



# Gateway 2020 strategy and H1 2015 results

Investors Day presentation

September 3, 2015

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# gategroup Investor Day

## *Table of Contents*

- 1 Gateway 2020 strategy
- 2 1H 2015 Financial review
- 3 Conclusions

# gategroup Investor Day

## *Schedule*

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12.30 - 14.00	Lunch	gategroup team
14.00 - 16.00	Presentation and Q&A	Xavier Rossinyol / Christoph Schmitz
16.00 - 17.00	Apéro & Kitchen Tour	gategroup team





# gategroup Investor Day

## *Table of contents*

1

### Gateway 2020 strategy

- gategroup Today
- Key Industry Trends
- 2020 Gateway Strategy

2

### 1H2015 Financial Review

3

### Conclusions

# What is gategroup?

*gategroup is the leading global, independent airline caterer and on board passenger experience*

## gategroup is the leading...

...global

...independent

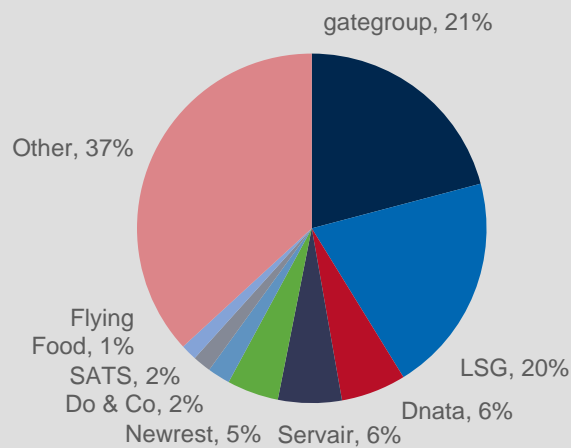
...airline caterer

...and on board passenger experience

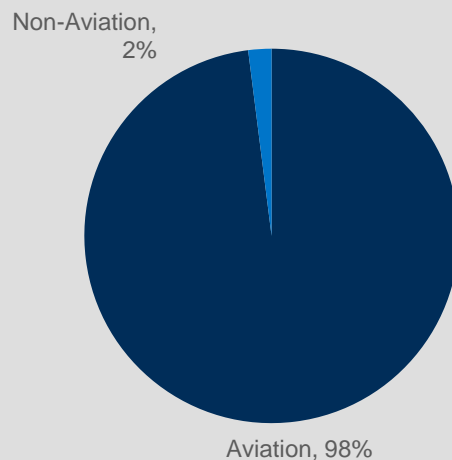
... specialized in:

- ▶ catering and hospitality
- ▶ provisioning and logistics
- ▶ on board products and services

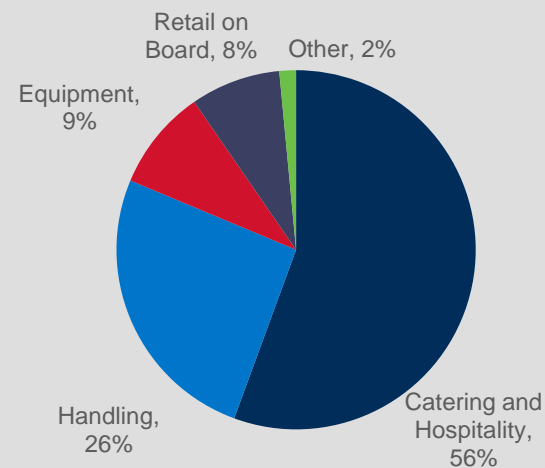
### Market Share



### Customer Segmentation



### Product and Segmentation

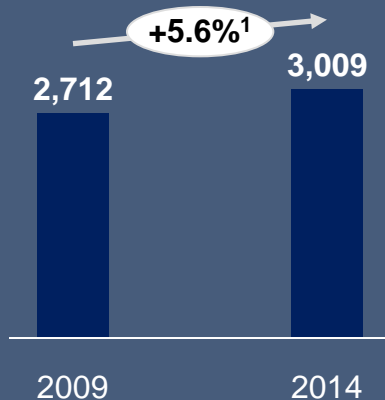


# What is gategroup?

## Key Figures

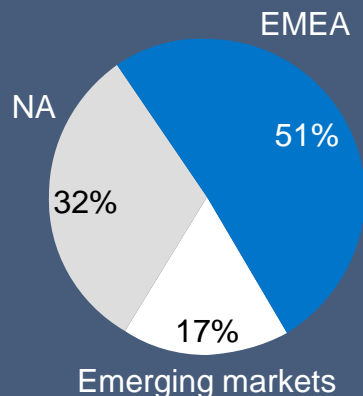
### Revenues

CHFm, as reported



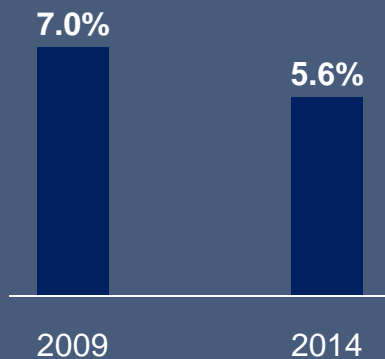
### Regional Revenue split

2014



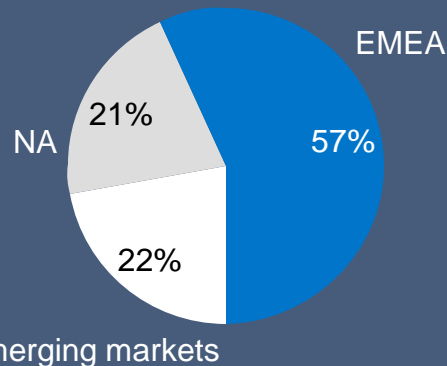
- Present in 6 continents, 32 countries, 124 locations and 166 facilities
- 270+ customers
- 27,800 average full time equivalent number of employees
- 350+ million passengers served per year

### EBITDA %, as reported



### Regional EBITDA split

2014



- 2014 Free Cash Flow: CHF 65.8m
- 2014 Net debt: CHF 243.1m
- 2014 CapEx: CHF 55.7m
  
- Market cap: CHF 896m (as of August 26, 2015)
- Number of shares: 26.8m

Notes: (1) CAGR at constant exchange rate  
Source: gategroup



# gategroup Investor Day

## *Table of contents*

### 1 Gateway 2020 strategy

- gategroup Today
- **Key Industry Trends**
- 2020 Gateway Strategy

### 2 1H2015 Financial Review

### 3 Conclusions



# The Airline Catering Industry Trends

## INDUSTRY

## AIRLINE

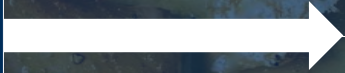
## FOOD & BEVERAGE

- Resilient pax volume growth
- Emerging Markets growth to continue to outpace mature ones
- Airline consolidation and hub network model
- Long-haul traffic to grow faster than short-haul

- Culinary focus -premium chefs
- Innovation and personalisation e.g., pre-order, self –design meals
- Healthy and Culture-focused cuisine

## VOLUME

## PRICE/MARGIN



## PASSENGER

- Airline segmentation evolving: Premium, LCC, and Hybrids
- Ongoing cost/margin pressures from legacy carriers
- Differentiation & customizability of airline services

- Organic and sustainable ingredients
- Convenient, on-the-go products: “snacks” vs. meals





# Key Airline Industry Trends

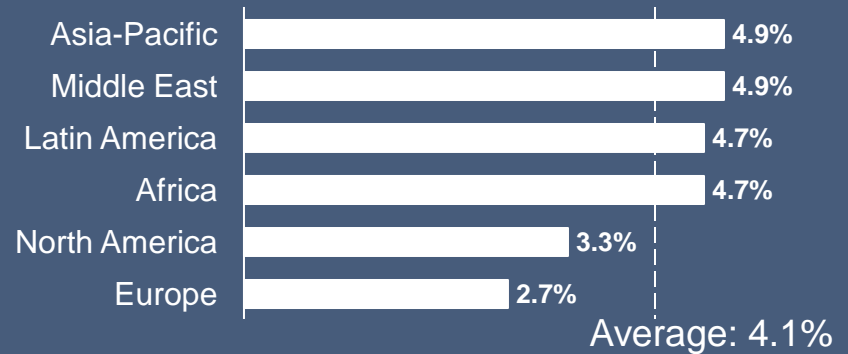
*The airline market outperforms GDP and is forecasted to grow resiliently*

## Airline Market pax growth vs. GDP, long-term traffic and fleet forecast

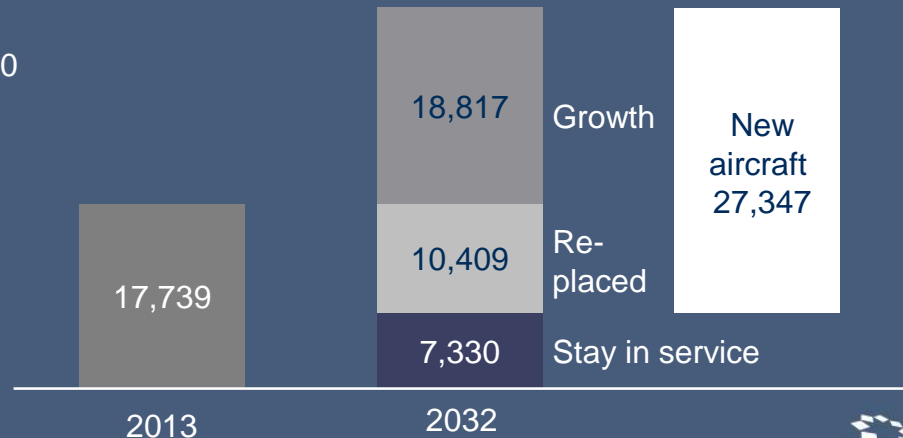
### 1 Passenger traffic outperforms GDP growth<sup>2</sup>



### 2 Global pax volume is forecasted to grow at 4.1%<sup>1</sup> CAGR 2014-34



### 3 World Aircraft fleet is forecasted to double by 2032<sup>3</sup>



RPK= Revenue Passenger Kilometer

Source:

1) ICAO, IHS Economics;

2) Pax by origin. IATA October 2014;

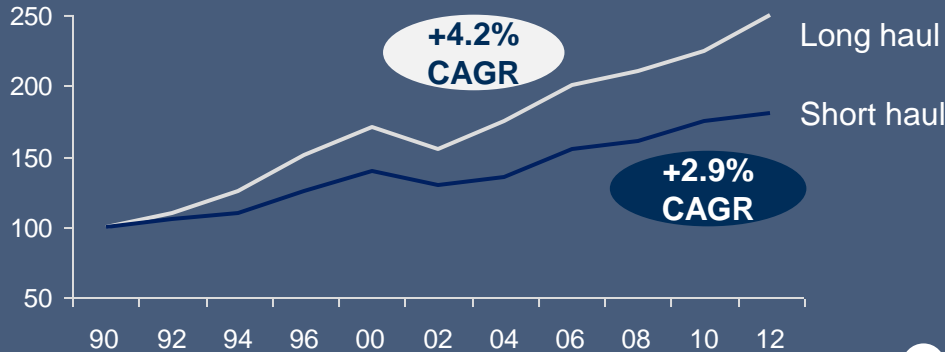
3) Airbus Global Market Forecast 2013-2032

