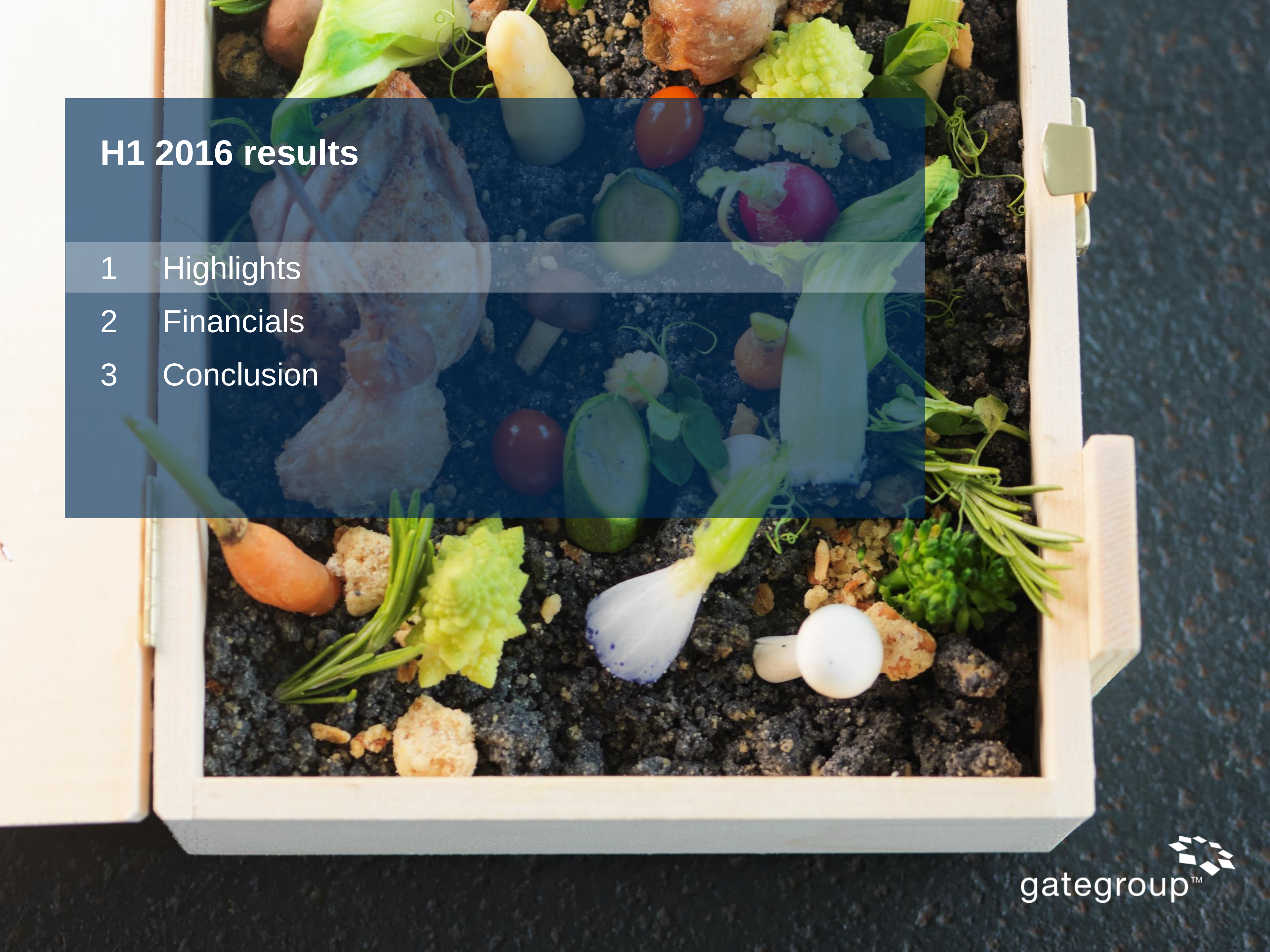
H1 2016 results

Investors and Analysts presentation

1 September 2016



H1 2016 results

H1 2016 financial summary

Significant increases in revenue and margins

in CHF m	H1 2016	H1 2015	*Change*
Revenue	**1’596.6**	**1’415.1**	***12.8%***
FX effect	3.5		
Revenue @CC[1]	**1’600.1**	**1’415.1**	***13.1%***
Organic growth	94.3		*6.7%*
EBITDA[2]	**76.2**	**29.8**	***155.7%***
EBITDA margin	*4.8%*	*2.1%*	*2.7pp*
EBITDA @CC[1]	**77.9**	**29.8**	***161.4%***
EBITDA margin @CC[1]	*4.9%*	*2.1%*	*2.8pp*
Net profit / (loss)[3]	**18.3**	**(88.3)**	**CHF 106.6m**
Cash generated from operations	**40.8**	**19.3**	***CHF 21.5m***
Free cash flow	**1.4**	**(29.0)**	***CHF 30.4m***

1. At constant currency
2. EBITDA refers to Segment EBITDA throughout the presentation
3. Attributable to shareholders

Note:
Figures may not add up due to rounding numbers

Revenue

- H1 2016 revenue of CHF 1’596.6 million, compared to CHF 1’415.1 million in H1 2015 (up by 12.8%)
  - Organic growth of 6.7%
  - Net win / loss ratio of (0.9)%
  - M&A of 7.3%
  - FX of (0.3)%

EBITDA

- H1 2016 EBITDA of CHF 76.2 million, compared to CHF 29.8 million in H1 2015 (up by 155.7%)
- Absence of CHF 27.0 million of H1 2015 adjustments (provisions for US labor agreement and other)

