ANNUAL REPORT

2019

gategroup

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RICHARD ONG

CHAIRMAN OF THE BOARD

Dear stakeholders of gategroup,

I am pleased to address you for the first time as Chairman of the Board, in addition to representing RRJ Capital as co-owner of gategroup together with Temasek.

As strategic investors, we seek to participate in companies like gategroup who are transforming their industries. With the introduction of their successful Gateway 2020 strategy in 2015, gategroup has proven its successful vision of pushing the boundaries of focused growth and commercial innovation. They have done so by driving an exceptional culinary excellence, leveraging data analytics to better understand passenger behaviors and introducing sustainable equipment solutions and best practices in their operations and for their customers.

Under the guidance of its strong management team, gategroup has steadily become the most diversified and innovative company in the industry. Their planned acquisition of LSG Europe this year is yet another exciting milestone for the company. Having been selected by Lufthansa as their long-term partner provides gategroup the opportunity to further accelerate the transformation of the industry.

The start to 2020 was extraordinary given COVID-19 (Coronavirus) which impacts the global economy and aviation industry specifically. Companies around the world, including gategroup, must and will remain agile in order to support their employees, customers and passengers. We will continue to offer our full support. As shareholders we remain committed to the airline industry and gategroup's long-term prospects for innovation and ongoing value creation.

On behalf of Board of Directors, Temasek and RRJ Capital, I would like to thank all stakeholders for their ongoing commitment. We look forward to continuing the journey together on our chosen path.

Sincerely,

Richard Ong
Chairman of the Board

XAVIER ROSSINYOL

CHIEF EXECUTIVE OFFICER

Dear colleagues,

I am pleased to convey that 2019 has been another year of solid performance for gategroup. Despite difficult market conditions we delivered stable revenues of CHF 5.0 billion, at actual exchange rates, up 0.5%. EBITDA reached an all-time high of CHF 440.3 million, an increase of 28% over the prior year. Excluding accounting impacts from the adaption of IFRS 16 as per 1 January 2019, EBITDA margin would have increased by 27 bps%. Improved cash generation from operations was CHF 295.7 million, an increase of +15.6%.

INDUSTRY ENVIRONMENT REMAINS CHALLENGING

2019 was a challenging year for the aviation industry, driven by a combination of internal and external factors. While passenger levels continued to grow - the summer peak season surpassed that of the record-breaking 2018 - declining global macro-economic KPI's have driven IATA to reduce Revenue Passenger Kilometers growth forecasts to 5% for 2019, below the average 7-8% growth over the last three years.

Ongoing industry consolidation is still anticipated, particularly in Europe where overcapacity remains an issue and carriers are still some distance from steady growth. US carriers have focused on partnerships to further strengthen their geographical footprint, notably Delta Air Lines with LATAM and United Airlines with Avianca.

We have also witnessed several airlines suffer severe financial difficulties in 2019, from the collapse of the world's oldest holiday firm Thomas Cook and the bankruptcies of Germania and Wow, to the grounding of Jet Airways. The grounding of the Boeing 737 Max added to existing challenges, resulting in routes being cut or contingency measures taken to fill the lack of aircraft available to serve them. Political unrest in Hong Kong and several countries in Latin America have led to reduced travel access and demand, thus slowing down growth investment plans by airlines.

In early 2020 the world's attention turned to COVID-19 (Coronavirus). The economic impact on the the aviation, tourism and trade industries is not yet known, but we cannot deny it will be very significant. We continue to work in close cooperation with authorities, customers and airports to assess and address the impact of COVID-19 on our industry and have implemented additional measures to protect the health and safety of our employees, customers, passengers and general public.

The industry has also come under intense scrutiny to acknowledge and address their environmental impact, ranging from reducing carbon emissions, barring single use plastics onboard to finding solutions for reducing food waste. The industry must and will reshape their overall approach to sustainability, and early adopters have already begun to embrace this change.

OUR PURPOSE IS TO CHANGE THE WAY PEOPLE EXPERIENCE TRAVEL

gategroup bridges the world of culinary and aviation. When we launched our Gateway 2020 strategy in 2015, we had a clear vision: to transform our industry. With a solid focus on our core business of airline catering, our goal was to set a new industry standard. We also wanted to change the way people experience travel - through culinary and hospitality - and to do so in a sustainable manner.

Our leadership in commercial innovation has been driven by three key areas: Creating an unparalleled and distinctive culinary offering: we call it our **Culinary Revolution**; utilizing state-of-the-art data analytics through our **Data Revolution**; and becoming a leader, not a follower, in sustainability through our **Green Revolution**. These three revolutions are underscored by our leadership in operational excellence and standardization, with our 13 Competence Centers around the globe that develop, test and implement innovative operational best practices and function as an academy for the rest of the network.

How exactly do we differentiate ourselves from the rest? gategroup is 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.

This has resulted in signing a number of long-term contract extensions with some of our key customers in 2019. We were also able to renegotiate terms with several key customers, underscoring their belief that gategroup is a strong partner that delivers value through our unique offering.

LEADING THE WAY IN SUSTAINABILITY

Focus and industry leadership in sustainability is key for us, and focuses on three key areas: addressing food waste through the use of technology; driving solutions to reduce plastic waste; and implementing the most efficient and sustainable technologies in our units.

For example, gategroup company deSter is paving the way in developing sustainable equipment alternatives to single-use plastics through their Environmentally Conscious Design approach, resulting in award-winning, sustainable innovations for customers. By 2020, we intend 100% of these new product launches to be made of recyclable, recycled or renewable sources that can be recycled or biodegraded. And by 2025, all products should fit into the circular economy, either by being recycled or biodegraded.

We also work closely with our airline customers on a range of sustainable initiatives, for example addressing the topic of single-use plastic onboard to tackling food waste by using data to understand behaviors that allow us to ensure the right amount of food is put on board. We are also proud of our progress in implementing sustainable operating practices in our facilities, most recently at our new, state-of-the art unit in Coslada (Madrid), Spain. The unit has incorporated elements ranging from solar panels to water reuse to embedding "Intelligent" systems into our processes that lead to great savings in water, chemicals and energy.

2019 WAS AN EXCITING YEAR

We were delighted to welcome RRJ Capital as our new owner last spring after the sale of 100% of gategroup by HNA Group. In September, Temasek subsequently converted its mandatory exchangeable bond to acquire additional shares of gategroup, thus becoming equal co-owners with RRJ Capital. This is yet another step forward in the transformational journey of gategroup and excellent news for our employees and customers. We are absolutely delighted to continue to work with Temasek and RRJ Capital going forward as they contribute their expertise, network and growth track record to gategroup.

I am also pleased that we were recently chosen, subject to regulatory approval, to acquire LSG Group's European operations and have won a long-term catering contract with Lufthansa in Germany, including their main hubs of Frankfurt and Munich. Additionally, SWISS International Air Lines has agreed to a further long-term extension of its successful partnership with us to deliver its distinctive culinary offering to its passengers from its hubs in Zurich and Geneva. This acquisition is a milestone in the airline catering industry. Having been selected by Lufthansa as their strategic and operating partner not only confirms that our vision and Gateway 2020 strategy were accurate, it offers us the opportunity to accelerate the transformation of our industry together with the world's largest aviation group. We look forward to further developing LSG Europe's business by investing in their operations as well as jointly delivering an exciting new customer experience for passengers of Lufthansa and other key airlines.

IT'S OUR PEOPLE THAT MAKE THE DIFFERENCE

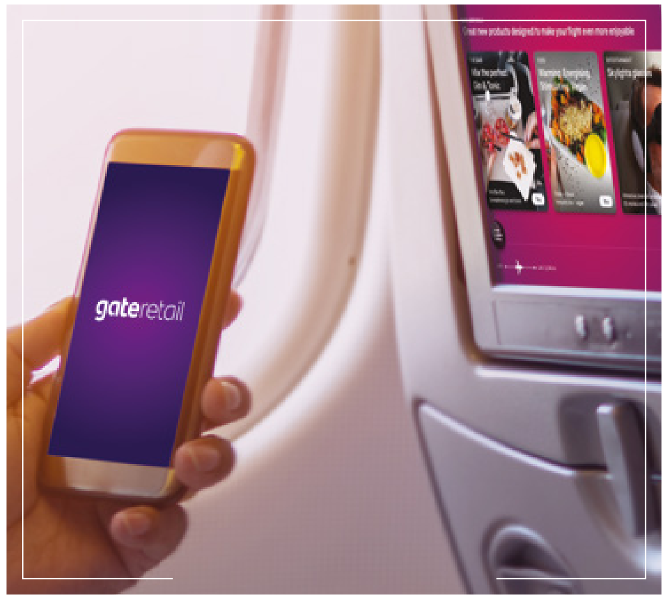
Our progress in 2019 is testament to the collective **passion, capabilities** and **commitment** of our outstanding workforce. We have achieved these successes together as ONE gategroup and ONE team. We look forward to welcoming our LSG Europe colleagues later this year, further enhancing our talented workforce to better serve our customers.

On behalf of the Executive Management Board I would like to thank our colleagues around the globe for their contributions to the gategroup success story, as well as our customers for their tremendous support and trust in us. And finally, to our Board of Directors and shareholders for their ongoing leadership and guidance.

Sincerely,

Xavier Rossinyol
Chief Executive Officer

GATEGROUP'S *Core brands*



Gategourmet

Gate Gourmet is the world's leading provider of airline catering solutions and provisioning service. Our talented chefs work in close partnership with customers to create menus that exceed passenger expectations across all cabins, and we have dedicated operational excellence teams who work to ensure we deliver standardized, consistent catering services wherever we operate. The complex logistics behind these operations are managed by a specialist team who ensure the Gate Gourmet supply chain delivers sustainably and on-time.

SERVAIR

Servair provides a range of inflight services, airport services and commercial catering and hospitality. It is also the home of the unique, acclaimed Studio Culinaire Servair, a team of Michelin- starred culinary ambassadors. Under the leadership of Guy Martin, Studio Culinaire has one simple and bold objective: to drive on-board catering to new levels of excellence. Inspired by the world's gastronomic heritage, its creativity and innovation are the cornerstones of the team's cutting-edge concepts. The Studio's ideas and quest for new standards in the sky has led this pre-eminent think tank to be the major disruptor in airline catering.

gateretail

As the world's leading inflight retailer, gateretail enhances the passenger experience through its omni-channel, award-winning retail programs for our airline partners. We deliver new revenue streams through the use of interactive, digital point-of-sale systems which can include pre-selection, pre-order execution and advertising campaigns. All are designed to be environmentally friendly, cost-effective, self-service options which pave the way for airlines to move away from printed materials and enable gateretail provide the next generation of onboard retail solutions. This enables airline crews to offer customers a compelling, personalized experience while simultaneously providing the carrier with instant, transparent ePOS backend data.

deSter

deSter is a creator, designer, producer and provider of market-leading food packaging and serviceware concepts for the aviation, hospitality and food service industries. Every deSter solution is unique and its holistic approach to product development aims to contribute towards achieving a circular economy. By creating products from the bottom up, the deSter team is able to place an intensive focus on recycling and the use of recycled resources alongside the development of products made from renewable and compostable resources.

GATEGROUP & LSG EUROPE

Grow.together

A TRULY EXCITING MILESTONE FOR GATEGROUP, LSG AND OUR INDUSTRY.

In December 2019, we reached an agreement with Lufthansa to acquire LSG Group's European operations and that Lufthansa had awarded us a long-term catering contract in Germany, including their main hubs of Frankfurt and Munich.

The transaction includes LSG's inflight catering operations in Germany, Switzerland, the Netherlands, Belgium, Italy and Spain as well as the global equipment business trading under the Spiriant brand, the European convenience food operations, train catering, lounges and the Ringeltaube operations.

As part of the transaction, SWISS International Air Lines has agreed to a further long-term extension of its successful partnership with gategroup to deliver its distinctive culinary offering to its passengers from its hubs in Zurich and Geneva. Without a doubt, this is a truly exciting milestone for gategroup, LSG and our industry.

When we designed our Gateway 2020 strategy back in 2015, we decided to focus on our core airline catering business with the vision of setting a new industry standard through distinctive culinary and commercial innovation based on state-of-the-art data analytics and sustainability. Having been selected by Lufthansa as their strategic and operating partner confirms our vision and strategy and gives us the opportunity to accelerate the transformation of our industry together with the world's largest aviation group.

One particularly exciting element of our partnership with Lufthansa will be our joint venture at their core hubs in Frankfurt and Munich, where we will introduce the new Studio 50/8®. The Studio will be an exclusive, Lufthansa-dedicated house of culinary inspiration and co-creation where a team of renowned chefs and experts in Germany will create exciting new dining concepts for Lufthansa.

We look forward to further developing LSG's business by investing in their core operations as well as jointly delivering an exciting new customer experience for passengers of Lufthansa and other key airlines. The combination of LSG and gategroup will result in an expanded, talented workforce to better serve our customers. We are excited to welcome the new team to gategroup and look forward to working closely with LSG's customers, management, employees and their representatives.

In January this year, we formally launched the integration project for the acquisition of LSG Europe with a kickoff meeting in Frankfurt between gategroup, LSG Europe, Spiriant and Evertaste. The team is operating under the name "grow.together," which represents how, pending regulatory approvals, we will grow together as one unified company. 23 workstreams, guided by a Steering Committee made up of representatives of gategroup, Lufthansa and LSG, are tasked with supporting our number one priority: ensuring a smooth integration and seamless transition upon closing.

> **We look forward to further developing LSG's business by investing in their core operations as well as jointly delivering an exciting new customer experience for passengers of Lufthansa and other key airlines.**

YEAR IN REVIEW

2019

GATE GOURMET OPENS NEXT-GENERATION AIRLINE CATERING FACILITY IN MADRID.

The brand-new production kitchen has been furnished with the latest equipment to serve more than 12 international airlines and produce 18,000 passenger meals per day. It includes a new culinary experience center (photo above) for chefs to develop new techniques, dishes and menus. The facility was purposefully built with sustainability in mind.

FRANÇOIS ADAMSKI NAMED CORPORATE CHEF AT SERVAIR

Servair appointed François Adamski to the position of Corporate Chef. As ambassador of Servair, Adamski is tasked with promoting the company's culinary identity and encouraging the transfer of know-how between our chefs. He also occupies the post of Secretary General of the Studio Culinaire Servair, the group's creative think tank responsible for culinary innovation.

RRJ CAPITAL AND TEMASEK BECOME SOLE SHAREHOLDERS OF GATEGROUP

Investor developments for gategroup over the year saw two significant changes. In April, RRJ Capital became sole shareholder of the group after completing the acquisition of all outstanding shares from HNA, while Temasek remained invested in gategroup through a mandatory exchangeable bond. In September 2019 Temasek converted its mandatory exchangeable bond and acquired additional shares resulting in a 50% stake in gategroup. They are now co-shareholders with RRJ Capital, which owns the remaining 50% of the company.

GATEGROUP INVESTS IN VENTURE FUND COCKPIT INNOVATION TO DRIVE START-UPS

gategroup has invested in Cockpit Innovation, an industry venture fund that specializes in new, ground-breaking projects related to travel and aviation. The investment will provide gategroup with unique access to the latest industry change innovation, trends, up-to-date technology and customer experience insights. That access will help gategroup to further customize its products for guests in order to enhance customer satisfaction. Projects cover a broad area of interest and will enable the group to drive forward new ideas in food, technology, process, on-board and logistics to further accelerate its ongoing initiatives.

AIR EUROPA LONG-TERM GLOBAL PARTNERSHIP

Gate Gourmet and gateretail were awarded contracts to serve Spanish carrier Air Europa Lineas Aereas (Air Europa). The carrier serves destinations across Spain, Europe, Latin- America, the US, Africa and the Middle East. Air Europa's main hub will be operated from gategroup's new, state-of-the-art 9,000 sq m cutting edge kitchen facility at Coslada, near Adolfo Suarez Madrid Barajas.

THE CONNECTED EXPERIENCE – A NEW PARTNERSHIP WITH AIRBUS

gategroup and aircraft manufacturer Airbus signed a Commercial Collaboration agreement which will enable Big Data and analytics to be used across all areas of an airline's business. Called "The Connected Experience," it is an ecosystem which will link all the different elements of the cabin – seats, galleys and trollies to a central data system.

AWARDS

2019

AN AWARD-WINNING YEAR FOR GATEGROUP BOTH LOCALLY AND GLOBALLY.

Our talent around the world were recognized for their exceptional performance, innovation and creativity in a variety of ways. The recognition came from customers, partners, suppliers and the media and is a testament to the dedication of all our team members.

TWO WORLD TRAVEL AWARDS FOR "WORLD'S LEADING AIRPORT LOUNGE – FIRST CLASS" AND "ASIA'S LEADING AIRPORT LOUNGE"

gategroup's Performa Mumbai lounge team and our Joint Venture partner TFS have won two awards of the prestigious World Travel Awards (photo, left). For the fourth year running, the GVK lounge at Mumbai triumphed as the World's Leading Airport Lounge – First Class, and for the 5th time in a row, we were named Asia's Leading Airport Lounge.

THE CRYSTAL CABIN AWARD 2019 AIRBUS CONNECTED EXPERIENCE.

At these international awards for excellence in aircraft interior innovation, gategroup was an integral part of the team working with Airbus. The award came in the Best Customer Journey category for the project which creates an ecosystem that links the different elements of an airline cabin – seats, galleys and trollies to a central data system.

VOKA-FLEMISH CHAMBER OF COMMERCE AWARD FOR INNOVATIVE ENTREPRENEURSHIP 2019

deSter won the Flemish Chamber of Commerce Award for Innovative Entrepreneurship. The prize celebrated companies which spearheaded innovation throughout their operation. deSter's commitment to sustainable innovation in developing products the fully fit into the circular economy were commended.

