

January–September 2016

Interim Consolidated Financial Statements



Consolidated Income Statement

in CHF m	January–September		July–September	
	2016	2015	2016	2015
Total revenue	2,529.5	2,233.7	932.9	818.6
Materials and service expenses	(1,059.0)	(912.7)	(395.0)	(338.4)
Personnel expenses	(936.6)	(895.9)	(333.3)	(295.1)
Other operating income and expenses, net	(403.7)	(364.3)	(142.0)	(119.0)
Impairment charges	–	(2.5)	–	–
Depreciation and amortization	(50.3)	(43.9)	(16.7)	(14.8)
Other gains and (losses), net	7.0	(0.2)	0.9	(0.1)
Total operating expenses, net	(2,442.6)	(2,219.5)	(886.1)	(767.4)
Operating profit	86.9	14.2	46.8	51.2
Finance costs, net	(15.4)	(61.5)	(5.2)	(12.3)
Share of result of associates and joint ventures	2.6	2.4	0.4	0.6
Profit/(loss) before tax	74.1	(44.9)	42.0	39.5
Income tax expenses	(19.0)	(10.2)	(6.2)	(7.1)
Profit/(loss) for the period	55.1	(55.1)	35.8	32.4
thereof attributable to shareholders of the Company	53.4	(56.3)	35.1	32.0
thereof attributable to non-controlling interests	1.7	1.2	0.7	0.4
Earnings per share attributable to shareholders of the Company				
Basic earnings per share in CHF	2.03	(2.16)	1.32	1.23
Diluted earnings per share in CHF	2.02	(2.16)	1.32	1.23

Consolidated Statement of Comprehensive Income

in CHF m	January–September		July–September	
	2016	2015	2016	2015
Profit/(loss) for the period	55.1	(55.1)	35.8	32.4
Items that will not be reclassified to profit or loss				
Actuarial (losses)/gains net, on defined benefit schemes, net of taxes	(44.6)	(21.0)	(1.5)	(19.1)
Items that may be reclassified subsequently to profit or loss				
Currency translation differences arising during the period	(11.9)	12.1	(5.9)	(6.7)
Other comprehensive income	(56.5)	(8.9)	(7.4)	(25.8)
Total comprehensive income	(1.4)	(64.0)	28.4	6.6
thereof attributable to shareholders of the Company	(2.6)	(64.9)	28.1	6.3
thereof attributable to non-controlling interests	1.2	0.9	0.3	0.3

Consolidated Balance Sheet

in CHF m	September 30, 2016	December 31, 2015	September 30, 2015
Cash and cash equivalents	136.3	102.6	115.6
Trade receivables	344.9	284.7	311.0
Other current receivables and prepayments	115.0	94.5	102.8
Inventories	121.8	101.9	96.0
Current income tax assets	15.3	10.4	12.1
Assets held for sale	–	–	0.5
Total current assets	733.3	594.1	638.0
Property, plant and equipment	287.1	284.4	279.2
Intangible assets	630.0	412.1	408.3
Investments in associates and joint ventures	13.4	15.0	15.2
Other non-current receivables	41.5	34.8	35.3
Deferred income tax assets	49.0	45.9	47.4
Total non-current assets	1,021.0	792.2	785.4
Total assets	1,754.3	1,386.3	1,423.4
Short-term debt	251.5	65.3	84.9
Trade and other payables	222.0	217.3	232.0
Current income tax liabilities	19.8	14.7	19.1
Short-term provisions	30.5	36.6	47.0
Other current liabilities	370.9	298.9	290.4
Total current liabilities	894.7	632.8	673.4
Long-term debt	273.6	277.4	276.0
Deferred income tax liabilities	23.4	13.9	12.4
Retirement benefit obligations	236.3	192.4	212.7
Long-term provisions	57.5	33.0	31.0
Other non-current liabilities	5.2	3.5	3.3
Total non-current liabilities	596.0	520.2	535.4
Total liabilities	1,490.7	1,153.0	1,208.8
Equity attributable to shareholders of the Company	236.0	230.3	212.0
Non-controlling interests	27.6	3.0	2.6
Total equity	263.6	233.3	214.6
Total liabilities and equity	1,754.3	1,386.3	1,423.4