# Key Airline Industry Trends

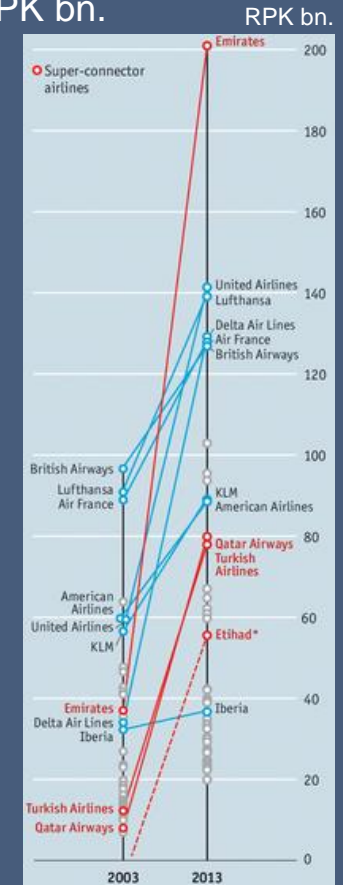
*The airlines business model is undergoing a major consolidation*

## Long haul traffic growth, emergence of “super connectors” and consolidation of the airlines

- 1 Long haul traffic has grown at 4.2% CAGR 1990-2012, faster than short haul traffic<sup>1</sup>  
Long haul traffic vs. short haul traffic 1990-2012



- 2 Emergence of “super connectors”  
International airline RPK bn.  
Top 50 carriers<sup>2</sup>



- 3 Airline consolidation<sup>3</sup>



\*Etihad was established in 2003

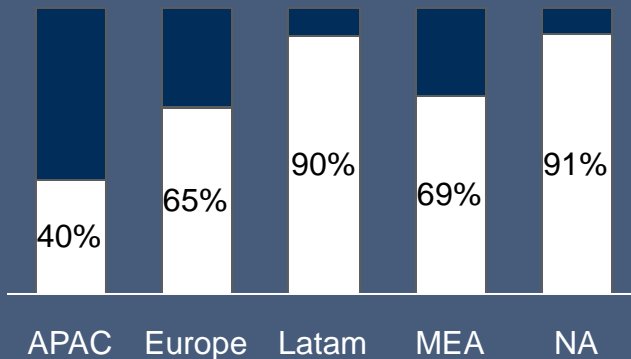
Notes: Index 100= 1990 - Long haul traffic: flight distance >2,000m - ASM= Available Seat Kilometer  
 Source: 1) OAG; Airbus 2014 2) IATA. The Economist 2015 3) AA, 2013

*Emerging market and flight routes will continue to grow, outpacing developed countries*

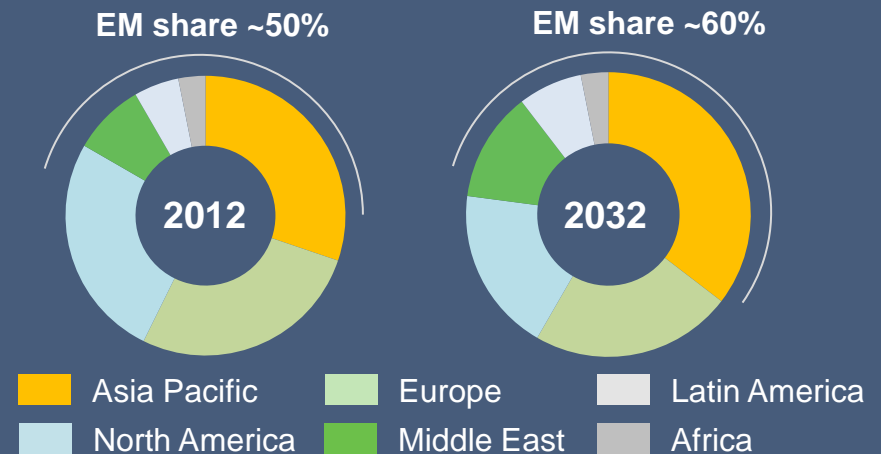
## Emerging Markets long-term forecast, market structure and routes

### 2 APAC is a fragmented market<sup>2</sup>

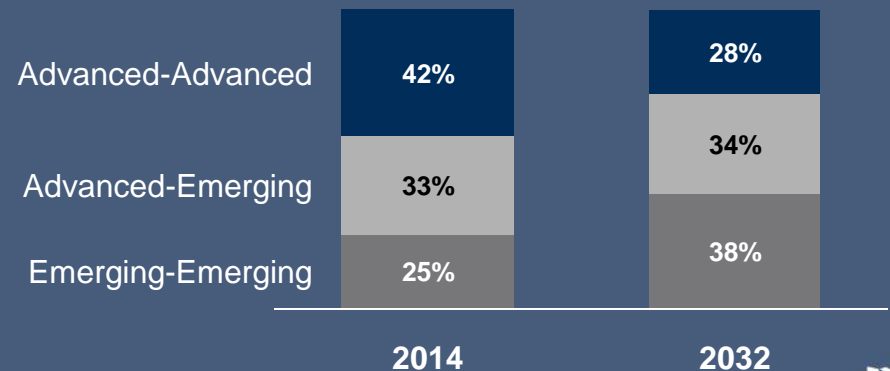
Share of Top-5 non-LCC ASM 2014



### 1 Emerging markets (EM) are forecasted to increase 10 p.p. global RPK share by 2032<sup>1</sup>



### 3 Emerging – Emerging Routes to grow at 6.8%<sup>3</sup> CAGR 2014-32, to account for 38% of total



RPK= Revenue Passenger Kilometer  
 ASM= Available Seat Kilometer  
 Source: 1) IHS Global Insight;  
 2) gategroup analysis  
 3) Airbus 2014



*gategroup strategy should respond to key passenger and airline trends*

## Passenger Trends



**Shifting demand in Food and Beverages** (e.g. premium / natural ingredients)



**Shift in Behaviour** (e.g. snacking instead of meals)



**Technology Involvement** (e.g. pre-ordering via smart phones)

## Impact on gategroup

- **Relevance of the passenger**
- **Need of segmentation**
- **Premium innovation & customisation**
- **Culinary excellence**
- **Retail on Board and pre-ordering**
- **Global network / critical mass**
- **Cost efficiency / lean operations**
- **Smart technology**

## Core Competencies

- **Business Intelligence / Retail Marketing**
- **Technology / innovation**
- **Culinary**
- **Supply chain / efficiency**