GG SYD RECOGNIZED FOR SUSTAINABILITY WORK

Gate Gourmet Sydney, Australia was named Bronze Partner by the NSW Government Office of Environment and Heritage in a special industry event at Sydney Opera House for its commitment to business sustainability.

BRONZE QSAI EXCELLENCE AWARDS FOR GATE GOURMET ZURICH AND GUAYAQUIL

At the11th Annual QSAI Excellence Awards, Gate Gourmet in both Zurich and Guayaquil received Excellence Awards for their regions.

TWO TRAVEL PLUS MAGAZINE AMENITY BAG AWARDS FOR DESTER

The deSter team brought home two gold awards for home for their First Class female kit and MEA Business Class male kit in MEA with Oman Air .

2020 IFSA/APEX AWARDS: BEST INFLIGHT FOOD

American Airlines won the award for Best Inflight Food for its retail on board partnership with Zoë's Kitchen. This partnership was developed hand-in-hand with gategroup, who played a key role in bringing the menu to the skies.

ONBOARD HOSPITALITY AWARDS

Two gategroup companies were recognized at the Onboard Hospitality Awards. Special recognition went to Coffee Trolley by gategroup, SkyTender Solutions and Jacobs Douwe Egberts (Ones to Watch 2018 – Not yet onboard). Highly commended was Essentiel for Brussels Airlines by gategroup and deSter for the Best Onboard Amenities – Business Class.

PAX INTERNATIONAL AWARDS - GATE GOURMET NAMED SOUTH AMERICA CATERER OF THE YEAR

Gate Gourmet was named South America Caterer of the Year once again for its excellence and innovations in the PAX International readership awards.

CULINARY *Revolution*

WELCOME TO GATEGROUP'S #CULINARYREVOLUTION.

As a hospitality and culinary company, we shape powerful culinary experiences that amplify the heart and soul of our customer's brands. Our secret? Merging the art and science of culinary. We call it "culinary alchemy."

By marrying creativity with cutting-edge innovation and harnessing the power of data, we create extraordinary cuisine that exceeds the expectations of our customers and their discerning passengers. gategroup's **Culinary Revolution** is not only about changing the face of the industry, it's our promise to our customers that we will deliver an outstanding and differentiated onboard dining experience to their passengers.

We have several proof points in support of this promise. For example, our **Studio Culinaire,** founded in 2009, brings together Michelin-starred chefs and other experts to elevate the standards of inflight dining and to transpose restaurant-quality gastronomy to inflight meals. We also intend to launch a new Lufthansa-dedicated culinary think tank called **Studio 50/8®**, an exclusive house of inspiration and co-creation that will set a new airline catering industry offering.

Our **Global Culinary Community** is comprised of globally renowned experts that are brought together to discuss, reflect upon and pioneer the future of culinary. They are like-minded individuals with a true passion for culinary, genuinely driven by purpose, influential in their word and globally representative. They are renowned international chefs, food scientists, producers and suppliers, food writers, nutritionists, environmentalists and hospitality experts with one common objective: to help gategroup develop and deliver outstanding culinary offerings to our customers.

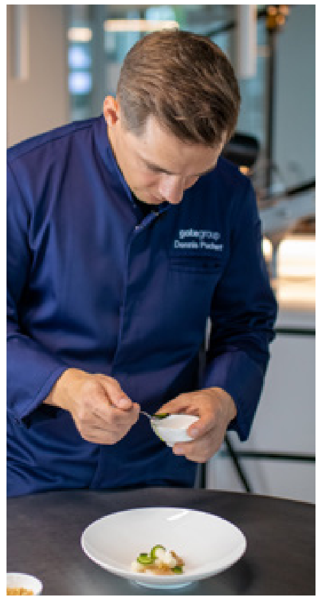
To be the best, we need to attract and retain the best. As a culinary and hospitality company, we are introducing a unique culinary training program with the renowned Le Cordon Bleu Institute in Paris to further engage and develop our 1800 chefs around the globe.

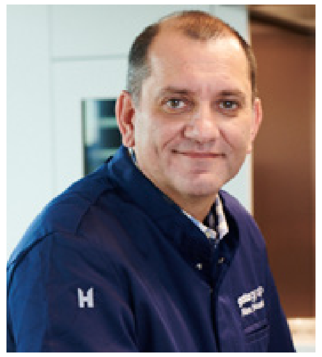
> Our airline customers are at the center of everything we do and the food we prepare for them is the heart and soul of our business.

CULINARY *Revolution*



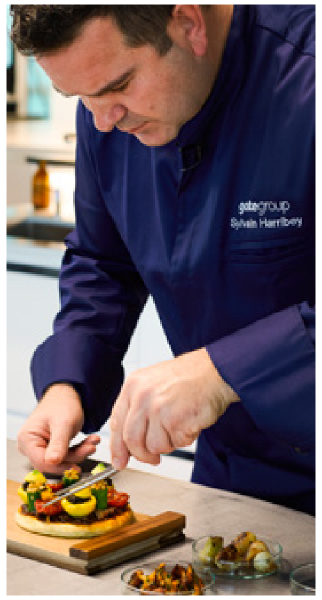










> We apply the art of imagination to create food that delights and satisfies people’s desires. And we combine it with the application of innovation, technology and data. As a result, our customers can promise their passengers incredible dining experiences, even in the challenging atmospheric conditions of a plane at cruising at altitude.

Created in 2009, Studio Culinaire is an elite group of Michelin-starred chefs and experts who join forces with the common goal of raising the standards of onboard dining by transposing sophisticated practices of gastronomy for our customers and their passengers.

DATA *Revolution*

TECHNOLOGY AND DATA ARE AT THE HEART OF EVERYTHING WE DO.

Anticipating the individual needs of over 700 million passengers a year is a complex undertaking. Today's sophisticated passengers expect us to understand and appreciate their lifestyles and by using data and predictive technologies, we better understand and address their wishes while traveling.

Technology and data are 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 to deliver the superior travel experience that our airline partners and passengers expect. This includes leveraging social media and Artificial Intelligence to accurately predict consumer behavior through key partnerships with Airbus and Black Swan.

gategroup has also joined forces with Black Swan to though an exclusive partnership to develop a ground-breaking travel retail digital platform. The partnership combines gateretail's industry leading knowledge, capabilities and retail software platforms with Black Swan's award winning, data-driven predictive analytics improving airline crew sales capabilities and passenger interaction dynamics.

We are also utilizing Trendscope, the first-ever social prediction tool developed by Black Swan. Trendscope is capable of analyzing millions of real-time online consumer conversations which then evaluates, ranks and predicts every category trend by its future growth potential, helping you determine which trends will matter most to your consumers. This in turn promotes sound sustainability practices in the industry, customer satisfaction and in turn, profitability. Indeed, leveraging this information together with gategroup's culinary and retail expertise, gategroup is able to drive critical insights that drive innovation in menu development, waste reduction, product range and category optimization.

> **gategroup is able to drive critical insights that drive innovation in menu development, waste reduction, product range and category optimization.**

THE CONNECTED EXPERIENCE

Airbus

GATEGROUP TEAMS UP WITH AIRBUS TO LAUNCH THE CONNECTED EXPERIENCE.

In the Spring of 2019, aircraft manufacturer Airbus launched the "Connected Experience", an industry-wide ecosytem which links the different elements of the cabin – seats, galleys and trollies - to a central data system. gategroup and Airbus signed an exclusive commercial collaboration agreement that will enable Big Data and analytics to be used across all areas of an airline's business.

The interconnected platform linking all the core cabin components will allow passengers to receive a much more personalized, individually tailored travel experience. Having seamless connectivity for each individual flight will not only provide data and real-time information to airlines and passengers, it will also give flight crews access to the real-time integrated platform. For gategroup's airline customers this provides opportunities to improve their ancillary revenues and operational efficiencies.

Three keys areas make up the cooperation between gategroup and Airbus with a fully digital galley and the dynamic galley. The digital galley starts with a smart trolley which provides an end-to-end, real-time catering process from airline to caterer, caterer to aircraft and aircraft to caterer and airline.

Next comes the real-time data delivered by the connected galley, the catering loading plans, and the real-time, inflight data processed during flight and reported back to the airline. Lastly, the extensive post flight data analytics which will enable accurate future demand predictions. These will be possible across all individual flights and aircraft types. The dynamic galley concept enables flexible configuration of the galley through galley inserts and trollies that will be added, entirely driven by the needs of each route or service concept.

The connected galley will enable passengers to pre-order from a dedicated prediction of preferred food and beverage – which reduces waste and increases passenger satisfaction. It will also enable cabin crew to benefit from full transparency of inventory management for more efficient operations, as well as facilitating remote passenger communication to deliver quick and personalized passenger service based on individual preferences.

As airlines drive to become smarter, more efficient and data-driven, they can benefit from the digital transformation provided by The Connected Experience and its seamless connectivity to deliver the data and service enhancements which will deliver ever greater passenger onboard experiences and satisfaction.

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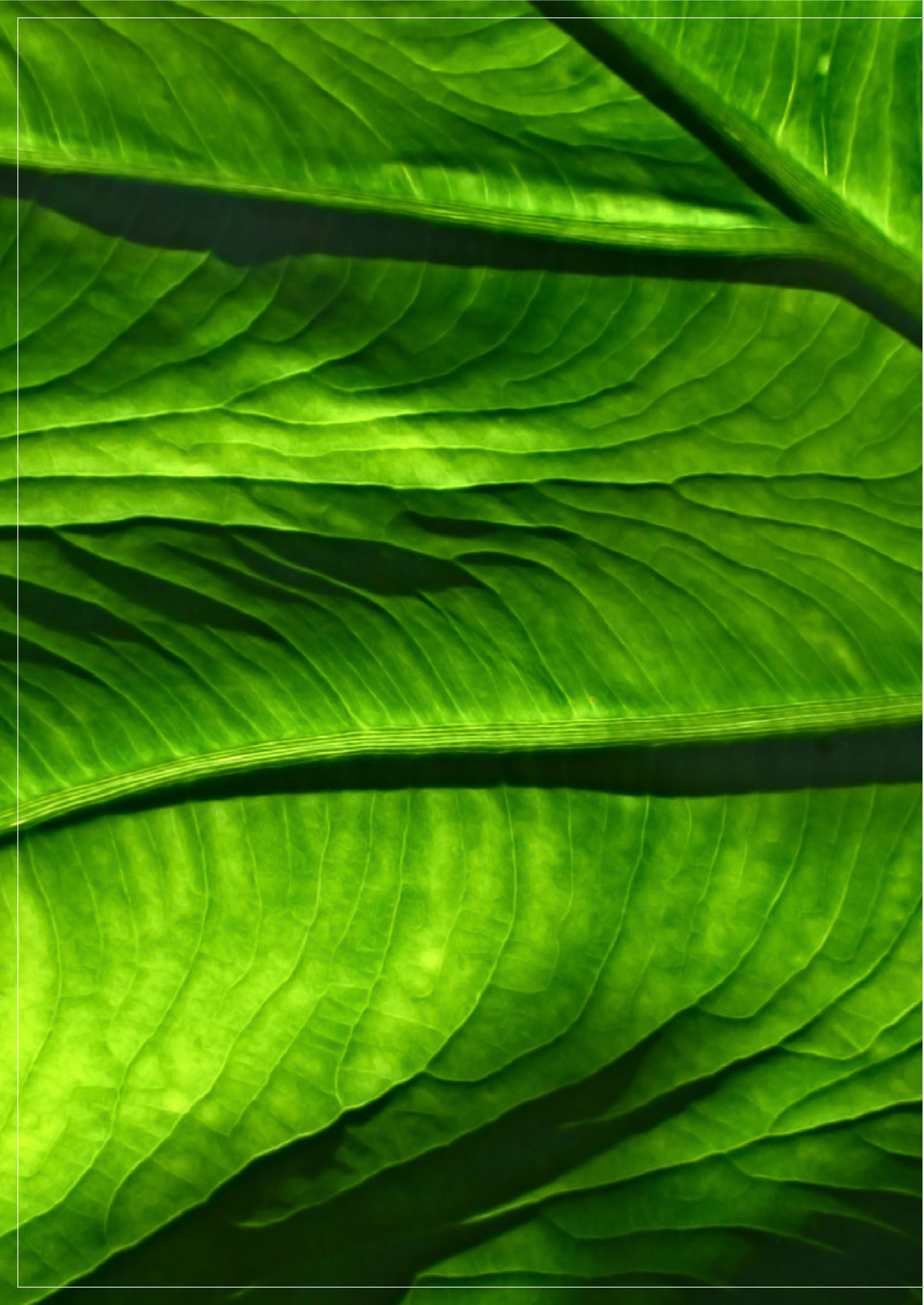
**smarter.
more efficient.
data-driven.**



GREEN REVOLUTION

Sustainability

SUSTAINABILITY IS NOT A TREND. IT'S A MUST.

Climate change, and the ecological challenges it presents, is something we need to address in order to safeguard our planet for generations to come. And if we want environmental change, our industry must join forces and lead by example.

The growing concerns over climate change have correctly focused attention on the work aviation is doing to reduce emissions. IATA recently reported that airlines have cut average emissions per passenger journey in half compared to 1990. Importantly, the industry is committed to reducing its environmental impact even further, for example, by reducing or eliminating single-use plastics, introducing onboard recycling initiatives and operating zero waste flights.

Together with the Airline Catering Association, we are working with several trade bodies to understand how inflight catering, and specifically gategroup, can join forces with existing programs. And because the industry spans different industries and sectors, there are clear opportunities where we can make an impact. We also work closely with our airline customers and partners on a range of sustainable initiatives, to become more sustainable.

In addition, gategroup has undertaken a materiality analysis to review its Sustainability program and created a new framework, now focusing on People, Products and Environment. We have listened to all our stakeholders and the new framework encapsulates their objectives and allows gategroup to position itself in a more effective and dedicated way.

ONEgate, ONEplanet

We are proud of our commitment to taking actions to become more sustainable through our focus on three key dimensions:

Our People: We want to offer a healthy, inclusive and safe workplace that fosters well-being and development that results in high employee attraction and retention.

Our Products: We want to provide pure, healthy, and sustainable food choices through culinary innovation and supply chain collaboration. This translates into our ambitions for healthy food options, sustainable sourcing, weight reduction and environmentally conscious equipment solutions.

Our Environment: We aim to minimize waste and food spillage, reduce our carbon footprint through innovation in production, product design and green technologies, taking an end-to-end approach.

We apply sustainable operating practices in our units, most recently at our new, state-of-the art unit in Coslada (Madrid), Spain. From solar panels to water reuse to embedding "Intelligent" systems into our processes that lead to great savings in water, chemicals and energy.

ENVIRONMENTALLY CONSCIOUS Design

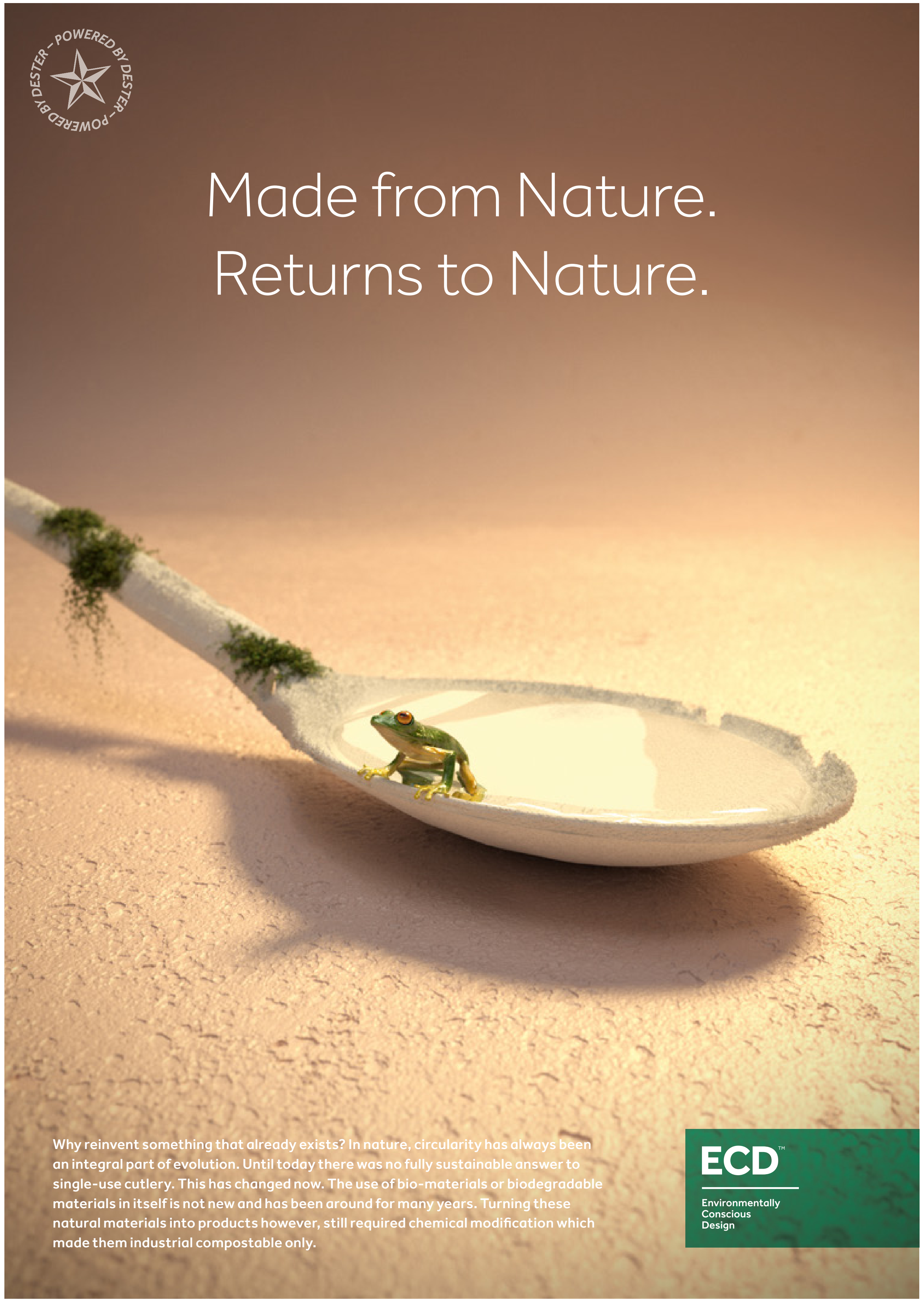
DESIGNING TODAY FOR A SUSTAINABLE TOMORROW.

