gategroup™

Half Year 2014 Results

Investors and Analysts Presentation

21 August 2014

Serving people on the move

Solid operational performance despite currency headwinds

- Revenue at constant currency up by 2.6% to CHF 799.7 million for Q2 and 2.7% up to CHF 1’505.6 million for HY1
- Negative currency impact on revenue of 5.3% for Q2 and 5.4% for HY1
- Q2 EBITDA margin of 5.6% (5.7% at constant currency) compared to 5.3% in the same period of the previous year
- H1 EBITDA margin of 4.3% (4.4% at constant currency), unchanged compared to the previous year

- Solid operational performance in all markets driven by volume acceleration through Q2 2014
- Positive flow through from Emerging Markets and benefits of European 2013 restructuring continue
- Adverse impact by currency headwinds and ongoing short-haul capacity management in Europe and North America
- Positive revenue growth in Product and Supply Chain Solutions with product mix resulting in slightly higher cost of goods sold
- Optimized shareholding structure of the joint venture operation at Shanghai Pudong International Airport to support the future presence in both major airports serving Shanghai (Pudong and Hongqiao)

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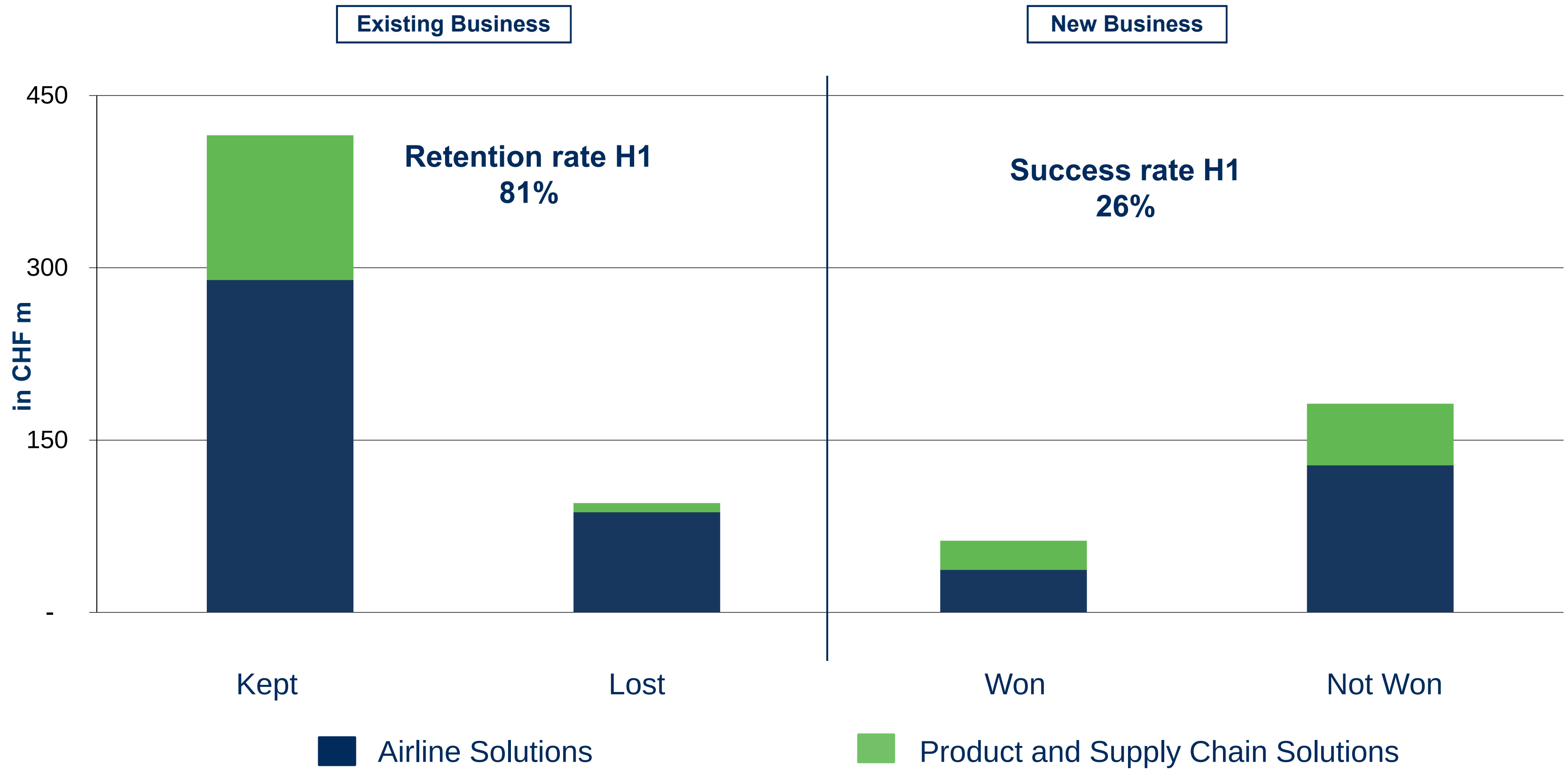
H1 financial performance

in CHF m		Change vs. H1 2013	Change @ constant FX
Revenue	1'423.7	41.7	40.2
EBITDA	60.6	2.0	3.7
EBITDA margin	4.3%	-	0.1pp
Loss for the period	(6.5)	6.2	
Cash generated from operations	20.9	15.8	
Net debt	305.9	35.1	
Cash incl. available credit lines	246.7	43.2	

