ANNUAL REPORT 2018

gategroup

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ADAM TAN

A MESSAGE FROM OUR CHAIRMAN

Dear stakeholders of gategroup,

2018 has been another year of exceptional performance for gategroup. The group delivered a landmark CHF 4.9 billion in revenue and EBITDA of CHF 343.9 million, the highest in gategroup's history.

In the three years since the launch of the Gateway 2020 strategy, gategroup has steadily become the most diversified and innovative company in the industry. Through passion and determination, the group was able to expand and renew significant contracts with a number of airlines.

In line with HNA Group's clear strategy we were absolutely delighted to usher in new investors – Temasek and RRJ Capital – both of which we are confident will help to further accelerate gategroup's future growth.

We operate in a highly-dynamic industry and gategroup's future is an exciting combination of technology and culinary innovation. In the coming year we will continue our commitment to strengthening HNA's position as a global leader in aviation and aviation-related industries, and helping make 2019 another milestone year in furthering gategroup's Gateway 2020 strategy. None of this would have been possible without the tremendous support of management and employees. I would like to thank them most sincerely for their dedication and accomplishments.

Thank you for your commitment to gategroup. Together with the Board of Directors, Temasek and RRJ Capital, I look forward to continuing our journey together.

Sincerely,

Adam Tan
Chairman

XAVIER ROSSINYOL
CEO REPORT

We delivered record financial results
I am pleased to convey that 2018 has been another year of exceptional performance for gategroup. 2018 revenues at actual exchange rates rose by 8.5% to CHF 4.9 billion. EBITDA reached CHF 343.9 million, an increase of 14.5% over the previous year and operating cash flow[1] increased by 21.6% to CHF 255.7 million in 2018.

This outstanding performance is confirmation of our successful Gateway 2020 strategy which is focused on four key pillars: Focus on the Core, Commercial Innovation, Geographic Expansion and Standardization & Efficiency. The swift progress of our strategy further underscores how we were able to successfully anticipate how the needs of our customers would change based on the evolution of passenger behaviors.

As industry consolidation continues, inflight catering has become an increasingly distinctive factor for customers and passengers alike. It's no longer about cost alone. Food is a differentiator, and gategroup is raising the industry bar. Even today, air passenger traffic is projected to double within the next fifteen years and expectations for a diverse food offering are on the rise. The in-flight catering services market is expected to grow at an average growth rate of 5% per year and reach a market size of US $18 billion by 2021.[2]

Our superior customer and passenger focus drive commercial innovation
We remain focused on innovating and delivering value to our customers by providing passengers with a superior culinary offering based on food trends, quality and freshness. In combination with delivering innovative products and services that address the needs of today's discerning passenger, we are changing perceptions of what airline catering can be.

As a result, we are delighted to have won a number of new contracts and key renewals in 2018 thanks to the efforts of our excellent commercial teams. I am pleased with our very strong start to 2019 which included the extensions of our global contract with Delta and that of national flag carrier SWISS in our home country. Because it's typical in our industry that contracts come up for renewal every few years, not everything can be renewed. However, our new contracts counterbalanced the effects of any losses and our global approach to diversification allows us to weather these cycles.

Focus on the passenger: It's a culinary and retail revolution
Innovation is key to maintaining our leadership. By closely following trends based on passengers' needs and leveraging advanced predictive technologies and data available to us, we anticipate, create and deliver the ultimate onboard experience - from food and hospitality to retail on board options.

In 2015 we recognized that evolving passenger behaviors and their desire to be served meals that cater to their individual tastes - from healthy options to ethnic dishes to experiencing seasonal, locally-produced foods - would soon be on the minds of our airline customers. Inspired by our roster of world class Michelin-starred chefs across the globe, we incorporate the latest culinary trends and utilize the latest food technologies to create a distinctive and superior culinary offering aimed at elevating the passenger experience.

Together with our talented chefs we partner with our customers to design and create menus that elevate the passengers' inflight dining experience. Airline customers and passengers alike will be impressed with the quality and use of fresh ingredients and how we incorporate the latest cooking techniques. We are proud to have been at the forefront of this movement.

Studio Culinaire is also a key differentiator in the culinary vision of gategroup. By working together with our roster of world class, Michelin-starred chefs we are creating an unrivalled offering – there isn't a similar group in our industry that compares. I would also like to recognize the tremendous contributions of the late Chef Joël Robuchon who chaired the Studio Culinaire since its establishment. His contributions to raising the quality standards of inflight catering are unparalleled and we intend to keep his passion alive under the leadership of new studio President, Guy Martin.

Commercial Innovation: Utilizing technology to create an unparalleled inflight experience
Today's sophisticated passengers expect us to understand and appreciate their lifestyles. By using predictive technologies, we better understand and address their wishes while traveling.

To address their needs and desires, we are, in collaboration with our airline customers, creating new, customized dining concepts - whether they be epicurean, health-driven or convenience.

Anticipating the individual needs of over 700 million passengers a year is a complex undertaking and we've made key advancements with the introduction of Travel Retail Technologies, our joint venture with Black Swan. By using the technology developed through this partnership we can better understand passenger behaviors through predictive analysis, which is key in allowing us to better recognize and anticipate passenger preferences. By applying this information, we can create outstanding new dining and retail concepts for the benefit of the passengers and airlines alike – from offering healthier meal options to predicting retail purchase patterns and driving ancillary revenues for the airlines. Technology offers us an incredible opportunity to drive profitable, on-demand catering and targeted retail programs to today's modern customer and passengers.

We also recently invested in Tel Aviv-based travel, aviation and aerospace venture fund Cockpit Innovation who will provide us unrivalled access to startups that will further accelerate our innovation strategy. The investment in Cockpit Innovation will help us to identify new airline and passenger needs, provide access to a number of projects and start-ups as well as shorten their introduction to market. As a result, gategroup will enhance the customer experience by providing best-in-class solutions combined with cutting edge customization.

We delivered on geographic expansion: Broadening our global reach

While we have an established presence in key, mature markets, we have increased our exposure to new, emerging ones. We will work to continue to expand across both, growing our customer base and reinforcing our network. In 2018 we entered the Republic of Korea where our new, 25,000 m^2 state-of-the art catering facility became operational at Incheon Airport serving 120 Asiana Airlines flights per day. We congratulate our colleagues in Korea and around the globe for overcoming multiple obstacles to deliver a successful start-up in September. We also extended our relationship with Italian national flag carrier Alitalia to include the carrier's hub at Rome, Fiumicino, serving them from a new, dedicated 8,000 m^2 facility. The successful integration with Servair continues and we are pleased that our Southern Europe and Africa region has delivered another year of excellent results.

Standardization & Efficiency: 60 countries, ONE gategroup

Our commitment to standardization and efficiency is the "red thread" that ties everything together. In 2019 we will further accelerate the implementation of operational standards through gateOPEX. This successful program incorporates lean manufacturing and Six Sigma tenets as well as continuous improvement imperatives of operational deployment, infrastructure management and people development. We aim to ensure that all our units and kitchens around the globe are guided by the same processes and standards.

New year, new beginnings

2018 was an exciting and successful year for gategroup. In July, Temasek and RRJ Capital joined HNA as new investors in gategroup through a five-year mandatory exchangeable bond. Temasek and RRJ Capital bring to gategroup their investment expertise, financial strength and growth track record which complement the ongoing excellent contributions of HNA. We thank HNA, Temasek and RRJ Capital for the excellent working relationship and their support.

To our colleagues around the globe: Thank you!

It goes without saying that gategroup's continued success would not have been possible without the optimism, passion and enthusiasm of our employees. I am extremely honored to work with such a talented group of people at gategroup who confirm day in and day out that our strategy is the right one. We have achieved success together as ONE gategroup, as ONE team. We have made strong progress across all pillars of our Gateway 2020 Strategy and our journey will continue in 2019 and beyond for the benefit of our customers.

On behalf of the Executive Management Board, I thank you for your contributions.

Sincerely,

Xavier Rossinyol
CEO

[1] Before capital expenditures
[2] Researchmarkets.com

WHO WE ARE

OUR FOUR GLOBAL BRANDS

Gate Gourmet is the leading global provider of airline catering solutions and provisioning services and the largest and most recognizable of our brands. From menu design to execution and delivery, our incredible group of talented chefs around the globe are passionate about creating exceptional culinary experiences for our airline customers and their passengers. Our operational excellence teams ensure that we offer standardized and consistent catering services across the globe while our extended supply chain and complex logistics operations deliver reliable on-time handling.

Part of gategroup since 2017, Servair provides inflight services including catering as well as airport and complementary services with the ambition to turn the quality of its service and innovation into performance levers for airlines. Its renowned Studio Culinaire Servair is a culinary think tank led by Michelin-starred culinary innovators who are disrupting the airline catering industry. Under the new leadership of Guy Martin, Studio Culinaire is a key differentiator in the culinary vision of gategroup. By working together with our roster of Michelin-starred chefs across our core business we are creating an unrivalled offering.

gateretail

gateretail is the world's leading inflight retailer, delivering omnichannel award-winning retail programs to a diverse base of airline partners across the globe. Our vast retail experience and expertise ensure that we deliver best-in-class and profitable retail programs that enhance the overall passenger experience by shifting an otherwise captive audience to a captivated audience. We pride ourselves on designing bespoke technology-enabled retail programs that meet each airline's individual brand values, strategic objectives and match their regional identity and their passenger profile.

deSter

deSter is a leading provider of innovative food packaging and serviceware concepts for the aviation, hospitality and food service industry. We create tailor-made innovations by combining our detailed understanding of the industry with a passion for design and service trends and listening to the customer's specific needs. We take pride in translating product concepts into real-life solutions that meet the highest quality standards. With our in-house production expertise, global logistics network and dedicated customer service teams, we offer flexible and efficient solutions to deliver our products anywhere in the world.

GATEGROUP IN VIEW

2018 HIGHLIGHTS

NEW INVESTORS IN GATEGROUP

Temasek and RRJ Capital joined HNA Group as investors in gategroup. The new investors have subscribed to a five-year mandatory exchangeable bond.

GATE GOURMET SOLE SERVICE PROVIDER FOR VIRGIN AUSTRALIA

Virgin Australia's catering operations were aligned with Gate Gourmet, creating greater efficiency and control of onboard food and beverage offerings. The partnership allows both companies to drive operational and cost benefits while delivering continued improvements to the inflight passenger experience.

AIRLINE CATERING ASSOCIATION ESTABLISHED

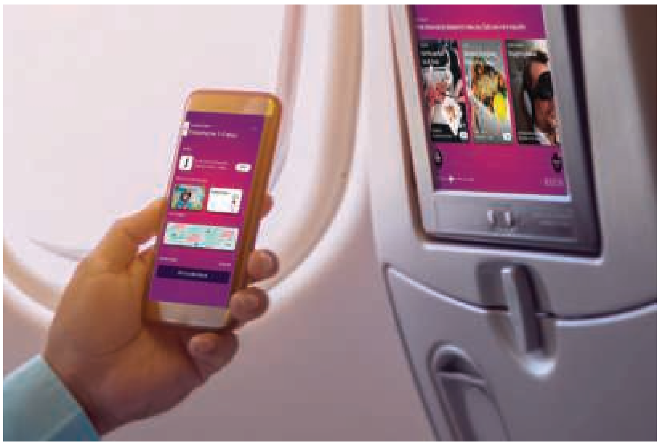
gategroup, together with leading caterers dnata, Do & Co, the LSG Group and Newrest, launched the non-profit Airline Catering Association (ACA) to represent and promote common interests of the airline catering industry. It will also monitor and support relevant regulatory initiatives at the global, European and national levels. Membership is open to all companies with sizeable international activities in the airline catering business.

GATE GOURMET KOREA START-UP

Gate Gourmet Korea and Asiana Airlines, a leading international airline of the Republic of Korea established a thirty-year strategic partnership. This strengthens gategroup's position at Incheon airport, one of Asia's fastest growing and largest hubs in the world for international passengers. The state-of-the-art facility became fully operational in September.

SERVAIR INAUGURATES NEW UNIT AT ACCRA AIRPORT IN GHANA

Further strengthening its leadership role in Africa, 115 Servair employees will produce 2,500 meals for seven airlines at Accra airport every day. Alongside the provision of inflight catering services, the 2,600 m² unit will be equipped to provide food solutions to VIP lounges, schools or company canteens and other non-airline clients.



GATEGROUP FORMS ALLIANCE WITH BLACK SWAN

gategroup announced a game-changing alliance with Black Swan devoted to redefining aviation retail through new tools and infrastructure designed to open up a new level of passenger choices and airline revenue streams.

GATEGROUP IN VIEW

2018 HIGHLIGHTS 2/2

INTERNATIONALLY- ACCLAIMED CHEFS JOIN STUDIO CULINAIRE

Three world-renowned chefs joined Studio Culinaire. In 2018, Chef Massimo Bottura of Osteria Francescana, the "Best Restaurant in the World 2018," joined the group. As of 2019, founding member of the Studio and self-taught award-winning Chef Guy Martin succeeds culinary legend Joël Robuchon as President of the Studio. Chef Anne-Sophie Pic, the most star-studded French female chef in the world, also joins the team.

Studio Culinaire is an elite group of Michelin-starred chefs and experts who join forces with the common goal of raising the quality standards of inflight catering and transpose the practices of gastronomy to meals offered to passengers from all over the world. Studio Culinaire has inspired a consortium of high-quality key recipes that can be recreated by the 400+ chefs at Servair and Gate Gourmet around the globe.

NEW ONBOARD DINING CONCEPT LAUNCHED FOR CONDOR

Condor, the Thomas Cook Group airline, is the first European airline to offer gategroup's new dining concept on European flights. The new onboard service experience aims to recreate restaurant-style dining by offering one full plate of appetizing food instead of a traditional airline tray filled with multiple, small elements.

GATEGROUP SIGNS LONG-TERM CONTRACT WITH ALITALIA

gategroup extended its working relationship with Italian national flag carrier, Alitalia, by signing a long-term agreement to provide catering services to its domestic and international flights from Rome (Fiumicino). The contract will extend the business relationship to Alitalia's hub from which Alitalia operates 16 long-haul flights and 189 short- and medium-haul flights per day. Here, Gate Gourmet Italy will serve Alitalia from a new, dedicated 8,000 m^2 facility which employs approximately 300 staff.

JOËL ROBUCHON

1945-2018

"Chef of the Century" Joël Robuchon served as chair of Studio Culinaire Servair since its inception in 2009 and enriched airline catering with creativity, audacity and great taste. His drive for culinary perfection brought him 32 Michelin stars in his career. He will be remembered for his culinary genius, strong involvement with the teams and for his product-oriented approach to simple but exceptional cuisine. He will be greatly missed.

MICHEL EMEYRIAT STEPS DOWN AS CEO OF SERVAIR

At the end of 2018 Michel Emeyriat stepped down from his role as Chief Executive of Servair, and President of gategroup's Southern Europe and Africa (SEA) region. In 2019 Alexis Frantz became Chief Executive of Servair, President of SEA and a member of the Executive Management Board of gategroup. Michel Emeyriat will continue to serve as non-executive Chairman of Servair to further progress the successful integration of the company into gategroup and continue developing the close relationship between gategroup and Air France, shareholder and strategic partner of Servair.

GATEGROUP-OPERATED LOUNGE WINS KEY AWARD

The gategroup-operated GVK lounge at Mumbai International Airport won the title of World's Leading Business Class Lounge at the annual World Travel Awards. Together with joint venture partner Travel Food Services, the gategroup team from Performa Lounge Services has created a world of splendor for Mumbai clients showcasing innovative designs combined with a distinctive Indian touch. At Terminal 2 they operate First Class, Business Class and Domestic lounges.

ON CULINARY EXCELLENCE

OUR #CULINARY REVOLUTION

Creating a distinctive and superior culinary offering is at the heart of what we do.

Evolving passenger behavior, increasing competition and trends that develop at the speed of light underscore the need for a new, improved inflight culinary experience. Today's passengers know, understand and expect to enjoy great food wherever they are – including in the air. Airlines understand that the days of serving simple food are over – food is a differentiator and gategroup is at the forefront. We call it our culinary revolution!

To meet the needs of the ever-discerning airline passenger, we work closely with our airline customers to understand their passengers' needs and develop menu and production concepts that are aligned with global trends, local preferences and sustainable food design. Thanks to predictive technologies we better understand and address passenger demand and are able to create new, customized dining concepts that reflect their needs and desires. For example, the choice of a Millennial will likely differ from a Baby Boomer, and we help our customers understand and translate this into reality.

A distinctive and superior culinary offering is at the heart of what we do and by engaging Michelin-starred chefs alongside our global roster of culinary talent to design and create menus that excite and inspire, we are elevating the inflight dining experience. Airline customers and passengers alike will experience the shift in quality, use of fresh ingredients and how we incorporate the latest cooking trends, innovations and techniques.

We also understand that investing in our culinary talent is critical to our success which is why we ensure a steady pipeline of courses to keep them apprised of the latest skills and trends, including technical training, workshops and master classes with chefs from gategroup, Gate Gourmet and Studio Culinaire. We are also strengthening our partnerships with culinary and hospitality schools around the globe, and are proud to recruit interns from the renowned Ecole hôtelière de Lausanne (EHL) in Switzerland to further develop a robust pipeline of next generation talent.

Executive Menu Development Chef Dennis Puchert, youngest recipient of a Michelin star in Switzerland (2012).

Chef Guy Martin succeeds culinary legend Joël Robuchon as President of Servair's Studio Culinaire.

STUDIO CULINAIRE

STAR-STUDDED TALENT

Studio Culinaire harnesses the talents of world-class Michelin-starred chefs to elevate the inflight dining experience.

Created in 2009, Studio Culinaire brings together Michelin star chefs and experts to raise the quality standards of inflight dining and transpose the practices of gastronomy to the meals offered to passengers from all over the world. Since its creation, Studio Culinaire was presided over by "Chef of the Century" Joël Robuchon, who sadly passed away in August 2018. As a culinary visionary and holder of 32 Michelin stars, he overturned the practices of gastronomy not only throughout the world, but also on-board by sharing his expertise with chefs from Servair.

In January 2019 Studio Culinaire welcomed its new President, Chef Guy Martin, a founding member of the studio. His passion for culinary excellence will continue to transform the industry and to further elevate the onboard dining experience.

The studio also recently welcomed the addition of two new internationally-acclaimed chefs: Chef Massimo Bottura and Chef Anne-Sophie Pic. Their creativity and impeccable standards align perfectly with those of gategroup and the studio, and we look forward to their contributions.


Chef Michel Roth


Chef Anne-Sophie Pic


Chef Massimo Bottura

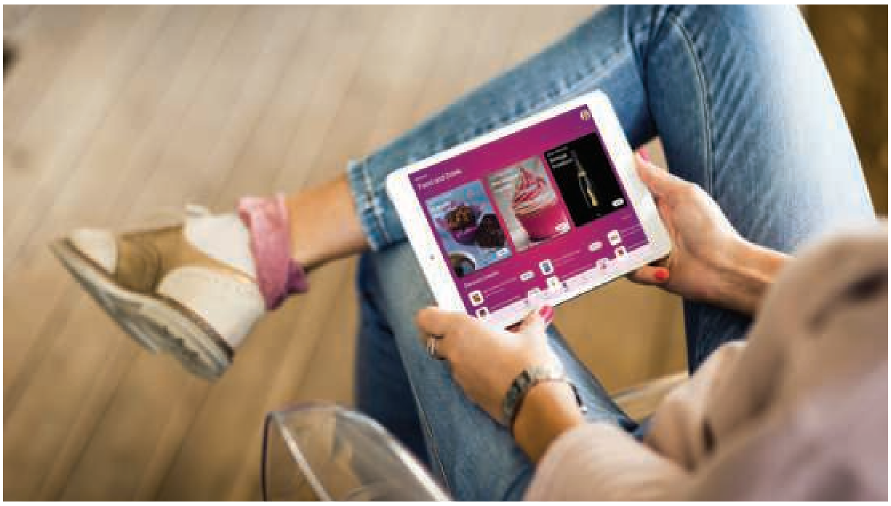

Bruno Goussault


Chef Régis Marcon


Chef François Adamski

GATERETAIL

FROM THE AISLE TO YOUR DEVICE



gateretail is the world's leading inflight retailer delivering omnichannel, award-winning, technology-enabled retail programs to a diverse base of airline partners across the globe.

Our vast retail experience and expertise ensure that we deliver best-in-class and profitable inflight retail programs that enhance the overall passenger experience by shifting an otherwise captive audience to a captivated audience. We pride ourselves on designing bespoke, technology-enabled retail programs that meet each airline's individual brand values, strategic objectives and match their regional identity and their passenger profile.

Our retail value proposition is founded on four core principles:

Personalization – Through data and predictive analytics, we truly understand travelers' needs and expectations, enabling us to communicate with them at the right time, with the right offer through the right channel.

Seamless – By offering travelers multiple touchpoints, payment options and delivery models, we will provide travelers with the seamless and frictionless experience they expect.

Retailment – We combine entertainment and experiences into the retail mix to enhance the traveler journey, such as augmented reality and gamification. With the transition of retail from transactional to experiential, we can attract new consumers looking for fresh experiences.

Sustainability – Our CSR approach utilizes analytics and business intelligence to reduce the environmental impact of travel through loading optimization, waste reduction and innovative product design. We also use organic, fresh and locally sourced food products where possible to support local communities and reduce transportation impact.

End-2-end expertise for airline partners
Technology and data is at the heart of everything we do. We are constantly developing our Business Intelligence capabilities to adapt to market dynamics and to meet ever changing consumer needs. We continuously generate business intelligence – including KPI reporting, predictive analysis and sales mapping, based on passenger demographics, preferences and behaviors to deliver the superior passenger travel experience that our airline partners expect.

The airline crew is the catalyst for ensuring the best passenger experience onboard. They are also the customer-facing sales force working within a unique environment that is incomparable to any other retail outlet with its numerous and constantly changing customer profiles.

We have launched the first academy in the industry to help the airline crew adapt to this environment all the while maintaining top-level customer services.

The gateretail Crew Academy offers a program tailored towards sales, customer service and leadership capabilities. Crew members successfully completing the program receive an industry accredited diploma as well as credit points within the European Credit Transfer System.

INTRODUCING
TRAVEL RETAIL TECHNOLOGIES

Through data and predictive analytics, we truly understand travelers' needs and expectations.

Technology and data are at the heart of everything we do enabling a more relevant, engaging and inspiring passenger experience whether before, during or after the flight.

gateretail has joined forces with Black Swan to create Travel Retail Technologies (TRT) to develop a ground-breaking travel retail digital platform which delivers an intuitive and fully-integrated digital experience for both the traveling consumer and the airline crew. The partnership combines gateretail's in-depth retail knowledge, capabilities and retail software platforms with Black Swan's award winning, data-driven predictive analytics improving consumer access to the products they want through various sales channels. The new platform also provides for more efficient product tracking and efficiencies for the airline crew allowing for more seamless transactions and enhanced crew/traveler interactions.

Creating a unique onboard shopping experience
Travelers can enjoy the same type of convenience and friction-free shopping experiences that they have on the ground. They can pre-order exclusive and bespoke products from a wider range utilizing multiple payment methods, giving customers more personal choice and control of their own experience.

