

AGEM Index

Association of Gaming Equipment Manufacturers

January 2014

Not unlike the broader equities' markets, the AGEM Index reported a substantial decline in the first month of 2014 when compared to December 2013. In January, the composite index was 183.85, which was down 10.09 points (-5.2 percent) when compared to the prior month. The latest period represents the first substantial month-to-month decline since June 2013; however, compared to a year ago, the index remains up 36.19 points (+24.5 percent). In January of 2014, 11 of the 16 global gaming equipment manufacturers reported month-to-month declines in stock price, with seven down by more than five percent. Gaming Partners International (GPIC) reported flat stock performance from December 2013, and of the four companies that witnessed increases, only one was up by more than five percent.

The broader stock markets also posted a weak start to 2014 as all three major indices reported declines in January compared to December 2013. NASDAQ ended the month at 4,103.88, down 1.7 percent from the prior period, while the S&P 500 declined 3.6 percent to 1,782.59. Meanwhile, the Dow Jones Industrial Average

(DJIA) witnessed the most substantial month-to-month decline, falling 5.3 percent to 15,698.85. The DJIA's performance was most in line with the decline reported by the AGEM Index during the month. Profit-taking and speculation fueled much of the recent volatility.

Selected positive contributors to the January 2014 AGEM Index included the following:

- With a stock price of \$23.72 (+3.4 percent), Konami Gaming (KNM) contributed 0.84 points.
- GTECH S.p.A (GTK) contributed 0.40 points, due to its 2.0-percent increase in stock price to €22.60.

Selected negative contributors included the following:

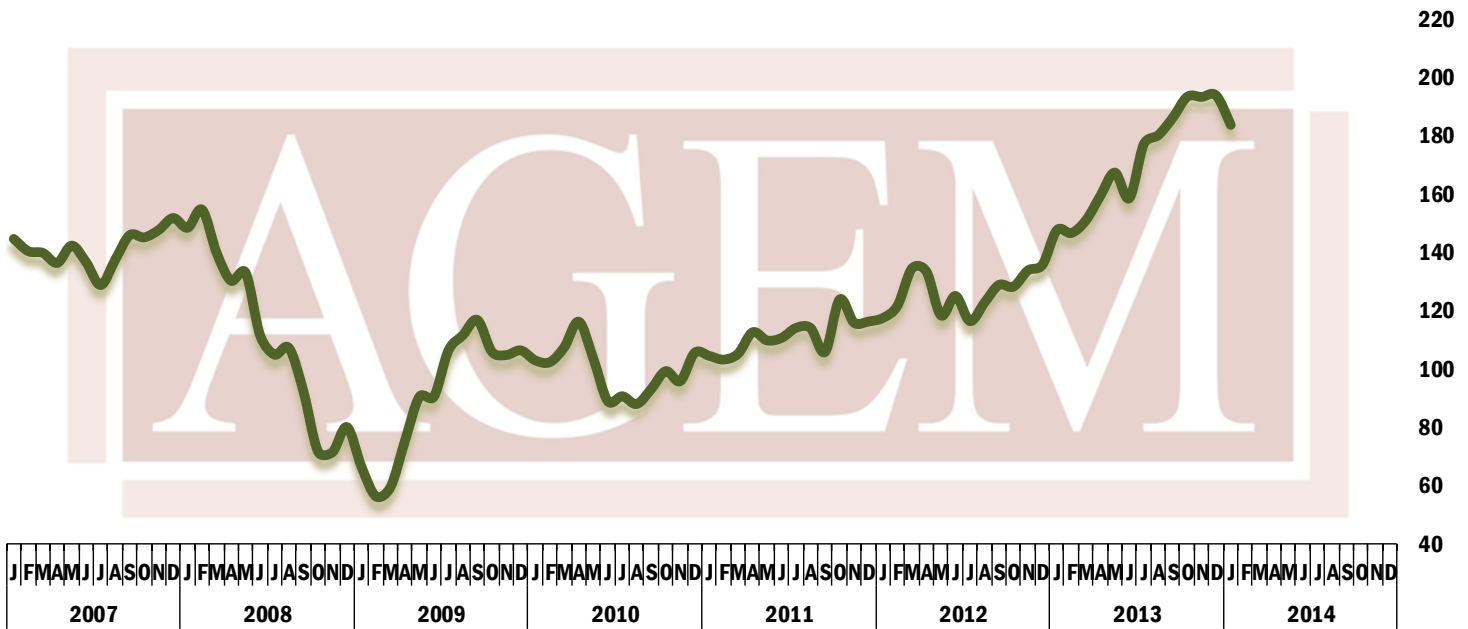
- International Game Technology (IGT) reported a stock price of \$14.43 (-20.5 percent) and contributed negative 5.39 points to the index.
- Crane Co. (CR) contributed negative 1.65 points, due to its 6.1-percent decline in stock price to \$63.16.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Jan-14	Dec-13	Jan-13	Prior Period	Prior Year	
Ainsworth Game Technology	ASX: AGI (AU\$)	4.22	4.39	3.00	(3.87) ↓	40.67 ↑	(0.28)
Aristocrat Technologies	ASX: ALL (AU\$)	4.55	4.69	3.71	(2.99) ↓	22.64 ↑	(0.38)
Astro Corp.	Taiwan: 3064 (NT\$)	42.25	44.10	38.50	(4.20) ↓	9.74 ↑	(0.04)
Bally Technologies	NYSE: BYI (US\$)	73.32	78.45	48.16	(6.54) ↓	52.24 ↑	(1.38)
Crane Co.	NYSE: CR (US\$)	63.16	67.25	50.28	(6.08) ↓	25.62 ↑	(1.65)
Daktronics, Inc.	Nasdaq: DAKT (US\$)	14.61	15.68	11.86	(6.82) ↓	23.19 ↑	(0.32)
Gaming Partners International	Nasdaq: GPIC (US\$)	8.17	8.17	7.58	- →	7.78 ↑	-
Global Cash Access	NYSE: GCA (US\$)	8.48	9.99	7.55	(15.12) ↓	12.32 ↑	(0.62)
GTECH S.p.A.	MILAN: GTK.MI (€)	22.60	22.16	18.20	1.99 ↑	24.18 ↑	0.40
IGT	NYSE: IGT (US\$)	14.43	18.16	15.37	(20.54) ↓	(6.12) ↓	(5.39)
INTRALOT S.A.	ATHEX: INLOT (€)	1.95	1.84	2.07	5.98 ↑	(5.80) ↓	0.15
Konami	NYSE: KNM (US\$)	23.72	22.95	21.06	3.36 ↑	12.63 ↑	0.84
Multimedia Games	Nasdaq: MGAM (US\$)	31.76	31.36	16.94	1.28 ↑	87.49 ↑	0.09
Scientific Games Corporation	Nasdaq: SGMS (US\$)	14.08	16.93	8.89	(16.83) ↓	58.38 ↑	(1.49)
Transact Technologies	Nasdaq: TACT (US\$)	11.88	12.53	8.04	(5.19) ↓	47.76 ↑	(0.04)
Wells-Gardner Electronics	AMEX: WGA (US\$)	1.70	1.78	2.03	(4.49) ↓	(16.26) ↓	(0.01)
Change in Index Value							(10.09)
AGEM Index Value: December 2013							193.95
AGEM Index Value: January 2014							183.85

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A number of gaming equipment manufacturers recently released their results for the latest quarterly cycle. International Game Technology (IGT) reported a 2.1-percent annual increase in net revenues during its fiscal first quarter of 2014, rising from \$530.3 million to \$541.2 million. The growth was primarily driven by growth in social gaming revenues, which increased 56.9 percent year-over-year to \$64.8 million. Daily active users (DAU) increased 17.4 percent during the first quarter to 1.7 million, while bookings per DAU were up 35.5 percent. Product sales revenues also reported a year-over-year increase, rising 3.7 percent to \$243.6 million. The growth was primarily attributable to increased video poker sales in North America.

The growth in social gaming and product sales revenues was partially offset by a decline in gaming operations revenues, which fell 8.1 percent to \$223.0 million. The company notes that the decline was due to lower North America MegaJackpots® revenue.

Multimedia Games (MGAM) reported a 33.5-percent increase in net revenues during its fiscal first quarter of 2014 to a record \$59.2 million. During the period, both of the company's revenue sources reported increases compared to a year ago. Gaming operations revenues rose 12.1 percent to \$33.6 million due to a 13.1-percent increase in the company's installed base. Gaming equipment and systems sales revenues increased 77.7 percent during the period to \$24.9 million. Despite a 7.1-

percent decline in average selling price to \$17,366, approximately 731 more units were sold in the first quarter than a year ago. The increase is partially attributable to new customers in Pennsylvania.