Net profit

- Impressive net profit growth by CHF 106.6m

Cash flow

- Free cash flow improved by CHF 30.4m driven by:
  - Higher EBITDA
  - Improved working capital
  - Lower interest expense
  - Offset by higher capex

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2016 YTD main deliveries

Acceleration of Gateway 2020 delivers considerable growth and efficiencies

Focus on the core

- ✓ 6.7% organic revenue growth
- ✓ 2.7pp EBITDA margin improvement y-o-y
- ✓ Strategic contract renewals such as United Airlines for multiple international locations, reached more than CHF 280 million revenue p.a.
- ✓ Impressive retention ratio of 96% in H1 2016
- ✓ Number of agreements won e.g. Qatar Airways in Boston and Atlanta as well as Emirates in Tokyo Narita and Clark International Airport in Philippines
- ✓ Non-strategic assets for sale

Retail on board and commercial innovation

- ✓ IFS acquisition completed in Feb 2016, integration well on track
- ✓ Strategic contract win in retail on board – for all 5 tour operator airlines of TUI Group and key renewal with Wizz Air in EMEA
- ✓ Development of business intelligence (BI) tools and new technologies progressing
  - ✓ New onboard trolley models
  - ✓ InSeat portable onboard WiFi system
  - ✓ Absolutely ONE concept

Standardization and efficiency

- ✓ Full ramp-up of ZBB with CHF 50-60 million savings p.a. expected by 2017
- ✓ 300 FTEs identified, ~80% of targeted reduction completed and on track to deliver 100% by 2016 and CHF 20 million run-rate savings p.a.
- ✓ Global procurement gains traction
- ✓ Restructuring of underperforming operations (e.g. India) according to plan

Geographic expansion – M&A

- ✓ 75% acquisition of largest Cambodian airline caterer CACS[1], completed in Mar 2016
- ✓ 60% acquisition of remote caterer COMO with strong pipeline of business in Saudi Arabia and Latin America, completed in May 2016
- ✓ Acquisition and full consolidation of GG Mexico as ownership increased from 50% to 51%, completed in Jun 2016
- ✓ Controlling interest acquisitions of Italian caterer Airfood and Bolivian airline catering business of Service Group, both completed in August 2016

EBITDA margin improvement target over-reached:
+25-50bps p.a. delivered in H2 2015 and H1 2016, confirmed for FY 2016

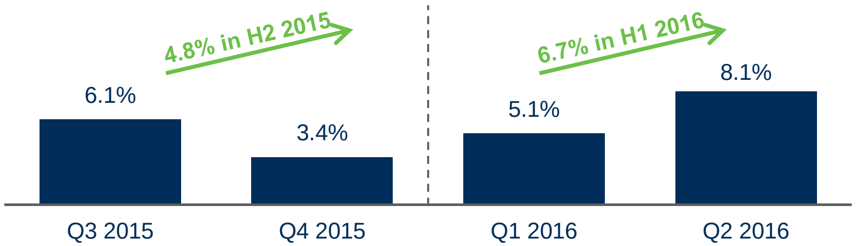
1. Cambodia Air Catering Services

Spreading two wings—growth and innovation, efficiencies and cash flow

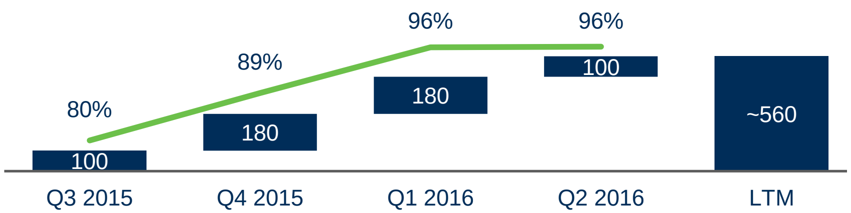
We fly further and higher than ever before

Growth and innovation

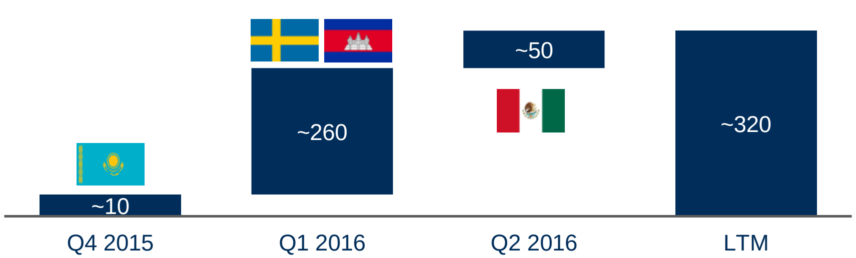
- Organic revenue grew on average 5.7% q-o-q



- Strategic contract renewals reached ~CHF 560m revenue p.a. in LTM[1] and the retention ratio reached 96% in H1 2016

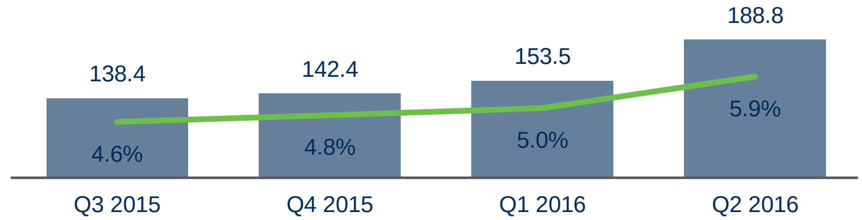


- Thanks to disciplined M&A policy, inorganic annual revenue has been increased by ~CHF 320m at ~8% EBITDA margin

