

AGEM Index

Association of Gaming Equipment Manufacturers

May 2017

The AGEM Index reached another record high in May, continuing the momentum from previous months. The composite index stood at 390.18 points at the close of May 2017, which represents an increase of 18.68 points, or 5.0 percent, when compared to April 2017. The AGEM Index reported a year-over-year increase for the 20th consecutive month, rising 134.84 points, or 52.8 percent, when compared to May 2016.

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

The broader stock markets produced positive results in May. The S&P 500 reported a month-to-month increase, rising 1.2 percent to 2,411.80. Additionally, the Dow Jones Industrial Average increased 0.8 percent to 21,110.27, while the NASDAQ increased 3.1 percent during the period to 6,232.45.

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

- Konami Corp. (TYO:9766) contributed 15.53 points due to a 17.37 percent increase in stock price to ¥5,440.
- Aristocrat Technologies (ALL) reported an 11.00 percent increase in stock price to AU\$21.80 and contributed 13.49 points.
- Ainsworth Gaming Technology (AGI) contributed 1.25 points due to an 18.82 percent increase in stock price to AU\$2.21.

Selected negative contributors included the following:

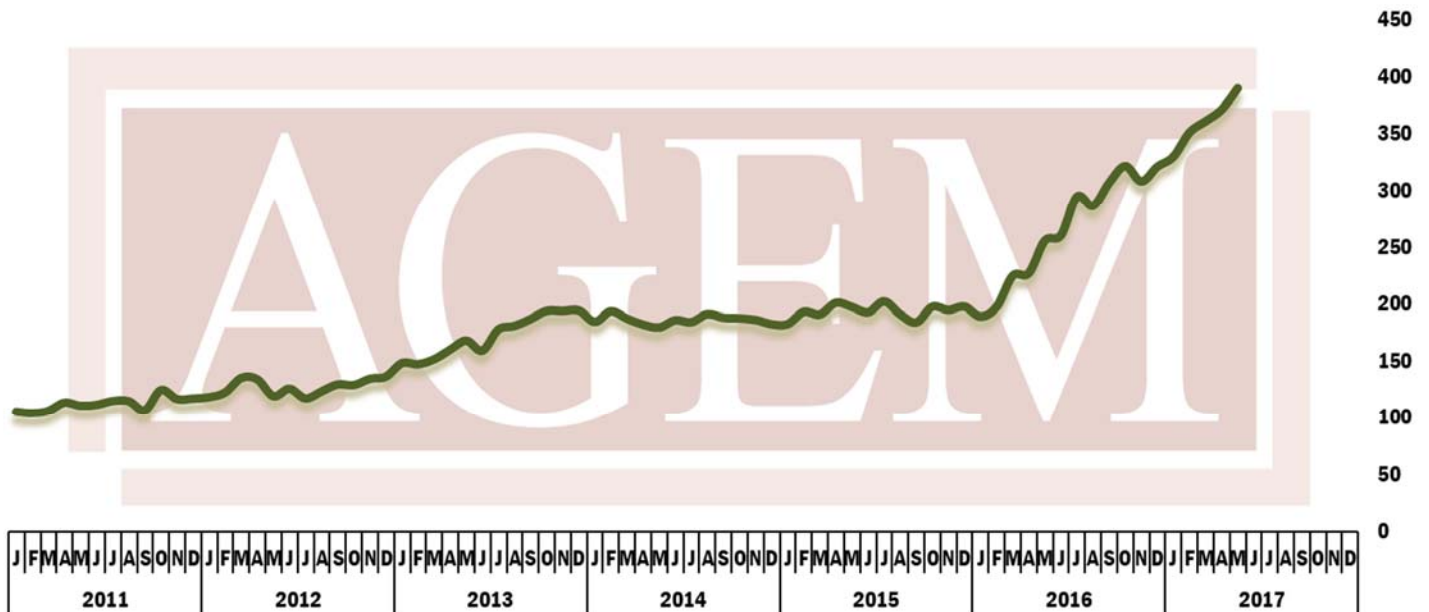
- With its stock price falling 20.05 percent to \$17.75, International Game Technology (IGT) contributed negative 9.26 points.
- Crane Corp. (CR) contributed negative 1.73 points to the index due to a 2.92 percent decline in stock price to \$77.58.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		May-17	Apr-17	May-16	Prior Period	Prior Year	
Agilysys	Nasdaq: AGYS (US\$)	9.91	9.90	11.73	0.10	(15.52)	0.00
Ainsworth Game Technology	ASX: AGI (AU\$)	2.21	1.86	2.40	18.82	(7.92)	1.25
Aristocrat Technologies	ASX: ALL (AU\$)	21.80	19.64	12.86	11.00	69.52	13.49
Astro Corp.	Taiwan: 3064 (NT\$)	19.20	24.20	39.30	(20.66)	(51.15)	(0.12)
Crane Co.	NYSE: CR (US\$)	77.58	79.91	57.40	(2.92)	35.16	(1.73)
Everi Holdings Inc.	NYSE: EVRI (US\$)	6.69	6.35	1.43	5.35	367.83	0.30
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	0.73	0.63	0.26	15.87	180.77	0.06
Gaming Partners International	Nasdaq: GPIC (US\$)	10.35	9.99	9.01	3.60	14.87	0.04
International Game Technology PLC	NYSE: IGT (US\$)	17.75	22.20	18.96	(20.05)	(6.38)	(9.26)
INTRALOT S.A.	ATHEX: INLOT (€)	1.08	1.24	1.07	(12.90)	0.93	(0.24)
Konami Corp.	TYO: 9766 (¥)	5,440	4,635	4,200	17.37	29.52	15.53
Scientific Games Corporation	Nasdaq: SGMS (US\$)	23.20	23.75	9.79	(2.32)	136.98	(0.61)
Transact Technologies	Nasdaq: TACT (US\$)	8.55	8.75	7.44	(2.29)	14.92	(0.02)
Change in Index Value							18.68
AGEM Index Value: April 2017							371.50
AGEM Index Value: May 2017							390.18

