

Annual Report

2016



FACILITY MANAGEMENT HAS MANY SIDES TO IT

Gegenbauer
Facility Management

WE ARE

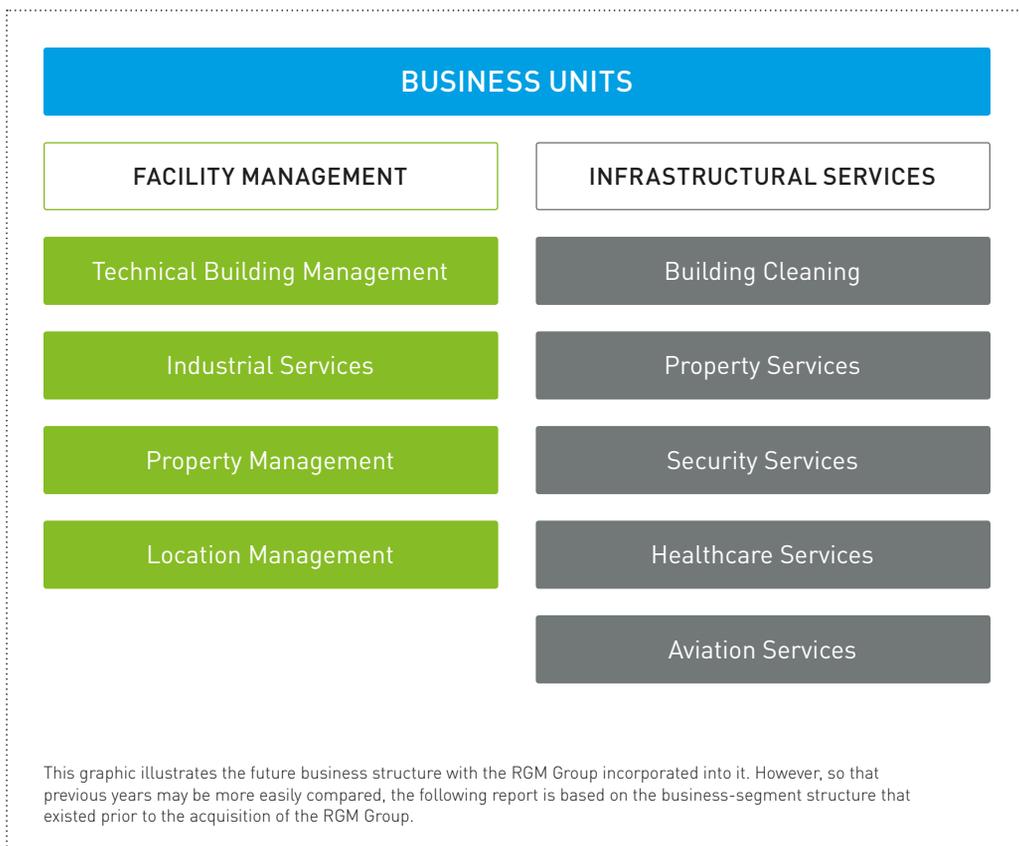
- » a leading provider of valuable facility management with advanced competence and deep roots in the service sector.
- » a market-oriented company with service networks in all conurbations in Germany. Solidity, competence and a solutions-oriented approach make us a reliable partner for our clients.
- » interested in our customers and in their challenges. Our intention, after all, is to pointedly accompany and support them in their profit-making processes.

LASTING COMMITMENT – FOR OUR FUTURE

- » long-term oriented in everything we do.
- » a responsible employer for our workforce. We know, after all, that their efforts and capabilities alone can create the solutions that our customers expect from us every day.
- » a sustainably acting company. Conscious and responsible interaction with each other, with society and with the resources of our environment are natural modes of behaviour for our business.

A service provider grounded in conviction and passion

Gegenbauer, as one of the leading providers of facility management, is active in all metropolitan areas within Germany. As befits a company with a 90-year history, our wealth of experience is self-evident. We have nearly 18,000 trained employees across the company. We actualise service and management concepts for real estate and properties, as well as for those who make use of them. As part of a partnership, we take responsibility for comprehensive services. We ensure that operations run perfectly, that only the highest quality is achieved and that innovative and sustainable solutions are found.



2016 Highlights

APRIL



Becoming involved in the initiative “Wir zusammen” (“Together as one”)

Through the “Wir zusammen” initiative, respected representatives of the German economy act together to help refugees and displaced persons integrate into the labour market. In the spring of 2016 Gegenbauer joins the alliance, which now comprises nearly 150 partners, and presents, amongst other things, its diverse integration projects on this platform (Picture: Rusdom Gerezgher between members of the management team).



