

# AGEM Index

Association of Gaming Equipment Manufacturers

July 2011

**S**eparating themselves from the broader market, investors pushed the AGEM Index upward to a level not seen in 15 months as 10 of the 17 publicly traded global gaming suppliers reported a month-over-month increase in their stock valuations during the month of July 2011. Overall, the AGEM Index grew 3.46 points, or 3.1 percent, closing at 114.07 points. In contrast, the broader equity markets in the United States pulled back during the month, largely attributable to concerns over a looming deadline on the federal debt ceiling in the final week of trading. For comparison purposes, the NASDAQ Composite slipped a modest 0.6 percent, while the Standard & Poor's 500 Index and the Dow Jones Industrial Average each declined nearly 2.2 percent.

Selected positive contributors to the index during the month included the following:

- Konami (KNM) recorded a 9.75-percent increase in its stock valuation, adding 1.98 points to the index.
- International Game Technology (IGT) contributed 1.84 points to the index sourced to a 5.75-percent gain in its stock price.

Selected negative contributors to the index included:

- WMS Industries (WMS) contributed negative 0.93 points to the index with its stock valuation falling 10.25 percent.
- Bally Technologies (BYI) reported a 3.07-percent decline in its stock price, removing 0.37 points from the index.

Additional austerity measures in European economies, concerns over the U.S. federal deficit, and inflation worries in Asia are challenging investors and putting pressure on an economic recovery from taking hold in the near term. Not unlike investors, consumers witnessed positive jobs reports during the first quarter, only to see them wane in the second quarter. U.S. consumer confidence as measured by The Conference Board is down 17.4 percent since February. This downward pressure from macro indicators has the potential to undermine or slow growth in selected casino markets and ultimately global gaming equipment manufacturers.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Jul-11	Jun-11	Jul-10	Prior Period	Prior Year	
Ainsworth Game Technology	ASX: AGI (AU\$)	0.41	0.36	0.08	13.89	412.50	0.13
Aristocrat Technologies	ASX: ALL (AU\$)	2.44	2.42	3.39	0.83	(28.02)	0.38
Astro Corp.	Taiwan: 3064 (NT\$)	64.70	60.80	53.80	6.41	20.26	0.05
Bally Technologies	NYSE: BYI (US\$)	39.43	40.68	32.30	(3.07)	22.07	(0.37)
Elixir Gaming Technologies	AMEX: EGT (US\$)	0.34	0.27	0.24	27.60	42.92	0.06
GameTech International	Nasdaq: GMTC (US\$)	0.25	0.22	0.60	13.69	(58.33)	0.00
Gaming Partners International	Nasdaq: GPIC (US\$)	7.80	7.19	6.72	8.48	16.07	0.03
Global Cash Access	NYSE: GCA (US\$)	2.81	3.18	4.11	(11.64)	(31.63)	(0.12)
IGT	NYSE: IGT (US\$)	18.59	17.58	15.24	5.75	21.98	1.84
INTRALOT S.A.	ATHEX: INLOT (€)	1.27	1.47	3.40	(13.61)	(62.65)	(0.23)
Konami	NYSE: KNM (US\$)	26.00	23.69	15.43	9.75	68.50	1.98
Lottomatica (GTECH)	MILAN: LTO.MI (€)	13.82	13.38	11.37	3.29	21.55	0.65
Multimedia Games	Nasdaq: MGAM (US\$)	4.34	4.55	4.20	(4.62)	3.33	(0.03)
Shuffle Master	Nasdaq: SHFL (US\$)	9.32	9.36	8.79	(0.37)	6.03	(0.01)
Transact Technologies	Nasdaq: TACT (US\$)	11.60	11.70	7.04	(0.85)	64.77	(0.01)
Wells-Gardner Electronics	AMEX: WGA (US\$)	1.99	1.75	2.15	13.71	(7.44)	0.02
WMS Industries	NYSE: WMS (US\$)	27.57	30.72	38.51	(10.25)	(28.41)	(0.93)
Change in Index Value							3.46
AGEM Index Value: June 2011							110.61
<b>AGEM Index Value: July 2011</b>							<b>114.07</b>

www.AGEM.org

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In an effort to diversify operations and seek out new opportunities and revenue streams, gaming manufacturers have participated in several acquisitions and partnerships over the last several months. As sports-related gaming migrates from traditional brick-and-mortar betting shops to the virtual bookmakers, it is likely that both new and traditional gamers will become ever more confident to wager over a network from outside the doors of a physical casino. Selected operators hoping to get ahead of that tipping point through recent transactions include: Aristocrat Leisure Limited, International Game Technology (IGT) and Bally Technologies.

In March, Aristocrat and GameAccount Network completed a partnership agreement, with GameAccount Network developing and delivering Aristocrat's slot games and content to on-line players in regulated markets. GameAccount Network is an eGaming company based in London and operates several on-line gaming networks and white labeled casino sites for regulated international operators. IGT inked a similar deal with GameAccount Network in June, where IGT will provide game content from more than 70 slot games in its portfolio to be used on their MoneyGaming casino website.

IGT is also seeking out new market opportunities through acquisition. Through a wholly-owned subsidiary, IGT made a cash offer for Entraction Holding AB in May,

for which it acquired 97.6 percent of all shares by the end of June. Entraction Holding AB is based in Sweden and operates legalized on-line poker networks, as well as delivering on-line gaming products including bingo, casino games, and sports betting.

Bally Technologies is capitalizing on the rise of mobile devices through its purchase of MacroView Labs during the month of July. Unlike on-line and mobile gaming applications, MacroView Labs designs mobile web applications for the hospitality industry, including physical hotel-casino operators. Their portfolio includes the development of mobile applications for several Hard Rock Hotel and Casino properties, MGM Resorts International, and Palms.

Whether gaming equipment manufacturers are looking ahead to compete with traditional casino operators in the virtual betting space, provide existing content on a mobile platform, or deliver premium game content to on-line gaming operators, they are positioning themselves for new market realities. Interactive gaming is already a global gaming market, but if existing equipment manufacturers can add content, knowledge, and brand equity to this medium, they will be able to diversify and broaden their portfolios for the next generation of gamers.



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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, Alfastreet, Astro Corp., Bingotimes Technology, Cadillac Jack, Cammegh Limited, Cantor Gaming, Crane Payment Solutions / CashCode / Money Controls, 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, JPM International, 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, Casino Enterprise Management, CMYK Creative, Codespace Gaming, Cole Kepro International, Cooper Levenson, Cybertec Gaming Systems, 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, 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, Trade Show Fabrications, TransAct Technologies, Trans-Lux, Veridocs, Wrex Products and Young Electric Sign Company (YESCO).