

AGEM Index

Association of Gaming Equipment Manufacturers

March 2018

The AGEM Index again experienced declines during March 2018. The composite index closed the month at 505.15 points, a drop of 8.32 points or 1.62 percent, when compared to February 2018. The AGEM Index reported a year-over-year increase for the 30th consecutive month and has climbed 134.87 points, or 36.87 percent, since March 2017.

During the latest period, seven of the 13 global gaming equipment manufacturers reported month-to-month increases in stock price. Six manufacturers reported decreases in stock price during the month, with one manufacturer posting a double-digit percentage decline.

The March performance of the AGEM Index paralleled the three major stock market indexes. The S&P 500 reported a month-to-month decrease of 2.69 percent to 2,640.87. The Dow Jones Industrial Average decreased 3.70 percent to 24,103.11, while the NASDAQ decreased 2.88 percent during the period to 7,063.45.

Positive contributors to the March 2018 AGEM Index included the following:

- PlayAGS Inc. (AGS) contributed 1.44 points due to a 12.31 percent increase in stock price to \$23.26.
- International Game Technology PLC (IGT) reported a 0.87 percent increase in stock price to \$26.73, contributing 0.68 points

Selected negative contributors included the following:

- With its stock price falling 2.39 percent to AU\$24.06, Aristocrat Leisure Limited (ASX: ALL) contributed negative 5.80 points.
- Scientific Games Corporation (SGMS) reported a 6.41 percent decrease in stock price to \$41.60, contributing negative 3.43 points.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Mar-18	Feb-18	Mar-17	Prior Period	Prior Year	
Agilysys	Nasdaq: AGYS (US\$)	11.92	11.17	9.45	6.71	26.14	0.27
Ainsworth Game Technology	ASX: AGI (AU\$)	1.85	2.03	1.86	(8.87)	(0.54)	(0.66)
Aristocrat Leisure Limited	ASX: ALL (AU\$)	24.06	24.65	17.84	(2.39)	34.87	(5.80)
Astro Corp.	Taiwan: 3064 (NT\$)	18.10	12.20	19.10	48.36	(5.24)	0.32
Crane Co.	NYSE: CR (US\$)	92.74	92.31	74.18	0.47	25.03	0.37
Everi Holdings Inc.	NYSE: EVRI (US\$)	6.57	7.45	4.79	(11.81)	37.16	(0.76)
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	1.04	1.00	0.63	4.00	65.08	0.02
Gaming Partners International	Nasdaq: GPIC (US\$)	9.84	9.60	10.00	2.50	(1.60)	0.03
International Game Technology PLC	NYSE: IGT (US\$)	26.73	26.50	23.20	0.87	15.20	0.68
Konami Corp.	TYO: 9766 (¥)	5,590	5,650	4,725	(1.06)	18.31	(0.70)
Scientific Games Corporation	Nasdaq: SGMS (US\$)	41.60	44.45	23.65	(6.41)	75.90	(3.43)
Transact Technologies	Nasdaq: TACT (US\$)	13.05	13.85	8.10	(5.78)	61.11	(0.08)
PlayAGS Inc. ¹	NYSE: AGS (US\$)	23.26	20.71	-	12.31	- -	1.44
Change in Index Value							(8.32)
AGEM Index Value: February 2018							513.47
AGEM Index Value: March 2018							505.15

1. No prior year data for PlayAGS Inc. as the stock began trading in January 2018.

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During the past month, Everi Holdings (EVRI) released its year-end results for its fiscal year ending in December 2017. Total revenues increased by \$115.5 million over the prior year, growing by 13.4 percent to reach \$974.9 million in 2017. Operating income generated by Everi in 2017 was \$81.8 million, an increase of \$200.4 million over the prior year. The increase in operating income in 2017 was primarily attributable to the lack of a goodwill impairment in 2017, which had cost Everi \$146.3 million the prior year. During 2017, the company's operating income margin was 8.3 percent.

Galaxy Gaming Inc. (GLXZ) also recently released its year-end results for its fiscal year ending in December 2017. Total revenues during 2017 grew by 19.3 percent from \$12.5 million to \$14.9 million. Despite sales growth, the company's operating income and adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) both declined, as did their corresponding margins as a percentage of total revenue. During 2017, operating income decreased by 26.1 percent from \$3.4 million to \$2.5 million, a decrease of \$885,000. Galaxy Gaming's operating income margin decreased from 27.2 percent to 16.9 percent, a decline of 10.3 percentage points. Adjusted EBITDA decreased by 2.8 percent during 2017, dropping from \$5.2 million in 2016 to \$5.1 million in 2017. Adjusted EBITDA margins decreased from 42.0 percent in 2016 to 34.2 percent, a decrease of 5.8 percentage points.

Gaming Partners International (GPIC) released its year-end results for its fiscal year ending in December 2017. Revenues and gross profit both declined during 2017, as did the company's gross profit margins. Revenues during 2017 dropped from \$82.1 million to \$80.6 million, a decrease of \$1.5 million, or 1.9 percent. Gross profits decreased from \$25.3 million in 2016 to \$22.7 million in 2017, a drop of \$2.7 million or 10.5 percent. Gross profit margins also decreased during 2017 from 30.8 percent to 28.1 percent, a decrease of 2.7 percentage points.

As demonstrated by its positive contribution to the AGEM Index, PlayAGS's stock has continued to perform strongly despite the mixed fortunes of its competitors. The company's performance was evident in the recently released results for its fiscal year ended in December 2017. During 2017, total revenues and operating income both increased significantly. Total revenue increased by 27.1 percent during 2017, growing from \$166.8 million to \$212.0 million. Operating income increased by \$31.6 million during 2017, growing from an operating loss of \$17.1 million in 2016 to an operating income of \$14.5 million during 2017. The operating income margin for 2017 was 6.8 percent, compared to a margin of negative 10.2 percent in 2016.



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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 eight 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 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, International Game Technology (IGT), Konami Gaming, Merkur Gaming, NOVOMATIC Group, Scientific Games and Sega Sammy Creation

AGEM Silver Members: Action Gaming, Aruze Gaming America, Betson Enterprises, 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, Ceronix / GETT, CG Technology (CGT), Cole Kepro International, DR Gaming Technology (DRGT), Euro Games Technology (EGT), Exacta Systems, FBM, Galaxy Gaming, Gambliit 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, PDS Gaming, RCT Gaming, 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, Capco, CardConnect, Carmanah Signs, Casino Connection International, Casino Screens, Catapult Global, CDC Gaming Reports, CMC Trading Engineering, Comtrade Gaming, Cooper Levenson, Digital Gaming Corporation, Digital Instinct, DiTronics Financial Services, Dominode, Duane Morris LLP, E4 Gaming, 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 Capital Group, Gaming Specialized Logistics, 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, JP Morgan Chase, KEY-BAK, Kiron Interactive, Kontron, Lazcano Sámano, Lewis Roca Rothgerber Christie, Lightstone Solutions, Majestic Realty, Media Resources, Millennial Esports, NanoLumens, Olsen Gaming / Spectronix, Outpost Creative, Passport Technology, Patir Casino Seating, Portilla Ruy-Díaz y Aguilar, Proforma GPS, Regulatory Management Counselors (RMC), Rising Digital, 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, Visualplanet, Wells Fargo, Young Electric Sign Company (YESCO) and Zebra Technologies