

JANUARY – JUNE 2015

# Interim Consolidated Financial Statements



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## Consolidated Income Statement

in CHF m	January – June		April – June	
	2015	2014	2015	2014
<b>Total revenue</b>	<b>1,415.1</b>	<b>1,423.7</b>	<b>745.2</b>	<b>757.4</b>
Materials and service expenses	(574.3)	(591.0)	(304.2)	(318.0)
Personnel expenses	(600.8)	(565.1)	(317.7)	(290.7)
Other operating income and expenses, net	(245.3)	(218.0)	(136.8)	(112.9)
Impairment charges	(2.5)	–	(2.5)	–
Depreciation and amortization	(29.1)	(28.7)	(14.6)	(14.5)
Other (losses) and gains, net	(0.1)	–	–	–
<b>Total operating expenses, net</b>	<b>(1,452.1)</b>	<b>(1,402.8)</b>	<b>(775.8)</b>	<b>(736.1)</b>
<b>Operating (loss)/profit</b>	<b>(37.0)</b>	<b>20.9</b>	<b>(30.6)</b>	<b>21.3</b>
Finance costs, net	(49.2)	(20.6)	(20.3)	(9.6)
Share of result of associates and joint ventures	1.8	1.3	1.2	0.6
<b>(Loss)/profit before tax</b>	<b>(84.4)</b>	<b>1.6</b>	<b>(49.7)</b>	<b>12.3</b>
Income tax expense	(3.1)	(8.1)	(0.2)	(2.1)
<b>(Loss)/profit for the period</b>	<b>(87.5)</b>	<b>(6.5)</b>	<b>(49.9)</b>	<b>10.2</b>
thereof attributable to shareholders of the Company	(88.3)	(7.3)	(50.3)	9.8
thereof attributable to non-controlling interests	0.8	0.8	0.4	0.4
<b>Earnings per share attributable to shareholders of the Company</b>				
Basic earnings per share in CHF	(3.39)	(0.28)	(1.93)	0.38
Diluted earnings per share in CHF	(3.39)	(0.28)	(1.93)	0.38

## Consolidated Statement of Comprehensive Income

in CHF m	January – June		April – June	
	2015	2014	2015	2014
<b>(Loss)/profit for the period</b>	<b>(87.5)</b>	<b>(6.5)</b>	<b>(49.9)</b>	<b>10.2</b>
<b>Items that will not be reclassified to profit or loss</b>				
Actuarial (losses)/gains net, on defined benefit schemes, net of taxes	(1.9)	(25.3)	15.2	(12.8)
<b>Items that may be reclassified subsequently to profit or loss</b>				
Currency translation differences arising during the period	18.8	3.6	(13.9)	4.1
<b>Other comprehensive income</b>	<b>16.9</b>	<b>(21.7)</b>	<b>1.3</b>	<b>(8.7)</b>
<b>Total comprehensive income</b>	<b>(70.6)</b>	<b>(28.2)</b>	<b>(48.6)</b>	<b>1.5</b>
thereof attributable to shareholders of the Company	(71.2)	(29.0)	(48.9)	0.9
thereof attributable to non-controlling interests	0.6	0.8	0.3	0.6

