

# AGEM Index

Association of Gaming Equipment Manufacturers

July 2010

The AGEM Index moved modestly upwards in the middle of second quarter earnings season. The composite score of 17 global gaming suppliers gained 1.68 points, reaching a value of 90.57 by the close of July 2010. The latest positive turn is welcome after falling sharply by 12.61 points and 14.69 points in May and June, respectively. For comparison purposes, the 1.89-percent gain in the AGEM Index was undersized by the broader equities markets, which closed significantly higher for the month, with the Dow Jones Industrial Average and Standard and Poor's 500 Index expanding 7.1 percent and 6.9 percent, respectively.

Smaller-than-expected gains from taxable retail sales to additional reductions in consumer confidence, economic recovery continues to feel like a recession to many sectors, including gaming and leisure. As long as consumer spending increases are slower-than-expected and gaming revenue remains soft in many jurisdictions nationwide, it is likely that capital expenditures for replacement sales will be slim for a while longer.

Selected positive contributors to the index during the month included:

- Lottomatica (LTO) recorded an increase of 7.26 percent in its stock valuation, adding 2.01 points to the index.
- INTRALOT S.A. (INLOT) contributed 1.46 points to the index based on a 29.77-percent gain in its stock price.

Selected negative contributors to the index included:

- International Game Technology (IGT) witnessed its stock price fall 2.93 percent, contributing -0.71 points to the index.
- Global Cash Access (GCA) posted a 43.00-percent decline in its stock valuation, contributing a negative 0.62 points to the index.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change			Index Contribution
		Jul-10	Jun-10	Jul-09	Prior Period	Prior Year		
Ainsworth Game Technology	ASX: AGI (AU\$)	0.08	0.09	0.08	(11.11)	-	(0.01)	
Aristocrat Technologies	ASX: ALL (AU\$)	3.39	3.66	4.48	(7.38)	(24.33)	(0.23)	
Astro Corp.	Taiwan: 3064 (NT\$)	53.80	52.30	72.90	2.87	(26.20)	0.01	
Bally Technologies	NYSE: BYI (US\$)	32.30	32.39	36.21	(0.28)	(10.80)	(0.03)	
Elixir Gaming Technologies	AMEX: EGT (US\$)	0.24	0.25	0.17	(4.00)	41.18	(0.01)	
GameTech International	Nasdaq: GMTC (US\$)	0.60	0.74	1.98	(18.92)	(69.70)	(0.01)	
Gaming Partners International	Nasdaq: GPIC (US\$)	6.72	6.38	7.07	5.33	(4.95)	0.02	
Global Cash Access	NYSE: GCA (US\$)	4.11	7.21	9.00	(43.00)	(54.33)	(0.62)	
IGT	NYSE: IGT (US\$)	15.24	15.70	19.75	(2.93)	(22.84)	(0.71)	
INTRALOT S.A.	ATHEX: INLOT (€)	3.40	2.62	4.37	29.77	(22.20)	1.46	
Konami	NYSE: KNM (US\$)	15.43	15.72	21.45	(1.84)	(28.07)	(0.20)	
Lottomatica (GTECH)	MILAN: LTO.MI (€)	11.37	10.60	14.85	7.26	(23.43)	2.01	
Multimedia Games	Nasdaq: MGAM (US\$)	4.20	4.50	5.62	(6.67)	(25.27)	(0.04)	
Shuffle Master	Nasdaq: SHFL (US\$)	8.79	8.01	7.20	9.74	22.08	0.24	
Transact Technologies	Nasdaq: TACT (US\$)	7.04	7.30	5.48	(3.56)	28.47	(0.01)	
Wells-Gardner Electronics	AMEX: WGA (US\$)	2.15	1.86	1.22	15.59	76.23	0.02	
WMS Industries	NYSE: WMS (US\$)	38.51	39.25	36.16	(1.89)	6.50	(0.23)	
Change in Index Value							1.68	
AGEM Index Value: June 2010							88.89	
<b>AGEM Index Value: July 2010</b>							<b>90.57</b>	

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As economic recovery moves at a slow pace, investors, potential gaming operators, and voters are somewhat mixed about the direction of casino gaming in several markets.

In July, reports from Moody's Investor Service indicated that a "high degree of uncertainty" remains in the gaming market, while Deutsche Bank noted in their own report that U.S. casinos were "bumping along the bottom."