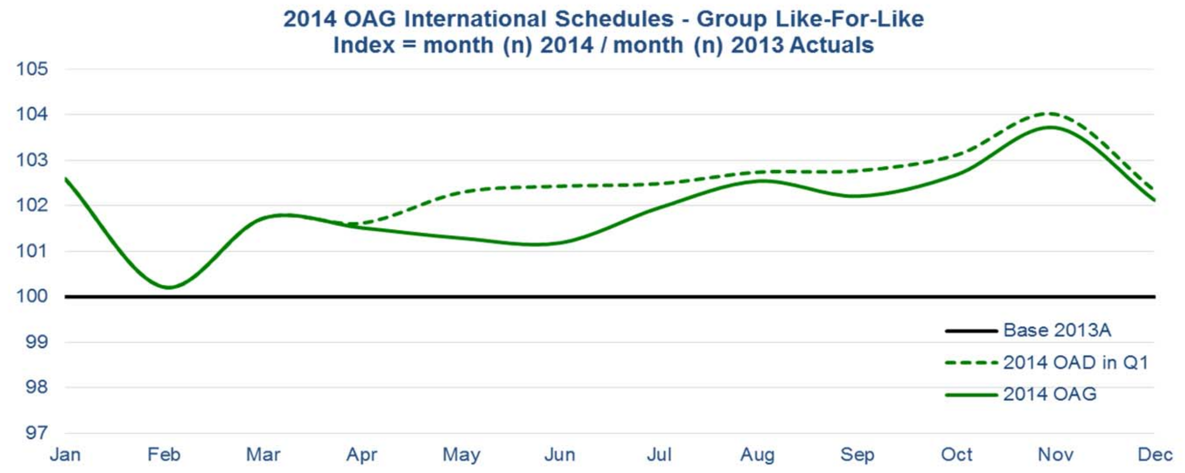
Note: EBITDA refers to Segment EBITDA throughout the presentation

Commercial scorecard

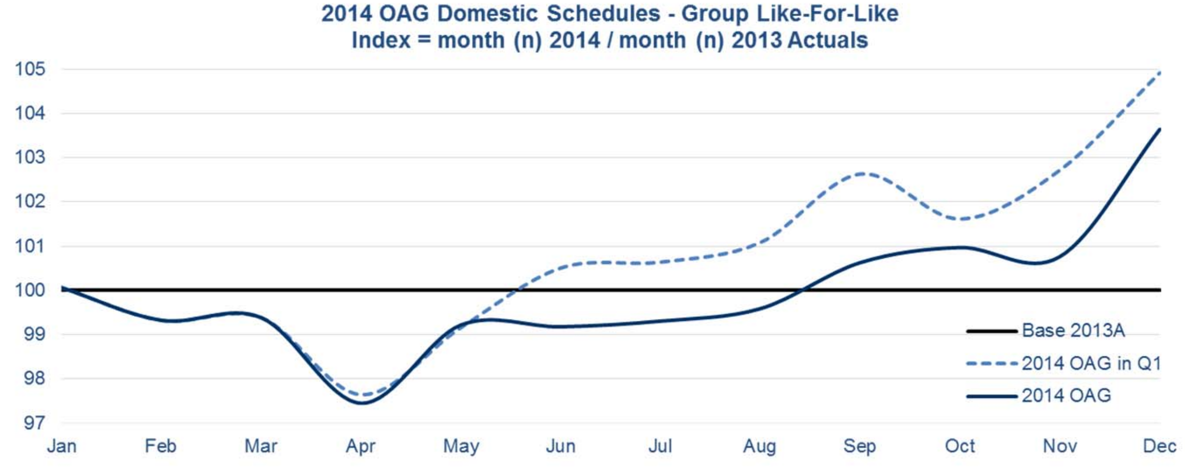


Source: SFDC, based on tender award date

OAG flight volume for gategroup portfolio



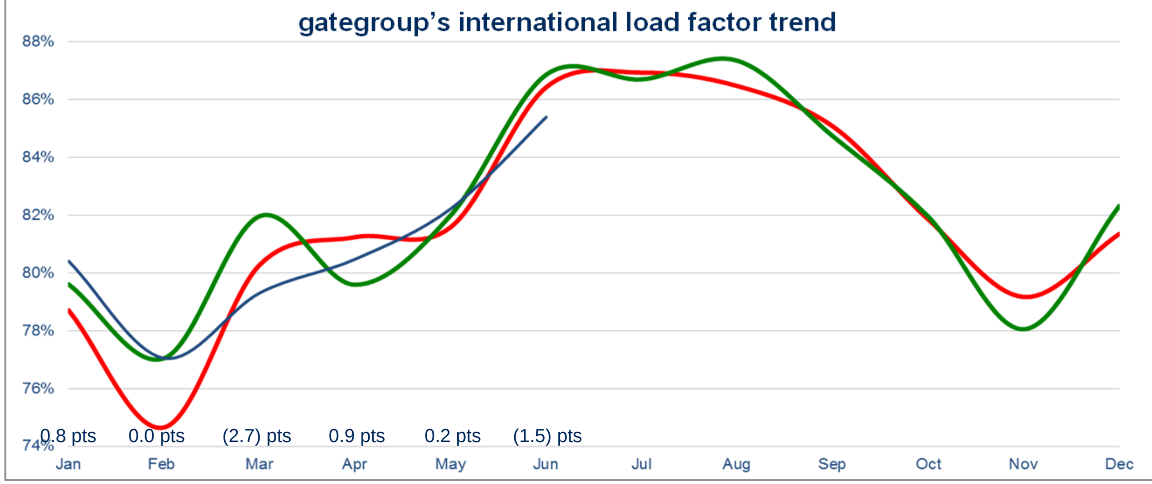
Positive development in international volumes continues albeit slightly lower levels than expected in Q1