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

## Consolidated Balance Sheet

in CHF m	June 30, 2015	December 31, 2014	June 30, 2014
Cash and cash equivalents	134.0	183.8	125.2
Trade receivables	292.1	291.7	302.3
Other current receivables and prepayments	100.7	105.3	107.4
Inventories	94.2	97.5	85.9
Current income tax assets	11.2	11.5	11.7
<b>Total current assets before disposal group</b>	<b>632.2</b>	<b>689.8</b>	<b>632.5</b>
Assets of disposal group classified as held for sale	–	–	15.1
<b>Total current assets</b>	<b>632.2</b>	<b>689.8</b>	<b>647.6</b>
Property, plant and equipment	274.7	309.8	296.2
Intangible assets	399.7	431.1	420.2
Investments in associates and joint ventures	14.6	14.1	9.2
Other non-current receivables	39.4	43.0	40.4
Deferred income tax assets	46.9	47.0	53.1
Retirement benefit assets	–	3.6	–
<b>Total non-current assets</b>	<b>775.3</b>	<b>848.6</b>	<b>819.1</b>
<b>Total assets</b>	<b>1,407.5</b>	<b>1,538.4</b>	<b>1,466.7</b>
Short-term debt	118.4	3.1	4.0
Trade and other payables	229.9	252.1	239.6
Current income tax liabilities	16.2	21.7	21.6
Provisions	52.6	23.5	27.9
Other current liabilities	284.2	277.5	279.3
<b>Total current liabilities before disposal group</b>	<b>701.3</b>	<b>577.9</b>	<b>572.4</b>
Liabilities of disposal group classified as held for sale	–	–	5.9
<b>Total current liabilities</b>	<b>701.3</b>	<b>577.9</b>	<b>578.3</b>
Long-term debt	263.7	423.8	427.1
Deferred income tax liabilities	12.3	13.5	21.3
Retirement benefit obligations	185.5	196.8	146.3
Provisions	32.2	29.7	29.9
Other non-current liabilities	3.8	6.0	6.0
<b>Total non-current liabilities</b>	<b>497.5</b>	<b>669.8</b>	<b>630.6</b>
<b>Total liabilities</b>	<b>1,198.8</b>	<b>1,247.7</b>	<b>1,208.9</b>
Equity attributable to shareholders of the Company	205.7	287.7	248.9
Non-controlling interests	3.0	3.0	8.9
<b>Total equity</b>	<b>208.7</b>	<b>290.7</b>	<b>257.8</b>
<b>Total liabilities and equity</b>	<b>1,407.5</b>	<b>1,538.4</b>	<b>1,466.7</b>

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

## Consolidated Statement of Changes in Equity

in CHF m	Attributable to shareholders of the Company						
	Share capital	Treasury shares	Retained earnings and other reserves	Currency translation	Total	Non-controlling interests	Total equity
<b>At January 1, 2014</b>	<b>134.0</b>	<b>(20.4)</b>	<b>197.0</b>	<b>(25.4)</b>	<b>285.2</b>	<b>9.2</b>	<b>294.4</b>
(Loss)/profit for the period	–	–	(7.3)	–	(7.3)	0.8	(6.5)
Other comprehensive income	–	–	(25.3)	3.6	(21.7)	–	(21.7)
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>(32.6)</b>	<b>3.6</b>	<b>(29.0)</b>	<b>0.8</b>	<b>(28.2)</b>
Equity-settled share-based payments	–	–	0.5	–	0.5	–	0.5
Dividends paid	–	–	(7.8)	–	(7.8)	–	(7.8)
Dividends paid to non-controlling interests	–	–	–	–	–	(1.1)	(1.1)
<b>At June 30, 2014</b>	<b>134.0</b>	<b>(20.4)</b>	<b>157.1</b>	<b>(21.8)</b>	<b>248.9</b>	<b>8.9</b>	<b>257.8</b>
<b>At January 1, 2015</b>	<b>134.0</b>	<b>(20.4)</b>	<b>167.6</b>	<b>6.5</b>	<b>287.7</b>	<b>3.0</b>	<b>290.7</b>
(Loss)/profit for the period	–	–	(88.3)	–	(88.3)	0.8	(87.5)
Other comprehensive income	–	–	(1.9)	19.0	17.1	(0.2)	16.9
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>(90.2)</b>	<b>19.0</b>	<b>(71.2)</b>	<b>0.6</b>	<b>(70.6)</b>
Equity-settled share-based payments	–	–	0.9	–	0.9	–	0.9
Issue of treasury shares to employees	–	0.8	(0.8)	–	–	–	–
Dividends paid	–	–	(11.7)	–	(11.7)	–	(11.7)
Dividends paid to non-controlling interests	–	–	–	–	–	(0.6)	(0.6)
<b>At June 30, 2015</b>	<b>134.0</b>	<b>(19.6)</b>	<b>65.8</b>	<b>25.5</b>	<b>205.7</b>	<b>3.0</b>	<b>208.7</b>