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While many states in the U.S. have opened their doors to gambling over the past few decades, Florida's gambling industry remains in a state of flux. On May 18, the Florida Supreme Court upheld the decision by the First District Court of Appeal to block a voter referendum passed in Gadsden County allowing for the expansion of the number of slot machines in the area. As a result, it is up to the state legislature to determine the future of Florida gaming.

The primary gaming operator in Florida is the Seminole tribe, which operates six casinos in the state. Outside of the territories of the sovereign Seminole nation, Florida has only two counties that are allowed to offer slot machine gambling legally, via legislation passed in 2004 permitting existing pari-mutuel facilities in Miami-Dade and Broward County to offer slot machine gambling. In exchange for the state-enforced monopoly, the Seminole tribe pays the State of Florida \$120 million a year.

The case has considerable bearing on the gaming climate in Florida, as seven other counties had passed similar referendums to the legislation passed in Gadsden County to expand the gaming opportunities offered within their respective territories. Gadsden is a non-charter county in Florida, which the Court considers having less self-rule authority than counties with charters. Four of the seven counties with new pro-gaming legislation are considered chartered counties. It is unclear if the legal

precedent will be applied to all or a portion of the counties pursuing gaming expansion. However, the general legal consensus is that to expand gaming in Florida, state laws will need to change.

The ruling therefore places the impetus on the state legislature to change the Florida constitution, which expressly forbids gambling save for the areas previously mentioned. On May 30, the Florida Senate passed SB 8, which would allow slot machines at horse and dog tracks in eight new counties. The bill would also allow Native American reservations to offer more games such as craps and roulette at their current casino properties. The bill passed through the Senate with an overwhelming 32-6 vote but is expected to meet considerable resistance in the House. The House has its own version of legislation that fashions a much different gaming landscape. In the House bill, the Seminole tribe will be allowed to keep its current games and slots for 20 years, but it would not be allowed to add any gaming offerings, while slot machines would remain exclusively within tribal-run casinos and the two Southern Florida counties that already offer them.

Though the future of gaming in Florida is unclear, lawmakers there realize that the task of determining the industry's reach and scope lies squarely in their hands.



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, 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, Gambliit Gaming, GameCo, Gaming Arts, Gaming Support, Glory Global Solutions, 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, Spintec, Table Trac, Vantiv Entertainment Solutions, Wells-Gardner Technologies and Win Systems.

AGEM Associate Members: 3M Touch Systems, Adlink Technology, Advantech-Innocore, Agilysys, AMD, Arrow International, Asimex Global, Atrient, Automated Cashless Systems, AVUITY, 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 Instinct, DiTronics Financial Services, Duane Morris LLP, EFCOtec Corporation, Eilers & Krejciik Gaming, Elite Gaming Technology, Esterline Interface Technologies, Fantini Research, Finnegan, Henderson, Farabow, Garrett & Dunner, Fox Rothschild, G2 Game Design, Gambling Compliance, GAN, Gaming and Entertainment Touch Technology, Gaming Capital Group, Ganlot, Gary Platt Manufacturing, 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, Lazzano 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, 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.