

# *Recipes for Success*



Annual Report 2016

## Facts and Figures

	Group (consolidated)	Casinos Austria AG	Casinos Austria International (consolidated)	Österreichische Lotterien Ges.m.b.H.
<b>Gaming revenues and bets placed incl. ancillary revenues in millions euro</b>				
2016	3,885.95	–	126.37	–
2015	3,599.69	–	133.75	–
<b>Gaming revenues in millions euro</b>				
2016	–	326.83	–	3,351.98
2015	–	310.09 <sup>1</sup>	–	3,084.05
<b>Taxes, duties and social security contributions in Austria in millions euro</b>				
2016 Total	609.25	127.45	–	466.12
Gaming-related taxes and duties	525.75	93.41	–	430.94
Other taxes, duties and social security contributions	83.5	34.04	–	35.18
2015 Total	589.35	118.93	–	461.28
Gaming-related taxes and duties	518.83	88.25	–	429.39
Other taxes, duties and social security contributions	70.52	30.68	–	31.89
<b>Operating result/Operating profit in millions euro</b>				
2016	150.06	29.99	34.79	57.74
2015	100.47	9.70 <sup>1</sup>	8.08	61.92 <sup>1</sup>
<b>Annual surplus in millions euro</b>				
2016	–	74.22	–	67.70
2015	–	20.35	–	60.32
<b>Group result in millions euro</b>				
2016	91.20	–	9.14	–
2015	55.28	–	-3.81	–
<b>Employees annual average full-time equivalent (FTE)</b>				
2016	4,233 <sup>2</sup>	1,808 <sup>3</sup>	1,717	486
2015	4,256 <sup>2</sup>	1,699 <sup>3</sup>	1,787	497
<b>Casino guests in millions</b>				
2016	7.81	3.01	4.80	–
2015	7.57	2.72	4.85	–
<b>Gaming tables</b>				
2016	569	232	337	–
2015	545	211	334	–
<b>Slot machines</b>				
2016	6,402	2,062	4,340	–
2015	6,365	2,072	4,293	–
<b>Video lottery terminals (WINWIN, CAI)</b>				
2016	1,666	–	1,038	–
2015	1,393	–	750	–

<sup>1</sup> Adjusted. <sup>2</sup> Incl. win2day, WINWIN, tipp3 and Rabcat. <sup>3</sup> Incl. Cuisino, CAST, CCB and CALL.

# *Recipes for Success*

## Mission

Casinos Austria AG and its affiliates and subsidiary companies provide gaming and entertainment of the highest order. Integrity, years of experience and absolute respect for the particular socio-political responsibility that goes hand-in-hand with gaming guarantee the trust and confidence of our guests, customers, investors and, above all, the licensing authorities. Shared visions and innovativeness foster the development of the group and safeguard the workplaces of our employees, whose active participation and constructive input we both encourage and value.

## Corporate Profile

Casinos Austria is a leading national and international gaming corporation that offers its guests fun gaming and entertainment in stylish settings. Responsibility toward each and every one of these guests is an integral part of our corporate culture.

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Our company is founded on the principle of absolute integrity, and our commitment to this principle far exceeds the statutory requirements.

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These ethical and socio-political objectives can only be realized if Austria's casinos continue to be managed by one single company.

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Casinos Austria places great importance on sponsoring and provides support and resources – both financial and otherwise – to a wide range of projects and initiatives in many different sectors, including the arts, sports, social causes and tourism.

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Alongside loyalty, customer service excellence and social responsibility, our guiding principles also embrace a clear commitment to supporting and developing our employees.

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At Casinos Austria, the way we do business is defined by the socio-political objectives enshrined in the Austrian Gaming Act (*Glücksspielgesetz*). This includes, above all, protecting the economic well-being of our guests and recognizing that increased competition contradicts such protection.

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<b><i>Cuisino Bar &amp; Lounge Innsbruck</i></b>	<b>27</b>
<b><i>Cuisino Kitzbühel</i></b>	<b>49</b>
<b><i>Cuisino Kleinwalsertal</i></b>	<b>53</b>
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> (l. to r.):  
Dietmar Hoscher,  
Bettina Glatz-Kremsner,  
Karl Stoss.

# Recipes for Success

## Foreword by the Management Board

### *Dear Reader,*

The recipe for a perfect dish is always highly sought after and is one of the best-kept secrets in a restaurant. The ingredients are crucial and have to be of the highest quality. But the right amount of dedication, concentration and focus on the target group should not be overlooked in the preparation either. It's all about getting the right mix. In this year's annual report, we show you our perfect mix – the recipe we used to make the 2016 business year at Casinos Austria one of the most successful in the history of our company.

Ingredients like an international gaming mix, award-winning cuisine and more than 1,900 functions and events attracted over 3 million guests to Casinos Austria's casinos in 2016 – an increase of 10.6 percent compared to 2015. This, in turn, led to a strong rise in our gaming revenues to 326.83 million euros – 5.2 percent up on 2015. Our gastronomy subsidiary also celebrated success: eight *Gault&Millau* toques make Cuisino the most-decorated gastronomy firm in Austria. And with 17.07 million euros in sales, business was also clearly booming – up by 12.67 percent compared to 2015.

Casinos Austria invested some 38 million euros last year in the continued development and equipping of our casinos in Austria. More than 1,000 new slot machines from eleven different manufacturers with a total value of 16 million euros were installed. These new slot machines have been in operation since 1 January 2017. Phase two of the renovations at Casino Graz were completed with the relocation and redesign of the restaurant. In Casino Velden, the "Die Yacht" Cuisino Restaurant was opened after a record renovation period of just one month. The extensive extension and conversion measures at Casino Salzburg were likewise completed in 2016. The new Casino Lounge created in the course of the renovations opened for business, the restaurant area was extended and the roof was completely restored. In July 2016, a further construction project was finalized at Casino Bregenz, namely the summer terrace at the "Falstaff" Cuisino Restaurant with its new, illuminated Cloud Bar. And last but not least, the main gaming room on the ground floor at Casino Kitzbühel was modernized.

The earnings situation in the Casinos Austria International casinos stabilized in 2016. Thanks to a tough restructuring program, the group not only posted clearly positive earnings that exceeded those achieved in the previous year, it also reported positive consolidated earnings for the first time since 2009. In 2016, the CAI group posted revenues of 126.4 million euros and increased its operating earnings by 26.7 million euros to 34.8 million euros.

The product launches in the Casino Games section on win2day and the associated expansion of its mobile services demonstrated their effect in a 17.78 percent growth in sales for the electronic lotteries on the win2day online gaming platform to 1.54 billion euros. Among the classic lottery games, the EuroMillions product recorded a 2.61 percent rise in sales. The Joker product likewise profited from this positive trend with sales up by 1.88 percent. WINWIN succeeded in reversing the previous year's trend, benefitting from the new outlets opened in 2015 and 2016 with a 10.76 percent growth in sales to 499.53 million euros. Austrian Lotteries posted total gaming revenues in 2016 of 3.35 billion euros, an increase of 8.69 percent compared to 2015. tipp3 enjoyed a successful year with the European Football Championship and further strengthened the position of Österreichische Sportwetten GmbH and the tipp3 brand.

All these positive developments contributed to the Casinos Austria and Austrian Lotteries Group posting consolidated sales of 3.9 billion euros and a group result of 91.2 million euros in the 2016 reporting year. We also paid some 610 million euros in taxes, duties and social security contributions in 2016. As an acknowledged and certified leading company in Austria, our group places great importance on regional value creation. We also provide jobs with good career opportunities for more than 4,200 people worldwide, including some 2,300 people in Austria.

By the time you read this annual report, Casinos Austria will be in the middle of an anniversary year. In November 2017, the company will celebrate its 50<sup>th</sup> anniversary, an occasion we will be celebrating in style with the guests in our twelve casinos across Austria throughout the year.







Over the last 50 years, Casinos Austria has developed into a key company in Austria that provides gaming with great responsibility. Responsibility in our case is a broad term that extends from responsible gaming and adherence to the strict regulatory and socio-political parameters through to sponsoring and support for important projects that benefit society. It is also reflected in our CSR strategy and our pioneering role with regard to compliance. The constant development of our products and services and a systematic approach to digitalization likewise contribute to making Casinos Austria a responsible gaming operator. The founding of our Innovation Hub in Vienna and our numerous initiatives to further strengthen the innovative capacity inherent to our organization make Casinos Austria fit for the future.

On this note, we would also like to take this opportunity to thank our stakeholders for their support. Above all, we would like to thank our staff, who are absolutely crucial to the success of our company.

We hope you enjoy reading our recipes for success, which also take you on a tour of the Cuisino restaurants. The chefs de cuisine and their teams in these restaurants cook for Casinos Austria guests each and every day, treating them in the process to some extraordinary culinary delights. And should you feel the urge to try out one of their recipes for yourself, we highly recommend the recipe booklet included at the end of this annual report.

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## Recipe for 2016

### Ingredients

- Gaming and entertainment of the highest level
- 50 years of experience
- High standards of professionalism
- Plenty of vision, seasoned with a generous amount of innovation
- Huge pleasure in service
- A generous portion of ethics
- A fresh laurel wreath
- Strong commitment to arts and culture, sport and social initiatives
- Humor in abundance
- A large dose of loyalty
- A strong sense of responsibility

### Method

*Spread all the ingredients evenly across the company. In doing so, draw in particular on the support of the staff, who – like an engine – ensure the ingredients permeate all departments and units. To get this right and see your recipe succeed, you will also have to provide the necessary parameters. Keyword: motivation. You will know your recipe has been a success if you can look back on a successful business year.*

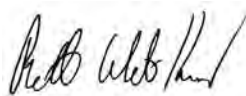
### Tip

*Don't forget to try out new and innovative ways of distributing the ingredients across the company. That way they always remain fresh.*

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Karl Stoss



Bettina Glatz-Kremsner



Dietmar Hoscher

## The Management Board

### **Karl Stoss**

#### **Director General**

After studying Business Administration at the University of Innsbruck, Karl Stoss lectured at the university's Institute of Industry and Trade while completing his PhD. From 1984 he worked for an Austrian insurance company in Vorarlberg before becoming a Partner and Head of Division at MZSG Management Centre St. Gallen in Switzerland two years later. His career took him to Vienna in 1996, where he initially worked as a consultant to the Österreichische Postsparkasse (Austrian Postal Savings Bank) before being appointed Deputy Chairman of the bank's Managing Board and Deputy Director General. He served as a Board Member at Raiffeisen Zentralbank Österreich AG from 2001 before joining the Managing Board of Generali Holding Vienna AG on 1 October 2004, where he was subsequently appointed Chairman in early 2005. On 1 January 2007, he joined the Management Board of Casinos Austria AG, where he assumed the function of Director General and Chairman of the Board in May of the same year. In this capacity, he also holds the function of Chairman, Managing Director, Board Member or Supervisory Board Member in numerous subsidiary companies in the Casinos Austria Group. He was appointed to the Management Board of Casinos Austria International Holding GmbH in May 2011, moving to the latter's Supervisory Board with effect from 12 December 2013. Karl Stoss has been President of the Austrian Olympic Committee since October 2009 and a member of the International Olympic Committee (IOC) since 2016. He also sits on a range of other committees, supervisory and advisory boards. On 28 November 2016, Karl Stoss was awarded the Grand Golden Medal of Honor for Services to the Republic of Austria. On 18 January 2017, he was awarded the Commander's Cross with Star of the Princely Liechtenstein Order of Merit by H.S.H. Hereditary Prince Alois of Liechtenstein.

### **Bettina Glatz-Kremsner**

#### **Director**

Bettina Glatz-Kremsner holds a degree in Commercial Studies from Vienna University of Economics and Business. She began her professional career at Austrian Lotteries, where she was initially appointed CEO of the Hungarian subsidiary Lotto Union. This joint venture with the Hungarian National Savings Bank was Austrian Lotteries' first international endeavor and lasted until 1996. She was then appointed Assistant to the Management Board of Casinos Austria AG and Deputy Head of the Executive Secretariat & Controlling unit at Austrian Lotteries. From 2000 to 2003, she coordinated synergies between Casinos Austria and Austrian Lotteries and was subsequently appointed Head of the Synergies Division in both companies. She joined the Management Board of Austrian Lotteries in 2006 and has also been Chief Financial Officer and a Member of the Management Board of Casinos Austria AG since 2010. Bettina Glatz-Kremsner was appointed to the Management Board of Casinos Austria International Holding GmbH in May 2011, moving to the latter's Supervisory Board with effect from 12 December 2013. She has been an Honorary Consul for the Republic of Hungary in Vienna and Lower Austria since January 2013. On 21 January 2016, Bettina Glatz-Kremsner was appointed President of the Supervisory Board of EVN AG. She also sits on the supervisory boards of Flughafen Wien AG and Niederösterreichische Kulturwirtschaft. In October 2016, Bettina Glatz-Kremsner was awarded the Silver Commander's Cross, the Medal of Honor for Services to the State of Lower Austria.

***Dietmar Hoscher***  
***Director***

After completing his degree in Economics, Dietmar Hoscher managed a research project at the Ludwig Boltzmann Institute before being appointed Economic Advisor to the Österreichische Nationalbank in 1987. Two years later, he became an Economic Policy Advisor to the Austrian Parliament, serving in this capacity from 1995 under Ministers of Finance Staribacher, Klima and Edlinger. He served as a Member of the Upper House of the Austrian Parliament from 1999 to 2002 and as a Member of Parliament from 2002 to 2006. He joined Casinos Austria in 1998. He became a Director of Österreichische Sportwetten GmbH (tipp3) in 2000, where he was appointed Chairman of the Management Board in June 2008 and Chairman of the Supervisory Board in 2010. In 2007, he joined the Management Board of Casinos Austria AG. In May 2011, he was appointed to the Management Board of Casinos Austria International Holding GmbH, moving to the latter's Supervisory Board with effect from December 2013. Dietmar Hoscher has been a Member of the Board of the European Casino Association (ECA) since June 2011 and an ECA Vice President since 2015. In addition to the ECA's Responsible Gaming Working Group, he has also headed the association's Legal & Anti Money Laundering Working Group since the beginning of 2017. He also serves as a lay judge at the Supreme Cartel Court. He is Chairman of the Advisory Committee of the Association for Integrity in Sports (Play Fair Code) and has been Chairman of the Board of Trustees of ORF since May 2014. In recognition of his commitment to arts and culture, he was given the title of Professor by the Austrian President in 2014. Dietmar Hoscher is also a recognized author and speaker on topics relating to the gaming industry.

# The Company

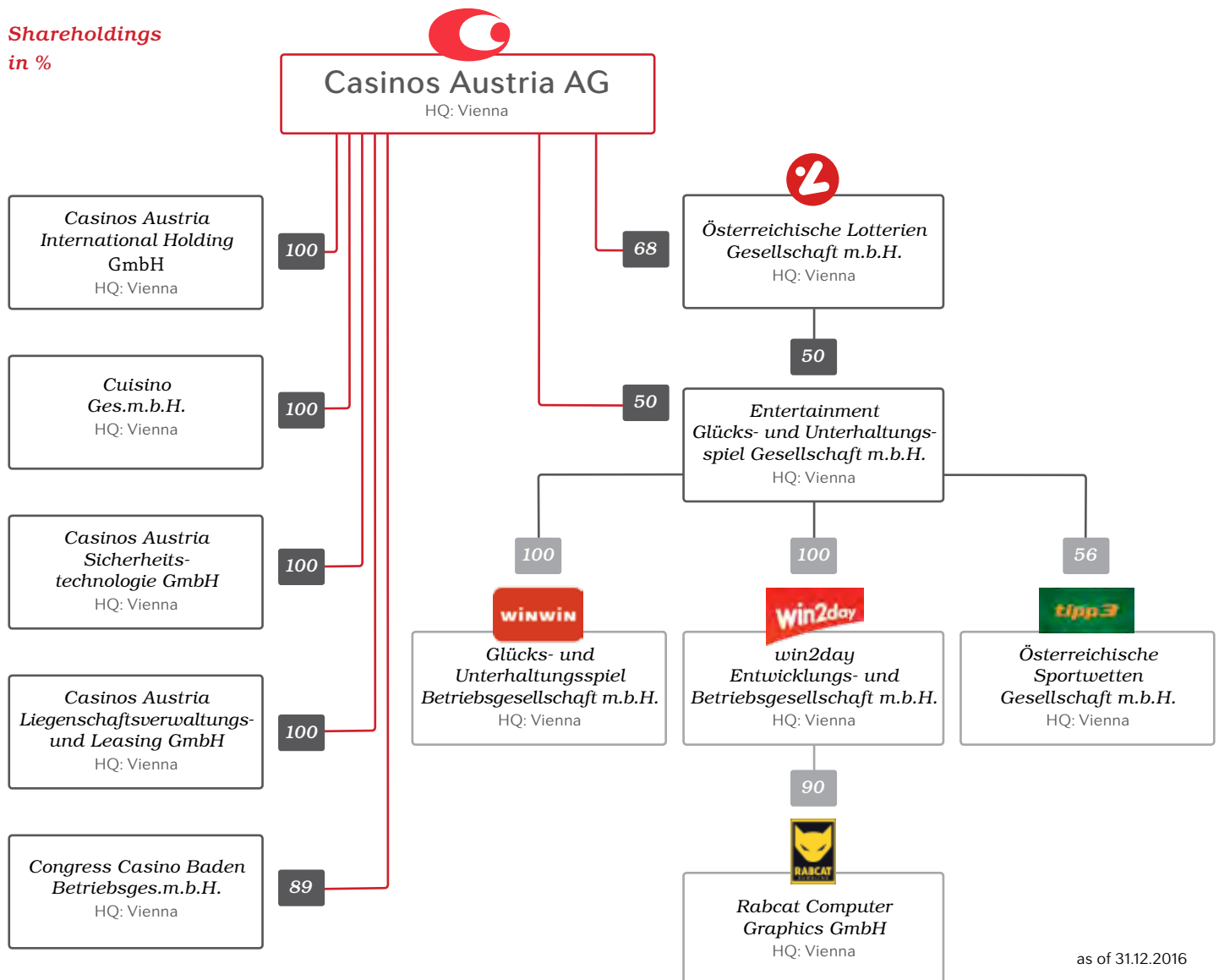
## The Group

Casinos Austria and its affiliates and subsidiary companies offer gaming and entertainment of the highest order. The Casinos Austria Group is one of the few providers worldwide that can offer innovative solutions for all sectors of the gaming industry from a single source.

### Shareholders

in %	
Medial Beteiligungs-GmbH	38.3
ÖBIB Österreichische Bundes- und Industriebeteiligungen GmbH	33.2
Bankhaus Schelhammer & Schattera AG	5.3
Novomatic AG	17.2
Private Shareholders	6.0

### Shareholdings in %



as of 31.12.2016

# The Organization

**The group's individual areas of business are organized into separate Business Units which draw on the services provided by its so-called Corporate Functions.**











Each Business Unit (BU) and each Corporate Function (CF) is assigned strategically to one or more member(s) of the Casinos Austria or Austrian Lotteries management boards. Management of the group's operations is handled by the respective executive and divisional management teams.

Services that are required across the entire group are bundled into Corporate Functions. These are also assigned strategically to one or more board member(s) and managed by one or more head(s) of division.

## Business Units

<b>Casinos in Austria</b> <hr/> Head of Business Unit: Christian Schütz	<b>International Business</b> <hr/> Managing Directors: Alexander Tucek, Christoph Zurucker-Burda	<b>Lotteries</b> <hr/> Head of Business Unit: Peter Ulovec
<b>Betting &amp; Sports-Related Skill Games</b> <hr/> Managing Directors: Philip Newald, Georg Weber	<b>VLT/ Slot Machine Business</b> <hr/> Managing Directors: Robert Vierziger, Fritz Pühringer	<b>Online Gaming</b> <hr/> Managing Directors: Martin Jekl, Emmerich Hager

## Corporate Functions

 <b>Corporate Development</b> <hr/> Extended CF Management: Peter Ulovec, Reinhard Summerer, Christian Schütz	 <b>Internal Audit</b> <hr/> Extended CF Management: Erhard Peinthor	 <b>Human Resources</b> <hr/> Extended CF Management: Erich Valenta
 <b>Corporate Communications</b> <hr/> Extended CF Management: Martin Himmelbauer	 <b>Finance &amp; Group Controlling</b> <hr/> Extended CF Management: Wolfgang Sperl	 <b>Legal Affairs</b> <hr/> Extended CF Management: Peter Erlacher
 <b>Public &amp; European Affairs, CSR, Compliance</b> <hr/> Extended CF Management: Markus Eder	 <b>Responsible Gaming, Advertising &amp; Sponsoring</b> <hr/> Extended CF Management: Herbert Beck	
 <b>Information Technologies</b> <hr/> Extended CF Management: Erich Schuster	 <b>Services &amp; Strategic Facility Management</b> <hr/> Extended CF Management: Nathan Bomze	

as of 31.12.2016

## Supervisory Board Report

***The Supervisory Board has performed the duties incumbent upon it pursuant to statutory provisions and the Articles of Association in its meetings. The Management Board has provided regular reports on business progress.***

The Casinos Austria AG financial statements and management report were audited by the independent auditor appointed at the Annual General Meeting on 31 March 2016, BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. The completed audit raised no grounds for objection. The independent auditor has therefore confirmed that the Casinos Austria AG annual financial statements and management report comply with statutory provisions.

The Supervisory Board confirms that it concurs with the Management Board's management report and the proposed distribution of profits and that it formally approves the annual financial statements of Casinos Austria AG, which are hereby adopted pursuant to Section 96 of the Austrian Stock Corporation Act (Aktiengesetz).

Furthermore, the Supervisory Board recommends that the aforementioned audit firm, BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, also be appointed as independent auditor for the 2017 fiscal year at the Annual General Meeting.



The Supervisory Board  
Walter Rothensteiner  
(Chairman)

Vienna, 31 March 2017

## The Supervisory Board

### ***Presidium of the Supervisory Board***

Walter Rothensteiner, President, Director General  
(Chairman)  
Gerhard Starsich, Vice President, Director General  
(1<sup>st</sup> Deputy Chair)  
Elisabeth Stadler, Vice President, Director General  
(2<sup>nd</sup> Deputy Chair)  
Leonhard Romig, Vice President, Attorney-at-Law  
(3<sup>rd</sup> Deputy Chair)

### ***State Commissioners***

Alfred Lejsek  
Alfred Katterl  
Johannes Pasquali

### ***Members of the Supervisory Board***

Maria Theresia Bablik  
Andreas Bierwirth, Chairman of the Management Board  
Hannes Bogner, Director  
Wolfgang Horak  
Helene Kanta, Director  
Gerald Neuber, Director  
Thomas Polzer  
Josef Pröll, Director

### ***Central Works Council (CWC) Delegates***

Manfred Schönbauer, CWC Chairman  
Reinhard Aichinger (to 5 April 2016)  
Thomas Bergmann (to 5 April 2016)  
Christian Holz  
Maria Laister (from 5 April 2016)  
Peter Löb  
Alexander Nachbaur  
Alois Suppan (from 5 April 2016)

as of 31.12.2016

## Legal Foundations

***In Austria, the state holds a monopoly on games of chance, whereby the Austrian Gaming Act (Glücksspielgesetz) regulates what constitutes a game of chance.***

Gambling is, by its very nature, a leisure service, but it is also one that must go hand-in-hand with an especially strong sense of responsibility and a particular respect for the related risks to society. With gambling also comes the risk of gambling addiction, which can go as far as to threaten a person's economic existence. Likewise, measures must be taken to effectively counter the penetration of organized crime – from gambling fraud to money laundering – into the gambling sector. Accordingly, from a health and regulatory perspective, a liberalized gambling market would not be desirable – competition between providers would lead to an excessive expansion of gambling services, rendering measures like player bans or advertising restrictions almost unenforceable in practice.

Despite these risks, a total ban on games of chance is also not meaningful. This would simply result in the emergence of an illegal gambling market that cannot be controlled. Far more effective is an approach which imposes appropriate restrictions to prevent the undesirable side effects of gambling and strictly monitors compliance with these restrictions. Since legal, licensed gambling thus also has the task of suppressing illegal, unlicensed gambling, established jurisprudence allows the corresponding promotion of such licensed gambling products and services.

Under the provisions of the Austrian Gaming Act, the right to operate games of chance in Austria – unless otherwise provided in the said Gaming Act – is reserved for the Federal Government (monopoly on games of chance). This right can be transferred by the Federal Minister of Finance to third parties through the award of corresponding licenses. The conditions for the award of such licenses are likewise regulated in the Austrian Gaming Act.

Pursuant to Section 14 of the Austrian Gaming Act, the Federal Ministry of Finance can transfer the right to operate lotteries as defined in Sections 6 to 12b (lottery draws) through the award of a corresponding license. This license thus also includes the right to operate so-called electronic lotteries, which include online gaming and video lottery

terminals. The license to operate lotteries in Austria was awarded to Österreichische Lotterien Gesellschaft m.b.H. (Austrian Lotteries) and is valid until 30 September 2027.

