

# AGEM Index

Association of Gaming Equipment Manufacturers

August 2017

The AGEM Index experienced a slight increase on mixed stock performance in August 2017. The composite index stood at 431.66 points at the close of the month, which represents an increase of 7.74 points, or 1.82 percent, when compared to July 2017. The AGEM Index reported a year-over-year increase for the 23rd consecutive month and has climbed 145.26 points, or 50.7 percent, since August 2016.

During the latest period, eight of the 13 global gaming equipment manufacturers reported month-to-month increases in stock price, with three up by more than 10 percent. Five manufacturers reported decreases in stock price during the month, with all posting single-digit declines.

The three broader stock market indexes produced relatively flat to modestly positive results in August. The S&P 500 reported a month-to-month increase of 0.05 percent to 2,471.65. Similarly, the Dow Jones Industrial Average increased 0.26 percent to 21,948.10, while the NASDAQ increased 1.27 percent during the period to 6,428.66.

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

- Aristocrat Leisure Limited (ASX:ALL) contributed 4.87 points due to a 4.65 percent increase in stock price to AU\$21.17.
- International Game Technology (IGT) reported a 6.99 percent increase in stock price to \$20.37 and contributed 3.90 points.
- Ainsworth Game Technology (ASX:AGI) contributed 0.85 points due to a 2.66 percent increase in stock price to AU\$2.66.

Selected negative contributors included the following:

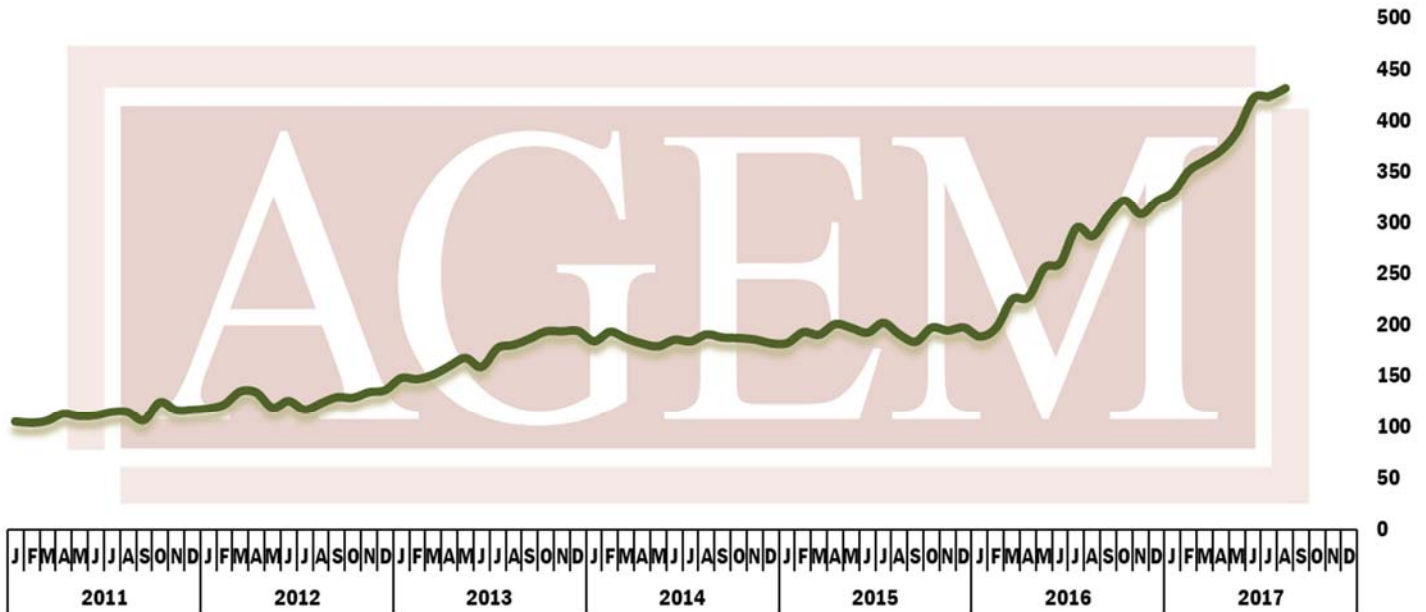
- With its stock price falling 4.99 percent to \$35.20, Scientific Games Corporation (SGMS) contributed negative 2.13 points.
- Crane Company reported a 1.68 percent decrease in stock price to \$74.23, contributing negative 1.01 points.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Aug-17	Jul-17	Aug-16	Prior Period	Prior Year	
AgiliSys	Nasdaq: AGYS (US\$)	10.29	10.06	11.05	2.29	(6.88)	0.07
Ainsworth Game Technology	ASX: AGI (AU\$)	2.66	2.41	2.21	10.37	20.36	0.85
Aristocrat Leisure Limited	ASX: ALL (AU\$)	21.17	20.23	15.10	4.65	40.20	4.87
Astro Corp.	Taiwan: 3064 (NT\$)	15.05	16.20	34.75	(7.10)	(56.69)	(0.03)
Crane Co.	NYSE: CR (US\$)	74.23	75.50	64.32	(1.68)	15.41	(1.01)
Everi Holdings Inc.	NYSE: EVRI (US\$)	7.71	7.46	2.11	3.35	265.40	0.23
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	0.82	0.74	0.46	10.81	78.26	0.05
Gaming Partners International	Nasdaq: GPIC (US\$)	10.55	10.62	9.95	(0.66)	6.03	(0.01)
International Game Technology PLC	NYSE: IGT (US\$)	20.37	19.04	22.83	6.99	(10.78)	3.90
INTRALOT S.A.	ATHEX: INLOT (€)	1.23	1.18	0.88	4.24	39.77	0.19
Konami Corp.	TYO: 9766 (¥)	5,730	5,750	3,655	(0.35)	56.77	0.65
Scientific Games Corporation	Nasdaq: SGMS (US\$)	35.20	37.05	8.25	(4.99)	326.67	(2.13)
Transact Technologies	Nasdaq: TACT (US\$)	9.75	8.85	7.54	10.17	29.31	0.10
Change in Index Value							7.74
AGEM Index Value: July 2017							423.92
<b>AGEM Index Value: August 2017</b>							<b>431.66</b>

