segment increased 5 percent year over year to \$646.2 million. Adjusted EBITDA for Everi's payment segment increased 5.7 percent year over year, but total adjusted EBITDA for 2016 was down 1.2 percent as Everi's game segment reported a 5.7 percent drop in EBITDA over the same period. Game and payment revenue were both up year over year for the fourth quarter of 2016. The company reported total fourth quarter revenue of \$217.5 million, with game revenue of \$54.6 million (+8.1 percent) and payment revenue of \$162.0 million (+5.8 percent). Adjusted EBITDA for the

quarter saw similar growth as game EBITDA increased 7.2 percent year over year to \$28.4 million, and payment revenue increased to \$21.0 million (+8.3 percent) over the same period.

Aristocrat Technologies (ALL) reported strong revenues and earnings in 2016. Revenue increased 34.5 percent from 2015 to AU\$2.1 billion. EBITDA increased 54.1 percent year over year to AU\$806 million. Though changes in the Australian dollar's exchange rate helped boost results, revenue and EBITDA were both up 30.5 percent and 48.0 percent, respectively, on a constant currency basis. Revenue growth was driven by every major strategic segment as Aristocrat's Premium Class III installed base grew 39 percent in its gaming operations business, and daily active users continued to grow in its digital segment.

Scientific Games (SGMS) reported \$2.9 billion in revenue for the year, a 5 percent increase over 2015. While a 2.7 percent increase in Scientific Games' lottery unit offset losses in its gaming unit, the 58 percent revenue increase in its interactive unit drove the majority of revenue growth for the year. EBITDA for the year increased 3 percent to \$1.1 billion. Fourth quarter results showed similar results as revenue increased 2 percent to \$752.2 million while EBITDA remained flat at \$293.5 million.



www.AGEM.org

The AGEM Index

The Association of Gaming Equipment Manufacturers (AGEM) produces the monthly AGEM Index that comprises 13 global gaming suppliers throughout the world. A total of 8 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 Christie, Lightstone Solutions, Majestic Realty, Media Resources, Metalcraft, NanoLumens, Olsen Gaming / Spectronix, Outpost Creative, Passport Technology, Patir Casino Seating, Portilla Ruy-Díaz y Aguilar, Proforma GPS, Regulatory Management Counselors (RMC), RMMC, RSM US LLP, Sanmina, SAP, 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.