Pursuant to Section 21 of the Austrian Gaming Act, the Federal Ministry of Finance can issue a total of 15 licenses to operate casinos following a public call for tenders. The Federal Ministry of Finance has awarded twelve casino licenses to Casinos Austria AG. The company operates these casinos in Bregenz, Graz, Innsbruck, Linz, Salzburg, Vienna (licenses valid until 31 December 2027) and in Baden, Kitzbühel, Kleinwalsertal, Seefeld, Velden and Zell am See (licenses valid until 31 December 2030).

The three further casino licenses provided for in the Austrian Gaming Act have currently not been awarded. Following a public call for tenders, in which Casinos Austria also submitted a bid, the Federal Ministry of Finance published its official decisions in June 2014 awarding these licenses to competitors of Casinos Austria. Casinos Austria subsequently lodged ordinary appeals with the Federal Administrative Court (*Bundesverwaltungsgericht/ BVwG*) against the three decisions. The BVwG granted these appeals in July 2015 and rescinded the license decisions. The subsequent extraordinary appeals to the Higher Administrative Court (*Verwaltungsgerichtshof/VwGH*) against the BVwG decisions were rejected and dismissed, and the VwGH ultimately upheld the repeal of the award in all three cases.

Section 5 of the Austrian Gaming Act also provides for the operation of gaming machines in individual federal states. Under these provisions, the nine federal states in Austria have the right to issue licenses for the operation of gaming machines if certain regulatory measures are adhered to. These include a maximum permissible ratio of one gaming machine per 1,200 residents (or one gaming machine per 600 residents in Vienna). The number of licenses to operate gaming machines is also restricted to a maximum of three per state. At present, such licenses have been issued in the states of Lower Austria, Upper Austria, Burgenland, Carinthia and Styria.

Sports betting is classed in Austria as a skill game and is not subject to the provisions of the Austrian Gaming Act; legislative responsibility for sports betting lies with the individual federal states.



On 15 October 2016, the Austrian Constitutional Court (*Verfassungsgerichtshof/VfGH*) passed two rulings on gambling law that contribute significantly to clarifying the compliance of the Austrian Gaming Act with EU law.

In principle, a state monopoly or license system for gambling operators constitutes a restriction on the freedom of services. However, in a series of rulings (e.g. *Gambelli* 2003, *Dickinger/Ömer* 2009, *Santa Casa da Misericórdia de Lisboa* 2009, *Engelmann* 2010), the European Court of Justice (ECJ) has established the criteria by which such a restriction is permissible. These criteria include, first and foremost, the protection of players (i.e. responsible gaming) and the combating of crime.

The VfGH ruled that the provisions in the Austrian Gaming Act meet the criteria for the legitimacy of the restriction on the freedom of services and that the Austrian Gaming Act is thus in compliance with EU law. The VfGH justified its ruling as follows:

- Since it first came into force, the Austrian Gaming Act has always contained numerous provisions to protect players, prevent gambling addiction and reduce criminal activities in conjunction with gambling.
- The statutory provisions are implemented in a coherent and systematic manner, in particular through the controls implemented by the license holders, the measures to combat illegal gambling, the decision to link gaming machines and video lottery terminals to the Federal Computer Center (*Bundesrechenzentrum*) and the establishment of the Responsible Gaming Department in the Federal Ministry of Finance.
- As a consequence of the statutory and official provisions, responsible gaming measures were implemented, and there has been no increased incidence of gambling addiction since 2009.
- Even if individual advertising or marketing measures might, if taken in isolation, awaken or strengthen the desire to gamble, what matters is that these advertising and marketing activities as a whole do not lead to an increase in gambling; concrete advertising or marketing activities by individual license holders should not be viewed in isolation in this context.

Also worth mentioning is the EU Directive 2015/849 on the prevention of the use of the financial system for

the purposes of money laundering or terrorist financing (“4<sup>th</sup> Anti-Money Laundering Directive”), which was published on 5 June 2015 in the Official Journal of the European Union and must be incorporated into national law through new provisions to regulate against money laundering in the financial markets by 26 June 2017. The corresponding national provisions in Austria already came into force on 1 January 2017. Accordingly, a framework to implement the statutory provisions for the identification of politically exposed persons (PEPs) contained therein was established at Casinos Austria, Austrian Lotteries, win2day and WINWIN in 2016 and came into effect from 1 January 2017.

# Compliance and Management Systems

***Casinos Austria's quality awareness is reflected both in our service excellence and in our compliance with the strict regulatory and responsible gaming directives that apply to the licensed gaming industry. Compliance – and thus comprehensive management systems – serve here as effective tools in our quest for continuous improvement.***

Casinos Austria is synonymous with highest quality gaming. We have gained this reputation through our absolute commitment to quality awareness – a commitment that is shared by our management board and staff alike. Responsibility toward each and every player, toward society and toward the licensing authorities is an integral part of our corporate culture. With our strict Code of Conduct, our company and staff pledge to conduct business in an ethical, legal and socially responsible manner.

A joint process framework based on the ISO 9001 and 27001 standards has been defined for all our existing management systems. In addition to the joint process elements, this framework also covers the specific elements of each individual management system. This joint process framework is the prerequisite for the amalgamation of our multiple management system certification audits and thus for reducing and optimizing our certification overheads. Since 2016, our annual data protection, anti-money laundering and anti-corruption risk analyses have likewise been handled via a newly established, audit-proof platform.

## ***Quality management certified to ISO 9001:2015***

Casinos Austria's guests appreciate our high-quality service, our professional handling of the games and the responsible, personal service they encounter in all our casinos. The Casinos Austria quality management system had been certified to the ISO 9001 standard since 2011 and was re-certified in 2016 to the new ISO 9001:2015 international standard without reservation. The external auditors from the Swiss Association for Quality and Management Systems (SQS) confirmed the high level of service awareness demonstrated by all our staff, the professional handling of the games on offer, the adherence to the defined work processes as well as the extraordinary efforts to continually improve the already very high level of quality encountered at Casinos Austria.

Monitoring of the well-established process controls is carried out via our new software-supported Balanced Scorecard system.

## ***GoodPriv@cy certified data protection management***

Data protection should serve to ensure the safe handling of all personal data and to protect our guests and staff. All security procedures in our domestic casinos far exceed the typical levels of control found in the gaming industry. These include entrance identity checks, the monitoring of all cash transactions and the provision of target group specific training for our staff. Our rigorous identity checks for casino guests and the transparency of our prize transactions make it far easier for the authorities to rule out criminal activity. We accord highest priority to data security and conformity with data protection provisions in the planning and development of any software programs. This ensures, for example, that data can only be accessed on a need-to-know basis by authorized members of staff.

Casinos Austria has been certified to the GoodPriv@cy standard since February 2010. The GoodPriv@cy seal of approval for data protection confirms our systematic adherence to data protection and information security guidelines and regulations in all areas of our business and provides us with a means of objectively documenting and effectively communicating our data protection measures and activities to our guests, customers, business partners, the authorities and the general public. Mandatory annual GoodPriv@cy re-certification audits, such as the one successfully carried out in July 2016, serve as a guarantee of continuity.

In preparation for the EU General Data Protection Regulation, we introduced a new, audit-proof platform for the recording and evaluation of all data protection relevant objects (DROs). This platform will also be used in future for the mandatory data protection risk assessment.

## ***Information security management system***

The security organization and the security measures implemented by Casinos Austria are operated in accordance with the ISO/IEC 27001:2013 information security

management standard, the internationally recognized standard for operational security in all business processes. This guarantees that all business processes relevant to information security are subjected to a regular improvement cycle.

Our information security focus in 2016 lay on the operation of our information security management system, which serves as the basis for certification to the Good-Priv@cy data protection management standard (see also the section on “GoodPriv@cy certified data protection management” in this chapter). Particular emphasis was placed on the implementation of and adherence to the data security measures required to meet data protection requirements. Training was provided to new members of staff to strengthen their awareness of information security. Internal information security audits were likewise carried out.

### **Anti-corruption compliance**

At Casinos Austria, we orient ourselves on the international IDW PS 980 auditing standard in all our anti-corruption activities. Issued by the Institute of Public Auditors (IDW) in Germany, this international standard defines the elements that a compliance management system must contain in order to be considered appropriate. It helps compliance officers to identify areas where formal arrangements may be required and outlines how any such arrangements may be established and justified. Under the IDW PS 980 standard, a risk analysis could, for example, be used to identify those areas of business or business units for which a compliance measure is required and those where such measures can be dispensed with.

The stricter statutory anti-corruption provisions that have been introduced in Austria have been met at Casinos Austria by, for example, the introduction of a new directive applicable across the entire Casinos Austria and Austrian Lotteries Group. Four compliance officers certified to the Austrian Standards Institute's ÖNORM standard manage and enforce compliance with the statutory provisions and with the internal rules that are obligatory for all our staff. An anti-corruption officer has likewise been appointed.

### **Combating money laundering and the financing of terrorism**

Casinos Austria uses an ISAE 3000 (International Standard on Assurance Engagements) approved management system in the prevention of money laundering and criminal activities and continually assesses any money laundering risks. We use a range of measures to demonstrably and systematically enforce the “know your customer” principle required by the Austrian Gaming Act and the Austrian Banking Act (*Bankenwesengesetz*). Our established security structures and the ISO 27001 compliant security measures that are in place for our central computer center guarantee adherence to the applicable security regulations for the operation of data storage systems.

All relevant statutory provisions in the Austrian Gaming and Banking Acts are categorized and assigned into risk groups at regular intervals. These risk groups are then subjected to a series of internal tests and subsequently plotted on a risk and risk maturity map. All business processes are documented to ensure full transparency for our management team and our anti-money laundering officer. In addition, our internal monitoring and control system ensures that the statutory provisions are reviewed at regular intervals and, where necessary, incorporated into our business processes.

These procedures, and the management and measurement criteria defined in accordance with the ISAE 3000 standard, ensure that the combating of money laundering is consciously recognized and accepted at Casinos Austria as a management task. An important aspect in this regard is the regular updating of the group-wide process map and related guidelines. These updates are carried out at least once a year.

The EU Directive 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (“4<sup>th</sup> Anti-Money Laundering Directive”) was published on 5 June 2015 in the Official Journal of the European Union and must be incorporated into national law through new provisions to regulate against money laundering in the financial markets by 26 June 2017. The corresponding national provisions in Austria already came into force on 1 January 2017.

Accordingly, a framework was established at Casinos Austria, Austrian Lotteries, win2day and WINWIN in 2016 to implement and enforce the statutory provisions for the identification of politically exposed persons (PEPs). This framework came into effect from 1 January 2017.

### **Responsible gaming management system**

All responsible gaming and responsible advertising measures at Casinos Austria are managed through our dedicated responsible gaming management system. We obtained certification for this system in February 2014, when the Austrian Standards Institute rigorously audited our responsible gaming and responsible advertising measures based on the audit criteria defined by the European Casino Association (ECA). The certification process involved an intensive audit of multiple areas of activity, namely staff training in responsible gaming, information for casino guests, access controls, advertising and marketing, alcohol sales, stakeholder involvement and research/raising awareness of risk factors in the development of new gaming products. Three years later, in January 2017, all key indicators were subjected to an intensive re-certification audit, during which the Casinos Austria headquarters, Casino Innsbruck and the new casino in Zell am See were all thoroughly inspected. The re-certification process confirmed that Casinos Austria meets the highest possible standards.

In the certification process for our quality management system (QMS), a key emphasis was likewise placed on measures to protect players and prevent gambling addiction. All concepts, programs and measures implemented in this regard are checked, assessed and confirmed by independent auditors in the course of an annual QMS audit (most recently in May 2016).

The company thus continues to merit and reinforce its strong reputation as a pioneer in this field.

### **Risk and opportunity management**

The Casinos Austria Group has comprehensive strategic risk and opportunity management procedures in place. The permanent overview of key strategic corporate risks and opportunities and timely introduction of

corresponding measures support decisions to promote our continued existence and corporate growth.

These standardized procedures allow us to better capitalize on new business opportunities and consciously manage the associated risks. In addition to meeting the provisions of the Austrian Company Law Amendment Act 2008 (*Unternehmensrechtsänderungsgesetz*), this creates added value when it comes to the potential development of new opportunities. Unified risk and opportunity categories have been established for all companies and divisions in the group. Through their participation in this group-wide process, the risks and opportunities for the group become the targeted concern of all managers.

Our risk and opportunity management system allows us to manage the risks related to product security and quality, player protection, the protection of minors and the reliability of our gaming operations in a controlled manner. At the same time, it also allows us to make increased use of associated opportunities to optimize product quality and customer satisfaction.

### **Internal control system**

An internal control system (ICS) that is regularly monitored by our internal auditors ensures the conformity and cost effectiveness of procedures with regard to asset security and compliance with corporate principles. As an integral part of the ICS, the controlling system ensures consistency in corporate planning and reporting and thus supports the continual improvement process.

### **Process management**

Centralized process management supports effective cooperation across the corporate group. Establishing greater transparency with regard to processes and responsibilities minimizes inefficiencies. Certified process managers support the process management activities. The process4.biz tool is used to update the group's operational and organizational model at regular intervals, a copy of which is made available to staff via the intranet. Process optimization activities serve as a means of improving the efficiency and effectiveness of our corporate processes.

In 2016, our process management focus lay on expanding our managed processes.

A process can be designated as a managed process when its goals are defined and the actual values are measured at agreed intervals. The measured values are checked at regular intervals. The causes of any deviations from the target values are analyzed by the process manager in conjunction with the process holders. Managed processes are thus subject to a continual improvement process.



A man with glasses and a mustache, wearing a red chef's jacket and striped trousers, is sitting on a blue tufted sofa. He is smiling and looking towards the camera. Behind him is a bar with various bottles and a red curtain. The setting appears to be a casino or a themed restaurant.

## Cuisino Baden

*In the historic ambience of Casino Baden, Chef de Cuisine Walter Zwieltitsch has been consistently creating dishes to an award-winning level for many years. The menu at the casino features modern interpretations of Austrian cuisine, as well as classic international dishes – for instance, at its weekly themed buffets.*







*Chef de Cuisine Walter Zwiletitsch, Sous Chef Christoph Frankl (2) and the team at Cuisino Baden delight guests with dishes like Dornau Estate Arctic Char with Muscat Squash Risotto and Bell Pepper Foam (3). Be it an intimate à la carte dinner for two in the park restaurant (1) or the culinary diversity of a buffet at one of its many events, Cuisino Baden handles it all with ease. And a drink at the Casino Bar (4) is the perfect way to round off a perfect meal.*





# Cuisino Bregenz “Falstaff”

*The “Falstaff” restaurant in Casino Bregenz enjoys an enviable location on the shores of Lake Constance. From the summer terrace, diners have a direct view over the festival arena. And the cuisine is a real eye-catcher as well: Chef de Cuisine Gernot Bischofberger, who has been at Casino Bregenz since July 2016, creates fine dishes that are a feast both for the eye and for the palette and immediately earned him a Gault&Millau toque.*



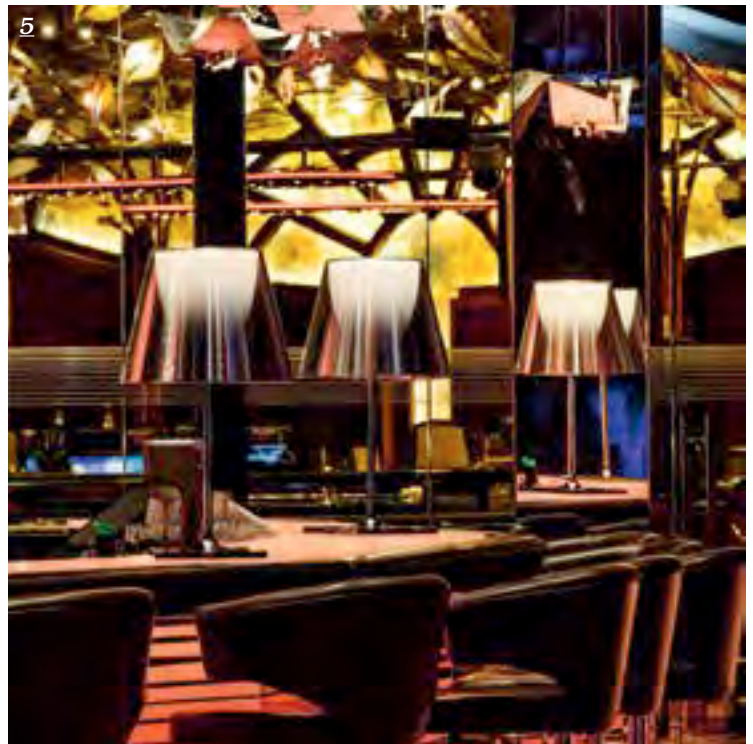








*Dinner & Casino, Dinner & Roulette, Dinner on Monday or à la carte – all guests at the “Falstaff” restaurant in Casino Bregenz are treated to imaginative new interpretations of national and international dishes. How about some Marinated Goat & Cow’s Milk Cheese with Pepper Crackers, Faux Apple and Mustard Seed & Apple Vinaigrette (2) in the Cuisino restaurant (1) with a view over the gaming room to whet your appetite? Followed nicely by a chance to try your luck at the slots (4). The bar (5) is located in the middle of the gaming area and offers a fine selection of alcoholic and non-alcoholic beverages (3).*





# Cuisino Bar & Lounge Innsbruck

*The Winners Lounge at Casino Innsbruck is also its Cuisino restaurant. A small but fine location integrated directly into the casino where guests can watch the action at the tables while enjoying their meal. Markus Thanner is the Chef de Cuisine in Innsbruck and is well-known for his superb Dinner & Casino menus. Connoisseurs of fine spirits are spoiled for choice in the venue's modern Night Bar.*







*Diners in the small but fine Winners Lounge (2) at Casino Innsbruck find themselves right in the midst of the gaming action. The direct view of the Roulette tables, the bar (5) and the atmospheric lighting concept (4) promise an entertaining evening. As a sweet conclusion, Chef de Cuisine Markus Thanner (1) serves a Duo of Poppy Seed and Nougat Mousse with a Berry Compote (3) – a delight both for the eye and for the palette.*





## Casinos in Austria

*Casinos Austria has been writing its success story for the past 50 years. The story began back in 1967 when Österreichische Spielbanken AG – as the company was then known – opened its first casinos. Nowadays, Casinos Austria is a highly successful international gaming group, operates twelve casinos across Austria and welcomed its 90 millionth guest in 2016. The company has invested strongly in its operations in recent years, and the results speak for themselves: its latest casino opened in Zell am See on 1 January 2016. Renovations and refurbishments were also carried out at the casinos in Bregenz, Graz, Kitzbühel, Kleinwalsertal, Salzburg and Velden*

The secret to the success of our twelve casinos in Austria lies in the diverse entertainment options that they offer their guests. These include a wide range of games as well as exciting tournaments, top-class cuisine and a variety of events for every taste. Casino gaming is our core competence, and the gaming mix on offer in our casinos is of a truly international standard. Classic casino games like Roulette, Blackjack and Poker remain firm favorites with our guests, while innovative new products are frequently added to our portfolio to maintain the attraction of our gaming facilities. Highest quality service goes without saying; reputable, responsible and transparent handling of the games an absolute priority. Our gaming mix is carefully designed to offer something for everyone: from regular casino-goers and gaming enthusiasts to first-time guests. Thanks to our highly trained croupiers, each and every one of our guests can simply relax and enjoy the fun – and, of course, the experience.

A visit to one of our casinos is also a great culinary and cultural experience. Each of them is both a cultural meeting place and host to a broad range of social and cultural events – from literary readings, art exhibitions, cabaret shows and concerts to gala events, balls and festivals. And with first-class cuisine to round it all off, the result is a real all-round experience – from Baden to Bregenz.

Over the course of our almost 50-year history, we have welcomed over 90 million guests to our casinos. Indeed, our 90-millionth guest checked in to Casino Baden in the reporting year – on 21 September 2016 to be precise – where she was greeted with our warmest congratulations! Our eleven other casinos naturally also joined in the celebrations along with our Director General Karl Stoss.

The fact that our casinos are so successful lies among other things in their individuality. Each casino exudes its own special charm and blends in harmoniously with its host region and setting. Our casinos can be found in the majestic ambience of a historical city *Palais*, surrounded by mountains or lakes, in perfect downtown locations and even in a baroque palace.

### *Casino Zell am See*

The opening of Casino Zell am See on 1 January 2016 adds yet another casino to the Casinos Austria success story. Guests at Casino Zell am See are treated to over



800 square meters of unforgettable casino flair. The new casino is set in the town's Grand Hotel, which enjoys a prestigious location directly on the shores of Lake Zell and is the most prominent building in – and ultimate postcard image for – the famous Alpine town. The casino's gaming mix is diverse and international with four American Roulette tables, four Blackjack tables, three Poker tables, two Easy Hold'em tables, one Macau Baccarat table, 65 slot machines, eight Easy Roulette terminals and a Wheel of Fortune.

Casino Zell am See attracts both international visitors to the region and domestic tourists alike. Dining options include a choice of four partner restaurants as well as the welcoming Cuisino Bar in the casino itself, which has been operated by our gastronomy subsidiary Cuisino since 1 April 2016. And last but not least, the lakeside terrace is arguably the best spot in town – with a stunning view of Zell am See's spectacular Alpine backdrop.

One of the first big events to be held in Casino Zell am See was its exclusive summer party on 24 June 2016. More than 400 invited guests flocked to the casino to celebrate the opening of its summer lounge on the terrace, where they were treated to a superb barbecue, plenty of sparkling wine at the Schlumberger Sekt Bar and a range of other tasting opportunities, including beers from the Stiegl brewery, specialty liqueurs from Horvath's and the refreshing *Aperitivo Rosato* summer drink. Further highlights in summer 2016 included a Moët & Chandon Champagne Bar on the terrace and the chance to enjoy a game of Blackjack with a view – at an open-air table overlooking Lake Zell.

### Casino Baden

Just outside Vienna in the pretty Biedermeier town of Baden, Casino Baden blends in harmoniously with the cultivated greenery of the town's spa gardens. The casino bets successfully on the winning concept of "gaming, events and cuisine under one roof". And it is precisely this mix that makes Casino Baden *the* place to go in the south of Vienna and a leading tourist operation in the region.

Happy faces are found here not only at the gaming tables or slot machines but also in the superb Cuisino Restaurant Baden. Chef de Cuisine Walter Zwiletitsch has been creating dishes of a consistently high level in the restaurant for many years and never fails to delight diners with

his modern interpretations of classic Austrian and international dishes. The *Gault&Millau* toque awarded to the restaurant in 2016 was definitely more than well-deserved.

Visitor numbers are continually on the rise in the Jackpot Café in Baden, which is open daily from noon. Accordingly, it was recently revamped to create more space and increase the number of slot machines. The central cash and reception desk is now located directly at the entrance – above the staircase – thus also creating space for a new High Roller Corner.

The impressive building at the edge of the spa gardens is home to one of the largest and most attractive casinos in Europe with its own dedicated congress and event center. While its exterior is still resplendent in the classic style of a bygone age, its interior boasts a contemporary gaming area with an extensive gaming mix. With its own dedicated event company, Congress Casino Baden (CCB), the casino is one of the most important event centers in Lower Austria and organizes a host of different events – from congresses, balls, comedy shows and cabarets to Blackjack tournaments and much more besides. Wine enthusiasts don't miss out either with high-quality wine tasting events also featuring regularly on the program at Casino Baden.

### Casino Bregenz

Casino Bregenz is a modern casino, whose illuminated exterior façade comes beautifully into its own especially in the evening. A popular leisure destination in the festival city on the shores of Lake Constance, the casino is now even bigger and better following the extensive renovations in 2015. A further construction project was completed in July 2016, namely the summer terrace at the "Falstaff" Cuisino Restaurant. Glorious weather awaited as some 100 invited guests, partners and friends of Casino Bregenz arrived at the Cloud Lounge to celebrate the completion of the terrace and the new, illuminated Cloud Bar with casino staff at a French-themed "*Fête Française*" party. July also saw Chef de Cuisine Gernot Bischofberger take over the kitchen at the "Falstaff" Cuisino Restaurant, where he was quickly rewarded with a *Gault&Millau* toque for his culinary creations.

Casino Bregenz is also a successful event venue and has established the *Kulturpreis Vorarlberg* ("Vorarlberg Culture Award") initiative in collaboration with the Sparkasse

Bregenz bank and with the support of both the State of Vorarlberg and ORF Vorarlberg. The award supports innovative formats and genres and is intended to provide upcoming young artists with a worthy platform to present their creative talents. In 2016, the 10,000 euro prize was awarded to the dancer Silvia Salzmann. In her solo performance “More”, Salzmann earnestly and profoundly depicted the issues in a society shaped by wealth, affluence and burn-out.

