ANNUAL REPORT 2014

gategroup™

Serving people on the move

Key Figures

in CHF m	2014	2013	change in %
Total revenue	**3,009.2**	**3,002.2**	**0.2%**
EBITDA[I]	**168.6**	**168.1**	**0.3%**
EBITDA margin	5.6%	5.6%	0.0 pp
Operating profit	**102.8**	**98.6**	**4.3%**
Operating profit margin	3.4%	3.3%	0.1 pp
Profit for the year	**40.8**	**21.0**	**94.3%**
Cash flow from operating activities	**74.9**	**62.9**	**19.1%**
Net debt	243.1	261.0	(6.9)%
Capital expenditures	**55.7**	**53.1**	**4.9%**
Number of employees	**27,762**	**27,393**	**1.4%**

[I] EBITDA throughout the document refers to Segment EBITDA as defined in Note 5 of the consolidated financial statements.

Revenue by segment [II] in CHF m

Airline Solutions

2,561.4

(2013: 2,593.2)

Product and Supply Chain Solutions

651.3

(2013: 599.6)

[II] 2013 and 2014 figures before corporate costs and eliminations

EBITDA by segment [II] in CHF m

Airline Solutions

156.8

(2013: 157.9)

Product and Supply Chain Solutions

40.2

(2013: 39.1)

Share price development

From listing date of May 12, 2009, through 2014


6
continents
32
countries
12
locations


4
166
facilities
270+
customers

27.8k

employees

Average annual full-time equivalent number of employees

350M+

passengers served per year

Letter to Shareholders

gategroup reported stable results for the 2014 financial year, with successful retention and growth of its customer base, optimization of the business, and advancement of operational and financial initiatives to mitigate uneven performance in the airline industry.

ANDREAS SCHMID

"gategroup maintained its leading market position with its broad portfolio of products and services offered to airlines on a global scale."

Dear Shareholder,

gategroup had stable financial performance in 2014. Most importantly, positive development was evident in the underlying business through the course of the year.

Solid Foundation

The efforts undertaken to restructure the business to adapt to the changing environment for airlines and airline services experienced over the last three years continued. The focus on core operational and financial efficiency programs across the Group has established a strong foundation and momentum for the future.

With a presence in 32 countries and an extensive global network, the Group again benefited from passenger and airline growth with an overall underlying growth for the year of over 3%. This growth was lower than the historical achievement of 7–8% per annum, due to decisive actions taken to exit some unprofitable contracts and divest some selected operations.

The Group continued its success in retaining customers in key locations, with the majority now under long-term agreements, providing good revenue visibility for the business over the coming years.

The diversification of services and products also continued, with approximately 30% of the group business now derived from ancillary services and products beyond traditional airline catering. As a result, gategroup maintained its leading position in terms of the portfolio of products and services offered to airlines on a global scale.

Conditions for the aviation industry continued to improve throughout 2014 and are expected to continue, boosted by lower fuel prices, affirming a positive outlook for the years ahead. The underlying trends remain, with new entrants competing for routes long held by legacy carriers; low-cost carriers continuing to grow; further changes to the onboard service models; and a continued focus on efficiency and alternative lower cost service models.

With its global network, broad products and service offerings, and innovation on alternate service models, gategroup is well positioned to counter and benefit from these trends.

Right Platform for Growth

In the course of 2014, the Board and management undertook a thorough review of the global organization and took the next step to strengthen the two existing business segments and further focus the activities of the Corporate center.

Herman Anbeek, formerly leading our Airline Solutions Emerging Markets business, was appointed as President of the Global Airline Solutions business and oversaw changes to the internal management within Airline Solutions to bring our leadership team closer to our customers and further strengthen relationships with our business partners.

The Product and Supply Chain Solutions ("PSCS") business, led by Andrew Langdale, is also being expanded to drive a closer alignment of our logistics, retail on board and technology services, allowing us to further leverage and enhance the customer onboard experience.

In sum, the changes to the organization in 2014 and continuing into 2015 are strengthening the core business platforms of the Group under the management of experienced global leadership teams, and have provided the basis for a smaller Corporate center to focus on key strategic development of the Group.

Management Changes

With these foundational changes firmly in place, the Company was well poised to announce additional changes in key leadership positions at the Company that were the culmination of a considered and Board-led process. Most recently, the Board of Directors was very pleased to announce the appointment of Xavier Rossinyol as the next CEO of gategroup, effective April 1, 2015.

Xavier Rossinyol brings a rich industry experience to the role, having served previously as CFO and also as COO EMEA and Asia at Dufry, a publicly traded company on the SIX Swiss Exchange and a leading global travel retailer operating in 60 countries with 21,500 employees worldwide.

Xavier Rossinyol also brings a firm foundation in the airline services sector, having served in senior financial and operational roles for over 20 years, including airport contract catering as well as licensing activities, and food and beverage management. His knowledge of the different aspects of the airline and travel markets, from catering, airport and retail, gives him a unique, well-rounded view on how to further leverage gategroup's core competencies in key markets, and the Board is confident he is an excellent choice to lead gategroup into the future.

Xavier Rossinyol's appointment followed Andrew Gibson's decision to step down as CEO and as a member of the Board after a decade of serving at gategroup in senior management positions. On behalf of the Board, I thank Andrew Gibson for his leadership through a challenging economic climate during his tenure as CEO. Working together, Andrew Gibson and the management team at gategroup have contributed greatly to the advancement of the Company.

Christoph Schmitz was also appointed as gategroup's new CFO, effective January 19, 2015. His two decades of CFO experience on four continents will serve him well in meeting our financial growth objectives and our plans for the mid-term. Christoph Schmitz will work closely with our business leaders to improve margins in the core business and to help launch new business development projects. He already is actively involved in the business and focused on a number of key strategic initiatives.

Christoph Schmitz succeeds Thomas Bucher, who stepped down from his role as gategroup CFO effective December 31, 2014, after more than six years with the Company. We thank Thomas Bucher for his significant contributions, including his instrumental role in the listing of gategroup at the SIX Swiss Exchange in May 2009 and in executing the finance strategy including debt and equity financings.

Board Changes

Joining the Board in 2014 was Ilona De March, who brings wide-ranging expertise in the travel and transportation sector to her role as a Board member. David Siegel, who had a long-standing commitment to the Group in a variety of executive roles before becoming a Board member in 2004, did not stand for re-election in 2014.

Andrew Gibson, Brian Larcombe and Neil Brown will not stand for re-election at the Annual General Meeting. The Board of Directors would like to thank them for their commitment to gategroup during a crucial period in the development of the Company.

Following a detailed and thorough process to determine the most appropriate individuals to succeed them, I am delighted to propose Paolo Amato, David Barger and Julie Southern as new members of the Board of Directors. These three prominent figures would bring a wealth of experience in the airline industry.

Paolo Amato served Alitalia as Chief Financial Officer from 2009 to 2014, and later Deputy General Manager Corporate, overseeing the creation and execution of strategic partnerships with leading airlines such as Air France-KLM and Delta Air Lines and the integration of AirOne. Since February, he is CFO of Renova Management AG.

U.S. airline pioneer David Barger is one of the co-founders of low-cost carrier JetBlue. As the company's Chief Executive Officer for years until 2014, he played a key role in developing a customer-friendly carrier into a leading airline that now flies to 87 destinations in 14 countries worldwide. Before founding JetBlue, he worked in senior roles for New York Air and Continental Airlines.

Julie Southern served Virgin Atlantic for 13 years in positions such as Chief Commercial Officer and Chief Financial Officer. She played a key role in leading the airline's commercial activities during a time of growth and expansion and, prior to that, in providing financial leadership in a period where the industry was affected by crises such as 9/11 and the global recession.

The highly entrepreneurial approach of these three leading individuals, combined with their management and finance experience and deep knowledge of the airline sector, will add significant value to gategroup's Board of Directors.

Thank You

I am very pleased to announce that in view of the solid business performance in 2014 and forward outlook, the Board of Directors is proposing to the AGM scheduled for April 16, 2015, a dividend of CHF 0.45 per registered dividend paying share.

On behalf of the Board of Directors, I would like to express my sincere thanks to our valued shareholders, our customers, our employees and business partners for the commitment and support you have invested in our Company.

With best regards,

Andreas Schmid
Chairman

"The focus on core operational and financial efficiency programs across the Group has established a strong foundation and momentum for the future."

ANTONY MCNEIL
CUSTOMER DEDICATED EXECUTIVE CHEF – EMIRATES AIRLINES

“As I like to say, reputation has more value than any money can buy. It’s our passion at gategroup to deliver on the customer’s expectations with consistent quality, to promote their brand values – and ours.”

Find Chef Antony’s original recipe for Smoked Duck on page 153.

What We Do

gategroup is the leading independent global provider of products, services and solutions related to a passenger's onboard experience. We specialize in catering and hospitality, provisioning and logistics, and onboard products and services to companies that serve people on the move. Our customers include leading airlines around the world as well as railways, airport lounges and convenience stores that rely on our experience to deliver bespoke solutions tailored to their unique service offerings and locality.

gategroup was established in 2008 to build on the core Gate Gourmet airline catering and provisioning business, and to recognize the Group's evolution into a comprehensive provider of on- and off-airport products and services. Our portfolio of brands meets the fast-changing needs of our customers around the world. We do this by offering end-to-end solutions through our group of brands. While each brand addresses a specific market need, together they can also operate in an integrated way to provide a "one-stop shop" for our customers.

gategroup Holding AG, the Group's ultimate holding company, began public trading in May 2009 when it listed on the SIX Swiss Exchange under the trading symbol "GATE."

STRATEGY

Our business model is based on a strong leading market position and global reach; a flexible and competitive cost structure; a large and diversified customer base with long-standing relationships; and a strong management team with a proven track record.

Our business footprint is global. We have a strong presence and infrastructure in historically robust air transportation markets in Europe and North America, and we have been actively increasing our presence in emerging markets such as Asia, Latin America and the Middle East. Our long-term strategy is multifaceted and focuses on balanced and sustainable growth. We intend to achieve this by capturing organic growth and expanding into high-growth regions and adjacent businesses; leveraging the cross-selling capabilities of our brands; expanding our offering in the rapidly growing onboard retailing business; making selective acquisitions; benefiting from airlines' outsourcing of non-core business; and constantly driving efficiency and quality improvements.

ORGANIZATION

For the 2014 financial year, gategroup was organized into two business segments – Airline Solutions and Product and Supply Chain Solutions ("PSCS").

For the financial year under review, the Airline Solutions business segment included Gate Gourmet, Gate Retail Onboard, Gate Aviation, Gate Safe, Performa and eGate Solutions. The services offered by these airport-oriented brands include airline catering and provisioning; onboard retail services and technology solutions; airport lounges; and security services for catering and cargo. Within Airline Solutions, many commercial relationships are multinational, with regional teams focused on managing the local business environment, driving tailor-made strategies and employing customized approaches to mature and emerging markets to accelerate growth. In 2014, Airline Solutions accounted for approximately 80%[I] of gategroup's revenue and 80%[I] of Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA").

PSCS is focused on the design, procurement and delivery of physical products. In 2014, this business segment leveraged synergies across the brands deSter, Harmony, Supplair and Pourshins, underpinned with a strong global supply chain management competency. These brands, which traditionally operate outside the airport environment, provide services such as onboard service equipment; premium amenity kits and comfort items; distributed food and beverage solutions; and supply chain and logistics solutions. PSCS generated approximately 20%[I] of gategroup's revenue and 20%[I] of EBITDA in 2014.

Through both of these business segments, we are able to tailor our offering to traditional full-service and low-cost carriers ("LCCs"); in premium and economy cabins; for short-haul and long-haul services; and for adjacent markets, such as executive aviation, rail, and retail.

1,225

Each Emirates A380 aircraft, when fully loaded to carry 489 passengers, can also carry up to 1,225 meals at a time. To serve all this food and related beverage and snack service, we'll board 9 tons of catering equipment. That's the weight of 80 baby elephants!

[I] 2014 figures before corporate costs and eliminations

CUSTOMERS

gategroup serves more than 270 customers, including many of the world's largest airlines. Our customers range from full-service carriers, such as Delta Air Lines, British Airways, LATAM Airlines Group, Singapore Airlines and Swiss International Air Lines, to hybrid and LCCs, such as airberlin and easyJet.

In 2014, we were the primary caterer at a main hub airport for all of our 10 largest customers, while our top 20 customers accounted for approximately 75% of our revenues. This concentration is reflective of the overall airline industry, whereby the top global carriers account for the majority of industry revenues.

We believe that our high level of logistical expertise and our historical knowledge of our customers' specific requirements provide an advantage that is tangible to our customers, particularly for those customers where we are the home-base caterer, due to the size and logistical complexities involved with numerous flights, types of aircraft, menus and other customer-specific requirements.

Our marketing, sales and customer service efforts are organized and implemented on a divisional and/or country/local level depending on the conditions in the specific market. These are carried out by dedicated account management teams, with support and direction from our central marketing department. Each of our top airline customers has a dedicated account manager who is responsible for coordinating our global relationships with these customers, in addition to maintaining a system of country-by-country managers.

CONTRACTS

Our main customer catering contracts have an average duration of four to five years. We have a set of specific tender procedures and authorization guidelines in place to ensure that contracts we enter into meet profitability, strategic and/or other requirements, and that customer contracts and other transactions are approved at the appropriate level.

In addition, we have deployed specific pricing strategies such that a portion of our revenue is not impacted by reductions in passenger volume. This approach is designed to reduce our exposure to rapid or dramatic fluctuations in airline passenger traffic.

We have a strong track record of winning new business and maintaining long-term relationships with major customers. Some of these relationships have been in place for more than 70 years.

Of the annual revenue available for renewal in 2014, we renewed approximately 80%, while winning approximately 30% of all new contract value up for bid where we were not the incumbent. Given current contractual expiration patterns, management estimates that approximately 90% of our 2014 revenue is derived from business that will continue through 2015 and about 70% that will continue through 2016. Management believes this revenue pipeline contributes to stable future cash flow generation.

GEOGRAPHIES

gategroup operates across the globe. Of total Group revenue basis in 2014, accounting for all Airline Solutions and PSCS business, Europe represented approximately 47% (48% of Group EBITDA contribution), followed by North America at 32% (25% of Group EBITDA) and Emerging Markets, which includes Asia/Pacific, Latin America, and the Middle East, at 21% (27% of Group EBITDA)[I].

At the end of 2014, we operated from more than 160 facilities in 32 countries on six continents. The majority of our kitchens and other facilities are located in Europe and North America. We also operate out of several locations where we do not have any kitchens using an "asset-light" model, which means that we are able to provide our services with no or limited capital expenditure.

SUPPLIERS AND RAW MATERIALS

We purchase raw materials essential to the operation of our business principally through regional and national food distributors in each of the geographical regions in which we operate. Through the principles of our global procurement strategy, we drive strong alignment of our supplier partnerships ensuring total quality, innovation and flexibility underpinned by competitive pricing. Our responsive and sustainable supply chain enables us to quickly respond to changes in customer demand and requirements. We are not substantially dependent on any one supplier and could obtain comparably priced alternative products or services from other suppliers should a supply contract be terminated or not be renewed. However, at some local airports we may depend on one or a few key suppliers.

8,000

Gate Gourmet creates and manages a number of recipes for Delta Air Lines – more than 8,000 at any given time. In addition to freshly prepared meals, gategroup offers a wide array of pre-packaged food options. In Atlanta alone, 444,600 snack baskets were boarded on Delta flights in 2014 out of Gate Gourmet's domestic kitchen.

[I] 2014 figures before corporate costs and eliminations

CHRISTIAN HALLOWELL
CUSTOMER DEDICATED EXECUTIVE CHEF – DELTA AIR LINES

“gategroup has a remarkable culture – and our diverse team of global professionals achieves amazing things in the complex, ‘mission-critical’ environment of airline catering.”

Find Chef Christian’s original recipe for Crispy Sea Bass Spring Rolls with Smoked Coconut Pesto on page 154.

SIMON NEWELL
CUSTOMER DEDICATED EXECUTIVE CHEF – BRITISH AIRWAYS

"Given my passion for international travel and cooking, I take pride in creating an authentic culinary experience that connects passengers culturally to countries around the world."

Find Chef Simon's original recipe for Pan Seared Loch Fyne Haddock on Pearl Barley Risotto on page 155.

In North America, our customers generally nominate the supplier and negotiate the price of a substantial portion of the food products and other supply items that we use, which is characteristic for this market. In these cases, although the airline has nominated the products, we are responsible for the acquisition. In the rest of the world, we are accountable to identify and fulfill supply needs through competitive negotiations for all terms. In 2014, approximately 30% of our total raw materials and other supply purchases were for customer-nominated products.

Because of the relatively short storage life of food inventories, especially perishables, and our customers' requirements for freshness, we maintain a minimum amount of inventory at any given time. We manage our supply chain using the same systems that we provide to our customers, giving us the opportunity to leverage our strengths. In particular, Pourshins specializes in logistics solutions including "just-in-time" supply chain management. deSter is the only brand that acquires commodity raw materials and it has a number of non-food raw materials suppliers with no reliance on any one supplier. The business does engage in forward buying purchases from time to time.

FOOD SAFETY AND QUALITY MANAGEMENT

Food safety, food security and hygiene are of paramount importance to gategroup as part of our compliance obligations. We have expert teams in place, across divisions and by entity, who oversee food safety and quality and govern our adherence to local regulations and policies.

In addition to fulfilling legal and regulatory requirements in the various jurisdictions in which we operate, we have implemented our own internal food safety control function and system. Our overall quality management system is based on the principles of ISO 22000, with our internal food safety control system based on the World Food Safety Guidelines for Airline Catering (issued in collaboration with industry partners and the International Flight Services Association and Association of European Airlines) as well as the Hazard Analysis and Critical Control Point ("HACCP") risk analysis. In HACCP, each process flow is evaluated and based on the risk level, and necessary controls are implemented to assure the highest level of food safety. In addition to these protocols, various preventive measures and control programs are in place to further assure product and service quality.

Furthermore, all our operating units are subject to periodic internal and external third-party food safety audits at unit, country and corporate levels, and all of our food handlers undergo annual food safety training. Food safety requirements vary by country and may take into account specific local requirements. We also control and conduct annual food safety audits of our suppliers.

142 tons

Gate Gourmet London Heathrow used approximately 142 tons of tomatoes for British Airways menus in 2014. That is the equivalent weight of 9 catering trucks!

EMPLOYEES

The quality food we prepare, the products we design and source, the technologies we use, the efficient facilities we operate and the safety accolades we earn – none of these things would be possible without gategroup's talented professionals worldwide.

The table below presents the average annual full-time equivalent ("FTE") number of employees in each business segment for the 2013/2014 years ended December 31.

Segment[i]	2014	2013
Airline Solutions	26,631	26,301
PSCS	1,131	1,092
Total	**27,762**	**27,393**

[i] Group Centre FTE allocated to Airline Solutions and PSCS based on segment share of Group revenue

The employee base is split into direct and indirect labor. Direct labor refers to those employees whose jobs entail the production and delivery of goods and services to customers. Indirect labor is management and corporate functions, supervisors and support staff.

The direct labor group makes up the largest component of gategroup's staff and includes temporary workers, which offers flexibility in matching our workforce to sometimes rapidly changing business volume.

The majority of our direct labor is covered under union contracts of one to three years duration, depending on the location. Management has generally a good working relationship with the unions that represent employees and is in frequent communication with union representatives.

OPERATIONAL AND CULINARY EXCELLENCE

gategroup fosters an environment of continuous improvement and innovation, built on the principles of people development, operational development, and infrastructure management. This is the foundation of gategroup's proprietary gateOPEX program, which since its launch in 2011 has helped strengthen team creativity and ownership for identifying, developing and deploying operational standards and best practices across all functional areas.

To further align our vigilance in culinary excellence with our operational and logistical expertise, gategroup has a well established Group Culinary organization. The organization works in unity with gategroup's other programs to make optimum use of our existing continuous improvement and Total Cost Management structures, while encouraging the importance of a holistic yet individualized approach in providing culinary expertise together with best-in-class products and services to our customers.

gategroup introduced a Customer Dedicated Executive Chef ("CDEC") program to align our talented chefs with global responsibility for all aspects of a particular customer's menu development, production and overall culinary success. The CDEC has specific training in the respective customer's culinary requirements as well as operations and inflight protocols to help ensure precision while also helping spark innovation.

CORPORATE SOCIAL RESPONSIBILITY

gategroup is committed to making a positive difference where we operate for our people, our partners and our planet. This commitment is demonstrated by a Corporate Social Responsibility ("CSR") program, founded on our Code of Business Conduct and Ethics and supporting our corporate values of accountability, passion, integrity and excellence.

By operating in an ethical manner, treating our employees, customers and suppliers fairly, managing and minimizing our environmental impact, and playing our part in the community as a responsible corporate citizen, we reinforce the trust our stakeholders place in us.

Our teams' contributions in 2014 included a wide array of activities, such as:

- Installing a waste-to-water "digester" in Vancouver as part of a "Zero Waste" project, diverting 1550 metric tons of domestic waste from the landfill and 650 metric tons of international waste from incineration annually
- Establishing a collection of reading material at the unit in Madrid to promote reading as well as the professional development of our employees through educational literature
- Continuing focus on a Veteran employment program in the U.S.
- Ongoing work with the disabled community, such as in Sydney, where the unit was awarded "Most Valued Customer" by Disability Services Australia for the 2013–2014 financial year
- Purchasing from local suppliers to support local economies – the Narita unit, for example, procures fresh produce such as spinach, broccoli, carrots and cabbage from local farmers; and
- Participating in community programs through recognized organizations, often in partnership with our customers.

These activities are just some of the countless ways that our people operate in a socially, environmentally and economically sustainable manner, supporting gategroup's values and the four areas around which gategroup has built its CSR program:

Our workplace – attracting and retaining talented individuals and encouraging their growth and development;

Our marketplace – applying and improving standards throughout our supply chain, anchored by a number of global efforts including but not limited to global operational excellence programs, supplier programs and global employee training;

Our environment – reducing our environmental impact through increased environmental controls to reduce waste; investment in clean technologies to promote energy efficiency; and innovative product design to reduce our total environmental impact; and

Our community – contributing positively to the communities where we operate, through a wide range of service-related and charitable programs.

We will continue to build upon this CSR framework in 2015.

4,450,000

To prepare a variety of delicious dishes such as terrines, desserts, cakes and pastries, as well as omelets, scrambled eggs and more, Gate Gourmet kitchens in Europe use approximately 4,450,000 eggs every year.

GOTTFRIED MENGE
DIRECTOR – GROUP CULINARY EXCELLENCE

“There’s no ‘one-size-fits-all’ approach to culinary solutions, and that’s why I love communicating with our customers. Having an open exchange is at the heart of gategroup’s partnerships and is essential to successfully delivering culinary excellence.”

Find Chef Gottfried’s original recipe for Truffle Raviolo with Wilted Spinach on page 156.

Chief Executive's Report

gategroup delivered in line with its stated financial objectives, reporting stable revenue and EBITDA performance.

ANDREW GIBSON

"gategroup continued to take measures in 2014 to further improve and accelerate the Group's performance, while also driving a more unified global approach and stronger coordination across the markets we serve."

For gategroup, 2014 marked a year of key milestones as performance stabilized and positive momentum was evident in the business. The year was underpinned by a range of measures enacted in prior periods and advanced in the course of the year.

The total revenue of CHF 3,009.2 million and an EBITDA of CHF 168.6 million are in line with our stated financial objectives. On an important note we are pleased with the improved cash generation from the business which was ahead of expectations.

Across our global portfolio of operations, there was positive flight and passenger volume development on international long-haul flights. Domestic short-haul flight volumes that were weaker in the first half, strengthened through the second half and by year-end were in line with the prior year levels.

The year also marked the successful conclusion of some key commercial agreements, coming at the end of an intensive period of long-term renewals of major contracts for the Group over the last years. Approximately 90% of revenues are secured for 2015 and 70% for 2016.

Our Airline Solutions business benefited from strong organic growth, although as expected, reported revenues were slightly down due to divestments (e.g. Shanghai and Brussels), termination of unprofitable contracts (e.g. Norwegian), and currency movements against the Swiss Franc, our reporting currency. Margins were stable versus the prior year, with the full-year effect of restructuring efforts and cost-containment initiatives being most pronounced in the second and third quarters.

The Product and Supply Chain Solutions ("PSCS") business also continued to see positive development in 2014, with substantially higher revenues due to growth across all brands within the business segment while maintaining stable EBITDA margins.

In line with our strategy and objectives, we continued to take measures in 2014 to further improve and accelerate the Group's performance, while also driving a more unified global approach and stronger coordination across the markets we serve.

We continued to advance the rollout of our core global programs, which were initiated in 2012. gateOPEX, our operational excellence program specifically designed for catering operations to drive sustainable cost, quality, reliability and safety improvements, is now deployed in more than 50% of our global catering operations. gateOPEX has proved very successful, enabling our teams to increase productivity, improve customer perception, and enable capacity optimization of our facilities.

Closely linked to our operational excellence program is our Group-wide culinary initiative, primarily within the catering business. As part of this globally coordinated effort, gategroup has appointed Customer Dedicated Executive Chefs who are located at customer core hub locations to continue to drive development of the Company's capabilities in culinary excellence, menu design, and innovation. This effort will be further expanded in the coming year.

Our global procurement team also advanced the Total Cost Management program which was initiated in 2012. The small team of procurement experts is directly linked to the regional supply chain organizations and continues to drive annual savings reduction in all areas of the business related to direct material and other indirect spend.

Finally our technology transformation effort continues. The complete re-design and deployment of the Group's technology platforms across infrastructure and applications is now beginning the second year of implementation and is well advanced. We are already seeing the benefits of this on both lowering our cash spend on technology support and improving the performance of our operations. For example, the rollout of our new global Enterprise Resource Planning ("ERP") platform for the Airline Solutions operations, which will replace multiple legacy ERP systems, is on track and is one element being put in place to allow us to progressively drive further operational cost management over the coming years.

With the core programs above and other specific targeted initiatives, gategroup continues to implement a range of cost control and efficiency measures that are sustainable, well managed and deliver real savings. Between 2011 and 2014, we eliminated approximately CHF 165 million in costs, representing 1.0–1.5% of total cost per year. The benefit of these efforts is evident in the lower total material and personnel cost ratio achieved in 2013 and 2014. Going forward, the core Group-wide initiatives described above, as well as new initiatives announced in 2014 targeted to deliver an additional CHF 30 million savings by the end of 2015, will continue to be advanced.

In 2014, we also took the next step in gategroup's evolution to positively advance the Airline Solutions business by placing it under a single focused global management team. We are already seeing the benefit of this through greater economies of scale, more efficient replication of core processes and techniques, more rapid innovation across the global platform, and increased focus on meeting our customers' needs whenever and wherever they operate. The team is led by Herman Anbeek, who previously led the Airline Solutions Emerging Markets business, where he actively guided significant business development across multiple markets and where we have seen strong growth. He has also worked extensively in the development of commercial opportunities for the Group and has a deep understanding of our customers and their needs.

We also continued to develop the PSCS business, which, under the leadership of Andrew Langdale, saw very positive growth in 2014. Established in 2012, the PSCS business has developed well and now represents over 20% of Group revenues. With its bespoke offering of products – for example, across packaged foods, service equipment, and comfort items – PSCS can offer any of our airline customers a global supply chain solution to service their needs in core markets where they operate.

To further develop our position in the market, our service brands Gate Retail on Board ("GRO") and eGate Solutions ("eGate"), which respectively manage customers' onboard retail programs and technology and software solutions, are being integrated with PSCS. This move is in direct response to our airline customers' increasing demand for the integration of these services with the supply chain management services already provided by PSCS. The combination of these services puts gategroup in a very clear global market-leadership position with the only true "end to end" service offering in the industry. The final integration of GRO and eGate is taking place in the first quarter of 2015, with the expanded division being renamed as Network and Product Solutions.

With the two primary business segments Airline Solutions and Network and Product Solutions being firmly established and led by experienced global leadership teams, the Corporate Center has been streamlined to focus on overall business performance, strategic development and governance. In support of this, we have strengthened our Corporate Development team to drive new business development. Led by Jann Fisch, the team is already advancing our presence in lounge and hotel services, and will further expand our business in new markets.

Throughout 2014, and over the last several years, we have strengthened the business through more integrated leadership and focused Group functional support, delivered on key initiatives to drive service excellence, and strengthened customer relationships. The evidence of these efforts and the significant contributions by gategroup team members is a solid performance for 2014, with the plan for 2015 showing a positive uplift building on this momentum.

Over the past four years, it has been my privilege to lead gategroup as CEO. I am deeply grateful for the support, commitment and dedication of the entire gategroup community. Together, we have reshaped this company and have laid the groundwork for further development. I also extend my thanks to our customers and business partners for their loyalty and for the advancements we have made together. I am confident that gategroup is on a solid foundation and that an excellent candidate to succeed me in the role as CEO has been confirmed. Xavier Rossinyol has the credentials and passion to lead gategroup into its next phase, and I wish him every success and much satisfaction in his work as he takes the helm on April 1, 2015.

"We have strengthened the business through more integrated leadership and Group functional support, delivered on key initiatives to drive sustainable cost savings and service excellence, and strengthened customer relationships."

Continuing a long-standing relationship with Delta Air Lines

10 million

Gate Gourmet, which globally serves 10 million meals a year for Delta Air Lines, reached agreement in 2014 with the airline on a five-year extension of all catering and provisioning services that was due to expire in 2013. Gate Gourmet also expanded its relationship with Delta at three new locations: Dusseldorf, Germany; Manchester, England; and Santiago, Chile. Additionally, Gate Aviation was awarded combined cabin cleaning and commissary services at certain U.S. locations.

Capturing the Air Canada brand

Performa extended its portfolio of premium airport lounges with the debut of Air Canada's Maple Leaf Lounge at London Heathrow Airport's Terminal 2, the airline's largest international station. Prior to the lounge's opening, Performa helped ensure that every detail reflected the Air Canada brand, from red accents on the staff's uniform to an Air Canada signature beverage made with a dash of Canadian Maple Syrup. Managed and staffed by Performa, the lounge offers guests a serene atmosphere with two-tiered seating that showcases Canadian-inspired cuisine, craftsmanship and décor – including maple wood slats – and features amenities such as a live cooking station with made-to-order meals, a gourmet buffet with hot and cold food options, and a full bar.

Virgin Australia partnership extended

gategroup and Virgin Australia recently extended an ongoing contract further demonstrating gategroup's capabilities in meeting changing customer needs as Virgin Australia evolved from a low-cost carrier to a full-service, premium airline. Gate Gourmet provides food assembly, flight assembly and handling services for all domestic and short-haul international flights departing from the locations in Australia where Gate Gourmet has a presence. On an annual basis, Gate Gourmet provides services for more than 125,000 flights for the airline.

"The extension shows our ability to adapt gategroup's operational model according to a customer's changing requirements."

HERMAN ANBEEK, PRESIDENT AIRLINE SOLUTIONS

Sustainable & delicious snacks for KLM

To further advance their mission of sustainable catering, KLM Royal Dutch Airlines relied on gategroup brand deSter to develop an environmentally-friendly inflight snack option.

By sourcing fresh ingredients from local Dutch suppliers and designing packaging that captures KLM's heritage of sustainability, deSter developed an ideal solution for KLM. Now passengers traveling on KLM can enjoy a consistently high-quality snack option that is both delicious and environmentally responsible. Thanks to a shared commitment to sustainability and innovation, KLM and deSter's successful partnership continues to make advancements in the field of environmentally-friendly catering and packaging design.

Luxury indulgence for Singapore Airlines

In conjunction with Salvatore Ferragamo, Harmony developed an exclusive amenity kit program for Singapore Airlines.

Luxurious and generously sized to indulge discerning first class passengers, the premium amenity kit for female passengers features the "Signorina" collection, including a 30 ml Signorina Eau de Parfum, Salvatore Ferragamo's most successful fragrance. Male passengers receive an equally lavish amenity kit that includes a 30 ml Eau de Toilette from the Acqua Essenziale line. The amenity kits also include a 30 ml hand cream, a 10 ml nourishing lip balm and a refreshing towelette.

With the launch of these amenity kits, Harmony has once again helped a carrier raise the standard for onboard customer experience.

Airline Solutions

Airline Solutions is the largest business segment within gategroup, delivering an 80% share of Group total revenue. For 2014, Airline Solutions reported total revenue of CHF 2,561.4 million (2013 of CHF 2,593.2 million), with an EBITDA of CHF 156.8 million, level with the prior financial year (2013 segment EBITDA: CHF 157.9 million). This segment brings together those gategroup brands that manage on-airport catering, provisioning and related operations: Gate Gourmet, Gate Retail Onboard, Gate Aviation, Gate Safe, Performa and eGate Solutions.

HERMAN ANBEEK
PRESIDENT, AIRLINE SOLUTIONS

Revenue for the segment[I]

CHF 2,561.4 m

(2013: CHF 2,593.2 m)

Share of Group revenue

80 %

(2013: 81 %)

EBITDA[I]

CHF 156.8 m

(2013: CHF 157.9 m)

[I] All 2013 and 2014 figures before corporate costs and eliminations

The performance in 2014 of the Airline Solutions business segment was generally on a par with the prior year. The business benefited from strong organic growth, although as expected, reported revenues were lower due to divestments (e.g., Shanghai and Brussels), termination of unprofitable contracts (e.g., Norwegian), and currency movements against the Swiss Franc. The underlying performance was bolstered by the flow-through of restructuring benefits in our European organization and further improvements in the performance of our operations in the Emerging Markets; however, these gains were offset by a weaker performance in North America. While the Airline Solutions business is naturally hedged against currency movements in the markets where it operates, the translation to the Swiss Franc lowered the reported EBITDA resulting in a comparable EBITDA to prior year.

GATE GOURMET, the flagship brand for Airline Solutions, reported solid performance for the 2014 financial year.

Gate Gourmet globally secured a significant number of contract extensions, with Delta Air Lines, Virgin Atlantic and Virgin Australia as important examples. The business under contract with Delta until year-end 2013 was extended by five years, with Gate Gourmet expanding its relationship with the airline to three new locations – Dusseldorf, Germany; Manchester, England; and Santiago, Chile. With Virgin Atlantic, Gate Gourmet extended the contract for the UK and partially renewed the agreement for the U.S., with the expansion to new locations Atlanta and Detroit partial offsetting the loss of business at other U.S. locations. The airline catering business agreement with Virgin Australia was extended by two more years.

The value of catering business won exceeded the values of catering contracts lost. New contracts include strategic customers like Emirates Airlines, LATAM Airlines Group, Cathay Pacific Airways and Air China. Unfortunately Gate Gourmet was not able to extend the contracts with Jazz in Canada, South African Airways in three European locations and the cabin cleaning contract with Virgin Australia in Australia.

Building momentum on a solid foundation

Gate Gourmet also successfully expanded its reach into adjacent markets like industrial catering in Latin America and India, food service solutions for retail businesses in Mexico and North America, and, under the brand Executive Gourmet, general aviation catering in Asia Pacific.

Oceania realized strong improvement in EBITDA performance despite a slight reduction in revenue in a challenging aviation market. Offsetting the loss of the Virgin Australia cabin cleaning business, the Gate Gourmet team stepped up to deliver the full synergies from the prior acquisitions in Sydney, Cairns and Auckland. Furthermore, the region improved productivity efficiencies in materials and waste management, while also reducing overhead cost and indirect labor. The region invested in expansion of the asset-light unit in Perth to serve Virgin Australia Regional Airlines, and invested also in its Melbourne location.

The revenues and profitability in North East Asia were down slightly year over year. In China, the share sale of 51% of Gate Gourmet Shanghai was completed in early July and the transfer of Air China's catering business at Pudong International Airport has been fully completed, resulting in a doubling of the volume of Gate Gourmet Shanghai. The previously announced expansion to Shanghai Hongqiao airport is expected to close in 2015.

As a result of the deconsolidation of the business in Shanghai, reported revenues were lower compared with 2013, as expected. On a like for like basis, however, revenues increased in line with the market. Market changes in Japan – mainly coming from a shift of business from Narita to Haneda – and market macro-economic and political factors were the main reason for a slightly lower profitability.

In the Middle East and South Asia, the Executive Gourmet brand has been well established, serving different airports in the U.A.E. from the unit in Al Bateen Airport. The Gate Gourmet operation in Karachi, Pakistan, achieved a solid result, despite being affected by the terror attack on the Karachi International Airport in June. The transition of JetKonnect from retail-on-board to full service has resulted in a significant improvement of revenues in India from December 2014 and is expected to significantly increase 2015 revenues and further improve profitability in India.

Revenues in the European region went down slightly, partly due to the full-year effect of the disposal of the Brussels catering unit and the de-icing business in the UK. The European business achieved an increase in EBITDA, however, in part due to the full-year impact of the restructuring programs that were completed as planned, delivering sustainable benefits to the Group through productivity efficiency gains and streamlined organizational structures.

The European aviation industry still faces difficult market conditions, resulting in a continued strong focus on cost reductions, through optimization of the costs of onboard services, changes to the network and new concepts. These developments mainly impact the Scandinavian and German activities in Europe and require further adjustments to the organization, processes and operating model, which has continued with the alignment of the Airline Solutions business as a globally-integrated division.

In North America, the EBITDA went down year-on-year despite the growth in revenues. The extreme weather conditions in the first quarter, the day-to-day airline capacity management, contract renewal discounts, and start-up costs for new business negatively impacted profit margins. The North America region partially mitigated these headwinds through the implementation of cost-savings initiatives in 2014. Separately, Gate Aviation expanded on the existing customer relationship with Gate Gourmet and was awarded a five-year contract with Delta for commissary, cleaning and other support services at certain locations in the U.S. and successfully launched operations at Cincinnati, LaGuardia, Los Angeles and Memphis.

