





40 Years – NOVOMATIC looks back and into the future

2020 is the year that NOVOMATIC was going to celebrate its 40th company anniversary. In the current situation – more than ever – looking back on those 40 years of success is very reassuring and can teach us a thing or two. Primarily, the company’s history shows that the success of the past four decades has been built upon sound principles of business ethics and an innate social responsibility that appreciates the commitment and dedication of the NOVOMATIC family of employees as the company’s most important asset.

It would have been a year to celebrate for NOVOMATIC. Starting the celebrations at ICE in early February with special guest David Hasselhoff, it was going to be a whole year of festivities and re-joicing. The big official anniversary celebration was scheduled to take place on June 19th and 20th at the NOVOMATIC headquarters in Gumpoldskirchen, Austria, and planning for the event had been going on for months, tents were booked, catering ordered, the entertainment all arranged – everybody was eagerly anticipating the event, dedicated to making it a memorable party.

The invitations had been sent out, and from all four corners of the world, positive replies came back, flights were booked. NOVOMATIC customers, partners and media friends as well Austrian local dignitaries and other stakeholders were going to join the event, party together and have a great time – but sadly, all this had to be cancelled.

These are different times now. Definitely not the time to gather and celebrate, but rather to practice



social distancing and reflect. A tiny thing, an invisible virus causes global havoc on an epic scale, turns peoples’ lives upside down, spreads germs, fear and uncertainty and poses a worldwide threat to economies and welfare. It is not NOVOMATIC’s 40th anniversary that we will remember later on, but the year that we stuck together and weathered the Corona virus storm.

Four decades of success

Founded in 1980, NOVOMATIC looks back on 40 years of innovation, success and entrepreneurial skill that steered the ever-growing business through many a time of accomplishment and growth – and sometimes, choppy waters, too. New markets, segments and territories were entered, and along the way, many business partners became close friends. As the international gaming industry experienced unprecedented growth, so too did NOVOMATIC – always driven by the innovative strength and committed engagement of its workforce. Over the years, some markets closed as



The NOVOMATIC HQ in 1980.

politics and gaming jurisdictions changed, some were subject to tight restrictions while others presented new opportunities.

40 years after its establishment, the leading Austrian company from Gumpoldskirchen is one of the largest globally active gaming companies with around 30,000 employees, as well as Europe's largest gaming technology group. Today the NOVOMATIC Group operates around 2,100 electronic casinos, casinos and sports betting facilities, and exports innovative gaming equipment, system solutions and services to more than 75 countries.

But, let's start at the beginning.

The '80s: The early beginnings

1980 was a year of political upheaval. Poland saw the founding of the independent self-governing trade union 'Solidarnosc', while in the US, the presidential election resulted in a landslide victory for the Republican candidate Ronald Reagan over Democrat Jimmy Carter.

Meanwhile, in September 1980, Johann F. Graf founded what was to become an international gaming business in the former premises of the Tyrolean wine merchant company 'Morandell' in Gumpoldskirchen. At 33 years of age, with a capital of 50,000 Austrian Schillings (some EUR 3,600) and with a team of twelve employees, the entrepreneur set up NOVOMATIC Automatenindustrie- und -handels-gesellschaft m.b.H. in the idyllic wine-growing village south of Vienna. It was to be the starting point of a success story that is unparalleled in the international gaming industry.

Soon, the young company produced its first gaming machines under the ADMIRAL brand. It also became the general distributor for the gaming

machines of UK manufacturer JPM, which at that time was the second-largest independent manufacturer of slot machines in the world. Later, the portfolio was further broadened with the distribution of Williams pinball machines as well as Wurlitzer jukeboxes.

At that time the early expansion into other European markets was a brave step, but it turned out to be one of the corporate group's fundamental formulas for success and laid the basis for massive expansion in the years to come. Johann F. Graf visited all the major gaming manufacturers in Europe and the US in order to look behind the scenes of an industry that was still new to him. As luck would have it, the gaming industry was due for a major technological change that became a huge advantage for

NOVOMATIC – the conversion from electro-mechanics to electronics. Graf recognised the opportunity and realised its tremendous potential.

