

Building Better Business



Global Gaming
Supplier Industry
Economic Impact,
May 2019

AGEM

Association of Gaming Equipment Manufacturers

AGEM Represents Top Suppliers

The Association of Gaming Equipment Manufacturers (AGEM) is a non-profit international trade association representing manufacturers and suppliers of electronic gaming devices, lotteries, systems, table games, online technology, sports betting, key components and support products and services for the gaming industry.

AGEM works to further the interests of gaming equipment suppliers throughout the world. Through political action, regulatory influence, trade show partnerships, educational alliances, information dissemination and good corporate citizenship, the members of AGEM work together to create benefits for every company within the organization.

Together, AGEM has assisted regulatory agencies and participated in the legislative process to solve problems and create a business environment where AGEM members can prosper while providing a strong level of support to education and responsible gaming initiatives. For more information, visit AGEM.org.



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Objective and Overview

Objectives

- To quantify the economic impacts of the global gaming supplier industry.
- To conduct a sentiment and research survey to gauge the gaming equipment manufacturing industry's perception of the market and other operational considerations.

Types of Analyses

- Economic Impacts
 1. Economic output
 2. Value added
 3. Wages and salaries
 4. Employment
- Sentiment/Survey
 1. Current performance
 2. Expectation for the future

Data Sources

- Public company filings (financial reports)
- AGEM member survey
- Applied Analysis
- IMPLAN (Impact Analysis for Planning Software)

About the Author

Applied Analysis (AA) is a Nevada-based economic analysis and gaming consulting firm with extensive experience in preparing economic and fiscal impact analyses.

AA also maintains a broad range of gaming experience and has performed work for some of the largest gaming companies in the world. AA has been retained by several organizations to review and analyze the economic, fiscal and social impacts of community investments and operations. This includes impacts on employment, wages and output as well as impacts on tax collection and public service demands.

AA is an information and analysis resource founded in 1997 for both the public and private sectors. The team at AA has extensive experience in real estate, market analysis, urban economics, information technology, finance and hospitality consulting. For more information, visit AppliedAnalysis.com.

Summary of Findings

Global Gaming Suppliers Generate Meaningful Economic Impacts

The global gaming supplier industry continues to evolve and adapt to the latest consumer preferences and technological advancements emerging around the world. These changes have resulted in innovative solutions by gaming suppliers and continued investments in research and development, as well as, the industry's human resources.

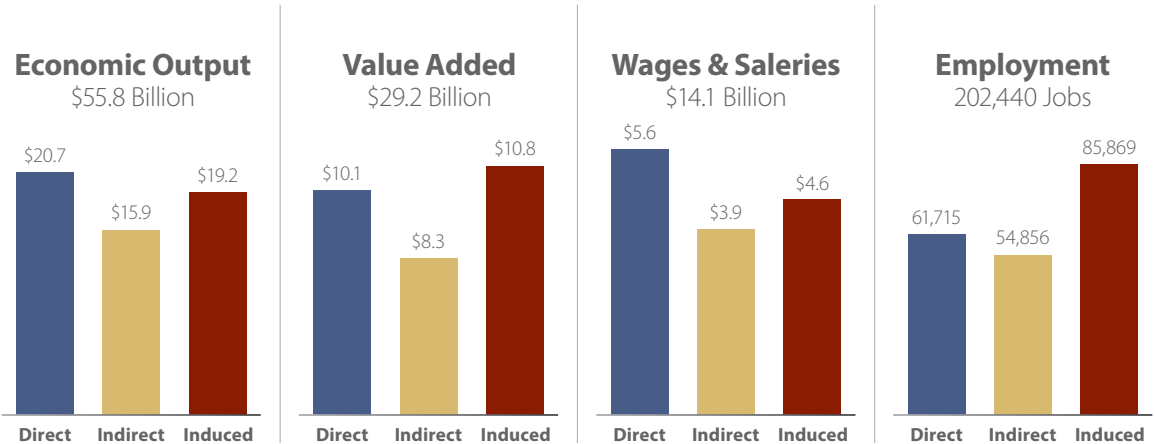
The economic impacts sourced to the industry demonstrate the meaningful contributions made by gaming manufacturers in the communities in which they do business.