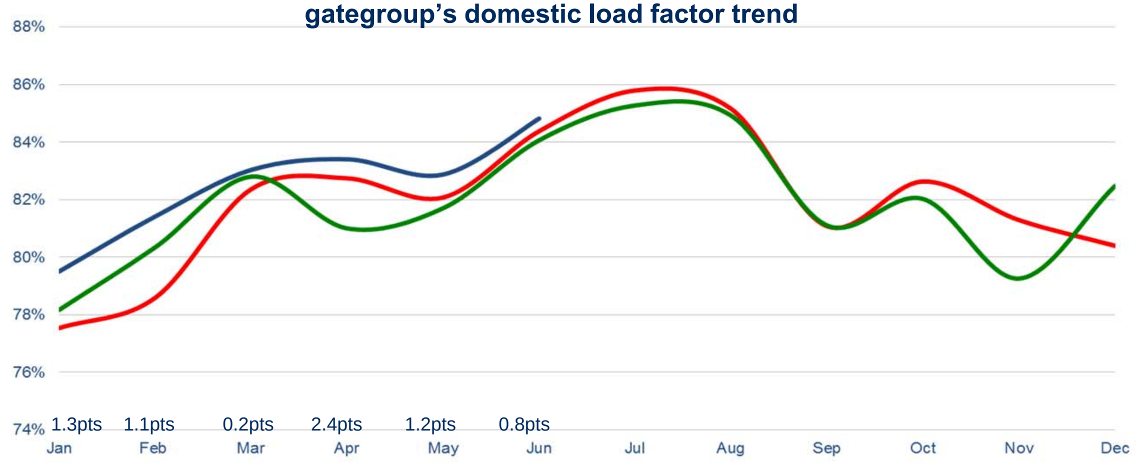
Stronger domestic volumes in H2 expected, however capacity increase at lower levels than anticipated at the beginning of the year

Source: OAG schedules, Company analysis

Load factor trends



International load factors stable as airlines maintain discipline on flight routes



Load factors maintained at high levels reflecting the curtailment of flights

Source: IATA, Company analysis

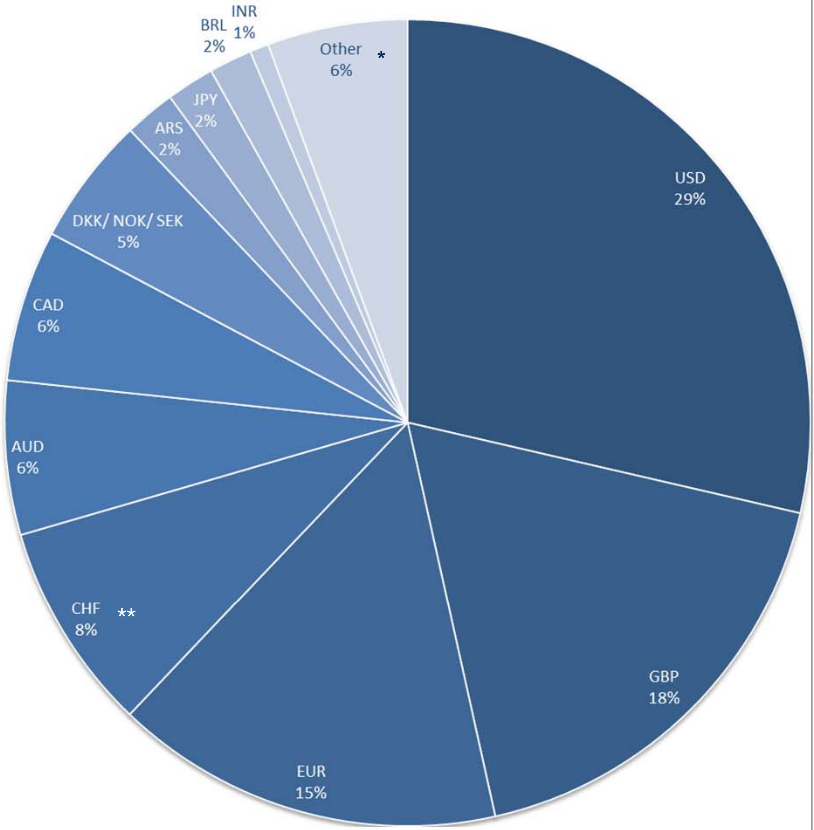
Global portfolio performance

Per Segment	Revenue change	Revenue change @ constant FX	EBITDA margin
Airline Solutions	(4.5%)	1.5%	4.8%
Product and Supply Chain Solutions	6.4%	8.5%	5.9%
Per Geography			
Europe	(2.6%)	(3.0%)	5.0%
North America	(0.8%)	6.0%	3.9%
Emerging Markets	(6.5%)	10.0%	7.6%
gategroup *	**(2.8%)**	**2.7%**	**4.3%**