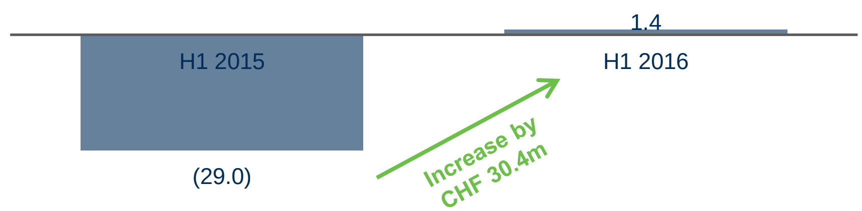


Efficiencies and cash flow

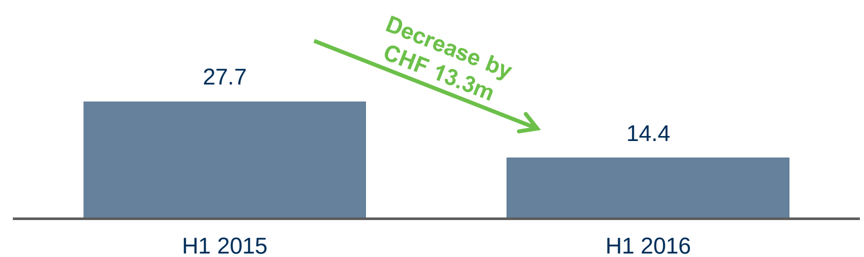
- LTM EBITDA grew on average by CHF 13m q-o-q, leading to margin improvement by 34bps q-o-q



- Impressive FCF growth by CHF 30.4m y-o-y



- Financing costs halved for first 6 months of the year thanks to full debt refinancing resulting in interest cost savings



1. Based on award date

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Commercial innovation

Deep dive

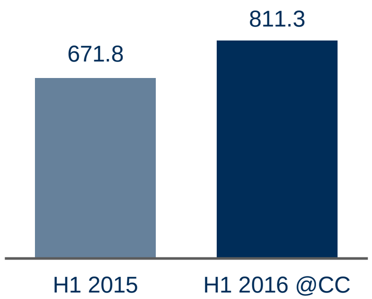
Performance by region

Revenue and EBITDA increased in every region

EMEA

Revenue

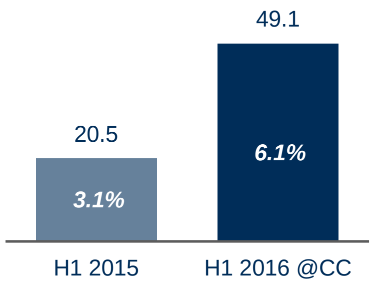
Change *20.8%*



Reported H1 2016 **CHF 818.4m**

EBITDA

139.5%

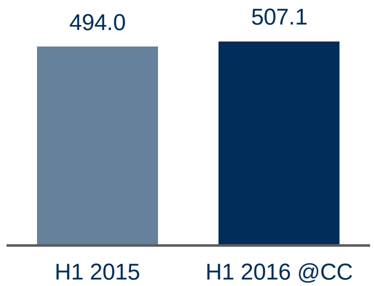


CHF 50.0m
6.1% margin

North America

Revenue

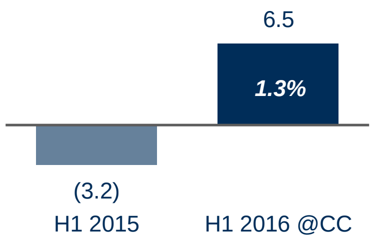
Change *2.7%*



CHF 522.9m

EBITDA

303.1%

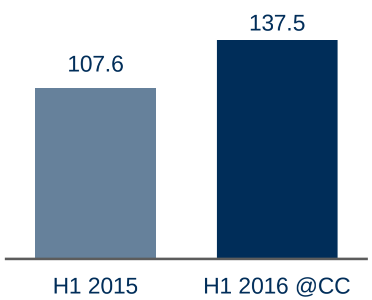


CHF 8.7m
1.7% margin

Latam

Revenue

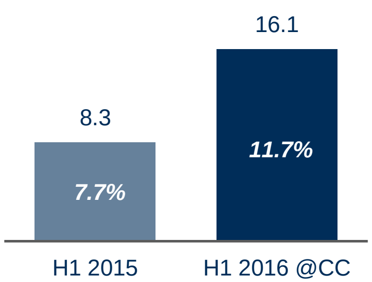
Change *27.8%*



Reported H1 2016 **CHF 109.7m**

EBITDA

94.0%

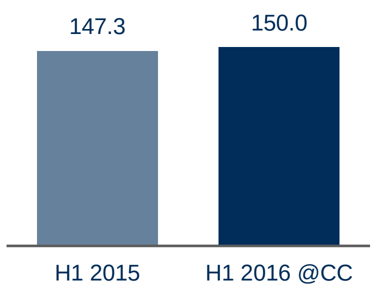


CHF 10.6m
9.7% margin

APAC

Revenue

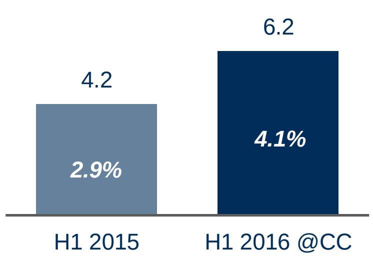
Change *1.8%*



CHF 151.5m

EBITDA

47.6%



CHF 6.9m
4.6% margin

Notes:
All figures in CHF million
Figures exclude revenue eliminations of CHF 5.9m in H1 2016 and CHF 5.6m in H1 2015
Figures may not add up due to rounding numbers