Consolidated Statement of Changes in Equity

in CHF m	Attributable to shareholders of the Company						
	Share capital	Treasury shares	Retained earnings and other reserves	Currency translation	Total	Non-controlling interests	Total equity
At January 1, 2016	134.0	(19.6)	90.4	25.5	230.3	3.0	233.3
Profit for the period	–	–	53.4	–	53.4	1.7	55.1
Other comprehensive income	–	–	(44.6)	(11.4)	(56.0)	(0.5)	(56.5)
Total comprehensive income	–	–	8.8	(11.4)	(2.6)	1.2	(1.4)
Equity-settled share-based payments	–	–	16.1	–	16.1	–	16.1
Issue of treasury shares to employees	–	17.0	(17.0)	–	–	–	–
Capital increase from non-controlling interests	–	–	–	–	–	3.0	3.0
Change in non-controlling interests	–	–	–	–	–	22.2	22.2
Dividends paid	–	–	(7.8)	–	(7.8)	–	(7.8)
Dividends paid to non-controlling interests	–	–	–	–	–	(1.8)	(1.8)
At September 30, 2016	134.0	(2.6)	90.5	14.1	236.0	27.6	263.6
At January 1, 2015	134.0	(20.4)	167.6	6.5	287.7	3.0	290.7
(Loss)/profit for the period	–	–	(56.3)	–	(56.3)	1.2	(55.1)
Other comprehensive income	–	–	(21.0)	12.4	(8.6)	(0.3)	(8.9)
Total comprehensive income	–	–	(77.3)	12.4	(64.9)	0.9	(64.0)
Equity-settled share-based payments	–	–	0.9	–	0.9	–	0.9
Issue of treasury shares to employees	–	0.8	(0.8)	–	–	–	–
Dividends paid	–	–	(11.7)	–	(11.7)	–	(11.7)
Dividends paid to non-controlling interests	–	–	–	–	–	(1.3)	(1.3)
At September 30, 2015	134.0	(19.6)	78.7	18.9	212.0	2.6	214.6

The accompanying notes form an integral part of these Interim Consolidated Financial Statements.

Consolidated Cash Flow Statement

in CHF m	January–September 2016	January–September 2015
Profit/(loss) before tax	74.1	(44.9)
Adjustments for:		
Finance costs, net	15.4	61.5
Share-based payments	16.1	0.9
Share of result of associates and joint ventures	(2.6)	(2.4)
Depreciation and amortization	50.3	43.9
Impairment charges	–	2.5
Other (gains) and losses, net	(7.0)	0.2
Net cash flow before working capital and provision changes	146.3	61.7
Changes in working capital	(36.8)	(21.7)
Changes in provisions and retirement benefit obligations	(23.9)	26.8
Cash generated from operations	85.6	66.8
Interest paid	(10.0)	(25.1)
Early repayment fee	–	(5.3)
Interest received	0.7	0.5
Income taxes paid, net	(13.8)	(12.6)
Net cash flow generated from operating activities	62.5	24.3
Acquisition of subsidiaries, net of cash acquired	(86.5)	(1.5)
Purchase of property, plant and equipment	(42.1)	(29.4)
Purchase of intangible assets	(3.5)	(5.9)
Proceeds from sale of assets	1.9	0.6
Dividends from associates and joint ventures	1.0	0.4
Capital increase in associates	(0.4)	–
Net cash flow used in investing activities	(129.6)	(35.8)
Proceeds from debt	216.7	119.0
Repayments of debt and other financing costs	(105.6)	(150.9)
Dividends paid	(7.8)	(11.7)
Dividends paid to non-controlling interests	(1.8)	(1.3)
Net cash flow generated from/(used in) financing activities	101.5	(44.9)
Increase/(decrease) in cash and cash equivalents	34.4	(56.4)
Movement in cash and cash equivalents		
At start of the year	102.6	183.8
Increase/(decrease) in cash and cash equivalents	34.4	(56.4)
Effects of exchange rate changes	(0.7)	(11.8)
At end of the period	136.3	115.6

The accompanying notes form an integral part of these Interim Consolidated Financial Statements.