The NOVOMATIC founder initiated his first international activities in Germany, the Netherlands, France and Switzerland, and was rewarded with immediate success. For example, the Swiss distribution company founded in 1982 quickly established a market share of 70 percent. The eighties also saw the market established in South Africa. In 1986, only six years after the company was founded, NOVOMATIC was officially recognised by the Ministry of Economics as one of Austria's leading companies.

The most decisive politico-economical milestone in this early phase of the company's history was the fall of the 'Iron Curtain' in 1989. NOVOMATIC was among few pioneering Austrian enterprises to recognise the historic opportunity of an expansion into the Eastern European markets. Soon the maxim, that was to become Graf's fundamental principle for the Group right through to the present, was applied: "The truth is that, from the very beginning, our domestic market was not Austria but the world. Like many Austrian banks and insurance companies, we recognised the opportunities in Eastern Europe and seized them at an early stage. That was pivotal. Later on, it would have been significantly more difficult and expensive to acquire these market shares."

The '90s: The revolution of live gaming

The second decade brought ambitious international expansion for NOVOMATIC, with casino equipment exports to many international markets – for example, to South Africa, where, only six years later, Admiral Leisure World Ltd. would be listed on the stock exchange. In addition, the

Interactive Games introduced the multi-game concept in the industry.





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NOVOMATIC Group established a market-leading position in the majority of what would become the EU member states. In 1990 'American Poker II' launched, and has ever since been recorded in the history of the industry as 'The Legend'.

ADMIRAL Sportwetten was founded in 1991 and soon became the undisputed market leader in the Austrian sports betting market. 30 years on, it still is – with some 260 outlets and 90 sports bars as well as a leading online betting system. To meet the ever-growing demand for modern gaming equipment, the Group also expanded with new production sites outside of Austria – for example, in the Czech Republic. In the early nineties, the NOVOMATIC Group had already established an outstanding reputation in the international industry as an experienced manufacturer of gaming equipment as well as a gaming operator with operations in more than 30 countries worldwide.

The development and launch of the Coolfire™ gaming hardware platform in 1997 ultimately marked the company's technological breakthrough as a global player. Interactive multi-games were brought to the market, allowing operators to multiply their game offer on every machine position and giving players more choice than they ever had before. Also, the first electronic multiplayer platform, which had been in development since 1995, appeared on the market: The Novo TouchBet® Live-Roulette and with it the automation of the Roulette game revolutionised the live gaming segment. Johann F. Graf was the first ever to combine the thrill of live gaming with the new technological possibilities. With this novel concept, NOVOMATIC subsidiary Austrian Gaming Industries GmbH launched an innovation in the market that enjoyed worldwide success. Suddenly, up to 250 players were able to join one Live-Roulette game via individual player terminals. Electronic multiplayer equipment made in Austria quickly became the international market leader.

The group also achieved milestones with its gaming facilities – starting with the largest casino



In 1993, the FV038 presented an electronic Roulette game.

operation of the former Eastern bloc countries in Prague, casinos in Switzerland as well as the joint casino operation with the 'Stiftung Deutsche Sport-hilfe' foundation in Germany and a shareholding in one of the most successful German casinos, Spielbank Berlin.

The new millennium: An International Big Player

In the new millennium, the NOVOMATIC Group grew to become the largest integrated gaming group in Europe as well as one of the top players worldwide. As a content provider for online operators in regulated markets, the group developed a third business segment and achieved a new record turnover of almost EUR 2.5 billion in its 30th anniversary year, 2010. Staff numbers had grown to 17,000 worldwide.

As a manufacturer, the NOVOMATIC Group now covered the entire product range of the gaming markets: it developed, manufactured and distributed high-tech gaming equipment as well as innovative system solutions in more than 60 countries all over the world. In 2010, as an operator and via rental models, NOVOMATIC operated over 140,000 gaming machines in more than 850 electronic gaming halls, casino operations and sports betting outlets worldwide in more than 30 countries.