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

## Consolidated Cash Flow Statement

in CHF m	January – June 2015	January – June 2014
<b>(Loss)/profit before tax</b>	<b>(84.4)</b>	<b>1.6</b>
Adjustments for:		
Finance costs, net	49.2	20.6
Share-based payments	0.9	0.5
Share of result of associates and joint ventures	(1.8)	(1.3)
Depreciation and amortization	29.1	28.7
Impairment charges	2.5	–
Other losses and (gains), net	0.1	–
Net cash flow before working capital and provision changes	(4.4)	50.1
Changes in working capital	(10.0)	(18.8)
Changes in provisions and retirement benefit obligations	33.7	(10.4)
Cash generated from operations	19.3	20.9
Interest paid	(20.0)	(15.3)
Interest received	0.3	0.4
Income taxes paid, net	(9.1)	(7.6)
<b>Net cash flow used in operating activities</b>	<b>(9.5)</b>	<b>(1.6)</b>
Acquisition of subsidiaries, net of cash acquired	(1.5)	(1.8)
Purchase of property, plant and equipment	(16.3)	(23.7)
Purchase of intangible assets	(3.8)	(6.2)
Proceeds from sale of assets	0.6	0.1
Dividends from associates and joint ventures	0.4	1.4
<b>Net cash flow used in investing activities</b>	<b>(20.6)</b>	<b>(30.2)</b>
Proceeds from debt	118.4	2.9
Repayments of debt and other financing costs	(111.4)	(3.0)
Dividends paid	(11.7)	(7.8)
Dividends paid to non-controlling interests	(0.6)	(1.1)
<b>Net cash flow used in financing activities</b>	<b>(5.3)</b>	<b>(9.0)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(35.4)</b>	<b>(40.8)</b>
<b>Movement in cash and cash equivalents</b>		
At start of the year	183.8	174.2
Decrease in cash and cash equivalents	(35.4)	(40.8)
Effects of exchange rate changes	(14.4)	(1.1)
<b>At end of the period</b>	<b>134.0</b>	<b>132.3</b>

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

# Notes to the Interim Consolidated Financial Statements

## 1 GENERAL INFORMATION

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

These interim consolidated financial statements were authorized for issue by the Board of Directors of the Company (the "Board") on September 2, 2015.

## 2 ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

These interim consolidated financial statements for the six month period ended June 30, 2015, have been prepared in accordance with IAS 34, "Interim Financial Reporting". The interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2014, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

### 2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies applied in the interim consolidated financial statements are consistent with those used in the 2014 annual consolidated financial statements, except where noted in the following paragraph:

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

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

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning January 1, 2015, but did not have a material impact on the interim consolidated financial statements:

Standard	Effective date	Relevance for the Group
Annual Improvements to IFRSs 2010–2012 and 2011–2013 Cycles	July 1, 2014	Several standards have been modified on various points.

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning January 1, 2015, and have not been early adopted:

<b>Standard</b>	<b>Effective date</b>
Annual Improvements to IFRSs 2012–2014 Cycle**	January 1, 2016
IAS 1 (amendment) - Disclosure Initiative**	January 1, 2016
IAS 28 (amendment) - Sale or contribution of Assets between an Investor and its Associate or Joint Venture**	January 1, 2016
IFRS 10 (amendment) - Sale or contribution of Assets between an Investor and its Associate or Joint Venture**	January 1, 2016
IFRS 7 (amendment) - Disclosures - Initial application of IFRS 9*	January 1, 2018
IFRS 9 - Financial Instruments*	January 1, 2018
IFRS 15 - Revenue from Contracts with Customers*	January 1, 2018

\* Impact still to be assessed

\*\* Will not have a significant impact on the Group's consolidated financial statements

### 3 SEGMENT INFORMATION

The Group realigned its business with effect from June 22, 2015, now reporting the four regional segments EMEA (Europe, Middle East, Africa and the Commonwealth of Independent States), North America, Latin America and Asia Pacific. The prior year segment reporting presented below has been restated to be in accordance with the new structure.

