

Annual Results 2013

Investors and Analysts
Presentation

13 March 2014



Serving people on the move

Agenda

- | | |
|----------------------|---------------|
| 1. Setting the stage | Andrew Gibson |
| 2. Financial Update | Thomas Bucher |
| 3. Outlook 2014 | Andrew Gibson |

Strong second half of year supports good results in 2013

- Flat reported revenue with EBITDA margin at 5.6% for full year in line with expectations
 - Third and fourth quarter profit up substantially compared with same period 2012, however dampened by strong Swiss Franc
 - Restructuring program in Europe delivered CHF 25m savings in full year 2013 on lower than expected restructuring expenses
 - Stronger cash flow from operations at about CHF 104m compared to about CHF 64m in 2012
 - The Board of Directors will propose to the Annual General Meeting to pay a dividend of CHF 0.30 per registered dividend paying share, funded by a withdrawal from the reserve from capital contributions
-
- Extension of the commercial agreements with Iberia and Iberia Express, SWISS, easyJet, Norwegian Air Shuttle long-haul business and Delta Air Lines (for locations on the recent tender)
 - Advanced collaboration in commercial restructuring, resolving open issues with airberlin and terminating retail services for Norwegian's short-haul flights
 - Continued optimization of the European portfolio by divestment of Gate Gourmet Brussels operation and non core de-icing and cabin cleaning services at London Heathrow and Dublin
 - Bolt-on strategy continued at lower level; strengthened presence at New Zealand's Auckland Airport

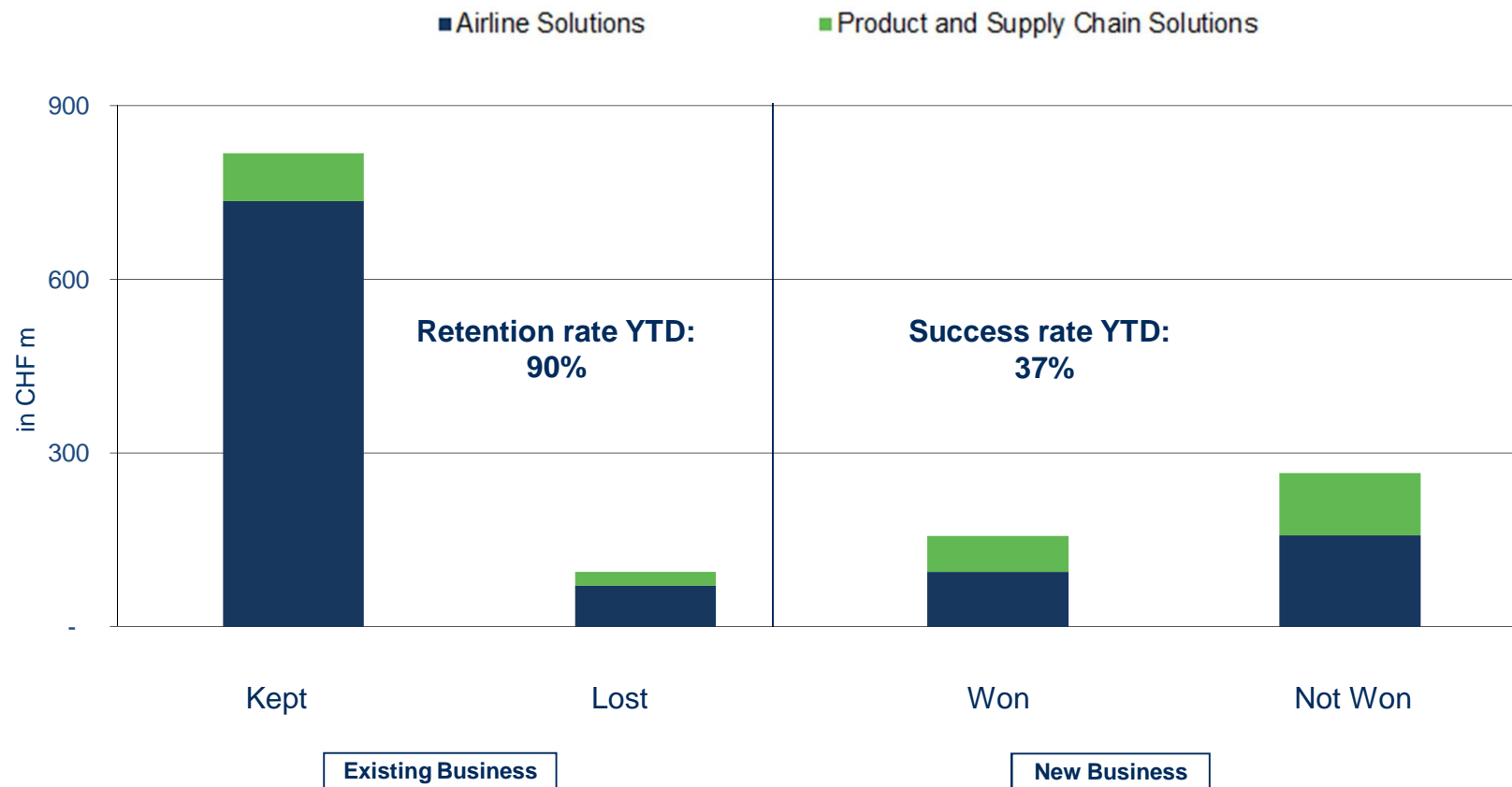
Financial summary

in CHF m		Change	Change @ constant FX
Revenue	3,002.2	0.3%	2.9%
EBITDA	168.1	1.8%	2.5%
EBITDA margin	5.6%	0.1pp	0.0pp
Profit for the year	21.0	137.3%	
Cash generated from operations	103.9	CHF 40.4m	
Net debt	261.0	CHF 2.5m	
Cash incl. available credit lines	296.9	CHF 5.6m	
Net debt/ EBITDA (x)	1.55		
ROIC*	8.4%	1.4pp	

Note: EBITDA refers to Segment EBITDA throughout the presentation
 (*) Excluding Restructuring and Impairment charges

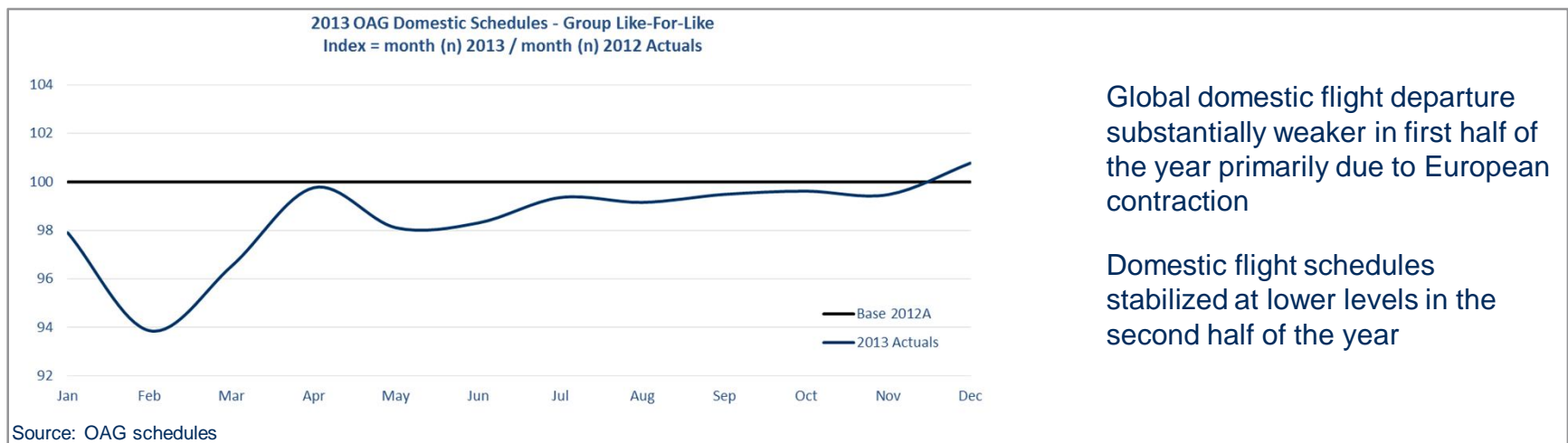
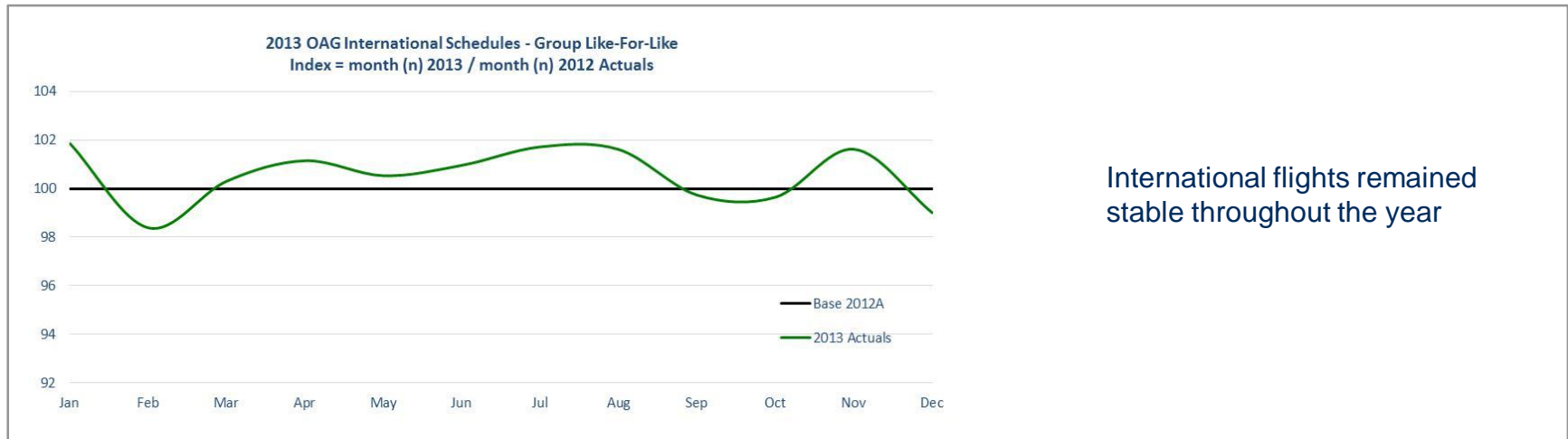
2013 Commercial scorecard