Bally Technologies (BYI) reported a 19.7-percent year-over-year increase in net revenues to a quarterly record of \$285.2 million in the company's fiscal second quarter of 2014. The latest growth was primarily driven by increases in systems revenues and electronic gaming machines ("EGM") revenues. During the quarter, systems revenues increased 50.8 percent to an all-time record of \$85.5 million. Meanwhile, despite a 3.7-percent decline in the average selling price of new electronic gaming devices to \$15,936, EGM revenues increased 6.7 percent to \$88.1 million. The growth was primarily attributable to 1,025 units being shipped into the Illinois Video Gaming Terminal market. Gaming operations revenues reported a modest 1.7-percent decline during the quarter, falling to \$97.3 million. During the period, Bally Technologies successfully completed the acquisition of SHFL Entertainment. The company notes that the merger was completed ahead of schedule and the integration process is moving forward smoothly.

Additional earnings reports are expected in the coming weeks, which should shed additional light on the industry.



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The AGEM Index

The Association of Gaming Equipment Manufacturers (AGEM) produces the monthly AGEM Index that comprises 16 global gaming suppliers throughout the world. A total of 11 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:

- Ainsworth Game Technology
- Aristocrat Technologies
- Aruze Gaming America
- Austrian Gaming Industries
- Bally Technologies / SHFL Entertainment
- Global Cash Access (GCA)
- GTECH S.p.A.
- International Game Technology (IGT)
- Intralot S.A.
- Konami Gaming
- Multimedia Games
- Scientific Games / WMS
- Video Gaming Technologies (VGT)

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

AGEM Bronze Members: Abbiati Casino Equipment, Alfastreet, Astro Corp., Bingotimes Digital Technology, Cadillac Jack, Cammegh Limited, CastNET, CG Technology, Cole Kepro International, Crane Payment Solutions/ CashCode/ Money Controls, Euro Games Technology (EGT), Galaxy Gaming, Gaming Support, Glory Global Solutions, Incredible Technologies, Inspired Gaming, Interblock USA, ISMS, Iverson Gaming Systems, Jumbo Technology, Matsui Gaming Machine Co., Modern Gaming, Patriot Gaming & Electronics, Quixant Ltd., Reel Games and Table Trac.

AGEM Associate Members: 3M Touch Systems, Advanced Micro Devices (AMD), Advantech-Innocore, Arrow International, Atrient, British Group Interactive (BGI), Brown & Brown Insurance of Nevada, Camryn Industries, Carmanah Signs, Casino Enterprise Management, Cooper Levenson, Cybertec Gaming Systems, Daktronics, Digital Instinct, DigiTech Systems, DiTronics Financial Services, DynaGraphic Printing, Eastsign International Limited, Eiler Research, Elite Gaming Technology, Esterline Interface Technologies, Eurocoin, Flextronics, Fox Rothschild, FutureLogic, GameAccount Nevada Inc. Gaming Capital Group, Gary Platt Manufacturing, Gasser Chair Company, Gemaco Inc., Genesis Interactive Technologies, GeoComply USA Inc, Global Experience Specialists (GES), Global Gaming Group (G3), Grand Products Nevada, Greenberg Traurig, Hanco Technologies, Howard & Howard, Impact Display Solutions, Intel, International Network in Advance Gaming (INAG), IPS, James Industries, JCS Technologies, Joingo LLC, Jones Walker, KEY-BAK, Kontron, Leap Forward Gaming, Lewis Brisbois Bisgaard & Smith, Lewis Roca Rothgerber, Litemax Technology, Metalcraft, Outpost Creative, Portwell, Proforma GPS, Rainmaker, Regulatory Management Counselors (RMC), Renewable Creative, Rye Park Gaming, SCA Gaming, Sightline Payments, Southwest Manufacturing Solutions, Spin Games, Strategy9, StylGame USA, Talent Associates, The Bright Group, Tournament One, TOVIS, TransAct Technologies, Union Gaming Group, Vantiv Gaming Solutions, Veridocs, Wrex Products and Young Electric Sign Company (YESCO).