Today, more than ever before, designing food packaging and tableware goes however far beyond optimizing functionality and looks. Environmental awareness is globally gaining momentum amongst both passengers and crew alike. Legislation is changing accordingly with the recent European Single Use Plastics directive (SUP) being a good example. This focus on sustainability provides airlines with a great opportunity to showcase their environmental leadership and commitment towards implementing sustainable solutions.

A common misinterpretation is that products made from sustainable materials are undoubtedly eco-friendly. Developing a truly sustainable product however encompasses a lot more than just using eco-materials to produce it. Developing solutions that fit into the circular economy requires a holistic approach, with a focus on CO_2 reduction and the use of valuable low impact materials.

That's why gategroup member company deSter is committed to developing sustainable products from the bottom up. For all new developments, we make it a priority to create products that go beyond the perception of being eco-friendly but take into account the complete carbon footprint including manufacturing, on-board use and supply chain.

To underscore our commitment and contributions towards preserving the environment, we have developed our ECD design philosophy. ECD stands for Environmentally Conscious Design and encompasses all of our actions towards developing sustainable products. Since January 2020 we are part of the Ellen MacArthur foundation CE100 network, the world's leading circular economy network. The CE100 network brings together leading business, innovators, cities and governments, universities, and thought leaders to collaborate and share challenges, vision and strategies regarding the circular economy.



ECD™

Environmentally Conscious Design

ENVIRONMENTAL COMMITMENT

We've set some ambitious goals to remind ourselves, our customers and everyone we work with that if we want environmental change, we have to collaborate and lead by example. By 2020 we aim that 100% of our new product launches are made of recyclable, recycled or renewable sources that can be recycled or biodegraded. By 2025 All our products should fit into the circular economy, either by being recycled or biodegraded.

deStudio

deStudio, our multidisciplinary in-house team, is made up of designers, engineers, sustainability experts and product developers, all collaborating to deliver environmentally conscious products and sustainable production methodologies. In order to drive innovation and complement our own expertise where necessary, we collaborate with internationally renowned institutions and universities. This way we make sure to provide our customers with future proof solutions that do not only deliver on today's requirements, but also anticipate the needs of tomorrow.

KEY FOCUS AREAS

Our approach encompasses two areas: Fiber-based products and the development of compostable materials respecting the SUP directive. Next to that we focus on developing closed loop recycling processes. Due to our worldwide in-house manufacturing facilities, we can control the entire process.

ECD REALIZATIONS

In November 2019 deSter and SAS launced an entirely bio-based version of the award-winning Cube salad packaging together with a unique and market first completely biodegradable cutlery. The FSC certified carboard Cube achieves an overall yearly weight reduction of 9,7 tons representing 15% CO_2 reduction per year. The cutlery will be the industry's first cutlery that fully complies with the EU's SUP directive: it is soil biodegradable and the material used is even marine biodegradable. The material degrades faster than wood and does not compromise on functionality and taste. It is the result of our ECD approach through an intense R&D trajectory with partners.

SAS CUBE

The plastic containers inside the Cube were replaced with FSC cardboard with a plant-based polymer coating, replacing the oil-based-plastic liner. Additionally, an overall yearly weight reduction of 9,7 tons was achieved, representing a 15% CO_2 reduction per year. The cutlery kits are only offered when required in order to maximize resource efficiency. Additionally, its material has also been changed from an oil-based plastic to a plant-based one. Furthermore, the cutlery kit is now wrapped in a recycled paper napkin instead of a plastic bag.

EXCLUSIVE PARTNERSHIP IN FIBER TECHNOLOGY

We have entered an exclusive partnership with PulPac, a Swedish R&D and IP company, for the development and manufacturing of fiber based single use food packaging products in the airline industry. This packaging is completely compostable and made from renewable locally FSC sourced wood fiber materials. Furthermore, the production technology requires no water use in comparison to wet molded technologies. Furthermore, the uniqueness of this sustainable technology has been reflected in the grant of a development fund of 650k euro by the Flemish government. The production of these products will occur in our various global production locations close to our customers which cuts transportation and reduces our carbon footprint. In addition to airlines we are currently developing a fiber-based packaging solution in this PulPac technology for a leading chain of QSR restaurants within the European market.

KLM TRIALS CLOSED-LOOP RECYCLING TEST FLIGHT: AMS – YVR

On December 18, KLM Royal Dutch Airlines conducted a test flight with flight Nr. KL0681 from Amsterdam to Vancouver with catering supplies on board that have mainly been collected and recycled within a new, closed-loop system. The containers, lids and glasses were collected earlier this month off four Vancouver Amsterdam flights. They were cleaned and after recycling, reused on this flight. During this innovative test, dessert and salad trays, lids, plastic glasses and hot meal trays – which, according to European legislation, would have to be disposed of on flights from outside Europe – can now be washed and recycled. The trial is being organized jointly with deSter, which supplies KLM with its catering materials.

100% PLASTIC-FREE PAPER CUP

We are proud to have launched the industry's first complete plastic free paper cup. This paper cup solves the fact that current paper cups still have a plastic liner on the inside, which makes them difficult to recycle or compost.

OPERATIONAL EXCELLENCE

gateOPEX

AT GATEGROUP, INNOVATION AND STANDARDIZATION WORK HAND IN GLOVE TO FOSTER A CULTURE OF OPERATIONAL EXCELLENCE.

For the past 10 years, gategroup's proprietary gateOPEX program has set the internal standard for safety, security, reliability and productivity as a key component of our strategy. In 2018, we initiated gateOPEX 2020, defining enhanced standards for operating units to achieve by the end of 2020. We continued to refine our operating model and, in 2019 introduced gategroup's Standardization Office, wherein internal experts create and codify best in class standards ("gold standards") of all core processes and then serve as a support network for local deployment and sustainability.

STANDARDIZATION – OUR RECIPE FOR SUCCESS

For a company like gategroup that has doubled in size every four years since the company was founded, standardization is vital to our operational success, professional fulfillment and customer satisfaction. We focus on standards to drive predictable performance, cost optimization, reduced labor and material waste and ease of integrating new business.

COMPETENCE CENTERS

Our program is based on a franchise concept; we certified benchmark operating units in 2018 and 2019 as Competence Centers that now serve as learning academies for other units. Colleagues come together by region to undergo formalized training and return to their units with the knowledge and inspiration to create excitement and acceptance locally. Through this method, we successfully implemented gold standards at roughly half of our 134 units in 2019, with remaining units proceeding in 2020.

SEASONED WITH INNOVATION

Continuous improvement sets the stage for creativity, and our people are the best authority on process improvement. Employee involvement is encouraged; gategroup welcomes good ideas from our expert team members, who we consider the generators of inhouse research and development. When employees recommend revisions to existing standards or best practices, we test them at a Competence Center for viability before rollout.

CATERING TO OUR BUSINESS

Underpinning operational excellence is gategroup's investment in standardized facility design, organizational structure and enterprise resource planning (ERP) platforms. By investing in unified facility production areas and quality controls, we are reducing complexity and risk while maximizing capacity and improving workflows. Similarly, our standard organizational structure helps us ensure the right people are trained to the same standard to provide identical deliverables regardless of customer or location. The integration in 2019 of Workday ERP software supports this organizational framework globally and allows us to target advantageous points in an employee's life cycle. This is supported by additional communications tools and Learning Management System software.

Additionally, gategroup continues to deploy its proprietary SACS ERP, customized to fit with gateOPEX processes, with approximately 40% of units using the system at year-end 2019. System rollout began in 2018 and will continue in 2020.

SERVING UP OPERATIONAL EXCELLENCE

As we deploy global standards to elevate quality and productivity across our network, we are creating a clear "gategroup experience" for our people, customers and the passengers we serve. From culinary through retail technology to last-mile provisioning, our ability to provide standardized service across our global network sets gategroup apart from the competition. It's our signature dish.

GATE GOURMET SYDNEY'S GATEOPEX *Journey*

GATEOPEX 2020

Gate Gourmet Sydney recently underwent full gateOPEX implementation in a period of just three months. It is a prime example of our team's focus on operational excellence and the program's success. Gate Gourmet Sydney is one of the most complex airline catering facilities in the world. As the hub caterer to Virgin Australia, we also cater 24 international airlines and state trains. Sydney is also a frozen production facility for all Australian ports and services an airport with strict overnight curfew regulations.

Understandably, standardization is critical to running a successful operation. Implementation of the gateOPEX 2020 program has transformed the way in which Sydney services its internal and external customers. It has also introduced the facility to a variety of tools and processes that ensure reliability, consistency, capacity management and capital optimization.

Key successes from the gateOPEX 2020 implementation included space optimization through improved workflows and the identification and removal of excess equipment, enhanced production schedules, improved turnaround times for food handling, greater material controls, and increased communication and knowledge sharing between departments and management. Sydney's speedy implementation of gateOPEX 2020 may have been challenging at times, however the team expressed that it was an extremely rewarding journey that required everyone's commitment and dedication.

gateOPEX requires people to think differently, learn new ways of working, and manage elements of a major change program.

> **The result:**
> **A stronger and more unified team operating a facility of best practices, prepared for any challenge.**

CORPORATE RESPONSIBILITY

2019

PROJECTS FROM AROUND THE GATEGROUP WORLD

gategroup's Corporate Responsibility 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 Corporate Responsibilty approach is reaffirmed through regional Initiatives.Our teams 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.

We invite you to learn more about how our employees around the globe are making a difference. These are just a few examples of living our commitment to key focus areas which include protecting the environment, giving back to our communities, supporting equality and providing opportunities to individuals with special needs.

SUSTAINABLE GASTRONOMY DAY

The United Nations "Sustainable Gastronomy Day" emphasizes the need to focus the world's attention on the role that sustainable gastronomy can play. At gategroup, our chefs are continually seeking new ways to cook responsibly. By utilizing as much of the fish as possible, our chefs recently created not just one, but four dishes using this stunning Norwegian Skrei Cod (photo, left). All Skrei is Marine Stewardship Council certified, with strict catch guidelines that ensure a healthy population and environmentally sound process.

SUPPORTING WOMEN IN AVIATION

Servair Ghana was a proud partner of this annual event which encourages girls and young women to become involved in the aviation industry. Organized by Women in Aviation International, the program aims to introduce females from 8 to 17 years of age to the many career options offered in the aviation and aerospace industry. With 118 events organized worldwide, the 2019 edition attracted around 20,000 participants. Ghana's Minister of Aviation was also in attendance at the event in Accra, Ghana.

BRINGING LIGHT TO HUNDREDS OF HOMES

Gate Gourmet Colombia donated lights to a community housing project which helped bring illumination to nearly 800 families. The lighting brought a better quality of life to families in 17, six-floor tower buildings thus assisting some of the most vulnerable individuals in the community.

OZ HARVEST NIGHT – COOKING FOR THE DISADVANTAGED IN AUSTRALIA

The Oceania management team once again donned their aprons to cook up a storm for charity and raise money for ongoing food rescue programs in Australia. Funds raised by the event are used to deliver meals to those in need.

INNOVATIVE IDEAS TO REDUCE WATER AND PLASTIC WASTE

Approximately 62,000 liters of returned but opened water bottles were being disposed of at our unit in Chile. A new, in-house designed system now enables this water to be reused for washing vehicles and outdoor irrigation, for example. The team also took the "Reuse, Reduce, Recycle" message to heart when they designed a centrifuge to recycle rather than dispose of plastic elements from certain waste returning to the unit. Now, 2,500-3,000 kgs of plastic can be recycled each month, with the water used in the centrifuge being derived from unused ice on inbound flights.

COOKING COMPETITION FOR YOUTH WITH REDUCED MOBILITY

Servair was a sponsor of the Assiette Gourm'hand cooking competition for youth affected by reduced mobility. The event was held at the Lycée Professionnel in Sainte-Marie de Bailleul, France, where participants demonstrated their culinary skills with the aim to be named winner of the best dish.

ORBIS FLYING EYE HOSPITAL PROJECT

Servair Ghana Partner partnered with the ORBIS Flying Eye Hospital Project, an international non-profit organization that fights avoidable blindness in 18 countries around the world. The Orbis flying hospital aircraft was based at Accra Airport for three weeks where they provided specialized ophthalmologist training for child eye care.

CABIN WASTE FORUM

gategroup participated in the first cabin waste forum which took placed in Lisbon, Portugal, where airlines and other partners came together to collaborate on waste reduction and eliminating single-use plastics on flights.

FOOD BANK DONATIONS IN INCHEON

Gate Gourmet Korea was proud to donate extra food items to the Incheon Food Bank, including boxes of crackers and strawberry jam which were close to their expiration date but still comestible. Additionally, the team provided over 7,000 leftover frozen hot dogs which also contributed to reduction of food waste.

A380 VISIT AND A NEW HOME IN SWITZERLAND

gategroup teamed up with the Swiss Red Cross and Singapore Airlines to invite young migrants who have found their new home in Switzerland to visit the Zurich Airport. Once there, they visited a Singapore Airlines A380 aircraft and then enjoyed a pasta lunch in the Gate Gourmet Zurich canteen.

R U OK?

You can start a conversation that could change a life, and the conversation starts with the simple question: R U OK? Gate Gourmet Australia has done just that by launching a campaign at various units, and their colleagues around the globe were encouraged to join by asking their colleagues "R U OK?"

SUSTAINABILITY FORUM WITH AIR FRANCE BEVERAGE RECYCLING

Servair and Air France have begun recycling beverage packaging for flights arriving in Paris, including single use plastic bottles, cans and cartons. Items are separated, sorted and tagged before they leave the aircraft to be put into the appropriate recycling program.

"MOOIMAKERS" FIGHT ROADSIDE LITTER

deSter employees in Belgium supported a Flemish Government initiative – known as "Mooimakers – which fights roadside litter and illegal dumping. The organized walk allowed participants to collect multiple bags of roadside waste from near their offices and production facility.

WORKPLACE INTEGRATION PROGRAM

Servair France, in partnership with the association "Vivre et Travailler Autrement" (AVETA), has started an initiative to employ individuals with autistic disorders in units. AVETA's ambition is to provide adults with moderate to severe autism disorders with permanent employment, accommodation and activities that promote integration and development. Servair's Pac Ouest unit has welcomed its first autistic employee, and plan for more soon.

WEAR IT PINK: BREAST CANCER AWARENESS MONTH

gategroup employees around the world recognized Breast Cancer Awareness Month in October, helping raise awareness and funds for this worthy cause. Wear it Pink!

TALENT @GATE

Leadership development

WE ARE A PEOPLE BUSINESS AND BELIEVE IN DEVELOPING AND GROWING TALENT FROM WITHIN.

Our leaders are engaged in the training of our employees at all levels and act as mentors and coaches. In all our regions, employees are offered a wide range of development opportunities to train required skills and enable career progression opportunities.

As a group, we run a number of leadership development initiatives to facilitate our ONE team, ONE gate, ONE DNA spirit.

LEAD@Gate is our mid-level leadership development program which brings together leaders from around the globe, thus enabling participants to build an effective peer group network across the organization and become proficient in working in a virtual and networked international environment. The program enhances participants' capabilities and skills in the areas of strategy and execution, finance, customer centricity and change management. It develops understanding of the individual's own Leadership Brand and allows them to engage in a dialogue with senior business leaders on our current and future business challenges to identify opportunities for growth and innovation in the business.

The global **Operational Graduate Program** was launched in January 2019 as a lever to grow our next generation of operational leaders in our operations globally. This structured 18 month program combines on-the-job practical experience with a series of blended learning modules including three global training weeks. Graduates are also provided with a dedicated mentor. This entry-level talent program reinforces our global standardization efforts, strengthens the operational talent pipeline and promotes diversity of thought and innovation.

The **Excellence in Business Partnering** program targets our business support functions. It is run regionally at different locations around the world. It is based on real life case studies to provide participants with tangible examples that relate specifically to the work they undertake. Within the program participants develop the critical added value skills required of internal business advisers and support specialists.

Our **Commercial Excellence Training** program is a highly interactive training session designed to develop and enhance the commercial teams' skills in the areas of strategic and analytical thinking, listening and customer engagement. It features opportunities for meaningful and robust interaction and collaboration with commercial peers.

In our commitment to improve gender balance we have implemented a global mentoring initiative - our **Women2Women** mentoring program which has allowed female talent to be mentored by female leaders.

As a culinary and hospitality company we are committed to setting the industry standard when it comes to **Culinary Talent Development.** To be the best we need to attract and retain the best. To engage and develop our culinary talent we are finalizing a unique culinary training program with the renown Le Cordon Bleu Institute and will soon launch the first-ever in-house global culinary talent competition in the airline catering industry to identify and challenge our culinary talent in creating unique dishes that fly at 40'000 feet.

