



Dussmann Group

Annual Report 2010

A Strong Future with a New Structure



Dussmann Group

With 56,500 employees in 21 countries across the globe, the Dussmann Group offers the whole range of facility services from one source under the brand name of Dussmann Service: technical services, catering, security and reception services, cleaning as well as commercial and energy management. The second largest company division, Kursana, provides nursing and care to the elderly. In addition, the Dussmann Group operates the KulturKaufhaus in Berlin.

We ended the financial year 2010 with worldwide sales of 1,567 million Euros. This is an increase of 127 million Euros or 8.8 percent and is due almost exclusively to organic growth. Group sales were boosted from 1,179 million Euros in 2009 to 1,312 million Euros in 2010 – a gain of 133 million Euros or 11.3 percent. Group sales generated an EBITDA margin of 6.3 percent. As in 2009, this figure represents the highest operative earnings in the history of the company which began in 1963.

Worldwide sales of the division Dussmann Service increased by 9.1 percent or 102 million Euros to 1,228 million Euros. Kursana boosted sales by 9 percent or 25 million Euros to a total of 304 million Euros.

In our core business activities, facility management and nursing and care of the elderly, sales in Germany rose by 6.9 percent or 62 million Euros to a total of 955 million Euros.

Dussmann Group sales abroad totaled 612 million Euros which is an increase of 11.9 percent or 65 million Euros over the previous year. The number of employees worldwide, including those working for

operations managed by the Dussmann Group, rose from 53,205 in 2009 by 3,172 to a total of 56,377.

The Dussmann Group continued to consolidate its international business in 2010 closing subsidiaries which had proved unviable and concentrating its energies on growth markets. Nevertheless, international sales, earnings and the number of employees showed consistent growth.

For the seventh year in a row, we have succeeded in increasing both sales and earnings in every company division. Clients both inside and outside Germany have expressed their confidence in us by extending or expanding their contracts, for example, the Zurich Group Germany, the Hong Kong airport or the German pavilion at the EXPO 2010 in Shanghai.

On January 1, 2011 we acquired the Swiss cleaning company Abegglen Reinigungen AG which operates in the Basel area. The medium-term objective is to establish activities with our wide-ranging service portfolio across Switzerland.

One factor that contributed to increased sales was the acquisition of eight seniors' facilities from Sunrise in September 2010. These facilities are managed under the name "Kursana Villa" and are located in

Reinbek, Hanover, Bonn, Frankfurt/Main, Wiesbaden, Oberursel, Königstein and Munich. They provide first-class sheltered accommodation, nursing and dementia care. Kursana now operates 116 facilities and is gaining ground as the leading private German provider of care and nursing for the elderly.

Dussmann Service extended its scope of activities in 2010 to include in-house child care facilities for companies nationwide. These are exceptional for their unusually long and flexible opening times in addition to their cultural emphasis and bilingual approach. In this combination, the profile is unique in Germany. The facilities are set up in close cooperation with the partner company. The first Dussmann Kultur-Kindergarten in cooperation with the ukb hospital in Berlin was opened in June 2011.

In addition to opportunities there are also risks. In Germany and several other countries, growth in the facility management market is slow or in some sectors, even stagnant. The market is experiencing constant consolidation and there is fierce competition with respect to a number of services. Pay increases are a further source of financial pressure. The shortage of skilled personnel in the nursing

The Group's Employees

Employees including those managed by the Dussmann Group*	2009	2010	Change	
			in numbers	%
Employees total:	53,205	56,377	3,172	6.0
of this Germany	25,168	26,470	1,302	5.2
of this Abroad	28,037	29,907	1,870	6.7

* Average

and care sector and the fall of restrictions in May on free movement of labor are factors which are still difficult to assess. As one of the largest caterers, we are also affected by the sharp rise in food prices, in particular for cereals, milk products and coffee.

Nevertheless, we remain optimistic about 2011 and plan to continue organic, profitable growth by seizing opportunities to win new clients and to reduce costs through synergies. The strategic focus this year is on the devel-

opment of sustainable service products taking aspects such as facility efficiency, reduction of carbon emissions and environmentally compatible cleaning products.

At Kursana, the quality offensive continues with audits by internal quality management and certification of all facilities by TÜV Rhineland. During regular checks by the medical service of the health insurances (MDK), the almost 90 Kursana facilities already inspected have been awarded an average grade of 1.4. Kursana has launched a training

campaign for nursing personnel. This is crucial; in 2011 alone, Kursana will grow by a further three facilities: in Dachau, Bavaria and in Griesheim and Dreieich (Hesse).

In order to secure the longterm future of the Dussmann Group, a new structure was introduced as per December 30, 2010. The foundation, already planned by company founder, Peter Dussmann, was established as the permanent management body. The Dussmann Group was previously divided into sections and the division, Dussmann Service Deutschland, has been detached from the holding into a newly founded company. The independence of the three divisions, Dussmann Service Deutschland, Dussmann Service International and Kursana engenders transparency, more direct organization and clear management responsibility. This organization form ensures that we are well-equipped to meet coming challenges.

Yours truly,



Dirk Brouwers
Chief Executive Officer

Total Sales and Consolidated Group Sales						
	2009		2010		Change	
	Mill. €	%	Mill. €	%	Mill. €	%
Total sales	1,440	100.0	1,567	100.0	127	8.8
Germany	893	62.0	955	60.9	62	6.9
Abroad	547	38.0	612	39.1	65	11.9
Dussmann Service	1,126	78.2	1,228	78.4	102	9.1
Kursana	279	19.4	304	19.4	25	9.0
KulturKaufhaus	35	2.4	35	2.2	0	0.0
Consolidated Group Sales*	1,179		1,312		133	11.3
Dussmann Service	896	76.0	987	75.2	91	10.2
Kursana	248	21.0	290	22.1	42	16.9
KulturKaufhaus	35	3.0	35	2.7	0	0
EBITDA on consolidated group sales		6.1		6.3		

*without managed sales and intercompany sales

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