



Annual Report of the Gauselmann Group

2015

€ million	2015	2014
Volume of business	2,213	1,942
Sales (fully consolidated)	1,459	1,286
– of which in Germany	786	725
– of which international	673	561
Economic equity	688	611
– of which shareholders' equity	651	559
– of which deposits	37	52
Investments	186	187
Workplaces at year's end	9,240	8,458
(full-time equivalents)	7,651	6,848
– of which in Germany	6,135	5,789
– of which international	3,105	2,669
– of which temporary employment	360	358
– of which apprentices and trainees	187	218

We are an internationally active family-owned company, committed to providing leisure-time entertainment and gaming fun with small stakes and prizes, being always true to our motto "More than a game".

Our core competences – content, technology and operating – enable us at all times to offer top-quality games anywhere and at any time based on the respective legislative framework.

We stand for responsible gaming – the latest insights into prevention and consumer protection continually flow into our product range.

Alongside our products, our employees play a major role in ensuring that our entire offering sets high benchmarks.

We are



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## Shaping the future

Shaping the future. Under this motto, we from the entrepreneurial family unanimously decided to pool 100 per cent of the company's shares in the newly founded Gauselmann Family Foundation. By setting up the Family Foundation on 18 December 2015, my family and I expressed the wish to ensure that the entire corporate group continues to be run in the future as an economically stable family business – even though this means giving up our direct shares. We want to safeguard the company's existence not just for the next few years, but also for generations to come. We explain in more detail our rationale and goals, as well as how the foundation is organised, in this report.

Shaping the future – this also applies to numerous other strategic policy choices taken in 2015; from our corporate structure and our three business segments, the Merkur Division, the Spielothek Division and New Media, to our employees and our commitment to our home region. We optimise, invest and show commitment – always with the goal to do even better.

Given the challenging legal environment in our home market in Germany with its many restrictions, this goal may at first glance not seem easy to achieve. We are facing the threat of impending arcade closures from 2017 and, hand in hand with this, a significant decline in the overall market. What do you do when the market shrinks, bringing with it fierce competition? The answer is simple: our products must be first choice among gaming machine operators and arcade operators and our games and slot machines must set benchmarks for the indus-

try. And this is precisely what happened just recently with the "M-BOX" and the best choice of games. Our latest gaming machine brand is already enjoying huge demand.

We are especially pleased that the "M-BOX" concept is also working very well in many foreign markets, for example in Spain, the UK and South America. Quality "made in Germany" and "made by Merkur" is enjoying increasing popularity. This benefits our main production site in Lübbecke where we manufacture amusement and gaming machines for clients from all over the world. Lübbecke acts as a central hub for our numerous international development bureaus – from Australia to the USA. Every day 500 games developers are working around the globe on creating the games of tomorrow. Our games library in the meantime comprises several hundred games that are increasingly in demand, also online and mobile.

Shaping the future – this also includes our new casinos in Saxony-Anhalt and Berlin. For the first time, we have been granted licences to operate public casinos in Saxony-Anhalt. This has resulted in Germany's most modern casinos, with a concept that has worked very well since the outset. We are also continuously developing the operator concepts for our 500 state-of-the-art entertainment centres in Europe, around half of them in Germany. However, the underlying objective is the same as it was 40 years ago when the first CASINO MERKUR-SPIELOTHEK opened in Delmenhorst: we want our guests to feel as much at home as in a good 4-star hotel.



Paul Gauselmann

This approach still works today because it relies on quality. Day after day, we welcome and escort countless satisfied guests. This is also confirmed by various endorsements such as the "Top Service" seal awarded by the Handelsblatt newspaper or recognition as the "most popular gaming arcade" by Focus Money, that we recently received.

Shaping the future – with sports betting from XTIP and Cashpoint. Through the acquisition of the Austrian company Cashpoint, we have been active in the sports betting market since 2005. Today, we operate in the sports betting markets of Austria, Denmark, Belgium, the UK and Germany – in the latter two countries with our new sports betting brand XTIP. The goal as a domestic company is to play a leading role in the German market. We feel confident that the company is more than well-positioned to achieve this ambitious goal.

Shaping the future – with gaming offerings on the Internet. Online casinos are gaining in popularity internationally. More and more countries are moving to legalise online gaming and give the many online players legal protection. In the Gauselmann Group, we took over the business of an online casino software provider some time ago and continued developing its high-tech solutions. We also run our own online casinos in licensed and regulated markets, for example in Italy, the UK and Spain, as well as in Schleswig-Holstein, the only one of the 16 federal states in which licences for online gaming has been granted.

Shaping the future – with our staff. They are our company's most vital asset and the ones who ensure the success of our products and services on a day-to-day basis. We are always keen to recognise and promote motivated, highly-qualified employees by offering them the option to participate in a variety of training and further education measures. Each year, we also offer a large number of young trainees vocational training in various different professions. And our success speaks for itself – once again in 2015, a Gauselmann Group trainee was honoured by the Association of Chambers on Industry and Commerce (DIHK) as Germany's best training graduate.

Our 2015 Business Report shows that with our forward-looking strategy we are definitely on the right track. The total business volume grew by around 14 per cent to 2.21 billion euros. Fully consolidated sales increased to 1.46 billion euros – 173 million euros higher than in the 2014 financial year. Hand in hand with this, the number of employees rose in the same period by 782 games makers to total 9,240.

My personal proudest moment in 2015 was the granting of honorary citizenship to my wife, Karin, by the town of Espelkamp. Not only is Karin my closest adviser; she has also for years been actively engaged in safeguarding the welfare of the citizens of Espelkamp and beyond. Another milestone for me and my family in the past year was the completion and official inauguration of Schloss Benkhausen as the training and education centre for the Gauselmann Group.

As a family of entrepreneurs, we will continue in future to do everything in our power to move our company forward in national and also increasingly in international markets. However, we will also do everything we can to fight against the injustices in Germany caused in part by the prevailing competitive mentality of individual federal states. We will continue to participate in political negotiations, and where that fails to achieve the desired results, have recourse to legal and corporate action in order to take the Gauselmann Group forward into a successful future.

Yours sincerely,



The shareholders of the Gauselmann Group have transferred their shares to the Gauselmann Family Foundation.  
From l. to r.: Armin, Karin, Karsten, Paul and Michael Gauselmann

Apart from the company's founder, Paul Gauselmann's four sons have also played an active role in building the group's commercial success. In the 1980s, Peter Gauselmann, his eldest son and a computer science graduate, was entrusted for ten years with building up the company's IT department – today BEIT Systemhaus GmbH. Business Studies graduate Michael Gauselmann joined the group in 1982 directly after completing his studies. He played a major role in driving the group's internationalisation in the early 1990s. Armin Gauselmann, also a Business Studies graduate, joined the company's Management Board in 1997, and, in addition to Human Resources and Real Estate, is currently responsible for the "Deutsche Automatenmuseum" (German Coin-Op Museum) at Schloss Benkhausen. Alongside his mother, Karin Gauselmann, he is a member of the Board of Trustees of the Paul and Karin Gauselmann Foundation. Karsten Gauselmann was for many years responsible for the Gauselmann Group fleet of over 1,000 vehicles. Today he works as a hotelier and continues to support the group as a member of the Supervisory Board.

2016 marks one of the most important milestones in securing the future of the Gauselmann Group. In order to guarantee the continued existence as a corporate group for the coming generations, the Gauselmann Group founded by Paul Gauselmann in 1957 has operated since 1 January 2016 under the mantle of the Gauselmann Family Foundation. With this step, the Gauselmann family of entrepreneurs is paving the way for the Gauselmann Group's long-term and stable future as an employer and driving force for the economy.

As sole shareholder of the Gauselmann Group, the Gauselmann Family Foundation will in future take the key strategic decisions needed to assure the group's ongoing commercial success and determine its strategic orientation. The Foundation's Advisory Board and the Foundation's Board of Directors are made up predominantly of family members so as to demonstrate an unequivocal and enduring commitment on the part of the Gauselmann family to the company and the region.

Transferring the shares of the current shareholders of the Gauselmann Group into the Family Foundation precludes the risk of the company becoming fragmented if one owner were to sell his or her shares at any future point in time and ensures the company will continue to be run in its present form. The creation of the Foundation also protects the company against unforeseeable financial burdens that could be triggered by the sudden death of shareholders.

In addition to the companies within the Gauselmann Group and their employees, this sustainable Family Foundation will also benefit a variety of cultural and social projects in and around the Altkreis Lübbecke district.

Thus the Paul and Karin Gauselmann Foundation with an endowment capital of 10 million euros will in future, within the scope of the planned annual dividend payment, receive the same financial support from the Family Foundation as each of the four lines of the family, made up of sons Michael, Armin and Karsten Gauselmann and the daughters of the eldest son, Janika and Sonja Gauselmann.



Revenue	Employees	Year	
		1950	Training as telecommunications inspector at the company “Telefonbau und Normalzeit”
		1953/54	Inspector for telecommunications, emergency call and telephone systems
		12 March 1956	Move to Coesfeld as service technician for general importer of Wurlitzer jukeboxes
		Summer 1956	First invention: Remote selection box for a German jukebox
		1 December 1956	Against this background move to Espelkamp to the development department for slot machines at Harting
DM 30,000	1	May/June 1957	Part-time work as jukebox operator initially with 17 Bergmann jukeboxes built at Harting
			With no equity capital of his own, with a crossed bill of exchange for DM 100,000 with 24 monthly instalments
DM 465,000	15	October 1964	Full entrepreneurial independence, jukebox operator, 300 machines in the catering sector, production of accessories for the industry
			For example key safes and 2,500 DIY jukeboxes (“Das neue Kleid” – “the new outfit”)
DM 1 million	25	1966	Revenue tops DM 1 million for the first time
DM 4 m / DM 7 m	approx. 70	1969/1970	Foundation of the wholesale company Gauselmann automaten center in Espelkamp
DM 16 m	approx. 200	1972	Idea and start of development of a proprietary gaming machine
			Foundation of adp Automaten GmbH in Espelkamp
DM 22 m	approx. 380	1974	Opening of the first arcade in Delmenhorst
DM 36 m	approx. 550	December 1976	The “Merkur B”, the first proprietary AWP machine, is licensed by the Physikalisch-Technische Bundesanstalt (PTB)
DM 230 m	approx. 1,300	1980	Foundation of Zentralverwaltungsgesellschaft mbH
DM 230 m / DM 440 m	approx. 1,500	1980/1981	Acquisition of the company Nova Apparate (slot machine imports)
DM 470 m	approx. 1,700	1983	Expansion costs money: DM 16 million public guarantee from North Rhine-Westphalia
DM 720 m	approx. 2,000	1985	The Gauselmann Group achieves a market share in Germany of 50% with gaming machines
DM 1 billion	approx. 2,700	1987	Revenue tops DM 1 billion for the first time
DM 1.6 bn	approx. 3,200	1990	Gauselmann Zentralverwaltung, Espelkamp, is converted into a public limited company and starts to operate under the name Gauselmann AG
			Sales in the new federal states

Revenue	Employees	Year	
DM 1.4 bn	approx. 3,600	1993	Foundation of the Atronic subsidiary, managed by son Michael
			VAT: multiplier raised from 1.5 to 3
DM 1.5 bn	approx. 4,200	5 May 1994	2nd birth hour of the industry: European Court of Justice abandons 3x VAT, return to 1x taxation
DM 1.7 bn	approx. 5,100	1998	Atronic subsidiary receives manufacturing licence for US state of Nevada (Las Vegas)
			Only European company with a US licence
DM 2 billion	approx. 5,200	2001	Revenue tops DM 2 billion for the first time
EUR 930 m	approx. 5,100	2001/2002	Conversion to euro: around 200,000 amusement machines with and without prizes are converted to euros by the Gauselmann Group alone
EUR 1.2 bn	approx. 5,600	2005	Foundation of the companies Merkur Casino and Merkur Gaming. Controlling stake in the company Cashpoint Sportwetten and entry into the sports betting market
EUR 1.5 bn	approx. 5,500	2006	After 53 years, a new Gaming Ordinance is introduced that takes account of modern technology
EUR 1.6 bn	approx. 5,700	2007	50 years of Gauselmann
EUR 1.3 bn	approx. 5,300	2008	Acquisition of the company edict eGaming from the casino company Jahr (Gruner und Jahr)
			Disposal of Atronic
		2010	Acquisition of Schloss Benkhausen and conversion into a modern conference hotel (completion 2015)
EUR 1.8 bn	approx. 6,400	from 2012	500 gaming arcades Europe-wide, start as licensed sports betting and online casino provider in Schleswig-Holstein
		2012	Acquisition of the British arcade chain Praesepe with 170 entertainment centres and bingo clubs as well as 1,500 employees; largest acquisition in the company’s history
EUR 1.9 bn	approx. 8,100	2013	First casino licence in Saxony-Anhalt
over EUR 2.1 bn	over 9,000	2015	Proportion of equity is more than 60%
			46% of revenue is generated outside Germany
		31 December 2015	Transfer of the entire corporate group to the Gauselmann Family Foundation
		May/June 2017	60 years of Gauselmann



The Family Foundation is managed by the **Foundation Board of Directors**, whose Chairman is Paul Gauselmann, with his son Armin Gauselmann as Deputy Chairman. The third member of the Board is Manfred Stoffers.