H1 2016 results

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Income statement

Significant improvement in EBITDA and EBIT margins as well as in net profit

in CHF m	H1 2016	%	H1 2016 @CC	%	H1 2015	%
Revenue	**1'596.6**	**100.0%**	**1'600.1**	**100.0%**	**1'415.1**	**100.0%**
Cost of sales	(664.0)	(41.6%)	(661.6)	(41.4%)	(574.3)	(40.6%)
Personnel costs	(599.6)	(37.6%)	(602.8)	(37.7%)	(573.1)	(40.5%)
Opex	(256.8)	(16.1%)	(257.8)	(16.1%)	(237.9)	(16.8%)
EBITDA	**76.2**	**4.8%**	**77.9**	**4.9%**	**29.8**	**2.1%**
Management fees	0.3		0.4		0.4	
D&A	(33.6)		(33.2)		(29.1)	
Other operating costs	(2.8)		(3.1)		(38.1)	
EBIT	**40.1**	**2.5%**	**42.0**	**2.6%**	**(37.0)**	**(2.6)%**
Finance cost	(14.4)				(27.7)	
Share of associate profit	2.2				1.8	
FX	4.2				(21.5)	
Profit / (loss) before tax	**32.1**				**(84.4)**	
Income tax	(12.8)				(3.1)	
Minority interest	(1.0)				(0.8)	
Net profit / (loss) for the period[1]	**18.3**				**(88.3)**	

Commentary

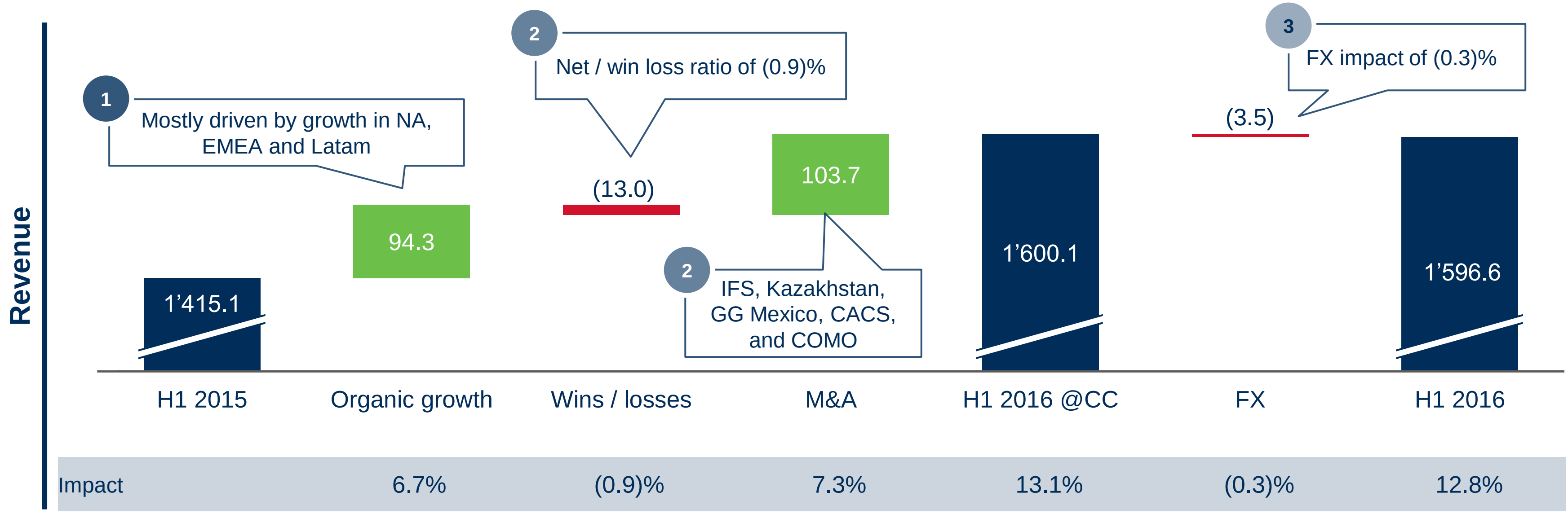
- **Revenue increased by 12.8%** to CHF 1'596.6 million, compared to CHF 1'415.1 million previous year
- **Personnel cost ratio decreased** as a result of the restructuring efforts
- **Opex increase** mostly **driven by increased customer profit share expense** due to IFS acquisition with its retail on board model
- **Strong EBITDA** of CHF 76.2m with **EBITDA margin increase** by 2.7pp to 4.8%
- D&A slightly increased as a result of M&A activity
- **Finance cost decreased significantly** driven by lower cost of debt, as a result of refinancing initiatives in 2015
- Net FX gain of CHF 4.2m as a result of more favorable Swiss Franc exchange rate vs. most major currencies in which gategroup operates
- As a result, **impressive net profit growth by CHF 106.6m**