## Airline Industry Trends



**Premium and customer service**



**Personalisation and airline differentiation**



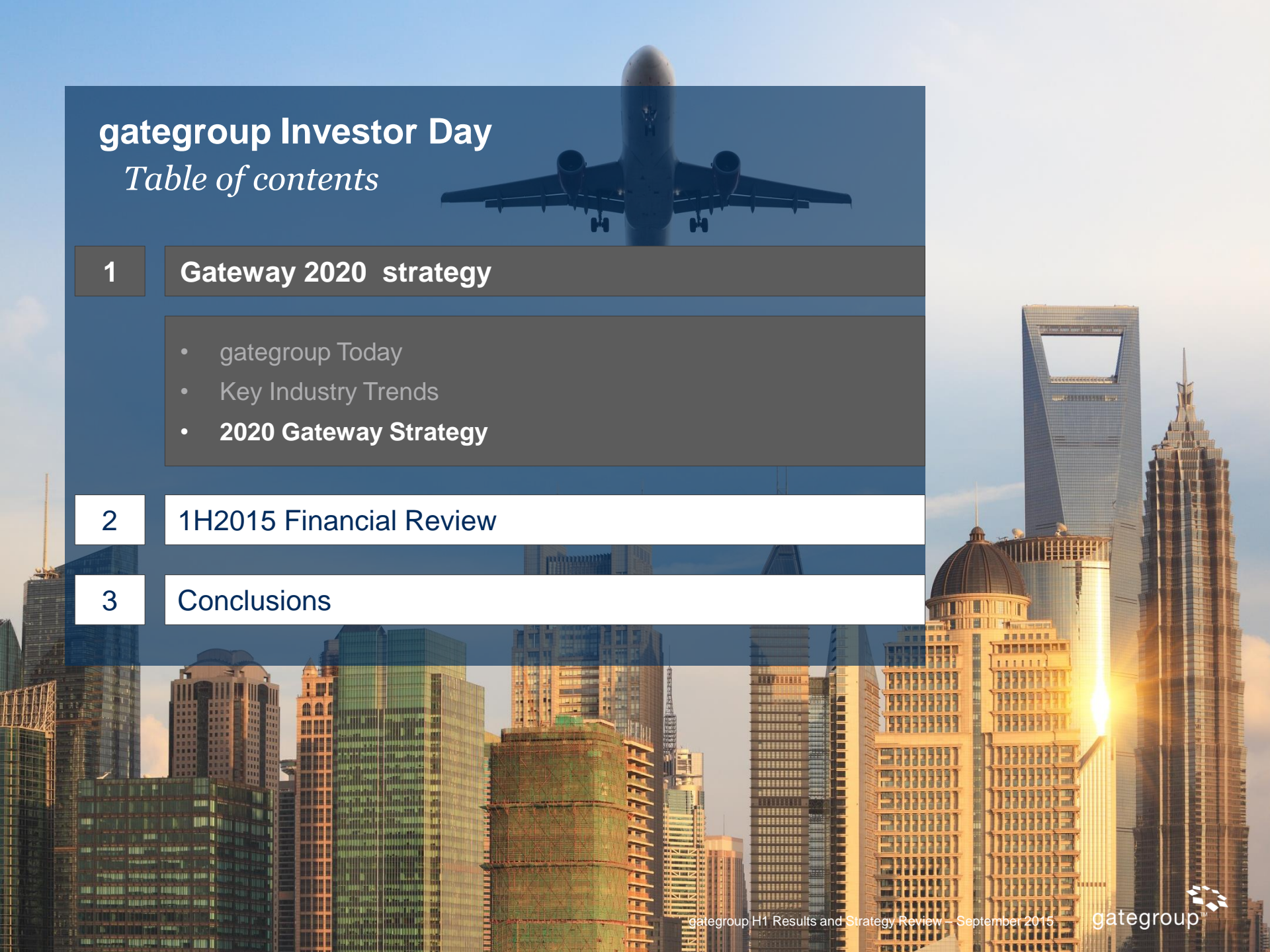
**LCC – ancillary revenues**



**Airline consolidation**



**Technology Enablement**



# gategroup Investor Day

## *Table of contents*

### 1 Gateway 2020 strategy

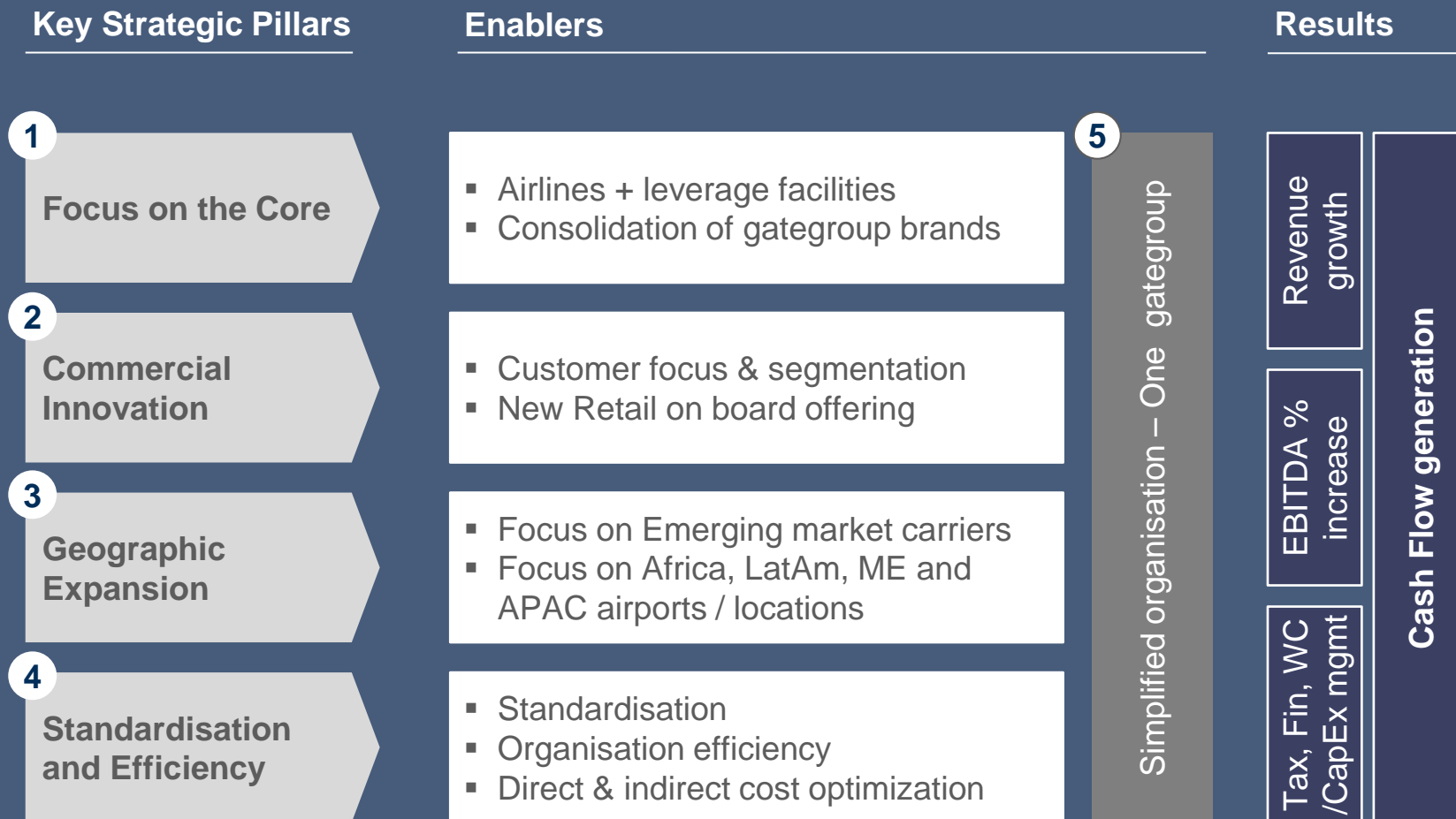
- gategroup Today
- Key Industry Trends
- **2020 Gateway Strategy**

### 2 1H2015 Financial Review

### 3 Conclusions

# Gateway 2020 Strategy Elements

Gateway 2020 strategy is grounded on four pillars to drive Cash Flow generation



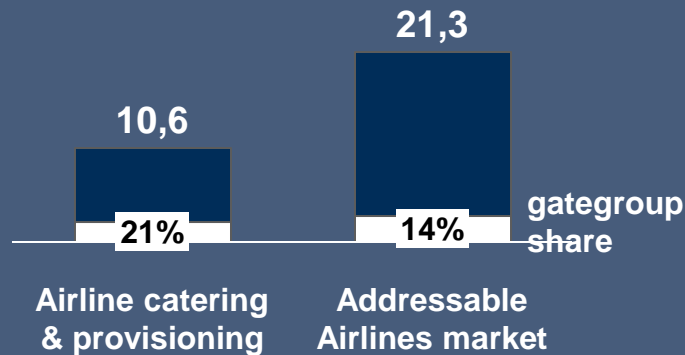


# 1. Focus on the Core

*Focus on Airline services + leverage facilities*

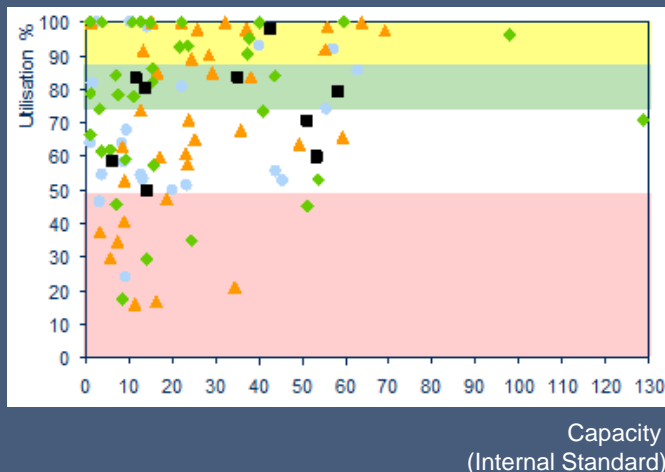
## Addressable Market and Asset Utilisation by LHEQV and Region

Revenue in bn. CHF, % of maximum



- Addressable airlines' services market of CHF21.3bn.
- Key airlines' services segments include Catering and provisioning, Retail on Board, Lounges and Airline equipment & packaging
- Relevant synergy potential across brands and lines of business

Utilisation as % of Maximum Revenue at Asset



- Operational leverage capacity available: opportunity to "sweat the assets"
- Asset capacity available beyond catering: logistics and broader on board services

# 1. Focus on the Core

*Consolidate back-office operations—brands will be maintained if customer requires*

## New Go-To-Market Focus

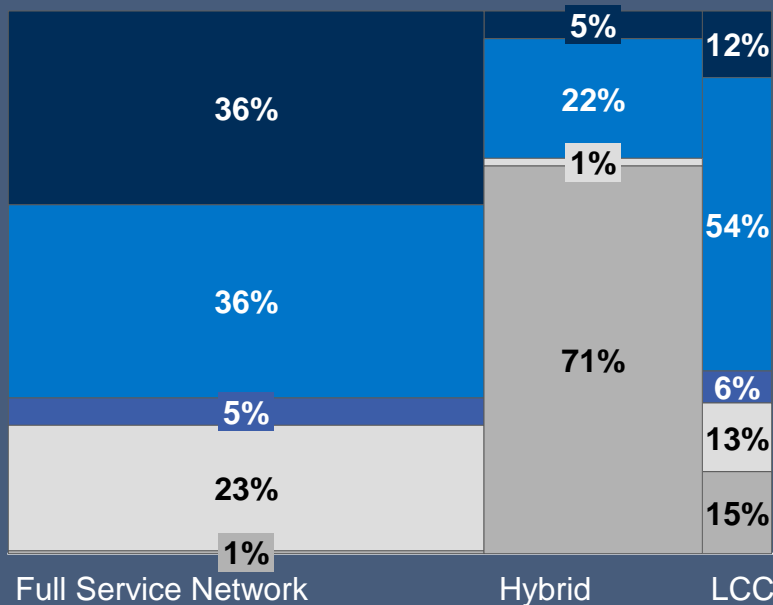


## 2. Commercial innovation

### Customer focus and Segmentation

#### Top 100 Airlines Segmentation<sup>1</sup>

Total Catering Revenue: 9,600m CHF



■ APAC    ■ Europe    ■ LatAm    ■ MEA    ■ NA

#### Top 950 Airports Segmentation

Market Growth Rates vs. Market Size



**Incremental growth: Penetrate new customers and increase share of wallet**

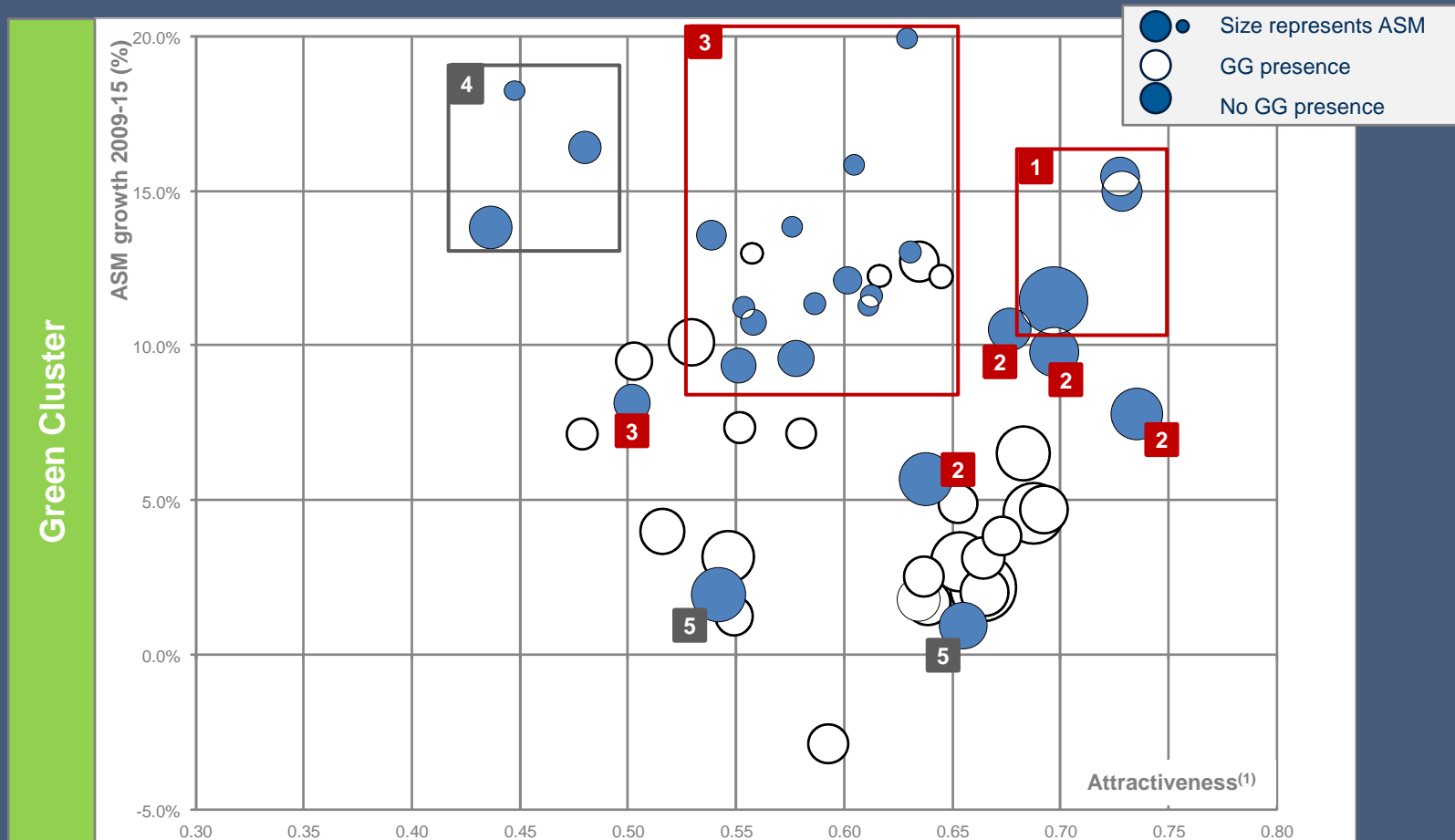
Note (1) Charter segment (100% in Europe) not represented for simplification.  
Source: gategroup



## 2. Commercial innovation

*New customers: gategroup presence is still limited in the MEA, APAC and next generation hubs*

### New customers: Top 950 Airports segmentation



Note: (1) Attractiveness assessed by revenue size opportunity, market competitiveness, customer diversity, strategic importance and country attractiveness

## 2. Commercial innovation

*Customer focus and Segmentation: different types of airlines command different services*