JUNE

Diversity Day

Once again, Gegenbauer participates in the nationwide Diversity Day. The occasion is used as an opportunity to organize a culinary street food market with its employees. Employees from five nations – Greece, Poland, Romania, Tunisia and Turkey – prepare specialties from their home countries. The apprentices contribute cakes and desserts from 20 countries. In addition to its own employees, 15 people from a refugee camp in Berlin are also present at the event, demonstrating the diversity of Gegenbauer to the guests.

MAY

Chronicle of the company's history

The eventful history of Gegenbauer is now recorded in chronicle form, covering 90 years in almost 120 pages. Many memories were collected for this history book. The result is a journey through the highlights of the company's nine decade-long history. Werner Gegenbauer, Chairman of the Board of Directors, and Managing Director Christian Lewandowski receive the first freshly printed copy from Nadine Grümme (Marketing department).



NOVEMBER

Awarding of BIV Integration Prize

The Gegenbauer group is awarded the first Integration Prize from the Bundesinnungsverband des Gebäudereiniger-Handwerks (BIV) (German Federal Guild Association of the Cleaning Trade) for its outstanding contribution to integration services. The jury (in the picture with representatives of the Gegenbauer Group in the middle) were impressed both by the variety of the measures and by the consistency with which they were applied.



Gegenbauer acquires the RGM Group

Gegenbauer Holding SE & Co. KG, Berlin, and Georgsmarienhütte Holding GmbH, Osnabrück, complete a deal to acquire 90 percent of the shares of RGM Holding GmbH, Dortmund. The activities of the RGM Group are sold retrospectively as of 1st January 2016 and are carried forward under the umbrella of the Gegenbauer group.

DECEMBER



First place in FM (Facility Management) report 2016

In the FM Report 2016 compiled by Bell Management Consultants, the Gegenbauer group is ranked in first place amongst high-turnover FM service providers based within Germany. In addition to brand strength, measured according to the reputation and name recognition of the surveyed companies, the customer survey also calculates expertise. Additionally, Gegenbauer is awarded the most points for general expertise. A total of 115 object managers and FM controllers voted in the FM report.



Energy management system certified

During 2016, a team of experts from all divisions develops the fundamentals for the implementation of an energy management system following ISO 50001. This includes, amongst other things, an energy management manual, including the phase plans and schedules which are necessary for implementation. Additionally, an energy policy is formulated which defines ambitious targets. In December 2016, the energy management system is successfully certified according to schedule.

Report on the business situation

The German economy continues to grow, consequently benefiting the FM industry

Despite the global slowdown in 2016, the German economy remains on course for growth. The GDP growth rate of 1.9 percent is slightly higher than that of the previous year. A crucial factor in this sustained positive growth is renewed domestic demand: both private consumer spending and, to an even greater extent, government expenditure increases. This strong surge is due, amongst other things, to high immigration of those seeking protection and the costs associated therewith.

With a yearly average of around 43.5 million employees, the 10 year-long sustained increase in employment numbers in Germany continues through 2016. The increase was even higher than in the previous year (+377,000 or +0.9 percent). In 2016, the highest employment level since Reunification was reached. Increased labour participation by the domestic population as well as the influx of foreign workers counterbalances negative demographic effects.

Strengthening of our competitive position in a dynamic market environment

The market for facility management is currently undergoing profound changes. On the one hand this has been triggered by advancing digitization. This has led to more flexibility, transparency and needs-based orientation within the processes and operations in facility management. On the other hand, changing tendering behaviour, which focuses more on quality, integrated offers, consulting abilities and sustainability skills, has opened up new possibilities for innovative suppliers. This, however, has also increased demands for performance, customer proximity and individualized concepts.

Against this backdrop, in 2016 the Gegenbauer group took an important step in strengthening its competitive position by acquiring 90 percent of the shares of the RGM Group. This expansion makes a great deal of sense both in professional and regional terms. It provides an excellent basis for even more comprehensive care of existing customers. It also allows us to tap into a new and more ambitious client base.

“The Facility Management division increased its turnover by 3.4 percent. The increase in the Facility Services division was even higher. Turnover grew by 10.0 percent.”