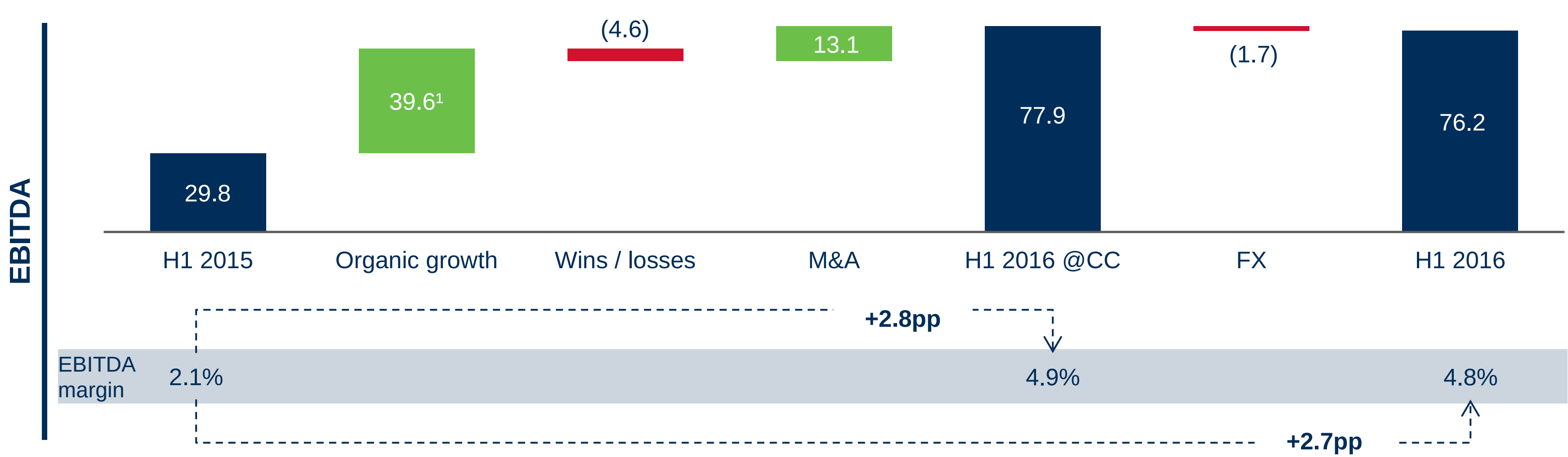
1. Attributable to shareholders

Note:
Figures may not add up due to rounding numbers

Revenue and EBITDA bridges

Robust organic revenue growth of 6.7 % at 42.0% organic EBITDA growth margin





1. Includes CHF 27m of H1 2015 adjustments

Notes:
All figures in CHF million
Figures may not add up due to rounding numbers

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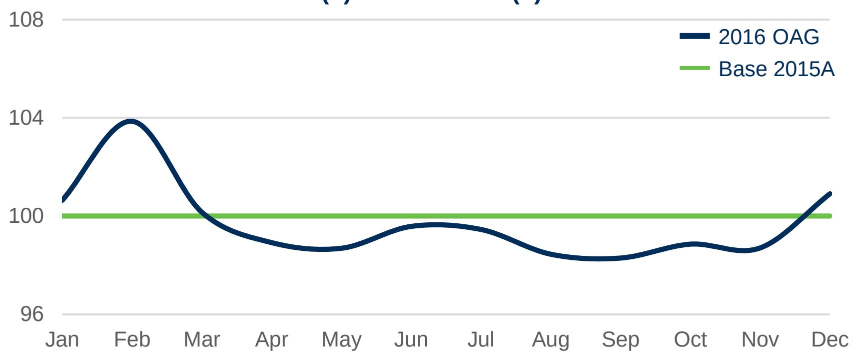
1 Organic growth drivers

Flight volume and load factors development indicate stable demand of air catering services

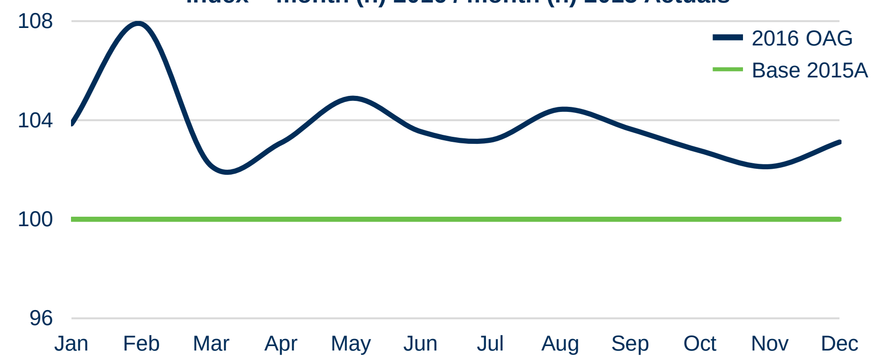
OAG flight volume

2016 OAG International Schedules – Group Like-for-Like
Index = month (n) 2016 / month (n) 2015 Actuals



Volume of international flights strong in Q1 with slight volume decrease in the rest of the year

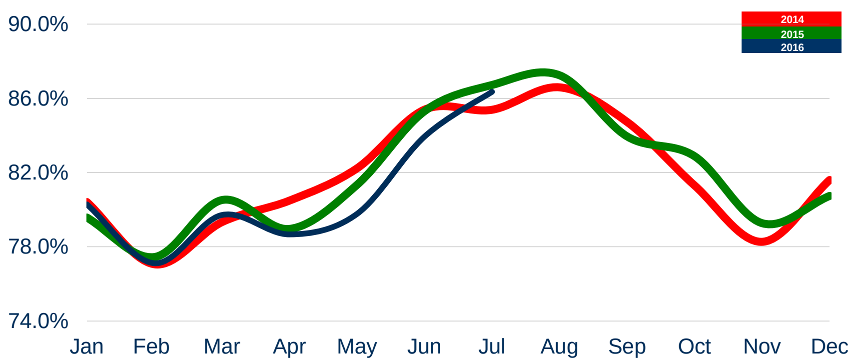
2016 OAG Domestic Schedules – Group Like-for-Like
Index = month (n) 2016 / month (n) 2015 Actuals