### LCC



### Hybrid



### Full Service Carrier



### Customer Needs

- Retail and ancillary revenue central to business model success
- Integrated offer: supply chain to execution with flexibility
- Technology enablement for carriers with limited legacy
- Blend complimentary and retail service model execution
- Add-on products, services key to differentiation
- Non baggage/seat ancillaries focused on up-sell
- Upgrade to enhance consumer experience in the back of airplane
- Up-sell personalization as an growing ancillary source
- IATA New Distribution Capability will enable broader range across channels

## 2. Commercial innovation

*Share of wallet: gategroup can increase its share of wallet within top FSCs*

### Airline Catering segmentation and Share of wallet

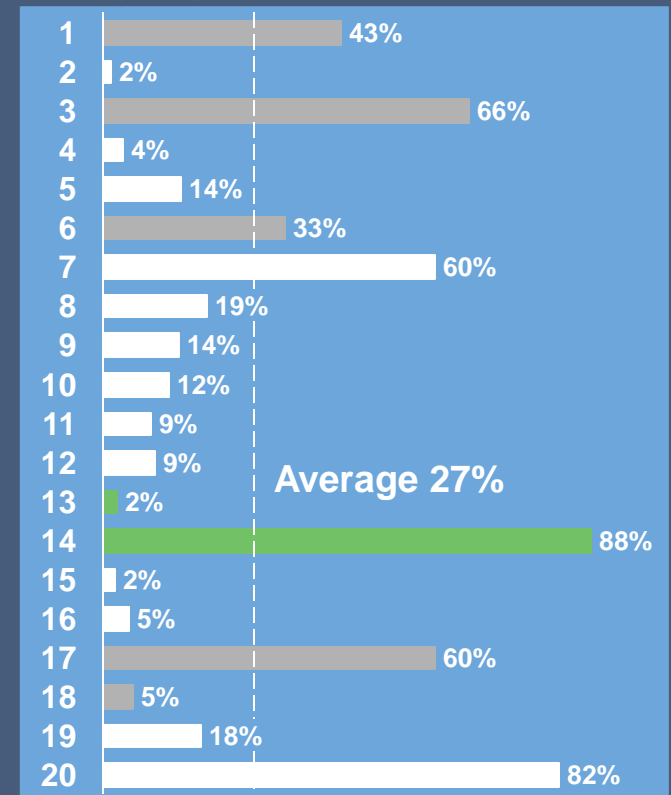
#### Airline Segmentation

<b>Full Service carriers (FSCs)</b>	Mature markets (EU, NA)
	Emerging markets -premium
	Emerging markets -legacy
<b>Hybrid carriers</b>	Mature markets (EU, NA)
<b>LCCs</b>	Mature markets (EU, NA)
	Emerging (MEA, APAC, Latam)

#### Offering segmentation



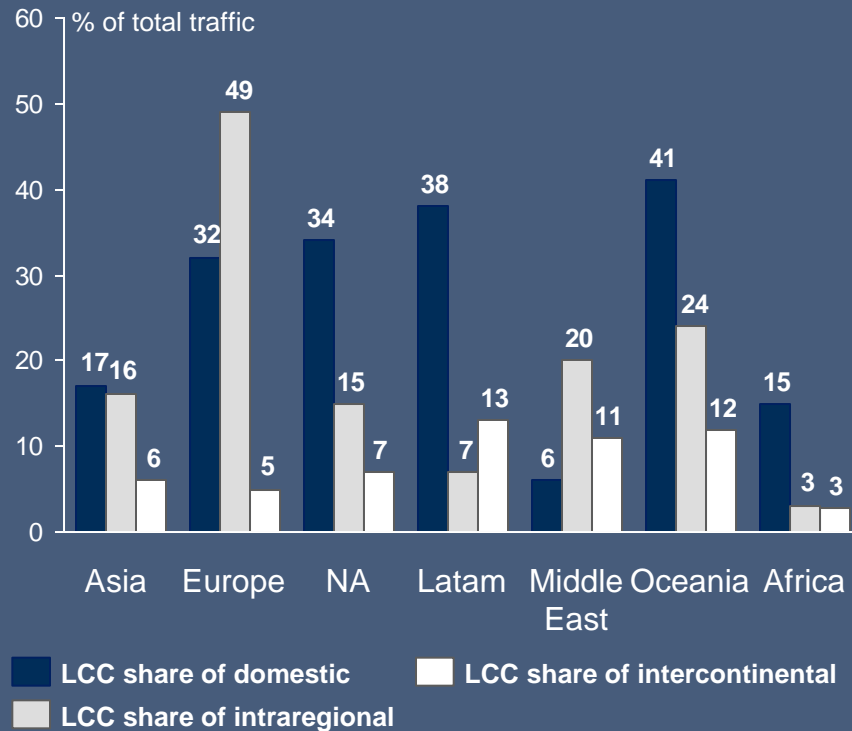
#### Top-20 airlines: gategroup share of wallet



## 2. Commercial Innovation

*New Retail on Board offering: Growth (initially) driven by LCC surge*

### LCC market share (5 year average)



Retail on Board accelerated growth can be explained by:

- Short haul traffic growth
- LCCs are outgrowing general traffic in every continent of the world. Europe remains the key market for LCCs
- In response, “traditional” legacy carriers have moved towards hybrid models combining complimentary and retail offerings
- Spend per pax growth and increase potential ancillary revenues for the airline
- The Retail on Board business extends pax decision making to pre- and post-flight

PRE-TAKING OFF / AIRPORT F&B



ON AIR: RETAIL ON BOARD



POST-LANDING / AIRPORT F&B





## 2. Commercial innovation

*New Retail on Board offering: Same players but different roles and capabilities required*

### New Roles and Key Capabilities required

#### The passenger



- Key purchase decision maker

#### The airline



- Ancillary revenues

#### The caterer



- Retail on Board operator

#### Core capabilities required:

- Retail Focus & Innovation
- Business Intelligence
- Technology
- Technology
- Supply chain
- Crew management

## 2. Commercial innovation

*New Retail on Board offering: gategroup differentiating factor –The 360° approach*

### *The 360° approach*

Through combining the expertise of the different brands within gategroup, and together with the airlines we would like to create innovative, customized solutions for a *new Retail on Board strategy* and Total Travel experience

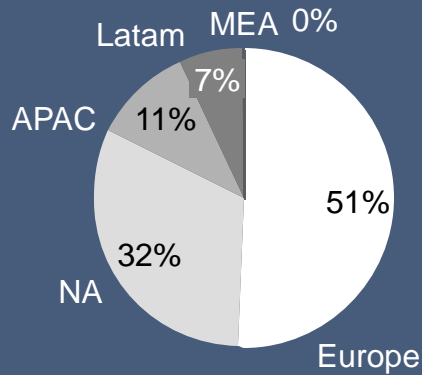


### 3. Geographic expansion

*gategroup presence is currently underweighted in high growth regions*

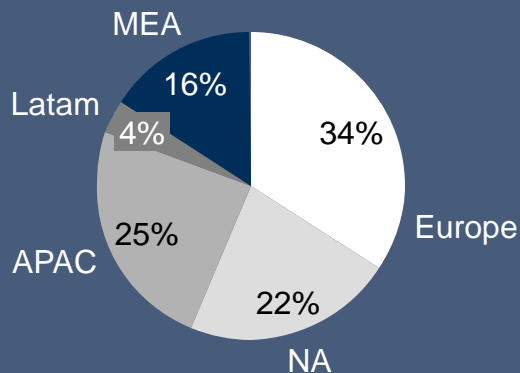
#### Revenue Split

gategroup CHF3,009.2m '14

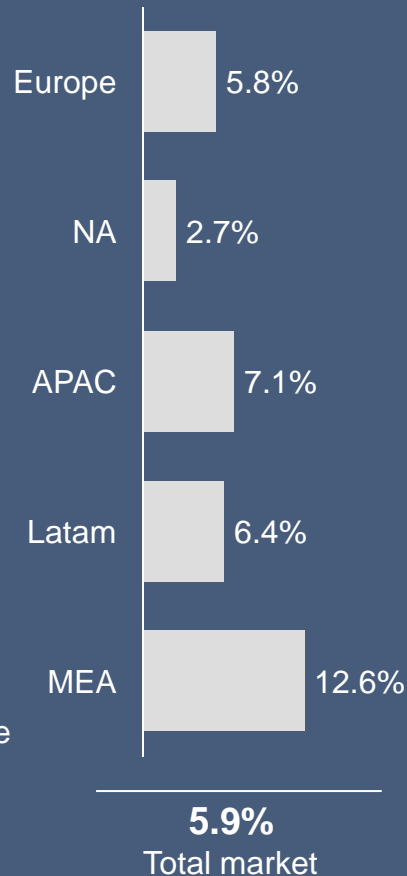


#### Revenue split

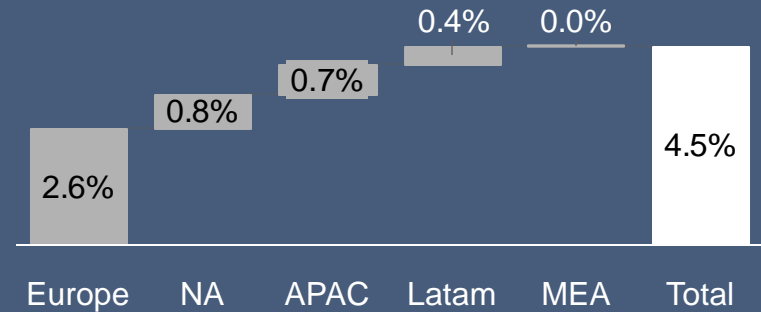
Catering Market CHF 9,600bn '14



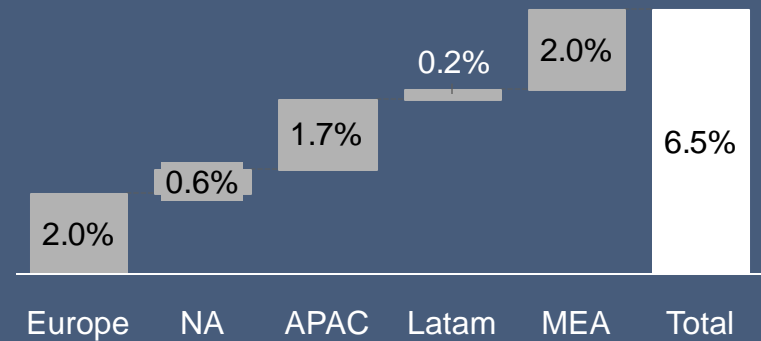
#### RPK Growth<sup>1</sup>



#### 2013-14 Revenue Growth: current footprint<sup>2</sup>



#### 2013-14 Revenue Growth: "World average"



Notes: (1) IATA data for 2013 – 2014; (2) revenue growth based on 90% of RPK growth

### 3. Geographic expansion

*Focus on Emerging markets' carriers: the fastest growing and yet underpenetrated*