The **Foundation Advisory Board** comprises not only members of the founding generation and their direct successors, but also members of their grandchildren's generation. Alongside sons Michael, Armin and Karsten Gauselmann, the daughters of the eldest son, Janika and Sonja, as well as three close associates of the family, also have a seat and vote on the Advisory Board.





*“2015 was characterised by a pioneering cabinet innovation, the development, production and sales of which has kept us mentally occupied for four years: the “M-BOX”. The cabinet always with the best games sets new benchmarks in the gaming world.”*

Jürgen Stühmeyer, Management Board member

## Development, production and sales of amusement and gaming machines and money management systems in Germany

### adp Gauselmann GmbH

German market leader adp Gauselmann GmbH has been a pioneer of innovative cabinets, an unbeatable range of games, reliable technologies and a comprehensive services portfolio for over four decades. The company is one of the major players in the industry in both the national and international arena.

Commercial gaming in Germany currently faces massive restrictions. The German gaming machine industry is clearly feeling the impacts of

the First Amended Interstate Gambling Treaty and the ensuing limitations of the state arcade laws, with extended closing times, state-specific entry controls, etc., and the non-smoker protection legislation, as well as the continuous burden of amusement tax increases. Consequently, the German arcade market experienced a downward trend for the first time in 2015.

Despite these tougher market conditions, in a market environment with seven players adp Gauselmann GmbH managed to hold on to its market share of over 50 per cent and continues to defend its market leadership. One of the main pillars of adp Gauselmann GmbH's business activities in Germany is the games offering for the bars and restaurants segment. With a market share of around 70 per cent, the company is represented throughout Germany in this segment.

approval in compliance with Technical Directive 5.0. Here, too, adp Gauselmann GmbH has taken on a pioneering role. It already offers its customers a practical and inexpensive TD 5.0 solution for all “Merkur Ideal” and “M-BOX” machines currently on the market.

adp Gauselmann GmbH is the first company in the gaming sector to have been endorsed with the three DIN EN ISO 9001:2008, DIN EN ISO 14001:2004 and BS OHSAS 18001:2007 certificates, which attest to globally recognised standards in the fields of quality management, environmental management and occupational health and safety management. Regular audits carried out by TÜV Rheinland officially confirm the high standards the company sets itself.



At the end of 2018, manufacturing companies will face a new challenge following adoption of the new Gaming Ordinance, with the Physikalisch-Technische Bundesanstalt (PTB) type

For adp Gauselmann GmbH, the 2015 financial year was characterised by a pioneering cabinet innovation, the development, production and sales of which has kept the company mentally occupied for four years: the “M-BOX”. The result is a sophisticated concept that sets new benchmarks in the gaming world. With its two tablet-style monitors, the “M-BOX” is the perfect fit for the “Apple” generation. The modern cabinet is the German version of the “Avantgarde SLT” and the “Aurora”, which the Gauselmann Group markets internationally and in the UK. Practice has shown that the modern



In 2015, adp Gauselmann GmbH set new standards for youth protection with the remote control for the hospitality sector. In spring 2016, the company introduced another convenient solution with the "docu reader".

nische Bundesanstalt (PTB) for gaming arcades in Germany. With its real ball, which is rolled into the rotating, similarly real bowl using compressed air, "Merkur Roulette" offers all the fun and fascination of this popular casino game.

adp Gauselmann GmbH has the biggest choice of cabinets on the market for operation in the bar and restaurant segment. Under the "Merkur Multi" brand, the company is constantly developing new ideas for games packages for the hospitality sector. In 2015, "the games makers" once again demonstrated their talent when it comes to transferring theory into practice, among other things with the innovative "Merkur Multi Mix" package. "Merkur Multi Mix" allows amusement machine operators to compile an individual and variable games package that can be optimally adapted to the respective location.

design appeals particularly to women. But from a technical point of view, too, the latest adp cabinet also delivers essential improvements in terms of ergonomics and player comfort. The "M-BOX" celebrated its premiere in July 2015 at the working group meeting of the Merkur Advisory Board, the central advisory committee of the Gauselmann Group, composed of the most important clients of the German gaming machine industry, in Barcelona – with a bespoke version for the Advisory Board clients.

Shortly afterwards, the cabinet had its official market launch at the industry summit with a sit-down and a stand-up model in as many as six different versions. Under the motto "Sustainably good! – Industry 4.0", the company showcased the industry's future to customers at the industry summit in Frankfurt's Congress Centre in September 2015 for the sixth time in a row. As well as selected product presentations, the traditional event presented talks and discussions with guests from the worlds of business, industry and science, as well as an attractive entertainment programme.

In early 2015, adp Gauselmann GmbH launched an innovative approach for German arcades and targeting new customer groups with "Merkur Roulette". It is the first and so far only company to bring the casino classic roulette onto the market with a licence from the Physikalisch-Technische Bundesanstalt (PTB) for gaming arcades in Germany.

Apart from modern cabinets, the heart of the adp business model is the range of exciting and diversified games. In 2015, the company launched 20 newly developed games. The top game of the year in 2015 was the three-reel "Magic Monk Rasputin" game. Furthermore, with its "My Top Game" feature included as standard in all Merkur-Magie De-Luxe games packages and the Pur-Plus versions of the "M-BOX", adp Gauselmann offers access to a globally unique games library of over 200 games. Over 90 per cent of all "M-BOX" machines currently on the market are equipped as Pur-Plus versions and therefore have the "My Top Game" feature.

The high brand recognition of the "Merkur Magie" and "M-BOX" brands is the result of professional brand management. With 100,000 fans already registered on the Merkur-Magie Facebook page, the popular Merkur-Magie app with almost three million sessions and the equally popular Merkur-Magie Event portfolio are further confirmation of the concept's success. For this cabinet, adp Gauselmann GmbH decided to opt for a new brand with information at the point of sale, a bespoke homepage and Facebook site, app and promotional articles to promote the innovative "M-BOX" in external communications and offer clients another possibility to extend their offering.

Towards the end of the 2015 business year, adp Gauselmann GmbH went online with the new Merkur Insider platform, a training and information platform for arcade staff. Here, service staff and amusement machine operators can browse up-to-date product information and videos about the adp innovations and multigamer fundamentals, and then test what they have learned in a knowledge quiz.

For 2016, adp Gauselmann GmbH intends to stick to its tried-and-tested strategy and present its customers and business partners with practical innovations that comply with the current Gaming Ordinance. One important pillar will be the market penetration of the new "M-BOX" and the rollout of new versions. The company will continue to focus on high-quality games.

adp merkur service also provides sophisticated and user-friendly solutions for its customers in the area of modern money processing technology. The "Merkur Dispenser 100" and the follow-up model "Merkur Dispenser 100 Gold" have written a real success story over the past eight years. With over 120,000 units sold, this modular banknote recycler has become one of the mainstays in the slot machine expert's portfolio. Almost all Gauselmann Group products are equipped with the "Merkur Dispenser 100", which in combination with the "Elevator" for coins and the "Scale Hopper" forms a perfect trio.

The company met the new legislative challenges in the bar and restaurant sector that came into force in 2015 in an exemplary manner. From 10 November 2015, all AWP machines in bars or restaurants in Germany must be fitted with a technical security feature for the protection of minors. In addition to the familiar adp card system, which has been standard on all Merkur machines since 2006, and the compatible gastro card for the protection of minors, adp Gauselmann GmbH is now offering customers a further option for youth protection with the remote control for the catering sector. In spring 2016, the company launched a convenient new solution in the form of the docu reader.

## adp merkur service

Practice-oriented, competent and solution-oriented – these are the attributes that adp merkur service stands for. Alongside maintenance and service of coin-operated gaming machines, the service provider also offers its customers a comprehensive range of accessory products, an extensive seminar programme, technical support with the help of practical tools such as the "Little Helper" app, as well as a nationwide network of service technicians within the "free&easy" system.

adp merkur service focuses on informative training, for example at the technology seminar







Commercial gaming in Germany is faced with constant new challenges as a result of differing arcade laws in the various federal states. Since July 2013, for example, arcade operators in the state of Hesse have been required by law to carry out entry controls and to synchronise the data with the state-wide OASIS blacklist. adp merkur service has installed the Merkur Check-In entry control system in numerous arcades since 2013, making it currently the most widely used system in Germany.

Rollout of the management software MerkurNET was another major step for adp merkur service moving forward in 2015. This networking solution made by Gauselmann can be customised to meet the requirements of amusement arcades or catering establishments and was endowed with numerous new features and functions in the past business year. With the help of MerkurNET, operators can optimise organisational structures and enhance efficiency. The management software makes it possible to control all machines, identify and quickly remedy defects at any time and from anywhere.

Furthermore, since 2011, adp merkur service has been able to draw on the advice of the Technical Merkur Advisory Board as an important instrument to promote the exchange of ideas.

## Gauselmann Großhandel

adp Gauselmann GmbH offers its customers support nationwide through its own sales organisation, Gauselmann Großhandel. With a network of 11 branches, Gauselmann Großhandel provides intensive supervision and application-specific guidance.

Via the adp Internet portal, adp customers can also take advantage of the product and service offerings of the entire Gauselmann Group. Sales staff are offered regular training courses, thus guaranteeing a high level of advice and service quality.

Gauselmann Großhandel underscored the importance of customer proximity once again in 2015 with regular customer events such as in-house trade fairs held in winter, spring and autumn at the Gauselmann Großhandel branch offices and other venues.

## Schneider wholesale company

For over 30 years, the wholesale company Schneider Automaten has been meeting the needs of AWP machine and arcade operators. The sales partner of adp Gauselmann GmbH is the largest full-range supplier in the realm of amusement and gaming machines and, in addition to the full adp range, also sells other well-known brands at its nine branch offices. In the 2015 financial year, Schneider Automaten ventured into a completely new field of activity with the marketing of "RadikalDarts". These are electronic dartboards equipped with cameras, lasers and sensors that display the games on a monitor. Automatic exchange of all information with a central server allows players around the world to compete against one another. Over 2,000 of these advanced dartboards have already been sold in the German market, and there is still plenty more potential to be exploited.

centres. These machines with their special jackpot features have contributed substantially to the company's business success. For an additional stake, players have the chance to play exciting feature games and win more prizes. With "Deal or No Deal", MEGA will launch the third package in the single jackpot series in 2016.

MEGA has achieved considerable success with its "Monopoly" and "Seven" games centres in the international arena, too. They are marketed by the foreign subsidiaries of the Gauselmann Group, for example Merkur Dosniha for the Spanish market. MEGA has achieved similar successes in the Netherlands and the Czech Republic with its "Games Unlimited" multigame line. In the Netherlands, the "Games Unlimited" multigamers are amongst the most popular in the country.

## Merkur Freizeit Leasing (MFL)

Merkur Freizeit Leasing GmbH is the Gauselmann Group's manufacturer financing company and the leading financial services provider in the gaming machine industry. MFL's range extends from attractive rent, leasing and licensing models to insurance concepts and the Merkur sun bonus scheme, which pays off for every customer. Offering rental models that do not impose a strain on liquidity, the company enables its customers to make important investments in growth and expansion without having to sacrifice ongoing product innovations and high quality.

MFL was the first company in the industry to introduce digital contracts. As well as paperless customer communication, this new digital era also includes sending monthly invoices electronically. MFL will celebrate its 30-year company jubilee in 2016.

## MEGA Spielgeräte

MEGA Spielgeräte Entwicklungs- und Vertriebsgesellschaft mbH & Co. KG specialises in the development of jackpot systems, multigame lines, games with additional stakes, as well as multigamers for the Dutch market and the development of concepts for the Czech market. Developed in Limburg an der Lahn, the products are produced at adp Gauselmann GmbH's Lübbecke production site in accordance with ISO 9001 standards.

In particular the "Seven" games centre, the first of its kind with seven jackpots, has enabled MEGA to consolidate its position as a premium supplier to the German gaming arcade market. This successful product is available as a four- or two-machine unit. In the past two years, the "Seven" games centre in combination with the "Merkur Ideal Vision Slant Top SL" cabinet has proved to be one of the group's top products and a cornerstone of MEGA's success. The games centre is also making an appearance in more and more German casinos. MEGA followed on from this success in 2015 with the "Explosion" and "Chip" single jackpot



# Development and sales of amusement and gaming machines and money management systems internationally

## Merkur Gaming



The Gauselmann Group has been active in international gaming and prize games markets since 1985 and during that time has become a global driving force of innovation. The group stands out for its high degree of adaptability to country-specific product requirements, different legal and social parameters, as well as local market characteristics and gaming habits in the corresponding sales markets. To this end, the company maintains a continuous dialogue with customers, playing guests and developers.

As part of the consolidation of its business activities, adp Gauselmann merged with its Merkur Gaming GmbH subsidiary in 2015, which is responsible for the marketing of multigamers for the international markets. This did not impact on the internationally recognised brand identity of Merkur Gaming. As a structural consequence, a new management team was established under Sales Director and Management Board member Jürgen Stühmeyer for developing the international markets.