Annualized revenue associated with contracts awarded in 2013



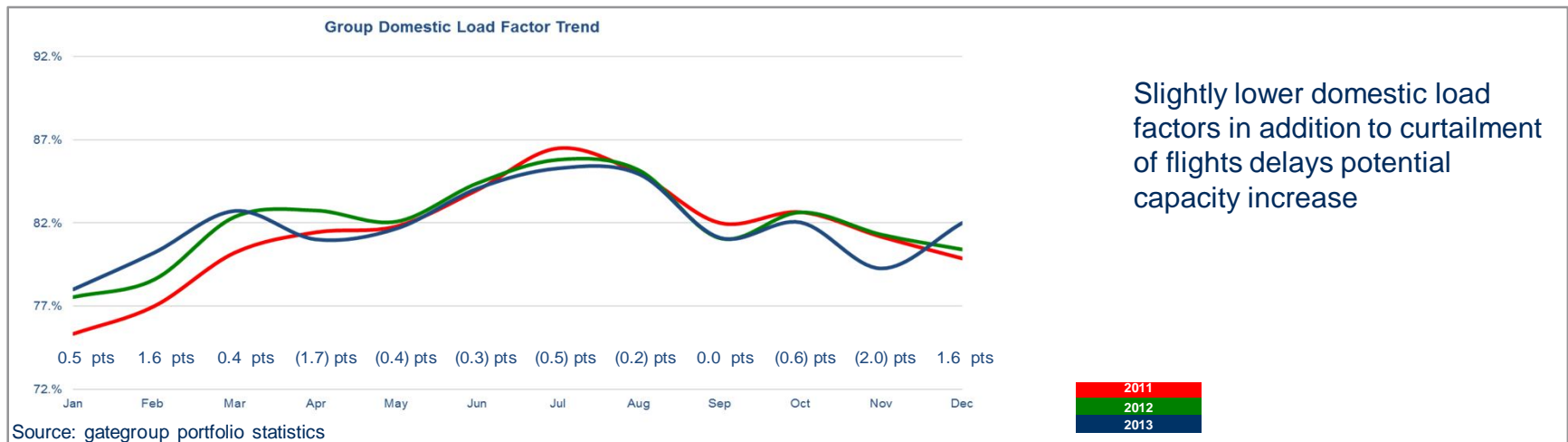
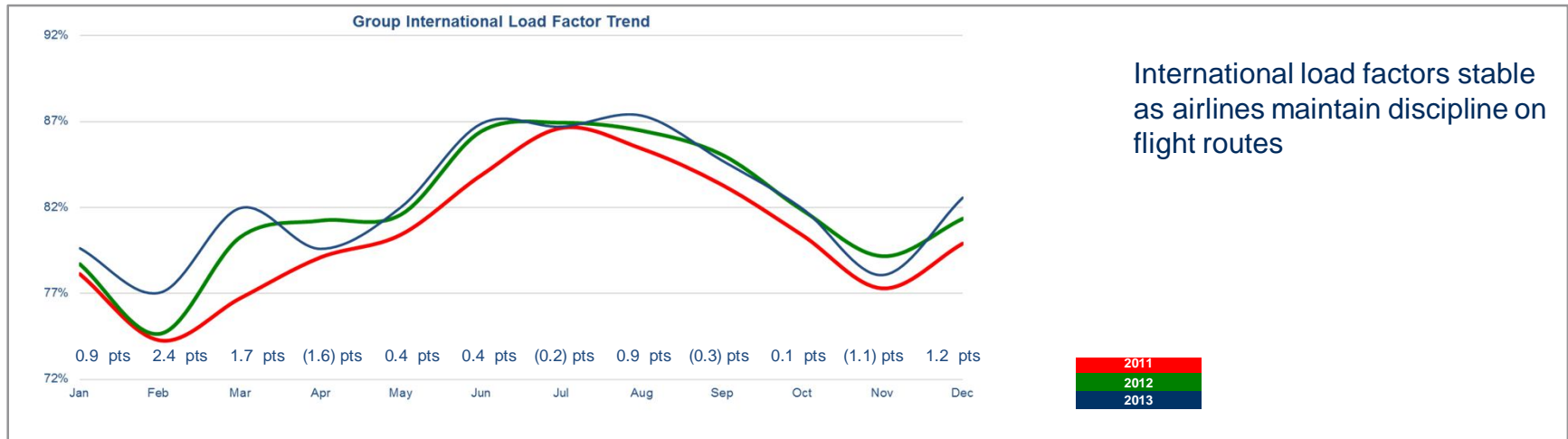
Source: SFDC, based on tender award date

2013 OAG flight volume



Source: OAG schedules

2013 Load factor trends



Source: gategroup portfolio statistics

Global portfolio performance

Per Segment	Revenue growth	EBITDA margin
Airline Solutions	0.1%	6.1%
Product and Supply Chain Solutions	3.2%	6.5%
Per Geography		
Europe	(0.1%)	5.7%
North America	1.5%	6.2%
Emerging Markets	0.9%	8.4%
gategroup *	0.3%	5.6%

*Note: includes Eliminations and Corporate Costs

Agenda

1. Setting the stage

Andrew Gibson

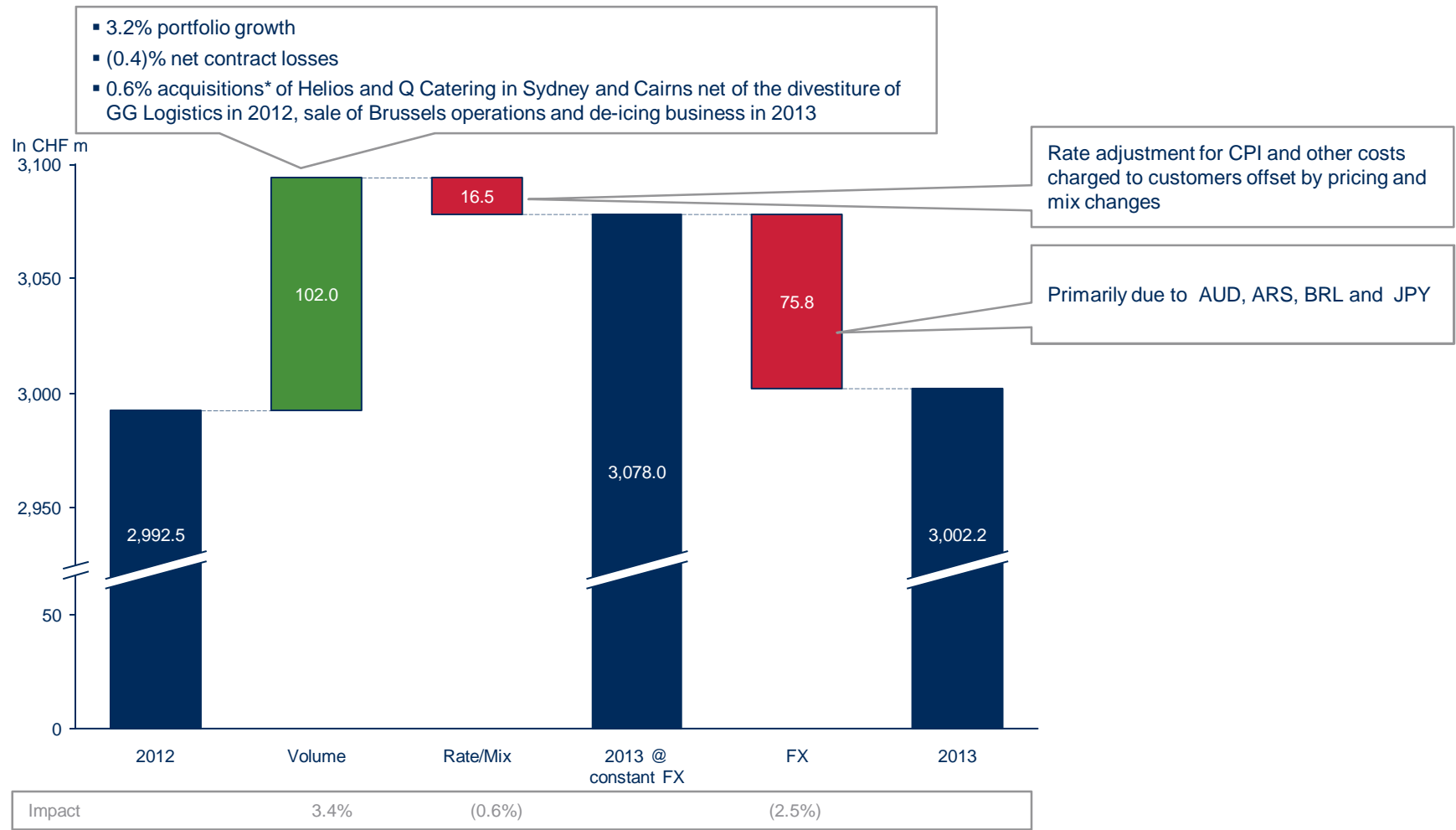
2. Financial Update

Thomas Bucher

3. Outlook 2014

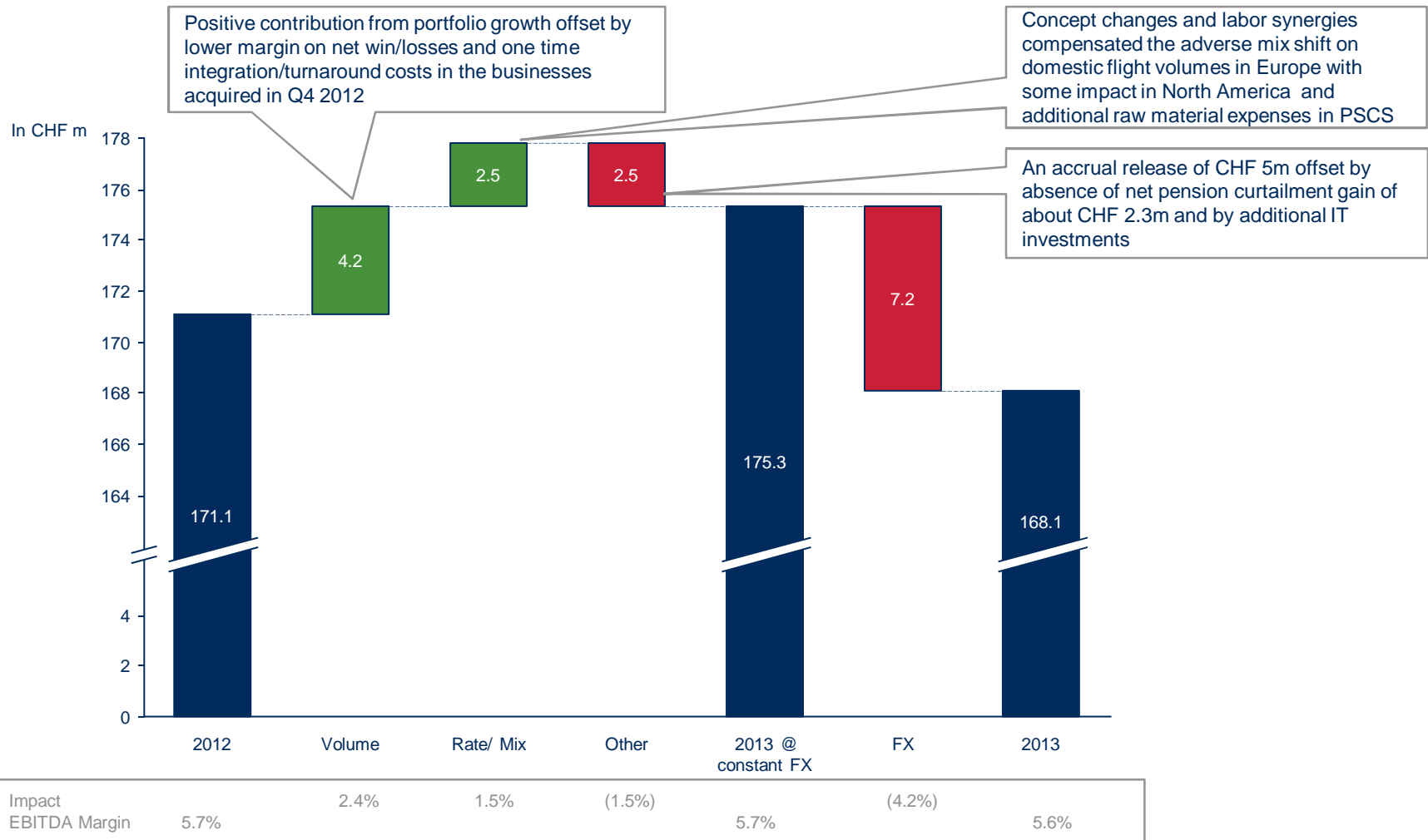
Andrew Gibson

Revenue bridge



*Note: Acquisition of Alpha in Amsterdam fully integrated into Amsterdam operations