FACTS & *Figures*

700+
MILLION PASSENGERS SERVED ANNUALLY

300+
GLOBAL CUSTOMERS

8 out of 10
GLOBAL CUSTOMERS SERVED

2500+
HIGH LOADERS

200+
OPERATING UNITS IN 60+ COUNTRIES/TERRITORIES

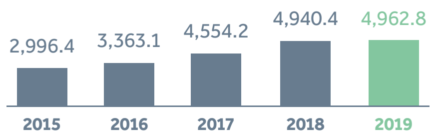
ca. 5 million
FLIGHTS CATERED ANNUALLY

20
20 AIRLINE RETAIL CUSTOMERS SERVED

ca. 50 million
INFLIGHT RETAIL TRANSACTIONS ANNUALLY

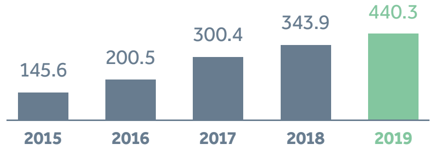
FINANCIAL OVERVIEW (IN CHF M)

TOTAL REVENUE



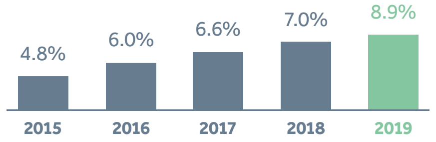
CHANGE VS. PRIOR YEAR **+0.5%**

EBITDA



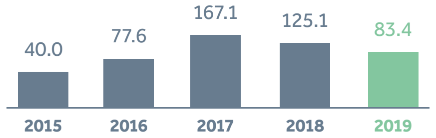
CHANGE VS. PRIOR YEAR **+28%**

EBITDA MARGIN



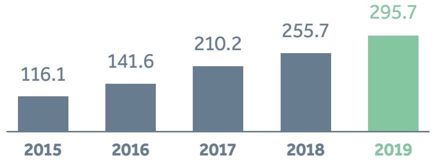
CHANGE VS. PRIOR YEAR **+27%**

OPERATING PROFIT



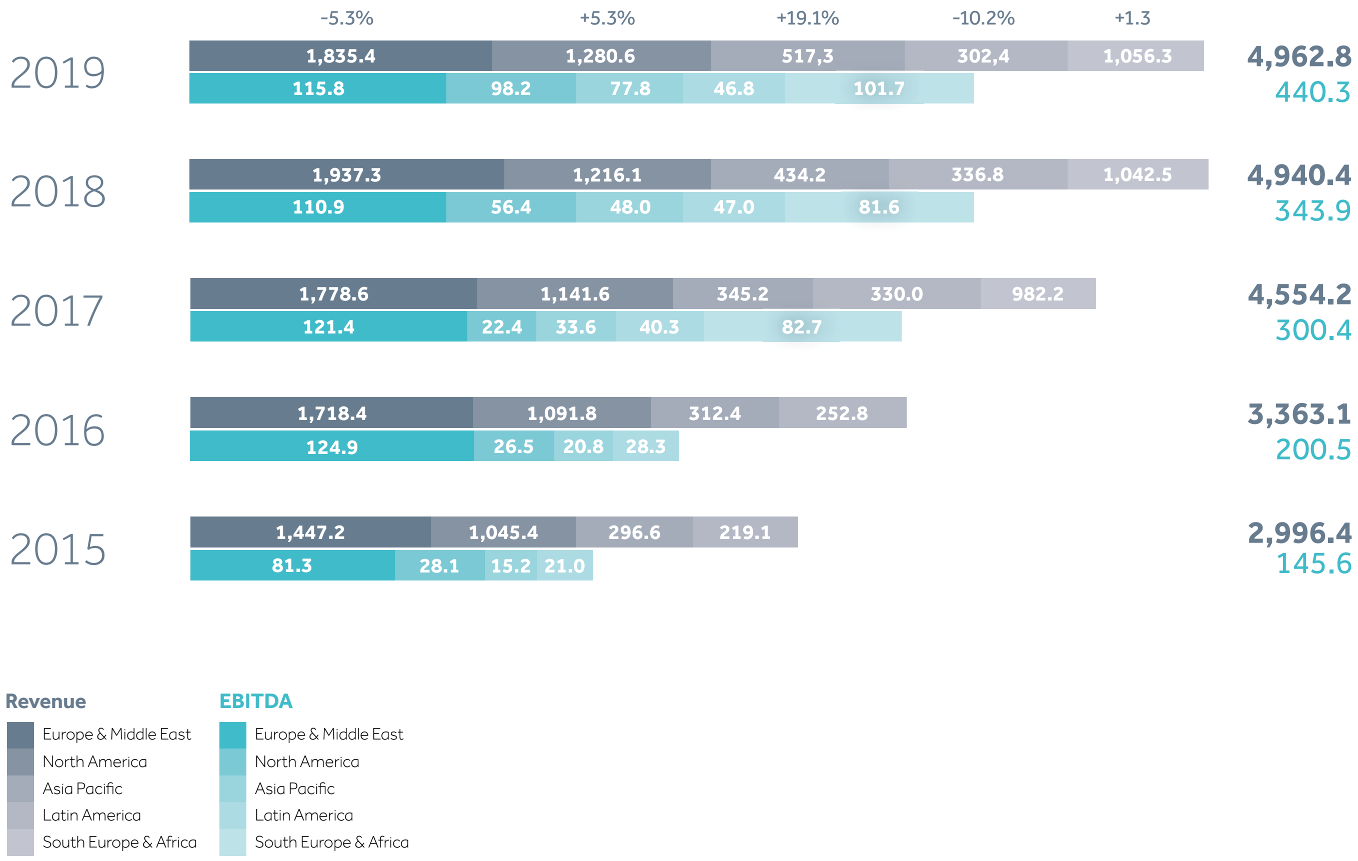
CHANGE VS. PRIOR YEAR **-33%**

CASH GENERATED FROM OPERATIONS



CHANGE VS. PRIOR YEAR **+15%**

REVENUE & EBITDA BY REGION (IN CHF M)



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. 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). Mr. Rossinyol holds a BBA and MBA in International Management and Finance from ESADE (Barcelona,Canada and Hong Kong), and a Master in Business Law from Universitat Pompeu Fabra, Barcelona.

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 gate-group 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 Commit-tee 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, Mr. Germani 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.

BOARD OF *Directors*

RICHARD ONG

CHAIRMAN 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. He was named gategroup's Chairman of the Board in April 2019. 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). He became a Managing Director of Goldman Sachs in 1996 and a partner in 2000. Mr. Ong was also a member of the Goldman Sachs Asian Management Committee. Prior to his transfer to Goldman Sachs Gaohua Securities Co. Ltd. in Beijing, he was the Co-President of Goldman Sachs Singapore. Richard also has experience working in Hong Kong, and prior to joining Goldman Sachs, Mr. Ong 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.

UWE KRUEGER

MEMBER OF THE BOARD

Dr. Uwe Krueger joined Temasek in January 2018, and is currently Joint Head, Portfolio Management Group and Head, Industrials, Business Services, Energy & Resources. Prior to Temasek, Dr. Krueger was the Chief Executive Officer of WS Atkins plc, one of the world's largest engineering firms providing professional, technology-based consultancy and support services globally to private and public sector clients. Prior to Atkins, he was the President of Cleantech Switzerland. He was also an Operations Director and Senior Advisor with TPG Capital, based in London and San Francisco. Before TPG Capital, he was the Chief Executive Officer of OC Oerlikon Management AG and assumed multiple roles with Hochtief AG, among them CEO Central/Eastern Europe (Warsaw, Moscow) and Chairman Turner International (Dallas/US). He started his career as a Project Manager with A.T. Kearney. Dr. Krueger currently serves on the Board of Aggreko plc. He previously served on the Boards of SUSI AG, Ontex S.A., and was a Member of the Swiss Federal Nuclear Commission. Dr. Krueger holds a PhD from University of Frankfurt and was conferred an Honorary Doctorate from Heriot-Watt University, Edinburgh. He also holds an Honorary Professorship of Physics at Johann Wolfgang Goethe University, Frankfurt. He received the European CEO of the Year Award in 2016.

CHARLES ONG

MEMBER OF THE BOARD

Charles Ong is co-Chairman of RRJ Capital. Prior to joining RRJ in 2012, Mr. Ong was with Temasek Holdings for 10 years, where he held various positions including Chief Investment Officer and Chief Strategy Officer. From 2009-2011, he was Chief Executive Officer of Seatown Holdings International, a global investment subsidiary of Temasek Holdings. Mr. Ong was with Deutsche Bank from 1998-2002 where he oversaw their investment banking business in South-East Asia. He started his career with Lazard Freres & Co, New York in 1989 and he relocated to Singapore in 1995 to help start Lazard's operations in Asia. Mr. Ong is a graduate of Massachusetts Institute of Technology (B.Sc.) and he holds an MBA from Harvard Business School.

ANDREAS SCHMID

MEMBER OF THE BOARD

Andreas Schmid is an entrepreneur and has served as Chairman and co-owner of Helvetica Capital AG since 2017 and as Chairman of the Board of Zurich Airport since 2000. In 2008 Andreas Schmid was elected into the Board of Steiner AG and two years later into the Board of Wirz Partner Holding AG, where he has served as Chairman of the Board since 2017. In 2014 he was named Chairman of the Board of Trustees of Avenir Suisse and in 2017 was elected to the Board of The Radisson Hotel Group. Formerly, Mr. Schmid was Chairman of gategroup from 2009 until 2015. He was appointed Chairman and CEO of Barry Callebaut AG 1999, where he subsequently served as Vice-Chairman until 2014 and thereafter as member of the Board of Directors until 2017. Between 2002 and 2006 Mr. Schmid chaired the Board of Directors of Kuoni Travel Holding AG and between 2007 and 2011, he chaired the Supervisory Board of Symrise AG. Mr. Schmid holds a master's degree in law (lic. iur.) from the University of Zurich, where he also studied economics and management.

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, Mr. Reid served as President of the Cora Aircraft Program, the world's most advanced electric vertical take-off aircraft.

BJÖRN BAJAN

MEMBER OF THE BOARD

Mr. Bajan is a business lawyer with over 30 years of experience as partner in a Zurich law firm as well as Executive Manager and Member of the Board in various Swiss and international corporations. He is presently the Chairman of Susi Partners AG in Zurich, a leading sustainable infrastructure investor. He also served as Executive Board member of OC Oerlikon Corporation AG, one of the world's leading high-tech industrial companies and as Corporate Secretary and Board Advisor of Landis+Gyr. Mr. Bajan holds a degree in Law from the University of Zurich and is a member of the Zurich Bar. Additionally, he earned a Master of Law in international Business Law from the University of London.

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. Mr. Rossinyol holds a BBA and MBA in International Management and Finance from ESADE (Barcelona,Canada and Hong Kong), and a Master in Business Law from Universitat Pompeu Fabra, Barcelona.

CONSOLIDATED FINANCIAL STATEMENTS

Financial Report

Consolidated Financial Statements

Consolidated Income Statement

in CHF m	Notes	2019	2018[1]
Total revenue	6	**4,962.8**	**4,940.4**
Materials and service expenses		(1,782.2)	(1,914.6)
Personnel expenses	7	(2,072.7)	(1,930.2)
Other operating expenses, net	8	(825.8)	(851.0)
Impairment charges	16, 19	(8.7)	–
Depreciation and amortization	16, 18, 19	(214.2)	(117.6)
Other gains and (losses), net	9	24.2	(1.9)
Total operating expenses		**(4,879.4)**	**(4,815.3)**
Operating profit		**83.4**	**125.1**
Financial income	10	4.6	12.9
Financial expense	10	(82.7)	(66.0)
Share of result of associates and joint ventures	11	5.5	7.5
Profit before tax		**10.8**	**79.5**
Income tax expenses	21	(89.3)	(29.7)
(Loss)/Profit for the year		**(78.5)**	**49.8**
thereof attributable to shareholders of the Company		(107.4)	29.5
thereof attributable to non-controlling interests		28.9	20.3

[1] The Group has adjusted the presentation of the comparative period 2018 disclosing financial income and financial expense separately.

Consolidated Statement of Comprehensive Income

in CHF m	Notes	2019	2018
(Loss)/Profit for the year		**(78.5)**	**49.8**
Items that will not be reclassified to profit or loss			
Remeasurement (losses)/gains on defined benefit plans, net of taxes	21, 22	(25.3)	6.7
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising during the year, net of taxes		(18.6)	(10.9)
Other comprehensive income		**(43.9)**	**(4.2)**
Total comprehensive income		**(122.4)**	**45.6**
thereof attributable to shareholders of the Company		(147.4)	26.3
thereof attributable to non-controlling interests		25.0	19.3

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

Consolidated Balance Sheet

in CHF m	Notes	December 31, 2019	December 31, 2018[1]
Cash and cash equivalents	12	172.1	181.4
Trade receivables	13	431.7	451.8
Other current receivables and prepayments	14	224.7	245.8
Inventories	15	144.5	168.5
Current income tax assets		19.7	26.3
Assets held for sale	17	2.7	3.1
Assets of disposal group classified as held for sale	17	–	16.3
Total current assets		**995.4**	**1,093.2**
Property, plant and equipment	16, 19	1,032.3	559.7
Intangible assets	18	1,114.2	1,174.8
Investments in associates and joint ventures	11	53.4	49.1
Financial assets at fair value through profit or loss	20	39.6	39.7
Other non-current receivables		105.8	85.6
Deferred income tax assets	21	67.4	66.2
Defined benefit assets	22	–	12.8
Total non-current assets		**2,412.7**	**1,987.9**
Total assets		**3,408.1**	**3,081.1**
Short-term debt	23	296.0	217.6
Trade and other payables	24	356.1	398.2
Current income tax liabilities		61.7	50.6
Short-term provisions	25	41.4	50.3
Other current liabilities	26	760.9	568.8
Liabilities of disposal group classified as held for sale	17	–	15.4
Total current liabilities		**1,516.1**	**1,300.9**
Long-term debt	23	1,048.1	642.3
Deferred income tax liabilities	21	57.3	51.9
Defined benefit liabilities	22	206.6	190.1
Long-term provisions	25	130.7	135.0
Other non-current liabilities	26	107.5	268.2
Total non-current liabilities		**1,550.2**	**1,287.5**
Total liabilities		**3,066.3**	**2,588.4**
Equity attributable to shareholders of the Company		220.8	401.9
Non-controlling interests		121.0	90.8
Total equity		**341.8**	**492.7**
Total liabilities and equity		**3,408.1**	**3,081.1**

[1] The Group has adjusted the comparative balance sheet as at December 31, 2018, for the impact of IFRIC 23 as disclosed in Note 2.2.

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, 2018	**134.0**	**(2.6)**	**260.9**	**9.5**	**0.1**	**401.9**	**90.8**	**492.7**
(Loss)/Profit for the year	–	–	(107.4)	–	–	(107.4)	28.9	(78.5)
Other comprehensive income	–	–	(25.3)	(14.7)	–	(40.0)	(3.9)	(43.9)
Total comprehensive income	**–**	**–**	**(132.7)**	**(14.7)**	**–**	**(147.4)**	**25.0**	**(122.4)**
Capital increase	1.5	(1.5)	–	–	–	–	–	–
Effect of hyperinflation accounting	–	–	3.1	–	–	3.1	–	3.1
Capital increase in non-controlling interests	–	–	–	–	–	–	21.9	21.9
Change in non-controlling interests	–	–	–	(0.2)	–	(0.2)	(0.1)	(0.3)
Disposal of subsidiaries (Note 31)	–	–	0.1	–	(0.1)	–	0.3	0.3
Dividends paid (Note 27)	–	–	(36.6)	–	–	(36.6)	–	(36.6)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(16.9)	(16.9)
At December 31, 2019	**135.5**	**(4.1)**	**94.8**	**(5.4)**	**–**	**220.8**	**121.0**	**341.8**
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 (Note 17)	–	–	(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**

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

Consolidated Cash Flow Statement

in CHF m	*Notes*	**2019**	**2018**[1]
Profit before tax		**10.8**	**79.5**
Adjustments for:			
Finance result	*10*	78.1	53.1
Share-based payments	*28*	76.8	54.3
Share of result of associates and joint ventures	*11*	(5.5)	(7.5)
Depreciation and amortization	*16, 18, 19*	214.2	117.6
Impairment charges	*16, 19*	8.7	–
Other (gains) and losses, net	*9*	(24.2)	1.9
Cash flow before working capital and provision changes		358.9	298.9
Changes in working capital		30.2	(1.9)
Changes in provisions and defined benefit plans		(93.4)	(41.3)
Cash generated from operations		295.7	255.7
Interest paid		(55.5)	(34.4)
Interest received		2.5	3.1
Income taxes paid, net		(54.6)	(36.5)
Cash flow from operating activities		**188.1**	**187.9**
Acquisition of subsidiaries, net of cash acquired	*30*	(0.9)	(8.5)
Purchase of property, plant and equipment		(108.1)	(148.3)
Purchase of intangible assets	*18*	(11.3)	(17.4)
Purchase of financial assets		(2.0)	(2.5)
Disposal of subsidiaries, net of cash disposed	*31*	(0.2)	0.9
Proceeds from sale of non-current assets		22.6	1.1
Proceeds from sale of financial assets	*20*	24.6	25.5
Other investing activities		(1.8)	(2.0)
Dividends from associates and joint ventures		–	2.6
Capital increase in associates		(1.0)	–
Cash flow from investing activities		**(78.1)**	**(148.6)**
Proceeds from debt		296.3	184.3
Repayments of debt		(353.3)	(179.0)
Dividends paid	*27*	(36.6)	–
Dividends paid to non-controlling interests		(16.9)	(18.5)
Change in non-controlling interests		(0.2)	1.1
Cash flow from financing activities		**(110.7)**	**(12.1)**
Change in cash and cash equivalents		**(0.7)**	**27.2**
Movement in cash and cash equivalents			
At start of the year		174.3	161.3
Change in cash and cash equivalents		(0.7)	27.2
Effects of exchange rate changes		(6.8)	(14.2)
At end of the year	*12*	**166.8**	**174.3**

[1] The Group has adjusted the comparative period 2018, for the impact of IFRIC 23 as disclosed in Note 2.2.