Casino Bregenz is likewise a popular stage for comedy and satire. The successful premier of the new comedy show “*Helden reisen – Gäste speisen*” (“Heroes travel – Guests dine”) in Casino Bregenz and at three partner locations in January 2016 was followed by further shows in May. The comedians, ventriloquists and singers put on a fantastic performance full of fun and laughter that had the audience in stitches.

### Casino Graz

No stone has been left unturned at Casino Graz since fall 2015. The extensive conversion and renovation of the casino began with the refurbishment of the slots gaming area in the Jackpot Café and the relocation of the popular Piano Bar. These areas were already reopened to guests in spring 2016 and have since continued to gain in popularity.

Since gaming, entertainment and gastronomy are the three core competences of Casino Graz, the main focus in the second phase of the refurbishment lay firmly on the relocation of the restaurant. In addition to its new location, the restaurant was also given an impressive new urban look. The creative talent of the architecture firm Strohecker guaranteed the successful transition from classic restaurant to modern dining venue.

Upon completion of the work on the restaurant in fall 2016, the Casineum foyer and the slots gaming area in the main casino were also totally modernized, thereby creating the ideal setting to reinforce the casino’s reputation as a high-end entertainment venue.

In the entertainment sector, Casino Graz has earned itself a well-deserved reputation in the comedy and satire scenes. With its popular “Casino Comedy Club”, the casino is a destination of choice for Austria’s star comedians and for the future generation of comedy stars alike.

### Casino Innsbruck

Casino Innsbruck once again demonstrated its multifaceted talents in 2016. Guests flocked to the popular casino in large numbers throughout the year to take advantage of its diverse and colorful portfolio of events. The year began with a high-caliber Poker event. From 5 to 10 January 2016, the Casinos Austria Poker Tour made a stop in Innsbruck, with the city’s casino serving as the perfect host. The Tyrolean personalities for the fifth season of the *Zeitzeugen* (“Witnesses of our Times”) series were also chosen at the start of the year. This year, politician Eva Klotz, artist Anton Christian, artist and sculptor Walter Nagl, former mayor Helmut Kopp, cameraman Christian Berger and entrepreneur Leopold Wedl all took to the stage in front of the live audience to talk about their lives and answer the questions put by host Felix Mitterer. The book to accompany the series, which is published by the *Tiroler Tageszeitung* newspaper, ORF Tirol and Casinos Austria, was presented in the casino just before Christmas 2016.

Casino Innsbruck put together an attractive subscription for comedy fans in 2016 that included eleven high-caliber performances by, among others, the popular Dornrosen trio, the Tyrolean comedienne Nina Hartmann, the Turkish-German comic Django Asül, the spoonerism maestro Ludwig W. Müller and the Viennese comedian Pepi Hopf. For the first time, the casino also added theater to its colorful program of events, with the productions “Love Letters” and “*Zartbitter*” (“Bitter Sweet”) captivating more than 1,300 guests. Singer Gregor Glanz and musician Herbert Pixner thrilled fans with their shows “One Night in Vegas” and “Summer”, while the ever-popular local crooner Gilbert chose Casino Innsbruck to present his latest album.

The Blackjack High Roller tournaments in May and November surpassed all expectations, with their large numbers of competitors and substantial prize monies. The casino’s event room was decked out in style in a Poker theme for the occasion. And Casino Innsbruck treated its guests to numerous concerts, tasting events and exhibitions throughout the whole year.

Casino Innsbruck also reaffirmed its commitment to charitable causes throughout the reporting year and was delighted to present the Tyrolean Branch of the Austrian Cancer Support Society’s “Pink Ribbon” initiative with a



check for 5,864 euros in cooperation with the organizers of the Tyrolean Women's Fun Run.

Staff really got into the spirit of things at the "*Drei Farben zum Glück*" ("Three Colors to Luck") promotion at the end of October 2016, where casino guests were treated to an exciting range of games and prize draws. The casino was also invited to participate in 19 external events throughout the year, where it raised a total of 11,500 euros for good causes with its "Casino on Tour" mobile charity Roulette and Blackjack tables.

### **Casino Kitzbühel**

Casino Kitzbühel is located behind a colorful Tyrolean façade decorated with traditional *Lüfterlmalerei* murals. The casino plays an important role in the town's social life and in its lively nightlife scene. Guests at Casino Kitzbühel appreciate the cozy and charming ambience in this popular venue, which offers everything for the discerning guest. Its wide choice of gaming options are spread over two separate levels. In December 2016, the main gaming room on the ground floor was modernized, adding 32 new slot machines, new Roulette equipment, two new American Roulette tables and a new Easy Hold'em table to the gaming mix. The yellow and gold interiors, new carpeting and a modern glass ceiling create a welcoming and relaxing atmosphere for guests.

Casino Kitzbühel is also a popular event location. In 2016, it hosted the Miss Tyrol Pageant for the second time, having previously hosted the event in 2009. Comedy gigs, entertainment shows and concerts by performers from Austria, Bavaria and South Tyrol feature on the calendar throughout the year and offer guests a diverse program of events.

The adjacent Cuisino Restaurant Kitzbühel serves a range of culinary delights. The Casinos Austria gastronomy subsidiary Cuisino – Genuss Events by Casinos Austria also provides the catering for gala events and receptions both in the casino and at external venues.

Its longstanding partnerships with various events are extremely important to Casino Kitzbühel. In January 2017, it hosted the CORUM Snow Polo World Cup opening gala for the 15<sup>th</sup> time, welcoming the international polo elite, sponsors, organizing committee, journalists and VIPs to



the casino. And for the 25<sup>th</sup> time, the casino hosted the Kitzbüheler Ski Club's "Team Night" during the Hahnenkamm Races, welcoming athletes, trainers, coaches and former ski racers from around the world. The opening gala for the Fireball 2016 – Ian Fleming Ski Challenge was held in the casino for the sixth time in March 2016. In the summer months, the casino welcomed the participants at the 8<sup>th</sup> International Sports Car Festival to Kitzbühel. At all such events, the protagonists swap their sports equipment for Poker or Blackjack cards and play either for a good cause or just for fun. With its excellent service, entertainment and cuisine, the team at Casino Kitzbühel makes sure that every night at their casino is a night to remember.

### **Casino Kleinwalsertal**

Its successful combination of casino, restaurant, club and event facilities makes Casino Kleinwalsertal a popular meeting place in the region. Its host town, Riezlern, is a particularly popular destination for German visitors.

The combination of gaming, entertainment and gastronomy is accomplished very successfully at Casino Kleinwalsertal. Gaming fun is guaranteed with a choice of classic table games like Roulette, Blackjack and Poker as well as some 70 slot machines. The bar in the gaming area serves great cocktails and is the ideal spot to take in the gaming action. The Cuisino Restaurant in Casino Kleinwalsertal has once again been awarded a *Gault&Millau* toque and serves first-class cuisine in an exclusive ambience.

In the final months of 2016, the former dance bar was lovingly renovated and given a whole new look. With a new concept and lots of enthusiasm, the new Club Jolly celebrated its opening on 17 December. The club is designed for a broad audience and is open on Saturday nights from 11 pm to 4 am.

Casino Kleinwalsertal hosted its first-ever *Trachtenball* ("folk costume ball") in cooperation with the local branch of the Austrian clothing manufacturer Gössl on 29 October 2016. It also features an expansive and versatile Cuisino function room, which served as the venue for the casino's gala dinner on New Year's Eve. The casino was also the setting on 17 October for a high-caliber podium discussion on the "Opportunities and Risks of Digitalization" at the 7<sup>th</sup> Casinos Austria Tourism Talk initiated by

Casinos Austria Director Dietmar Hoscher and Casino Kleinwalsertal Director Bernhard Moosbrugger. The Kleinwalsertal Ski Club's impressive 100-year history was also celebrated in style in the casino on 9 April 2016. Through donations and sponsorship money, this event raised a total of 11,500 euros to support the Ski Club's junior members and the youth sports development initiative ProSport.

### **Casino Linz**

Casino Linz underwent a change in management in 2016: Martin Hainberger took over the reins from 1 July as successor to retiring Director Josef Kneifl. At a big party on 26 October under the motto "Change the Game", staff bade farewell to Josef Kneifl in the presence of numerous celebrities from the fields of politics, business and culture.

The casino in Linz is not just a popular gaming venue, it is also a place for social gatherings and a popular event location. Its tournament calendar is full to the brim with exciting Poker, Roulette, Blackjack and Mystery Jackpot tournaments.

If you're looking for a bite to eat before, during or after some fun at the gaming tables, then you're definitely in the right place at Casino Linz. The Cuisino Restaurant Linz has already been awarded a *Gault&Millau* toque and serves culinary delights of the highest order. This recognition by the gourmet guide is all the more satisfying given that the Casinos Austria gastronomy subsidiary Cuisino – Genuss Events by Casinos Austria has only been running the restaurant in Casino Linz since August 2015. With a range of different packages like the "Dinner Deal", "Dinner on Monday", "Dinner & Roulette" and ever-popular "Dinner & Casino", Casino Linz perfectly combines fine dining with the casino gaming experience.

A particular highlight for guests at Casino Linz in 2016 was the "*Geldddusche*" ("Cash Shower") promotion. Every Friday and Saturday evening – as well as at plenty of other prize draw events – the "Cash Shower" rained fun and great prizes. Alongside classic gaming options like Roulette, Poker, Blackjack tables and slot machines, guests also had the chance to try their luck at the Wheel of Fortune in Linz for the first time. Non-casino games like Schnapsen (an Austrian variant of the Sixty-Six card game) and Tarock (a variant of Tarot) also play an integral role in the diverse gaming fun on offer in Casino Linz.



Casino Linz has always been a strong supporter of charitable causes. 2016 was no different, with various charity events, e.g. for the Lions Club or the Soroptimists, organized and hosted by the casino throughout the year. The “Kiwanis Fashion Show” has been a highlight on the social calendar at Casino Linz for many years, and many celebrities cut fine figures on the catwalk at this year’s event. Also in 2016, the PIA Association celebrated its 20<sup>th</sup> anniversary in Casino Linz. PIA is an independent charitable association that provides support to victims of sexual violence.

The best Austrian comedians and some great newcomers all took to the stage again in Casino Linz in 2016, with plenty of concerts, book presentations and readings rounding off the cultural program. The combination of sport and gaming likewise proved a success, e.g. at the numerous championship celebrations and awards ceremonies held by major sporting associations. And while we’re talking about celebrities, “Feel Like a Star” was just one of the many offers organized by the casino for groups of guests – transporting them to the casino in style in a stretch limousine.

### Casino Salzburg

A visit to Casino Salzburg takes guests outside the festival city to nearby Schloss Klessheim, a majestic 17<sup>th</sup> century palace that is also home to the city’s casino. The juxtaposition of baroque elegance and modern gaming give this casino a very special flair.

Schloss Klessheim is one of Salzburg’s many hallmark buildings. And with investments in fire protection, accessibility and energy efficiency to the tune of some 14.3 million euros, Casinos Austria has made this historic building fit for the future.

Celebrities from the worlds of politics and business gathered in Schloss Klessheim on 18 March 2016 to celebrate the successful completion of the renovations to the palace. With over 1,500 guests, more than 40 artists, performers and entertainers, cuisine at its very best, and a baroque treasure shining in new splendor, the Venetian flair of this “*Nacht der Lust*” (“Night of Fun”) made it a real night to remember!

The Cuisino Restaurant Salzburg, whose historically elegant ambience is reminiscent of Schloss Klessheim’s





bygone days, was awarded its first *Gault&Millau* toque under young Chef de Cuisine Jonas Posselt in 2016. In delicious contrast, the new Casino Lounge created in the course of the refurbishments developed into a hotspot for socialites, for example with a series of clubbing events organized in conjunction with the Welle1 radio station or

as the location for the Salzburg final of the Movember Challenge. The party atmosphere was continued in the New Year's Eve celebrations, when Casino Salzburg added a humorous and erotic Burlesque show to the traditional sparkling wine and fireworks extravaganza. The Casino Lounge likewise proved a popular location with business clients, hosting a number of different product presentations and customer retention events throughout the year. Schloss Klessheim also established itself in 2016 as a trade fair venue, serving as the second location for the *Salzburger Hochzeitswelt* ("Salzburg Wedding World") in October. And still on a wedding theme, Klessheim Palace is proud to serve as an official wedding venue for the Salzburg Association of Registrars.

### *Casino Seefeld*

Rustic and down-to-earth, yet at the same time elegant and diverse – that sums up the casino in the heart of the Seefeld Olympic sports region. The many visitors to the casino love its combination of laidback atmosphere, traditional casino flair and international gaming mix.

Casino Seefeld makes full use of its strength as host to VIP guests from across Europe. As the only casino to offer Baccara Chemin de Fer, the casino plays host to countless fans of the classic card game on four weekends each year. Casino Seefeld is also a destination of choice for Poker high rollers. Local guests and tourists alike happily while away the hours in the casino enjoying the gaming fun or taking part in one of Casino Seefeld's many events, including its "Folk Costume Night" and "Pole Dance Trophy", to name but just two.

A look behind the scenes reveals that Casino Seefeld is a strong advocate of Casinos Austria's sustainability philosophy. In 2016, its air conditioning and heating system was totally overhauled to ensure more efficient use of energy. In the course of this work, the old cooling machines were also replaced.

### *Casino Velden*

Casino Velden enjoys a particularly striking location directly on the shores of Lake Wörth. Guests love the casino, which offers everything for the discerning guest – from a comprehensive gaming mix and attractive events to superb cuisine.

Since May 2016, guests at Casino Velden have been able to enjoy particularly fine dining in the elegantly relaxed setting of the new-look “Die Yacht” Cuisino Restaurant. With its award-winning cuisine, two *Gault&Millau* toques, maritime nonchalance and splendid lakeside location, guests have the feeling they are dining on a luxury yacht. High-quality materials from the shipbuilding industry have been used for the furnishings. Unobtrusive yet undeniable, the maritime theme is reflected throughout the restaurant, for example in the curved bench seating and cleverly placed brass-colored portholes that direct the gaze to the different zones in the restaurant. The ebb and flow of the tide is recreated with the help of sealed timber floorboards and soft ship carpeting in the seating areas. Heavy, elegant mooring ropes around some of the tables add a further nautical touch.

The casino has also made itself quite a name as a Poker venue and hosted the 2016 European Poker Championship from 13 to 24 July. Over 1,000 Poker enthusiasts – including many of the best players in the world – battled it out for three European Poker titles and 1.8 million euros in prize monies. More than 25 different nations were represented at this Carinthian Poker extravaganza, making the event also a huge success for tourism in the region.

If you love to dance, then you are sure to find a suitable event in Casino Velden. After all, the casino is not known as *the* ball venue in Carinthia for nothing. In 2016, Casino Velden hosted a total of 15 balls, while its revival of the old radio show format “*Tanzmusik auf Bestellung*” (“Dance Music Requests”) in cooperation with Radio Carinthia on 19 March and 31 October was likewise a highly successful endeavor.

But it wasn’t the dance music that brought a roar to Velden at the beginning of September – the European Bike Week’s Motorcycle Show brought two-wheeler fans to town from 6 to 10 September, where they could talk shop with the world’s top custom bike designer Fred Kodlin.

Representatives of politics and business also enjoyed the hospitality at Casino Velden at the end of September during the CEE Economic Forum.

## Casino Wien

Casino Wien is a classic city casino in the traditional sense and style. Situated directly on the Kärntner Straße, one of the most elegant shopping streets in Vienna, the popular casino is located in Palais Esterházy, a 15<sup>th</sup> century baroque palace.

The gaming areas at Casino Wien are particularly diverse, with the gaming facilities spread over three stylish floors. The casino’s 269 slot machines are available for play from 9 am to 4 am daily. The Jackpot Café opens for table gaming at 10 am each day. The classic gaming areas on the first and second floors are open daily from 2 pm offering international caliber gaming fun at a wide selection of Roulette, Blackjack and other gaming tables. Tours of the casino and introductions to the games by trained hosts are provided daily, rounding off the all-round casino experience.

Casino Wien also features a VIP Room, where international high rollers can enjoy the action at a Macau Baccarat table in an elegant, private setting. The experienced casino team provides comprehensive VIP services, including a dedicated limousine service, which is particularly popular with guests.

The second floor at Casino Wien is also home to the Cuisino Restaurant Wien. The restaurant was once again awarded a *Gault&Millau* toque in 2016 and was also recognized by guests with the TripAdvisor Certificate of Excellence. The Cuisino team delighted guests in 2016 with its regular themed dining events. At the “Meet the Chef” event, for example, Chef de Cuisine James Ferguson tastefully conjured up a selection of culinary specialties from Belgium. And during the wine tasting and introduction to the world of wine at the “Winemakers Dinner”, guests also had the opportunity to meet with regional winemakers.

The largest and most important society event at Casino Wien in 2016 was the “2<sup>nd</sup> Casino Charity Gala”, which featured a prize tombola and a Wheel of Fortune and raised a total of 15,000 euros for the “Licht ins Dunkel” charity (literally “Light into Darkness”).



## Casinos Austria International

***Casinos Austria International (CAI) is back on the road to success. Following its successful restructuring program, CAI posted positive consolidated earnings, adjusted for one-time extraordinary effects, in the 2016 reporting year – and for the first time since 2009.***

Casinos Austria International (CAI) is known around the globe for its innovative casino and gaming entertainment concepts. Together, Casinos Austria International Holding GmbH (CAIH) and its subsidiaries form a renowned international gaming group. The CAIH strategy focuses on the development, implementation and management of gaming projects, which are realized in conjunction with investors, with CAIH handling the management of the operation. CAIH has holdings in companies which operate casinos, slot machines, video lottery terminals (VLTs) and gastronomy units.

Tradition, innovation, integrity, responsibility to society, security and service excellence are the driving forces behind the company's success and play an integral role in all its business activities. Since it was founded back in 1977, CAIH has applied its broad portfolio of gaming development, consulting and management services in the realization of more than 300 casino projects worldwide. In all of its projects, CAIH places a special focus on ensuring that the product is an optimal fit for its local market. Highest possible quality and efficient, professional staff ensure that guests enjoy the ultimate gaming experience.

In 2016, the CAI portfolio comprised 33 operations in 13 countries, including five cruising casinos and one video lottery. Together, these operations featured 337 gaming tables, more than 4,300 gaming machines and 1,038 VLTs and employed 1,717 members of staff. CAI welcomed 4.8 million guests in 2016 (2015: 4.9 million) and posted revenues of 126.4 million euros (2015: 133.8 million euros). Its operating earnings rose by 26.7 million euros to 34.8 million euros, a significant increase compared to the previous year.

Casinos Austria International publishes financial reports in the Oesterreichische Kontrollbank's (OeKB) Issuer Information Centre. The 2016 financial report will be available for download at the end of April 2017 at <http://issuerinfo.oekb.at/startpage.html>.



## 2016 at a glance

Following the weakness in the final quarter of 2015, the world economy gained momentum again in 2016 and recorded growth of 3.1 percent. In the USA, economic expansion accelerated from the third quarter onwards thanks to increases in exports and private consumer spending. The economy also stabilized in the Eurozone, particularly in those countries with economic problems, where growth was above the average (Portugal, Greece) or stronger than expected (Italy). This trend was supported by a sustained expansive monetary policy at the European Central Bank and by low energy prices. The emerging nations in Asia profited in particular from China's expansive economic policy. In Latin America, Brazil, Argentina and Venezuela remained in recession. Russia's economy has stabilized at a low level, while its Turkish counterpart suffered heavy losses as a result of the political uncertainty.

The earnings situation in the CAI casinos stabilized in 2016. Thanks to a tough restructuring program, the group posted not only clearly positive operating earnings above those of the previous year, it also reported positive consolidated earnings for the first time since 2009.

Revenues at the National Videolottery of the Republic of Macedonia – Casinos Austria LLC – Skopje (Macedonia), which was established in 2014, developed positively in line with budget. At the end of 2016, 1,038 of the planned 1,300 video lottery terminals were in operation.

A positive trend could be seen again in Switzerland after the fall in gaming revenues at Casino Lugano as a result of the appreciation of the Swiss franc in 2015. CAI had responded to the situation with staff reductions. In 2016, the casino reported a rise in both visitor numbers and gaming revenues.

In Brussels, the authorities approved a reduction in tax for table games with specific add-on games with effect from 1 June 2016.

After the successful regaining of the license for the highly profitable Casino Sopron, 45 percent of shares in the Hungarian casino were sold in April 2016 to a Hungarian partner. The casino is now operated as a joint venture with a new partner.

A restructuring of the entire gaming sector in the Canadian Province of Ontario led in September 2016 to the premature termination of the management contract in exchange for a settlement payment. An agreement was also reached with the Ontario Lottery and Gaming Corporation (OLG) whereby the CAI group continues to manage the casino until a new operator has been found.

The Fiscal Court in Lower Saxony ruled in December 2016 that the taxes that have been levied on tronc income from multi-roulette systems since the 2011 business year are unlawful.

Also in December, the casino operated by CAI in the Czech city of Brno was forced to close following a ruling by the Finance Ministry of the Czech Republic. A further decision on the upholding of the ban is expected to be taken by Brno City Council at the beginning of 2017. In the event that the ban should be lifted, CAI will apply for a new casino license.

## Outlook 2017

After years of reorganization and cost-cutting measures, the CAI group has now achieved the desired turnaround and plans to expand again in future through new management contracts and token investments. The group is currently planning to open a casino in Liechtenstein. It is also currently looking to expand its activities in Georgia with the opening of a casino in the capital city, Tbilisi. The CAI group further intends to participate with local partners in the call for tenders for a casino in Andorra. Other potential expansion options and possible future investments are also currently being pursued.

## Austrian Lotteries

***Austrian Lotteries celebrated its 30<sup>th</sup> anniversary in 2016. In its anniversary year, the company once again posted a clear rise in gaming revenues to 3.35 billion euros, an increase of 8.69 percent compared to the previous year. These strong sales figures can be attributed to increased sales on the win2day online gaming platform and growth at the WINWIN video lottery terminals outlets.***

Keeping its games up-to-date and attractive for customers is a key priority at Austrian Lotteries. In this regard, a number of prominent changes to the EuroMillions product were introduced in all nine participating countries with effect from 24 September 2016. These include an increased starting jackpot of 17 million euros instead of the previous 15 million euros. Changes to the tier jackpots mean that the “Europot” will now exceed the 50-million euro mark far sooner. A new “MillionenRegen” (“Millionaire Maker”) promotion draw has also been introduced whereby 25 additional 1 million euro prizes are drawn from all lines of numbers purchased across all nine EuroMillions countries. And since none of the winning tickets drawn at the premiere on 28 October 2016 were from Austria, Austrian Lotteries held a separate 1 million euro draw for all lines of EuroMillions numbers purchased in Austria, which was won by a customer from Upper Austria.

A new 5 euro per line option was also introduced for the ToiToiToi product. The daily numbers lottery now offers players the chance to win up to 250,000 euros with just one line of numbers. The Joker product was likewise extended at the beginning of the year and can now be played up to ten times on each lottery ticket as well as for ToiToiToi. A whole new product line was introduced in June 2016 for the Rubbellos scratch-off tickets. “25 fette Jahre” (“25 good years”), “25 super fette Jahre” (“25 very good years”) and “25 mega fette Jahre” (“25 mega good years”) are the names of the three variations of the new scratch-off tickets. Like their predecessor “Ein Leben lang” (“For life”), winners of the main prize for the new Rubbellos product line receive a monthly payment in cash for 25 years!

Like Austrian Lotteries, the national lottery Lotto “6 aus 45” also celebrated its 30<sup>th</sup> anniversary in 2016 and marked the occasion with a special six-week anniversary

promotion in the summer months when an additional 500,000 euro Lotto jackpot was drawn each week.

In May 2016, Austrian Lotteries added the free “Mein Lotterien Glücksbote” (“My Lucky Lotteries Messenger”) app to its portfolio of digital services. The app offers a range of features, including the possibility to check whether you have won by scanning a lottery ticket. It also provides information on all current jackpots and promotions as well as details of the nearest sales outlet. In the fall, the app was extended to allow customers to prepare their Lotto or EuroMillions ticket in advance and then purchase the ticket in a sales outlet by scanning the barcode.

### ***Gaming revenues and earnings***

The 2016 business year ended for the EuroMillions product with a 2.61 percent growth in sales to 314.16 million euros. This can be attributed to the clearly stronger development of the “Europot” jackpot at the beginning of the year and the popularity of the subsequent changes to the product. Sales of the Joker product were also up by 1.88 percent compared to the previous year to 186.04 million euros. The 3.22 percent drop in sales of the flagship Lotto “6 aus 45” national lottery product to 595.84 million euros is a result of the lower number of rollover jackpots throughout the year. Sales of the Bingo product were down by 12.35 percent to 9.27 million euros, while Toto football pool sales fell by 3.86 percent to 7.38 million euros. In contrast, the Torwette football pool product posted a 41.91 percent growth in sales to 1.36 million euros as a result of a long jackpot series. Sales of the Klassenlotterie class lottery (28.87 million euros), ToiToiToi numbers lottery (16.44 million euros) and Zahlenlotto 1-90 numbers lottery (3.67 million euros) products all ended below the previous year’s level. Rubbellos scratch-off ticket sales were down by 1.72 percent to 127.24 million euros, while sales of the Brieflos break-open tickets rose by 3.83 percent to 23.5 million euros.

