

Q1 2014

Investors and Analysts  
Presentation

15 May 2014



Serving people on the move

## Solid operational performance despite currency headwinds

- Revenue at CHF 666.3 million, compared to CHF 686.0 million in previous year
- Revenue at constant currency up by CHF 19.9 million to CHF 705.9 million
- EBITDA at CHF 18.0 million, compared to CHF 21.1 million in the same period last year
- EBITDA margin of 2.7% (3.0% at constant currency), compared to 3.1% in the previous year

- Solid operational performance impacted by currency headwinds
- Adverse impact from ongoing short-haul capacity management in Europe and North America, and severe weather in the US
- Restructuring initiatives in the Airlines Solutions business in Europe deliver as expected
- Positive flow through from Emerging Markets continues
- Positive revenue growth in Product and Supply Chain with product mix resulting in slightly higher costs of goods

## Q1 financial performance

in CHF m		Change vs. Q1 2013	Change @ constant FX
Revenue	666.3	19.7	19.9
EBITDA	18.0	3.1	0.2
EBITDA margin	2.7%	0.4pp	0.1pp
Loss for the period	(16.7)	11.7	
Cash used in operations	(10.1)	11.2	
Net debt	300.4	9.6	
Cash incl. available credit lines	254.0	11.7	

Note: EBITDA refers to Segment EBITDA throughout the presentation

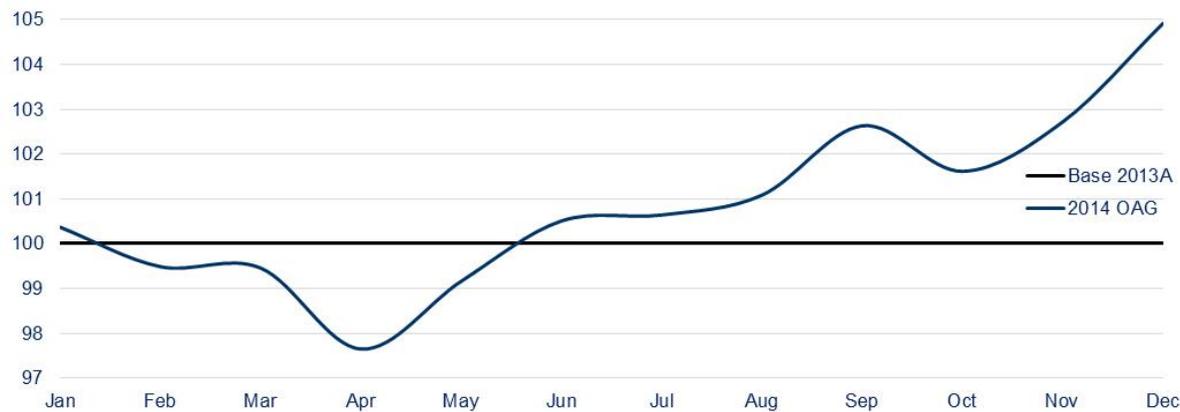
# OAG flight volume for gategroup portfolio

2014 OAG International Schedules - Group Like-For-Like  
Index = month (n) 2014 / month (n) 2013 Actuals



International flights stable in Q1 with stronger volumes projected for the rest of year