For our airline partners, this solution will offer new revenue streams, including pre-selection, pre-order execution and interactive advertising campaigns. Furthermore, the platforms will be more cost efficient and environmentally friendly by providing additional self-service functionalities and moving airlines away from printed materials. Every action and task is measurable, enabling well informed decisions which optimizes product loading thereby reducing fuel consumption all while enhancing traveler experience.

MODERN, INTUITIVE AND EASY-TO-USE INTERFACES

eCrew is our proprietary application that centralizes back office products, promotions and onboard POS transactions to enable informed business decisions.

ePax is our proprietary end-to-end, fully automated pre- and post-flight, in-seat and passenger's own device product solution. It enables us to personalize offers, delivering rich content and interactivity. It is fully integrated with our eCrew App for passenger service planning and fulfilment platform. The intuitive passenger interface simplifies the order process for a seamless look and feel regardless of where retail transactions take place.

eTools is our proprietary application that allows crew and crew managers to adjust setting such as preferences for language, notifications, revenue targets, and connectivity (Bluetooth, Wi-Fi). It also enables airlines to set preferences through back office configurations including language, currency, payment, tax, time zone, pricing, and product layout settings.

Gate Gourmet Korea's new high-tech facility at Incheon Aiport.

GEOGRAPHIC EXPANSION

GATE GOURMET KOREA

> *We are proud to work with such a distinguished partner and look forward to a long and successful collaboration.*

In 2018, gategroup signed a ground-breaking 30-year joint-venture agreement as the sole service provider for Asiana Airlines at Incheon Airport in the Republic of Korea. Gate Gourmet Korea now serves 120 Asiana Airlines flights per day from our new, state-of-the-art 25,000 m² airline catering facility.

Culinary excellence is at the heart of what we do

Culinary excellence is at the heart of gategroup's offering and something we pride ourselves on offering to Asiana Airlines' distinguished passengers. Our innovative chefs are trained professionals who have cooked for the most discerning travelers dining in international 5-star hotel restaurants across the world. Gate Gourmet Korea employs 60 professional chefs specializing in a variety of cuisines: from Korean, Japanese, Chinese, Indian and Western. This allows us to offer a premium, high-end dining experiences at 30,000 feet. Our chefs give expert attention to detail in our meals across First Class, Business Class and Economy on short-haul and long-haul flights, often cooking with locally sourced produce and the freshest ingredients. Regional Executive Chef Northeast Asia Farand Lee has dedicated his career to cooking European, Asian and fine dining. Chef Lee has worked for renowned Vancouver restaurant La Belle Auberge, voted Canada's Best Restaurant 2011. He also cooked for global hotel groups such as the Grand Hyatt in Hong Kong and the Ritz Landis Hotel in Taipei.

Our commitment to culinary training & development

Our chefs ensure the highest standard of culinary excellence to deliver Asiana Airlines' vision of restaurant-quality meals at altitude. In 2019, our chefs will start training the next generation of professionals when Gate Gourmet Korea's Culinary Internship Program launches. This program will work closely with culinary students in their last semester at university to develop professional culinary and business competencies needed for future job development and commercial cooking excellence.

Applying state-of-the-art operational excellence standards

LEAN manufacturing standards at Incheon are aligned to gateOPEX, our leading operational excellence program. We strive to constantly evolve our processes in line with the latest technologies, trends and innovations. Gate Gourmet Korea is no exception – the Incheon unit features a new vertical storage solution for airline equipment. The so-called vertical trolley shuttle gives Gate Gourmet Korea full access to the vertical space available while minimizing the space usually required when storing trolleys side-by-side. This innovation allows Gate Gourmet Korea to work more efficiently by using the full space available to cater for up to 270 departure flights during peak season.

Gate Gourmet Korea also prides itself on its fleet of custom-designed highloader vehicles built for maneuvering meal carts into Airbus and Boeing aircraft. In Korea, Gate Gourmet uses a fleet of 34 highloaders, including A380 highloaders expertly designed to service A380 aircraft.

STANDARDIZATION AND EFFICIENCY

OUR JOURNEY OF EXCELLENCE

gateOPEX involves people from all levels of the organization and values contributions and ideas from everyone.

Operational excellence is a part of our DNA. Since 2010, our proprietary gateOPEX program has set the internal standard for safety, security, reliability and productivity. In our journey of continuous improvement we have initiated gateOPEX 2020, which defines enhanced standards and best practices for operating units to achieve by the year 2020.

Our approach

gateOPEX 2020 hinges on internal principles of "for you, by you." This means our employees are always innovating and have a voice in creating our collective future. As we identify and optimize best practices from colleagues across our worldwide network, we define the next global standard. What may seem simple in theory has led to significant improvements in practice, creating enormous lift in performance and customer satisfaction.

Our approach covers every aspect of the business, with a focus on People, Process, Property and Plant.

People

gategroup's people are the heart and soul of our business. And with 43,000 people across the globe, gateOPEX is clearly a people-focused program. Excellent performance begins with excellent people, and we take pride in the breadth and depth of our local capabilities and diverse workforce. We are focused on recruiting and retaining the very best talent and ensure people are well informed, empowered to promote their ideas, and receive the training and development they need to succeed and flourish across the operation. A robust employee recognition program underscores this philosophy as a key element of the gateOPEX program.

Andrea Jara, one of our gateOPEX managers in Miami, was the first to be named one of several "Resident" champions who help foster this culture of excellence. In her role, she capitalizes on gategroup's aggregated expertise and shared knowledge base. Depending on the day, Andrea can be found working with colleagues to define a new and better process or providing substantive training and support in Miami and around our network to replicate updated standards and materials across regions, with a focus on the United States.

Process

gateOPEX incorporates lean manufacturing and Six Sigma tenets as well as Continuous Improvement imperatives of operational deployment, infrastructure management and people development. People like Andrea embed these principles within the operation. Results in 2018 show positive development in process rationalization, well-communicated action plans derived from employee and customer feedback, and further innovation in maximizing flexibility, minimizing variability and reducing waste.

Property

gategroup continued capital investment in 2018 to drive gateOPEX forward with tangible, measurable improvements. Optimized capacity use, technology assets and refurbishments further aligned facility layout and equipment with gateOPEX processes.

Further, the Group's commitment to sustainability ensures a focus on using solar energy or converting waste to energy wherever possible.

Benchmark operating units have emerged as Competence Centers, which bring colleagues together. The program is based on a "franchise" concept, whereby the Competence Centers are the standard and serve as an academy for other regional units to visit and learn. By the end of 2018, gategroup certified Competence Centers in Barcelona, Chicago, Geneva, Hong Kong, Lima and Miami, with London Heathrow, Paris, São Paulo and Sydney to follow in early 2019.

Plant

Having the right infrastructure is key to support the global standards of gateOPEX in safety, security, reliability and productivity.

We take a cross-functional approach to innovative solutions and cutting-edge technology, enhancing performance from receiving through the production floor to last-mile provisioning. As one

gate | OPEX

example, gateOPEX has established standards to digitally monitor elements such as dishwash, refrigeration, ovens and fleet, to provide real-time insight into everything from inventory through truck engine diagnostics. Equally, gategroup's proprietary Enterprise Resource Planning system SACS was customized to fit with gateOPEX processes. System rollout began in 2018.

Supporting framework
Complementing the focus on technology, gategroup implemented a new standard unit organization that leverages gateOPEX 2020 initiatives. This alignment means swifter adoption of global standard operational platforms across our airline catering facilities worldwide. Additionally, the entire gateOPEX framework is supported by an internal governance structure supplemented by customer feedback.

Relentless focus on excellence
gategroup's driving force is the steadfast commitment of our people – those with a passion for innovation who continually seek best-in-class catering processes – across the most extensive catering network in the aviation industry.
Our relentless focus on operational excellence through gateOPEX 2020 and beyond is a core part of our organizational culture, interlinked with every aspect of our business for the benefit of every valued stakeholder.

CORPORATE SOCIAL RESPONSIBILITY

CREATING SUSTAINABLE VALUE

gategroup's Corporate Social Responsibility (CSR) initiatives demonstrate our global commitment to be an environmentally and socially responsible corporation. In other words, the way we do business is as important as the results we achieve.

We foster an environment focused on operating in an ethical manner, treating our employees, suppliers and partners fairly, managing and minimizing our environmental impact, and playing a part in our working communities.

gategroup's CSR approach is built around four areas that are relevant to our business activities: **Workplace**, **Community**, our **Environment** and **Marketplace**.

gategroup's CSR strategy is reaffirmed through regional initiatives and we are proud that our teams around the globe are engaged in more than one hundred activities. Our managers and employees contribute time, expertise and resources to charitable and community-based organizations around the world that support important areas such as education, medical advancements, the arts and general humanitarian efforts.

> *By operating in a socially, environmentally and economically sustainable manner, supporting our Code of Business Conduct and Ethics, we reinforce the trust our stakeholders place in us.*

Environmental sustainability is a long-term business goal

Environmental sustainability is key to our operational efficiency and we aim to reduce the footprint of our core products and services where we can make most impact. We are committed to reducing our environmental impact through increased environmental controls, investment in clean technologies and innovative product and process design and offering environmentally sound choices to our customers.

As a leader in the airline catering and hospitality industry we aim to explore opportunities and include environmental sustainability in our decisions to secure a sustainable future. We need to make sound decisions now in order to provide current and next generations with sustainable and healthy choices. As a global business it is an opportunity to show leadership in this respect.

Addressing waste reduction

In 2018 we further worked on our waste management goals, including our active involvement in the European Union's LIFE Zero Cabin Waste project in Spain. Here, we assessed, evaluated and tested opportunities to reduce waste throughout the cycle of airline catering, ranging from menu development, packaging, waste segregation on board and post-flight waste recycling.

In cooperation with Virgin Australia, we reached the next step in a more environmentally friendly alternative for dry ice to cool food on flights. Recently, over 400 Domestic Virgin Australia flights completed their first transition switching from dry ice in catering carts to using the new eco-friendly alternative.

Our people are the key ingredient to our success

We take development of our people seriously. On a groupwide level, we complement local training and development programs with global talent development initiatives. In 2018 we launched our redesigned mid-level leadership development programs. The program brings together high potential leaders from across the gategroup universe to learn about gategroup strategy, exchange with gategroup executives and learn more about themselves and how they can continue to develop their leadership brand and develop as a leader at gategroup. Participants also present their thinking on current business challenges to the group CEO, which allows us to tap into the knowledge pool of our leaders and drive innovation and diversity of thought.

As a hospitality company we thrive for customer service excellence in all areas of the organization. In Operations we ensure global standards are met through our gateOPEX program, in Culinary our Sustaining Progress in Culinary Excellence (SPICE) program and other initiatives enable our teams to stay on top of the latest trends. Our Commercial teams participate in a tailored, highly interactive simulation program involving real customer situations that challenges them to develop and test their strategic agility and customer service skills.

In 2018 we also rolled out a Functional Excellence Training program which is tailored at our internal support functions enabling respective employees to learn an apply the skills of high performance business partners which enable them to best support our operations.

Diversity and inclusion

As a global business, we pride ourselves in the cultural diversity of our workforce. As part of our balance@gate program we have launched a series of virtual training courses that allow our employees to own their career development and wellbeing. We have also launched a groupwide Women2Women mentoring initiative to improve gender diversity and drive the development of our next generation of female leaders.

2018 AT A GLANCE

GATEGROUP IN NUMBERS

700m+
PASSENGERS SERVED PER YEAR

4.9b
REVENUE

300+
CUSTOMERS

43k+ EMPLOYEES

OPERATING UNITS
200+

60+ COUNTRIES / TERRITORIES

6 CONTINENTS

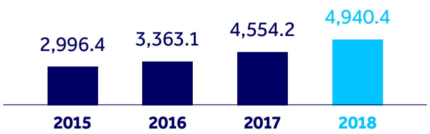
THE
FACTS

EMBARKING UPON A
CULINARY REVOLUTION

- gategroup has over 2000 professionally-trained chefs working in our kitchens around the globe
- Total Michelin stars held by the chefs of Studio Culinaire: 16
- We prepare over 20,000 recipes for our airline customers each day
- Each year we create thousands of new menus in collaboration with our airline customers
- We incorporate seasonal, sustainable and local products into our menus
- Tomato juice remains one of the most highly-consumed inflight beverages

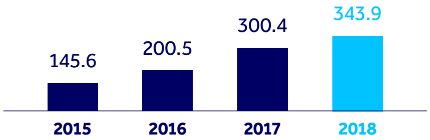
FINANCIAL OVERVIEW (IN CHF M)

TOTAL REVENUE



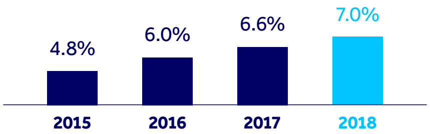
CHANGE **+8.5%**

EBITDA



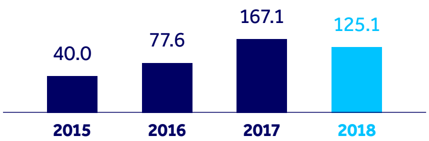
CHANGE **+14.5%**

EBITDA MARGIN



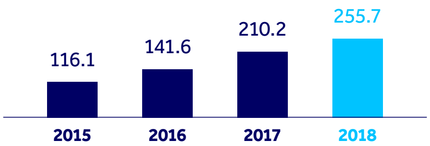
CHANGE **+0.4BPS**

OPERATING PROFIT



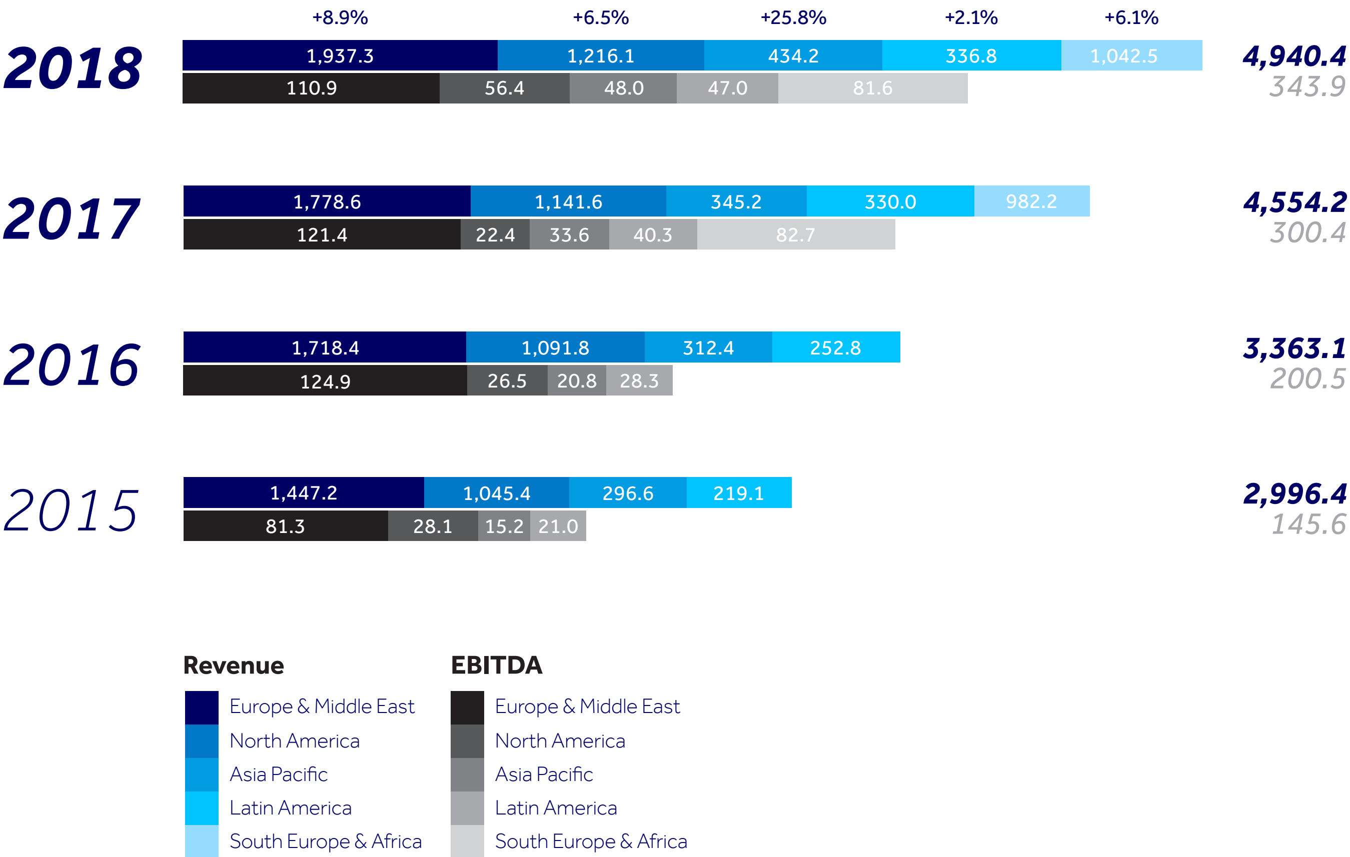
CHANGE **-25.1%**

CASH GENERATED FROM OPERATIONS



CHANGE **+21.6%**

REVENUE & EBITDA BY REGION (IN CHF M)



OUR LEADERSHIP TEAM

EXECUTIVE MANAGEMENT BOARD

XAVIER ROSSINYOL
Chief Executive Officer

Xavier Rossinyol was appointed Chief Executive Officer of gategroup effective April 1, 2015 and is a Member of the Executive Management Board. Mr. Rossinyol has more than 20 years of experience in the airline service industry, including airport contract catering, duty-free and duty-paid shops, licensing activities, and food and beverage management experience. He also has a strong track record when it comes to performing in equity markets. Before joining gategroup, Mr. Rossinyol was at Dufry, a leading global travel retailer operating in 60 countries, where he served as Chief Operating Officer EMEA and Asia from 2012 to 2015, and as Chief Financial Officer from 2004 to mid-2012. He also opened close to 15 new markets in Europe, Africa and Asia.

From 1995 to 2004, Mr. Rossinyol worked for the Spanish-based Grupo Áreas (part of the French publicly traded Group Elior, a world-leading company in both contract and concession catering). There he oversaw new business opportunities in Spain and internationally as well as strategic planning, reporting, and controlling. Mr. Rossinyol has a BBA and an MBA in International Management and Finance from ESADE (Barcelona, Canada and Hong Kong) and a Master in Business Law Management at the University of Toronto and an M.Sc. in Business Management.

CHRISTOPH SCHMITZ
Chief Financial Officer

Christoph Schmitz joined gategroup as Chief Financial Officer in January 2015 and is a Member of the Executive Management Board. Mr. Schmitz brings over 20 years' experience as a CFO at multinational companies.

Prior to joining gategroup he was CFO at Wild Flavors, an international supplier of ingredients to the food and beverage industry, where he successfully implemented a private equity-supported buy and build strategy. Mr. Schmitz also held the role of CFO at Pfleiderer for the North American region based in Montreal, Canada and at Pergo in Zug, Switzerland. Similarly, he was CFO at Walter Construction Group in Australia, Metallgesellschaft and Mannnesmann in Germany and was the Managing Director and CFO of Indomag Steel Technology based in New Delhi, India. Mr. Schmitz holds an MBA from the Rotman School of Management at the University of Toronto and an M.Sc. in Business Management.

HERMAN ANBEEK
President Americas, Europe and Middle East

Herman Anbeek was appointed President, Americas, Europe & Middle East in June 2015 and is a Member of the Executive Management Board. Mr. Anbeek previously served as Group Senior Vice President and President Emerging Markets in March 2012 and was promoted to President, Airline Solutions in September 2014. Before this, Mr. Anbeek held the position of Chief Commercial Officer from June 2007.

In addition to experience in consulting and the retail sector, Mr. Anbeek has profound knowledge of the aviation and airline catering industries. Before joining gategroup, he held several roles at LSG Sky Chefs and KLM in the Netherlands and the Caribbean. Mr. Anbeek holds a Master of Science in Business Engineering from the University of Technology, Enschede, The Netherlands.

JANN FISCH

President Asia Pacific

Jann Fisch was appointed President of Asia Pacific on June 22, 2015 and is a Member of the Executive Management Board. Mr. Fisch previously served as Chief Corporate Development Officer from September 1, 2014. Mr. Fisch joined the Group in June 2013 as Group Senior Vice President and President Europe and Africa.

Mr. Fisch has more than two decades of experience in leading large, complex operational units in the catering and airline industries, including experience in operational turnarounds and launching innovative service offerings. He previously served as Chief Executive Officer of the Nuance Group, Australia and New Zealand, a role he held since 2007. From 2002 to 2007 he worked at Pick Pay and Compass Group as Chief Executive Officer for Switzerland. From 1993 to 2001, Mr. Fisch held various positions at Swissair Group and at subsidiaries Gate Gourmet and Swisscargo AG. Mr. Fisch holds a Master in Engineering from the Swiss Federal Institute of Technology (ETH) Zurich.

ALEXIS FRANTZ

President Southern Europe and Africa

Alexis Frantz was appointed gategroup's President Southern Europe and Africa in January 2019 and is a Member of the Executive Management Board.

Appointed Chief Executive of Servair in January 2019, Mr. Frantz has extensive experience in the airline industry. Prior to this role he was Corporate Secretary and member of the Executive Committee at Servair. He joined Servair from Air France in 2013 as Director of Strategy and held a number of leadership positions before being appointed Head of Organization and Communication for Ground Operations. Mr. Frantz holds an MS from the École Polytechnique and an MBA from the Kellogg School of Management in Chicago.

FEDERICO GERMANI

Chief Commercial Officer

Federico Germani joined gategroup as Chief Commercial Officer in October 2017. Mr. Germani is a seasoned aviation industry expert with more than 14 years of experience in the LATAM Group where he held the position of Corporate Senior Vice President for Services and Innovation, and several corporate global leadership roles first based in the U.S. and later in Brazil. Before joining LATAM Group, Federico held leadership roles in McKinsey, Goldman Sachs and IBM. Mr. Germani holds an MBA in marketing and finance from the Kellogg School of Management and an MSc in Industrial Engineering from Instituto Tecnologico of Buenos Aires.

OUR LEADERSHIP TEAM
BOARD OF DIRECTORS

ADAM TAN
Chairman of the Board
Adam Tan is co-founder, Vice Chairman of the Board and Chief Executive Officer of HNA Group. Prior to becoming Chief Executive Officer in 2016, Mr. Tan served as President of HNA Group, Chairman of HNA Capital and Executive Chairman of HNA Industry Holding.

DANIEL CHEN
Vice-Chairman of the Board
Xiaofeng (Daniel) Chen is assistant to the Chairman of HNA Group, Vice-Chief Executive Officer of HNA Group, and Chairman and Chief Executive Officer of HNA Group North America LLC. Mr. Chen also serves as Vice Chairman of Swissport International Ltd., the world's leading provider of ground and air cargo services. Prior to joining HNA Group, Mr. Chen served as the President of Pacific American Investment Limited. Mr. Chen founded Inception, LLC in 2006 where he was Managing Director from 2006-2008. Prior to that, he served as President of Kingdom Investment Advisor. Mr. Chen graduated from the University of Washington with a B.S. in Industrial Engineering and completed the China Business Leader Executive Training Program at Harvard Business School.

STEWART SMITH
Vice-Chairman of the Board
Until 2018 Stewart Smith served as Chairman of Bravia Capital, a Hong Kong-based private equity, structured finance and advisory firm. Before joining Bravia Capital in 2002, he followed a career in banking in the United Kingdom with Norwegian bank, DNB Bank primarily in senior general management positions. Mr. Smith is a non-executive director of a number of other HNA Group companies in transportation and logistics.