Key performance metrics within the industry generally expanded by 6 to 7 percent during 2018 as compared to 2017. The metrics right or below summarize the economic impacts for the industry during the past year, while more detailed results are included to the right and in the pages that follow.

- **Economic Output:** The global gaming supplier industry directly generated approximately \$21 billion in economic output during 2018. When the ripple effect of those impacts are considered, total output reached nearly \$56 billion, which represented a 6.0 percent increase from 2017.
- **Value Added:** Limiting the impact to the amount of value added, the total impacts (including indirect and induced) equated to \$29 billion in 2018 (+6.0 percent).
- **Wages and Salaries:** Employers paid nearly \$6 billion in direct wages to employees, which translated into over \$14 billion in total earnings throughout the economy in 2018.
- **Employment:** Direct jobs in the industry totaled nearly 62,000, and the multiplier effect resulted in more than 202,000 positions around the globe in 2018 (+6.4 percent).

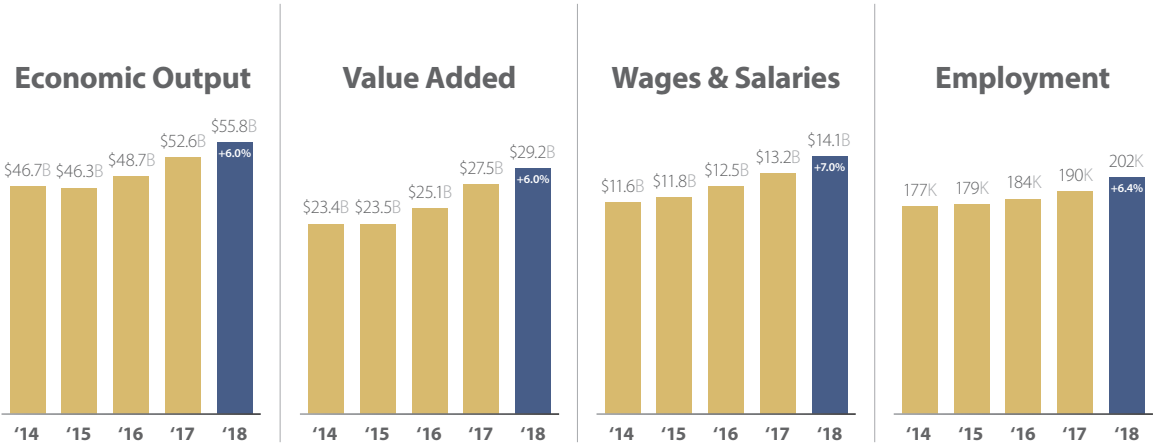
Notes: All currency values contained in this analysis are stated in nominal (year-of-expenditure) dollars. Values are also stated in US dollars, so foreign currency translation may also impact reported results. This analysis reflects a snapshot in time and may not be comparable to prior studies given the evolving nature of the industry. The latest report incorporates the most recent available information regarding the industry as whole and the companies operating within the market space. The current report is not necessarily comparable to prior editions due to a number of factors. The industry has continued to evolve as technological advancements and expansions of product offerings have taken place, casting a wider net for the industry in aggregate. Content providers have also become an increasingly integral component of the industry. It is also worth noting that privately-held firms that were acquired by publicly-traded companies have provided additional insight into the size of this historically unreported segment of the market. Overall, the current research provides the most comprehensive reporting on the industry.

2018 Economic Impacts by Type



Notes: Currency expressed nominal (year-of-expenditure) dollars in billions; totals may not sum due to rounding.

