

# AGEM Index

Association of Gaming Equipment Manufacturers

May 2013

In May 2013, the AGEM Index reported a composite score of 167.49, up 8.04 points (+5.0 percent) when compared to April 2013. The latest performance reflects the third consecutive month-to-month increase, and the index has only witnessed one monthly decline since the beginning of the year (the index fell 0.7 percent in February 2013). Compared to a year ago, the AGEM Index is up by 49.12 points, or 41.5 percent. In May, 10 of the global gaming equipment manufacturers reported increases in stock price when compared to the prior month, with all but two up by more than 5.0 percent. Of the seven companies that witnessed declines, just three were down by more than 5.0 percent.

The AGEM Index outperformed the broader stock markets in May. The Dow Jones Industrial Average ended the month at 15,115.57, representing a 1.9-percent increase when compared to the prior month. The S&P 500 reported a slightly better performance, increasing 2.1 percent month-to-month to 1,630.74. Meanwhile, NASDAQ witnessed the greatest increase of the three, rising 3.8 percent to 3,455.91.

Selected positive contributors to the May 2013 AGEM Index included the following:

- Lottomatica (LTO) reported a stock price of €20.79, up 7.4 percent, and contributed 1.91 points.
- Konami (KNM) contributed 1.82 points due to a 7.8-percent increase in stock price to \$24.47.
- With a stock price of \$17.88 (up 5.5 percent) International Game Technology (IGT) contributed 1.69 points to the overall index.

Selected negative contributors included the following:

- Ainsworth Game Technology (AGI) reported a stock price of AU\$3.70, down 2.9 percent, and diluted the index by 0.74 points.
- Global Cash Access (GCA) contributed negative 0.22 points, due to a 7.4-percent decline in stock price to \$6.60 per share.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		May-13	Apr-13	May-12	Prior Period	Prior Year	
Ainsworth Game Technology	ASX: AGI (AU\$)	3.70	3.81	1.87	(2.89)	97.86	(0.74)
Aristocrat Technologies	ASX: ALL (AU\$)	4.35	3.94	2.93	10.41	48.46	0.39
Astro Corp.	Taiwan: 3064 (NT\$)	38.50	38.75	43.90	(0.65)	(12.30)	(0.01)
Bally Technologies	NYSE: BYI (US\$)	56.95	53.28	46.55	6.89	22.34	1.01
Daktronics, Inc.	Nasdaq: DAKT (US\$)	10.27	9.99	6.55	2.80	56.79	0.08
Gaming Partners International	Nasdaq: GPIC (US\$)	8.10	8.64	6.46	(6.25)	25.39	(0.03)
Global Cash Access	NYSE: GCA (US\$)	6.60	7.13	7.05	(7.43)	(6.38)	(0.22)
IGT	NYSE: IGT (US\$)	17.88	16.95	14.30	5.49	25.03	1.69
INTRALOT S.A.	ATHEX: INLOT (€)	2.07	2.08	0.69	(0.48)	200.00	(0.04)
Konami	NYSE: KNM (US\$)	24.47	22.70	21.06	7.80	16.19	1.82
Lottomatica (GTECH)	MILAN: LTO.MI (€)	20.79	19.36	14.07	7.39	47.76	1.91
Multimedia Games	Nasdaq: MGAM (US\$)	25.59	24.66	12.61	3.77	102.93	0.18
Scientific Games Corporation	Nasdaq: SGMS (US\$)	10.89	8.88	8.54	22.64	27.52	1.39
SHFL Entertainment	Nasdaq: SHFL (US\$)	17.26	15.80	15.86	9.24	8.83	0.60
Transact Technologies	Nasdaq: TACT (US\$)	8.04	7.51	7.48	7.06	7.49	0.03
Wells-Gardner Electronics	AMEX: WGA (US\$)	2.00	2.12	2.00	(5.66)	-	(0.01)
WMS Industries	NYSE: WMS (US\$)	25.35	25.38	20.53	(0.12)	23.48	(0.01)
Change in Index Value							8.04
AGEM Index Value: April 2013							159.45
<b>AGEM Index Value: May 2013</b>							<b>167.49</b>

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A number of the gaming equipment manufacturers reported top-line revenue growth in the three months ending March 31, 2013, suggesting continued expansion in the sector. Results for selected companies are noted below.