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.

On April 3, 2019, RRJ Capital, an investment firm based in Hong Kong and Singapore, completed the acquisition of all outstanding shares of the Company through its subsidiary Saffron Asset Holding Limited, Hong Kong, and became the sole shareholder of the Group. On September 26, 2019, Temasek, a state-owned investment company based in Singapore, executed its mandatory exchangeable bond and acquired 50% of the shares ultimately owned by RRJ Capital.

As at December 31, 2019, 98.9% of the shares outstanding of the Company are held by Saffron Asset Holding Limited, Hong Kong, which is owned by RRJ Capital Master Fund III, Cayman Islands and Temasek Holdings (Private) Limited, Singapore. The remaining shares are held by Senior Management.

These consolidated financial statements were authorized for issue by the Board of Directors of the Company (the "Board") on March 4, 2020.

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

In 2019, the Group has applied for the first time, IFRS 16 Leases and IFRIC 23 Uncertainty over Income Tax Treatments. These resulted in amendments of the accounting policies as follows:

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 previously applied for finance leases under IAS 17.

As of January 1, 2019, the Group has applied IFRS 16 using the modified retrospective approach under which the standard is applied retrospectively with the cumulative effect being recognized at the date of initial application. Accordingly, the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at January 1, 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Group did not change the initial carrying amounts of recognized assets and liabilities at the date of initial application for leases previously classified as finance leases. Accordingly, the definition of a lease under IFRS 16 was applied only to lease contracts entered into or changed from January 1, 2019.

Additionally, the Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:
– did not recognize right-of-use assets and liabilities for lease contracts that, at commencement date, had a lease term of 12 months or less and do not contain a purchase option (short-term leases);
– did not recognize right-of-use assets and liabilities for leases of low-value assets (e.g. office equipment, personal computers, printing and photocopying machines);
– excluded initial direct costs from the measurement of the right-of-use assets at the date of initial application.

The right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. When initially measuring lease liabilities for contracts that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted average rate applied was 4.4%.

The initial application of IFRS 16 on January 1, 2019 resulted in the recognition of:
– right-of-use assets of CHF 532.4m under "Property, plant and equipment";
– derecognition of "Other non-current receivables" of CHF 5.1m;
– derecognition of "Other current liabilities" of CHF CHF 4.1m and "Provisions" of CHF 1.2m;
– lease liabilities in the amount of CHF 532.6m under "Short-term debt" and "Long-term debt". Pre-existing finance lease liabilities under IAS 17 of CHF 8.2m are included in the opening balance as at January 1, 2019.

The difference between the aggregate future minimum lease payments disclosed at December 31, 2018 discounted at the incremental borrowing rate and the lease liabilities recognized at January 1, 2019 are mainly the result of reassessments of future lease payments due to variable lease components, reassessments of lease terms due to extension and termination options as well as lease payments for short-term or low-value asset leases.

Uncertainty over Income Tax Treatments

The Group has analyzed the impact of IFRIC 23 and has concluded that no additional current income tax liabilities needed to be recognized as at January 1, 2019. However, the presentation of uncertain tax positions has been amended in line with the agenda decision issued by the IFRS Interpretations Committee in September 2019. Previously, uncertain tax positions were presented in long-term provisions. From January 1, 2019, uncertain tax positions are now recognized in current income tax payables. Consequently the 2018 comparative figures for current income tax payables and long-term provisions have been adjusted as follows:

in CHF m	Current income tax liabilities	Long-term provisions
Reported January 1, 2018	35.0	135.3
Adjustment in presentation	11.5	(11.5)
Adjusted January 1, 2018	**46.5**	**123.8**
Reported December 31, 2018	35.8	149.8
Adjustment in presentation	14.8	(14.8)
Adjusted December 31, 2018	**50.6**	**135.0**

The third balance sheet as at January 1, 2018, has not been presented, since the retrospective application had no material effect on the balance sheet at that date. The cash flow statement for the comparative period of 2018 includes an adjustment of CHF 3.3m in "Changes in working capital" and "Changes in provisions and defined benefit plans" to reflect the change in presentation.

The following other new standards and amendments apply for the first time in 2019, but they have not had a material impact on the consolidated financial statements of the Group:

Standard	Effective date
Annual Improvements to IFRSs 2015–2017 Cycle – IFRS 3, IFRS 11, IAS 12 and IAS 23	January 1, 2019
IFRS 9 (amendment) – Prepayment Features with negative Compensation and Modifications of Financial Liabilities	January 1, 2019
IAS 19 (amendment) – Plan Amendment, Curtailment or Settlement	January 1, 2019
IAS 28 (amendment) – Long-term interests in Associates and Joint Ventures	January 1, 2019

Published Standards, Interpretations, and Amendments not yet applied

No other published future amendments to IFRS are currently expected to have any material impact on the Group's accounting practices or on its financial position, performance and disclosure in 2020 or later.

2.3 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 previously 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.

2.4 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.

2.5 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.

This policy is applicable for all foreign-currency operations, except for operations whose functional currency is the currency of a hyperinflationary economy, for which all amounts – assets and liabilities, income statement accounts and cash flows – are translated at year-end exchange rates.

Translation differences 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	2019 Closing rate	2019 Annual average rate	2018 Closing rate	2018 Annual average rate
1 Australian Dollar	0.68	0.69	0.69	0.73
1 Euro	1.09	1.11	1.13	1.15
1 GB Pound	1.28	1.27	1.25	1.30
1 Swedish Krona	0.10	0.11	0.11	0.11
1 US Dollar	0.97	0.99	0.98	0.98
1 Korean Won	0.001	0.001	0.001	0.001

2.6 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. In 2019, the economy of the Argentine Republic continued to be hyperinflationary. The application of inflation accounting requires restatement of the financial statements of the Argentinian subsidiary into current purchasing power, which reflects a price index 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, 2019. All items recognized in the income statement are restated by applying the change in the 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 99.1 basis points from 184.3 as at December 31, 2018, to 283.4 as at December 31, 2019 (2018: Increase by 59.5 basis points). The gain or loss on the net monetary position is recognized in "Finance result" in the consolidated income statement.

2.7 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.

2.8 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.

2.9 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.

2.10 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 financial asset's contractual cash flow characteristics and the Group's business model for managing them. Management determines the classification of its financial assets at initial recognition and reclassifies them only when it changes the business model for managing financial assets. 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 permitted by 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.

2.11 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.

2.12 Up-front Contract Payments

From time to time the Group enters into contracts whereby, in some cases, an up-front 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.

2.13 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.

2.14 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.

2.15 Leases

As a Lessee

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

At the commencement date of a lease, a lessee recognizes a liability representing its obligation to make lease payments (i.e. lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset).

Right-of-use assets are initially measured at cost and subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of useful life or the end of the lease term and are adjusted for impairment losses and any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are presented in the Consolidated Balance Sheet under "Property, plant and equipment".

Lease liabilities are initially measured at the present value of the lease payments that are yet to be paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. As the Group cannot readily determine the interest rates implicit in the leases, the incremental borrowing rate (IBR) is applied. Lease liabilities are subsequently measured at amortized cost using the effective interest method. The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever there is a change in cash flows based on contractual clauses that have been part of the contract since inception (e.g. 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).

Lease liabilities are presented in the Consolidated Balance Sheet under "Short-term Debt" and "Long-term Debt".

As a Lessor

The lessor classifies its leases as operating leases or finance leases, and accounts for them accordingly. The Group has no material lessor arrangements other than intercompany sublease arrangements.

2.16 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 that investment. 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 fully 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.

2.17 Impairment of Non-Financial Assets

Goodwill and intangible 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. Other non-financial assets 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.

2.18 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 differing from the assumed interest rates 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 members of 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.

2.19 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.

2.20 Financial Liabilities

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

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. 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. 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.

2.21 Provisions

Provisions for legal claims, non-income 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. If the Group has a contract that is onerous, a provision is 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.

2.22 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 2019 and 2018, 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			
	2019		2018		2019		2018	
Movement against all currencies	5%	(5%)	5%	(5%)	5%	(5%)	5%	(5%)
Australian Dollar	1.3	(1.3)	1.3	(1.3)	0.5	(0.5)	0.5	(0.5)
Danish Krone	(0.2)	0.2	0.2	(0.2)	0.8	(0.8)	0.8	(0.8)
Euro	0.5	(0.5)	7.7	(7.7)	7.6	(7.6)	7.9	(7.9)
GB Pound	(4.1)	4.1	0.3	(0.3)	–	–	–	–
Korean Won	1.2	(1.2)	1.9	(1.9)	–	–	–	–
Swedish Krona	(1.7)	1.7	(2.1)	2.1	–	–	–	–
US Dollar	(5.1)	5.1	(3.8)	3.8	–	–	–	–

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. 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, 2019 and 2018, 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 20).

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, 2019, 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 3.1m lower/CHF 0.6m higher (2018: CHF 3.6m lower/CHF 0.8m higher). At December 31, 2019 and 2018, 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, 2019, constitute 26.3% (2018: 19.7%) of the total gross trade receivable amount and individually they accounted for between 3.1% and 8.0% (2018: 2.8% and 5.0%) 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 that are assessed to have a low risk of default.

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.

2019 in CHF m	**1–3 months**	**3 months–1 year**	**1–5 years**	**More than 5 years**	**Contractual Value**	**Carrying Value**
Debt	33.2	67.5	1,149.1	194.6	**1,444.4**	1,344.1
- thereof lease liabilities	*27.4*	*63.0*	*307.4*	*189.8*	*587.6*	*493.5*
Other non-current liabilities	–	–	134.2	–	**134.2**	107.5
Trade and other payables	247.5	54.3	–	–	**301.8**	301.8
Other current liabilities	307.2	342.5	–	–	**649.7**	624.9
Balance at December 31	**587.9**	**464.3**	**1,283.3**	**194.6**	**2,530.1**	**2,378.3**
2018 in CHF m						
Debt	10.4	2.7	896.7	6.4	**916.2**	859.9
Other non-current liabilities	–	–	281.7	0.2	**281.9**	268.2
Trade and other payables	328.7	25.2	–	–	**353.9**	353.9
Other current liabilities	326.0	140.7	–	–	**466.7**	443.0
Balance at December 31	**665.1**	**168.6**	**1,178.4**	**6.6**	**2,018.7**	**1,925.0**

At the end of the reporting period, the Group had drawn CHF 212.2m (2018: CHF 207.2m) 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.

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 its 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 23). The RCF and the Term Loan contain certain covenants with respect to the net leverage and interest coverage ratios. 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 20). 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 23) of CHF 347.3m (2018: CHF 346.3m) is quoted in an active market (Level 1 measurement) with a fair value of CHF 363.0m (2018: CHF 349.5m). 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 combination and control assessment	Assessment of control and significant influence in connection with investments in subsidiaries, associates and joint ventures, require 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.	Notes 11, 30
Contingent consideration	The valuation of contingent consideration arrangements arising from business combinations is based on the evaluation of future scenarios which require significant judgment.	Note 30
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 25
Taxes	Provisions for income taxes require significant judgment as these are based on transactions and calculations for which the ultimate tax determination is spread over numerous jurisdictions. Deferred tax assets are based on anticipated results for the relevant taxable entity over a period of several years into the future, including interpretations of existing tax laws and regulations.	Note 21
Impairment of assets	At least once a year goodwill and intangible assets with indefinite useful life are tested for impairment. The impairment testing is based on value in use calculations requiring estimation of future sales and appropriate discount rates.	Note 18
Retirement Benefit Obligations	In various countries there are defined benefit plans. The calculation of the defined benefit plan liability is based on actuarial assumptions of discount rates, inflation and life expectation. Such assumptions can differ substantially from actual circumstances due to changes in market conditions and economic environment.	Note 22
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 20
Leases	The Group has certain lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain an option to renew or terminate will be exercised. The Group cannot readily determine the interest rates implicit in the leases. Therefore, the incremental borrowing rate (IBR) is applied to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the IBR using observable inputs (such as market interest rates) when available and uses a single discount rate curve per currency for the entire group taking into account a risk-free rate (respecting the duration of the lease agreement) and the credit spread applicable to the entire Group.	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, 2019 in CHF m	**EME**	**SEA**	**North America**	**Latin America**	**Asia Pacific**	**Eliminations**	**Total reportable segments**
External revenue	1,823.6	1,044.3	1,275.9	302.3	516.7	–	4,962.8
Intersegment revenue	11.8	12.0	4.7	0.1	0.6	(29.2)	–
Total revenue	**1,835.4**	**1,056.3**	**1,280.6**	**302.4**	**517.3**	**(29.2)**	**4,962.8**
EBITDA	**115.8**	**101.7**	**98.2**	**46.8**	**77.8**	**–**	**440.3**
Total segment assets	1,083.0	910.2	633.6	244.7	536.6	–	3,408.1
Total segment liabilities	(1,130.6)	(544.1)	(766.2)	(281.4)	(344.0)	–	(3,066.3)
Additions to non-current assets[1]	63.5	23.5	42.7	6.8	11.2	–	147.7
January – December, 2018 in CHF m							
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[1]	34.0	36.2	36.3	9.7	58.3	–	174.5

[1] 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 Executive Management Board ("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	**2019**	**2018**
EBITDA	440.3	343.9
Share-based payments (Notes 7, 28)	(76.8)	(54.3)
Restructuring costs (Notes 7, 8)	(27.5)	(11.4)
Transaction-related costs	(25.6)	(8.3)
Operating taxes (non-income taxes)	(28.0)	(24.5)
Depreciation (Notes 16, 19)	(175.8)	(82.7)
Amortization (Note 18)	(38.4)	(34.9)
Impairment charges, net of reversals (Notes 16, 19)	(8.7)	–
Other gains and losses, net (Note 9)	24.2	(1.9)
Management fees, net	(0.3)	(0.8)
Operating profit	**83.4**	**125.1**

5.3 Entity-wide Disclosures

Geographic Information

Revenue by country

in CHF m	2019	2018
United States	1,142.7	1,066.6
France	805.3	826.0
Switzerland[I]	569.4	546.9
Other countries	2,445.4	2,500.9
Total[II]	**4,962.8**	**4,940.4**

[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 2019 or 2018.

Non-current assets by country

in CHF m	2019	2018
United States	355.8	221.4
France	566.6	531.5
Switzerland[I]	252.2	180.1
Sweden	157.6	169.8
Other countries	814.3	631.7
Total non-current assets[II]	**2,146.5**	**1,734.5**

[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, 2019 or 2018.

Major Customers

Two major customers accounted each for 11% of 2019's total revenue (2018: 10% and 9% respectively). Their revenues are attributable across all reportable segments.

6 Revenue

in CHF m	2019	2018
Catering and other	4,072.2	3,986.5
Retail on board	634.7	668.5
Equipment	255.9	285.4
Total	**4,962.8**	**4,940.4**

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).

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	2019	2018
Deferred revenue	(6.8)	(8.1)
Total contract liabilities	**(6.8)**	**(8.1)**

Contract liabilities are recognized and settled continuously in the normal course of business.

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" (Note 14) 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	2019	2018
Balance at January 1	**70.8**	**28.8**
Additions	44.2	58.2
Reclassifications	(4.8)	–
Amortization charge for the year	(13.4)	(14.8)
Exchange differences	(3.1)	(1.4)
Balance at December 31	**93.7**	**70.8**

7 Personnel Expenses

in CHF m	2019	2018
Wages and salaries	(1,561.0)	(1,487.3)
Social security costs	(166.9)	(179.6)
Pension defined benefit plan expense (Note 22)	(15.4)	(11.2)
Pension defined contribution plan expense	(32.0)	(30.1)
Share-based payments (Note 28)	(76.8)	(54.3)
Restructuring costs	(19.4)	(5.8)
Other personnel costs and benefits	(201.2)	(161.9)
Total	**(2,072.7)**	**(1,930.2)**

8 Other Operating Expenses, Net

in CHF m	2019	2018
Utility and other property costs	(196.7)	(179.8)
Operating fees and deductions	(194.7)	(192.9)
Lease related expense (Note 19)	(20.4)	(98.1)
Maintenance costs	(96.5)	(93.8)
Audit, consulting and legal fees	(64.0)	(44.0)
IT and communication costs	(78.3)	(75.0)
Administrative and operative costs	(60.9)	(62.6)
Transport and travel costs	(25.0)	(28.1)
Restructuring costs	(8.1)	(5.6)
Provision for impairment of receivables	(24.0)	(21.0)
Insurance costs	(14.3)	(12.9)
Outsourced service costs	(10.3)	(8.0)
Other operating taxes	(28.0)	(24.5)
Other operating costs	(28.0)	(20.6)
Other operating income	23.4	15.9
Total	**(825.8)**	**(851.0)**

9 Other Gains and Losses, Net

in CHF m	2019	2018
Gain/(loss) on sale of assets, net	21.4	(0.3)
Loss on sale of investments in associates and joint ventures	–	(0.1)
Gain/(loss) on disposal of subsidiaries	2.8	(1.5)
Total	**24.2**	**(1.9)**

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

10 Finance Result

in CHF m	2019	2018
Interest income	2.5	3.1
Other finance income	2.1	9.8
Total financial income	**4.6**	**12.9**
Interest expense	(43.1)	(45.1)
Interest on lease liabilities (Note 19)	(21.2)	(0.5)
Net interest on defined benefit plans (Note 22)	(6.0)	(5.5)
Foreign exchange (losses)/gains, net	(2.6)	(6.2)
Other finance costs	(9.8)	(8.7)
Total financial expense	**(82.7)**	**(66.0)**
Total	**(78.1)**	**(53.1)**

"Other finance income" includes fair value adjustments to financial assets at fair value through profit or loss (Note 20) in the amount of CHF 1.9m (2018: CHF 9.8m).