#### 3.1 REPORTABLE SEGMENT INFORMATION

<b>January – June, 2015</b>	EMEA	North America	Latin America	Asia Pacific	Eliminations	Total reportable segments
in CHF m						
Catering and retail on board	348.6	248.8	78.4	95.4	–	771.2
Handling	143.3	186.0	19.1	29.9	–	378.3
Equipment	121.8	3.9	–	0.2	–	125.9
Other	55.2	52.9	10.1	21.5	–	139.7
Intersegment	2.9	2.4	–	0.3	(5.6)	–
<b>Total revenue</b>	<b>671.8</b>	<b>494.0</b>	<b>107.6</b>	<b>147.3</b>	<b>(5.6)</b>	<b>1,415.1</b>
<b>Segment EBITDA</b>	<b>20.5</b>	<b>(3.2)</b>	<b>8.3</b>	<b>4.2</b>	<b>–</b>	<b>29.8</b>
Total segment assets	668.5	431.4	110.1	197.5	–	1,407.5
Additions to non-current assets <sup>①</sup>	5.3	10.9	2.4	1.5	–	20.1
<b>January – June, 2014</b>						
in CHF m						
Catering and retail on board	396.8	226.2	71.7	98.2	–	792.9
Handling	147.7	170.7	16.7	34.0	–	369.1
Equipment	124.4	2.2	–	0.3	–	126.9
Other	51.4	42.5	11.0	29.9	–	134.8
Intersegment	2.9	2.0	–	–	(4.9)	–
<b>Total revenue</b>	<b>723.2</b>	<b>443.6</b>	<b>99.4</b>	<b>162.4</b>	<b>(4.9)</b>	<b>1,423.7</b>
<b>Segment EBITDA</b>	<b>35.0</b>	<b>10.9</b>	<b>9.7</b>	<b>5.0</b>	<b>–</b>	<b>60.6</b>
Total segment assets	743.8	401.1	101.2	220.6	–	1,466.7
Additions to non-current assets <sup>①</sup>	9.5	14.8	2.9	2.7	–	29.9

<sup>①</sup> Relate to property, plant and equipment and intangible assets

Included in the 2015 result of North America is a CHF 10.3m provision related to the labor agreement with the US workforce.



### 3.2 RECONCILIATION

#### Reconciliation of Segment EBITDA to operating (loss)/profit

in CHF m	January – June		January – June	
	2015	2014	2015	2014
Segment EBITDA – reportable segments	29.8	60.6		
Share-based payments	(0.9)	(0.5)		
Restructuring costs	(32.1)	(7.9)		
Operating taxes (non-income taxes)	(2.5)	(2.9)		
Depreciation	(24.4)	(22.0)		
Amortization	(4.7)	(6.7)		
Impairment charges	(2.5)	–		
Other (losses) and gains, net	(0.1)	–		
Management fees, net	0.4	0.3		
<b>Operating (loss)/profit</b>	<b>(37.0)</b>	<b>20.9</b>		

### 4 FINANCE COSTS, NET

in CHF m	January – June		April – June	
	2015	2014	2015	2014
Financial income	0.3	0.7	0.2	0.4
Financial expenses	(25.1)	(20.4)	(15.5)	(10.3)
Net interest on defined benefit schemes	(2.9)	(2.6)	(1.5)	(1.3)
Foreign exchange (losses)/gains, net	(21.5)	1.7	(3.5)	1.6
<b>Finance costs, net</b>	<b>(49.2)</b>	<b>(20.6)</b>	<b>(20.3)</b>	<b>(9.6)</b>

The net foreign exchange loss of CHF 21.5m as of June 30, 2015, is primarily due to the Swiss National Bank's removal, on January 15, 2015, of the currency ceiling against the Euro which resulted in a significant strengthening of the Swiss Franc against most major currencies in which the Group operates.