Index = month (n) 2014 / month (n) 2013 Actuals

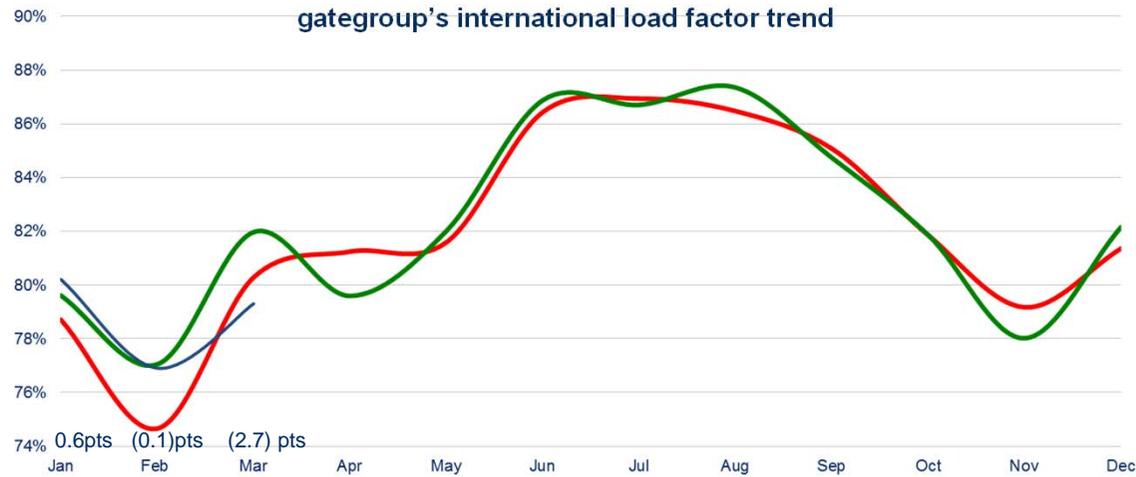


Global domestic flight departures substantially weaker in Europe and North America, partially offset by stronger volumes on low cost carriers and Emerging Markets

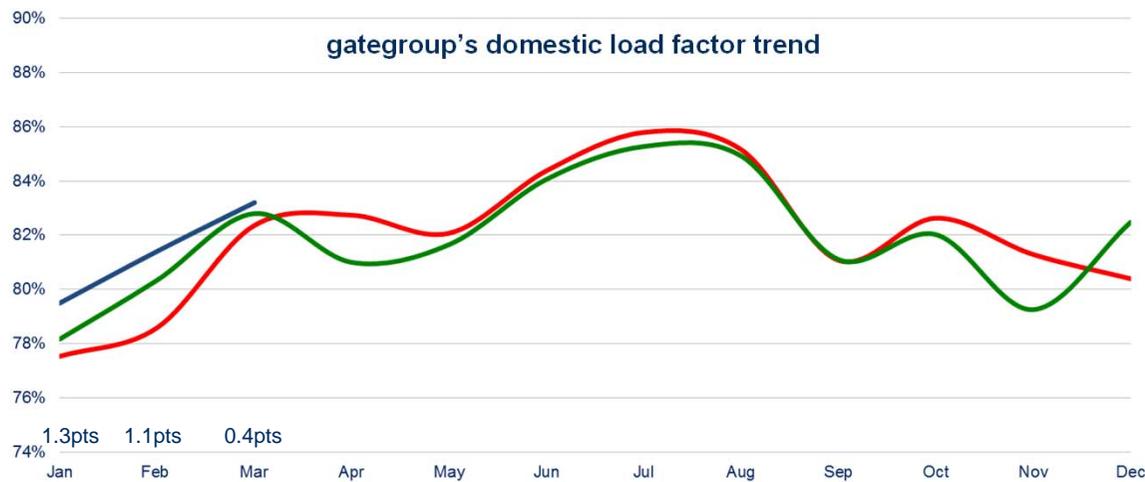
Domestic flight schedules projected to stabilize in second half of the year with strong recovery in Q4

