

AGEM Index

Association of Gaming Equipment Manufacturers

July 2012

After reporting an increase in June 2012, the AGEM Index declined in July. The composite score fell 8.7 points, or 6.9 percent, to 116.39. The index has reported month-to-month declines in six of the last 12 months as valuations have bounced around in response to varying degrees of investor demand and market speculation. In July, 10 of the 17 global gaming operators reported increases in stock price, with Daktronics (DAKT) reporting a stock price increase greater than 10 percent. Of the seven operators reporting stock price declines in July, three witnessed declines of over 10 percent, with International Game Technology (IGT) posting a 28.1-percent drop.

The broader stock markets reported little to no change in July 2012. The Dow Jones Industrial Average ended the month at 13,008.68. Compared to the end of June, the latest period represents a modest 1.0-percent increase. The NASDAQ reported essentially no change in value during July, ending the month at 2,939.52. Meanwhile, while modest, the S&P 500 reported the greatest increase during the month. The index reached a closing value of 1,379.32, up 1.3 percent when compared to June 2012.

Selected positive contributors to the AGEM index in July 2012 included the following improvements:

- With a stock price increase of 5.1 percent to \$15.97, Lottomatica (LTO) contributed 0.77 points to the index.
- Ainsworth Game Technology (AGI) contributed 0.52 points with a stock price of \$2.24, up 6.7 percent.
- Shuffle Master (SHFL) reported a stock price of \$14.61, up 5.9 percent, and contributed 0.33 points to the index in July.

Selected negative contributors included the following:

- International Game Technology (IGT) witnessed a 28.1-percent decline in stock price to \$11.32, resulting in a negative contribution of 6.5 points.
- With a stock price of \$21.35, down 5.4 percent, Konami (KNM) contributed negative 1.16 points to the index.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Jul-12	Jun-12	Jul-11	Prior Period	Prior Year	
Ainsworth Game Technology	ASX: AGI (AU\$)	2.24	2.10	0.41	6.67	446.34	0.52
Aristocrat Technologies	ASX: ALL (AU\$)	2.36	2.76	2.44	(14.49)	(3.28)	(1.14)
Astro Corp.	Taiwan: 3064 (NT\$)	40.50	39.70	64.70	2.02	(37.40)	0.01
Bally Technologies	NYSE: BYI (US\$)	43.71	46.66	39.43	(6.32)	10.85	(0.83)
Daktronics, Inc.	Nasdaq: DAKT (US\$)	7.73	6.91	9.93	11.87	(22.16)	0.27
Gaming Partners International	Nasdaq: GPIC (US\$)	6.20	6.18	7.80	0.32	(20.51)	0.00
Global Cash Access	NYSE: GCA (US\$)	6.46	7.21	2.81	(10.40)	129.89	(0.31)
IGT	NYSE: IGT (US\$)	11.32	15.75	18.59	(28.13)	(39.11)	(6.54)
INTRALOT S.A.	ATHEX: INLOT (€)	0.90	0.88	1.27	2.16	(29.13)	0.00
Konami	NYSE: KNM (US\$)	21.35	22.58	26.00	(5.45)	(17.88)	(1.16)
Lottomatica (GTECH)	MILAN: LTO.MI (€)	15.97	15.20	13.82	5.07	15.56	0.77
Multimedia Games	Nasdaq: MGAM (US\$)	14.15	14.00	4.34	1.07	226.04	0.03
Scientific Games Corporation	Nasdaq: SGMS (US\$)	8.46	8.55	9.14	(1.05)	(7.44)	(0.06)
Shuffle Master	Nasdaq: SHFL (US\$)	14.61	13.80	9.32	5.87	56.76	0.33
Transact Technologies	Nasdaq: TACT (US\$)	7.73	7.71	11.60	0.26	(33.36)	0.00
Wells-Gardner Electronics	AMEX: WGA (US\$)	2.30	2.26	1.99	1.77	15.58	0.00
WMS Industries	NYSE: WMS (US\$)	18.37	19.95	27.57	(7.92)	(33.37)	(0.56)
Change in Index Value							(8.66)
AGEM Index Value: June 2012							125.05
AGEM Index Value: July 2012							116.39

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Major US hotel-casino operators are continuing to focus on international development opportunities as new markets are opening up. However, new properties completions remain years away given planning and development timelines.

