

AGEM Index

Association of Gaming Equipment Manufacturers

July 2014

The AGEM Index declined in July 2014 after increasing 6.41 points in June 2014. In July, the composite index fell to 183.61, which is down 1.73 points (-0.9 percent) from the prior month. Compared to the same month of the prior year, the index is up 3.6 percent.

The AGEM Index witnessed month-to-month declines in five of the first seven months of the year. During July 2014, 11 of the 17 global gaming equipment manufacturers reported decreases in stock price when compared to June 2014, with five down by more than 10 percent. Of the six companies that reported month-to-month gains in stock price, three were up by more than five percent.

The broader markets reported similar results in July, with each of the major indices reporting month-to-month declines. NASDAQ ended the month at 4,369.77, falling 0.9 percent compared to June. Meanwhile, the S&P 500 fell 1.5 percent to 1,930.67. The Dow Jones Industrial Average reported the greatest monthly decline in July, falling 1.6 percent from 16,826.60 to 16,563.30.

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

- International Game Technology (IGT), contributed 1.91 points, due to a 6.4-percent increase in stock price to \$16.93.
- With a stock price of AU\$5.70 (+8.4 percent), Aristocrat Technologies (ALL) contributed 1.79 points.
- Konami Gaming (KNM) reported a 5.5-percent increase in stock price to \$23.39 and contributed 1.44 points.

Selected negative contributors included the following:

- Crane Co. (CR) contributed negative 2.22 points, due to a 7.7-percent decline in stock price to \$68.61.
- Bally Technologies (BYI) reported a stock price of \$60.17 (-8.4 percent) and contributed negative 1.42 points.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Jul-14	Jun-14	Jul-13	Prior Period	Prior Year	
Ainsworth Game Technology	ASX: AGI (AU\$)	3.77	3.74	3.60	0.80	4.72	0.01
Aristocrat Technologies	ASX: ALL (AU\$)	5.70	5.26	4.34	8.37	31.34	1.79
Astro Corp.	Taiwan: 3064 (NT\$)	38.50	39.45	37.40	(2.41)	2.94	(0.02)
Bally Technologies	NYSE: BYI (US\$)	60.17	65.72	71.68	(8.44)	(16.06)	(1.42)
Crane Co.	NYSE: CR (US\$)	68.61	74.36	60.90	(7.73)	12.66	(2.22)
Daktronics, Inc.	Nasdaq: DAKT (US\$)	11.10	11.92	10.88	(6.88)	2.02	(0.23)
Galaxy Gaming Inc.	OTCMKTS: GLXZ (US\$)	0.40	0.45	0.23	(11.11)	73.91	-
Gaming Partners International	Nasdaq: GPIC (US\$)	8.56	8.16	8.51	4.90	0.59	0.02
Global Cash Access	NYSE: GCA (US\$)	8.37	8.90	6.99	(5.96)	19.74	(0.23)
GTECH S.p.A.	MILAN: GTK.MI (€)	18.00	17.85	20.84	0.84	(13.63)	(0.28)
IGT	NYSE: IGT (US\$)	16.93	15.91	18.47	6.41	(8.34)	1.91
INTRALOT S.A.	ATHEX: INLOT (€)	1.85	2.02	1.73	(8.42)	6.94	(0.28)
Konami	NYSE: KNM (US\$)	23.39	22.18	22.04	5.46	6.13	1.44
Multimedia Games	Nasdaq: MGAM (US\$)	24.12	29.64	34.99	(18.62)	(31.07)	(0.95)
Scientific Games Corporation	Nasdaq: SGMS (US\$)	8.54	11.12	13.63	(23.20)	(37.34)	(1.19)
Transact Technologies	Nasdaq: TACT (US\$)	9.01	10.36	9.09	(13.03)	(0.88)	(0.07)
Wells-Gardner Electronics	AMEX: WGA (US\$)	1.22	1.38	1.94	(11.59)	(37.11)	(0.01)
Change in Index Value							(1.73)
AGEM Index Value: June 2014							185.34
AGEM Index Value: July 2014							183.61

www.AGEM.org

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The gaming equipment supplier industry continues to evolve with a number of mergers and acquisitions. Last year, Scientific Games acquired WMS for \$1.5 billion, while Bally Technologies purchased SHFL Entertainment for roughly \$1.3 billion. In the past month, two more major acquisitions were announced within the industry as consolidation continues.