FRANK NANG
Member of the Board
Frank Nang is Chairman and Chief Executive Officer of the HNA Catering Holding Co., Ltd. He also plays a role as the Chief Executive Officer of HNA-CAISSA Travel Group Co., Ltd. He joined HNA Group in 2006 as a technical engineer of Hainan Airlines. Since 2010 he held various positions with increasing responsibility particularly in finance in various HNA units. Prior to being nominated as Chairman and Chief Executive Officer of the HNA Catering Holding Co. Ltd., he worked as Deputy General Manager of HNA Group's financial department, and President of HNA Import and Export Company.

FREDERICK W. REID
Member of the Board
Frederick W. Reid has held a number of board and executive positions in his more than three decades in the aviation industry. In early 2019 he joined Airbnb as Global Head of Transportation. He has also served as President of Flexjet, Inc. and was founding Chief Executive Officer of Virgin America. Mr. Reid was also President and Chief Operating Officer of Delta Air Lines and, prior to that, was Delta's Chief Marketing and Planning Officer. Before that, he was President of Lufthansa German Airlines. Most recently, Reid served as President of the Cora Aircraft Program, the world's most advanced electric vertical take-off aircraft.

XAVIER ROSSINYOL

Member of the Board

Xavier Rossinyol has more than 20 years of experience in the airline, catering and retail sector, ranging from travel retail to concession, contract and in-flight catering. He joined gategroup as Chief Executive Officer in April 2015. Prior to joining gategroup, Mr. Rossinyol held numerous leadership positions at Dufry, a publicly traded global travel retailer, including as Chief Operating Officer EMEA and Asia and as group Chief Financial Officer. From 1995 to 2004, he worked for the Spanish-based Grupo Áreas, a subsidiary of Paris-based Group Elior, a world leader in contract and concession catering.

JEAN-MARIE LE GUEN

Member of the Board

Jean-Marie Le Guen was Chairman of the Board of Supervisors of the Paris Public Hospital Group and Minister of Relations between the government and Parliament of France. He is also a former Parliamentarian of Paris 9th election district and served as Deputy Mayor of Paris from 2008 to 2014. Mr. Le Guen was Chairman of the Board of Supervisors of the National Institutes of Health from 1997 to 2002 and Member of the High Council on Public Health from 1992 to 1995. Mr. Le Guen is a Medical Doctor by training and graduated from the Medical and Economy departments of the University of Paris I.

GÉRARD HOUA

Member of the Board

Gérard Houa has profound experience as a consultant for major European companies helping them to develop their market share through his acknowledged insight of China. Today, he is a consultant for Chinese and French small and medium-sized firms. Mr. Houa has been Foreign Trade Advisor for France since 2010 and serves as Vice President of the French-China Association. He received the Legion of Honor medal. As President of the foundation France-Chine, Mr. Houa strives constantly to build and strengthen commercial, economic and cultural relationships between Europe and China. Mr. Houa is a graduate of the University of Beijing and of the Institute of Technology of the University of Créteil (IUT). Mr. Houa is a French citizen and lives in Beijing.

RICHARD ONG

Member of the Board

Richard Ong is the founder, Chairman and Chief Executive Officer of the RRJ Group. Prior to founding the RRJ Group, Mr. Ong was a co-founder and Chief Executive Officer of HOPU. Prior to 2008, Mr. Ong had a 15-year career with Goldman Sachs. Based in Beijing, he was partner and co-head of the Asian Investment Banking Division (ex-Japan). Mr. Ong became Managing Director of Goldman Sachs in 1996 and a partner in 2000. He was also a member of the Goldman Sachs Asian Management Committee. Prior to his transfer to Goldman Sachs Gaohua Securities Co. Ltd. in Beijing, Mr. Ong was the co-President of Goldman Sachs Singapore. Mr. Ong also has experience working in Hong Kong, and prior to joining Goldman Sachs, he worked in New York City for Chase Manhattan Bank and Prudential-Bache Capital Funding. Mr. Ong graduated from Cornell University with a Bachelor of Science and MBA from the University of Chicago.

CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL REPORT

Consolidated Financial Statements

Consolidated Income Statement

in CHF m	Notes	2018	2017
Total revenue	6	**4,940.4**	**4,554.2**
Materials and service expenses		(1,914.6)	(1,803.6)
Personnel expenses	7	(1,930.2)	(1,780.1)
Other operating income and expenses, net	8	(851.0)	(700.0)
Depreciation and amortization	16, 18	(117.6)	(106.6)
Other gains and losses, net	9	(1.9)	3.2
Total operating expenses, net		**(4,815.3)**	**(4,387.1)**
Operating profit		**125.1**	**167.1**
Finance costs, net	10	(53.1)	(45.4)
Share of result of associates and joint ventures	11	7.5	8.1
Profit before tax		**79.5**	**129.8**
Income tax expenses	20	(29.7)	(44.6)
Profit for the year		**49.8**	**85.2**
thereof attributable to shareholders of the Company		29.5	64.7
thereof attributable to non-controlling interests		20.3	20.5

Consolidated Statement of Comprehensive Income

in CHF m	Notes	2018	2017
Profit for the year		**49.8**	**85.2**
Items that will not be reclassified to profit or loss			
Remeasurement gains on defined benefit plans, net of taxes	20, 21	6.7	43.2
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising during the year, net of taxes		(10.9)	(9.6)
Other comprehensive income		**(4.2)**	**33.6**
Total comprehensive income		**45.6**	**118.8**
thereof attributable to shareholders of the Company		26.3	99.5
thereof attributable to non-controlling interests		19.3	19.3

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

Consolidated Balance Sheet

in CHF m	Notes	December 31, 2018	December 31, 2017
Cash and cash equivalents	12	181.4	177.9
Trade receivables	13	451.8	460.8
Other current receivables and prepayments	14	245.8	213.3
Inventories	15	168.5	171.5
Current income tax assets		26.3	36.6
Assets held for sale	17	3.1	7.8
Assets of disposal group classified as held for sale	17	16.3	–
Total current assets		**1,093.2**	**1,067.9**
Property, plant and equipment	16	559.7	497.0
Intangible assets	18	1,174.8	1,228.4
Investments in associates and joint ventures	11	49.1	44.4
Financial assets at fair value through profit or loss	19	39.7	79.5
Other non-current receivables		85.6	44.4
Deferred income tax assets	20	66.2	41.8
Defined benefit assets	21	12.8	15.7
Total non-current assets		**1,987.9**	**1,951.2**
Total assets		**3,081.1**	**3,019.1**
Short-term debt	22	217.6	234.7
Trade and other payables	23	398.2	394.9
Current income tax liabilities		35.8	35.0
Short-term provisions	24	50.3	35.8
Other current liabilities	25	568.8	545.1
Liabilities of disposal group classified as held for sale	17	15.4	–
Total current liabilities		**1,286.1**	**1,245.5**
Long-term debt	22	642.3	655.6
Deferred income tax liabilities	20	51.9	67.7
Defined benefit liabilities	21	190.1	202.3
Long-term provisions	24	149.8	135.3
Other non-current liabilities	25	268.2	268.8
Total non-current liabilities		**1,302.3**	**1,329.7**
Total liabilities		**2,588.4**	**2,575.2**
Equity attributable to shareholders of the Company		401.9	380.5
Non-controlling interests		90.8	63.4
Total equity		**492.7**	**443.9**
Total liabilities and equity		**3,081.1**	**3,019.1**

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

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	Reserves of disposal group held for sale	Total	Non-controlling interests	Total equity
At December 31, 2017	134.0	(2.6)	222.9	26.2	–	380.5	63.4	443.9
Effect of accounting changes, net	–	–	(10.7)	–	–	(10.7)	(0.5)	(11.2)
At January 1, 2018	**134.0**	**(2.6)**	**212.2**	**26.2**	**–**	**369.8**	**62.9**	**432.7**
Profit for the year	–	–	29.5	–	–	29.5	20.3	49.8
Other comprehensive income	–	–	13.0	(16.2)	–	(3.2)	(1.0)	(4.2)
Total comprehensive income	**–**	**–**	**42.5**	**(16.2)**	**–**	**26.3**	**19.3**	**45.6**
Disposal group held for sale	–	–	(0.1)	–	0.1	–	–	–
Effect of hyperinflation accounting	–	–	5.8	–	–	5.8	–	5.8
Capital increase in non-controlling interests	–	–	–	–	–	–	27.1	27.1
Change in ownership of subsidiaries without loss of control	–	–	0.5	(0.5)	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	(18.5)	(18.5)
At December 31, 2018	**134.0**	**(2.6)**	**260.9**	**9.5**	**0.1**	**401.9**	**90.8**	**492.7**
At January 1, 2017	**134.0**	**(2.6)**	**119.9**	**28.3**	**–**	**279.6**	**27.3**	**306.9**
Profit for the year	–	–	64.7	–	–	64.7	20.5	85.2
Other comprehensive income	–	–	36.8	(2.0)	–	34.8	(1.2)	33.6
Total comprehensive income	**–**	**–**	**101.5**	**(2.0)**	**–**	**99.5**	**19.3**	**118.8**
Change in ownership of subsidiaries without loss of control	–	–	1.5	(0.1)	–	1.4	(1.4)	–
Change in non-controlling interests	–	–	–	–	–	–	31.6	31.6
Dividends paid to non-controlling interests	–	–	–	–	–	–	(13.4)	(13.4)
At December 31, 2017	**134.0**	**(2.6)**	**222.9**	**26.2**	**–**	**380.5**	**63.4**	**443.9**

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

Consolidated Cash Flow Statement

in CHF m	Notes	2018	2017
Profit before tax		**79.5**	**129.8**
Adjustments for:			
Finance costs, net	10	53.1	45.4
Share-based payments	27	54.3	5.1
Share of result of associates and joint ventures	11	(7.5)	(8.1)
Depreciation and amortization	16, 18	117.6	106.6
Other (gains) and losses, net	9	1.9	(3.2)
Net cash flow before working capital and provision changes		298.9	275.6
Changes in working capital		(5.2)	(26.9)
Changes in provisions and defined benefit plans		(38.0)	(38.5)
Cash generated from operations		255.7	210.2
Interest paid		(34.4)	(19.3)
Interest received		3.1	1.7
Income taxes paid, net		(36.5)	(33.2)
Net cash flow generated from operating activities		**187.9**	**159.4**
Acquisition of subsidiaries, net of cash acquired	29	(8.5)	(160.8)
Purchase of property, plant and equipment		(148.3)	(151.4)
Purchase of intangible assets	18	(17.4)	(87.4)
Purchase of financial assets	19	(2.5)	(70.1)
Disposal of subsidiaries, net of cash disposed	30	0.9	12.2
Proceeds from sale of assets		1.1	4.1
Proceeds from sale of financial assets	19	25.5	–
Proceeds from sale of investments		–	4.2
Other investing activities		(2.0)	0.8
Dividends from associates and joint ventures		2.6	0.2
Net cash flow used in investing activities		**(148.6)**	**(448.2)**
Proceeds from debt		184.3	532.3
Repayments of debt		(179.0)	(460.8)
Dividends paid to non-controlling interests		(18.5)	(13.4)
Capital increase in non-controlling interests		1.1	–
Net cash flow (used in)/generated from financing activities		**(12.1)**	**58.1**
Increase/(decrease) in cash and cash equivalents		**27.2**	**(230.7)**
Movement in cash and cash equivalents			
At start of the year		161.3	389.4
Increase/(decrease) in cash and cash equivalents		27.2	(230.7)
Effects of exchange rate changes		(14.2)	2.6
At end of the year	12	**174.3**	**161.3**

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

Notes to the Consolidated Financial Statements

1 General Information

gategroup Holding AG (the "Company") and its subsidiaries (together the "Group") are the world's largest provider of airline catering services in terms of revenue. The Group also provides retail on board services as well as other services and products linked principally to airline hospitality and logistics. The Group operates a global network spanning approximately 60 countries and territories on six continents. The Company has its registered office in Opfikon, its address is Sägereistrasse 20, CH-8152 Glattbrugg, Switzerland.

The Group's share capital is held by HNA Aviation (Hong Kong) Air Catering Holding Co., Ltd ("HNA Aviation"), a private company limited by shares organized under the laws of Hong Kong, controlled by HNA Group Co., Ltd ("HNA").

These consolidated financial statements were authorized for issue by the Board of Directors of the Company (the "Board") on February 27, 2019.

2 Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied for all years presented, unless otherwise stated.

2.1 Basis of Preparation

The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the requirements of the Swiss Code of Obligations, as well as with the accounting and measurement principles described below. The consolidated financial statements are expressed in Swiss Francs ("CHF") (presentation currency) and prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 "Critical Accounting Estimates and Judgments".

2.2 Changes in Accounting Policies

The Group applies, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments triggering amendments of the accounting policies as follows:

Revenue Recognition
Revenue has been recognized in accordance with the previous accounting policy up to December 31, 2017, and starting January 1, 2018, as per the new accounting policy outlined below. The Group has applied the modified retrospective method on transition. Revenue is recognized at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. Revenue is reduced for estimated volume rebates and other similar allowances. The Group recognizes revenue when it transfers control over a product or service to a customer. The Group reports revenue in the categories catering and other, retail on board and equipment. Revenue for all categories is recognized at a point in time.

Financial Assets – Impairment of Financial Assets
A financial asset is impaired based on the expected credit loss model. At each balance sheet date the Group assesses whether the credit risk for a financial instrument has changed. For trade receivables the Group applies the simplified approach considering only the lifetime expected credit losses. No comparatives were restated upon initial implementation.

The following other new standards and amendments apply for the first time in 2018, but they have not had a material impact on the consolidated financial statements of the Group:

Standard	Effective date
Annual Improvements to IFRSs 2014–2016 Cycle – IFRS 1 and IAS 28	January 1, 2018
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
IFRIC 22 – Foreign Currency Transactions and Advance Consideration	January 1, 2018

Published Standards, Interpretations, and Amendments not yet Applied

The following new standards and interpretations have been analyzed as to whether they will have an impact on the Group's financial position, performance and disclosure in 2019 or later:

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

IFRS 16, which is effective for annual periods beginning on or after January 1, 2019, requires lessees to make more extensive disclosures than under IAS 17.

Transition to IFRS 16

The Group plans to adopt IFRS 16 as of January 1, 2019, applying the modified retrospective approach. The Group will elect to apply the standard to contracts that were previously identified as leases when applying IAS 17 and IFRIC 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease term ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e. personal computers, printing and photocopying machines) that are considered of low value.

During 2018, the Group has performed a detailed impact assessment of IFRS 16. In summary, the impact of IFRS 16 adoption is expected to be as follows:

Estimated impact on the consolidated balance sheet (increase/(decrease))

in CHF m	**January 1, 2019**
Assets	
Property, plant and equipment (right-of-use assets)	475.0–495.0
Liabilities	
Lease liabilities	475.0–495.0
Other current liabilities	0.0–(5.0)
Deferred income tax liabilities	0.0–15.0
Total equity	**0.0–(10.0)**

Estimated impact on the consolidated income statement

in CHF m	2019
Other operating income and expenses, net	80.0–95.0
Depreciation and amortization	(65.0)–(80.0)
Operating profit	**0.0–15.0**
Finance costs, net	(15.0)–(25.0)
Profit before tax	**0.0–(10.0)**

IFRIC 23 – Uncertainty over Income Tax Treatments

The Group will apply IFRIC 23 – Uncertainty over Income Tax Treatments, with effect from January 1, 2019. IFRIC 23 clarifies how the recognition and measurement requirements of IAS 12 are applied where there is uncertainty over income tax treatments, used or planned to be used in income tax filings.

Other future amendments to IFRS are not currently expected to have any material impact on the Group's accounting practices or on its financial position, performance and disclosure.

2.3 Impact of Adoption of New Accounting Standards

IFRS 9 Financial Instruments – Impact of Adoption

The Group has applied the classification, measurement and impairment principles of IFRS 9 retrospectively, with no restatement of prior period comparatives. Whilst the implementation of the new impairment principles according to IFRS 9 triggered an opening balance adjustment, the classification and measurement of financial assets did not result in any changes to the Group's consolidated financial statements. The impact of the change in the impairment methodology for trade receivables on the Group's equity on January 1, 2018, was CHF 11.2m, net of deferred tax. No other balance sheet positions were affected by IFRS 9.

IFRS 15 Revenue from Contracts with Customers – Impact of Adoption

The Group has analyzed the impact of the standard and has not identified any need for material changes to the current revenue recognition pattern of the Group. The disclosure requirements of IFRS 15 have been adopted in 2018.

2.4 Consolidation Accounting

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date control ceases.

The acquisition method is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets paid, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Goodwill is measured as the excess of the sum of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in the consolidated income statement.

If a business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at each acquisition date and a resulting gain or loss relating to the previously held equity interest is recognized through profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date and subsequent changes in the fair value are recognized in the consolidated income statement.

All material intercompany transactions and balances, and any unrealized gains or losses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Gains and losses on transactions with non-controlling interests are recorded in equity.

When the group loses control over a subsidiary the assets and liabilities, any related non-controlling interests and other components of equity are derecognized. Any resulting gain or loss is recognized in the consolidated income statement.

Associates and Joint Ventures

Associates are those entities in which the Group has significant influence, but not control, over financial and operating policies. Significant influence is presumed to exist when the Group holds, directly or indirectly, between 20% and 50% of the voting rights of the entity.

The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are those entities over whose activities the Group has joint control including rights to the net assets of the arrangement, established by contractual agreement and requiring unanimous consent of the parties sharing control for strategic financial and operating decisions.

Associates and joint ventures are accounted for using the equity method and are initially recognized at cost. When the Group's share of losses in an associate or joint venture equals or exceeds its interest, no further losses are recognized unless there is a legal or constructive funding obligation. If the associates or joint ventures subsequently report profits, then the Group resumes recognizing its share of those profits only after these equal the share of losses not recognized. The book value of investments in associates and joint ventures consists of the share of net assets and goodwill.

In reporting the results of associates and joint ventures their accounting policies are changed where necessary to ensure consistency with the policies adopted by the Group.

2.5 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Management Board ("EMB"), which has been identified as being the Group's Chief Operating Decision Maker.

2.6 Foreign Currency Translation

The consolidated financial statements are expressed in CHF, which is the Group's presentation currency. Each of the Group's entities determines its own functional currency based on the primary economic environment in which it operates. Transactions in foreign currencies are accounted for at the rates prevailing on the date of the transaction.

Monetary assets and liabilities of the Group's entities which are denominated in foreign currencies are translated using year-end exchange rates. Exchange differences are recorded as an income or expense. Non-monetary assets and liabilities are translated at historical exchange rates. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of the net investment in a foreign operation and are recognized in other comprehensive income, and presented under currency translation in equity.

For the translation of a foreign-currency operation into the Group's presentation currency (CHF), the following rates are applied:
- year-end exchange rates for assets and liabilities,
- monthly average rates for income statement accounts and
- monthly average rates, or actual rates for significant transactions, in the cash flow statement.

Translation differences arising from this process are recorded in other comprehensive income. On disposal of a foreign operation, the related cumulative translation adjustment is transferred from equity and included in the profit or loss from the disposal in the income statement.

The principal exchange rates used were as follows:

Swiss Francs per	**2018 Closing rate**	**2018 Annual average rate**	**2017 Closing rate**	**2017 Annual average rate**
1 Australian Dollar	0.69	0.73	0.76	0.75
1 Euro	1.13	1.15	1.17	1.11
1 GB Pound	1.25	1.30	1.32	1.27
1 Swedish Krona	0.11	0.11	0.12	0.12
1 US Dollar	0.98	0.98	0.97	0.98
1 Korean Won	0.001	0.001	0.001	0.001

2.7 Hyperinflation Accounting

In 2018, the economy of the Argentine Republic was newly classified as being hyperinflationary under the criteria included in IAS 29 – Financial Reporting in Hyperinflationary Economies. The application of inflation accounting requires restatement of the financial statements of the Argentinian subsidiary into current purchasing power, which reflects a price index current at the end of the reporting period, before being included in the consolidated financial statements. Therefore, all non-monetary items are presented in units of measure as of December 31, 2018. All items recognized in the income statement are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred. For the restatement, the Group used a conversion coefficient derived from the consumer price index in the Argentine Republic, published by the Federación Argentina de Consejos Profesionales de Ciencias Económicas. The index increased by 59.5 basis point from 124.8 as at December 31, 2017, to 184.3 basis points as at December 31, 2018. As the Group's consolidated financial position and results are presented in CHF, comparative amounts are not restated. The gain or loss on the net monetary position is recognized in "Finance costs, net" in the consolidated income statement.

2.8 Recognition of Revenue

Revenue is recognized at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. Revenue is reduced for estimated volume rebates and other similar allowances. These elements are generally determined applying the expected value method. The Group recognizes revenue when it transfers control over a product or service to a customer. Contract assets primarily relate to the Group's right to consideration for delivery of services and goods not yet invoiced. Contract liabilities consist mainly of deferred revenue, which is recognized when the consideration from the customer has been received but the performance obligations have not yet been satisfied. The Group reports revenue in the categories catering and other, retail on board and equipment. Revenue for all categories is recognized at a point in time.

2.9 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in the balance sheet within short-term debt.

2.10 Trade and Other Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost, less provision for impairment. The impairment provision is calculated applying the simplified approach of the expected credit loss ("ECL") model considering only the lifetime ECL. The provision includes an element based on historic credit loss experience, reflecting the average bad debt write-offs over the last three years and a forward-looking element, incorporating country specific credit default rates reflecting public information and expectation of changing conditions. Further, an additional provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that a trade receivable is impaired.

Trade and other receivables are further classified as either current or non-current depending on whether they are expected to be realized within twelve months of the balance sheet date.

2.11 Financial Assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and financial assets at amortized cost. The classification depends on the purpose and the contractual cash flow characteristics for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and reclassifies them whenever its purposes changes. All purchases and sales are recognized on the settlement date.

Financial Assets at Fair Value through Profit or Loss
Financial assets at fair value through profit or loss are financial assets held by the Group, including derivative and non-derivative financial assets. Financial assets at fair value through profit or loss are measured at fair value and related transaction costs are expensed in the income statement. Fair value changes on a financial asset at fair value through profit or loss are recognized in the period in which they arise. Assets in this category are classified as current if they are expected to be realized within twelve months and non-current otherwise.

Financial Assets at Amortized Cost
Financial assets at amortized cost are non-derivative financial assets held to collect contractual cash flows, where those cash flows are solely payments of principal and interest on the principal amount outstanding. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities of more than twelve months which are classified as non-current assets. Amortized cost is the amount at which the financial asset is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method for any difference between the initial amount and the maturity amount, minus any reduction for impairment or collectability.

Impairment of Financial Assets
Financial assets at amortized cost are impaired based on the ECL model. At each balance sheet date the Group assesses whether the credit risk for a financial instrument has increased. For trade receivables, the Group applies the simplified approach in accordance with IFRS 9.

Offsetting Financial Assets and Liabilities
Financial assets and liabilities are offset and the net amount reported in the balance sheet, when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.12 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost is determined using the standard cost method, the average cost method, or the first-in first-out method. The cost of inventory comprises the purchase cost of raw materials and traded goods, as well as transport and other direct costs. Allowances are made for obsolete and slow-moving inventories. Unsaleable items are fully written off.