Total Economic Impacts Historically

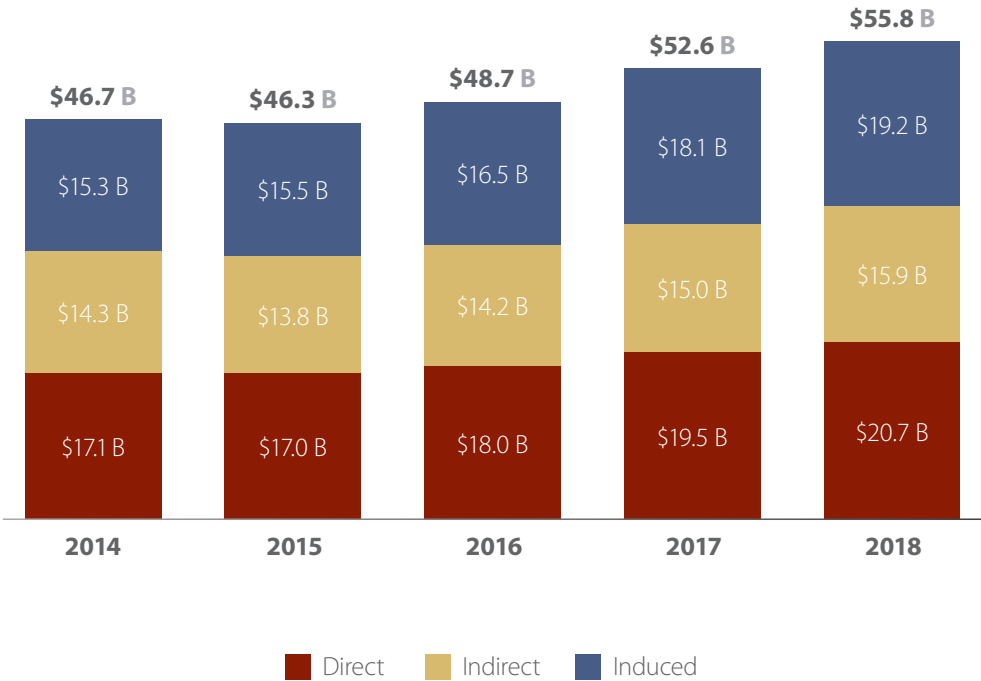


Notes: Currency expressed nominal (year-of-expenditure) dollars in billions; totals may not sum due to rounding.

Economic Output (Revenue)

- Direct output sourced to the global gaming supplier industry increased to \$20.7 billion in 2018, reflecting a growth rate of 6.0 percent from 2017.
- In addition to direct output, indirect output generated \$15.9 billion, while induced activity sourced to the industry rose to \$19.2 billion in 2018.
- Combined, the industry generated \$55.8 billion in economic output during 2018, reflecting an increase of 6.0 percent from 2017.

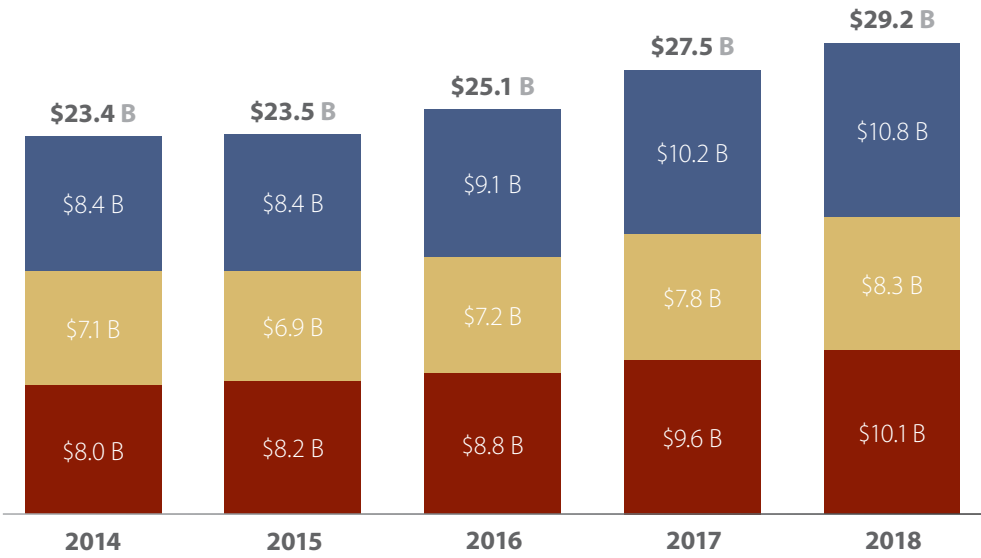
Source: Applied Analysis and IMPLAN.
Notes: Currency expressed in nominal (year-of-expenditure) dollars; totals may not sum due to rounding.