"Foreign exchange (losses)/gains, net" include net monetary gains from hyperinflation accounting in the Argentinian subsidiary of CHF 0.1m (2018: CHF 0.8m).

11 Investments in Associates and Joint Ventures

2019 in CHF m	Associates	Joint ventures	Total
Aggregated carrying amount	**52.5**	**0.9**	**53.4**
Share of result of associates and joint ventures	5.4	0.1	5.5
Share of other comprehensive income	(1.1)	–	(1.1)
Share of total comprehensive income	**4.3**	**0.1**	**4.4**

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**

The unrecognized share of losses of associates and joint ventures is CHF 1.8m as of December 31, 2019 (2018: CHF 1.2m).

As at December 31, 2019, 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 2019, the associate paid no dividend (2018: CHF 2.4m). The following table illustrates the summarized financial information of the Group's investment in Guangzhou Nanland Air Catering Co., Ltd.

in CHF m	2019	2018
Revenue	309.6	288.1
Profit for the year attributable to shareholders	11.5	13.2
Other comprehensive income	(4.9)	–
Total comprehensive income	**6.6**	**13.2**
Group's share of profit for the year	1.5	1.7
Currency translation effects	(0.6)	(0.1)
Group's share of result of associate	**0.9**	**1.6**
Current assets	199.0	182.7
Non-current assets	31.4	35.7
Current liabilities	(82.3)	(77.9)
Equity	**148.1**	**140.5**
Group's share of equity	**18.5**	**17.6**
Excess dividend received	(1.2)	(1.2)
Group's carrying amount	**17.3**	**16.4**

12 Cash and Cash Equivalents

in CHF m	2019	2018
Cash and bank balances	160.3	173.2
Short-term bank deposits	11.8	8.2
Balance at December 31	**172.1**	**181.4**

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

in CHF m	2019	2018
Cash and bank balances	160.3	173.2
Short-term bank deposits	11.8	8.2
Cash attributable to disposal groups	–	0.3
Bank overdrafts (Note 23)	(5.3)	(7.4)
Balance at December 31	**166.8**	**174.3**

13 Trade Receivables

in CHF m	2019	2018
Trade receivables	501.9	483.7
Trade receivables due from related parties	8.2	34.0
Total	**510.1**	**517.7**
Provision for impairment of receivables	(78.4)	(65.9)
Balance at December 31	**431.7**	**451.8**

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, 2019 and 2018, is represented by the carrying amounts in the balance sheet.

There is a disputed trade receivable with a customer, related to a long-term catering agreement, with CHF 22.8m being past due date at December 31, 2019. The Group has assessed the collection risk and given the information available is currently confident that the outstanding amount can be recovered. Hence, no provision was recorded.

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

in CHF m	2019	2018
Not overdue	267.2	347.1
Less than 1 month overdue	131.3	87.6
1 to 2 months overdue	18.2	22.3
Over 2 months overdue	93.4	60.7
Balance at December 31	**510.1**	**517.7**

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

in CHF m	2019	2018
Balance at January 1	**(65.9)**	**(52.8)**
Provision for trade receivables impairment	(26.2)	(19.5)
Receivables written off during the year as uncollectible	3.7	1.0
Unused amounts reversed	8.0	3.7
Acquisition of subsidiaries	–	(0.4)
Exchange differences	2.0	2.1
Balance at December 31	**(78.4)**	**(65.9)**

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	2019	2018
Other receivables	27.0	36.4
Other receivables due from related parties	2.3	0.5
Prepaid taxes other than income tax	56.8	59.5
Financial assets at fair value through profit or loss (Note 20)	–	24.5
Other prepayments and accrued income	138.6	124.9
Balance at December 31	**224.7**	**245.8**

15 Inventories

in CHF m	2019	2018
Raw materials	73.6	84.5
Catering supplies	48.5	52.2
Work in progress	4.7	6.3
Finished goods	26.0	35.5
Provision for obsolescence	(8.3)	(10.0)
Balance at December 31	**144.5**	**168.5**

16 Property, Plant and Equipment

Property, plant and equipment comprise owned and leased assets that do not meet the definition of investment property.

in CHF m	2019	2018
Owned assets	543.4	529.5
Right-of-use assets (Note 19)	488.9	30.2
Total property, plant and equipment	**1,032.3**	**559.7**

Owned Assets

2019 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 December 31, 2018	189.0	94.0	43.1	128.3	105.3	559.7
Change in presentation	(20.3)	10.0	–	(4.9)	(5.0)	(20.2)
Balance at January 1, 2019	**168.7**	**104.0**	**43.1**	**123.4**	**100.3**	**539.5**
Additions	3.7	12.8	51.0	29.4	14.4	111.3
Reclassifications	6.0	15.0	(51.0)	11.0	16.3	(2.7)
Disposals	–	(0.5)	(0.2)	(1.5)	(0.5)	(2.7)
Depreciation charge for the year	(12.1)	(20.3)	–	(33.6)	(23.6)	(89.6)
Impairment	–	–	–	(0.7)	–	(0.7)
Exchange differences	(5.2)	(2.2)	(1.1)	(2.0)	(1.2)	(11.7)
Balance at December 31, 2019	**161.1**	**108.8**	**41.8**	**126.0**	**105.7**	**543.4**
Net book value						
Cost	249.7	287.2	41.8	332.3	287.9	1,198.9
Accumulated depreciation	(88.6)	(178.4)	–	(206.3)	(182.2)	(655.5)
Balance at December 31, 2019	**161.1**	**108.8**	**41.8**	**126.0**	**105.7**	**543.4**

2018 in CHF m						
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
Reclassifications	56.3	6.1	(79.6)	6.8	12.7	2.3
Acquisition of subsidiaries (Note 30)	–	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**

The carrying amount of land recorded under land and buildings at December 31, 2019, is CHF 28.0m (2018: CHF 29.0m). Within property, plant and equipment, assets pledged for mortgages amount to CHF 4.4m (2018: CHF 4.5m).

The CHF 2.7m of reclassifications during 2019 relate to assets under construction transferred to intangible assets. CHF 20.2m of change in presentation relate to changes following the implementation of the new lease standard IFRS 16. The CHF 2.3m reclassification during 2018 related to land transferred from assets held for sale, assets under construction transferred to intangible assets and other reclassifications.

17 Assets Held for Sale

in CHF m	2019	2018
Non-current assets held for sale	2.7	3.1
Balance at December 31	**2.7**	**3.1**

The amounts shown above represent the lower of carrying value and fair value less costs to sell.

Disposal Group Held for Sale

in CHF m	2019	2018
Assets of disposal group	–	16.3
Liabilities of disposal group	–	(15.4)
Intercompany assets/liabilities, net	–	(0.8)
Balance at December 31	**–**	**0.1**

In 2018, the disposal group consisted of the assets and liabilities of the Dutyfly business, which was originally acquired as part of the Servair acquisition. In 2019, the Dutyfly business was de-consolidated (Note 31).

18 Intangible Assets

2019 in CHF m	Goodwill	Intangible assets under construction	Intellectual property	Customer relationships	Capitalized software	Other	Total
Net book value							
Balance at January 1, 2019	**711.6**	**–**	**176.2**	**247.8**	**37.6**	**1.6**	**1,174.8**
Additions	–	3.9	–	–	7.3	0.1	11.3
Reclassifications	–	–	–	–	2.7	–	2.7
Disposals	–	–	–	–	(0.1)	–	(0.1)
Amortization charge for the year	–	–	(3.1)	(21.1)	(13.9)	(0.3)	(38.4)
Exchange differences	(23.6)	(0.1)	(2.6)	(9.4)	(0.3)	(0.1)	(36.1)
Balance at December 31, 2019	**688.0**	**3.8**	**170.5**	**217.3**	**33.3**	**1.3**	**1,114.2**
Net book value							
Cost	901.7	3.8	221.4	308.3	124.0	11.3	1,570.5
Accumulated amortization	(213.7)	–	(50.9)	(91.0)	(90.7)	(10.0)	(456.3)
Balance at December 31, 2019	**688.0**	**3.8**	**170.5**	**217.3**	**33.3**	**1.3**	**1,114.2**

2018 in CHF m	Goodwill	Intangible assets under construction	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
Reclassifications	(1.7)	–	–	–	0.5	0.6	(0.6)
Acquisition of subsidiaries (Note 30)	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**

Within capitalized software is internally developed software of CHF 27.4m (2018: CHF 30.5m). The 2019 additions to internally developed software amounted to CHF 6.9m (2018: CHF 16.0m).

The CHF 2.7m reclassification in 2019 relates to assets under construction transferred to intangible assets. The CHF 0.6m reclassification in 2018 related to goodwill transferred to disposal group and 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:

2019 in CHF m	Goodwill	Intellectual property	Revenue growth rate	Discount rate pre-tax	Terminal growth rate
EME	279.1	57.3	(10.8%)–7.8%	5.7%	1.6%
SEA	242.1	–	(2.7%)–2.1%	7.1%	1.8%
North America	80.3	27.9	0.7%–7.0%	7.5%	2.3%
Latin America	35.0	6.6	0.0%–7.8%	22.7%	2.3%
Asia Pacific	51.5	11.3	1.1%–5.9%	7.4%	2.1%
Balance at December 31, 2019	**688.0**	**103.1**			

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	–	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**	**103.1**			

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 Leases

Right-of-use Assets

The Group has lease contracts for land and buildings, vehicles and other equipment used in its operations. Carrying amounts of right-of-use assets recognized and the movements during the year are as follows:

2019 in CHF m	Land and buildings	Fixtures and fittings in rented buildings	Catering and other equipment	Vehicles	Total
Net book value					
Opening balance	–	–	–	–	–
Effect of accounting changes	506.0	0.1	14.4	11.9	532.4
Change in presentation	10.3	–	4.9	2.9	18.1
Balance at January 1, 2019	**516.3**	**0.1**	**19.3**	**14.8**	**550.5**
Additions	20.5	–	1.1	3.5	25.1
Depreciation charge for the year	(75.6)	–	(5.8)	(4.8)	(86.2)
Impairment	(8.0)	–	–	–	(8.0)
Modifications	24.1	–	(0.2)	–	23.9
Exchange differences	(15.5)	–	(0.4)	(0.5)	(16.4)
Balance at December 31, 2019	**461.8**	**0.1**	**14.0**	**13.0**	**488.9**
Net book value					
Cost	549.7	0.1	24.1	21.2	595.1
Accumulated depreciation	(87.9)	–	(10.1)	(8.2)	(106.2)
Balance at December 31, 2019	**461.8**	**0.1**	**14.0**	**13.0**	**488.9**

Lease Liabilities

in CHF m	2019
Opening balance	–
Effect of accounting changes	(532.6)
Change in presentation	(8.2)
Balance at January 1, 2019	**(540.8)**
Cash flows	101.0
New leases	(25.1)
Interest (Note 10)	(21.2)
Lease modifications	(23.0)
Exchange differences	15.6
Balance at December 31, 2019	**(493.5)**

The maturity analysis of the lease liabilities are disclosed in Note 3.1.

Lease Expenses

The Group has total cash outflows for leases of CHF 121.2m in 2019. The amounts recognized in the income statement are as follows:

in CHF m	2019
Depreciation expense of right-of-use assets	(86.2)
Interest on lease liabilities	(21.2)
Variable lease payments not included in the measurement of lease liabilities	(6.3)
Expenses relating to short-term leases	(12.3)
Expenses relating to leases of low-value assets, excl. short-term leases of low-value assets	(1.6)
Other lease expense	(0.5)
Other lease income	0.3
Total amounts recognized in the income statement	**(127.8)**

20 Financial Assets at Fair Value through Profit or Loss

2019 in CHF m	Bonds	Other	Total
Balance at January 1, 2019	**61.7**	**2.5**	**64.2**
Cash flows	(24.6)	–	(24.6)
Fair value adjustments	1.9	–	1.9
Exchange differences	(1.9)	–	(1.9)
Balance at December 31, 2019	**37.1**	**2.5**	**39.6**
Analysis of total short-term and long-term financial assets			
Non-current	37.1	2.5	39.6
2018 in CHF m			
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

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 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, 2019, inputs used for the valuation include Korean risk-free rates of 1.24% (2018: 1.12% to 1.34%), a country risk premium of 0.45% (2018: 0.63%), a credit risk premium of 6.65% (2018: 3.87% to 7.42%) based on a comparable company basket and a volatility of 25% (2018: 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.

21 Taxes

Taxes Recognized in the Income Statement

in CHF m	2019	2018
Current income tax charge	(74.8)	(54.9)
Deferred tax (charge)/income	(14.5)	25.2
Total	**(89.3)**	**(29.7)**

Reconciliation of tax expense

in CHF m	2019	2018
Profit before tax	10.8	79.5
Tax at Swiss tax rate	**(2.1)**	**(15.9)**
+/- effects of		
Deviations from Swiss tax rate	(6.9)	(4.7)
Unrecognized deferred tax assets	(57.1)	(3.5)
Deferred taxes related to other periods	2.2	7.6
Change in deferred tax due to tax rate change	0.3	(0.7)
Non-deductible expenses	(5.6)	(10.2)
Income not subject to tax	1.3	5.7
Current taxes related to other periods or other countries	(2.2)	0.7
Others[1]	(19.2)	(8.7)
Total tax expense	**(89.3)**	**(29.7)**
Weighted average effective tax rate	826.9%	37.4%

[1] Others include predominantly foreign exchange adjustments, tax risk provisions, US state income taxes and CVAE in France and the French overseas territories.

The above table shows the expected tax expense at the Swiss tax rate of 19.8% (2018: 20.0%) 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	2019	2018
Deferred income tax assets	67.4	66.2
Deferred income tax liabilities	(57.3)	(51.9)
Balance at December 31	**10.1**	**14.3**

Movements in deferred taxes

in CHF m	Property, plant and equipment	Intangible assets	Other assets	Liabilities[1]	Tax losses carry forwards	Total
Balance at December 31, 2018	(17.9)	(82.0)	(5.3)	88.9	30.6	14.3
Effect of accounting changes – IFRS 16 "Leases"	(88.7)	–	–	88.7	–	–
Balance at January 1, 2019	**(106.6)**	**(82.0)**	**(5.3)**	**177.6**	**30.6**	**14.3**
Deferred tax credit/(charge) in the income statement	12.6	7.7	4.5	(28.5)	(10.8)	(14.5)
Deferred tax credit in other comprehensive income	–	–	–	10.8	–	10.8
Exchange differences	2.2	2.4	(0.4)	(4.3)	(0.4)	(0.5)
Balance at December 31, 2019	**(91.8)**	**(71.9)**	**(1.2)**	**155.6**	**19.4**	**10.1**
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 30)	–	–	–	(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**

[1] Includes retirement benefit liabilities, provisions, accruals and other liabilities

CHF 10.8m of the deferred tax credit (2018: CHF 5.6m of the deferred tax credit) in the statement of other comprehensive income relate to actuarial gains and losses on defined benefit schemes. In 2018, CHF 6.3m of the deferred tax credit in the statement of other comprehensive income relate to currency translation differences on net investments.

Composition of deferred tax assets and liabilities

in CHF m	Assets December 31		Liabilities December 31		Net December 31	
	2019	2018	2019	2018	2019	2018
Temporary differences						
Property, plant and equipment	5.0	5.7	(96.8)	(23.6)	(91.8)	(17.9)
Intangible assets	1.8	1.2	(73.7)	(83.2)	(71.9)	(82.0)
Other assets	18.0	10.0	(19.2)	(15.3)	(1.2)	(5.3)
Retirement benefit obligations, other liabilities, provisions and accruals	177.2	99.2	(21.6)	(10.3)	155.6	88.9
Tax losses	19.4	30.6	–	–	19.4	30.6
	221.4	**146.7**	**(211.3)**	**(132.4)**	**10.1**	**14.3**
Offset of deferred tax assets and liabilities	(154.0)	(80.5)	154.0	80.5	–	–
Deferred tax assets/(liabilities)	**67.4**	**66.2**	**(57.3)**	**(51.9)**	**10.1**	**14.3**

Deferred Taxes Not Recognized

Composition of deferred tax assets not recognized

in CHF m	2019	2018
Property, plant and equipment	5.8	9.1
Intangible assets	–	–
Other assets	4.5	0.7
Retirement benefit obligations, other liabilities, provisions and accruals	16.2	14.1
Tax losses	190.0	154.6
Deferred tax assets not recognized at 31 December	**216.5**	**178.5**

The Group does not regard any retained earnings of foreign subsidiaries as permanetly invested and does not expect any material additional tax payables beyond the recognized deferred tax liabilities on unremitted earnings of the Group.

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

in CHF m	2019	2018
Less than 1 year	0.1	–
More than one 1 year and less than 5 years	142.1	78.2
More than 5 years	205.0	15.9
No expiry	492.4	537.6
Total	**839.6**	**631.7**

The countries with significant unrecognized tax loss carry forwards include Luxembourg (CHF 412.6m), Switzerland (CHF 245.5m), India (CHF 31.8m), Norway (CHF 30.7m) and Denmark (CHF 27.8m). There are no significant unrecognized tax credits.