Development, production and sales of amusement machines, casino slot machines with prizes, as well as video lottery terminals (VLTs), server-based gaming (SBG) systems and jackpot solutions for the international gaming and prize games markets is the responsibility of adp Gauselmann GmbH. So as to be closer to the player base, some of the games for the international markets are designed decentralised in the respective countries. All products are manufactured by adp Gauselmann GmbH at its production plant at the Lübbecke headquarters in accordance with the internationally applicable high quality standards for development, manufacture and sales as set out and defined by DIN EN ISO 9001.

Through Merkur Gaming and its subsidiaries in the UK and Spain, adp Gauselmann GmbH was able to strengthen and further expand its position in the global competitive arena in the 2015 business year. As in the previous year, the strategic goal was first and foremost to consolidate activities and concentrate on defined core

markets. Apart from Europe, the core markets were mainly North, Central and South America, where the company saw a significant rise in sales activities in 2015. Merkur Gaming was also active on the African continent in 2015.

With the subsidiaries Merkur Gaming Peru, Merkur Gaming Mexico and Merkur Gaming Colombia, adp Gauselmann GmbH is ideally positioned in South America both organisationally and in terms of infrastructure. Following liberalisation of the Argentinian market, the groundwork is being laid for entry into the market and the founding of a new national subsidiary there in 2016.

At the beginning of last year, a separate sales organisation, Merkur Gaming Americas, was established, with responsibilities for business activities in North, Central and South America, as well as in the Caribbean market and also in the cruise line business segment. In 2016, the company will also set up its own development unit in Las Vegas that will first and foremost develop for the American market time-on-device games with a high entertainment factor.

One of the main success factors for international sales in 2015 was the revolutionary “Avantgarde SLT” cabinet. Sold in Germany under the name “M-BOX”, this full-HD multigamer was also launched into the international markets in the last financial year under the product name “Avantgarde SLT”. This modern cabinet is especially popular in Mexico and Romania. It is planned to roll out the “Avantgarde SLT” into further markets in 2016.

Another milestone was the presentation, at the G2E industry trade fair in Las Vegas, of the group’s first upright cabinet for international casino markets at the G2E industry trade fair in Las Vegas. The Gauselmann Group will complement its product portfolio in this segment with “Merkurstar” in the future. Like the “Avantgarde SLT”, the “Merkurstar” is renowned for its futuristic design and full-HD technology.





Merkur Gaming at the ICE industry fair in London

The official market launch of “Merkurstar” took place at the ICE in London at the beginning of 2016.

This underscores the enormous importance of the company’s presence at trade fairs as a vital instrument and with a view to generating sales and enhancing relations with key accounts and business partners, as well as generally monitoring the market. The ICE in London and the G2E in Las Vegas, as well as the regional trade fairs in the core markets, continue to be valuable presentation platforms for the Gauselmann Group.

In 2015, adp Gauselmann GmbH further intensified its presence in the international casino markets and further strengthened its market position in countries including the Czech Republic, Croatia, Serbia and Slovakia. The company also continued to expand into the Russian market. For example, adp machines have been installed in Russia’s largest casino in the Primorsky Krai gaming zone near the Pacific city of Vladivostok, as well as at the Altai and Asow gaming zones. In the current business year, adp Gauselmann has already installed the first machines at the new gaming zone in Sochi.

Demand for adp products is also rising in casinos across Germany.

The Gauselmann Group also posted increases for the VLT and SBG solutions segment in 2015, in particular in the Czech and Spanish markets.

For 2016, the international development and sales arm of the Gauselmann Group has set itself the goal to continue on this course of strategic expansion and to make investments in new sales markets.

## Stronger presence in Europe

The Gauselmann Group maintained its strong international track record in Europe in 2015 especially in the UK, Spain and the Netherlands. These target markets have in recent years already proved to be strategic growth markets with long-term potential. Accordingly, the group’s sales revenues have developed very favourably.

In the Netherlands, the Gauselmann Group achieved market leadership in the video-based multigamer segment in 2015 with the “Games Unlimited” multigame line. The group intensified trade relations with a Dutch distributor that had already included products from the GeWeTe subsidiary in its portfolio, and made it the general distributor for the Gauselmann Group in the Dutch market. The good partnership and systematic market penetration enabled the group to further enhance its market presence.

The Gauselmann Group further strengthened its presence in the British market and achieved an excellent operating result in the UK in 2015. In the meantime, well over half of the multigamers in the market are produced by the Gauselmann Group, giving it pole position in this segment. The result of the development competence of the British subsidiary Blueprint Gaming, the leading multi-platform developer for digital games, and the technical resources of adp Gauselmann GmbH is an outstanding product range. The most compelling evidence of this success is the popular “Genie” cabinet, several thousand of which can be found on the market. Coupled with the popular games from the British subsidiaries Blueprint Gaming and Betcom, the “Genie” cabinet has advanced to become one of the most sought-after products in the British pub and arcade sector.

In the 2015 financial year, the Gauselmann Group expanded its activities in the UK with the acquisition of the operating business of the British company Sceptre Leisure, which changed its name in the same year to Regal Gaming and Leisure. The group had held a 25 per cent shareholding in this company since 2013. Regal Gaming and Leisure is one of the two largest amusement with prizes (AWP) machine operators in the UK and specialises in the highly competitive pub segment.

Due to the rapid development and the importance the British market in the meantime holds for the group, it was decided in August 2015 to

coordinate the British business activities within the Gauselmann Group from the central office of the General Manager UK. The aim of this step is to optimise communication and the flow of information between the subsidiaries and with Germany and create additional synergies.

The Gauselmann Group has successfully established itself in just a few years as industry leader in the Spanish arcade segment with its Merkur Dosniha subsidiary. Merkur Dosniha is responsible within the group for the development and sales of multigamers in Spain. The end of the 2015 business year saw the promising entry into the Spanish catering sector with the “Genie” cabinet in combination with the “Merkur Multi” games package. The absolute top game in 2015 was again “Magic Mirror”. The company also enjoys huge success in Spain with its “Monopoly Jackpot” and is the exclusive distributor of the popular Interblock roulette. Merkur Dosniha expanded structurally last autumn with the opening of a new sales office in Murcia. For 2016, another office is planned in the Spanish capital, Madrid.

## Cash and ticketing activities

GeWeTe/HESS



The business activities of the Gauselmann subsidiaries GeWeTe and HESS are subsumed in the cash and ticketing segment. The core business activities of both companies focus on development, production and sales of money-changing systems for casinos and arcades, coin-operated self-service solutions for banks and savings banks, as well as payment systems for the public sector, retail companies and other economic sectors. The modern and innovative systems from GeWeTe and HESS are developed and manufactured in Germany and Austria and are characterised by their high quality, practicality and user-friendliness. Both companies are certified in accordance with DIN EN ISO 9001 and 14001 for exemplary quality and environmental standards. Alongside the continued further development of existing products, the focus is on developing new technologies and systems.

Thanks to the configurability of the software, technology and place of use, all products can be adapted to meet individual customer requirements. Both GeWeTe and HESS are growing, export-oriented companies, that in addition to developing existing markets are looking to expand into new markets and further move ahead with internationalisation. GeWeTe and HESS systems have already been successfully installed in over 50 countries worldwide. The number of employees in the cash and ticketing activities segment again grew during the 2015 financial year.

### GeWeTe

GeWeTe has been developing, manufacturing and selling money-changing machines, pay stations and Kiddie Rides both nationally and internationally since 1993. In Germany, the company is uncontested market leader for money-changing machines in the arcades sector and is also one of the largest suppliers of pay stations and ticketing systems.



The Merkur Spielbank in Magdeburg uses GeWeTe machines

In the 2015 business year, GeWeTe consolidated its market leadership even further. The company employs a staff of nearly 100 at its development and production headquarters in Mechernich near Cologne. Product quality and the wide range of products are important USPs of the money-changing specialist. No other competitor worldwide is able to offer such a wide choice. GeWeTe's product range extends from small change machines to the high-end PC-controlled "Maxi Cash Recycler" product that counts, validates and sorts bulk coins and recycles them for further use. Proprietary hardware and software development maximises GeWeTe's flexibility to quickly implement customised solutions – giving the company a decisive advantage over its competitors in project business, and in the fields of pay stations, ticketing and Kiddie Rides.

The main customer groups for GeWeTe's money-changing systems are arcades and casinos. New legal provisions under the federal state arcade laws and the virtual standstill in the expansion of new arcades resulted in the German arcade industry again being less willing to invest in money-changing systems in 2015. The pay station segment and international business on the other hand grew significantly, so that despite losses in the German arcade segment the company was able to close the 2015 financial year on a positive note overall. The biggest increases were recorded in the UK and Spain.





Strategic cooperation between Gauselmann subsidiary HESS and Wincor Nixdorf is further intensified (from l. to r.): Ulrich Bauer (CEO HESS Group), Uwe Krause (Vice President Wincor Nixdorf), Eckard Heidloff (President & CEO Wincor Nixdorf AG), Alexander Martin (New Media Gauselmann AG), Alexander Vleeming (Finance Gauselmann AG) in front of Schloss Benkhausen

The importance of national and international business with arcades and casinos is documented among other things by attendance at numerous trade fairs. The positive feedback on the products showcased at these trade fairs demonstrates that international arcade and casino operators are also relying more and more on the innovative “made in Germany” solutions from GeWeTe. For cash handling activities in gaming clubs and casinos, GeWeTe developed the “Cash Center Compact Casino” in 2015. The main international sales markets in the past business year were still the UK, Italy, Spain and Scandinavia, where GeWeTe in each case has its own customer service representatives and technicians. Apart from arcades and casinos, GeWeTe’s money-changing technology is also used throughout the world in depart-

ment stores, libraries, transport operators and public facilities. In 2015, GeWeTe had an export share of 24 per cent. A new business segment in 2015 was cash handling for car washes.

Another steadily growing business sector is the field of sports betting. Similarly to arcade operators, sports betting operators rely upon efficient and effective money management. As there are still no uniform rules for sports betting in Germany, GeWeTe concentrates in this segment on international sales. In this context, a large number of cash handling systems have already been installed in betting shops across Europe.

GeWeTe pay stations are used internationally as admission control systems in swimming baths and stadiums, as well as ticket machines

for rail and ferry travel, baggage retrieval machines at airports and in the municipal sector.

GeWeTe is continually developing innovative technologies that help it to tap into new sales markets. Under the Merkur Kids brand, GeWeTe develops, manufactures and sells machines specifically tuned to the needs of children. The product portfolio includes the “Happy Kids” touchscreen entertainment machine, numerous Kiddie Rides, as well as driving simulators. All products meet the highest safety standards. GeWeTe is the only manufacturer with a Disney licence for Kiddie Rides. In addition to the UK, Italy, Spain and Scandinavia, the main sales markets in this area are Australia and the Middle East.

Within the Gauselmann Group, GeWeTe change machine systems are used in the CASINO MERKUR-SPIELOTHEK arcades and in the Merkur Spielbanken Saxony-Anhalt in Germany, in the CASINO MERKUR International entertainment centres in other European countries, as well as at Merkur Win in Italy, the UK arcade chain Cashino and in Cashpoint and XTIP sports betting offices.

GeWeTe is anticipating a further drop in sales in the German arcade market during 2016. In international business, the company is expecting a positive development in the pay station, money-changing system and car wash cash handling segments. Due to the introduction of a new platform and an associated reduction in manufacturing costs, GeWeTe is projecting a significant increase in international sales. The UK is considered the most promising future market, especially in the areas of sports betting and TITO systems (Ticket-In-Ticket-Out). The company plans to further expand sales and technical support in these areas in 2016.

The HESS Group is made up of HESS Cash Systems GmbH & Co. KG in Magstadt, near Stuttgart, and its subsidiaries HESS Schweiz AG in Bern and HESS Austria GmbH with locations in Gratkorn and Linz. The specialist for money-processing systems solutions dedicates itself to developing, manufacturing and selling, including customer service, hardware and software solutions centred around coin and cash handling for banks and retail companies, as well as payment systems for public institutions, authorities, energy suppliers and libraries. The company was founded in 1885 and has belonged to the Gauselmann Group since 2001. HESS is a permanent member of the CEN/ISSS XFS Committee for Standardisation and Definition of Coin Handling Processes at Bank Data Centres, as well as various other committees and institutions. These include GS1 Germany as “Solution Provider Cash Logistics” and OLAF (Office de Lutte Anti Fraude), the European Anti-Fraud Office. The HESS Group currently employs over 200 staff.

HESS products and OEM assemblies are characterised by their high quality, availability and durability. They are developed and produced at the company’s headquarters in Magstadt/Germany and for the Austrian market in Gratkorn or Linz/Austria. All new products in the core fields of “coin” and “payment” systems are developed on HESS’ proprietary software and hardware platforms and go through the entire product life cycle within the company. One important component of the business model is the fact that HESS offers both sales and service of its own products, which has attained a high level of acceptance from the market. With the attribute “made in Germany”, HESS stands for quality, efficiency and precision, as well as its own high quality standards. This is complemented by a pinch of “Swabian inventive talent” that characterises the company, as well as its products and services.