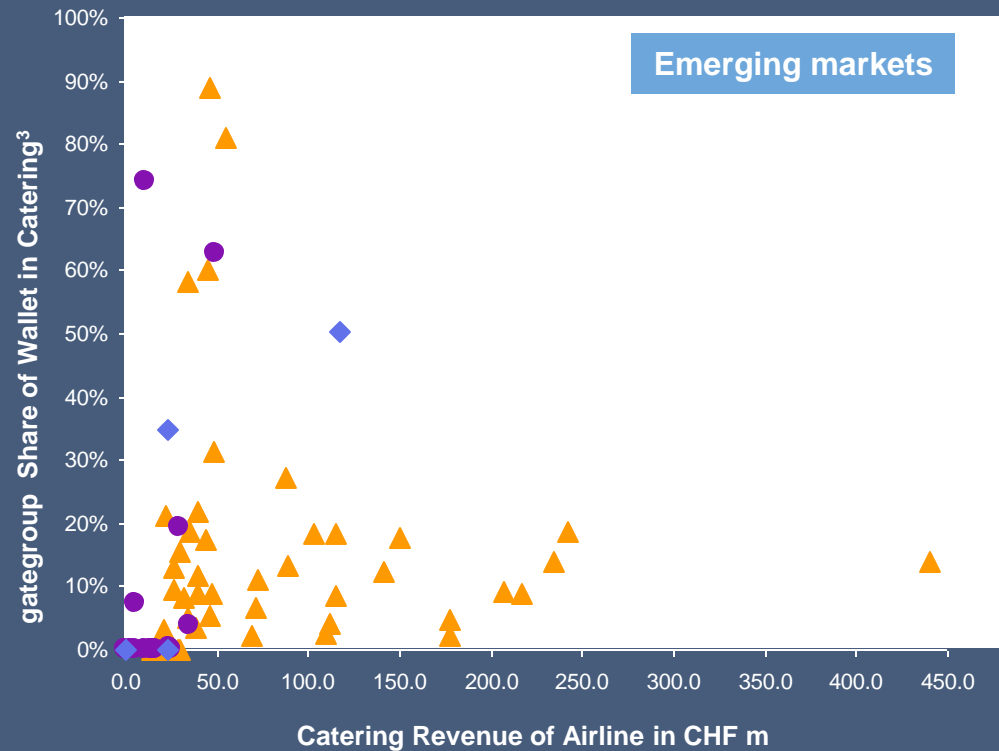
#### International Airlines RPK Growth<sup>1</sup> RPK 2013

RPK CAGR '03 - 13

bn

<b>Etihad<sup>2</sup></b>	<b>57%</b>	<b>57</b>
<b>Qatar</b>	<b>26%</b>	<b>80</b>
<b>Turkish Airlines</b>	<b>23%</b>	<b>78</b>
<b>Emirates</b>	<b>20%</b>	<b>201</b>
Delta	14%	119
United Airlines	10%	141
KLM	5%	90
Lufthansa	5%	139
AA	4%	89
Air France	3%	119
British Airways	2%	117
Iberia	1%	38

#### Top-100 airlines in EM: Share of wallet

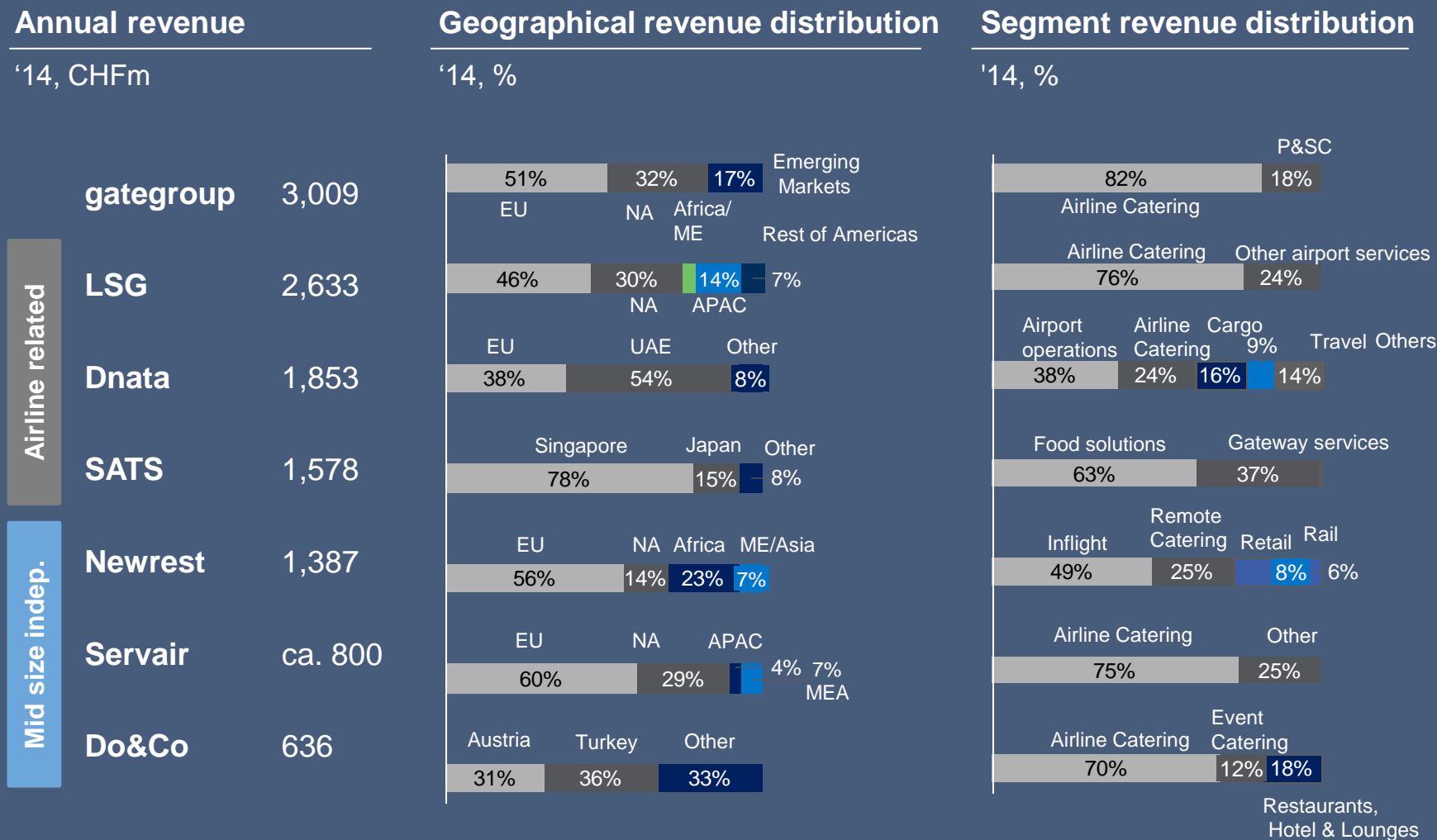


Notes: (1) The Economist (2) Established in 2003 (3) gategroup's 2014 Revenues divided by airline catering Revenue



### 3. Geographic expansion

*Medium size independent peers have a more diversified geographical and segment mix*



Source: company websites, gategroup analysis

## 4. Standardisation and Efficiency –Data driven

*Three groups of initiatives have been identified to improve efficiency*

### Standardisation and Efficiency improvement initiatives

#### 4.1 Standardisation

- Operating model
- Lean manufacturing
- Supply chain

#### 4.2 Organisational efficiency

- Overhead reduction
- Brand consolidation

#### 4.3 Direct & indirect cost efficiency

- Procurement
- Zero-Based Budget

**Cost savings**

**Contract renewals, cost increases<sup>1</sup> & Fund growth projects with airlines and airports**

**Bottom-line impact: EBITDA increase**

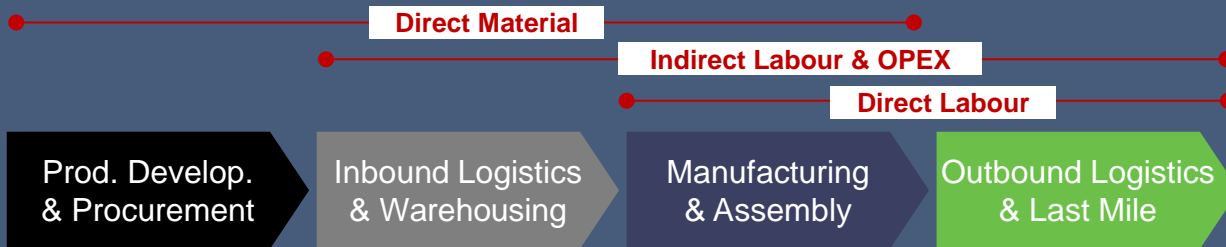
**Data driven**

Note (1): Not passed through to customers

# 4. Standardisation and Efficiency

*3 radical and 8 basic initiatives to optimize operations through simplification and standardization*

## 4.1 Standardisation



*Basic initiatives*

- B0** (Full) ERP implementation
- B1** OP&C implementation
- B2** Standard Unit Structure
- B3** Standard Work & Continuous Improvement
- B4** Standard Equipment
- B5** Improved asset Utilization
- B6** Value Engineering
- B7** Standard Range/Central Procurement
- B8** Shared Services/Off Shoring

*Radical initiatives*

- R1** CLP (Central logistics platform) model
- R2** CPU model
- R3** CAU model

**Implementation will follow a sequential 3-phases approach**

- Phase 1: Early lean initiatives to improve direct material and indirect labor & Opex productivity
- Phase 2: Advanced direct labor efficiency (basic + radical) initiatives focused on rostering and workforce management
- Phase 3: Radical initiatives which require a major change of the current operating model

## 4. Standardisation and Efficiency

*250+ Overhead FTEs will be reduced in the coming 6-12 months*

---

### 4.2 Overhead reduction

#### Objective:

- Rationalize the overhead structure, eliminate duplicated (and not duplicated) business and support functions and the associated costs

#### Main drivers:

- Implementation of consolidated, new regional structure in Finance and HR
- Optimized business to support HC ratio in HR
- Rationalisation of Ash House (UK), Reston (US) and Balsberg (CH)
- EMB restructuring

#### Key outcomes:

- Elimination of ~200 FTEs
- Restructuring costs of CHF20m
- Implementation in 6-12 months

### Brands consolidation

#### Objective:

- Consolidate brands and rationalize structure, eliminate overlapping business and support functions and the associated costs

#### Main drivers:

- Phased merger of brands' Supply Chain under single Centre of Excellence
- Consolidation of the commercial teams with the new regional structure
- Centralisation of Product Development
- Rationalisation of support functions

#### Key outcomes:

- Elimination of ~100 FTEs
- Restructuring costs of CHF5m
- Implementation in 6-12 months



## 4. Standardisation and Efficiency

*Direct & indirect cost efficiency: Procurement and Zero-Based Budget*

### 4.3 Zero-Based Budget (ZBB) / Closed loop approach



#### Key Process Steps

- Cost mapping
- Standard cost definitions
- Initial opportunity identification
- Define policies per category
- Set top-down targets
- Bottom-up budget by function zero based
- Bottom-up budget check
- Identify detailed savings opportunities
- Negotiate with category and budget owners final budget
- Confirm target achievement on a monthly basis

#### Target results:

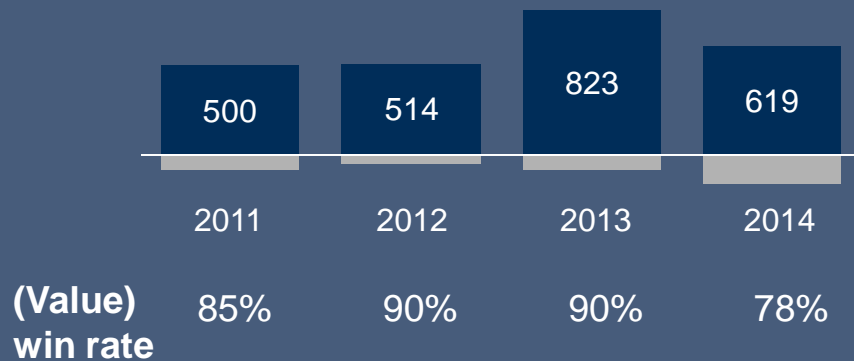
- 10-25% reduction in SG&A
- Up to 40-50% reduction in specific categories (e.g. Institutional, Travel, Leases & Rentals, Legal, Fees, Utilities, Services and Technology)