EBITDA bridge



Segment information

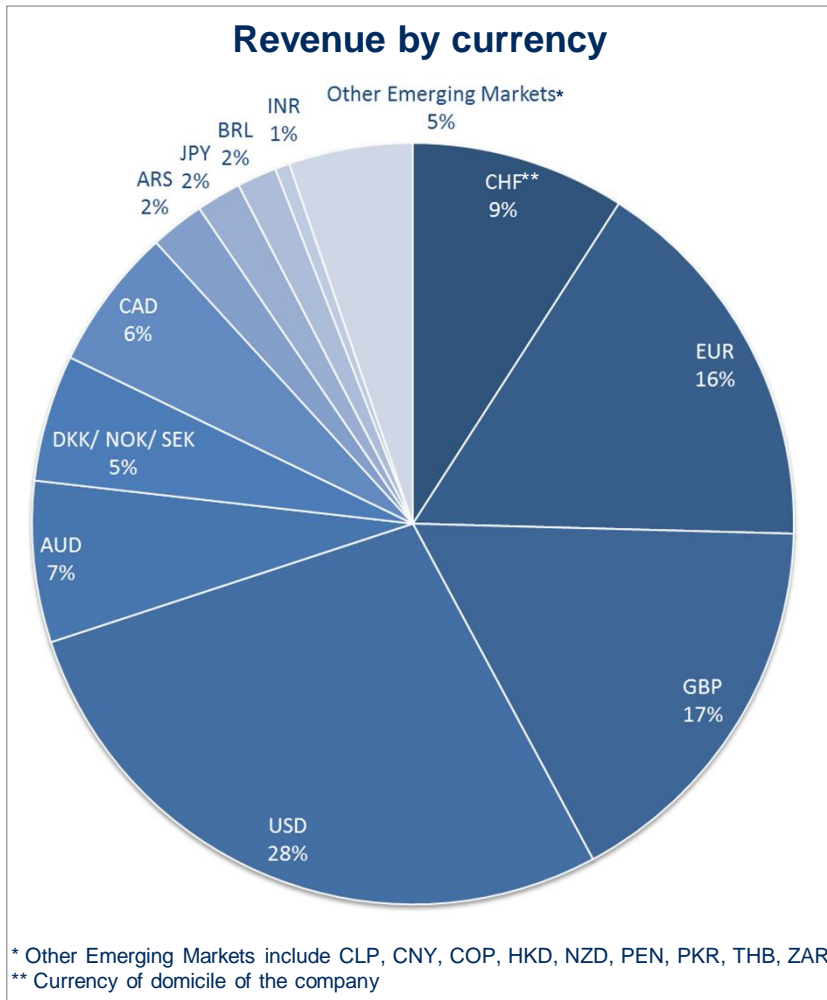
Revenue in CHF m	2013	2012	Change
Airline Solutions	2,593.2	2,590.0	0.1%
P&SC Solutions	599.6	580.9	3.2%
Corporate Center	-	-	
Eliminations	(190.6)	(178.4)	(6.8%)
gategroup	3,002.2	2,992.5	0.3%

Volume	Rate/Mix	FX
3.6%	(0.7%)	(2.8%)
3.6%	0.1%	(0.5%)
(7.3%)	0.0%	0.5%
3.4%	(0.6%)	(2.5%)

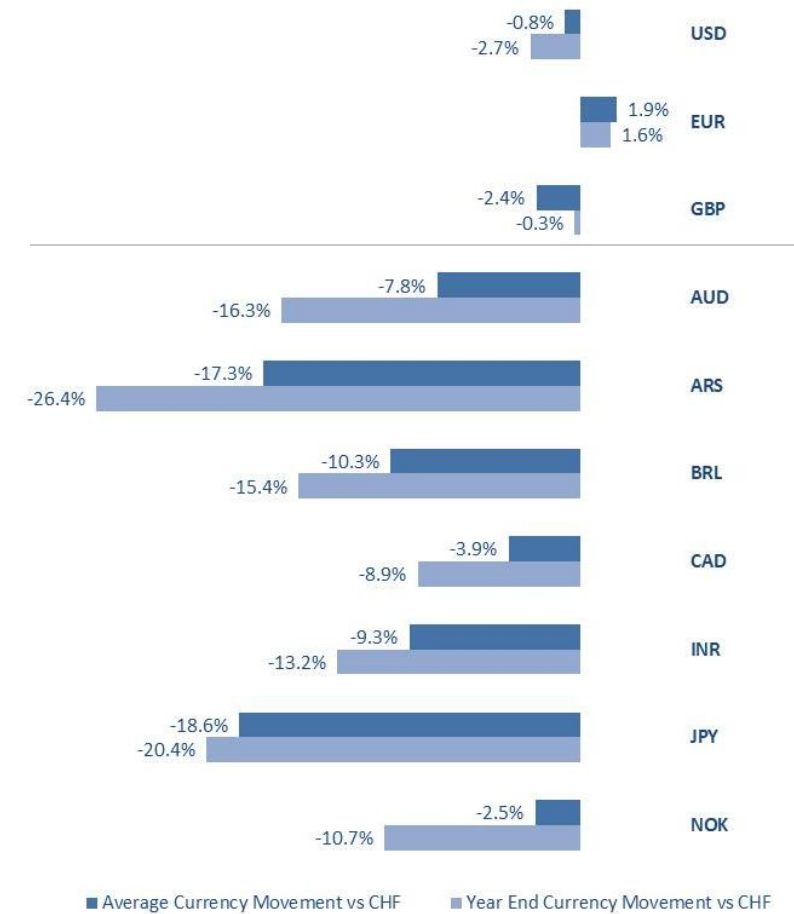
EBITDA in CHF m	2013	2012	Change
Airline Solutions	157.9	155.4	1.6%
P&SC Solutions	39.1	40.6	(3.7%)
Corporate Center	(28.9)	(24.9)	(16.1%)
Eliminations			
gategroup	168.1	171.1	(1.8%)

Volume	Rate/Mix Other	FX
(3.1%)	9.5%	(4.8%)
(1.0%)	(2.7%)	0.0%
-	(16.1%)	-
2.4%	0.0%	(4.2%)

2013 currency exposure



Currency change in 2013 versus prior year



Reconciliation of EBITDA to operating profit

in CHF m	2013	2012 restated
EBITDA	168.1	171.1
Share-based payments	(1.5)	(3.6)
Restructuring costs	(10.5)	(22.2)
Operating taxes	0.5	(1.6)
Depreciation	(47.2)	(50.0)
Amortization	(15.8)	(26.7)
Impairment charges, net of reversals	2.8	(51.7)
Other gains and (losses), net	1.8	(0.6)
Management fees, net	0.4	0.7
Operating profit	98.6	15.4

Lower restructuring costs, amortization charges and impairment in 2013

Finance (costs) / income details

in CHF m	2013	2012 restated
Interest income	1.7	2.3
Other finance income	0.5	0.5
Financial income	2.2	2.8
Interest expense	(36.6)	(44.0)
Other finance costs	(5.8)	(8.6)
Financial expense	(42.4)	(52.6)
Net interest on defined benefit schemes	(6.2)	(5.5)
Foreign exchange (losses) and gains, net	(18.7)	(3.3)
Finance (costs), net	(65.1)	(58.6)

Foreign exchange (losses) principally driven by weakness of AUD, BRL, INR and other currencies

Majority of foreign exchange losses unrealized

Profit/ (loss) details

in CHF m	2013	2012 restated
Profit/ (loss) before tax	33.1	(42.0)
Income tax expense	(12.1)	(14.3)
Profit/ (loss) for the year	21.0	(56.3)
<i>Weighted average effective tax rate</i>	36.6%	(34.0)%
Basic earnings per share (CHF)	0.71	(2.23)
Diluted earnings per share (CHF)	0.71	(2.23)
<i>Weighted average number of shares outstanding</i>	26,066,799	26,143,749

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

Balance Sheet information

in CHF m	31 December 2013	31 December 2012 restated	Change
Cash and cash equivalents	174.2	170.6	3.6
Tangible fixed assets	296.0	304.6	8.6
Trade working capital	196.0	222.2	26.2
Debt	435.2	429.1	6.1
Net debt	261.0	258.5	2.5
Net defined benefit liability	121.9	177.5	55.6
Equity (Shareholders of the Company)	285.2	241.0	44.2
Available credit lines	122.7	120.7	2.0

Stable balance sheet with strengthened equity position

Cash Flow information

in CHF m	2013	2012 restated	Change
EBITDA	168.1	171.1	3.0
Changes in working capital	(21.0)	(66.1)	
Changes in provisions and retirement benefit obligations	(33.6)	(18.4)	
Other	(9.6)	(23.1)	
Cash generated from operations	103.9	63.5	40.4
Interest, net	(29.4)	(21.2)	
Income taxes paid, net	(11.6)	(26.4)	
Net cash flow from operating activities	62.9	15.9	47.0
Acquisitions and disposals, net of cash	5.9	(49.5)	
Capex & other	(51.9)	(58.0)	
Net cash flow used in investing activities	(46.9)	(107.5)	60.6
Net cash flow used in financing activities	(3.5)	(167.1)	163.6
Change in cash	12.5	(258.7)	271.2
Continued focus on working capital management			