In mid-July, GTECH announced plans to purchase International Game Technology for a reported \$6.4 billion. Under the agreement, GTECH will pay \$4.7 billion in cash and stock and assume \$1.7 billion of IGT's net debt. The two companies will combine and apply for a listing solely on the New York Stock Exchange (NYSE). The new company, which is expected to operate under the GTECH name, will be headquartered in the United Kingdom. However, it will continue to operate locations in Las Vegas, Providence and Rome. The transaction is expected to close in early 2015 after it receives approval from IGT and GTECH shareholders and regulatory agencies.

IGT and GTECH recently reported their operating results for the latest period. IGT reported a 19.2-percent decline in net revenues during its fiscal third quarter of 2014, falling to \$467.6 million. Gaming operations revenue fell 12.0 percent to \$217.6 million, primarily due to a 10.9-percent decline in the installed base to 50,500. Product sales revenue reported an even more substantial 35.6-percent decline to \$166.9 million, as machine units

recognized fell 45.5 percent to 7,300 and the average sales price fell 10.5 percent to \$11,900.

GTECH reported revenues of €751 million in its second quarter of 2014, which represents a 1.4-percent decline from a year ago. During the period, service revenues increased 0.3 percent to €682 million, and product sales revenues declined 15.9 percent to €69 million.

On August 1, Scientific Games announced plans to purchase Bally Technologies for \$5.1 billion. As part of the deal, Scientific Games will acquire Bally Technologies' outstanding shares for \$3.3 billion and assume the company's debt of \$1.8 billion. The transaction will be Scientific Games' second acquisition of a slot manufacturer in the past year and is expected to close in 2015 after gaining the necessary approvals.

Scientific Games reported revenues of \$416.9 million in the second quarter of 2014, which is up \$181.9 million from last year, due to the addition of WMS. The company's installed based totaled 35,443 at the end of the period, up from 26,277 a year ago, partially due to the addition of 8,732 WAP and premium participation units from WMS.

As these transactions near completion in the coming year, the mix of participants in the AGEM Index will adjust to reflect recent consolidation.



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, AMEX or OTC market, 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
- 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, 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, Amatic Industries, Astro Corp., Bingotimes Digital Technology, Boss Gaming, Cadillac Jack, Cammegh Limited, CG Technology (CGT), Cole Kepro International, Euro Games Technology (EGT), Galaxy Gaming, Gambelit Gaming, Gaming Support, Glory Global Solutions, Gold Club, Grand Vision Gaming, Incredible Technologies, Inspired Gaming, Interblock USA, Intervision Gaming, ISMS, Iverson Gaming Systems, Jumbo Technology, Matsui Gaming Machine Co., Metronia, Modern Gaming, NYX Gaming Group, Patriot Gaming & Electronics, Quixant Ltd., Reel Games, Table Trac, U1 Gaming and Win Systems.

AGEM Associate Members: 3M Touch Systems, Adlink Technology, Advantech-Innocore, A-Game Marketing, AMD, Arrow International, Asimex Global, 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, Fantini Research, Fox Rothschild, FutureLogic, GameAccount Network, Gaming Capital Group, Gary Platt Manufacturing, Gasser Chair Company, Genesis Interactive Technologies, GeoComply USA, Global Experience Specialists (GES), 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 Sámano, Leap Forward Gaming, Lewis Brisbois Bisgaard & Smith, Lewis Roca Rothgerber, Lightstone Solutions, Litemax Technology, McGladrey LLP, Metalcraft, Outpost Creative, Portilla, Ruy-Díaz y Aguilar, Portwell, Proforma GPS, Rainmaker, Regulatory Management Counselors (RMC), Renewable Creative, Rye Park Gaming, SCA Gaming, Sightline Payments, Southwest Manufacturing Services, 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).