Strengthening customer relationships worldwide

Gate Gourmet Latin America achieved another year of growth of revenues and EBITDA despite a challenging economic environment, especially in Argentina. Performance was driven by strong cost management initiatives as well as the retention of key customer contracts and new business wins.

The Latin America region also successfully opened its new unit in Colombia and continued its expansion into adjacent markets with new business in industrial catering and retail supply in Colombia, Ecuador, Mexico and Peru and also launched Executive Gourmet in Rio de Janeiro, to cater the exclusive private jet aviation market, before the 2014 World Cup.

GATE RETAIL ONBOARD ("GRO") and Norwegian Air Shuttle ASA extended the partnership for Norwegian's long-haul services for three years until April 2017, with last-mile services provided by Gate Gourmet for the short-haul business across Scandinavia. GRO terminated retail services for Norwegian's short-haul flights as part of the Group's ongoing restructuring efforts in Europe.

GRO meanwhile saw the positive full-year revenue impact of managing the complete end-to-end retail program for Mexico-based LCC Volaris. GRO also saw an increase in passenger volume year over year, driven by easyJet, Jetstar Japan and Wizz Air.

At the 2014 Inflight Sales Person of the Year awards, four of GRO's airline partners won key industry awards.

Continuing to advance market position

PERFORMA, gategroup's lounge development and management business, was awarded the contract to manage Air Canada's new lounge operations at the recently refurbished Terminal 2 of the London Heathrow Airport. Performa also successfully retained the lounge business for Etihad at Terminal 2 of Frankfurt International Airport as well as for Emirates at the Hong Kong International Airport.

The key milestone for Performa in 2014 was the successful opening and management of the lounge operations of a common user lounge for all domestic and international airlines at the new Terminal 2 of Mumbai's Chhatrapati Shivaji International Airport with local joint venture partner Travel Food Services and in partnership with the airport.

GATE SAFE continued its aviation security business growth in 2014 with the expansion of route systems and increased flight volumes from among the company's nearly 90 accounts at more than 35 U.S. airports. The brand signed or renewed multi-year service agreements most notably with Azul Brazilian Airlines, British Airways, Copa Airlines, and Delta Air Lines. Operational excellence initiatives included integration of mobile data collection technology for continuous improvement of Transportation Security Administration compliance and safety.

EGATE SOLUTIONS ("eGate"), gategroup's global passenger service planning and fulfilment solutions provider, released and delivered key upgrades to its technology platforms. The company successfully released GP™ version 14.4 that enables clients to simulate container weights so they can accurately predict the impact of and effectively plan for future loadings. Accelerated and innovative product development, improved communication channels and a positive support environment contributed to increased customer confidence in eGate and the technology it delivers. As a result eGate successfully secured extension of key expiring contracts and the win of new business, including a major full-service Asian carrier.

GLOBAL FOCUS ON OPERATIONAL EXCELLENCE

Under the leadership of Herman Anbeek, the global Airline Solutions division will further strengthen gategroup's market position in airline catering, provisioning and related services. The integrated division will focus in 2015 on improving customer satisfaction through initiatives such as culinary and operational excellence, in addition to continuing the ongoing deployment of gateOPEX to drive consistency, productivity and employee-led safety programs PRIDE and SQUAD, while reducing the overhead cost through standardization of the technology platform and reduction in indirect labor. As part of the further realignment of our brands, eGate and GRO will be fully integrated with the PSCS business segment under the expanded Network and Product Solutions division going forward.

Product and Supply Chain Solutions

The Product and Supply Chain Solutions segment delivered CHF 651.3 million in revenue in 2014, or a 20% share of Group total revenue. Segment EBITDA was CHF 40.2 million, up CHF 1.1 million compared to the prior year (2013 segment EBITDA: CHF 39.1 million). This segment brings together those gategroup brands that manage off-airport services such as onboard service equipment; premium amenity kits and comfort items; distributed food and beverage solutions; and supply chain and logistics solutions: deSter, Harmony, Supplair and Pourshins.

ANDREW LANGDALE
PRESIDENT, PRODUCT AND SUPPLY CHAIN SOLUTIONS

Revenue for the segment[1]

CHF 651.3 m

(2013: CHF 599.6 m)

Share of Group revenue

20 %

(2013: 19 %)

EBITDA[1]

CHF 40.2 m

(2013: CHF 39.1 m)

With an almost 9% growth in revenue, the Product and Supply Chain Solutions ("PSCS") business segment had its strongest year since its formation in 2012. Year over year growth was seen across all brands in 2014. This improvement was driven by a combination of new business wins and reinvestment by the larger traditional carriers in equipment along with enhanced food offerings.

In the more established markets of Europe and the U.S. there continues to be very intense price pressure, with airlines having limited additional investment available for service improvements. To secure this volume while remaining competitive and maintaining margins, the PSCS business has focused on production efficiencies to enable greater insourcing and cost containment with its suppliers.

In emerging markets, the environment is more dynamic with greater investment in onboard service and product offerings, particularly focused on long-haul premium passenger traffic. This is reflected in new equipment and comfort items to accompany the rollout of new aircraft as well as airlines revitalizing cabin appearance and related amenities. With these long-haul carriers expanding rapidly, there is demand for both global and local supply chain solutions. PSCS brands have responded with innovative lower cost alternatives, which can be replicated around the globe. At the same time the growth in emerging markets of intra-regional travel and low-cost carriers is driving demand for ready-to-eat food solutions in locations where there is not a proven supply chain. It is such markets that will continue to provide the PSCS division with its best opportunities over the next few years.

Responding to the industry's varied demands is challenging, but the PSCS business continues to help distinguish gategroup from the competition with its combined offerings. To further enhance the market-leading position and to foster more innovative solutions and greater collaboration with customers, PSCS is integrating the retail expertise of Gate Retail Onboard ("GRO") and technology capabilities of eGate Solutions ("eGate"), and is being renamed Network and Product Solutions in 2015. This reflects the two strong areas of focus for the division: compelling network solutions for retail, supply chain and technology solutions through GRO, eGate and Pourshins, and innovative product solutions for food, equipment and comfort items through Supplair, deSter and Harmony.

[1] All 2013 and 2014 figures before corporate costs and eliminations

Bringing these capabilities together means not only a more integrated offering from the earliest stages of concept and design all the way through to product delivery, but also improved speed to market. PSCS brands remain well positioned as market leaders, with strong retention rates for existing customers and important new business wins.

DESTER retained contracts with airberlin, KLM Royal Dutch Airlines and Cathay Pacific, and was awarded new business from customers such as Turkish Airlines and Singapore Airlines. It also experienced a pickup in volume from key customers such as Delta Air Lines, Qatar Airways and Saudi Arabian Airlines.

HARMONY retained its major contract with Emirates Airlines and in the last quarter of the year opened a new assembly and recycling unit in Dubai. This facility will enable more flexible servicing of the Middle Eastern airlines, as well as being the only company to offer full refurbishment of amenity kits in the region.

SUPPLAIR secured significant new business in Canada with Air Transat, in the U.S. with American Airlines and in Australia with Jetstar and Virgin Australia. Supplair continues to meet its customers' requirements for the delivery of consistent and innovative food concepts across a complex geographic footprint and has grown its capabilities by expanding its presence to Hong Kong.

POURSHINS retained its global food and equipment management account with Delta Air Lines, which extended the contract for a further five years. Pourshins also began the rollout in Europe of its new forecast and demand planning tools, which will reduce inventory holdings and improve lead times for customers and suppliers.

Outside of its core airline customer base, the PSCS brands have won new business in adjacent markets. Using its manufacturing capabilities, deSter has been developing bespoke lightweight cutlery for the quick-service food sector as well as condiments for coffee suppliers. Supplair has entered the hotel sector, signing a five-year contract with Marriott hotels to supply ready-to-eat food to the hotel chain's new brand of Moxy hotels. Going forward, this and future hotel-related business will sit within gategroup's recently formed Corporate Development team.

Financial Review

gategroup delivered solid results in 2014 with improved cash flow generation.

THOMAS BUCHER

"gategroup achieved solid performance under challenging market conditions, and the Group entered 2015 with an improved financial position."

On a reported basis, total revenue of CHF 3,009.2 million in 2014 remained on a par with total revenue of CHF 3,002.2 million in 2013 and was in line with the Group's stated financial objectives. The underlying organic volume growth (+5.0%) and modest rate/mix growth (+0.4%) was offset by net disposals and contract terminations (-2.3%) and adverse currency movements against the Swiss Franc (-2.9%). At constant currencies, total revenue in 2014 was CHF 3,096.1 million compared with the prior year of CHF 3,002.2 million.

Reported EBITDA was at CHF 168.6 million in 2014 up from CHF 168.1 million in the prior year, with a stable margin of 5.6%. Airline Solutions benefited from strong profitability uplift in Europe and ongoing contribution from Emerging Markets, offset by a weaker result in North America. Product and Supply Chain Solutions also maintained momentum, with stronger performances in particular at deSter and Pourshins.

gategroup reported an increase in operating profit, up from CHF 98.6 million in 2013 to CHF 102.8 million in 2014. This was principally due to a combination of lower depreciation and amortization together with a one-time gain from the disposal of the Shanghai business, where gategroup retains a 29% participation.

Net profit for the year nearly doubled, from CHF 21.0 million to CHF 40.8 million. This is mainly due to lower net finance costs. The Group achieved a lower tax rate of 33.0% versus 36.6% in prior year.

Cash generated from operations was up in 2014, to CHF 119.2 million versus CHF 103.9 million in the previous year on improved working capital performance and lower restructuring cash costs.

Additionally, net debt improved by almost CHF 17.9 million, leading to an improved leveraged ratio, with net debt to EBITDA of 1.4 times.

Equity attributable to shareholders of the Company increased from CHF 285.2 million in 2013 to CHF 287.7 million in 2014 on the back of increased profit attributable to shareholders for the year of CHF 38.9 million (CHF 18.4 million in 2013).

As stated in the Chairman's Letter, in view of the reported profit for the year, the Board proposes to the 2015 Annual General Meeting of Shareholders to distribute a dividend of CHF 0.45 per share in line with stated policy.

Operationally, core cost containment and efficiency-focused initiatives continue to be a strong focal point for the Group, delivering sustainable savings. Target areas include labor productivity, indirect labor rightsizing, back office streamlining, procurement initiatives and portfolio optimization measures. Between 2011 and 2014, the Group eliminated approximately CHF 165 million in costs, representing 1.0–1.5% of total cost per year. The benefit of these efforts is evident in the lower total material and personnel cost ratio achieved in 2013 and 2014. Going forward, core initiatives focused on operational excellence and procurement will continue, in addition to new initiatives launched in 2014, targeted to deliver an additional CHF 30 million savings by the end of 2015.

Separately, the Company took action during the financial year and into 2015 to realign the organization and further focus the Group's approach to doing business. As part of this realignment, Gate Retail Onboard ("GRO") and eGate Solutions ("eGate") will be managed together with the Product and Supply Chain Solutions business segment, which is being renamed Network and Product Solutions ("NPS"). The realignment will result in adjusted segmental reporting for gategroup, beginning with 2015's first quarter results. Having previously been reported within Airline Solutions, the GRO and eGate results will be included within the NPS segment effective January 1, 2015.

Thomas Bucher decided to leave the Group as of December 31, 2014, after several years of dedicated service, to pursue new professional interests outside the Company. He served as the Chief Financial Officer and an Executive Management Board member for gategroup since May 2008.

Thomas Bucher is succeeded as CFO and EMB member by Christoph Schmitz, who took office on January 19, 2015. Christoph Schmitz has 25 years of professional experience in international, private and public companies, of which more than 18 years have been served in senior executive roles such as CEO, CFO and as a member of various management boards. He most recently served as CFO for WILD Flavors, a Swiss-based supplier of natural ingredients to the food and beverage industry.

Total revenue

CHF 3,009.2 m

(2013: CHF 3,002.2 m)

EBITDA margin

5.6 %

(2013: 5.6 %)

EBITDA

CHF 168.6 m

(2013: CHF 168.1 m)

Getting to know gategroup's newly appointed Chief Financial Officer

Christoph Schmitz became CFO of gategroup on January 19, 2015. In an interview he talks about his priorities, how he feels about the team and who he plans to meet with following publication of the 2014 annual results.

CHRISTOPH SCHMITZ

"gategroup has considerable potential, and we need to concentrate on finding ways of continuing to systematically tap into this potential, and in the process enhance value to shareholders."

CHRISTOPH, YOU RECENTLY STARTED YOUR JOB AS CFO. HOW IS IT GOING?

It's going well. All the colleagues and employees that I have met in my first few weeks are proud of gategroup. In recent years the company has had to surmount various difficulties, but it has since stabilized: Revenue is increasing and net debt is decreasing. The company also has considerable potential, and we need to concentrate on finding ways of systematically tapping it. I am certain that we can and will do this, and in the process enhance value to shareholders.

DO YOU SEE POTENTIAL IN THE MARKETS WHERE WE ARE ACTIVE?

When you enter the boardroom at headquarters, you see written in big letters "Serving people on the move." gategroup's motto reflects the spirit of the company, and it also reflects the times we live in: People are on the move. The world's population is growing and becoming ever more closely interconnected. Global transport of people and goods is increasing every year. And as the leading catering, logistics and service provider, gategroup is in the thick of it. I have been very impressed with how many locations we have in nearly all of the world's great cities as well as how international our workforce is.

WITH RESPECT TO THE COMPANY, WHAT ARE YOUR PRIORITIES?

We clearly have an opportunity to revisit the financing of the company, and this will be front and center as a priority in 2015. That said, my first task naturally is to get to know the company, its structure and processes, and especially the employees. I am pleased to say that we are off to a good start, and I have been welcomed very warmly. Communication within the company is direct and uncomplicated. Despite the great distances between some of our locations, people interact regularly. This is in line with my own way of thinking. It fosters dialogue, which enhances our ability to analyze functional units to see where further improvements might be made.

WHAT ELSE DO YOU SEE AS CRITICAL?

Making contact with our investors. I'm interested to get to know their point of view and how we can best serve the various interests. As is customary, in the context of publication of our annual results for 2014, a road show is planned to visit our investors. I look forward to introducing myself and talking with them.

WHAT MATTERS TO YOU MOST DAY TO DAY?

It is very important to me to be part of a winning team. That means having clear definitions of success and goals, expertly tracking progress and regularly analyzing weak points. I will work very hard with my colleagues to further develop this process. Just as important to me is that we reach our goals as a team and have fun doing it.

IN DECIDING TO JOIN GATEGROUP, WHAT APPEALED TO YOU MOST ABOUT THE POSITION?

In the past months and years the company has come a long way, and yet it still has plenty of potential. I like the challenge of making the most of the existing potential and increasing the value of the company over time. I am also looking forward very much to working together with our new CEO Xavier Rossinyol. I am convinced that the entire team will succeed in developing gategroup further and leading it into a promising future.

FINANCIAL REPORT

Consolidated Financial Statements

Antony McNeil's **Smoked Duck**

Consolidated Financial Statements

Consolidated Income Statement

in CHF m	Notes	2014	2013
Total revenue	6	**3,009.2**	**3,002.2**
Materials and service expenses		(1,255.8)	(1,245.2)
Personnel expenses	7	(1,155.3)	(1,167.3)
Other operating income and expenses, net	8	(447.9)	(432.7)
Impairment charges, net of reversals	18	0.9	2.8
Depreciation and amortization	18, 19	(56.7)	(63.0)
Other gains and (losses), net	9	8.4	1.8
Total operating expenses, net		**(2,906.4)**	**(2,903.6)**
Operating profit		**102.8**	**98.6**
Finance costs, net	10	(44.7)	(65.1)
Share of result of associates and joint ventures	11	2.8	(0.4)
Profit before tax		**60.9**	**33.1**
Income tax expense	12	(20.1)	(12.1)
Profit for the year		**40.8**	**21.0**
thereof attributable to shareholders of the Company		38.9	18.4
thereof attributable to non-controlling interests		1.9	2.6
Earnings per share attributable to shareholders of the Company			
Basic earnings per share in CHF	13	1.49	0.71
Diluted earnings per share in CHF	13	1.48	0.71

Consolidated Statement of Comprehensive Income

in CHF m	Notes	2014	2013
Profit for the year		**40.8**	**21.0**
Items that will not be reclassified to profit or loss			
Actuarial (losses)/gains net, on defined benefit schemes, net of taxes		(61.5)	48.4
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising during the year		35.0	(28.5)
Reclassification adjustment relating to disposal of subsidiaries	32	(2.5)	4.1
Reclassification relating to change in non-controlling interests		(0.6)	–
Other comprehensive income		**(29.6)**	**24.0**
Total comprehensive income		**11.2**	**45.0**
thereof attributable to shareholders of the Company		9.3	42.8
thereof attributable to non-controlling interests		1.9	2.2

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

Consolidated Balance Sheet

in CHF m	Notes	December 31, 2014	December 31, 2013
Cash and cash equivalents	14	183.8	174.2
Trade receivables	15	291.7	279.9
Other current receivables and prepayments	16	105.3	100.1
Inventories	17	97.5	86.7
Current income tax assets		11.5	11.7
Total current assets		**689.8**	**652.6**
Property, plant and equipment	18	309.8	296.0
Intangible assets	19	431.1	420.0
Investments in associates and joint ventures	11	14.1	7.7
Other non-current receivables		43.0	37.4
Deferred income tax assets	20	47.0	51.9
Retirement benefit assets	21	3.6	–
Total non-current assets		**848.6**	**813.0**
Total assets		**1,538.4**	**1,465.6**
Short-term debt	22	3.1	4.1
Trade and other payables	23	252.1	233.1
Current income tax liabilities		21.7	24.8
Provisions	24	23.5	28.5
Other current liabilities	25	277.5	267.2
Total current liabilities		**577.9**	**557.7**
Long-term debt	22	423.8	431.1
Deferred income tax liabilities	20	13.5	21.9
Retirement benefit obligations	21	196.8	121.9
Provisions	24	29.7	31.5
Other non-current liabilities		6.0	7.1
Total non-current liabilities		**669.8**	**613.5**
Total liabilities		**1,247.7**	**1,171.2**
Equity attributable to shareholders of the Company		287.7	285.2
Non-controlling interests		3.0	9.2
Total equity		**290.7**	**294.4**
Total liabilities and equity		**1,538.4**	**1,465.6**

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

Consolidated Statement of Changes in Equity

in CHF m	Share capital	Treasury shares	Retained earnings and other reserves	Currency translation	Total	Non-controlling interests	Total equity
	Attributable to shareholders of the Company						
At January 1, 2013	**134.0**	**(20.4)**	**128.8**	**(1.4)**	**241.0**	**8.2**	**249.2**
Profit for the year	–	–	18.4	–	18.4	2.6	21.0
Other comprehensive income	–	–	48.4	(24.0)	24.4	(0.4)	24.0
Total comprehensive income	**–**	**–**	**66.8**	**(24.0)**	**42.8**	**2.2**	**45.0**
Equity-settled share-based payments	–	–	1.5	–	1.5	–	1.5
Capital increase non-controlling interests	–	–	–	–	–	0.2	0.2
Change in ownership of subsidiary without loss of control	–	–	(0.1)	–	(0.1)	0.1	–
Dividends paid to non-controlling interests	–	–	–	–	–	(1.5)	(1.5)
At December 31, 2013	**134.0**	**(20.4)**	**197.0**	**(25.4)**	**285.2**	**9.2**	**294.4**
At January 1, 2014	**134.0**	**(20.4)**	**197.0**	**(25.4)**	**285.2**	**9.2**	**294.4**
Profit for the year	–	–	38.9	–	38.9	1.9	40.8
Other comprehensive income	–	–	(61.5)	31.9	(29.6)	–	(29.6)
Total comprehensive income	**–**	**–**	**(22.6)**	**31.9**	**9.3**	**1.9**	**11.2**
Equity-settled share-based payments	–	–	1.0	–	1.0	–	1.0
Capital increase non-controlling interests	–	–	–	–	–	0.9	0.9
Change in non-controlling interests	–	–	–	–	–	(5.8)	(5.8)
Dividends paid	–	–	(7.8)	–	(7.8)	–	(7.8)
Dividends paid to non-controlling interests	–	–	–	–	–	(3.2)	(3.2)
At December 31, 2014	**134.0**	**(20.4)**	**167.6**	**6.5**	**287.7**	**3.0**	**290.7**

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

Consolidated Cash Flow Statement

in CHF m	Notes	2014	2013
Profit before tax		**60.9**	**33.1**
Adjustments for:			
Finance costs, net		44.7	65.1
Share-based payments	*27*	1.0	1.5
Share of result of associates and joint ventures	*11*	(2.8)	0.4
Depreciation and amortization	*18, 19*	56.7	63.0
Impairment charges, net of reversals	*18*	(0.9)	(2.8)
Other (gains) and losses, net	*9*	(8.4)	(1.8)
Net cash flow before working capital and provision changes		151.2	158.5
Changes in working capital	*28*	(12.9)	(21.0)
Changes in provisions and retirement benefit obligations	*29*	(19.1)	(33.6)
Cash generated from operations		119.2	103.9
Interest paid		(30.3)	(31.1)
Interest received		0.9	1.7
Income taxes paid, net		(14.9)	(11.6)
Net cash flow generated from operating activities		**74.9**	**62.9**
Acquisition of subsidiaries, net of cash acquired	*31*	(2.7)	(7.2)
Purchase of property, plant and equipment		(46.3)	(50.0)
Purchase of intangible assets	*19*	(9.4)	(3.1)
Disposal of subsidiaries, net of cash disposed	*32*	(0.7)	(1.1)
Proceeds from sale of assets		2.3	15.0
Proceeds from sale of associates and joint ventures	*9*	0.3	–
Other investments		–	(1.8)
Dividends from associates and joint ventures		2.2	1.3
Net cash flow used in investing activities		**(54.3)**	**(46.9)**
Proceeds from debt		6.1	0.7
Repayments of debt		(8.3)	(2.9)
Dividends paid	*26*	(7.8)	–
Dividends paid to non-controlling interests		(3.2)	(1.5)
Capital increase in non-controlling interests		0.9	0.2
Net cash flow used in financing activities		**(12.3)**	**(3.5)**
Increase in cash and cash equivalents		**8.3**	**12.5**
Movement in cash and cash equivalents			
At start of the year		174.2	168.6
Increase in cash and cash equivalents		8.3	12.5
Effects of exchange rate changes		1.3	(6.9)
At end of the year	*14*	**183.8**	**174.2**

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 primarily engaged in the operation of airline catering and provisioning services worldwide. The majority of the Group's operations are located in Europe and the United States. The Company has its registered office at Balz-Zimmermannstrasse 7, CH-8302 Kloten, Switzerland and its shares are listed on the SIX Swiss Exchange.

These consolidated financial statements were authorized for issue by the Board of Directors of the Company (the "Board") on March 11, 2015.

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").

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

Adoption of new IFRS amendments and interpretations by the Group in 2014 that have no material effect on the consolidated financial statements of the Group:

Standard/Interpretation	Effective date
IAS 32 (amendment) – Presentation – Offsetting of Financial Assets and Financial Liabilities	January 1, 2014
IAS 39 (amendment) – Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
IFRIC 21 – Levies	January 1, 2014

Adoption of new or revised IFRS standards and amendments to standards by the Group in 2015 or later:

Standard	Effective date	Relevance for the Group	Planned adoption
Annual Improvements to IFRSs 2010–2012 and 2011–2013 Cycles**	July 1, 2014	Several standards have been modified on miscellaneous points.	Financial year 2015
Annual Improvements to IFRSs 2012–2014 Cycle**	January 1, 2016	Several standards have been modified on miscellaneous points.	Financial year 2016
IAS 1 (amendment) – Disclosure Initiative*	January 1. 2016	The amendments aim at clarifying IAS 1 to address perceived impediments to preparers excercising their judgment in presenting their financial reports.	Financial year 2016
IAS 28 (amendment) – Sale or contribution of Assets between an Investor and its Associate or Joint Venture**	January 1, 2016	The amendment addresses a conflict with the requirements of IFRS 10 and clarifies the following for IAS 28: – The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business. – A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognized in full in the investor's financial statements. – A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.	Financial year 2016
IFRS 10 (amendment) – Sale or contribution of Assets between an Investor and its Associate or Joint Venture**	January 1, 2016	The amendment addresses a conflict with the requirements of IAS 28 and clarifies the following for IFRS 10: – An exception from the general requirement for full gain or loss recognition has been introduced for the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method. – New guidance has been introduced requiring that gains or losses resulting from those transactions are recognized in the parent's profit or loss only to the extent of unrelated investors' interests in the associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognized in the former parent's profit or loss only to the extent of unrelated investors' interests in the new associate or joint venture.	Financial year 2016
IFRS 15 - Revenue from Contracts with Customers*	January 1, 2017	IFRS 15 provides a single revenue recognition model based on the transfer of control of goods or services to a customer. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Further, it provides the users of financial statements with more informative, relevant disclosures.	Financial year 2017
IFRS 7 (amendment) – Disclosures – Initial application of IFRS 9*	January 1, 2018	The amendment requires additional disclosures on transition from IAS 39 to IFRS 9.	Financial year 2018

Standard	Effective date	Relevance for the Group	Planned adoption
IFRS 9 - Financial Instruments*	January 1, 2018	IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It will replace IAS 39.	Financial year 2018

* Impact still to be assessed
** None of these new standards or interpretations will have a significant impact on the Group's consolidated financial statements

2.3 CONSOLIDATION ACCOUNTING

Subsidiaries
Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group 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 de-consolidated from the date control ceases.

The acquisition method of accounting 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 (Note 2.16). 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.

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.

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, established by contractual agreement and requiring unanimous consent 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 obligation.

Accounting policies of associates and joint ventures 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 the Group's Chief Operating Decision Maker.

2.5 FOREIGN CURRENCY TRANSLATION

The consolidated financial statements are expressed in Swiss Francs ("CHF"), which is the Group's presentation currency. The functional currency of each of the Group's entities is based on the primary economic environment in which an entity operates.

Transactions in foreign currencies are accounted for at the rates prevailing on the date of the transaction. Any resulting exchange differences are recorded in the local income statements of the Group's entities and included in profit or loss.

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.

When translating foreign currency financial statements into CHF, year-end exchange rates are applied to assets and liabilities, while annual average rates are applied to income statement accounts. Translation differences arising from this process are recorded in other comprehensive income. The cash flow statement is translated at average rates. On disposal of a subsidiary, 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	2014 Closing rate	2014 Annual average rate	2013 Closing rate	2013 Annual average rate
1 US Dollar	0.99	0.92	0.89	0.93
1 Euro	1.20	1.21	1.23	1.23
1 GB Pound	1.55	1.51	1.47	1.45
1 Australian Dollar	0.81	0.82	0.80	0.89

2.6 RECOGNITION OF REVENUE

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated volume rebates and other similar allowances. Once revenue is recognized, any subsequent uncertainty regarding collectability is recognized as an expense and adjustment to the net amount receivable, rather than as an adjustment to revenue.

Goods and services
The Group recognizes revenue when the amount can be reliably measured, it is probable that future economic benefits will flow to the entity, and when the significant risks and rewards of ownership are transferred to the customer. This is mainly upon delivery of product and customer acceptance, or performance of services.

The Group reports revenue in the categories catering and retail onboard, handling, equipment and other.

Revenue from the sale of goods and products (such as on-airport food production, retail onboard, production of food contact items, duty free sales, comfort items and other in-flight equipment) is recognized upon delivery of product and customer acceptance. Revenue from services (such as logistic services, laundry, aircraft cleaning, lounge and security services and asset management) is recognized in the accounting period in which the service is rendered.

2.7 FAIR VALUE MEASUREMENT

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in 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 using the effective interest method, less provision for impairment. A 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 the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Trade and other receivables are further classified as either current or non-current depending on whether these are expected to be realized within 12 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 loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and reclassifies them whenever its intention changes. All purchases and sales are recognized on the settlement date.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are assets held for trading, being acquired for the purpose of generating a profit from short-term fluctuations in price. Financial assets held for trading are measured at their fair value and transaction costs are expensed in the income statement. Fair value changes on a financial asset held for trading are included in profit or loss for the period in which they arise. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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 12 months which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet and are measured at amortized cost. 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 method for any difference between the initial amount and the maturity amount, minus any reduction for impairment or uncollectibility. The effective interest method calculates the amortized cost of a financial asset, allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset.

Impairment of financial assets
A financial asset is impaired if its carrying amount is greater than the present value of its estimated future cash flows. The Group assesses, at each balance sheet date, whether there is any objective evidence that a financial asset may be impaired. If any such evidence exists, the Group estimates the present value of estimated future cash flows of that asset and recognizes an impairment loss in the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the write-down, the write-down of the financial asset is reversed. Any reversal will not result in a carrying amount that exceeds the level amortized cost would have been, had the impairment not been recognized, at the date the write-down of the financial asset is reversed. The amount of the reversal is included in the income statement for the financial year.

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 recognised 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. Inventories primarily consist of food, beverages, food contact items (such as cutlery, cups, glasses and plates), comfort items (such as headsets, blankets and amenity kits) and materials used in the production process (such as various plastics and coatings).

2.12 UP-FRONT CONTRACT PAYMENTS

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

2.13 ASSETS HELD FOR SALE

Assets are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

2.14 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less 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 (Note 2.15). Depreciation on other assets is calculated using the straight-line method to allocate cost less any residual value over their estimated useful lives, as follows:

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

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is immediately written down to its recoverable amount (Note 2.17).

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 income statement.

2.15 LEASES

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

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

2.16 INTANGIBLE ASSETS

Goodwill
Goodwill is measured as the excess of the sum of the fair value of the consideration, 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. Goodwill arising on the acquisition of subsidiaries is included in intangible assets. Goodwill arising from acquisitions of associates and joint ventures is included in the carrying value of the investment and is tested for impairment as part of the Group's impairment testing. Separately recognized goodwill is tested at least annually for impairment or whenever there are indications of potential impairment, and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. On disposal of a cash generating unit ("CGU") or an operation forming part of a CGU, the related goodwill is included in the determination of profit or loss on disposal. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained. The Group identifies CGUs consistently with its segments.

Intellectual property
Intellectual property comprises trademarks acquired in a business combination. The cost of intellectual property represents the fair value at acquisition. The useful lives of these trademarks are assessed to be either finite or indefinite. Trademarks with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. 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. Trademarks with indefinite useful lives are not amortized but are tested for impairment at least annually or whenever there is an indicator of potential impairment. The useful life of a trademark with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, any changes are made on a prospective basis.

Customer relationships
Customer relationship assets as identified in a business combination are recorded at fair value at the acquisition date. This is then amortized on a straight-line basis over the lifetime of the relationship. Customer relationship assets are tested for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Capitalized software
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 one year, are recognized as intangible assets. The costs that are capitalized include purchase consideration, employee and consultant costs and an appropriate portion of relevant overheads. Costs recognized as assets are amortized on a straight-line basis over their estimated useful lives (between two and five years) and are carried at cost less accumulated amortization and impairment losses.

2.17 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortization and are tested at least annually for impairment or whenever there are impairment indicators. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. 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.

Retirement benefit obligations
Group companies operate various pension schemes. The plans are generally funded through payments to independent pension or insurance funds, the level of which is determined by regular actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

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 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.

Employee contributions are recognized as a reduction to service cost in the year of service.

Past service costs are recognized immediately in the income statement, as well as gains or losses on curtailments or settlements of a defined benefit plan as an event occurs. The gain or loss on a curtailment or settlement comprises any resulting change in the present value of the defined benefit obligation and any resulting change in the fair value of the plan assets.

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.

Remeasurements of the net defined benefit liability arising from actuarial gains and losses, return on plan assets 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.

Defined contribution and state administered plans may require employees to make contributions and enable employees to earn matching or other contributions from the Group. The funding of these plans is in accordance with statutory funding and tax requirements. Obligations for contributions to defined contribution and state administered plans are recognized as an expense in the income statement as incurred.

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

Share-based compensation
The Group provides equity participation plans to key employees in the form of share plans. These plans are accounted for as equity-settled share-based payment transactions.

The fair values of share awards with non-market performance conditions are determined at grant date based on the market price less expected future dividends to which the holder of the award or option is not entitled. The fair values of share awards with performance conditions are determined at grant date by using a Monte Carlo model. Some of the Monte Carlo model inputs are not observable in a market and therefore have to be estimated or derived from available data.

The cost of equity participation plans are recognized as personnel expense in the income statement with a corresponding increase in equity over the vesting period taking into account the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date the Group revises its estimate of the number of equity instruments expected to vest. An expense is recognized for awards with a market condition irrespective of whether that market condition is expected to be met, provided that all other vesting conditions are satisfied. The Group has available treasury shares to meet its commitments.

2.19 TAXATION

Income tax expense in the income statement is comprised of current and deferred income taxes. To the extent that transactions are recognized in other comprehensive income, any related tax effects are also recognized in other comprehensive income.

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 enterprise has a legally enforceable right of offset.

2.20 TRADE PAYABLES AND OTHER LIABILITIES

Trade payables and other liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.21 DEBT

Debt is recognized initially at fair value, net of transaction costs incurred and subsequently carried at amortized cost. It is classified as a current liability unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

2.22 PROVISIONS

Provisions for legal claims, tax disputes, onerous contracts, property disputes, restructuring costs and other cases are recognized when the Group has a present or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. A contract is onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it and a provision is then recognized at the present value of the obligation. Restructuring provisions principally comprise employee termination benefits, legal, property and other related costs. Provisions are not recognized for future operating losses.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. In the income statement, the expense relating to a provision may be presented net of the amount recognized for a reimbursement.

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

2.23 SHARE CAPITAL

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

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

3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value 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 and net investments in foreign operations including third party financing transactions, as well as intercompany transactions.

Foreign exchange risks are reduced by matching income and expenditure whenever possible in the same currency and negotiating terms with suppliers that include invoicing Group companies in their local reporting 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 2014 and 2013, no such transactions were entered into.

The following sensitivity analysis illustrates the foreign currency risk of the material currency exposures on profit after tax as well as equity, net of tax, for the year. 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, net of tax			
	2014		2013		2014		2013	
Movement against all currencies	5%	–5%	5%	–5%	5%	–5%	5%	–5%
US Dollar	1.5	(1.5)	1.9	(1.9)	–	–	–	–
Euro	2.9	(2.9)	4.3	(4.3)	–	–	–	–
Australian Dollar	0.7	(0.7)	0.7	(0.7)	0.6	(0.6)	0.6	(0.6)
Danish Kroner	–	–	–	–	1.4	(1.4)	1.4	(1.4)

Cash flow and fair value interest rate risk
As the Group has no significant interest-bearing assets, the Group's income and associated operating cash inflows are substantially independent of changes in market interest rates.

Generally, cash flow interest rate risk arises from borrowings issued at variable rates. Group policy is to secure at least 50% of its variable interest rate risk with appropriate measures. By issuing the 6.75% senior unsecured notes, the Group's long-term financial liabilities are to a major extent denominated in EUR and at fixed interest rates.

The Group analyzes its interest rate exposure on a regular basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. 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 only for liabilities that represent the interest-bearing positions.

Fixed rate borrowings are excluded from the sensitivity analysis as they are not measured at fair value and therefore not subject to fair value interest rate risk.

Based on the simulations performed, at December 31, 2014 and 2013, if there had been an interest rate change of 50 basis points with all other variables held constant, profit after tax for the year would have been materially unchanged. At December 31, 2014 and 2013, 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. The assessment is updated at regular, pre-determined intervals or as circumstances change. 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 enforces 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, 2014 constitute 24.0% (2013: 22.0%) of the total gross trade receivable amount and individually they accounted for between 3.1% and 6.7% (2013: 3.4% and 6.8%) 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 are limited because the counterparties are banks and financial institutions which, as far as operationally possible, have an investment grade rating assigned by international credit-rating agencies and which are monitored regularly.

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 maintains flexibility in funding by maintaining availability under committed credit lines. The Group monitors its risk to a shortage of funds by reviewing short-term cash forecasts on a bi-weekly basis and undertaking 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.

2014 in CHF m	**1–3 months**	**3 months-1 year**	**1–5 years**	**More than 5 years**	**Total**
Trade and other payables	(207.7)	(12.5)	–	–	(220.2)
Short-term debt	(2.1)	(1.0)	–	–	(3.1)
Other current liabilities	(166.8)	(59.8)	–	–	(226.6)
Long-term debt	–	–	(593.2)	(2.9)	(596.1)
Balance at December 31	**(376.6)**	**(73.3)**	**(593.2)**	**(2.9)**	**(1,046.0)**

2013 in CHF m					
Trade and other payables	(191.5)	(11.5)	–	–	(203.0)
Short-term debt	(2.8)	(1.3)	–	–	(4.1)
Other current liabilities	(160.1)	(57.4)	–	–	(217.5)
Long-term debt	–	–	(608.7)	(3.0)	(611.7)
Balance at December 31	**(354.4)**	**(70.2)**	**(608.7)**	**(3.0)**	**(1,036.3)**

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. In order to maintain or adjust the capital structure, the Group may distribute dividends, issue new shares or adjust the level of debt.

The Group's existing committed credit facilities are available to the Company and certain of its subsidiaries (Note 22). The revolving credit facility contains certain covenants with respect to the leverage ratio, interest coverage ratio and the economic equity ratio.

3.3 FAIR VALUE ESTIMATION

In 2014 and 2013 no significant financial instruments at fair value were held by the Group. Where fair values are disclosed in the notes to the consolidated financial statements, the fair value hierarchy as outlined in the accounting policies are provided (Notes 22, 31). No transfers from one level of the fair value hierarchy to another occurred.

Management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The senior unsecured notes are accounted for at amortized cost and their fair values are disclosed (Note 22).

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.