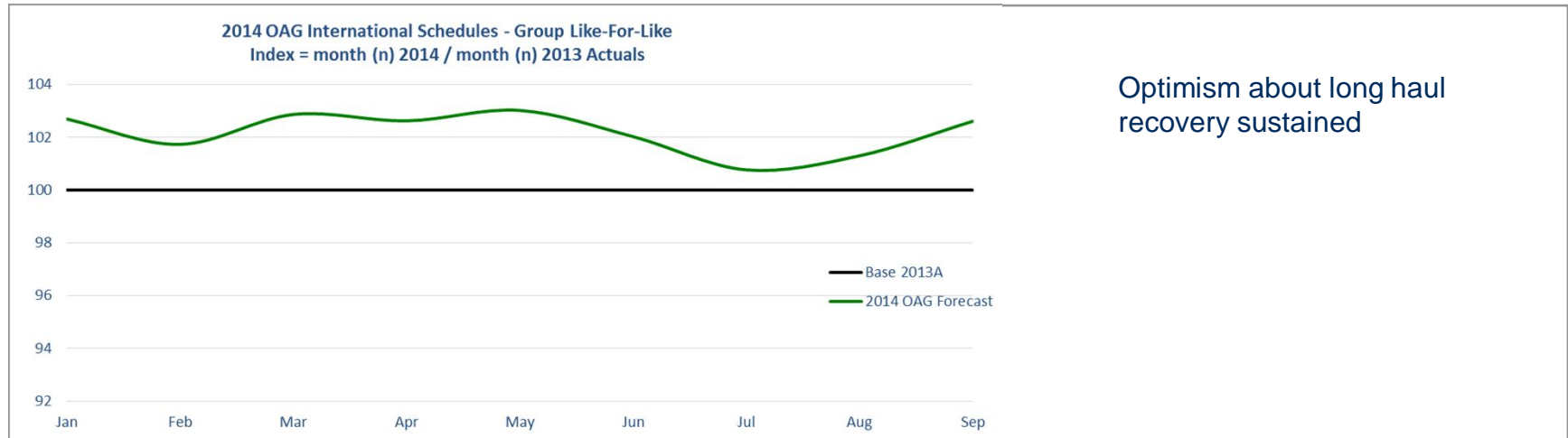
Changes in Working Capital

in CHF m	2013	2012 restated	Change
Change in inventories	(5.1)	(0.9)	
Change in trade receivables	(1.1)	(32.5)	
Change in trade payables	18.2	(7.1)	
Change in other receivables and payables, net	(33.0)	(25.6)	
Total	(21.0)	(66.1)	45.1
Cash movements in retirement benefit obligations	(16.3)	(14.9)	
Cash movements in restructuring provisions	(18.5)	(10.0)	
Cash movements in other provisions	(5.5)	(4.3)	
Non cash movements in retirement benefit obligations	7.8	2.4	
Non cash movements in restructuring provisions	10.5	22.5	
Non cash movements in other provisions	(11.6)	(14.1)	
Total	(33.6)	(18.4)	15.2

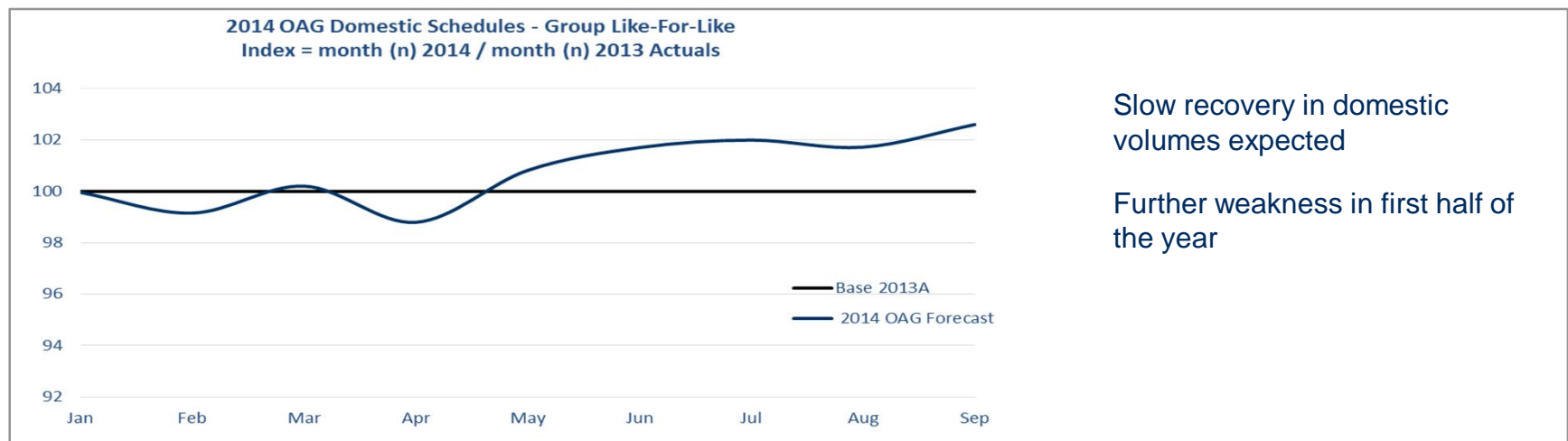
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2014 OAG flight volume



Optimism about long haul recovery sustained



Slow recovery in domestic volumes expected

Further weakness in first half of the year

Source: OAG schedules

Outlook

- Airline Solutions' expected underlying revenue growth of about 3% will be offset by 2013 portfolio restructuring and weaker exchange rates experienced at the end of 2013
 - European performance stabilized by 2013 restructuring with ongoing initiatives proceeding into 2014; stable to positive outlook
 - North American performance projected to be stable with modest revenue growth; first quarter impacted by severe weather conditions
 - Emerging Markets' performance will 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
- The Board of Directors will propose to the Annual General Meeting to pay a dividend of CHF 0.30 per registered dividend paying share, funded by a withdrawal from the reserve from capital contributions

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

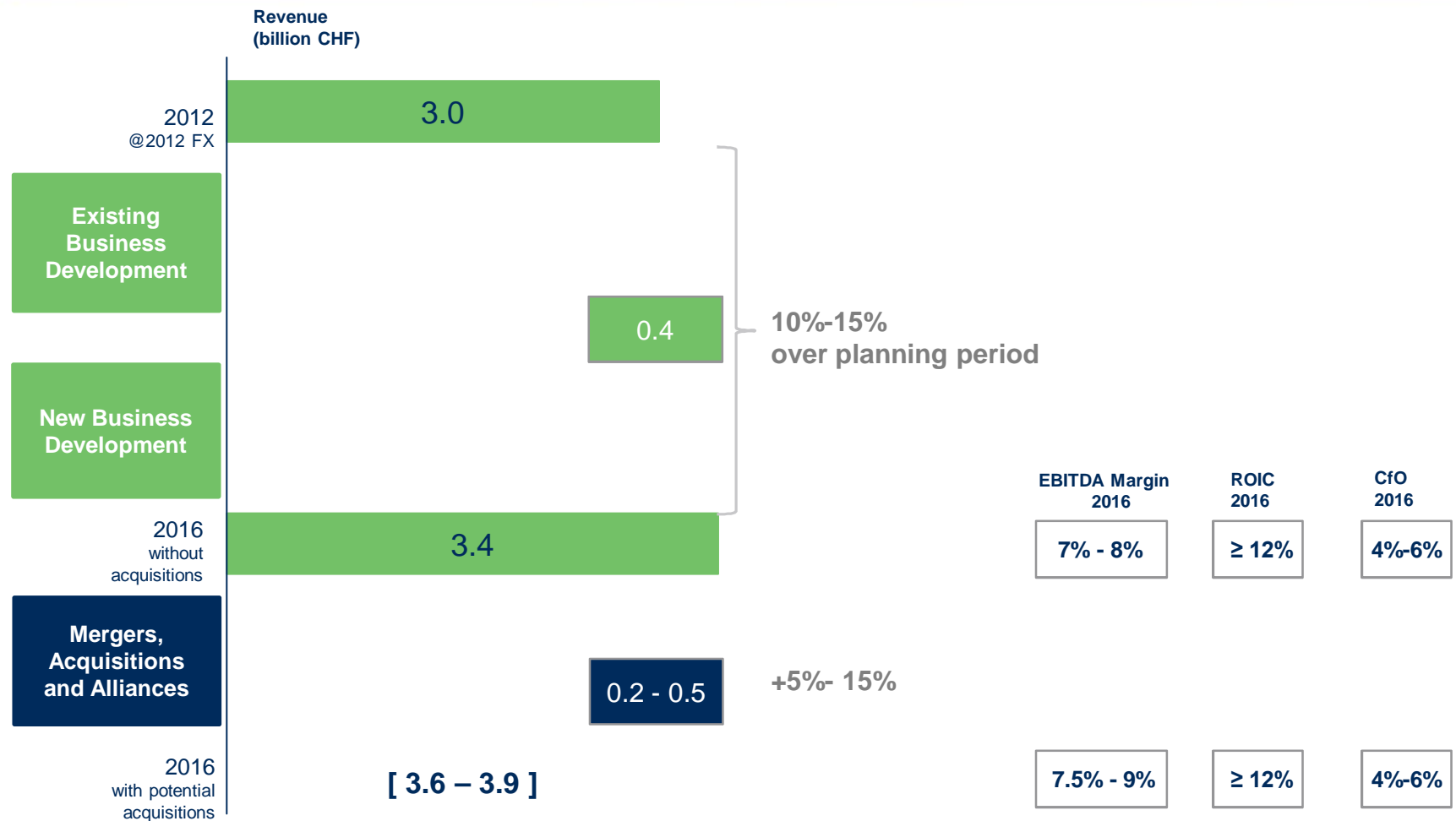
2014 outlook

Per Segment	Revenue growth	EBITDA margin
Airline Solutions	(2.0%) - (0.5%)	6.5% - 7.0%
Product and Supply Chain Solutions	3.0% - 5.0%	6.5% - 7.5%
Per Geography		
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%
gategroup*	~ 0.0%	5.6% - 6.2%

*Includes Eliminations and Corporate Costs

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

Mid term plan 2016



Note: Based on management estimates – for principle assumptions please refer to appendix 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 2016 - drivers

Per Segment	Expected total revenue growth over the planning period**	2016 Expected EBITDA margin range
Airline Solutions	10% - 13%	7.0% - 9.0%
Product and Supply Chain Solutions	15% - 20%	7.5% - 9.0%
Per Geography		
Europe	6% - 8%	6.0% - 7.0%
North America	8% - 10%	8.0% - 9.0%
Emerging Markets	20% - 25%	9.0% - 13.0%
gategroup*	10% - 15%	7.0% - 8.0%