Strong global domestic flight volume throughout the year

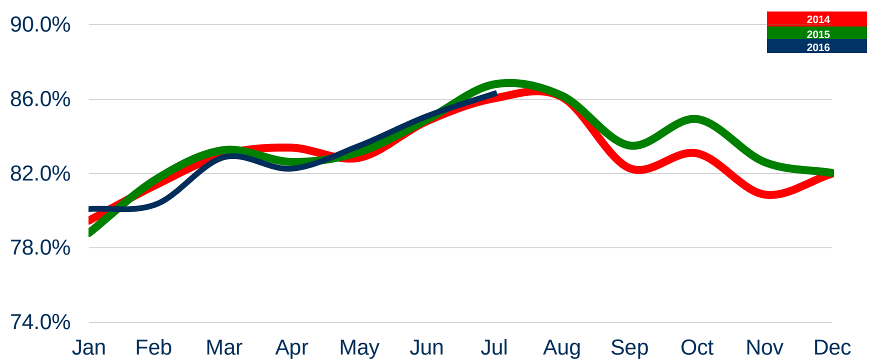
Load factors trends

gategroup's international load factor trend



International load factors slightly below the prior years

gategroup's domestic load factor trend



Domestic load factors in line with previous years

Source: Official Airline Guide schedules

2 Wins/losses and M&A drivers

Slightly negative net win loss ratio offset by strong M&A growth

Drivers

Wins

- SAS Warehousing and Distribution
- TUI Nordic in Scandinavia
- Emirates in Switzerland
- American Airlines in Sydney

Losses

- United Airlines in Chicago
- Thomas Cook in Scandinavia
- Virgin Atlantic in USA
- United Airlines Warehousing and Distribution in EMEA

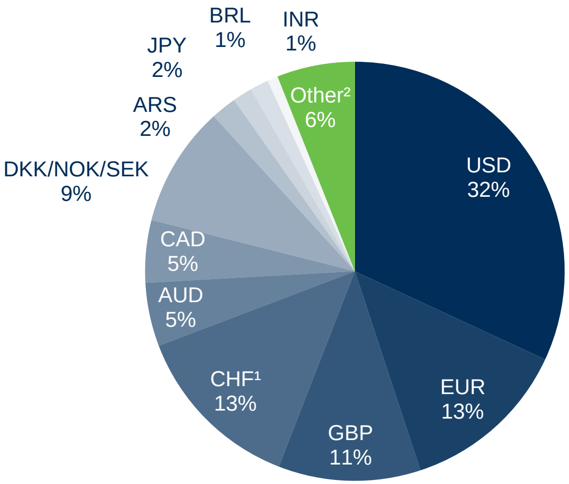
M&A

- Presence established at Astana International Airport in Kazakhstan in Oct 2015
- IFS acquisition completed in Feb 2016
- 75% Cambodia Air Catering Services acquisition completed in Mar 2016
- 60% COMO acquisition completed in May 2016
- Full consolidation of GG Mexico, as ownership increased from 50% to 51%, completed in Jun 2016

Foreign exchange development

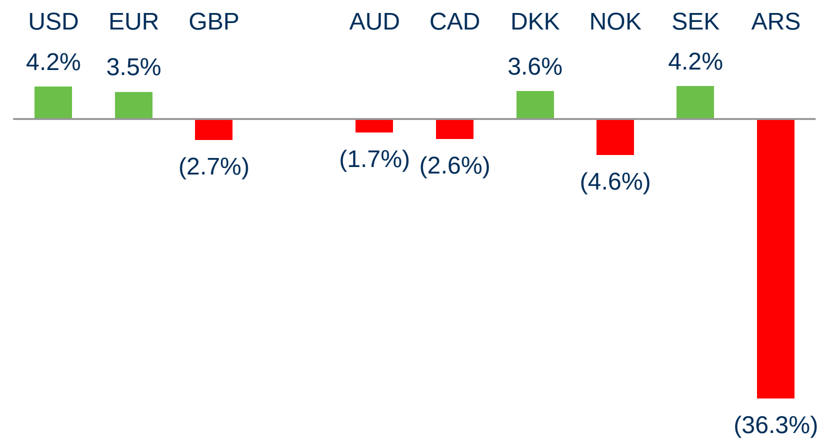
Revenues / costs generated in matching foreign currencies create natural hedge

H1 2016 revenue by currency

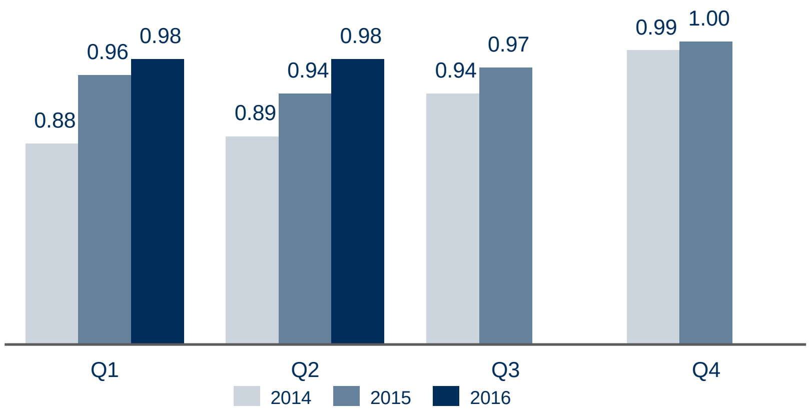


H1 2016 impact on revenue (in CHF m)	
USD	17.6
EUR	7.5
GBP	(5.2)
ARS	(17.9)
AUD	(1.5)
CAD	(2.0)
NOK/SEK	4.2
JPY	2.5
BRL	(4.6)
Other	(4.2)
gategroup total	**(3.5)**