Note 12/20	Provisions for income taxes require significant judgment as these are based on transactions and calculations for which the ultimate tax determination is uncertain. Deferred tax assets are based on anticipated results for the relevant taxable entity over a period of several years into the future.
Note 15	Allowance for doubtful accounts requires assessment on the recoverability of accounts receivable which involves estimation as to the financial condition of customers and their ability to subsequently make payments.
Note 19	The impairment of goodwill is based on fair value less cost of disposal calculations requiring estimation of future operating profit margins and post-tax discount rates. The intellectual property impairment testing is based on value in use calculations which requires estimates of future sales and pre-tax discount rates.
Note 21	Defined benefit plan obligations require estimation of discount rates, inflation and life expectancy.
Note 24	Legal and tax provisions may be recorded for matters over which there is uncertainty, therefore requiring a significant degree of assumption and estimation when determining the probable future outflow of resources.

5 SEGMENT INFORMATION

The Group is organized and managed primarily on the basis of two businesses: Airline Solutions and Product and Supply Chain Solutions.

5.1 REPORTABLE SEGMENT INFORMATION

2014 in CHF m	**Airline Solutions**	**Product and Supply Chain Solutions**	**Corporate**	**Eliminations**	**Total reportable segments**
Catering and retail onboard	1,564.9	106.9	–	–	1,671.8
Handling	773.9	–	–	–	773.9
Equipment	0.8	273.7	–	–	274.5
Other	221.4	67.6	–	–	289.0
Intersegment	0.4	203.1	–	(203.5)	–
Total revenue	**2,561.4**	**651.3**	**–**	**(203.5)**	**3,009.2**
Segment EBITDA	**156.8**	**40.2**	**(28.4)**	**–**	**168.6**
Total segment assets	1,013.2	310.7	214.5	–	1,538.4
Additions to non-current assets[I]	40.9	8.7	6.8	–	56.4

2013 in CHF m					
Catering and retail onboard	1,582.0	95.4	–	–	1,677.4
Handling	769.9	–	–	–	769.9
Equipment	4.8	254.9	–	–	259.7
Other	236.2	59.0	–	–	295.2
Intersegment	0.3	190.3	–	(190.6)	–
Total revenue	**2,593.2**	**599.6**	**–**	**(190.6)**	**3,002.2**
Segment EBITDA	**157.9**	**39.1**	**(28.9)**	**–**	**168.1**
Total segment assets	994.1	299.8	171.7	–	1,465.6
Additions to non-current assets[I]	44.4	6.7	2.0	–	53.1

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

Segment EBITDA is defined as earnings before interest, tax, depreciation, amortization and management fees. Segment EBITDA excludes impairment charges or reversals, operating taxes (non-income taxes), restructuring costs, other gains and (losses), net and share-based payments. Segment assets are defined as total assets of the segments less investments in subsidiaries and receivables due from Group companies.

Included in Airline Solutions' 2013 result is a gain of CHF 5.0m resulting from the resolution of a property related dispute.

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

5.2 RECONCILIATION

Reconciliation of Segment EBITDA to operating profit

in CHF m	2014	2013
Segment EBITDA – reportable segments	168.6	168.1
Share-based payments (Notes 7, 27)	(1.0)	(1.5)
Restructuring costs (Notes 7, 8)	(10.9)	(10.5)
Operating taxes (non-income taxes)	(7.2)	0.5
Depreciation (Note 18)	(44.5)	(47.2)
Amortization (Note 19)	(12.2)	(15.8)
Impairment charges, net of reversals (Note 18)	0.9	2.8
Other gains and (losses), net (Note 9)	8.4	1.8
Management fees, net	0.7	0.4
Operating profit	**102.8**	**98.6**

5.3 ENTITY WIDE DISCLOSURES

Geographic information

Revenue by country

in CHF m	2014	2013
United States	803.8	752.3
United Kingdom	445.4	502.8
Switzerland(I)	333.8	273.0
Other countries	1,426.2	1,474.1
Total Revenue(II)	**3,009.2**	**3,002.2**

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

No other country represented more than 10% of revenue from external customers in 2014 or 2013.

Non-current assets by country

in CHF m	2014	2013
United States	214.8	180.2
Switzerland(I)	124.6	130.7
Netherlands	63.8	70.8
Other countries	337.7	334.3
Total non-current assets(II)	**740.9**	**716.0**

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

No other country represented more than 10% of non-current assets as per December 31, 2014 or 2013.

Major customers

The two major customers accounted for 12% and 11% of 2014’s total revenue (2013: 11% and 9%). These revenues are attributable across both reportable segments.

6 REVENUE

in CHF m	2014	2013
Catering and retail onboard	1,671.8	1,677.4
Handling	773.9	769.9
Equipment	274.5	259.7
Other	289.0	295.2
Total	**3,009.2**	**3,002.2**

Catering and retail onboard revenue includes revenue from food, beverage and retail onboard sales, and logistics services. Handling revenue includes revenue from equipment packing, bar-packing and transportation. 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). Other revenue includes revenue for other services, such as laundry, aircraft cleaning, lounge and security services and asset management.

7 PERSONNEL EXPENSES

in CHF m	2014	2013
Wages and salaries	939.8	943.8
Social security costs	57.5	62.8
Pension costs (Note 21)	30.4	29.9
Share-based payments (Note 27)	1.0	1.5
Restructuring costs	10.6	9.4
Other personnel costs and benefits	116.0	119.9
Total	**1,155.3**	**1,167.3**

8 OTHER OPERATING INCOME AND EXPENSES, NET

in CHF m	2014	2013
Rental, utility and other property costs	165.8	160.8
Maintenance and lease of equipment costs	64.4	65.4
Operating fees and deductions	48.5	42.7
Communication costs	42.0	44.2
Audit, consulting and legal fees	30.0	31.5
Administrative and operative costs	32.0	27.7
Transport and travel costs	21.9	24.5
Restructuring costs	0.3	1.1
Other operating costs	52.3	45.9
Other operating income	(9.3)	(11.1)
Total	**447.9**	**432.7**

9 OTHER GAINS AND LOSSES, NET

in CHF m	2014	2013
Gain on sale of assets, net	2.1	6.4
Loss on sale of investments in associates and joint ventures	(0.3)	–
Gain/(loss) from disposal of subsidiary (Note 32)	6.6	(4.6)
Total	**8.4**	**1.8**

Net gains on sale of assets arise from the sale of property, plant and equipment, intangible assets and other assets.

10 FINANCE COSTS, NET

in CHF m	2014	2013
Interest income	0.9	1.7
Other finance income	0.6	0.5
Total financial income	**1.5**	**2.2**
Interest expense	(35.2)	(36.6)
Other finance costs	(5.3)	(5.8)
Total financial expenses	**(40.5)**	**(42.4)**
Net interest on defined benefit schemes (Note 21)	**(5.4)**	**(6.2)**
Foreign exchange losses, net	**(0.3)**	**(18.7)**
Finance costs, net	**(44.7)**	**(65.1)**

11 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group has interests in a number of individually immaterial associates and joint ventures.

2014 in CHF m	Associates	Joint Ventures	Total
Aggregated carrying amount	**11.4**	**2.7**	**14.1**
Share of result of associates and joint ventures	0.4	2.4	2.8
Share of other comprehensive income	0.7	–	0.7
Share of total comprehensive income	**1.1**	**2.4**	**3.5**
2013 in CHF m			
Aggregated carrying amount	**4.9**	**2.8**	**7.7**
Share of result of associates and joint ventures	(0.1)	(0.3)	(0.4)
Share of other comprehensive income	(0.6)	(0.6)	(1.2)
Share of total comprehensive income	**(0.7)**	**(0.9)**	**(1.6)**

As of December 31, 2014, the main increase in the carrying amount of associates is related to Shanghai Pudong International Airport Gate Gourmet Air Catering Co. Ltd. Following the change in interest, the Group has a participation of 29%, with a carrying amount of CHF 3.7m (Note 32).

12 INCOME TAX EXPENSE

in CHF m	2014	2013
Current income tax charge	17.6	23.6
Deferred tax charge/(credit) (Note 20)	2.5	(11.5)
Total	**20.1**	**12.1**

Reconciliation of tax expense

in CHF m	2014	2013
Profit before tax	60.9	33.1
Weighted average expected tax rate	32.2%	38.1%
Tax at weighted average rate	**19.6**	**12.6**
+ / - effects of		
Income not subject to tax	(3.1)	(9.2)
Expenses not deductible for tax purposes	2.1	11.6
Prior year unrecognized tax losses, tax credits or deductible temporary differences	(10.4)	(34.1)
Deferred tax assets not recognized in the current year	15.2	31.4
Adjustments for the current tax of prior years	(1.4)	(0.4)
Others	(1.9)	0.2
Total tax expense	**20.1**	**12.1**
Weighted average effective tax rate	33.0%	36.6%

The weighted average expected tax rate is calculated by applying the local tax rates of each taxable entity to its profit or loss before tax. This year's tax rate reflects an increase of profits in countries with lower tax rates and a decrease of profits in countries with higher tax rates.

Deferred tax assets not recognized in the current year consist of tax losses, tax credits or deductible temporary differences in a number of locations.

13 EARNINGS PER SHARE

Basic earnings per share

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

	2014	2013
Profit for the year attributable to shareholders of the Company (in CHF m)	38.9	18.4
Weighted average number of shares outstanding	26,066,799	26,066,799
Basic earnings per share (in CHF)	1.49	0.71

Diluted earnings per share

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

	2014	2013
Profit for the year attributable to shareholders of the Company (in CHF m)	38.9	18.4
Weighted average number of shares outstanding	26,066,799	26,066,799
Adjustment for share-based payment arrangements, where dilutive	184,750	–
Adjusted weighted average number of shares outstanding	26,251,549	26,066,799

Diluted earnings per share (in CHF)	1.48	0.71

14 CASH AND CASH EQUIVALENTS

in CHF m	2014	2013
Cash and bank balances	180.0	165.0
Short-term bank deposits	3.8	9.2
Balance at December 31	**183.8**	**174.2**

The total of cash and bank balances includes amounts of CHF 7.3m (2013: CHF 11.0m) which are not freely transferable outside the relevant country of operation.

15 TRADE RECEIVABLES

in CHF m	2014	2013
Trade receivables	310.6	300.7
Trade receivables due from related parties (Note 33)	1.1	0.4
	311.7	**301.1**
Provision for impairment of receivables	(20.0)	(21.2)
Total	**291.7**	**279.9**

The amount of the provision was CHF 20.0m as of December 31, 2014 (2013: CHF 21.2m). The individually impaired receivables mainly relate to customers who are 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 aging analysis of the trade receivables is as follows:

in CHF m	2014	2013
Not overdue	218.5	211.7
Less than 1 month overdue	49.6	42.0
1 to 2 months overdue	10.2	10.4
Over 2 months overdue	33.4	37.0
Balance at December 31	**311.7**	**301.1**

The Group maintains an internal credit rating system in which customers are allocated to one of the categories in the table below. The rating of these customers is periodically assessed. The outstanding trade receivables from customers amounted to:

in CHF m	2014	2013
Low risk (short/medium term losses are unlikely)	80.5	73.3
Medium risk (short/medium term losses are possible)	131.8	120.0
High risk (short/medium term losses are likely, if unsecured)	57.4	62.3
Very high risk (short term losses are very likely, if unsecured)	14.0	13.3
Not rated customers	28.0	32.2
Balance at December 31	**311.7**	**301.1**

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

in CHF m	2014	2013
Balance at January 1	**(21.2)**	**(30.9)**
Provision for receivables impairment	(3.2)	(8.2)
Receivables written off during the year as uncollectible	2.9	14.5
Unused amounts reversed	2.2	1.7
Exchange differences	(0.7)	1.7
Balance at December 31	**(20.0)**	**(21.2)**

Amounts provided against are generally written off when there is no expectation of further recovery.

16 OTHER CURRENT RECEIVABLES AND PREPAYMENTS

in CHF m	2014	2013
Other receivables	13.0	9.5
Other receivables due from related parties (Note 33)	2.2	3.4
Prepaid taxes other than income tax	34.4	34.3
Other prepayments and accrued income	55.7	52.9
Balance at December 31	**105.3**	**100.1**

17 INVENTORIES

in CHF m	2014	2013
Raw materials	36.0	36.0
Catering supplies	31.6	30.8
Work in progress	3.4	3.1
Finished goods	29.3	19.7
Provision for obsolescence	(2.8)	(2.9)
Balance at December 31	**97.5**	**86.7**

18 PROPERTY, PLANT AND EQUIPMENT

2014 in CHF m	Land and buildings	Fixtures and fittings in rented buildings	Assets under construction	Catering and other equipment	Vehicles	Total
Cost						
Balance at January 1, 2014	**184.7**	**174.3**	**6.9**	**176.2**	**162.8**	**704.9**
Additions	0.8	4.2	18.7	14.3	9.0	47.0
Reclassification	0.7	4.7	(14.8)	4.0	5.2	(0.2)
Disposal of subsidiary (Note 32)	(3.7)	(0.2)	–	(1.7)	(1.8)	(7.4)
Disposals	(0.1)	(3.1)	–	(5.4)	(1.3)	(9.9)
Exchange differences	1.9	15.2	0.3	7.8	7.8	33.0
Balance at December 31, 2014	**184.3**	**195.1**	**11.1**	**195.2**	**181.7**	**767.4**
Accumulated depreciation and impairments						
Balance at January 1, 2014	**(85.1)**	**(115.7)**	**–**	**(123.5)**	**(84.6)**	**(408.9)**
Depreciation charge for the year	(6.7)	(9.9)	–	(12.9)	(15.0)	(44.5)
Impairment charge	(0.3)	(0.4)	–	(0.1)	(0.4)	(1.2)
Reversal of impairment charge	–	1.8	–	0.1	0.2	2.1
Disposal of subsidiary (Note 32)	2.5	0.2	–	1.7	1.1	5.5
Disposals	0.1	3.0	–	5.3	1.1	9.5
Exchange differences	0.4	(10.5)	–	(5.7)	(4.3)	(20.1)
Balance at December 31, 2014	**(89.1)**	**(131.5)**	**–**	**(135.1)**	**(101.9)**	**(457.6)**
Net book value						
Balance at January 1, 2014	99.6	58.6	6.9	52.7	78.2	296.0
Balance at December 31, 2014	**95.2**	**63.6**	**11.1**	**60.1**	**79.8**	**309.8**

2013 in CHF m	Land and buildings	Fixtures and fittings in rented buildings	Assets under construction	Catering and other equipment	Vehicles	Total
Cost						
Balance at January 1, 2013	**195.5**	**164.9**	**8.6**	**177.9**	**154.5**	**701.4**
Additions	5.5	4.8	23.1	12.5	4.1	50.0
Reclassification	(5.2)	9.9	(24.2)	1.9	14.0	(3.6)
Acquisition of subsidiary (Note 31)	2.8	–	–	0.3	0.3	3.4
Disposal of subsidiary	–	–	–	(0.7)	–	(0.7)
Disposals	(3.7)	(0.5)	–	(9.7)	(4.4)	(18.3)
Exchange differences	(10.2)	(4.8)	(0.6)	(6.0)	(5.7)	(27.3)
Balance at December 31, 2013	**184.7**	**174.3**	**6.9**	**176.2**	**162.8**	**704.9**
Accumulated depreciation and impairments						
Balance at January 1, 2013	**(87.2)**	**(107.9)**	**–**	**(125.4)**	**(76.3)**	**(396.8)**
Depreciation charge for the year	(8.6)	(9.8)	–	(14.1)	(14.7)	(47.2)
Impairment charge	(0.3)	(4.4)	–	(0.1)	(0.4)	(5.2)
Reversal of impairment charge	–	7.7	–	0.3	–	8.0
Reclassification	4.6	(4.3)	–	1.2	–	1.5
Disposal of subsidiary	–	–	–	0.7	–	0.7
Disposals	3.5	0.2	–	9.5	4.3	17.5
Exchange differences	2.9	2.8	–	4.4	2.5	12.6
Balance at December 31, 2013	**(85.1)**	**(115.7)**	**–**	**(123.5)**	**(84.6)**	**(408.9)**
Net book value						
Balance at January 1, 2013	108.3	57.0	8.6	52.5	78.2	304.6
Balance at December 31, 2013	**99.6**	**58.6**	**6.9**	**52.7**	**78.2**	**296.0**

The carrying amount of land recorded under land and buildings at December 31, 2014 is CHF 24.2m (2013: CHF 23.9m). Within property, plant and equipment, assets pledged for mortgages amount to CHF 6.5m (2013: CHF 7.1m).

The impairment and impairment reversals in 2014 relate to Airline Solutions' locations and equipment in the US, and reflect customer developments. In 2013 the profitability outlook of certain locations in the US strengthened due to a gain of business. This resulted in a net reversal of the impairment of property, plant and equipment previously charged in these locations.

Assets recorded under finance leases consist of:

in CHF m	Land and buildings	Catering and other equipment	Vehicles	Total
Cost				
Balance at December 31, 2014	8.0	1.6	4.7	14.3
Balance at December 31, 2013	7.6	2.7	3.0	13.3
Accumulated depreciation				
Balance at December 31, 2014	(6.9)	(1.6)	(1.7)	(10.2)
Balance at December 31, 2013	(6.4)	(2.7)	(1.1)	(10.2)
Net book value				
Balance at December 31, 2014	1.1	–	3.0	4.1
Balance at December 31, 2013	1.2	–	1.9	3.1

Depreciation expense included in the consolidated income statement for property, plant and equipment held under finance leases was CHF 0.8m (2013: CHF 1.1m). Obligations under finance leases are disclosed in Note 22.

19 INTANGIBLE ASSETS

2014 in CHF m	Goodwill	Intellectual property	Customer relationships	Capitalized software	Other	Total
Cost						
Balance at January 1, 2014	**501.0**	**138.5**	**76.7**	**56.1**	**10.7**	**783.0**
Additions	–	–	–	9.1	0.3	9.4
Disposal of subsidiary (Note 32)	(1.8)	–	–	–	–	(1.8)
Disposals	–	–	–	(2.5)	–	(2.5)
Reclassification	–	–	–	0.2	–	0.2
Exchange differences	24.7	5.3	0.6	4.4	–	35.0
Balance at December 31, 2014	**523.9**	**143.8**	**77.3**	**67.3**	**11.0**	**823.3**
Accumulated amortization						
Balance at January 1, 2014	**(211.9)**	**(38.0)**	**(54.2)**	**(49.6)**	**(9.3)**	**(363.0)**
Amortization charge for the year	–	–	(8.3)	(3.8)	(0.1)	(12.2)
Disposals	–	–	–	2.5	–	2.5
Exchange differences	(12.7)	(3.2)	(0.3)	(3.3)	–	(19.5)
Balance at December 31, 2014	**(224.6)**	**(41.2)**	**(62.8)**	**(54.2)**	**(9.4)**	**(392.2)**
Net book value						
Balance at January 1, 2014	289.1	100.5	22.5	6.5	1.4	420.0
Balance at December 31, 2014	**299.3**	**102.6**	**14.5**	**13.1**	**1.6**	**431.1**

2013 in CHF m	Goodwill	Intellectual property	Customer relationships	Capitalized software	Other	Total
Cost						
Balance at January 1, 2013	**512.0**	**139.9**	**106.1**	**52.4**	**10.7**	**821.1**
Additions	–	–	–	2.9	0.2	3.1
Acquisition of subsidiary (Note 31)	4.3	–	0.7	–	–	5.0
Disposal of subsidiary	–	–	(5.8)	–	–	(5.8)
Disposals	–	–	(21.6)	(0.2)	(0.2)	(22.0)
Reclassification	–	–	–	2.1	–	2.1
Exchange differences	(15.3)	(1.4)	(2.7)	(1.1)	–	(20.5)
Balance at December 31, 2013	**501.0**	**138.5**	**76.7**	**56.1**	**10.7**	**783.0**
Accumulated amortization						
Balance at January 1, 2013	**(216.1)**	**(38.6)**	**(68.1)**	**(46.8)**	**(8.9)**	**(378.5)**
Amortization charge for the year	–	(0.3)	(12.0)	(2.9)	(0.6)	(15.8)
Disposal of subsidiary	–	–	5.8	–	–	5.8
Disposals	–	–	18.5	0.2	0.2	18.9
Reclassification	–	–	–	(1.2)	–	(1.2)
Exchange differences	4.2	0.9	1.6	1.1	–	7.8
Balance at December 31, 2013	**(211.9)**	**(38.0)**	**(54.2)**	**(49.6)**	**(9.3)**	**(363.0)**
Net book value						
Balance at January 1, 2013	295.9	101.3	38.0	5.6	1.8	442.6
Balance at December 31, 2013	**289.1**	**100.5**	**22.5**	**6.5**	**1.4**	**420.0**

Within capitalized software is internally developed software at cost of CHF 28.3m (2013: CHF 24.3m). The 2014 additions to internally developed software amounted to CHF 2.4m (2013: CHF 0.4m). As of December 31, 2014 this internally developed software was recorded at a net book value of CHF 3.4m (2013: CHF 0.6m).

Indefinite life intangibles are allocated to the Group's cash generating units ("CGUs") as follows:

in CHF m	Goodwill		Intellectual property	
	2014	2013	2014	2013
Airline Solutions	194.6	185.2	85.1	83.1
Product and Supply Chain Solutions	104.7	103.9	17.5	17.4
Balance at December 31	**299.3**	**289.1**	**102.6**	**100.5**

Impairment tests for goodwill and intellectual property

For the purpose of impairment testing, goodwill and intellectual property were allocated to the CGUs Airline Solutions and Product and Supply Chain Solutions, these being expected to benefit from the synergies of the respective business combinations. The CGUs reflect the reportable segments, being the level at which management monitors goodwill and intellectual property.

The recoverable amounts of goodwill are based on fair value less costs of disposal calculations. Neither a market price, nor any information about transactions for similar companies in the same industry exist. As a result, the fair value of the CGUs was calculated using the discounted cash flow method. These calculations use the cash flow projections based on the financial budget, approved by the Board, included as the first year of a four-year business plan as well as the discount rate, which represents the weighted average cost of capital ("WACC").

The recoverable amounts of intellectual property are based on value in use calculations using pre-tax discount rates.

The key assumptions are as follows:

2014	Revenue growth rate	Discount rate Post tax	Discount rate Pre-tax
Airline Solutions	2.4% – 5.9%	7.8%	10.7%
Product and Supply Chain Solutions	1.7% – 6.7%	7.0%	9.6%
2013			
Airline Solutions	2.5% – 4.2%	8.8%	12.6%
Product and Supply Chain Solutions	5.9% – 7.3%	8.8%	12.6%

The terminal value beyond the business plan period was calculated by extrapolating the year four cash flows at constant exchange rates using an eternal growth rate of 1.5% (2013: 1.5%). This 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 published by the International Air Transport Association 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.

20 DEFERRED INCOME TAX

in CHF m	2014	2013
Deferred income tax assets	47.0	51.9
Deferred income tax liabilities	(13.5)	(21.9)
Balance at December 31	**33.5**	**30.0**

Movements in deferred taxes

in CHF m	Property, plant and equipment	Intangible assets	Other assets	Retirement benefit obligations, other liabilities, provisions and accruals	Tax losses carry forwards	Total
Balance at January 1, 2014	**(4.7)**	**(19.8)**	**(0.2)**	**27.7**	**27.0**	**30.0**
Deferred tax credit/(charge) in the income statement (Note 12)	(1.9)	3.9	0.1	7.3	(11.9)	(2.5)
Disposal of subsidiaries (Note 32)	(1.8)	–	–	–	–	(1.8)
Deferred tax credit in other comprehensive income	–	–	–	3.3	–	3.3
Exchange differences	0.3	0.5	0.2	1.1	2.4	4.5
Balance at December 31, 2014	**(8.1)**	**(15.4)**	**0.1**	**39.4**	**17.5**	**33.5**
Balance at January 1, 2013	**(1.8)**	**(20.0)**	**(0.3)**	**25.3**	**20.7**	**23.9**
Deferred tax credit/(charge) in the income statement (Note 12)	(3.5)	1.9	0.2	7.6	5.3	11.5
Acquisition of subsidiaries (Note 31)	–	(0.2)	–	0.3	–	0.1
Deferred tax (charge) in other comprehensive income	–	–	–	(3.1)	–	(3.1)
Exchange differences	0.6	(1.5)	(0.1)	(2.4)	1.0	(2.4)
Balance at December 31, 2013	**(4.7)**	**(19.8)**	**(0.2)**	**27.7**	**27.0**	**30.0**

A deferred tax credit of CHF 3.3m (2013: a charge of CHF 3.1m) in the statement of other comprehensive income relates to actuarial gains and losses on defined benefit schemes.

Composition of deferred tax assets and liabilities

in CHF m	Assets December 31		Liabilities December 31		Net December 31	
	2014	2013	2014	2013	2014	2013
Temporary differences						
Property, plant and equipment	3.7	6.8	(11.8)	(11.5)	(8.1)	(4.7)
Intangible assets	–	–	(15.4)	(19.8)	(15.4)	(19.8)
Other assets	1.8	0.6	(1.7)	(0.8)	0.1	(0.2)
Retirement benefit obligations, other liabilities, provisions and accruals	41.4	32.9	(2.0)	(5.2)	39.4	27.7
Tax losses	17.5	27.0	–	–	17.5	27.0
	64.4	**67.3**	**(30.9)**	**(37.3)**	**33.5**	**30.0**
Offset of deferred tax assets and liabilities	(17.4)	(15.4)	17.4	15.4	–	–
Deferred tax assets/(liabilities)	**47.0**	**51.9**	**(13.5)**	**(21.9)**	**33.5**	**30.0**

Tax loss carry forwards

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

in CHF m	2014	2013
2014	–	2.3
2015	–	–
2016	1.7	1.8
2017	–	–
2018	3.6	3.3
2019	27.0	19.6
2020	8.5	7.6
2021	17.2	8.5
After 2021	64.6	38.5
No expiry	591.8	602.0
Total	**714.4**	**683.6**

The countries with significant unrecognized tax loss carry forwards include Luxembourg (CHF 379.9m at a tax rate of 29.2%), Denmark (CHF 109.3m at a tax rate of 24.5%), India (CHF 51.9m at a tax rate of 30.9%), the US (CHF 47.7m at a tax rate of 39.5%), and Norway (CHF 35.9m at a tax rate of 27.0%).

21 RETIREMENT BENEFIT OBLIGATIONS

The Group provides retirement benefits through a variety of arrangements comprised principally of stand-alone defined benefit and defined contribution plans and state administered 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 90% of the present value of obligations accrued to date come from six defined benefit plans in Switzerland, the UK and the US.

Switzerland

The Group operates two company sponsored pension funds in Switzerland that provide contribution-based cash balance retirement and risk benefits to employees to meet its obligations under Switzerland's mandatory company provided pension. Each pension fund is established within a foundation which is a legal entity separate from the Group. Each pension fund is governed by a board that is legally responsible for the operation of the pension fund and empowered to decide on such fundamental aspects as the level and structure of the benefits and the fund's investment strategy. One half of the board of each fund consists of employee representatives elected by the members while the other half are appointed by the employer.

There are a number of guarantees provided within the pension funds which expose them to risks of underfunding and may require the Group to help provide re-financing. The main risks that they are exposed to include:

- Investment risk: There is a guaranteed return on account balances of at least 0% per annum on the total account balance, as well as the rate set by the government on the mandatory minimum benefits.
- Asset volatility: The pension funds hold a significant proportion of equities, which are expected to outperform corporate bonds in the long term but give exposure to volatility and risk in the short term. The pension fund boards are responsible for the investment strategy and a reasonable proportion of equity investment is justified, given the time horizon of the pension funds and to provide a reasonable long term return on members' account balances.
- Changes in bond yields: A decrease in corporate bond yields will increase pension fund liabilities, although this will be partially offset by an increase in the value of the bond holdings and an expectation of lower interest-crediting rates on the cash balance accounts.
- Pensioner longevity and investment risk: The pension funds offer the choice between a lifelong pension and a cash balance lump sum upon retirement. The pension funds have defined rates for converting the lump sum to a pension, and there is the risk that the members live longer than implied by these conversion rates and that the pension assets do not achieve the investment return implied by these conversion rates.

Generally, there is no opportunity for the Group to recover a surplus from the pension funds because under Swiss pension law any surplus that develops technically belongs to a pension fund and therefore the members. A reduction in future contributions is possible only at the discretion of the board of the fund and therefore there is a minimum funding requirement for the Group equal to the employer contributions set out in the pension fund 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 pension funds currently invest in a diverse portfolio of asset classes including equities, bonds, property, hedge funds 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 2014 a curtailment in the Night Hours Plan due to the plan's closure resulted in a pension cost reduction of CHF 0.9m.
- In 2013 a curtailment arose as the Bridging Plan, an unfunded obligation, was closed. Linked to this, plan amendments were made to the Swiss Main Plan, which resulted in an increase in the normal retirement age, contribution crediting rate changes and modification to disability pension benefits. The net impact in the consolidated income statement was a credit of CHF 3.8m recognized in pension expense.

UK

All of the UK plans are final salary, which provide benefits to members in the form of a guaranteed level of pension payable for life, and all plans are currently closed to future accrual of benefits. Future benefit accruals are provided for 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 (or equivalent) and their 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, the most significant of which are detailed below:

- Asset volatility: The plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long term, but give exposure to volatility and risk in the short term. 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 liabilities. The plans have already begun this process by having a significant portion of assets invested in a liability driven investment vehicle. However, due to the plan run-off liabilities remaining long term at this stage and the strength of the supporting Group, a level of continuing equity investment is an appropriate element of the long-term strategy to manage the plans efficiently.
- Changes in bond yields: A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings and liability driven investments.
- Inflation risk: The majority of the plans' benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plans against extreme inflation). The majority of the plans' assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.
- Life expectancy: The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. Furthermore, inflationary increases result in higher sensitivity to changes in life expectancy.

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

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 future accrual of benefits. Future pension benefit accruals are provided in defined contribution plans. The pensions in 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 an unfunded 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.

Through its defined benefit pension plans the Group is exposed to a number of risks, the most significant of which are detailed below:

- Asset volatility: The funded plan holds a significant proportion of equities, which are expected to outperform corporate bonds in the long term but give exposure to volatility and risk in the short term. 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. However, currently the Group believes that its financial strength and the term of the liabilities mean that a level of continuing equity investment is an appropriate element of the long-term strategy to manage the plan efficiently.
- Changes in bond yields: A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the funded plan's bond holdings.
- Life expectancy: The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. The company adopted new mortality tables in 2014.

For the funded plan as of December 31, 2014, the target asset allocation was 32% corporate bonds, 55% equities, 5% real estate and 8% other.

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"). Further details about these funding rules are as follows:

- 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.
- As such, plan underfunding will grow if investment performance falls below the fixed 8.85% Airline Relief rate. In addition, Airline Relief requires "compressed" amortization of the 8.85% funding shortfall as 2023 nears and full amortization of this shortfall by 2023. In 2023, the funding shortfall will be re-determined by replacing the 8.85% funding rate with a corporate bond yield funding rate. This new shortfall will be amortized with a seven year rolling amortization schedule.
- As a result of the above, 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 being assessed as a potential strategy to mitigate this future funding volatility.

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

in CHF m	**2014**	**2013**
Defined contribution plans	21.8	22.1
Defined benefit plans:		
Current service cost (net of employee contributions)	10.1	11.6
Curtailment and negative past service cost	(1.5)	(3.8)
Personnel expenses - pension costs (Note 7)	**30.4**	**29.9**
Net interest on defined benefit schemes (Note 10)	5.4	6.2
Net pension expense	**35.8**	**36.1**

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

in CHF m	**2014**	**2013**
Actuarial losses/(gains)		
Based on adjustment of demographic assumptions	14.3	0.4
Based on adjustment of financial assumptions	90.0	(22.6)
Due to liability experience adjustment	3.5	(6.1)
Due to return on pension assets (excluding amounts in net interest on defined benefit schemes)	(45.1)	(22.5)
Due to change in effect of the asset ceiling (excluding amounts in net interest on defined benefit schemes)	2.1	(0.7)
Total remeasurements recognized in the statement of other comprehensive income	**64.8**	**(51.5)**

The following tables show the change in present value of defined benefit obligations, the change in plan assets and the funded status recognized in the consolidated financial statements for the Group's defined benefit plans.

in CHF m	2014	2013
Present value of funded obligations	(734.5)	(593.4)
Fair value of plan assets	554.0	479.7
Funded status	**(180.5)**	**(113.7)**
Present value of unfunded obligations	(7.2)	(5.2)
Irrecoverable surplus (effect of asset ceiling)	(5.5)	(3.0)
Net defined benefit liability at December 31	**(193.2)**	**(121.9)**
Being:		
Retirement benefit assets at December 31	3.6	–
Retirement benefit liabilities at December 31	(196.8)	(121.9)

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

in CHF m	2014	2013
Balance at January 1	**(121.9)**	**(177.5)**
Cost recognized in income statement	(14.0)	(14.0)
Remeasurement (losses)/gains recognized in other comprehensive income	(64.8)	51.5
Actual employer contributions (Note 29)	18.6	16.3
Exchange differences	(11.1)	1.8
Balance at December 31	**(193.2)**	**(121.9)**

The change in the present value of defined benefit obligations is as follows:

in CHF m	2014	2013
Balance at January 1	**598.6**	**629.0**
Current service cost	10.1	11.6
Interest cost on the defined benefit obligations	22.2	20.2
Actual benefit payments	(28.8)	(30.6)
Actual employee contributions	4.6	4.6
Curtailment and negative past service cost	(1.5)	(3.8)
Actuarial losses - Demographic assumptions	14.3	0.4
Actuarial losses/(gains) - Financial assumptions	90.0	(22.6)
Actuarial losses/(gains) - Liability experience	3.5	(6.1)
Exchange differences	28.7	(4.1)
Balance at December 31	**741.7**	**598.6**

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

in CHF m	2014	2013
Balance at January 1	**479.7**	**455.0**
Interest income on plan assets	17.0	14.2
Actual employer contributions (Note 29)	18.6	16.3
Actual employee contributions	4.6	4.6
Actual benefit payments	(28.8)	(30.6)
Actual return on assets (excluding interest income on plan assets)	45.1	22.5
Exchange differences	17.8	(2.3)
Balance at December 31	**554.0**	**479.7**

Benefits paid under the pension plans include CHF 1.4m paid from employer assets in 2014 (2013: CHF 1.5m). The Group expects to contribute CHF 17.8m to its defined benefit pension plans in 2015.

The following table shows the change in the irrecoverable surplus:

in CHF m	2014	2013
Irrecoverable surplus at January 1	**3.0**	**3.5**
Interest cost on irrecoverable surplus	0.2	0.2
Change in irrecoverable surplus in excess of interest	2.1	(0.7)
Exchange differences	0.2	–
Irrecoverable surplus at December 31	**5.5**	**3.0**

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.

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

2014	Switzerland	UK	US	Other
Discount rate (weighted average)	1.1%	3.7%	3.9%	2.7%
Rate of compensation increase (weighted average)	2.3%	n/a	n/a	2.4%
Inflation rate (weighted average)	1.3%	3.0%	n/a	1.9%
2013				
Discount rate (weighted average)	2.3%	4.5%	4.8%	3.6%
Rate of compensation increase (weighted average)	2.5%	n/a	n/a	2.6%
Inflation rate (weighted average)	1.5%	3.5%	n/a	2.3%

Mortality rates have been set in accordance with current best practices 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 is as follows:

Years	2014	2013
Male	21.9	20.9
Female	24.3	23.3

The average life expectancy in years of a pensioner retiring at age 65, 15 years after the balance sheet date is as follows:

Years	2014	2013
Male	23.0	21.8
Female	25.4	24.2

The major categories of plan assets are as follows:

in CHF m	2014	2013
Securities with quoted market price in an active market		
Equities	205.8	185.7
Bonds:		
Government - index-linked	42.1	38.9
Corporate	80.7	64.0
Real estate	5.5	4.0
Cash and cash equivalents	32.2	31.9
Other marketable securities	65.5	50.1
Total quoted securities	**431.8**	**374.6**
Other securities		
Equities	1.7	2.2
Bonds:		
Asset-backed securities	4.1	4.4
Insurance contracts	55.4	40.2
Real estate	58.8	55.6
Other	2.2	2.7
Total other securities	**122.2**	**105.1**
Total	**554.0**	**479.7**

Pension plan assets do not contain shares of the Company other than those included in investment manager products that include a benchmark allocation to Swiss equities.

As described earlier, the present value of defined benefit obligations accrued to date in Switzerland, the UK and the US represent around 90% of the total for the Group. A breakdown of the pension related balance sheet amounts at December 31, 2014 and 2013, is shown below.

2014 in CHF m	Switzerland	UK	US	Other	Total
Present value of funded obligations	(259.4)	(167.2)	(232.2)	(75.7)	(734.5)
Fair value of plan assets	221.2	176.3	101.1	55.4	554.0
Funded status	**(38.2)**	**9.1**	**(131.1)**	**(20.3)**	**(180.5)**
Present value of unfunded obligations	(1.5)	–	(4.3)	(1.4)	(7.2)
Irrecoverable surplus (effect of asset ceiling)	–	(5.5)	–	–	(5.5)
Net defined benefit asset/(liability) at December 31	**(39.7)**	**3.6**	**(135.4)**	**(21.7)**	**(193.2)**

2013 in CHF m					
Present value of funded obligations	(218.9)	(147.2)	(170.7)	(56.6)	(593.4)
Fair value of plan assets	209.9	142.7	86.9	40.2	479.7
Funded status	**(9.0)**	**(4.5)**	**(83.8)**	**(16.4)**	**(113.7)**
Present value of unfunded obligations	(0.8)	–	(3.4)	(1.0)	(5.2)
Irrecoverable surplus (effect of asset ceiling)	–	(3.0)	–	–	(3.0)
Net defined benefit (liability) at December 31	**(9.8)**	**(7.5)**	**(87.2)**	**(17.4)**	**(121.9)**

The present value of defined benefit obligations by category of members at December 31, 2014 and 2013, is shown below.

in CHF m	2014	2013
Active	(252.6)	(212.0)
Vested	(217.6)	(168.7)
Retired	(271.5)	(217.9)
Balance at December 31	**(741.7)**	**(598.6)**
Present value of funded obligations at December 31	(734.5)	(593.4)
Present value of unfunded obligations at December 31	(7.2)	(5.2)

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 different geographic regions. In the breakdown presented below, the varying impact of changes in the key assumptions is shown for the various countries.

