

# AGEM Index

Association of Gaming Equipment Manufacturers

November 2017

The AGEM Index experienced significant gains for the third month in a row during November 2017. The composite index closed the month at 492.64 points, a gain of 17.30 points or 3.64 percent, when compared to October 2017. The AGEM Index reported a year-over-year increase for the 26th consecutive month and has climbed 184.50 points, or 59.88 percent, since November 2016.

During the latest period, seven of the 12 global gaming equipment manufacturers reported month-to-month increases in stock price. Five manufacturers reported decreases in stock price during the month, with one posting double-digit declines.

The three broader stock market indexes produced exceptional results in October. The S&P 500 reported a month-to-month increase of 2.81 percent to 2,647.58. The Dow Jones Industrial Average increased 3.83 percent to 24,272.35, while the NASDAQ increased 2.17 percent during the period to 6,873.97.

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

- International Game Technology PLC (IGT) contributed 12.99 points due to a 16.98 percent increase in stock price to \$27.49.
- Konami Corp. (TYO:9766) reported a 7.82 percent increase in stock price to 5,930¥ and contributed 8.69 points.
- Scientific Games Corporation (SGMS) contributed 6.88 points due to a 10.61 percent increase in stock price to \$52.65.

Selected negative contributors included the following:

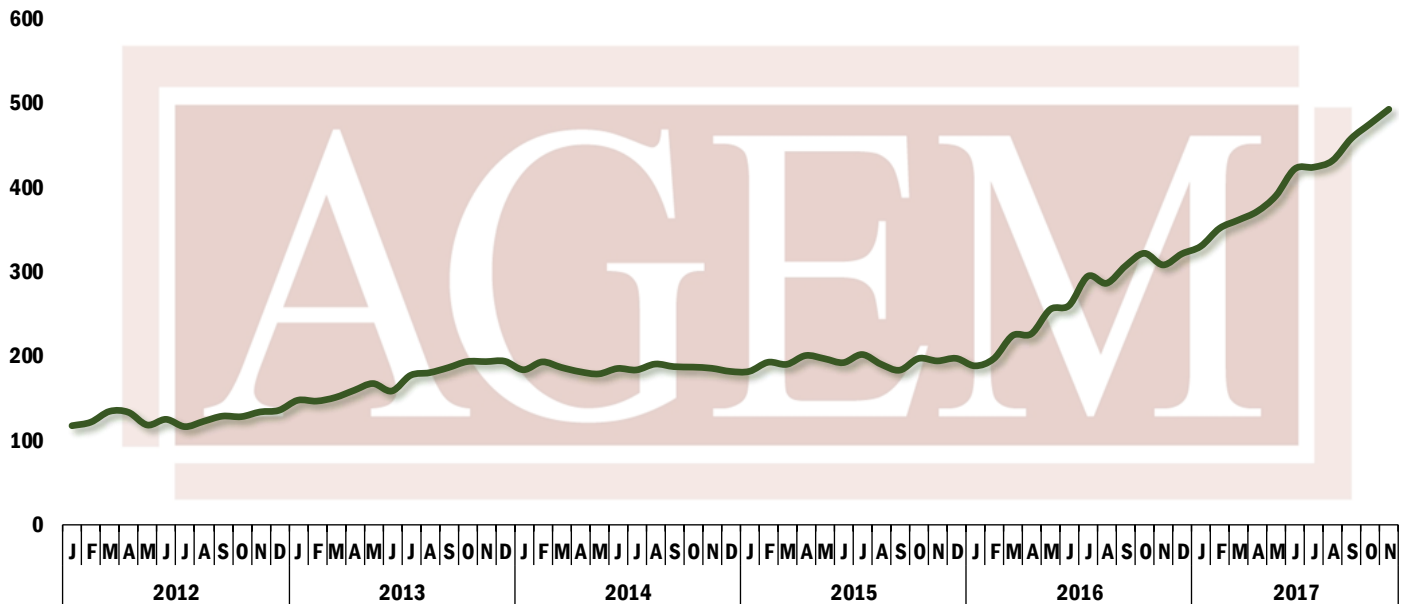
- With its stock price falling 7.86 percent to AU\$21.70, Aristocrat Leisure Limited (ASX:ALL) contributed negative 12.88 points.
- Ainsworth Game Technology (ASX:AGI) reported a 10.09 percent decrease in stock price to AU\$2.05, contributing negative 0.79 points.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Nov-17	Oct-17	Nov-16	Prior Period	Prior Year	
Agilysys	Nasdaq: AGYS (US\$)	12.24	12.27	10.21	(0.24) ↓	19.88 ↑	(0.01)
Ainsworth Game Technology	ASX: AGI (AU\$)	2.05	2.28	2.11	(10.09) ↓	(2.84) ↓	(0.79)
Aristocrat Leisure Limited	ASX: ALL (AU\$)	21.70	23.55	15.21	(7.86) ↓	42.70 ↑	(12.88)
Astro Corp.	Taiwan: 3064 (NT\$)	12.95	13.60	29.60	(4.78) ↓	(56.25) ↓	(0.02)
Crane Co.	NYSE: CR (US\$)	85.37	83.12	72.51	2.71 ↑	17.73 ↑	1.89
Everi Holdings Inc.	NYSE: EVRI (US\$)	8.15	8.29	2.16	(1.69) ↓	277.31 ↑	(0.13)
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	1.25	1.17	0.61	6.84 ↑	104.92 ↑	0.05
Gaming Partners International	Nasdaq: GPIC (US\$)	11.22	11.00	11.62	2.00 ↑	(3.44) ↓	0.02
International Game Technology PLC	NYSE: IGT (US\$)	27.49	23.50	24.84	16.98 ↑	10.69 ↑	12.99
Konami Corp.	TYO: 9766 (¥)	5,930	5,500	3,870	7.82 ↑	53.23 ↑	8.69
Scientific Games Corporation	Nasdaq: SGMS (US\$)	52.65	47.60	14.75	10.61 ↑	256.95 ↑	6.88
Transact Technologies	Nasdaq: TACT (US\$)	13.60	9.44	6.35	44.07 ↑	114.17 ↑	0.61
Change in Index Value							17.30
AGEM Index Value: October 2017							475.34
<b>AGEM Index Value: November 2017</b>							<b>492.64</b>