22 Defined Benefit Plans

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% (2018: 83%) 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, 2019 and 2018, is shown below:

2019 in CHF m	Switzerland	UK	US	Other	Total
Present value of funded obligations	(292.8)	(164.0)	(221.5)	(137.6)	(815.9)
Fair value of plan assets	272.4	217.5	116.8	70.8	677.5
Funded status	**(20.4)**	**53.5**	**(104.7)**	**(66.8)**	**(138.4)**
Present value of unfunded obligations	–	–	(3.8)	(10.9)	(14.7)
Irrecoverable surplus (effect of asset ceiling)	–	(53.5)	–	–	(53.5)
Net defined benefit liability at December 31	**(20.4)**	**–**	**(108.5)**	**(77.7)**	**(206.6)**

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)**

Switzerland

The Group operated one company-sponsored pension plan during 2019, which provides contribution-based cash balance retirement and risk benefits to employees, meeting its obligations under Switzerland's mandatory company-provided pension requirements. The pension plan is established within a foundation that is a legal entity separate from the Group. The Board of Trustees of the 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.

There are a number of guarantees provided within the pension plan 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 plan is 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 plan holds 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 plan 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 the 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 2019, no material changes were made to the Swiss retirement benefit arrangements.
- 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. The assets and future accrual of benefit for the participants in the previous management pension plan have been either transferred to the 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 a defined benefit obligation after the transfer of liabilities to the 1e plan.

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 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. A new statement of investment principles was implemented for the main and the management plans in 2019.

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 recognized.

The following updates were implemented in the periods covered by these consolidated financial statements:

- As part of the April 5, 2019, funding valuation, the trustees and employer agreed a change in policy for the main section and management section whereby the scheme would directly meet all scheme-related expense (except for pension protection fund levies and trustees' liability insurance premium), but won't receive a contribution allowance from the company.
- 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, which requires 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 funded 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 2019, the following event was provided for (other updates have only had negligible impact on a group level):

- A net loss on curtailment of CHF 0.1m arose mainly from a staff redundancy and restructuring in the Kenyan Plan.

In 2018, the following change was reflected:

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

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

in CHF m	2019	2018
Service costs		
Current service cost (net of employee contributions)	(15.3)	(16.5)
Curtailment and past service cost	(0.1)	4.6
Settlement gain	–	0.7
Personnel expenses – defined benefit costs (Note 7)	**(15.4)**	**(11.2)**
Net interest on defined benefit schemes (Note 10)	(6.0)	(5.5)
Net pension expense	**(21.4)**	**(16.7)**

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

in CHF m	2019	2018
Remeasurement (losses)/gains		
Actuarial gain arising from changes in demographic assumptions	20.7	5.5
Actuarial (loss)/gain arising from changes in financial assumptions	(74.9)	24.7
Actuarial gain/(loss) arising from changes in liability experience	0.2	(1.8)
Return on pension assets (excluding amounts in net interest on defined benefit schemes)	64.9	(27.9)
Change in effect of the asset ceiling (excluding amounts in net interest on defined benefit schemes)	(47.0)	0.6
Total remeasurements recognized in the statement of other comprehensive income	**(36.1)**	**1.1**

Remeasurement losses in 2019 based on financial assumptions are driven by decreases in discount rates in all regions, mainly in US, Switzerland and UK. The fact that the asset ceiling is now applied to all UK plans led to additional losses (see further details below). These losses were to some extent offset by the higher than expected asset gains for all funded plans (mainly in UK, US and Switzerland) and the demographic assumption gains. The latter mainly resulted from the change of the mortality assumptions in UK and US as well as an update of the lump sum election rate and disability rate assumption for Switzerland. In 2018, the 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 extend 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.

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

in CHF m	2019	2018
Balance at January 1	**(177.3)**	**(186.6)**
Pension costs recognized in the income statement	(21.4)	(16.7)
Remeasurement (losses)/gains recognized in the statement of other comprehensive income	(36.1)	1.1
Actual employer contributions	22.9	24.2
Exchange differences	5.3	0.7
Balance at December 31	**(206.6)**	**(177.3)**

Being:		
Retirement benefit assets at December 31	–	12.8
Retirement benefit liabilities at December 31	(206.6)	(190.1)

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

in CHF m	2019	2018
Balance at January 1	**(777.3)**	**(824.9)**
Current service cost	(15.3)	(16.5)
Curtailment and past service cost	(0.1)	4.6
Settlement gain	–	7.3
Interest cost on the defined benefit obligations	(18.8)	(17.4)
Actuarial gain arising from changes in demographic assumptions	20.7	5.5
Actuarial (loss)/gain arising from changes in financial assumptions	(74.9)	24.7
Actuarial gain/(loss) arising from changes in liability experience	0.2	(1.8)
Actual benefit payments	33.4	34.4
Actual employee contributions	(4.9)	(4.8)
Exchange differences	6.4	11.6
Balance at December 31	**(830.6)**	**(777.3)**

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

in CHF m	2019	2018
Balance at January 1	**605.8**	**644.9**
Interest income on plan assets	13.0	12.0
Actual return on assets (excluding interest income on plan assets)	64.9	(27.9)
Actual benefit payments	(33.4)	(34.4)
Actual employer contributions	22.9	24.2
Actual employee contributions	4.9	4.8
Settlement loss	–	(6.6)
Exchange differences	(0.6)	(11.2)
Balance at December 31	**677.5**	**605.8**

Benefits paid under the pension plans include CHF 1.0m paid from employer assets in 2019 (2018: CHF 1.9m). The Group expects to contribute CHF 24.7m to its defined benefit pension plans in 2020.

The following table shows the change in the irrecoverable surplus:

in CHF m	2019	2018
Irrecoverable surplus at January 1	**(5.8)**	**(6.6)**
Interest cost on irrecoverable surplus	(0.2)	(0.1)
Change in irrecoverable surplus in excess of interest (asset ceiling)	(47.0)	0.6
Exchange differences	(0.5)	0.3
Irrecoverable surplus at December 31	**(53.5)**	**(5.8)**

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. For the UK plans, as the Group cannot gain economic benefit from future contributions, the present value of potential reduction in future contributions have been reduced to zero, with the consequence that the asset ceiling is now fully applied for all three plans.

Pension plan assets do not contain shares of the Company. The major categories of plan assets are as follows:

in CHF m	2019	2018
Securities quoted in an active market		
Equities	246.8	236.4
Bonds:		
Government – nominal	2.8	4.2
Government – index-linked	38.1	49.5
Corporate	95.7	90.5
Real estate	6.1	4.7
Cash and cash equivalents	36.6	29.0
Other marketable securities	101.5	55.2
Total quoted securities	**527.6**	**469.5**
Unquoted securities		
Equities	0.1	0.6
Bonds:		
Asset-backed securities	13.8	8.4
Insurance contracts	66.7	60.6
Real estate	67.3	65.1
Other	2.0	1.6
Total other securities	**149.9**	**136.3**
Total	**677.5**	**605.8**

The present value of defined benefit obligations by category of members at December 31, 2019 and 2018, is shown below.

in CHF m	2019	2018
Active	(306.4)	(280.5)
Vested	(216.2)	(220.4)
Retired	(308.0)	(276.4)
Balance at December 31	**(830.6)**	**(777.3)**
Present value of funded obligations at December 31	(815.9)	(762.7)
Present value of unfunded obligations at December 31	(14.7)	(14.6)

The principal actuarial assumptions used for the defined benefit obligations at December 31, 2019 and 2018 and the following year's pension expense are as follows:

2019	Switzerland	UK	US	All plans
Discount rate (weighted average)	0.2%	2.1%	3.2%	1.6%
Rate of compensation increase (weighted average)	2.0%	n/a	n/a	2.2%
Inflation rate (weighted average)	1.0%	2.9%	n/a	1.7%
Pension index rate (weighted average)	0.0%	2.8%	n/a	0.9%
2018				
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%

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	2019	2018
Male – retiring at age 65 on the balance sheet date	21.5	21.9
Female – retiring at age 65 on the balance sheet date	23.7	24.1
Male – retiring at age 65, 15 years after the balance sheet date	22.7	23.1
Female – retiring at age 65, 15 years after the balance sheet date	24.9	25.3

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.

2019	**Switzerland**	**UK**	**US**	**Other**	**Total**
in CHF m					
Discount rate +0.5% p.a.	22.5	14.2	12.4	10.5	59.6
Discount rate -0.5% p.a.	(25.7)	(16.3)	(13.6)	(11.8)	(67.4)
Rate of compensation +0.5% p.a.	(4.1)	–	–	(5.3)	(9.4)
Rate of compensation -0.5% p.a.	3.8	–	–	5.0	8.8
Pension indexation +0.5% p.a.	(16.5)	(6.7)	–	(6.9)	(30.1)
Pension indexation -0.5% p.a. (minimum 0.0%)	–	8.5	–	4.1	12.6
Life expectancy at age 65 + 1 year	(8.3)	(7.9)	(7.1)	(0.3)	(23.6)

2018					
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)

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, 2019 and 2018, are:

2019	**Switzerland**	**UK**	**US**	**Other**	**Average**
Years					
Weighted duration of the defined benefit obligations	16.1	18.6	11.7	15.2	15.2
2018					
Years					
Weighted duration of the defined benefit obligations	16.2	20.3	11.5	15.0	15.6

23 Short-term and Long-term Debt

Short-term and long-term debt comprise various debt instruments:

in CHF m	2019	2018
Short-term debt		
Debt	221.2	214.7
Lease liabilities (Note 19)	74.8	2.9
Total short-term debt	**296.0**	**217.6**
Long-term debt		
Debt	629.4	637.0
Lease liabilities (Note 19)	418.7	5.3
Total long-term debt	**1,048.1**	**642.3**

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

2019 in CHF m	**Bond**	**Term Loan**	**Revolving credit facility**	**Mortgages**	**Lease liabilities**	**Other[1]**	**Total**
Balance at December 31, 2018	346.3	278.3	204.7	4.1	8.2	18.3	859.9
Change in presentation	–	–	–	–	(8.2)	–	(8.2)
Balance at January 1, 2019	**346.3**	**278.3**	**204.7**	**4.1**	**–**	**18.3**	**851.7**
Cash flows from financing activities	–	–	18.1	(0.6)	–	3.9	21.4
Change in bank overdrafts	–	–	–	–	–	(2.1)	(2.1)
Amortization	1.0	0.9	1.3	–	–	–	3.2
Exchange differences	–	(9.9)	(13.1)	–	–	(0.6)	(23.6)
Balance at December 31, 2019	**347.3**	**269.3**	**211.0**	**3.5**	**–**	**19.5**	**850.6**
Analysis of total short-term and long-term debt							
Non-current	347.3	269.3	–	2.9	–	9.9	629.4
Current	–	–	211.0	0.6	–	9.6	221.2
2018 in CHF m							
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

[1] Includes bank overdrafts which are considered cash and cash equivalents in the cash flow statement (Note 12)

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

in CHF m	2019	2018
Swiss Francs	422.2	360.3
Euro	466.1	350.8
Swedish Kronor	136.6	141.9
US Dollar	146.9	3.8
Other currencies	172.3	3.1
Balance at December 31	**1,344.1**	**859.9**

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 one year in December 2018 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, 2019, the Group utilized RCF drawings of CHF 212.2m, being CHF 80.0m and SEK 1,280.0m (2018: CHF 207.2m). 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 2019, the interest rate for the Term Loan was 2.90% (2018: between 2.90% and 3.40%) and for the RCF 2.45% (2018: between 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, 2019, other debt includes bank overdrafts of CHF 5.3m (2018: CHF 7.4m).

Guarantees
As of December 31, 2019, the Group has guarantees outstanding in favor of associates amounting to CHF 8.3m (2018: CHF 11.3m).

24 Trade and Other Payables

in CHF m	2019	2018
Trade payables	259.0	276.2
Other amounts due to third parties	48.0	78.0
Other current payables due to related parties (Note 32)	1.2	0.9
Sales taxes due	47.9	43.1
Balance at December 31	**356.1**	**398.2**

25 Short-term and Long-term Provisions

in CHF m	Employee benefits	Share-based payments	Restruc-turing	Legal and tax[1]	Onerous contracts	Property and other	Total
Balance at December 31, 2018	13.9	41.5	16.7	81.2	5.4	26.6	185.3
Effect of accounting changes	–	–	(0.7)	–	(0.5)	–	(1.2)
Balance at January 1, 2019	**13.9**	**41.5**	**16.0**	**81.2**	**4.9**	**26.6**	**184.1**
Additions	2.3	76.8	29.1	9.7	–	1.6	119.5
Utilized	(0.9)	(86.9)	(16.1)	(6.9)	(3.2)	–	(114.0)
Unused reversed	(0.5)	–	(1.6)	(10.2)	–	(0.6)	(12.9)
Unwind of discount	–	–	0.1	0.1	0.3	1.0	1.5
Exchange differences	(0.3)	(0.1)	(0.7)	(4.4)	(0.1)	(0.5)	(6.1)
Balance at December 31, 2019	**14.5**	**31.3**	**26.8**	**69.5**	**1.9**	**28.1**	**172.1**
Analysis of total provisions							
Non-current	14.0	27.8	1.3	61.0	0.7	25.9	130.7
Current	0.5	3.5	25.5	8.5	1.2	2.2	41.4

[1] The Group has adjusted the comparative period as at December 31, 2018, for the impact of IFRIC 23 as disclosed in Note 2.2.

Employee Benefits
In addition to the defined benefit plans as described in Note 22, 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.

Share-based Payments
The provision for the cash settled share-based payment plan was subject to a vesting in January 2019, an additional grant in February 2019 and then a full vesting on change of control in April 2019. The change of control vesting was settled, in part, by the creation of two new cash settled share-based plans: an investment by senior management in shares of the Group and a Junior Management Plan which will be settled in cash (Note 28).

Restructuring
The restructuring charges during the year and the provisions remaining at the end of the year relate principally to the businesses in EME.

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.

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.

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

26 Other Current and Non-current Liabilities

in CHF m	2019	2018
Current		
Accrued payroll and related costs	223.5	198.9
Deferred revenue	6.8	8.1
Accrued rent and other property costs	11.4	18.4
Accrued insurance costs	27.3	24.9
Uninvoiced deliveries of inventory	92.9	96.9
Accrued volume rebates	135.3	118.1
Other accrued expenses	108.2	103.5
Other current liabilities	155.5	–
Total current	**760.9**	**568.8**
Non-current		
Other non-current liabilities	107.5	268.2
Total non-current	**107.5**	**268.2**
Total other current and non-current liabilities	**868.4**	**837.0**

Other Non-current Liabilities
As of January 1, 2017, the Group obtained control over Servair by acquiring 50% minus 1 share. In 2019, the Group acquired 2 shares to give an ownership of 50% plus 1 share. The acquisition arrangements included various put and call options. As at December 31, 2019, a financial liability at fair value through profit or loss of CHF 259.6m (2018: CHF 262.4m) has been recognized, for the net present value of the expected payments relating to the option arrangements. In 2019, CHF 155.5m of this financial liability was reclassed to other current liabilities. The expected payments were discounted using the discount rate applicable to the liability, which was determined to be 2.63% (2018: 2.63%).

27 Equity

27.1 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.

On July 30, 2019, the Company issued 1,189,085 shares with a nominal value of CHF 1.25 from the authorized share capital.

As at December 31, 2019, the share capital of the Company is CHF 135,418,036.25 (2018: CHF 133,931,680.00) and is divided into 108,334,429 (2018: 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.

27.2 Conditional Share Capital.

As at December 31, 2019, 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 (2018: CHF 30,324,153.75 or 24,259,323 shares). The conditional share capital includes an amount of up to CHF 7,581,038.75 or 6,064,831 shares (2018: CHF 7,581,038.75 or 6,064,831 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 (2018: CHF 22,743,115.00 or 18,194,492 shares) which are reserved for conversion and/or option rights granted in connection with other financing instruments.

27.3 Authorized Share Capital

As at December 31, 2019, the Company has authorized share capital of CHF 28,837,797.50 (2018: CHF 30,324,153.75), authorizing the Board to issue up to 23,070,238 (2018: 24,259,323) fully paid-in registered shares with a nominal value of CHF 1.25 (2018: CHF 1.25) per share by no later than February 27, 2020.

27.4 Treasury Shares

At December 31, 2019, there are 2,028,197 (2018: 839,112) treasury shares determined as being held by the Group for the purposes of its IFRS reporting.

27.5 Dividend

In January 2019, the Company paid a dividend of CHF 0.25 per share to its then 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.

In September 2019, the Company paid a dividend of CHF 0.093 per share to its shareholders. The total amount of the dividend paid was CHF 9,997,064.92. No dividends were distributed on the 839,112 treasury shares held by the Company.

No dividends were distributed in 2018.

28 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	2019	2018
Total share-based payment expense (Note 7)	**(76.8)**	**(54.3)**

28.1 Share-based payments 2019

Under the existing Phantom Unit Long Term Incentive Plans (the "Plans") a grant of 271,875 Phantom Units was made in February 2019. This additional grant was due to vest in 2022. There was a vesting of 271,875 Phantom Units, granted in previous years, on January 1, 2019, for a total cost of CHF 25.8m.

Change of control and realization event

The Group became subject to a change of control on April 3, 2019. This triggered a realization event as defined in the Plans and resulted in a full vesting of all outstanding Phantom Units.