*Note: includes Eliminations and Corporate Costs

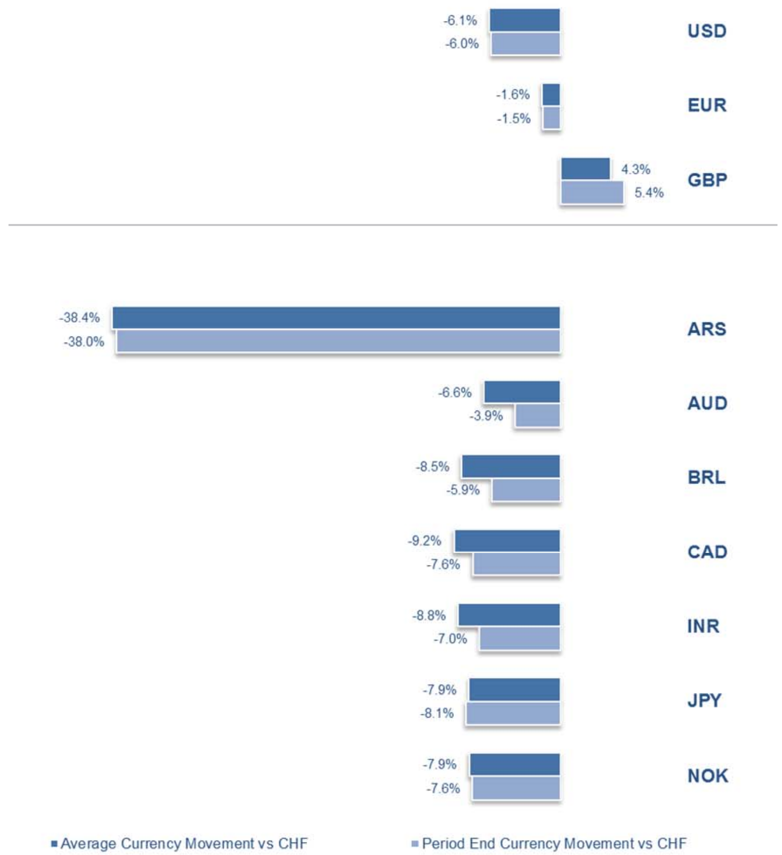
H1 2014 currency exposure

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 H1 2014 versus H1 2013

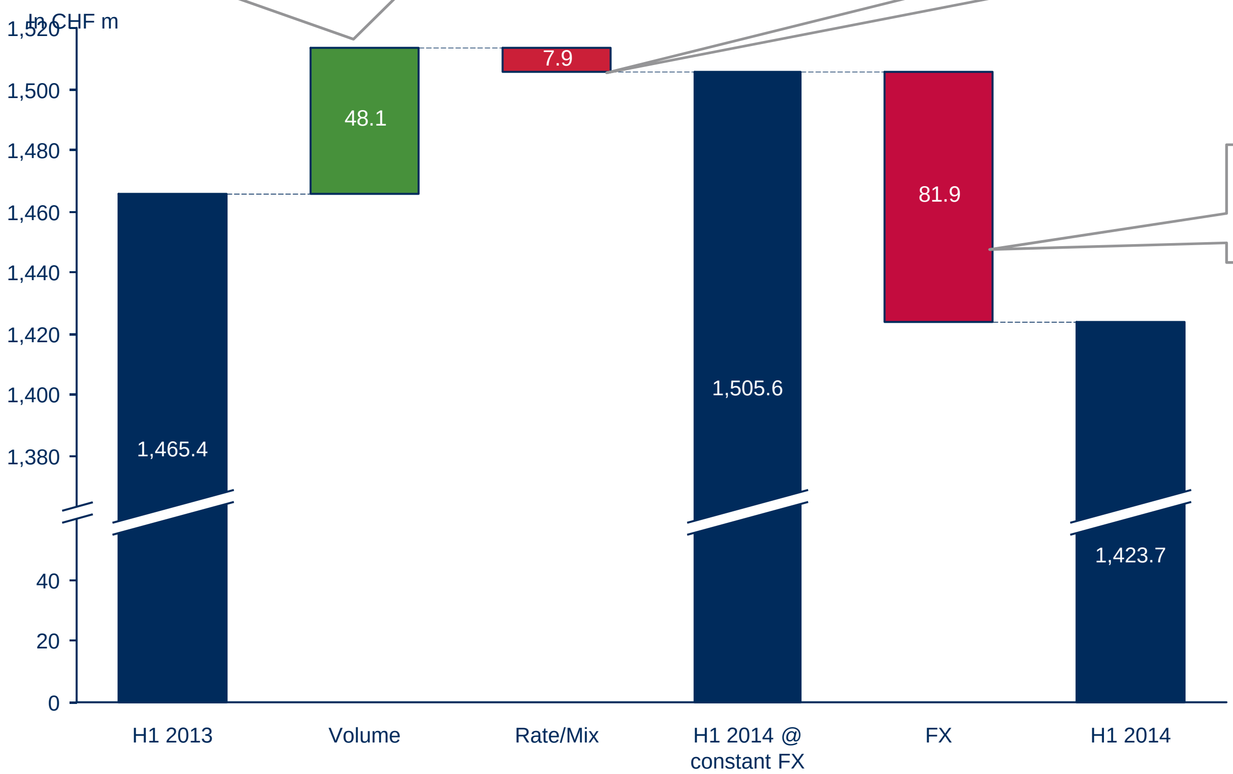


Revenue bridge

- 4.5% portfolio growth
- (0.1)% net contract losses
- (1.1)% 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



