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EANS-Adhoc: gategroup Posts Strong First Half 2010 Results

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----- 6-month
report

12.08.2010

Convincing performance despite weak economic and airline industry environment and effects of volcanic ash cloud

ZURICH, Aug. 12 -- Highlights for the first half 2010:

- gategroup reports increases in revenue and operating profitability and strong cash flow despite challenges in the global economy and airline industry environment and effects of volcanic ash cloud

- Revenue of CHF 1,317.2 million, up 2.0% reported; up 3.0% in constant currencies

- EBITDA of CHF 93.8 million, up 4.3% reported; up 4.6% in constant currencies

- EBITDA margin of 7.1%, up 0.1 percentage point reported and in constant currencies

- Operating profit of CHF 40.5 million, up 16.4% reported; up 11.8% in constant currencies

- Reported profit for the period CHF 10.3 million; down 69.0% reported

- Cash flow from operating activities of CHF 21.0 versus CHF -2.4 million

- Net debt of CHF 418.1 million, down 27.8%

gategroup, the leading independent global provider of onboard products and services, reported first half 2010 improvements in revenue, operating profitability and cash flow against a backdrop of continuing global economic uncertainty and an airline industry just starting on the path to recovery.

Airlines, gategroup's main customer group, in the U.S., Asia and Latin America have reported significantly improved results, but the situation in Europe remained clouded in the first half. Continuing challenges due to the debt crisis, industry labor unrest and the volcanic eruption in April all combined to depress the performance of Europe's airlines, and gategroup was not immune to these effects. Due to the ash cloud alone, gategroup experienced an operational impact on revenue of CHF 21.0 million and CHF 8.0 million in EBITDA.

"Despite the exceptional challenges, gategroup has once again delivered to expectations," said Chief Executive Officer Guy Dubois. "Our business model continues to demonstrate its resilience."

Strong underlying performance Operating profit for the period was CHF 40.5 million, an 11.8 percent gain over the same period last year after adjusting for foreign currency fluctuations. Profit for the period was CHF 10.3 million in 2010 versus CHF 33.2 million last year, due largely to an unrealized foreign exchange gain not repeated in 2010.

Reported earnings before interest, taxes, depreciation and amortization (EBITDA) also increased to CHF 93.8 million versus CHF 89.9 million, which resulted in a reported EBITDA margin of 7.1% for 2010, virtually the same as 2009.

"We are pleased with these results in the context of the overall economic and industry climate," Dubois said. "They are a testimony to our long-term strategy, dedicated employees and high quality management."

gategroup continued to generate strong cash flow from operating activities. The amount for 2010 was CHF 21.0 million compared to CHF -2.4 million in 2009. "This is another reflection of strong underlying performance," said Thomas Bucher, Chief Financial Officer. Capital expenditures, meanwhile, decreased from CHF 41.7 million in 2009, when the company made

significant investments in Japan and Scandinavia, to CHF 26.3 million during the same period this year.

"We believe that our cash flow generation will remain strong going forward and, as a result, we intend to be able to further reduce our net debt level by the end of the year," Bucher said. Net debt at the end of the 2010 first half was CHF 418.1 million, down from last year's CHF 578.7 million.

Furthermore, equity attributable to shareholders of the Company increased year over year by CHF 79.9 million to CHF 134.4 million.

Significant contract wins and retentions gategroup's comprehensive offering of end-to-end solutions and the ability to cross-sell among brands helped maintain a solid top line. For example, in North America, Virgin Atlantic chose Gate Gourmet, Pourshins and Supplair to service its flights at all 10 of its U.S. gateways. Gate Gourmet focuses on catering and provisioning, Pourshins on supply chain management and Supplair on innovative, centrally produced food and packaging solutions.

Elsewhere, the company's focus on deepening relationships with existing customers continued to bear fruit. Swiss International Air Lines, for instance, extended and awarded new contracts to Gate Gourmet in the U.S., Latin America and Asia. Other examples for Gate Gourmet include American Airlines in Los Angeles and Singapore Airlines in Zurich. Pourshins and Supplair continued to develop and expand business with United Airlines, and Pourshins and Harmony, which specializes in passenger comfort items, did so with Emirates. eGate Solutions gained momentum with its newly developed GP4 galley planning product with inaugural customers Singapore Airlines and LAN Airlines. Also, JetBlue began using eGate Solutions' newly acquired TS4 application to process transactions for onboard retail sales, an area in which gategroup brands have taken the lead in offering management and technology solutions.

Investments in the future The company also announced several strategic investments aimed for long-term growth. In Tokyo, Gate Gourmet is expanding its catering capabilities to include Haneda Airport this fall when a new runway will permit international flights. Pourshins also will open a bonded warehouse at Haneda.

In London, the transition of British Airways' short-haul business to another provider, completed in May, has allowed the company to rationalize its footprint at Heathrow Airport. A new purpose-built flight assembly center at Heathrow North, which opened in July, gives the company increased flexibility in its operating model. A refurbished Heathrow West continues to cater British Airways' long-haul flights and the company will end the lease on the Heathrow South building before year-end.

In Latin America, Gate Gourmet in July completed construction begun last year on a new more efficient, eco-friendly facility in Guayaquil, Ecuador.

Key labor accords There were also important developments on the employee relations front. Gate Gourmet's union-represented workers in the U.S. ratified a new agreement through the end of 2012. Labor accords also were reached in the U.K., Argentina and Brazil.

Outlook cautiously optimistic Airlines have started to gain positive traction and the International Air Transport Association (IATA) has revised its 2010 outlook from a loss of nearly \$3 billion to a profit of \$2.5 billion on the strength of a global traffic upturn. IATA, however, expects airlines in Europe to lose an estimated \$2.8 billion for the full year, the only region anticipated to be in the red.