The electronic lotteries on win2day (including Poker rake) recorded a 17.78 percent growth in sales in 2016 to 1.54 billion euros. This can be attributed primarily to the increased activity on the win2day site following numerous product launches in the Casino Games section and in the mobile sector.



WINWIN succeeded in reversing the previous year's trend, benefitting from the new outlets opened in 2015 and 2016 with a 10.76 percent growth in sales to 499.53 million euros.

### **253 big wins and 2.6 billion euros in total prize monies**

253 people each won 100,000 euros or more with an Austrian Lotteries lottery product in 2016 and can thus be classed as "big winners". Of these, 46 took home a jackpot in excess of 1 million euros. The vast majority of the new Lotto millionaires hit the jackpot on the Lotto "6 aus 45" national lottery product, including the year's biggest winner. Since all five-time rollover jackpots were shared by more than one player, the biggest winner in 2016 was a customer from Styria, who was the only person to pick all six numbers correctly in the four-time rollover jackpot on 28 September, and thus won around 6.32 million euros.

Total prize monies of almost 2.6 billion euros were paid out in 2016 across all Austrian Lotteries products. The year's 253 big winners were distributed across the individual products as follows: 88 for Lotto (of which 68 jackpots, including 41 in excess of 1 million euros), 85 for Joker, 26 for EuroMillions (including 1 in excess of 1 million euros), 14 for Brieflos, eleven for Klassenlotterie (of which 4 in excess of 1 million euros), eight for Toto/Torwette, eight for ToiToiToi, six for Bingo, two for Rubbellos and five for the electronic lotteries on win2day.

### **1.4 billion euros for sport**

Sports sponsorship is a social mandate that Austrian Lotteries has proudly embraced since 1986. Over the past 30 years, the company has paid a total of almost 1.4 billion euros into the *Besondere Bundes-Sportförderung* ("Austrian Special Federal Sports Fund"). Through the sports funding provisions established in the Austrian Gaming Act, Austrian Lotteries makes a crucial contribution to the financing of sports in Austria. Amateur sports, which play a very important role in society, profit in particular from this solidarity model.

With the Amendment to the Austrian Gaming Act which came into effect on 19 July 2010 (*Glücksspielgesetz-Novelle 2008*) and beginning with the 2011 calendar



> Lotto draw presenter Thomas May brings the six correct numbers right into the nation's living rooms on Wednesday and Sunday nights: in 2016, 68 lucky customers hit the lottery jackpot.

year, the Austrian Federal Government sets aside an annual sum of 80 million euros from the taxes and fees paid by the license holder pursuant to Section 14 of the Austrian Gaming Act for the funding of sports. From 2013 onwards, this amount increases each year in line with the extent to which the federal gaming taxes and fees paid by the license holder pursuant to Section 14 of the said Act rose in the previous year compared to the year before last.

#### **466.12 million euros in taxes**

Austrian Lotteries paid 466.12 million euros in total taxes in the reporting year. This figure includes gaming-related taxes as well as income taxes, other taxes and duties and social security contributions. The 430.94 million euros paid in gaming taxes and duties in 2016 are made up of the license fee of 254.83 million euros, gaming taxes of 171.29 million euros and the value added tax on VLT revenues of 4.79 million euros. Since it was founded in 1986, the company has paid more than 10.7 billion euros in taxes (excluding social security contributions) to the Republic of Austria.

> The International Youth Toto Cup has been a firm fixture in the promotion of youth football for many years.



#### **Priorities in sales activities: external signage and responsible gaming**

Austrian Lotteries has an extensive sales network, and its lottery products can be bought at around 5,160 locations across the whole of Austria. The company has developed a comprehensive package of services to ensure and continually improve the quality of service at its sales outlets. 35 field sales representatives support these sales outlets across Austria. At head office, the internal sales team and online service center ensure that all processes related to the sales partner network run smoothly and efficiently.

As an additional service for its sales partners, Austrian Lotteries provides them with customized signage. In 2016, the process to equip sales partners with the company's new external signage was continued. The new signs use energy-efficient LED technology and are designed to give the sales outlets a contemporary, eye-catching look.

Special priority is given in Austrian Lotteries sales activities to responsible gaming and the protection of minors. In fall 2016, comprehensive responsible gaming training courses were held by Austrian Lotteries field sales representatives in the sales outlets. The focus of this training lay on adherence to the minimum age requirements for the sale of Austrian Lotteries products. To provide sales partners with the best possible level of support, two short films were produced, which explain in quick and simple terms how best to go about checking the age of young customers.

## win2day – Online Gaming

### Austrian Lotteries in Numbers

*in millions euro*

Gaming revenues	3,351.98
Taxes, duties and social security contributions	466.12
Gaming-related taxes and duties	430.94
Sports funding	80.00
Operating profit	57.74
Annual surplus	67.70

*in actual numbers*

Employees (FTE)	486
Sales outlets	5,157

### Gaming Revenues in 2016 by Product

<i>in euro</i>	<b>Gaming Revenues 2016</b>	<b>Change compared to previous year</b>
Lotto "6 aus 45"	595,838,416.26	-3.22 %
Toto	7,376,711.72	-3.86 %
Torwette	1,356,438.92	+41.91 %
Bingo	9,272,743.00	-12.35 %
EuroMillions	314,155,527.83	+2.61 %
ToiToiToi	16,436,158.20	-8.36 %
Zahlenlotto 1–90	3,666,014.80	-1.72 %
Joker	186,037,695.99	+1.88 %
Rubbellos	127,235,713.70	-1.72 %
Brieflos	23,500,980.93	+3.83 %
Klassenlotterie	28,874,648.00	-1.32 %
win2day and Keno	1,536,390,013.51	+17.87 %
win2day Poker*	2,310,595.06	-19.86 %
WINWIN	499,527,598.93	+10.76 %
<b>Total</b>	<b>3,351,979,256.85</b>	<b>+8.69 %</b>

\* Rake only

*win2day is the premier address for games of chance on the internet. Whether via computer, tablet or smartphone – the gaming website brings the gaming experience to every device. In 2016, win2day posted an increase in sales of 17.78 percent to 1.54 billion euros, a rise that can be attributed to the introduction of new games in its Casino Games section and in the mobile sector.*

Casinos Austria and Austrian Lotteries operate the win2day online gaming site via a joint subsidiary company. win2day Entwicklungs- und Betriebsgesellschaft m.b.H. is a subsidiary of Entertainment Glücks- und Unterhaltungsspiel Gesellschaft m.b.H., in which the two companies each hold a 50 percent stake. Its purpose of business is the development and operation of electronic lotteries, which are offered via the win2day site. win2day Entwicklungs- und Betriebsgesellschaft m.b.H. holds a 90 percent share in the Vienna-based games developer Rabcat Computer Graphics GmbH.

### Electronic lotteries

The electronic lotteries on win2day are games which are embedded in a multi-channel platform with an integrated virtual wallet function for participation in games of chance via the internet. Pursuant to Section 12a of the Austrian Gaming Act, electronic lotteries are draws in which the player participates directly via electronic media. The win/lose decision for electronic lotteries is calculated centrally. Österreichische Lotterien Ges.m.b.H. holds the license to operate electronic lotteries pursuant to Section 12a of the Austrian Gaming Act.

The games offered in the win2day Poker Room, Bingo Room, Casino Games section and Games Room are all electronic lotteries. Keno is run in accordance with Section 12b of the Austrian Gaming Act, but is offered exclusively via the internet on win2day.

As is the case with all their products and services, the protection of minors and the protection of players against excessive gambling are – and always have been – a priority for Casinos Austria and Austrian Lotteries on the win2day platform. Detailed information on the responsible gaming measures on win2day can be found in this report from page 60 onwards.

### *win2day app*

Together with the app development company bitsfabrik GmbH, win2day converted its existing mobile services into a native iOS and Android app in 2016. The primary focus lay on being able to provide access to all win2day lottery, casino games and sports betting products via the new app, thus giving users the benefit of the additional functions of an app as opposed to a website optimized for mobile access.

The app offer users the following functions and features:

- All win2day lottery games, casino games and sports betting products at a glance
- “My Games” save option (e.g. for personal lottery numbers)
- “Favorites” function – one-click access to favorite games
- Touch ID access – security without the need to constantly enter a password
- Ticket scanner (e.g. to check if a lottery ticket has won)
- Easy upload of credits via EuroBon scanner
- Deposit and pay-out via the app

### *New games in 2016*

In 2016, the following new games were added to the Casino Games section: “All American Poker” (video poker), “Classic Diamonds”, “FC win2day”, “Gnome Wood”, “Halloween”, “Moby Dick”, “Snowy Mountains” and “Wolves Tale” (slot games), and “American Roulette Multiplayer” (casino game). With the exception of “American Roulette Multiplayer”, all these new games can also be played on iOS or Android mobile devices.

The new “Halloween” slot game was the first time-limited slot game to be launched on win2day. Users could play this spooky game in the period from 4 October to 28 November 2016.

### *The new Poker Room on win2day*

The Poker Room on win2day was first launched in February 2008 and now has over 140,000 registered users. More than half a billion Poker hands have already been played in the win2day Poker Room, making it the undisputed market leader in online Poker in Austria. To maintain

and indeed extend this position, the win2day Poker Room was totally overhauled in 2016.

In essence, three elements contribute to the modern, functional design of the new-look Poker Room and bring its technology totally up-to-date:

- A new software with new graphic and gaming options that allows users to play online Poker on mobile devices via a native iOS and Android app.
- Innovative variants of the game that are quick to play and have a high fun factor, like the new “Twister Poker”, a rapid Sit & Go tournament for three players with a turbo structure and the possibility to win up to 1,000 times the buy-in amount.
- Extended entertainment elements like the fully integrated mission system “Gipfelgaudi” (“Peak Fun”), where players have to complete exciting tasks like reaching the top of the mountain and gathering edelweiss flowers which can then be played in special Edelweiss tournaments.

The software partner for this project was Playtech Ltd., a renowned developer of online gaming software. Playtech also operates „iPoker“, one of the largest Poker networks worldwide and runs “PokerStrategy”, the largest Poker community in the world.

### *Austrian Online Poker Champion 2016*

The win2day Poker Room regularly hosts large-scale tournaments and promotions for its users. The Poker highlight in the reporting year was the Austrian Online Poker Championship, which was hosted exclusively on win2day. A series of ten satellite tournaments were held to determine the ten finalists, who then battled it out in the grand final in the win2day Poker Room for the title of Austrian Online Poker Champion 2016.

### *The Bingo Room on win2day*

Games in the Bingo Room on win2day begin every few minutes, and players can choose how many cards they play in each game. They can also choose between three different types of games, namely “Classic”, “Action” or “Guaranteed” Bingo. On various occasions throughout the year, e.g. at Easter, in the spring, at the start of fall or at Christmas, special promotions are held in the Bingo Room,



including “Guaranteed”, “Free” or “Pattern” Bingo as well as fun games in the chat window. The highlight of the year in 2016 was a prize draw for a luxury Caribbean cruise worth 15,000 euros.

### **Sports betting on win2day**

Sports betting on the win2day gaming site is offered in cooperation with tipp3, and users have a choice of three types of bets. The classic sports bet is targeted at players who have a strong interest in sport and like to bet on future sporting events. In contrast, players who opt for the live bet option wager on events that are currently underway. The third option is a so-called “Quicktipp” (“quick pick”) with a 25 percent odds bonus. Monthly highlights like prize draws or special odds bonus promotions round off the sports betting portfolio.

All sports betting transactions are handled using the player’s existing win2day wallet (“Depot”). This ensures that sports betting customers are also guaranteed the full benefits of the responsible gaming and player protection measures in place on the win2day site.

### **win2day on social media**

An active dialog with users takes place on the win2day Facebook page. win2day responds on Facebook to questions about the games on its site and asks users for their feedback and opinions. The information received is then fed into the product development process. In addition, news of what’s going on at win2day is posted on the Facebook page and various prize games are held there as well.

### **The win2day advertising campaign**

The communication concept behind the win2day TV adverts is centered on the core message “Gaming on win2day: relax and enjoy the fun”. While Empress Elisabeth – known affectionately throughout the land as Sisi – and rock legend Falco were the ones who sought a bit of variety in 2014 and 2015, it was Wolfgang Amadeus Mozart and Sigmund Freud who enjoyed the high art of entertainment on win2day in 2016. Once again, the TV ads communicated the “Made in Austria” message – an important cornerstone of the win2day brand identity.



> Two of the new games launched on win2day in 2016: Moby Dick (top) and All American Poker (bottom).

## WINWIN – Video Lottery Terminals

***Under the motto “Café, Bar and Gaming”, WINWIN offers guests gaming fun on state-of-the-art video lottery terminals and great entertainment in a relaxed atmosphere at its outlets across Austria. In 2016, WINWIN posted revenues of 499.53 million euros, an increase of 10.76 percent compared to the previous year. This growth in revenues can be attributed in part to the positive trends at its new venues.***

All WINWIN venues offer guests aged 18 or over the opportunity to try their luck on latest generation video lottery terminals (VLTs). Stylish settings, bistro cuisine at fair prices, well-trained staff, regular live music events and great promotions all serve to uphold the WINWIN guarantee of top entertainment and service. The WINWIN outlets are open 364 days a year (closed only on 24 December). Entry is free-of-charge, and there is no need to wear a jacket or tie.

A WINWIN outlet is an attractive and important addition to the local and/or regional leisure and tourism amenities in its host location. With each outlet, WINWIN also creates qualified jobs and offers a responsible, legal alternative to border casinos and illegal gambling facilities.

Glücks- und Unterhaltungsspiel Betriebsgesellschaft m.b.H. is a subsidiary of Entertainment Glücks- und Unterhaltungsspiel Gesellschaft m.b.H., a joint venture between Casinos Austria and Austrian Lotteries in which each company holds a 50 percent share. Its purpose of business is the operation of video lottery terminals, which are marketed in Austria under the WINWIN brand. The concession for VLTs pursuant to Section 12a of the Austrian Gaming Act is held by Österreichische Lotterien Gesellschaft m.b.H. Austrian Lotteries contributes its innovative strength in the media and technology sectors to the joint venture, while Casinos Austria handles the operative concept and provides WINWIN with its know-how in the gaming and F&B sectors.

### ***Video Lottery Terminals (VLTs)***

Video lottery terminals are optically similar to the classic slot machines found in casinos, but differ in their gaming

mechanism. While each slot machine calculates its win/lose decisions independently via a random generator, this decision is calculated for VLTs by a central random generator – based on predetermined odds and payout rates. The central computer then communicates the results to the individual terminals via a telecommunications connection.

Each WINWIN outlet has between 12 and 50 terminals with up to 83 different games. The minimum bet per game is 10 cents, while the maximum bet lies at 10 euros. Bets are placed using tickets or banknotes, but not with coins. The maximum amount that can be won on a VLT game is 10,000 euros. Details of the responsible gaming measures that are in place at WINWIN can be found in this report from page 60 onwards.

### ***Opening of a new outlet***

Small but great – that’s how the new 290-square-meter WINWIN outlet on the town square in Wels describes itself. Opened on 5 January 2016 with 30 VLTs and a bistro, guests at the newest WINWIN outlet can play the VLTs, buy lottery tickets or place a tipp3 bet.

### ***WINWIN Locations in 2016***

Mayrhofen	Tyrol	21 May 2004
Lienz	Tyrol	14 August 2004
Schärding	Upper Austria	21 April 2005
Zell am See	Salzburg	23 March 2006
Steyr	Upper Austria	6 June 2007
Wels	Upper Austria	27 September 2007
Landeck	Tyrol	23 April 2008
Vöcklabruck	Upper Austria	29 October 2008
Kufstein	Tyrol	14 May 2009
Krems	Lower Austria	30 March 2011
Salzburg	Salzburg	24 May 2012
Linz Urfahr	Upper Austria	22 January 2015
Schwaz	Tyrol	13 May 2015
Wiener Neustadt	Lower Austria	21 August 2015
Wels/Stadtplatz	Upper Austria	5 January 2016



## tipp3 – Sports Betting

*The European Football Championship and intensified cooperation with the Austrian tobacconist sector as primary sales partner formed the focus of communication and marketing activities at tipp3 in 2016. The tipp3 web presence underwent a relaunch, the development of an enhanced version for mobile devices was started and the roll-out of the digital tippBox was continued – all with extremely gratifying effects on revenues.*

Österreichische Sportwetten GmbH was founded in April 2000, with its first bet placed just over a year later on 24 August 2001. Since then, the company has gone on to become the leading sports betting provider in Austria. In the meantime, some 6.3 million tipp3 bets are placed on average each year. That corresponds to a total of 191.6 million bets and 95.9 million betting slips since the company was founded.

The shareholders in Österreichische Sportwetten GmbH are Entertainment Glücks- und Unterhaltungsspiel Gesellschaft m.b.H. (56 percent), Mediaprint Zeitungs- und Zeitschriftenverlag GmbH & Co. KG (26 percent) and Bundesländerverlage Beteiligungsgesellschaft m.b.H. (18 percent). Casinos Austria AG and Austrian Lotteries each hold a 50 percent share in Entertainment Glücks- und Unterhaltungsspiel Gesellschaft m.b.H.

tipp3 bets can only be placed – both in sales outlets and via the internet – by persons aged 18 or over.

### **Strong brand, strong sales organization**

As an Austrian company, Österreichische Sportwetten GmbH offers its products exclusively on the domestic market under the tipp3 brand. The company holds licenses from all nine federal states in Austria to operate sports betting, which does not fall under the national monopoly on games of chance. tipp3 is an exceptionally strong brand with an extremely positive reputation, whose assets are well maintained and secured for the long-term. The level of recognition for the tipp3 brand currently lies at around 89 percent (Source: Nielsen Sport, Welle November 2016).



- > The tipp3 sales team (top).
- > At the Allianz Stadium, the new home ground of SK Rapid Vienna, fans can place their bets at two tipp3 betting corners at all home games (bottom).

Since tipp3 products are primarily sold at Austrian Lotteries sales outlets, tobacconists naturally constitute one of tipp3's most important sales partners. Accordingly, direct contacts with tobacconists were further intensified in 2016, and the sales outlets prepared for the European Football Championship with advertising materials and special tobacconist events.

### ***Betting with the digital tippBox***

With its digital tippBox, tipp3 has introduced a new generation of betting devices in its sales outlets. The tippBox is a touchscreen device that is easy to use for customers and guarantees sales outlets safe and reliable transactions. Customers select and place their bets on a touchscreen, receive a printout and pay for it at the cash desk. In return, they receive the customary receipt from the tobacconist. As of end September 2016, around 300 tippBoxes were in use across Austria.

### ***UEFA Euro 2016 as PR highlight***

To prepare for, promote and accompany the European Football Championship, tipp3 bet on the manager of the Austrian national team, Marcel Koller, who featured in tipp3's corresponding TV advert and multiple print adverts. Prize games and postings on social media and targeted press work before and during Euro 2016 supported the PR efforts and contributed to awakening the emotions of fans and betting customers. Overall, the detailed planning and committed approach to these PR efforts significantly boosted the positioning of Österreichische Sportwetten GmbH and the tipp3 brand.

### ***SK Rapid Vienna premium partner***

tipp3 has been a partner of the SK Rapid Vienna football club since the 2002/03 season and extended its contract with the club in the reporting year to 2019. tipp3 is now an SK Rapid Vienna premium partner and is represented in the new Allianz stadium in Vienna with two state-of-the-art tipp3 betting corners and a VIP box. At every home game, fans can now place their bets outside the stadium in the tipp3 BETMOBIL as well as at the two tipp3 betting corners inside the stadium. Since August 2016, they can even pay with their very own football currency – the “Rapid Marie”.

### ***Preparations for the 2018 Football World Cup***

Immediately after the end of Euro 2016, preparations began for the 2018 Football World Cup. Under the motto “We make betting easy”, all digital communication and betting channels are to be given a unified look

that stands out with its understated simplicity. Work on the redesign of the mobile version of tipp3 and the digital tippBox as well as on the conception and development of a tipp3 app already began in 2016.

### ***tipp3.de on hold***

With tipp3.de, Deutsche Sportwetten GmbH (DSW) had launched a website in April 2015 where customers from Germany and Austria could bet online on international sporting events. DSW provided this service on the basis of a joint venture between Deutsche Telekom and Österreichische Sportwetten GmbH. Since the legal situation regarding the sports betting sector in Germany unfortunately still remains unresolved – and the license granted has thus not entered into force – a joint decision was taken with Deutsche Telekom to cease the betting operation for the time being. The partnership with Deutsche Telekom remains in place.

# Cuisino Kitzbühel

*The Cuisino restaurant in Kitzbühel is located in the Hotel Goldener Greif, one of the oldest buildings in the town. The restaurant serves a successful mix of traditional and modern cuisine. Chef de Cuisine Walter Hiedl's style of cooking is innovative, yet pays homage to the restaurant's Alpine roots. Cuisino Kitzbühel is also renowned for its excellent steaks.*











*The ambience in Cuisino Kitzbühel (1) is modern and contemporary – with beautiful tableware and a very cozy look and feel. The cuisine features an exceptional combination of Austrian specialties with a Mediterranean twist – like Orange and Lime Salmon Fillet with a Duo of Bell Pepper Mousse and Cream, Pickled Ginger and Mustard Espuma (3). Chef de Cuisine Walter Hiedl (2) lovingly prepares all dishes. The well-stocked wine cellar (4) in Casino Kitzbühel also merits a visit – and is sure to impress the wine connoisseur.*







# Cuisino Kleinwalsertal

*The picturesque Kleinwalsertal Alpine valley is not only a great spot for a vacation, it's also a great place for connoisseurs of good food. The cozy lounge in the Cuisino Kleinwalsertal restaurant serves award-winning cuisine. Chef de Cuisine Radinka Marjanovic and her team have been delighting diners with their high-quality cuisine for many years and have regularly been recognized with a Gault&Millau toque.*

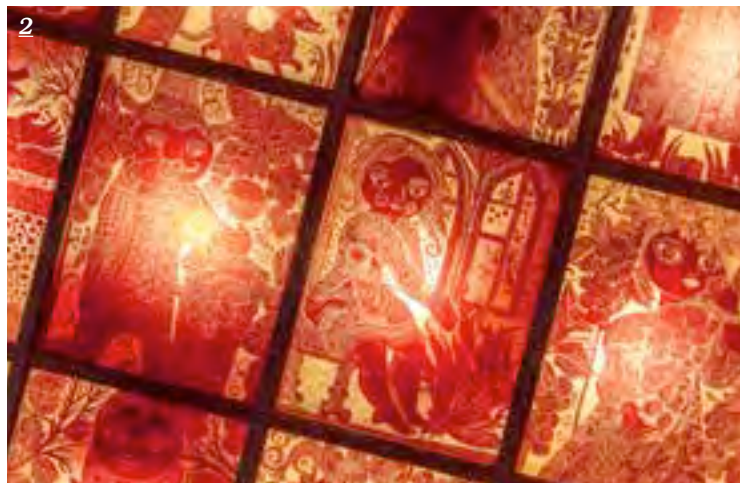




1



2



3



4





*Casino Kleinwalsertal (1) is set in an enviable location surrounded by spectacular mountain scenery. The delicious menu in Cuisino Kleinwalsertal includes plenty of regional dishes – from traditional favorites to fine cuisine. Chef de Cuisine Radinka Marjanovic conjures up perfect steaks, fish and seafood dishes – like her Scallops on a Bed of Celeriac Puree with Serrano Ham Crisps (4) – with as much panache as her Dinner & Casino menus or light snacks. A tiled, wood-burning stove (5) in the cozy lounge area (3) creates a particularly home-ly atmosphere. The wonderfully ornate glass ceiling (2) is likewise worth a second glance. And last, but by no means least, the gaming room on the first floor offers an international gaming mix (6).*







## Cuisino Linz

*The Chef de Cuisine at Cuisino Linz, Sascha Wurdinger, brings plenty of international flair and experience to the casino in the capital of Upper Austria. Indeed, he describes his style of cooking as "cosmopolitan cuisine". Wurdinger clearly enjoys bringing together the best of different culinary traditions to create new and extraordinary dishes. In 2016, Wurdinger and his team were rewarded for their skills with their first Gault&Millau toque.*









*The exquisite Original Linzer Torte (3) on the dessert menu in Cuisino Linz is a perfect example of Chef de Cuisine Sascha Wurdinger's (2) modern interpretation of a traditional cake. The customer is always king in Cuisino Linz. And it's not just the elevated spot enjoyed by the restaurant (1) that conveys this feeling but above all the perfect service and the extraordinary cuisine created by Sascha Wurdinger. The restaurant in Casino Linz is the perfect spot to dine and get in the mood for an evening at the Roulette, Poker or Blackjack tables or the slot machines (5). A long, curved bar (4) harmoniously links all areas to one another and is the ideal place to enjoy some good conversation over a relaxed drink.*



# Responsibility

## Responsible Gaming

***Casinos Austria is an international pioneer in the field of responsible gaming. Our certified responsible gaming management system, annual Responsible Gaming Academy and strict adherence to our “Code of Conduct Responsible Advertising” serve as clear confirmation of the extensive measures our company takes to protect players.***

A visit to a casino should provide gambling fun in an enjoyable setting and be an exciting leisure experience. Indeed, most people gamble responsibly and within their means. Casinos Austria is nonetheless fully aware that participation in gambling can become a problem for people in some individual cases. As a casino operator and provider of games of chance, our guest policy makes a decisive contribution to minimizing any undesired effects of gambling; this is also our regulatory mandate. Responsible gaming is also a fundamental element of business in our group companies Austrian Lotteries, Casinos Austria International, win2day, WINWIN and tipp3.

