

AGEM Index

Association of Gaming Equipment Manufacturers

January 2018

The AGEM Index experienced significant gains for the fifth month in a row during January 2018. The composite index closed the month at 540.24 points, a gain of 23.45 points or 4.54 percent, when compared to December 2017. The AGEM Index reported a year-over-year increase for the 28th consecutive month and has climbed 232.10 points, or 75.32 percent, since November 2016.

During the latest period, six of the 12 global gaming equipment manufacturers reported month-to-month increases in stock price. Six manufacturers reported decreases in stock price during the month, with three manufacturers posting double-digit increases or declines.

The three broader stock market indexes produced positive results in January. The S&P 500 reported a month-to-month increase of 5.62 percent to 2,823.81. The Dow Jones Industrial Average increased 5.79 percent to 26,149.39, while the NASDAQ increased 7.36 percent during the period to 7,411.48.

Selected positive contributors to the January 2018 AGEM Index included the following:

- Crane Co. (CR) contributed 9.78 points due to a 12.02 percent increase in stock price to \$99.94.
- International Game Technology (IGT) contributed 7.80 points due to a 9.66 percent increase in stock price to \$29.07.
- Aristocrat Leisure Limited (ASX:ALL) reported a 0.84 percent increase in stock price to AU\$23.90 and contributed 6.78 points.

Selected negative contributors included the following:

- With its stock price falling 9.06 percent to \$46.65, Scientific Games Corporation (SGMS) contributed negative 5.20 points.
- Gaming Partners International (GPIC) reported a 9.52 percent decrease in stock price to \$10.17, contributing negative 0.11 points.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Jan-18	Dec-17	Jan-17	Prior Period	Prior Year	
Agilysys	Nasdaq: AGYS (US\$)	12.00	12.28	9.73	(2.28) ↓	23.33 ↑	(0.09)
Ainsworth Game Technology	ASX: AGI (AU\$)	2.11	2.16	1.75	(2.31) ↓	20.57 ↑	0.06
Aristocrat Leisure Limited	ASX: ALL (AU\$)	23.90	23.70	15.03	0.84 ↑	59.02 ↑	6.78
Astro Corp.	Taiwan: 3064 (NT\$)	12.00	13.50	25.60	(11.11) ↓	(53.13) ↓	(0.04)
Crane Co.	NYSE: CR (US\$)	99.94	89.22	71.08	12.02 ↑	40.59 ↑	9.78
Everi Holdings Inc.	NYSE: EVRI (US\$)	7.74	7.54	2.95	2.65 ↑	162.37 ↑	0.19
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	1.13	1.20	0.60	(5.83) ↓	88.33 ↑	(0.04)
Gaming Partners International	Nasdaq: GPIC (US\$)	10.17	11.24	11.88	(9.52) ↓	(14.39) ↓	(0.11)
International Game Technology PLC	NYSE: IGT (US\$)	29.07	26.51	25.64	9.66 ↑	13.37 ↑	7.80
Konami Corp.	TYO: 9766 (¥)	6,240	6,200	4,520	0.65 ↑	38.05 ↑	4.11
Scientific Games Corporation	Nasdaq: SGMS (US\$)	46.65	51.30	17.00	(9.06) ↓	174.41 ↑	(5.20)
Transact Technologies	Nasdaq: TACT (US\$)	15.00	13.25	6.90	13.21 ↑	117.39 ↑	0.20
Change in Index Value							23.45
AGEM Index Value: December 2017							516.79
AGEM Index Value: January 2018							540.24

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During the last month, Agylisis (NASDAQ: AGYS) released its quarterly financial results for the fiscal year 2018 third quarter, which ended December 31, 2017. During the third quarter, Agylisis saw gross profit margin grow on a year-over-year basis from 48.6 percent in the third quarter of fiscal year 2017 to 49.9 percent for the third quarter of fiscal year 2018. Operating losses increased over this period primarily due to increases in operating expenses. On a year-over-year basis, operating losses increased from \$1.63 million in the third quarter of fiscal year 2017 to \$3.61 million in the third quarter of fiscal year 2018 (122 percent increase). Operating expenses during this period grew 66.2 percent to \$6.11 million from \$3.68 million the prior year.

Aristocrat Leisure Limited (ASX: ALL) also recently released results for its fiscal year ending in September 2017. Revenues increased 15.3 percent in fiscal year 2017, growing from AU\$2.13 billion in fiscal year 2016 to AU\$2.45 billion. Earnings before interest, taxes, depreciation and amortization (EBITDA) also grew from AU\$806 million in the prior year to AU\$1.0 billion in fiscal year 2017. Consequently, EBITDA margins increased by 2.9 percent to 40.8 percent in fiscal year 2017. The EBITDA growth has reduced Aristocrat's net debt-to-EBITDA ratio for fiscal year 2017 to 0.6, half of its 1.2 ratio the prior year. Aristocrat paid off AU\$88.4 million of debt during fiscal year 2017, reducing gross debt to AU\$1.20 billion from AU\$1.29 billion the prior year.

During January 2018, AGS, an AGEM member and manufacturer of Class II and Class III slot machines, completed its initial public offering and began trading at the end of the month on the New York Stock Exchange. In mid-January AGS announced the beginning of the IPO, offering an initial 10.25 million shares of its common stock with an initial price estimated to be between \$16.00 and \$18.00 per share. AGS ultimately priced the IPO at \$16.00 per share. In addition to the initial common stock offering, the underwriters of the IPO (Credit Suisse, Deutsche Bank, Jefferies and Macquarie Capital) were granted a 30-day option to purchase an additional 1.54 million shares of common stock.

Just before trading, AGS expected to receive gross proceeds of either \$164 million or \$188.6 million, if the underwriters exercised their additional purchase options. The funds were to be used to pay off all payment-in-kind (PIK) notes on AGS's balance sheet, as well as any fees relating to the IPO. Since trading started on January 26, 2018, AGS's market capitalization increased to \$294 million, and its stock price has grown by \$2.50 to nearly \$20.00 per share. The current market capitalization is 79.2 percent higher than the initial funds expected to be raised, and the current stock price is over 20 percent higher than the initial asking price.



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.



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, 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, 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, Intervention Gaming, ISMS, Jackpot Digital, Jumbo Technology, Matsui Gaming Machine Co., Metronia, PariMAX, Patriot Gaming & Electronics, Spintec, Table Trac, Vantiv Entertainment Solutions, Wells-Gardner Technologies, 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, Comtrade Gaming, Cooper Levenson, Digital Gaming Corporation, Digital Instinct, DiTronics Financial Services, Dominode, 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, JP Morgan Chase, KEY-BAK, Kiron Interactive, 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), 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), Zebra Technologies

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