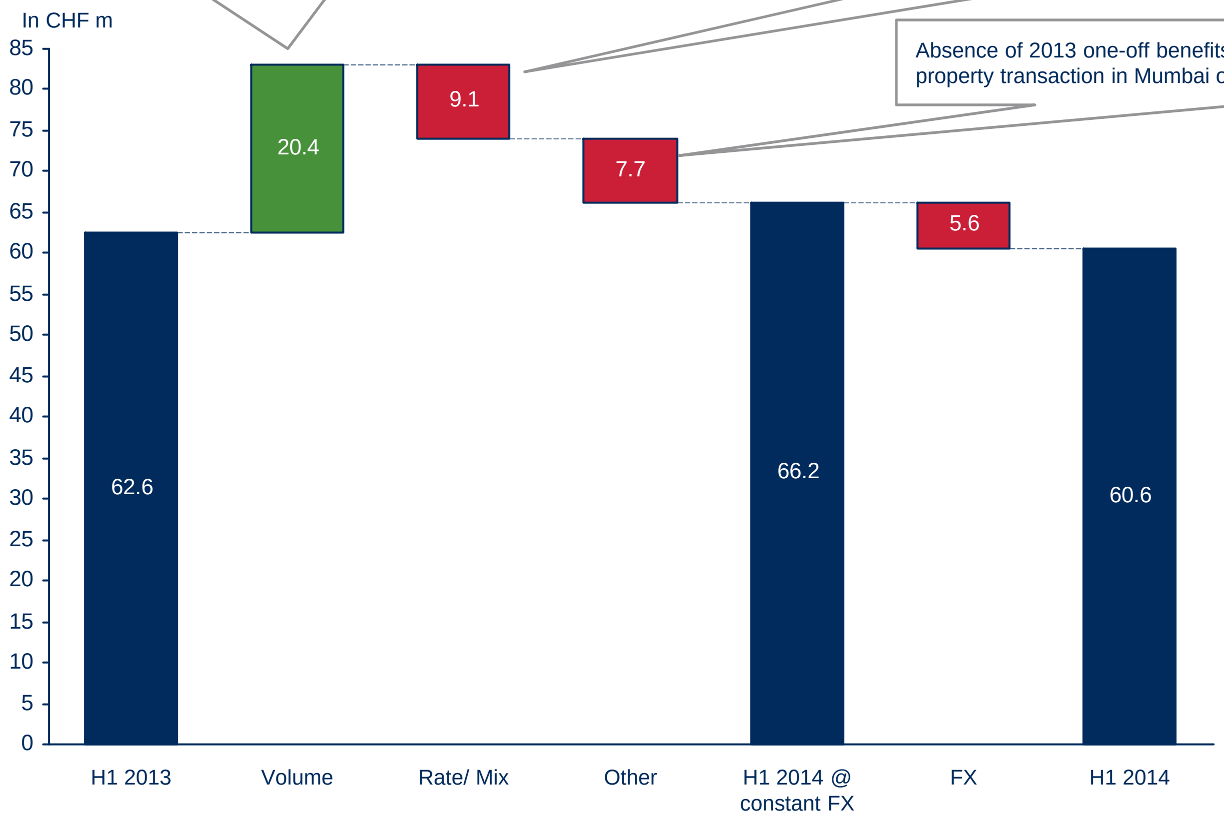
Impact		3.3%	(0.5%)		(5.6%)	

EBITDA bridge

Positive contribution from portfolio growth supported by the positive impact from M&A

Mainly driven by adverse mix of service change (i.e. meal and flight type)

Absence of 2013 one-off benefits e.g. Priora Settlement of about CHF 5m and property transaction in Mumbai of CHF 2.5m



Impact		32.6%	(14.5%)	(12.3%)		(9.0%)	

Segment information

Revenue in CHF m	H1 2014	H1 2013	Change	Volume	Rate/Mix	FX
Airline Solutions	1'217.8	1'274.9	(4.5%)	2.1%	(0.6%)	(6.0%)
P&SC Solutions	299.0	280.9	6.4%	8.7%	(0.1%)	(2.1%)
Corporate Center	-	-				
Eliminations	(93.1)	(90.4)	3.0%	3.4%	0.2%	(0.6%)
gategroup	**1'423.7**	**1'465.4**	**(2.8%)**	**3.3%**	**(0.5%)**	**(5.6%)**

EBITDA in CHF m	H1 2014	H1 2013	Change	Volume	Rate/Mix Other	FX
Airline Solutions	58.0	62.4	(7.1%)	31.3%	(30.2%)	(8.2%)
P&SC Solutions	17.6	16.4	7.3%	(1.6%)	14.7%	(5.6%)
Corporate Center	(15.0)	(16.2)	7.4%	-	8.7%	(1.3%)
Eliminations						
gategroup	**60.6**	**62.6**	**(3.2%)**	**32.6%**	**(26.8%)**	**(9.0%)**