To protect our guests and players, we have developed a strategic framework that sets clear rules for responsible gaming. This five-point responsible gaming program comprises the following areas: (1) player protection, (2) regular, lasting training, (3) responsible advertising, (4) the promotion of research and cooperation with counseling centers and treatment facilities, and (5) quality assurance in content and processes. With the implementation of this program, our group achieves a socially compatible gaming portfolio that seeks to minimize the risk to players that can result from the excessive consumption of gambling products.

The group's Corporate Function Responsible Gaming, Advertising & Sponsoring develops and implements the corresponding strategies and measures to protect players and customers. The most important instruments in this regard include education and information about the risks of gambling, responsible advertising and sponsoring strategies, self-monitoring options for players and customers and meaningful self-imposed restrictions by the group. Extensive networking with external institutions like universities and research institutes establishes the basis for effective measures to prevent the development of gambling problems or addiction. Casinos Austria has been working for many years with a range of institutions which carry out research into gambling problems and addiction

and which provide advice, counseling and treatment both to people with gambling problems and to their relatives.

For Casinos Austria, perfect customer service extends far beyond the actual visit to a casino. The high level of player protection that sets our company apart starts the moment a guest registers with us in the casino lobby. Since recognizing the early warning signs of a gambling problem is a fundamental aspect of any responsible gaming policy, we work with renowned experts to provide our employees with regular and thorough training in order to ensure that they are equipped to recognize the tell-tale signs in a guest's gaming behavior. Section 25 (3) of the Austrian Gaming Act stipulates that only so-called specially trained members of staff may talk to a player about a potential gambling problem. Such members of staff all have sound knowledge of this topic and the issues at hand and are skilled and proficient at putting the necessary measures in place. At Casinos Austria, these specially trained members of staff, whose number increases each year, are required to attend corresponding refresher and advanced training courses every year. These interdisciplinary training measures teach them about the problem of gambling addiction as well as other relevant legal, social and psychological aspects.

The high standard of training provided to our staff plays a significant role in the identification of any tell-tale signs in a person's gaming behavior. Permanent monitoring of gaming behavior also requires the intensive gathering of data. If the number of visits, frequency of money exchange transactions or the amounts involved raise cause for concern, a credit report is obtained and a meeting held between the guest and a specially trained member of the casino staff. As intended by the corresponding provisions in the Austrian Gaming Act, these meetings will, in most cases, result in a reduction in visit frequency and in the level of amounts bet. If this should prove not to be the case, a further meeting is held with the guest to discuss the potential need for restrictive measures, such as an entry ban or restriction in the number of permitted visits in a given period.

Staff from all our casinos once again participated with great interest in the responsible gaming training provided in 2016 under the guidance of Dr. Herwig Scholz from the Competence Center for Behavior Dependencies

and Self-Efficacy in Treffen, Carinthia. In these training courses, responsible gaming experts both from our own group and from local counseling and treatment centers provided in-depth information on the latest findings from research into gambling problems and addiction. The participating members of our casino staff learned about the services provided by these counseling and treatment centers and received concrete insights into their work. As of 31 December 2016, 167 members of staff in our group, namely 121 members of staff at Casinos Austria and 46 members of staff at WINWIN, are qualified to initiate responsible gaming measures in line with the provisions of the Austrian Gaming Act. Furthermore, all members of staff in our group are required to complete a mandatory online basic responsible gaming training course.

### ***Certified responsible gaming***

In 2014, Casinos Austria became the first gaming company worldwide to obtain certification to the responsible gaming standards developed by the European Casino Association (ECA). The Austrian Standards Institute rigorously audited our responsible gaming and responsible advertising measures based on the audit criteria defined by the ECA. In the process, the following eight areas of activity were subjected to an intensive audit: staff training in responsible gaming, information for casino guests, access controls, advertising and marketing, alcohol sales, stakeholder involvement and research/raising awareness of risk factors in the development of new gaming products. Three years later, in January 2017, all key indicators were subjected to an intensive re-certification audit, during which the Casinos Austria headquarters, our casino in Innsbruck and our new casino in Zell am See were all thoroughly inspected. The re-certification process confirmed that Casinos Austria meets the highest possible standards.

In the certification process for our quality management system (QMS), a key emphasis was likewise placed on measures to protect players and prevent gambling addiction. All concepts, programs and measures implemented in this regard are checked, assessed and confirmed by independent auditors in the course of an annual QMS audit (most recently in May 2016).

The company thus continues to merit and reinforce its strong reputation as a pioneer in this field.

### ***Free hotline (0800 202 304) and responsible gaming website***

When it comes to the delicate topic of responsible gaming and player protection, it goes without saying that the Casinos Austria and Austrian Lotteries Group as provider of gambling products and services must be easily reachable and offer professional information, help and solutions. Accordingly, we operate a responsible gaming telephone hotline for all questions relating to player protection. The hotline can be contacted free of charge in Austria on the following number: 0800 202 304.

The hotline number is also displayed prominently on the homepage of our group's dedicated responsible gaming website [spiele-mit-verantwortung.at](http://spiele-mit-verantwortung.at). This website has been designed with the customer in mind and provides clear and easy access to detailed information on responsible gaming. Strong emphasis has been placed on the visual representation of the ten recommendations for responsible gaming, and direct links are provided to an anonymous self-test and to counseling centers across Austria, where people with a gambling problem and/or their relatives can obtain professional counseling and treatment. The website also includes information on the risks of gambling and on our current odds and pay-out rates.

### ***Responsible advertising***

Casinos Austria is committed to the fundamental rules of conduct for advertising in Austria. The general principles of advertising are based on and subject to ethical and moral values and the corresponding demands of society with its community-friendly norms and goals. Advertising carries social responsibility and must respect the rights, self-image, interests and sensitivities of others. Given the particular sensitivity of the products and services advertised in the gaming sector and the associated task of protecting both players as well as anyone else who comes into contact with such adverts, Casinos Austria undertakes to fulfill its responsibility to society in this field to a level that far exceeds the afore-mentioned general advertising principles. We do so by adhering rigorously to and continuously developing the Responsible Advertising Directive that was implemented in 2016 across the entire Casinos Austria and Austrian Lotteries Group.



The goal of our advertising is to inform and educate our guests. The focus thereby should lie on presenting the advantages of the advertised product in such a way as to raise the attractiveness of the game and thus – in line with the regulatory intentions – facilitate the desired channeling of demand toward legal, state-licensed and controlled gaming.

Casinos Austria has always voluntarily based its advertising activities on high ethical standards. Our “Code of Conduct Responsible Advertising”, which was first certified by the European Casino Association in 2014 and forms an integral part of the Responsible Advertising Directive implemented in the group in 2016, ensures that our advertising and sales activities adhere to strict principles and, in particular, are not targeted at persons who constitute members of vulnerable groups from a problem gambling perspective.

Full adherence to the “Code of Conduct Responsible Advertising” is ensured by a process that is applicable across all companies in the group. All advertising activities are checked for adherence to the code and individually approved by the Corporate Function Responsible Gaming, Advertising & Sponsoring prior to commissioning and implementation.

The award of the “Pro-Ethik Seal of Approval” from the Austrian Advertising Council to Casinos Austria offers further proof of our adherence to ethical principles in all our advertising activities.

### **Responsible Gaming Academy 2016**

The conference at the Responsible Gaming Academy (RGA) is one of the Casinos Austria and Austrian Lotteries Group’s most important training measures. Held in 2016 for the 13<sup>th</sup> time, the RGA once again brought top international responsible gaming experts to Studio 44. Alongside staff from the group, the 215 delegates included representatives of government ministries as well as of research, counseling and treatment facilities from across Austria.

**Peter Naessens**, Director General of the Belgian Gambling Commission in Brussels, presented the measures implemented in Belgium to combat illegal gambling and at the same time protect licensed operators, such as IP



blocking on a blacklist basis or the use of a stop sign as a clear warning to internet users that they are entering an unlicensed gaming platform.

**David Forrest**, Professor of Economics at the University of Liverpool, UK, discussed the link between gambling and happiness. Many people associate gambling with excitement, hope, diversion, social interaction and a sense of self-efficacy – all factors that are considered by psychologists to contribute to well-being. Problem gambling can, however, impair the sense of psychological well-being.

**Göran Wessberg**, who set up the responsible gaming program at the Swedish gaming company Svenska Spel and managed the WLA Academy until 2005, approached the topic of “Good and Bad Luck in Gambling” from an entertaining perspective: he showed the audience scenes from movies like “*Around the World in 80 Days*”, “*Dr. Mabuse: The Gambler*” and “*Maverick*” as well as excerpts from stage plays and quotes from literature around the world.

**Dirk Hansen**, CEO of GamCare, and **Trevor David**, GamCare’s Head of Training and Education, provided detailed insights into the work of the UK’s central counseling facility for people with gambling problems, with a particular focus on the services it offers for online gamblers.

**Doris Malischinig** presented the findings of her doctoral thesis in which she studies the factors that influence adherence to provisions to protect minors in the sale of lottery products. Her analysis of mystery shopping tests and survey of Austrian Lotteries sales partners to determine their level of knowledge of responsible gaming confirms the success of the group’s current prevention activities and offers ideas for future training approaches.



**Dieter Volc**, Head of the Parkinson's Center in Vienna, talked at length about the symptoms of Parkinson's Disease. The drugs used to treat Parkinson's, which is one of the most common neurological diseases, can also cause impulse control disorders and can lead, among other things, to excessive gambling behavior.

Over the course of its 13-year history, the RGA has welcomed more than 2,100 delegates and over 50 high-caliber speakers, making it a key pillar of the all-round responsible gaming concept at Casinos Austria and Austrian Lotteries.

### **Stakeholder round table and workshops**

The 2016 RGA conference was followed by a second stakeholder round table at which the focus of the discussion lay on unlicensed gambling. Casinos Austria Director Dietmar Hoscher was joined at the stakeholder round table by relevant managers from the group as well as by the Head of the Department for Responsible Gaming at the Austrian Ministry of Finance, Alice Schogger, the Head of the Austrian Finance Police, Wilfried Lehner, and a number of research and counseling experts.

At the workshops held the following day, the guest relations and organization managers from our casinos and the managers of the WINWIN outlets discussed various issues and experiences from their day-to-day work.

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### ***Our responsible gaming principles***

- We are committed to developing, evaluating and implementing responsible gaming measures that reflect the latest scientific research and findings.
  - All staff who have contact with our players and customers have appropriate knowledge of problem gambling and the issues involved, are familiar with the counseling and treatment options available and can offer the person affected suitable assistance if required.
  - We are committed to providing our staff and sales partners with regular responsible gaming training from recognized experts.
  - We are registered members of international organizations and associations which share, advocate and are committed to advancing our responsible gaming principles.
  - We have been providing support for many years to various institutions and organizations which work on or offer counseling and treatment for pathological gamblers.
  - We provide our players with ready access to information designed to promote and encourage a responsible approach to gaming and gaming products.
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## Corporate Social Responsibility

***The topic of corporate social responsibility (CSR) is firmly anchored in the Casinos Austria and Austrian Lotteries Group. For us, CSR goes far beyond just responsible gaming – a fundamental aspect for a gaming group – and comprises the full spectrum of responsibility in the economic, environmental and social sense. It is a living process that is supported by the board and by our staff. Management of our CSR activities falls under the direct responsibility of the management board.***

The Casinos Austria and Austrian Lotteries Group is fully aware of the responsibility that comes with our particular position and with the sensitive nature of the products and services we offer – and is willing to act accordingly. For this reason, the group already appointed a dedicated CSR officer back in 2007. We also recognize the great importance of reporting on the topic of responsibility and do so at regular intervals in the annual reports for the individual companies in our group. Since 2006, we have also produced regular CSR reports. Our latest CSR report takes the form of a “full report” based on the criteria of the Global Reporting Initiative’s (GRI) G4 standard and covers the years 2014 and 2015. In future, a full CSR report according to GRI G4 reporting criteria will be published every two years, with an interim report issued in the intervening years. The next such interim report will be published mid-2017. The CSR report also follows the OECD guidelines for multinational organizations as well as the principles of the UN Global Compact and serves furthermore as the annual Communication on Progress (COP) required by the latter from its member organizations.

At Casinos Austria, sustainable action, responsibility to society and economic success are not contradictions in terms. We have worked at great length on determining how best to give substance to the principle of social responsibility. CSR in our group is thus demonstrated not only in our core business, where player protection and fairness in the handling of the games clearly play a central role, it is also reflected in our promotion of social diversity and social cohesion, the responsibility we show to our staff and the environment, and our commitment to our obligation to manage our business

to economic success. In the spirit of “good corporate citizenship”, we maintain an open dialog with our stakeholders on all key topics that affect our group and bear relevance to society.

The Casinos Austria and Austrian Lotteries Group also views sponsoring as part of our social responsibility. The support we provide to arts and culture, sport, science and social initiatives – also through our numerous CSR partnerships – should thus serve the common good and provide a strong level of benefit to the public. We view ourselves as reliable and responsible sponsoring partners, and the principle of sustainability is impressively demonstrated in the many partnerships we foster, some of which have been in place for several decades. Our support for the Wiener Festwochen arts festival in Vienna, for example, will be entering its 50<sup>th</sup> year in 2017. With the Casinos Austria Rising Star Award (presented in cooperation with the University for Music and Performing Arts in Vienna), the Prix Jardin d’Europe (an award for innovative choreography) and the Alpha Prize for Literature, we have created awards that are designed to help talented young artists to embark on a professional career.

Since it is important for genuine CSR in an organization to involve as many members of staff as possible in CSR projects, or at least keep them informed about what is going on, a strong focus is placed in the Casinos Austria and Austrian Lotteries Group on information and communication. At the top level of our CSR organization is the director responsible for CSR. A dedicated CSR officer reports directly to this member of the board. The third level is formed by the group’s so-called CSR Forum, which was established in 2014 and is made up of staff from all Business Units and Corporate Functions. The forum meets once a month to discuss the diverse CSR projects that have already been initiated or to launch new CSR projects. It also discusses all current general CSR topics that are of relevance to our group. The CSR activities carried out by the representatives of the individual Business Units and Corporate Functions in the CSR Forum have been included in their respective job descriptions since 2015.

To network with other companies and organizations that

demonstrate a similar commitment to social responsibility, Casinos Austria has been a member of respACT, Austria's most important promoter of CSR, since 2008. In January 2011, the Casinos Austria and Austrian Lotteries Group joined the UN Global Compact and adheres strictly to the ten principles advocated by this UN global initiative in all business activities. Further, our membership of Transparency International since February 2011 offers a clear indication of the very high level of importance we attach to the prevention of corruption. The Casinos Austria and Austrian Lotteries Group is an active member in all these organizations.

In 2015, Casinos Austria Director Dietmar Hoscher was elected Vice President for Responsible Gaming and Corporate Social Responsibility on the Board of the European Casino Association. More than 800 casinos in 24 countries are represented in the ECA. The association thus represents the elite of the licensed, responsible casino industry in Europe. In summer 2015, the ECA became the first gaming industry association worldwide to be accepted to the UN Global Compact. The interim audit of the responsible gaming measures implemented at Casinos Austria based on ECA standards was successfully completed in January 2017 with a rigorous check of all key indicators. The positive conclusion of this audit was that Casinos Austria fulfills the highest possible standards.

Our group also actively contributes to the definition of Austrian and international CSR standards. In 2015, we assumed the lead in the Austrian Public Affairs Association's working group on EU Directive 2014/95 (the European CSR Directive). In December 2016, this Directive was implemented into national law in Austria in the form of the Federal Law to Improve Reporting on Sustainability and Diversity (*Bundesgesetz zur Verbesserung der Nachhaltigkeits- und Diversitätsberichterstattung/ NaDiVeG*). While the Casinos Austria and Austrian Lotteries Group is not formally affected by this law, we will orient ourselves on its content.

In 2016, a CSR excellency project was launched in the group with the goal of evaluating our CSR management system and preparing for its certification under the Austrian Standards Institute's ONR 192500 standard for

corporate social responsibility. A dedicated IT application to collect all relevant key performance indicators (KPIs) for our CSR reporting activities will be implemented in 2017.

## Security

***The protection of guests, gaming operations and sensitive data go hand-in-hand at Casinos Austria. State-of-the-art video technology – and staff who use it responsibly as a matter of course – are the keys to security and safety in our casinos.***

There are many aspects to safety and security at Casinos Austria, and we address and meet security demands both from a technical and an organizational perspective. The well-being of guests at our twelve casinos across Austria assumes top priority. A total of 29 members of staff in these casinos are responsible for all aspects of safety and security. They are all highly trained and are provided with regular training and refresher courses. First aid courses are, for example, held each year in our casinos under the supervision of AUVA (the Austrian insurance association for occupational injuries). Emergency scenarios and procedures (e.g. fire drills) are also rehearsed at regular intervals.

The security camera installations in our casino foyers and gaming areas are kept as unobtrusive as possible and convey a sense of security rather than an impression of omnipresent surveillance. The video technology serves to prevent criminal activities and thus to protect our guests, our staff and the company as a whole. Recordings made in our casinos are archived for up to 30 days in line with data protection commission provisions and guidelines. The reason for this 30-day archiving requirement is the time delay before credit card incidents become apparent.

Our central surveillance system is the key component of the Casinos Austria security system. This video-based system is extremely flexible and can be operated both from a local control center in the casino as well as from a central security control center.

Our fire alarm, access control, burglar alarm and panic alarm systems are all connected to the security control center. Numerous precautionary measures are in place to safeguard inventory and equipment, including motion detectors and alarm systems to prevent attempts to manipulate gaming activities. The video systems must be realigned to all security relevant systems and installations following any alterations or refurbishments to the casino premises.

In accordance with the official mandate issued by the Austrian Federal Ministry of Finance, 180 so-called internal system checks are carried out each year without prior notification of time and venue.

The team in our Security & Surveillance Division is also responsible for facility engineering matters in the individual casinos. This includes not only the installation of adequate locks and entry systems but also the handling of service and maintenance visits by external security firms to work on intruder and fire alarm systems. The security and surveillance team is also responsible for the safeguarding of product security for sensitive casino products like playing cards and chips.

The ongoing modernization of technical components is a fundamental element of security policy at Casinos Austria and was continued throughout 2016. We also continued with the installation of modern recording devices at cash desks and in cash rooms, where high resolution digital recorders and IP cameras are in use. The video systems in Casino Graz were extended in the course of the renovations at this venue. Additional cameras were installed at those tables where cash chips were in use during the European Poker Championship in Casino Velden and the Casinos Austria Poker Tour event in Casino Baden.

A cross-functional security committee is responsible for adherence to all relevant guidelines and procedures. This committee also ensures that security standards across the group are continually improved.



The Casinos Austria and Austrian Lotteries Group strives through its security policy to:

- ensure that all games, products and associated business processes are managed correctly and with appropriate continuity;
- provide each player and guest with an equal chance of winning and prevent games from being manipulated in any way;
- establish appropriate measures and precautions to protect the lives and well-being of any players, guests or other customers while on company premises;
- comply with all statutory legal and corporate provisions;
- guarantee the availability, confidentiality and integrity of any material and immaterial assets and provide authorized users with access to these assets as required;
- avoid, identify and/or rectify any loss or falsification of information, information systems and data storage media;
- prevent any unauthorized use of this information and these information systems;
- provide compulsory safety and security training for all staff and ensure that all staff also complete this training.



> Professional, reputable and safe handling of all games is paramount at Casinos Austria.

## Human Resources

***At Casinos Austria, we place great importance on providing our staff with excellent training and education. Every investment in our employees is an investment in the success of our company. In 2016, intensive preparations were made for our 2017 focus on intercultural communication. Innovation was another key focus of our HR activities throughout the year.***

As a leading international casino and gaming company, Casinos Austria is an attractive employer. And our job profiles are equally as diverse as our gaming, entertainment and cuisine! From cocktail waiter, head receptionist or marketing and sales manager to event manager and head cashier – Casinos Austria offers a broad spectrum of different jobs.

Service excellence assumes top priority at Casinos Austria. We are fully aware that highest quality guest service can only be achieved with top-quality employees. Our employees have to be flexible, mobile and dedicated to their work – both day and night. We provide them with the facilities and support they need to demonstrate such flexibility, mobility and dedication.

### **54 new junior croupiers**

In 2016, Casinos Austria once again issued a nationwide call for applicants for our junior croupier training program. The call was targeted at young adults, who were invited to apply for a place on one of three nine-week training programs in our casinos in Bregenz, Salzburg and Vienna. The courses developed by Casinos Austria for this in-house training program were taught by experienced internal trainers and covered the complete handling of the American Roulette and Blackjack games as well as all additional mandatory responsible gaming, data protection, prevention of money laundering and information security training modules. Participants also had access to online learning materials and self-tests. Around 550 applications were received in total for this free training program, at the end of which Casinos Austria was able to welcome 54 new junior croupiers to our nationwide team.

Our so-called Advising program is a corporate scheme to integrate our new junior croupiers into the company and provide them with advice, support and

encouragement. In this staff development instrument, one person (the Adviser = counselor, mentor, guide) supports the development of another person (the Advisee = trainee). Casinos Austria has so-called Advisers in place in all its casinos, each of whom supports a maximum of three Advisees for a period of up to twelve months.

In specialist fields, our company draws on the knowledge and experience of internal trainers to teach and train staff in our casinos. In addition to the junior croupier training program, these internal trainers provide training in other legally relevant areas like responsible gaming, information security, data protection and the combating of money laundering. They also provide personality development seminars on subjects like service and guest orientation or body language and dealing with conflict situations.

One focus of our HR activities in the reporting year lay on the preparatory work for our 2017 training emphasis on intercultural communication. Special e-Learning modules were developed for the Arab, Russian and Chinese (Far East) cultural areas, and our internal trainers were given the necessary training required to hold corresponding complementary workshops in our casinos. A particular emphasis was also placed on our mandatory training courses in data protection, information security, anti-corruption and quality management. Furthermore, our e-Learning program was extended to provide additional modules targeted in particular at new members of staff in our casinos.

The Casinos & Lotteries (C&L) Academy is an important element in our employee and management training and education program. The focus of the C&L Academy courses lies on company-specific subjects as well as on the sharing of the knowledge, expertise and experience of our internal instructors and experts. The comprehensive C&L Academy course program is oriented on our corporate goals and is adapted accordingly each year.

Lifelong learning changes the way we acquire knowledge, but also calls for new learning technologies. Accordingly, we set up an LMS (Learning Management System) working group in 2016 to optimize learning management in the group. The implementation of a new group-wide learning platform in early 2017 should

facilitate joint learning and support managers in planning training and further education for their staff.

To foster an open culture of communication, we facilitate the regular sharing of information and opinions via a range of channels. These include a staff magazine, weekly intranet newsletter, daily news updates on the intranet and a social collaboration platform as well as regular staff surveys. Information tools like our weekly newsletter are also made available to our members of staff (e.g. in our casinos) who do not regularly use a computer in their daily work. Notice boards – and in some casinos also information screens – are likewise used to communicate news and information.

In late summer 2016, we carried out a group-wide staff survey on the topics of innovation & digital transformation, new ways of working and leadership culture. A total of 850 questionnaires were completed, i.e. 34 percent of all staff in the group participated in the survey. Of those, 26.35 percent were managers, meaning that 73 percent of all managers in the group participated in the survey. The remaining 73.65 percent of survey participants were regular members of staff. The results were presented by the board to managers at a management meeting and then communicated to all staff at an internal information event. The results are now being discussed in detail in the individual divisions to allow the development of appropriate measures.

A further area of focus in 2016 were our activities surrounding the topic of innovation. In a series of special workshops, our managers were familiarized with the new challenges of their role and the new and changed work forms and methods that go hand-in-hand with innovation. Reflections on the topic of innovation and an introduction to innovation management and design thinking rounded off the program. The numerous activities and related change in corporate culture also attracted external attention and recognition. As a result, the Casinos Austria and Austrian Lotteries Group achieved first place in the “Trends and Innovations” category in the HR Inside Summit’s 2016 Awards. Presented for the first time in 2016, this award recognizes innovative ideas in the human resources field. The Casinos Austria and Austrian Lotteries Group received gold for our innovation initiative “*Glück(lich) durch Innovation*” (“Happiness through Innovation”).