* Includes Eliminations and Corporate Costs

** Planning period 2012 - 2016

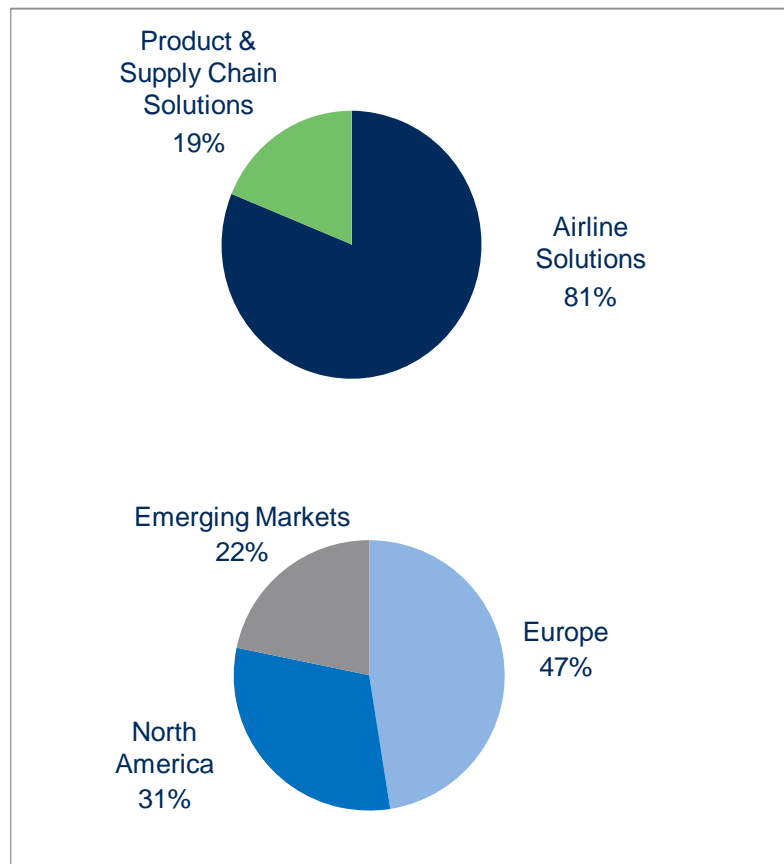
Sustainable revenue growth with healthy EBITDA improvement



Appendix

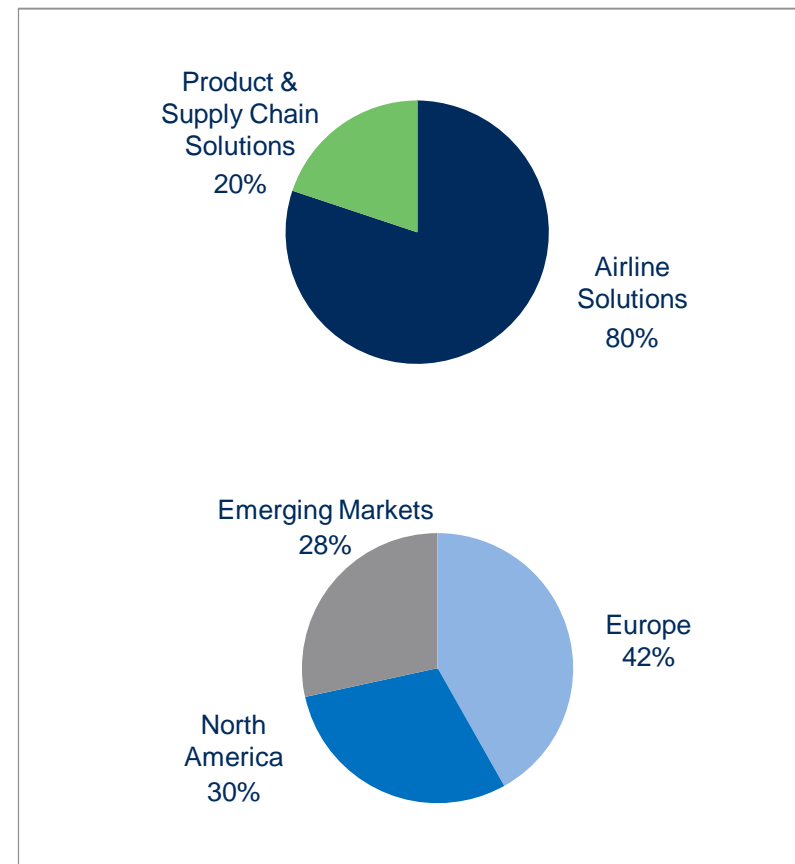
gategroup's profile

Revenue split



Notes: Revenue and EBITDA split excluding corporate items and eliminations

EBITDA split



Revenue analysis

in CHF m	2013	Change	Change @ constant FX
Catering and retail onboard	1,677.4	1.6%	1.4%
Handling	769.9	9.7%	12.1%
Equipment	259.7	1.1%	0.4%
Other revenue	295.2	10.3%	7.3%
TOTAL	3,002.2	0.3%	2.9%

gategroup growth vs. IATA / OAG statistics

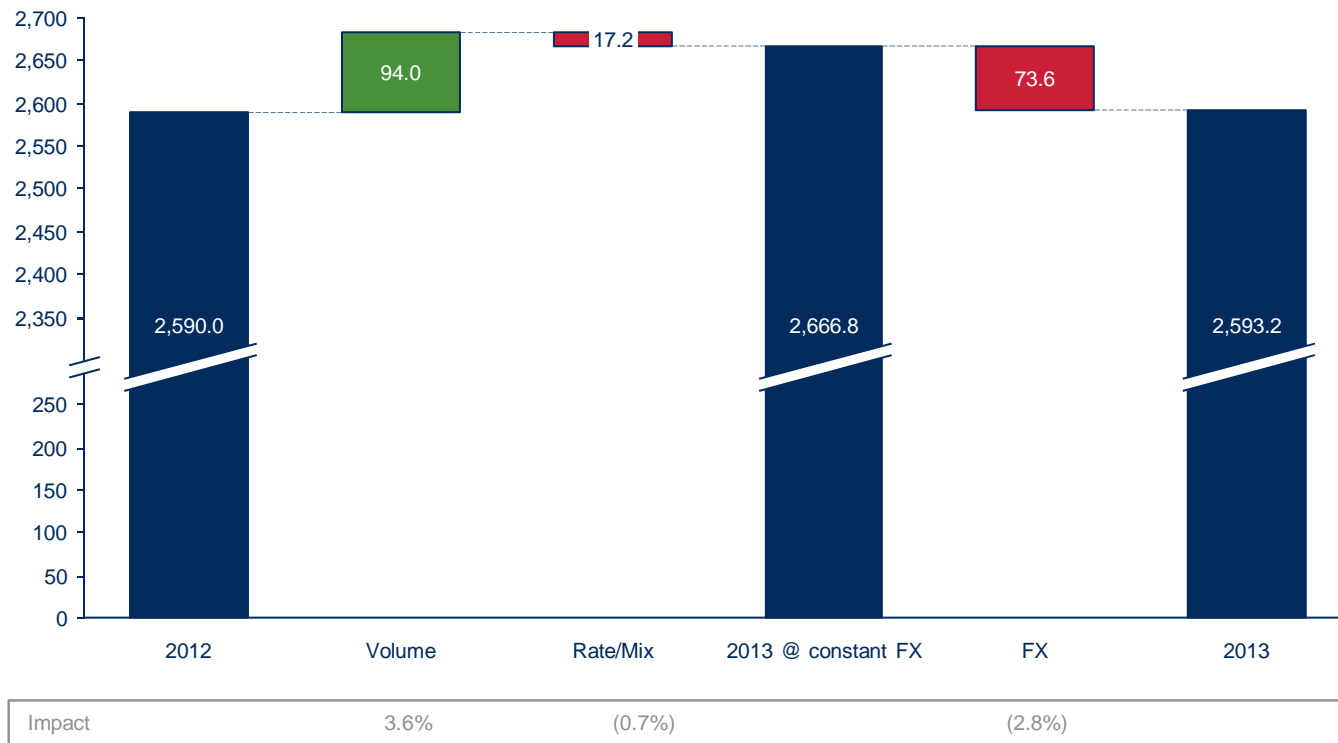
	IATA passenger growth rate		OAG flight growth rates		gategroup net growth		gategroup portfolio	
	2012	2013	2012	2013	2012	2013	2012	2013
Europe	5.8%	3.8%	-1.1%	-0.6%	1.2%	-0.4%	2.6%	2.4%
North America	1.2%	2.3%	-1.7%	-0.8%	0.9%	3.6%	1.6%	4.7%
Asia - Pacific	6.2%	7.1%	6.3%	7.4%	13.0%	14.6%	2.6%	2.6%
Latin America	10.1%	6.3%	6.1%	0.6%	5.4%	7.8%	5.4%	5.2%
Worldwide	5.7%	5.2%	1.4%	1.5%	2.9%	3.6%	2.6%	3.3%

Notes:

- 1) Growth rates relate to the respective period;
- 2) These statistics represents Airline Solutions only;
- 3) gategroup portfolio excludes wins and losses and acquisitions;
- 4) gategroup net growth means portfolio growth including wins and losses excluding acquisitions;
- 5) Source – IATA and OAG 2012 and 2013 reports