2.13 Up-front Contract Payments

From time to time the Group enters into service contracts whereby, in some cases, an up-front contract payment is made to customers as an integral part of a long-term agreement. These up-front payments are recognized in "Other prepayments and accrued income" and "Other non-current receivables". They are amortized over the life of the related contract. The amortization charge is recorded as a reduction of revenue.

2.14 Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. The carrying amount of any replaced asset is derecognized. All other repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

Land is not depreciated. Capitalized leased assets are depreciated over the shorter of the useful life and the lease term. Depreciation on other assets is calculated using the straight-line method to allocate cost less any expected residual value over their estimated useful lives, as follows:

– Buildings	10–40 years
– Catering and other equipment	3–10 years
– Fixtures and fittings	5–15 years
– Vehicles	3–12 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

Gains or losses on the sale of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in the consolidated income statement.

2.15 Assets Held for Sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that their carrying value will be recovered primarily through sale rather than through continuing use. Such assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

2.16 Leases

Leases of property, plant and equipment, where the Group bears substantially all the risks and rewards associated with ownership, are classified as finance leases. Finance leases are capitalized at inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum future lease payments. Each lease payment is allocated between the liability and finance charges so as to produce a constant periodic rate of interest over the lease term. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.17 Intangible Assets

Goodwill

Goodwill arising on the acquisition of subsidiaries is included in intangible assets. Goodwill arising on acquisitions of associates and joint ventures is included in the carrying value of the investment and is tested for impairment as part of the Group's impairment testing. Separately recognized goodwill is tested at least annually for impairment or whenever there are indications of potential impairment, and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. On disposal of a cash generating unit ("CGU") or an operation forming part of a CGU, the related goodwill is included in the determination of profit or loss on disposal. Goodwill disposed of is measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained. Goodwill is allocated to the Group's reportable regions (groups of CGU's), being the lowest level at which the goodwill is monitored for internal management purposes.

Other Intangible Assets

Other intangible assets comprise intellectual property, customer relationship assets from acquisitions and capitalized software. Intellectual property comprises trademarks acquired in business combinations. Acquired intangible assets from business combinations are capitalized at fair value at the acquisition date. Intangible assets acquired separately are measured initially at cost. For capitalized software, capitalized costs can include purchase consideration, employee and consultant costs and an appropriate portion of relevant overheads. Only costs that are directly associated with the purchase or internal development of identifiable software products controlled by the Group and that are designed to generate economic benefits exceeding costs beyond a one year time horizon, are recognized as capitalized software.

The useful lives of intangibles are assessed to be either finite or indefinite. Trademarks are considered to have an indefinite life if they arise from contractual or other legal rights that can be renewed without significant cost, are subject to continuous marketing support and if there is no foreseeable limit to their useful economic life. Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful life, as follows:

– Customer relationships	5–30 years
– Intellectual property with finite useful life	3–25 years
– Capitalized software	2–5 years

Intangible assets other than trademarks with indefinite useful lives are assessed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The useful life is reviewed annually and changes are made on a prospective basis.

Trademarks with indefinite useful lives are tested for impairment at least annually or whenever there is an indicator of potential impairment. The useful life of a trademark with indefinite useful life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, any changes are made on a prospective basis.

2.18 Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortization and are tested at least annually for impairment or whenever there are impairment indicators. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows, or the reportable regions for goodwill and intellectual property. Non-financial assets other than goodwill that previously suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.19 Employee Benefits

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where the Group provides long-term employee benefits, the cost is accrued to match the rendering of the services by the employee concerned.

Group companies operate various pension schemes that are designed to follow local practices in the respective countries. The Group has defined benefit and defined contribution plans. The major defined benefit plans are generally funded through payments to independent pension or insurance funds, with the level of funding being determined by regular actuarial calculations.

Defined Benefit Plans

The asset or liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the accrued portion of the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

When the fair value of the plan assets exceeds the present value of the defined benefit obligation, the Group's management assesses whether this surplus is fully recoverable through refunds or reductions in future contributions. Any portion of the surplus which is not fully recoverable is not recognized.

Pension costs comprise service costs (current and past service cost) and net interest. Current and past service costs are recognized immediately in the consolidated income statement. Net interest is determined by applying the discount rate to the net defined benefit liability or asset and is recognized in the consolidated income statement.

Remeasurements of the net defined benefit liability arising from actuarial gains and losses, return on plan assets in excess of the interest rate and any change in the effect of an asset ceiling, are reported through the consolidated statement of comprehensive income in the period in which they arise. They are not reclassified to profit or loss in subsequent periods.

Defined Contribution Plans

Under a defined contribution plan the Group pays fixed contributions. The Group has no legal or constructive obligation to pay further contributions. Defined contribution and state administered plans may require employees to make contributions and typically enable employees to earn matching or other contributions from the Group. The funding of these plans is in accordance with statutory funding requirements. Obligations for contributions to defined contribution and state administered plans are recognized as personnel expense in the income statement as incurred.

Other Long-term Employee Benefits
Other non-current employee benefits (including among others jubilee or long service benefits) are also measured using the projected unit credit method. However, unlike the accounting required for defined benefit plans, remeasurements of the net liability (asset) are presented in the consolidated income statement and not in the consolidated statement of other comprehensive income.

Termination Benefits
Termination benefits are recognized on the date on which the Group can no longer rescind the offer of the benefit or when restructuring provisions are recorded.

Share-based Compensation
The Group provides a Phantom Unit Long-term Incentive Plan to management. The Plan is accounted for as cash-settled share-based compensation.

The cost of the plan is recognized as personnel expense in the income statement with a corresponding charge to provisions over the vesting periods, taking into account current expectations of future financial results measured against defined performance targets.

2.20 Taxation

Income tax expense in the consolidated income statement is comprised of current and deferred income taxes. Transactions recognized in other comprehensive income include any related tax effects. Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date together with any adjustments to tax payable in respect of previous years.

Deferred income tax is recognized based on the balance sheet liability method, which measures temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred income tax recognized is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. At each balance sheet date, the Group assesses the recoverability of its deferred income tax assets. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset only when the Group has a legally enforceable right to offset.

2.21 Financial Liabilities

Financial liabilities comprise predominantly trade payables, bank overdrafts, loans and finance lease liabilities. The Group classifies its financial liabilities into the following categories: Trade payables, financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

Trade Payables
Trade payables are recognized initially at fair value and subsequently measured at amortized cost.

Financial Liabilities at Fair Value through Profit or Loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss , are financial liabilities owed by the Group to third parties. They are classified as current if they are due within twelve months and non-current otherwise. They are measured at fair value and related transaction costs are expensed in the income statement. Fair value changes are included in profit or loss for the period in which they arise.

Other Financial Liabilities, including Debt
Debt and other financial liabilities are initially recognized at fair value, net of transaction costs incurred and subsequently carried at amortized cost unless otherwise disclosed. Any difference between the amount borrowed and the repayment amount is reported in the consolidated income statement over the duration of the loan using the effective interest rate method. They are classified as a current liability unless the Group has an unconditional right to defer settlement for at least twelve months after the balance sheet date.

2.22 Provisions

Provisions for legal claims, tax disputes, onerous contracts, property disputes, restructuring costs and other matters are recognized when the Group has a present or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

A contract is onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it and a provision is then recognized at the present value of the obligation. Restructuring provisions principally comprise employee termination benefits, legal, property and other related costs. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.23 Share Capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recorded in equity in the period in which they are approved by the Company's shareholders.

Where the Group purchases shares of the Company, the consideration paid is recognized as treasury shares and presented as a deduction from equity unless these shares are cancelled or sold. Any consideration received from the sale of these shares is recognized in equity.

3 Financial Risk Management

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Board has put in place appropriate structures to ensure risk governance and monitoring across the Group.

The Group's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group may use derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by a central treasury department which identifies, evaluates and hedges financial risks where appropriate. The principles for overall financial risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, the use of both derivative and non-derivative financial instruments and the investment of excess liquidity exist and are formally documented.

Foreign Exchange Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities, net investments in foreign operations, third party financing transactions, as well as intercompany transactions.

Whenever possible, foreign exchange risks are reduced by matching income and expenditure in the same currency and negotiating terms with suppliers that include invoicing Group companies in their functional currency.

The Group invests in foreign subsidiaries, whose net assets are exposed to currency translation risk. Generally, the intention is that currency exposure of the net assets of subsidiaries is primarily managed through borrowings denominated in the relevant foreign currencies. When appropriate, the Group enters into foreign exchange forward contracts. In 2018 and 2017, no such transactions were entered into.

The following sensitivity analysis illustrates the foreign currency risk of the material currency exposures on profit after tax and equity. If there had been a change of 5% in the underlying currency with all other variables held constant, the result from the shift in exchange rates related to financial instruments held in the balance sheet can be summarized as follows:

in CHF m	Impact on profit after tax				Impact on equity			
	2018		2017		2018		2017	
Movement against all currencies	5%	(5%)	5%	(5%)	5%	(5%)	5%	(5%)
Australian Dollar	1.3	(1.3)	1.1	(1.1)	0.5	(0.5)	0.6	(0.6)
Danish Krone	0.2	(0.2)	5.0	(5.0)	0.8	(0.8)	0.9	(0.9)
Euro	7.7	(7.7)	6.0	(6.0)	7.9	(7.9)	8.8	(8.8)
Korean Won	1.9	(1.9)	2.7	(2.7)	–	–	–	–
Swedish Krona	(2.1)	2.1	–	–	–	–	–	–
US Dollar	(3.8)	3.8	(1.9)	1.9	–	–	–	–

Cash Flow and Fair Value Interest Rate Risk

The Group's interest rate risk is primarily driven by changes to market interest rates on financial assets and liabilities subject to variable interest and risk free rates. Together with the floating interest rates on cash balances, they form the cash flow risk which creates uncertainty over future net interest payments. Assets and liabilities at fixed rates only expose the group to fair value interest rate risk in case they are classified as fair value through profit or loss. The interest rate risk is limited through the issue of the fixed interest rate bond (nominal CHF 350.0m). The remaining exposure is addressed through the management of the fixed/floating ratio of net financial liabilities. To manage this, the Group may enter into interest rate swap agreements. At December 31, 2018 and 2017, no such interest rate derivatives were outstanding. Assets and liabilities at fixed rates only expose the Group to fair value interest rate risk in case they are classified as fair value through profit or loss (Note 19).

The primary objective of the Group's interest rate management is to protect the net interest result.

The Group analyzes its interest rate exposure on a regular basis. Various scenarios are simulated taking into consideration the sensitivity of financial assets and liabilities with variable interest rates and the refinancing of positions with a maturity of less than twelve months. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run for interest-bearing positions.

Based on the simulations performed, at December 31, 2018, if there had been an interest rate increase of 100 basis points/decrease of 20 basis points with all other variables held constant, profit/(loss) after tax for the year would have been CHF 3.6m lower/CHF 0.8m higher (2017: CHF 4.5m lower/CHF 0.9m higher). At December 31, 2018 and 2017, other components of equity would not have been impacted.

Credit Risk

Credit risk reflects the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group.

It is the Group's policy that customers who trade on credit terms are subject to credit verification procedures. The assessment of the credit quality of the Group's customers is reflected in the Group's internal rating system which takes into account the financial position, past experience, ownership structure, specific market conditions and other factors. In addition, receivable balances per customer are monitored, at least monthly, on a consolidated basis. The credit exposure by customer is regularly reviewed and approved by management. In cases where management assesses the trend of the exposure to any customer as unsatisfactory or in cases where the credit quality of any customer deteriorates, the Group seeks to enforce measures to reduce the exposure and might revise the payment and credit terms. The total outstanding trade balances of the Group's five largest receivable positions at December 31, 2018, constitute 19.7% (2017: 20.0%) of the total gross trade receivable amount and individually they accounted for between 2.8% and 5.0% (2017: 3.1% and 5.7%) of the total gross trade receivables. Due to appropriate provisioning, management does not expect any additional losses from non-performance by customers.

The credit risk arising from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions is limited because the Group's risk policy stipulates that a major portion of cash and cash equivalents must be placed with broadly diversified counterparties with a low default risk.

Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate level of committed credit facilities. The Group's central treasury department achieves flexibility in funding by maintaining availability under committed credit lines. The Group monitors its risk to a shortage of funds by reviewing short-term and mid-term cash forecasts during the year.

The following table details the contractual maturity of the Group's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities at the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

2018 in CHF m	**1–3 months**	**3 months–1 year**	**1–5 years**	**More than 5 years**	**Total**
Trade and other payables	(328.7)	(25.2)	–	–	(353.9)
Short-term debt	(10.4)	(2.7)	–	–	(13.1)
Other current liabilities	(326.0)	(140.7)	–	–	(466.7)
Long-term debt	–	–	(902.3)	(6.6)	(908.9)
Other long-term liabilities	–	–	(262.4)	–	(262.4)
Balance at December 31	**(665.1)**	**(168.6)**	**(1,164.7)**	**(6.6)**	**(2,005.0)**

2017 in CHF m					
Trade and other payables	(328.0)	(15.4)	–	–	(343.4)
Short-term debt	(17.6)	(7.7)	–	–	(25.3)
Other current liabilities	(299.5)	(137.8)	–	–	(437.3)
Long-term debt	–	–	(933.6)	(3.9)	(937.5)
Other long-term liabilities	–	–	(262.9)	–	(262.9)
Balance at December 31	**(645.1)**	**(160.9)**	**(1,196.5)**	**(3.9)**	**(2,006.4)**

At the end of the reporting period, the Group had drawn CHF 207.2m (2017: CHF 208.5m) of the Revolving Credit Facility ("RCF"). The RCF may be drawn at any time to meet short-term financing needs. It is subject to a bi-annual Compliance Certificate review.

3.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard its status as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain a capital structure focused on reducing the cost of capital. The Group manages capital by monitoring net debt to EBITDA ratio. To maintain or adjust the capital structure, the Group may distribute dividends, issue new shares or adjust the level of debt.

The Group's existing committed credit facilities are available to the Company and certain of its subsidiaries (Note 22). The RCF and the Term Loan contain certain covenants with respect to the net leverage and interest coverage ratio. The financial covenants are tested bi-annually. The Company has remained in compliance with its covenants.

3.3 Fair Value of Financial Assets and Financial Liabilities

Financial assets are recognized at amortized cost, which approximates fair value, or at fair value (Note 19). Financial liabilities are generally recognized at amortized cost, which approximates fair value. The fixed rate five-year senior bond accounted for at amortized cost (Note 22) of CHF 346.3m (2017: 345.2m) is quoted in an active market (Level 1 measurement) with a fair value of CHF 349.5m (2017: CHF 346.5m). All other financial assets and financial liabilities are not based on observable market data (Level 3 measurement).

4 Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under foreseeable circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related final outcome. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are described in the following table.

Business combinations, investments in associates and control assessment	Assessment of control and significant influence in connection with investments in subsidiaries, associates, joint ventures, and financial assets requires the exercise of judgment, including the level of Board and Management involvement. Business combinations in particular require the exercise of judgment in establishing the fair values of assets and liabilities at acquisition and recognizing the elements of the transaction with the seller.	Note 11/29
Contingent consideration	The valuation of contingent consideration arrangements arising from business combinations is based on the evaluation of future scenarios and requires significant judgment.	Note 29
Provisions	Provisions may be recorded for matters over which there is uncertainty, therefore requiring a significant degree of assumption and estimation when determining the timing and the probable future outflow of resources.	Note 24
Taxes	Provisions for income taxes require significant judgment as these are based on transactions and calculations for which the ultimate tax determination is depending on numerous jurisdictions. Deferred tax assets are based on anticipated results for the relevant taxable entity over a period of several years into the future, together with interpretations of existing tax laws and regulations.	Note 20
Impairment of assets	At least once a year goodwill and intellectual property is tested for impairment. The impairment testing is based on value in use calculations requiring estimation of future sales and appropriate discount rates.	Note 18
Defined benefit plans	In various countries there are defined benefit plans. The calculation of the defined benefit plan obligation is based on actuarial assumptions of discount rates, inflation and life expectation. Such assumptions can differ substantially from actual circumstances due to future changes in market conditions and economic environment.	Note 21
Financial instruments at fair value through profit or loss	Financial instruments at fair value through profit or loss require significant judgment due to limited observable market data such as the book values and the profitability of the underlying business used in the valuation process.	Note 19

5 Segment Information

The Group is organized and managed primarily on the basis of five regions: EME (Europe, Middle East and the Commonwealth of Independent States), SEA (South Europe and Africa), North America, Latin America and Asia Pacific.

5.1 Reportable Segment Information

January–December, 2018 in CHF m	**EME**	**SEA**	**North America**	**Latin America**	**Asia Pacific**	**Elimina-tions**	**Total reportable segments**
External revenue	1,927.2	1,032.1	1,210.8	336.7	433.6	–	4,940.4
Intersegment revenue	10.1	10.4	5.3	0.1	0.6	(26.5)	–
Total revenue	**1,937.3**	**1,042.5**	**1,216.1**	**336.8**	**434.2**	**(26.5)**	**4,940.4**
EBITDA	**110.9**	**81.6**	**56.4**	**47.0**	**48.0**	**–**	**343.9**
Total segment assets	980.3	893.9	484.1	237.8	485.0	–	3,081.1
Total segment liabilities	(982.7)	(481.1)	(563.0)	(245.9)	(315.7)	–	(2,588.4)
Additions to non-current assets[I]	34.0	36.2	36.3	9.7	58.3	–	174.5
January–December, 2017 in CHF m							
External revenue	1,770.0	973.6	1,136.1	329.9	344.6	–	4,554.2
Intersegment revenue	8.6	8.6	5.5	0.1	0.6	(23.4)	–
Total revenue	**1,778.6**	**982.2**	**1,141.6**	**330.0**	**345.2**	**(23.4)**	**4,554.2**
EBITDA	**121.4**	**82.7**	**22.4**	**40.3**	**33.6**	**–**	**300.4**
Total segment assets	1,023.6	937.6	461.4	254.6	341.9	–	3,019.1
Total segment liabilities	(1,042.6)	(518.1)	(550.6)	(260.7)	(203.2)	–	(2,575.2)
Additions to non-current assets[I]	75.8	29.6	66.3	32.2	38.0	–	241.9

[I] Relates to property, plant and equipment and intangible assets

EBITDA is defined as earnings before interest, tax, depreciation, amortization and management fees. EBITDA excludes share-based payments, restructuring costs, transaction-related costs, operating taxes (non-income taxes) and other gains and losses, net.

The EMB assesses the performance of operating segments based on EBITDA. The reconciliation to operating profit as reported in the consolidated income statement is presented below.

5.2 Reconciliation

Reconciliation of EBITDA to operating profit

in CHF m	**2018**	**2017**
EBITDA	343.9	300.4
Share-based payments (Notes 7, 27)	(54.3)	(5.1)
Restructuring costs (Notes 7, 8)	(11.4)	(13.6)
Transaction-related costs	(8.3)	(0.8)
Operating taxes (non-income taxes)	(24.5)	(11.5)
Depreciation (Note 16)	(82.7)	(72.7)
Amortization (Note 18)	(34.9)	(33.9)
Other gains and losses, net (Note 9)	(1.9)	3.2
Management fees, net	(0.8)	1.1
Operating profit	**125.1**	**167.1**

5.3 Entity-wide Disclosures

Geographic Information

Revenue by country

in CHF m	2018	2017
United States	1,066.6	997.3
France	826.0	803.0
Switzerland(I)	546.9	499.0
Other countries	2,500.9	2,254.9
Total(II)	**4,940.4**	**4,554.2**

(I) Country of domicile of the Company
(II) Relates to revenue from external customers

No other country represented more than 10% of revenue from external customers in 2018 or 2017.

Non-current assets by country

in CHF m	2018	2017
United States	221.4	214.3
France	531.5	565.6
Sweden	169.8	189.8
Switzerland(I)	180.1	174.5
Other countries	631.7	581.2
Total non-current assets(II)	**1,734.5**	**1,725.4**

(I) Country of domicile of the Company
(II) Relates to property, plant and equipment and intangible assets

No other country represented more than 10% of non-current assets as of December 31, 2018 or 2017.

Major Customers

Two major customers accounted for 10% and 9% of 2018's total revenue (2017: 12% and 11% respectively). Their revenues are attributable across all reportable segments.

6 Revenue

in CHF m	2018	2017
Catering and other	3,986.5	3,682.8
Retail on board	668.5	620.4
Equipment	285.4	251.0
Total	**4,940.4**	**4,554.2**

Catering revenue includes revenue from on board catering and related logistic services. Other revenue includes revenue from other catering and other services, the latter including laundry, aircraft cleaning, lounge and security services and asset management. Retail on board revenue comprises the sale of food and non-food products directly to passengers. Equipment revenue includes revenue from the sale of food contact items (such as cutlery, cups, glasses and plates), and comfort items (such as headsets, blankets and amenity kits).

Revenue is reduced for estimated volume rebates and other similar allowances. These are generally determined based on actual services performed or products delivered in a given period. The Group recognizes revenue when it transfers control over a product or service to a customer. Revenue for all performance obligations is recognized at a point in time upon delivery.

Payment terms are individually agreed with the Group's customers and are tailored to the specific factors relating to each customer contract.

in CHF m	2018	2017
Unbilled revenue	79.2	72.9
Total contract assets	**79.2**	**72.9**
Deferred revenue	(8.1)	(10.4)
Total contract liabilities	**(8.1)**	**(10.4)**

Contract assets and liabilities are recognized and settled continuously in the normal course of business. Unbilled revenue is recognzed in "Other prepayments and accrued income" (Note 14).

From time to time the Group enters into service contracts, whereby an up-front contract payment is made to a customer. These are made as an integral part of a long-term agreement with such customers. These up-front payments are recognized in "Other prepayments and accrued income" and "Other non-current receivables". They are amortized over the life of the related contract and the amortization charge is recorded as a reduction of revenue.

Movements on the up-front contract payments are as follows:

in CHF m	2018
Balance at January 1	**28.8**
Additions	58.2
Amortization charge for the year	(14.8)
Exchange differences	(1.4)
Balance at December 31	**70.8**

7 Personnel Expenses

in CHF m	2018	2017
Wages and salaries	1,487.3	1,388.4
Social security costs	179.6	173.3
Pension defined benefit plan expense (Note 21)	11.2	16.5
Pension defined contribution plan expense	30.1	24.2
Share-based payments (Note 27)	54.3	5.1
Restructuring costs	5.8	10.7
Other personnel costs and benefits	161.9	161.9
Total	**1,930.2**	**1,780.1**

8 Other Operating Income and Expenses, Net

in CHF m	2018	2017
Rental, utility and other property costs	262.2	242.0
Operating fees and deductions	192.9	120.5
Maintenance and lease of equipment costs	109.5	105.8
Audit, consulting and legal fees	44.1	34.5
Communication costs	75.0	70.3
Administrative and operative costs	49.2	47.4
Transport and travel costs	28.1	26.4
Restructuring costs	5.6	2.9
Other operating costs	100.3	67.9
Other operating income	(15.9)	(17.7)
Total	**851.0**	**700.0**

9 Other Gains and Losses, Net

in CHF m	2018	2017
Loss on sale of assets, net	(0.3)	(0.5)
Loss on sale of investments in associates and joint ventures	(0.1)	(3.6)
(Loss)/gain on disposal of subsidiaries (Note 30)	(1.5)	7.3
Total	**(1.9)**	**3.2**

The net loss on sale of assets arose from the sale of property, plant and equipment, intangible assets and other assets.