## 4. Standardisation and Efficiency

*Contract renewals - High retention rates have been supported by price discounts*

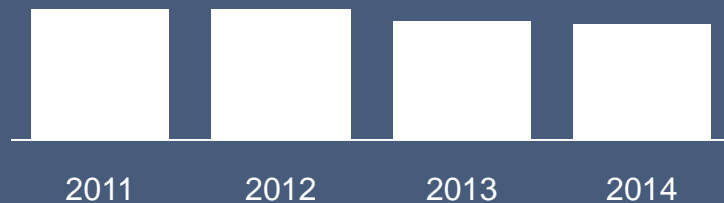
### Revenue value of contracts renewed, win rates and discounts

mCHF and Percent



- Historical 78-90% contract retention in value
- High retention rate on catering contracts from transition risk for the airline and incumbent competitive advantage

### Annual discounts (%)



- Analysis of top-12 contract renewals since 2011 revealed y-o-y impact of price discounts awarded to retained contracts

Notes: Analysis based on business previously with gategroup as incumbent awarded 2011-2014

Source: gategroup

## 5. Simplified Organisation – One gategroup


*Simplification, standardization, clarification and consolidation*

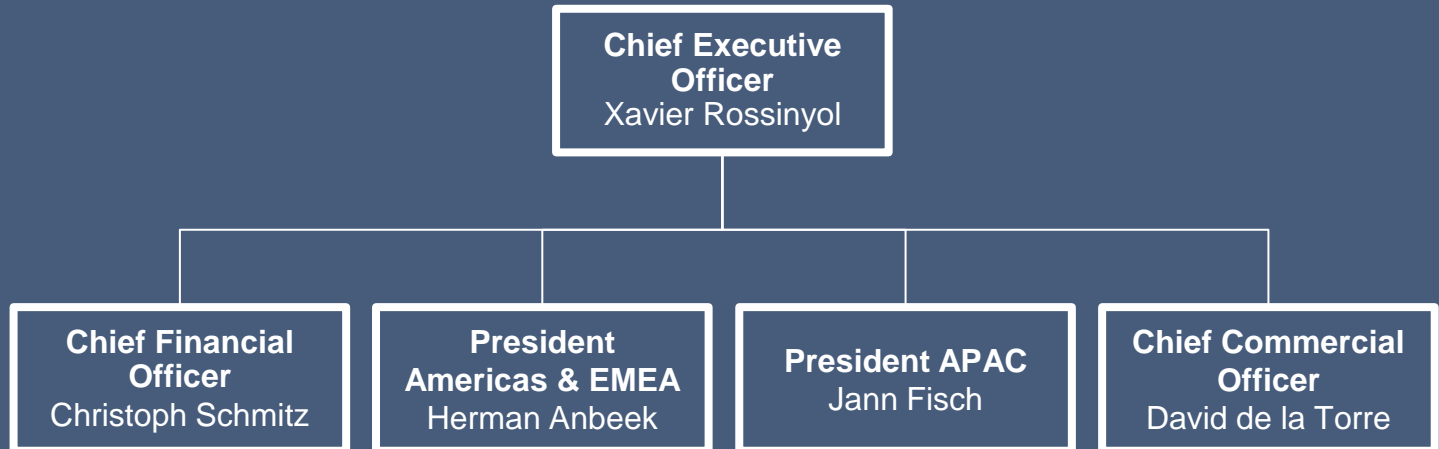
Principles	Organisational Changes
<p><b>1</b> Clear accountability to grow bottom line &amp; cash flow</p>	<ol style="list-style-type: none"> <li>1. Reduced number of EMB members, from 10 to 5</li> <li>2. Regional P&amp;L accountability</li> <li>3. NPS disappears, brands are integrated or converted into a Center of Excellence</li> </ol>
<p><b>2</b> Increased focus on specific customer needs</p>	<ol style="list-style-type: none"> <li>4. Chief Commercial Director to manage global key customers –single point of contact</li> <li>5. Airline core business focus and on a limited number of strategic priorities</li> <li>6. Innovative Retail on Board offering tailored to the specific customer segments needs</li> </ol>
<p><b>3</b> Need to continuously increase cost efficiency to retain volumes and to preserve profitability</p>	<ol style="list-style-type: none"> <li>7. Standardisation of the operating practices – operational leverage</li> <li>8. Increased visibility on pricing, direct and indirect costs for contract renewals</li> <li>9. Implementation of ZBB and Performance office</li> </ol>

# 5. Simplified Organisation – One gategroup

*The new organisation has been defined and is now being implemented*

## New Organisation Structure

 Level 1:  
announced  
on June 22



 Levels 2-3: **Direct Reports Confirmed**

 Member of Executive Management Board (EMB)



## 5. Simplified Organisation – One gategroup

*First efficiency initiatives will be implemented from September*

### Standardisation and Efficiency improvement initiatives

	2Q 2015	3Q2015	4Q2015	1Q2016	2Q2016	Implementation
<b>4.1 Standardisation</b> <ul style="list-style-type: none"> <li>Operating model</li> <li>Lean manufacturing</li> <li>Supply chain</li> </ul>		Assessment				36 months
<b>4.2 Organisational efficiency</b> <ul style="list-style-type: none"> <li>Overhead reduction</li> <li>Brand consolidation</li> </ul>		Assessment				6-12 months
<b>4.3 Direct &amp; indirect cost efficiency</b> <ul style="list-style-type: none"> <li>Procurement</li> <li>Zero-Based Budget</li> </ul>		Assessment				12-18 months

**A Transformation Office will ensure effective and timely implementation of the organisational efficiency initiatives, and report progress to the EMB on a bi-weekly basis**

# Gateway 2020 Strategy Levers

Strategy levers and targets

## Revenue growth

Per annum



## EBITDA Margin expansion

- Revenue and geo mix
- Contract renewals
- Standardisation / Restructuring / Efficiencies

25-50 bps

## Cash Flow Generation

- Tax rate
- Financing cost
- WC management
- CapEx: Maintenance and Expansion

# gategroup Investor Day

## *Table of contents*

1 Gateway 2020 strategy

2 1H2015 Financial Review

3 Conclusions

# H1 Performance Headlines

*Foundation for future growth and improved profitability based on new strategic plan*

## H1 2015 Adjusted Key Figures at Constant FX

**Revenue** **CHF 1,455.1 m**

Change over H1 2014 +2.2%

**EBITDA** **CHF 60.4 m**

Change over H1 2014 -0.3%

**EBITDA Margin** **4.2%**

**Restructuring + One offs** **CHF 60.8 m**

**Free Cash Flow** **CHF -0.3 m**

Change over H1 2014 CHF +8.5 m

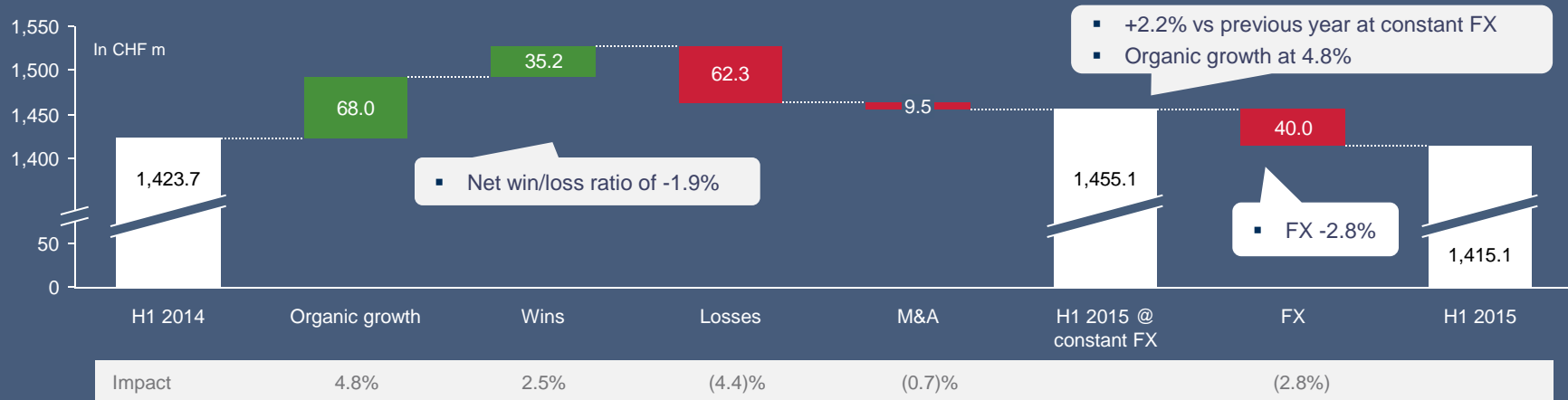
## Highlights

- Gateway 2020, a new strategic direction
- Realignment of business into regional segments and brands integration as 'one gategroup' with clear P&L accountability
- Restructuring costs and one-offs related to new organisation fully accounted in Q2 2015: CHF 61 m
- Stable operational performance, before one-off adjustments and currency volatility
- Improved free cash flow, driven by better working capital and lower CAPEX
- Refinancing of EUR 240 million Revolving Credit Facility completed, interest cost significantly improved

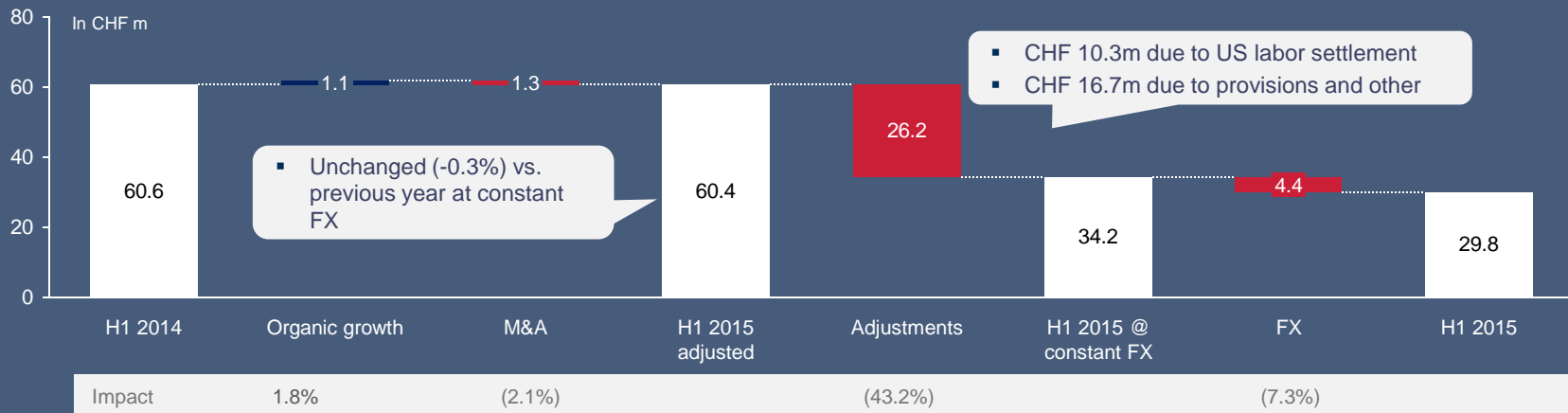
# H1 Revenues and EBITDA performance

Stable operational performance, normalized for adjustments and currency volatility