Some company milestones in this third decade include, for example, the founding of the software development arm Advanced Technology Systems International (ATSI) in 2000, in close cooperation with the University of Krakow in Poland. In the new millennium, the group expanded its role and reach as a global player through numerous acquisitions: Germany's second largest manufacturer of gaming equipment, NSM-LÖWEN Entertainment GmbH in Bingen, was acquired in 2003.

The fully automated NOVO Multi-Roulette™ island for eight players.



The British manufacturer Astra Games Ltd. was purchased just one year later. Crown Technologies GmbH in Rellingen, a second German manufacturer, was acquired in 2007 which, together with LÖWEN ENTERTAINMENT, secured the position as market leaders in Germany.

In 2007, NOVOMATIC laid the foundation for the new headquarters building in Gumpoldskirchen. It was completed in 2009, providing room for more growth, an expanded workforce as well as for consolidated, logistically improved production processes. Internationally, seven international competence centres underpinned a tight network that fostered the Group's innovative strength and R&D progress. It was also during this time that the trend towards server-based gaming was being addressed with the launch of the new server-based multiplayer platform NOVO LINE Novo Unity™ II as well as a new VLT platform that allowed operators to configure game offers at multiple locations via one central server.

In the area of gaming operations, the opening of casinos in Locarno and Bad Ragaz in Switzerland by the ACE Casino Holding AG was a notable highlight, as were the expansion in the Baltic States, the acquisition of the German AWP operator Extra-Games Entertainment GmbH and the opening of the Casino ADMIRAL Colosseum in Hâte in the Czech Republic.

In the Austrian home market, the Group opened Europe's largest sports betting casino, the Casino ADMIRAL Prater in Vienna. In the Vienna City centre, NOVOMATIC also opened the NOVOMATIC Forum as a cultural meeting place with room for dialogue remote from the company's core business. The original historic Jugendstil building was completely renovated and became home for an event lounge, an arts café plus the NOVOMATIC city offices.

In October 2008, together with partner Sun International, NOVOMATIC set new standards in Chile with the opening of Latin America's largest resort casino – Monticello Grand Casino & Entertainment World. The grand casino's opening event followed in 2009 with the outstanding joint live act of Marc Anthony and Jennifer Lopez. Also, the Group's first gaming facility in Slovenia went into operation in December 2009 with the Hotel & Casino Resort ADMIRAL in Kozina.

2010 – 2020: Sustainable growth and consolidation

The past decade has been characterised by further international expansion driven by continued growth, organically as well as through strategic acquisitions. To generate a new level of financial

flexibility, NOVOMATIC introduced a proven capital market instrument with the issuing of corporate bonds that presented highly attractive terms for investors and were invariably oversubscribed.



The new NOVOMATIC HQ was completed in autumn 2009.

The FV623 - Multi-Gaminator®, Nickname: 'The Winner'.



This solid financial position allowed NOVOMATIC to establish a well-balanced 360-degree portfolio for the international gaming industry, enter an increasing number of regulated markets and even fulfil the company's ambitions in the Austrian home market with a shareholding in the Austrian Lotteries (ÖLG) in 2015 and in Austrian casino monopolist Casinos Austria AG in 2016.

Italy, having put in place a new gaming law in 2009, presented huge opportunities, and NOVOMATIC's market entry led to full order books and shift work at the Austrian production site in Gumpoldskirchen to meet demand. In 2011, the Group celebrated a milestone with the 10,000th NOVOMATIC video lottery terminal (VLT) in operation in the Italian market – and in 2013 the 20,000th NOVOMATIC VLT was installed. Today, some 36,000 NOVOMATIC VLTs are in operation across Italy. Apart from supplying to all Italian VLT concessionaries, NOVOMATIC also acquired a majority shareholding in the VLT concessionary G.Matica in 2011. The success of NOVOMATIC VLT products soon drew the attention of other international lottery operators like the Romanian State Lottery, which in 2013 opted for NOVOMATIC for the supply of 10,000 VLTs.