The following experts were available for trade fair visitors at E-World 2015: Günter Miekley, Armin Gonther, Achim Heinkele, Carsten Ebeling and Sales Director Wolfgang Ristau from the HESS sales team and Ludwig Roß from Stadtwerke Gronau public utilities (from l. to r.)

The main products in the cash handling segment are coin pay-in machines, coin-roll dispensers, deposit systems and OEM products that are mostly used in the self-service areas of banks and savings banks, as well as in the retail sector. The main sales markets served by HESS are Germany, Austria and Switzerland, as well as France, the Netherlands, the UK and Australia/New Zealand. The export share in 2015 was 44 per cent.

With the further development of the "CoinIn 315/325" pay-in machine and the OEM module TopCoin®, HESS 2015 was able to set new standards on the market in 2015, not only in terms of technology, but also with the typical HESS design. The modular structure not only makes this new generation of machines easier and

cheaper to produce; it is also easier to set up and install the hardware and software on the customer's premises. Moreover, the system can be flexibly adapted to the individual needs of the market or even individual customers.

The development of this machine family also provides the basic technology for the strategic cooperation with Wincor Nixdorf from Paderborn, the globally leading provider of IT solutions and services for retail banks and commercial companies. Thus, Wincor Nixdorf will complement its product portfolio of self-service solutions with HESS products and coin components and HESS will in future manufacture the bespoke Wincor Nixdorf coin deposit and coin recycling systems in Magstadt.

In the coin processing and sensor systems core technologies, HESS established a considerable lead over other players in the market. Drawing on these technologies, the company developed the coin recycling module TopRec, a brand new product for the retail sector, which extends the current product portfolio of the HESS Group with the "Retail Cash Center" for banknote and coin recycling as a back office solution for retail companies.

The latest figures from the European Central Bank confirm that the number of euro coins in circulation in the euro countries has increased significantly. HESS expects this to lead to a stable business environment and growth for the use of coin-processing self-service machines in the banking market. Coin business featuring HESS technology for major national and international banks was further developed in cooperation with the ATM manufacturers. HESS recorded a substantial increase in sales revenue in this segment in the second half of the business year. The company also significantly expanded its service business in the 2015 financial year, which in the meantime accounts for an important and steady share in the sales and earnings of the HESS Group.

Another important pillar for HESS is the payment systems segment. More time for service, user-friendliness, individual configuration possibilities and flexible counter opening hours are just some of the advantages the HESS "Multi-Pay" series offers. During the past few years, the company has realised around 600 projects in municipal offices, libraries and with energy suppliers. The core markets are Germany, Austria and Switzerland. This segment also saw growth both nationally and internationally. HESS payment systems make an important contribution to the diversification of the product offering and market segmentation of the HESS Group.

Key investments were made in the past business year that will make a significant contribution to the company's business success in 2016. A further focus will be on expansion of the national and international banking market, development of payment systems in Germany, Austria and Switzerland and establishing HESS products in OEM business with ATM manufacturers.



The new HESS coin counter CoinIn is in high demand



## Research and development



Research and development have always played an important role within the Gauselmann Group. The highly restrictive, state-specific and constantly changing environment of the international gaming industry requires us to continuously anticipate trends, the demands of the market, legal parameters and customer preferences.

In 2015, the Gauselmann Group had around 500 staff members working in this field worldwide. The global research and development network is made up of 16 game design teams in total. 65 per cent of the development capacity is based at various locations in Germany, while 35 per cent of the employees develop games content at international locations.

In the past financial year, the company selectively increased its software development resources at the company's headquarters in Lübbecke, as well as at other locations, for example Blueprint Gaming in the UK. The Indian subsidiary Merkur Gaming India also significantly expanded its field of activities. Here, the company built up a fully independent game design team with a focus on developing games with a higher entertainment value for the online segment. Another game design team is currently being set up in the USA. This will develop game systems and content for the North and South American markets, which will also have a strong orientation towards entertainment.

Development work in the past business year concentrated largely on the completion and market launch of the "M-BOX" in Germany. With its tablet-style, high-resolution monitors, progressive design and impressive lighting effects, this cabinet innovation has set new benchmarks both nationally and internationally. The Gauselmann Group has invested nearly four years of research and development work in the "M-BOX". In the process, the development team accepted no compromises when it came to playing comfort and ergonomics. The user-focused arrangement of the monitors and touchpad, the coin dispenser tray on the console and an additional "start" button offer maximum user friendliness. What's more, in order to protect the inside of the cabinet from dust and dirt, the "M-BOX" was conceived from the outset so that no fan is required. The "M-BOX" is also ready for compliance with the Technical Directive (TD) under the new Gaming Ordinance and allows quick and easy conversion to TD 5.0. The "M-BOX" was launched internationally under the product names "Aurora" (UK) and "Avantgarde SLT" (for example in Mexico). For the current business year, it is planned to launch the "Avantgarde SLT" on the Peruvian market. Further installations are currently being tested in eastern Europe and in Colombia – so far with very positive results.

One important milestone in the Gauselmann Group's international casino business in 2015 was the completion of the "Merkurstar". This type of upright cabinet is fitted in approximately 70 per cent of the installation slots of international casinos. The "Merkurstar" rounds off the Gauselmann Group's product portfolio, which can be adapted to the needs of the respective market. Like the "M-BOX" or the "Avantgarde SLT/Aurora", the "Merkurstar" is renowned for its futuristic design and striking lighting effects. The ergonomic arrangement of the monitors and operating controls, coupled with outstanding acoustics and high-resolution HD technology, underscores the entertainment character typical of Gauselmann machines. The development of the modern upright cabinet takes account of global requirements linked to the business expansion of the Gauselmann Group and is an important step in enabling the company to penetrate new markets in the future. The "Merkurstar" was presented for the first time at the G2E industry trade fair in Las Vegas in September 2015, and the official market launch took place at the ICE in London at the beginning of 2016.

Operation of its own casinos in Saxony-Anhalt, with locations in Leuna and Magdeburg, has for the first time given the Gauselmann Group the possibility to intensively test casino products. Thus, the company receives direct and unbiased information about the product attributes from within the company. This is a huge help when it comes to optimising international business.

One of the Gauselmann Group's most successful games developments in the reporting period was the "Magic Monk Rasputin" game, which is currently the group's most successful game in Germany. The company is currently working on rolling out "Magic Monk Rasputin" to international markets and online.



An excellent example of pooling the group's development competences in 2015 was the design of a multigamer for the Spanish catering market. At the gaming fair Fer Interazar, Merkur Dosniha for the first time presented the "Genie" cabinet, which had originally been developed by Blueprint Gaming for the British category C market. Combined with the two "Merkur Multi" and "Rey de la Suerte" games packages for the hospitality sector, this is enjoying high demand in the Spanish catering sector.

The research and development department also had to contend with a high number of adaptations to stricter legal restrictions in 2015. The new Gaming Ordinance that came into force at the end of 2014 also gives priority to protection against manipulation and secure storage of recorded data. The Gauselmann Group took the initiative at an early stage and developed a corresponding security concept in collaboration with the Fraunhofer Institute for Applied and Integrated Security (AISEC) in order to protect



Graphics is an important part of games development

Following an extensive test phase, the Gauselmann subsidiary MEGA brought several supplementary games for individual machines, also known as single jackpots, to market in Germany in 2015. The new games packages with feature games provide even more suspense and the chance to win more prizes. MEGA also invested more research and development resources in new game systems and packages for the Dutch market under the "Games Unlimited" multi-game line. Much of this expenditure flowed into the development of a multiplayer multigamer – a gaming machine for several players that has now been endorsed by positive feedback from the market.

its game systems against illegal tampering by third parties. This has enabled the company to receive the first type approvals in compliance with the new Gaming Ordinance. The group is currently working on other adaptations required under the Gaming Ordinance, for example introduction of player cards and protection of fiscal data. Further type approval certifications are targeted for 2016.

Over the past few years, the Gauselmann Group has also developed an extensive portfolio of sports betting terminals that is characterised by its high quality. To enable it to continue to serve this market segment in a meaningful way and achieve cost leadership in the sports betting segment in the future, the company is currently developing a concept for a new, less expensive sports betting terminal that was launched on the market in spring 2016.



Games development takes place worldwide

The Gauselmann Group underlines its role as technology and innovation leader by continuously working on new solutions in the field of VLT and SBG systems which automatically exchange information and data with a central server. In collaboration with the British Praesepe Group, which has been part of the group since 2012 and operates a large number of entertainment centres and bingo halls in the UK, the Gauselmann Group has developed an SBG system that implements the specific requirements of the amusement arcade chain. This system was fitted in three test arcades in 2015. Rollout began in early 2016, so that all machines installed in Praesepe arcades will soon be networked with the in-house SBG system, paving the way for business management and technical controlling of the machines.

The number of technology and cabinet innovations has increased steadily over the past few years and, with the introduction of the "M-Box" in the 2015 business year, the Gauselmann Group underscored its pioneering role in the research and development sector. As a manufacturer and operating company, the group is able to permanently monitor the market.

The research and development department cooperates closely with a market research department that operates within sales, and with the group's own operating division. Additional initiatives such as the Merkur Advisory Board, games scouts and participation at international industry fairs help to identify potential trends early on.

One aspect that is going to become increasingly important for the gaming industry in the future is the user-machine interface. The group recognised this potential early on and is working on the development of corresponding solutions. It plans to present new cabinet designs for the international casino market in the second half of the current financial year.



*“The ‘Spielothek’ success model works Europe-wide because it is based on quality and focuses on the customer. In many places it is hindered by an unreasonable policy that is driving players to the Internet by imposing bans.”*

Dieter Kuhlmann, Management Board member

## Operation of entertainment centres in Germany

For over four decades, CASINO MERKUR-SPIELOTHEK has built its success on four main pillars: innovative products, qualified personnel, best customer service and a first-rate atmosphere. With the opening of the first Merkur-Spielothek in Delmenhorst in 1974, company founder Paul Gauselmann laid the foundation stone for the company's future success. In the arcade segment, CASINO MERKUR-SPIELOTHEK is market leader in Germany with 236 entertainment centres and more than 10,200 installed coin-op machines. A staff of 3,333 shape the image of the company with the laughing Merkur sun.

Business development in 2015 was positive, despite the fact that the year was again characterised by numerous restrictions. The effects

of the First State Treaty on the Amendment of the State Treaty on Gambling in Germany (“First Amended Interstate Gambling Treaty”) signed in December 2011, the respective state arcade laws and implementing acts, as well as increases in amusement tax, again played an important role. In addition to a ban on multiple concessions, effectively required minimum distances to other arcades and/or youth facilities under the provisions of the First Amended Interstate Gambling Treaty (Glücksspieländerungsstaatsvertrag – GlüÄndStV) and the state arcade laws/implementing acts also introduced a ban on relicensing. Transition periods have been defined for existing arcades depending on the initial date the respective licence was granted. A five-year transition period for arcades

licensed before 28 October 2011, a one-year transition period for those licensed after this date. The legality of the one-year transition period is interpreted differently by the respective municipalities, however. While in Augsburg, for example, three of the four licensed concessions were required to close after the coming into force of the First Amended Interstate Gambling Treaty, in Herne a five-year transition period was confirmed. In Berlin the transition period ends on 31 July 2016, in all other federal states in 2017. From then on, in addition to the existing permits under Section 33i of the Trade, Commerce and Industry Regulation Act (Gewerbeordnung), all arcades will be required to have gaming permits (pursuant to Section 24 of the First Amended Interstate Gambling Treaty), which would apply under all the relevant restrictive provisions of the Interstate Treaty and the state arcade laws. A number of federal states have incorporated provisions into their arcade laws or implementing acts stipulating the time frame for applying for the gaming permits. However, the majority of the federal states are still up in the air as far as this is concerned. Many regulatory authorities are declining to take a decision on such applications for gaming permits on the grounds that the new gaming law will not be generally applicable everywhere until after mid-2017.

If an application for a multiple-succession gaming permit is made or if there are other arcades or youth facilities within the legally defined radius, the permit must be extended by a so-called exemption request. The respective exemptions may derive concretely from individual state laws or by recourse to the general clause in Section 29 (4) GlüÄndStV. The overall legal situation thus remains unclear. For the companies this is risky and offers absolutely no planning security.

Especially restrictive laws apply for Berlin. Since June 2011, these have required one supervisor per concession to be present, who is, however, not permitted to perform all the duties of a service employee. For example, it is prohibited to serve food and drink. This has a demotiva-

ting effect on staff. The number of gaming machines per concession also had to be reduced from twelve to eight. The entry control rules effective in all arcades in the state of Hesse since 2014 had an additional negative impact on the operating result. However, the Gauselmann Group was able to effectively counter this challenge with a proprietary entry control solution. Tax increases were an additional burden in 2015. In particular, the rise in the amusement tax of 19.3 per cent compared to the previous year had an adverse impact on the result of operations.

The constraints imposed by regulatory restrictions and the restrictive licensing procedures were also the reason why CASINO MERKUR-SPIELOTHEK decided to slow down its expansion activities. Reflecting the political framework, new types of branch – entertainment centres with a single concession – continued to be tested in 2015.