Reconciliation of EBITDA to operating profit

in CHF m	H1 2014	H1 2013
EBITDA	**60.6**	**62.6**
Share-based payments	(0.5)	(0.6)
Restructuring costs	(7.9)	(10.7)
Operating taxes (non-income taxes)	(2.9)	(2.7)
Depreciation	(22.0)	(23.0)
Amortization	(6.7)	(8.8)
Other gains, net	0.0	5.5
Management fees, net	0.3	0.3
Operating profit	**20.9**	**22.6**

Additional restructuring costs due to measures improving operational efficiency in deSter and Scandinavia after termination of retail services with Norwegian

2013 other gains, net were in relation to property sale in Sydney after acquisition of facility from Qantas

Finance (costs) / income details

in CHF m	H1 2014	H1 2013
Interest income	0.5	1.1
Other finance income	0.2	0.2
Financial income	**0.7**	**1.3**
Interest expense	(17.8)	(17.3)
Other finance costs	(2.6)	(2.8)
Financial expense	**(20.4)**	**(20.1)**
Net interest on defined benefit schemes	(2.6)	(3.0)
Foreign exchange gains/ (losses), net	1.7	(6.9)
Finance (costs), net	**(20.6)**	**(28.7)**

Major difference due to stabilized unrealized FX impact

Earnings details

in CHF m	H1 2014	H1 2013
Profit / (loss) before tax	1.6	(6.1)
Income tax expense	(8.1)	(6.6)
Loss for the period	**(6.5)**	**(12.7)**
Basic earnings per share (CHF)	(0.28)	(0.54)
Diluted earnings per share (CHF)	(0.28)	(0.54)
Weighted average number of shares outstanding for Basic EPS	*26,066,799*	*26,066,799*

Tax expense as a result of mix effect of profits and losses in different countries subject to different tax rates

Full year tax rate 2014 expected to be in line with 2013 tax rate

Balance Sheet information

in CHF m	30 June 2014	31 Dec 2013	30 June 2013	Change to year end
Cash and cash equivalents	125.2	174.2	166.5	49.0
Tangible fixed assets	296.2	296.0	306.6	0.2
Trade working capital	209.7	196.2	224.2	13.5
Debt	431.1	435.2	437.3	4.1
Net financial debt	305.9	261.0	270.8	44.9
Net pension liability	146.3	121.9	131.4	24.4
Equity (Shareholders of the Company)	248.9	285.2	264.4	36.3
Available credit lines	121.5	122.7	123.4	1.2

Higher pension liability due to unfavorable development of discount rates since year end

Cash Flow information

in CHF m	H1 2014	H1 2013	Change
EBITDA	**60.6**	**62.6**	2.0
Changes in working capital	(18.8)	(7.9)	
Changes in provisions and retirement benefit obligations	(10.4)	(4.9)	
Other	(10.5)	(13.1)	
Cash generated from operations	**20.9**	**36.7**	15.8
Interest, net	(14.9)	(14.9)	
Income taxes paid, net	(7.6)	(4.3)	
Net cash flow (used in)/ generated from operating activities	**(1.6)**	**17.5**	19.1
Acquisitions, net of cash acquired	(1.8)	(1.7)	
Capex & Other	(28.4)	(15.5)	
Net cash flow used in investing activities	**(30.2)**	**(17.2)**	13.0
Net cash flow used in financing activities	**(9.0)**	**(2.2)**	6.8
Change in cash	**(40.8)**	**(1.9)**	38.9

Cash from operations decrease largely driven by weaker North American performance in Q1

Q2 cash flow from operations in line with the same period last year, impacted by one-time working capital reversal of CHF 5m on termination of retail services with Norwegian Airlines

Capex 2013 positively impacted by cash-in from disposals

Changes in Working Capital

in CHF m	H1 2014	H1 2013	Change
Change in inventories	0.8	0.2	
Change in trade receivables	(26.2)	(17.1)	
Change in trade payables	10.6	14.6	
Change in other receivables and payables, net	(4.0)	(5.6)	
Total	**(18.8)**	**(7.9)**	**10.9**
Cash movements in retirement benefit obligations	(12.0)	(9.3)	
Cash movements in restructuring provisions	(7.1)	(8.6)	
Cash movements in other provisions	(0.9)	(2.3)	
Non-cash movements in retirement benefit obligations	5.1	6.0	
Non-cash movements in restructuring provisions	7.9	10.7	
Non-cash movements in other provisions	(3.4)	(1.4)	
Total	**(10.4)**	**(4.9)**	**5.5**

Summary and Outlook

- Solid Q2 performance dampened by currency weakness and some further short-haul flight contraction in Europe and North America
- Airline Solutions’ expected organic growth of about 3% for the year offset by 2013 portfolio restructuring in Europe and strengthening of the Swiss Franc
  - European performance stabilized with stable to positive outlook
  - North American performance recovery expected with ongoing focus on Affordable Care Act and regulatory changes to minimum wages in the US market
  - Emerging Markets’ performance continues to benefit from integration of 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%