2014 in CHF m	Switzerland	UK	US	Other	Total
Discount rate +0.5% pa	(22.5)	(15.3)	(15.3)	(8.0)	(61.1)
Discount rate -0.5% pa	25.9	17.6	17.1	9.1	69.7
Rate of compensation increase +0.5% pa	4.4	–	–	3.5	7.9
Rate of compensation increase -0.5% pa	(4.1)	–	–	(3.3)	(7.4)
Interest credits on retirement assets +0.5% pa	5.1	–	–	–	5.1
Interest credits on retirement assets -0.5% pa	(4.7)	–	–	–	(4.7)
Pension indexation +0.5% pa	15.8	10.5	–	6.8	33.1
Pension indexation -0.5% pa (minimum 0.0%)	–	(9.1)	–	(4.5)	(13.6)
Life expectancy at age 65 + 1 year	7.4	5.3	6.0	0.3	19.0
2013 in CHF m					
Discount rate +0.5% pa	(17.6)	(13.3)	(10.1)	(5.3)	(46.3)
Discount rate -0.5% pa	20.2	15.3	11.2	5.8	52.5
Rate of compensation increase +0.5% pa	3.2	–	–	2.6	5.8
Rate of compensation increase -0.5% pa	(2.8)	–	–	(2.6)	(5.4)
Interest credits on retirement assets +0.5% pa	4.7	–	–	–	4.7
Interest credits on retirement assets -0.5% pa	(4.4)	–	–	–	(4.4)
Pension indexation +0.5% pa	12.1	8.5	–	4.3	24.9
Pension indexation -0.5% pa (minimum 0.0%)	–	(8.1)	–	(2.7)	(10.8)
Life expectancy at age 65 + 1 year	5.2	4.4	4.5	0.2	14.3

The duration of the defined benefit obligations at December 31, 2014 and 2013, are:

2014 Years	Switzerland	UK	US	Other	Average
Weighted duration of the defined benefit obligations	18.3	19.9	14.0	21.9	17.6
2013 Years					
Weighted duration of the defined benefit obligations	17.2	19.9	12.6	19.3	16.7

22 SHORT-TERM AND LONG-TERM DEBT

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

in CHF m	2014	2013
Current		
Short-term bank loans	–	0.4
Mortgages	0.6	0.6
Finance lease liabilities	1.5	1.8
Other loans payable	1.0	1.3
Total current	**3.1**	**4.1**
Non-current		
Senior notes	410.6	416.0
Mortgages	5.9	6.5
Finance lease liabilities	7.3	8.2
Other long-term loans	–	0.4
Total non-current	**423.8**	**431.1**
Total short-term and long-term debt	**426.9**	**435.2**

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

in CHF m	2014	2013
Euro	419.3	426.6
Other currencies	7.6	8.6
Balance at December 31	**426.9**	**435.2**

Senior unsecured notes and revolving credit facility
On March 7, 2012, the Group issued 6.75% senior unsecured notes with maturity in 2019 for an amount of EUR 350.0m. The senior unsecured notes have been issued at a price of 100% by gategroup Finance (Luxembourg) S.A.. As of December 31, 2014, the fair value of the senior unsecured notes was EUR 368.2m (2013: EUR 371.5m). This fair value is based on quoted prices in active markets (Level 1).

On March 7, 2012, the Group also entered into a EUR 100.0m four-year multi-purpose revolving credit facility maturing in June 2016. This facility was fully undrawn as at December 31, 2014. The EUR 350.0m senior unsecured notes and the EUR 100.0m revolving credit facility all rank pari passu. The senior unsecured notes as well as the revolving credit facility are guaranteed by the Company and certain of its subsidiaries. The revolving credit facility's financial covenants, being net leverage ratio, net interest coverage ratio and economic equity ratio, have to be complied with on a semi-annual basis. These covenants were met as at December 31, 2014.

The senior unsecured notes do not require financial covenants to be tested periodically. Only at the time certain events occur, including the incurrence of debt, will the issuer either have to comply with certain ratios or rely on the customary exceptions included in the facility.

Credit facilities
Group wide facilities amounting to CHF 108.2m (2013: CHF 93.3m) are in place for the issuance of letters of credit and/or for foreign exchange transactions. As of December 31, 2014, these were utilized in the amount of CHF 32.6m for bank guarantees (2013: CHF 24.3m) which includes CHF 1.3m (2013: nil) on behalf of associates, and for foreign exchange activities CHF 0.6m (2013: CHF 0.8m). Further, the Group has other guarantees in favor of associates amounting to CHF 3.9m (2013: nil).

Mortgages
Outstanding mortgages have interest rates ranging from 2.3% to 4.8% (2013: 2.1% to 4.8%) and are denominated in Danish Kroner and Swiss Francs.

Financial lease liabilities
Financial lease liabilities have fixed interest rates ranging from 1.5% to 5.9% (2013: 2.0% to 5.8%) and are denominated mainly in Euro. Obligations under finance leases consist primarily of rentals of catering facilities.

The finance lease liabilities are as follows:

in CHF m	**2014**	**2013**
Gross finance lease liabilities - minimum lease payments:		
Not later than 1 year	1.9	2.3
Later than 1 year but not later than 5 years	6.4	6.4
Later than 5 years	2.0	3.3
Total minimum lease payments	**10.3**	**12.0**
Future finance charges on finance lease liabilities	(1.5)	(2.0)
Present value of finance lease liabilities at December 31	**8.8**	**10.0**

23 TRADE AND OTHER PAYABLES

in CHF m	**2014**	**2013**
Trade payables	186.5	170.4
Other amounts due to third parties	36.5	34.6
Other current payables due to related parties (Note 33)	–	0.2
Sales taxes due	29.1	27.9
Balance at December 31	**252.1**	**233.1**

24 PROVISIONS

in CHF m	**Employee benefits (Note 24.1)**	**Restructuring (Note 24.2)**	**Legal and tax (Note 24.3)**	**Onerous contracts (Note 24.4)**	**Property and other (Note 24.5)**	**Total**
Balance at January 1, 2014	**8.9**	**14.1**	**14.9**	**7.0**	**15.1**	**60.0**
Charged/(credited) to the income statement						
Additional provisions	1.0	11.0	7.7	–	3.7	23.4
Unused amounts reversed	(0.9)	(0.1)	(3.8)	(0.4)	(3.7)	(8.9)
Unwind of discount	–	–	0.6	0.5	0.4	1.5
Utilized during the year	(0.4)	(14.6)	(2.1)	(2.9)	(3.4)	(23.4)
Exchange differences	0.2	0.1	0.1	0.1	0.1	0.6
Balance at December 31, 2014	**8.8**	**10.5**	**17.4**	**4.3**	**12.2**	**53.2**
Analysis of total provisions						
Non-current provisions	8.7	1.0	8.5	2.1	9.4	29.7
Current provisions	0.1	9.5	8.9	2.2	2.8	23.5

24.1 EMPLOYEE BENEFITS: OTHER POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM EMPLOYEE BENEFITS

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

24.2 RESTRUCTURING

The restructuring charges during the year and the provisions remaining at the end of the year relate principally to the Airline Solutions business in Europe and North America, as well as the Product and Supply Chain Solutions business in Europe.

24.3 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 Brazil and various employment-related matters in Europe. The timing of settlement and/or the amount of cash outflows is uncertain.

24.4 ONEROUS CONTRACTS

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

24.5 PROPERTY AND OTHER

At December 31, 2014, provisions have been recorded principally for property-related issues and a range of other, individually immaterial, items.

25 OTHER CURRENT LIABILITIES

in CHF m	2014	2013
Accrued payroll and related costs	79.9	78.7
Deferred revenue	3.9	4.5
Accrued rent and other property costs	15.0	14.5
Accrued insurance costs	7.1	6.4
Uninvoiced deliveries of inventory	47.6	47.7
Accrued volume rebates	46.4	32.7
Other accrued expenses	77.6	82.7
Balance at December 31	**277.5**	**267.2**

26 EQUITY

26.1 ISSUED SHARE CAPITAL

As at December 31, 2014, the share capital of the Company is CHF 133,931,680 (2013: 133,931,680) and is divided into 26,786,336 (2013: 26,786,336) fully paid-in registered shares with a nominal value of CHF 5.00 each. Every share gives the right to one vote.

26.2 CONDITIONAL SHARE CAPITAL

As at December 31, 2014, the Company has conditional share capital which allows an increase in the aggregate maximum amount of CHF 11,745,885 or 2,349,177 shares. The conditional share capital includes an amount of up to CHF 1,906,775 or 381,355 shares which are reserved for employee equity participation plans and an amount of up to CHF 9,839,110 or 1,967,822 shares which are reserved for convertible debentures, debentures with option rights or other financing instruments.

26.3 AUTHORIZED SHARE CAPITAL

As at December 31, 2014, the Company has authorized share capital of CHF 13,277,065 authorizing the Board to issue up to 2,655,413 fully paid-in registered shares with a nominal value of CHF 5.00 per share by no later than April 16, 2016.

26.4 TREASURY SHARES

At December 31, 2014, there were 719,537 (2013: 719,537) treasury shares held by the Group.

26.5 DIVIDEND

On April 24, 2014, the Company paid a dividend of CHF 0.30 per share to its shareholders. The total amount of the dividend paid was CHF 7,820,040. No dividends were distributed on the 719,537 treasury shares held by the Company and its subsidiaries.

27 SHARE-BASED PAYMENTS

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

in CHF m	2014	2013
Executive Long-Term Incentive Plan	1.0	0.9
Equity Incentive Plan 2009–2013	–	0.6
Total share-based payment expense (Note 7)	**1.0**	**1.5**

27.1 EXECUTIVE LONG-TERM INCENTIVE PLAN

Under this plan key employees were granted, principally on December 5, 2012, May 20, 2013 and July 14, 2014, conditional Performance Shares in the Company. The plan is accounted for as equity-settled share-based payment compensation. Grants will vest subject to the satisfaction of revenue growth and return on invested capital ("ROIC") performance targets and an ongoing employment relationship on the vesting date. The fair value of the share grants has been determined at grant date, based on the market price of the share at grant date less the estimated present value of dividend payments up to vesting date.

The award structure and applicable performance targets are summarized as:

- Revenue growth, accounting for up to 50% of the total award, being determined on the compound annual growth rate achieved. A minimum threshold of 1%, 2% for the 2012 and 2013 grants, per annum revenue growth needs to be achieved for which 12.5% of the total award will vest, rising to a maximum of 50% of the total award where revenue growth of 5% or more per annum has been achieved; and
- The achieved ROIC, which accounts for the other 50% of the total potential award, is then applied as a multiplier to the award determined based on revenue performance. Below a minimum threshold, being an 8.5% for 2014 and 9% for 2012 and 2013, no award will vest. At an 8.5% achievement for 2014, 9% for 2012 and 2013, a multiplier of 1.0 is applied with this rising to a maximum of 2.0 for an ROIC performance of 12.5%, in which case up to 100% of the total award vests.

The table below shows the maximum number of shares that may vest under the Executive Long-Term Incentive Plan and movements in the number of performance shares during 2014 and 2013:

Vesting date (May 20, in each year)	2015	2016	2017	2018
Fair value at grant date (in CHF)	20.66	20.05	17.68	22.10
Number of performance shares:				
Outstanding at January 1, 2013	**111,000**	**131,000**	**–**	**–**
Granted	7,000	7,000	134,000	–
Forfeited	(18,000)	(18,000)	(7,000)	–
Outstanding at December 31, 2013	**100,000**	**120,000**	**127,000**	**–**
Outstanding at January 1, 2014	**100,000**	**120,000**	**127,000**	**–**
Granted	–	–	–	264,500
Forfeited	(19,000)	(39,000)	(39,000)	(76,500)
Outstanding at December 31, 2014	**81,000**	**81,000**	**88,000**	**188,000**

27.2 EQUITY INCENTIVE PLAN 2009-2013

Under this plan, members of the Board and key employees were granted share awards in the Company. The plan is accounted for as equity-settled share-based payment compensation. The share awards vest in installments if the volume weighted average share price of all trades of shares on the SIX Swiss Stock Exchange in a 360-day period is met at any time within the measurement period, except for the installments with grant date July 2011 and November 2011 where the share awards vest if the volume-weighted average share price of all trades of shares on the SIX Swiss Stock Exchange in a 90-day period is met at any time within the measurement period.

The table below shows the number of shares that have expired in the current or prior year, together with the fair values of the shares granted.

Number of shares for all grants (excl. forfeitures)	Share price target (in CHF)	Measurement period	Fair value at grant date Nov 2009 (in CHF)	Fair value at grant date Aug 2010 (in CHF)	Fair value at grant date Feb 2011 (in CHF)	Fair value at grant date Jul 2011 (in CHF)	Fair value at grant date Nov 2011 (in CHF)	Fair value at grant date Dec 2011 (in CHF)	Fair value at grant date Apr 2012 (in CHF)	Change in year
185,542	25.00	12/17/13 – 12/30/13	14.67	28.92	46.07	–	–	13.06	–	Expired
7,438	25.00	12/17/13 – 12/30/13	–	–	–	–	–	–	23.08	Expired
80,000	40.00	05/15/14 – 11/15/14	–	–	–	22.20	–	–	–	Expired
63,500	48.50	02/14/12 – 12/30/14	–	–	–	–	19.60	–	–	Expired

Expected volatility and discount rate

The fair values of the share awards granted were determined using a Monte Carlo simulation. The main parameters used in the model were share price targets and the measurement period shown above. The expected volatility was based on the historical volatility of a peer group of quoted businesses and the discount rate calculated based on the average of the Swiss government bonds (from grant until vesting).

Grant date	Nov 2009	Aug 2010	Feb 2011	Jul 2011	Nov 2011	Dec 2011	Apr 2012
Expected volatility	54.2%	54.1%	56.0%	54.1%	61.0%	47.1%	48.3%
Discount rate	2.1%	1.6%	1.1%	1.0%	0.7%	0.4%	0.3%

Movements in the number of shares were as follows:

	2014 Number of shares	2013 Number of shares
Outstanding at January 1	**126,000**	**265,593**
Forfeited	(14,000)	(37,125)
Expired	(112,000)	(102,468)
Outstanding at December 31	**–**	**126,000**

27.3 EQUITY INCENTIVE PLAN 2007

In 2007 and 2008, members of the Board, key employees and consultants of the Group were granted membership interests and/or options to purchase membership interests in Gate Gourmet Group Holding LLC (“Holding LLC”), the previous holding company, under the Equity Incentive Plan 2007. As part of the legal reorganization in April 2009, grants of membership interests and options to buy membership interests were replaced by grants of options to buy shares in the Company. There were no modifications to the terms and conditions on which the equity instruments were originally granted. The plan is accounted for as equity-settled share-based payment compensation.

Options

When granted, the options vested in installments over a three year period. The main assumptions used were as follows:

Grant date	December 2007
Expiration date	December 2017
Volume-weighted average share price at grant date (in CHF)	51.83
Exercise price (in CHF)	69.04
Volatility (%)	27.87
Expected dividend yield (%)	2.71
Risk-free interest rate (%)	3.12

The expected volatility is based on the historical volatility of a peer group.

The outstanding number of options were as follows:

	2014 Number of options	2013 Number of options
Outstanding at January 1	**1,821**	**1,821**
Outstanding at December 31	**1,821**	**1,821**
of which vested and exercisable	1,821	1,821

28 CHANGES IN WORKING CAPITAL

in CHF m	2014	2013
Change in inventories	(7.5)	(5.1)
Change in trade receivables	(6.1)	(1.1)
Change in trade payables	13.4	18.2
Change in other receivables and payables, net	(12.7)	(33.0)
Total	**(12.9)**	**(21.0)**

29 CHANGES IN PROVISIONS AND RETIREMENT BENEFIT OBLIGATIONS

in CHF m	2014	2013
Cash movements in retirement benefit obligations (Note 21)	(18.6)	(16.3)
Cash movements in restructuring provisions	(14.6)	(18.5)
Cash movements in other provisions	(6.7)	(5.5)
Non-cash movements in retirement benefit obligations	8.6	7.8
Non-cash movements in restructuring provisions	10.9	10.5
Non-cash movements in other provisions	1.3	(11.6)
Total	**(19.1)**	**(33.6)**

30 COMMITMENTS AND CONTINGENT LIABILITIES

30.1 CAPITAL COMMITMENTS

At December 31, 2014, 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 6.7m (2013: CHF 4.7m).

30.2 OPERATING LEASE PAYMENTS

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

in CHF m	2014	2013
Not later than 1 year	52.4	46.7
Later than 1 year but not later than 5 years	166.8	150.1
Later than 5 years	134.5	135.4
Balance at December 31	**353.7**	**332.2**

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

At December 31, 2014, the minimum future lease payments expected to be received amount to CHF 7.9m (2013: CHF 6.8m). The lease expenditure charged to the consolidated income statement during the year is included in Note 8.

30.3 CONTINGENT LIABILITIES

The Group has contingent liabilities arising in the ordinary course of business, principally in respect of legal claims, tax risks, guarantees, customer relationships, pledges, letters of credit and treasury relationships and transactions. It is not anticipated that any material liabilities will arise from such contingent liabilities other than those provided in Note 24.

31 BUSINESS COMBINATIONS

31.1 BUSINESS COMBINATIONS 2014

The Group did not make any acquisitions during 2014.

31.2 BUSINESS COMBINATIONS 2013

On July 1, 2013 the Group completed the purchase of certain assets and liabilities of catering provider Pacific Flight Catering ("PFC"), New Zealand. The business is a full-service catering and provisioning operation, which includes last-mile delivery to aircraft. This acquisition gives airlines operating at Auckland Airport increased access to Gate Gourmet's customized catering offering and internationally recognized quality of service.

The acquired business contributed revenues of CHF 4.6m and a net loss of CHF 0.6m to the Group for the period from the date of the acquisition to December 31, 2013. If the acquisition had occurred on January 1, 2013, it is estimated that Group revenue would have been CHF 3,005.3m and profit for the year would have been CHF 20.1m. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the depreciation and amortization that would have been charged assuming the acquisition fair value adjustments had applied from January 1, 2013, together with the consequential tax effects.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date, as well as the consideration paid and the goodwill arising on acquisition:

in CHF m	**Final PFC**
Property, plant and equipment (Note 18)	3.4
Intangible assets (Note 19)	0.7
Deferred income tax assets (Note 20)	0.1
Inventories	0.1
Provisions (Note 24)	(1.2)
Other current liabilities	(0.1)
Fair value of net assets acquired	**3.0**
Goodwill (Note 19)	4.3
Total purchase consideration	**7.3**
Add: Net overdrafts or (cash) in subsidiaries acquired	–
Deferred consideration	(2.5)
Cash outflow on acquisition	**4.8**

There is a deferred payment schedule for an element of the consideration. Subsequent to the acquisition and prior to December 31, 2013, a part of the deferred consideration had been paid for PFC (CHF 0.7m). In addition, the contingent considerations for Qantas Catering Group (CHF 0.8m) and Alpha Flight Services BV (CHF 0.9m) were made.

In 2014, part of the deferred consideration for PFC (CHF 1.3m) and Helios Market, Product and Production Development BV (CHF 1.4m) were paid.

Goodwill related to the acquisition of PFC 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 acquired business. These benefits are not separable from goodwill. The goodwill recognized is not expected to be deductible for income tax purposes.

Acquisition related costs amounting to CHF 0.2m are not included in the consideration transferred and have been recognized as an expense in the 2013 result within "Other operating income and expenses, net" in the consolidated income statement.

IFRS 3 allows up to a twelve-month measurement period from acquisition date to complete the initial accounting. Changes to the carrying amount of identifiable assets, liabilities or contingent liabilities shall be calculated as if the fair values at the acquisition date had been recognized from that date.

The accounting for the acquisition of PFC had only been provisionally determined at the end of 2013. Following review, no changes to the provisional purchase price allocation of PFC disclosed in the annual report 2013 have been made in 2014. The accounting for this acquisition has been finalized as at June 30, 2014.

32 DISPOSAL GROUP

32.1 DISPOSALS 2014

The Group completed the disposal of Shanghai Pudong International Airport Gate Gourmet Air Catering Co. Ltd., on July 2, 2014. China Aviation Investment Co. Ltd., an affiliate of the Air China Group acquired a 51% interest, thereby reducing gategroup's participation to 29% with Shanghai Airport Group Co. Ltd. retaining its existing 20% shareholding.

in CHF m	**Shanghai**
Property, plant and equipment (Note 18)	1.9
Cash and cash equivalents	7.2
Trade receivables	3.6
Other receivables	2.6
Other current liabilities	(6.1)
Total assets disposed	9.2
Non-controlling interests disposed	(5.8)
Net assets disposed	**3.4**

Consideration received	6.5
Net assets disposed	(3.4)
Fair value of associate (Note 11)	3.7
Currency translation gain reclassified	2.5
Goodwill disposed (Note 19)	(1.8)
Disposal costs	(0.9)
Gain from disposal of subsidiary (Note 9)	**6.6**

Consideration received in cash and cash equivalents	6.5
Cash and cash equivalents disposed	(7.2)
Net cash outflow from disposal of subsidiary	**(0.7)**

32.2 DISPOSALS 2013

In September 2013, gategroup signed an agreement to sell its 100% shareholding of the Gate Gourmet flight catering operation at Brussels airport, effective November 1, 2013.

in CHF m	GG Belgium
Cash and cash equivalents	2.6
Trade receivables	2.8
Other current receivables	1.7
Inventory	0.4
Trade and other payables	(0.9)
Other current liabilities	(4.6)
Net assets disposed	**2.0**
Currency translation loss reclassified	(4.1)
Disposal consideration	1.5
Loss from disposal of subsidiary (Note 9)	**(4.6)**
Disposal consideration	1.5
Cash and cash equivalents disposed	(2.6)
Net cash outflow from disposal of subsidiary	**(1.1)**

33 RELATED PARTY TRANSACTIONS

33.1 KEY MANAGEMENT PERSONNEL

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

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

in CHF m	2014	2013
Short-term benefits	9.6	9.8
Share-based payments	0.8	1.5
Total key management compensation	**10.4**	**11.3**

33.2 ASSOCIATED COMPANIES, JOINT VENTURES AND OTHER RELATED PARTIES

in CHF m	2014	2013
Sale/purchase of goods and services:		
Sale of goods to associates(I)	1.5	–
Sale of goods to joint ventures(I)	–	0.7
Management services provided(II), (III)	0.9	0.6
Purchase of goods(I), (II)	–	(6.0)
Total	**2.4**	**(4.7)**

(I) The sales to and purchases from associates and joint ventures are made on terms equivalent to those that prevail in arm's length transactions.
(II) The majority of these services and purchases of goods relate to transactions with the Group's joint ventures.
(III) The Group performed certain administrative services for related party companies. The respective charges reflect an appropriate allocation of costs incurred.

As at December 31, 2014, trade and other receivables amounted to CHF 3.3m (2013: CHF 3.8m) (Notes 15 and 16), where CHF 1.4m (2013: CHF 1.2m) are from joint ventures and CHF 1.9m (2013: CHF 2.6m) from associates. The total payables to related parties in 2013 in the amount of CHF 0.2m (Note 23) mainly related to transactions with joint ventures (2014: nil).

34 GROUP COMPANIES

The principal subsidiaries of the Company as of December 31, 2014, are the following:

Country	Company	% capital shareholding[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 Services Pty Ltd, Mascot, NSW	100	AUD	44,330,100
	Inflight Logistic Services Pty Ltd, Mascot, NSW	100	AUD	100
	Pourshins Australia Pty Ltd, Alexandria, NSW	100	AUD	2
Belgium	deSter BVBA, Hoogstraten	100	EUR	22,600,000
Brazil	Gate Gourmet Ltda, São Paulo	100	BRL	60,115,450
Canada	Gate Gourmet Canada Inc., Toronto	100	CAD	17,500,000
	Pourshins Canada Inc., Toronto	100	CAD	300,000
Chile	Gate Gourmet Catering Chile Ltda, Santiago	100	CLP	1,968,062,000
China	Gate Gourmet Hong Kong Ltd, Hong Kong	100	HKD	372,657,350
	gategroup Trading Hong Kong Ltd, Hong Kong	100	USD	162
Colombia	Gate Gourmet Colombia Ltda, Bogotá	75	COP	831,229,851
Denmark	Gate Gourmet Denmark ApS, Tårnby	100	DKK	301,200
	Gate Gourmet Northern Europe ApS, Tårnby	100	DKK	52,301,000
Ecuador	Gate Gourmet del Ecuador Cia Ltda, Quito	60	USD	2,278,400
France	Gate Gourmet Aéroport de Bâle–Mulhouse SAS, St. Louis	100	EUR	337,000
Germany	Gate Gourmet GmbH Deutschland, Neu-Isenburg	100	EUR	7,670,000
	Gate Gourmet GmbH Holding Deutschland, Neu-Isenburg	100	EUR	51,129
	Gate Gourmet GmbH Mitte, Neu-Isenburg	100	EUR	25,000
	Gate Gourmet GmbH West, Düsseldorf	100	EUR	1,534,000
	Performa Deutschland GmbH, Neu-Isenburg	100	EUR	25,000
India	Gate Gourmet India Private Ltd, Mumbai	100	INR	329,402,000
	Skygourmet Catering Private Ltd, Mumbai	100	INR	13,956,331
Ireland	Gate Gourmet Ireland Ltd, Dublin	100	EUR	4,500,000
	Specialist Airport Services (Ireland) Ltd, Dublin	100	EUR	100
Japan	Gate Gourmet Japan YK, Chiba-ken	100	JPY	80,000,000
Luxembourg	Gate Gourmet Holding I S.à r.l., Luxembourg	100	EUR	42,782,100
	Gate Gourmet Luxembourg III S.à r.l., Luxembourg	100	EUR	15,946,100
	Gate Gourmet Luxembourg IIIA S.à r.l., Luxembourg	100	EUR	31,959,307
	Gate Gourmet Luxembourg IV S.à r.l., Luxembourg	100	EUR	1,174,000
	gategroup Finance (Luxembourg) S.A., Luxembourg	100	EUR	31,000
	gategroup Financial Services S.à r.l., Luxembourg	100	EUR	40,562,600
Mexico	Gate Retail Onboard Mexico S.A.P.I. de C.V., Mexico City	51	MXN	6,100,000
Netherlands	deSter Holding B.V., Amsterdam	100	EUR	3,359,990
	Gate Gourmet Amsterdam B.V., Schiphol	100	EUR	2,291,590
	Gate Gourmet Schiphol West B.V., Schiphol	100	EUR	1,623,172
	Helios Market, Product & Production Development B.V., Amsterdam	100	EUR	1,117,294
	Supplair B.V., Amsterdam	100	EUR	18,000
New Zealand	Gate Gourmet New Zealand Ltd, Auckland	100	NZD	4,000,100
Norway	Gate Gourmet Norway AS, Oslo	100	NOK	8,002,071
Pakistan	Gate Gourmet Pakistan (Private) Ltd, Karachi	100	PKR	9,007,610
Peru	Gate Gourmet Peru S.r.L., Lima	100	PEN	1,599,558

Country	Company	% capital shareholding[1]	Currency	Share capital
Singapore	Gate Gourmet Singapore Pte Ltd, Singapore	100	SGD	8,702,977
	gategroup Investments Singapore Pte Ltd, Singapore	100	USD	142,583,348
South Africa	e-gatematrix (SA) Pty Ltd, Johannesburg	70	ZAR	100
Spain	Gate Gourmet España S.L., Madrid	100	EUR	3,005,061
	Gate Gourmet Holding España S.L., Madrid	100	EUR	798,260
	Gate Gourmet Participations España S.L., Madrid	100	EUR	60,803,006
Sweden	Gate Gourmet Sweden AB, Stockholm	100	SEK	100,000
Switzerland	Gate Gourmet Switzerland GmbH, Kloten	100	CHF	2,000,000
	Gate Retail Onboard GmbH, Kloten	100	CHF	20,000
	gategroup Financial Services S.à r.l., Luxembourg, Swiss Branch, Kloten	100	EUR	1
	gategroup IP GmbH, Freienbach	100	CHF	20,000
Thailand	deSter Co. Ltd, Prachinburi	100	THB	135,000,000
United Kingdom	Fernley (Heathrow) Ltd, Middlesex	100	GBP	85,800
	Gate Gourmet Finance UK Ltd, Middlesex	100	CHF	1
	Gate Gourmet Heathrow Ltd, Middlesex	100	GBP	6,550,000
	Gate Gourmet Holdings UK Ltd, Middlesex	100	GBP	96,230,003
	Gate Gourmet London Ltd, Middlesex	100	GBP	20,000,002
	Gate Total Solutions Ltd, Luton	100	GBP	1
	Pourshins Ltd, Middlesex	100	GBP	854,350
USA	deSter Corporation, Atlanta, GA	100	USD	2,000
	e-gatematrix llc, Wilmington, DE	100	USD	8,030,366
	Gate Aviation Services Inc., Wilmington, DE	100	USD	10
	Gate Gourmet Inc., Wilmington, DE	100	USD	1,000
	Gate Safe Inc., Wilmington, DE	100	USD	10
	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
	Pourshins Inc., Chicago, IL	100	USD	1,000

[1] Rounded to the nearest whole number

35 POST BALANCE SHEET EVENTS

As at March 11, 2015, the date of approval of these consolidated financial statements by the Board, other than for the below, the Group has no significant subsequent events that warrant disclosure.

35.1 STRENGTHENING OF THE SWISS FRANC AGAINST OTHER CURRENCIES

On January 15, 2015, the Swiss National Bank removed the currency ceiling against the Euro. This resulted in a significant strengthening of the Swiss Franc against all major currencies in which the Group operates. The Group has assessed the impact, particularly on counter-party risk, currency exposures and intangible assets, including goodwill. The event described has no impact on the accounting policies applied, the valuation principles followed, or on management estimates in the preparation of the consolidated financial statements for the year ended December 31, 2014.

35.2 REALIGNMENT OF THE ORGANISATION AND SEGMENT REPORTING

From 2015, Gate Retail Onboard and eGate Solutions will be managed together with Product and Supply Chain Solutions, the expanded division being renamed Network and Product Solutions. The Group's segment reporting will be adjusted accordingly.

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Report of the statutory auditor
to the General Meeting of
gategroup Holding AG
Kloten

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

As statutory auditor, we have audited the consolidated financial statements of gategroup Holding AG, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes (pages 34 to 83) for the year ended 31 December 2014.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements for the year ended 31 December 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

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 article 11 AOA) 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 consolidated financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers AG

Martin Kennard Audit expert Auditor in charge	Mairkon Nogueira

Zurich, 11 March 2015

FINANCIAL REPORT

gategroup Holding AG

Gottfried Menge's **Truffle Raviolo with Wilted Spinach**

Financial Statements of gategroup Holding AG

Income Statement of gategroup Holding AG

in 1,000 CHF	2014	2013
Management fees	260	260
Total operating income	**260**	**260**
Personnel expenses	(1,239)	(1,229)
Operating expenses	(3,799)	(3,224)
Amortization	(2,287)	(2,287)
Total operating expenses	**(7,325)**	**(6,740)**
Operating loss	**(7,065)**	**(6,480)**
Financial income	4,774	4,129
Financial expenses	(223)	(1,364)
Loss before tax	**(2,514)**	**(3,715)**
Income tax expense	–	–
Loss for the year	**(2,514)**	**(3,715)**

Balance Sheet of gategroup Holding AG

in 1,000 CHF	*Notes*	Dec 31, 2014	Dec 31, 2013
Current assets			
Cash and cash equivalents		8	72
Other receivables		618	594
Other receivables from subsidiaries		3,336	18,073
Total current assets		**3,962**	**18,739**
Non-current assets			
Capital raising costs		1,905	4,192
Treasury shares	*2.5*	10,343	10,343
Non-current loans to subsidiaries		54,204	50,055
Investments in subsidiaries		731,976	724,502
Total non-current assets		**798,428**	**789,092**
Total assets		**802,390**	**807,831**
Current liabilities			
Other payables		1,046	852
Other payables to subsidiaries		584	404
Accruals		4,999	480
Total current liabilities		**6,629**	**1,736**
Total liabilities		**6,629**	**1,736**
Share capital	*2.1*	133,932	133,932
Legal reserves:			
General reserve		10,002	10,002
Reserve from capital contributions		614,289	622,109
Reserve for treasury shares from capital contributions		14,085	14,085
Earnings brought forward		25,967	29,682
Loss for the year		(2,514)	(3,715)
Total shareholders' equity		**795,761**	**806,095**
Total liabilities and shareholders' equity		**802,390**	**807,831**

Notes to the Financial Statements of gategroup Holding AG

1 GENERAL INFORMATION

Applying the transitional provisions of the new accounting law, the financial statements of gategroup Holding AG, Kloten (the "Company") are prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations ("CO"). The new provisions based on the partial revision of the CO introduced on January 1, 2013, will be implemented as of the financial year 2015.

2 DISCLOSURES REQUIRED BY SWISS COMPANY LAW

2.1 CONDITIONAL AND AUTHORIZED CAPITAL

in 1,000 CHF	Dec 31, 2014	Dec 31, 2013
Conditional capital	11,746	11,746
Authorized capital	13,277	–

As at December 31, 2014, the share capital of the Company is CHF 133,931,680 (2013: CHF 133,931,680) and is divided into 26,786,336 (2013: 26,786,336) fully paid-in registered shares with a nominal value of CHF 5.00 each. Every share gives the right to one vote.

As at December 31, 2014, the Company has conditional share capital which allows an increase in the aggregate maximum amount of CHF 11,745,885 or 2,349,177 shares. The conditional share capital includes an amount of up to CHF 1,906,775 or 381,355 shares which are reserved for employee equity participation plans and an amount of up to CHF 9,839,110 or 1,967,822 shares which are reserved for convertible debentures, debentures with option rights or other financing instruments.

As at December 31, 2014, the Company has authorized share capital of CHF 13,277,065, authorizing the Board of Directors of the Company (the "Board") to issue up to 2,655,413 fully paid-in shares with a nominal value of CHF 5.00 per share by no later than April 16, 2016.

2.2 SIGNIFICANT SHAREHOLDERS

According to the information available to the Board, the following shareholders held more than 5% of the registered share capital:

	Dec 31, 2014	Dec 31, 2013
RBR Funds SICAV, RBR European Long Short Master Fund, RBR Strategic Value Ltd	7.53%	–
Harris Associates Investment Trust***[I]	6.57%	5.31%
Pictet Asset Management Ltd	5.40%	5.40%

[I] Disclosed in 2013 as "Harris Associates L.P.".

Please note that the actual shareholdings may differ from the figures indicated above, as the Company must only be notified by its shareholders if one of the thresholds defined in Art. 20 of the Swiss Stock Exchange Act is reached or crossed.

2.3 SHAREHOLDINGS

Shareholdings of non-executive Board members as at December 31, 2014[I]

	Number of shares	Representing % of the share capital of the Company
Andreas Schmid, Chairman	247,067	0.92%
Neil Brown	100,000	0.37%
Remo Brunschwiler	–	–
Ilona De March	–	–
Brian Larcombe	60,000	0.22%
Anthonie Stal	72,500	0.27%
Total shareholdings	**479,567**	**1.78%**

[I] For the shareholdings of the sole executive Board member in 2014 please refer to shareholdings of EMB members as at December 31, 2014.

Shareholdings of non-executive Board members as at December 31, 2013[I]

	Number of shares	Representing % of the share capital of the Company
Andreas Schmid, Chairman	247,067	0.92%
Neil Brown	100,000	0.37%
Remo Brunschwiler	–	–
Brian Larcombe	60,000	0.22%
David Siegel	–	–
Anthonie Stal	72,500	0.27%
Total shareholdings	**479,567**	**1.78%**

[I] For the shareholdings of the sole executive Board member in 2013 please refer to shareholdings of EMB members as at December 31, 2013.

Shareholdings of Executive Management Board ("EMB") members as at December 31, 2014

	Number of shares	Representing % of the share capital of the Company	EIP 2009–2013 performance share grants(I)	ELTIP performance share grants(II)
Andrew Gibson, Chief Executive Officer	59,308	0.22%	–	80,000
Thomas Bucher, Chief Financial Officer(III)	71,843	0.27%	–	–
Herman Anbeek, Group SVP and President, Airline Solutions(IV)	50,000	0.19%	–	41,000
Kristin Brown, Chief Administrative & Legal Officer(V)	12,945	0.05%	–	36,000
Jann Fisch, Chief Corporate Development Officer(VI)	–	–	–	41,000
Douglas Goeke, Group SVP and President, North America(VII)	9,088	0.03%	–	41,000
Mike Hargett, Group SVP and Deputy Chief Financial Officer(VIII)	46,360	0.17%	–	36,000
Andrew Langdale, Group SVP and President, Product and Supply Chain Solutions(IX)	4,127	0.02%	–	41,000
Drew Niemeyer, Chief Commercial and Corporate Development Officer(X)	7,157	0.03%	–	41,000
Richard Wells, Chief Human Resources Officer(XI)	–	–	–	17,000
Total shareholdings	**260,828**	**0.98%**	**–**	**374,000**

(I) No remaining unvested EIP 2009–2013 performance share grants as at December 31, 2014. Final vesting was due to occur for performance share grants by December 30, 2014. As the relevant volume-weighted average share price ("VWAP") targets were not met, no vesting occurred in December 2014 and all shares were forfeited without any compensation.
(II) Unvested ELTIP performance share grants as at December 31, 2014. Vesting of all ELTIP grants is subject to the satisfaction of relevant Revenue Growth and Return on Invested Capital ("ROIC") performance targets.
(III) Ceased to be an EMB member as of December 31, 2014, and all performance share grants were forfeited without any compensation.
(IV) Until September 1, 2014, served as Group Senior Vice President ("SVP") and President, Emerging Markets.
(V) Change in remit as of October 10, 2014. Until that date, served as Chief Legal Officer.
(VI) Until September 1, 2014, served as Group SVP and President, Europe and Africa.
(VII) Named Deputy President, Airline Solutions, effective January 1, 2015.
(VIII) Named Chief Technology Transformation Officer, effective January 26, 2015.
(IX) Named President, Network and Product Solutions, effective January 22, 2015.
(X) Named President and Managing Director, gategroup Airline Solutions, U.S. Region, effective January 1, 2015.
(XI) Named Chief Human Resources Officer, Airline Solutions, effective January 1, 2015.