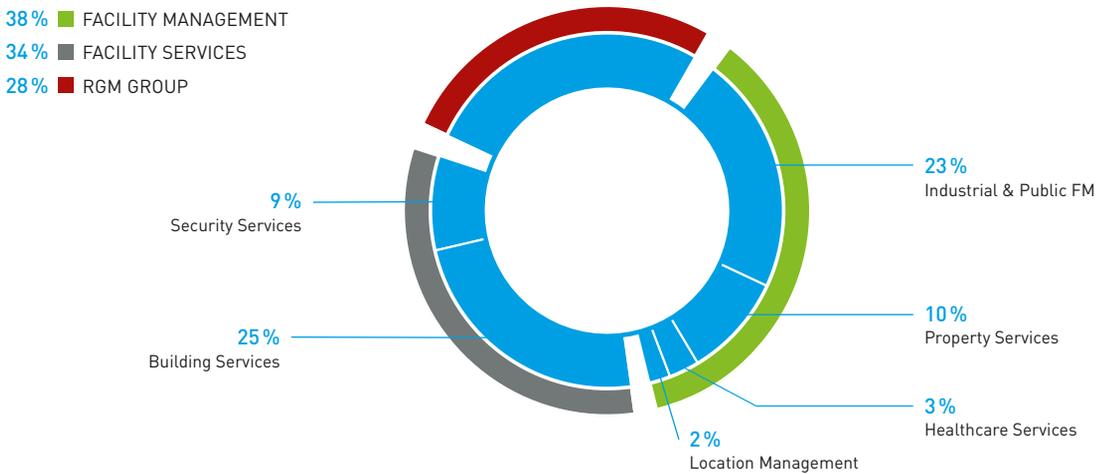
Considerable sales turnover through organic and inorganic growth.

Once the retrospective acquisition of the RGM Group as of 1st January 2016 is included, the consolidated turnover of the Gegenbauer Group amounted to €684.4 million in the past financial year. The RGM Group contributed turnover of €192.4 million. Once this is excluded, the organic growth of Gegenbauer in the reporting year amounted to 6.5 percent, corresponding to a turnover of €492.0 million.

Compared to the previous year, the Facility Management (FM) division increased its turnover from €249.2 million to €257.7 million. This corresponds to a growth of 3.4 percent.

The increase in the Facility Services (FS) division was even higher. Turnover grew by 10.0 percent to €234.3 million when compared to the previous year (€213.0 million).

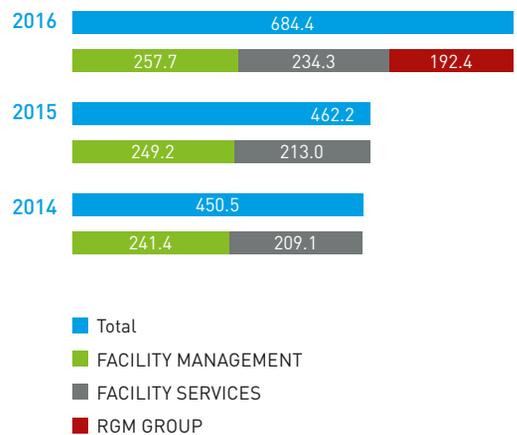
EXTERNAL SALES IN %



Industrial & Public FM and Security Services segments had the strongest growth.

The Industrial & Public Facility Management (FM) segment achieved the strongest growth with an increase of 14.3 percent. The segment offers a comprehensive range of integrated technical and commercial services as well as management services. Consolidated turnover amounted to €153.7 million (previous year: €134.5 million). €14.4 million of this amount could be attributed to facility management activities in Poland, where the company is represented at twelve locations with 500 employees.

DEVELOPMENT EXTERNAL SALES IN € MILLION



The market for residential properties, in which the Property Services segment positioned its services, continued to be characterized by consolidation and insourcing trends for the year under review. As a result of the aforementioned market development, turnover declined by 14.7 percent to €69.6 million (previous year: €81.6 million).

On the other hand, the Healthcare Services division, which supplies integrated services for medical and curative facilities, achieved consolidated revenue turnover of 2.6 percent to €20.1 million, notwithstanding the existing trend for insourcing (previous year: €19.6 million). Non-consolidated turnovers which are handled in the context of service companies also rose by 12 percent to €27.1 million (previous year: €24.2 million).

The Location Management segment, which comprises the complete operation of event facilities, generated a slight turnover growth of €14.3 million (previous year: €13.5 million). The segment's remit encompasses all aspects of event planning, organization and implementation as well as facility management for event locations.

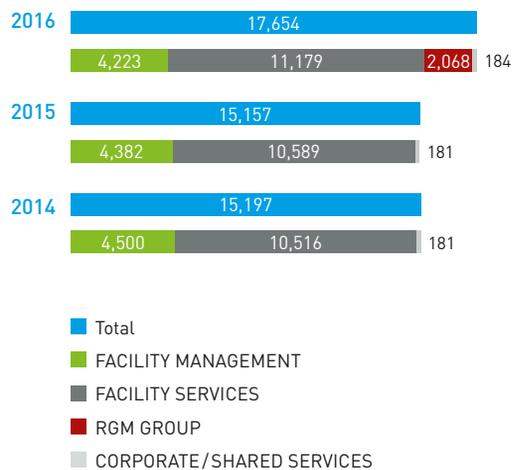
At €173.1 million, the Building Services segment achieved an 8.7 percent higher turnover than in the previous year (€159.3 million). The segment operates all services for maintenance cleaning for office and commercial properties. This also includes glass and facade cleaning as well as special services.