## Revenue Bridge



## EBITDA Bridge



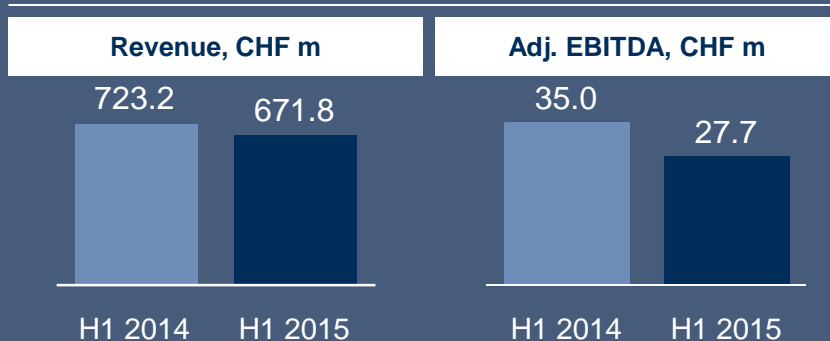
Notes: figures may not add up due to rounding



# H1 Performance by Region

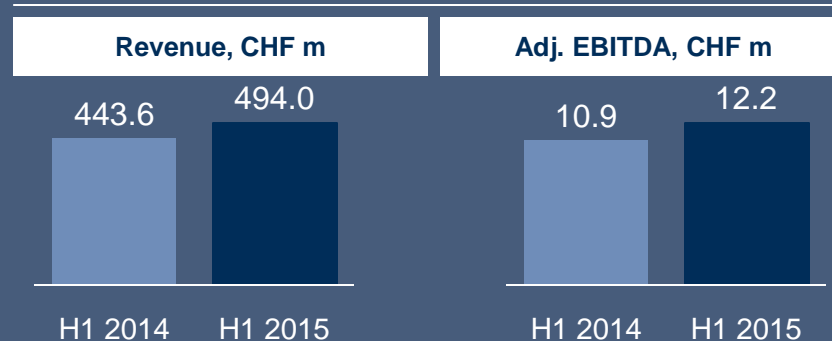
*Regional performance stable, with growing adjusted EBITDA in three regions*

## EMEA



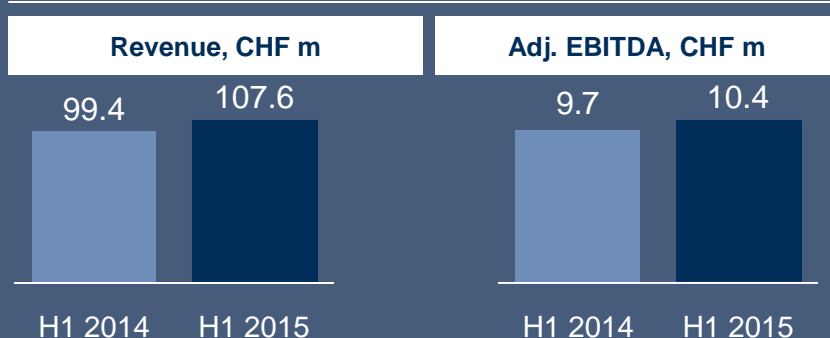
- Revenue negatively impacted by loss of retail contract in 2014 and FX

## North America



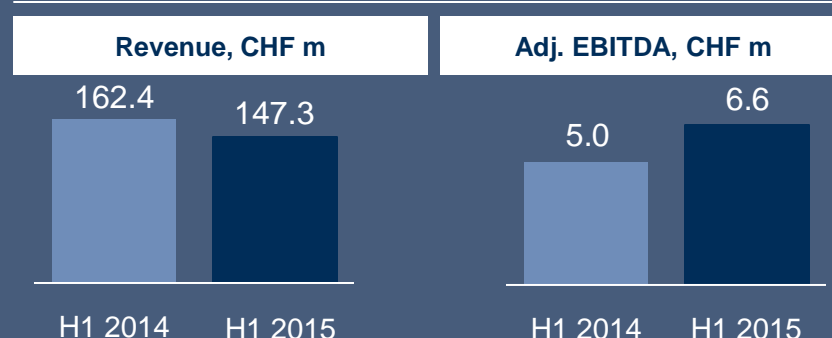
- Revenue positively impacted by FX
- Increased volumes across the US

## Latin America



- Revenue increased despite negative FX
- Revenue and EBITDA improvement mainly due to airlines organic growth

## Asia Pacific

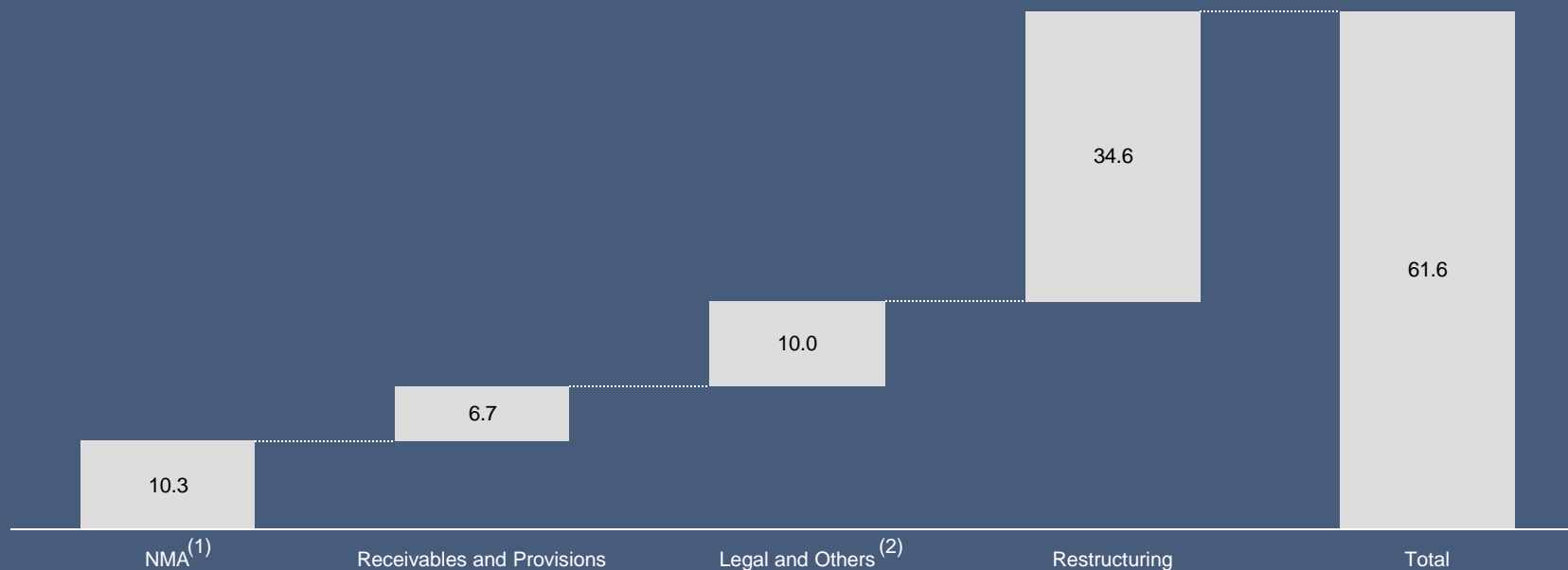


- Revenue impacted by negative FX impact
- Impact of deconsolidation of Shanghai operations in 2014

# Restructuring costs and adjustments

*Additional CHF 50m of charges in Q2, mainly due to restructuring*

CHFm



- Receivables and Provisions mainly derived from deposit reconciliation, general allowance and receivable
- Legal & Other mainly derived from accruals and legal provisions
- Restructuring costs for personnel and location operations

# Assets / Liabilities – overview of FX exposure

41

*Unrealized FX losses impacting H1 results, however FX exposure substantially reduced*

CHF m			Net Exposure		FX			Loss/Gain**		
Entities	Functional Currency	Exposure Currency	Q1 2015*	Q2 2015*	Dec 2014	Jun 2015	Change in %	Q1 2015	Q2 2015	YTD
gg Financial Services Sàrl & Kloten Branch	EUR	CHF	(84.0)	(32.1)	1.2	1.0	-13.4%	(12.9)	(0.4)	(13.3)
		HKD	(238.0)	(235.0)	9.4	8.6	-7.9%	(3.0)	0.9	(2.1)
		GBP	(8.0)	(5.5)	0.8	0.7	-8.8%	0.4	0.2	0.6
		USD	17.0	14.4	1.2	1.1	-7.9%	1.7	(0.5)	1.2
		AUD	44.0	43.4	1.5	1.4	-2.4%	1.6	(0.8)	0.8
gg US Finance Inc	USD	CAD	14.5	20.1	1.2	1.2	7.5%	(1.2)	0.3	(0.9)
gg Holding AG	CHF	USD	46.0	45.5	1.0	1.1	6.4%	(1.0)	(1.8)	(2.8)
		EUR	7.0	7.1	1.2	1.0	-13.4%	(1.1)	(0.0)	(1.1)
GG Switzerland GmbH	Other	other						(2.5)	(1.4)	(3.9)
<b>Total</b>								<b>(18.0)</b>	<b>(3.5)</b>	<b>(21.5)</b>

\* Average Amount in Local Currency

\*\*FX Net Loss/Gain based on daily exposures (not average)

Figures may not add up due to rounding

# Income Statement

CHF m	H1 2015	%	Adjustments	H1 2015 adjusted**	%	H1 2015 adj@2014 FX	%	H1 2014	%
Revenue	1'415.1	100.0%		1'415.1	100.0%	1'455.1	100.0%	1'423.7	100.0%
Cost of sales	(574.3)	-40.6%		(574.3)	-40.6%	(588.1)	-40.4%	(591.0)	-41.5%
Personnel costs	(573.1)	-40.5%	10.3	(562.8)	-39.8%	(580.6)	-39.9%	(556.7)	-39.1%
Opex	(237.9)	-16.8%	16.7	(221.2)	-15.6%	(225.9)	-15.5%	(215.4)	-15.1%
<b>EBITDA</b>	<b>29.8</b>	<b>2.1%</b>	<b>27.0</b>	<b>56.8</b>	<b>4.0%</b>	<b>60.4</b>	<b>4.2%</b>	<b>60.6</b>	<b>4.3%</b>
Management fees	0.4			0.4		0.4		0.3	
D&A	(29.1)			(29.1)		(29.6)		(28.7)	
Other operating cost	(38.1)		34.6	(3.6)		(4.1)		(11.3)	
<b>EBIT</b>	<b>(37.0)</b>	<b>-2.6%</b>	<b>61.6</b>	<b>24.6</b>	<b>1.7%</b>	<b>27.1</b>	<b>1.9%</b>	<b>20.9</b>	<b>1.5%</b>
Finance cost	(27.7)			(27.7)		(31.1)		(22.3)	
Share of associate and joint venture profit	1.8			1.8		1.8		1.3	
FX	(21.5)			(21.5)		(22.8)		1.7	
<b>(Loss)/ profit before tax</b>	<b>(84.4)</b>		<b>61.6</b>	<b>(22.8)</b>		<b>(25.0)</b>		<b>1.6</b>	
Income tax	(3.1)			(3.1)		(3.7)		(8.1)	
Minority interest	(0.8)			(0.8)		(0.9)		(0.8)	
<b>Net loss*</b>	<b>(88.3)</b>		<b>61.6</b>	<b>(26.7)</b>		<b>(29.6)</b>		<b>(7.3)</b>	