The group was also successful in the “Employer Branding Award – Best Employer Brand”, a competition for companies from Austria, Germany and Switzerland, where we achieved second place in the category “Internal Branding – Global Player”.

### ***Repeat award for excellence in recruiting***

The quality of Casinos Austria’s recruiting activities is among the best in the land. Each year, the “BEST RECRUITERS” study assesses over 500 of the largest companies in Austria (in terms of turnover and employee numbers) based on the criteria “online recruiting presence”, “online job adverts” and “handling of applicants”. In the services sector, Casinos Austria moved up the ranking from 5<sup>th</sup> place in the previous year to 2<sup>nd</sup> place in 2016, thus receiving the “Best Recruiters – Silver Seal of Approval”. In the overall ranking, Casinos Austria came in 9<sup>th</sup> place in 2016.

We also extended our HR activities on social media. In addition to our proactive and open approach to the reviews we receive on the kununu employer review platform, we regularly publish company news and current job offers on Xing and LinkedIn.

### ***Corporate volunteering***

Under the motto “Good for Austria”, the Casinos Austria and Austrian Lotteries Group continued its nationwide corporate volunteering program for staff. To encourage social engagement for good causes, Casinos Austria allows each member of staff to spend one working day per year doing voluntary work. The focus here lies on people – be it spending a day with senior citizens, people with special needs, children or people in need or putting one’s manual skills to good use. Numerous members of our staff once again made use of this opportunity and spent a day in 2016 working for a good cause. Several teams also donated their time and did something together to help others. Our staff likewise donated their time to supporting refugee projects. In the meantime, volunteers from the Casinos Austria and Austrian Lotteries Group are scheduled in as permanent helpers at a number of social aid facilities – an enjoyable and rewarding experience for both sides.

Corporate volunteering is just one of the measures in our life-work-balance framework. The following additional measures were also taken in this area at our headquarters in Vienna:

- Annual “Family Business Breakfast” for staff on maternity/paternity or care leave
- Childcare service on workdays when schools are closed and in school holidays
- Information on maternity/paternity/care leave
- Support for refugee projects
- Refugee mentoring program in our IT division

### *Health in the workplace*

The health of a company’s workforce is not something that can be left to chance. In cooperation with our company physician, we offer a broad range of health measures, including company-internal sports activities (spinal gymnastics, Pilates, yoga) and external sports courses. Training to prepare interested members of staff for participation in running and walking events was also provided in 2016 in cooperation with the team at our Innovation Hub. This networking across divisions and departments not only promotes staff health, it also encourages collaboration and cooperation across the group. A total of 123 members of staff subsequently ran together in the Vienna Business Run on 8 September 2016.

Group-wide golf tournaments, self-defense courses, walking biathlons and similar events are also organized by some of the casinos themselves. They offer, among other things, fun and physical activity with colleagues outside of daily work or a means of relaxation at the end of meetings.

In 2016, Casinos Austria employed a total of 4,233 staff worldwide. Of these, 1,808 (annual average full-time equivalent) were employed in our casinos in Austria (including in our headquarters in Vienna and in our Cuisino, CAST, CCB and CALL subsidiaries).



> Casinos Austria places great value on having excellently trained staff.



## Sponsoring

***At Casinos Austria, we also demonstrate our responsibility to society in our sponsoring activities. Sponsoring forms a key part of our corporate culture, with variety and sustainability an absolute priority. In this regard, we see ourselves as a reliable sponsoring partner, but also at the same time seek to establish new partnerships which offer strong and positive benefits to society.***

The focus of Casinos Austria's sponsoring activities extends from arts, culture and tourism to social projects and sporting activities. From major theaters, museums and opera festivals to integration football world championships or dance workshops in which people with and without disabilities come together to dance – our sponsoring activities are both diverse and long-lasting. And in addition to the actual partnerships themselves, they all have something else in common with Casinos Austria – the all-round experience as a central element of entertainment.

Lasting top-quality entertainment is one way of summing up our successful cooperation with the Wiener Festwochen – a partnership that will be entering its 50<sup>th</sup> year in 2017. The theater, opera and dance productions at the renowned arts festival in Vienna offer an extraordinary level of artistic diversity. Casinos Austria's Director General Karl Stoss took the 50-year partnership and the appointment of Tomas Zierhofer-Kin as the Wiener Festwochen's new artistic director as an opportunity to invite representatives of culture and business to a special culture dinner in the Cuisino Restaurant Wien in October 2016.

Our longstanding partnership with the Burgtheater in Vienna, one of Austria's most influential theaters, has been firmly in place since the 2005/2006 season. On the 13<sup>th</sup> day of each month, theater fans pay only 13 euros for a seat in the 13<sup>th</sup> row at the Burgtheater, making culture available to all at an especially attractive price. In 2012, this special offer was also extended to the Akademietheater in Vienna. Other examples of our longstanding engagement for arts, culture and sports include our 37-year partnership with the Bregenz Festival or our 30-year support for Austria's largest and most lucrative show jumping tournament, the Casino Grand Prix.

These longstanding partnerships are complemented by new cooperations such as that with the Haus der Musik museum of sound in Vienna. In an initiative launched by Casinos Austria Director Dietmar Hoscher, people with hearing or sight impairments have been able to experience the museum in a very special way since October 2016. Through the financial support provided by Casinos Austria, entry to the museum and guided tours by trained music teachers are free-of-charge to deaf, blind or sight-impaired visitors. On this musical voyage of discovery, they encounter both huge musical instruments which they can touch as well as sound installations in which music is brought visibly and tangibly to life.

Casinos Austria is also a partner of the ImPulsTanz Festival, one of the most important dance events world. A key component of this annual dance festival are its so-called MixedAbility Workshops. Casinos Austria sponsors this unique project in which people with and without special needs come together to dance.

With the Prix Jardin d'Europe, Casinos Austria has been presenting Europe's highest-value prize for aspirational choreography since 2015. Given the high artistic quality, the Prix Jardin d'Europe was awarded to two productions in 2016, with Greek-French choreographer Katerina Andreadou and her American counterpart Will Rawls sharing the 10,000 euro prize.

The winners of the Casinos Austria Rising Star Award and the Alpha Prize for Literature also both receive a prize of 10,000 euros. The Rising Star Award has been presented each year in cooperation with the University for Music and Performing Arts in Vienna since 2013. The prize money is intended to help talented young musicians embark on a professional career in music. The 2016 Casinos Austria Rising Star Award went to the young Serbian saxophonist Marko Dzomba, who is currently studying in Vienna. The Alpha Prize for Literature is one of the highest-value prizes for literature in the German-speaking world and was launched in cooperation with Vienna Municipal Libraries back in 2010. The 2016 Alpha was won by Belgrade-born Barbi Marković with her second novel *Superheldinnen* ("Superheroines"). Markovic has been living and working in Vienna since 2006.

The Casinos Austria Integration Football World Cup is an amateur five-a-side football tournament aimed at promoting integration through sport. Organized in cooperation with the “Sport spricht alle Sprachen” (“Sport Speaks all Languages”) association since 2010, the 2016 tournament proved as popular as ever, attracting some 159 teams and around 1,500 hobby footballers. All the players live in Austria, but each team plays for its country of origin. This year, Albania beat Serbia and Turkey into second and third places respectively to take home the title of “Casinos Austria Integration Football World Champions 2016”.

Casinos Austria has been sponsoring the neunerhaus homeless shelter in Vienna since 2012 and helps this aid organization to provide medical care to the homeless. Around 3,000 homeless people receive treatment in its medical and dental clinic each year. By integrating the neunerhaus into other sponsoring projects, Casinos Austria aims to make a further contribution toward integration. In 2016, a team from the neunerhaus participated, for instance, in the Casinos Austria Integration Football World Cup.

### **Casino on Tour**

With our “Casino on Tour” mobile charity casino tables, Casinos Austria successfully combines humanitarian aid with gaming. Our mobile casinos are popular guests at countless festive and charity events, where they offer a fun and entertaining diversion. But the benefits don’t stop there – all proceeds raised at these tables go to support good causes. In 2016, Casinos Austria’s croupiers were in action at 232 events, raising a total of some 78,000 euros for the respective aid projects and charities.

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### **Selected group sponsoring projects**

- Alpha Prize for Literature
  - Austrian National Library; long-term conservation of books in the State Hall in preparation for “Austria Books online”
  - Austria’s Leading Companies (ALC)
  - Bregenz Festival
  - Bregenz Stadtmarketing (city marketing organization)
  - Burgtheater in Vienna
  - Casino Grand Prix
  - Casinos Austria Integration Football World Cup
  - Casinos Austria Music Line
  - “*Integrationshaus 20*” (charity ball for the integration center for refugees and asylum-seekers)
  - Danube Island Festival in Vienna
  - DEBRA Austria/IMBA Research (Institute of Molecular Biotechnology)
  - Diakonie Österreich (support organization)
  - “*Ein Funken Wärme*” (“A Spark of Heat”) initiative; Caritas and *Kronen Zeitung*
  - European Forum Alpbach; livestream
  - Genussgipfel (gourmet food summit)
  - Hospiz Österreich (Austrian counseling and competence center for hospice and palliative care)
  - ImPulsTanz Festival – MixedAbility Workshops
  - *Klassik in den Alpen* (“Classical Music in the Alps”)
  - Kunsthistorisches Museum Wien (Museum of Art History in Vienna); annual membership card, Lotteries Day
  - Lebenshilfe Niederösterreich (counseling and aid organization in Lower Austria)
  - Ludwig Boltzmann Institute for COPD and Pneumological Epidemiology; LEAD Study (Lung, hEart, sociAl, boDy)
  - MuseumsQuartier Wien (art and culture complex in Vienna); Lotteries Day
  - Nestroy – Vienna Theater Award; audience prize
  - neunerhaus (homeless shelter in Vienna)
  - Police Gala; “133 Awards”
  - Prix Jardin d’Europe (ImPulsTanz)
  - Rabenhof Theater in Vienna
  - Radio Ö1 Christmas Quiz for “Licht ins Dunkel” (children’s charity)
  - Simultania Award for Disabled Artists; art calendar
  - Trabrennverein Baden (harness racing association)
  - Vereinigte Bühnen Wien (theater company in Vienna)
  - Vienna Opera Ball
  - Volkshilfe (public aid organization)
  - Wiener Festwochen (arts festival in Vienna)
  - Wiener Kabarettfestival (comedy festival in Vienna)
  - Wien Work Integrative Betriebe (work cooperative in Vienna)
  - WWF Austria; resettlement of the lynx/stork colonies in the March-Thaya plains
-

# Cuisino Salzburg

*The ambience in Cuisino Salzburg in Schloss Klessheim harmoniously combines baroque elegance with modern design. The elegant, relaxed summer terrace affords a wonderful view of the palace gardens. And the delicacies served in the restaurant are very good indeed. So good in fact that Chef de Cuisine Jonas Posselt and his young team were awarded a Gault&Millau toque in their very first year of working together.*











*A feast for all the senses awaits guests in Cuisino Salzburg (1). The combination of award-winning fine dining in the majestic setting of a baroque palace is a very special experience indeed. Chef de Cuisine Jonas Posselt places great emphasis on Austrian quality and is a proud supporter of the outstanding produce available in the region. He and his team (2) transform this into superb seasonal dishes – from local fish and classic international cuisine to exquisite desserts like their Chocolate Gateau with Fresh Raspberries (3). The elegant bar area (4) with its ambient lighting invites you to linger awhile and enjoy a relaxed drink.*









## Cuisino Velden “Die Yacht”

*Fine dining in an elegant yet relaxed setting: with two Gault&Millau toques, maritime nonchalance and a splendid lakeside location, guests at the Cuisino “Die Yacht” restaurant have the feeling they are dining on a luxury yacht. Unobtrusive yet undeniable, the maritime theme is reflected throughout. The view of Lake Wörth through the window or from the terrace is the ideal visual accompaniment to the delicacies prepared by Chef de Cuisine Marcel J. Vanic.*









*First-class, award-winning cuisine with local specialties like the classic Carinthian dish “Kärntner Kasnudeln” (3) set the tone at the “Die Yacht” Cuisino Restaurant. Chef de Cuisine Marcel J. Vanic (2) places particular importance on top quality regional produce and works closely with all his producers and partners. And with perfect service (4) to round everything off, a visit to “Die Yacht” in Casino Velden is sure to be an experience for all the senses.*







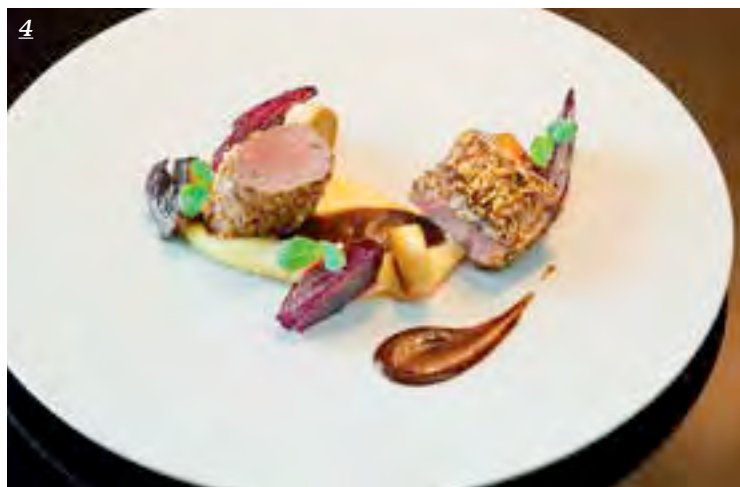
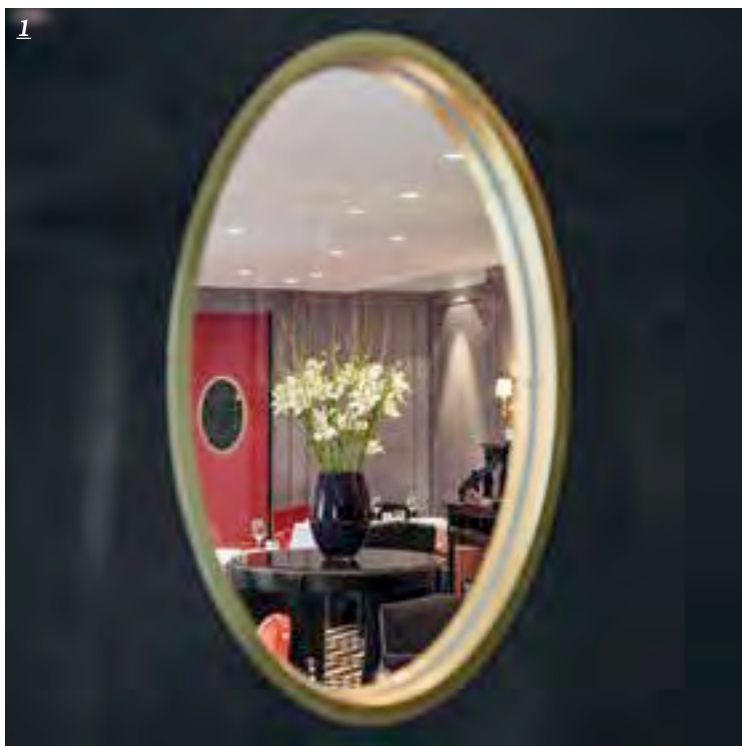


# CUISINO

## WIEN

## Cuisino Wien

*In a top location on Vienna's Kärntner Straße, Chef de Cuisine James Ferguson delights guests at this award-winning restaurant with modern Austrian cuisine with an international twist. Cuisino Wien not only has a Gault&Millau toque, the superb cuisine and service in the restaurant have also been recognized with a TripAdvisor Certificate of Excellence.*





*Design meets cuisine – what's been created at Cuisino Wien is a one-of-a kind experience for all the senses. In Cuisino Wien's red and gray Salon (5, 6), guests receive a very warm welcome. The luxurious interiors and many tasteful details (1, 3) invite you to sit down and relax – in a world where taste and hospitality play the starring role. The cuisine embraces Viennese culinary traditions – sophisticatedly reinterpreted and refined by Chef de Cuisine James Ferguson (2). His Pork Tenderloin with a Honey and Hazelnut Crust (4) is just one of the many exquisite dishes on the menu in Cuisino Wien. The Cercle Bar (7) is the ideal spot to see out the evening over a relaxed drink.*



# The 2016 Fiscal Year

## Economic Update

The economic recovery in Austria gained momentum in 2016. For the first time in four years, growth in the domestic economy managed to exceed the 1-percent mark. With an actual rise in GDP of 1.5 percent, Austria almost caught up again with the Eurozone (+1.7 percent). This is all the more remarkable given the challenging international economic conditions and the fact that Austria's foreign trade suffered under the cautious trade activities worldwide. Real growth in Austrian exports fell to 2.8 percent, primarily as a result of reduced demand from the United States and the neighboring countries to the east. Economics experts anticipate a similar trend in growth for 2017 (GDP forecast: +1.5 percent).

The investment activities of companies in Austria provided positive stimuli in 2016. Investments in equipment rose fairly robustly by 7 percent, supported by the continued favorable financing conditions. Even investments in construction showed positive growth in real terms for the first time in years. This positive trend is expected to continue in 2017, albeit in somewhat reduced form. Consumer spending was a further driver of growth in the reporting period, with private household expenditure growing by 1.5 percent in 2016. The main reason for this growth was the tax reform that came into force in January 2016, boosting the disposable income of private households. Unlike in previous years, this was reflected not only in short-term purchases but also in consumer durables. The percentage of disposable income set aside for savings rose in the meantime to over 8 percent.

A trend reversal emerged in 2016 with regard to consumer prices in Austria. Although the average inflation rate for the year lay at just under 1 percent, a slight rise in inflation could be observed toward the end of the year. The main reason for this were increasing energy prices, while the costs of rent and food also contributed to driving up prices. Economists anticipate a rise in the domestic inflation rate in 2017 to 1.7 percent. The recovery in the domestic labor market failed again to emerge in the reporting year. Despite robust job creation, the continually rising number of available workers could only partly be absorbed. As a result, the Eurostat unemployment rate for Austria exceeded the 6-percent mark in 2016 and is expected to persist at this high level in 2017 as well.

2016 was another record year for tourism in Austria. The number of overnight stays in Austrian hotels and other tourist accommodations exceeded the 140-million mark for the first time ever. This corresponded to an increase of 4.2 percent compared to the previous year. The number of visitors also hit a new record in 2016, exceeding the 40-million mark for the first time. Particularly striking in this regard is the increasing number of international visitors to Austria. A longer-term comparison indicates, for instance, a clear growth in overnight stays by visitors from distant source markets or the Arab nations. As far as the trends in the individual federal states are concerned, positive results were reported for 2016 in all parts of Austria. With almost 47 million (+3.4 percent), Tyrol once again recorded by far the most overnight stays, followed by Salzburg (+5.2 percent) and Vienna (+4.4 percent). While the longstanding trend toward shorter stays continued, the demand for superior accommodations fell back slightly in 2016.

From a global economic perspective, the sluggish period of growth persisted in the reporting year. The expansion in global economic performance slowed from 3.2 percent in the previous year to 3.1 percent in 2016. One reason for this were the reduced stimuli from key industrial nations. GDP growth in the United States in particular failed to meet expectations and fell in 2016 below the 2-percent mark. Economic activity in the European Union also lost momentum. While solid consumer spending and the European Central Bank's expansive monetary policy continued to provide support, political developments led to increased uncertainty. Aggregate economic performance in the European Union rose by 1.8 percent.

The situation in the emerging and developing nations in the reporting year was characterized by strongly diverging trends. Overall, growth could be maintained at a similar level to 2015 (+4.1 percent), although the situation from an economic perspective was particularly challenging in some regions or countries. Neither Brazil nor Russia succeeded in moving out of recession in 2016, while the steady weakening of growth seen in the previous years in China also continued. However, an upturn in the emerging markets is anticipated for 2017 (+4.5 percent), not least as a result of a slow easing of prices in the international raw materials markets.

## Gaming Revenues and Earnings

**Casinos Austria's twelve casinos in Austria posted gaming revenues of 326.83 million euros in 2016, thereby exceeding the already very successful results for 2015 by 5.2 percent. A clear rise in guest numbers was also reported. With more than 3 million guests in 2016, guest numbers at our casinos rose by 10.6 percent compared to 2015.**

2016 counts as one of the most successful business years in Casinos Austria's almost 50-year history. Gaming revenues for the year lay at 326.83 million euros – once again clearly exceeding the 300-million-euro mark and surpassing the figures for 2015 by 5.2 percent. Our gastronomy subsidiary Cuisino also convinced guests, posting total revenues of 17.07 million euros, a rise of 12.67 percent compared to the previous year.

Gaming, entertainment and cuisine – this unique all-round portfolio of services was a clear hit with guests, as the 10.6 percent increase in guest numbers very impressively confirms: Casinos Austria's twelve casinos in Austria welcomed a total of 3,009,946 guests in 2016, more than half of whom were international guests.

Casinos Austria invested around 38 million euros in its casinos in the reporting year. A large share of this – 16 million euros – was used to equip the twelve casinos with new slot machines from 1 January 2017. A large-scale refurbishment of Casino Graz has been underway since 2015. Over the course of 2016, the restaurant area was relocated and given a complete new look. The Casineum foyer and the slots gaming area in the main casino were also modernized during this construction phase. The new "Die Yacht" Cuisino Restaurant in Casino Velden has been open for service since May 2016. The redesign of the restaurant pays homage to the casino's lakeside location. The extensive construction and extension work that had begun at Casino Salzburg in 2015 was also continued in the 2016 reporting year, when the roof areas were completely refurbished. The new Casino Lounge created as part of the modernizations opened for business in 2016. The casino's restaurant area was also extended. At Casino Bregenz, the new Cloud Bar on the summer terrace of the "Falstaff" Cuisino Restaurant opened in July 2016. The classic gaming room on the ground floor at Casino

Kitzbüchel was modernized in December. Renovations and adaptations were also carried out in Casinos Seefeld and Kleinwalsertal.

The culinary success story at Cuisino – Genuss Events by Casinos Austria continued in 2016. Cuisino is now the most-decorated restaurant and catering company in Austria in the renowned *Gault&Millau* Guide. The restaurants in our casinos were awarded a total of eight *Gault&Millau* toques. The "Die Yacht" Cuisino Restaurant in Casino Velden was awarded two toques. The Cuisino restaurants in the casinos in Baden, Kleinwalsertal and Vienna all retained the toques awarded in the previous year. And the Cuisino restaurants in Casino Salzburg and Casino Linz – both of which were only taken over by Cuisino in 2015 – were each awarded their first toque. There was also plenty of elation in the "Falstaff" Cuisino Restaurant in Casino Bregenz, where the new Chef de Cuisine Gernot Bischofberger only took over the kitchen in July 2016 and immediately cooked his way to a *Gault&Millau* toque.

### Gaming Revenues 2016

Casino	Gaming Revenues in euros
Wien	93,074,917
Bregenz	72,216,847
Baden	24,149,994
Linz	23,869,629
Innsbruck	23,357,351
Velden	22,249,104
Salzburg	22,101,286
Graz	16,295,382
Seefeld	14,104,092
Kitzbüchel	7,730,144
Zell am See	4,434,526
Kleinwalsertal	3,243,107
<b>Total</b>	<b>326,826,380</b>



**Guest Numbers 2016**

<b>Casino</b>	<b>National Guests</b>	<b>International Guests</b>	<b>Total</b>
Wien	252,983	421,694	674,677
Linz	186,754	274,265	461,019
Graz	153,821	250,560	404,381
Bregenz	108,797	230,571	339,368
Baden	247,521	37,314	284,835
Velden	172,809	44,168	216,977
Innsbruck	127,730	72,007	199,737
Salzburg	114,365	74,093	188,458
Seefeld	41,758	67,018	108,776
Kitzbühel	29,218	24,329	53,547
Zell am See	23,220	17,370	40,590
Kleinwalsertal	3,656	33,925	37,581
<b>Total</b>	<b>1,462,632</b>	<b>1,547,314</b>	<b>3,009,946</b>

## Innovation, Trends and Developments

*Casinos Austria invests each year in innovative gaming concepts and the equipment, fixtures and fittings in our casinos. This is evident in the experience encountered in these casinos, which delighted more than 3 million guests in 2016. The reporting year also saw the opening of a new Innovation Hub at company headquarters in Vienna and the launch of many initiatives which reinforce our innovative strength.*

Our casinos in Graz, Kitzbühel and Velden all underwent at times extensive relaunches in the reporting year and all successfully handled the corresponding construction work while remaining open for business. The planning and realization of such complex undertakings is handled by our corporate Building and Facility Management division in cooperation with the internal project teams, architects and building services planning experts. Needless to say, they also work in close cooperation with the authorities and the respective host community. Wherever possible, preference is given to Austrian companies in the award of such contracts. In this way, Casinos Austria strengthens the domestic economy and its competitive ability and secures a large number of Austrian jobs.