The Security Services segment also recorded a significant increase in turnover. This segment offers services such as security and property protection, fire protection and event services. Turnover rose by 14.0 percent to €61.2 million (previous year: €53.7 million).

Successful sales balance sheet

In 2016, the company group once again succeeded in convincing a number of notable clients of its performance and in further expanding its cooperation with existing customers. Gegenbauer is now managing a portfolio of around 200 subsidiaries nationwide for one of Germany's leading financial service providers. In addition, a global, integrated technology group expanded the scope of its contract in the reporting year. It commissioned the management of its new company head office in southern Germany. The long-term cooperation with a European aerospace company was also expanded. Within the scope of new tendering, the company once again prevailed in renewing a large number of existing customers. These included renowned cultural and research institutes, retail groups as well as challenging commercial properties throughout Germany.

EMPLOYEES (ANNUAL AVERAGE)



Employee numbers increased moderately

In 2016 the Gegenbauer group employed 15,586 people from 111 nations. Consequently, the number of employers increased by 2.8 percent, or 429 employees, compared to the previous year. The RGM Group's workforce comprised 2,068 employees.

Employment trends were very different, depending upon the division. In the Facility Management division, the number of employees fell by 3.6 percent to 4,223 (previous year: 4,382). This was certainly the result of the substantial reduction in personnel in the Property Services division. On the other hand, the number of employees in the Facility Services division increased to 11,179 employees, i.e. by 5.6 percent when compared to 2015 (10,589 employees).

Gegenbauer receives employer award

Gegenbauer Location Management & Services GmbH was chosen as the second-best employer for 2016 in the Berlin-Brandenburg region in the category "Companies with 10 to 49 employees". This award was conferred by the independent institute "Great Place to Work". According to the survey, nine out of ten employees would recommend their company as employer, 100 percent of the employees stated: "All in all, this is a very good place to work." Gegenbauer Location Management & Services, like the entire group, is based on a value-oriented business culture. Paramount amongst these values are appreciation, individual responsibility and, last but not least, pleasure in one's work.

Outlook for 2017

In a projected weak economic environment, the consolidation process of the facility management market will continue or even gain momentum in 2017. On the basis of existing forecasts, we hypothesize that the market volume will increase by 3 to 4 percent. Those companies which lead the market will profit slightly more from this environment than the market as a whole.

"The Gegenbauer group conjectures that in the first full fiscal year, taking the RGM Group into account, the turnover generated in 2016 will be confirmed."

The Gegenbauer group conjectures that in the first full fiscal year, taking the RGM Group into account, the turnover generated in 2016 will be confirmed. This prognosis is based on the necessary adjustment and synchronization of future mutual market development in order to expand existing business relationships and to be able to utilize the resulting potential as extensively as possible. Since the necessary portfolio adjustments in the Property Services segment will continue into the current financial year and the Security Services segment will execute a market-oriented realignment in the reporting year, an intensive new business acquisition will be necessary to meet the Group's planned turnover target of approximately €685 million.

Our Figures 2016

	2016	2015	Change in %
Total sales (incl. internal group sales) in € m	749.5	502.7	49.1
Facilities Management	269.9	262.8	2.7
Industrial & Public FM	158.2	138.9	13.9
Property Services	76.2	89.7	-15.1
Health Care Services	21.1	20.4	3.4
Location Management	14.4	13.8	4.3
Facilities Services	269.2	239.9	12.2
Building Services	187.1	171.5	9.1
Security Services	82.1	68.4	20.0
RGM Group	210.4		
External sales in € m	684.4	462.2	48.1
Facilities Management	257.7	249.2	3.4
Industrial & Public FM	153.7	134.5	14.3
Property Services	69.6	81.6	-14.7
Health Care Services	20.1	19.6	2.6
Location Management	14.3	13.5	5.9
Facilities Services	234.3	213.0	10.0
Building Services	173.1	159.3	8.7
Security Services	61.2	53.7	14.0
RGM Group	192.4		
Employees (annual average)	17,654	15,157	16.5
Facilities Management	4,223	4,382	-3.6
Industrial & Public FM	1,665	1,569	6.1
Property Services	1,681	1,956	-14.1
Health Care Services	686	676	1.5
Location Management	191	181	5.5
Facilities Services	11,179	10,589	5.6
Building Services	8,945	8,692	2.9
Security Services	2,234	1,897	17.8
RGM Group	2,068		
Corporate/Shared Services	184	186	-1.1

Service

**Everything New, All Our Contact Data,
Everything in Overview:**
www.gegenbauer.de

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PHOTOS
Title – Sebastian Hänel
Page 4 – Holger Petsch
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Page 5 – Bundesinnungsverband des
Gebäudereinigerhandwerks

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