

# AGEM Index

Association of Gaming Equipment Manufacturers

December 2017

The AGEM Index experienced significant gains for the fourth month in a row during December 2017. The composite index closed the month at 516.79 points, a gain of 24.14 points, or 4.90 percent, when compared to November 2017. The AGEM Index reported a year-over-year increase for the 27th consecutive month and has climbed 208.64 points, or 67.71 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 all manufacturers posting single-digit increases and declines.

The three broader stock market indexes produced positive results in December. The S&P 500 reported a month-to-month increase of 0.98 percent to 2,673.61. The Dow Jones Industrial Average increased 1.84 percent to 24,719.22, while the NASDAQ increased 0.43 percent during the period to 6,903.39.

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

- Aristocrat Leisure Limited (ASX:ALL) contributed 20.60 points due to a 9.22 percent increase in stock price to AU\$23.70.
- Konami Corp. (TYO:9766) reported a 4.55 percent increase in stock price to ¥6,200 and contributed 4.48 points.
- Crane Co. (CR) contributed 3.26 points due to a 4.51 percent increase in stock price to \$89.22.

Selected negative contributors included the following:

- With its stock price falling 3.56 percent to \$26.51, International Game Technology PLC (IGT) contributed negative 2.61 points.
- Scientific Games Corporation (SGMS) reported a 2.56 percent decrease in stock price to \$51.30, contributing negative 1.61 points.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Dec-17	Nov-17	Dec-16	Prior Period	Prior Year	
Agilysys	Nasdaq: AGYS (US\$)	12.28	12.24	10.36	0.33	18.53	0.01
Ainsworth Game Technology	ASX: AGI (AU\$)	2.16	2.05	1.81	5.37	19.34	0.67
Aristocrat Leisure Limited	ASX: ALL (AU\$)	23.70	21.70	15.39	9.22	54.03	20.50
Astro Corp.	Taiwan: 3064 (NT\$)	13.50	12.95	27.20	4.25	(50.37)	0.02
Crane Co.	NYSE: CR (US\$)	89.22	85.37	71.16	4.51	25.37	3.26
Everi Holdings Inc.	NYSE: EVRI (US\$)	7.54	8.15	2.17	(7.48)	247.47	(0.52)
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	1.20	1.25	0.58	(4.00)	106.90	(0.03)
Gaming Partners International	Nasdaq: GPIC (US\$)	11.24	11.22	11.82	0.18	(4.91)	0.00
International Game Technology PLC	NYSE: IGT (US\$)	26.51	27.49	24.78	(3.56)	6.99	(2.61)
Konami Corp.	TYO: 9766 (¥)	6,200	5,930	4,860	4.55	27.57	4.48
Scientific Games Corporation	Nasdaq: SGMS (US\$)	51.30	52.65	14.00	(2.56)	266.43	(1.61)
Transact Technologies	Nasdaq: TACT (US\$)	13.25	13.60	6.60	(2.57)	100.76	(0.03)
Change in Index Value							24.14
AGEM Index Value: November 2017							492.64
<b>AGEM Index Value: December 2017</b>							<b>516.79</b>

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Several gaming manufacturers released quarterly and yearly financial reports in the past two months. Selected reports are outlined below.

Ainsworth Game Technology (ASX:AGI) reported annual profits after tax for fiscal year 2017 of AU\$37.9 million, a 32 percent year-over-year decline. A large portion of the decline was attributable to unfavorable currency exchange of negative AU\$10.5 million in fiscal year 2017 compared to a favorable positive AU\$4.7 million in the prior period. Earnings per share for fiscal year 2017 were AU\$0.12 per share, down from AU\$0.17 per share in the prior period.

Galaxy Gaming (GLXZ) released its third quarter results for 2017, reporting a 20 percent year-over-year increase in gross revenue that was primarily attributable to a focus on the company's premium games segment. Earnings before interest, taxes, depreciation and amortization (EBITDA) decreased by 39.7 percent from the same period in the prior year. This decline was mostly attributable to increased selling, general and administrative expenses and one-time settlement income in the same period of the prior year.

International Game Technology PLC (IGT) reported an operating loss of \$556 million in the third quarter of 2017. This loss was due to a non-cash, non-tax-deductible impairment charge of \$714 million to write down the carrying value of the North America Gaming

and Interactive reporting unit to fair value. Adjusted EBITDA remained virtually flat compared to the third quarter of last year, falling by 0.3 percent to \$428.5 million. Management provided an outlook of \$1,640 million to \$1,680 million in adjusted EBITDA for the entirety of 2017.

Scientific Games Corporation (SGMS) reported a 6.8 percent year-over-year increase in revenue for the third quarter of 2017, with over half of the increase attributable to its interactive segment. The segment's success reflects the popularity of its established, acquired and recently launched apps. The third quarter saw average daily revenue per average daily active user increasing by 45.2 percent over the same period in the prior year. The company also amended a credit agreement in August 2017 extending the maturity and reducing applicable interest on \$3.3 billion of outstanding debt.

TransAct Technologies (TACT) reported earnings per share of \$0.24 for the third quarter of 2017, doubling earnings per share from the same period in the prior year. The improvement was driven by a combination of increased sales in the restaurant solutions and services group segments and decreased cost of sales attributable to a different product mix than the same period in the prior year.



## 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 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, 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, 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), 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

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