Since CASINO MERKUR-SPIELOTHEK was founded, the alignment of the four success factors “Products – Personnel – Customer Service – Atmosphere” has been continuously adapted and enhanced. The success of this concept is mirrored in the awards CASINO MERKUR-SPIELOTHEK has received in the past few years. In 2016, the company was voted a “Top National Employer” by the German news magazine Focus for the second time in a row – making CASINO MERKUR-SPIELOTHEK one of the top 1,000 employers in Germany. The company also successfully participated in the “Top Service Germany 2016” competition, which was organised by ServiceRating GmbH in collaboration with the Handelsblatt newspaper as media partner. Early in the year, the company was voted “most popular gaming arcade” by Focus. The fact that CASINO MERKUR-SPIELOTHEK is known for first-class service was testified in a nationwide service ranking by the daily newspaper Die Welt, in which CASINO MERKUR-SPIELOTHEK was voted “Service Champion Bronze 2013” and Number 1 in the “Arcades” category.





CASINO MERKUR-SPIELOTHEK relies on the four success factors: innovative products, a modern atmosphere, qualified personnel and first-class customer service

The basis for this success is above all the continuous training and further education measures offered to staff. The industry-specific apprenticeship professions “coin-op specialist” and “coin-op service technician” were officially recognised and approved in 2008 after years of campaigning on the part of well-known lobby groups, institutions and companies – with the Gauselmann Group leading the way. Uniformly structured training leading to the qualification “coin-op specialist” has been offered since 2015. It is based on a period of three years and offers trainees in the Gauselmann Group the opportunity to specialise in the field of coin-op service with a focus on “commercial business processes” and “customer service”. Staff already working at entertainment centres who meet certain criteria have the opportunity to obtain professional qualification as a “coin-op service technician” and in future “coin-op specialist” through the so-called “external students’ exam-

ination”. 39 employees qualified as “coin-op service technicians” via this route in 2015. With the one-year in-service training to become a “casino service specialist (Chamber of Commerce approved)”, CASINO MERKUR-SPIELOTHEK offers its staff a further industry-specific training option. In 2015, 83 candidates successfully completed their in-service training, and in April 2016 the 500th graduate was presented with her certificate. The company’s training portfolio also includes training in the latest products, comprehensive induction training for new management staff at the flagship store in Espelkamp and so-called kick-off events for new employees. The offering is rounded off by a regular “qualifying campaign”, during which all staff from the services headquarters and the branches are informed about current topics and developments. Training also encompasses communicating the service mentality that also plays a central role at CASINO MERKUR-SPIELOTHEK. The company places just as much importance on responsibility towards its play-

ing guests. Consumer protection in commercial gaming is therefore also part of the training and further education curriculum. In the area of external training, CASINO MERKUR-SPIELOTHEK’s training managers collaborate with a number of approved training facilities in Germany.

The sophisticated exterior design and interiors of the entertainment centres and the choice of products further underscore the high quality of the offering. CASINO MERKUR-SPIELOTHEK stands out from its competitors thanks to a unique exterior design. The arcade interiors are devised exclusively in Espelkamp by the “Creative and Design Development” department, taking account of corporate design guidelines. The company with the laughing Merkur sun addresses the issue of environmental protection among other things by installing photovoltaic systems on the roofs of a number of entertainment centres. Guests at the entertainment centres can experience a range of games

geared towards the latest trends and the wishes and needs of customers. In the 2015 financial year, almost 4,900 games packages were exchanged, ensuring guests can enjoy varied and cutting-edge entertainment at all times. In December 2014, “Merkur Roulette” was relaunched with a real roll of the ball. In 2015, the “M-BOX” was successfully rolled out across the board with 1,000 machines. This latest product made by Gauselmann not only features the most innovative cabinet on the market; its modern monitor and superb playing comfort have gone down a storm with players.





CASINO MERKUR-SPIELOTHEK not only receives awards; the company is also certified in accordance with DIN EN ISO 9001:2008. The corporate headquarters was certified by TÜV Rheinland in 2013 and the process was extended to the operating companies and entertainment centres from 2014. This certification was also successfully carried out, that is to say that TÜV Rheinland positively accredited the quality management system within the company with all work processes. The headquarters received the official TÜV certificate in 2014, the operating companies and entertainment centres in 2015. Within the industry certification programme, TÜV InterCert Saar had certified the CASINO MERKUR-SPIELOTHEK service centre and 102 arcades by early 2016. With this, the company is once again demonstrating that it is compliant and adheres strictly to law and order.

Despite the many constraints, the company's positive economic development is expected to continue in 2016. Restrictions will again come from the state arcade laws, with especially

negative impacts for Berlin, and more entry controls, which are currently planned in Rhineland-Palatinate and Baden-Württemberg. However, experiences already made in this area in Hesse can serve in the future to optimise the implementation of such controls. Further increases in the amusement tax will again have a stranglehold effect. For 2016, this is expected to amount to 15.3 per cent of takings across all locations. CASINO MERKUR-SPIELOTHEK plans to contest the level of amusement tax before the courts based on available legal opinions. The 7th Gaming Ordinance, which came into force in 2014 and defines new maximum prizes and loss limits, is not expected to have an impact in 2016.

These negative developments are offset by the attractive offerings and positive image of market leader CASINO MERKUR-SPIELOTHEK that will attract new customers. The state arcade laws will on the other hand also see to it that virtually no new competitors enter the market. CASINO MERKUR-SPIELOTHEK will continue to concentrate in its core business in 2016. This also includes arcade management, a service

for gaming machine operators to advance and establish their business on the market, for which the company is seeking further business partners for 2016. In the CASINO MERKUR-SPIELOTHEK arcade segment, the company will further test the new type of branch with a single concession. Numerous concessions are to be developed or acquired by competitors.

To ensure it is well-positioned to weather future challenges, CASINO MERKUR-SPIELOTHEK will continue to develop its four pillars of success in the future. Additionally, the areas of "certification" and "consumer protection" will play a prominent role in 2016. Since the beginning of the year, 133 CASINO MERKUR-SPIELOTHEKEN, as well as the service centre, have complied with the high requirements of TÜV Rheinland in order to obtain certification. Certification is also to be extended to newly developed or acquired branches.





## Operation of entertainment centres internationally



The Gauselmann Group launched its international arcade expansion with the opening of its first international entertainment centre in Amsterdam in 1986. In 2005, Merkur Casino GmbH was founded. It was later renamed and currently trades as CASINO MERKUR International GmbH. Under the logo of the laughing Merkur sun and brand images adapted to the respective market, the company in the past business year operated 208 modern entertainment centres in eight European countries. A total of 2,100 employees work at the company's arcades in Bulgaria, the UK, Croatia, the Netherlands, Serbia, Slovakia, Spain and the Czech Republic.

Just as in the German affiliate CASINO MERKUR-SPIELOTHEK, in the international arena CASINO MERKUR International also places the emphasis on innovative products, qualified personnel, first-class service and a modern atmosphere, with the range individually tailored to the needs and cultural specificities of the respective local markets. The takeover of the British Praesepe Group in 2012 had an even more positive effect on the business development in 2015 than in the previous year. Overall, the company recorded significant increases in cash takings and earnings in all countries with the single exception of the Netherlands. The company continued to optimise internal structures and processes during the 2015 business year to ensure it is well-positioned to weather future challenges. This involved revising organisational charts and international guidelines, holding regular centralised and decentralised coordination meetings and improving the regional controlling system.

In the 2015 business year, CASINO MERKUR International faced increasing political pressure on the part of the authorities in all countries, provoked mainly by the negative reputation and abuse of the legal system by a few arcade operators. As in the previous year, CASINO MERKUR International also saw a greater need for discussion with government bodies regard-

ing tougher regulations, taxes, the external image of entertainment centres and licence extensions in 2015. Whilst on the one hand these obstacles resulted in reduced earnings, they also led to a shake-out of the market. Improved communication with the authorities in the Czech Republic and Slovakia on the other hand meant that – except in Brunn – further closures were avoided for the time being. However, they will probably be inevitable in 2016. Petitions against arcades are currently pending in Bratislava (Slovakia), for example, as is a ban on arcades in some districts of Prague (Czech Republic). Here, from 1 January 2017, only casino licence holders will be able to obtain authorisations in a few districts of the city. CASINO MERKUR International holds this licence at the majority of its locations.

On the whole, the offering in the entertainment centres found growing acceptance. Nevertheless, countries where online gaming is becoming increasingly popular also saw a migration of customers away from arcades. The trend towards more video lottery terminals (VLTs) and server-based gaming (SBG) systems that are permanently linked to a central server and are operated under the direct online supervision of the respective finance ministry continued across all countries. In some countries, cashless and loyalty systems were extended. Cashless systems allow players to pay without cash, for example through the use of a player card. In some cases, for example in the casinos in Saxony-Anhalt, tickets may be issued that allow players to continue playing at another machine. With loyalty systems, players participate in bonus programmes. In the past business year, these included a playing card system that was introduced in the Czech Republic and adapted specifically to the needs of branches there.





Gauselmann Group arcades in the UK are called Cashino

Aside from the similarities mentioned above, the market situation for CASINO MERKUR International shows a differentiated picture due, above all, to the heterogeneous conditions in the different countries. In the Czech Republic, some arcades had to close in 2015 and – just as in the Netherlands – increased requirements were imposed regarding entry controls with collection of players’ personal data. In Slovakia, a petition was launched for the closure of all arcades in Bratislava for 2017. In the Netherlands, protection of non-smokers above all had a strong negative impact. High competition density can be observed here and in Slovakia. Operators in Slovakia, the Netherlands, Bulgaria and the Czech Republic are also extend-

ing their portfolios with live games. In 2015, CASINO MERKUR International withdrew from the Italian market completely.

As with the German affiliate CASINO MERKUR-SPIELOTHEK, staff training and further education played an important role at CASINO MERKUR International. In the Czech Republic, the Netherlands, Slovakia and Serbia, as in Germany, induction training for new staff is now also organised centrally at the respective flagship stores. This was complemented in 2015 by ongoing training in the product segment, as well as management and personality seminars for managerial staff. These were further developed following the model applied in Germany. As in previous years, the topic of consumer protection constituted an important part of the training content at CASINO MERKUR International. Team-building events aimed at reinforcing staff quality and loyalty completed the training and further education portfolio.

In addition to highly qualified personnel, service quality at the entertainment centres played an important role. CASINO MERKUR International further developed and optimised its customer service in the past business year by implementing or, where they already exist, optimising binding customer service concepts. In the Netherlands, where first-class service at CASINO MERKUR International arcades enjoys a particularly good reputation, the company extended the DEKRA certification in order to place even greater emphasis on the unique quality of the entertainment centres. Transnational communication and the use of modern technologies also improved the way customers are approached. The aim here is to implement an integrated and coordinated concept across all companies. The Czech Republic continues to

operate its own Web radio tailored to players’ interests and in Slovakia digital signage is used to communicate advertising and information on electronic boards outside and inside branches. In many countries, the company relies on channels such as Facebook and Twitter as well as the CASINO MERKUR International website to post news.

Next to the professional competence of the staff and customer service, the choice of products on offer at the entertainment centres plays a major role in the company’s success. In the 2015 financial year, more gaming machines from the Gauselmann brand Merkur Gaming and more jackpot systems were installed. Merkur Gaming products enjoyed particularly high demand above all in the UK, the Netherlands and Spain. In Serbia, the “Highflyer” gaming machine with its floating monitor proved extremely popular and in the Netherlands the Merkur multigamers went down very well. The innovative “M-BOX”, that is already proving highly successful in Germany, was launched in a number of countries under the name “Avantgarde SLT” or “Aurora”.

In 2016, as in the previous year, CASINO MERKUR International will continue to focus on consolidation. The company will carefully analyse existing markets and tap into new markets – also outside Europe. With decisions by the authorities difficult to gauge, expansion will continue at a very restrained pace, being driven forward only on the Spanish mainland.

The company also aims to acquire new locations in Serbia and Croatia. Improved cost structures and – depending on the respective country – the introduction or optimisation of binding structures will also have high priority. Other changes will continue to align the company with its CASINO MERKUR-SPIELOTHEK affiliate. In this way, it is intended to achieve or expand the market leadership in the various countries.



The biggest bingo hall in the UK also belongs to the Gauselmann Group



### Operation of casinos



The new Merkur Spielbank Magdeburg was opened in April 2016 in the presence of Prof. Dr Ulf Gundlach (4th from left), State Secretary in the Ministry of the Interior and Sport of the state of Saxony-Anhalt, Marcel Tobler (6th from left), Chief Financial Officer Stadtcasino Baden AG, and Paul Gauselmann (5th from left)

The Gauselmann Group has been active in the casino sector since 2013. In the same year, Merkur Spielbanken Sachsen-Anhalt GmbH & Co. KG, a joint venture with the Swiss Stadtcasino Baden AG, won the tender for the licence to operate casinos in the state of Saxony-Anhalt; the company was granted the licence to operate public casinos in Saxony-Anhalt in 2014. Germany's most modern casino opened its doors in Leuna-Günthersdorf in December 2014; the official opening with the roll of the golden ball took place in January 2015. A second casino was opened in Magdeburg in April 2016. The company has a 15-year licence for a total of two casinos and four coin-op machine arcades in Saxony-Anhalt. Following the acquisition of 40 per cent of the shares in Gustav Jaenecke GmbH & Co. KG, which operates the Spielbank Berlin, the Gauselmann Group will in future be actively involved as a shareholder in the development of licensed casino venues in Germany.

