

# AGEM Index

Association of Gaming Equipment Manufacturers

July 2018

The AGEM Index increased in July 2018. The composite index finished the month at 565.39 points, a gain of 19.02 points or 3.48 percent, compared to June 2018. The AGEM Index reported a year-over-year increase for the 34th consecutive month and has climbed 141.46 points, or 33.37 percent, since July 2017.

During the latest period, eight of the 13 global gaming equipment manufacturers reported month-to-month increases in stock price. Five manufacturers reported decreases in stock price during the month.

The major stock market indices also saw gains during the month. The S&P 500 reported a month-to-month increase of 3.60 percent to 2,816.29. The Dow Jones Industrial Average grew 4.71 percent to 25,415.19, while the NASDAQ increased 2.15 percent during the period to 7,671.79.

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

- Crane Co. (CR) contributed 9.88 points due to a 13.03 percent increase in stock price to \$90.57.
- Aristocrat Leisure Limited (ASX: ALL) reported a 4.21 percent increase in stock price to AU\$32.20, contributing 9.67 points.
- International Game Technology PLC (IGT) contributed 6.35 points due to an 8.78 percent increase in stock price to \$25.28.

Selected negative contributors included the following:

- With its stock price falling 6.91 percent to ¥5,250, Konami Corp. (TYO: 9766) contributed negative 6.97 points.

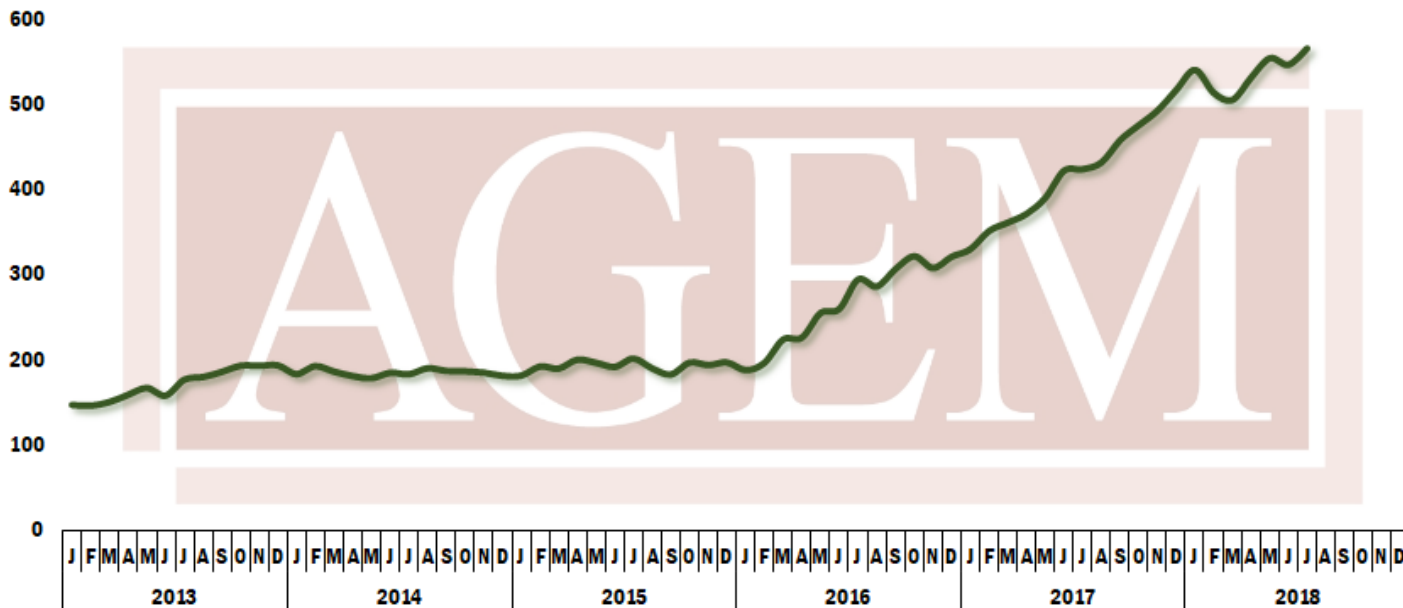
AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Jul-18	Jun-18	Jul-17	Prior Period	Prior Year	
Agilysys	Nasdaq: AGYS (US\$)	16.45	15.50	10.06	6.13	63.52	0.33
Ainsworth Game Technology	ASX: AGI (AU\$)	1.13	1.04	2.66	8.65	(57.52)	0.35
Aristocrat Leisure Limited	ASX: ALL (AU\$)	32.20	30.90	20.25	4.21	59.01	9.67
Astro Corp.	Taiwan: 3064 (NT\$)	20.00	21.10	16.20	(5.21)	23.46	(0.04)
Crane Co.	NYSE: CR (US\$)	90.57	80.13	75.16	13.03	20.50	9.88
Everi Holdings Inc.	NYSE: EVRI (US\$)	7.35	7.20	7.46	2.08	(1.47)	0.15
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	1.29	1.18	0.74	9.32	74.32	0.07
Gaming Partners International	Nasdaq: GPIC (US\$)	8.23	8.56	10.62	(3.86)	(22.50)	(0.04)
International Game Technology PLC	NYSE: IGT (US\$)	25.28	23.24	18.85	8.78	34.11	6.35
Konami Corp.	TYO: 9766 (¥)	5,250	5,640	5,750	(6.91)	(8.70)	(6.97)
PlayAGS Inc. <sup>1</sup>	NYSE: AGS (US\$)	28.55	27.07	-	5.47	- -	0.77
Scientific Games Corporation	Nasdaq: SGMS (US\$)	48.05	49.15	37.05	(2.24)	29.69	(1.37)
Transact Technologies	Nasdaq: TACT (US\$)	11.05	12.50	8.85	(11.60)	24.86	(0.13)
Change in Index Value							19.02
AGEM Index Value: June 2018							546.37
<b>AGEM Index Value: July 2018</b>							<b>565.39</b>