Value Added Impact

- Value added is an economic concept similar to gross domestic product (total output less cost of inputs). During 2018, direct value added for the industry totaled \$10.1 billion (+6.0 percent from 2017).
- In addition to direct value added, another \$19.1 billion in indirect and induced value added was supported by the industry.
- Total value added of gaming suppliers reached \$29.2 billion, representing an increase of 6.0 percent from the prior year.

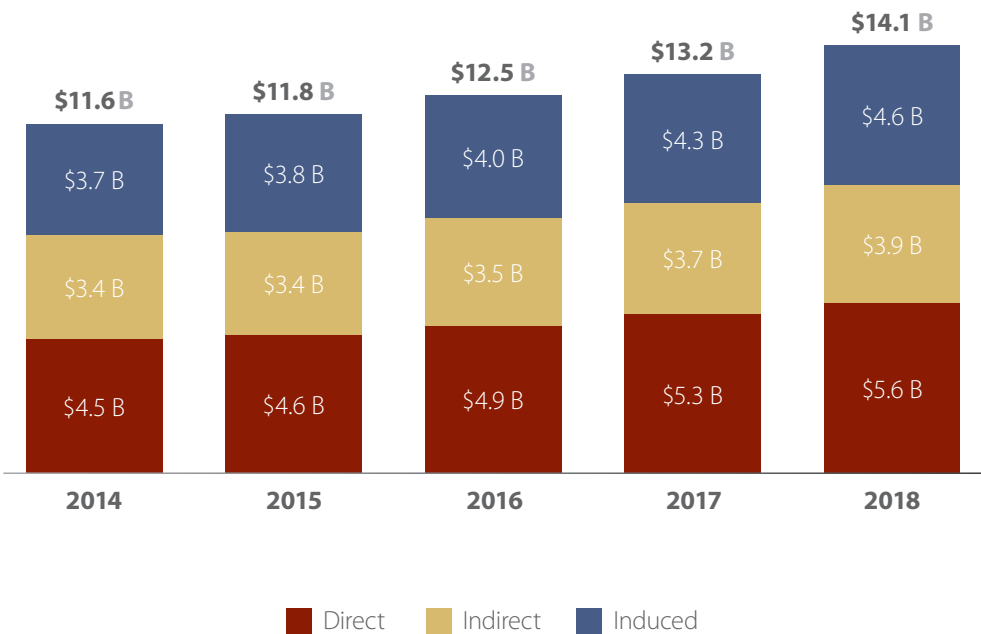
Source: Applied Analysis and IMPLAN.
Notes: Currency expressed in nominal (year-of-expenditure) dollars; totals may not sum due to rounding.



Wages and Salaries Impact

- Employers within the global gaming supplier industry paid approximately \$5.6 billion in direct wages and salaries to their employees during 2018, which represented a 7.0 percent increase.
- Indirect and induced wages and salaries accounted for another \$8.5 billion in personal incomes.
- In total, the industry supported \$14.1 billion in wages and salaries during 2018, representing an increase of 7.0 percent from the prior year.

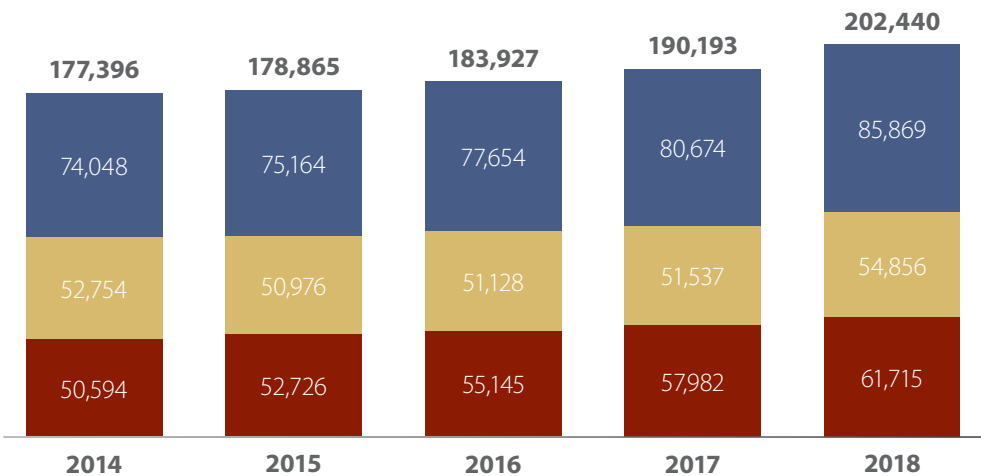
Source: Applied Analysis and IMPLAN.
Notes: Currency expressed in nominal (year-of-expenditure) dollars; totals may not sum due to rounding.