10 Finance Costs, Net

in CHF m	2018	2017
Interest income	3.1	1.7
Other finance income	9.8	7.8
Total financial income	**12.9**	**9.5**
Interest expense	(45.6)	(44.0)
Other finance costs	(8.7)	(7.6)
Total financial expenses	**(54.3)**	**(51.6)**
Net interest on defined benefit plans (Note 21)	**(5.5)**	**(6.8)**
Foreign exchange (losses)/gains, net	**(6.2)**	**3.5**
Total	**(53.1)**	**(45.4)**

Other finance income includes fair value adjustments to financial assets at fair value through profit or loss (Note 19) in the amount of CHF 9.8m (2017: CHF 7.6m).

Foreign exchange (losses)/gains, net include net monetary gains from hyperinflation accounting in the Argentinian subsidiary of CHF 0.8m (2017: nil).

11 Investments in Associates and Joint Ventures

2018 in CHF m	Associates	Joint ventures	Total
Aggregated carrying amount	**48.5**	**0.6**	**49.1**
Share of result of associates and joint ventures	7.7	(0.2)	7.5
Share of other comprehensive income	(1.1)	–	(1.1)
Share of total comprehensive income	**6.6**	**(0.2)**	**6.4**

2017 in CHF m	Associates	Joint ventures	Total
Aggregated carrying amount	**43.6**	**0.8**	**44.4**
Share of result of associates and joint ventures	7.4	0.7	8.1
Share of other comprehensive income	(2.0)	–	(2.0)
Share of total comprehensive income	**5.4**	**0.7**	**6.1**

The unrecognized share of losses of associates and joint ventures is CHF 1.2m as of December 31, 2018 (2017: CHF 0.9m).

As at December 31, 2018, the Group has one material associate, its 12.5% interest in Guangzhou Nanland Air Catering Co., Ltd. This business provides catering services to airlines. The Group's interest is accounted for using the equity method in the consolidated financial statements. In 2018, the associate paid a dividend of CHF 2.4m (2017: nil). The following table illustrates the summarized financial information of the Group's investment in Guangzhou Nanland Air Catering Co., Ltd.

in CHF m	2018	2017
Current assets	182.7	181.3
Non-current assets	35.7	31.7
Current liabilities	(77.9)	(69.5)
Non-current liabilities	–	–
Equity	**140.5**	**143.5**
thereof attributable to shareholders	140.5	143.1
thereof attributable to non-controlling interests	–	0.4
Group's share of equity	**17.6**	**17.9**
Excess dividend received	(1.2)	–
Group's carrying amount	**16.4**	**17.9**
Revenue	288.1	197.3
Profit for the year attributable to shareholders	13.2	22.5
Other comprehensive income	–	–
Total comprehensive income	**13.2**	**22.5**
Group's share of profit for the year	1.7	3.5
Currency translation effects	(0.1)	(2.0)
Group's share of result of associate	**1.6**	**1.5**

12 Cash and Cash Equivalents

in CHF m	2018	2017
Cash and bank balances	173.2	174.5
Short-term bank deposits	8.2	3.4
Balance at December 31	**181.4**	**177.9**

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

in CHF m	2018	2017
Cash and bank balances	173.2	174.5
Short-term bank deposits	8.2	3.4
Cash attributable to disposal groups	0.3	–
Bank overdrafts (Note 22)	(7.4)	(16.6)
Balance at December 31	**174.3**	**161.3**

13 Trade Receivables

in CHF m	2018	2017
Trade receivables	483.7	467.2
Trade receivables due from related parties	34.0	31.4
	517.7	**498.6**
Provision for impairment of receivables	(65.9)	(37.8)
Balance at December 31	**451.8**	**460.8**

The impaired receivables mainly relate to customers who were experiencing difficult financial circumstances and the majority of these amounts are more than two months overdue. It was assessed that a portion of these receivables is expected to be recovered. The maximum credit risk to which the Group is exposed at December 31, 2018 and 2017, is represented by the carrying amounts of receivables in the balance sheet.

The aging-analysis of the trade receivables is as follows:

in CHF m	2018	2017
Not overdue	347.1	337.0
Less than 1 month overdue	87.6	83.7
1 to 2 months overdue	22.3	22.8
Over 2 months overdue	60.7	55.1
Balance at December 31	**517.7**	**498.6**

Movements on the provision for impairment of trade receivables are as follows:

in CHF m	2018	2017
Opening balance	(37.8)	(21.3)
Effect of accounting changes	(15.0)	–
Balance at January 1	**(52.8)**	**(21.3)**
Provision for receivables impairment	(19.5)	(15.5)
Receivables written off during the year as uncollectible	1.0	11.3
Unused amounts reversed	3.7	3.0
Acquisition of subsidiaries	(0.4)	(13.7)
Exchange differences	2.1	(1.6)
Balance at December 31	**(65.9)**	**(37.8)**

Amounts provided are generally written off when there is no expectation of further recovery. The Group does not hold any significant collaterals as security.

14 Other Current Receivables and Prepayments

in CHF m	2018	2017
Other receivables	36.4	43.5
Other receivables due from related parties	0.5	0.9
Prepaid taxes other than income tax	59.5	58.3
Financial assets at fair value through profit or loss (Note 19)	24.5	–
Other prepayments and accrued income	124.9	110.6
Balance at December 31	**245.8**	**213.3**

15 Inventories

in CHF m	2018	2017
Raw materials	84.5	102.1
Catering supplies	52.2	39.4
Work in progress	6.3	6.4
Finished goods	35.5	34.1
Provision for obsolescence	(10.0)	(10.5)
Balance at December 31	**168.5**	**171.5**

16 Property, Plant and Equipment

2018 in CHF m	Land and buildings	Fixtures and fittings in rented buildings	Assets under construction	Catering and other equipment	Vehicles	Total
Net book value						
Balance at January 1, 2018	**137.8**	**87.6**	**61.0**	**108.8**	**101.8**	**497.0**
Additions	12.8	18.5	64.4	46.2	15.2	157.1
Reclassification	56.3	6.1	(79.6)	6.8	12.7	2.3
Acquisition of subsidiaries (Note 29)	–	0.1	–	0.3	0.5	0.9
Disposals	–	(0.5)	–	(0.5)	(0.3)	(1.3)
Depreciation charge for the year	(12.8)	(16.4)	–	(30.4)	(23.1)	(82.7)
Exchange differences	(5.1)	(1.4)	(2.7)	(2.9)	(1.5)	(13.6)
Balance at December 31, 2018	**189.0**	**94.0**	**43.1**	**128.3**	**105.3**	**559.7**
Net book value						
Cost	277.8	254.3	43.1	313.9	272.2	1,161.3
Accumulated depreciation	(88.8)	(160.3)	–	(185.6)	(166.9)	(601.6)
Balance at December 31, 2018	**189.0**	**94.0**	**43.1**	**128.3**	**105.3**	**559.7**

2017 in CHF m						
Net book value						
Balance at January 1, 2017	**62.9**	**57.8**	**19.4**	**66.3**	**85.2**	**291.6**
Additions	4.4	26.7	78.4	28.9	16.1	154.5
Reclassification	13.9	6.9	(42.6)	8.0	8.1	(5.7)
Acquisition of subsidiaries (Note 29)	62.8	9.7	6.0	29.7	14.6	122.8
Disposal of subsidiaries (Note 30)	–	–	–	–	(0.4)	(0.4)
Disposals	(0.5)	(0.9)	(0.3)	(0.3)	(0.3)	(2.3)
Depreciation charge for the year	(10.5)	(13.7)	–	(26.9)	(21.6)	(72.7)
Exchange differences	4.8	1.1	0.1	3.1	0.1	9.2
Balance at December 31, 2017	**137.8**	**87.6**	**61.0**	**108.8**	**101.8**	**497.0**
Net book value						
Cost	214.1	231.6	61.0	272.2	247.1	1,026.0
Accumulated depreciation	(76.3)	(144.0)	–	(163.4)	(145.3)	(529.0)
Balance at December 31, 2017	**137.8**	**87.6**	**61.0**	**108.8**	**101.8**	**497.0**

The carrying amount of land recorded under land and buildings at December 31, 2018, is CHF 29.0m (2017: CHF 25.4m). Within property, plant and equipment, assets pledged for mortgages amount to CHF 4.5m (2017: CHF 4.7m). The CHF 2.3m reclassification during 2018 relates to land transferred from assets held for sale, assets under construction transferred to intangible assets and other reclassifications. The CHF 5.7m reclassification during 2017 related to land transferred to assets held for sale and to assets under construction transferred to intangible assets.

Leased Assets

Assets recorded under finance leases consist of:

2018 in CHF m	**Land and buildings**	**Catering and other equipment**	**Vehicles**	**Total**
Net book value				
Cost	31.5	11.0	8.9	51.4
Accumulated depreciation	(11.2)	(6.1)	(3.9)	(21.2)
Balance at December 31, 2018	**20.3**	**4.9**	**5.0**	**30.2**

2017 in CHF m				
Net book value				
Cost	27.7	10.7	7.7	46.1
Accumulated depreciation	(7.0)	(4.8)	(2.9)	(14.7)
Balance at December 31, 2017	**20.7**	**5.9**	**4.8**	**31.4**

Depreciation expense included in the consolidated income statement for property, plant and equipment held under finance leases was CHF 4.2m (2017: CHF 4.3m). Obligations under finance leases are disclosed in Note 22.

17 Assets Held for Sale

in CHF m	**2018**	**2017**
Assets held for sale	3.1	7.8
Balance at December 31	**3.1**	**7.8**

The amounts shown above principally represent the projected sale value of properties.

Disposal Group Held for Sale

in CHF m	**2018**	**2017**
Assets of disposal group	16.3	–
Liabilities of disposal group	(15.4)	–
Intercompany assets/liabilities, net	(0.8)	–
Balance at December 31	**0.1**	**–**

The disposal group consists of the assets and liabilities of the Dutyfly business, which was originally acquired as part of the Servair acquisition.

18 Intangible Assets

2018 in CHF m	**Goodwill**	**Intellectual property**	**Customer relationships**	**Capitalized software**	**Other**	**Total**
Net book value						
Balance at January 1, 2018	**733.9**	**182.4**	**280.0**	**30.9**	**1.2**	**1,228.4**
Additions	–	–	–	17.0	0.4	17.4
Reclassification	(1.7)	–	–	0.5	0.6	(0.6)
Acquisition of subsidiaries (Note 29)	2.9	–	–	–	–	2.9
Disposals	–	–	–	(0.1)	–	(0.1)
Amortization charge for the year	–	(3.2)	(20.9)	(10.2)	(0.6)	(34.9)
Exchange differences	(23.5)	(3.0)	(11.3)	(0.5)	–	(38.3)
Balance at December 31, 2018	**711.6**	**176.2**	**247.8**	**37.6**	**1.6**	**1,174.8**
Net book value						
Cost	927.0	224.3	320.9	118.1	11.6	1,601.9
Accumulated amortization	(215.4)	(48.1)	(73.1)	(80.5)	(10.0)	(427.1)
Balance at December 31, 2018	**711.6**	**176.2**	**247.8**	**37.6**	**1.6**	**1,174.8**

2017 in CHF m						
Net book value						
Balance at January 1, 2017	**463.2**	**103.0**	**61.6**	**19.6**	**0.8**	**648.2**
Additions	–	–	72.4	14.4	0.6	87.4
Reclassification	–	–	–	2.3	0.1	2.4
Acquisition of subsidiaries (Note 29)	236.9	75.5	143.2	5.1	–	460.7
Disposal of subsidiaries (Note 30)	(1.2)	–	–	–	–	(1.2)
Amortization charge for the year	–	(3.1)	(19.9)	(10.6)	(0.3)	(33.9)
Exchange differences	35.0	7.0	22.7	0.1	–	64.8
Balance at December 31, 2017	**733.9**	**182.4**	**280.0**	**30.9**	**1.2**	**1,228.4**
Net book value						
Cost	949.4	227.6	338.9	102.9	11.1	1,629.9
Accumulated amortization	(215.5)	(45.2)	(58.9)	(72.0)	(9.9)	(401.5)
Balance at December 31, 2017	**733.9**	**182.4**	**280.0**	**30.9**	**1.2**	**1,228.4**

Within capitalized software is internally developed software of CHF 30.5m (2017: CHF 20.5m). The 2018 additions to internally developed software amounted to CHF 16.0m (2017: CHF 9.5m).

The CHF 0.6m reclassification in 2018 relates to goodwill transferred to disposal group and assets under construction transferred to intangible assets. The CHF 2.4m reclassification in 2017 related to assets under construction transferred to intangible assets.

Impairment Tests for Goodwill and Intellectual Property

For the purpose of impairment testing, goodwill and intellectual property with indefinite useful lives were allocated to the group of CGUs EME, SEA, North America, Latin America and Asia Pacific, these being expected to benefit from the synergies of the relevant business combinations. The CGUs reflect the Group's reportable segments, being the level at which management monitors goodwill and intellectual property.

The recoverable amounts of goodwill and intellectual property are based on value in use calculations. The fair value of the CGUs was calculated using the discounted cash flow method. These calculations use the expected cash flows based on the financial budget, approved by the Board, included as the first year of a five-year business plan together with a discount rate, which represents the weighted average cost of capital ("WACC").

Carrying values of indefinite life intangibles and key assumptions are as follows:

2018 in CHF m	**Goodwill**	**Intellectual property**	**Revenue growth rate**	**Discount rate pre-tax**	**Terminal growth rate**
EME	290.6	59.8	2.5%–7.1%	7.1%	1.8%
SEA	251.0	73.1	3.8%–5.5%	8.6%	2.0%
North America	81.7	26.5	0.2%–5.1%	8.9%	2.2%
Latin America	35.4	7.3	6.7%–21.5%	20.8%	2.2%
Asia Pacific	52.9	9.5	6.4%–24.9%	8.8%	2.4%
Balance at December 31, 2018	**711.6**	**176.2**			

2017 in CHF m					
EME	302.2	59.8	2.5%–8.4%	6.1%	1.7%
SEA	261.9	79.3	1.0%–7.3%	8.6%	1.9%
North America	80.9	27.2	0.2%–5.1%	9.1%	2.3%
Latin America	32.4	7.9	6.1%–6.8%	18.4%	2.3%
Asia Pacific	56.5	8.2	5.1%–31.2%	8.8%	2.5%
Balance at December 31, 2017	**733.9**	**182.4**			

The terminal value beyond the business plan period was calculated by extrapolating the year five cash flows at constant exchange rates using an eternal growth rate, which does not exceed the long-term average growth rate for the respective markets in which the CGUs operate. Revenue growth rates are based on industry research with respect to volume growth, adjusted for impacts from inflation and market-related price changes expected by management. Management determined projected margins based on past performance and its expectations of market developments. The discount rates reflect specific risk and market characteristics relating to the relevant CGUs.

As in the prior year, the impairment test did not lead to any impairment of goodwill or intellectual property. The recoverable amounts exceed the carrying values. The key sensitivities in the impairment test are the discount rate, revenue growth as well as the terminal growth rate. Therefore, the Group has carried out a sensitivity analysis, considering various scenarios. Taking reasonable possible changes in key assumptions into account, no impairment losses were indicated.

19 Financial Assets at Fair Value through Profit or Loss

2018 in CHF m	**Bonds**	**Other**	**Total**
Balance at January 1, 2018	**79.5**	**–**	**79.5**
Cash flows	(25.5)	2.5	(23.0)
Fair value adjustments	9.8	–	9.8
Exchange differences	(2.1)	–	(2.1)
Balance at December 31, 2018	**61.7**	**2.5**	**64.2**
Analysis of total short-term and long-term financial assets			
Non-current	37.2	2.5	39.7
Current	24.5	–	24.5

2017 in CHF m			
Balance at January 1, 2017	**–**	**–**	**–**
Cash flows	70.1	–	70.1
Fair value adjustments	7.6	–	7.6
Exchange differences	1.8	–	1.8
Balance at December 31, 2017	**79.5**	**–**	**79.5**
Analysis of total short-term and long-term financial assets			
Non-current	79.5	–	79.5

During 2017 the Group signed various agreements to expand its partnerships into the Korean and other Asian markets. As part of these agreements, the Group acquired zero-coupon bonds with attached warrants ('Bonds'), issued by Kumho & Company Inc., in the amount of KRW 160 billion with maturities from 1 to 20 years. The attached warrants allow conversion of the Bonds to equity of Kumho & Company Inc. under certain conditions. The Bonds have been designated as a financial asset at fair value through profit or loss.

The Bonds were initially recognized at fair value of CHF 70.1m with the CHF 72.4m difference to the total cash outflow being recognized as an intangible asset in relation to the market access and customer relationship gained through these agreements. The customer relationship will be amortised over its estimated useful life of 30 years. The Bonds will be measured at fair value through profit or loss.

The Bonds are not traded in an active market and therefore have been categorised as Level 3 in the fair value hierarchy mainly due to their embedded warrants. The valuation is derived from valuation techniques that consider the characteristics of the components of the hybrid instrument, combining a discounted cash flow model for the debt component and a binomial option pricing model for the attached warrants. Main inputs into the valuation methodology include observable factors such as interest rates, credit risk spreads and country risk spreads, volatility as well as unobservable inputs such as book values of the underlying assets and profitability of the underlying business adjusted for future uncertainty.

As at December 31, 2018, inputs used for the valuation include Korean risk-free rates from 1.1% to 1.3% (2017: 1.1% to 2.0%), a country risk premium of 0.63% (2017: 0.45%), a credit risk premium from 3.9% to 7.4% (2017: 4.6% to 7.1%) based on a comparable company basket and a volatility of 25% (2017: 25%). Further, non-publicly available information was used in internal assessments to determine illiquidity discounts and input factors.

During 2018 the Group became an investor in Cockpit Innovation, an Israeli-based industry venture fund, for a cash consideration of CHF 2.5m.

20 Taxes

Taxes Recognized in the Income Statement

in CHF m	2018	2017
Current income tax charge	54.9	49.5
Deferred tax income	(25.2)	(4.9)
Total	**29.7**	**44.6**

Reconciliation of tax expense

in CHF m	2018	2017
Profit before tax	79.5	129.8
Tax at Swiss tax rate	**15.9**	**26.5**

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Deviations from Swiss tax rate	4.7	14.8
Unrecognized deferred tax assets	3.5	17.4
Deferred taxes related to other periods	(7.6)	(16.3)
Change in deferred tax due to tax rate change	0.7	(2.4)
Non-deductible expenses	10.2	2.0
Income not subject to tax	(5.7)	(6.9)
Current taxes related to other periods or other countries	(0.7)	0.9
Others[I]	8.7	8.6
Total tax expense	**29.7**	**44.6**
Weighted average effective tax rate	37.4%	34.4%

[I]Others include predominantly foreign exchange adjustments, tax risk provisions and CVAE in France and the French overseas territories.

The above table shows the expected tax expense at the Swiss tax rate of 20.0% (2017: 20.4%) applied to the Group profit before tax and the reconciliation to the actual income tax expense.

Deferred Taxes Recognized on the Balance Sheet

in CHF m	2018	2017
Deferred income tax assets	66.2	41.8
Deferred income tax liabilities	(51.9)	(67.7)
Balance at December 31	**14.3**	**(25.9)**

Movements in deferred taxes

in CHF m	Property, plant and equipment	Intangible assets	Other assets	Liabilities[I]	Tax loss carry forwards	Total
Balance at December 31, 2017	(19.7)	(89.0)	(10.4)	66.2	27.0	(25.9)
Effect of accounting changes	–	–	3.8	–	–	3.8
Balance at January 1, 2018	**(19.7)**	**(89.0)**	**(6.6)**	**66.2**	**27.0**	**(22.1)**
Deferred tax credit/(charge) in the income statement	1.7	4.1	(6.1)	21.5	4.0	25.2
Acquisition of subsidiaries (Note 29)	–	–	–	(0.7)	–	(0.7)
Reclass to disposal group	–	–	–	(0.4)	–	(0.4)
Deferred tax credit in other comprehensive income	–	–	7.0	4.9	–	11.9
Exchange differences	0.1	2.9	0.4	(2.6)	(0.4)	0.4
Balance at December 31, 2018	**(17.9)**	**(82.0)**	**(5.3)**	**88.9**	**30.6**	**14.3**
Balance at January 1, 2017	**(8.2)**	**(32.6)**	**0.3**	**56.6**	**18.7**	**34.8**
Deferred tax credit/(charge) in the income statement	7.5	27.1	(1.4)	(34.2)	5.9	4.9
Acquisition of subsidiaries (Note 29)	(16.8)	(79.3)	(0.3)	45.6	1.4	(49.4)
Disposal of subsidiaries (Note 30)	–	–	–	(0.3)	–	(0.3)
Deferred tax charge in other comprehensive income	–	–	(6.3)	(2.3)	–	(8.6)
Exchange differences	(2.2)	(4.2)	(2.7)	0.8	1.0	(7.3)
Balance at December 31, 2017	**(19.7)**	**(89.0)**	**(10.4)**	**66.2**	**27.0**	**(25.9)**

[I] Includes defined benefit obligations, provisions, accruals and other liabilities

CHF 5.6m of the deferred tax credit (2017: CHF 2.3m of the deferred tax charge) in the statement of other comprehensive income relate to actuarial gains and losses on defined benefit plans. CHF 6.3m of the deferred tax credit (2017: CHF 6.3m of the deferred tax charge) in the statement of other comprehensive income relate to currency translation differences on net investments.

Composition of deferred tax assets and liabilities

	Assets December 31		Liabilities December 31		Net December 31	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Temporary differences						
Property, plant and equipment	5.7	4.7	(23.6)	(24.4)	(17.9)	(19.7)
Intangible assets	1.2	1.6	(83.2)	(90.6)	(82.0)	(89.0)
Other assets	10.0	4.5	(15.3)	(14.9)	(5.3)	(10.4)
Defined benefit obligations, other liabilities, provisions and accruals	99.2	69.7	(10.3)	(3.5)	88.9	66.2
Tax losses	30.6	27.0	–	–	30.6	27.0
	146.7	**107.5**	**(132.4)**	**(133.4)**	**14.3**	**(25.9)**
Offset of deferred tax assets and liabilities	(80.5)	(65.7)	80.5	65.7	–	–
Deferred tax assets/(liabilities)	**66.2**	**41.8**	**(51.9)**	**(67.7)**	**14.3**	**(25.9)**

Deferred Taxes Not Recognized

Composition of deferred tax assets not recognised

in CHF m	**2018**	**2017**
Property, plant and equipment	9.1	8.7
Intangible assets	–	0.4
Other assets	0.7	4.7
Defined benefit obligations, other liabilities, provisions and accruals	14.1	34.9
Tax losses	154.6	144.1
Deferred tax assets not recognised at 31 December	**178.5**	**192.8**

Tax loss carry forwards and tax credits which are not recognized are summarized by year of expiry as follows:

in CHF m	**2018**	**2017**
Less than 1 year	–	4.9
More than 1 year and less than 5 years	78.2	87.3
More than 5 years	15.9	18.3
No expiry	537.6	467.9
Total	**631.7**	**578.4**

The countries with significant unrecognized tax loss carry forwards include Luxembourg (CHF 407.8m), Switzerland (CHF 69.1m), India (CHF 35.8m), Norway (CHF 28.6m) and Denmark (CHF 25.6m). There are no significant unrecognized tax credits.