Notes to the Interim Consolidated Financial Statements

1. General Information

gategroup Holding AG (the “Company”) and its subsidiaries (together the “Group”) are primarily engaged in the operation of airline catering and provisioning services worldwide. The majority of the Group’s operations are located in Europe and North America. The Company has its registered office at Balz-Zimmermannstrasse 7, CH-8302 Kloten, Switzerland and its shares are listed on the SIX Swiss Exchange.

These interim consolidated financial statements were authorized for issue by the Board of Directors of the Company (the “Board”) on November 16, 2016.

2. Accounting Policies

2.1 Basis of preparation

These interim consolidated financial statements, for the nine month period ended September 30, 2016, have been prepared in accordance with IAS 34, “Interim Financial Reporting”. The interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2015, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

2.2 Changes in accounting policies

The accounting policies applied in the interim consolidated financial statements are consistent with those used in the 2015 annual consolidated financial statements, except where noted in the following paragraph:

Income tax expense is recognized based upon the best estimate of the average annual income tax rate expected for the full year.

The interim consolidated financial statements contain assumptions and estimates that affect the figures stated in this interim report. The definitive results may differ from these estimates.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning January 1, 2016, but did not have a material impact on the interim consolidated financial statements:

Standard	Effective date	Relevance for the Group
Annual Improvements to IFRSs 2012–2014 Cycle	January 1, 2016	Several standards have been modified on miscellaneous points.
IAS 1 (amendment) – Disclosure Initiative	January 1, 2016	The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports.

Notes to the Interim Consolidated Financial Statements

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning January 1, 2016, and have not been early adopted:

Standard	Effective date
IAS 7 (amendment) – Disclosure Initiative*	January 1, 2017
IFRS 2 (amendment) – Classification and Measurement of Share-based Payment Transactions*	January 1, 2018
IFRS 7 (amendment) – Disclosures – Initial application of IFRS 9*	January 1, 2018
IFRS 9 – Financial Instruments*	January 1, 2018
IFRS 15 – Revenue from Contracts with Customers*	January 1, 2018
IFRS 16 – Leases*	January 1, 2019
IAS 28 and IFRS 10 (amendment) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

* Impact still to be assessed

3. Segment Information

3.1 Reportable segment information

January–September, 2016 in CHF m	EMEA	North America	Latin America	Asia Pacific	Eliminations	Total reportable segments
Catering and retail on board	801.5	409.7	132.3	151.8	–	1,495.3
Handling	217.9	303.5	33.6	52.7	–	607.7
Equipment	196.4	5.7	–	0.5	–	202.6
Other	91.1	93.6	14.8	24.4	–	223.9
Intersegment	5.1	3.7	–	0.4	(9.2)	–
Total revenue	1,312.0	816.2	180.7	229.8	(9.2)	2,529.5
Segment EBITDA	99.0	22.3	19.7	12.4	–	153.4
Additions to non-current assets ⁽¹⁾	21.1	17.6	4.1	2.8	–	45.6
January–September, 2015 in CHF m						
Catering and retail on board	582.9	391.7	119.6	142.6	–	1,236.8
Handling	228.7	293.2	29.3	46.6	–	597.8
Equipment	184.4	6.0	–	0.3	–	190.7
Other	82.0	81.8	14.7	29.9	–	208.4
Intersegment	4.8	3.7	–	0.4	(8.9)	–
Total revenue	1,082.8	776.4	163.6	219.8	(8.9)	2,233.7
Segment EBITDA	60.3	13.5	15.3	9.3	–	98.4
Additions to non-current assets ⁽¹⁾	13.2	16.9	3.6	1.6	–	35.3

⁽¹⁾ Relates to property, plant and equipment and intangible assets

Included in the 2015 result of North America is a CHF 10.8m expense related to the labor agreement with the US workforce.