Employment Impact

- Direct employment within the gaming supplier industry totaled approximately 61,715 during 2018, which reflected an increase of 6.4 percent from 2017.
- The combined employment impacts, inclusive of indirect and induced impacts, reached approximately 202,440 during the latest reporting period (+6.4 percent).
- The average direct wage per employee reached approximately \$91,240 in 2018.

Source: Applied Analysis and IMPLAN.
Notes: Currency expressed in nominal (year-of-expenditure) dollars; totals may not sum due to rounding.



Strength In Nevada

Suppliers with a Presence in Nevada are Significant

While the impact of the global gaming industry spans a number of domestic and international markets, the State of Nevada is a key market in which suppliers conduct business. Companies that are either headquartered in Nevada or have some operations in the Silver State account for a meaningful share of industry-wide activity.

Companies doing business in Nevada generated \$11.7 billion in direct, global economic output (\$31.5 billion in total output). Other impact measures include \$16.5 billion in total value added, \$6.6 billion in wages and salaries and nearly 95,000 employees.

Note: Nevada impacts reflect the global impact of companies that are either headquartered in Nevada or have some operations in the state; this is not to suggest these are the exact impacts taking place within the State of Nevada.

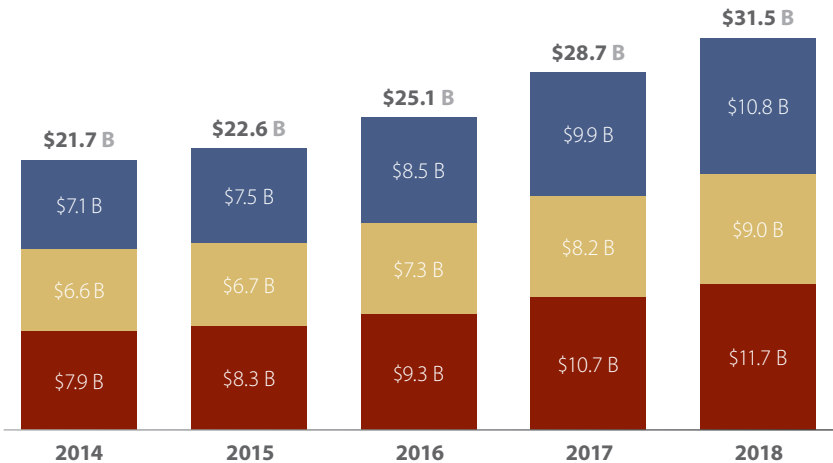
Impact	Direct	Indirect	Induced	Total
Economic Output	\$11.7 B	\$9.0 B	\$10.8 B	\$31.5 B
Value Added	\$5.7 B	\$4.7 B	\$6.1 B	\$16.5 B
Wages and Salaries	\$2.6 B	\$1.8 B	\$2.1 B	\$6.6 B
Employment	28,956	25,738	40,289	94,983

Nevada Economic Output Impact

Total output (revenue) for companies with operations in Nevada reached \$31.5 billion in 2018, which represented a 9.6 percent increase from the prior year.

Source: Applied Analysis and IMPLAN.
Notes: Currency expressed in nominal (year-of-expenditure) dollars; totals may not sum due to rounding.