In the Catskills of northern New York, at one of only five sites in the country to receive approvals needed to allow off-reservation gaming, the St. Regis Mohawk tribe failed to reach an agreement with developers to build a casino at the Monticello Raceway.

Further in the development stage, Harrah's Margaritaville Casino in Biloxi remains stalled as the operator noted that the site will be maintained as they "evaluate options."

Casino expansion in Michigan has come to halt as a ballot initiative failed to gather the nearly 400,000 signatures required to allow voters to decide if seven additional corporate casinos could operate in the state.

In Massachusetts, the legislature sent a gambling bill to Governor Deval Patrick just before midnight on July 31, the last day of the session. The bill, if it was not vetoed,

would have created three casinos and allowed slots at two racetracks. The Governor sent an amended bill back to legislators, which removes the approval for two slot machine facilities.

Based on a judicial ruling, voters in Maryland will decide in November whether they want a slot parlor near Arundel Mills Mall. The planned site was to have 5,000 slots.

Voters in the city of Richmond, California, will also go to the ballot box to determine if they want to open a full-scale casino at Point Molate.

Gaming expansions are moving forward in several other states. Kansas received applications from three developers to build a state-owned casino near Wichita. The deadline to review and negotiate contracts is October 20. Penn National Gaming released details of its planned Hollywood Casino in Columbus, Ohio. The \$400 million casino will hold nearly 3,000 slot machines, 70 table games and 30 poker tables.

On the international front, Intercity Group announced its plan to begin construction of a \$400-million casino near Cambodia's Angkor Wat temples in October.



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## The AGEM Index

The Association of Gaming Equipment Manufacturers (AGEM) produces the monthly AGEM Index that comprises 17 global gaming suppliers throughout the world. A total of 12 suppliers are based in the United States and are listed on the NYSE, Nasdaq, or AMEX, while two trade on the Australian exchange, one supplier trades on the Athens exchange, one trades on the Milan 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, 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 and Overview



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

The current AGEM membership roster, 101 strong, is a who's who of the supplier segment of the global gaming industry:

### AGEM Gold Members:

- Aristocrat Technologies
- Aruze Gaming America
- Austrian Gaming Industries
- Bally Technologies
- GTECH/Atronic/Spielo
- International Game Technology (IGT)
- Intralot S.A.
- Konami Gaming
- WMS Gaming

**AGEM Silver Members:** Action Gaming, American Gaming Systems (AGS), Casino Technology, JCM Global, MEI, Multimedia Games, Shuffle Master, Suzo-Happ Group, TCSJohnHuxley and Wells-Gardner Electronics.

**AGEM Bronze Members:** AC Coin & Slot, Acres 4.0, Ainsworth Game Technology, Astro Corp., Bingotimes Technology, Borden Technology, Cadillac Jack, Cammegh Limited, CashCode / Crane Payment Solutions, Diamond Game, Digital Display Group, Entropy Precision System, Euro Games Technology (EGT), GameTech International, Gaming Partners International, Gaming Support, Incredible Technologies, Interblock USA, Jumbo Technology, KGM Gaming, Lightning Gaming, Matsui Gaming Machine Co., MCA Processing, Modern Gaming, Rocket Gaming Systems, Summit Gaming, THT and Winning Asia Technology.

**AGEM Associate Members:** 3M Touch Systems, AxesNetwork Solutions, Bullivant Houser Bailey, Casino Enterprise Management, CMYK Creative, Codespace Gaming, Cole Kepro International, Cybertec Gaming Systems, Diamond Casino Products, DynaGraphic Printing, Elite Casino Products, Esterline Advanced Input Systems, FutureLogic, Gaming Capital Group, Gary Platt Manufacturing, Global Cash Access, Global Gaming Group (G3), Grand Products, Heber Ltd., Howard & Howard, IDX, Intel, IPS, James Industries, KEY-BAK, Kreller Group, KSK, Lewis & Roca, Lincoln Industries, Masterpiece Advertising, MC2, Money Controls, Nanoptix, Outpost Creative, Phelps Dunbar, Proforma GPS, Quixant Ltd., Regulatory Management Counselors, Rye Park Gaming, Sanmina-SCI, SCA Gaming, Strategy9, StylGame USA, Talent Associates, The Bright Group, Tournament One, TMX, Trade Show Fabrications, TransAct Technologies, Veridocs, Wrex Products and Young Electric Sign Company (YESCO).

[www.AGEM.org](http://www.AGEM.org)