Bally Technologies (BYI) reported net revenues of \$259.1 million during the company's fiscal third quarter of 2013, up 13.3 percent from the prior year period. Each of the major sources of revenue reported year-over-year increases. Gaming equipment revenues increased 8.2 percent to \$85.8 million, due to an increase in domestic replacement sales. The average selling price of new gaming devices declined 6.0 percent to \$16,051 during the quarter, but new-unit sales increased 18.7 percent to 4,923. Gaming operations revenues increased 10.3 percent year-over-year while systems revenues reported the greatest year-over-year increase, rising 25.5 percent to \$71.3 million.

Net revenues for International Game Technology (IGT) were \$600.0 million during the company's fiscal second quarter of 2013, up 10.9 percent compared to the second quarter of 2012. Although gaming operations revenues reported a year-over-year decline during the period (-4.4 percent), strong increases in product sales and interactive revenues drove overall growth. Product sales revenues increased 15.9 percent to \$279.0 million as a result of a 24.8-percent increase in

revenues in North America. Units shipped increased 36.2 percent to 14,300, largely attributable to a 58.8-percent increase in North American new units and a 68.0-percent increase in North American replacement units. Average machine selling price declined 10.8 percent to \$14,100, primarily due to increased promotional activity. Social gaming revenues increased 31.0 percent quarter-to-quarter to \$54.3 million.

Multimedia Games (MGAM) reported net revenues of \$46.6 million during its fiscal second quarter of 2013, up 17.8 percent from a year ago. Gaming operations revenues increased 15.0 percent to \$33.4 million, while gaming equipment and system sales revenue increased 26.4 percent to \$12.8 million. The latest performance is partially attributable to the sale of 580 new units during the period, up 22.9 percent from a year ago. In addition, the company deployed over 1,000 new revenue units for the third consecutive quarter. The domestic participation installed base increased 18.4 percent year-over-year to 11,712.

Net revenues for Wells-Gardner Electronics (WGA) increased 46.1 percent during the company's fiscal first quarter of 2013 to \$18.0 million. The latest performance is attributable to an increase in VGT sales in Illinois, which resulted in a 55-percent increase in sales to the gaming industry.



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## 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, 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
- International Game Technology (IGT)
- Intralot S.A.
- Konami Gaming
- Lottomatica/ GTECH / Spielo International
- Multimedia Games
- Scientific Games Corporation
- SHFL Entertainment
- Video Gaming Technologies (VGT)
- WMS Gaming

**AGEM Silver Members:** Action Gaming, American Gaming Systems (AGS), Casino Technology, Gaming Partners International, JCM Global, MEI, 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, Cantor Gaming, CastNET, Cole Kepro International, Crane Payment Solutions/ CashCode/ Money Controls, Diamond Game, DigiDeal, Euro Games Technology (EGT), Galaxy Gaming, Gaming Support, Glory (U.S.A) Inc., Incredible Technologies, Inspired Gaming, Interblock USA, ISMS, Iverson Gaming Systems, JPM International, Jumbo Technology, Matsui Gaming Machine Co., Modern Gaming, Patriot Gaming & Electronics, Quixant Ltd., Reel Games and Table Trac.

**AGEM Associate Members:** 3M Touch Systems, Advantech-Innocore, Arrow International, Assurance Ltd., BBIN, 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, Elite Casino Products, Esterline Advanced Input Systems, EWA Cyber Security, Eurocoin, Flextronics, Fox Rothschild, FutureLogic, Gaming Capital Group, Gary Platt Manufacturing, Gemaco Inc., Genesis Interactive Technologies, Global Cash Access, Global Experience Specialists (GES), Global Gaming Group (G3), Grand Products Nevada, Greenberg Traurig, Hanco Technologies, Howard & Howard, IDX, Impact LCD, Intel, International Network in Advance Gaming (INAG), IPS, James Industries, JCS Technologies, KEY-BAK, Kontron, Leap Forward Gaming, Lewis & Roca, Lincoln Industries, Litemax Technology, Metalcraft, Outpost Creative, Phelps Dunbar, Portwell, Proforma GPS, Rainmaker, Reel TV, Regulatory Management Counselors (RMC), Renewable Creative, Rye Park Gaming, SCA Gaming, Southwest Fabricators, Spin Games, Strategy9, StylGame USA, Talent Associates, The Bright Group, Tournament One, TOVIS, TransAct Technologies, Veridocs, Wrex Products and Young Electric Sign Company (YESCO).

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