

AGEM Index

Association of Gaming Equipment Manufacturers

May 2014

The AGEM Index reported a month-to-month decline for the third consecutive month in May 2014. During the period, the index fell 2.56 points (-1.4 percent) compared to April 2014, reaching a composite index of 178.92. The index has now reported monthly declines in four of the first five months of the year. The latest performance is attributable to eight of the 16 global gaming equipment manufacturers witnessing declines in stock price in May 2014 when compared to April 2014. In addition, stock prices for two companies (IGT and INLOT) remained flat compared to the prior period. Of the six companies that witnessed month-to-month gains, two were up by more than five percent.

In contrast to the AGEM Index, the broader stock markets reported positive results in May. During the period, the Dow Jones Industrial Average witnessed a month-to-month increase of 0.8 percent, rising to 16,717.17. Meanwhile, the S&P 500 reported a closing value of 1,923.57, which was up 2.1 percent from April. NASDAQ witnessed the greatest month-to-month increase during the month, rising 3.1 percent from 4,114.56 to 4,242.62.

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

- Global Cash Access (GCA) reported a stock price of \$8.90 (+34.9 percent) and contributed 1.47 points.
- Due to an increase in stock price of 5.6 percent to AU\$5.31, Aristocrat Technologies (ALL) contributed 1.17 points.
- Crane Co. (CR) contributed 0.60 points, due to its stock price of \$74.11 (+1.9 percent).

Selected negative contributors included the following:

- GTECH S.p.A. (GTK) contributed negative 2.19 points, due to its 4.5-percent decline in stock price to €20.19.
- Due to its stock price drop to \$59.00 (-9.4 percent), Bally Technologies (BYI) contributed negative 1.57 points.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		May-14	Apr-14	May-13	Prior Period	Prior Year	
Ainsworth Game Technology	ASX: AGI (AU\$)	3.94	4.15	3.70	(5.06)	6.49	(0.40)
Aristocrat Technologies	ASX: ALL (AU\$)	5.31	5.03	4.35	5.57	22.07	1.17
Astro Corp.	Taiwan: 3064 (NT\$)	40.20	39.95	38.50	0.63	4.42	0.01
Bally Technologies	NYSE: BYI (US\$)	59.00	65.11	56.95	(9.38)	3.60	(1.57)
Crane Co.	NYSE: CR (US\$)	74.11	72.73	59.75	1.90	24.03	0.60
Daktronics, Inc.	Nasdaq: DAKT (US\$)	12.41	13.02	10.27	(4.69)	20.84	(0.18)
Gaming Partners International	Nasdaq: GPIC (US\$)	8.35	8.33	8.10	0.24	3.09	0.00
Global Cash Access	NYSE: GCA (US\$)	8.90	6.60	6.60	34.85	34.85	1.47
GTECH S.p.A.	MILAN: GTK.MI (€)	20.19	21.14	20.79	(4.49)	(2.89)	(2.19)
IGT	NYSE: IGT (US\$)	12.55	12.55	17.88	-	(29.81)	-
INTRALOT S.A.	ATHEX: INLOT (€)	2.09	2.09	2.07	-	0.97	(0.06)
Konami	NYSE: KNM (US\$)	22.73	22.65	24.47	0.35	(7.11)	0.08
Multimedia Games	Nasdaq: MGAM (US\$)	28.75	29.20	25.59	(1.54)	12.35	(0.09)
Scientific Games Corporation	Nasdaq: SGMS (US\$)	8.95	11.98	10.89	(25.29)	(17.81)	(1.37)
Transact Technologies	Nasdaq: TACT (US\$)	10.28	10.69	8.04	(3.84)	27.86	(0.02)
Wells-Gardner Electronics	AMEX: WGA (US\$)	1.70	1.71	2.00	(0.58)	(15.00)	(0.00)
Change in Index Value							(2.56)
AGEM Index Value: April 2014							181.49
AGEM Index Value: May 2014							178.92

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Recent developments in the world of Internet and mobile gambling could mean potential changes within the gaming equipment manufacturing industry. Recent months have included a number of announcements generating increased investor speculation within the sector.

Most recently, Bally Technologies (BYI) announced plans to pay up to \$100 million to acquire Dragonplay, an Israel-based social gaming firm that is considered one of the industry's top 10 grossing developers. The acquisition could potentially propel Bally Technologies to a more prominent position within the emerging social gaming industry, with the likes of International Game Technology (IGT) and Caesars Entertainment Corp. (CZR).

Gamblit Gaming recently announced that it has raised \$12 million in funding for developing its own real-money gambling software. Based in Glendale, California, the company primarily operates as a gaming equipment and software manufacturer and is poised to bring the social and entertainment aspects of gaming to both the digital realm and the casino floor. In addition, Nevada gaming regulators recently provided preliminary approval for the firm to operate in the Silver State. Private equity firm American Capital (ACAS) invested the \$12 million in Gamblit's technology in the hopes that the company's hardware and software will become commonplace and be the next step in the evolution of gaming products.

According to third-party studies, gaming customers aged 21 to 45 comprise a sizable segment of gaming population, but these younger, technically inclined individuals are looking for a new gaming experience. In addition to traditional companies, those like Gamblit are targeting that particular gaming space.

Social games that can be played on mobile devices, tablets, and PCs have become commonplace for much of the younger demographic, and companies are now looking to capitalize on this popularity by bringing similar software directly to the casino floor. For example, during its hearing with Nevada gaming regulators, Gamblit demonstrated a Scrabble-type game, similar to that found on popular social networking websites, combined with various slot machine features. The company believes these types of games will attract more customers to the casino floor by providing them with familiar games and a social environment.

The emerging social gaming market could bring a new slant for an already technologically advanced industry. As the traditional slot machine evolves to incorporate games popular to a wider demographic, casino operators and gaming equipment manufacturers will consider gaming and technology alternatives not only for their casino floors but their entire property.



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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
- 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).