The Merkur Spielbank in Leuna-Günthersdorf is based on a unique concept combining classic games such as blackjack, poker and roulette with slot machine games. At the Merkur Spielbank, professionally trained staff, first-class customer service and state-of-the-art technology are top priorities. In terms of design, product and services offering, as well as optimised business processes, Merkur Spielbanken Sachsen-Anhalt GmbH & Co. KG serves as a model for other operators. Classic games are played at four roulette tables, two blackjack tables and four poker tables. These are complemented by 120 gaming machines offering slot machine games, including 18 places for electronic roulette. There is also a stage for events and a lounge and bar area where food is served. The Merkur Spielbank is located in an A-frame building that is flanked by two pavilions. The interior design is the work of renowned architects Günter Merckle and Axel Jung, who have created a unique atmosphere. Use of state-of-the-art technology in all areas is also part of the concept. For example, the Merkur Spielbank in Leuna-Günthersdorf is the only casino in the

world to feature a special ticketing system that makes the traditional cash counter redundant. The intelligent "idrop" system, comprising a cash and a ticket acceptor and a ticket printer, is integrated into the casino tables. It is also possible to switch slot machines or game forms and continue to play with the same ticket. Anybody wishing to have their ticket paid out in cash can do so conveniently at one of several pay stations from the Gauselmann Group portfolio. This system offers customers greater convenience and security. High security standards are additionally set at the Merkur Spielbank in Leuna-Günthersdorf with 150 surveillance cameras in the indoor and outdoor areas.

In the concept for Germany's most modern casino, professionally trained staff and first-class customer service are top priorities. Prior to the opening of the casino, all staff received extensive training and were intensively prepared for their new tasks. In 2015, ten new jobs were created at the Merkur Spielbank in Leuna-Günthersdorf, bringing the number of employees at the end of the year to 50. For the operating company, being "modern" also means that guests are welcome to come in the clothes they feel comfortable in. While guests are expected to dress appropriately, it is not compulsory to wear a suit and tie.

The Merkur Spielbank in Leuna-Günthersdorf is also the first casino in Europe to undergo accreditation by the internationally renowned Global Gambling Guidance Group (G4), thus breaking new ground with respect to the issue of responsible gaming. As part of the accreditation process, the G4 experts examined the effectiveness of the responsible gaming measures put in place for the Merkur Spielbanken in Saxony-Anhalt and controlled their conformity with the strict G4 accreditation guidelines. The certification process entailed several steps altogether. The G4 certification for responsible gaming was presented at the official opening event of the Merkur Spielbank in Leuna-Günthersdorf.



The completed 2015 financial year was the first full operating year for the Merkur Spielbank in Leuna-Günthersdorf. The innovative concept implemented by the operators proved successful. Although there had been no casino in Saxony-Anhalt in the previous years and a new customer base thus had to be established, the business performance was positive.

In order to make the Merkur Spielbank in Leuna-Günthersdorf better known, a number of events and campaigns were organised. The introduction of poker in the second half of the year attracted a new target group, which also took advantage of other games and the catering offerings.

The new Merkur Spielbank in Magdeburg was officially opened on 8 April 2016. As many as 1,000 visitors were recorded on the first weekend alone. The Merkur Spielbank in Magdeburg is designed for the time being as a slot machine casino; other games, such as poker, are to follow at a later date. The casino has a total area of around 800 square metres, with 460 square metres of gaming area, 200 square metres of which is a dedicated smoking area. The product portfolio includes 101 certified slot machines of the latest generation and a mix of gaming machines from ten different national and international manufacturers. There are also three jackpot systems and two roulette stations with 17 places altogether. A bar serving food and drinks and a lounge area complete the offering. The investment costs for the venue in Leuna-Günthersdorf and the venue in Magdeburg totalled around 10 million euros, some 4.7 million euros of which was spent on Magdeburg. The casino has created 20 new jobs in Magdeburg. As with the casino in Leuna-Günthersdorf, professionally trained staff, first-class customer service, an innovative and extensive product portfolio and modern casino design are also top priorities in Magdeburg. The successful ticketing system used at the Merkur Spielbank in Leuna-Günthersdorf was also installed in Magdeburg.

Overall, Merkur Spielbanken Sachsen-Anhalt can look back on a successful business year in 2015 and a good start in Magdeburg in spring 2016.



The casinos of Merkur Spielbanken Sachsen-Anhalt GmbH & Co. KG are the most modern in Germany



A structural change took place in early 2016: Gauselmann Spielbanken Beteiligungs GmbH and consequently also Merkur Spielbanken Sachsen-Anhalt GmbH & Co. KG were integrated into CASINO MERKUR-SPIELOTHEK. Given the extensive restrictions on commercial gaming in casinos and the virtually non-existent expansion in this segment as a result of the present legislation, this will sustainably strengthen the position and business model of the casinos within the company.

For 2016, the company is expecting gross gaming revenues to increase significantly. It hopes that increased sales revenues of the Merkur Spielbank in Leuna-Günthersdorf, the

opening of the venue in Magdeburg and an optimised cost structure will enable the company to operate at a profit by 2019 at the latest. In 2016, the focus will continue to be on a diversified offering, efficient business processes, excellent customer service and well-trained staff, as well as the topic of responsible gaming.





*“More and more countries are regulating and liberalising gaming and sports betting offerings on the Internet. This opens up new markets for us that we can serve with our products and services.”*

Alexander Martin, Management Board member

The New Media corporate segment covers the areas of online gaming, financial services and sports betting. Merkur Interactive, established in 2006, is responsible for the development of this market segment.

## Online gaming



### edict eGaming

The software company edict eGaming GmbH, with registered office in Hamburg, specialises in the development and sales of turnkey systems and games platforms for the online casino market. Apart from pure software licensing, the company also assumes responsibility for overall monitoring and technical systems operation within the B2B sector of the Gauselmann subsidiaries.

The main business activities are for the most part carried out at the development sites in Germany, as well as the Isle of Man for operations and marketing.

In the 2015 business year, the company placed a particular focus on newly licensed European markets. For the Spanish market, it was able to create and certify a turnkey product under the new licensing requirements with attractive games developed by the group.

In May of the last business year, the UK Gambling Commission granted edict eGaming GmbH a software manufacturing licence, that will allow it in future to supply UK-licensed companies with software. In addition to the already mentioned activities, the company's games were revised and licensed for the regulated market in Italy, leading to a more intensified development of the Italian market.

The “edict game bridge” launched in 2014 has proved very successful. This innovative solution allows games from the edict portfolio to be integrated into online casinos of other manufacturers. The company acquired numerous new customers for the “edict game bridge”, enabling it to far exceed the sales targets set.

The market launch of the edict mobile portal in the past business year now allows the company to offer gaming customers an online casino that is optimised for mobile devices. This product innovation has been enthusiastically received in the marketplace. As in all e-business areas, the use of mobile offerings is constantly increasing.

To develop the edict mobile portal and at the same time comply with the changed requirements relating to the mobile use of the “edict game bridge”, the company developed and offered its first HTML5 games. This technological change met with universal approval from customers, prompting the decision to replace all flash games with HTML5 games in the medium term.

Overall, the activities of edict eGaming GmbH in the 2015 financial year resulted in a positive sales development, with increases especially in external sales. Compared to the previous year, sales growth in this segment increased by almost 30 per cent.

The products of edict eGaming GmbH are used in the operation of nearly all of the group’s online casino portals. This applies especially to portals in the UK, Spain and in Schleswig-Holstein, which since the 2015 business year have

been operated by the newly founded company Merkur Interactive Services GmbH, based in Berlin.

## Merkur Interactive Services

Merkur Interactive Services (MIS) consolidates all online gaming offerings for consumers – including the brands merkurmagic.es, cashino.com, Merkur-win.it, Merkur Spielcasino, Cashpoint and XTIP – relating to sales, marketing, media and customer care activities in the online segment. The focus in the business year was on developing the structure, implementing uniform processes and integrating the existing national organisations with the aim to consolidate and optimise processes and offerings in the various countries and implement new tools and games in order to remain competitive. In Berlin, as well as the marketing and platform team, an international call centre for the B2B segment was established.

By consolidating operations in one company, the Gauselmann Group aims to continuously enhance service and operator quality and, hand in hand with this, increase sales and leverage synergies in this business segment.



# Financial services



The market for online payments is growing steadily worldwide due to an increasing number of consumers making mobile purchases and payments on their laptop, tablet or smartphone. More and more consumers are utilising cross-border methods of payment.

With the acquisition of a majority shareholding in the Euro Payment Group (EPG), the Gauselmann Group tapped the financial services business segment in 2014. Headquartered in Frankfurt am Main, EPG operates worldwide in the areas of online payment, mobile payment and gateway services.

The main business activities of EPG in the past financial year focused on the markets in Germany, Spain, the US and the UK. The company specialises in the digital entertainment market, with an extensive offering of payment options for online shops. With the continuous growth of e-commerce, payments via the Internet are also on the rise; at the same time the demands on financial services providers, payment services providers and online retailers are increasing.

A secure flow of money and secure processes are extremely important today and especially in the gaming sector are considered sensitive.

On the whole, the company recorded a positive business trend, with an increase in the transaction volume of over 10 per cent compared to the previous year. A number of new external customers were won in 2015, as well as the intra-group customer Cashpoint. Work continues on the technical optimisation and further development of the payment gateway in order to offer internal and external customers maximum security, convenience and service. EPG has also strengthened its competitiveness by extending the portfolio with inclusion of alternative methods of payment, for example “Sofortüberweisung”(instanttransfer), Paysafecard, Neteller and Skrill.



## Sports betting



The Gauselmann Group offers bricks-and-mortar land-based sports betting sales outlets as well as online offerings Germany-wide under the name XTIP.

Although the European Court of Justice ruled in its decisions of September 2010 that the state gambling monopoly is incompatible with European law and required governments to adapt their national regulations by the end of 2011, the legal situation in Germany remains unclear. German and European law still run contrary to one another. In its decision of 4 February 2016, the ECJ reinforced the position of private sports betting providers, who have hitherto operated in a legal grey area. The ECJ ruled that German gaming regulations violate EU law, because the

state gambling monopoly, which many courts have repealed, de facto still exists. For that reason, among others, private providers without a German licence should not be hindered by German law enforcement authorities.

While in 15 federal states an inter-state adaptation to applicable EU law has yet to happen, in 2012 the progressive Ministry of the Interior in Schleswig-Holstein issued numerous online betting providers with limited licences to accept and broker sports bets under state law. Under

the latest ECJ ruling, companies with an EU licence are currently permitted to offer sports betting in Germany.

The Gauselmann Group entered the international sports betting market over a decade ago with a controlling interest in the long-established Austrian sports betting company Cashpoint. While in the Danish and Austrian target markets the sales network has continuously evolved under the Cashpoint brand name, in Germany above all the company is striving to catch up with the current market leaders with the XTIP brand. As well as operating its own XTIP betting shops such as those in Kiel and Rendsburg, or since March 2016 with a flagship store in Duisburg, the Gauselmann Group also offers corresponding business partners in Germany the possibility to utilise the successful XTIP concept for franchisees.

The software for the sale and management of sports bets is developed in-house. This also applies to the sports betting terminal “Merkur Bet Book” with its optimum user interface. The successful combination of the hardware and

software components has generated a high level of acceptance with end users; especially in Germany.