Shareholdings of EMB members as at December 31, 2013

	Number of shares	Representing % of the share capital of the Company	EIP 2009–2013 performance share grants(I)	ELTIP performance share grants(II)
Andrew Gibson, Chief Executive Officer	59,308	0.22%	80,000	40,000
Thomas Bucher, Chief Financial Officer	71,843	0.27%	7,000	21,000
Herman Anbeek, Group SVP and President Emerging Markets	50,000	0.19%	6,000	21,000
Kristin Brown, Chief Legal Officer	12,945	0.05%	6,000	21,000
Jann Fisch, Group SVP and President Europe and Africa(III)	–	–	–	21,000
Douglas Goeke, Group SVP and President North America	9,088	0.03%	3,500	21,000
Mike Hargett, Group SVP and Deputy Chief Financial Officer	46,360	0.17%	6,000	21,000
Andrew Langdale, Group SVP and President Product and Supply Chain Solutions	4,127	0.02%	3,500	21,000
Drew Niemeyer, Chief Commercial and Corporate Development Officer	7,157	0.03%	3,500	21,000
Richard Wells, Chief Human Resources Officer(III)	–	–	–	7,000
Jaap Roukens, Chief Marketing Officer, Product and Supply Chain Solutions(IV)	–	–	–	–
Peter van Niekerk, Group SVP and President Europe and Africa(V)	–	–	–	–
Total shareholdings	**260,828**	**0.98%**	**115,500**	**215,000**

(I) Unvested EIP 2009–2013 performance share grants as at December 31, 2013. These vest in one installment subject to satisfaction of the respective VWAP targets.
(II) Unvested ELTIP performance share grants as at December 31, 2013. Vesting of all ELTIP grants is subject to the satisfaction of relevant Revenue Growth and ROIC performance targets.
(III) Joined the EMB on June 17, 2013.
(IV) Ceased to be EMB member as of November 23, 2013.
(V) Ceased to be EMB member as of June 18, 2013.

Outstanding options as at December 31, 2014 and as at December 31, 2013[1]

	Date of grant	Number of options	Exercise price	Exercise period	Date of expiry
Andreas Schmid, Chairman	12/31/2007	1,821	CHF 69.04	10 years	12/31/2017

[1] Each option, if exercised, will result in the purchase of one share at the exercise price.

There are no options held by any EMB members.

Loans granted to Board members and EMB members
No loans or guarantee commitments have been granted to members of the Board or the EMB.

2.4 SIGNIFICANT INVESTMENTS

Company name	Domicile	Business	Share capital (local currency 1,000)	Ownership in % Dec 31, 2014	Ownership in % Dec 31, 2013
Gate Gourmet Holding I S.à r.l.	Luxembourg	Holding services	EUR 42,782	100.00%	100.00%
gategroup Financial Services S.à r.l.	Luxembourg	Holding services	EUR 40,563	0.002%	0.002%
gategroup Investments Singapore Pte Ltd	Singapore	Holding services	USD 142,583	100.00%	100.00%
gategroup Finance (Luxembourg) S.A.	Luxembourg	Holding services	EUR 31	100.00%	100.00%

2.5 TREASURY SHARES

At December 31, 2014, there were 719,537 (2013: 719,537) treasury shares held by the Group. Thereof, 442,986 (2013: 442,986) treasury shares were held by the Company.

2.6 GUARANTEES

On March 7, 2012, the Group issued 6.75% senior unsecured notes with maturity in 2019 for an amount of EUR 350.0m and entered into a EUR 100.0m revolving credit facility. The senior unsecured notes as well as the revolving credit facility are guaranteed by the Company and other Group companies.

Further, guarantees issued in favor of third parties amount to CHF 144.9m (2013: CHF 90.2m).

2.7 RISK ASSESSMENT

The Company is integrated into the group-wide risk assessment process.

A description of the group-wide risk management system can be seen in Note 3 “Financial risk management” of the consolidated financial statements.

APPROPRIATION OF AVAILABLE EARNINGS AND RESERVE FROM CAPITAL CONTRIBUTIONS

Proposal of the Board of Directors to the Annual General Meeting of Shareholders on April 16, 2015, for the appropriation of available earnings

in 1,000 CHF	Dec 31, 2014	Dec 31, 2013[1]
Carried forward from previous year	25,967	29,682
Net loss for the year	(2,514)	(3,715)
Balance to be carried forward	**23,453**	**25,967**

[1] Approved by the Annual General Meeting of Shareholders on April 15, 2014.

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

in 1,000 CHF	Dec 31, 2014	Dec 31, 2013
Reserve from capital contributions	614,289	622,109
Dividend payment of CHF 0.45 (2013: CHF 0.30) per share[1] out of reserve from capital contributions	(11,730)	(7,820)
Balance to be carried forward	**602,559**	**614,289**

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

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Report of the statutory auditor
to the General Meeting of
gategroup Holding AG
Kloten

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of gategroup Holding AG, which comprise the balance sheet, income statement and notes (pages 88 to 93) for the year ended 31 December 2014.

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 31 December 2014 comply with Swiss law and the company's articles of incorporation.

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 article 11 AOA) 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 and reserve from capital contribution complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Martin Kennard
Audit expert
Auditor in charge

Mairkon Nogueira

Zurich, 11 March 2015

CORPORATE GOVERNANCE

Simon Newell's **Pan Seared Loch Fyne Haddock on Pearl Barley Risotto**

Corporate Governance

Corporate Governance

PRELIMINARY REMARKS

This section of the Annual Report follows the Directive on Information relating to Corporate Governance issued by the SIX Swiss Exchange and the Swiss Federal Council's Ordinance Against Excessive Compensation in Listed Corporations (the "Ordinance"). The Ordinance entered into force on January 1, 2014, and is gradually becoming applicable over a time span of two years. The Ordinance was issued to implement the so-called Minder Initiative, a constitutional initiative that was approved by the Swiss electorate in March 2013. While the Ordinance focuses on compensation matters, it is bringing about changes to corporate governance matters in general.

In order to avoid duplication, cross reference will be made to the Company (as defined on page 38), the Group (as defined on page 38) and the articles of incorporation of the Company ("Articles of Incorporation") which are included in the Appendix of the Annual Report on pages 142–150, and the 2014 financial report included on pages 32–97.

1 GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

1.1.1 Description of the issuer's operational group structure

The Company's management structure is represented in the segmental information in Note 5 of the consolidated financial statements. The Company's operational structure is subject to re-alignment from time to time to ensure that the structure is ideally suited to achieve business objectives. Please refer to the table below for the Company's general operational structure as at December 31, 2014.

Board of Directors Chairman Members of the Board of Directors		
Audit Committee	Nomination and Compensation Committee	
Executive Management Board Chief Executive Officer Members of the Executive Management Board		
Airline Solutions	Product and Supply Chain Solutions	Group Centre
President, Airline Solutions (I)	President Product and Supply Chain Solutions(III)	Chief Financial Officer
President, North America (II)		Deputy Chief Financial Officer (IV)
		Chief Administrative & Legal Officer (V)
		Chief Human Resources Officer (VI)
		Chief Corporate Development Officer (VII)
		Chief Commercial and Corporate Development Officer VIII

(I) Effective September 1, 2014. Individual previously served as President, Emerging Markets.
(II) Individual in this role named Deputy President, Airline Solutions, effective January 1, 2015.
(III) This role renamed President, Network and Product Solutions, with enlarged business segment effective January 22, 2015.
(IV) This role eliminated on January 25, 2015. Individual in this role named Chief Technology Transformation Officer, effective January 26, 2015.
(V) Change in remit to this role as of October 10, 2014. Until that date, individual in this role served as Chief Legal Officer.
(VI) Named Chief Human Resources Officer, Airline Solutions, effective January 1, 2015.
(VII) Individual in this role served as President, Europe and Africa, through August 31, 2014.
(VIII) Individual in this role served through transition period and named President & Managing Director, gategroup Airline Solutions, U.S. Region, effective January 1, 2015.

1.1.2 All listed companies belonging to the issuer's group

The Company is listed on the SIX Swiss Exchange in Zurich, security number 10018595 and ISIN CH0100185955. The Company is domiciled at Balz-Zimmermannstrasse 7, CH-8302 Kloten, Switzerland, and organized in accordance with Swiss law. The Company's stock market capitalization as at December 31, 2014, was CHF 760,731,942.

1.1.3 The non-listed companies belonging to the issuer's consolidated entities

Information (including the registered office, the share capital and the percentage of shares held) in respect of the Company's subsidiaries are given in Notes 1 and 34 of the consolidated financial statements.

1.2 SIGNIFICANT SHAREHOLDERS

As of December 31, 2014, the largest shareholders known to the Company were as follows:

Shareholder	Voting rights(I)	%(II)	Publication date of disclosure
RBR Funds SICAV, RBR European Long Short Master Fund, RBR Strategic Value Ltd	2,018,350	7.53%	Dec 23, 2014
Harris Associates Investment Trust (III)	1,760,982	6.57%	Nov 22, 2014
Pictet Asset Management Ltd	1,445,460	5.40%	July 20, 2013
Credit Suisse Funds AG	1,335,388	4.99%	Sep 10, 2014
Pictet Funds SA	1,269,714	4.74%	Dec 18, 2014
Wellington Management Group LLP (IV)	1,154,486	4.31%	Jan 6, 2015
Pictet CH Swiss Mid Small Cap(V)	804,000	3.01%	Feb 21, 2014
Deutsche Bank AG	788,369	3.09%	Nov 19, 2010
UBS Fund Management (Switzerland)	605,412	3.08%	Oct 21, 2009

(I) Voting rights held directly or indirectly (shares, purchasing and selling rights).
(II) Percentages of total registered shares as per publication date of disclosure.
(III) Oakmark International Small Cap Fund is a series of Harris Associates Investment Trust. Harris Associates LP is investment manager of the Oakmark Funds.
(IV) Effective January 1, 2015 Wellington Management Company LLP, a registered US investment advisor, changed its name to Wellington Management Group LLP and transferred its United States advisory business to Wellington Management Company LLP, a Delaware limited liability partnership.
(V) Fund within the collective investment scheme Pictet Funds SA.

From January 1, 2014 to December 31, 2014, the following changes were disclosed and duly published on the website of SIX Swiss Exchange Regulation:
www.six-exchange-regulation.com/publications/published_notifications/major_shareholders_en.html.

In the beginning of the year, holdings of Silver Point Capital LP and Norges Bank (the Central Bank of Norway) fell below 3.0% of the registered capital. Also, in January 2014, Pictet CH-Swiss Mid Small Cap, a fund within the collective investment scheme of Pictet Funds SA, decreased its holdings below 3% and went back to above 3% of the registered capital in February 2014.

In March 2014, Credit Suisse Funds AG increased its position in gategroup to 5.18% of the registered capital while in August the holding decreased to 4.99% of the registered share capital.

In September 2014, Pictet Funds SA increased its holding above 5% of the registered capital before reducing its holding to 4.74% of the registered capital later in the month.

In November 2014, Fortress Investment Group LLC reduced its holding to below the 3% of the registered capital. Also in November, Harris Associates Investment Trust has made the notification in regards to the August 2011 disclosure made by Harris Associates LP as investment manager of the Oakmark Funds. Oakmark International Small Cap Fund is a series of Harris Associates Investment Trust and therefore the indirect holder of the 6.57% of the gategroup registered capital.

In December 2014, a group of companies consisting of RBR Funds SICAV, RBR European Long Short Master Fund and RBR Strategic Value Ltd crossed the 3% threshold and in the same month increased their voting rights to 7.53% of the registered capital.

Effective January 1, 2015, Wellington Management Company LLP, a registered US investment advisor, changed its name to Wellington Management Group LLP and transferred its US advisory business to Wellington Management Company LLP, a Delaware limited liability partnership. At the same time Wellington Management Group LLP disclosed its current holding of 4.31% of the registered capital.

For more information regarding all disclosure notifications published by the Company pursuant to Art. 20 of the Swiss Stock Exchange Act in 2014 and in the first weeks of 2015, please refer to the following website of SIX Swiss Exchange Regulation: www.six-exchange-regulation.com/publications/published_notifications/major_shareholders_en.html.

Except for Cologny Advisors LLP who announced the creation of a group with RBR Funds SICAV, RBR European Long Short Master Fund and RBR Strategic Value Ltd. at the end of February 2015, the Company does not know of any material shareholders' agreements or any other significant understandings reached between shareholders regarding the registered shares of the Company they own, or the execution of their ensuing shareholders' rights.

1.3 CROSS-SHAREHOLDINGS

The Company is not aware of any cross-shareholdings exceeding 5.0% of the capital or voting rights on both sides.

2 CAPITAL STRUCTURE

2.1 CAPITAL

The ordinary share capital of the Company is CHF 133,931,680 and is divided into 26,786,336 fully paid-in registered shares with a nominal value of CHF 5.00 each. The conditional share capital is CHF 11,745,885. The authorized share capital is CHF 13,227,065.

2.2 AUTHORIZED AND CONDITIONAL CAPITAL IN PARTICULAR

Authorized capital
The Company has an authorized share capital of CHF 13,277,065 authorizing the Board of Directors of the Company (the "Board") to issue up to 2,655,413 fully paid-in registered shares with a nominal value of CHF 5.00 per share by no later than April 16, 2016. Increases of less than the maximum permitted amount shall be permitted. For a description of the group of beneficiaries and of the terms and conditions of the issue of authorized capital, please refer to art. 3ter of the Articles of Incorporation.

Conditional capital
The Company has a conditional share capital in the aggregate maximum amount of CHF 11,745,885. The Company's share capital may be increased (i) in an amount not to exceed CHF 1,906,775 by the issuance of up to 381,355 fully paid-up registered shares with a nominal value of CHF 5.00 each through the exercise of options which the employees or members of the Board are granted according to the respective regulations of the Board and (ii) in an amount not to exceed CHF 9,839,110 by the issuance of up to 1,967,822 fully paid-up registered shares with a nominal value of CHF 5.00 each through the exercise of conversion and/or option rights granted in connection with the issuance of newly or already issued convertible debentures, debentures with option rights or other financing instruments by the Company or one of its subsidiaries, and/or by the exercise of options which are granted by the Company or one of its subsidiaries (including in the case of a public offer for shares of the Company). For a description of the group of beneficiaries and of the terms and conditions of the issue of conditional capital, please refer to art. 3bis of the Articles of Incorporation.

2.3 CHANGES IN CAPITAL

During the period from January 1, 2012 to December 31, 2012, a conditional capital increase in the amount of CHF 590,890 took place through the exercise of options and the performance of contributions. Thereby, the Company's share capital was increased from CHF 133,340,790 to CHF 133,931,680 through the issuance of 118,178 fully paid-in registered shares with a nominal value of CHF 5.00 each for an issue price of CHF 5.00.

During the period of January 1, 2013 to December 31, 2014, no changes in capital occurred.

2.4 SHARES AND PARTICIPATION CERTIFICATES

Shares
The Company's capital is composed of registered shares only. The shares rank pari passu in all respects with each other, including, in respect of entitlements to dividends, to a share in the liquidation proceeds in the case of a liquidation of the Company and to the pre-emptive rights.

The number of registered shares with a nominal value of CHF 5.00 each, fully paid-up, was 26,786,336 at December 31, 2014. Each share carries one vote at General Meetings of Shareholders. Please also refer to section 2.6.1 below.

Shareholders have the right to receive dividends.

One or more shareholders with voting rights whose combined holdings represent an aggregate nominal value of at least CHF 1,000,000 or at least 10% of the registered share capital may request that an item be included in the agenda of a General Meeting of Shareholders. Such a request must be made in writing to the Board at the latest 45 days before the General Meeting of Shareholders and shall specify the agenda items and the proposals made.

Participation Certificates
There are no participation certificates (*Partizipationsscheine*).

2.5 PROFIT SHARING CERTIFICATES

There are no profit sharing certificates (*Genussscheine*).

2.6 LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

2.6.1 Limitations on transferability for each share category, along with an indication of statutory group clauses, if any, and rules for granting exceptions

According to art. 5 para. 3 of the Articles of Incorporation, acquirers of registered shares shall be registered as shareholders with the right to vote, provided that they expressly declare that they acquired the registered shares in their own name and for their own account.

2.6.2 Admissibility of nominee registrations, along with an indication of percent clauses, if any, and registration conditions

Persons who do not explicitly declare holding the registered shares on their own account and who are subject to the control of a recognized bank or financial supervision authority ("Nominees") are according to art. 5 para. 5 of the Articles of Incorporation registered as shareholders with voting rights, if the Nominee discloses in the registration application the names, addresses and the number of shares of the persons for whose account it holds 0.5% or more of the share capital registered in the commercial register. Legal entities and partnerships which are consolidated among themselves through unified management or similar organization as well as natural persons or legal entities and partnerships which act in concert to circumvent the regulations concerning the Nominees (especially as syndicates), shall be treated as one single Nominee within the meaning of art. 5 para. 5 of the Articles of Incorporation.

The Board may, in particular cases, allow exemptions from the regulation concerning Nominees. Please also refer to art. 5 para. 8 of the Articles of Incorporation. No exemptions from the regulation concerning Nominees were granted in 2014.

2.6.3 Procedure and conditions for cancelling statutory privileges and limitations of transferability

A resolution to amend the provisions of the Articles of Incorporation relating to restrictions on the transfer of registered shares and the removal of such restrictions requires a majority of two thirds of the votes represented and the absolute majority of the nominal value of shares represented at the General Meeting of Shareholders (art. 13 point 3 of the Articles of Incorporation).

2.7 CONVERTIBLE BONDS AND OPTIONS

Except as otherwise disclosed in Note 27.3 of the consolidated financial statements, in Note 2.3 of the financial statements of gategroup Holding AG and in section 3 of the compensation report, there are no outstanding convertible bonds, warrants or options issued by the Company or by subsidiaries on shares of the Company.

The total amount of all (employee) options outstanding is 1,821 and corresponds to 0.0068% of the total registered share capital as of December 31, 2014.

3 BOARD OF DIRECTORS

3.1 MEMBERS OF THE BOARD OF DIRECTORS

Name	Age	Position	Committee Membership	Director since[1]	Term expires
Andreas Schmid	57	Chairman of the Board	Member of the Nomination and Compensation Committee ("NCC"), Member of the Audit Committee ("AC")	December 2007	2015
Andrew Gibson	53	CEO and Member of the Board		April 2012	2015
Neil Brown	55	Member of the Board	Chairman of the AC	September 2008	2015
Remo Brunschwiler	56	Member of the Board	Member of the AC, Member of the NCC	April 2012	2015
Ilona De March	51	Member of the Board		April 2014	2015
Anthonie Stal	61	Member of the Board	Member of the NCC	April 2009	2015
Brian Larcombe	61	Member of the Board	Chairman of the NCC, Member of the AC	September 2008	2015

[1] Since the Company was only incorporated in 2008 and became the new Group holding company after the dissolution of Gate Gourmet Holding LLC, Wilmington, Delaware, US ("Holding LLC") in April 2009, dates refer to the taking of office in the corresponding function in Holding LLC. All members of the Board were elected on the date of the Annual General Meeting of Shareholders 2014. All terms end and need to be renewed as per the Annual General Meeting of Shareholders 2015. Ages are as of December 31, 2014.

Operational management tasks of the members of the Board of Directors
With the exception of Andrew Gibson, all members of the Board are non-executive Directors.

3.2 INFORMATION ON MEMBERS OF THE BOARD OF DIRECTORS

All non-executive members of the Board are independent, were not members of the Group's management during the three financial years preceding the current reporting period and have no important business connections with the Group.

3.3 PROFESSIONAL BACKGROUND AND OTHER ACTIVITIES AND FUNCTIONS

Biographies of each Board member follow.

Andreas Schmid

Andreas Schmid has been Chairman of the Board since April 2009. He was a lead independent manager of the Board of Managers of Holding LLC from December 2007 and became Vice Chairman in 2008. He is also a member of the NCC and the AC. Mr. Schmid has been Chairman of the Board of Directors of Oettinger Davidoff AG since December 2007, and Chairman of the Board of Directors of Flughafen Zürich AG since 2000. He has been a member of the Board of Directors of Barry Callebaut AG since December 2014. There, he previously held the position of Vice Chairman of the Board of Directors of Barry Callebaut AG from 2006 to 2014 and Chairman from 1999 to 2005 and he was Chief Executive Officer from 1999 to 2002.

Mr. Schmid began his career in 1984 at the Union Bank of Switzerland. Following a position as professional executive assistant to a Swiss industrialist, he was Chief Executive Officer and Managing Director of Kopp Plastics (Pty) Limited in South Africa from 1989 to 1992. He then worked for the Jacobs Group in various positions until 1993, when he became President of the Mövenpick Consumer Goods Division and a member of the worldwide Group Executive Board of Management from 1993 to 1997. Between 1998 and 2000, he served as Chief Executive Officer of Jacobs Holding AG (Adecco SA; Barry Callebaut AG; C.J. Van Houten & Zoon AG; and Brach's Confections Inc.). He was a member of the Board of Directors of Adecco SA from 1999 to 2004 and Sun International Hotels Limited from 1999 to 2003. Mr. Schmid was a member of the Advisory Board of the Credit Suisse Group in the period from 2001 to 2007, before the Advisory Board was dissolved. 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. In 2010, Mr. Schmid was appointed a member of the Board of Directors of Wirz Partner Holding AG and the Advisory Board of Allianz Global Corporate Specialty AG. He has also been serving as a board member of Karl Steiner AG since 2008 and of Badrutt's Palace Hotel AG since 2006.

He holds a Masters degree in Law from the University of Zurich, where he also studied Economics. Mr. Schmid is a Swiss citizen.

Andrew Gibson

Andrew Gibson was elected to the Board in April 2012. He was appointed the Group's interim Chief Executive Officer on April 5, 2011 and was confirmed as permanent Chief Executive Officer on July 28, 2011. Mr. Gibson will step down as Chief Executive Officer effective March 31, 2015. Xavier Rossinyol, the designated new Chief Executive Officer, will join the Group with effect from April 1, 2015.

Mr. Gibson previously held the positions of Group Senior Vice President and President North America since January 2007. Prior to assuming this role, Mr. Gibson was Senior Vice President Operations Europe from 2005 to 2006 and Vice President Continuous Improvement Europe from 2004 to 2005 and has provided global oversight of the Group's Pourshins and Supplair business. Mr. Gibson has extensive operations and strategic consulting experience in multiple companies across a range of industries. Prior to joining gategroup in September 2004, Mr. Gibson worked as an Associate Principal at McKinsey & Company. He has also held positions as Senior Consulting Engineer with Woodward Clyde and Construction and Design Engineer with Works Consulting.

Mr. Gibson holds a Doctorate in Civil Engineering and Masters of Science from the California Institute of Technology, California, US and a Bachelor of Engineering (Civil, Hons) from the University of Canterbury, New Zealand. Mr. Gibson holds dual citizenship in New Zealand and the United States of America.

Neil Brown

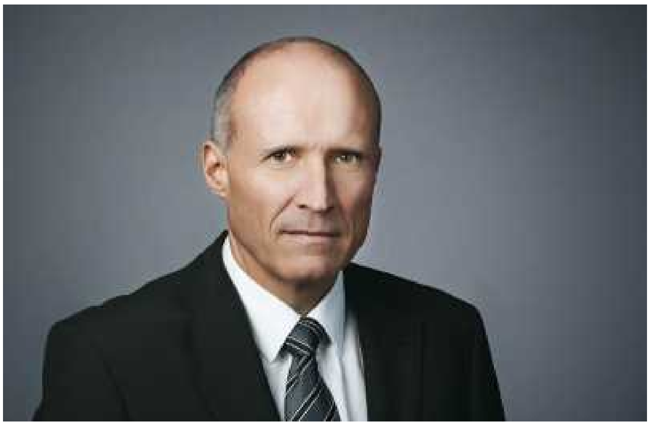
Neil Brown has served as a member of the Board of Managers of Holding LLC since September 2008. He chairs the AC.

Mr. Brown started his career at Deloitte (previously Deloitte Haskins & Sells) from 1983 to 1990. He was a corporate finance partner at PwC (previously Coopers & Lybrand) from 1990 to 1996 and thereafter, a member of the operating committee of Apax Partners, one of the world's leading private equity businesses, where he was responsible for building its financial services practice.

His other current non-executive positions include Magma Fincorp Limited, one of India's leading non-banking financial corporations, where he is Chairman of the Nomination and Remuneration Committee, and Distribution Technology Limited, where he is Chairman of the Board. He is also a Director and Chairman of the Audit committee of Islandsbanki. Mr. Brown is a founding partner of Subito Partners, a London-based board advisory business whose partners invest in growth companies and provide board-level support to the private equity, hedge fund and bank restructuring markets. An expert in US and European merger and acquisition markets, Mr. Brown has been involved in over $40 billion worth of completed transactions over the last 25 years.

Mr. Brown is an ACA in the Institute of Chartered Accountants in England and Wales and holds an MA in Classics from Emmanuel College, Cambridge. Mr. Brown is a British citizen.

Remo Brunschwiler



Remo Brunschwiler was elected to the Board of Directors in April 2012 and is a member of the AC and the NCC.

Between 1996 and 2003, Mr. Brunschwiler headed the Eurocargo division of Danzas. From 1989 to 1996 he was a consultant at McKinsey & Company in Switzerland and Germany for logistics and pharmaceutical companies, and from March 2003 until December 2012 he served as Chief Executive Officer of Swisslog Holding AG. In January 2013, Mr. Brunschwiler became Chief Executive Officer of Selecta Management AG.

Mr. Brunschwiler began his career as a strategic planner with Ciba-Geigy Group. He studied economics at the University of Basel and holds an MBA from INSEAD, Fontainbleau, France. Mr. Brunschwiler is a Swiss citizen.

Ilona De March

Ilona De March was newly elected to the Board of Directors in April 2014.

Ms. De March began her professional career at Swissair and American Airlines. From 1993 to 2002, she held various sales and marketing-oriented positions with Carlson Wagonlit Travel. From 2002 to 2004, Ms. De March was Managing Director Sales for the German, Swiss and Austrian markets of TQ3 Travel Solutions Management Holding GmbH, and from 2004 to 2006 she was Senior Vice President of Commercial EMEA at TQ3. Since 2006, Ms. De March has served as President EMEA Region, Chief Operating Officer and Member of the Global Executive Team at BCD Travel, a global corporate travel management company with its global headquarters in the Netherlands. From 2009 to 2012, Ms. De March was a member of the Board of Directors of Schweizerische Bundesbahnen (SBB).

Ms. De March holds a commercial diploma from the Swiss Trading School in Basel. She also graduated from KLZ Management School, Switzerland, and holds a BA of Business Administration from Oekreal School, Switzerland. Ms. De March is a Swiss citizen.

Brian Larcombe

Brian Larcombe has served as a member of the Board of Managers of Holding LLC since September 2008. He chairs the NCC and is a member of the AC.

Mr. Larcombe spent most of his working life at 3i where he served as Chief Executive Officer from 1997 to 2004 and Chief Financial Officer from 1992 to 1997. 3i is a London-based world leader in private equity. Mr. Larcombe also served as Director of F&C Asset Management from 2005 until 2011.

Mr. Larcombe is a non-executive Director of Smith & Nephew, a global maker of medical devices. He is a Director of Kodak Alaris Holdings, which was born out of the acquisition of the Personalized Imaging and Document Imaging businesses from Eastman Kodak Company by the UK Kodak Pension Plan (KPP).

Mr. Larcombe holds a degree in Commerce from the University of Birmingham and has completed the Advanced Management Programme at the Harvard Business School. Mr. Larcombe is a British citizen.

Anthonie Stal

Anthonie Stal has been a Director of the Company since April 2009. He is a member of the NCC.

Prior to joining the Company, Mr. Stal has held various senior management positions at Unilever, including Group Vice President of Unilever NV from 2006 to 2008, President Marketing Foods of Unilever from January 2005 to July 2006, Chairman of Unilever Bestfoods in the Netherlands from 2001 to 2005, President of Unilever de Venezuela from 1993 to 1996 and Marketing Sales Director of Unilever NL from 1991 to 1993. Mr. Stal started his career at Langnese-Iglo, Germany in 1991. Mr. Stal is also a non-executive Director at Neumann Kaffee Gruppe AG, Franz Wiltmann GmbH, GlobalGreen Company Ltd, Koninklijke Verkade bv, VeZet bv, SaladSignature bv, Stichting Pagras, Pagras SL and Grap SL. He is non-executive Chairman at Bakkersland bv and Chairman of the supervisory board of Kroeller-Mueller Museum, the Netherlands. He is the founder and owner of ALS Consulting, a strategy consulting firm specializing in foods.

Mr. Stal has a degree in Mathematics and Business Administration from the University of Freiburg, Germany. He attended the Harvard University Business School Agribusiness Seminar, the Harvard Executive Innovation Class and the Advanced Management Program at The Wharton School, University of Pennsylvania. Mr. Stal is a Dutch citizen.

3.4 RULES IN THE ARTICLES OF INCORPORATION ON THE NUMBER OF PERMITTED ACTIVITIES PURSUANT TO ART. 12 PARA. 1 POINT 1 OF THE ORDINANCE AGAINS EXCESSIVE COMPENSATION IN LISTED CORPORATIONS

The number of mandates held in supreme managing or administrative bodies of legal entities which need to be registered with the Swiss Commercial Register or a similar foreign register, outside the Group, is limited for the members of the Board to four in listed and ten in non-listed, larger companies, which are subject to the statutory audit requirements under local company law (cf. Art. 727 para 1 CO [full audit] for Swiss company law) and to ten mandates in other legal entities such as smaller companies, dormant companies, foundations and associations. Please refer also to art. 14 para. 5 point a) of the Articles of Incorporation.

3.5 ELECTIONS AND TERMS OF OFFICE

Art. 14 of the Articles of Incorporation provides that the Board may consist of a minimum of five Directors and a maximum of 12 Directors. The Company currently has seven Directors on its Board. The members of the Board are (re-)elected annually and individually by the General Meeting of Shareholders for a term of one year. A year shall mean the period running between one Annual General Meeting of Shareholders and the next. New members elected during the year shall continue in office until the end of their predecessor's term. The members of the Board may be re-elected without limitation. A member of the Board shall automatically retire after the expiry of the seventieth year of age; the retirement shall become effective on the date of the next Annual General Meeting of Shareholders. The General Meeting of Shareholders may, under special circumstances, grant an exception from this rule and may elect a member of the Board for further terms of office of one year.

For information on the time of the first election for each member of the Board please refer to the table on page 105.

There are no rules in the Articles of Incorporation that differ from the statutory legal provisions with regard to the appointment of the Chairman, the members of the compensation committee and the independent proxy.

3.6 INTERNAL ORGANIZATIONAL STRUCTURE

The Organizational Regulations of the Company ("Organizational Rules")[I] detail the responsibilities and reporting procedures of the Board, its committees and the Executive Management Board ("EMB").

[I] Available on the Company's website in the Investor Relations section (http://www.gategroup.com/docs/organizational_rules_2014_0.pdf).

3.6.1 Allocation of tasks within the Board of Directors
The Board is entrusted with the ultimate direction of the Company's business and the supervision of the persons entrusted with the Company's management. It represents the Company towards third parties and manages all matters which have not been delegated to another body of the Company by law, the Articles of Incorporation or by other regulations. The Board constitutes itself. If necessary, it elects one or several Vice Chairmen from its members. It further appoints a Secretary who needs not be a member of the Board. The Company has elected Kristin Brown as Company Secretary and Hannah Sutter as Deputy Company Secretary. The Chairman of the Company is elected by the General Meeting of Shareholders. In April 2014, the annual General Meeting of Shareholders elected Andreas Schmid as Chairman. The Chairman establishes the agenda for Board meetings in consultation with other members of the Board and the EMB. The Chairman leads Board meetings, determines when votes are to be taken on matters related to the management of the Company and ensures mechanisms are in place for control and oversight of the Company, and provides strategic oversight for the direction of the Company.

In accordance with Swiss law, the Articles of Incorporation and the Organizational Rules, the Board has delegated the Company's operational management to the Chief Executive Officer, who is supported by the other members of the EMB. The Chief Executive Officer and members of the EMB regularly update the Board on material issues pertaining to the business and the strategic objectives that the Board has provided to management. In addition, the Board has established the AC and the NCC as advisory bodies to the Board.

3.6.2 Members list, tasks and area of responsibility for each committee of the Board of Directors

Audit Committee
The AC consists of four members of the Board: Neil Brown (Chairman), Remo Brunschwiler, Brian Larcombe and Andreas Schmid. The AC is governed by art. 4 of the Organizational Rules which requires that at least two members of the AC are financially literate and all members of the AC are independent. The AC constitutes itself. Its members affirm, or if relevant, appoint a Chairman, each year at its first meeting after the Annual General Meeting of Shareholders. The members of the AC are appointed, as a rule, for the entire duration of their mandate as Board members and shall be re-eligible to participate in the AC.

The AC assists the Board in fulfilling its duties of supervision of the management and organization of the Group's financial controls, financial planning and reporting. It is responsible for assessing the Company's risk management by approving the internal audit strategy; reviewing compliance with applicable laws, rules and internal regulations; reviewing and guiding auditors' audit plans; reviewing annual and interim financial statements; monitoring the quality, performance and independence of external and internal auditors; reviewing audit results; and monitoring the implementation of findings from audit reports by management.

The AC regularly reports to the Board on its proposals, assessments and findings and proposes appropriate actions enabling the Board to make relevant decisions. The AC does not have power to make binding decisions.

Please refer also to art. 4 of the Organizational Rules.

Nomination and Compensation Committee
The NCC consists of four members of the Board: Brian Larcombe (Chairman), Andreas Schmid, Remo Brunschwiler and Anthonie Stal. By art. 5 of the Organizational Rules, at least two members of the NCC shall be non-executive and independent. The NCC constitutes itself. It affirms, or as the case may be, appoints a Chairman, each year at its first meeting after the Annual General Meeting of Shareholders. The NCC is required to meet as often as necessary to discharge its duties. The members of the NCC are individually (re-)elected by the General Meeting of Shareholders on an annual basis.

The NCC assists the Board in nomination and compensation related matters. It provides the Board with recommendations on the nomination and compensation of members of the Board and the EMB, policies for the nomination and compensation of the EMB and the Company's other employees and the basic principles for the establishment, amendment and implementation of incentive plans.

For appointments to the Board and the EMB, the NCC works with professional independent advisors to assist in the definition of the role requirements as well as identification and assessment of qualified candidates. The NCC follows a structured process of assessments, interviews, and NCC/Board review in the selection and appointment of final nominations.

In addition the NCC plays an active role in reviewing talent and succession planning at the top of the organization. It conducts an annual review of the performance and development of the EMB together with a review of the potential successors for each EMB role.

The NCC regularly reports to the Board on its proposals, assessments, and findings and proposes appropriate actions enabling the Board to make relevant decisions. The NCC decides on the terms of the employment or mandate contracts with the members of the EMB or the Board. Apart from that, the NCC does not have the power to make binding decisions.

Please refer also to art. 17^{bis} of the Articles of Incorporation and art. 5 of the Organizational Rules.

3.6.3 Work methods of the Board of Directors and its committees
The Board meets at the invitation of the Chairman of the Company as often as required, but at least four times each year. The Chairman of the Company or the Secretary of the Company on his behalf may convene the meeting.

Each member of the Board can request the Chairman of the Company to convene a meeting. In such an event a meeting must be convened within 14 days after receipt of the respective demand.

Notice of Board meetings shall be given at least ten days in advance of the meeting in writing. In urgent cases, the meeting can also be convened upon shorter notice by any other suitable means. If the Chairman of the Company is not in a position to do so, another member of the Board shall preside over the meeting.

The items of the agenda of the meetings of the Board shall be determined by the Chairman of the Company after consultation with the Chief Executive Officer. Each Board member is entitled to request that further items be put on the agenda provided that such items are submitted to the Chairman of the Company no later than five days before the meeting. In such event, the Chairman of the Company shall communicate the additional items on the agenda to the other Board members before the beginning of the meeting. No resolution shall be taken on items which were not on the agenda of the meeting unless every Board member is present at the meeting and consents to the proposed resolution.

Resolutions of the Board are adopted by a majority of the votes cast by the members present. In case of a tie, the acting Chairman of the Company has the casting vote. The Board passes resolutions when the majority of its members are present. Absent members cannot be represented.

The Board reserves two full days per year to review the strategic plan and direction of the Group. Board meetings, with the exception of specially called sessions by the Chairman, are attended by members of the EMB, specifically: the Chief Executive Officer, the Chief Financial Officer and the Chief Administrative & Legal Officer. In addition, relevant members of the EMB participate in Board meetings and/or Committee meetings when required by the Board. The Chairman of the AC and the Chairman of the NCC update the Board on their respective activities and, as necessary, make recommendations for the Board's consideration on a regular basis. Members of the EMB attend the AC and NCC meetings on a regular basis as requested by the respective Chairman, as standing or specific invitees. Specifically, the Chief Executive Officer, the Chief Financial Officer and the Chief Administrative & Legal Officer and other members of the senior management may be required to attend. In addition, PricewaterhouseCoopers ("PwC") and Mercer Limited attend the AC and NCC meetings respectively, as external auditors / external consultants on a regular basis.