1. There is no Prior Year data for PlayAGS Inc. because the stock began trading in January 2018.

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During July, International Game Technology PLC (IGT) released its second quarter results. During the quarter that ended on June 30, 2018, IGT generated \$1.2 billion of consolidated revenue, a decrease of 1.5 percent from the second quarter of 2017. Despite the decrease in revenue, adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) grew 4.2 percent on a year-over-year basis, reaching \$442 million for the second quarter. This improvement in performance is attributable to strong worldwide lottery performance. Adjusted EBITDA margins also improved by 2.0 percent on a year-over-year basis, growing from 34.8 percent for the second quarter of 2017 to 36.8 percent for the second quarter of 2018.

Agilysys Inc. (AGYS) also released its results for the first quarter of its fiscal year 2019, which ended March 31, 2018. During this quarter, Agilysys generated net revenue of \$34.0 million, an increase of 0.5 percent from the \$33.9 million in the prior year. Agilysys also achieved a gross profit of \$17.9 million during the first quarter, up 7.3 percent from \$16.7 million in the first quarter of the prior year. Gross profit margins grew by 3.4 percent on a year-over-year basis, increasing from 49.2 percent to 52.6 percent. Adjusted EBITDA grew on a year-over-year basis from \$1.6 million to \$3.1 million for the first quarter of fiscal year 2019. Adjusted EBITDA margins also grew from 4.8 percent to 9.2 percent over the same time period.

Scientific Games (SGMS) released its results for the second quarter of 2018. Scientific Games experienced strong year-over-year revenue growth, with revenue rising 10.2 percent from \$766.3 million to \$844.7 million. Revenue growth during this period was primarily driven by \$50.6 million of revenue from NYX, which was acquired during the third quarter of 2017. Adjusted EBITDA also rose 8.1 percent on a year-over-year basis, growing from \$314.8 million during the second quarter of 2017 to \$340.4 million during the second quarter of 2018. Despite this growth, Adjusted EBITDA margins declined slightly on a year-over-year basis, dropping from 41.1 percent for the second quarter of 2017 to 40.3 percent for the second quarter of 2018.

PlayAGS Inc. (AGS) experienced strong results during the second quarter of 2018. On a year-over-year basis, total revenue increased by 45.4 percent, growing from \$50.1 million to \$72.8 million, and adjusted EBITDA grew by 40.2 percent from \$26.1 million to \$36.6 million. Adjusted EBITDA margins did decrease on a year-over-year basis from 52.1 percent to 50.2 percent, which management mainly attributed to equipment sales accounting for a greater percentage of total revenue.



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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), Inspired Gaming, JCM Global, Ortiz Gaming, Quixant PLC, Suzo-Happ Group, TCSJohnHuxley, TransAct Technologies and Zitro

**AGEM Bronze Members:** Abbiati Casino Equipment, Ace Systems Mx., Alfastreet, Amatic Industries, APEX gaming, Astro Corp., Atlas Gaming, BetConstruct, Bingotimes Digital Technology, Cammegh Limited, Century Gaming Technologies, CG Technology (CGT), Cole Kepro International, DR Gaming Technology (DRGT), Euro Games Technology (EGT), Exacta Systems, FBM, Galaxy Gaming, Gambelit Gaming, GameCo, Gaming Arts, Gaming Support, Glory Global Solutions, Grand Vision Gaming, Incredible Technologies, Interblock USA, Jackpot Digital, Jumbo Technology, Matsui Gaming Machine Co., Metronia, PariMAX, Patriot Gaming & Electronics, PDS Gaming, RCT Gaming, Spintec, Table Trac, Weike Gaming Technology, Wells-Gardner Technologies, Worldpay Gaming 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, BDO USA, British Group Interactive (BGI), Capco, CardConnect, Carmanah Signs, Casino Screens, Catapult Global, CDC Gaming Reports, CMC Trading Engineering (International) Ltd, Comer Holdings, Comtrade Gaming, Cooper Levenson, Deloitte LLP, Digital Instinct, DiTronics Financial Services, Dominode, Duane Morris LLP, E4 Gaming, EFCOtec Corporation, Eilers & Krejcik Gaming, Elite Gaming Technology, Fantini Research, Finnegan, Henderson, Farabow, Garrett & Dunner, Fox Rothschild, G2 Game Design, Gambling Compliance, Gamesman, Gaming Capital Group, GAN, Ganlot, Gary Platt Manufacturing, Gasser Chair Company, Genesis Interactive Technologies, GET IN Global, Global Gaming Business (GGB) Magazine, Global Gaming Group (G3), Greenberg Traurig, GSL Gaming Group, House Advantage, Howard & Howard, Impact Display Solutions, Intel, IPS, James Industries, James Industry Research Group, Jones Walker, JP Morgan Chase, KEY-BAK, Kiron Interactive, Kontron, Lazcano Sámano, Lewis Roca Rothgerber Christie, Lightstone Solutions, Majestic Realty, Millennial Esports, NanoLumens, Nanoptix, Olsen Gaming / Spectronix, Outpost Creative, Patir Casino Seating, Plus Studios, 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, The United States Playing Card Company, Touch Dynamic, Tournament One, TOVIS, TraffGen USA, Veridocs, Wells Fargo, Young Electric Sign Company (YESCO) and Zebra Technologies