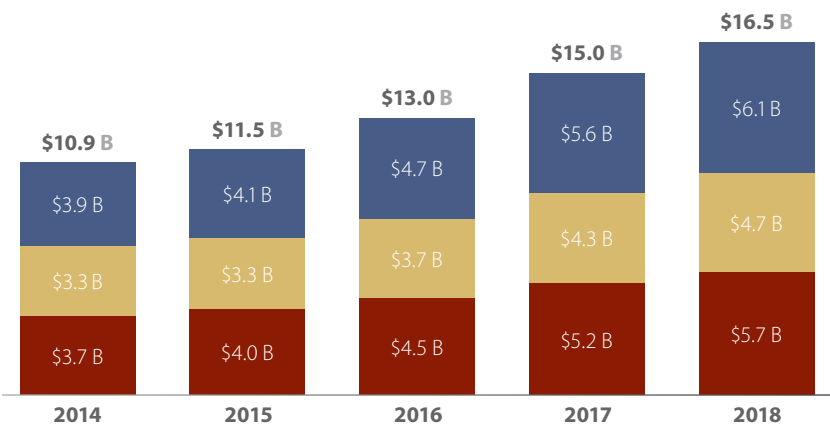
Direct Indirect Induced



Nevada Value Added Impact

Total value added by companies that housed operations in Nevada reached \$16.5 billion in 2018, reflecting an increase of 9.6 percent from 2017.

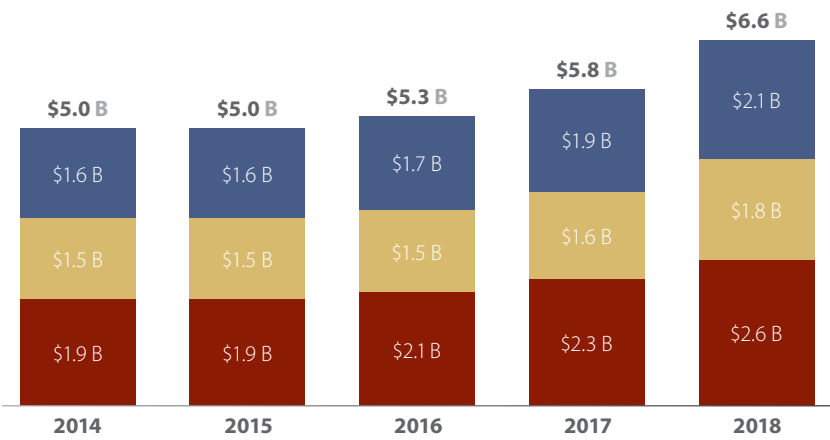
Source: Applied Analysis and IMPLAN.
Notes: Currency expressed in nominal (year-of-expenditure) dollars; totals may not sum due to rounding.



Nevada Wages and Salaries Impact

Total wages and salaries paid as a result of the gaming supplier industry reached \$6.6 billion during 2018, which was an increase of 15.2 percent during the past 12 months.

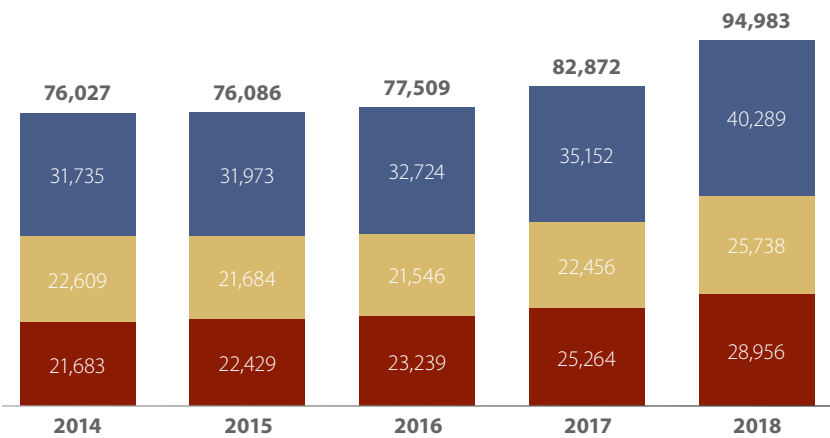
Source: Applied Analysis and IMPLAN.
Notes: Currency expressed in nominal (year-of-expenditure) dollars; totals may not sum due to rounding.



Nevada Employment Impact

Employment within the gaming supplier industry reached nearly 95,000 in 2018 for companies that had operations in the Silver State.

Source: Applied Analysis and IMPLAN.
Notes: Currency expressed in nominal (year-of-expenditure) dollars; totals may not sum due to rounding.



■ Direct ■ Indirect ■ Induced

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