Source: OAG schedules

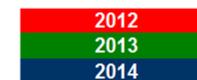
# Load factor trends



International load factors slightly lower than prior year



Load factors strong as airlines maintain discipline on flight routes



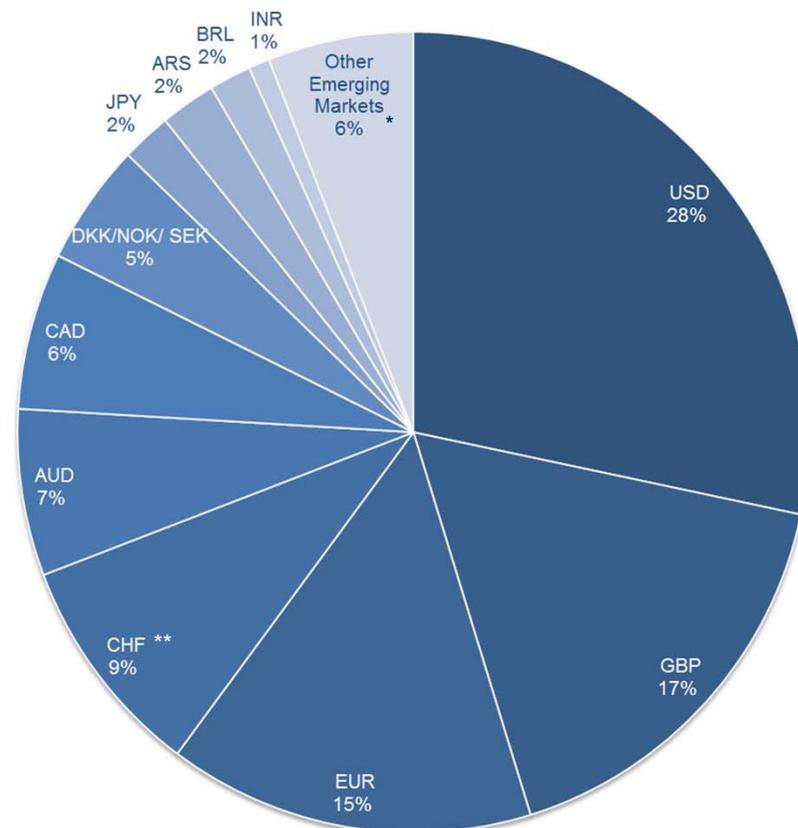
## Global portfolio performance

Per Segment	Revenue growth	EBITDA margin
Airline Solutions	(4.7%)	3.2%
Product and Supply Chain Solutions	4.1%	4.9%
Per Geography		
Europe	(2.7%)	3.2%
North America	0.2%	1.7%
Emerging Markets	(6.9%)	7.4%
<b>gategroup *</b>	<b>(2.9%)</b>	<b>2.7%</b>

\*Note: includes Eliminations and Corporate Costs

# Q1 2014 currency exposure

Revenue by currency



\* Other Emerging Markets include CLP, CNY, COP, HKD, MXN, NZD, PEN, PKR, THB, ZAR