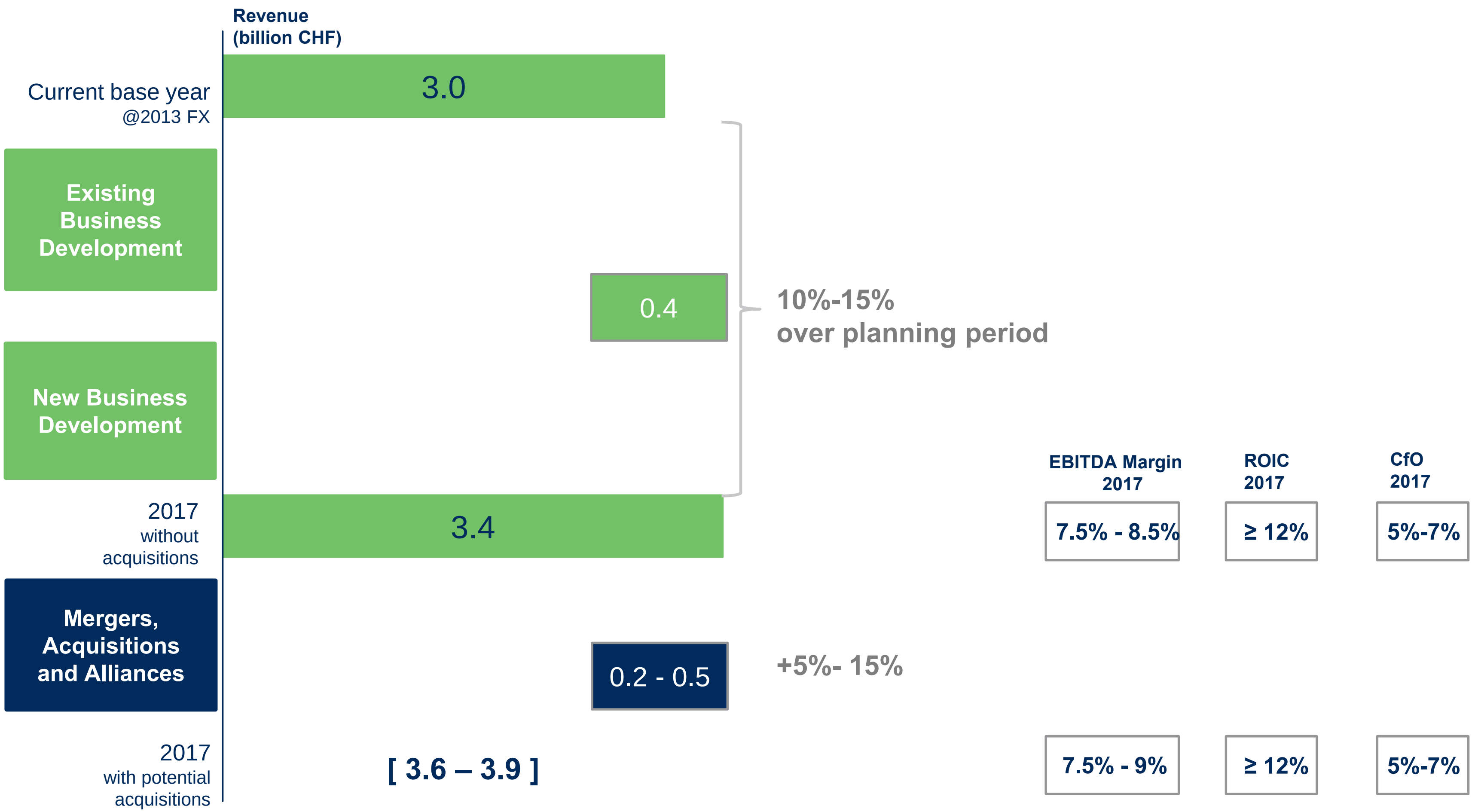
Strategic targets 2017

- 2016 strategic targets confirmed
- Plan is reviewed annually on a rolling basis for next 4 years to cover typical industry volatility
- Next gategroup 4-year strategic plan sets targets for 2017 considering the following:
  - Mid term targets 2017 based on 2013 performance and its average exchange rates as a baseline
  - Core group-wide initiatives of procurement, operations performance and technology program implementation continue to gain momentum
  - gategroup continues to streamline and adjust its organization to ensure capture of the growth opportunities targeted in the mid-term plan

Net effect over planning period of 4 years:

- Organic growth stable at 10-15%
- Improved EBITDA and CfO margins by 0.5% and 1% respectively
- No change in ROIC objectives

Mid term plan 2017



Note: Based on management estimates – for principle assumptions please refer to next slide of this presentation
CfO - Cash generated from operations is the net cash flow (used in) / from operating activities as in the consolidated cash flow statement before interests and income tax

Mid term plan 2017 - drivers

Per Segment	Expected total revenue growth over the planning period	2017 Expected EBITDA margin range
Airline Solutions	10% - 13%	7% - 9%
Product and Supply Chain Solutions	15% - 20%	7.5% - 9%
Per Geography		
Europe	6% - 8%	7% - 9%
North America	8% -10%	7% - 8%
Emerging Markets	20% - 25%	10% - 13%
gategroup	**10% - 15%**	**7.5% - 8.5%**

Assumptions for gategroup 2017 strategic targets

gategroup 2017 strategic targets are based on a model that includes the following assumptions:

