

# Gauselmann Group is back on course for success

**\*\*Sales development returns to pre-COVID levels\*\***

Espelkamp – The Gauselmann Group is leaving the pandemic behind and picking up economically from the successful pre-COVID period: at the end of the first six months of the year, it is already becoming apparent that the family-run corporate group will achieve similarly high sales revenues in 2022 as in the 2019 financial year. Sales revenues in the first half-year 2019 were at around 1.740 billion euros. The first six months of 2022 closed with sales revenues at 1.746 billion euros. Overall, the cumulative sales revenues of all group entities in 2019 was approximately 3.4 billion euros.



The Gauselmann Group is back on course for success and is targeting total sales revenues for 2022 at the same level as in 2019 before the pandemic. (Photo: Gauselmann AG)

“It is great news that the pandemic has bottomed out and we are finally back in chartered territory again,” explains company founder and Management Board Chairman Paul Gauselmann, who this year looks back on 65 years of business independence. “This success is primarily the fruit of our good ideas and the

dedication of each and every one of our employees and once again goes to show what you can achieve with hard work and team spirit.” The past two coronavirus years had cost the company some two billion euros in lost sales revenues. During the lockdowns, all gaming arcades, casinos, sports betting shops and shipboard casinos across Europe – as many as 1,000 outlets altogether – had had to close for around nine months. Operating costs, however, remained largely unchanged.

The good development is also attributable to the group’s increasing diversification. The Gauselmann Group is positioning itself on an ever-broader base – and in doing so is reducing its dependence on individual markets and business models. This is also reflected in the current sales performance. A return to pre-COVID levels was only possible because with the development and expansion of international business operations and casinos, the company has tapped into two business areas that compensate for the increasingly difficult situation on the German home market. The most important markets in other European countries are currently the UK and Spain. “From an entrepreneurial point of view, it was hugely important to drive forward our international business activities,” Paul Gauselmann explains. In the meantime, an ever-larger share of sales revenues – around 60 per cent – is generated abroad.



Pleased with the good development: Paul Gauselmann, who founded the Gauselmann Group 65 years ago and continues to be the company's Chairman, has every reason to be positive about the future. (Photo: Gauselmann AG)

In addition to internationalisation, casinos are another major factor in sales success. As well as the casinos in Saxony-Anhalt and the investments in Berlin and Rhineland-Palatinate, the casinos in North Rhine-Westphalia have been an important addition to this business segment since 2021. A look at the figures of the casinos in Saxony-Anhalt shows how enormous the potential is in this area: already in the second year of operation by the Gauselmann Group, the number of visitors doubled several times over. In line with the legally defined channelling mandate, it was thus possible to redirect more players from illegal to legal offerings and protect many

customers from the big risks of illegal gaming. "I have never experienced such a percentage rise in any other sector so far," Paul Gauselmann points out.

The only bitter pill in the general success story are the political conditions that govern commercial gaming in Germany. The ever-increasing restrictions have not only led to a reduction of more than 30 per cent of gaming machines, the closure of gaming arcades and thus also to the selective loss of jobs, but have also diminished the attractiveness of the legal gaming offering. This, in turn, increases the appeal of illegal gaming offerings – in the context of which consumer protection and responsible gaming are alien concepts. The Gauselmann Group has nevertheless managed to defend its market leadership. "This is very gratifying, but also necessary in order to uphold our standards even under the more difficult conditions," says the company patriarch.

This positive development of the company from Eastern Westphalia is also reflected in the "personnel growth" factor. The number of employees increased by 10.7 per cent in 2021, with the company now employing almost 15,000 people worldwide. All of this allows the Gauselmann Group to look to the future with renewed confidence. One source of hope for further building on this successful track record lies in particular in the area of online gaming in Germany, which is currently being developed on a legal footing under the new State Treaty on Gambling that came into force on 1 July 2021 and for which the first licences were recently issued. However, this presupposes that the state intervenes to put a stop to illegal online business as quickly as possible. According to media reports, the new German Federal States' Joint Gambling Authority has already started calling on illegal providers to discontinue their activities. Failure to do so comes with fines of up to 500,000 euros. Experience in the UK market has shown that land-based gaming and online gaming meaningfully supplement rather than cannibalise each other – provided that the

legislator permits a sufficiently attractive range of online gaming offerings; an area where Germany has so far significantly lagged behind other countries. "We will definitely be making an active contribution with good ideas in the online segment," promises Paul Gauselmann. The most important insight, however, is "If we perform and can draw on more reasonable framework conditions going forward, success will follow."