

# Index

Association of Gaming Equipment Manufacturers

October 2018

**T**he AGEM Index decreased in October 2018. The composite index finished the month at 452.16 points, a decline of 40.87 points or 8.29 percent, compared to September 2018. The AGEM Index reported a year-over-year decrease for the first time after 36 consecutive months of year-over-year increases. The AGEM Index decreased by 23.18 points, or 4.88 percent, on a year-over-year basis.

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






















The major stock market indices saw declines during the month. The S&P 500 reported a month-to-month decrease of 6.94 percent to 2,711.74. The Dow Jones Industrial Average dropped 5.07 percent to 25,115.76, while the NASDAQ decreased 9.20 percent during the period to 7,305.90.

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

- Astro Corp. (Taiwan: 3064) contributed 0.10 points due to a 15.92 percent increase in stock price to NT\$ 18.20.
- TransAct Technologies (TACT) reported a 2.08 percent increase in stock price to \$14.70, contributing 0.04 points.

Selected negative contributors included the following:

- With its stock price falling 6.82 percent to AU\$ 26.50, Aristocrat Leisure Limited (ASX: ALL) contributed negative 16.39 points.
- Crane Co. (CR) reported a 11.50 percent decrease in stock price to \$87.04, contributing negative 9.67 points.

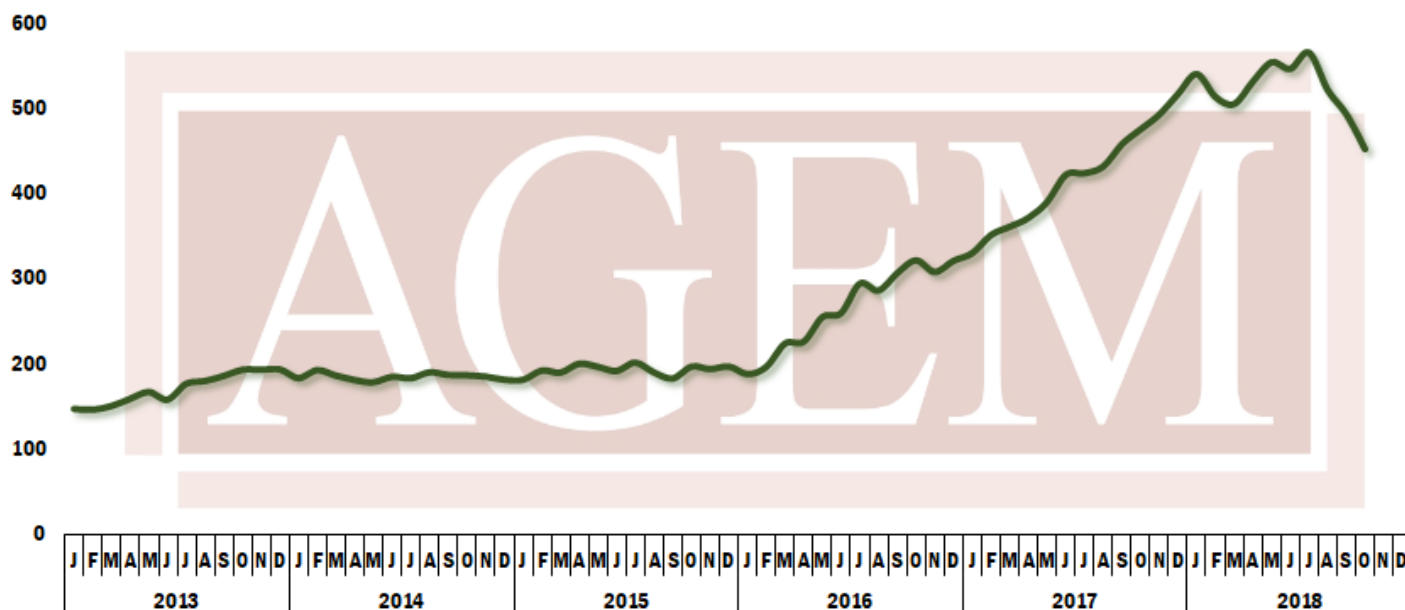
AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Oct-18	Sep-18	Oct-17	Prior Period	Prior Year	
Agilysys	Nasdaq: AGYS (US\$)	16.27	16.30	12.27	(0.18) 	32.60 	(0.01)
Ainsworth Game Technology	ASX: AGI (AU\$)	1.02	1.21	2.28	(15.70) 	(55.26) 	(0.67)
Aristocrat Leisure Limited	ASX: ALL (AU\$)	26.50	28.44	23.55	(6.82) 	12.53 	(16.39)
Astro Corp.	Taiwan: 3064 (NT\$)	18.20	15.70	13.60	15.92 	33.82 	0.10
Crane Co.	NYSE: CR (US\$)	87.04	98.35	83.12	(11.50) 	4.72 	(9.67)
Everi Holdings Inc.	NYSE: EVRI (US\$)	7.20	9.17	8.29	(21.48) 	(13.15) 	(1.74)
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	1.18	1.29	1.17	(8.53) 	0.85 	(0.06)
Gaming Partners International	Nasdaq: GPIC (US\$)	8.35	9.33	11.00	(10.50) 	(24.09) 	(0.11)
International Game Technology PLC	NYSE: IGT (US\$)	18.55	19.75	23.50	(6.08) 	(21.06) 	(3.73)
Konami Corp.	TYO: 9766 (¥)	4,310	4,450	5,500	(3.15) 	(21.64) 	(2.09)
PlayAGS Inc. <sup>1</sup>	NYSE: AGS (US\$)	24.25	29.47	-	(17.71) 	- -	(2.45)
Scientific Games Corporation	Nasdaq: SGMS (US\$)	22.26	25.40	47.60	(12.36)	(53.24)	(4.08)
Transact Technologies	Nasdaq: TACT (US\$)	14.70	14.40	9.44	2.08	55.72	0.04
Change in Index Value							(40.87)
AGEM Index Value: September 2018							493.03
<b>AGEM Index Value: October 2018</b>							<b>452.16</b>