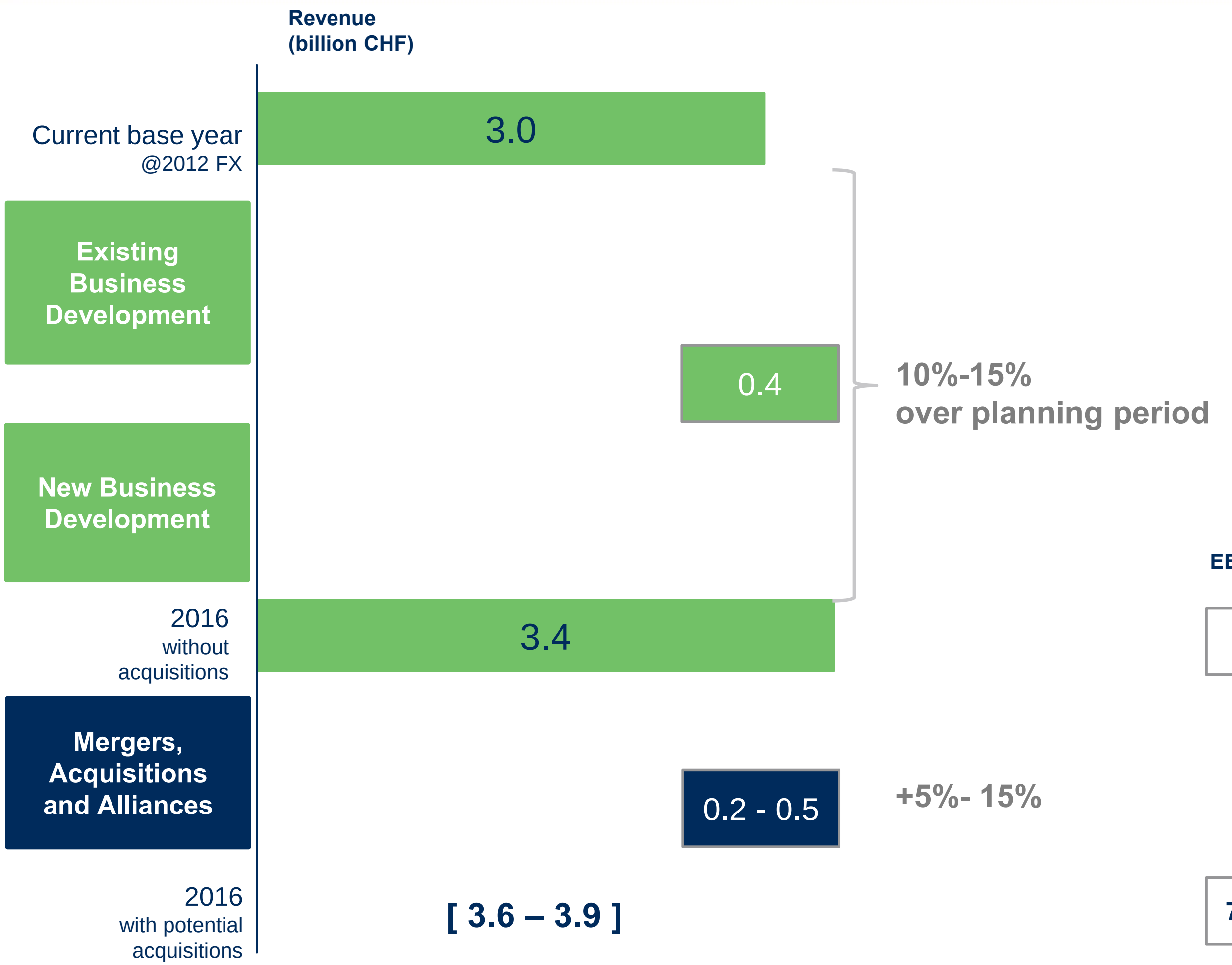
- Constant cost structure with variable costs (direct material and direct labor) held at a constant percent of revenue during forecast period, based on 2013 results
- Revenue increases as a function of IATA-growth factors for each Airline Solutions region and for the Product and Supply Chain Solutions Business on a worldwide basis
- Pricing in line with the existing contracts
- Management is able to identify and consummate acquisitions from the available universe of worldwide industry participants
- Based on 2013 foreign exchange rates, in particular there will not be a material strengthening of the Swiss franc, primary against the Euro, Pound Sterling and U.S. dollar

Appendix

Quarterly highlights

In CHF m	Q1 2013	Q2 2013	**H1 2013**	Q1 2014	Q2 2014	**H1 2014**
Revenue	686.0	779.4	**1,465.4**	666.3	757.4	**1,423.7**
EBITDA	21.1	41.5	**62.6**	18.0	42.6	**60.6**
EBITDA margin	3.1%	5.3%	**4.3%**	2.7%	5.6%	**4.3%**
Operating profit	3.2	19.4	**22.6**	(0.4)	21.3	**20.9**
(Loss) / profit for the period	(5.0)	(7.7)	**(12.7)**	(16.7)	10.2	**(6.5)**
Cash generated from/ (used in) operations	1.1	35.6	**36.7**	(10.1)	31.0	**20.9**

Mid term plan 2016



	EBITDA Margin 2016	ROIC 2016	CfO 2016
2016 without acquisitions	7% - 8%	≥ 12%	4%-6%
2016 with potential acquisitions	7.5% - 9%	≥ 12%	4%-6%

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