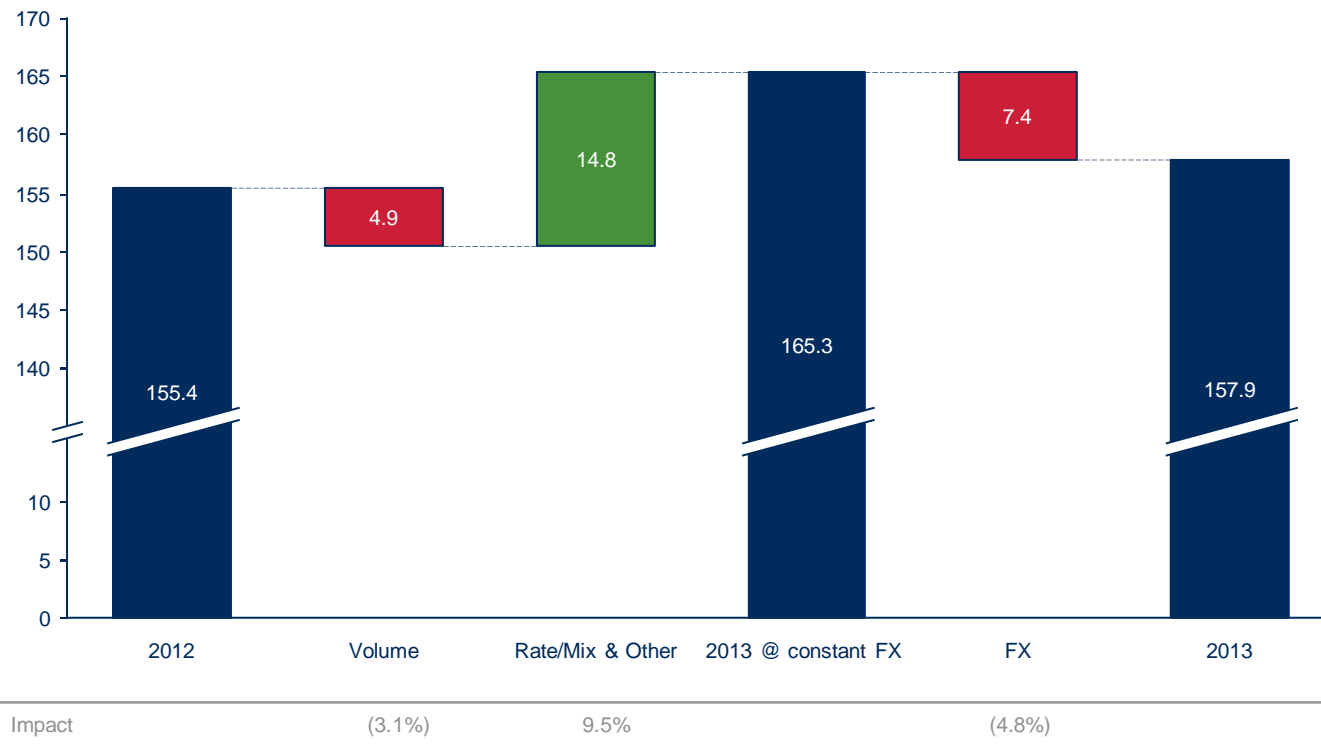
Revenue Bridge – Airline Solutions

In CHF m



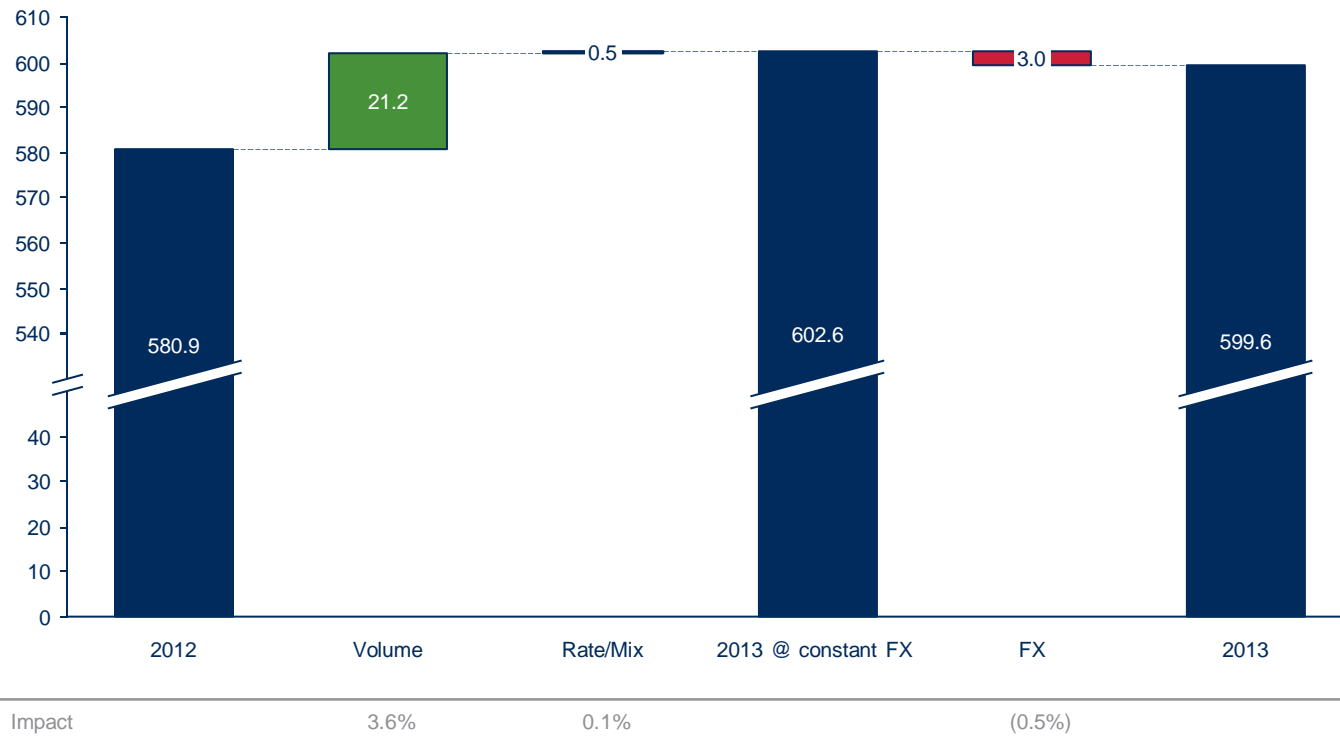
EBITDA Bridge – Airline Solutions

In CHF m



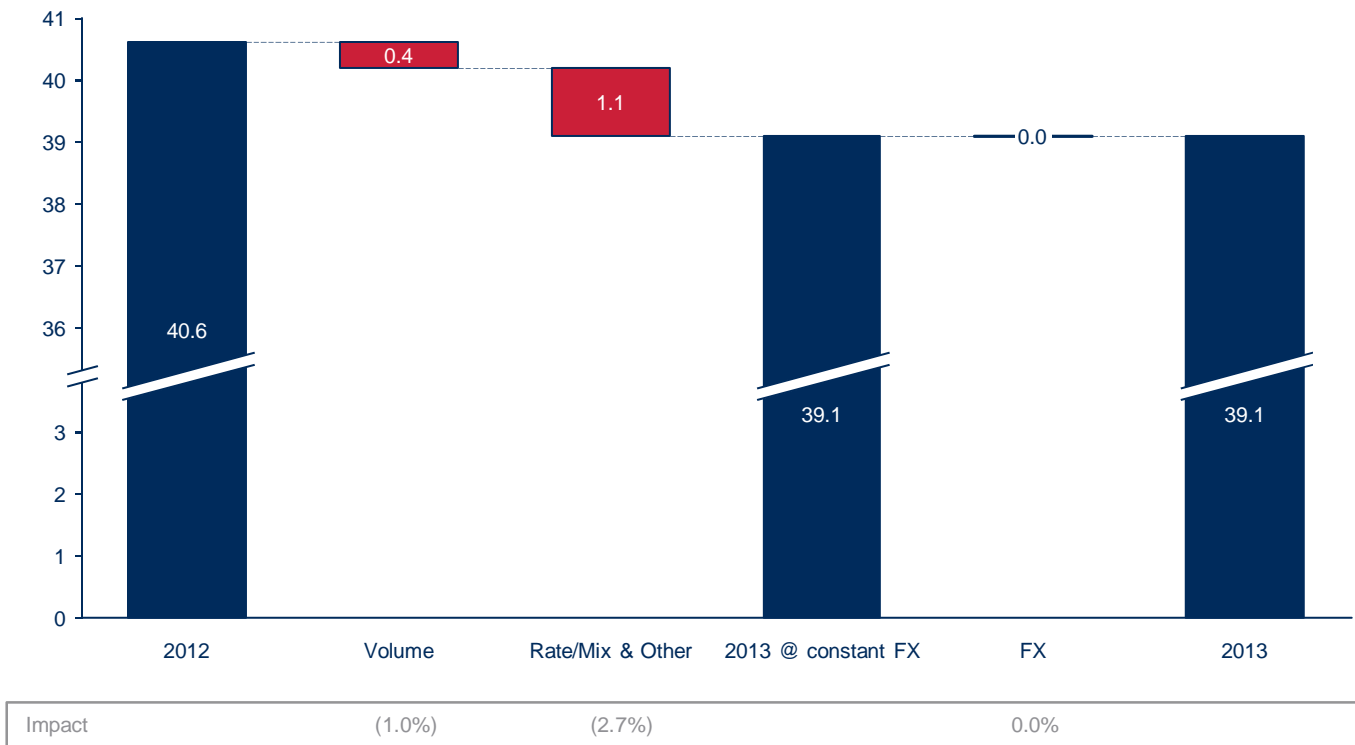
Revenue Bridge – P&SCS

In CHF m



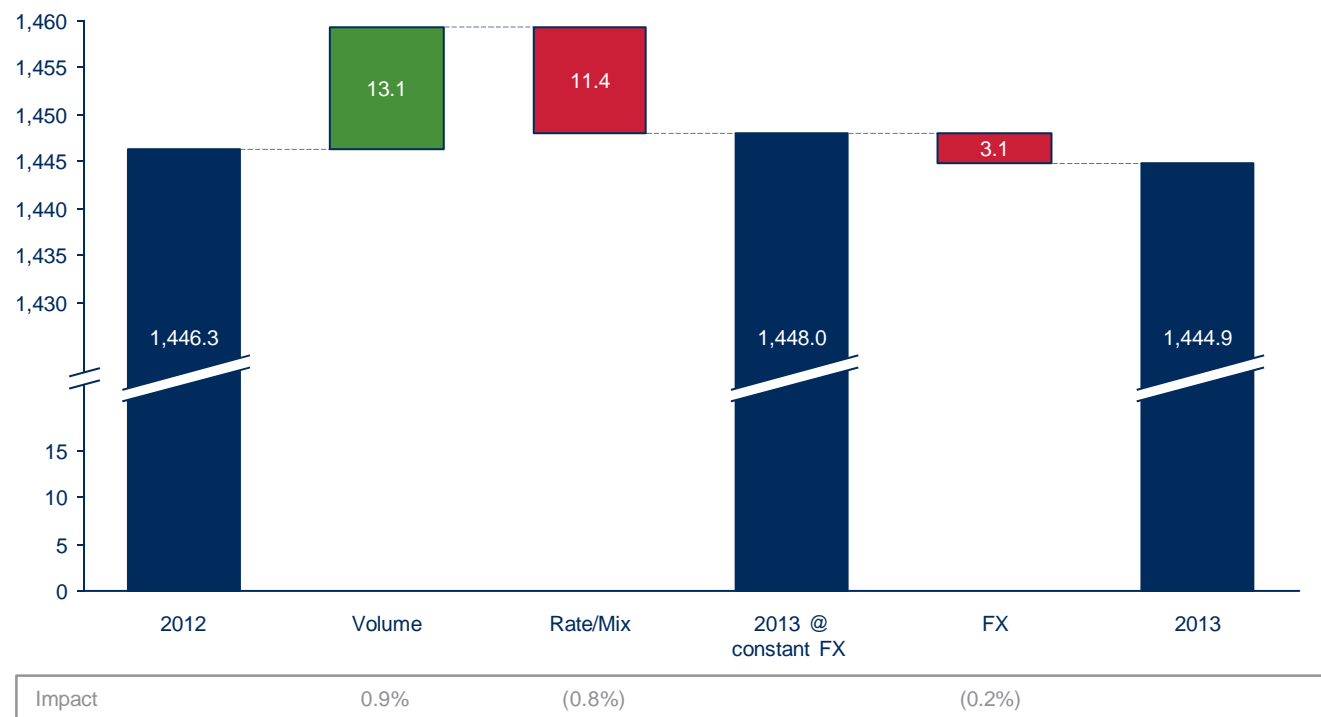
EBITDA Bridge – P&SCS

In CHF m



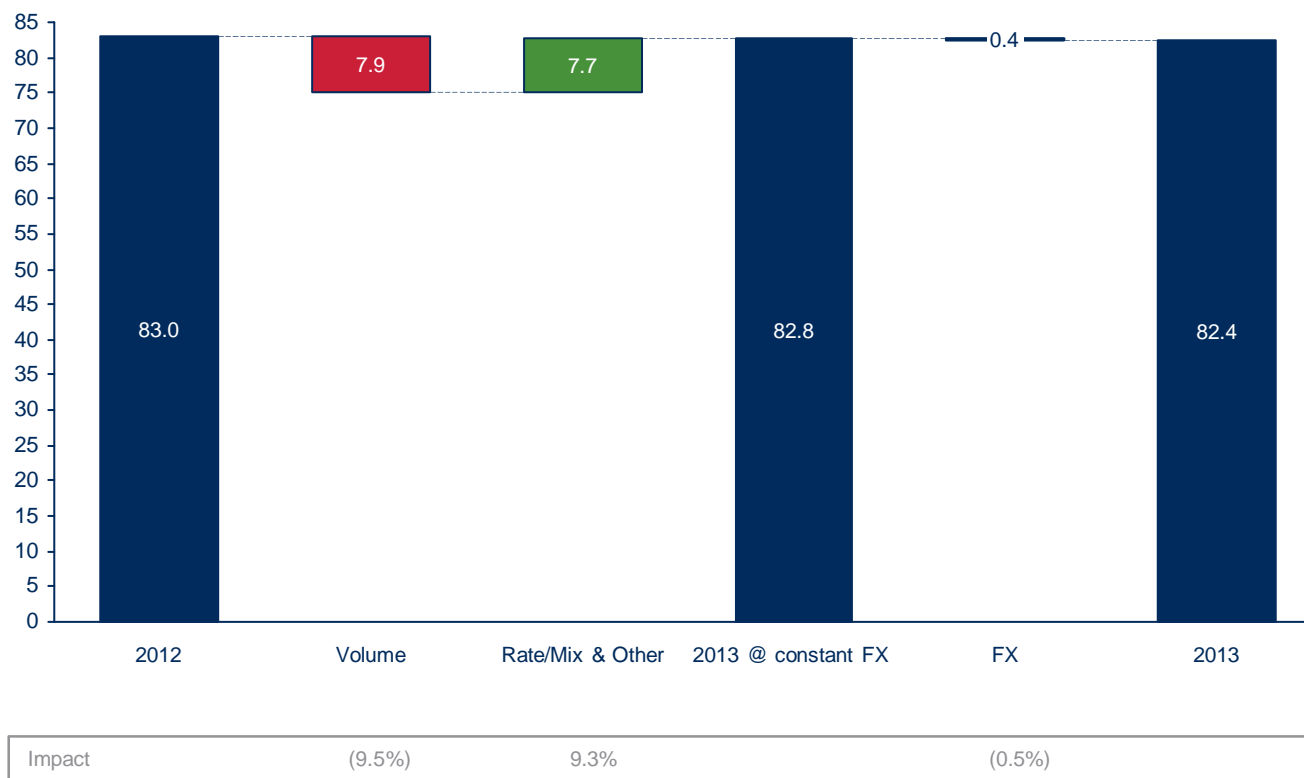
Revenue Bridge - Europe

In CHF m



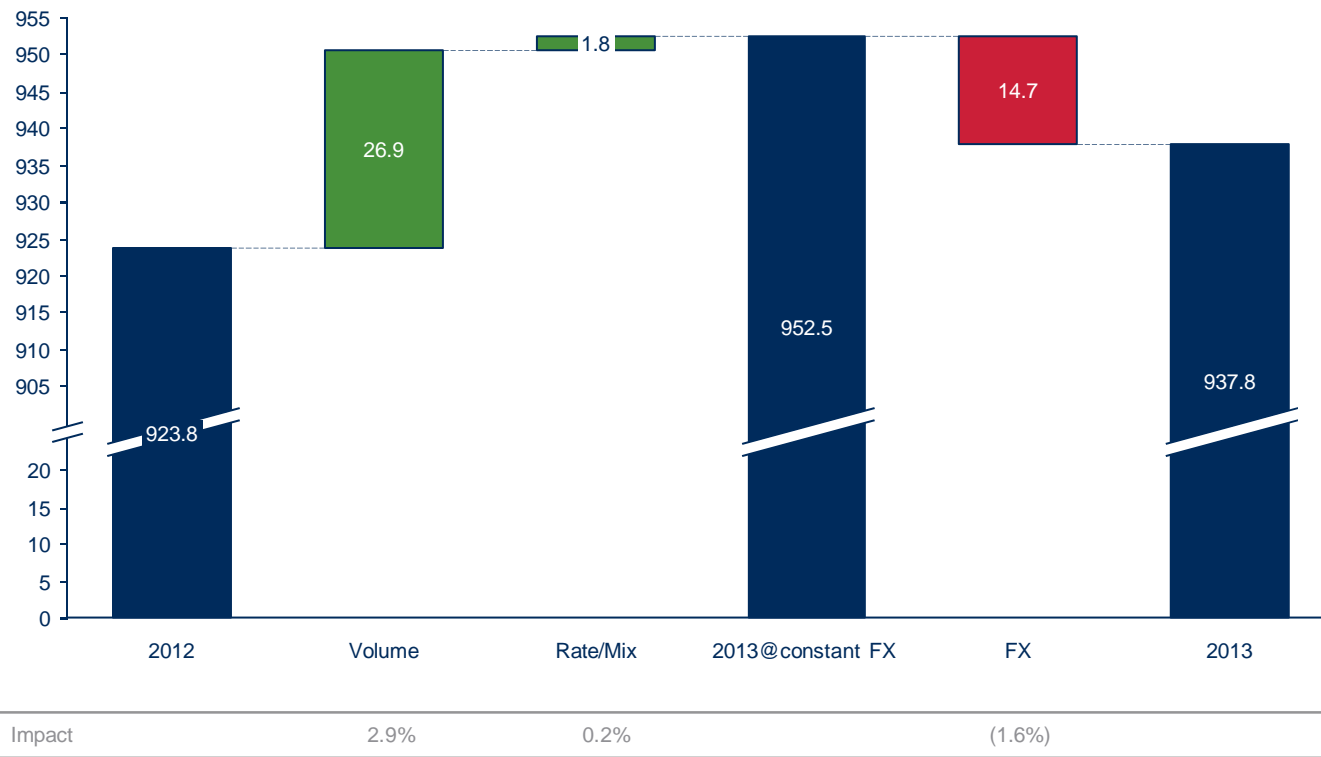
EBITDA Bridge - Europe

In CHF m



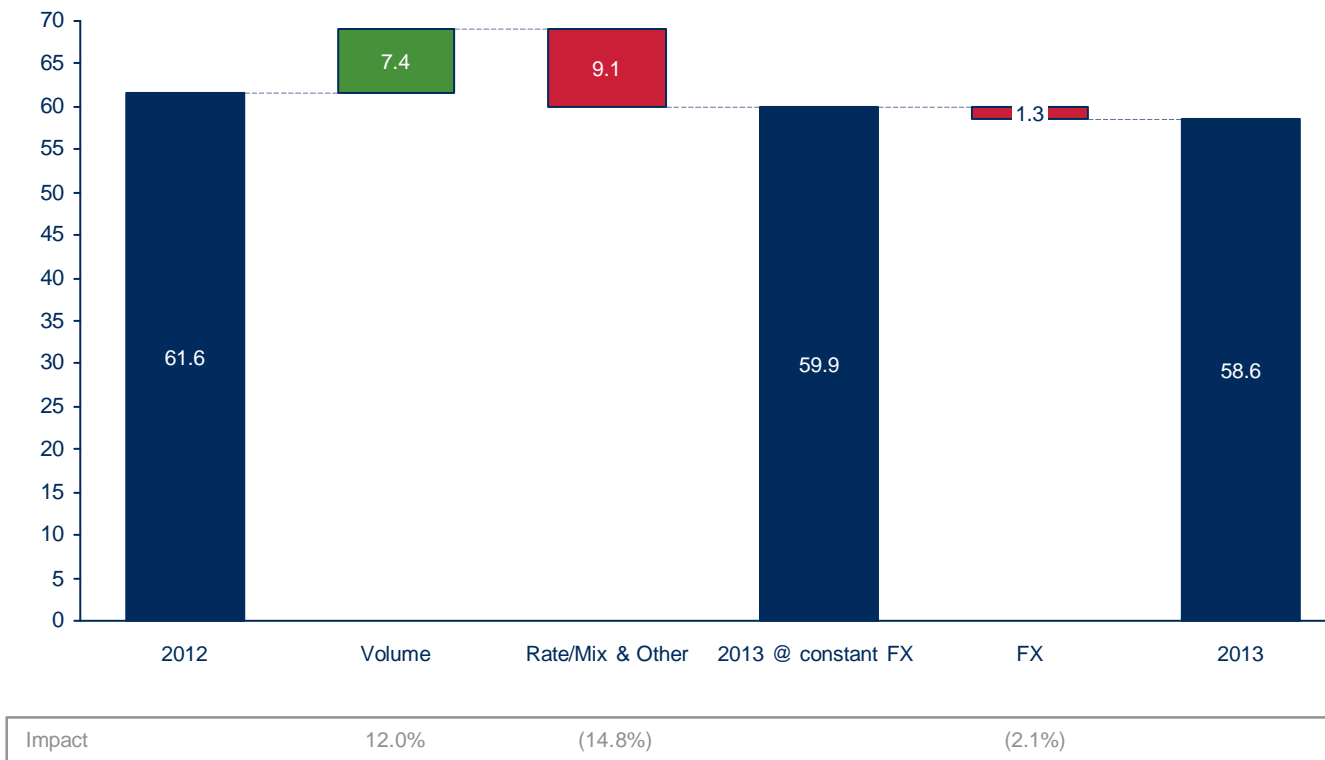
Revenue Bridge – North America

In CHF m



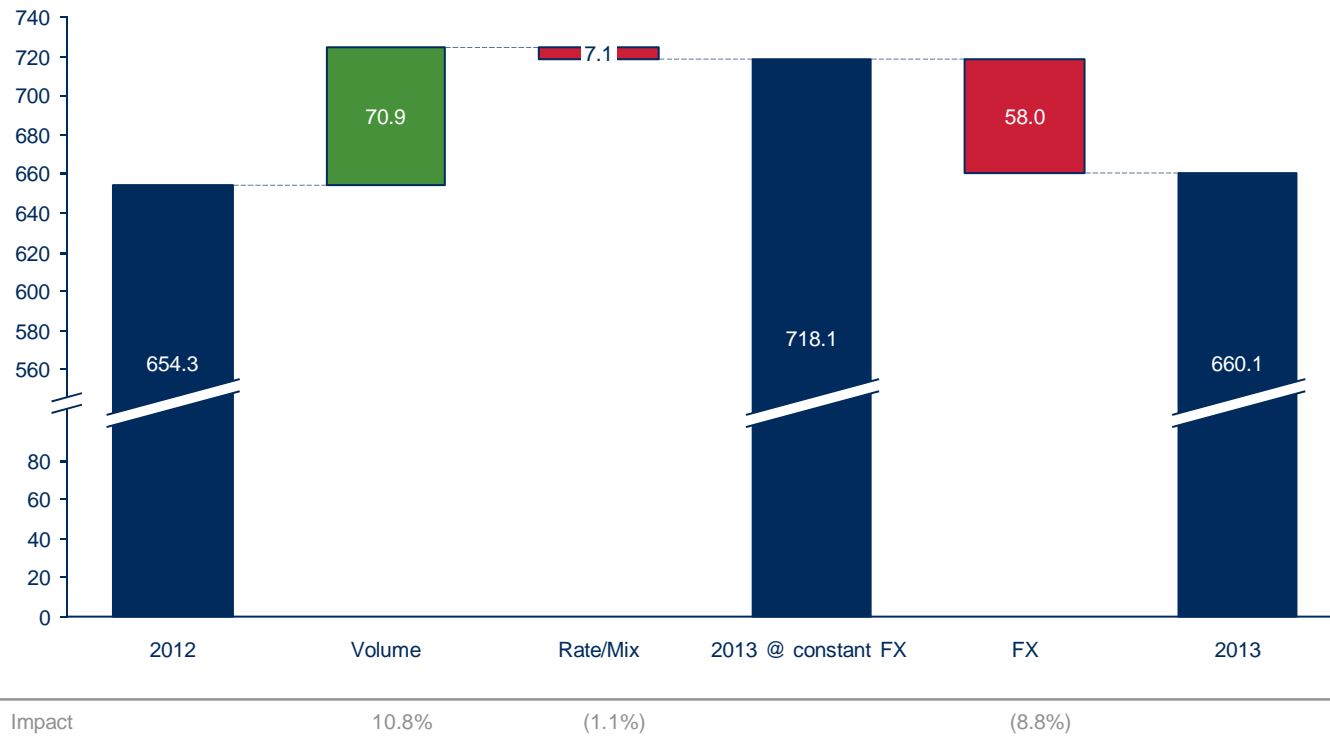
EBITDA Bridge – North America

In CHF m



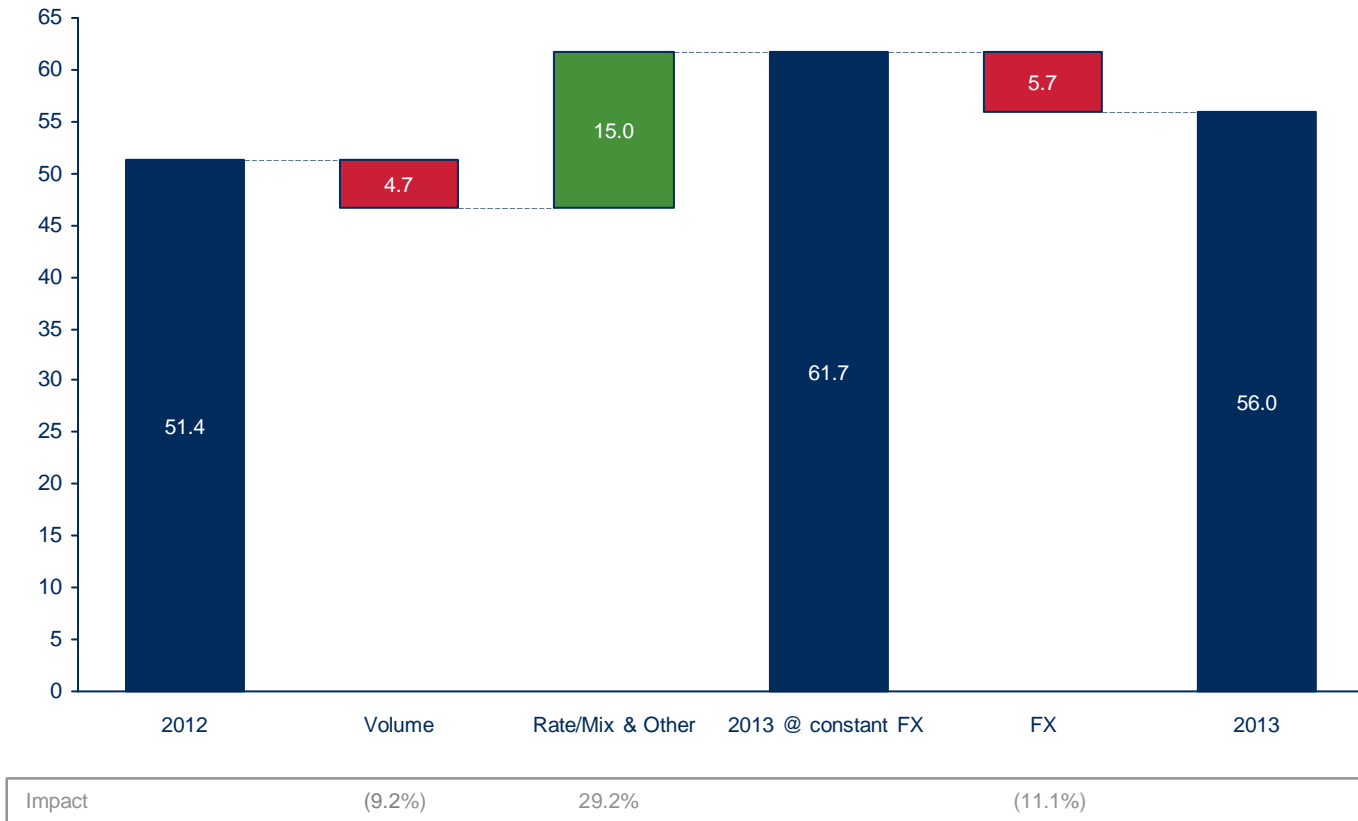
Revenue Bridge – Emerging Markets

In CHF m



EBITDA Bridge – Emerging Markets

In CHF m



Capital expenditure

in CHF m	2013	2012
