

AGEM Index

Association of Gaming Equipment Manufacturers

April 2014

In April 2014, the AGEM Index reported a month-to-month decline for the second consecutive month. The composite index score of 181.49 during the month was down 5.20 points (-2.8 percent) compared to March 2014. The AGEM Index has now reported monthly declines in three of the first four months of the year. However, compared to a year ago, it remains up 22.04 points (+13.8 percent). In April, 13 of the 16 global gaming equipment manufacturers reported a decline in stock price, with nine companies witnessing a decline of more than five percent. Ainsworth Game Technology (AGI) was the only company to report a substantial month-to-month gain in stock price during the month.

The broader stock markets reported mixed results in April 2014. NASDAQ ended the month with a closing value of 4,114.56, which was down 2.0 percent from March 2014. Meanwhile, the S&P 500 and Dow Jones Industrial Average (DJIA) reported modest month-to-month gains during the period. The S&P 500 ended the month at 1,883.95, which represented an increase of 0.6 percent. Meanwhile, the DJIA reported a 0.7 percent increase, rising from 16,457.66 to 16,580.84.

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

- Ainsworth Game Technology (AGI) reported a stock price of AU\$4.15 (+14.0 percent) and contributed 1.35 points.
- With a 2.2-percent increase in stock price to \$72.73, Crane Co. (CR) contributed 0.69 points.

Selected negative contributors included the following:

- International Game Technology (IGT) contributed negative 2.41 points, due to its 10.7-percent decline in stock price to \$12.55.
- Due to its stock price of €21.14 (-4.1 percent), GTECH S.p.A. (GTK) contributed negative 1.12 points.
- Aristocrat Technologies (ALL) reported a stock price of AU\$5.03 (-6.5 percent) and contributed negative 1.07 points.

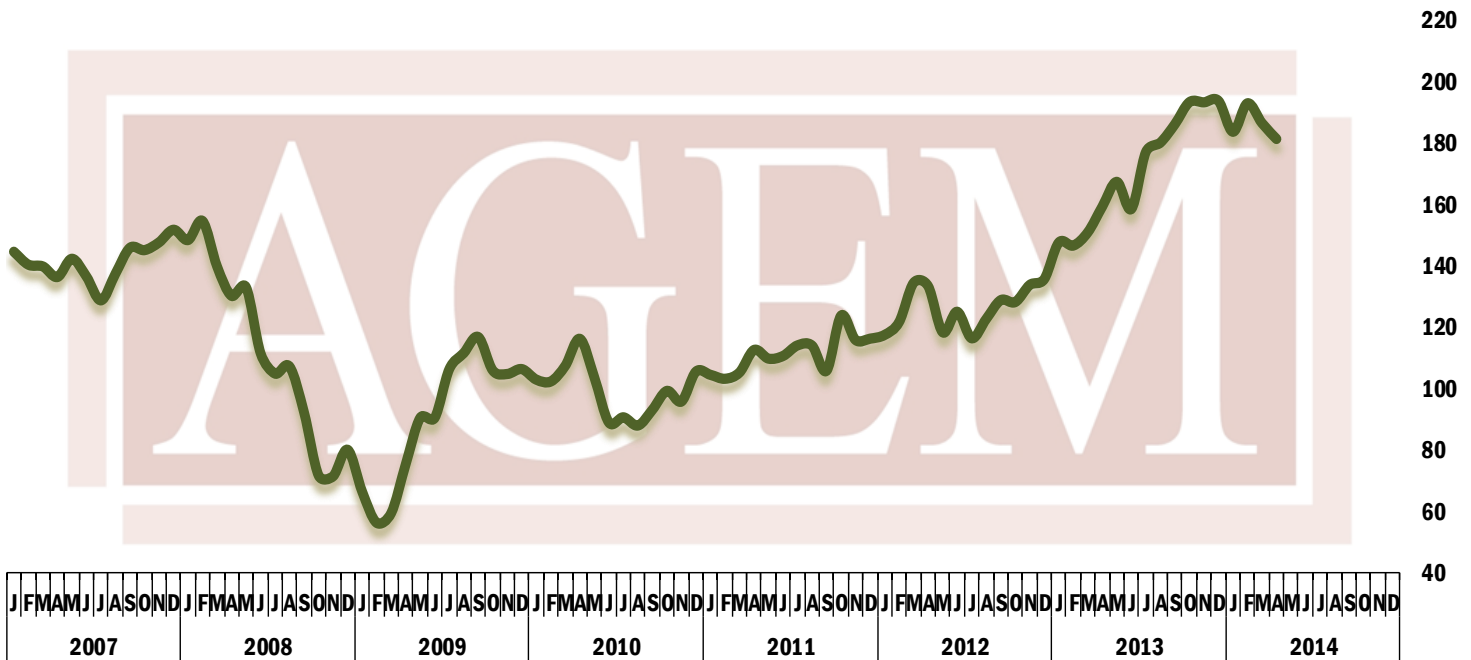
AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Apr-14	Mar-14	Apr-13	Prior Period	Prior Year	
Ainsworth Game Technology	ASX: AGI (AU\$)	4.15	3.64	3.81	14.01	8.92	1.35
Aristocrat Technologies	ASX: ALL (AU\$)	5.03	5.38	3.94	(6.51)	27.66	(1.07)
Astro Corp.	Taiwan: 3064 (NT\$)	39.95	45.20	38.75	(11.62)	3.10	(0.08)
Bally Technologies	NYSE: BYI (US\$)	65.11	66.27	53.28	(1.75)	22.20	(0.32)
Crane Co.	NYSE: CR (US\$)	72.73	71.15	53.83	2.22	35.11	0.69
Daktronics, Inc.	Nasdaq: DAKT (US\$)	13.02	14.39	9.99	(9.52)	30.33	(0.39)
Gaming Partners International	Nasdaq: GPIC (US\$)	8.33	9.23	8.64	(9.75)	(3.59)	(0.05)
Global Cash Access	NYSE: GCA (US\$)	6.60	6.86	7.13	(3.79)	(7.43)	(0.12)
GTECH S.p.A.	MILAN: GTK.MI (€)	21.14	22.05	19.36	(4.13)	9.19	(1.12)
IGT	NYSE: IGT (US\$)	12.55	14.06	16.95	(10.74)	(25.96)	(2.41)
INTRALOT S.A.	ATHEX: INLOT (€)	2.09	2.31	2.08	(9.52)	0.48	(0.28)
Konami	NYSE: KNM (US\$)	22.65	23.07	22.70	(1.82)	(0.22)	(0.43)
Multimedia Games	Nasdaq: MGAM (US\$)	29.20	29.04	24.66	0.55	18.41	0.03
Scientific Games Corporation	Nasdaq: SGMS (US\$)	11.98	13.73	8.88	(12.75)	34.91	(0.93)
Transact Technologies	Nasdaq: TACT (US\$)	10.69	11.49	7.51	(6.96)	42.34	(0.05)
Wells-Gardner Electronics	AMEX: WGA (US\$)	1.71	1.86	2.12	(8.06)	(19.34)	(0.01)
Change in Index Value							(5.20)
AGEM Index Value: March 2014							186.68
AGEM Index Value: April 2014							181.49