From a gategroup perspective, the North American market is stabilizing. The Asia Pacific and Latin America regions are developing positively. However, we believe that a turnaround in Europe will only begin later this year.

"gategroup remains cautiously optimistic about the outlook for the remainder of 2010," Dubois said. "Based on these solid first half results and an anticipated recovery during the second half in Europe, all other things being equal, we now expect an EBITDA margin of close to 8% with continued strong operating cash flow.

Key figures of gategroup

Income Statement information In CHF m except per share data

| Period ended | June 30, 2010 | June 30, 2009 |
|---------------------------------|---------------|---------------|
| Revenue | 1,317.2 | 1,291.8 |
| EBITDA | 93.8 | 89.9 |
| EBITDA margin | 7.1% | 7.0% |
| Operating profit | 40.5 | 34.8 |
| Operating profit margin | 3.1% | 2.7% |
| Finance (costs)/ income, net | (26.5) | 4.3 |
| Profit before tax | 14.5 | 39.9 |
| Profit for the period | 10.3 | 33.2 |
| Basic earnings per share in CHF | 0.52 | 1.66 |
| Diluted earnings per share | | |

in CHF 0.49 1.63

Balance Sheet information

| in CHF m | June 30, 2010 | June 30, 2009 |
|---|---------------|---------------|
| Current assets | 658.3 | 691.7 |
| Non-current assets | 847.8 | 903.1 |
| Total assets | 1,506.1 | 1,594.8 |
| Current liabilities | 538.1 | 584.5 |
| Non-current liabilities | 807.8 | 928.0 |
| Total liabilities | 1,345.9 | 1,512.5 |
| Equity attributable to company shareholders | 134.4 | 54.5 |
| Non-controlling interests | 25.8 | 27.8 |
| Total equity | 160.2 | 82.3 |
| Total liabilities and equity | 1,506.1 | 1,594.8 |
| Cash and cash equivalents | 213.2 | 203.0 |
| Short-term debt | 18.7 | 82.9 |
| Long-term debt | 612.6 | 698.8 |

Cash Flow information

| in CHF m | June 30, 2010 | June 30, 2009 |
|--|---------------|---------------|
| Profit before tax | 14.5 | 39.9 |
| Cash generated from operations | 43.1 | 21.9 |
| Interest, net | (14.4) | (20.2) |
| Income taxes paid, net | (7.7) | (4.1) |
| Net cash flow from operating activities | 21.0 | (2.4) |
| Acquisition of subsidiaries | - | (14.2) |
| Capital expenditure | (26.3) | (41.7) |
| Other | (3.3) | 0.8 |
| Net cash flow investing activities | (29.6) | (55.1) |
| Net cash flow financing activities | (32.7) | 115.6 |
| (Decrease)/increase in cash and cash equivalents | (41.3) | 58.1 |

For more detailed information, please see gategroup's Half Year Report 2010, which is available in English in the Investor Relations section of our web site, www.gategroup.com.

About gategroup: gategroup is the leading independent global provider of onboard services to companies that serve people on the move. gategroup comprises 11 brands, which are deSter, eGate Solutions, Elan, Gate Aviation, Gate Gourmet, Gate Safe, Harmony, Performa, potmstudios, Pourshins and Supplair.

The Group's world-class capabilities are focused in catering and hospitality; provisioning and logistics; and onboard solutions.

Our customers include top airlines and railroads around the world that rely on our expertise and solutions tailored to their guests, service offerings and geographic regions.

Shares of Zurich-based gategroup are traded on the SIX Swiss Exchange under the symbol GATE. Please visit www.gategroup.com.

IMPORTANT NOTICE This publication may contain specific forward-looking statements, e.g., statements including terms like "believe", "assume", "expect" or similar expressions. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may result in a substantial divergence between the actual results, financial situation, development or performance of the company and those explicitly or implicitly presumed in these statements. Against the background of these uncertainties readers should not rely on forward-looking statements. The company assumes no responsibility to update or revise any of these forward-looking statements or to adapt them whether to reflect new information, future events, developments or circumstances or otherwise.

INVITATION TO MEDIA gategroup CEO Guy Dubois and CFO Thomas Bucher invite media representatives to participate in a telephone conference call regarding First Half 2010 Results.

The call will be held at 09:00 CET on Thursday, Aug. 12, 2010.

To participate, please call the dial-in number approximately 15 minutes before the start time. Once dialed in, please follow the instructions given over the phone.

Direct dial-in numbers: +41 (0) 91 610 56 00 (Europe) +44 (0) 207 107 06 11 (UK) +1 866 291 4166 (USA - Toll-Free) +49 (0) 69 2 22 22 05 93 (Germany)

INVITATION TO ANALYSTS AND INVESTORS gategroup CEO Guy Dubois and CFO Thomas Bucher invite analysts and investors to participate in a telephone conference call regarding First Half

2010 Results.

The presentation can be accessed via webcast and dial-in teleconference at 13:30 CET on Thursday, Aug. 12, 2010.

To listen to the live presentation via teleconference, call the dial-in number approximately 15 minutes before the start time. Once dialed in, please follow the instructions given over the phone.

Direct dial-in numbers: +41 (0)91 610 56 00 (Europe) +44 (0)207 107 06 11 (UK) +1 866 291 41 66 (USA - Toll-Free) +49 (0)69 2 22 22 05 93 (Germany)

Please note that media will not be able to ask questions during the Q&A session for analysts and investors.

To link to the live webcast of the presentation, please go to the "Investor Pack" tab under the "Investor Relations" section of the gategroup website, www.gategroup.com.

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