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

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Scientific Games (SGMS) recently released its financial results for the third quarter of 2018. On a year-over-year basis, revenue increased 6.8 percent from \$768.9 million to \$821.0 million. Net losses, however, also increased from \$59.3 million to \$351.6 million due to \$338.7 million of restructuring and other charges, as well as an unfavorable verdict in a legal matter. Despite increased losses, consolidated adjusted earnings before interest, taxes, depreciation and amortization (consolidated adjusted EBITDA) increased by 8.9 percent from \$299.0 million to \$325.7 million on a year-over-year basis. Consolidated adjusted EBITDA margins also improved on a year-over-year basis, increasing from 38.9 percent to 39.7 percent.

PlayAGS Inc. (AGS) also released its third quarter financial results during the last month. Total revenue increased by 33.8 percent on a year-over-year basis, growing from \$56.4 million to \$75.5 million. Revenue growth is attributable to sales growth in the Canadian market and continued demand for the Orion Portrait and Orion Slant cabinet. Total adjusted EBITDA also increased by 14.2 percent on a year-over-year basis, growing from \$29.4 million to \$33.6 million, which was primarily driven by revenue growth. Total adjusted EBITDA margins decreased to 44 percent from 52 percent a year prior. This was primarily related to lower-margin equipment sales making up a larger portion of the company's revenue than before.

Agilysys Inc. (AGYS) announced financial results for the second quarter of its fiscal year 2019. Total net revenue increased 13.5 percent on a year-over-year basis to a record \$34.2 million from \$30.1 million. Net revenue increased due to growth in third-party hardware sales and the increased number of customers. Gross profit also increased on a year-over-basis by 15.5 percent from \$15.4 million to \$17.7 million, and gross profit margins increased from 51.0 percent to 51.9 percent. Gross profit margins increased due to decreases in costs of goods sold for professional services and support, maintenance and subscription services. Cost of good sold did increase, however, for the products themselves.

TransAct Technologies (TACT) also released its financial results for the third quarter of 2018. Net sales increased by 2.0 percent, growing from \$15.5 million to a \$15.8 on a year-over-year basis. Total sales growth is primarily attributable to growth in the company's Casino and Gaming segment, which experienced a 63 percent increase in domestic sales and a 58 percent increase in international casino and gaming sales. Gross profit increased 6.7 percent on a year-over-year basis from \$7.5 million to \$8.0 million, and gross profit margins increased on a year-over-year basis from 48.4 percent to 58.5 percent, which was attributed to a larger portion of higher-margin products in its sales mix and a lower share of lower-margin lottery printers in its sales mix.



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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, Atlas Gaming, Astro Corp., 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, Gambliit 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, Patriot Gaming & Electronics, PDS Gaming, RCT Gaming, Spintec, Table Trac, WeiKe Gaming Technology, Wells-Gardner Technologies, Win Systems and Worldpay Gaming

**AGEM Associate Members:** 3M Touch Systems, Adlink Technology, Advantech-Innocore, Agilysys, ArdentSky, Arrow International, Asimex Global, Atrient, Automated Cashless Systems, Automated Systems America, Inc. (ASAI), Axiomtek, BDO USA, British Group Interactive (BGI), Capco, Carmanah Signs, 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, Posiflex Business Machines, Proforma GPS, Regulatory Management Counselors (RMC), Rising Digital, RMMC, RSM US LLP, SAP, SCA Gaming, Sightline Payments, 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, Yogenet, Young Electric Sign Company (YESCO) and Zebra Technologies