\*\* Currency of domicile of the company

Currency change in Q1 2014 versus Q1 2013



# Impact of seasonality on results

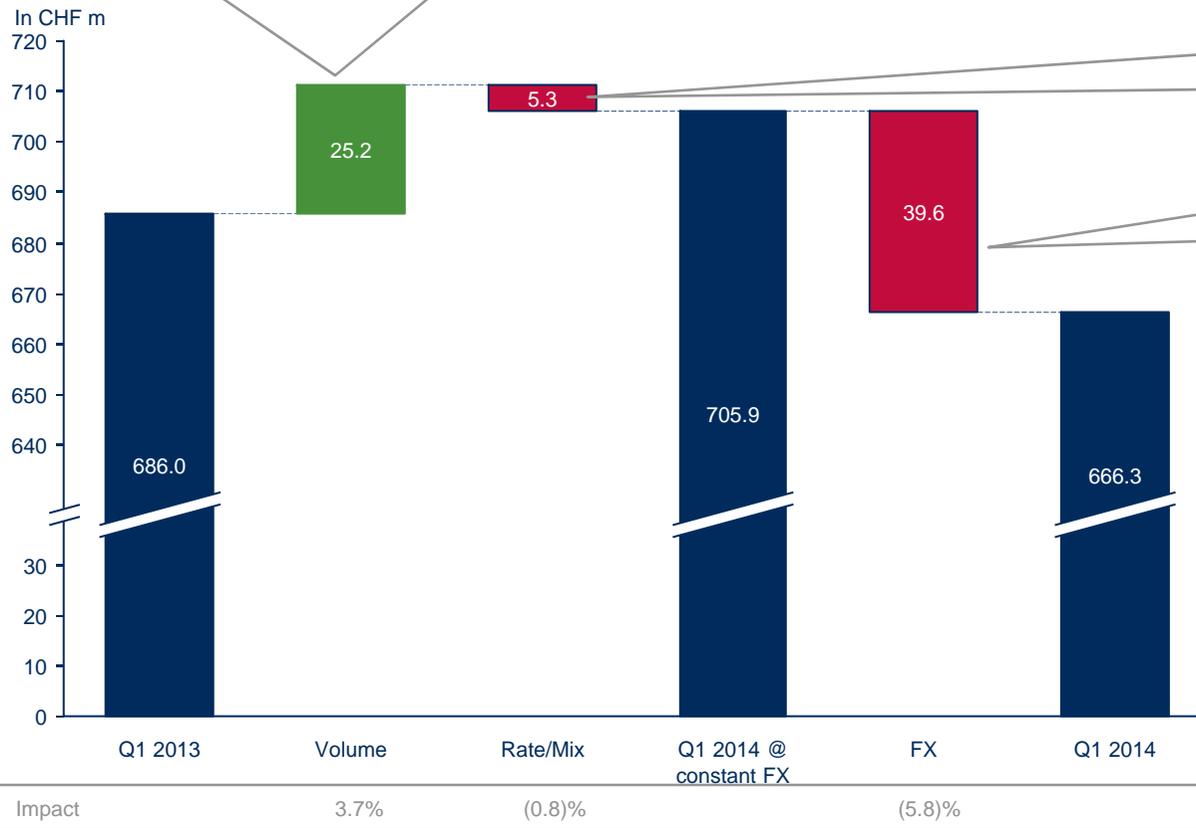


Quarterly results reflect seasonality of travel patterns, which affects the comparability of gategroup's results between quarterly periods.

- Revenue and EBITDA are normally strongest in the second and third quarters of the year
- Cash generated from operations ("CfO") is typically the weakest in the first quarter and the strongest in the fourth quarter due to the invoice-payment cycle following the high travel season
- Consequently, Q1 results cannot be extrapolated for the full year

# Revenue bridge

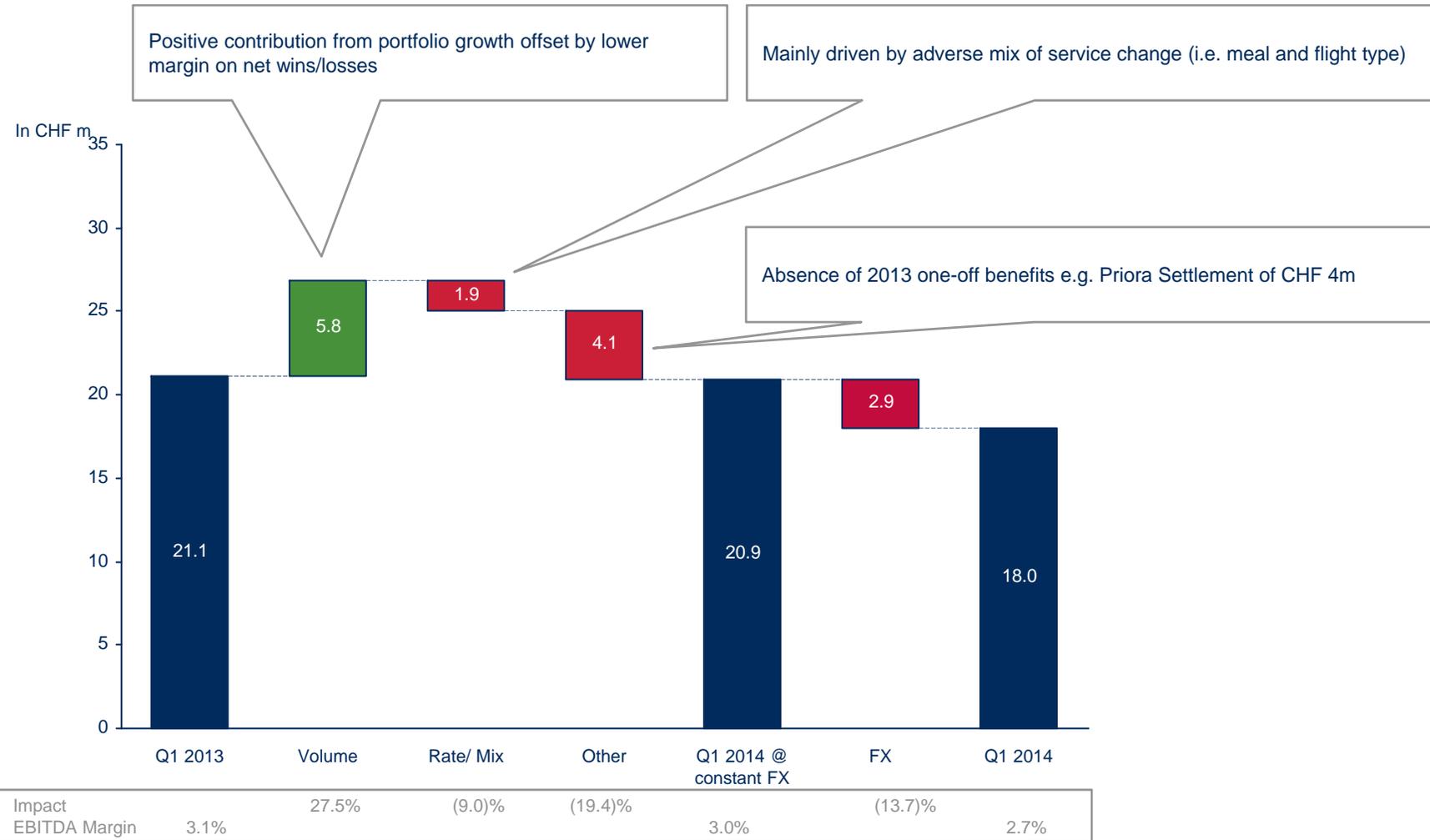
- 6.0% portfolio growth
- (1.0)% net contract losses
- (1.3)% Auckland acquisition net of the divestiture of the Brussels operation and de-icing business