3.2 Reconciliation

Reconciliation of Segment EBITDA to operating profit

in CHF m	January–September 2016	January–September 2015
Segment EBITDA – reportable segments	153.4	98.4
Share-based payments	(16.1)	(0.9)
Restructuring costs	(2.2)	(32.1)
Operating taxes (non-income taxes)	(5.4)	(5.3)
Depreciation	(38.7)	(36.9)
Amortization	(11.6)	(7.0)
Impairment charges	–	(2.5)
Other gains and (losses), net	7.0	(0.2)
Management fees, net	0.5	0.7
Operating profit	86.9	14.2

4. Finance Costs, Net

in CHF m	January–September		July–September	
	2016	2015	2016	2015
Financial income	0.7	0.5	0.1	0.2
Financial expenses	(16.9)	(32.6)	(5.1)	(7.5)
Net interest on defined benefit schemes	(4.7)	(4.3)	(1.5)	(1.4)
Foreign exchange gains/(losses), net	5.5	(25.1)	1.3	(3.6)
Finance costs, net	(15.4)	(61.5)	(5.2)	(12.3)

The net foreign exchange loss of CHF 25.1m as of September 30, 2015, was primarily due to the Swiss National Bank's removal of the currency ceiling against the Euro on January 15, 2015. This resulted in a significant strengthening of the Swiss Franc against most major currencies in which the Group operates.

5. Seasonality

Historically, the Group's revenue has exhibited some seasonality with the strongest revenue performance being in the second and third quarters. Traditionally, cash flow generation has been stronger in the second half of the year.

6. Earnings per Share

Basic earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the period. Treasury shares are not considered as outstanding shares.

	January–September		July–September	
	2016	2015	2016	2015
Profit/(loss) for the period attributable to shareholders of the Company (in CHF m)	53.4	(56.3)	35.1	32.0
Weighted average number of shares outstanding	26,268,684	26,090,121	26,545,297	26,118,146
Basic earnings per share (in CHF)	2.03	(2.16)	1.32	1.23

Diluted earnings per share

Diluted earnings per share is calculated by dividing profit or loss attributable to shareholders of the Company by the weighted average number of shares adjusted for all potentially dilutive shares.

	January–September		July–September	
	2016	2015	2016	2015
Profit/(loss) for the period attributable to shareholders of the Company (in CHF m)	53.4	(56.3)	35.1	32.0
Weighted average number of shares outstanding	26,268,684	26,090,121	26,545,297	26,118,146
Adjustment for share-based payment arrangements, where dilutive	216,739	–	27,402	–
Adjusted weighted average number of shares outstanding	26,485,423	26,090,121	26,572,699	26,118,146
Diluted earnings per share (in CHF)	2.02	(2.16)	1.32	1.23

7. Short-term and Long-term Debt

On March 26, 2015, the Group entered into a five-year EUR 240.0m multi-currency Revolving Credit Facility (“RCF”). On March 16, 2016, the RCF was extended by EUR 110.0m to EUR 350.0m. As of September 30, 2016, the Group utilized EUR 80.0m, GBP 9.5m and SEK 1,280m of the RCF (CHF 243.9m).

On April 30, 2015, the Group redeemed EUR 100.0m of its 6.75% coupon bearing EUR 350.0m senior unsecured notes. In conjunction with this EUR 100.0m repayment, an early repayment fee of 5.063% was paid and previously capitalized transaction costs of EUR 2.2m were expensed.

On November 23, 2015, the Group redeemed the remaining EUR 250.0m 6.75% coupon bearing senior notes with the proceeds from a new five-year EUR 250.0m Term Loan.