The table below details the meetings held in 2014:

Meetings held in 2014	Frequency	Average duration in hours
Board of Directors	21[I]	3:00
Audit Committee	5	3:00
Nomination and Compensation Committee	5	3:00

[I] Includes regularly scheduled and extraordonary meeting and calls

3.7 DEFINITION OF AREAS OF RESPONSIBILITY

The governing bodies have responsibilities as follows:

Board of Directors
The Board has the ultimate responsibility for directing, supervising and controlling the management of the Group. The Board may adopt resolutions on all matters that are not expressly reserved or assigned to the General Meeting of Shareholders or to another corporate body by law, the Articles of Incorporation or the Organizational Rules.

The Board has the following main powers and duties:

- the overall management of the Group and the issuance of all directives required for the operation of the business;
- the organization and the management of the Group through enactment, revision or amendment of the Organizational Rules and related governance documents;
- providing strategic direction and oversight of the Group;
- the determination of appropriate financial controls and accounting, including the determination of the budget and the annual financial statements of the Group;
- the appointment and removal of key management personnel of the Group (i.e. Chief Executive Officer and other members of the EMB);
- the ultimate supervision of the members of the EMB of the Group, in particular with respect to their compliance with laws, the Articles of Incorporation, regulations and directives of the Group;
- the preparation of the Annual Report, the Compensation Report and the General Meetings of Shareholders and the execution of its resolutions;
- the notification to the court in the case of over-indebtedness of the Company;
- the discussion and approval of:
    * annual budget;
    * strategy, the medium-term planning, the financial planning and the business plans of the Group;
    * financial operations;
    * corporate governance principles of the Group;
    * the review of and decision on any report submitted to the Board;
- other powers and duties reserved to the Board by law, the Articles of Incorporation and the Organizational Rules.

Please refer also to art. 3 of the Organizational Rules.

Executive Management Board
The Chief Executive Officer is appointed by the Board and has the primary responsibility for the management of the Group. The Chief Executive Officer has the following main powers and duties:

- to implement the resolutions passed by the Board;
- to organize, manage and control the day-to-day business of the Company;
- to approve any engagement of employees reporting directly to the EMB or the Chief Executive Officer;
- to organize the EMB and prepare, call and preside over the meetings of the EMB;
- other powers and duties reserved to the Chief Executive Officer by the Organizational Rules.

The members of the EMB attend to the day-to-day business of the Group and report directly to the Chief Executive Officer, who has the sole decision-making power within the EMB.

The Chief Executive Officer, together with the other members of the EMB and under the control of the Board, conducts the operational management of the Group pursuant to the Organizational Rules and reports to the Board on a regular basis.

Please refer also to arts. 6 and 7.2 of the Organizational Rules.

3.8 INFORMATION AND CONTROL INSTRUMENTS VIS-À-VIS THE EXECUTIVE MANAGEMENT BOARD

The Board has efficient control instruments in place in order to monitor the responsibilities that have been delegated to the EMB. Below are listed the various control mechanisms:

Involvement of Executive Management Board in the Audit Committee and Nomination and Compensation Committee meetings
Relevant members of the EMB attend the AC and the NCC meetings as requested by the Chairman of the Company or the Chairman of the respective Committee as a standing or specific attendee. Relevant members of the EMB also attend

the AC and NCC meetings as specific attendees when required by the Chairman of the Company or by the Chairman of the respective Committee. Subject matter experts are also invited as attendees when required by the Chairman of the Company or by the Chairman of the respective Committee.

Periodic reporting
At each Board, AC and NCC meeting, a detailed package of materials are compiled by the EMB that are presented by the Chief Executive Officer, the Chief Financial Officer, the Chief Administrative & Legal Officer and other members of the EMB as relevant to the Board, AC and NCC. The materials include a comprehensive set of reports including reports on the finances and operations of the Group, sales and marketing, human resources issues, corporate and business development, legal issues, investor relations and a market overview, among other materials.

Duty to inform about extraordinary events
Each member of the EMB reports immediately any extraordinary event and change within the Group to the Chief Executive Officer, who informs the Board.

Group internal audit
The Group has in place a centralized global internal audit function, led by the Head of Internal Audit based at the Zurich corporate head office. The Head of Internal Audit reports to the Chairman of the AC and has a dotted reporting line to the Chief Financial Officer. The internal audit function has a global remit covering the Group's entire activities including the businesses, countries of operation and corporate-level functions.

The Head of Internal Audit and his team have unfettered access to the AC via a direct reporting line to the Chairman of the AC. The annual internal audit plan and internal audit activities are first drafted by the Head of Internal Audit, together with his team, and subsequently reviewed, discussed and approved by the AC. The Head of Internal Audit meets on a regular basis with the Group's external auditors (PwC) and there is mutual co-operation in the development and output from the agreed internal audit plan. Similarly, there is regular contact between the Head of Internal Audit, his team, the EMB and senior and local management across the business.

Internal audit activities are carried out by a team of appropriately qualified and experienced internal audit team members, whose methods and processes in carrying out the audits are designed to ensure key risk areas to the Group are identified and raised to the Board and management as necessary for further action. The internal audit team can also expand the scope of its activities through use of experienced external practitioners as necessary to augment the internal team, working upon specified and agreed terms.

The Head of Internal Audit prepares formal reports for the AC meetings on the activities and key findings of the global internal audit function and such findings are discussed by the Committee members and the Board.

The global internal audit function uses a standardized internal audit methodology and implements a formal quality assurance and effectiveness program. This program is tested and reviewed annually in a report submitted to and discussed with the AC in order to ascertain and judge the effectiveness of the internal audit process. In addition, an external review process of the audit function by third-party consultants will be undertaken when deemed necessary by the AC.

Management information systems
The EMB meets on a monthly basis to discuss key business issues and provide strategic direction that is then cascaded down through the organization in order to manage and guide the business. In addition, each of Airline Solutions, PSCS (as defined on page 9) and Group Centre prepare an annual budget, which is reviewed and approved by the EMB and the Board. The budget is then reviewed against actual performance at Quarterly Business Reviews held with the leadership teams of Airline Solutions and PSCS. These business reviews focus on performance against budget, as well as strategic and operational issues within the businesses requiring management oversight and direction, including but not limited to: employment and labor issues; commercial issues and customer strategy; transactions or opportunities in the marketplace; capital investment plans and requirements; lease and land issues; on-going operational and culinary performance and program management; and other business. Weekly business updates are also provided through telephone updates which involve members of the EMB (including the Chief Executive Officer and Chief Financial Officer) and members of the leadership teams of both Airline Solutions and PSCS. These calls help ensure that all developments within the business are shared and known to the EMB. Additionally, the Chief Executive Officer receives weekly updates from his EMB direct reports regarding any issues of note that have come to their attention. Each of the EMB members have a similar reporting structure with their direct reports so that any issues of note or concern are reported in a timely fashion to them.

Risk management

The Board is responsible for ensuring that an adequate risk management system is in place in order to support wider internal control and governance. The Company has adopted a number of reporting mechanisms and governance procedures, which are focused on the identification, appropriate reporting and management of risk within the business. The Company has established a Global Compliance Committee ("GCC") comprising the Chief Administrative & Legal Officer, Chief Operational Excellence & Compliance Officer, Chief Financial Officer, and Chief Human Resources Officer that, among other things, establishes the areas of compliance needed to address key business risks based on the risk assessment approved and reviewed annually by the Board, and other risks that may be identified from time to time that must be addressed through a cross-functional approach. The GCC also oversees an effective and targeted compliance program and monitoring process for the risks as identified above. At the unit and division levels, risk management is supported by subject matter experts who assist in identification and mitigation of risk, training and education to all Group employees on processes to mitigate risk and coordination with regulatory bodies and customers to ensure risk mitigation efforts are consistent across the Group and with the law and customer requirements. For example, in North America, the North America Compliance Committee assists in this process.

In addition, the Company is committed to performing periodic risk assessments supported by third party experts, which are vetted through the EMB and ultimately endorsed by the Board. It is this document that guides risk mitigation by the Company at the macro level. Other mechanisms for risk identification and reporting include the AlertLine, a global service via telephone and intranet for reporting of potential or actual violations of the Group's Code of Business Conduct & Ethics and associated policies, actual or potential violations of law or regulation, or to raise concerns regarding ethics and compliance. Internal Audit serves as another risk management tool to ensure operational and related risks are being adequately addressed and the Company is continuously improving its management and mitigation of risk.

External auditor

Please refer to section 8.

4 EXECUTIVE MANAGEMENT BOARD

4.1 MEMBERS OF THE EXECUTIVE MANAGEMENT BOARD

from left to right top row:
Andrew Gibson, Thomas Bucher, Herman Anbeek, Kristin Brown and Jann Fisch

from left to right bottom row:
Douglas Goeke, Mike Hargett, Andrew Langdale, Drew Niemeyer and Richard Wells

The following table sets forth the name, age, nationality and principal position of the ten members of the EMB as at December 31, 2014, followed by short description of each member's professional background, education and activities.

Name	Age[I]	Nationality	Position
Andrew Gibson	53	New Zealand/United States	Chief Executive Officer[II]
Thomas Bucher	48	Switzerland	Chief Financial Officer[III]
Herman Anbeek	49	The Netherlands	Group SVP and President, Airline Solutions[IV]
Kristin Brown	46	United States	Chief Administrative & Legal Officer[V]
Jann Fisch	48	Switzerland	Chief Corporate Development Officer[VI]
Douglas Goeke	49	United States	Group SVP and President, North America [VII]
Mike Hargett	52	United States	Group SVP and Deputy Chief Financial Officer [VIII]
Andrew Langdale	50	Great Britain	Group SVP and President Product and Supply Chain Solutions [IX]
Drew Niemeyer	44	United States	Chief Commercial and Corporate Development Officer [X]
Richard Wells	61	Great Britain	Chief Human Resources Officer [XI]

[I] Ages are as of December 31, 2014.
[II] Andrew Gibson steps down as Chief Executive Officer effective March 31, 2015. Xavier Rossinyol, the designated new Chief Executive Officer, will join the Group with effect from April 1, 2015.
[III] Thomas Bucher ceased to be an EMB member as of December 31, 2014. Christoph Schmitz, his successor in the role of Chief Financial Officer and member of the EMB, was appointed effective January 19, 2015.
[IV] Until September 1, 2014, served as Group SVP and President, Emerging Markets.
[V] Change in remit as of October 10, 2014. Until that date served as Chief Legal Officer.
[VI] Until September 1, 2014, served as Group SVP and President, Europe and Africa.
[VII] Named Deputy President, Airline Solutions, effective January 1, 2015.
[VIII] Named Chief Technology Transformation Officer, effective January 26, 2015.
[IX] Named President, Network and Product Solutions, effective January 22, 2015.
[X] Named President and Managing Director, gategroup Airline Solutions, U.S. Region, effective January 1, 2015.
[XI] Named Chief Human Resources Officer, Airline Solutions, effective January 1, 2015.

4.2 EDUCATION AND PROFESSIONAL BACKGROUND

Andrew Gibson

Please refer to section 3.3.

Thomas Bucher

Thomas Bucher joined the Group in May 2008 as Chief Financial Officer overseeing global financial activity for the Group, including financial strategy and planning, accounting and control, treasury and financial management, tax and investor relations, as well as overseeing the information technology function. He also oversaw corporate communications functions through mid-December 2014. Mr. Bucher decided to step down from his position as Chief Financial Officer and member of the EMB as of December 31, 2014, to pursue new professional interests outside the Company. Christoph Schmitz, his succesor in the role of Chief Financial Officer and member of the EMB, was appointed effective January 19, 2015.

Mr. Bucher previously worked for Ciba Specialty Chemicals, a company with a turnover of more than CHF 6 billion. Mr. Bucher's key responsibilities at Ciba included financial accounting, control, treasury and tax. Mr. Bucher also held the role of controller to the Chief Executive Officer and Chairman of the Board of Directors. In his 16 years with Ciba, Mr. Bucher held a succession of leadership positions with increasing responsibility in finance, control and treasury, in both group-level and country-level functions. He currently serves as a non-executive Director of Tareno AG, an asset management company. His professional background is summarized in the table below:

Ciba Specialty Chemicals / Basel	2007 – 2008	Head Business Support Centre Europe, Middle East and Africa
	2005 – 2006	Head Business Support Centre Central Europe, Middle East and Africa
	2001 – 2005	Head Business Finance, Strategy and Support of Coating Effects, Business Segment
	2000 – 2001	Deputy Head of M&A Execution
	1999 – 2000	Head of Capital Market Financing
	1997 – 1999	Head Control Processes and Standards
Ciba Specialty Chemicals / Johannesburg	1996 – 1997	Corporate Controller and IT Head
Ciba-Geigy / Johannesburg	1994 – 1996	Corporate Controller
Ciba-Geigy / Basel	1992 – 1994	Country Manager Regional Finance

Mr. Bucher holds a Master of Arts in Economics from the University of St. Gallen in Switzerland and also completed the INSEAD (Fontainebleau-Singapore) International Executive Program.

Herman Anbeek

Herman Anbeek was named Group SVP and President Emerging Markets in March 2012 and was promoted to President, Airline Solutions in September 2014. Prior to this, Mr. Anbeek held the position of Chief Commercial Officer since June 2007. His prior experience is detailed below:

LSG Sky Chefs / Frankfurt	2003 – 2007	Chief Commercial Officer (Member of the International Management Team)
	2001 – 2003	Senior Vice President Marketing and Sales (Member of the EMEA Management Board)
Pfister / Aarau	1997 – 2001	Manager Sales and Business Unit Furniture (Member of the Executive Board)
	1996	Manager Product Management Furniture
Coopers and Lybrand, Management Consultants / Utrecht, Amsterdam	1995 – 1996	Senior Consultant
KLM Royal Dutch Airlines / Amstelveen, Curacao	1988 – 1995	Special Advisor to the Board at ALM / Antilean Airlines, Curacao, Dutch Antilles (a 50% participation of KLM)
	1993 – 1994	Manager Material Management / Onboard Services
	1991 – 1993	Managing Production Support and Purchasing / KLM Catering Services
	1990 – 1991	Manager Production Support / KLM Catering Services
	1988 – 1990	Management Trainee

Mr. Anbeek holds a Master of Science in Business Engineering from the University of Technology, Enschede, the Netherlands.

Kristin Brown

Kristin Brown has served as General Counsel (subsequently re-named Chief Legal Officer) and Company Secretary since November 30, 2011, on which date she was appointed to the EMB. She now serves (effective October 10, 2014) as the Group's Chief Administrative & Legal Officer and Company Secretary. Ms. Brown oversees legal, corporate communications, marketing, risk and insurance support provided to the Group across the globe. Prior to these roles, Ms. Brown had been a member of the Group legal team since September 2006, where she served as Vice President, General Counsel for the Americas. Since July 2011, Ms. Brown had also served as Deputy General Counsel for the Group. Ms. Brown's prior work history includes extensive experience advising multinational companies regarding complex commercial legal issues and disputes, multi-jurisdictional litigation and regulatory compliance counseling.

Weil, Gotshal & Manges LLP	1999 – 2006	Associate, Litigation & Regulatory Practice Groups
The Honorable Pamela Meade Sargent	1998 – 1999	Law Clerk to United States District Court Magistrate Judge
Congressman Jim Moran	1994 – 1998	Senior Legislative Assistant for energy, environment, health care and women's rights
	1990 – 1994	Legislative Assistant

Ms. Brown holds a J.D. from the George Mason School of Law and a BA in English from the Virginia Polytechnic Institute & State University.

Jann Fisch

Jann Fisch joined the Group in June 2013 as Group SVP and President Europe and Africa and was named Chief Corporate Development Officer, effective September 1, 2014.

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 CEO of the Nuance Group, Australia and New Zealand, a role he held since 2007. From 2002 – 2007 he worked at Pick Pay and Compass Group as CEO for Switzerland. From 1993 to 2001, Mr. Fisch held various positions at Swissair Group and at its subsidiaries Gate Gourmet and Swisscargo AG.

The Nuance Group / Sydney Area	2007 – 2012	CEO Australia & New Zealand
Compass Group / Zurich	2005 – 2007	CEO
Pick Pay / Zurich	2002 – 2003	CEO
	2002	Head Corporate Development
Swissair Group / Zurich	2000 – 2001	EVP Marketing & Sales Swisscargo
Swissair Group / Frankfurt	1998 – 2000	General Manager Germany Swissair
Swissair Group / Zurich	1996 – 1998	Manager Marketing & Sales
	1995 – 1996	Manager Business Development Gate Gourmet
	1994 – 1995	Marketing & Sales Manager Gate Gourmet
	1993 – 1994	Marketing Assistant Gate Gourmet

Mr. Fisch holds a Master in Engineering from the Swiss Federal Institute of Technology (ETH) Zurich.

Douglas Goeke

Douglas Goeke was named Group SVP and President North America in January 2012. Mr. Goeke joined the Group in December 2003 as Chief Financial Officer for North America. He served in that capacity until 2007, when he assumed the role of Chief Administrative Officer for North America. From 2009 to 2010, Mr. Goeke again assumed the role of Chief Financial Officer for North America. In November 2010, Mr. Goeke was appointed President and Managing Director of Gate Gourmet Canada, after the successful acquisition of Canadian operations by the Company in 2010. In that role, Mr. Goeke oversaw the integration and financial turnaround of the acquisition of Cara Airline Solutions, while focusing on strategy and planning, clear management, and implementation of control systems across the newly formed Canadian entity.

In addition to his general management experience within the Group, Mr. Goeke has extensive finance and accounting experience, both in external and internal audit functions as well as responsibility for managing internal financial controls, as detailed in his professional experience below:

The Lincoln Electric Company	1998 – 2003	European Finance Director
	1994 – 1998	European Finance Manager
	1990 – 1994	Manager of Internal Audit
Arthur Andersen & Co.	1987 – 1990	Senior Auditor

Mr. Goeke holds a Bachelor of Science in Business Administration from Bowling Green State University at Bowling Green, Ohio, US and a Masters in Finance from the London Business School.

Mike Hargett

Mike Hargett was named Group SVP and Deputy Chief Financial Officer in August 2012. He joined the Group as VP Financial Planning & Analysis in September 2004, and was appointed Group VP, Finance and Deputy Chief Financial Officer in December 2005. Prior to joining the Group, Mr. Hargett held a number of financial management positions as detailed below:

US Airways / Arlington, VA	2003 – 2004	Managing Director, Financial Planning and Analysis (“FP & A”)
MLT, Inc. / Edina, MN	2000 – 2003	Director, Finance and Controller
Northwest Airlines, Inc. / Eagan, MN	1999 – 2000	Manager, FP & A, Labor Analysis
	1998 – 1999	Interim Manager / FP & A, Labor Analysis
	1998	Senior Financial Analyst / FP & A, Labor Analysis
	1997 – 1998	Financial Analyst / FP & A, Labor Analysis
Hull Trading Company / Chicago, IL	1993 – 1996	Hull Liquidity Fund Equity and Risk Trader / S&P 500 and NASDAQ 100 Options Trader
United States Navy	1984 – 1993	Air Test and Evaluation Squadron Four / Weapon System Operational Test Director
		Fighter Squadron Seventy-Four / F-14 Radar Intercept Officer

Mr. Hargett holds an MBA (with honors) from the University of Chicago Graduate School of Business and a Bachelor of Science in Aeronautical Engineering from the University of Illinois at Champaign, Illinois, US.

Andrew Langdale

Andrew Langdale was appointed Group SVP and President Product and Supply Chain Solutions in March 2012. In this function, he has oversight of the deSter, Harmony, Supplair and Pourshins brands on a global basis. Prior to this appointment, Mr. Langdale was named Chief Executive Officer of Pourshins Supplair in August 2009, when the management of the two companies was consolidated to leverage the synergies that existed between the two brands. He previously held the position of Managing Director for Pourshins from September 2007 and has an extensive finance and manangement background.

St. Ives Financial	1996 – 2007	President
	1994 – 1996	Finance Director St. Ives Financial Division
	1993 – 1994	Commercial Manager St. Ives Web Division
	1990 – 1993	Group Accountant & Financial Controller St. Ives Plc
PricewaterhouseCoopers	1986 – 1990	Audit

Mr. Langdale attended Durham University and holds a BA (with honors) in History. Mr. Langdale is also a member of the Association of Chartered Accountants. He is a British citizen.

Drew Niemeyer

Drew Niemeyer was appointed in March 2012 as Group Chief Commercial and Corporate Development Officer, responsible for providing global leadership for sales and marketing and corporate development, including mergers, acquisitions and alliances. Since joining the Group in 2003, he has served in functions with increasing responsibility, including Chief Commercial Officer for the North America Business and interim President for Gate Gourmet in the United States. Mr. Niemeyer has been instrumental in integrating the Group's expanded brand portfolio and delivering outsourced management services, including onboard retail services. Mr. Niemeyer has a broad strategic and operational background across multiple functions and industries, including aviation, manufacturing, financial services and consumer goods.

Oliver Wyman (Mercer Management Consulting)	2000 – 2003	Senior Associate
Whitall Management Group	1993 – 1998	Manager

Mr. Niemeyer holds an MBA from the Kellogg School of Management at Northwestern University, where he was distinguished as an F.C. Austin Scholar. He also holds a Bachelor of Science degree from the University of Washington. Mr Niemeyer is an American citizen.

Richard Wells

Richard Wells rejoined the Group in January 2013 as Chief Human Resources Officer and was appointed to the EMB in June 2013. He is responsible for the development and execution of the Group's human resources strategy covering talent attraction, development and retention, executive reward, employee engagement and communications.

Richard Wells joined the Group in 2004 as Director of Strategic Change for Gate Gourmet UK. Mr. Wells served in that capacity until 2005, when he was appointed VP Human Resources Europe. From 2007 to 2009, Mr. Wells assumed the role of Group SVP Human Resources of gategroup. From 2010 to 2012, Mr. Wells led the people agendas of major change programs for two UK businesses, firstly East London Bus Group and latterly Yodel. Before joining the Group in 2004, Mr. Wells served on the Executive Board of two UK listed companies as Group Human Resources Director. In his earlier human resources career, Mr. Wells worked for ITT, Ford and Diageo.

His professional background is summarized in the table below:

Yodel / London	2011 – 2012	Human Resources Director
East London Bus Group / London	2010 – 2011	Director Human Resources
gategroup / Zurich	2007 – 2009	Group SVP Human Resources
	2005 – 2006	VP Human Resources Europe
gategroup / London	2004 – 2005	Director Strategic Change
Amey plc / London	2001 – 2004	Group Human Resources Director
Novar plc / London	1994 – 2001	Group Human Resources Director

Mr. Wells holds a Bachelor of Science (Hons) from the University of London and also completed a post graduate business qualification at the University of Bradford.

4.3 RULES IN THE ARTICLES OF INCORPORATION ON THE NUMBER OF PERMITTED ACTIVITIES PURSUANT TO ART. 12 PARA. 1 POINT 1 OF THE ORDINANCE AGAINS EXCESSIVE COMPENSATION IN LISTED CORPORATIONS

The number of mandates held in supreme managing or administrative bodies of legal entities which need to be registered with the Swiss Commercial Register or a similar foreign register, outside the Group, is limited for the members of the EMB – upon approval of the compensation committee – to one in listed and three in non-listed, larger companies and to ten mandates in other legal entities such as smaller companies, dormant companies, foundations and associations. Please refer also to art. 14 para. 5 point b) of the Articles of Incorporation.

4.4 MANAGEMENT CONTRACTS

The Company has not entered into reportable management contracts with any third party.

5 COMPENSATION, SHAREHOLDINGS AND LOANS

For information with regard to compensation paid to and shareholdings of the members of the Board and the EMB, as well as loans granted to those individuals, please refer to the compensation report.

6 SHAREHOLDERS' PARTICIPATION RIGHTS

6.1 VOTING RIGHTS RESTRICTIONS AND REPRESENTATION

6.1.1 Voting rights restrictions, along with an indication of statutory group clauses and rules on granting exceptions
Only persons registered as shareholders or usufructuaries of registered shares in the share register shall be recognized as such by the Company. Acquirers of registered shares shall be registered as shareholders with the right to vote, provided that they expressly declare that they acquired the registered shares in their own name and for their own account (art. 5 paras. 2 and 3 of the Articles of Incorporation).

There are no voting rights restrictions in the Articles of Incorporation.

6.1.2 Rules on participating in the General Meeting of Shareholders if they differ from applicable legal provisions
After the Ordinance became effective on January 1, 2014, a shareholder may only be represented in the General Meeting of Shareholders by his legal representative, another shareholder with voting right, or the independent proxy representative. All shares held by a shareholder may only be represented by one person (art. 11 para. 2 of the Articles of Incorporation).

6.2 RULES IN THE ARTICLES OF INCORPORATION ON THE ISSUE OF INSTRUCTIONS TO THE INDEPENDENT PROXY AND ON THE ELECTRONIC PARTICIPATION IN THE GENERAL MEETING OF SHAREHOLDERS

The Board shall set forth the rules regarding the participation and representation in the General Meeting of Shareholders and may allow electronic proxies without qualified electronic signatures. A shareholder may only be represented in the General Meeting of Shareholders by his legal representative, another shareholder with voting right or the independent proxy representative. All shares held by a shareholder may only be represented by one person. A general voting instruction to follow the motions of the Board is deemed valid, regardless of whether such motions are made ad hoc or whether they have been set forth in the invitation to the General Meeting of Shareholders (art. 11 para. 2 of the Articles of Incorporation).

6.3 QUORUMS REQUIRED BY THE ARTICLES OF INCORPORATION *(STATUTARISCHE QUOREN)*

The rules in the Articles of Incorporation do not differ from the legal regime provided by Swiss law, except regarding the removal of restrictions on the transfer of registered shares which requires the approval of at least two thirds of the votes represented and the absolute majority of the nominal value of shares represented at the General Meeting of Shareholders (please also refer to art. 13 of the Articles of Incorporation).

6.4 CONVOCATION OF THE GENERAL MEETING OF SHAREHOLDERS

The Company's rules (arts. 8 and 9 of the Articles of Incorporation) do not differ from applicable legal provisions. An extraordinary General Meeting of Shareholders shall be convened by the Board at the written request of one or more shareholders with voting rights representing in the aggregate at least 10% of the share capital as registered in the commercial register (please also refer to art. 8 para. 3 of the Articles of Incorporation).

6.5 INCLUSION OF ITEMS ON THE AGENDA

One or more shareholders with voting rights whose combined holdings represent an aggregate nominal value of at least CHF 1,000,000 or at least 10% of the share capital may request that an item be included in the agenda of a General Meeting of Shareholders. Such a request must be made in writing to the Board at the latest 45 days before the General Meeting of Shareholders and shall specify the agenda items and the proposals made (please also refer to art. 9 para. 5 of the Articles of Incorporation).

6.6 ENTRIES IN THE SHARE REGISTER

The relevant date to determine the shareholders' right to participate in and to vote at the General Meeting of Shareholders on the basis of the registrations appearing in the share register is set by the Board in the invitation to the General Meeting of Shareholders (please also refer to art. 11 para. 3 of the Articles of Incorporation).

7 CHANGES OF CONTROL AND DEFENSE MEASURES

7.1 DUTY TO MAKE AN OFFER

The Company does not have a provision on opting-out or opting-up in the Articles of Incorporation. Thus, the provisions regarding the legally prescribed threshold of 33 1/3% of the voting rights for making a public takeover offer set out in Art. 32 of the Swiss Stock Exchange Act are applicable.

7.2 CLAUSES ON CHANGES OF CONTROL

Change of control clauses in agreements and schemes benefitting members of the Board of Directors and/or Executive Management Board as well as other members of the Company's management
Please refer to section 7 of the compensation report.

8 AUDITORS

8.1 DURATION OF THE MANDATE AND TERM OF OFFICE OF THE LEAD AUDITOR

PricewaterhouseCoopers AG, Zurich, Switzerland, is the auditor for the Group and the Company. PwC assumed the existing auditing mandate on December 6, 2002. The Annual General Meeting of Shareholders elects the auditors for a term of one year, renewable annually. The lead auditor, Mr. Martin Kennard, took up office in respect of this mandate on July 1, 2009.

8.2 AUDITING AND ADDITIONAL FEES

The following table shows all costs which PwC charged to the Group during the financial years 2014 and 2013:

in CHF m	2014	2013
Audit and audit related fees	**3.5**	**3.4**
Additional fees for:		
- Tax services	1.4	1.2
- Acquisition related consulting services	0.1	0.1
- Other consulting services	0.2	0.2
Total additional fees	**1.7**	**1.5**
Total PwC fees for the year	**5.2**	**4.9**

Audit fees are paid to PwC for the standard audit work that needs to be performed each year in order to issue opinions on the consolidated financial statements as well as opinions on the local statutory accounts.

Additional fees are related to services performed by the auditors but not directly in connection with the annual audit. These fees include tax services which consist of tax compliance and other services as well as acquisition-related consulting fees.

8.3 INFORMATION TOOLS PERTAINING TO THE EXTERNAL AUDIT

The AC monitors and evaluates the activities of the external auditors, PwC, as mandated by the Board. In exercising this duty the members of the AC use their knowledge and experience, consider documents received from the external auditors and place reliance on verbal statements made by them.

The AC determines the scope of external audit and its activities, considers the audit plan and discusses results. The AC assesses the effectiveness of the auditors in accordance with Swiss law, based on their understanding of the Group's business, control, accounting and reporting issues, together with the way in which matters significant at Group level or in the various statutory accounts are identified and resolved.

PwC presents to the AC an overview of issues found during the interim audit, a detailed report on the financial statements audit and significant findings on financial accounting, reporting and the internal control system. In 2014, PwC participated in three meetings of the AC and three meetings of the Board. PwC also met with the Chairman of the AC without the Group's management being present.

The Group Head of Internal Audit met five times with the AC during 2014 and he regularly met with the Chairman of the AC for interim updates.

The AC on a regular basis evaluates the qualification, performance and independence of PwC and, once yearly, based on the performance of PwC, decides on its recommendation to the Board whether PwC should be proposed to the Annual General Meeting of Shareholders for re-election. The AC considers the compatibility of non-audit services with the auditors' independence. All audit and non-audit services provided by PwC are pre-approved by the Chief Executive Officer and the Chief Financial Officer. Audit and non-audit fees are ultimately approved by the AC.

PwC monitors its independence throughout the year and confirms its independence to the AC annually. The lead auditor is rotated every seven years in accordance with Art. 730a para. 2 of the Swiss Code of Obligations.

9 INFORMATION POLICY

The Company is committed to maintaining a close relationship with shareholders, potential investors and other interested parties. The Company publishes each year a detailed Annual Report, which provides information on the Group's results and operations. It also provides a half-year report and discloses quarterly financial results. Important corporate news is the object of ad-hoc publicity statements.

The Company pursues an open and active information policy for the benefit of the shareholders, the financial markets and the general public. All stakeholders are given the same opportunity to follow the Group's developments and publications, which are made available to all stakeholders at the same time. (According to art. 22 para. 1 of the Articles of Incorporation the official means of publication of the Company is the Swiss Official Gazette of Commerce.)

The Investor Relations function of the Company is responsible for managing all contacts with investors and analysts. Meetings are held regularly with institutional investors and analysts to discuss important corporate news or specific topics. The Company's information exchange can also be followed by private investors via telephone conference or on the Company's website in the Investor Relations section (http://www.gategroup.com/investors). In addition, the Company undertakes road shows for institutional investors and participates in the equity conferences on a regular basis.

The Company is strongly committed to treating all investors equally. The Group prevents selective disclosure by observing the ad-hoc publicity rules and maintains a policy of restrictions to prevent insiders from trading during sensitive intervals.

The corporate calendar as well as regularly updated information is available on the Company's website in the Investor Relations section (http://www.gategroup.com/investors/events-calendar). An e-mail subscription service provides news releases (http://www.gategroup.com/press-center/subscriptions).

The Company's Investor Relations department can be contacted, either through the website, or by telephone, fax, e-mail or letter.

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COMPENSATION REPORT

Christian Hallowell's **Crispy Sea Bass Spring Rolls with Smoked Coconut Pesto**

COMPENSATION REPORT

LETTER FROM THE CHAIRMAN OF THE NOMINATIONS AND COMPENSATION COMMITTEE

DEAR SHAREHOLDER,

I am pleased to present the Compensation Report for the financial year ended 31 December 2014, which has been prepared in accordance with the Swiss Ordinance Against Excessive Compensation at Public Corporations that entered into force on January 1, 2014 (the “Ordinance”) and with Art. 663c paragraph 3 of the Swiss Code of Obligations.

Within this report we detail the Compensation Policy and Philosophy that guide the development of our compensation programs, the Governance and Procedure for Determining Compensation, including the roles and accountabilities of the responsible parties, and details of Board of Directors Compensation and Executive Management Board Compensation for the reported financial year.

Further details with respect to the operation of the Committee and the compensation structure are contained within the company’s Articles of Incorporation. Supplementary information to this report is also provided in Note 2.3 of the financial statements of gategroup Holding AG.

During the financial year 2014, the following activities and key decisions were undertaken:

- The definition of basic principles concerning compensation and benefits for the Board of Directors (“Board”) and the Executive Management Board (“EMB”) were reviewed by the Nominations and Compensation Committee (“NCC”) and have now been incorporated in the Articles of Incorporation (Article 17ter) in adherence with the requirements of the Ordinance;

- Board and EMB contracts were reviewed to ensure compliance with the Ordinance. As part of this review, the Board resolved to repeal the entitlement of its members to a severance term of twelve months in case of removal according to Art. 705 of the Swiss Code of Obligations, which will become effective from renewal and/or completion of new contracts, and to revise EMB contracts to remove any severance provisions; unlike the current Chief Executive Officer, the designated new Chief Executive Officer will not have any contractual change of control provision;

- A review of EMB compensation was completed. For the Chief Executive Officer an increase in base salary of CHF 100,000 was approved, completing adjustments to a competitive market alignment previously described in the 2013 report. In the face of increased competition for talent, the review also addressed misalignment to market with respect to Executive Long Term Incentive Plan (“ELTIP”). As a result of the review, ELTIP grant levels for the Chief Executive Officer and EMB members have been enhanced consistent with the principles of the ELTIP set by the NCC. The adoption of these changes enhances alignment of compensation with the Group’s Compensation Policy and Philosophy and is considered important to ensure the Group can continue to attract, retain and motivate the talent needed to deliver long term business results;

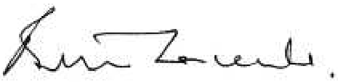
- A review of Board compensation structure and fee levels was completed during the reported year. This represented the second review of the compensation arrangements since the Group's listing in 2009. Based on the findings of the review, no revisions have been made to the structure or fee levels and arrangements remain unchanged since 2009;

- As described in chapter 3 of the Corporate Governance Section, the NCC plays an active role in reviewing talent and succession planning at the top of the organization. During the year, the NCC undertook both talent pipeline and succession planning reviews, including a review of Board competencies with the appointment of Ilona De March to the Board confirmed during the 2014 Annual General Meeting. The NCC also completed its annual review of executive and senior management talent and as announced on November 25, 2014, finalized succession for the Chief Financial Officer, securing Christoph Schmitz's appointment effective January 19, 2015. Since Year End, succession for the Group Chief Executive Officer has also been confirmed with Xavier Rossinyol joining the Group with effect from April 1, 2015;

- Finally, in light of the new reporting requirements, a number of enhancements have been made to disclosure in the Compensation Report. This includes additional detail with respect to the procedure for determining compensation, the inclusion of the compensation outlook section and improved disclosure with respect to historical and new performance share grants. In line with the pay for performance philosophy it should be noted that the grants detailed in the new vesting schedule table will only vest if performance criteria are met.

The following pages set out in detail our policy and explain its implementation. I hope you find the report informative and clear on how our compensation arrangements align to and support the Company's business strategy.

Yours Sincerely,



Brian Larcombe
Chairman, Nominations and Compensation Committee

INTRODUCTION

The Compensation Report follows the Directive on Information relating to Corporate Governance issued by the SIX Swiss Exchange, Art. 663c paragraph 3 of the Swiss Code of Obligations and the Ordinance that is gradually becoming applicable over a time span of two years.

Pages 130 and 135 of this report are subject to audit.

1. COMPENSATION POLICY AND PHILOSOPHY

Compensation arrangements at gategroup Holding AG (the "Company") and its subsidiaries (together the "Group") are designed to attract, retain and motivate the international talent that is considered critical for the delivery of long-term business results. Key principles that underpin our philosophy are:

- Competitive and market aligned compensation – gategroup provides market aligned compensation appropriate to the talent requirements of each position. This supports the Group in attracting, retaining and motivating the executive talent required to deliver our strategic objectives.

- Pay for performance – Our compensation program structure places a considerable proportion of pay at risk, with an average of 50% of total compensation at target for executives tied to the achievement of annual and long-term performance goals.

- Alignment with long-term shareholder interests – Our programs align executives with the long-term interests of shareholders, focusing on the drivers and delivery of balanced, long-term and sustainable growth.

To ensure that compensation structures continue to support the Group strategy, both the principles and compensation program structures are reviewed annually.

2. GOVERNANCE AND PROCEDURE FOR DETERMINING COMPENSATION

Nominations and Compensation Committee
The Board is responsible for determining compensation arrangements for members of the Board and the EMB based on recommendations from the NCC. From 2015, the determination of these compensation arrangements will be subject to the approval by the General Meeting of Shareholders (see below "Vote on pay at the General Meeting of Shareholders").

The other members of the Board also join the meetings of the NCC. With the exception of the Chief Executive Officer, the Chief Administrative & Legal Officer and the Chief Human Resources Officer, EMB members are not present during discussion and review of EMB compensation arrangements. The Chief Executive Officer is not present during discussion and review of his own compensation arrangements. Likewise, neither the Chief Administrative & Legal Officer nor the Chief Human Resources Officer is present for any discussion regarding their own compensation arrangements.