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In recent months, several slot machine manufacturing companies have released quarterly earnings reports. Below are selected highlights and results.

Galaxy Gaming Inc (GLXZ) reported second quarter revenue totaling \$3.7 million, a 19.4 percent increase from the \$3.1 million in the previous year. Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) reported a 14.6 percent decrease from the prior year's \$1.3 million to \$1.1 million. Increased investment in personnel and research have enlarged sales, general, and administrative costs.

Crane Company (CR) announced second quarter sales of \$703 million, which down a modest 1 percent from the prior year. Despite the dip in top-line sales, operating profit rose 6 percent to \$109 million during the quarter. Net income during the period reached \$69.2 million, a 1.5 percent increase over the \$68.2 million reported in the previous year. Comprehensive income rose 94.8 percent from \$55.3 million to \$107.7 million during the same period, mostly due to favorable currency translation adjustments. Also during the quarter, Crane Company completed two acquisitions: (1) Westlock Controls; and (2) Microtronic AG.

Everi Holdings, Inc. (EVRI) posted a 13.2 percent increase in second quarter revenue, totaling \$242.2 million. This increase was primarily attributable to higher revenues in Everi's payments segment, which provides

solutions for cash access related services to gaming establishments. The company's adjusted EBITDA jumped to \$54.1 million from \$51.2 million in the prior year.

Gaming Partners International Corporation (GPIC) second quarter revenues fell 20.0 percent to \$16.3 million. This decrease was attributable to a dip in casino currency sales in the Americas, Europe and Africa, as well as a reduction in both sales and profitability on the playing card segment.

Ainsworth Game Technology (ASX: AGI) announced revenues of AU\$282.1 million for the year ending June 30, 2017. This is a decrease of 1.2 percent from AU\$285.5 million in the previous year. Profits of AU\$37.9 million represent a decrease of 32.0 percent from the previous year. This decline in profits was partially due to unfavorable foreign currency translation.

Aristocrat Leisure Limited (ASX: ALL) entered into an agreement to acquire 100 percent of Plarium Global Limited, a social gaming company, for US\$500 million and earn-out arrangements based on 10 times the last twelve months' EBITDA. The acquisition should significantly increase revenue in Aristocrat's digital social casino segment, said Chief Executive and Managing Director Trevor Croker.



## 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
- Everi Holdings Inc.
- International Game Technology PLC (IGT)
- Konami Gaming
- Merkur Gaming
- NOVOMATIC Group
- Scientific Games
- Sega Sammy Creation

**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, Quixant PLC, Suzo-Happ Group, TCSJohnHuxley, William Hill US 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, Euro Games Technology (EGT), Exacta Systems, FBM, Galaxy Gaming, Gamblit Gaming, GameCo, Gaming Arts, Gaming Support, Glory Global Solutions, Grand Vision Gaming, Incredible Technologies, Inspired Gaming, Interblock USA, Intervision Gaming, ISMS, Jumbo Technology, Matsui Gaming Machine Co., Metronia, PariMAX, Patriot Gaming & Electronics, Spintec, Table Trac, Vantiv Entertainment Solutions, Wells-Gardner Technologies and Win Systems.

**AGEM Associate Members:** 3M Touch Systems, Adlink Technology, Advantech-Innocore, Agilysys, AMD, ArdentSky, Arrow International, Asimex Global, Atrient, Automated Cashless Systems, Automated Systems America, Inc. (ASAI), Axiomtek, British Group Interactive (BGI), Camryn Industries, CardConnect, Carmanah Signs, Casino Connection International, Casino Screens, Catapult Global, CDC Gaming Reports, CMC Trading Engineering, Cooper Levenson, Digital Gaming Corporation, Digital Instinct, DiTronics Financial Services, Duane Morris LLP, EFCotec Corporation, Eilers & Krejcik Gaming, Elite Gaming Technology, Esterline Interface Technologies, Fantini Research, Finnegan, Henderson, Farabow, Garrett & Dunner, Fox Rothschild, G2 Game Design, Gambling Compliance, Gaming and Entertainment Touch Technology, Gaming Capital Group, GAN, Ganlot, Gary Platt Manufacturing, Genesis Interactive Technologies, GeoComply USA, Global Gaming Group (G3), Greenberg Traurig, 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, 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, SAP, SCA Gaming, Sightline Payments, Skilled Game Development, Slot Constructor, Southco, Southwest Manufacturing Services, Spin Games, StylGame USA, Taft Stettinius & Hollister, Talent Associates, The Bright Group, Touch Dynamic, Touch Embedded Solutions, Tournament One, TOVIS, TraffGen USA, TransAct Technologies, Veridocs, Wells Fargo, Young Electric Sign Company (YESCO) and Zebra Technologies.