Taiwan is likely to welcome its first casino. This month, 57 percent of voters in Matsu, a small island of Taiwan home to about 8,000 people, approved plans to build a casino on the island. While gambling is still illegal in Taiwan, an amendment passed in 2009 allowed for the building of casinos on the offshore islands. Voters in favor of the new casino believe it will help improve infrastructure and develop the region's tourism industry, while opponents fear it could increase crime and pollution on the island.

Major operators are considering the opportunity to build a resort in Taiwan because of its close proximity to China, Korea and Japan. However, analysts believe it will be at least five years before the first casino is complete. The legislative process alone could span several months to beyond a year.

Despite slow growth in the Macau gaming market in recent months, operators are continuing to set their sights on additional development opportunities in the region. In July, Macau reported revenues of \$3.1 billion,

up 1.5 percent over the same month a year ago. However, the latest growth rate is the slowest witnessed since the financial crisis in 2009, which was attributable to less demand by Chinese gamblers as the economy slows. As a result, Wynn Resorts and Las Vegas Sands reported less-than-expected second quarter 2012 results.

Companies are still planning to build resorts in Macau. Wynn Macau recently announced it will borrow up to \$2.3 billion to finance construction of its newest resort, Wynn Cotai. The property will include a casino, 2,000-room hotel, shopping, restaurants and convention space. The project is expected to total as much as \$4 billion.

Las Vegas Sands was recently given an extension for its new casino on Parcel 3 of the Cotai Strip from April 2013 to April 2016. The resort will be the company's biggest project since Cotai Central resort, which opened this year. Finally, MGM Resorts is awaiting approval by the government to build a resort on the Cotai Strip. Although authorities are still reviewing the application, the company is optimistic about the project. Regardless of timing, future development projects bode well for equipment suppliers.



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

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

AGEM Gold Members:

- Aristocrat Technologies
- Aruze Gaming America
- Austrian Gaming Industries
- Bally Technologies
- Lottomatica/ GTECH / Spielo International
- International Game Technology (IGT)
- Intralot S.A.
- Konami Gaming
- Shuffle Master
- Scientific Games
- Video Gaming Technologies (VGT)
- WMS Gaming

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

AGEM Bronze Members: Abbiati Casino Equipment, AC Slots (ACS), Acres 4.0, Ainsworth Game Technology, Alfastreet, Astro Corp., Bingotimes Digital Technology, Cadillac Jack, Cammegh Limited, Cantor Gaming, Cole Kepro International, Crane Payment Solutions/ CashCode/ Money Controls, Diamond Game, DigiDeal, Digital Display Group, Euro Games Technology (EGT), Galaxy Gaming, Gaming Support, Glory (U.S.A) Inc., Incredible Technologies, Inspired Gaming, Interblock USA, Iverson Gaming Systems, JPM International, Jumbo Technology, Matsui Gaming Machine Co., Modern Gaming, Patriot Gaming & Electronics, Quixant Ltd., Reel Games, Table Trac, Tech Results and Warrior Gaming Associates

AGEM Associate Members: 3M Touch Systems, Advantech-Innocore, Assurance Ltd., BBIN, Carmanah Signs, Casino Enterprise Management, Cooper Levenson, Cybertec Gaming Systems, Daktronics, DiTronics Financial Services, DynaGraphic Printing, Elite Casino Products, Esterline Advanced Input Systems, Eurocoin, Flextronics, Fox Rothschild, FutureLogic, Gaming Capital Group, Gary Platt Manufacturing, Gemaco, Global Cash Access, Global Gaming Group (G3), Grand Products Nevada, Greenberg Traurig, Hanco Technologies, Howard & Howard, IDX, Intel, IPS, James Industries, KEY-BAK, Kontron, Leap Forward Gaming, Lewis & Roca, Lincoln Industries, Litemax Technology, Masterpiece Advertising, Nanoptix, Outpost Creative, Phelps Dunbar, Portwell, Proforma GPS, Rainmaker, Reel TV, Regulatory Management Counselors (RMC), Rye Park Gaming, Sanmina-SCI, SCA Gaming, Spin Games, Strategy9, StylGame USA, Talent Associates, The Bright Group, Tournament One, TransAct Technologies, Veridocs, Wrex Products and Young Electric Sign Company (YESCO).