In undertaking its duties, the NCC meets as often as necessary, usually five times per year, with a mandate to review the remuneration system of the Group and provide recommendations to the Board on both compensation structure and individual remuneration packages, including equity grants, for members of the EMB. The Chief Human Resources Officer is generally present during the NCC meetings and provides additional input and guidance as required. Further details about the composition of the NCC and its responsibilities are provided in the Corporate Governance section of the Annual Report.

Levels of authority

	NCC	Board
Chairman's compensation	proposes	approves
Board compensation	proposes	approves
Remuneration of Chief Executive Officer including performance goals, remuneration at target and incentive (short-term and long-term) payouts	proposes	approves
Remuneration of EMB members including performance goals, remuneration at target and incentive (short-term and long-term) payouts	proposes	approves

Procedure for determining compensation
To inform its recommendations, the NCC receives independent consulting advice from Mercer Limited and considers competitive market data drawn from published compensation surveys. On occasion Mercer Limited provides other ad-hoc compensation data and reports to the Group. The Group has not awarded Mercer Limited with additional mandates other than the compensation consultancy. For all EMB positions, the NCC reviews base salary, short-term incentive and long-term incentive data at the 25th, 50th and 75th market percentile from industry-specific comparators, including organizations operating in Travel & Leisure, Goods & Services/Industrial Transport and Retail. For each individual EMB position, market information specifically reflects the relevant market(s) from which the Group sources and competes for talent and is designed to closely reflect the accountabilities and economic impact of the role. Key markets for the purpose of comparison include, but are not limited to, Switzerland, the UK, the US and Singapore.

As a secondary reference and to inform compensation policy determination, the NCC reviews disclosed proxy information for a group of 17 publicly listed peer companies with close industry comparability to the Group (including Industrial Goods & Services, Travel & Leisure and Retail). This peer group includes ten Swiss-based organizations, four based elsewhere in Europe and three based in the US. Furthermore, the selected peer companies operate on a broad geographic spread, comparable to that of the Group.

Vote on pay at the General Meeting of Shareholders
As from 2015, the Board shall submit to the General Meeting of Shareholders for approval, on an annual basis, prospectively and bindingly for the term until the next Annual General Meeting of Shareholders, the maximum aggregate amount of compensation of the Board (art. 17ter para. 1 of the articles of incorporation of the Company, the "Articles of Incorporation", available for download at: http://www.gategroup.com/investors/corporate-governance), and for the next business year, the maximum aggregate amount of compensation of the EMB (art. 17ter para. 2 of the Articles of Incorporation). Accordingly, the General Meeting of Shareholders 2015 will be asked to approve Board compensation until the General Meeting of Shareholders 2016 and EMB compensation for the financial year 2016.

Consistent with the Articles of Incorporation (art. 17ter para. 9), an additional amount expressed as a percentage of the maximum aggregate amount of compensation for the EMB in a given year is available to ensure there is flexibility to manage any unanticipated changes in the EMB following the General Meeting of Shareholders' approval of the total compensation.

3. BOARD OF DIRECTORS COMPENSATION

The compensation structure of the non-executive Board members is comprised of two main elements: basic annual fee and additional responsibility fee. For the remuneration of the sole executive Board member in 2014 please refer to section 4.

Basic annual fee: A basic fee of CHF 150,000 per annum is provided to each non-executive member of the Board. The Chairman receives an annual fee of CHF 350,000.

Additional responsibility fee: An additional annual fee of CHF 10,000 is paid to the Chairman of the Audit Committee and to the Chairman of the NCC in consideration of the additional accountability and time commitment required.

The non-executive members of the Board do not participate in the ELTIP. The Board compensation structure and fee levels have not been increased since the listing of the Group in 2009.

Specific information concerning actual compensation paid to the Board for the period of January 2014 to December 2014 can be found below presented in accordance with the accrual principle:

Remuneration of non-executive Board members[I] January to December 2014[II]

in CHF	Gross cash compensation fixed	Other compensation[III]	Total remuneration
Andreas Schmid, Chairman	350,000	47,719	397,719
Neil Brown[IV]	160,000	20,675	180,675
Remo Brunschwiler	150,000	10,940	160,940
Ilona De March[V]	106,250	7,751	114,001
Brian Larcombe[IV]	160,000	20,675	180,675
David Siegel[VI]	43,750	–	43,750
Anthonie Stal	150,000	10,940	160,940
Total remuneration	**1,120,000**	**118,699**	**1,238,699**

(I) For the remuneration of the sole executive Board member in 2014 please refer to section 4.
(II) There were no termination payments or payments to former non-executive members of the Board during the year under review.
(III) Includes the value of social security contributions.
(IV) Includes additional responsibility fee of CHF 10,000.
(V) Appointed to the Board on April 15, 2014.
(VI) Ceased to be a Board member as of April 15, 2014.

Remuneration of non-executive Board members[I] January to December 2013[II]

in CHF	Gross cash compensation fixed	Other compensation[III]	Total remuneration
Andreas Schmid, Chairman	350,000	47,154	397,154
Neil Brown[IV]	160,000	20,211	180,211
Remo Brunschwiler	150,000	10,940	160,940
Brian Larcombe[IV]	160,000	20,211	180,211
David Siegel	150,000	–	150,000
Anthonie Stal	150,000	10,940	160,940
Total remuneration	**1,120,000**	**109,456**	**1,229,456**

(I) For the remuneration of the sole executive Board member in 2013 please refer to section 4.
(II) There were no termination payments or payments to former non-executive members of the Board during the year under review.
(III) Includes the value of social security contributions.
(IV) Includes additional responsibility fee of CHF 10,000.

No payments were made to persons closely linked to members of the Board during the year under review. "Persons closely linked" are (i) their spouse, (ii) their children below age 18, (iii) any legal entities that they own or otherwise control, and (iv) any legal or natural person who is acting as their fiduciary.

In addition, no credits and loans were granted to current or former members of the Board or to persons closely linked to them in 2014. No such credits and loans were outstanding as of December 31, 2014.

Shares and options held by the Board of Directors

Specific information concerning the number of shares of the Company held by each non-executive member of the Board and parties related to such persons can be found below (please also refer to Note 2.3 of the financial statements of gategroup Holding AG):

Shareholdings of non-executive Board members as at December 31, 2014[1]

	Number of shares	Representing % of the share capital of the Company
Andreas Schmid, Chairman	247,067	0.92%
Neil Brown	100,000	0.37%
Remo Brunschwiler	–	–
Ilona De March	–	–
Brian Larcombe	60,000	0.22%
Anthonie Stal	72,500	0.27%
Total shareholdings	**479,567**	**1.78%**

[1] For the shareholdings of the sole executive Board member in 2014 please refer to section 4.

Shareholdings of non-executive Board members as at December 31, 2013[1]

	Number of shares	Representing % of the share capital of the Company
Andreas Schmid, Chairman	247,067	0.92%
Neil Brown	100,000	0.37%
Remo Brunschwiler	–	–
Brian Larcombe	60,000	0.22%
David Siegel	–	–
Anthonie Stal	72,500	0.27%
Total shareholdings	**479,567**	**1.78%**

[1] For the shareholdings of the sole executive Board member in 2013 please refer to section 4.

Outstanding options as at December 31, 2014 and as at December 31, 2013[1]

	Date of grant	Number of options	Exercise price	Exercise period	Date of expiry
Andreas Schmid, Chairman	12/31/2007	1,821	CHF 69.04	10 years	12/31/2017

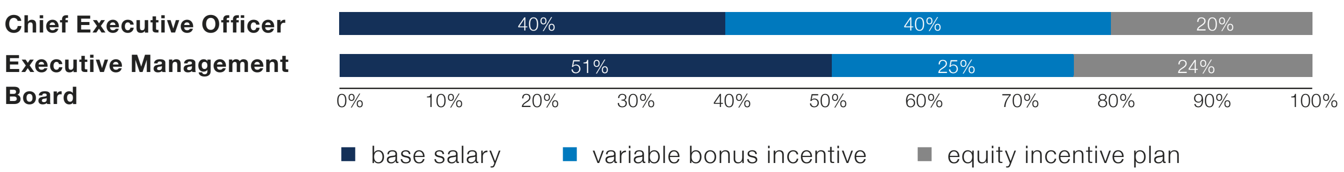
[1] Each option, if exercised, will result in the purchase of one share at the exercise price.

4. EXECUTIVE MANAGEMENT BOARD COMPENSATION

The EMB compensation structure is comprised of three main elements: base salary, variable bonus incentive and equity incentive plan. The rules in the Articles of Incorporation on principles applicable to success-based compensation and participation plans are set out in art. 17ter para. 8.

Base salary and benefits		– Set taking into account responsibilities, performance, market practice and benchmark
Variable bonus incentive	Short-term incentive plan	– Financial and individual performance goals – Target value (% base salary): 50% or 100% (Chief Executive Officer) – Maximum value (% base salary): 100% or 150% (Chief Executive Officer) – Paid annually, subject to the size of the available bonus pool, which for EMB participants is determined at a Group level based on relevant financial targets, and subject to individual performance
Equity incentive plan	EIP 2009–2013	– Base share grants under the plan vest in four equal annual installments subject to achievement of value-weighted average share price ("VWAP") targets – Performance share grants under the plan vest in six equal installments subject to achievement of VWAP targets
	ELTIP	– Introduced in 2012, annual performance share grants, vesting on the fourth anniversary of grant subject to satisfaction of Revenue Growth and Return on Invested Capital ("ROIC") performance conditions

2014 Pay Mix at Target Compensation



Base salary and benefits: Base salary consists of cash payments and aims at providing competitive, fixed compensation to attract and retain talent. Base salaries are reviewed annually by the NCC taking into account the responsibilities of the executive; competitive market practice (as specified above); and individual performance and potential. During the year under review, the NCC reviewed base salaries of a number of individuals in line with the Group's stated compensation principles. As part of this review, for the Chief Executive Officer, an increase to CHF 900,000 was confirmed effective January 1, 2014. This completes the phasing of base salary towards competitive market alignment as described in prior year disclosures. Based on market benchmarking and job duties, other EMB members received a total increase of CHF 125,000 in 2014. Benefits include but are not limited to school fees, tax advice and medical and other insurances.

Variable bonus incentive: Target and maximum awards for 2014 are set forth in the table above. The variable bonus incentive consists of performance-related cash payments in order to motivate and reward senior management to meet and exceed Group and divisional financial targets, which in turn determine the size of the available bonus pool. For the Chief Executive Officer and EMB, pool funding is based on Group financial targets of EBITDA, EBITDA margin and free cash flow, with each target weighted equally and measured separately, with funding in all categories subject to achievement of Group profitability. Following the calculation of the bonus pool, individual allocations to EMB members are then determined based on the individual's performance rating, which is driven by achievement of strategic, business/operational and personal performance objectives. In a formal review process, which takes into account the specific role and function of the EMB member, as well as the actual results achieved, and which determines the level of performance on each individual objective, an overall performance rating is computed. This performance rating then determines, by way of a permissible range with a maximum award level, what percentage of the target bonus is actually earned. The Board retains authority to make appropriate adjustments to ensure the delivery of equitable payment outcomes, including reflecting extraordinary events or critical project contributions.

Equity incentive plan: The ELTIP, introduced during 2012, is designed to offer EMB members a long term incentive to further develop their contribution towards the future success of the Group and creation of shareholder value.

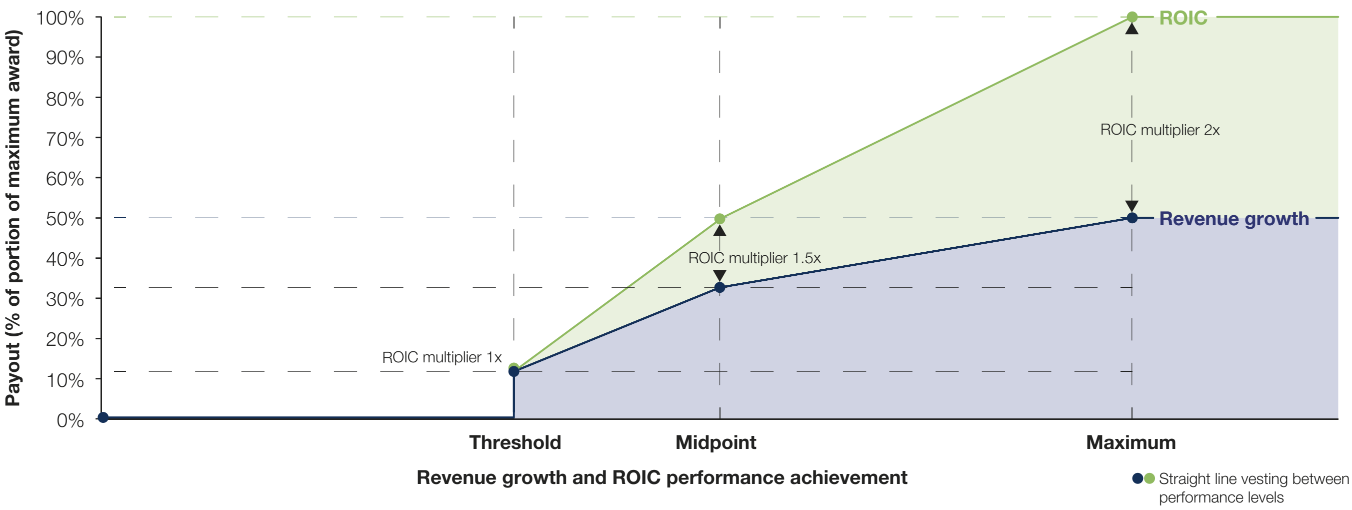
Under the ELTIP, EMB members are eligible to receive conditional performance share grants on an annual basis. Grants typically vest on the fourth anniversary of grant, subject to the satisfaction of challenging Revenue Growth and ROIC performance targets and an ongoing employment relationship on the vesting date.

Table [1] details the grant structure and the applicable performance targets for the annual grant made in 2014. For the 2014 grant, compared to the annual grant made in 2013, the Board adjusted the threshold performance targets of both Revenue Growth and ROIC to ensure appropriate alignment with the Group Strategic Plan. The Board retains discretion to adjust performance targets for subsequent grants.

Table [1]: Executive Long Term Incentive Plan 2012

Long term incentive measures for ELTIP 2014 grants	% of ELTIP at maximum	Performance period	ELTIP 2014 grants performance measures		
			Threshold	Midpoint	Maximum
Revenue growth target	50%	FY 2013–2017*	Revenue growth of 1% p.a.	Revenue growth of 3% p.a.	Revenue growth of 5% p.a.
Return on invested capital	50%	FY 2017	ROIC of 8.5%	ROIC of 10.5%	ROIC of 12.5%
Total vesting = Performance shares granted x (% allocation based on revenue growth x multiplier based on ROIC)					

* Financial Year 2013 represents the baseline for Compound Annual Growth Rate calculation



Annual grants under the ELTIP are typically made in May of each calendar year. During 2014 a detailed review of ELTIP grant levels was undertaken, in the context of concerns regarding market alignment on a total package basis. Grant values for the Chief Executive Officer and other EMB members were adjusted to enhance market alignment and ensure greater consistency of compensation positioning with the Group's Compensation Policy and Philosophy consistent with the principles of the ELTIP set by the NCC.

For the Chief Executive Officer, the 2014 ELTIP grant was increased from 20,000 shares to 40,000 shares and EMB grants were increased from 7,000 shares to between 10,000 to 20,000 shares depending on scope and responsibilities of each member. These grants are scheduled to vest on May 20, 2018, subject to the satisfaction of relevant Revenue Growth and ROIC performance targets. Full vesting of the ELTIP grants stated above is subject to maximum achievement of both the Revenue Growth and ROIC performance targets as detailed in Table [1].

The adoption of these changes enhances alignment of compensation with the Group's Compensation Policy and Philosophy and is considered important to ensure the Group can continue to attract, retain and motivate the talent needed to deliver long term business results.

The ELTIP succeeds the EIP 2009–2013 under which grants were made between 2009–2012, and final vesting, subject to satisfaction of VWAP targets, was due to occur for performance share grants by December 30, 2014. As the relevant VWAP targets were not achieved, no vesting occurred during the course of 2014 for any member of the EMB and all shares subject to vesting lapsed and were forfeited.

Table [2] shows the number of shares granted to EMB members under the EIP 2009–2013 in July 2011 and November 2011 that expired in 2014.

Table [2]: Schedule for shares granted to EMB members in 2011 under the EIP 2009–2013 with final vesting by December 30, 2014

in CHF	Number of performance shares granted	Grant date value of performance shares granted[II]	Target payout value of performance shares at vesting[III]	Number of shares delivered at vesting	Value realized on vesting at vesting date share price
EMB[I]	28,500	558,600	1,382,250	–	–
Chief Executive Officer	80,000	1,776,000	4,160,000	–	–
Total shareholdings	**108,500**	**2,334,600**	**5,542,250**	**–**	**–**

[I] Includes the number of performance shares granted to current EMB members. The 17,500 performance shares granted to EMB members who left the company prior to or during 2014 were forfeited and are not included. For the grant schedule under the EIP 2009–2013 refer to Note 27.2 of the Consolidated Financial Statements.
[II] Reflects the fair value of shares at grant date.
[III] Reflects the target value of shares at vesting.

Specific information concerning actual compensation paid to EMB members and the value of benefits provided for the period of January 2014 to December 2014 can be found below presented in accordance with the accrual principle:

Remuneration of EMB members January to December 2014(I)

in CHF	Cash compensation				2014 share grants vesting in 2018		Total remuneration
	Gross cash compensation fixed	Gross cash compensation variable(II)	Variable compensation as a % of fixed compensation	Other compensation(III)	Number of ELTIP share grants(IV)	Value of ELTIP share grants(IV)	
Total remuneration for EMB as a whole(V)	**4,705,754**	**1,055,712**	**22.43%**	**2,647,975**	**200,000**	**4,420,000**	**12,829,441**
Andrew Gibson, Chief Executive Officer(VI)	900,000	324,000	36.00%	740,517	40,000	884,000	2,848,517

(I) There were no payments to former EMB members during the year under review.
(II) The total includes amounts payable in 2015 for assessed performance against 2014 objectives consistent with the short-term incentive plan.
(III) Includes the value of employer social security and other statutory employer contributions, employer pension contributions as well as benefits such as school fees, tax advice and medical and other insurances provided to EMB members. The value of benefits provided to EMB members in 2014 is 1,261,919 of which 355,564 were benefits provided to the Chief Executive Officer for the year under review as well as one-off reconciliation payments related to benefits that should have been paid out over 2011-2013 to comply with contractual obligations primarily related to tax equalizations.
(IV) Value of share grants made under the ELTIP in 2014. Reflects the fair value of share grants at grant date.
(V) One individual ceased to be an EMB member as of December 31, 2014 and his employment will end effective June 30, 2015. All payments contractually due to the former EMB member are included in the total number and are expected to cease March 31, 2015.
(VI) Highest total remuneration for a member of the EMB.

Remuneration of EMB members January to December 2013(I)

in CHF	Cash compensation				2013 share grants vesting in 2017		Total remuneration
	Gross cash compensation fixed	Gross cash compensation variable(II)	Variable compensation as a % of fixed compensation	Other compensation(III)	Number of ELTIP share grants(IV)	Value of ELTIP share grants(IV)	
Total remuneration for EMB as a whole(V)	**4,906,114**	**1,399,750**	**28.53%**	**2,299,314**	**97,000**	**1,714,960**	**10,320,138**
Andrew Gibson, Chief Executive Officer(VI)	800,000	385,063	48.13%	328,510	20,000	353,600	1,867,173

(I) There were no payments to former EMB members during the year under review.
(II) The total includes amounts payable in 2014 for 2013 performance under the short-term incentive plan and amounts paid in 2013 for meeting certain regional strategic performance targets.
(III) Includes the value of employer social security and other statutory employer contributions, employer pension contributions as well as benefits such as school fees, tax advice and medical and other insurances provided to EMB members. The value of benefits provided to the EMB members in 2013 is CHF 1,221,777 of which CHF 85,632 were benefits provided to the Chief Executive Officer.
(IV) Value of share grants made under the ELTIP in 2013. Reflects the fair value of share grants at grant date.
(V) Includes remuneration from June 17 to December 31, 2013 for two EMB members who joined the EMB in June 2013. One individual ceased to be an EMB member as of June 18, 2013 and his employment ended effective November 4, 2013. All payments contractually due to the former EMB member were made during the course of 2013 and are included in the total number. One individual ceased to be an EMB member as of November 23, 2013 and his employment will end with effect from April 30, 2014. He will continue rendering services through April 2014. All payments due under the employment contract until the end of December 2013 have been included in the total number.
(VI) Highest total remuneration for a member of the EMB.

No payments were made to persons closely linked to EMB members during the year under review. “Persons closely linked” are (i) their spouse, (ii) their children below age 18, (iii) any legal entities that they own or otherwise control, and (iv) any legal or natural person who is acting as their fiduciary.

In addition, no credits and loans were granted to current or former EMB members or to persons closely linked to them in 2014. No such credits and loans were outstanding as of December 31, 2014.

Shares and options held by the Executive Management Board

Specific information concerning the number of shares of the Company held by each member of the EMB and parties related to such persons can be found below (please also refer to Note 2.3 of the financial statements of gategroup Holding AG):

Shareholdings of EMB members as at December 31, 2014

	Number of shares	Representing % of the share capital of the Company	EIP 2009–2013 performance share grants(I)	ELTIP performance share grants(II)
Andrew Gibson, Chief Executive Officer	59,308	0.22%	–	80,000
Thomas Bucher, Chief Financial Officer(III)	71,843	0.27%	–	–
Herman Anbeek, Group SVP and President, Airline Solutions(IV)	50,000	0.19%	–	41,000
Kristin Brown, Chief Administrative & Legal Officer(V)	12,945	0.05%	–	36,000
Jann Fisch, Chief Corporate Development Officer(VI)	–	–	–	41,000
Douglas Goeke, Group SVP and President, North America(VII)	9,088	0.03%	–	41,000
Mike Hargett, Group SVP and Deputy Chief Financial Officer(VIII)	46,360	0.17%	–	36,000
Andrew Langdale, Group SVP and President, Product and Supply Chain Solutions(IX)	4,127	0.02%	–	41,000
Drew Niemeyer, Chief Commercial and Corporate Development Officer(X)	7,157	0.03%	–	41,000
Richard Wells, Chief Human Resources Officer(XI)	–	–	–	17,000
Total shareholdings	**260,828**	**0.98%**	**–**	**374,000**

(I) No remaining unvested EIP 2009–2013 performance share grants as at December 31, 2014. Final vesting was due to occur for performance share grants by December 30, 2014. As the relevant VWAP targets were not met, no vesting occurred in December 2014 and all shares were forfeited without any compensation.
(II) Unvested ELTIP performance share grants as at December 31, 2014. Vesting of all ELTIP grants is subject to the satisfaction of relevant Revenue Growth and ROIC performance targets. For the vesting schedule please refer to the table below.
(III) Ceased to be an EMB member as of December 31, 2014, and all performance share grants were forfeited without any compensation.
(IV) Until September 1, 2014, served as Group Senior Vice President ("SVP") and President, Emerging Markets.
(V) Change in remit as of October 10, 2014. Until that date, served as Chief Legal Officer.
(VI) Until September 1, 2014, served as Group SVP and President, Europe and Africa.
(VII) Named Deputy President, Airline Solutions, effective January 1, 2015.
(VIII) Named Chief Technology Transformation Officer, effective January 26, 2015.
(IX) Named President, Network and Product Solutions, effective January 22, 2015.
(X) Named President and Managing Director, gategroup Airline Solutions, U.S. Region, effective January 1, 2015.
(XI) Named Chief Human Resources Officer, Airline Solutions, effective January 1, 2015.

Vesting schedule of ELTIP performance share grants made to EMB members during the period 2012–2014

	Number of ELTIP performance share grants potentially vesting in 2015, 2016, 2017 and 2018				ELTIP performance share grants
	2015	2016	2017	2018	
Andrew Gibson, Chief Executive Officer	–	20,000	20,000	40,000	80,000
Herman Anbeek, Group SVP and President, Airline Solutions	7,000	7,000	7,000	20,000	41,000
Kristin Brown, Chief Administrative & Legal Officer	7,000	7,000	7,000	15,000	36,000
Jann Fisch, Chief Corporate Development Officer	7,000	7,000	7,000	20,000	41,000
Douglas Goeke, Group SVP and President, North America	7,000	7,000	7,000	20,000	41,000
Mike Hargett, Group SVP and Deputy Chief Financial Officer	7,000	7,000	7,000	15,000	36,000
Andrew Langdale, Group SVP and President, Product and Supply Chain Solutions	7,000	7,000	7,000	20,000	41,000
Drew Niemeyer, Chief Commercial and Corporate Development Officer	7,000	7,000	7,000	20,000	41,000
Richard Wells, Chief Human Resources Officer	–	–	7,000	10,000	17,000
Total unvested ELTIP performance share grants as at 31 December, 2014	**49,000**	**69,000**	**76,000**	**180,000**	**374,000**

There were no options held by any EMB member as at December 31, 2014.

Shareholdings of EMB members as at December 31, 2013

	Number of shares	Representing % of the share capital of the Company	EIP 2009–2013 performance share grants(I)	ELTIP performance share grants(II)
Andrew Gibson, Chief Executive Officer	59,308	0.22%	80,000	40,000
Thomas Bucher, Chief Financial Officer	71,843	0.27%	7,000	21,000
Herman Anbeek, Group SVP and President Emerging Markets	50,000	0.19%	6,000	21,000
Kristin Brown, Chief Legal Officer	12,945	0.05%	6,000	21,000
Jann Fisch, Group SVP and President Europe and Africa(III)	–	–	–	21,000
Douglas Goeke, Group SVP and President North America	9,088	0.03%	3,500	21,000
Mike Hargett, Group SVP and Deputy Chief Financial Officer	46,360	0.17%	6,000	21,000
Andrew Langdale, Group SVP and President Product and Supply Chain Solutions	4,127	0.02%	3,500	21,000
Drew Niemeyer, Chief Commercial and Corporate Development Officer	7,157	0.03%	3,500	21,000
Richard Wells, Chief Human Resources Officer(III)	–	–	–	7,000
Jaap Roukens, Chief Marketing Officer, Product and Supply Chain Solutions(IV)	–	–	–	–
Peter van Niekerk, Group SVP and President Europe and Africa(V)	–	–	–	–
Total shareholdings	**260,828**	**0.98%**	**115,500**	**215,000**

(I) Unvested EIP 2009–2013 performance share grants as at December 31, 2013. These vest in one installment subject to satisfaction of the respective VWAP targets.
(II) Unvested ELTIP performance share grants as at December 31, 2013. Vesting of all ELTIP grants is subject to the satisfaction of relevant Revenue Growth and ROIC performance targets. For the vesting schedule please refer to the table below.
(III) Joined the EMB on June 17, 2013.
(IV) Ceased to be EMB member as of November 23, 2013.
(V) Ceased to be EMB member as of June 18, 2013.

Vesting schedule of ELTIP performance share grants made to EMB members during the period 2012–2013

	Number of ELTIP performance share grants potentially vesting in 2015, 2016 and 2017			ELTIP performance share grants
	2015	2016	2017	
Andrew Gibson, Chief Executive Officer	–	20,000	20,000	40,000
Thomas Bucher, Chief Financial Officer	7,000	7,000	7,000	21,000
Herman Anbeek, Group SVP and President Emerging Markets	7,000	7,000	7,000	21,000
Kristin Brown, Chief Legal Officer	7,000	7,000	7,000	21,000
Jann Fisch, Group SVP and President Europe and Africa	7,000	7,000	7,000	21,000
Douglas Goeke, Group SVP and President North America	7,000	7,000	7,000	21,000
Mike Hargett, Group SVP and Deputy Chief Financial Officer	7,000	7,000	7,000	21,000
Andrew Langdale, Group SVP and President Product and Supply Chain Solutions	7,000	7,000	7,000	21,000
Drew Niemeyer, Chief Commercial and Corporate Development Officer	7,000	7,000	7,000	21,000
Richard Wells, Chief Human Resources Officer	–	–	7,000	7,000
Total unvested ELTIP performance share grants as at 31 December, 2014	**56,000**	**76,000**	**83,000**	**215,000**

There were no options held by any EMB member as at December 31, 2013.

5. COMPENSATION OUTLOOK

To ensure that compensation structures continue to support the Group strategy, the NCC has reviewed for 2015 both the principles and compensation program structures for the members of the Board and the EMB taking into particular consideration current market practices and the level of alignment between pay and performance. Based on the findings of the review, the NCC provided recommendations to the Board who decided to introduce the changes as described in the subsequent sections.

Board of Directors Compensation
The Board compensation is periodically reviewed to ensure the structure and quantum of compensation remains appropriate. During 2014, benchmarking of Board compensation practices was completed with market information drawn from (1) ten Swiss-based peers from the Company’s defined pay peer group with industry comparability to gategroup and (2) SMI Mid companies based on data published by PwC. Based on the findings of the review, there will be no revisions to the structure and level of Board compensation for the term of office from the General Meetings of Shareholders in 2015 to 2016.

Executive Management Board Compensation
The EMB compensation structure is comprised of the following components: base salary, variable bonus incentive and equity incentive (refer to section 4).

For 2015, whilst the principles and compensation program structure for EMB members remain unchanged, adjustments in the following areas have been made to ensure alignment of compensation with the market and to formalize the NCC’s policy with respect to how aggregate limits on maximum EMB compensation (as described in the Articles of Incorporation) will be applied to individual members:

- To reflect changes in responsibilities, two EMB members have received an increase to their base salaries totaling CHF 75,000 effective on January 1, 2015;

- The NCC has formalized guidelines on how maximum EMB compensation limits (in normal circumstances) will be applied on an individual basis with respect to annual variable bonus incentive and equity incentive grants:

  - Annual variable bonus incentive: maximum award levels of 150% and 100% of base salary for the Chief Executive Officer and other EMB members respectively (align to 2014 opportunities),

  - Equity incentive grants: maximum individual annual grants limited to a face value of shares at grant of 300% and 150% of base salary for the Chief Executive Officer and other EMB members respectively. Total grants under the ELTIP are subject to the NCC’s share usage guideline described within section 4 of the Compensation Report.

The compensation principles and structure for the newly appointed Chief Executive Officer (effective start date of April 1, 2015) and Chief Financial Officer (effective start date of January 19, 2015) are consistent with the EMB compensation principles and structure set forth in this report and their compensation packages are compliant with the Ordinance.

6. CREDIT, LOANS AND PENSIONS

Credit and loan arrangements in favor of members of the EMB may not exceed the maximum amount of CHF 500,000 per person. The amount of contributions to non-mandatory pension or savings plans in favor of a member of the EMB may not exceed the maximum aggregate amount of compensation available (see art. 17^{quater} Articles of Incorporation).

7. CHANGE OF CONTROL

There were no change of control provisions in place for any non-executive member of the Board during the year under review.

There were no contractual change of control provisions in place for EMB members during the year under review, with the exception of the Chief Executive Officer (for details of prior year refer to page 127 of the gategroup Annual Report 2013). As of January 13, 2015, Chief Executive Officer Andrew Gibson submitted his resignation. His contractual change of control provision is therefore no longer applicable. The new Chief Executive Officer appointed effective April 1, 2015, does not have any contractual change of control provision consistent with all Board and EMB members. In February 2012, an agreement was entered into for a fixed term of five years, with a member of the wider management of the Company who joined a subsidiary of the Company following an acquisition. The agreement provides that either the Company or the manager can elect to terminate the contract of the manager during a period of six months immediately following a change of control of the Company, in which case the manager is entitled to receive a lump sum payment of a maximum of two and a half times the manager's maximum annual salary, reducing to half this amount following the second anniversary of the contract.

The EIP 2013 contained a change of control provision (for details refer to page 127 of the gategroup Annual Report 2013). Under the EIP 2009–2013, final vesting of the performance share grants made between 2009–2012 was due to occur by December 30, 2014. As the relevant VWAP targets were not achieved, no vesting occurred. With the final potential vesting in December 2014, the EIP 2013 ended and the change of control provision therefore no longer applies.

Under the ELTIP, upon a change of control event, performance share grants will vest subject to assumed mid-point performance for the respective performance share grant and pro-rated for the period from date of grant to change of control for each respective performance share grant.

In addition, for outstanding options in the event of a change of control, consideration will be paid for the expected net gain at the time of transaction.

8. TERMS OF SERVICE

During 2014, the Board resolved to revise the terms of service of all non-executive members of the Board to align with the Ordinance and repealed the Board members' entitlement to a severance term of twelve months in case of removal according to Art. 705 of the Swiss Code of Obligations.

Furthermore, the Board resolved to revise the employment contracts of all EMB members and to remove any severance provisions to align with the Ordinance. Going forward, EMB contracts will provide for a notice period of up to 12 months and contain no severance provisions (i.e. terms that allow for continued payment of base salary and certain benefits following termination of employment by the Company).

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Report of the statutory auditor
to the General Meeting of
gategroup Holding AG
Kloten

REPORT OF THE STATUTORY AUDITORS ON THE COMPENSATION REPORT

We have audited the information disclosed on pages 130 and 135 of the remuneration report (pages 126 to 139) dated 11 March 2015 of gategroup Holding AG for the year ended 31 December 2014.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility
Our responsibility is to express an opinion on the information disclosed on pages 130 and 135 of the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

Opinion
In our opinion, the information disclosed on pages 130 and 135 of the remuneration report of gategroup Holding AG for the year ended 31 December 2014 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Martin Kennard	Mairkon Nogueira
Audit expert	
Auditor in charge	

Zurich, 11 March 2015

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Appendix

Articles of Incorporation of
gategroup Holding AG[I]
(gategroup Holding SA)
(gategroup Holding Ltd)

Translation [II]

I CORPORATE NAME, DOMICILE, DURATION, PURPOSE OF THE CORPORATION

ARTICLE 1: NAME, PLACE OF INCORPORATION, DURATION

1 Under the name gategroup Holding AG (gategroup Holding SA) (gategroup Holding Ltd) exists a corporation pursuant to the present Articles of incorporation and the provisions of the 26th title of the Swiss Code of Obligations (the CO). The domicile of the company shall be in Kloten, canton Zurich.
2 The duration of the Company shall be unlimited.

ARTICLE 2: PURPOSE

1 The purpose of the Company is to acquire, to hold, to administer continuously and to sell participations in national and international companies, in particular in the areas of catering, hospitality, transportation and related industries.
2 The Company may open branch offices, subsidiaries and agencies in Switzerland and abroad. It may finance the acquisition of participations and it may grant guarantees or other securities in relation to liabilities of affiliated companies. In addition, the Company may engage in any other commercial, financial and other activities which are linked directly or indirectly to the purpose of the Company.
3 The Company may acquire, manage, exploit and sell real estate and intellectual property rights in Switzerland and abroad and finance other companies.

II CAPITAL

ARTICLE 3: SHARE CAPITAL

1 The share capital of the Company is CHF 133,931,680.00 and is divided into 26,786,336 registered shares with a nominal value of CHF 5.00 each. The shares are fully paid-in.
2 The General Meeting of Shareholders may at any time convert registered shares into bearer shares or bearer shares into registered shares.

ARTICLE 3BIS: CONDITIONAL CAPITAL

1 The share capital may be increased in an amount not to exceed CHF 1,906,775.00 by the issuance of up to 381,355 fully paid registered shares with a nominal value of CHF 5.00 each through the exercise of option which the employees or members of the Board of Directors of the Company or a group company are granted according to the respective regulations of the Board of Directors.
2 The share capital may be increased in an amount not to exceed CHF 9,839,110.00 by the issuance of up to 1,967,822 fully paid registered shares with a nominal value of CHF 5.00 each through the exercise of conversion and/or option rights granted in connection with the issuance of newly or already issued convertible debentures, debentures with option rights or other financing instruments by the Company or one of its group companies, and/or by the exercise of options which are granted by the Company or one of its group companies (including in case of a public offer for shares of the Company).
3 The preferential subscription rights of the shareholders shall be excluded in the case of the issuance of convertible debentures, debentures with option rights or other financial market instruments comprising conversion and/or option rights, and in the case of the issuance of option rights. The then current owners of conversion and/or option rights shall be entitled to subscribe for the new shares.

[I] Version of April 15, 2014.
[II] This is an informal English translation. In case of doubt or differences of interpretation, the official German version of the Articles of Incorporation shall prevail over the English text.

4 The acquisition of shares through the exercise of conversion andlor option rights and each subsequent transfer of the shares shall be subject to the restrictions set forth in Article 5 of these Articles of Incorporation.

5 The Board of Directors may (including in case of a public offer for shares of the Company) limit, grant indirectly or withdraw the right of the shareholders to subscribe in priority to convertible debentures, debentures with option rights or similar financial market instruments or option rights when they are issued, if:

a) an issue by firm underwriting by a consortium of banks with subsequent offering to the public without priority subscription rights seems to be the most appropriate form of issue at the time, particularly in terms of the conditions or the time plan of the issue; or
b) the issuance occurs in connection with the financing or refinancing of the acquisition of an enterprise or parts of an enterprise or with participations or new Investments of the Company; or
c) option rights are issued in connection with employee participation programs.

6 If priority subscription rights are denied by the Board of Directors, the following shall apply:

a) conversion rights may be exercised only for up to 15 years, option rights only for up to 7 years from the date of the respective issuance;
b) the respective financial instruments must be issued at the relevant market conditions.

ARTICLE 3TER: AUTHORIZED CAPITAL

1 The Board of Directors shall be authorized to increase the share capital in an amount not to exceed CHF 13,277,065 through the issuance of up to 2,655,413 fully paid registered shares with a nominal value of CHF 5.00 per share by not later than April 16, 2016. Increases in partial amounts shall be permitted.

2 The subscription and acquisition of the new shares, as well as each subsequent transfer of the shares, shall be subject to the restrictions of Article 5 of these Articles of Incorporation.