8. Retirement Benefit Obligations

An actuarial loss, net of taxes, of CHF 44.6m (2015 loss: CHF 21.0m) was recognized through comprehensive income in the nine month period ended September 30, 2016. The 2016 actuarial loss arises principally from a decrease in discount rates in all major plans, partially off-set by positive returns on plan assets for all major plans and a reduction in the inflation rate assumption in the UK. The 2015 loss arose mainly from a decrease in discount rate in Switzerland, partially off-set by a discount rate increase in the US.

9. Equity

Dividend

On April 20, 2016, the Company paid a dividend of CHF 0.30 per share to its shareholders. The total amount of the dividend paid was CHF 7,835,444 (2015: CHF 11,730,060). No dividends were distributed on the 668,190 Treasury Shares held by the Company and its subsidiaries.

10. Contingent Liabilities

The Group has contingent liabilities arising in the ordinary course of business, principally in respect of legal claims, tax risks, guarantees, customer relationships, pledges, letters of credit and treasury relationships and transactions. It is not anticipated that any material liabilities will arise from such contingent liabilities.

11. Business Combinations

Business combinations 2016

The Group:

- purchased 100% of Inflight Service Group (“IFS”) on February 1, 2016. IFS is a leading airline retail on board provider in Europe with a focus on the Nordic and Baltic region. With the acquisition, the Group became the leader in retail on board services in terms of size, number of customers, business intelligence and on board technology.
- increased its share in Gate Gourmet & MAASA Mexico, S.A.P.I. de C.V. and Prestadora de Servicios Gate Gourmet & MAASA Mexico, S.A.P.I. de C.V. (“GG Mexico”) by 1% to 51% on June 13, 2016. GG Mexico’s lines of business include manufacturing prepared foods and miscellaneous food specialties for Latin America, mainly in the airline catering sector.
- purchased 51% of Gate Gourmet Catering Bolivia S.A. (“GG Bolivia”) on August 2, 2016. The main activities of the business are cargo, aircraft cleaning, courier services and multiple airport services within the field of commercial aviation. The Group is confident that the addition of GG Bolivia will create beneficial opportunities through an increase in its presence in Latin America.
- purchased 75% of Cambodia Air Catering Services LTD (“CACS”) on March 17, 2016. CACS is the main inflight and airport lounge catering service provider in Cambodia. The Group is confident that the addition of CACS will expand its ability to bring innovative approaches to new customers and geographies and will help provide synergies in the Asia Pacific region.
- purchased 60% of Campamentos de Obra Mviles S.L. (“COMO”) on May 3, 2016. The corporate purpose of COMO is to provide services, such as catering and auxiliary services, in camps and remote areas in Spain, Middle East and Latin America. With the acquisition of COMO, the Group is strengthening its presence and activities in these regions.

Notes to the Interim Consolidated Financial Statements

- acquired 51% of Airfood S.r.l. (“AVIO”) during the third quarter of 2016. AVIO’s range of services include the production of savory and sweet bakery products for rail and airport catering companies. With the addition of AVIO, the Group establishes its presence in Italy and continues to improve its synergies across Europe.

Goodwill related to the acquisitions arose because the consideration paid for the combinations effectively included amounts in relation to expected synergies, revenue growth, future market development and the assembled workforce of the businesses acquired. These benefits are not separable from goodwill. None of the goodwill recognized is expected to be deductible for tax purposes.

The initial accounting for all business combinations have only been provisionally determined at the end of the reporting period. The necessary market valuations, other calculations and final determination of the respective considerations paid or payable have not been finalized and are therefore based on best estimates. The principal amounts, that are provisional, are receivables, payables, intangible assets, goodwill and provisions.

IFRS 3 allows up to a twelve-month measurement period from acquisition date to complete the initial accounting. Changes in the carrying amounts of the identifiable assets and liabilities will be calculated as if any revised fair values had been recognized from acquisition date.