21 Defined Benefit Plan

The Group provides defined benefit retirement schemes through a variety of arrangements comprised principally of stand-alone plans that cover a substantial portion of employees in accordance with local regulations and practices. The most significant plans in terms of the benefits accrued to date by participants are cash balance and final salary plans, and around 83% (2017: 84%) of the present value of obligations accrued to date come from defined benefit plans in Switzerland, the United Kingdom (UK) and the United States (US). A breakdown on the pension-related balance sheet amounts at December 31, 2018 and 2017, is shown below:

2018 in CHF m	**Switzerland**	**UK**	**US**	**Other**	**Total**
Present value of funded obligations	(261.9)	(165.9)	(206.1)	(128.8)	(762.7)
Fair value of plan assets	255.2	184.5	99.3	66.8	605.8
Funded status	**(6.7)**	**18.6**	**(106.8)**	**(62.0)**	**(156.9)**
Present value of unfunded obligations	–	–	(3.8)	(10.8)	(14.6)
Irrecoverable surplus (effect of asset ceiling)	–	(5.8)	–	–	(5.8)
Net defined benefit asset/(liability) at December 31	**(6.7)**	**12.8**	**(110.6)**	**(72.8)**	**(177.3)**

2017 in CHF m					
Present value of funded obligations	(276.7)	(180.3)	(222.2)	(131.3)	(810.5)
Fair value of plan assets	264.6	202.6	108.2	69.5	644.9
Funded status	**(12.1)**	**22.3**	**(114.0)**	**(61.8)**	**(165.6)**
Present value of unfunded obligations	(0.1)	–	(4.0)	(10.3)	(14.4)
Irrecoverable surplus (effect of asset ceiling)	–	(6.6)	–	–	(6.6)
Net defined benefit asset/(liability) at December 31	**(12.2)**	**15.7**	**(118.0)**	**(72.1)**	**(186.6)**

Switzerland

The Group operated two company-sponsored pension plans during 2018, a main plan for all employees and a supplementary plan for employees with salaries exceeding a certain limit. Both plans provide contribution-based cash balance retirement and risk benefits to employees, meeting its obligations under Switzerland's mandatory company-provided pension requirements. Both pension plans are established within foundations that are legal entities separate from the Group. The Board of Trustees of each foundation is composed equally of employee and employer representatives, who are empowered to decide on such fundamental aspects as the level and structure of the benefits and the fund's investment strategy. Starting from January 1, 2019, the supplementary plan will be largely replaced by a newly established so-called 1e plan, which is a defined contribution scheme. A portion of the existing account balances will be transferred to the main plan.

There are a number of guarantees provided within the pension plans which expose them to risks of underfunding and may require the Group to help provide refinancing. Since Swiss pension law stipulates a minimum rate for conversion of pension savings into an annuity at retirement and guarantees a minimum interest on retirement assets, the pension plans are exposed, beside the interest risk, in particular to the risk of changes in the life expectancy for pensioners and to the risk that the assets do not achieve the investment return assumed. In addition, the pension plans hold a significant proportion of equity shares, which are expected to outperform corporate bonds in the long term, but which give exposure in volatility and risk in the short term.

Generally, there is no opportunity for the Group to recover a surplus from the pension plans because under Swiss pension law any surplus that develops technically belongs to a pension plan and therefore the members. A reduction in future contributions is possible only at the discretion of the Board of Trustees of each pension plan and therefore there is a minimum funding requirement for the Group equal to the employer contributions set out in the pension plan rules. As the contributions are set out in the plan rules, the funding arrangements have limited impact on the future cash flow requirements of the Group (except in the case of underfunding).

The funds are invested in a diverse portfolio of asset classes including equities, bonds, property and private equity but do not currently use any more explicit asset-liability matching strategy instruments such as annuity purchase products or longevity swaps.

The following are the principal changes made to the Swiss retirement benefit arrangements in the periods covered by these consolidated financial statements:

- In 2018, the structure of the Swiss pension arrangements was changed. A new defined contribution plan, a so-called 1e pension, was introduced for employees with salaries above CHF 127,980.00. Participants in the existing management pension plan will have their assets and future accrual of benefits either transferred to this new scheme or integrated into the existing main plan. Following these changes, a one-off credit of CHF 4.0m was recognized in the income statement, comprising CHF 3.3m arising from the plan change due to 1) reduction of the salary limit to CHF 127,980.00; 2) introduction of a savings contribution option and 3) reduction in conversion rates and a CHF 0.7m settlement gain in the management pension plan due to the release of defined benefit obligation after the transfer of liabilities to the 1e plan.
- In 2017, no material changes were made to the Swiss retirement benefit arrangements.

UK

All of the UK plans are final salary, providing benefits to members in the form of a guaranteed level of pension payable for life and they are currently closed to future accrual of benefits. Future benefit accruals are provided through defined contribution plans. The pensions in the defined benefit plans receive inflation-related increases in deferment and once in payment. The benefit payments are from trustee-administered funds. Plan assets held in trusts are governed by local regulations and practice, as is the nature of the relationship between the Group and the Trustees, and the latter's composition. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies jointly with the Group and the Board of Trustees. The Board of Trustees must be composed of representatives of the Group and plan participants in accordance with the plan's regulations and UK pension law.

Through the UK defined benefit pension plans the Group is exposed to a number of risks. Besides the significant proportion of equity holdings, which give exposure to volatility and investment risk in the short term, the UK plans are exposed to interest rate risk, changes in life expectancy and to the changes in inflation rate as the majority of the plans' obligations are to provide inflation-linked benefits (although, in most cases, caps on the level of inflationary increases are in place to protect the plans against extreme inflation).

Given that the plans are closed, as they mature the Group intends to reduce the level of investment risk by investing more in assets that better match the changing profile of the liabilities. The plans have already begun this process by having a significant portion of assets invested in a liability driven investment vehicle.

The use of any surplus in the pension plans is governed by the plan rules and may not be in the control of the Group, leading in some cases to restrictions on the level of balance sheet asset that may be reported.

At the end of 2018 a plan amendment was adopted for the UK pension plans following the judgment of the High Court published on October 26, 2018, this requiring the equalisation of member benefits for the gender effects of Guaranteed Minimum Pensions ("GMP equalisation"). The estimated increase in the plan's defined benefit obligation has been classified as a past service cost event and resulted in a one-time charge of CHF 0.8m, which was immediately recognized in "Personnel expenses" in the period ended December 31, 2018.

US

The Group operates defined benefit pension plans in the US to provide benefits to members in the form of a guaranteed level of pension payable for life and all plans are currently closed to new entrants and future accrual of benefits. Future pension benefit accruals are provided in defined contribution plans. Pensions from the defined benefit plans generally do not receive inflationary increases once in payment. The majority of benefit payments are from a trustee administered fund; however, there is also a small unfunded non-qualified plan where the Group meets the benefit payment obligation as it becomes due. Plan assets held in trusts are governed by Internal Revenue Service ("IRS") regulations. Responsibility for governance of the plans, including investment decisions and contribution schedules, is also governed by IRS regulations and lies with the Group.

Significant risks that the Group is exposed to through its defined benefit pension are, besides the risk of changes in bond yields and life expectancy, asset volatility and investment risk since it holds a significant proportion of equity shares.

As the plan matures and the funded status improves, through cash contributions and anticipated excess equity returns, the Group intends to reduce the level of investment risk by investing more in fixed income assets that better match the liabilities.

The funded defined benefit pension plan is governed by special minimum required funding rules as set forth in IRS regulations for certain airlines and caterers of airlines who sponsor a tax-qualified defined benefit pension plan ("Airline Relief"). Under Airline Relief, a fixed 8.85% rate is used to discount funding liabilities whereas the funding rate required to be used for most other defined benefit plan sponsors is linked to high grade corporate bond yields. Thus, the higher 8.85% funding rate has significant consequences. It results in decreased minimum funding requirements in the near term, but also sets a higher earnings target for plan investment returns. In 2023, the funding shortfall will be re-determined by replacing the 8.85% funding rate with a corporate bond yield funding rate. The revised shortfall will be amortized with a seven-year rolling amortization schedule. As a result, based on current conditions, plan minimum required contributions are expected to increase significantly by 2023. Voluntary funding in excess of the current minimum required level is periodically assessed as a potential strategy to mitigate this future funding volatility.

Other Plans

The Group sponsors defined benefit plans in other countries where it operates. No individual countries other than those described above are considered material.

In 2018, the following plan update was implemented:

– A gain on curtailment of CHF 1.1m resulted from a staff redundancy and restructuring plan in the French Servair Plan. There has been an additional past service credit of CHF 0.9m caused by other plan adjustments in France.

In 2017, the following change was reflected:

– The acquisition of Servair led to an additional net liability of CHF 52.4m at December 31, 2017. In total 12 new plans have been included for the first time. The combined liabilities are disclosed as "Acquisition of subsidiaries".

The Group recognized total defined benefit costs related to defined benefit plans as follows:

in CHF m	**2018**	**2017**
Service costs		
Current service cost (net of employee contributions)	16.5	16.6
Curtailment and past service cost	(4.6)	(0.1)
Settlement (gain)	(0.7)	–
Personnel expenses – defined benefit costs (Note 7)	**11.2**	**16.5**
Net interest on defined benefit schemes (Note 10)	5.5	6.8
Net pension expense	**16.7**	**23.3**

The remeasurement components recognized in the statement of other comprehensive income for the Group's defined benefit plans comprise the following:

in CHF m	**2018**	**2017**
Remeasurement (gains)/losses		
Actuarial (gain) arising from changes in demographic assumptions	(5.5)	(1.3)
Actuarial (gain) arising from changes in financial assumptions	(24.7)	(2.5)
Actuarial loss arising from changes in liability experience	1.8	4.7
Return on pension assets (excluding amounts in net interest on defined benefit schemes)	27.9	(48.2)
Change in effect of the asset ceiling (excluding amounts in net interest on defined benefit schemes)	(0.6)	1.8
Total remeasurements recognized in the statement of other comprehensive income	**(1.1)**	**(45.5)**

In 2018, remeasurement gains based on financial assumptions were primarily driven by increases in discount rates, mainly in the US, UK and Switzerland. The gain based on the change of demographic assumptions was mainly the result of the adoption of the latest available future mortality improvements table CMI (2017) in the UK. These gains were to a large extent offset by the asset loss due to investment returns being lower than expected in most of the funded plans, primarily in the US, the UK and Switzerland. In 2017, the actuarial gains due to return on pension assets reflected overall higher than expected asset returns in most of the funded plans, primarily in the UK and Switzerland.

The movements in the net defined benefit pension liability recognized within the consolidated balance sheet are as follows:

in CHF m	2018	2017
Balance at January 1	**(186.6)**	**(181.9)**
Acquisition of subsidiaries	–	(52.4)
Pension costs recognized in the income statement	(16.7)	(23.3)
Remeasurement gains recognized in the statement of other comprehensive income	1.1	45.5
Actual employer contributions	24.2	25.3
Exchange differences	0.7	0.2
Balance at December 31	**(177.3)**	**(186.6)**

Being:		
Defined benefit assets at December 31	12.8	15.7
Defined benefit liabilities at December 31	(190.1)	(202.3)

The following table shows the change in the present value of defined benefit obligations:

in CHF m	2018	2017
Balance at January 1	**824.9**	**744.2**
Acquisition of subsidiaries	–	59.4
Current service cost	16.5	16.6
Curtailment and past service cost	(4.6)	(0.1)
Settlement (gain)	(7.3)	–
Interest cost on the defined benefit obligations	17.4	17.7
Actuarial (gain) arising from changes in demographic assumptions	(5.5)	(1.3)
Actuarial (gain) arising from changes in financial assumptions	(24.7)	(2.5)
Actuarial loss arising from changes in liability experience	1.8	4.7
Actual benefit payments	(34.4)	(27.8)
Actual employee contributions	4.8	4.6
Exchange differences	(11.6)	9.4
Balance at December 31	**777.3**	**824.9**

The following table shows the change in the fair value of plan assets:

in CHF m	2018	2017
Balance at January 1	**644.9**	**566.7**
Acquisition of subsidiaries	–	7.0
Interest income on plan assets	12.0	11.0
Actual return on assets (excluding interest income on plan assets)	(27.9)	48.2
Actual benefit payments	(34.4)	(27.8)
Actual employer contributions	24.2	25.3
Actual employee contributions	4.8	4.6
Settlement loss	(6.6)	–
Exchange differences	(11.2)	9.9
Balance at December 31	**605.8**	**644.9**

Benefits paid under the pension plans include CHF 1.9m paid from employer assets in 2018 (2017: CHF 3.2m). The Group expects to contribute CHF 25.4m to its defined benefit pension plans in 2019.

The following table shows the change in the irrecoverable surplus:

in CHF m	2018	2017
Irrecoverable surplus at January 1	**6.6**	**4.4**
Interest cost on irrecoverable surplus	0.1	0.1
Change in irrecoverable surplus in excess of interest (asset ceiling)	(0.6)	1.8
Exchange differences	(0.3)	0.3
Irrecoverable surplus at December 31	**5.8**	**6.6**

Where applicable, the economic benefit available (used in the irrecoverable surplus calculation) as at December 31 is based on the present value of potential reductions in future contributions, which is partially offset by the liability in respect of a minimum funding requirement.

The major categories of plan assets are as follows:

in CHF m	2018	2017
Securities quoted in an active market		
Equities	236.4	272.0
Bonds:		
Government – nominal	4.2	4.8
Government – index-linked	49.5	47.7
Corporate	90.5	88.5
Real estate	4.7	5.1
Cash and cash equivalents	29.0	36.7
Other marketable securities	55.2	54.0
Total quoted securities	**469.5**	**508.8**
Unquoted securities		
Equities	0.6	0.7
Bonds:		
Asset-backed securities	8.4	2.9
Insurance contracts	60.6	62.3
Real estate	65.1	67.5
Other	1.6	2.7
Total other securities	**136.3**	**136.1**
Total	**605.8**	**644.9**

Pension plan assets do not contain shares of the Company.

The present value of defined benefit obligations by category of members at December 31, 2018 and 2017, is shown below.

in CHF m	2018	2017
Active	(280.5)	(303.2)
Vested	(220.4)	(239.1)
Retired	(276.4)	(282.6)
Balance at December 31	**(777.3)**	**(824.9)**
Present value of funded obligations at December 31	(762.7)	(810.5)
Present value of unfunded obligations at December 31	(14.6)	(14.4)

The principal actuarial assumptions used for the defined benefit obligations at December 31, 2018 and 2017 and the following year's pension expense are as follows:

2018	Switzerland	UK	US	All plans
Discount rate (weighted average)	0.8%	3.0%	4.2%	2.4%
Rate of compensation increase (weighted average)	2.3%	n/a	n/a	2.4%
Inflation rate (weighted average)	1.3%	3.4%	n/a	2.1%
Pension index rate (weighted average)	0.0%	3.2%	n/a	1.1%
2017				
Discount rate (weighted average)	0.6%	2.7%	3.6%	2.1%
Rate of compensation increase (weighted average)	2.3%	n/a	n/a	2.4%
Inflation rate (weighted average)	1.3%	3.1%	n/a	2.0%
Pension index rate (weighted average)	0.0%	3.0%	n/a	1.1%

Mortality rates have been set in accordance with current best practice in the respective countries. Future longevity improvements have been considered and included where appropriate. The average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date and 15 years after the balance sheet date are as follows:

Years	2018	2017
Male – retiring at age 65 on the balance sheet date	21.9	21.9
Female – retiring at age 65 on the balance sheet date	24.1	24.1
Male – retiring at age 65, 15 years after the balance sheet date	23.1	23.2
Female – retiring at age 65, 15 years after the balance sheet date	25.3	25.4

A feature all plans have in common is that the discount rate has a significant impact on the present value of obligations. The other assumptions have varying impacts on the different plans in the respective geographic regions. In the breakdown presented below, the varying impact on the balance sheet from changes in the key assumptions is shown for the various countries.

2018	**Switzerland**	**UK**	**US**	**Other**	**Total**
in CHF m					
Discount rate +0.5% p.a.	(20.2)	(15.5)	(11.2)	(9.6)	(56.5)
Discount rate –0.5% p.a.	23.0	17.9	12.3	10.8	64.0
Rate of compensation +0.5% p.a.	3.6	–	–	5.1	8.7
Rate of compensation –0.5% p.a.	(3.3)	–	–	(4.8)	(8.1)
Pension indexation +0.5% p.a.	14.5	7.0	–	6.5	28.0
Pension indexation –0.5% p.a. (minimum 0.0%)	–	(7.8)	–	(3.9)	(11.7)
Life expectancy at age 65 + 1 year	7.9	6.6	5.8	0.2	20.5

2017					
in CHF m					
Discount rate +0.5% p.a.	(21.5)	(17.4)	(13.0)	(10.1)	(62.0)
Discount rate –0.5% p.a.	24.6	20.1	14.4	11.4	70.5
Rate of compensation +0.5% p.a.	4.3	–	–	5.1	9.4
Rate of compensation –0.5% p.a.	(4.0)	–	–	(4.8)	(8.8)
Pension indexation +0.5% p.a.	15.2	7.8	–	6.7	29.7
Pension indexation –0.5% p.a. (minimum 0.0%)	–	(8.9)	–	(4.2)	(13.1)
Life expectancy at age 65 + 1 year	8.2	6.8	6.5	0.4	21.9

The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. Interdependencies were not taken into account. Therefore, the sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The duration of the defined benefit obligations at December 31, 2018 and 2017, are:

2018	**Switzerland**	**UK**	**US**	**Other**	**Average**
Years					
Weighted duration of the defined benefit obligations	16.2	20.3	11.5	15.0	15.6
2017					
Years					
Weighted duration of the defined benefit obligations	16.3	20.9	12.3	15.5	16.1

22 Short-term and Long-term Debt

The carrying amounts of short-term and long-term debt are as follows:

2018 in CHF m	**Bond**	**Term Loan**	**Revolving credit facility**	**Mortgages**	**Finance lease liabilities**	**Other**	**Total**
Balance at January 1, 2018	**345.2**	**289.3**	**208.5**	**4.7**	**10.8**	**31.8**	**890.3**
Cash flows	–	–	13.4	(0.6)	(3.9)	(12.7)	(3.8)
New leases	–	–	–	–	1.6	–	1.6
Capitalized transaction costs	–	(1.5)	(2.7)	–	–	–	(4.2)
Amortization	1.1	1.3	0.1	–	–	–	2.5
Exchange differences	–	(10.8)	(14.6)	–	(0.3)	(0.8)	(26.5)
Balance at December 31, 2018	**346.3**	**278.3**	**204.7**	**4.1**	**8.2**	**18.3**	**859.9**
Analysis of total short-term and long-term debt							
Non-current	346.3	278.3	–	3.5	5.3	8.9	642.3
Current	–	–	204.7	0.6	2.9	9.4	217.6
2017 in CHF m							
Balance at January 1, 2017	**–**	**505.1**	**223.6**	**5.3**	**5.1**	**2.4**	**741.5**
Cash flows	350.0	(239.8)	(32.1)	(0.6)	(2.2)	14.9	90.2
Acquisition of subsidiaries (Note 29)	–	–	–	–	7.1	13.5	20.6
Capitalized transaction costs	(5.1)	–	–	–	–	–	(5.1)
Amortization	0.7	1.3	–	–	–	–	2.0
Exchange differences	(0.4)	22.7	17.0	–	0.8	1.0	41.1
Balance at December 31, 2017	**345.2**	**289.3**	**208.5**	**4.7**	**10.8**	**31.8**	**890.3**
Analysis of total short-term and long-term debt							
Non-current	345.2	289.3	–	4.1	7.2	9.8	655.6
Current	–	–	208.5	0.6	3.6	22.0	234.7

The carrying amounts of the Group's borrowings are denominated in the following currencies:

in CHF m	**2018**	**2017**
Swiss Francs	360.3	353.5
Euro	350.8	374.9
Swedish Kronar	141.9	152.3
Other currencies	6.9	9.6
Balance at December 31	**859.9**	**890.3**

Bond

During February 2017, the Group raised CHF 350.0m through the issuance of a fixed rate five-year senior bond ("Bond") with a final maturity on February 28, 2022. The Bond, with a coupon of 3% p.a., was issued by gategroup Finance (Luxembourg) S.A. and is guaranteed by its parent company, gategroup Holding AG. The Bond is listed on the SIX Swiss Exchange.

Term Loan

The existing five-year EUR 250.0m Term Loan was extended by 1 year and now matures on October 20, 2021.

Revolving Credit Facility

On March 26, 2015, the Group entered into a EUR 240.0m multicurrency Revolving Credit Facility ("RCF"). On March 16, 2016, the RCF was increased by EUR 110.0m to EUR 350.0m and on November 30, 2018, by an additional EUR 65.0m to EUR 415.0m. As of December 31, 2018, the Group utilized RCF drawings of CHF 207.2m, being EUR 58.0m and SEK 1,280.0m (2017: CHF 208.5m). The RCF matures on October 20, 2021.

The borrowings under the Bond, the Term Loan and the RCF all rank pari passu. The Term Loan and RCF are guaranteed by the Company and certain of its subsidiaries. The facilities, except for the Bond which is fixed at 3%, bear interest at floating rates (EURIBOR or LIBOR equivalents) plus a spread. The spreads of the Term Loan and RCF are determined from a margin grid depending on the leverage ratio. In 2018, the interest rate for the Term Loan ranged between 2.90% and 3.40% (2017: 2.90% and 3.40%) and for the RCF between 2.45%

and 2.95% (2017: 2.45% and 2.95%) . The financial covenants for the Term Loan and the RCF, being net leverage ratio and net interest coverage ratio, are assessed on a semi-annual basis. The Company has remained in compliance with its covenants.

As at December 31, 2018, other debt includes bank overdrafts of CHF 7.4m (2017: CHF 16.6m).

Guarantees
As of December 31, 2018, the Group has guarantees outstanding in favour of associates amounting to CHF 11.3m (2017: CHF 10.7m)

Finance Lease Liabilities
Finance lease liabilities are as follows:

in CHF m	2018	2017
Gross finance lease liabilities – minimum lease payments:		
Not later than 1 year	3.3	4.1
Later than 1 year but not later than 5 years	5.6	7.5
Total minimum lease payments	**8.9**	**11.6**
Future finance charges on finance lease liabilities	(0.6)	(0.8)
Present value of finance lease liabilities at December 31	**8.3**	**10.8**

23 Trade and Other Payables

in CHF m	2018	2017
Trade payables	276.2	292.8
Other amounts due to third parties	78.0	52.0
Other current payables due to related parties (Note 31)	0.9	1.1
Sales taxes due	43.1	49.0
Balance at December 31	**398.2**	**394.9**

24 Short-term and Long-term Provisions

in CHF m	Employee benefits (Note 24.1)	Share-based payments (Note 24.2)	Restructuring (Note 24.3)	Legal and tax (Note 24.4)	Onerous contracts (Note 24.5)	Property and other (Note 24.6)	Total
Balance at January 1, 2018	**13.7**	**5.1**	**21.1**	**96.6**	**14.5**	**20.1**	**171.1**
Additions	3.1	54.3	12.7	25.5	–	8.2	103.8
Utilized/Unused reversed	(2.5)	(17.8)	(15.9)	(19.2)	(10.3)	(1.3)	(67.0)
Unwind of discount	–	–	–	–	1.0	0.6	1.6
Acquisition of subsidiaries (Note 29)	–	–	–	–	0.9	0.4	1.3
Reclassification to disposal group	–	–	–	(1.0)	(0.4)	(0.5)	(1.9)
Exchange differences	(0.4)	(0.1)	(1.2)	(5.9)	(0.3)	(0.9)	(8.8)
Balance at December 31, 2018	**13.9**	**41.5**	**16.7**	**96.0**	**5.4**	**26.6**	**200.1**
Analysis of total provisions							
Non-current	13.3	16.5	2.8	89.1	2.3	25.8	149.8
Current	0.6	25.0	13.9	6.9	3.1	0.8	50.3

24.1 Employee Benefits

In addition to the defined benefit plans as described in Note 21, the Group provides other benefits to employees in certain countries. These include long-term service leave or payments in lieu and post-employment benefits. The expected costs of the long-term benefits are accrued over the period of employment, using a methodology similar to that for defined benefit plans.

