

AGEM Index

Association of Gaming Equipment Manufacturers

February 2018

The AGEM Index experienced declines across the board during February 2018. The composite index closed the month at 513.47 points, a drop of 26.77 points or 4.96 percent, when compared to January 2018. The AGEM Index still reported a year-over-year increase for the 29th consecutive month and has climbed 162.03 points, or 46.10 percent, since February 2017.

During the latest period, two of the 12 global gaming equipment manufacturers reported month-to-month increases in stock price. Ten manufacturers reported decreases in stock price during the month, with one manufacturer posting a double-digit percentage decline.

The February performance of the AGEM Index was mirrored by negative results among the three broader stock market indexes. The S&P 500 reported a month-to-month decrease of 3.89 percent to 2,713.83. The Dow Jones Industrial Average decreased 4.28 percent to 25,029.20, while the NASDAQ decreased 1.87 percent during the period to 7,273.01.

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

- Astro Corp. (Taiwan: 3064.TWO) contributed 0.01 points due to a 1.67 percent increase in stock price to TWD\$12.20.

Selected negative contributors included the following:

- With its stock price falling 9.46 percent to ¥5,650, Konami Corp. (TYO: 9766) contributed negative 7.93 points.
- International Game Technology PLC (IGT) reported an 8.84 percent decrease in stock price to \$26.50, contributing negative 7.17 points.
- Crane Co. (CR) also reported a 7.63 percent drop in stock price to \$92.31, contributing negative 6.32 points.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Feb-18	Jan-18	Feb-17	Prior Period	Prior Year	
Agilysys	Nasdaq: AGYS (US\$)	11.17	12.00	9.10	(6.92) ↓	22.75 ↑	(0.27)
Ainsworth Game Technology	ASX: AGI (AU\$)	2.03	2.11	1.84	(3.79) ↓	10.33 ↑	(0.57)
Aristocrat Leisure Limited	ASX: ALL (AU\$)	24.65	23.90	16.61	3.14 ↑	48.42 ↑	(1.13)
Astro Corp.	Taiwan: 3064 (NT\$)	12.20	12.00	22.60	1.67 ↑	(46.02) ↓	0.01
Crane Co.	NYSE: CR (US\$)	92.31	99.94	71.66	(7.63) ↓	28.82 ↑	(6.32)
Everi Holdings Inc.	NYSE: EVRI (US\$)	7.45	7.74	3.25	(3.75) ↓	129.23 ↑	(0.28)
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	1.00	1.13	0.56	(11.50) ↓	78.57 ↑	(0.07)
Gaming Partners International	Nasdaq: GPIC (US\$)	9.60	10.17	11.43	(5.60) ↓	(16.01) ↓	(0.06)
International Game Technology PLC	NYSE: IGT (US\$)	26.50	29.07	26.21	(8.84) ↓	1.09 ↑	(7.17)
Konami Corp.	TYO: 9766 (¥)	5,650	6,240	4,740	(9.46) ↓	19.20 ↑	(7.93)
Scientific Games Corporation	Nasdaq: SGMS (US\$)	44.45	46.65	20.65	(4.72) ↓	115.25 ↑	(2.84)
Transact Technologies	Nasdaq: TACT (US\$)	13.85	15.00	7.40	(7.67) ↓	87.16 ↑	(0.12)
Change in Index Value							(26.77)
AGEM Index Value: January 2018							540.24
AGEM Index Value: February 2018							513.47

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During the last month, Crane Co. (CR) released its annual report for its fiscal year ending in December 2017. Net sales for the fiscal year increased 1.4 percent from \$2.75 billion to \$2.79 billion. Operating profits doubled during the fiscal year from \$200.3 million in fiscal year 2016 to \$401.9 million in fiscal year 2017, due to the elimination of an asbestos provision of \$192.4 million paid by the company the prior year. The company also maintained positive cash generation, with net cash flow remaining growing by \$50.3 million from \$146.2 million in fiscal year 2016 to \$196.5 million in fiscal year 2017.

Scientific Games (SGMS) released its year-end results for its fiscal year ending in December 2017. Net revenue increased 6.9 percent over the prior year, growing by \$200.2 million to \$3.08 billion. The largest source of revenue growth was attributable to the interactive segment, which grew by \$95.0 million to \$427.8 million in fiscal year 2017. This growth was due to the success of the company's social gaming apps as well as the April 2017 acquisition of Spicerack Media Inc, a mobile and social game company. Operating income grew by \$262.5 million during this period, reaching \$393.1 million in fiscal year 2017, primarily due to a \$62.3 million decrease in annual operating expenses. Operating income margins increased from 4.5 percent for fiscal year 2016 to 12.7 percent, an 8.2 percentage point increase in operating income margin. Operating expenses dropped year over year primarily due to the

elimination of goodwill impairments, which cost the company as much as \$1.0 billion two years prior.

Ainsworth Game Technology (ASX: AGI) recently released an interim report for the six months through December 2017, which account for the first half of its fiscal year 2018. Compared to the same period in fiscal year 2017, total revenue dropped by 2.0 percent, decreasing to AU\$120.3 million compared to AU\$122.7 million the year prior. Additionally, earnings before interest, taxes, depreciation and amortization (EBITDA) dropped by 22.9 percent compared to the year prior, declining from AU\$31.9 million to AU\$24.6 million. EBITDA margins also decreased, with a margin of 20.4 percent for the first half of fiscal year 2018, compared to 26.0 percent for the first half of the prior year.

A month after Play AGS went public, the initial public offering is proving to be a success, with increased trading activity and substantially greater market cap. Since the IPO, market cap has grown by \$404.2 million, increasing from \$292.2 million at the end of January 2018 to \$696.4 million at the end of February 2018, due to an increase in 18.7 million shares outstanding after the IPO. Stock price has consistently trended upward as well, growing from the IPO price of \$16.00 to \$20.71 at the end of February.



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The AGEM Index

The Association of Gaming Equipment Manufacturers (AGEM) produces the monthly AGEM Index that comprises 12 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, 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, 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