Airline Solutions	44.4	52.7
Product and Supply Chain Solutions	6.7	3.2
Group Center	2.0	4.5
Total Capital Expenditure	53.1	60.4

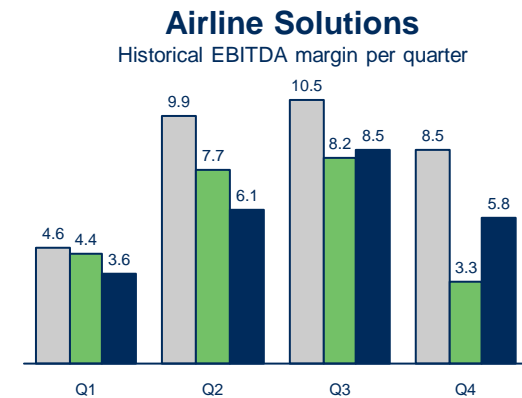
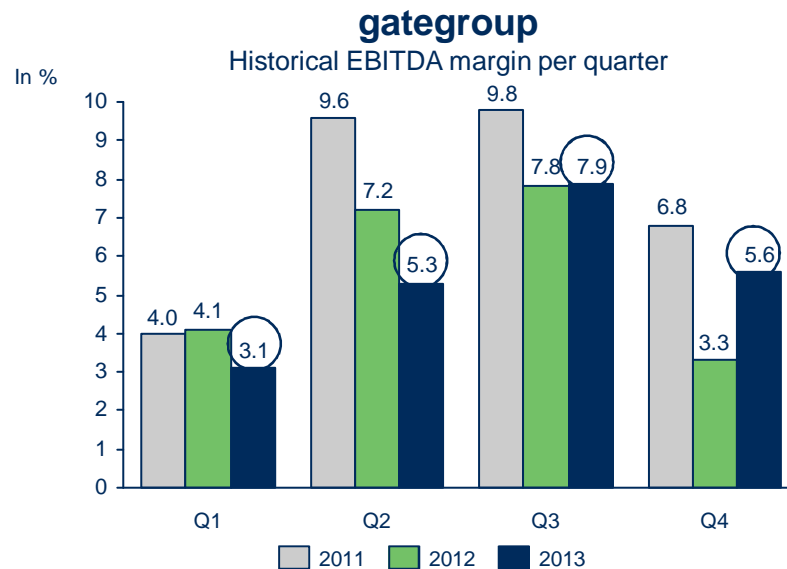
% of Revenues	2013	2012
Airline Solutions	1.7%	2.0%
Product and Supply Chain Solutions	1.1%	0.6%
Group Center	-	-
Total Capital Expenditure	1.8%	2.0%

Note: Revenue amount does not include eliminations

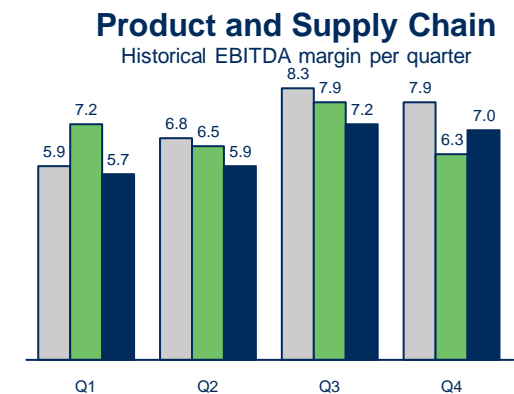
Capital Structure

	Number of shares
Issued Share Capital at 31 December 2012	26,786,336
2013 EIP 09-13 vesting	-
Issued Share Capital at 31 December 2013	26,786,336
Treasury Shares	719,537
Issued Share Capital at 31 December 2013 excl. Treasury shares	26,066,799
Conditional Capital reserved for EIP	381,355
Conditional Capital reserved for convertible debentures	1,967,822
Conditional Capital at 31 December 2013	2,349,177
Authorized Capital at 31 December 2013	-

2013 seasonality



- 2013 Q1 and Q2 substantially weaker due to weaker European volumes and integration/turnaround costs in the businesses acquired in Q4 2012
- Q3 recovery driven by stabilizing volumes on short haul flights, European restructuring and ongoing integration efforts of acquisitions
- Q4 2013 margins substantially above previous year due to improvements achieved in the Airlines Solutions, notably in Europe and the Emerging Markets



Assumptions for gategroup 2016 strategic targets

gategroup 2016 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 2012 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 2012 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

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