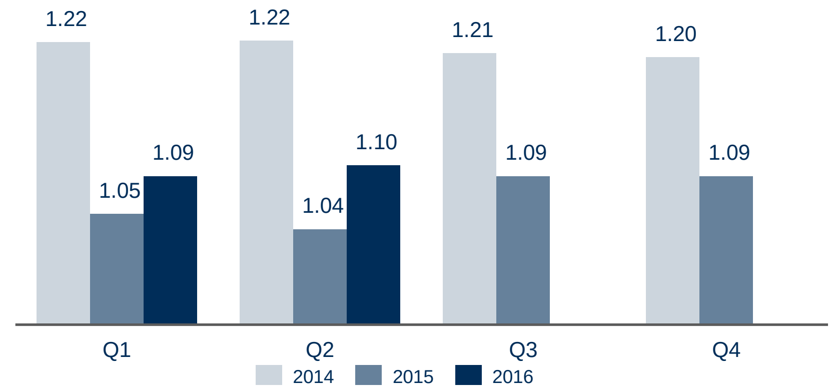
H1 2016 average currency movement vs. CHF



USD / CHF development



EUR / CHF development



1. Currency of domicile of the company
2. Other include CLP, CNY, COP, HKD, KZT, MXN, NZD, PEN, PHP, PKR, SAR, SGD, THB, TRY and ZAR

Note:
Figures may not add up due to rounding numbers

Balance sheet

M&A activity resulted in temporary increased net debt and goodwill

Assets

in CHF m	H1 2016	H1 2015
Property, plant & equipment	288.4	274.7
Goodwill	423.9	273.0
Other intangibles	186.9	126.7
Other non-current assets	94.3	100.9
Inventory	123.7	94.2
Trade receivables	340.6	292.1
Other current receivables and current assets	116.9	111.9
Cash & cash equivalents	131.2	134.0
Total assets	1’705.9	1’407.5

Liabilities

in CHF m	H1 2016	H1 2015
Total borrowings	529.2	382.1
Provisions	91.4	84.8
Retirement benefit obligations	233.0	185.5
Other non-current liabilities	27.4	16.1
Trade payables	192.0	170.3
Other current payables incl. inc. tax payables	76.1	75.8
Accrued expenses	345.9	284.2
Shareholder’s equity & NCI	210.9	208.7
Total equity & liabilities	1’705.9	1’407.5

Commentary

- **Net debt** of CHF 398.0m, **driven by drawing for IFS transaction financing**
- Trade working capital of CHF 272.3m
- **Healthy debt to equity ratio** of 2.7x
- **Increased goodwill** to CHF 423.9m and other intangibles to CHF 186.9m, as a result of M&A activity

Note:
Figures may not add up due to rounding numbers

Cash flow statement

Cash flow improvement driven by higher EBITDA, improved working capital and lower interest

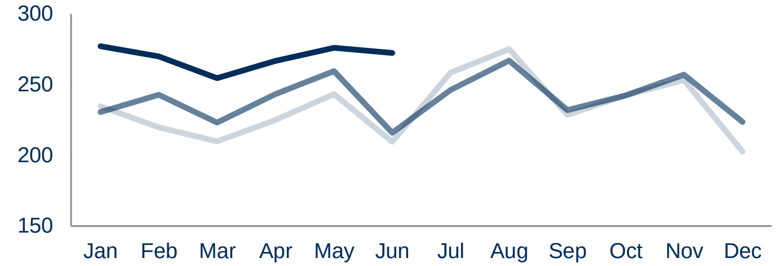
Cash flow summary

in CHF m	H1 2016	H1 2015
EBITDA	**76.2**	**29.8**
Change in trade receivables	(46.0)	(28.3)
Change in inventory	(7.8)	(5.3)
Change in trade payables	10.7	(1.7)
Change in other current assets / liabilities	32.0	25.3
Changes in working capital	**(11.1)**	**(10.0)**
Changes in provisions, tax and other	(24.3)	(0.5)
Cash generated from operations	**40.8**	**19.3**
Capex[1]	(27.1)	(19.5)
Operational free cash flow	**13.7**	**(0.3)**
Interest	(3.6)	(19.8)
Income taxes	(8.7)	(9.1)
Free cash flow	**1.4**	**(29.0)**
Other investing and financing activities	36.1	6.0
Dividends paid	(8.6)	(12.3)
Change in cash	**28.9**	**(35.4)**

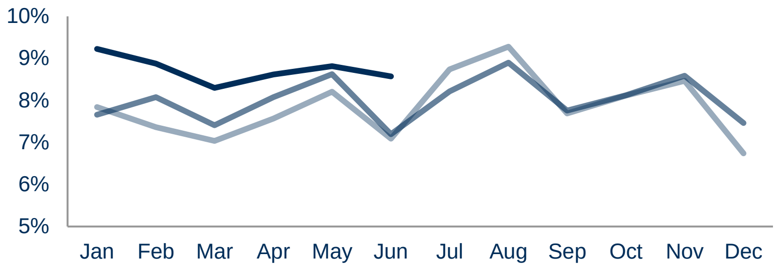
1. Net of proceeds from sale of assets

Note:
Figures may not add up due to rounding numbers

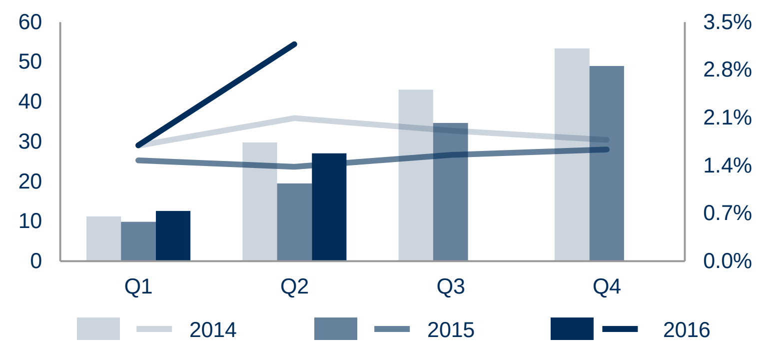
Net working capital (CHF m)