Casino Graz is currently being remodeled in a big way. The work, which will be completed in three phases, began back in fall 2015. The renovation of the slots gaming area in the Jackpot Café was first on the agenda, with its new look presented to the public in spring 2016. The popular Piano Bar was also relocated in the first construction phase. Phase two encompassed the relocation and refurbishment of the casino restaurant. The renowned Graz-based architects Strohecker creatively transformed the traditional-style restaurant into a modern, urban dining venue. From spring 2017, Casino Graz will also feature an open-air terrace on the Schmiedgasse. Phase two of the renovations also included the modernization of the Casineum foyer and the slots gaming area in the main casino as well as the renovation of the main kitchen. The final phase of the work – the refurbishment of the table gaming area in the main casino and the reception area – is due to begin in the course of 2017.

From a construction perspective, the big innovation at Casino Velden in the reporting year perfectly complements the multi-award-winning cuisine of its head chef,



> More than 1,000 new slot machines in Austria's casinos provide a broad gaming mix and cutting-edge slots technology.

Marcel J. Vanic. The new “Die Yacht” Cuisino Restaurant, whose name says it all, has been open for service since May 2016. The redesign of the restaurant pays true homage to the casino's lakeside location in Velden. After all, what could be a better fit to Lake Wörth than an elegant yacht? High-quality materials from the shipbuilding industry have been used throughout the new restaurant. Flowing forms and furnishing elements like a Command Bridge and a Captain's Table – set on a slightly raised platform in a particularly quiet corner of the restaurant – create a relaxed, maritime atmosphere. The clever use of different flooring materials recreates the ebb and flow of the tide. A customized sound and lighting concept rounds off the harmonious look. The concept by Carinthian interior design atelier ROOMS was turned into reality in the record time of just one month.

In Casino Kitzbühel, the classic gaming area on the ground floor was modernized in December 2016. 32 new slot machines, a new Roulette system, two new American Roulette tables and a new Easy Hold'em table provide guests with even more gaming fun. The yellow and gold

ambience, new carpeting and a modern glass ceiling create a pleasant mood and awaken a sense of well-being.

The extensive construction and renovation work at Casino Salzburg that had begun back in March 2015 continued in the reporting year with the complete restoration of the building's roof. The new Casino Lounge created in the course of the modernizations opened for service, while the restaurant area was also extended.

Casino Bregenz opened its new Cloud Bar on the summer terrace of the "Falstaff" Cuisino Restaurant in July 2016. Renovation work and adaptations were also carried out in Casino Seefeld and Casino Kleinwalsertal.

### *Innovative table gaming and new slot machines*

At Casinos Austria, innovations in the gaming sector are always on the cards. Since premiering in Casino Wien, Macau Baccarat has proved a real crowd puller and is now available in ten other casinos. In Casino Salzburg, Party Blackjack and Halo Roulette have been proving very popular since spring 2016. In Halo Roulette, the color changes continuously in the wheel. With a low minimum bet of just 2 euros, this game is a particularly attractive option for weekend leisure guests. Since the end of 2016, our new "Combination 3" game has brought an additional chance of winning at Blackjack to our casinos. With this new betting option created by Casinos Austria, players have the chance to win up to 300 times the amount bet.

In the slot gaming sector, preparations got underway in 2016 for the start of a new era in our casinos. Casinos Austria used the forthcoming connection of slot machines to the Austrian Federal Computer Center from 1 January 2017 as an opportunity to completely update our slots inventory. At the turn of the year, 1,000 new slot machines went online, with further machines scheduled to be replaced in the course of 2017. Slot machines from eleven different manufacturers guarantee a diverse gaming mix. Widescreen HD resolution displays, touchscreens and 3D graphics even on new editions of classic slots favorites and revamped, new-look reel slot machines all ensure that the slots experience in our casinos is as thrilling as ever.

Casinos Austria had a customized converter board developed for this extensive conversion project. This converter

board is a prerequisite for the purchase of slot machines on the international market. Around 500 game systems on existing slot machines were also replaced, thus meaning that 75 percent of our total slot machine inventory was renewed or updated.

### *Two awards for business intelligence solution*

The completion of our BSC II project in 2016 gave Casinos Austria the green light for the introduction of a company-wide Balanced Scorecard based on MicroStrategy and TN Planning software. Since we had already been working according to Balanced Scorecard principles for several years, the goal of our BSC II project was to introduce an IT-based strategy controlling instrument in our casinos in Austria. This resulted in an independent version of the Balanced Scorecard that meets all the requirements of a modern business intelligence management tool and offers users "tangible" benefits in the form of analysis options, diagrams, action management and collaboration.

The new Balanced Scorecard system clearly depicts the causal relations between all business processes and links them to strategic corporate goals. This means that non-financial indicators, customer performance indicators, process indicators and leading indicators from all divisions can now be linked and presented on the basis of cause-effect chains and strategy maps. The traditional corporate financial indicators are thus complemented by a customer, internal process, learning and development perspective as well as by a compliance perspective. Furthermore, measures can now be developed during the year and monitored in the system.

Our new Balanced Scorecard is an extremely convincing solution, as was clearly confirmed by our receipt of the "Best Practice Award for Business Intelligence and Analytics" from the Business Application Research Center (BARC). BARC assesses the projects submitted in three categories based on the criteria "Technology Used", "Content and Concept", "Identifiable User Focus", "Cost-Benefit Relation" and "Innovation". Casinos Austria's Balanced Scorecard reached the final in the category "Medium-Sized Enterprises" and was voted the winner in this category at the BARC Congress in Würzburg, Germany, by a jury made up of representatives of business, research and the media.



The next prestigious award – this time in Austria – quickly followed. At the joint ÖCI-BARC conference organized by the Austrian Controller Institute and BARC, Casinos Austria beat several big-name competitors to win the “Best Practice Award for Business Intelligence and Data Warehousing”.

2016 was also the year in which logistics were restructured at Casinos Austria. After serving us well for several decades, the AK5 warehouse in Pfaffstätten was closed, and all materials and equipment relocated to the group’s central warehouse (MC4) in Wiener Neustadt. The project necessitated extensive conversion and adaptation work at the MC4 central warehouse, since our table games and slot games workshop was also relocated in its entirety.

The relocation means that all warehouse staff now benefit from a modern working environment with state-of-the-art equipment and technology, including, for example, new scissor lift tables that can be lowered into the floor. The amalgamation of the two warehouse sites considerably simplifies the group’s logistics chain.

### ***Measures to promote innovation***

Developments in recent years show that the challenges of digitalization as well as the speed of digital and demographic change demand a continual transformation and adaption of business models and processes. The parameters required to master the further steps in this societal change process and increasingly drive innovation forward were already established in the Casinos Austria and Austrian Lotteries Group in 2015. This culminated in a change in the organizational structure from 1 January 2016, when Innovation Management became a separate division in our Corporate Function Corporate Development.

At the beginning of March 2016, the new Innovation Hub at our headquarters in Vienna opened. The hub serves as our physical innovation center. Its open space concept allows the measures and change in culture to be experienced by all members of staff. The Innovation Hub is a place for networking and coworking. Its motto – Connect.Cowork.Cocreate. – is also reflected in the open and flexible interior design. In addition to the Innovation Management team, who all have permanent workplaces



> Regular Design Thinking workshops are held in our Innovation Hub, where interdisciplinary groups of participants develop solutions to address various topics from across the Casinos Austria and Austrian Lotteries Group.

in the hub, all members of staff in the group are invited to make use of the hub’s coworking workspaces.

Some 40 workshops have been held in the Innovation Hub since its inauguration. These workshops followed the principles of service design thinking, where the focus lies on customer needs and motivation. Since the interdisciplinary mix is a central element in design thinking, the participants in these workshops included staff from all units in the group as well as guests, customers and business partners.

Our “Awesomeness!Challenge” took the group into completely uncharted territory in 2016. In this ideas competition launched at the end of 2015, all members of staff in the group were called on to bring their own ideas for an “Awesome Customer Experience” to life and to develop their concept further. After a deliberately short submission period and a multi-stage selection process, three winning teams were selected in March 2016 and moved into the Innovation Hub to develop their concepts. The ultimate winner was the “Playme” project proposed by



> In the “Awesome!ness Challenge”, staff present their ideas for extraordinary customer experiences – often in an unconventional manner.

three members of staff from the IT department, which foresees an app for buying lottery tickets or placing bets quickly and easily from home.

Each year since 2012, an “Innovation Day” has been held for all staff in the group in our Studio 44 event center. Organized by our in-house Innovation Management unit, the Innovation Day offers a look to the future. Trends are presented, and talks by renowned experts provide a new perspective on new work methods and changing customer demands. “A 40-minute virtual journey” was just one of the exciting items on the agenda at the 5<sup>th</sup> Casinos Austria and Austrian Lotteries Group Innovation Day on 18 October 2016. Studio 44 was filled to the brim with 330 internal and external participants as national and international experts discussed the topic “Digital Transformation meets Cross-Industry Innovation”.

With its “Trend blog”, monthly newsletter and annual Summer Academy at which staff can try out new innovations and trends for themselves, our Innovation Management unit regularly shares its extensive know-how and keeps staff in the group up-to-date on current developments. A total of 165 members of staff took part in the 45-minute sessions at the 2016 Summer Academy.

## The Casino Gaming Experience

*The gaming mix in our casinos developed in a very positive direction in 2016. Additional gaming tables offered guests more gaming fun. 884 tournaments, including the successful European Poker Championship in Casino Velden, offered impressive proof of our core casino gaming competence and our expertise in tournament organization.*

A total of 232 gaming tables and 2,062 slot machines offered guests at our twelve Austrian casinos a diverse choice of gaming options in 2016. But that was not all: 884 tournaments and numerous promotions with great prizes perfectly complemented the casino gaming experience. As an innovative gaming company, Casinos Austria offers guests a combination of international and local games. We regularly develop and introduce new games and betting options to meet customer demands and keep the interest in our products high. While the classic table games – Roulette, Blackjack and Poker – still remain firm favorites with our guests, new variants of these and other games are also gaining ground.

These include, for instance, Macau Baccarat, which was introduced in fall 2015 exclusively in Casino Wien. Demand for this exciting game proved especially strong, with particularly high levels of play among guests from the Asian region. As a result, Macau Baccarat was introduced in ten further casinos in 2016, where it was likewise welcomed with strong interest and high demand. Casinos Austria also set new standards in the conception and development of its specially designed Macau Baccarat tables. In the meantime, twelve such tables are now available in our casinos across the country. Other games like Easy Hold'em, Punto Banco, Tropical Stud Poker, Red Dog and Wheel of Fortune also have a strong fan base.

Following the international trend, two new table games – Party Blackjack and Halo Roulette – have been on offer in the events area at Casino Salzburg since April 2016, with the minimum bet set at just 2 euros to allow weekend and leisure guests the opportunity to enjoy a thrilling gaming experience at a low cost. Action at the Halo table has been brisk every weekend, with the constantly changing colors of the wheel and low minimum bet adding to the gaming fun.

Since the end of 2016, there has been a new additional chance to win at Blackjack in our casinos. Developed by

Casinos Austria, the Blackjack variant “Combination 3” is the first of its kind worldwide. Players bet on specific card values for the first two cards in their box and the first card dealt to the bank. The new low-minimum combination bet option offers Blackjack players the chance to win up to 300 times the amount bet.

From a slot machine gaming perspective, 2016 was characterized by the preparations for the forthcoming connection to the Federal Computer Center from 1 January 2017. To meet the new legal requirements, Casinos Austria commissioned the development of a customized converter board, which is needed to allow the company to continue purchasing slot machines from top international manufacturers. In 2016, Casinos Austria purchased over 1,000 new slot machines from eleven different manufacturers at a total cost of some 16 million euros. Widescreen HD resolution displays, interactive touchscreens and 3D effects are the order of the day on these new slot machines. Reel machines are likewise enjoying a comeback, with the latest models all featuring cutting-edge LED technology and great sound effects. Around 500 game systems on existing slot machines were also replaced, thus meaning that 75 percent of our total slot machine inventory was renewed or updated.

Our casinos across Austria feature a total of 2,062 slot machines. And with 40 different types of slots and more than 400 games to choose from, variety is the name of the game. Slot machine gaming remains extremely popular with our guests, a fact that is reflected in the strong increase in slot gaming revenues.

The chance of winning big on the slots in our casinos is highest on our Mega Million Jackpot machines. The Mega Million Jackpot is Casinos Austria’s biggest progressive slot jackpot and links selected slot machines nationwide. Wins of 1 million euros or more are possible with just a small bet. In 2015, the Mega Million Jackpot was hit in our casinos in Baden, Graz and Salzburg – with the lucky winners each taking home a cash prize of over 1 million euros. The choice of slot machines is particularly large in our Jackpot Cafés, which are open from morning until night and where the dress code is casual.

Tournament series are a permanent fixture on the gaming program at Casinos Austria, and a variety of different tournaments are held in our casinos throughout the year.



> The classic table game Roulette continues without fail to fascinate casino guests.

Some 38,000 players took part in the 884 tournaments that were held across Austria in 2016. Our tournament calendar features both table and slots events, with each casino choosing for itself which tournaments it wants to hold. In this way, the experience remains constantly exciting. Variety is the spice of life, and the tournaments for different games – like Roulette, Blackjack and Poker or the Baccarat World Championship in Casino Seefeld – always attract plenty of participants and interested spectators to our casinos.

Casinos Austria offers Poker fans exciting tournaments and Poker in all variants at all its casinos in Austria. The 2016 tournament calendar at Casinos Austria and on the online gaming site win2day featured something for every taste – from weekly and monthly tournaments to Poker games for newcomers and the Poker elite. The tried and trusted Poker cooperation with win2day was continued in 2016. Poker players could qualify online for tournaments in our casinos and thus also had the chance to turn a small stake into big prize money.

From 13 to 24 July 2016, Casino Velden hosted the 27<sup>th</sup> European Poker Championship for the second time and once again proved to be the perfect setting for this Poker extravaganza. Twelve thrilling days of tournament Poker enthralled the contestants, who had traveled from all over the world to take part. With a prize pool of over 1.5 million euros and a superb program of side events like the “Red Carpet Show” on the square in front of the casino – in which the Poker players themselves played the starring role – the



2016 European Poker Championship took Poker to a whole new level. Among the 1,000+ players from over 20 nations, the international Poker elite was clearly out in force.

The Casinos Austria Poker Tour (CAPT) continued its run of success with three large-scale championship events and several smaller Poker tournaments in 2016. In 2017, the CAPT year opened for the first time in Casino Seefeld with the Winter Poker Championship from 16 to 26 February. The European Poker Championship will be held again in Velden from 19 to 30 July 2017. The Bodensee Poker Championship will premier in Casino Bregenz in 2017, a highlight for guests from neighboring Switzerland. To be able to continue offering prestigious national and international tournaments, a casino operator has to constantly develop its Poker portfolio. Accordingly, Casinos Austria will continue in future to set trends and respond to customer demands to keep our portfolio exciting and attractive.

To ensure a visit to the casino is one to remember, Casinos Austria offers guests a range of exclusive packages. Our “*Glückspaket*” (“Lucky Package”) is a popular value-adding option. Guests who purchase a Glückspaket package can enjoy an exciting evening of casino entertainment with welcome chips to the value of 30 euros, a glass of sparkling wine or an alcohol-free beverage and lots of other giveaways – all for the price of just 30 euros. Around 428,000 guests took advantage of this offer in 2016.

Members of our “*Glücks Card*” (“Lucky Card”) loyalty scheme are on a winning streak before they even take to the tables with bonus offers like special prize draws, tournaments, exciting events and more being offered to cardholders at all our reception desks. Membership of the scheme is free, and the Glücks Card can be issued immediately on request by our reception staff.

Offers that combine the gaming experience with further thrills and additional chances to win include our popular “Lucky Day”, “Lucky 13<sup>th</sup>” and “Ladies Day” promotions. On every Friday the 13<sup>th</sup>, a 1,300 euro prize draw is held in all our casinos across Austria. As in previous years, the lucky number 13 thus encouraged plenty of people in 2016 to come along and try their luck in our casinos. The 13<sup>th</sup> only fell on a Friday once in 2016, namely in May. This day – and the other Lucky 13<sup>th</sup> days – again numbered among



> Since the end of 2016, Casinos Austria has offered a new “Combination 3” bet for Blackjack, which gives players the chance to win up to 300 times the amount bet.

the busiest in the year in terms of guest numbers. On the twelve “Lucky 13<sup>th</sup>” promotion days a total of 112,279 people visited a Casinos Austria casino – 2.3 percent more than on the same days in the previous year.

Even more variety was added to our “Ladies Day” promotion in 2016. Every Wednesday, an attractive package awaits our female guests – and of course any men who want to come along as well – with welcome chips and tickets for high-value prize draws. In 2016, these included wellness packages from Vossen, a wellness week in Loipersdorf, designer handbags from ELLA or our *Fortuna* casino and hotel packages. On Ladies Days, our casino restaurants and bars also feature specials like our “Light Delight” menu or a “2-for-1” offer on Cosmopolitan cocktails. Diverse gaming options and charming introductions to the different games are always available, and our “Special for 4” package is the perfect option for a night of casino fun with friends. Guests at our casinos on Ladies Days can also look forward to a little gift as a sign of our appreciation.

The prizes in our “Collect & Win” promotions in 2016 included twelve trips to the gaming metropolis Las Vegas and eleven Jeep Renegade compact SUVs. And since the word for happiness and luck – *Glück* – is the same in German, the international Day of Happiness on 20 March 2016 was naturally celebrated in style in our casinos – with

plenty of happy events and highlights in the period from 18 to 20 March. Last but not least, on “double dates” - 3.3., 5.5., 6.6., 8.8., 9.9., 10.10., 11.11. and 12.12. – there were 1,000 extra 100 euro prizes to be won on our slot machines.

The Casinos Austria homepage – [www.casinos.at](http://www.casinos.at) – went online again on 1 June 2016 after an extensive redesign. A new look, more information on “mouse over”, cinemagraph elements like “bubbling” Champagne or views of casinos that change to suit the time of day are just some of the new components that should already hint at the casino experience even on the web. The new pages were developed using responsive design to ensure optimal viewing on PCs, tablets and smartphones.

The *Casino TV* channel on our website and in our twelve casinos is a particularly good way to follow our promotions and events in glorious technicolor. The channel is integrated into the Events section of all central and local pages on the website, features images and videos of a wide range of casino events and can be accessed on [tv.casinos.at](http://tv.casinos.at).

Casinos Austria has been successfully operating an online shop at [gutscheine.casinos.at](http://gutscheine.casinos.at) for the last 15 years. The shop can be used to purchase and print casino (gift) vouchers quickly and easily. The online shop underwent a design relaunch in 2016 and has developed – alongside direct sales in our casinos – into our strongest sales channel with sales of 2.6 million euros (+6 percent) in 2016.

In 2016, the Casinos Austria online shop received the maximum five-star rating (4.87/5.00) from Trusted Shops – the leading seal of approval for online shops in Europe – as well as the Austrian E-Commerce Trust Mark for the 13<sup>th</sup> year in succession.

On social media, we continued the intensive dialog with our customers in the respective communities and extended our blogger relations activities in the lifestyle and tourism sectors. Our 78 nationwide promotions on Facebook in 2016 offered prizes like city breaks and ski weekends. Overall, the Casinos Austria Facebook Pages now have a total of 135,000 Likes.

### **Gaming Mix Comparison 2015/2016 – as of 31.12.2016**

Table game	Number of gaming tables and slot machines	
	2015	2016
American Roulette	65	71
Double Roulette	2	1
Blackjack	58	69
Blackjack X-change	8	4
French Roulette	2	2
Tropical Poker	12	11
Poker	39	40
Easy Hold'em	14	17
Macau Baccarat	4	12
Other	7	5
<b>Total gaming tables</b>	<b>211</b>	<b>232</b>
Slot machines	2,072	2,062
Easy Roulette Terminals	205	213

## Casino Cuisine with Cuisino

***A night at the casino is not just a thrilling gaming experience, it is also a culinary treat. In 2016, our culinary subsidiary Cuisino was awarded a total of eight Gault&Millau toques for its cuisine and posted a 12.67 percent increase in sales to 17.07 million euros.***

Cuisino – Genuss Events by Casinos Austria is the most-decorated gastronomy brand in Austria in the renowned *Gault&Millau* Guide. Its casino restaurants were awarded a total of eight toques in 2016, twice as many as the previous year. Following this trend, Marcel J. Vanic, Chef de Cuisine in the “Die Yacht” Cuisino Restaurant in Velden, doubled his previous year’s success and now has two toques. Cuisino Baden, Cuisino Kleinwalsertal and Cuisino Wien all retained their toques from the previous year. New toques were awarded to the Cuisino restaurants in Salzburg and Linz, both of which were only taken over by the gastronomy subsidiary in 2015. There was also plenty of elation in the “Falstaff” Cuisino Restaurant in Casino Bregenz, where the new Chef de Cuisine Gernot Bischofberger only took over the kitchen in July 2016 and immediately cooked his way to a *Gault&Millau* toque.

By the end of 2016, F&B in eleven of our twelve casinos in Austria was managed by our Cuisino subsidiary. Casino Zell am See only offers a bar service, with dining facilities for casino guests available in select partner restaurants. In April 2017, F&B at Casino Graz will also be taken over by Cuisino, thus bringing the Cuisino brand to all twelve casinos in Austria.

The *Gault&Millau* awards reflect the constantly high standard of cuisine in the Cuisino restaurants and confirm its philosophy of focusing on regional, quality produce. But it was not only the restaurant critics who were impressed by the service and cuisine, their opinions were clearly shared by our guests. The Cuisino restaurants received above-average reviews both in mystery shopping tests and on the restaurant booking site [bookatable.at](http://bookatable.at). In addition, Cuisino Wien was also awarded a Certificate of Excellence from the world’s largest travel platform TripAdvisor following its consistently great reviews. This kind of feedback reinforces the Cuisino brand and draws positive attention to Casinos Austria beyond its core gaming business.



- > The Cuisino Restaurants – like the one in Casino Wien shown on the photo – offer an extensive choice of food and drink (top).
- > A delight to the very last course – a dinner in one of the Cuisino restaurants (bottom).

2016 was also a positive year for Cuisino Ges.m.b.H. from a sales perspective. The 415 members of staff at Cuisino generated total sales of 17.07 million euros, a rise of 12.67 percent compared to the previous year. Cuisino also provides the catering service for several thousand event guests each year.



### Culinary packages

Good food, great drinks and first-class service have been key elements of the casino experience for many years. Casinos Austria offers a whole range of different culinary packages including the ever-popular “Dinner & Casino”, which offers guests a truly memorable casino experience. In 2016, 114,157 guests took advantage of this dining and gaming package.

Guests in our casino restaurants were once again offered a whole range of tasting and themed events in 2016. In this regard, the first half of the year was strongly influenced by the European Football Championship, with seven of these restaurants participating in the “*Goût de France*” (“Taste of France”) gourmet event. Initiated by celebrity chef Alain Ducasse, the event focused on French cuisine – with a regional twist. Even the order of the dishes on the menu was stipulated in advance. At the beginning of June, two exclusive dining events were held in Cuisino Baden – the “UEFA Euro Kick-Off” in conjunction with the French Embassy and the “Football Mulatschak” in conjunction with the Hungarian Embassy. The latter was held to coincide with the match between the Austrian and Hungarian national teams. At the end of July, a lively “Olympics Party” was held on the Summer Lounge in Baden in cooperation with the Brazilian Embassy.

The focus of the traditional culinary awards presented by Casinos Austria to excellent restaurateurs and wine-makers lay in 2016 on Burgenland. While the *Goldene Traube* (“Golden Grape”) has always recognized the best wine from Burgenland (2016: Paul Rittsteuer’s *Neusiedlersee DAC Reserve Zweigelt 2013*; winemaker Hans Nittnaus for his life’s work), the 2016 *Goldene Roulette Kugel* (“Gold Roulette Ball”) restaurateur award also made its way to Austria’s eastern-most state, namely to Max Stiegl, Chef de Cuisine at Gut Purbach. Last but not least, Burgenland was also represented with numerous culinary exhibits at the *Genuss Gipfel* gourmet food summit, which was held in our Studio 44 event location in Vienna in cooperation with Medianet at the end of the year.

To stimulate interest during off-peak hours, a new special “Dinner Deal” promotion was launched in the Cuisino restaurants in 2016. Through this promotion, guests can

purchase special “Dining & Casino” packages for off-peak days and times at attractive prices.

Tasting events in the reporting year focused on classic products, all perfectly staged and served in the individual Cuisino restaurants. Ham at Easter, strawberries in the spring, sausages in October and a fine selection of cheeses in November brought many gourmets to our casinos. The Austrian Wine SALON also completed its annual tour of selected casinos, offering guests the opportunity to taste the jury’s selection of wines from the year’s vintage.