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In November, Aristocrat Technologies (ASX:ALL) announced an agreement to acquire Big Fish Games, Inc. from Churchill Downs. From 2014 until the acquisition closing by Aristocrat, Big Fish was Churchill Downs' social casino. The purchase price is \$990 million in cash. The acquisition represents Aristocrat's second in this space in the second half of 2017. In August, Aristocrat announced the purchase of Plarium, an Israeli social game company, for \$500 million, which closed in October.

The Big Fish acquisition comes in the wake of a moderating financial performance. On a year-over-year basis, revenues at Big Fish decreased by \$4.4 million in the third quarter of 2017, and earnings before interest, taxes, depreciation and amortization (EBITDA) declined by \$10.2 million, largely from an increase in user acquisition expense and overall operating expenses.

The acquisition in question is the latest in a series of high-value transactions in the social gaming space, with previous notable transactions including the \$4.4 billion sale of Playtika by Caesars in 2016 to Shanghai Giant Network Technology Company (and other investors) and the \$825 million sale of DoubleDown in April 2017 by IGT to an affiliate of DoubleU Games Co., a South Korean company. The Big Fish sale is scheduled for review and potential approval in Q1 2018.

In November, Agilysis released its second quarter results for its fiscal year 2018 (through September 2017). Net revenues fell 7.8 percent year-over-year during this period, decreasing from \$32.7 million in the second quarter of fiscal year 2017 to \$30.1 million in the second quarter of fiscal year 2018. Despite the revenue dip, adjusted EBITDA margin increased on a year-over-year basis from 4.0 percent to 7.7 percent. Adjusted EBITDA grew on a year-over-year basis from \$1.3 million during the second quarter of fiscal year 2017 to \$2.3 million during the second quarter of fiscal year 2018. Gross profit margin grew on a year-over-year basis from 48.6 percent in the second quarter of fiscal year 2017 to 51.0 percent in the same period of fiscal year 2018, driven by a \$2.03 million year-over-year drop in cost of goods sold.

Everi also released its third quarter results for its fiscal year 2017. On a year-over-year basis, Everi's quarterly net revenues increased \$25.1 million, from \$222.2 million to \$247.3 million (11.3 percent increase). Adjusted EBITDA grew on a year-over-year basis from \$51.6 million to \$53.2 million (2.8 percent increase). As a result, the adjusted EBITDA margin declined on a year-over-year basis from 23.2 percent in the third quarter of 2017 to 21.5 percent in the most-recent period. Everi is also seeking to refinance its term loan and senior unsecured notes to reduce interest expenses and extend its debt maturity profile.



## 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, DR Gaming Technology (DRGT), 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, Jackpot Digital, 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, Gasser Chair Company, Genesis Interactive Technologies, GeoComply USA, Get in Global, 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, Media Resources, 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, Shenzhen General Lottery Technology Co., 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.