Rate adjustment for CPI and other costs charged to customers, offset by adverse mix shift on flight volumes and meals

Primarily due to AUD, ARS, CAD and USD

# EBITDA bridge



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

in CHF m	Q1 2014	Q1 2013
<b>EBITDA</b>	<b>18.0</b>	<b>21.1</b>
Share-based payments	(0.3)	(0.5)
Restructuring costs	(2.9)	(0.5)
Operating taxes (non-income taxes)	(1.1)	(1.0)
Depreciation	(10.9)	(11.5)
Amortization	(3.3)	(4.4)
Other gains and (losses), net	-	(0.1)
Management fees, net	0.1	0.1
<b>Operating (loss)/ profit</b>	<b>(0.4)</b>	<b>3.2</b>

Restructuring provisions primarily relate to measures undertaken in North America

## Finance costs, net

in CHF m	Q1 2014	Q1 2013
Interest income	0.2	0.3
Other finance income	0.1	0.1
<b>Financial income</b>	<b>0.3</b>	<b>0.4</b>
Interest expense	(8.8)	(8.1)
Other finance costs	(1.3)	(1.3)
<b>Financial expense</b>	<b>(10.1)</b>	<b>(9.4)</b>
Net interest on defined benefit schemes	(1.3)	(1.5)
Foreign exchange gains, net	0.1	4.1
<b>Finance costs, net</b>	<b>(11.0)</b>	<b>(6.4)</b>

Absence of an unrealized forex gain compared to Q1 2013

## Earnings details

in CHF m	Q1 2014	Q1 2013
Loss before tax	(10.7)	(2.9)
Income tax expense	(6.0)	(2.1)
<b>Loss for the period</b>	<b>(16.7)</b>	<b>(5.0)</b>
<i>Weighted average effective tax rate</i>	<i>(56)%</i>	<i>(72)%</i>
Basic earnings per share (CHF)	(0.66)	(0.21)
Diluted earnings per share (CHF)	(0.66)	(0.21)
<i>Weighted average number of shares outstanding</i>	<i>26,066,799</i>	<i>26,066,799</i>