Settlement was by cash settlement, as originally envisaged in the Plans, except as follows:

– A number of Senior Managers in the Group agreed to re-invest a portion of their vesting of Phantom Units in shares of gategroup Holding AG. This arrangement, the Investment and Shareholders' Agreement, is initially for a period of five years with the possibility to extend. The exit scenarios include a put option for the Managers, exercisable on June 1, 2022 at the initial value of their investment, on a Manager's termination of employment and a call option exercisable by the Company under certain defined conditions. Also on a realisation event, if this is prior to the put option date, the Managers have the right to sell and the Company has the right to buy at the higher of the initial value of their investment and the share price from a transaction.
– For the remaining participants of the Plans a new "Junior Management Plan" was established for a portion of their vesting of Phantom Units. The Junior Management Plan is a cash-settled share-based payment arrangement with a vesting date of March 31, 2021. There are no performance conditions but where employment terminates prior to the vesting date there may be a pro-rata payment to a good leaver. The terms for potential leavers comprise a service condition and hence cost will be recognized through the income statement over the service period. The charge for 2019 was CHF 2.0m.

At December 31, 2019 the share-based payments provision amounted to CHF 31.3m (Note 25), of which CHF 21.7m was related to the Investment and Shareholders' Agreement.

28.2 Share-based payments 2018

The Plan had been effective from June 2018, with an additional grant being made in December 2018. The Plans were accounted for as cash-settled share-based compensation with participants being granted Phantom Units which represented 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 had been a realization event, the Plans included a vesting of a tranche of Phantom Units, subject to the achievement of performance conditions at the preceding year end. These performance conditions were 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 was no vesting, the Phantom Units automatically lapsed.

The amount of cash payment depended 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 terminated during the performance period would, provided they were good leavers, receive a pro-rata vesting.

The 2018 expense of CHF 54.3m assumed that the Plans would run without a realization event with the expense reflecting the expected achievement against performance targets, discounted to present value. There was 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 amounted to CHF 41.5m as at December 31, 2018 (Note 25). A total of 1,087,500 Phantom Units were outstanding as at December 31, 2018, each having an average undiscounted fair value of CHF 113.00. 100,344 Phantom Units had as at December 31, 2018, not yet been allocated.

29 Commitments and Contingent Liabilities

29.1 Capital Commitments

At December 31, 2019, 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 15.6m (2018: CHF 12.9m).

29.2 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 25.

30 Business Combinations

30.1 Business Combinations 2019

The Group did not make any acquisitions during 2019.

Accounting for Previous Business Combinations
In 2019, the accounting for the business combination in 2018 was finalized. No changes to the provisional amounts occurred.

Considerations for Previous Business Combinations
Considerations were paid or received in 2019 in the amount of:
- CHF (0.4)m (2018: CHF 2.9m) in relation to the acquisition of SCK Services GmbH in 2018.
- CHF 1.2m (2018: nil) in relation to the acquisition of Airfood S.r.l. in 2016.
- CHF 0.1m (2018: nil) in relation to the acquisition of Cambodia Air Catering Services Ltd. in 2016.

30.2 Business Combinations 2018

Acquisition of SCK Services GmbH
The Group purchased 100% of SCK Services GmbH ("SCK") on November 30, 2018. SCK provides first-class catering services in Germany.

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

in CHF m	**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
Deferred income tax assets	0.3
Trade and other payables	(1.3)
Other current liabilities	(0.6)
Deferred income tax liabilities	(1.0)
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 the acquisition of the remaining 40% interest in COMO in 2017.
- CHF 5.4m (2017: nil) in relation to the purchase of Panima as part of the Servair acquisition in 2017.

31 Disposal of Subsidiaries

31.1 Disposals 2019

The Group disposed of four shares in Dutyfly Solutions ("Dutyfly") in June 2019, which resulted in a loss of control of Dutyfly. The consideration received was CHF 0.0m, whereas the net assets disposed of were CHF (0.2)m, including cash and cash equivalents of CHF 0.2m. The net gain of CHF 0.2m, which includes non-material currency translation gains, has been recognized in the income statement and is included in "Other gains and losses, net" (Note 9).

in CHF m	**Dutyfly**
Cash and cash equivalents	0.2
Trade receivables	1.7
Other current receivables and prepayments	4.0
Inventories	8.7
Property, plant and equipment	0.2
Intangible assets	1.7
Deferred tax assets	0.3
Trade payables	(8.8)
Other current liabilities	(6.6)
Long-term provisions	(1.8)
Defined benefit plans liabilities	–
Other long term liabilities	(0.1)
Non-controlling interests disposed	0.3
Net assets disposed	**(0.2)**
Consideration received	–
Net assets disposed	0.2
Gain from disposal of subsidiary (Note 9)	**0.2**
Cashflow:	
Consideration received in cash and cash equivalents	–
Cash and cash equivalents disposed	(0.2)
Net cash outflow from disposal of subsidiary	**(0.2)**

31.2 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).

32 Related Party Transactions

32.1 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, consists of:

in CHF m	**2019**	**2018**
Short-term benefits	12.5	12.6
Post-employment benefits	0.6	0.6
Share-based payments	46.5	26.2
Total key management compensation	**59.6**	**39.4**

32.2 Associated Companies and Joint Ventures

in CHF m	2019	2018
Revenue		
To associates	1.9	2.1
To joint ventures	1.7	0.1
Management services provided		
To associates	1.0	1.5
To joint ventures	1.3	1.0
Purchase of goods		
From associates	(4.9)	(6.5)
From joint ventures	(3.1)	–
Trade and other receivables		
From associates	3.2	3.9
From joint ventures	8.3	3.6
Provision for impairment of receivables	(2.0)	(2.1)
Trade and other current payables (Note 24)		
To associates	(0.6)	(0.9)
To joint ventures	(0.6)	–

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.

32.3 Parent

On April 3, 2019, RRJ Capital, an investment firm based in Hong Kong and Singapore, completed the acquisition of all outstanding shares in the Company through its subsidiary Saffron Asset Holding Limited, Hong Kong, and became the sole shareholder of the Group. On September 26, 2019, Temasek, a state-owned investment company based in Singapore, executed its mandatory exchangeable bond and acquired 50% of the shares ultimately owned by RRJ Capital.

As at December 31, 2019, 98.9% of the shares outstanding of the Company are held by Saffron Asset Holding Limited, Hong Kong, which is owned by RRJ Capital Master Fund III, Cayman Islands and Temasek Holdings (Private) Limited, Singapore. The remaining shares are held by Senior Management.

There are no contractual agreements, commitments, financing requirements or guarantees between the Group and its parent companies which require disclosure. For the period from the acquisition date to the balance sheet date no material sale or purchase of goods between the Company and its parent companies have been identified. As at December 31, 2019, no trade and other receivables from or trade and other payables to the parent companies have been identified.

32.4 Other Related Parties

in CHF m	2019	2018
Revenue	60.3	181.3
Trade and other receivables	4.0	30.4

The Group provides catering services to HNA Group Co., Ltd and its subsidiaries ("HNA") (a related party until April 2019), RRJ Capital (since April 2019) and Temasek (since September 2019) subsidiaries in the airline sector. In general, the Group does not receive any services or goods from HNA, RRJ Capital, Temasek or their subsidiaries. No guarantees have been received.

33 Group Companies

The principal subsidiaries of the Company as of December 31, 2019, 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
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	deSter Aviation & Hospitality Products Co. Ltd, Shanghai	100	CNY	4,738,239
	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
D.R. Congo	Fondeg Catering Congo, Kinshasa	33	CDF	93,000,000
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
	Alphair SAS, Tremblay-en-France	100	EUR	5,000
	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 West, Düsseldorf	100	EUR	1,534,000
	Gate Gourmet GmbH Ost, Neu-Isenburg	100	EUR	26,000
Ghana	Servair Ghana, Accra	57	GHS	2,109,000
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	75	EUR	400,000
	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	1,748,300,000
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

Country	Company	Equity interest (in %)[1]	Currency	Share capital
Luxembourg	Gate Gourmet Luxembourg IV S.à r.l., Luxembourg	100	EUR	2,707,500
	gategroup Finance (Luxembourg) S.A., Luxembourg	100	EUR	31,000
	gategroup Financial Services S.à r.l., Luxembourg	100	EUR	42,783,100
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
	Gate Gourmet Holding Netherlands B.V., Schiphol	100	EUR	9,792,135
	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, Incheon	60	KRW	133,330,000,000
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
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

34 Post Balance Sheet Events

On December 9, 2019, the Group announced it had reached an agreement to acquire certain European operations of the LSG Group from Deutsche Lufthansa AG. The transaction is subject to approval by the relevant anti-trust authorities and is expected to close in the first six months of 2020. The fair values of assets and liabilites acquired have not yet been determined. The company will prepare the initial accounting for the business combination after the transaction closes.

As at March 4, 2020, 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, March 4, 2020

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, 2019 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 56 to 102) give a true and fair view of the consolidated financial position of the Group as at December 31, 2019, 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 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 13% of the Group's total assets and 126% of the Group's total equity as at December 31, 2019. When recognizing revenues and corresponding trade receivables, the Company applies judgment to its ability to collect those. Due to the significance of the carrying values for revenues and trade receivables and the judgment involved, this matter is considered significant to our audit. Refer to Notes 2.7, 2.9, 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 data analytics, such as correlation and relationship analysis between revenue, trade receivables and cash and cash equivalents as well as a review of the contractual language on a sample basis, a review of credit notes and potential reversals. In addition, we performed an analysis of trade receivables based on their aging. Furthermore, we performed inquiries of key personnel regarding trade receivables and potential price adjustments (e.g. discounts) and their awareness of such adjustments that could affect current year revenue, revenue cut-off and trade receivable valuation. 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 23% of gategroup's total assets and 231% of the Group's total equity as at December 31, 2019. As stated in Note 2.16 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 plan 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-

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.

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

Simon Zogg Licensed audit expert (Auditor in charge)	Christian Schibler Licensed audit expert

Financial Statements of gategroup Holding AG

Income Statement of gategroup Holding AG

in 1,000 CHF	2019	2018
Personnel expenses	(709)	(1,139)
Operating expenses	(6,911)	(7,673)
Total operating expenses	**(7,620)**	**(8,812)**
Operating loss	**(7,620)**	**(8,812)**
Financial income		
Dividend income	836	1,457
Other financial income	1	–
Financial expenses	(809)	(39)
Loss before tax	**(7,592)**	**(7,394)**
Direct taxes	–	–
Loss for the year	**(7,592)**	**(7,394)**

Balance Sheet of gategroup Holding AG

in 1,000 CHF	*Notes*	December 31, 2019	December 31, 2018
Current assets			
Cash and cash equivalents		2	5
Other current receivables		81	81
Other current receivables from subsidiaries		–	3,252
Total current assets		**83**	**3,338**
Non-current assets			
Investments in subsidiaries		600,039	600,039
Total non-current assets		**600,039**	**600,039**
Total assets		**600,122**	**603,377**
Current liabilities			
Other current payables		151	323
Other current payables to subsidiaries		8,771	5,685
Accruals		75	140
Total current liabilities		**8,997**	**6,148**
Non-current liabilities			
Non-current loans from subsidiaries		36,560	–
Total non-current liabilities		**36,560**	**–**
Total liabilities		**45,557**	**6,148**
Share capital		135,418	133,932
Legal capital reserves:			
Reserve from capital contributions		570,835	607,393
Legal retained earnings:			
General reserve		11,766	11,766
Voluntary retained earnings:			
Earnings brought forward		(146,035)	(138,641)
Loss for the year		(7,592)	(7,394)
Treasury shares	*2.3*	(9,827)	(9,827)
Total shareholders' equity		**554,565**	**597,229**
Total liabilities and shareholders' equity		**600,122**	**603,377**

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	Domicile	Currency	Share capital (local currency)	Ownership in % Dec 31, 2019	Ownership in % Dec 31, 2018
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	42,783,100	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%
Servair Burkina Faso, Ouagadougou	Burkina Faso	XOF	10,000,000	43.55%	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%
deSter Aviation & Hospitality Products Co. Ltd, Shanghai	China	CNY	4,738,239	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%
Fondeg Catering Congo, Kinshasa	D.R. Congo	CDF	93,000,000	16.57%	16.57%
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	50.00%	49.99%
Alphair SAS, Tremblay-en-France	France	EUR	5,000	50.00%	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	50.00%	49.99%
Martinique Catering, Le Lamentin	France	EUR	50,000	49.00%	48.99%
Orly Air Traiteur, Wissous	France	EUR	250,000	49.16%	49.15%
Panima, Mamoudzou	France	EUR	500,000	25.50%	25.49%
Paris Air Catering (PAC), Tremblay-en-France	France	EUR	1,743,750	50.00%	49.99%
Passerelle CDG, Tremblay-en-France	France	EUR	40,000	25.50%	25.49%
Servair Investissements Aeroportuaires (SIA), Tremblay-en-France	France	EUR	25,000,000	50.00%	49.99%
Servair Retail Fort de France, Le Lamentin	France	EUR	55,510	42.50%	42.49%
Servair SA, Tremblay-en-France	France	EUR	52,386,208	50.00%	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	25.02%	25.01%
Société Guyanaise de Restauration Industrielle (SOG-RI), Matoury	France	EUR	225,000	48.50%	48.49%
Svrls@La Reunion, Sainte Marie	France	EUR	150,000	25.10%	25.09%
Servair Gabon, Libreville	Gabon	XAF	250,000,000	27.50%	27.49%
Gate Gourmet GmbH Deutschland, Neu-Isenburg	Germany	EUR	7,670,000	100.00%	100.00%
Gate Gourmet GmbH West, Düsseldorf	Germany	EUR	1,534,000	100.00%	100.00%
Gate Gourmet GmbH Ost, Neu-Isenburg	Germany	EUR	26,000	100.00%	100.00%
Servair Ghana, Accra	Ghana	GHS	2,109,000	28.50%	28.49%
Skygourmet Catering Private Ltd, Mumbai	India	INR	14,655,311	100.00%	100.00%

Company	Domicile	Currency	Share capital (local currency)	Ownership in % Dec 31, 2019	Ownership in % Dec 31, 2018
Gate Gourmet Ireland Ltd, Dublin	Ireland	EUR	4,500,000	100.00%	100.00%
Air Food S.r.L., Milan	Italy	EUR	400,000	75.01%	26.01%
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	40.00%	39.99%
SIA Restauration Rapide Côte d'Ivoire, Abidjan	Ivory Coast	XOF	1,748,300,000	50.00%	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	29.50%	29.49%
SIA Kenya Holding Ltd, Nairobi	Kenya	KES	1,215,000,000	29.50%	29.49%
Gate Gourmet Luxembourg IV S.à r.l., Luxembourg	Luxembourg	EUR	2,707,500	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%
Gate Gourmet Holding Netherlands B.V., Schiphol	Netherlands	EUR	9,792,135	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	32.56%	32.55%
Skychef Ltd, Mahé	Seychelles	SCR	313,000	27.50%	27.49%
Gate Gourmet Singapore Pte Ltd, Singapore	Singapore	SGD	19,602,977	100.00%	100.00%
Gate Gourmet Korea Co. Ltd, Incheon	South Korea	KRW	133,330,000,000	60.00%	60.00%
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%
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:

2019	Number of shares
Balance at January 1, 2019	**839,112**
Balance at December 31, 2019	**839,112**
Number of treasury shares held by gategroup Holding AG	839,112

2018	
Balance at January 1, 2018	**839,112**
Balance at December 31, 2018	**839,112**
Number of treasury shares held by gategroup Holding AG	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.

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, 2019, the Group utilized RCF drawings of CHF 212.2m, being CHF 80.0m and SEK 1,280.0m (2018: CHF 207.2m). The RCF matures on October 20, 2021.

The existing five-year EUR 250.0m Term Loan was extended by one year in December 2018 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 355.2m (2018: CHF 286.1m) thereof none (2018: CHF 3.5m) for associates.

2.5 Employees

In 2019, the Company employed on average 6 employees (2018: 8).

2.6 Post Balance Sheet Events

On December 9, 2019, the Group announced it had reached an agreement to acquire certain European operations of the LSG Group from Deutsche Lufthansa AG. The transaction is subject to approval by the relevant anti-trust authorities and is expected to close in the first six months of 2020.

As at March 4, 2020, the date of approval of these financial statements by the Board, the Company has no other significant subsequent events 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 March 4, 2020, for the appropriation of available earnings

in 1,000 CHF	Dec 31, 2019	Dec 31, 2018[1]
Carried forward from previous year	(146,035)	(138,641)
Loss for the year	(7,592)	(7,394)
Balance to be carried forward	**(153,627)**	**(146,035)**

[1] Approved by the Annual General Meeting of Shareholders on February 28, 2019.

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

in 1,000 CHF	Dec 31, 2019	Dec 31, 2018
Opening balance	607,393	608,068
Adjustment to the reserve from capital contributions	–	(675)
Dividend payment in January 2019 of CHF 0.25 per share[1] out of reserve from capital contributions	(26,560)	–
Dividend payment in September 2019 of CHF 0.093 per share[1] out of reserve from capital contributions	(9,998)	–
Reserve from capital contributions	**570,835**	**607,393**
Dividend payment in March 2020 of CHF 0.13 per share[1] out of reserve from capital contributions	(13,974)	–
Dividend payment in September 2020 of CHF 0.105 per share[1] out of reserve from capital contributions	(11,287)	–
Balance to be carried forward	**545,574**	**607,393**

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

Building a better working world

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To the General Meeting of
gategroup Holding AG, Opfikon

Zurich, March 4, 2020

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 110 to 116), for the year ended December 31, 2019.

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, 2019 comply with Swiss law and the company's articles of incorporation.

Building a better working world

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

Simon Zogg
Licensed audit expert
(Auditor in charge)

Christian Schibler
Licensed audit expert

CREDITS *Imprint*

EDITOR
gategroup Holding AG

REALIZATION
NeidhartSchön AG, Zurich, Switzerland

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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.

This communication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

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Due to country-specific constraints or marketing considerations, some of the Group products and services may not be available in every market.

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