

# AGEM Index

Association of Gaming Equipment Manufacturers

March 2011

**W**itnessing significant volatility throughout the month of March, the AGEM Index ended the quarter with its first monthly gain of the year. Rising 2.0 percent, or 2.07 points, to 105.23, the index of 17 publicly traded global gaming suppliers remains slightly lower than the level reported at the end of 2010, and 2.1 percent lower than its level one year ago. While the index reported positive growth during the month, instability remains across the sector as nine members of the index reported a pullback in their stock price, three of which by double-digit percentage points. Reversibly, four suppliers witnessed double-digit increases in their stock value during the month.

Swaying financial markets during the month were sourced to civil unrest continuing in the Middle East, the United States leading the front on a regime change in Libya, and a catastrophic earthquake that shook Japan. With all of the above potentially undermining the global economic recovery, traders fickle from already seeing rising inflation during the previous two months were volatile through the end of the quarter. However, compared to the broader equities markets, the AGEM

Index was largely unharmed. The Standard & Poor's 500 Index and the NASDAQ Composite fell 0.1 percent and 0.04 percent, respectively. The Dow Jones Industrial Average rose a slight 0.76 percent during the month of March. Selected positive contributors to the index during the month included the following:

- Lottomatica (LTO) contributed 4.62 points to the index with a 24.00-percent increase in its stock price.
- Aristocrat Technologies (ALL) reported a 2.85-percent gain in its value, adding 0.44 points to the index.

Selected negative contributors to the index included:

- Konami (KNM) reduced the composite index by 1.74 points with a 12.39-percent decline in its stock price.
- WMS Industries (WMS) witnessed its stock price fall 11.16 percent, contributing -1.29 points to the index.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Mar-11	Feb-11	Mar-10	Prior Period	Prior Year	
Ainsworth Game Technology	ASX: AGI (AU\$)	0.25	0.22	0.14	13.64	78.57	0.06
Aristocrat Technologies	ASX: ALL (AU\$)	3.25	3.16	4.53	2.85	(28.26)	0.44
Astro Corp.	Taiwan: 3064 (NT\$)	61.90	57.00	66.00	8.60	(6.21)	0.08
Bally Technologies	NYSE: BYI (US\$)	37.85	38.63	40.54	(2.02)	(6.64)	(0.23)
Elixir Gaming Technologies	AMEX: EGT (US\$)	0.35	0.35	0.25	-	40.00	-
GameTech International	Nasdaq: GMTC (US\$)	0.32	0.33	1.95	(1.54)	(83.59)	(0.00)
Gaming Partners International	Nasdaq: GPIC (US\$)	6.90	7.39	6.19	(6.63)	11.47	(0.02)
Global Cash Access	NYSE: GCA (US\$)	3.27	3.44	8.17	(4.94)	(59.98)	(0.06)
IGT	NYSE: IGT (US\$)	16.23	16.46	18.45	(1.40)	(12.03)	(0.39)
INTRALOT S.A.	ATHEX: INLOT (€)	2.45	2.50	3.35	(2.00)	(26.87)	0.01
Konami	NYSE: KNM (US\$)	18.46	21.07	19.23	(12.39)	(4.00)	(1.74)
Lottomatica (GTECH)	MILAN: LTO.MI (€)	12.71	10.25	14.12	24.00	(9.99)	4.62
Multimedia Games	Nasdaq: MGAM (US\$)	5.73	5.50	3.90	4.18	46.92	0.04
Shuffle Master	Nasdaq: SHFL (US\$)	10.68	9.41	8.19	13.50	30.40	0.44
Transact Technologies	Nasdaq: TACT (US\$)	11.89	9.92	7.35	19.86	61.77	0.13
Wells-Gardner Electronics	AMEX: WGA (US\$)	2.10	2.45	2.29	(14.29)	(8.30)	(0.02)
WMS Industries	NYSE: WMS (US\$)	35.35	39.79	41.94	(11.16)	(15.71)	(1.29)
Change in Index Value							2.07
AGEM Index Value: February 2011							103.16
<b>AGEM Index Value: March 2011</b>							<b>105.23</b>

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H2 Gaming Capital estimates worldwide online gambling will generate \$33.6 billion in 2011, 17.2 percent originating from within the United States. Those figures, likely to continue rising, make it more difficult for lawmakers to ignore the issue of legalized gambling online. While it is unclear if federal and state governments seeking to address budget shortfalls seek authorization of online gaming. What online gambling will look like, and who will be authorized to operate and regulate the industry, is uncertain, but it looks more and more like internet poker will be the first game on the table.

Massachusetts Congressman Barney Frank introduced legislation (HR 2267) last summer authorizing the regulation of online gambling, and although it made it out of his own House Financial Services Committee, it was never brought to the floor. In December, Senate Majority Leader Harry Reid also made attempts to attach an online poker bill to other legislation but was unsuccessful.

Now Representative Frank, joined by Congressam John Campbell of California, have introduced a bill (HR 1174) back to the House Financial Services Committee very similar to last year's approach. The Internet Gambling, Regulation, Consumer Protection, and Enforcement Act would protect online gamblers and give the government at both the federal and state levels the authority to

setup a licensing system for internet gambling operators. The bill is a long way from becoming law, let alone getting to the floor, but it does show the persistency of the issue at hand. It may also now compete with Nevada's own ambitions (AB 258).

While many operators seek federal legislation, it has not stopped one Nevada lawmaker from introducing bill AB 258 this last month, which would "enact[s] provisions governing the licensing and operation of internet poker." Mixed emotions from gaming operators and other organizations remain, but the mere introduction of such a bill highlights the momentum the topic continues to receive. It also comes during a time Wynn Resorts announced a partnership with PokerStars, with plans to launch PokerStarsWynn.com if federal legislation authorizes online poker. Additionally, Frank and Lorenzo Fertitta, along with other partners, have entered into a similar alliance with Full Tilt Poker.

If, or when, laws do change, the direct effect on current gaming manufacturers is unknown. Nevertheless, the landscape of gambling would be changed significantly, ultimately altering the dynamics of all those involved, including current global gaming suppliers.

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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.

For More Information, Contact:

**Marcus Prater, Executive Director**  
P.O. Box 50049, Henderson, NV 89016-0049  
702.812.6932 | [AGEM.org@cox.net](mailto:AGEM.org@cox.net)

## AGEM Membership Roster

The current AGEM membership roster, 111 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:** Abbiati Casino Equipment, AC Coin & Slot, Acres 4.0, Ainsworth Game Technology, Astro Corp., Bingotimes Technology, Borden Technology, Cadillac Jack, Cantor Gaming, Cammegh Limited, CashCode / Crane Payment Solutions, Diamond Game, DigiDeal, Digital Display Group, Entropy Precision System, Euro Games Technology (EGT), Galaxy Gaming, GameTech International, Gaming Partners International, Gaming Support, Glory (U.S.A.) Inc., Incredible Technologies, Interblock USA, Iverson Gaming Systems, Jumbo Technology, Lightning Gaming, Matsui Gaming Machine Co., MCA Processing, Modern Gaming, Rocket Gaming Systems, Summit Gaming, Table Trac, THT and Winning Asia Technology.

**AGEM Associate Members:** 3M Touch Systems, Advantech-Innocore, 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, Flextronics, FutureLogic, Gaming Capital Group, Gary Platt Manufacturing, Gemaco Inc., Global Cash Access, Global Gaming Group (G3), Grand Products, Heber Ltd., Howard & Howard, IDX, Intel, IPS, James Industries, KEY-BAK, Kreller Group, Leap Forward Gaming, 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).

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