Higher deferred tax charge in Q1 2014 impacts the tax expense for the period

## Balance Sheet information

in CHF m	31 March 2014	31 March 2013	31 December 2013	Change to year end
Cash and cash equivalents	132.3	143.7	174.2	41.9
Tangible fixed assets	292.5	309.6	296.0	3.5
Trade working capital	209.9	216.5	196.0	13.9
Debt	432.7	434.5	435.2	2.5
Net debt	300.4	290.8	261.0	39.4
Equity (Shareholders of the Company)	255.6	258.7	285.2	29.6
Available credit lines	121.7	122.0	122.7	1.0

## Cash Flow information

in CHF m	Q1 2014	Q1 2013	Change
<b>EBITDA</b>	<b>18.0</b>	<b>21.1</b>	<b>3.1</b>
Changes in working capital	(16.6)	(13.1)	
Changes in provisions and retirement benefit obligations	(7.6)	(5.5)	
Other	(3.9)	(1.4)	
<b>Cash (used in)/ generated from operations</b>	<b>(10.1)</b>	<b>1.1</b>	<b>11.2</b>
Interest, net	(14.6)	(14.7)	
Income taxes paid, net	(4.0)	(4.7)	
<b>Net cash flow used in operating activities</b>	<b>(28.7)</b>	<b>(18.3)</b>	<b>10.4</b>
Acquisitions, net of cash acquired	(0.4)	(1.7)	
Capex & Other	(10.9)	(9.1)	
<b>Net cash flow used in investing activities</b>	<b>(11.3)</b>	<b>(10.8)</b>	<b>0.5</b>
<b>Net cash flow used in financing activities</b>	<b>(0.2)</b>	<b>(0.2)</b>	
<b>Change in cash</b>	<b>(40.2)</b>	<b>(29.3)</b>	<b>10.9</b>

## Changes in Working Capital

in CHF m	Q1 2014	Q1 2013	Change
Change in inventories	(0.5)	(0.4)	
Change in trade receivables	5.8	17.8	
Change in trade payables	(21.5)	(6.3)	
Change in other receivables and payables, net	(0.4)	(24.2)	
<b>Total</b>	<b>(16.6)</b>	<b>(13.1)</b>	<b>3.5</b>
Cash movements in retirement benefit obligations	(8.1)	(5.9)	
Cash movements in restructuring provisions	(3.1)	(3.0)	
Cash movements in other provisions	(0.6)	(0.4)	
Non-cash movements in retirement benefit obligations	2.5	3.0	
Non-cash movements in restructuring provisions	2.9	0.5	
Non-cash movements in other provisions	(1.2)	0.3	
<b>Total</b>	<b>(7.6)</b>	<b>(5.5)</b>	<b>2.1</b>

## Summary and Outlook

- Solid Q1 performance dampened by currency weakness and some short-haul flight contraction in Europe and North America
- Airline Solutions' expected organic growth of about 3% for the year. However, 2013 portfolio restructuring in Europe and strengthening of the Swiss Franc expected to offset this gain relative to 2013
  - European performance stabilized by 2013 restructuring with ongoing initiatives proceeding into 2014; stable to positive outlook
  - North American performance recovery expected following weaker Q1; ongoing focus on Affordable Care Act and regulatory changes to minimum wages in the US market
  - Emerging Markets' performance continues to benefit from integrated acquisitions and underlying organic growth; currency volatility remains a concern
- Product and Supply Chain Solutions' performance is expected to continue top-line growth with improved margins

Expected flat revenue development with an EBITDA margin in the range of 5.6% to 6.2%

## 2014 outlook

<b>Per Segment</b>	<b>Revenue growth</b>	<b>EBITDA margin</b>
Airline Solutions	(2.0%) - (0.5%)	6.5% - 7.0%
Product and Supply Chain Solutions	3.0% - 5.0%	6.5% - 7.5%
<b>Per Geography</b>		
Europe	(6.0%) - (2.0%)	5.5% - 6.5%
North America	2.0% - 4.0%	6.0% - 7.0%
Emerging Markets	3.0% - 5.0%	8.5% - 9.5%
<hr/>		
<b>gategroup*</b>	<b>~ 0.0%</b>	<b>5.6% - 6.2%</b>

\*Includes Eliminations and Corporate Costs

Expected flat revenue development with an EBITDA margin in the range of 5.6% to 6.2%

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