24.2 Share-based Payments

The current cash settled share-based payment plan, as described in Note 27, was revised in June 2018. An additional grant was made in December 2018.

24.3 Restructuring

The restructuring charges during the year and the provisions remaining at the end of the year relate principally to the businesses in SEA and North America.

24.4 Legal and Tax

The Group has recorded provisions for a number of legal and tax issues. In the ordinary course of business, the Group continues to be involved in a number of legal actions and claims, including non-income tax-related issues in Europe and various legal matters in SEA. The timing of settlement and / or the amount of cash outflows is uncertain.

24.5 Onerous Contracts

The Group has recorded provisions for ongoing activities where the unavoidable costs of meeting obligations under customer supply or lease contracts exceed the economic benefits expected to be received.

24.6 Property and Other

Provisions have been recorded principally for property-related issues and a range of other, individually immaterial, items.

25 Other Current and Non-Current Liabilities

in CHF m	**2018**	**2017**
Current		
Accrued payroll and related costs	198.9	204.1
Deferred revenue	8.1	10.4
Accrued rent and other property costs	18.4	19.1
Accrued insurance costs	24.9	20.9
Uninvoiced deliveries of inventory	96.9	100.8
Accrued volume rebates	118.1	97.3
Other accrued expenses	103.5	92.5
Total current	**568.8**	**545.1**
Non-current		
Other non-current liabilities	268.2	268.8
Total non-current	**268.2**	**268.8**
Total other current and non-current liabilities	**837.0**	**813.9**

Other Non-Current Liabilities

As of January 1, 2017, the Group obtained control over Servair by acquiring 50% minus 1 share. The acquisition arrangements included various put and call options over the remaining 50% plus 1 share. As at December 31, 2018, a financial liability at fair value through profit or loss of CHF 262.4m (2017: CHF 262.9m) has been recognized, for the net present value of the expected payments relating to the option arrangements. The expected payments were discounted using the discount rate applicable to the liability, which was determined to be 2.63% (2017: 3.10%).

26 Equity

26.1 Issued Share Capital

On February 27, 2018, the Extraordinary General Meeting of Shareholders approved a 1-to-4 share split. Consequently, the nominal value per share was reduced from CHF 5.00 to CHF 1.25. Accordingly, all share amounts and nominal values per share for all periods presented have been adjusted retroactively, where applicable, to reflect the new number of shares outstanding and treasury shares.

As at December 31, 2018, the share capital of the Company is CHF 133,931,680.00 (2017: CHF 133,931,680.00) and is divided into 107,145,344 (2017: 107,145,344) fully paid-in registered shares with a nominal value of CHF 1.25 each. Each share has the right to one vote.

26.2 Conditional Share Capital.

As at December 31, 2018, the Company has conditional share capital which allows an increase in the aggregate maximum amount of CHF 30,324,153.75 or 24,259,323 shares (2017: CHF 11,745,885.00 or 9,396,708 shares). The conditional share capital includes an amount of up to CHF 7,581,038.75 or 6,064,831 shares (2017: CHF 1,906,775.00 or 1,525,420 shares) which are reserved for employee equity participation plans and an amount of up to CHF 22,743,115.00 or 18,194,492 shares (2017: CHF 9,839,110.00 or 7,871,288 shares) which are reserved for conversion and/or option rights granted in connection with other financing instruments.

26.3 Authorized Share Capital

As at December 31, 2018, the Company has authorized share capital of CHF 30,324,153.75 (2017: CHF 13,277,065.00), authorizing the Board to issue up to 24,259,323 (2017: 10,621,652) fully paid-in registered shares with a nominal value of CHF 1.25 (2017: CHF 1.25) per share by no later than February 27, 2020.

26.4 Treasury Shares

At December 31, 2018, there are 839,112 (2017: 839,112) treasury shares held by the Group.

26.5 Dividend

No dividends were distributed in 2018 or 2017. On January 28, 2019, the Company paid a dividend of CHF 0.25 per share to its shareholder. The total amount of the dividend paid was CHF 26,560,000.00. No dividends were distributed on the 839,112 treasury shares held by the Company.

27 Share-based Payments

The following table shows the share-based payment expense recognized in the consolidated income statement due to the Group's share -based payment plans:

in CHF m	2018	2017
Phantom Unit Long-term Incentive Plans	54.3	5.1
Total share-based payment expense (Note 7)	**54.3**	**5.1**

27.1 Long-term Incentive Plan 2018

The current plan has been effective from the end of June 2018 and revised that in place for 2017. An additional grant was made in December 2018 with a vesting date of January 1, 2022. The plan is accounted for as cash-settled share-based compensation with participants being granted Phantom Units which represent the conditional right to receive cash payments based on the additional equity value created.

At each vesting date, being annually on January 1, 2018 to 2022 unless there has been a realization event, vesting of each year's tranche of Phantom Units occurs subject to the achievement of performance conditions at the preceding year end. These performance conditions are an EBITDA increase of at least 8% and an EBITDA margin improvement of at least 25 basis points, in each case compared to the preceding year. If there is no vesting, the Phantom Units automatically lapse.

The amount of cash payment depends on the equity value created on each vesting date calculated as EBITDA multiplied by the applicable market multiple (being 11 times for 2017 financial performance, reducing each year to 9.5 times for 2020 and 2021) minus net debt, the latter including the Servair related financial liability, less an initial equity value of CHF 1,420.0m.

Participants whose employment terminates during the performance period will, provided they are good leavers, receive a pro-rata vesting.

The 2018 expense of CHF 54.3m (2017: CHF 5.1m) assumes that the plan will run without a realization event. The expense reflects the current expectation for achievement against the performance targets, discounted to present value. There has been a cash payment to participants of CHF 17.8m during 2018 for the vesting that occurred on January 1, 2018. The carrying amount of the provision amounts to CHF 41.5m as at December 31, 2018 (2017: CHF 5.1m) (Note 24). A total of 1,087,500 Phantom Units are outstanding as at December 31, 2018, each having an average undiscounted fair value of CHF 113.00. 100,344 Phantom Units have as at December 31, 2018, not yet been allocated.

Realization Event

Should however vesting occur upon a realization event, being an Exit (a change of control or a transaction with an affiliate of HNA materially impacting the Company's ability to deliver the performance targets) or a Partial Exit (a sale of shares in the Company that does not qualify as an Exit) the relevant percentage of Phantom Units will vest and be paid out in cash.

In the event of an Exit all Phantom Units vest and are to be paid out in cash based on the greater of the purchase price attributable to the Company's shares or the calculated equity value, or in the event of a transaction with an HNA affiliate the calculated equity value only. For a Partial Exit a percentage of Phantom Units equivalent to the percentage of shares subject to the transaction will vest and be paid out in cash based on the purchase price or calculated equity value, as the case may be. The remaining percentage will be subject to the ongoing conditions of the plan.

27.2 Long-term Incentive Plan 2017

Members of management were granted Phantom Units allowing them to benefit from an increase in the equity value of the Group. The plan was accounted for as cash-settled share-based compensation and ran for a performance period from November 1, 2017, to the earlier of December 31, 2020, or a realization event.

Provided a realization event had not occurred, vesting was to be on December 31, 2020, subject to fulfillment of weighted minimum performance targets for revenue, EBITDA, operating free cash flow and net income. If however weighted achievement against the performance targets had been below 50%, all Phantom Units would have lapsed. Participants would have received payment based on the equity value created. This being defined as 2020's consolidated and normalized EBITDA multiplied by 11, minus net debt as at December 31, 2020, and less an entry equity value of CHF 1,420m.

The 2017 expense of CHF 5.1m assumed that the plan would run, without a realization event, until December 31, 2020.

28 Commitments and Contingent Liabilities

28.1 Capital Commitments

At December 31, 2018, capital expenditure for property, plant and equipment contracted for at the balance sheet date but not recognized in the consolidated financial statements amounted to CHF 12.9m (2017: CHF 16.5m).

28.2 Operating Lease Payments

Obligations under operating leases consist primarily of long-term rental agreements of catering facilities and equipment which are, in general, renewable. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

in CHF m	**2018**	**2017**
Not later than 1 year	74.1	79.9
Later than 1 year but not later than 5 years	212.4	205.9
Later than 5 years	163.1	151.3
Balance at December 31	**449.6**	**437.1**

The principal operating lease commitments are in the UK, France, US, Colombia and Switzerland.

At December 31, 2018, the minimum future lease payments expected to be received amount to CHF 0.1m (2017: CHF 0.5m). The lease expenditure charged to the consolidated income statement during the year is included in Note 8.

28.3 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 other than those provided for in Note 24.

29 Business Combinations

29.1 Business Combinations 2018

Acquisition of SCK Services GmbH

The Group purchased 100% of SCK Services GmbH ("SCK") on November 30, 2018. SCK provides airline catering and related services at multiple locations in Germany.

The fair values of the assets and liabilities as per the date of acquisition are as follows:

in CHF m	Provisional SCK
Cash and cash equivalents	0.3
Trade receivables	2.2
Other current receivables and prepayments	0.1
Inventories	0.7
Property, plant and equipment	0.9
Trade and other payables	(1.3)
Other current liabilities	(0.6)
Deferred income tax liabilities	(0.7)
Provisions	(1.3)
Fair value of net assets acquired	**0.3**
Goodwill on acquisition	2.9
Total cash consideration transferred	**3.2**
Less: Cash and cash equivalents	(0.3)
Cash outflow on acquisition	**2.9**

Receivables acquired are stated at fair value. It is expected that all receivables can be collected.

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

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.

COMO and Panima

Considerations were paid in 2018 in the amount of:

– CHF 0.2m (2017: CHF 0.2m) in relation to COMO, which was acquired in 2017.
– CHF 5.4m (2017: nil) in relation to the purchase of Panima, acquired as part of the Sevair acquisition in 2017.

29.2 Business Combinations 2017

Acquisition of Servair

As of January 1, 2017, the Group obtained control over Servair when it acquired 50% minus 1 share. The acquisition arrangements give the Group control over the relevant activities of Servair.

Servair is a leading airline caterer and cabin cleaning company in France and has a strong focus on the African airline catering market. With the addition of Servair, the Group established its presence in these regions and continued to improve its synergies across Europe.

The fair values of the assets and liabilities as per the date of acquisition were as follows:

in CHF m	**Servair**
Cash and cash equivalents	75.9
Trade receivables	61.9
Other current receivables and prepayments	86.0
Inventories	24.4
Current income tax assets	15.2
Assets held for sale	3.3
Property, plant and equipment	122.8
Intangible assets	223.8
Investments in associates and joint ventures	25.4
Other non-current receivables	6.3
Deferred income tax assets	17.3
Short-term debt	(6.4)
Trade and other payables	(77.4)
Current income tax liabilities	(2.9)
Other current liabilities	(104.2)
Long-term debt	(14.2)
Deferred income tax liabilities	(66.7)
Retirement benefit obligations	(52.4)
Provisions	(76.8)
Fair value of net assets acquired	**261.3**
Goodwill on acquisition	236.9
Financial liability	(233.2)
Non-controlling interests	(31.6)
Total cash consideration transferred	**233.4**
Less: Cash and cash equivalents	(75.9)
Cash outflow on acquisition	**157.5**

The acquisition arrangements also included put and call options over the remaining 50% plus 1 share. Under the circumstances of this transaction, management considered that IAS 32 took precedence over IFRS 10 and accounted for the options in the business combination under the anticipated-acquisition method. Accordingly, a financial liability of CHF 233.2m had initially been recognized for the net present value of expected payments relating to the option arrangements.

Receivables acquired were stated at fair value. It was expected that all receivables could be collected. The non-controlling interest recognized at the acquisition date was measured at fair value and amounted to CHF 31.6m.

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

From the date of acquisition to December 31, 2017, Servair contributed CHF 968.4m of revenues and CHF 34.8m to net profit.

Acquisition-related costs amounted to CHF 8.6m and were not included in the consideration transferred. They had been recognized as an expense in "Other operating income and expenses, net" in the consolidated income statement.

Helios, GG Bolivia and COMO
Considerations were paid in 2017 in the amount of:
- CHF 0.6m (2016: CHF 0.6m) in relation to the acquisition of Helios in 2012.
- CHF 2.5m (2016: nil) in relation to the acquisition of GG Bolivia in 2016.
- CHF 0.2m (2016: nil) in relation to the acquisition of the remaining 40% interest in COMO in 2017.

Accounting for Previous Business Combinations
In 2017, the accounting for all business combinations in 2016 was finalized. No changes to the provisional amounts occurred.

30 Disposal of Subsidiaries

30.1 Disposals 2018

The Group did not make any significant disposals during 2018.

In relation to the disposal of Gate Safe Inc. in May 2017, the Group received an additional consideration of CHF 0.9m during 2018 with receivables of CHF 2.4m being settled. The net loss of CHF 1.5m has been recognized in the income statement and included in "Other gains and losses, net" (Note 9).

30.2 Disposals 2017

The Group:
- disposed of its 100% shareholding in Inflight Service Poland Sp.z.o.o ("IFS Poland") in May 2017. The consideration amounted to CHF 6.2m, whereas the net assets disposed of were CHF 1.0m, including cash and cash equivalents of CHF 1.4m. The net gain of CHF 5.3m has been recognized in the income statement and is included in "Other gains and losses, net".
- disposed of its 100% shareholding in Gate Safe Inc. ("Gate Safe") in May 2017. The consideration amounted to CHF 8.1m, whereas the net assets disposed of were CHF 0.1m, including cash and cash equivalents of CHF 0.7m. The net gain of CHF 2.0m has been recognized in the income statement and is included in "Other gains and losses, net".

in CHF m	IFS Poland	Gate Safe	Total
Cash and cash equivalents	1.4	0.7	2.1
Trade receivables	0.1	1.8	1.9
Other current receivables and prepayments	0.2	0.3	0.5
Inventories	0.4	–	0.4
Property, plant and equipment	–	0.4	0.4
Intangible assets	1.2	–	1.2
Deferred income tax assets	0.3	–	0.3
Trade and other payables	(0.9)	(1.7)	(2.6)
Other current liabilities	(0.2)	(1.3)	(1.5)
Long-term provisions	(1.5)	(0.1)	(1.6)
Net assets disposed	**1.0**	**0.1**	**1.1**
Consideration received	6.2	8.1	14.3
Net assets disposed	(1.0)	(0.1)	(1.1)
Currency translation gain/(loss) reclassified	0.1	(6.0)	(5.9)
Gain on disposal of subsidiaries (Note 9)	**5.3**	**2.0**	**7.3**
Cashflow:			
Consideration received in cash and cash equivalents	6.2	8.1	14.3
Cash and cash equivalents disposed	(1.4)	(0.7)	(2.1)
Net cash inflow from disposal of subsidiaries	**4.8**	**7.4**	**12.2**

31 Related Party Transactions

31.1 Key Management Personnel

The key management personnel are defined as the Board and the EMB.

Key management compensation, applying IFRS 2 rules for the accounting of share-based payments, consisted of:

in CHF m	2018	2017
Short-term benefits	12.6	8.5
Post-employment benefits	0.6	0.5
Share-based payments	26.2	2.6
Total key management compensation	**39.4**	**11.6**

In addition to the above, CHF 7.8m were accrued in 2016 and paid in 2017 relating to retention awards for members of the EMB, in connection with the acquisition of the Group by HNA.

31.2 Associated Companies and Joint Ventures

in CHF m	2018	2017
Sale of goods	2.2	4.9
Management services provided		
To associates	1.5	3.3
To joint ventures	1.0	0.8
Purchase of goods	(6.5)	(5.6)
Trade and other receivables		
From associates	3.9	3.8
From joint ventures	3.6	2.5
Provision for impairment of receivables	(2.1)	(0.4)
Trade and other current payables (Note 23)	(0.9)	(1.1)

All sales to and purchases from associates and joint ventures are made on terms equivalent to those that prevail in arm's length transactions. The majority of these sales and purchases relate to transactions with the Group's associates. Management services contain certain administrative services that the Group performed for associated companies and joint ventures. The respective charges reflect an appropriate allocation of cost incurred. Trade and other current payables are mainly related to transactions with associates.

31.3 Parent

As at December 31, 2018, the Group was wholly owned by HNA Aviation. There are no contractual agreements, commitments, financing requirements or guarantees between the Group and its parent companies which require disclosure. For the period from acquisition date to the balance sheet date no material sale or purchase of goods between the Company and HNA Aviation and its parent companies have been identified (2017: nil). As at December 31, 2018, no trade and other receivables from or trade and other payables to the parent companies have been identified (2017: nil). On January 28, 2019, a dividend of CHF 26.6m was paid to HNA Aviation (Note 26.5).

31.4 Other Related Parties

in CHF m	2018	2017
Sale of goods	181.3	141.7
Trade and other receivables	30.4	27.4

The Group provides catering services to HNA subsidiaries in the airline sector. In general, the Group does not receive any services or goods from HNA or its subsidiaries. Sales to related parties are made on terms equivalent to those that prevail in arm's length transactions.

No guarantees have been received.

32 Group Companies

The principal subsidiaries of the Company as of December 31, 2018, were the following:

Country	Company	Equity interest (in %)[1]	Currency	Share capital
Argentina	Gate Gourmet Argentina S.r.L., Buenos Aires	100	ARS	5,750,000
Australia	Gate Gourmet Cairns Pty Ltd, Mascot, NSW	100	AUD	3,104,002
	Gate Gourmet (Holdings) Pty Ltd, Mascot, NSW	100	AUD	39,299,111
	Gate Gourmet Rail Pty Ltd, Mascot, NSW	100	AUD	2
	Gate Gourmet Services Pty Ltd, Mascot, NSW	100	AUD	44,330,100
	Pourshins Australia Pty Ltd, Alexandria, NSW	100	AUD	2
Belgium	deSter BVBA, Hoogstraten	100	EUR	22,600,000
Bolivia	Gate Gourmet Catering Bolivia S.A., Cochabamba	51	BOB	22,000
Brazil	Gate Gourmet Ltda, São Paulo	100	BRL	107,331,839
	Gate Retail Brasil Comercio Varejista, Importacao e Exportacao de Alimentos Ltda, Rio de Janeiro	100	BRL	7,500,000
Burkina Faso	Servair Burkina Faso, Ouagadougou	87	XOF	10,000,000
Cambodia	Cambodia Air Catering Services Ltd, Phnom Penh	75	USD	500,000
Canada	Gate Gourmet Canada Inc., Toronto	100	CAD	17,500,000
	Pourshins Canada Inc., Toronto	100	CAD	300,000
Chile	Gate Gourmet Catering Chile Ltda, Santiago	100	CLP	1,968,062,000
China	Gate Gourmet Hong Kong Ltd, Hong Kong	100	HKD	281,657,350
	gategroup Trading Hong Kong Ltd, Hong Kong	100	USD	162
Colombia	Gate Gourmet Colombia S.A.S, Bogotá	75	COP	831,229,870
Denmark	Gate Gourmet Denmark ApS, Tårnby	100	DKK	401,200
	Gate Gourmet Northern Europe ApS, Tårnby	100	DKK	52,401,000
Ecuador	Gate Gourmet del Ecuador Cia Ltda, Quito	60	USD	2,278,400
France	ACNA, Le Mesnil-Amelot	100	EUR	250,000
	Gate Gourmet Aéroport de Bâle–Mulhouse SAS, St. Louis	100	EUR	337,000
	Lyon Air Traiteur, Colombier-Saugnieu	100	EUR	455,000
	Martinique Catering, Le Lamentin	98	EUR	50,000
	Orly Air Traiteur, Wissous	98	EUR	250,000
	Panima, Mamoudzou	51	EUR	500,000
	Paris Air Catering (PAC), Tremblay-en-France	100	EUR	1,743,750
	Passerelle CDG, Tremblay-en-France	51	EUR	40,000
	Servair Investissements Aeroportuaires (SIA), Tremblay-en-France	100	EUR	25,000,000
	Servair Retail Fort de France, Le Lamentin	86	EUR	55,510
	Servair SA, Tremblay-en-France	100	EUR	52,386,208
	Sheltair, Tremblay-en-France	50	EUR	40,000
	Société de Restauration Industrielle (SORI), Les Abymes	50	EUR	50,000
	Société Guyanaise de Restauration Industrielle (SOGRI), Matoury	97	EUR	225,000
	Svrls@La Reunion, Sainte Marie	50	EUR	150,000
Gabon	Servair Gabon, Libreville	55	XAF	250,000,000
Germany	Gate Gourmet GmbH Deutschland, Neu-Isenburg	100	EUR	7,670,000
	Gate Gourmet GmbH Mitte, Neu-Isenburg	100	EUR	25,000
	Gate Gourmet GmbH West, Düsseldorf	100	EUR	1,534,000
	SCK Services GmbH, Stuttgart	100	EUR	26,000
India	Skygourmet Catering Private Ltd, Mumbai	100	INR	14,655,311
Ireland	Gate Gourmet Ireland Ltd, Dublin	100	EUR	4,500,000
Italy	Air Food S.r.L., Milan	100	EUR	40,000
	Gate Gourmet Italia S.r.L., Milan	51	EUR	4,795,937
Ivory Coast	Servair Abidjan, Abidjan	80	XOF	1,364,000,000
	SIA Restauration Rapide Côte d'Ivoire, Abidjan	100	XOF	10,000,000
Japan	Gate Gourmet Japan YK, Chiba-ken	100	JPY	80,000,000
Kazakhstan	Gate Gourmet Central Asia LLP, Astana	51	KZT	271,975,720
Kenya	NAS Airport Services Ltd, Nairobi	59	KES	16,000,000
	SIA Kenya Holding Ltd, Nairobi	59	KES	1,215,000,000
Luxembourg	Gate Gourmet Luxembourg IV S.à r.l., Luxembourg	100	EUR	2,708,000

	gategroup Finance (Luxembourg) S.A., Luxembourg	100	EUR	31,000
	gategroup Financial Services S.à r.l., Luxembourg	100	EUR	83,344,700
Macau	Macau Catering Services Co Ltd, Taipa	17	MOP	16,000,000
Mexico	Gate Gourmet & MAASA Mexico S.A.P.I. de C.V., Mexico City	51	MXN	12,166,000
	Gate Retail Onboard Mexico S.A.P.I. de C.V., Mexico City	100	MXN	6,100,000
	Prestadora de Servicios Gate Gourmet & MAASA Mexico S.A.P.I. de C.V., Mexico City	51	MXN	50,000
Netherlands	deSter Holding B.V., Amsterdam	100	EUR	3,359,990
	Gate Gourmet Amsterdam B.V., Schiphol	100	EUR	2,291,590
	Helios Market, Product & Production Development B.V., Amsterdam	100	EUR	1,117,294
New Zealand	Gate Gourmet New Zealand Ltd, Auckland	100	NZD	4,000,100
Norway	Gate Gourmet Norway AS, Oslo	100	NOK	9,002,811
Peru	Gate Gourmet Peru S.r.L., Lima	100	PEN	1,599,558
Senegal	Dakar Catering, Dakar	65	XOF	750,000,000
Seychelles	Skychef Ltd, Mahé	55	SCR	313,000
Singapore	Gate Gourmet Singapore Pte Ltd, Singapore	100	SGD	19,602,977
	gategroup Investments Singapore Pte Ltd, Singapore	100	USD	144,778,348
South Korea	Gate Gourmet Korea Co. Ltd, Seoul	60	KRW	72,600,000,000
Spain	Gate Gourmet Spain S.L., Madrid	100	EUR	3,005,061
	Gate Gourmet Holding España S.L., Madrid	100	EUR	798,260
Sweden	Gate Gourmet Sweden AB, Stockholm	100	SEK	100,000
	Inflight Service Europe AB, Stockholm	100	SEK	1,000,000
	Inflight Service Global AB, Stockholm	100	SEK	100,000
Switzerland	Gate Gourmet Switzerland GmbH, Kloten	100	CHF	2,000,000
Thailand	deSter Co. Ltd, Prachinburi	100	THB	135,000,000
Turkey	Gateretail Turkey Uçak İçi Satış Hizmetleri A.Ş., Istanbul	100	TRY	12,500
United Arab Emirates	deSter General Trading FZE, Dubai	100	AED	1,000,000
United Kingdom	Fernley (Heathrow) Ltd, Middlesex	100	GBP	85,100
	Gate Gourmet Holdings UK Ltd, Middlesex	100	GBP	96,230,003
	Gate Gourmet London Ltd, Middlesex	100	GBP	20,000,002
	Pourshins Ltd, Middlesex	100	GBP	854,350
	Supplair UK Ltd, Middlesex	100	GBP	3
United States of America	deSter Corporation, Atlanta, GA	100	USD	2,000
	e-gatematrix llc, Wilmington, DE	100	USD	8,030,366
	Gate Gourmet Inc., Wilmington, DE	100	USD	1,000
	Gate Serve llc, Wilmington, DE	100	USD	1
	gategroup U.S. Finance Inc., Wilmington, DE	100	USD	1,000
	gategroup U.S. Holding Inc., Wilmington, DE	100	USD	1
	gateretail North America Inc., Reston, VA	100	USD	1
	Pourshins Inc., Reston, VA	100	USD	1,000

[1] Rounded to the nearest whole number

33 Post Balance Sheet Events

On January 28, 2019, the Company paid a dividend of CHF 26.6m to its shareholder HNA Aviation (Note 26.5 and Note 31.3).