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Earlier this year, Nevada and Delaware became the first two states to sign an online poker partnership. The Multi-State Internet Gaming Agreement will allow gamblers in Delaware and Nevada to log on to poker sites within their state and compete with each other for the same pot. Currently, the plan is to have revenues distributed to each state based on the number of players participating from that state. In addition, players will follow the laws and regulations of the state in which they are playing.

There is no timeline for when the states will launch interstate online poker sites because providers must work to synchronize their site platforms. However, proponents of the agreement hope that it will help states learn to work together to capitalize on the growing market. It is likely additional states will join once they legalize online gambling within their borders.

Since launching their online poker sites last year, revenues reported by operators in Nevada, Delaware and New Jersey have been somewhat disappointing. Nevada averaged roughly \$850,000 per month in online gaming revenue in the past year. Meanwhile, Delaware reported its strongest results in March when it brought in about \$206,800 in revenue. New Jersey reported \$11.9 million in revenue in March. Analysts are now estimating the state will bring in about \$34 million in tax revenue for the fiscal year ending June 30, 2014, as opposed to the \$180 million predicted before the sites went live.

Despite generating lower-than-expected revenues, online gaming activity has been reporting significant month-to-month increases. In March, Delaware's revenue increased 25 percent when compared to February. New Jersey reported a 15.2-percent increase from February to March. In addition, many tourists have been coming to New Jersey in the hopes of playing online.

At least 10 states are currently considering the legalization of Internet gambling within their borders, including California, Colorado, Hawaii, Illinois, Iowa, Louisiana, Massachusetts, Mississippi, New York and Pennsylvania. Assuming these larger states legalize online gaming and join Delaware and Nevada in a multistate poker agreement, it is likely operators will benefit from an increased market reach.

It is somewhat unclear where online gambling is headed in the future. A bill was recently introduced that would restore a ban on the market, including in states where it is already legal. However, these types of proposals do not seem to be gaining much support with opponents arguing legalization should continue to be decided by individual states. Assuming a ban does not move forward, Internet gambling is likely to continue to be a growing market space, providing growth opportunities for gaming equipment manufacturers and technology firms.



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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.

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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
- Austrian Gaming Industries
- Bally Technologies
- 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), Aruze Gaming America, Casino Technology, Crane Payment Innovations (CPI), Gaming Partners International (GPI), JCM Global, 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, CG Technology (CGT), Cole Kepro International, Euro Games Technology (EGT), Galaxy Gaming, Gaming Support, Glory Global Solutions, Grand Vision Gaming, Incredible Technologies, Inspired Gaming, Interblock USA, ISMS, Iverson Gaming Systems, Jumbo Technology, Matsui Gaming Machine Co., Modern Gaming, NYX Gaming Group, Patriot Gaming & Electronics, Quixant Ltd., Reel Games, Table Trac and Win Systems.

AGEM Associate Members: 3M Touch Systems, Adlink Technology, Advantech-Innocore, A-Game Marketing, 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, DiTronics Financial Services, DynaGraphic Printing, Eastsign International Limited, Eilers Research, Elite Gaming Technology, Esterline Interface Technologies, Eurocoin, Fantini Research, Fox Rothschild, FutureLogic, GameAccount Network, Gaming Capital Group, Gary Platt Manufacturing, Gasser Chair Company, Gemaco Inc., Genesis Interactive Technologies, GeoComply USA, Global Gaming Group (G3), Greenberg Traurig, Hanco Technologies, Howard & Howard, Impact Display Solutions, Intel, IPS, Ipsos, James Industries, JCS Technologies, Joingo, Jones Walker, KEY-BAK, Kontron, Lazcano Samano, Leap Forward Gaming, Lewis Brisbois Bisgaard & Smith, Lewis Roca Rothgerber, Lightstone Solutions, Litemax Technology, McGladrey LLP, 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, Vantiv Gaming Solutions, Veridocs, Wells Fargo, Wrex Products and Young Electric Sign Company (YESCO).