

AGEM Index

Association of Gaming Equipment Manufacturers

February 2014

After reporting a decline in the first month of the year, the AGEM Index rebounded in February 2014. By the close of the second month of the year, the index reported a composite score of 193.14, which was up 9.29 points (+5.1 percent) from January 2014. Compared to a year ago, the AGEM Index is up 46.46 points (+31.7 percent). In the latest period, 10 of the 16 global gaming equipment manufacturers reported month-to-month increases in stock price, while eight companies reported increases of more than five percent. Meanwhile, two of the six companies that witnessed month-to-month declines in stock price were down by less than one percent, while just one was down by more than five percent.

Month-to-month growth in the broader stock markets also turned positive in February after reporting weak results in the first month of the year. The Dow Jones Industrial Average ended the month at 16,321.71, which was up 4.0 percent from January 2014. The S&P 500 followed, rising 4.3 percent to 1,859.45. NASDAQ reported the greatest month-to-month growth of the three in February, rising 5.0 percent to 4,308.12.

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

- Crane Co. (CR) reported a stock price of \$71.42 (+13.1 percent) and contributed 3.63 points.
- Due to a 6.0-percent increase in stock price to €23.96, GTECH S.p.A. (GTK) contributed 2.90 points.
- With a stock price of AU\$4.98 (+9.5 percent), Aristocrat Technologies (ALL) contributed 1.49 points.

Selected negative contributors included the following:

- Bally Technologies (BYI) reported a stock price of \$67.75 (-7.6 percent) and contributed negative 1.34 points.
- Due to a 4.8-percent decline in stock price to \$13.40, Scientific Games Corporation (SGMS) contributed negative 0.37 points.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Feb-14	Jan-14	Feb-13	Prior Period	Prior Year	
Ainsworth Game Technology	ASX: AGI (AU\$)	4.20	4.22	3.55	(0.47)	18.31	(0.06)
Aristocrat Technologies	ASX: ALL (AU\$)	4.98	4.55	3.72	9.45	33.87	1.49
Astro Corp.	Taiwan: 3064 (NT\$)	44.80	42.25	37.00	6.04	21.08	0.04
Bally Technologies	NYSE: BYI (US\$)	67.75	73.32	47.75	(7.60)	41.88	(1.34)
Crane Co.	NYSE: CR (US\$)	71.42	63.16	53.78	13.08	32.80	3.63
Daktronics, Inc.	Nasdaq: DAKT (US\$)	14.17	14.61	10.21	(3.01)	38.79	(0.12)
Gaming Partners International	Nasdaq: GPIC (US\$)	9.56	8.17	7.87	17.01	21.47	0.09
Global Cash Access	NYSE: GCA (US\$)	8.40	8.48	7.10	(0.94)	18.31	(0.03)
GTECH S.p.A.	MILAN: GTK.MI (€)	23.96	22.60	17.68	6.02	35.52	2.90
IGT	NYSE: IGT (US\$)	15.09	14.43	15.94	4.57	(5.33)	1.14
INTRALOT S.A.	ATHEX: INLOT (€)	2.15	1.95	2.31	10.26	(6.93)	0.37
Konami	NYSE: KNM (US\$)	25.00	23.72	19.40	5.40	28.87	1.29
Multimedia Games	Nasdaq: MGAM (US\$)	33.02	31.76	18.70	3.97	76.58	0.26
Scientific Games Corporation	Nasdaq: SGMS (US\$)	13.40	14.08	9.00	(4.83)	48.89	(0.37)
Transact Technologies	Nasdaq: TACT (US\$)	11.60	11.88	7.90	(2.36)	46.84	(0.02)
Wells-Gardner Electronics	AMEX: WGA (US\$)	1.96	1.70	1.95	15.29	0.51	0.02
Change in Index Value							9.29
AGEM Index Value: January 2014							183.85
AGEM Index Value: February 2014							193.14

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There is no question Macau’s gaming market is now the most lucrative in the world. In 2013, gaming revenues increased 19 percent from 2012 to \$45 billion, which is seven times more than annual revenue reported by the Las Vegas Strip. The market’s massive annual revenue growth continued in the beginning of 2014, with gross gaming revenues reaching \$8.3 billion in the first two months of the year, up 23.7 percent from the same period in 2013. The latest figures were largely due to an increase in mainland Chinese visitors in February during the Chinese New Year.

In the coming years, additional mega-resorts will be opening their doors in Macau as development on the Cotai Strip continues. One such resort is SJM Holdings Ltd.’s Lisboa Palace, which broke ground earlier in the month. SJM Holdings was the last of six casino operators given government approval to build a property on the Cotai Strip and plans to spend \$3.9 billion on the project scheduled to open in 2017. The Versailles-themed resort will include 700 gaming tables and 1,200 slot machines. Other operators that have existing or developing casinos on the Cotai Strip that were previously reported on in the AGEM Index include Galaxy Entertainment Group, Sands China, Melco Crown Entertainment, MGM China and Wynn Macau.

Macau’s lucrative market has encouraged a number of other countries in Asia to consider allowing casino development with the possibility of capitalizing on the growing pool of gamers.

In Japan, lawmakers from the Liberal Democratic Party recently submitted a bill to parliament that would legalize casinos. While legalization has been discussed for more than a decade, many believe the law will pass this year because of Tokyo’s selection to host the 2020 Olympic Games. CLSA Asia-Pacific Markets estimates that if casinos are legalized in Japan, the market could eventually generate as much as \$40 billion in revenue annually, which would make it the second-largest market in the world behind Macau.

Numerous casino operators have already expressed interest in opening a casino in Japan. Las Vegas Sands recently announced that the company would be willing to invest \$10 billion in a casino, while MGM Resorts International could spend between \$5 billion and \$10 billion. Other companies expressing interest include Caesars Entertainment Corp. and SJM Holdings Ltd.

In South Korea, Genting Singapore has teamed up with Chinese developer Landing International Development to construct a \$2.2-billion casino located on Jeju Island. When completed, Resorts World Jeju will include luxury hotels, a shopping center, a theme park and vacation homes. In addition, there will be 800 table games with 200 reserved for high-stakes players. While it will be a few years before many of the mega-resorts in Asia complete the development process, gaming equipment manufacturers will have an opportunity to capitalize on further growth.



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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, NYX Gaming Group Limited, Patriot Gaming & Electronics, Quixant Ltd., Reel Games and Table Trac.

AGEM Associate Members: 3M Touch Systems, 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, Ipsos, James Industries, JCS Technologies, Joingo LLC, Jones Walker, KEY-BAK, Kontron, Lazcano Samano, S.C., 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).

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