As at February 27, 2019, the date of approval of these consolidated financial statements by the Board, the Group has no other significant subsequent events that warrant disclosure.

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To the General Meeting of
gategroup Holding AG, Opfikon

Zurich, February 27, 2019

Statutory auditor's report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of gategroup Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2018 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 34 to 80) give a true and fair view of the consolidated financial position of the Group as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond

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to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Revenue recognition and recoverability of trade receivables

Risk	Trade receivables represented 15% of the Group's total assets and 92% of the Group's total equity as at December 31, 2018. The Company applied estimates in regards to the recognition of volume rebates and other similar allowances. Furthermore the Company applied judgment to its ability to collect outstanding receivables. Due to the significance of the carrying values for revenues and trade receivables and the judgment involved, this matter was considered significant to our audit. Refer to Notes 2.8, 2.10, 6 and 13 to the consolidated financial statements for the Company's disclosure on revenue and trade receivables.
Our audit response	We assessed the Company's internal controls over its significant revenue and trade receivables processes. Our substantive audit procedures included disaggregated margin analysis, a review of contractual language on a sample basis, a review of credit notes and potential reversals and an analysis of trade receivables aging. Furthermore, we performed inquiries of key personnel regarding potential price adjustments (e.g. discounts) and their awareness of revenue adjustments that could affect current year revenue and revenue cut-off. Our audit procedures did not lead to any reservations concerning revenue recognition and recoverability of trade receivables.

Valuation of goodwill and indefinite life intellectual property

Risk	Goodwill and intellectual property represented 29% of gategroup's total assets and 180% of the Group's total equity as at December 31, 2018. As stated in Note 2.17 to the consolidated financial statements, the carrying value of goodwill and indefinite life intellectual property is tested annually for impairment. The Company's annual impairment test determined that there was no impairment. Key assumptions concerning the impairment test are disclosed in Note 18 to the consolidated financial statements. In determining the fair value of Cash Generating Units, the Company must apply judgment in estimating – amongst other factors – cash flow projections based on the financial budget as well as the discount rate. Due to the significance of the carrying values for goodwill and indefinite life intellectual property and the judgment involved in performing the impairment tests, this matter was considered significant to our audit.
Our audit response	We assessed the Company's internal controls over its annual impairment tests and key assumptions applied and evaluated Management's interpretation of Cash Generating Units. We involved valuation specialists to assist in examining the Company's valuation model and analyzing the underlying key assumptions, including long-

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term growth and discount rates. We assessed future revenues and margins, the historical accuracy of the Company's financial budget and considered its ability to produce accurate long-term forecasts. We evaluated the sensitivity in the valuation resulting from changes to the key assumptions applied and compared these assumptions to corroborating information, including expected inflation rates and market growth. Our audit procedures did not lead to any reservations concerning the valuation of goodwill and indefinite life intellectual property.

Other information in the annual report
The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Christian Schibler (Qualified Signature)	Christian Krämer (Qualified Signature)
Licensed audit expert (Auditor in charge)	Licensed audit expert

GATEGROUP HOLDING AG

FINANCIAL REPORT

Financial Statements of gategroup Holding AG

Income Statement of gategroup Holding AG

in 1,000 CHF	2018	2017
Personnel expenses	(1,139)	(1,032)
Operating expenses	(7,673)	(4,490)
Total operating expenses	**(8,812)**	**(5,522)**
Operating loss	**(8,812)**	**(5,522)**
Financial income:		
Dividend income	1,457	–
Other financial income	–	1,399
Financial expenses	(39)	(1,151)
Loss before tax	**(7,394)**	**(5,274)**
Direct taxes	–	–
Loss for the year	**(7,394)**	**(5,274)**

Balance Sheet of gategroup Holding AG

in 1,000 CHF	Notes	Dec 31, 2018	Dec 31, 2017
Current assets			
Cash and cash equivalents		5	7
Other current receivables		81	80
Other current receivables from subsidiaries		3,252	8,701
Total current assets		**3,338**	**8,788**
Non-current assets			
Investments in subsidiaries		600,039	600,039
Total non-current assets		**600,039**	**600,039**
Total assets		**603,377**	**608,827**
Current liabilities			
Other current payables		323	177
Other current payables to subsidiaries		5,685	3,575
Accruals		140	452
Total current liabilities		**6,148**	**4,204**
Total liabilities		**6,148**	**4,204**
Share capital		133,932	133,932
Legal capital reserves:			
Reserve from capital contributions		607,393	608,068
Legal retained earnings:			
General reserve		11,766	11,091
Voluntary retained earnings:			
Earnings brought forward		(138,641)	(133,367)
Loss for the year		(7,394)	(5,274)
Treasury shares	2.3	(9,827)	(9,827)
Total shareholders' equity		**597,229**	**604,623**
Total liabilities and shareholders' equity		**603,377**	**608,827**

Notes to the Financial Statements of gategroup Holding AG

1 General Information

The financial statements of gategroup Holding AG, Opfikon (the "Company"), are prepared in accordance with the provisions on accounting and financial reporting (Art. 957 to Art. 963b) of the Swiss Code of Obligations ("CO").

2 Disclosures Required by Swiss Company Law

2.1 Accounting Policies

Valuation Principles
Financial assets, including investments and non-current loans to subsidiaries, are recognized at cost less appropriate write downs. Investments are in general subject to individual valuation.

Treasury Shares
Own shares (treasury shares) are recognized at cost. Any gains or losses upon disposal are recognized through profit and loss. Own shares directly held by the company are deducted from equity. A reserve for treasury shares is recognized for own shares held by subsidiaries.

2.2 Significant Investments

Company name	Domicile	Currency	Share capital (local currency)	Ownership in % Dec 31, 2018	Ownership in % Dec 31, 2017
Direct investments					
gategroup Finance (Luxembourg) S.A., Luxembourg	Luxembourg	EUR	31,000	100.00%	100.00%
gategroup Financial Services S.à r.l., Luxembourg	Luxembourg	EUR	83,344,700	100.00%	100.00%
gategroup Investments Singapore Pte Ltd, Singapore	Singapore	USD	144,778,348	100.00%	100.00%
Substantial indirect investments					
Gate Gourmet Argentina S.r.L., Buenos Aires	Argentina	ARS	5,750,000	100.00%	100.00%
Gate Gourmet Cairns Pty Ltd, Mascot, NSW	Australia	AUD	3,104,002	100.00%	100.00%
Gate Gourmet (Holdings) Pty Ltd, Mascot, NSW	Australia	AUD	39,299,111	100.00%	100.00%
Gate Gourmet Rail Pty Ltd, Mascot, NSW	Australia	AUD	2	100.00%	100.00%
Gate Gourmet Services Pty Ltd, Mascot, NSW	Australia	AUD	44,330,100	100.00%	100.00%
Pourshins Australia Pty Ltd, Alexandria, NSW	Australia	AUD	2	100.00%	100.00%
deSter BVBA, Hoogstraten	Belgium	EUR	22,600,000	100.00%	100.00%
Gate Gourmet Catering Bolivia S.A., Cochabamba	Bolivia	BOB	22,000	51.00%	51.00%
Gate Gourmet Ltda, São Paulo	Brazil	BRL	107,331,839	100.00%	100.00%
Gate Retail Brasil Comercio Varejista, Importacao e Exportacao de Alimentos Ltda, Rio de Janeiro	Brazil	BRL	7,500,000	100.00%	100.00%
Servair Burkina Faso, Ouagadougou	Burkina Faso	XOF	10,000,000	43.54%	43.54%
Cambodia Air Catering Services Ltd, Phnom Penh	Cambodia	USD	500,000	75.00%	75.00%
Gate Gourmet Canada Inc., Toronto	Canada	CAD	17,500,000	100.00%	100.00%
Pourshins Canada Inc., Toronto	Canada	CAD	300,000	100.00%	100.00%
Gate Gourmet Catering Chile Ltda, Santiago	Chile	CLP	1,968,062,000	100.00%	100.00%
Gate Gourmet Hong Kong Ltd, Hong Kong	China	HKD	281,657,350	100.00%	100.00%
gategroup Trading Hong Kong Ltd, Hong Kong	China	USD	162	100.00%	100.00%
Gate Gourmet Colombia S.A.S, Bogotá	Colombia	COP	831,229,870	75.00%	75.00%
Gate Gourmet Denmark ApS, Tårnby	Denmark	DKK	401,200	100.00%	100.00%
Gate Gourmet Northern Europe ApS, Tårnby	Denmark	DKK	52,401,000	100.00%	100.00%
Gate Gourmet del Ecuador Cia Ltda, Quito	Ecuador	USD	2,278,400	60.00%	60.00%
ACNA, Le Mesnil-Amelot	France	EUR	250,000	49.99%	49.99%
Gate Gourmet Aéroport de Bâle–Mulhouse SAS, St. Louis	France	EUR	337,000	100.00%	100.00%
Lyon Air Traiteur, Colombier-Saugnieu	France	EUR	455,000	49.99%	49.99%
Martinique Catering, Le Lamentin	France	EUR	50,000	48.99%	48.99%
Orly Air Traiteur, Wissous	France	EUR	250,000	49.15%	49.15%
Panima, Mamoudzou	France	EUR	500,000	25.49%	25.49%
Paris Air Catering (PAC), Tremblay-en-France	France	EUR	1,743,750	49.99%	49.99%
Passerelle CDG, Tremblay-en-France	France	EUR	40,000	25.49%	25.49%
Servair Investissements Aeroportuaires (SIA), Tremblay-en-France	France	EUR	25,000,000	49.99%	49.99%
Servair Retail Fort de France, Le Lamentin	France	EUR	55,510	42.49%	25.49%
Servair SA, Tremblay-en-France	France	EUR	52,386,208	49.99%	49.99%
Sheltair, Tremblay-en-France	France	EUR	40,000	25.00%	25.00%
Société de Restauration Industrielle (SORI), Les Abymes	France	EUR	50,000	25.01%	25.01%
Société Guyanaise de Restauration Industrielle (SOGRI), Matoury	France	EUR	225,000	48.49%	48.49%
Svrls@La Reunion, Sainte Marie	France	EUR	150,000	25.09%	25.09%
Servair Gabon, Libreville	Gabon	XAF	250,000,000	27.49%	27.49%
Gate Gourmet GmbH Deutschland, Neu-Isenburg	Germany	EUR	7,670,000	100.00%	100.00%
Gate Gourmet GmbH Mitte, Neu-Isenburg	Germany	EUR	25,000	100.00%	100.00%
Gate Gourmet GmbH West, Düsseldorf	Germany	EUR	1,534,000	100.00%	100.00%
SCK Services GmbH, Stuttgart	Germany	EUR	26,000	100.00%	–
Skygourmet Catering Private Ltd, Mumbai	India	INR	14,655,311	100.00%	100.00%
Gate Gourmet Ireland Ltd, Dublin	Ireland	EUR	4,500,000	100.00%	100.00%
Air Food S.r.L., Milan	Italy	EUR	40,000	26.01%	26.01%

Company name	Domicile	Currency	Share capital (local currency)	Ownership in % Dec 31, 2018	Ownership in % Dec 31, 2017
Gate Gourmet Italia S.r.L., Milan	Italy	EUR	4,795,937	51.00%	51.00%
Servair Abidjan, Abidjan	Ivory Coast	XOF	1,364,000,000	39.99%	39.99%
SIA Restauration Rapide Côte d'Ivoire, Abidjan	Ivory Coast	XOF	10,000,000	49.99%	49.99%
Gate Gourmet Japan YK, Chiba-ken	Japan	JPY	80,000,000	100.00%	100.00%
Gate Gourmet Central Asia LLP, Astana	Kazakhstan	KZT	271,975,720	51.00%	51.00%
NAS Airport Services Ltd, Nairobi	Kenya	KES	16,000,000	29.49%	29.49%
SIA Kenya Holding Ltd, Nairobi	Kenya	KES	1,215,000,000	29.49%	29.49%
Gate Gourmet Luxembourg IV S.à r.l., Luxembourg	Luxembourg	EUR	2,708,000	100.00%	100.00%
Macau Catering Services Co Ltd, Taipa	Macau	MOP	16,000,000	8.67%	8.67%
Gate Gourmet & MAASA Mexico S.A.P.I. de C.V., Mexico City	Mexico	MXN	12,166,000	51.00%	51.00%
Gate Retail Onboard Mexico S.A.P.I. de C.V., Mexico City	Mexico	MXN	6,100,000	75.46%	75.46%
Prestadora de Servicios Gate Gourmet & MAASA Mexico S.A.P.I. de C.V., Mexico City	Mexico	MXN	50,000	51.00%	51.00%
deSter Holding B.V., Amsterdam	Netherlands	EUR	3,359,990	100.00%	100.00%
Gate Gourmet Amsterdam B.V., Schiphol	Netherlands	EUR	2,291,590	100.00%	100.00%
Helios Market, Product & Production Development B.V., Amsterdam	Netherlands	EUR	1,117,294	100.00%	100.00%
Gate Gourmet New Zealand Ltd, Auckland	New Zealand	NZD	4,000,100	100.00%	100.00%
Gate Gourmet Norway AS, Oslo	Norway	NOK	9,002,811	100.00%	100.00%
Gate Gourmet Peru S.r.L., Lima	Peru	PEN	1,599,558	100.00%	100.00%
Dakar Catering, Dakar	Senegal	XOF	750,000,000	32.55%	32.55%
Skychef Ltd, Mahé	Seychelles	SCR	313,000	27.49%	27.49%
Gate Gourmet Singapore Pte Ltd, Singapore	Singapore	SGD	19,602,977	100.00%	100.00%
Gate Gourmet Korea Co. Ltd, Seoul	South Korea	KRW	72,600,000,000	60.00%	100.00%
Gate Gourmet Spain S.L., Madrid	Spain	EUR	3,005,061	100.00%	100.00%
Gate Gourmet Holding España S.L., Madrid	Spain	EUR	798,260	100.00%	100.00%
Gate Gourmet Sweden AB, Stockholm	Sweden	SEK	100,000	100.00%	100.00%
Inflight Service Europe AB, Stockholm	Sweden	SEK	1,000,000	100.00%	100.00%
Inflight Service Global AB, Stockholm	Sweden	SEK	100,000	100.00%	100.00%
Gate Gourmet Switzerland GmbH, Kloten	Switzerland	CHF	2,000,000	100.00%	100.00%
deSter Co. Ltd, Prachinburi	Thailand	THB	135,000,000	100.00%	100.00%
Gateretail Turkey Uçak İçi Satış Hizmetleri A.Ş., Istanbul	Turkey	TRY	12,500	100.00%	100.00%
deSter General Trading FZE, Dubai	UAE	AED	1,000,000	100.00%	100.00%
Fernley (Heathrow) Ltd, Middlesex	UK	GBP	85,100	100.00%	100.00%
Gate Gourmet Holdings UK Ltd, Middlesex	UK	GBP	96,230,003	100.00%	100.00%
Gate Gourmet London Ltd, Middlesex	UK	GBP	20,000,002	100.00%	100.00%
Pourshins Ltd, Middlesex	UK	GBP	854,350	100.00%	100.00%
Supplair UK Ltd, Middlesex	UK	GBP	3	100.00%	100.00%
deSter Corporation, Atlanta, GA	USA	USD	2,000	100.00%	100.00%
e-gatematrix llc, Wilmington, DE	USA	USD	8,030,366	100.00%	100.00%
Gate Gourmet Inc., Wilmington, DE	USA	USD	1,000	100.00%	100.00%
Gate Serve llc, Wilmington, DE	USA	USD	1	100.00%	100.00%
gategroup U.S. Finance Inc., Wilmington, DE	USA	USD	1,000	100.00%	100.00%
gategroup U.S. Holding Inc., Wilmington, DE	USA	USD	1	100.00%	100.00%
gateretail North America Inc., Reston, VA	USA	USD	1	100.00%	100.00%
Pourshins Inc., Reston, VA	USA	USD	1,000	100.00%	100.00%

2.3 Treasury Shares

Treasury shares held by gategroup Holding AG or by companies in which gategroup Holding AG holds a majority interest:

2018	Number of shares
Balance at January 1, 2018	839,112
Balance at December 31, 2018	**839,112**

2017	
Balance at January 1, 2017	839,112
Balance at December 31, 2017	**839,112**

On February 27, 2018, the Extraordinary General Meeting of Shareholders approved a 1-to-4 share split. Consequently, the nominal value per share was reduced from CHF 5.00 to CHF 1.25. Accordingly, all share amounts for all periods presented have been adjusted retroactively, where applicable, to reflect the new number of treasury shares.

In 2017, the Company acquired all treasury shares previously held by subsidiaries, paying CHF 53.00 per share.

2.4 Guarantees

During February 2017, the Group raised CHF 350.0m through the issuance of a fixed rate five-year senior bond ("Bond") with a final maturity on February 28, 2022. The Bond, with a coupon of 3% p.a., was issued by gategroup Finance (Luxembourg) S.A. and is guaranteed by its parent company, gategroup Holding AG. The Bond is listed on the SIX Swiss Exchange.

On March 26, 2015, the Group entered into a EUR 240.0m multicurrency Revolving Credit Facility ("RCF"). On March 16, 2016, the RCF was increased by EUR 110.0m to EUR 350.0m and on November 30, 2018, by an additional EUR 65.0m to EUR 415.0m. As of December 31, 2018, the Group utilized RCF drawings of CHF 207.2m, being EUR 58.0m and SEK 1,280.0m (2017: CHF 208.5m). The RCF matures on October 20, 2021.

The existing five-year EUR 250.0m Term Loan was extended by 1 year and now matures on October 20, 2021.

The borrowings under the Bond, the Term Loans and the RCF all rank pari passu. The Term Loan and RCF are guaranteed by gategroup Holding AG and certain other Group companies.

Further, guarantees issued in favor of third parties amount to CHF 286.1m (2017: CHF 307.4m) thereof CHF 3.5m (2017: CHF 3.8m) for associates.

2.5 Employees

In 2018, the Company employed on average 8 employees (2017: 8).

2.6 Post Balance Sheet Events

On January 28, 2019, the Company paid a dividend of CHF 26.6m to its shareholder HNA Aviation.

There are no other events occurring after the end of the reporting period that warrant disclosure.

Appropriation of Available Earnings and Reserve from Capital Contributions

Proposal of the Board of Directors to the Annual General Meeting of Shareholders on February 28, 2019 for the appropriation of available earnings

in 1,000 CHF	Dec 31, 2018	Dec 31, 2017[1]
Carried forward from previous year	(138,641)	(133,367)
Loss for the year	(7,394)	(5,274)
Balance to be carried forward	**(146,035)**	**(138,641)**

[1] Approved by the Annual General Meeting of Shareholders on February 27, 2018.

Proposal of the Board of Directors for the appropriation of reserve from capital contributions

in 1,000 CHF	Dec 31, 2018	Dec 31, 2017
Opening balance	608,068	607,472
Adjustment reserve from capital contributions	(675)	–
Adjustment reserve for treasury shares from capital contributions	–	596
Balance to be carried forward	**607,393**	**608,068**
Dividend payment in January 2019 of CHF 0.25 per share[1] out of reserve from capital contributions	(26,560)	
Amount available for appropriation by the Annual General Meeting of Shareholders	**580,833**	

[1] No dividends are distributed on treasury shares held by gategroup Holding AG.

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Building a better working world

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To the General Meeting of
gategroup Holding AG, Opfikon

Zurich, February 27, 2019

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of gategroup Holding AG, which comprise the balance sheet, income statement and notes (pages 88 to 94), for the year ended December 31, 2018.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended December 31, 2018 comply with Swiss law and the company's articles of incorporation.

Building a better working world

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Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Christian Schibler (Qualified Signature)	Christian Krämer (Qualified Signature)
Licensed audit expert (Auditor in charge)	Licensed audit expert

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This publication may contain specific forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including terms like "believe", "assume", "expect", "intend", "anticipate", "may" or similar expressions. They include statements regarding our intentions, beliefs or current expectations which could affect, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate. By their nature, such forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may result in a substantial divergence between the actual results, financial situation, development or performance of gategroup Holding AG (the "Company" and its subsidiaries, together the "Group") and those explicitly or implicitly presumed in these statements. Other factors besides those listed herein could also adversely affect the Group's results. Against a backdrop of these uncertainties reader should not rely on forward-looking statements.

The Group assumes no responsibility to publicly update or revise any of these forward-looking statements or to adapt them whether to reflect new information, future events, developments or circumstances or otherwise.

It should be noted that past performance is not a guide to future performance. Forward-looking statements are not profit forecasts.

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