### 5 SEASONALITY

Historically, the Group's revenue has exhibited some seasonality with the strongest performance being in the third quarter. Cash flow generation has traditionally been strongest in the second half of the year.

## 6 EARNINGS PER SHARE

### Basic earnings per share

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

	January – June		April – June	
	2015	2014	2015	2014
(Loss)/profit for the period attributable to shareholders of the Company (in CHF m)	(88.3)	(7.3)	(50.3)	9.8
Weighted average number of shares outstanding	26,075,877	26,066,799	26,084,855	26,066,799
Basic earnings per share (in CHF)	(3.39)	(0.28)	(1.93)	0.38

### Diluted earnings per share

As the Group incurred a loss in the six month period ended June 30, 2015, the diluted loss per share equals the basic loss per share. The effect of the share-based payment arrangements are anti-dilutive. For the period ended June 30, 2014, the diluted loss per share equaled basic loss per share.

## 7 CASH AND CASH EQUIVALENTS

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

in CHF m	Jun 30, 2015	Dec 31, 2014	Jun 30, 2014
Cash and bank balances	130.3	180.0	121.2
Short-term bank deposits	3.7	3.8	4.0
Disposal group (Note 12)	–	–	7.1
<b>Total</b>	<b>134.0</b>	<b>183.8</b>	<b>132.3</b>

## 8 SHORT-TERM AND LONG-TERM DEBT

On March 26, 2015, the Group entered into a five-year EUR 240.0m unsecured multicurrency revolving credit facility (“RCF”), replacing the EUR 100.0m RCF which had been due to mature in June 2016. Between April 20, 2015, and April 27, 2015, the Group utilized EUR 110.0m of the RCF, of which EUR 10.0m were repaid on July 22, 2015.

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

## 9 RETIREMENT BENEFIT OBLIGATION

An actuarial loss, net of taxes, of CHF 1.9m (2014 loss: CHF 25.3m) was recognized through comprehensive income in the six month period ended June 30, 2015. The 2015 actuarial loss arises from an increased discount rate in the United States and variations in asset returns, whereas the 2014 loss arose principally due to decreases in discount rates.

## 10 EQUITY

### Dividend

On April 23, 2015, the Company paid a dividend of CHF 0.45 per share to its shareholders. The total amount of the dividend paid was CHF 11,730,060 (2014: CHF 7,820,040). No dividends were distributed on the 719,537 treasury shares held by the Company and its subsidiaries.

## 11 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.

## 12 DISPOSAL GROUP

### Disposals 2015

The Group did not make any disposals during the first half of 2015.

### Disposals 2014

The Group had signed a Letter of Intent in 2012 with China Aviation Investment Co., Ltd. ("CAIC"), an affiliate of the Air China Group, whereby CAIC would acquire a 51% shareholding in gategroup's then 80% owned subsidiary, Shanghai Pudong International Airport Gate Gourmet Air Catering Co. Ltd ("Shanghai"). Under this agreement gategroup would reduce its interest to 29% with Shanghai Airport Group Co., Ltd. retaining its 20% shareholding.

At June 30, 2014 the Group classified Shanghai as a disposal group and disclosed the entity's assets of CHF 15.1m, of which CHF 7.1m was cash (Note 7), and liabilities of CHF 5.9m as being held for sale.

This transaction closed on July 2, 2014 and the gain on disposal was recognized in the results for the quarter to September 30, 2014.

## 13 EVENTS OCCURRING AFTER THE END OF THE INTERIM REPORTING PERIOD

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

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