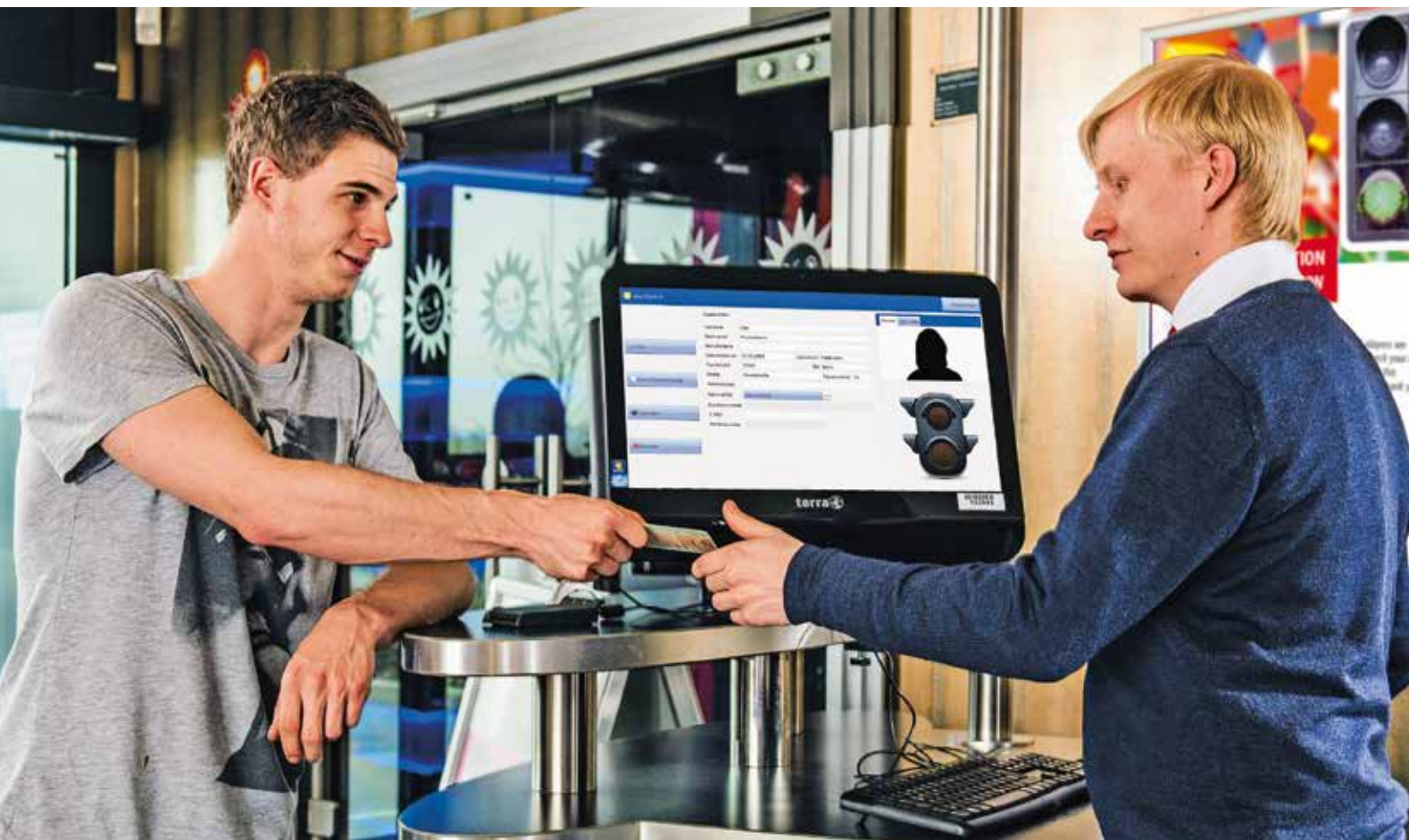
The stationary version as betting shop or self-service terminal at qualified points of sale, as well as online sports betting offerings including an XTIP betting app, can be reliably adapted to the applicable laws and regulations in the respective target markets. Contents and services can be securely and easily retrieved using personal customer cards.

Certification in accordance with DIN ISO 27001 guarantees the highest security standards in this business segment.

At the “Merkur Bet Book” players can display XTIP’s full range of betting products and place their bets directly.







Entry control at a CASINO MERKUR-SPIELOTHEK



David Schnabel  
(Responsible Gaming Officer of the Gauselmann Group)

Requirements for implementing measures to protect minors and gamers have increased steadily over the past few years. These requirements present great challenges and call for providers to demonstrate a high degree of responsibility.

For the Gauselmann Group as a manufacturer of amusement and gaming machines and an exemplary operator of gaming venues, the issue of prevention has been an integral part of the company's philosophy for many years. The group has played an important role in promoting the topics of responsible gaming and prevention – not only within the group, but also at industry association level and consequently for the whole industry.

The Gauselmann Group takes its responsibility seriously, addresses the issue of youth and player protection and sets pioneering standards in these fields.

Even before the government defined binding rules for the implementation of youth and player protection measures, the Gauselmann Group developed a social programme of its own. This is annually evaluated, reviewed and adapted to meet the latest requirements and forms the basis for effective consumer protection.

Information as a key strategy: to underscore the importance the company attaches to prevention, a separate business segment was set up to deal with these issues. The Gauselmann Group central prevention department initiates, coordinates and monitors all consumer protection activities of the group. The main tasks include developing, implementing and evaluating social programmes, regular internal and external reporting, training and qualification of staff and continuous dialogue with all relevant stakeholders (players, family members, helpline, research institutions, politicians, associations and staff).

The central prevention department is supplemented by three external and internationally recognised experts who advise and support the Gauselmann Group within the framework of its Responsible Gaming Commission.

In cooperation with the central prevention department, the commission's external scientists and experts continuously analyse, assess and optimise the prevention activities of the Gauselmann Group, thus ensuring that the latest scientific findings flow into the group's prevention work.

International and national studies carried out in recent years show that the number of people who develop a problem with playing games for money is consistently below one per cent of the population. The latest study by the "Bundeszentrale für gesundheitliche Aufklärung – BZgA" (Federal Centre for Health Education) bears out these findings.

## Responsible Gaming Commission



Prof. Jörg Häfeli  
(Lucerne University of Applied Sciences and Arts, Switzerland)



Pieter Remmers  
(Assissa Consultancy Europe, the Netherlands)



Roman Neßhold  
(Institute of Gambling and Addiction, Austria)



# Prevention



"Face-Check" is a biometric entry control system that is currently under development

However, despite this stable situation, identifying and seeking dialogue with players who have a potential gaming problem is and will remain the central starting point and at the same time the biggest challenge for prevention activities.

Eyes and ears for responsible gaming: motivated and qualified staff are vital when it comes to transferring the defined prevention measures into practice in a targeted and successful way. For this reason, the issues of youth and player protection are an integral part of all training and qualification modules. Each year, the Gauselmann Group hosts over 11,000 training sessions relating to these topics in various

modules. This ensures that awareness for this responsible task is continuously refreshed and strengthened. Only staff who are aware of their duties and responsibilities with regard to prevention are able to implement player protection measures effectively in the interests of both players and the group.

Rapid and uncomplicated help: it is equally important to provide players and their families with basic information about the possible risks of gaming, as well as where to turn for support and assistance. The company therefore produces individual "Gaming rules - information for players and their families" responsible gaming flyers for each gaming venue that,

in addition to a self-test, contain contact details for helplines and counselling services in the vicinity of the respective venue.

The basis for this individualised player protection information is an in-house helpline database that has been maintained and regularly updated since 2011. The database currently contains around 900 addresses. Apart from dissemination via the player protection flyers, this address list is also available via a query tool on the Gauselmann Group website and can be viewed and used by players and their relatives to find help in their local vicinity.

Admission systems: the diverse regulations relating to entry controls have prompted the group to develop innovative and made-to-measure admission systems. The "Merkur Check-In" was the first entry control system to qualify and be approved by the Hessian Ministry of the Interior for use in accordance with the provisions of the Hessian arcade law; it is continuously upgraded and provided with more functionality.

Development also got under way on an alternative entry control system based on biometric facial features. The "Face-Check System" combines the legal requirements and the expectations of the players in an ideal way. In addition to the data economy of the "Face-Check System" relating to the processing of personal data, this system improves the admission process, as well as helping to more reliably identify underage and banned players through individual system messages.

The Gauselmann Group stands for responsible gaming and has complied with the legal requirements on consumer protection for decades.







Armin Gauselmann congratulates Maria Nitsch, Germany's best coin-op service technician graduate

In addition to a competent management team, one of the key factors in the Gauselmann Group's success is above all motivated and capable employees. With their know-how and commitment, they contribute on a daily basis to the sustained success story of the products and services offered by the group. The entrepreneur family and the Management Board of Gauselmann AG would like to take this opportunity to thank all employees for the commitment shown.

At the end of the past business year, there were 9,240 employees working for the Gauselmann Group altogether, 6,135 in Germany and 3,105 abroad. Germany-wide, 187 young people were doing an apprenticeship or traineeship.

Training qualified junior talent in administrative and commercial/technical professions has been integral to the philosophy of the family-managed Gauselmann Group for many decades. Because all training offerings are needs-based, trainees can be offered interesting job prospects after they have completed their training. Through this, the Gauselmann Group foresightedly helps to combat the impending skills shortage within the industry. Additional exemplary and modern personnel development measures further help to strengthen staff loyalty and identification with the company. The Gauselmann subsidiary CASINO MERKUR-SPIELOTHEK was voted Focus magazine's "Top National Employer" in 2015 and 2016 and, also in 2016, received the accolade "Most popular gaming

arcade" from Focus and "Top Service Germany" from ServiceRating GmbH in collaboration with the Handelsblatt newspaper and the University of Mannheim.

In the completed 2015 financial year, 81 young trainees completed their two-, three- or even three-and-a-half-year apprenticeship with the company and started out on the career ladder. Some of these trainees excelled as best-in-class and with outstanding grades in regional chambers, at federal state level and, not for the first time, also at national level.

As Germany's best training graduate in 2015, the Association of Chambers of Industry and Commerce (DIHK) honoured Maria Nitsch, who qualified with the Gauselmann Group in the industry-specific apprenticeship profession "coin-op service technician". The renewed best national graduate honour can also be viewed as an endorsement of the excellent training management within the Gauselmann Group. The group, initiated by Paul Gauselmann, was instrumentally involved in the conceptual design and establishment of the profession "coin-op service technician", as well as the apprenticeship profession "coin-op specialist" from the outset.

These two industry-specific professions were officially recognised and approved as apprenticeship professions in 2008 after years of campaigning on the part of well-known lobby groups, institutions and companies. In the wake of the restructuring of the training guidelines for industry-specific training in the coin-op gaming industry which took effect in 2015, these two professions were merged into the apprenticeship profession "coin-op specialist". The apprenticeship is based on a period of three years and offers trainees from the Gauselmann Group the possibility to specialise in the field of coin-op service with a focus on "commercial business processes" and "customer relations". As the industry's largest training company, the Gauselmann Group contributed its extensive expertise to the restructuring of the training guidelines.





# Employees and training



In 2015, the Gauselmann Group received the "Best Place to Learn" quality seal

For the past 34 years, company founder Paul Gauselmann has been President of the "Verband der Deutschen Automatendindustrie e.V." (German Industry Association for Coin-operated Amusement and Vending Machines), a role in which he campaigns for the future of commercial gaming and the interests of the German amusement and gaming industry.

In the 2015 financial year, 60 young people began their training in the Gauselmann Group, 35 of them as "coin-op specialists". The number of training places in the administrative and commercial/technical fields, including dual training courses, also remained unchanged at the previous year's level in the past business year.

All places in the 16 different apprenticeship professions were filled in 2015. As many as 2,500 candidates applied for a training place with the group.

All employees are offered regular training and advanced education courses at Schloss Benkhausen, the company's own training centre. Qualified and needs-oriented training and further education is not only an integral part of the corporate philosophy, it is at the same time an expression of the social competence of the Gauselmann Group as one of the region's most important employers.

The Gauselmann Group demonstrates a high level of social competence not only in the region, but also within the company. With an extensive offering through the company sports association, exemplary health management and the Merkur Seniors Club, the group is also a model employer outside the work environment. The company sports association Betriebssportgemeinschaft MERKUR Gauselmann e.V. with its approximately 1,000 members and 23 disciplines is not only the largest in the Minden-Lübbecke district; it is also one of the largest in North Rhine-Westphalia. Athletes in the various disciplines demonstrate their sporting talent in numerous competitions and tournaments.

Apart from the company sports association, health care and prevention also play an important role within the company. As part of the "Fit & Fun by Gauselmann" occupational health management system introduced in 2008, sporting and medical initiatives at the workplace are continuously being offered and promoted. The measures implemented to support employee health range from courses to improve back health, encourage people to quit smoking or preventive medical check-ups such as skin screening, flu jabs or stroke prophylaxis.

This intensive employee development helps to foster a healthy climate among the workforce and strengthen staff loyalty. Thus on the occasion of the annual jubilee celebration, Paul and Armin Gauselmann thanked 53 long-serving employees and selected retirees for their 25 and 40 years of service, their loyalty to the company and their commitment.

Paul Gauselmann and 26 former employees founded the Merkur Seniors Club in 1998 in order to maintain active contact between the company and former colleagues. Under the motto "Once Gauselmann, always Gauselmann", former employees can remain in contact with the eastern Westphalian games makers even after they have retired. At regular meetings and group trips former colleagues stay in touch after leaving the company and cultivate their connection to their former employer. For Paul Gauselmann, his annual appearance at the Annual Meeting of the Merkur Seniors is also something of a tradition. As guest of honour he tells the Merkur Seniors about the latest developments in the company and the industry. The Merkur Seniors Club currently has 100 active members.

Training qualified junior talent has been integral to the philosophy of the family-managed Gauselmann Group for decades





## Corporate commitment to the region



Karin and Paul Gauselmann present a donation to German Cancer Aid

The Altkreis Lübbecke, headquarters of the Gauselmann Group, the towns of Espelkamp and Lübbecke and the entire eastern Westphalia-Lippe region have always been especially close to the hearts of the Gauselmann entrepreneurial family. This regional commitment is manifested in support for clubs and charitable institutions, preventive health care initiatives, as well as investments in the preservation and restoration of local buildings and monuments. For Paul Gauselmann and his family it has always been an affair of the heart to give something back to the region and share their corporate success with the local population. Apart from numerous donations to social and cultural projects, on the occasion of their 80th

birthdays Paul and Karin Gauselmann came up with a special idea: instead of gifts, they asked for donations to German Cancer Aid. The total sum added up to 160,000 euros, which the couple handed over to the President of German Cancer Aid in April 2015.

