

Opinion: Gaming mergers long overdue

By Howard Stutz, Las Vegas Review-Journal

The combined \$11.5 billion in lottery company-slot machine company mergers in the past few weeks has the investment community relieved.

The gaming equipment sector, in the eyes of some analysts, has been bloated.

A soft replacement market for new games left slot machine manufacturers with a backlog.

In the past few years, many new products never made it from the Global Gaming Expo trade show floor to a casino.

A shake-up was needed.

In July, Italian lottery company GTECH Holdings announced it would buy slot machine giant International Game Technology for \$6.4 billion. Less than two weeks later, New York-based lottery provider Scientific Games Corp. said it was acquiring Bally Technologies for \$5.1 billion.

The deals for the Nevada-based companies – the world's No. 1 and No. 2 slot machine providers – involve cash and stock transactions, along with debt assumption.

Fitch Ratings Service gaming analyst Alex Bumazhny said the buyouts were overdue.

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