3 The Board of Directors shall determine the issue price, the type of payment, the date of issue of new shares, the conditions for the exercise of the preferential subscription rights, and the beginning date for dividend entitlement. In this regard, the Board of Directors may issue new shares by means of a firm underwriting through a banking institution, a syndicate or another third party and a subsequent offer of these shares to the current shareholders. The Board of Directors may permit preferential subscription rights that have not been exercised to expire or it may place these rights and shares as to which preferential subscription rights have been granted but not exercised, at market conditions or use them for other purposes in the interest of the Company.

4 The Board of Directors is further authorized to restrict or deny the preferential subscription rights of shareholders or allocate such rights to third parties if the shares are to be used:

a) for the acquisition of an enterprise, parts of an enterprise, or participations, or for new investments, or, in case of a share placement, for the financing or refinancing of such transactions;
b) for the purpose of the participation of a strategic partner or for the purpose of broadening the shareholder constituency in certain investor markets or in connection with a listing of shares on domestic or foreign stock exchanges, including in connection with the grant of an over-allotment option to a consortium of banks;
c) for the participation of employees or members of the Board of Directors;
d) in order to quickly and flexibly raise equity capital, which would be difficult to achieve with preferential subscription rights.

ARTICLE 4: SHARE CERTIFICATES

1 The Company issues its registered shares in the form of single share certificates, global share certificates or uncertificated securities. Within the provisions of the law, the Company may at any time and at its own cost convert registered shares issued in one of the above mentioned forms into another form without the consent of the shareholder.

2 The Company shall keep a register for the issued uncertificated securities (register of uncertificated securities), in which the amount and the denomination of the issued uncertificated securities and the name of the creditors shall be registered. The register of uncertificated securities is not public. The uncertificated securities take effect upon entry into the register of uncertificated securities and exist only to the extend registered.

3 The shareholder has no entitlement to the converting of registered shares issued in a specific form into another form. The shareholder may however at any time request the Company to issue a written statement in respect of the registered shares held by the shareholder pursuant to the share register.

4 Book entry securities based on registered shares of the Company may not be transferred by assignment. Neither can securities be granted on book entry securities by assignment.

ARTICLE 5: SHARE REGISTER, NOMINEES

1 The Company shall keep a share register for the registered shares, in which the name, first name(s) (the name of the company in case of a legal entity), address and nationality (registered office in case of a legal entity) of the shareholders or usufructuaries shall be registered. If a person registered in the share register changes his/her address, he/she shall inform the Company thereof. As long as such an address change has not been notified, any written information shall validly be notified to the address filed with the share register.
2 Only persons registered as shareholders or usufructuaries of registered shares in the share register shall be recognized as such by the Company.
3 Acquirers of registered shares shall be registered as shareholders with the right to vote, provided that they expressly declare that they acquired the registered shares in their own name and for their own account.
4 [left blank by intention]
5 Persons who do not explicitly declare holding the registered shares on their own account and who are subject to the control of a recognized bank or financial supervision authority (Nominees) are registered as shareholders with voting right, if the Nominee discloses in the registration application the names, addresses and the number of shares of the persons for whose account it holds 0.5 percent or more of the share capital registered in the commercial register. Legal entities and partnerships which are consolidated among themselves through unified management or similar organization as well as natural persons or legal entities and partnerships which act in concert to circumvent the regulations concerning the nominees (especially as syndicates), shall be treated as one single nominee within the meaning of paragraph 5 of this article.
6 After hearing the registered shareholder or Nominee, the Board of Directors may cancel, with retroactive effect as of the date of registration, if appropriate, the registration of shareholders if the registration was effected based on false information or the reason for the registration fall away. The respective shareholder or Nominee shall be informed immediately of the cancellation of the registration.
8 The Board of Directors shall specify the details and give the necessary orders concerning the adherence to the preceding regulations. In particular cases it may allow exemptions from the limitation of registration and/or the regulation concerning Nominees. It may delegate its duties.
9 No entries are made in the share register between the date of publication or mailing of the invitation to a General Meeting of Shareholders and the day following the meeting, unless the Board of Directors informs about a different cut-off date.

III ORGANIZATION

ARTICLE 6: CORPORATE BODIES

The Corporate Bodies are:
(a) the General Meeting of Shareholders
(b) the Board of Directors
(c) the Auditors

A General Meeting of Shareholders
ARTICLE 7: POWERS

The General Meeting of Shareholders is the supreme corporate body of the Company. It has the following non delegable powers:
1. to adopt and amend the Articles of Incorporation;
2. to elect and remove the members of the Board of Directors, the Chairman of the Board of Directors, the members of the Compensation Committee, the independent proxy representative and the Auditors;
3. to approve the management report, the annual financial statements and the consolidated financial statements;
4. to determine the allocation of profits as shown on the balance sheets, in particular with regard to dividends;
5. to discharge the members of the Board of Directors and the persons entrusted with the management of the Company (Executive Management Board);
6. to approve the compensation of the Board of Directors and the Executive Management Board pursuant to Art. 17ter of these Articles of Incorporation;
7. to pass resolutions concerning all matters which are reserved to the authority of the General Meeting of Shareholders by law or by the Articles of Incorporation or which have been submitted by the Board of Directors.

ARTICLE 8: MEETINGS

1 The Annual General Meeting of Shareholders shall be held within six months after the close of the fiscal year.
2 Extraordinary General Meetings of Shareholders shall be called by the Board of Directors according to need, especially in cases that the law foresees.
3 Furthermore, extraordinary Meetings of Shareholders shall be convened by the Board of Directors upon resolution of a General Meeting of Shareholders or at the written request of one or more shareholders with voting rights representing in the aggregate at least 10 percent of the share capital, specifying the items and proposals to appear on the agenda and, in case of elections, the names of the candidates.

ARTICLE 9: NOTICE, AGENDA OF MEETING

1 The General Meeting of Shareholders shall be called by the Board of Directors or, if necessary, by the Auditors. The liquidators may also call the General Meeting of Shareholders.
2 The General Meeting of Shareholders shall be convened by notice in the official means of publication of the Company not less than 20 days before the date fixed for the Meeting. Shareholders may also be informed by ordinary mail.
3 The annual report and the Auditor's report must be submitted for examination by the Shareholders at the registered office of the Company at least 20 days prior to the date of the Annual General Meeting of Shareholders. Reference to such availability and the right of the shareholders to demand delivery of these documents shall be included in the invitation to the Meeting.
4 The invitation to a General Meeting of Shareholders shall state besides day, time and place of the General Meeting of Shareholders to be held, the items and the proposals of the Board of Directors and the shareholders who demand that the General Meeting of Shareholders be called or that items be included in the agenda.
5 One or more shareholders with voting rights whose combined holdings represent an aggregate nominal value of at least CHF 1,000,000 or at least 10 percent of the share capital may request that an item be included in the agenda of a General Meeting of Shareholders. Such a request must be made in writing to the Board of Directors at the latest 45 days before the General Meeting of Shareholders and shall specify the agenda items and the proposals made.
6 No resolution shall be passed on items for which no proper notice has been given; this prohibition does not apply to proposals made during a General Meeting of Shareholders to call an extraordinary General Meeting of Shareholders or to initiate a special audit.
7 No prior notice is required for proposals concerning items included in the agenda and deliberations that do not result in the adoption of resolutions.

ARTICLE 10: CHAIRMAN, MINUTES

1 The General Meeting of Shareholders shall be chaired by the Chairman of the Board of Directors, in his absence by the Vice Chairman of the Board of Directors, or by another daily Chairman designated by the General Meeting of Shareholders.
2 The Chairman of the Meeting shall designate the secretary and the scrutineers who need not be shareholders.
3 The Board of Directors shall provide for keeping the minutes, which shall be signed by the Chairman of the General Meeting of Shareholders and the secretary.

ARTICLE 11: VOTING RIGHTS, PROXIES

1 Each share recorded as share with voting rights in the share register confers one vote on its registered holder.
2 The Board of Directors shall set forth the rules regarding the participation and representation in the General Meeting of Shareholders and may allow electronic proxies without qualified electronic signatures. A shareholder may only be represented in the General Meeting of Shareholders by his legal representative, another shareholder with voting right or the independent proxy representative. All shares held by a shareholder may only be represented by one person. A general voting instruction to follow the motions of the Board of Directors is deemed valid, regardless of whether such motions are made ad hoc or whether they have been set forth in the invitation to the General Meeting of Shareholders.
3 Shareholders entered in the share register as shareholders with voting rights on a specific qualifying date designated by the Board of Directors shall be entitled to vote at the General Meeting of Shareholders and to exercise their votes at the General Meeting of Shareholders.

ARTICLE 12: QUORUM AND DECISIONS

1 The General Meeting of Shareholders shall be duly constituted irrespective of the number of shareholders present or of shares represented.
2 Unless the law or these Articles of Incorporation provide for a qualified majority, an absolute majority of the votes represented at a General Meeting of Shareholders is required for the adoption of resolutions or for elections.
3 Elections and votes shall be taken on a show of hands unless a vote by ballot or electronic voting is ordered by the Chairman of the General Meeting of Shareholders. The Chairman may at any time order that a resolution by show of hands be repeated by vote by ballot if he believes the result of the vote by show of hands not to be conclusive. In this case, the previous election or vote by show of hands shall be deemed not to have taken place.
4 If the first ballot fails to result in an election and more than one candidate is standing for election, the Chairman shall order a second ballot in which a relative majority shall be decisive.
5 Where the General Meeting of Shareholders rejects a motion by the Board of Directors under Article 17ter, the Board of Directors may propose one or more new proposals for approval, or call an extraordinary General Meeting of Shareholders, and/or determine the maximum total amount or several maximum partial amounts, taking into consideration all relevant factors, and shall submit this/these to the next General Meeting of Shareholders for approval. Where maximum total or partial amounts have been determined in this manner, the Company or its group companies may make contingent payment of compensation, subject to ratification by the General Meeting of Shareholders.
6 The Company may also make arrangements for electronic voting. Resolutions passed by electronic voting shall have the same effect as elections and votes by ballot.

ARTICLE 13: SPECIAL QUORUMS

A resolution of the General Meeting of Shareholders passed by at least two thirds of the votes represented and the absolute majority of the nominal value of shares represented, shall be required for:

1. a modification of the purpose of the Company;
2. the creation of shares with privileged voting right;
3. restrictions on the transfer of registered shares and the removal of such restrictions;
4. an authorized or conditional increase of the share capital;
5. an increase of the share capital through the conversion of capital surplus, through a contribution in kind or in exchange for an acquisition of assets, or a grant of special benefits upon an increase of the share capital;
6. the restriction or denial of pre-emptive rights;
7. a change of the place of incorporation of the Company;
8. the dissolution of the Company;
9. other matters where statutory law provides for a corresponding quorum.

B Board of Directors

ARTICLE 14: ELECTION, CONSTITUTION

1 The Board of Directors shall consist of at least five and in maximum twelve members.
2 The members of the Board of Directors shall be elected for a term of one year. A year shall mean the period running between one Ordinary General Meeting of Shareholders and the next. New members elected during the year shall continue in office until the end of their predecessor's term.
3 The members of the Board of Directors may be re-elected without limitation.
4 The members of the Board of Directors shall automatically retire after the expiry of the seventieth year of age; the retirement shall become effective on the date of the next Annual General Meeting of Shareholders. The General Meeting of Shareholders may, under special circumstances, grant an exception from this rule and may elect a member of the Board of Directors for further terms of office of one year.
5 The number of mandates held in supreme managing or administrative bodies of legal entities which need to be registered with the Swiss Commercial Register or a similar foreign register, outside the Company's group, is limited:
   a) for the members of the Board of Directors to four in listed and ten in non-listed, larger companies, which are subject to the statutory audit requirements under local company law (cf. Art. 727 para 1 CO [full audit] for Swiss company law) and to ten mandates in other legal entities such as smaller companies, dormant companies, foundations and associations; and
   b) for the members of the Executive Management Board – upon approval of the Compensation Committee – to one in listed and three in non-listed, larger companies and to ten mandates in other legal entities such as smaller companies, dormant companies, foundations and associations.

Mandates held in different legal entities which form part of one and the same single group of companies, or mandates on behalf of such group shall jointly be counted as one mandate for the purpose of this provision and which shall not exceed twenty per group of companies. Exceeding a limit per category set forth in here by one mandate for a period of up to six months is acceptable.

ARTICLE 15: ULTIMATE DIRECTION, DELEGATION

1 The Board of Directors has the ultimate direction of the business of the Company and the ultimate supervision of Executive Management Board. It represents the Company towards third parties and shall manage all matters which by law, the Articles of Incorporations or by regulation are not delegated to another body of the Company.
2 The Board of Directors may appoint from amongst its members standing or ad hoc committees entrusted with the preparation and execution of its decisions or the supervision of specific parts of the business. The Board of Directors shall ensure that it is kept properly informed.
3 The Board of Directors may delegate its powers and duties, in part or entirely, except for the non-delegable and inalienable duties, to one or several members of the Executive Board or representatives of the Company, to members of the Board of Directors, to committees or third parties, who must be individuals but do not need to be shareholders.

ARTICLE 16: SPECIFIC POWERS OF THE BOARD

The Board of Directors has the following non-delegable and inalienable duties:
1. the ultimate direction of the business of the Company and the power to give the necessary directives;
2. the determination of the organization of the Company;
3. the administration of the accounting system, financial control and financial planning;
4. the appointment and removal of the members of the Executive Management Board and other persons entrusted with the representation of the Company, as well as the determination of their signatory power;
5. the ultimate supervision of the members of the Executive Management Board, in particular with respect to their compliance with the law, the Articles of Incorporation, regulations and directives;
6. the preparation of the annual report and the compensation report and the General Meetings of Shareholders and to carry out the resolutions adopted by the General Meeting of Shareholders;
7. notification of the judge in case of over indebtedness;
8. the passing of resolutions regarding the subsequent payment of capital with respect to non-fully paid-in shares;
9. the passing of resolutions confirming increases of the share capital and the respective amendments of the Articles of Incorporation;
10. the examination of the professional qualifications of the Auditors;
11. the non-delegable and inalienable duties and powers of the Board of Directors pursuant to the Swiss Merger Act and any other law.

ARTICLE 17: CONSTITUTION, ORGANIZATION, COMPENSATION

1 The Board of Directors shall constitute itself outside of the powers of the General Meeting of Shareholders. If necessary it shall elect from amongst its members one or several Vice Chairmen. The Board of Directors shall further appoint a secretary who does not need to be a member of the Board of Directors.
2 Subject to Article 14 et seq. of the Articles of incorporation, the Board of Directors shall set forth its organization and the adaption of resolutions in organizational regulations.

ARTICLE 17BIS: COMPENSATION COMMITTEE

1 The Compensation Committee shall consist of three to five members of the Board of Directors. Its duties are to prepare and propose to the Board of Directors the compensation policy and the compensations of the Board of Directors and the Executive Management Board, including bonus and participation plans. It decides on the terms of the employment or mandate contracts with the members of the Executive Management Board or the Board of Directors whereby the maximum term or termination period shall be twelve months respectively in line with the term of office. A paid non-compete period shall not exceed twelve months after termination. The Board of Directors may entrust the Compensation Committee with specific tasks relating to the implementation of the approved compensation policy and/or the approved compensation amounts.
2 The Board of Directors defines further detailed terms in the organizational rules or a separate charter. It may grant the Compensation Committee further duties and competences, especially concerning the nominations.

ARTICLE 17^TER: COMPENSATION

1 The Board of Directors shall submit to the General Meeting of Shareholders for approval, on a yearly basis, prospectively and bindingly for the term until the next Annual General Meeting of Shareholders, the maximum aggregate amount of compensation of the Board of Directors. Should a term be materially shorter or longer, a pro rata adjustment shall be made.

2 The Board of Directors shall submit to the General Meeting of Shareholders for approval, on a yearly basis, prospectively and bindingly for the next financial year, the maximum aggregate amount of compensation of the Executive Management Board.

3 The Board of Directors may submit to the General Meeting of Shareholders for approval motions concerning the maximum aggregate amount of compensation, or individual elements of compensation for other time intervals and/or supplementary amounts for other compensation elements, as well as other contingent motions.

4 The Board of Directors shall submit to the General Meeting of Shareholders the compensation report for the last financial year for approval in a non-binding consultative vote.

5 The maximum aggregate amount of compensation of the Board of Directors shall consist of a fixed compensation including any estimated contributions of the Company or its subsidiaries for social security, additional insurance premiums and other compensation payments. The Board of Directors may decide whether all or a part of the compensation may be paid in shares of the Company; if so, the Board of Directors defines the conditions including the time of grant, the valuation and any blocking period.

6 The annual maximum aggregate amount of compensation of the Executive Management Board shall consist of the base salary, the maximum variable amount under the short-term plans and the fair value of the maximum grants at grant under the long-term plans, all estimated contributions of the employer for social security, pension and savings plans and similar solutions, other insurance premiums and other compensation payments.

7 When determining the maximum aggregate amounts of compensation, all compensation received from the Company or its directly or indirectly controlled subsidiaries shall be taken into consideration. Amounts shall be included in compensation according to the rules that apply to the compensation report; to the extent amounts are yet unknown, valuations and/or estimations are being made. Exceeding a maximum aggregate amount of compensation available due to exchange rate influences is acceptable.

8 The success-based compensations and participation plans can be structured within the following framework:

a) The short-term elements are defined on a yearly basis on a cash basis and are designed to motivate and reward the Executive Management Board to meet and exceed the Company’s financial targets and individual targets which are defined in alignment with the Company’s strategy.

b) The long-term elements are defined on a perennial basis on an equity-settled basis and are designed to offer members of the Executive Management Board an increased incentive to further develop their contribution towards the future success of the Company and the creation of shareholder value. Conditional performance share awards are granted annually and vest on the fourth anniversary of grant subject to achievement of certain targets and ongoing employment.

c) Members of the Executive Management Board whose employment agreement is terminated by the Company without cause within the meaning of Art. 337 CO, may apart from a pro rata compensation of the base salary during a release of work and in accordance with the respective plan provisions and decision of the Compensation Committee receive a pro rata payment under the short-term bonus plan (assuming them meeting their individual targets) and a pro rata vesting under the long-term participation plan for non-vested shares or share entitlements which would have vested during the termination period.

d) The plans may provide for special provisions such as vesting of non-vested shares under certain circumstances in case one shareholder or a group of shareholders acquire(s) a controlling position in the Company.

9 An additional amount of up to 20% per member of the Executive Management Board and 40% in case of the Chief Executive Officer, of the maximum aggregate amount of compensation for the Executive Management Board in a given year is available for the compensation of members of the Executive Management Board who have been promoted or appointed after the General Meeting of Shareholders’ approval of the total compensation. This additional amount does not need the approval of the General Meeting of Shareholders and can be used for any type of compensation, including compensation for proven losses resulting from a job change.

ARTICLE 17QUATER: CREDITS AND LOANS, PENSIONS

1 Credit and loan arrangements in favour of members of the Executive Management Board may not exceed the maximum amount of CHF 500,000 per person.
2 The amount of contributions to non-mandatory pension or savings plans in favor of a member of the Executive Management Board may not exceed the maximum aggregate amount of compensation available.

C Auditors

ARTICLE 18: ELIGIBILITY, DUTIES

1 The General Meeting of Shareholders shall elect every year one or more accountants as its Auditors, which shall be independent from the Company and meet the special professional standards required by law. The Auditors of the Company may be re-elected.
2 The Auditors shall have the rights and duties according to applicable provisions of the CO. The auditors shall be bound to attend the Annual General Meeting of Shareholders, to which they must report.

IV FINANCIAL STATEMENTS

ARTICLE 19: FINANCIAL YEAR, BUSINESS REPORT

1 The financial year shall commence on January 1 and shall end on December 31.
2 For every financial year the Board of Directors shall prepare an annual report including the annual financial statements (consisting of the profit and loss statements, balance sheet and notes to the financial statements), the management report and the consolidated financial statements.

ARTICLE 20: ALLOCATION OF PROFITS

1 Subject to the legal provisions regarding distribution of profits, in particular Art. 671 et seq. CO, the profit as shown on the balance sheet shall be allocated by the General Meeting of Shareholders at its discretion. The Board of Directors shall submit its proposals to the General Meeting of Shareholders.
2 Further reserves may be taken in addition to the reserves required by law.
3 A dividend may not be declared until after the allocations to the legal reserves have been made in accordance with the law. Any dividend not claimed within five years of it becoming due shall be forfeited to the Company.

V DISSOLUTION

ARTICLE 21: DISSOLUTION AND LIQUIDATION

1 The General Meeting of Shareholders may at any time resolve the dissolution and liquidation of the Company in accordance with the provisions of the law and of the Articles of Incorporation.
2 The liquidation shall be carried out by the Board of Directors to the extent that the General Meeting of Shareholders has not entrusted the same to other persons.
3 The liquidation of the Company shall take place in accordance with Art. 742 et seq. CO. The liquidators are authorized to dispose of the assets (including real estate) by way of private contract.
4 After all debts have been satisfied, the net proceeds shall be distributed among the shareholders in proportion to the amounts paid-in.

VI COMMUNICATIONS

ARTICLE 22: NOTICES AND PUBLICATIONS

1 The official means of publication of the Company shall be the Swiss Official Gazette of Commerce.
2 To the extent that personal notification is not required by law, all communications to the shareholders shall be deemed valid if published in the Swiss Official Gazette of Commerce. Written communications by the Company to its shareholders shall be sent by ordinary mail to the last address of the shareholder entered in the share register of the Company.

VIA INTERIM PROVISION

ARTICLE 22BIS: APPLICABILITY

Existing agreements with members of the Executive Management Board or the Board of Directors will be adapted to the new requirements by January 1, 2016.

VII CONTRIBUTION IN KIND/ACQUISITION OF ASSETS

ARTICLE 23: CONTRIBUTION IN KIND/ACQUISITION OF ASSETS

1 The Company acquires according to the contribution in kind / acquisition of assets agreement dated April 27, 2009 from Gate Gourmet Group Holding LLC, in Wilmington, Delaware, the following assets: 427,821 shares of Gate Gourmet Holding I S.à.r.l., in Luxembourg, with a nominal value of EUR 100.00 each, with a value of CHF 599,603,699.00, 10 shares of Gate Gourmet Holding S.C.A., in Luxembourg, with a nominal value of EUR 100.00 each, with a value of CHF 396,301.00 as well as a convertible loan claim against Gate Gourmet Holding I S.à.r.l., in Luxembourg, in the amount of EUR 7,102,480.77 (incl. accrued interest), with a value of CHF 10,653,721.16, in exchange for which 19,656,625 registered shares of the Company with a nominal value of CHF 5.00 each created an the occasion of the capital increase dated as of April 27, 2009 are issued to Gate Gourmet Group Holding LLC, in Wilmington, Delaware and in exchange for which the Company assumes from Gate Gourmet Group Holding, LLC, in Wilmington, Delaware the following debts: a loan debt of Gate Gourmet Group Holding LLC, in Wilmington, Delaware towards Gate Gourmet Holding I S.à.r.l., in Luxembourg, in the amount of EUR 33,476,750.68 (incl. accrued interest), with a value of CHF 51,888,963.55, a loan debt of Gate Gourmet Group Holding LLC, in Wilmington, Delaware towards Gate Gourmet Holding S.C.A., in Luxembourg, in the amount of USD 3,982,922.95 (incl. accrued interest), with a value of CHF 4,779,507.54, as well as a loan debt of Gate Gourmet Group Holding LLC, in Wilmington, Delaware, towards Gate Gourmet Holding S.C.A., in Luxembourg, in the amount of USD 9,503,420.00 (incl. accrued interest), with a value of CHF 11,404,104.00.

Kloten, April 15, 2014

INFORMATION FOR INVESTORS AND MEDIA

Thomas Kappis' **Yogurt Lime Mousse with Marinated Apples, Pistachio Sponge and Dark Chocolate Sorbet.** The related recipe is available at gategourmet.com/about/chefs-table/culinary-calendar

Corporate Information

INFORMATION FOR INVESTORS AND MEDIA

Listing	SIX Swiss Exchange
SIX Swiss Exchange Ticker Symbol	GATE
Swiss Security Number (Valorennummer)	10018595
International Securities Identification Number (ISIN)	CH0100185955
Common Code	042595489
Law and Jurisdiction	Swiss law, Kloten, Switzerland
Reuters	GATE.S
Bloomberg	GATE SW

ANALYST COVERAGE

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Zürcher Kantonalbank	Daniel Bürki	daniel.buerki@zkb.ch

ANTICIPATED KEY DATES IN 2015

March 12	Publication of 2014 Annual Results
April 16	Annual General Meeting of Shareholders
May 21	Publication of Q1 2015 Results
August 20	Publication of Half Year 2015 Results
November 12	Publication of Q3 2015 Results

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Chefs' Original Recipes

Antony McNeil's Smoked Duck with Arabic Coffee, Black Garlic Mayonnaise, Persian Honey Pumpkin Puree, Pomegranate Quince Jelly and Sumac Compressed Cucumber

INGREDIENTS serves 4

Coffee Smoked Duck

250 g apple wood chips (soaked in warm water)
80 g Arabic coffee Coffee, ground
2 duck breasts (approx. 500 g each)
Olive oil and salt

Black Garlic Mayonnaise

100 g black garlic cloves, slow roasted at 130°C
1 egg
3 egg yolks
20 g Dijon mustard
150 ml vegetable oil
150 ml olive oil
Juice of 1 lemon

Persian Honey Pumpkin Puree

300 g Pumpkin – diced 1cm x 1cm
100 ml fresh orange juice
50 ml Persian honey (or local honey)
Pinch of saffron threads
6 cardamom pods, lightly bruised
Zest of 1 lemon
30 g butter
Sea salt and pepper (to taste)

Pomegranate Quince Jelly

750 g cooked quince puree
500 ml pomegranate juice
820 g sugar
65 ml lemon juice
4 pieces star anise

Sumac Compressed Cucumber

2 cucumbers, any size
50 g sumac powder
30 ml rice wine vinegar
Salt and pepper

To prepare Coffee Smoked Duck: Place wood chips in a smoking box over high heat for 2–3 minutes or until they start smoking. Sprinkle coffee over the smoking wood chips, then place the smoking box in the base of a wok or small covered barbecue. Place a rack on top. Score and season duck breasts with sea salt and place on the rack, then cover and smoke for 20 minutes without opening the barbecue lid. Preheat the oven to 200°C. Drizzle olive oil in a heavy-based frying pan over medium heat. Cook the duck breasts, flesh-side down, for 2–3 minutes or until golden. Turn the breasts over, then place in the oven and bake for 4 minutes. Remove from the oven and let rest for at least 5–10 minutes before slicing.

To prepare Black Garlic Mayonnaise: Place black garlic, egg, yolks and mustard in a food processor and blend until smooth. With the motor running, gradually add the combined oils, drop by drop at first and then in a slow, steady stream until thick and emulsified. Add lemon juice and season to taste with salt. Cover and refrigerate.

To prepare Persian Honey Pumpkin Puree: Preheat oven to 180°C. Place pumpkin, orange juice, honey, saffron and cardamom in a roasting pan. Roast in oven and roast until pumpkin is soft. Remove cardamom pods. Cool pumpkin slightly, then place in a food processor with lemon zest and puree until smooth. Add puree back to saucepan and bring to a boil, reducing sauce until preferred thickness is achieved. Season with the butter, sea salt and pepper. Keep warm until ready to use.

To prepare Pomegranate Quince Jelly: Place all the ingredients in a large pot and bring to a boil. Boil until it reaches a gel stage, about 105°C, and remove from heat. Remove the star anise and pour into a lined tray. Allow to cool and set. Refrigerate until ready to use.

To prepare Sumac Compressed Cucumber: Peel the cucumber, removing a very fine layer of skin. Cut cucumber into quarters lengthways. Using a thin blade, remove the seeds and you should be left with a flat bar. Cut into sections about 10cm long. Season the cucumber flesh with a pinch of sea salt, ground white pepper, rice wine vinegar and sumac powder. Lay cucumber flat in a vacuum bag and vacuum the cucumber on the highest setting. Allow to infuse for a few hours in the refrigerator. When ready to use, cut the desired shape and serve.

To serve: Trim the cooked and rested duck, removing each end of the duck breast, and cut the breast in half lengthwise. Spoon quince jelly onto the center of a plate and place the duck on top. Spoon warm pumpkin puree onto the plate in various quantities. Using a squeeze bottle or piping bag, place 3 to 4 small points of the black garlic mayonnaise onto the plate, around the duck. Add 3 to 4 compressed cucumber shapes as garnish.

Christian Hallowell's Crispy Sea Bass Spring Rolls with Smoked Coconut Pesto

INGREDIENTS serves 8

Sea Bass

910 g Chilean sea bass, skin off
4 cups filtered water
4 tbsp fine sea salt
1/4 cup virgin coconut oil
8 fresh Thai or regular basil leaves

Coconut Pesto

1½ cups large unsweetened coconut shavings
1 tsp sugar
3/8 tsp fine sea salt
1/8 tsp ground cumin
1/8 tsp ground cinnamon
1/8 tsp garlic powder
6 cups basil leaves, fresh
¼ cup cold water
7 tbsp virgin coconut oil

Spring Rolls

1 tbsp roasted sesame oil
1 tbsp julienned ginger
1 tbsp julienned garlic
1 cup peeled and julienned carrots
1 cup fresh shiitake mushrooms, stem removed, julienned
1 cup snow peas, cleaned and julienned
1 cup bias-cut green onion
1/4 cup coarsely chopped cilantro leaves
1/4 cup tamari sauce
1 tablespoon virgin coconut oil for sautéing
1 package Chinese spring roll pastry wrappers
1 egg beaten with ¼ cup cold water

To prepare Sea Bass: Divide the sea bass into 8 equal portions. Put the water and salt into a bowl. Stir to dissolve the salt. Place the sea bass into the brine for 10 minutes. Remove the fish from the brine and pat dry. Discard the brine.

Slowly warm the coconut oil on the stovetop or in a microwave until just melted. Brush each sea bass portion on all sides with the warmed coconut oil. Arrange on a plate in a single, tightly packed layer, and top each portion with a basil leaf. Wrap the plate in the plastic wrap. Refrigerate for at least 4 hours but not more than 24 hours.

To prepare Coconut Pesto: Preheat the oven to 350°F. Line an oven tray with bakery paper or a silicone baking mat. In a bowl stir together coconut flakes, sugar, 1/8 teaspoon of the salt, the cumin, cinnamon and garlic powder. Transfer to the oven tray and bake until the flakes are golden brown, about 4–5 minutes. Remove from the oven, stir the coconut, and let cool. Transfer the toasted coconut mixture to a pan in an outdoor or stovetop smoker and smoke with a light wood, such as apple or cherry, for 15 minutes. Remove the flakes from the smoker and let cool. Reserve the coconut mix in a sealed bag until ready to use.

Bring a medium pot of water to a boil and blanch the basil leaves for 30 seconds. Shock the basil in an ice-water bath. Once cool, drain and squeeze the basil dry. Place the basil, 1 cup of smoked coconut flakes, the water, coconut oil and ¼ tsp of salt into a blender. Puree at a low speed until smooth. Reserve for plating.

To prepare Spring Roll Filling: Place a skillet over high heat and add the sesame oil. Quickly sauté the filling vegetables until just tender. Stir frequently. Add the tamari sauce to the pan to deglaze. Remove from heat and transfer vegetables to a strainer set over a bowl. Let the vegetables drain as they cool.

To prepare Spring Rolls: Pointing one corner of a spring roll wrapper towards you, place one sea bass portion in the center. Top with 56 grams of the cooled spring roll filling. Keeping one corner of the wrapper pointed toward you, fold in the sides. Lifting the corner nearest you, tightly roll away from you, being careful not to tear the dough. Brush the corners with the egg wash to seal. Repeat for the remaining fish portions. Preheat the oven to 450°F. Add the coconut oil to an ovenproof skillet set over medium heat. Gently brown the spring rolls on all sides. When done, transfer the pan to the oven for 10 minutes to cook through. Remove the pan from oven and place spring rolls on a cutting board. Gently slice with a serrated knife on the bias.

To serve: Portion a tablespoon of coconut pesto in the center of each plate. Place 2 halves of the rolls on top on each plate, one resting on the other. Garnish with a sprig of basil and sprinkle with smoked coconut flakes.

Simon Newell's Pan Seared Loch Fyne Haddock on Pearl Barley Risotto with Peas, Beans and Smoked Tomato served with a light Curry Cream and Poached Quail's Egg

INGREDIENTS serves 6

Haddock

6 fresh haddock filets (approx. 150 g each)
1 tsp sea salt
1/2 tsp cracked black pepper
20 ml olive oil
1/2 tsp chopped flat parsley

Pearl Barley Risotto

40 g unsalted butter
60 g finely chopped onion
300 g pearl barley
1 l vegetable stock
15 g chopped fresh thyme
10ml lemon juice (half a lemon)
Zest of half a lemon
5 g chopped garlic (approx. 1 clove)
80 ml white wine
200 ml double cream
Salt and pepper to taste

Curry Cream Sauce

10 g cooking oil
20 g chopped onion
1¼ tsp chopped ginger
1¼ tsp chopped garlic
1/4 tsp turmeric
1/4 tsp cumin
1 tsp garam masala
1 tsp chopped chillies
50 g chopped tinned tomatoes
75 g double cream
75 g béchamel sauce
5 g chopped fresh coriander
Salt and pepper to taste

Pea and Bean Mix

80 g fresh blanched broad beans
80 g blanched garden peas
80 g fresh blanched green beans (cut into 2cm lengths)
Butter
Salt and pepper to taste

Garnish

6 poached quail eggs
12 pieces smoked tomato (if not available, use sun-blushed or semi-dried)
Tomato powder
Fresh pea shoots

To prepare the Haddock: Season the fish with salt and pepper before marinading for 1 hour in oil and parsley. Sear filets in a hot nonstick pan until a light golden brown on each side.

To prepare the Pearl Barley Risotto: Melt butter, add onions and cook until tender without coloring them. Add pearl barley and continue stirring for 5 minutes. Add the remainder of ingredients (except cream) and bring to the boil. Cover pot with lid and cook until pearl barley is tender. Stir in cream and season to taste.

To prepare the Curry Cream Sauce: Heat oil in a pan then add onion, ginger, garlic and spices, stirring for 3–4 minutes. Add tomatoes and cook for 20 minutes on a low heat with the lid on. Add cream and béchamel sauce and bring to a boil. Puree cooked mix in a food blender. Season and stir through coriander.

To prepare the Pea and Bean Mix: Mix all the ingredients together with a little olive oil or melted butter and season to taste.

To serve: Place the risotto in the center of a plate or bowl, stacking the haddock and quail egg on top. Pour the sauce around the base of the risotto and evenly place the pea and bean mixture around the plate. Garnish with the tomato and pea shoots.

Gottfried Menge's Truffle Raviolo with Wilted Spinach

INGREDIENTS serves 4

Pasta Dough
1 egg
100 g pasta flour (wheat flour mixed with semolina)
5 g olive oil
5 g salt

Raviolo Filling
100 g Ricotta cheese
30 g grated Parmesan cheese
20 g finely grated bread crumbs (white bread, no crust)
Salt and pepper (as you like)
4 fresh free-range egg yolks
1 fresh free-range egg, lightly beaten
100 g butter for browning
Fresh shaved black summer truffle (as much as you like)

Spinach
300 g wilted spinach, seasoned to taste
Olive oil

Garnish
Oven roasted cherry tomatoes
Full fat (whole) milk for milk foam

To prepare Truffle Raviolo with Wilted Spinach: Mix all ingredients for the pasta dough until you have a smooth dough. Let it rest for one hour and roll out in 2mm thin sheets. Cut out the pasta in 8 rounds, approximately 15 cm in diameter.

Next prepare the filling, mixing the Ricotta and Parmesan cheese and bread crumbs. Season with salt and pepper. Place ¼ of the cheese filling in the center of one pasta round. Using a spoon, press down in the center of the cheese filling to create a small well. Carefully place one egg yolk in the well.

Brush the edges of pasta round with the beaten egg. Top with a second pasta round and crimp the edges together.

Repeat for other three ravioli.

Blanch the ravioli in salted boiling water for 1 minute.

Toss washed spinach in a saucepan with olive oil and seasoning. Heat until wilted.

To serve: Place spinach at the center of the plate and carefully set a raviolo on top. Brush the raviolo with browned butter and thinly shaved fresh truffles on top.

Serving suggestion: Foam up some warm milk (whisk until foamy) and dish between the truffles. Add slightly roasted cherry tomatoes (drizzled with olive oil and sea salt and roasted in 150°C oven for 10–15 minutes). Garnish with rucola (rocket lettuce) and additional Parmesan cheese shavings.

Imprint

Editor
gategroup Holding AG, www.gategroup.com

Project management
Christina Ulosevich, gategroup Corporate Communications

Design/Realization
Linkgroup, Zurich, Switzerland; Neidhart + Schön, Zurich, Switzerland

Photography and artwork credits
Air Canada (page 20); Megan Akers, Manager, Primary Accounts (Virgin Australia), Gate Gourmet Sydney (page 21); Rolly Asuncion, Atlanta City EHS Supervisor, Gate Gourmet (page 20); Bie Brosens, Lead Graphic Designer, gategroup Group Marketing, Zurich, Switzerland (page 25); deSter, Hoogstraten, Belgium (pages 21, 27); Jennifer Heffner, Vita Images, Reston, Virginia, USA (page 11); Diane Hendrickx, Brussels, Belgium (page 21); Justin Hession Photography, Zurich, Switzerland (pages 4, 15, 16, 22, 24, 26, 28, 30–32, 86, 98, 106–107, 114, 125, 151, 153–156); Liam Liang, Liam Liang Photography, Shanghai, China (pages 8, 12); Mumbai Chhatrapati Shivaji International Airport (page 23); Nicole Marnati for Supplair, Milan, Italy (page 27); Thomas Ruddies, Thomas Ruddies Photography, Hamburg, Germany (page 108); Stefan Weiss, Partners in Photo, Zurich, Switzerland (pages 107–109)

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Print | ID: 11665-1502-1009

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