The beginning of this decade also marked the entry into new and burgeoning gaming industry

MARKANT UND KULTIG

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segments. Professor Graf's ever-present visionary foresight and instinct paved the way for NOVOMATIC to add online gaming as a third pillar to the corporate business. With the acquisition of Vienna-based company Greentube Internet Entertainment Solutions GmbH in 2010, NOVOMATIC laid the foundation for the Group's successful online business. It was during this period that NOVOMATIC also became active in the online lottery solutions segment.

In 2013, NOVOMATIC was the first gaming provider to internationally introduce the prerequisites for a biometrically supported registration, entry and payment system for gaming operations: To this day, NOVOMATIC Biometric Systems™ (NBS) have been further developed and implemented in an increasing number of proprietary gaming

Right – International gaming operations: Casino ADMIRAL Kozina (SLO), Casino Bad Ragaz and Grand Casino Locarno (CH), Spielbank Berlin (DE), Casino ADMIRAL Prater (AT) and the Monticello Grand Casino & Entertainment World (CHL).

F1 racing legend Niki Lauda – NOVOMATIC brand ambassador from 2014-2019.

operations, setting new standards in terms of Responsible Gaming and player protection. Especially considering the latest worldwide developments with the pandemic Corona threat, access systems by way of contactless biometric authentication are sure to become all the more important for future gaming operations.

Of the myriad of acquisitions during these years of growth, some companies continued to operate as independent units, some were integrated into the Group structures, and others again, were sold. Like a breathing creature, the corporate structures developed a growing network of inter-linked subsystems, close co-operations and synergies. In 2012, with 18,000 employees worldwide, NOVOMATIC Group registered a new sales record of more than EUR 3 Billion.

To cater to the growing international customer base with local sales and service units, the Group established and steadily expanded a network of regional subsidiaries and headquarters – for example in Romania, Colombia, the Netherlands, Spain and many other countries. Marking the entry in the huge US market, NOVOMATIC Americas was founded in 2012 in Florida and later on moved to Chicago, Illinois. It established a growing customer base among Tribal and commercial casino customers and VGT operators as well as supplying sports betting equipment for the recently burgeoning US sports betting market.

In 2011, NOVOMATIC AG acquired a 92 percent shareholding in Germany's leading casino in the capital city, Spielbank Berlin. Other key acquisitions focused on the UK market with major assets of the Danoptra Gaming Group (2012) and purchases of Luxury Leisure Ltd (2014), Playnation Ltd. (2015) and Talarius Ltd. (2016), eventually establishing the NOVOMATIC Group not only as a key supplier to the industry but also as UK's leading arcade operator. In the Netherlands, the Group acquired JVH exploitatie B.V., JVH gaming products B.V., Eurocoin Gaming and AWP-design.nl in 2013 and Elam Group in 2014. In Spain, alongside significant acquisitions in the arcade segment, gaming supplier GiGames S.L. became part of the Group in 2014.

The biggest and internationally most widely noted acquisition, though, was the purchase of a majority shareholding of some 52 percent in the Australian gaming supplier Ainsworth Games Technology that was eventually approved by authorities and completed in 2018.

In the Austrian home market, the 'rollercoaster of fate' was particularly active during these years, with many ups and downs. In 2011, ADMIRAL Casino & Entertainment AG was founded as an exclusive operating unit for the Austrian market and in 2012 became the sole concessionary for the operation of AWP machines in the province of Lower Austria. But in 2015, a strict tightening of





the Austrian Gaming Law dealt the cards for AWP operations nationwide anew. The legislation, as well as the issuing of concessions, was henceforth the responsibility of the provincial authorities with the effect that four out of nine provinces entirely abolished AWP – among them the city of Vienna, where NOVOMATIC operated some 100 venues, including the flourishing Casino ADMIRAL Prater. It was to be reopened two years later as Europe’s largest sports bar: ADMIRAL Arena Prater.

NOVOMATIC had established itself as the leading full-service provider to the gaming industry. The single largest booth ever created for any gaming show, with some 4,500 sqm – the size of a soccer field – at ICE Totally Gaming, the Group’s excellent international reputation and its leading gaming technology products and solutions in operation all over the world were achievements and milestones that brought the brand into international focus.