### Projects and developments

Like the food they serve, the design of the Cuisino restaurants should also be in touch with the times. Accordingly, the restaurants – or parts thereof – in our casinos in Salzburg, Velden and Graz were all given a new look in 2016. Their different designs mean that restaurant guests at Casinos Austria are treated to top-quality cuisine with an ambience to match – from classic elegance to maritime nonchalance. Casino Salzburg’s elegant restaurant was extended and remodeled in the course of the extensive refurbishment of the building. In Velden, the name of the restaurant says it all – “Die Yacht” pays true homage to the casino’s lakeside location in Velden, with high-quality materials from the shipbuilding industry used in the interiors throughout the restaurant. In July 2016, a further construction project at Casino Bregenz was completed with the opening of the new illuminated Cloud Bar at the “Falstaff” Cuisino Restaurant. And from 1 April 2017, Cuisino will also take over the F&B services at Casino Graz, where the restaurant has likewise been remodeled and a new guest terrace will be opened from spring 2017 – bringing a further culinary and tourist attraction to downtown Graz.

To ensure the long-term development of the Cuisino brand as well as to maintain and raise the high quality it offers, targeted training courses were held for guest service staff in all our casinos in fall 2016.

## Multifaceted Event Provider

*Casinos Austria is also a highly successful event provider. Our twelve casinos and dedicated Congress Casino Baden and Studio 44 event locations are charming venues for every occasion. Top service, versatile rooms, great music and fine cuisine guarantee successful events.*

Nowadays, companies seeking to establish themselves as multifaceted event organizers have to offer far more than just appropriate function rooms. Clients and guests expect all-round service of the highest order. Our twelve casinos in Austria and our Congress Casino Baden (CCB) and Studio 44 event locations have been successful players in the event sector for many years. The event teams in our casinos plan, organize and host all manner of events – from congresses to grand balls. Highest quality, absolute professionalism and total flexibility all go without saying. The unique ambience, diverse gaming options, great mix of events, finest cuisine and service excellence make Austria's casinos the top event locations in their respective host cities and regions.

Our casinos once again offered their guests a colorful program of events in 2016. A total of 1,922 events, including 884 gaming tournaments with some 38,000 contestants, were organized and held in these casinos throughout the year.

These included a wide variety of arts and cultural events, comedy shows, concerts, presentations, clubbing events and balls as well as slot machine, Blackjack and Poker tournaments.

In addition, our "Casino on Tour" mobile casinos were in play at 232 events, including balls, company events and national and international trade fairs. Around 78,000 euros was raised at these charity events and donated to charitable causes.

A brief look at each of these casinos shows just how diverse a visit to a casino can be. The Casino Comedy Club in **Casino Graz** celebrates its 10<sup>th</sup> anniversary in 2017 and is now the stage for some 120 outstanding comedy evenings each year, giving guests at Casino Graz plenty to laugh about. Comedy also features strongly at **Casino Innsbruck**. Holders of its attractive comedy season ticket were treated in 2016 to eleven high-caliber events including performances by the popular Dornrosen



> Casino Salzburg celebrated its relaunch after extensive renovations with an opulent party in March.

trio, the Tyrolean comedienne Nina Hartmann and the Turkish-German comic Django Asül.

On 6 June 2016, Casinos Austria marked the kick-off of the European Football Championship with a culinary evening in **Casino Baden**. 130 guests, including Director General Karl Stoss and the French Ambassador Pascal Teixeira da Silva, celebrated the pre-opening of the UEFA Euro 2016 in style in the casino's summer lounge, which a particularly popular location for events or relaxed cocktails in the summer months.

**Casino Velden** demonstrated its strength as a location for large-scale events in 2016, with its expansive event space and two variable function rooms proving the ideal setting. With nine multi-day national and international congresses and some 240 one-day functions, Casino Velden hosted a record number of events in 2016 and impressively confirmed its versatility as an event location. Its events department also scored highly in the gaming sector. Tournament highlights included the 27<sup>th</sup> European Poker Championship, which brought Poker players from all around the globe to Velden. And the casino is likewise not known as the ball capital of Carinthia for nothing. In 2016, Casino Velden hosted a total of 15 balls and successfully revived the old radio show *Tanzmusik auf Bestellung* ("Dance Music Requests") in cooperation with Radio Carinthia, giving guests the chance to play DJ and pick the music for themselves on 19 March and 31 October.

Top Poker events were also held in **Casino Seefeld** and **Casino Bregenz**. From low-buy-in tournaments to high-roller events, their 2016 programs featured something for everyone. Casino Bregenz is also a popular stage for comedy and satire. The successful premier of the new comedy show "*Helden reisen – Gäste speisen*" ("Heroes travel – Guests dine") in Casino Bregenz and at three partner locations in January 2016 was followed by further shows in May. The comedians, ventriloquists and singers put on a fantastic performance full of fun and laughter that had the audience in stitches.

The Cuisino event room in **Casino Kleinwalsertal** has a capacity of up to 120 people and can be booked for all manner of events – from conferences and training courses to gala dinners and private functions. Casino Kleinwalsertal's gaming room was the venue for its first-ever folk costume ball, hosted in cooperation with the Kleinwalsertal branch of the Austrian traditional clothing manufacturer Gössl on 29 October 2016. Longstanding cooperations with different event partners are extremely important at **Casino Kitzbühel**. In 2016, for instance, the casino hosted the opening night of the CORUM Snow Polo World Cup for the 14<sup>th</sup> time, welcoming the international polo elite, sponsors, the organizing committee, journalists and VIPs from around the world.

The biggest and most important society event of the year at **Casino Wien** was the "2<sup>nd</sup> Casino Charity Gala" with a charity tombola and Wheel of Fortune. A total of 15,000 euros was collected for the "Licht ins Dunkel" charity at this event. Charity also features high on the agenda at **Casino Linz**, where a range of different events organized by the Lions Club or the Soroptimists were hosted perfectly throughout the reporting year.

To mark the successful refurbishment of Schloss Klessheim, **Casino Salzburg** hosted a huge "Night of Fun" party on 18 March 2016. Over 1,500 guests and more than 40 artists, performers and entertainers partied the night away in Venetian flair. Schloss Klessheim also established itself as a trade fair venue in 2016, serving as the second location for the *Salzburger Hochzeitswelt* ("Salzburg Wedding World") in October. Weddings are a hot topic at Casino Salzburg – around 140 couples-to-be used the location for their bachelor/bachelorette parties in 2016 and December saw the first wedding held there after the renovations. And still on a wedding theme, Klessheim

Palace has been proud to serve as an official wedding venue for the Salzburg Association of Registrars since 2016. Casino Zell am See made good use of its proximity to Lake Zell. In the summer months, guests on five "Captain's Dinner" cruises on the lake enjoyed the food and music before heading over to the casino for some gaming entertainment. A particular success was the first *Pinzgauer Hosn Owi cards* tournament, where more than 50 enthusiasts from the Pinzgau region demonstrated their skills at this popular card game in Austria and Bavaria.

### **Congress Casino Baden (CCB)**

Congress Casino Baden has been successfully providing event management services to a national and international clientele for over 20 years and plans, manages and organizes all manner of different events. The CCB offers a unique combination of modern congress and event center in a historical setting and with the sparkling flair of Casino Baden.

The event rooms at the CCB are extremely versatile, offering event organizers an incredible range of options. They are the ideal location not only for congresses and conferences but also for gala evenings, concerts, balls, clubbing events and much more besides.

CCB's showpiece is the 450-square-meter Grand Ballroom with its historical ceiling frescoes and a huge terrace with fantastic views over Baden's spa gardens. Its other event rooms, which include the classically elegant Casineum function room and expansive Badener Saal ballroom are equally impressive. The Badener Saal was given a total relaunch in 2016 and is now a modern conference and seminar room with a capacity of up to 300 people.

Each year, Congress Casino Baden hosts some 200 events with a total of around 65,000 guests. The best-known of these include the annual *Casino Redoute* costume ball on Shrove Monday, the *Ball Imperial der Stadt Baden* ("City of Baden Imperial Ball"), the *Art Experience Festival* with renowned performers, the *Badener Hochzeitstage* ("Baden Wedding Show") with 120 exhibitors and the annual congress of the Austrian Association of Surgeons. Congress Casino Baden is a popular venue for cabaret and comedy and offers the stars of the Austrian comedy scene a fitting stage. Comedy at CCB is also available as a "season ticket". In the 2016 season, its "*Jeden Monat lachen*



– *gute Laune – humorvolle Unterhaltung* (“A monthly dose of laughter – good humor – hilarious entertainment”) comedy program included shows by popular comedians Weinzettl & Rudle, Reinhard Nowak, Roland Düringer, Grisse mann & Grisse mann or Chris Lohner.

#### Studio 44

Studio 44 is a popular, modern event location in Vienna. More versatile than virtually any other location, Studio 44 is regularly updated and meets all contemporary event requirements. It features cutting-edge technology, extensive furnishing options, facilities and equipment as well as a permanent team of experts to coordinate, plan and organize events.

The location’s two distinct areas – the Studio 44 Ballroom and the Studio 44 Loft – and professional seminar rooms provide the ideal setting for press conferences, presentations, congresses, debates, club events or exclusive receptions as well as for awards ceremonies, parties and shows. Both new and repeat clients alike value the flexible setting and professional service encountered at Studio 44.

In 2016, further investments were made in the infrastructure at Studio 44. The wall panels in the two seminar rooms were replaced and high-performance beamers installed to improve the professional quality of presentations. At the end of the year, the Studio 44 Ballroom was equipped with a new illuminated stage with Plexiglas stage elements and state-of-the-art LED technology. The new stage is more flexible in size and more energy efficient.

Studio 44 once again impressively demonstrated in 2016 that sustainability can also work in the event sector. The Casinos Austria and Austrian Lotteries Group’s premium event location was awarded the Austrian “Eco-Label” in 2016 and recognized as a “Green Location”. The official presentation of the certificate by the Austrian Federal Minister of Agriculture, Forestry, Environment and Water Management Andrä Rupprechter and the European Commissioner for Environment, Maritime Affairs and Fisheries Karmenu Vella took place at the Green Event Austria Gala on 2 June 2016 in Studio 44.

The events held in Studio 44 are as variable as the venue itself. During the 2016 European Football Championship,



> Studio 44 is also a perfect venue for concerts (like the Casinos Austria Music Line concert given by Norbert Schneider shown on the photo above).

for instance, Studio 44 hosted a customer event on 22 June with a live broadcast of the Austria – Iceland match.

Studio 44 is also the perfect venue for internal events in the Casinos Austria and Lotteries Group. The awards ceremony for the Alpha Prize for Literature and Casino Austria Music Line presentations feature regularly on the Studio 44 calendar. On 13 September 2016, Studio 44 organized the party to mark the 30<sup>th</sup> anniversary of the Austrian national lottery on the campus of Vienna University of Economics and Business. Our 5<sup>th</sup> Innovation Day was held at Studio 44 on 18 October and was attended by some 350 guests from 100 different companies and institutions.

Further customers and events hosted in Studio 44 in 2016 included the Allianz Elementar insurance company, the *Krone* newspaper Football Gala, the *Kleine Zeitung Graz* newspaper, the Österreichische Wirtschaftsbund business association, National Instruments, Constantin Entertainment (filming days for the celebrity shopping TV series *Promi Shopping Queen*), Novartis Pharma and Henkel/Schwarzkopf.

With a total of 97 booked events and 111 booked days, the utilization rate at Studio 44 in 2016 rose in comparison to previous years. Five events were carried out as so-called Green Events. Around 18,000 national and international guests enjoyed the superb service in Studio 44 in 2016. [www.studio44.at](http://www.studio44.at)

## Outlook

With the new year came new slot machine gaming fun for guests at Casinos Austria's casinos. 1,000 slot machines in our twelve casinos were replaced at the turn of the year with latest generation models. Further machines were also successively replaced in the weeks that followed. From a slot machine gaming perspective, 2016 was shaped by the preparations for the upcoming connection to the Austrian Federal Computer Center from 1 January 2017. To fulfill the legal requirements, a customized converter board was developed specially for Casinos Austria, which allows us to source slot machines from the best-known international manufacturers.

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In 2014, Casinos Austria became the first gaming company worldwide to obtain certification under the responsible gaming standards developed by the European Casino Association (ECA). Three years later, in January 2017, a comprehensive re-certification audit of all key indicators was carried out. In the course of this audit, our headquarters in Vienna and our casinos in Innsbruck and Zell am See were subjected to a rigorous inspection. The re-certification confirmed that Casinos Austria continues to meet the high standards required.

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Our successful responsible gaming conference, the Responsible Gaming Academy, will also be continued and will be held on 11 May 2017 in Studio 44 in Vienna for the 14<sup>th</sup> year in succession.

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In 2017, we plan to obtain certification for our anti-corruption and anti-money laundering systems to the ISO 19600 (Compliance Management Systems) and ISO 37001 (Anti-Bribery Management Systems) standards. For this purpose, annual re-certification audits will be introduced each year in both these areas. The implementation of an intranet-based compliance reporting platform in 2017 will also ensure that the quarterly compliance reports we have been producing since 2014 are transparent and audit-proof.

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The renovation work at Casino Graz will continue throughout 2017.

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In April 2017, our gastronomy subsidiary Cuisino Ges.m.b.H. will take over the lease in the only one of our casinos (Graz) in which it does not already provide the F&B services.

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In response to the growing trend toward digitalization, Casinos Austria will in future make increasing use of modern communication and interaction systems to ensure our casinos remain competitive and attractive well into the future.

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In 2017, Casinos Austria celebrates its 50<sup>th</sup> anniversary – an occasion that will be celebrated in style with special events and festivities throughout the year in all our casinos.

# 2016 Financial Statements

## Profit and Loss Statement

*for the period from 1 January 2016 to 31 December 2016 for Casinos Austria AG*

	2016 EUR	2015 TEUR
1. Gaming revenues	326,826,380.49	310,093
2. Sales and gaming related taxes	-93,408,121.39	-88,246
3. Gaming revenues after deduction of sales and gaming related taxes	233,418,259.10	221,847
4. Other sales revenues	20,295,198.19	17,365
5. Sales revenues	253,713,457.29	239,211
6. Other operating income		
a) Income from the disposal of fixed assets excluding financial assets	9,954.02	13
b) Income from the reversal of provisions	159,054.82	159
c) Other	1,379,407.28	1,433
	1,548,416.12	1,606
7. Personnel expenses		
a) Wages	-7,586,171.85	-7,652
b) Salaries	-86,485,858.87	-88,217
c) Employee benefits	-47,894,591.80	-51,770
aa) Expenses for old-age pensions	-13,537,434.97	-12,269
bb) Expenses for severance payments and contributions to employee benefit funds	-9,346,287.68	-15,516
cc) Social security costs and payroll-related taxes and contributions	-23,219,087.19	-22,350
dd) Other employee benefit expenses	-1,791,781.96	-1,634
	-141,966,622.52	-147,639
8. Amortization of intangible and depreciation of tangible fixed assets	-14,934,876.63	-12,725
9. Other operating expenses		
a) Taxes, other than those included under income taxes	-252,436.67	-273
b) Other	-68,119,600.42	-70,483
	-68,372,037.09	-70,756
10. Subtotal of items 3 to 9 (Operating profit)	29,988,337.17	9,698



	<b>2016 EUR</b>	<b>2015 TEUR</b>
11. Income from investments, thereof from affiliated companies	65,090,109.19 65,087,196.60	25,918 25,910
12. Income from other securities thereof from affiliated companies	126,058.26 0.00	490 0
13. Other interest and similar income thereof from affiliated companies	3,577,893.91 3,534,228.82	2,505 2,490
14. Income from the disposal and write-up of financial fixed assets	118,500.00	0
15. Expenses from financial fixed assets, thereof depreciation of financial fixed assets (excl. affiliated companies) thereof expenses from affiliated companies	-996,691.61 0.00 -996,691.61	-1,424 -222 -1,202
16. Interest and similar charges, thereof related to affiliated companies	-26,120,852.55 -4,657.49	-16,101 -176
<b>17. Subtotal of items 11 to 16 (Financial result)</b>	<b>41,795,017.20</b>	<b>11,388</b>
<b>18. Result before taxes</b>	<b>71,783,354.37</b>	<b>21,086</b>
19. Taxes on income thereof deferred taxes	2,435,347.00 9,539,412.00	-741 0
<b>20. Result after taxes</b>	<b>74,218,701.37</b>	<b>20,345</b>
<b>21. Annual surplus</b>	<b>74,218,701.37</b>	<b>20,345</b>
22. Allocation to profit reserves	-59,200,000.00	-10,350
<b>23. Annual profit</b>	<b>15,018,701.37</b>	<b>9,995</b>
24. Profit brought forward from the previous year	26,286.64	31
<b>25. Balance sheet profit</b>	<b>15,044,988.01</b>	<b>10,026</b>

The use of the Austrian Law on Changes in Accounting (*Rechnungslegungs-Änderungsgesetz 2014/RÄG 2014*) also necessitated an adjustment of the figures for the previous year.

## Balance Sheet

*as of 31 December 2016 for Casinos Austria AG*

	31.12.2016 EUR	31.12.2015 TEUR
<b>ASSETS</b>		
<b>A. Long-term assets</b>		
I. Intangible assets		
1. Protective rights and similar rights	4,210,310.14	2,426
2. Advance payments	314,088.10	1,479
	4,524,398.24	3,905
II. Tangible assets		
1. Property, coincident rights and buildings, including buildings on third party property, thereof value of land	31,745,080.79 10,590,225.80	33,847 10,590
2. Other equipment, fixtures, furniture and office equipment	85,608,747.56	60,348
3. Advance payments and construction in progress	355,325.77	1,740
	117,709,154.12	95,935
III. Financial assets		
1. Investments in affiliated companies	522,912,601.72	522,913
2. Loans to affiliated companies	53,700,000.00	53,700
3. Other participations	110,701.36	111
4. Securities (book-entry securities) held as long-term assets	11,919,854.97	11,801
	588,643,158.05	588,525
	<b>710,876,710.41</b>	<b>688,365</b>
<b>B. Current assets</b>		
I. Receivables and other assets		
1. Trade receivables	284,818.67	322
thereof with a remaining term of more than one year	0.00	0
2. Receivables from affiliated companies	70,595,040.13	28,403
thereof with a remaining term of more than one year	0.00	0
3. Other receivables and assets	5,619,978.18	2,373
thereof with a remaining term of more than one year	1,771,790.00	0
	76,499,836.98	31,098
II. Cash at hand, bank deposits	41,733,289.36	50,873
	<b>118,233,126.34</b>	<b>81,971</b>
<b>C. Prepaid expenses</b>	<b>2,278,042.92</b>	<b>2,470</b>
<b>D. Active deferred taxes</b>	<b>9,539,412.00</b>	<b>0</b>
<b>Total ASSETS</b>	<b>840,927,291.67</b>	<b>772,805</b>

<b>EQUITY AND LIABILITIES</b>	<b>31.12.2016 EUR</b>	<b>31.12.2015 TEUR</b>
<b>A. Equity</b>		
I. Called-up share capital	40,000,000.00	40,000
Subscribed share capital	40,000,000.00	40,000
Paid-up share capital	40,000,000.00	40,000
II. Profit reserves		
1. Legal reserves	4,000,000.00	4,000
2. Other reserves (voluntary reserves)	325,650,000.00	266,450
	329,650,000.00	270,450
III. Balance sheet profit, thereof profit brought forward	15,044,988.01 26,286.64	10,026 31
	<b>384,694,988.01</b>	<b>320,476</b>
<b>B. Provisions</b>		
1. Provisions for severance payments	39,122,943.00	31,108
2. Provisions for pensions	31,575,501.00	18,669
3. Provisions for taxes	13,938,752.00	4,431
4. Other provisions	50,779,726.00	49,577
	<b>135,416,922.00</b>	<b>103,785</b>
<b>C. Liabilities</b>		
1. Liabilities to banks, thereof with a remaining term of up to one year thereof with a remaining term of more than one year	246,500,000.00 30,000,000.00 216,500,000.00	276,500 30,000 246,500
2. Trade liabilities, thereof with a remaining term of up to one year thereof with a remaining term of more than one year	7,232,369.39 5,313,520.14 1,918,849.25	6,635 4,571 2,064
3. Liabilities to affiliated companies, thereof with a remaining term of up to one year thereof with a remaining term of more than one year	7,874,170.44 7,874,170.44 0.00	7,502 7,502 0
4. Other liabilities, thereof taxes thereof social security thereof with a remaining term of up to one year thereof with a remaining term of more than one year	56,618,336.58 21,360,872.42 3,383,552.52 56,618,336.58 0.00	55,375 20,190 3,146 55,375 0
	<b>318,224,876.41</b>	<b>346,011</b>
thereof with a remaining term of up to one year thereof with a remaining term of more than one year	99,806,027.16 218,418,849.25	97,447 248,564
<b>D. Deferred income</b>	<b>2,590,505.25</b>	<b>2,533</b>
<b>Total EQUITY AND LIABILITIES</b>	<b>840,927,291.67</b>	<b>772,805</b>



## Consolidated Profit and Loss Statement

*for the 2016 fiscal year for the Casinos Austria Group*

<i>in TEUR</i>	2016	2015 <i>adjusted</i>
Gaming revenues and bets placed incl. ancillary revenues	3,885,949	3,599,686
Payouts of winnings	-2,639,273	-2,371,211
Gross gaming revenues incl. ancillary revenues	1,246,676	1,228,475
Gaming taxes and fees and other taxes	-568,890	-574,038
Net gaming revenues incl. ancillary revenues	677,786	654,437
Other operating income	65,140	55,461
Expenditure for materials and services	-13,832	-12,246
Personnel expenses	-284,571	-290,017
Depreciation and amortization	-38,418	-33,414
Other operating expenses	-277,808	-279,011
Income from at equity consolidated companies	21,762	5,258
<b>Operating result</b>	<b>150,059</b>	<b>100,468</b>
Financial income	3,098	4,051
Financial expenses	-25,926	-28,814
Expenses from the sale and liquidation of companies	-11,309	-45
<b>Financial result</b>	<b>-34,137</b>	<b>-24,808</b>
<b>Profit/loss before income taxes</b>	<b>115,922</b>	<b>75,660</b>
Income taxes	-27,258	-19,022
<b>Result from continuing operations</b>	<b>88,664</b>	<b>56,638</b>
Result from discontinued operations	2,538	-1,358
<b>Group result</b>	<b>91,202</b>	<b>55,280</b>
Attributable		
to shareholders of parent company	68,697	35,443
to non-controlling interests	22,505	19,837
	<b>91,202</b>	<b>55,280</b>

# Consolidated Balance Sheet

*as of 31 December 2016 for the Casinos Austria Group*

<i>in TEUR</i>	<b>31.12.2016</b>	<b>31.12.2015 <i>adjusted</i></b>
<b>ASSETS</b>		
Cash and cash equivalents	266,610	244,360
Receivables and other assets	78,023	74,095
Other financial assets	11,854	14,489
	<b>356,487</b>	<b>332,944</b>
Assets held for sale	2,714	2,884
<b>Short-term assets</b>	<b>359,201</b>	<b>335,828</b>
Tangible assets	225,790	222,868
Goodwill	232,088	245,350
Other intangible assets	20,198	21,889
At equity consolidated companies	94,255	77,935
Deferred tax assets	18,465	18,238
Long-term financial assets	232,493	232,655
<b>Long-term assets</b>	<b>823,289</b>	<b>818,935</b>
<b>Total ASSETS</b>	<b>1,182,490</b>	<b>1.154,763</b>
<b>LIABILITIES AND EQUITY</b>		
Financial liabilities	153,574	41,532
Trade payables	30,570	29,838
Provisions	8,288	8,905
Income tax liabilities	18,764	5,689
Other short-term liabilities	285,045	294,348
<b>Short-term debt</b>	<b>496,241</b>	<b>380,312</b>
Financial liabilities	237,546	393,509
Provisions for employee entitlements	130,926	107,112
Deferred tax provisions	3,616	4,152
Other long-term provisions	27,574	27,068
Other long-term liabilities	6,032	2,513
<b>Long-term debt</b>	<b>405,694</b>	<b>534,354</b>
Share capital	40,000	40,000
Retained earnings and balance sheet profit	184,313	125,519
Reserve for actuarial gains/losses	-50,844	-26,183
Reserve from hedge transactions	-73	-674
Currency conversion reserve	18,262	15,750
<b>Equity – shareholders of parent company</b>	<b>191,658</b>	<b>154,412</b>
Non-controlling interests	88,897	85,685
<b>Equity</b>	<b>280,555</b>	<b>240,097</b>
<b>Total LIABILITIES AND EQUITY</b>	<b>1,182,490</b>	<b>1.154,763</b>







# Imprint

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*Happy cooking and enjoy your meal!*

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