The provisional accounting for the acquisitions is summarized as follows:

in CHF m	IFS	GG Mexico	GG Bolivia	Other	Total
Cash and cash equivalents	7.3	1.2	0.6	2.7	11.8
Trade receivables	5.1	7.2	–	3.3	15.6
Other current receivables and prepayments	7.0	3.5	–	2.5	13.0
Inventories	15.9	0.9	–	0.3	17.1
Current income tax assets	0.9	–	–	–	0.9
Property, plant and equipment	0.9	3.2	4.5	0.9	9.5
Intangible assets	59.0	4.3	–	4.5	67.8
Deferred income tax assets	0.9	0.6	–	0.3	1.8
Short-term debt	(77.3)	–	–	(0.9)	(78.2)
Trade and other payables	(18.3)	(8.8)	–	(5.3)	(32.4)
Current income tax liabilities	–	–	–	(0.7)	(0.7)
Other current liabilities	(11.0)	(2.6)	–	(0.9)	(14.5)
Long-term debt	–	–	–	(0.4)	(0.4)
Deferred income tax liabilities	(8.3)	(1.0)	–	(0.4)	(9.7)
Provisions	(31.6)	(1.2)	–	(2.2)	(35.0)
Other non-current liabilities	–	–	–	(1.0)	(1.0)
Fair value of net (liabilities)/assets acquired	(49.5)	7.3	5.1	2.7	(34.4)
Goodwill on acquisition	126.4	14.5	13.4	20.2	174.5
Contingent consideration	–	–	(2.6)	(6.2)	(8.8)
Non-controlling interests	–	(8.7)	(9.1)	(4.5)	(22.3)
Fair value of previously held interest	–	(8.8)	–	(2.5)	(11.3)
Total cash consideration transferred	76.9	4.3	6.8	9.7	97.7
Less: Cash and cash equivalents	(7.3)	(1.2)	(0.6)	(2.7)	(11.8)
Cash outflow on acquisition	69.6	3.1	6.2	7.0	85.9

IFS

Receivables acquired are stated at fair value. It is expected that all receivables can be collected. Included in the long-term provisions of IFS are onerous contracts of CHF 11.5m. The inclusion of IFS in the consolidated financial statements from the beginning of the financial year to the initial consolidation on February 1, 2016, would have generated approximately additional revenues of CHF 17.1m and a net loss of CHF 0.7m. From initial recognition to September 30, 2016, IFS contributed revenues of CHF 161.3m and a net profit of CHF 9.0m.

Acquisition related costs amount to CHF 1.2m and are not included in the consideration transferred. They have been recognized as an expense in “Other operating income and expenses, net” in the consolidated income statement.

GG Mexico

As control has been obtained, the investment previously accounted for using the equity method will be fully consolidated from the acquisition date. The re-measurement to fair value of the previously held interest resulted in a gain of CHF 4.4m. This gain was recognized in “Other gains and (losses), net” in the consolidated income statement. Receivables acquired are stated at fair value. It is expected that all receivables can be collected. The non-controlling interest recognized at the acquisition date was measured at fair value and amounted to CHF 8.7m.

The inclusion of GG Mexico in the consolidated financial statements from the beginning of the financial year to the initial consolidation on June 13, 2016, would have generated approximately additional revenues of CHF 20.9m and a net profit of CHF 1.5m. From initial recognition to September 30, 2016, GG Mexico contributed revenues of CHF 16.3m and a net profit of CHF 1.3m.

Acquisition related costs amount to CHF 0.3m and are not included in the consideration transferred. They have been recognized as an expense in “Other operating income and expenses, net” in the consolidated income statement.

GG BOLIVIA

Receivables acquired are stated at fair value. It is expected that all receivables can be collected. The Group has agreed to pay an additional contingent consideration of CHF 2.6m to a former shareholder of GG Bolivia after the first anniversary of the closing date, if certain conditions are satisfied. The non-controlling interest recognized at the acquisition date was measured at fair value and amounted to CHF 9.1m.