Along with other restructuring measures, this process also saw the R&D, production and sales unit Austrian Gaming Industries become NOVOMATIC Gaming Industries, which was eventually merged into NOVOMATIC AG in October 2018. This strategy pursued three goals: The bundling of core competencies, a clear structuring of the Group

The Greentube HQ in the city centre of Vienna.



for internal as well as external stakeholders and the strengthening of the prestigious NOVOMATIC marque through consistent branding.

In 2014, NOVOMATIC welcomed a very special member who grew very close to the hearts of the



entire NOVOMATIC family and who became the personification of the company slogan ‘Winning Technology’: Austrian national hero, triple Formula-1 world champion and NOVOMATIC brand ambassador Niki Lauda. Johann F. Graf and Niki Lauda already held a long-standing friendship when, in autumn 2013, the idea came up for Lauda to act as a brand ambassador for the gaming technology group. With his famous Red NOVOMATIC Cap, he became a celebrated VIP guest and visitor magnet at many a casino opening – of which there were many. With the passing of Niki Lauda in May 2019, NOVOMATIC lost not only the Group’s long-standing brand ambassador but also a world-renowned Austrian and a good friend. The NOVOMATIC family will always honour and hold dear the memory of Niki Lauda.

The second half of the decade was particularly characterised by the expansion of the Group’s operations business under the ADMIRAL brand. The significant number of casino openings testify to the exceptional growth in this segment. The opening of the Casino Hotel FlaminGO in Macedonia in 2014 was soon followed by other major openings like the Casino ADMIRAL San Roque in Spain (2016), Grand Casino ADMIRAL Zagreb, Croatia (2017) as well as the Group’s first casino in Liechtenstein (2018). The past year, 2019, was an especially strong year with new casinos in Seville and Granada in Spain, a second Casino FlaminGo operation in Skopje, North Macedonia as well as Casino ADMIRAL Waalwijk in the Netherlands and Casino ADMIRAL Triesen in Liechtenstein.

2020 and into the future

Now in its 40th anniversary year, NOVOMATIC looks back on another successful year of business and progress: With a workforce that has grown to more than 22,000 employees worldwide, NOVOMATIC AG achieved revenues of EUR 2.6 billion in 2019. Including the revenues of NOVOMATIC AG, Novo Invest GmbH and NOVO SWISS AG, the Group’s total revenues reached EUR 5.1 Billion, employing around 30,000 employees. The Group has 25 technology competence centres worldwide and offices in more than 50 countries. Internationally, approximately 230,000 gaming terminals and VLTs are in operation in around 2,100 Group-owned gaming operations as well as via rental models.

This continued growth in both the gaming operations and gaming technology segments has always been driven by a business philosophy that is based on unwavering principles: The unconditional commitment to quality, creativity and innovation; the principle of offering products, services and venues only in clearly regulated markets; a focus on organic, sustainable and responsible growth; business partnerships that are based on mutual trust and support, and the absolute conviction that a company’s employees are its most important asset.



This set of business principles will determine the Group's long-term future success, and especially so in times like these. In this special 40th anniversary year, the NOVOMATIC family faces the biggest crisis that the world has seen since the end of the Second World War. Virtually overnight, the effects of the coronavirus have paralyzed public life, the global economy, and our industry as well.

NOVOMATIC has proven, time and again, that it can overcome obstacles and challenges by drawing on the strengths and the commitment of its employees to emerge from crises even stronger than before. Johann F. Graf's company has always put its employees first. In the threat of the Coronavirus, NOVOMATIC has now taken all possible measures to guide the company through these difficult times. The management is committed to protecting employees and their families, always with a clear focus on safeguarding their health while maintaining the value-added process and safeguarding jobs.

Together as a team, the NOVOMATIC family will certainly master this unprecedented challenge as well. The company will build on the full

Linked Progressive Jackpot installation featuring Samurai Beauty™ at ICE 2020.

commitment of its workforce. Because Unity is not just one of NOVOMATIC's greatest product innovations – it is the NOVOMATIC mindset and always has been. 