To mark the 80th birthday of Senior Director Karin Gauselmann, the endowment capital of the Gauselmann Foundation was doubled from 5 to 10 million euros. At the same time as the capital increase, the name of the Foundation was changed to Paul and Karin Gauselmann Foundation. Since its inception in 1999 on the occasion of Paul Gauselmann's 65th birthday, the Foundation has become an integral part of

the social fabric of the Altkreis Lübbecke district and the town of Espelkamp. In 2015 alone, the Foundation donated a total of 200,000 euros for 90 different regional projects. With the establishment of the Gauselmann Family Foundation in 2016, the Paul and Karin Gauselmann Foundation receives regular financial support from the annual dividend payment. For her tireless cultural and social commitment, last year Karin Gauselmann was granted honorary citizenship of the town of Espelkamp. Paul Gauselmann has been an honorary citizen of the towns of Lübbecke and Espelkamp since 2004.

In 2008, the Gauselmann Group established the "Stiftung Kinderfamilien-Hilfe" (Children-Family Support Foundation). The endowment capital from this Foundation benefits families with underage children that are experiencing temporary financial difficulties because one or both parents have overindulged their passion for gaming.

Besides the many social projects, the Gauselmann family of entrepreneurs is also actively involved in sports and supports a large number of local clubs in the amateur and professional leagues. Smaller clubs in particular are often dependent on sponsoring or donations in order to fund projects and investments. In the professional sphere, the region has for decades boasted first-class handball from the TuS N-Lübbecke club. As the main sponsor of this first national division team, the eastern Westphalian Gauselmann Group contributes to the team's success not only with financial support but also through personal engagement on the part of family members.

Company founder Paul Gauselmann has a particular passion for tennis. With his Espelkamp-Mittwald tennis club, he was 2010 German champion in the Men's 65 team and West German runner-up in the Men's 75 team in 2013. The 1st Men's team of the TV Espelkamp-Mittwald has played for many years at the top level, including in the 1st and 2nd national tennis league. Paul Gauselmann is not only keen to

support his own regional club; the company also sponsors supra-regional tennis tournaments such as the international ATP-500 Gerry Weber Open tennis tournament. Professional tennis player Tommy Haas and Sabine Ellerbrock, one of the world's top seeds in wheelchair tennis, are also among those sponsored. Apart from tennis, other sports such as riding, shooting or football (for example FC Preußen Espelkamp and DSC Arminia Bielefeld) enjoy the entrepreneurial family's goodwill and benefit from the sponsoring of the Gauselmann Group. In 2014, Paul Gauselmann was the first member in the club's history to be honoured by FC Preußen Espelkamp with the Golden Honorary Pin for his exceptional commitment. However, "the games makers" also support more exotic sports, for example in the past business year Matthias König, from VfB Fabbenstedt, who set the world record on a recumbent bike, as well as his team colleague, Ralf Golanowsky. Matthias König holds both the six-hour world record on a recumbent bike in the fully faired aerodynamics class and the 100-mile world record on a recumbent bike in the unfaired aerodynamics class.



District government president Marianne Thomann-Stahl (right) and Espelkamp's mayor Heinrich Vieker (left) congratulate Karin Gauselmann on being granted honorary citizenship of the town of Espelkamp



## Corporate commitment to the region



The restoration of Schloss Benkhausen as a training and seminar centre was completed in 2015

Projects or institutions in the field of preventive health care also receive special attention. Among many other projects, as the long-standing chairman and board member of the "Schlaganfall" – Neurologische Klinik Minden e.V. Förderverein (charitable trust for the Minden Stroke-Neurological Clinic), Paul Gauselmann again sponsored the "Schlaganfall-Info-Tour" (stroke information tour) in 2015. After 14 years, interest in the tour is unabatedly high. Some 300 citizens registered for the free check-up. Right from the start of the tour, all the appointments were booked up. In 2014, Paul Gauselmann also donated 60,000 euros to the Urological Unit of Lübbecke Hospital to allow a new ultrasound imaging device to be bought.

A further focus lies on preserving the region's cultural heritage. The Gauselmann family privately acquired and personally financed the full restoration of the 500-year-old Schloss Benkhausen. In a three-year restoration project, the old castle belonging to the Wittekindshof Foundation was converted into an ultra-modern and exclusive conference and seminar venue with 11 seminar rooms and 38 single/double rooms with a total of 50 beds. The official opening took place in May 2015. Today, the castle is used as a training centre for the group and rented out for external seminars and events. The castle is also a popular venue for weddings. In 2015, 24 couples made their civil marriage vows in the castle's bespoke wedding chamber.

Visitors can also experience the historical flair at the "Deutsches Automatenmuseum – Sammlung Gauselmann" (German Coin-Op Museum – Gauselmann Collection) at Schloss Benkhausen. Around 200 selected historical coin-op machines from previous centuries are presented in a permanent exhibition at the museum's new premises; additional exhibits are displayed at special exhibitions. Last year, visitors to "ELVIS and the JUKEBOX" were able to admire original exhibits from the Gelsenkirchen initiative group as well as historical jukeboxes from the Gauselmann collection.

The English Garden at Schloss Benkhausen is a popular destination above all for nature lovers. An old stock of trees planted by the aristocratic former owners, coupled with a newly landscaped park, provides a unique setting to linger and relax. The castle garden has recently been enhanced by the planting of three new trees: an 80-year-old common oak tree and an equally old tulip tree to mark the milestone birthdays of Paul and Karin Gauselmann. The Benkhausen History Society also planted a Japanese emperor oak in recognition of Paul Gauselmann's cultural engagement. In order to bring the cultural treasures and riches of the castle to life for the general public, the family burial tombs of the barons of Schloss Benkhausen with the moat ring and a yew tree tunnel were restored in 2014.

In addition to a varied artistic and cultural programme, a stop at the café/restaurant "Die Rentei" completes a visit to Schloss Benkhausen. During the week, the café/restaurant mainly provides evening meals for the hotel guests and at the weekends it opens its doors to visitors to the castle grounds and the German Coin-Op Museum as a new regional and supra-regional excursion destination.

Some 200 historical exhibits are on permanent display at the German Coin-Op Museum





# Outlook on the business development for 2016



Espelkamp headquarters



Lübbecke production site with sales department

The company headquarters in Espelkamp and Lübbecke will continue to be the heart of the company

As an integral part of the global gaming business, the family-managed **Gauselmann Group** is continuously exposed to new challenges. Thus the State Treaty on Gambling in Germany that came into force in 2012, new state arcade laws and increases in the municipal amusement tax are putting pressure on the entire gaming industry in Germany and stifling its economic prospects. In order to compensate any revenue losses this situation may bring about, the Gauselmann Group, as it has in the past, will continue to tap into new and international markets and business segments and develop numerous innovative and attractive amusement machines and gaming software that repeatedly set benchmarks in the gaming industry. Moving forward, the group intends to strengthen its focus on its existing core business. Thus 2015 was characterised by securing market shares in the existing markets and developing new sales and development locations.

Building on this strategic objective, the group will continue to expand steadily and generate

encouraging growth going forward. Although the regulatory restrictions had a pronounced impact on the business development in some areas in 2015, growing international business and strong product innovations made it possible to more than compensate the negative effects in nearly all segments, so that the 2015 financial year closed on a positive note.

At the end of 2015, the Gauselmann family of entrepreneurs paved the way for a sustainable and stable future of the group by transferring all their shares in the company to the newly established Gauselmann Family Foundation, thus ensuring the company continues to be run in its present form.

With respect to the 2016 financial year, the company is cautiously optimistic, given that from mid-year the Amended Interstate Gambling Treaty is likely to mean further restrictions in Germany. The company will continue to expand business activities in the international markets. Selected acquisitions are planned in all

business segments. However, the most important prerequisite for implementing this approach and achieving long-term successful operation is sustained stable legal and economic conditions in the respective country.

The global business prospects are positive, as current projections by the industry associations and Ministry of Economic Affairs confirm. Accordingly, the Gauselmann Group is anticipating a continued positive trend in the three business divisions Merkur, Spielothek and New Media in the coming business years.

The **Merkur Division** consolidates the development, production and sales of amusement and gaming machines with and without prizes, as well as money management systems. Despite the difficult political and legal parameters that have prevailed over the past few years, sales revenues in the national segment developed positively in the 2015 financial year. However, the market trend moving forward remains unclear due to the legislative situation and uncer-

tainties on the part of customers, making the market dependent in the medium term on the regulatory framework.

The Gauselmann Group started to adapt to the changing markets some time ago and will again present attractive product innovations in 2016. The international trading companies in the Merkur Division on the whole posted a positive result. The Gauselmann Group succeeded in penetrating the market with its products especially in the UK and Spain, and achieved satisfactory revenues and earnings in these markets. It is planned to expand business activities here in the future.



The **Spielothek Division** operates nationally and internationally in the arcade sector. National business of CASINO MERKUR-SPIELOTHEK developed satisfactorily despite the legal restrictions, after the company succeeded in partly compensating the disadvantages arising from the more stringent regulatory framework. Despite stricter smoking bans, longer closing times and restricted service possibilities, overall revenue even increased over the previous year. For 2016, careful selection of locations and optimised arcade management will continue to be the most important factor in stabilising the company's business. The international arcade segment served by CASINO MERKUR International also proved highly successful. This positive development is primarily accounted for by the acquisition in 2012 of the British arcade chain Praesepe and the venues in the Czech Republic. Business activities will be further expanded here in the coming years in order to generate synergy effects between development, production and machine operation.

The Gauselmann Group took the decision to enter the casino market in 2014. It has operated the Merkur Spielbank in Leuna-Günthersdorf since December 2014 and opened a second casino in Magdeburg in April 2016. Following this successful debut in the casino business in Germany, the company decided to acquire a 40 per cent share in Germany's largest casino in Berlin.

In the **New Media Division**, national and international activities relating to online gaming, financial services and sports betting are subsumed. In the sports betting segment, clear statutory regulations in Germany (with the exception of Schleswig-Holstein) are still lacking. According to a European Court of Justice ruling of February 2016, the Amended Inter-

state Gambling Treaty contravenes European law. In its judgement made in April 2016, the Administrative Court in Wiesbaden also ruled that the restriction in the number of sports betting concessions foreseen by the Amended Interstate Gambling Treaty is contrary to European Union law. The Court views the shortcomings of the concession process as being a lack of transparency and proportionality. Restricting the number of sports betting concessions to 20 represents an unlawful intervention in the fundamental freedoms of the EU. This paves the way for all those applying for concessions to develop their sports betting business. The Gauselmann Group intends to make further inroads into this interesting market. In order to provide investment security, however, a reliable regulatory framework is needed, which the premiers of the federal states are currently negotiating. Internationally, these business segments are already established and regulated. The Gauselmann Group has already been granted several licences that enable it to develop international markets in the land-based and online segments.

With the decisions taken in the past and the groundwork for the strategic direction laid, the Gauselmann Group sees itself well-positioned to attain its ambitious goals in the coming years.



1st row, from right: **Paul Gauselmann** Chairman of the Management Board, **Armin Gauselmann** Vice-Chairman of the Management Board

2nd row: **Dr Werner Schroer** Technology

3rd row, from right: **Jürgen Stühmeyer** Merkur Division, **Manfred Stoffers** Marketing • Communications • Political Affairs

4th row: **Dieter Kuhlmann** Spielothek Division

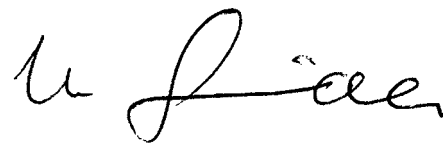
5th row, from right: **Alexander Martin** New Media, **Alexander Vleeming** Finance

The Supervisory Board was kept regularly informed through oral and written reports about the development of the company's business and its financial situation. All material business events and transactions were discussed with the Management Board in regular meetings.

The consolidated financial statements as at 31 December 2015 and the Gauselmann Group Management Board Report were audited and approved and issued a closing statement by Dr. Woelke Treuhand-Gesellschaft mbH, Herford. After reviewing the consolidated financial statements and Management Board Report, the Supervisory Board concurs with the audit opinion of the auditor and raises no objections. The Supervisory Board hereby approves the financial statements prepared by the Management Board.

The Supervisory Board thanks the entrepreneurial family, the Management Board and the company's senior executives for their successful entrepreneurial work, as well as all employees for their outstanding commitment and excellent achievements in 2015. The positive overall result cannot be taken for granted given the background of the difficult conditions in the German core market.

Espelkamp, April 2016



Manfred Grünewald  
Chairman of the Supervisory Board



Manfred Grünewald  
Chairman, former Managing Partner of  
tobaccoland GmbH & Co. KG



Karsten Gauselmann  
Hotelier



Max Walberer  
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Espelkamp 2016



The business year of the Gauselmann Group



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