\*) Attributable to Shareholders

\*\*\*) Before adjustments, no tax effect considered

Personnel costs excludes restructuring costs and share-based payment

Figures may not add up due to rounding

# Balance Sheet Information

CHF m

## Assets

Plant, property and equipment	274.7	296.2
Goodwill	273.0	289.7
Other intangibles	126.7	130.5
Other non-current assets	100.9	102.7
Inventory	94.2	85.9
Trade receivables	292.1	302.3
Other current receivables and other current assets	111.9	134.2
Cash and cash equivalents	134.0	125.2
<b>Total Assets</b>	<b>1'407.5</b>	<b>1'466.7</b>

H1 2015

H1 2014

CHF m

## Liabilities

Total borrowings	382.1	431.1
Provisions	84.8	57.8
Retirement benefit obligations	185.5	146.3
Other non-current liabilities	16.1	27.3
Trade payables	170.3	178.5
Other current payables	59.6	67.0
Accrued expenses	300.3	300.9
Shareholders' equity and non-controlling interests	208.7	257.8
<b>Total Equity and Liabilities</b>	<b>1'407.5</b>	<b>1'466.7</b>

H1 2015

H1 2014

Property, Plant and equipment

275

Intangible assets

400

Other non current assets

101

Trade working capital

216

Other current assets

112

Assets

209

Equity

248

Net debt

286

Other non current liabilities

300

Accrued expenses

60

Other current liabilities

Liabilities

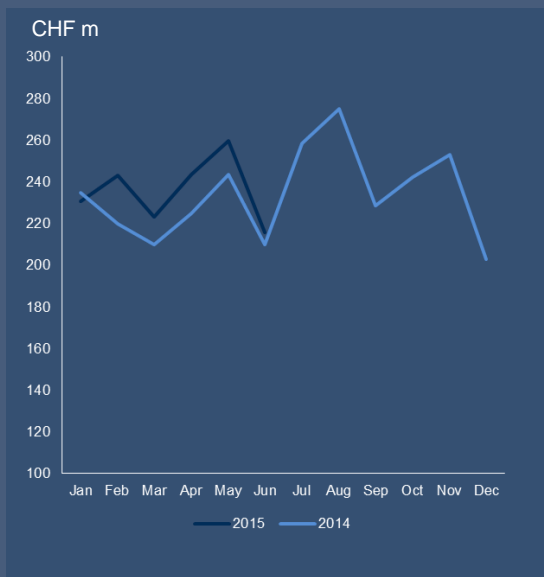
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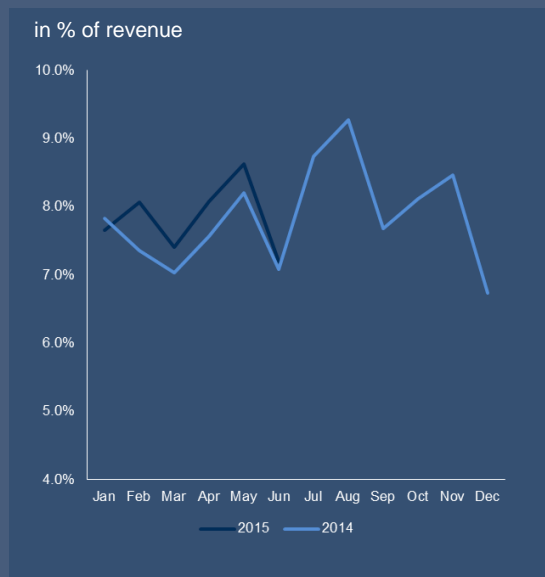
# Working Capital

*Trade working capital position in line with historical results*

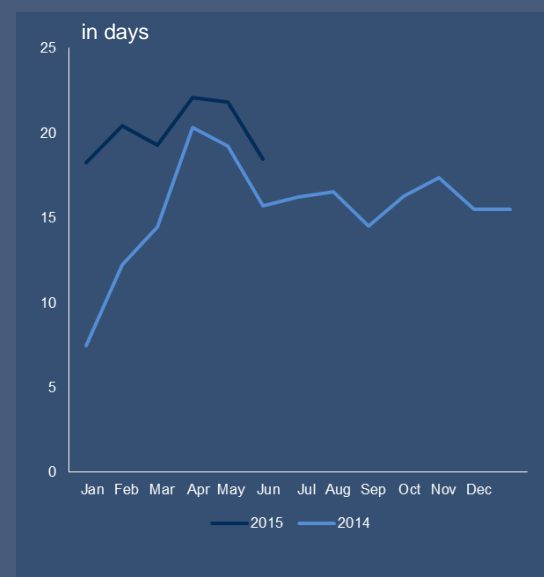
### Trade working capital



### Trade Working capital in % of revenue



### Cash conversion cycle

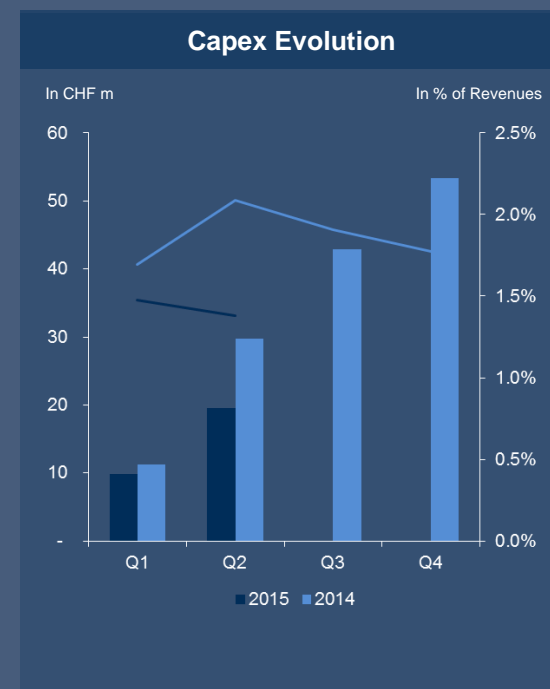


Trade working capital = accounts receivables + inventories – accounts payables;  
Cash conversion cycle = days sells outstanding + days inventory outstanding – days payable outstanding  
Figures may not add up due to rounding

# Cashflow Information

*Cashflow improvement, driven by working capital movements and reduced capex*

CHF m	H1 2015	H1 2014
<b>EBITDA</b>	<b>29.8</b>	<b>60.6</b>
Change in Trade Receivables	(28.3)	(26.2)
Change in Inventory	(5.3)	0.8
Change in Trade Payables	(1.7)	10.6
Change in Other Current Assets / Liabilities	25.3	(4.0)
<b>Changes in Working Capital</b>	<b>(10.0)</b>	<b>(18.8)</b>
<b>Changes in Provisions, Tax and other</b>	<b>(0.5)</b>	<b>(20.9)</b>
<b>Cash generated from operations</b>	<b>19.3</b>	<b>20.9</b>
<b>Capex</b>	<b>(19.5)</b>	<b>(29.8)</b>
<b>Free Cash Flow</b>	<b>(0.3)</b>	<b>(8.8)</b>
<b>Interest</b>	<b>(19.8)</b>	<b>(14.9)</b>
Income Taxes	(9.1)	(7.6)
Other Investing and Financing Activities	6.0	(0.5)
Dividends Paid	(12.3)	(8.9)
<b>Decrease in Cash and Cash Equivalents</b>	<b>(35.4)</b>	<b>(40.8)</b>



# gategroup Investor Day

## *Table of contents*

1 Gateway 2020 strategy

2 1H2015 Financial Review

3 **Conclusions**



## *gategroup today...*

- gategroup is today the leading global airline caterer with a 21% share...
- The airline catering business is backed by solid fundamentals
  - Pax and capacity growth
  - Mid & long term contracts
- ...but also challenged by industry dynamics
  - Airline consolidation - ongoing cost and contract renewal pressures
  - Catering offering reconfiguration

## *...and by 2020*

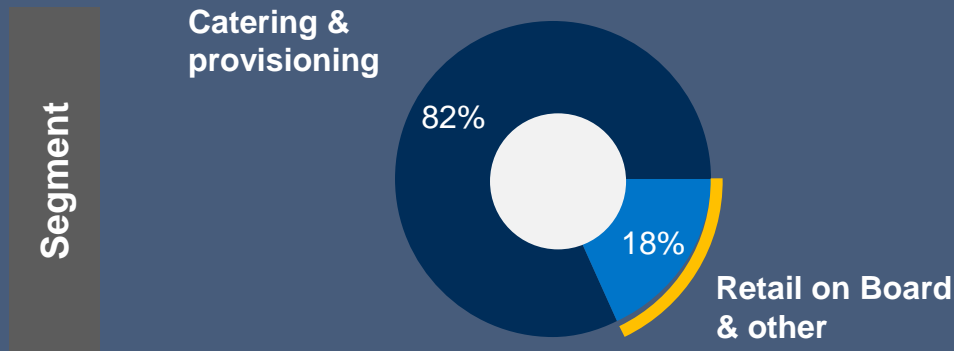
- ...but only commands a 14% of the addressable market – room for growth
- ...provides gategroup with revenue resiliency and visibility
  - Expansion into high-growth regions
  - Distinctive global complex operations (hubs) management capabilities
- ...Gateway 2020 will enable us to be a step ahead
  - Innovative catering offering and efficient operating model
  - Innovative Retail on Board value proposition
  - Drive consolidation in the airline catering industry

# Conclusions

*Gateway 2020 Strategy will step change gategroup portfolio*

## Revenue split today

CHF 3,009.2m



## Revenue split by 2020





*Gateway 2020 is a turning point in gategroup strategy*

---

- 1 Refocus on core business: Industry in transformation  
– geographically and LCC/Hybrid**
- 2 Commercial enhancement to better target airlines and final passengers  
– Investment in Innovation and Retail on Board**
- 3 Geographic realignment: Prioritization to Emerging Markets**
- 4 Standardization without compromise and simplified organization  
(one gategroup) to deliver efficiencies – Cost focus**
- 5 Restructuring costs already included in Q2 2015**
- 6 Focus on profitable growth for Cash Flow generation and  
reinforced industry leadership**

# gategroup Investor Day

## *Table of contents*

1 Gateway 2020 strategy

2 1H2015 Financial Review

3 Conclusions

4 Appendix



# Historical data of New Segmentation

## Appendix

<b>EMEA</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>2014</b>	<b>Q1</b>	<b>Q2</b>
Revenue	328.4	394.8	434.5	373.0	1'530.7	310.3	361.5
EBITDA	10.3	24.7	40.3	20.9	96.2	6.7	13.7
EBITDA Margin	3.1%	6.3%	9.3%	5.6%	6.3%	2.2%	3.8%
<b>North America</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>2014</b>	<b>Q1</b>	<b>Q2</b>
Revenue	208.7	234.9	262.2	248.9	954.8	232.6	261.4
EBITDA	0.3	10.6	17.3	8.0	36.2	(4.6)	1.4
EBITDA Margin	0.2%	4.5%	6.6%	3.2%	3.8%	-2.0%	0.5%
<b>Latin America</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>2014</b>	<b>Q1</b>	<b>Q2</b>
Revenue	49.4	50.0	55.7	57.2	212.3	55.0	52.6
EBITDA	5.0	4.7	6.7	6.4	22.8	5.0	3.3
EBITDA Margin	10.1%	9.4%	12.0%	11.2%	10.8%	9.0%	6.3%
<b>Asia Pacific</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>2014</b>	<b>Q1</b>	<b>Q2</b>
Revenue	81.7	80.7	80.0	80.4	322.8	74.6	72.7
EBITDA	2.3	2.6	3.9	4.6	13.4	3.8	0.4
EBITDA Margin	2.8%	3.2%	4.9%	5.7%	4.2%	5.1%	0.6%

Numbers exclude eliminations at group level  
 Figures may not add up due to rounding

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