The inclusion of GG Bolivia in the consolidated financial statements from the beginning of the financial year to the initial consolidation on August 1, 2016, would have generated approximately additional revenues of CHF 3.8m and a net profit of CHF 1.0m. From initial recognition to September 30, 2016, GG Bolivia contributed revenues of CHF 1.2m and a net profit of CHF 0.3m.

Acquisition related costs amount to CHF 0.1m and are not included in the consideration transferred. They have been recognized as an expense in “Other operating income and expenses, net” in the consolidated income statement.

CACS

Receivables acquired are stated at fair value. It is expected that all receivables can be collected. The Group has agreed to pay an additional contingent consideration of CHF 0.1m to a former shareholder of CACS on the third anniversary of the closing date, subject to the shareholder being able to satisfy specific requirements. The non-controlling interest recognized at the acquisition date was measured at fair value and amounted to CHF 2.0m.

The inclusion of CACS in the consolidated financial statements from the beginning of the financial year to the initial consolidation on March 17, 2016, would have generated approximately additional revenues of CHF 1.5m and a net profit of CHF 0.4m. From initial recognition to September 30, 2016, CACS contributed revenues of CHF 3.5m and a net profit of CHF 0.5m.

Acquisition related costs amount to CHF 0.1m and are not included in the consideration transferred. They have been recognized as an expense in “Other operating income and expenses, net” in the consolidated income statement.

COMO

Receivables acquired are stated at fair value. It is expected that all receivables can be collected. The Group has provided for additional contingent considerations of CHF 1.8m payable to a former shareholder of COMO by latest July 31, 2017, if certain conditions are satisfied. The non-controlling interest recognized at the acquisition date was measured at fair value and amounted to CHF 1.4m. During the third quarter 2016 purchase price adjustments resulted in an increase in the non-controlling interest to CHF 2.5m.

The inclusion of COMO in the consolidated financial statements from the beginning of the financial year to the initial consolidation on May 3, 2016, would have generated approximately additional revenues of CHF 0.6m and a net loss of CHF 0.4m. From initial recognition to September 30, 2016, COMO contributed revenues of CHF 0.8m and a net loss of CHF 1.0m.

Acquisition related costs amount to CHF 0.1m and are not included in the consideration transferred. They have been recognized as an expense in “Other operating income and expenses, net” in the consolidated income statement.

AVIO

On August 2, 2016, the Group acquired 30% of AVIO’s shares through a non-cash contribution. Subsequently on September 20, 2016, the Group purchased an additional 21% of the share capital, from which point AVIO was fully consolidated. The acquisition arrangements include symmetric put and call options over the remaining 49% of the share capital. A financial liability (contingent consideration) of CHF 4.3m has been recognized for the net present value of expected payments relating to the option arrangements. Receivables acquired are stated at fair value. It is expected that all receivables can be collected.

The inclusion of AVIO in the consolidated financial statements from the beginning of the financial year to the initial consolidation on September 20, 2016, would have generated approximately additional revenues of CHF 8.7m and a net profit of CHF 0.3m. From initial recognition to September 30, 2016, AVIO contributed revenues of CHF 1.1m and a net profit of CHF 0.1m.

Acquisition related costs amount to CHF 0.1m and are not included in the consideration transferred. They have been recognized as an expense in “Other operating income and expenses, net” in the consolidated income statement.

HELIOS

A deferred consideration of CHF 0.6m was paid in May 2016 in relation to the acquisition of Helios in 2012.

Business combinations 2015

The Group did not make any acquisitions during the nine month period ended September 30, 2015.

12. Events Occurring After the End of the Interim Reporting Period

On October 31, 2016, the Group sold its subsidiary, Inflight Services Estonia, to Lagardere Travel Retail. The business was acquired as part of the IFS acquisition in February 2016.



gategroup Holding AG
8302 Kloten (Zurich), Switzerland
Tel: +41 44 533 70 00
Fax: +41 44 533 71 72
Info: communications@gategroup.com

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