

# AGEM Index

Association of Gaming Equipment Manufacturers

May 2011

As the major U.S. stock indices slipped in May largely due to weakness in the energy sector and signs that consumer demand and confidence may be fading, the AGEM Index took a more aggressive turn. After making significant gains over the last two months, the AGEM Index pulled back nearly 2.83 points, or 2.5 percent, during the month of May 2011. The index of 17 publicly traded global gaming suppliers ended the month at 109.75, remaining more than 5.9-percent higher than the same period a year ago. For comparison purposes, the Standard & Poor's 500 Index declined 1.1 percent and the NASDAQ Composite slipped 1.3 percent during the past month. The Dow Jones Industrial Average turned down more than 1.5 percent during the month of May.

While eight suppliers witnessed increases in their stock price, their contributions to the index were modest. Selected positive contributors to the index during the month included the following:

- Konami (KNM) added 0.82 points to the index due to a 4.92-percent increase in its stock valuation.

- Ainsworth Game Technology (AGI) posted an increase of 36.0 percent in its stock price, contributing 0.20 points to the index.

The downward movement of the overall index was largely attributable to a few suppliers. It is worth noting that the two largest negative contributors to the index in May were the largest positive contributors last month. Their dip this month does not erase the gains from April and those selected negative contributors to the index included:

- Lottomatica (LTO) reported a 6.76-percent decline in its stock price, removing 2.12 points from the index and accounting for the largest share of the index's loss during the month.
- International Game Technology (IGT) contributed negative 0.79 points to the index with its stock valuation falling 2.54 percent.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		May-11	Apr-11	May-10	Prior Period	Prior Year	
Ainsworth Game Technology	ASX: AGI (AU\$)	0.34	0.25	0.10	36.00	240.00	0.20
Aristocrat Technologies	ASX: ALL (AU\$)	2.73	2.62	4.10	4.20	(33.41)	0.20
Astro Corp.	Taiwan: 3064 (NT\$)	66.30	66.90	45.40	(0.90)	46.04	(0.01)
Bally Technologies	NYSE: BYI (US\$)	39.41	38.99	42.50	1.08	(7.27)	0.14
Elixir Gaming Technologies	AMEX: EGT (US\$)	0.33	0.32	0.27	3.13	22.22	0.01
GameTech International	Nasdaq: GMTC (US\$)	0.22	0.20	1.75	10.00	(87.43)	0.00
Gaming Partners International	Nasdaq: GPIC (US\$)	7.63	7.08	5.50	7.77	38.73	0.03
Global Cash Access	NYSE: GCA (US\$)	3.21	3.30	7.99	(2.73)	(59.82)	(0.03)
IGT	NYSE: IGT (US\$)	17.24	17.69	19.57	(2.54)	(11.91)	(0.79)
INTRALOT S.A.	ATHEX: INLOT (€)	1.64	2.41	2.94	(31.95)	(44.22)	(0.77)
Konami	NYSE: KNM (US\$)	20.67	19.70	16.47	4.92	25.50	0.82
Lottomatica (GTECH)	MILAN: LTO.MI (€)	14.06	15.08	12.19	(6.76)	15.34	(2.12)
Multimedia Games	Nasdaq: MGAM (US\$)	5.52	5.87	4.61	(5.96)	19.74	(0.05)
Shuffle Master	Nasdaq: SHFL (US\$)	10.89	10.93	8.30	(0.37)	31.20	(0.01)
Transact Technologies	Nasdaq: TACT (US\$)	11.50	11.58	7.36	(0.69)	56.25	(0.00)
Wells-Gardner Electronics	AMEX: WGA (US\$)	2.13	1.99	1.61	7.04	32.30	0.01
WMS Industries	NYSE: WMS (US\$)	31.46	32.80	46.33	(4.09)	(32.10)	(0.44)
Change in Index Value							(2.83)
AGEM Index Value: April 2011							112.57
<b>AGEM Index Value: May 2011</b>							<b>109.75</b>

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To help ease the pain of a gambling sector suffering from a three-year illness, Asia continues to be the prescribed medicine of choice for multi-national operators. Gaming revenues in Macau rose to over \$3.0 billion in May 2011, a remarkable 42.3-percent increase over the same period of the prior year. The new monthly record for gaming revenue outpaced April's record by 18.5 percent and was partially attributable to the opening of Galaxy Entertainment Group's new casino – Galaxy Macau. Opening May 15<sup>th</sup> and boasting 450 gaming tables and space for 1,500 slot machines, Galaxy Macau is expected to continue pushing gaming revenues on an upward trajectory. The success of Macau has allowed American-based gaming operators to offset domestic weakness by capitalizing on it, and the entire region's growth.

Although late to enter the overseas market, Pinnacle Entertainment took a 26-percent stake in Asian Coast Development's project on the Ho Tram Strip in south Vietnam. The investment allows Pinnacle to enter the Asian gambling market by developing a hotel-casino. Operators hope Vietnam will be able to emulate the success enjoyed by operators in Macau and Singapore. The project will compete with MGM Resorts International's hotel-casino development expected to open in 2013. While MGM Resorts International is the first to invest in Vietnam's Ho Tram Strip, it is the latest to capitalize on an initial public offering for its Macau assets.

Following Wynn Macau Limited (a subsidiary of Wynn Resorts Limited), which raised \$1.6 billion through its own IPO in October 2009, and Sands China Limited (a subsidiary of Las Vegas Sands Corp.), which raised nearly \$2.5 billion a month later, MGM has now added its name to the Hong Kong stock market. At the time of publishing, MGM China (a subsidiary of MGM Resorts International) raised approximately \$1.4 billion in net proceeds through its IPO, and closed its first day of trading up a modest 1.7 percent.

The result of these public offerings provides increased liquidity by selling interests in generally profitable assets. While these companies can enjoy a one-time infusion of cash for general operating purposes or capital investments, including expansions, fundamentals in their operating locations remains in the spotlight.

With debt maturities having been pushed further out in the downturn, casino properties in the United States have more time to recover. In the interim, it is likely that operators will continue to experience downward pressure on investments in new gaming equipment and technology. Additionally, global gaming suppliers will likely focus investment dollars abroad to build up business in emerging markets where capital expenditures are being made.



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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, 113 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, Cammegh Limited, Cantor Gaming, 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, Inspired Gaming, Interblock USA, Iverson Gaming Systems, Jumbo Technology, Lightning Gaming, Matsui Gaming Machine Co., MCA Processing, Modern Gaming, Patriot Gaming & Electronics, Rocket Gaming Systems, Summit Gaming, Table Trac, THT and Winning Asia Technology.

**AGEM Associate Members:** 3M Touch Systems, Advantech-Innocore, AxesNetwork Solutions, 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, Fox Rothschild, FutureLogic, Gaming Capital Group, Gary Platt Manufacturing, Gemaco, Global Cash Access, Global Gaming Group (G3), Grand Products, Hanco Technologies, 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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