Net working capital as % of revenue (%)



Capex and capex as % of revenue (CHF m / %)



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Debt information

Facilities & Term Loan

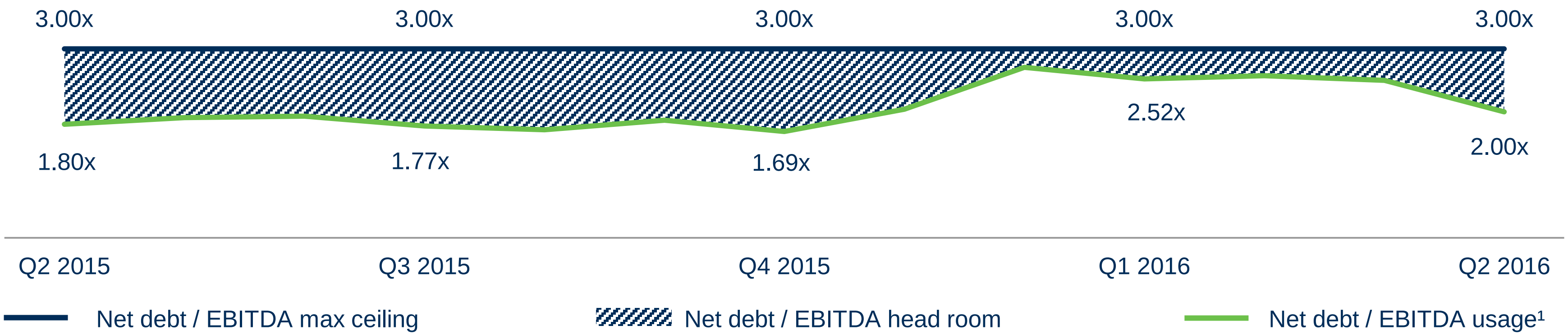
Summary

			Facility			Interest		
Instrument	Lender	Currency	Amount	Drawn	Drawn %	Rate	Amount p.a.	Maturity
RCF	8 banks	EUR	350.0	234.9	67%	1.98%	4.7	2020
Term Loan	10 banks	EUR	250.0	250.0	100%	2.65%	6.6	2020
			600.0	**484.9**	**81%**		11.3	

Ring fencing

- The banks have given their consent to the waiver of the mandatory prepayment of the facilties upon a change of control of gategroup
- The two credit facilities have been amended to include a new ring fencing covenant in favor of each bank syndicate
- The purpose of the ring fencing is:
  - To protect the banks from any asset or cash leakage in support of any shareholder debt instruments
  - To prevent over-leveraged companies being merged with gategroup or its subsidiaries
  - The existing debt financing with highly favorable interest rates and flexible light covenant regime to remain in place

Leverage ratio



1. For Q1 and Q2 2016, LTM EBITDA includes non-consolidated LTM EBITDA portion for IFS and CACS

H1 2016 results

1 Highlights

2 Financials

3 **Conclusion**

HNA acquisition

Update

April 2016

- Chinese conglomerate **HNA Group announced an all cash offer** to acquire gategroup
- gategroup's **Board of Directors unanimously supported** the offer

May 2016

- **The offer prospectus** on the public tender offer for all publicly held shares of gategroup Holding AG **was published**

July 2016

- Up to the expiration of the offer, **95.32% of all listed gategroup shares had been tendered**
- At an extraordinary general meeting, **shareholders elected a new post-settlement Board of Directors** of gategroup:
  - Adam Tan as Chairman, Di Xin, Frank Nang, Stewart Gordon Smith and Xavier Rossinyol (all new) and Frederick W. Reid (current member of the Board of Directors)

- **Settlement** expected to occur **3Q / 4Q 2016**
- After the settlement of the offer, HNA will request a **squeeze-out or squeeze-out merger**
- HNA intends to submit an **application** to the SIX Swiss Exchange **for the de-listing** of gategroup shares

Consequent delivery on Gateway 2020

Continued positive development in all areas of the business

1 Strong H1 2016 performance with **revenue** growth of 12.8% up to CHF 1’596.6 million (**CHF 1’600.1 million @CC, up by 13.1%**); strong **organic growth of 6.7%**

2 Significant acceleration in H1 2016 **EBITDA** up by 155.7% to CHF 76.2m and **CHF 77.9 million @CC, up by 161.4%;** 4.8% EBITDA margin and 4.9% EBITDA margin @CC vs. 2.1% in H1 2015

- 2.7pp EBITDA margin improvement y-o-y (2.8pp @CC)
- 1.5pp EBITDA margin improvement on average every quarter since Gateway 2020 implementation

3 **Gateway 2020 strategy embedded and advancing in all fronts**

- Focus on the core – major contract renewals completed with revenue value of more than CHF 280m p.a., including key customers such as United Airlines
- Commercial innovation – retail on board step up thanks to IFS acquisition (integration well on track); key renewal with Wizz Air
- Geographic expansion – push into Emerging Markets advanced through acquisitions in Cambodia, Mexico, Latam and Italy
- Standardization and efficiency – as planned progress on ZBB and FTE reduction

Gateway 2020 being delivered:

Organic growth of 6.7% in H1 2016	2.7pp EBITDA margin improvement	Impressive FCF growth by CHF 30.4m

Thank you

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