N+1 SWISS CAPITAL

Fairness Opinion – gategroup Holding AG

Fairness Opinion on the public tender offer by
HNA Group Co., Ltd. to acquire gategroup Holding AG

19 May 2016

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Introduction
Background

Background

- gategroup AG ("gategroup" or the "Company") is listed on the SIX Swiss Exchange with a market capitalization of CHF 1,172m as at 8 April 2016. gategroup specializes in catering and hospitality; provisioning and logistics; and onboard solutions for major airlines and other companies around the world
- gategroup employs approx. 29,000 people and generated revenues of CHF 3.0bn in financial year 2015. The Company has its global headquarter and headquarter for Europe in Zurich Kloten, Switzerland, with regional headquarters for North America in Reston, Virginia (USA), for Latin America in Miami (USA), for Middle East in Abu Dhabi and for Asia pacific in Singapore. gategroup is active in 165 facilities at 126 locations in 33 countries on all six continents
- gategroup is trusted partner of onboard products and services for more than 270 airlines ranging from full-service carriers to hybrid and low cost carriers. gategroup serves more than 3.2m flights per year and more than 350m passengers per year. Selected top customers of gategroup include Air Canada, American Airlines, Delta Air Lines, easyJet, Emirates, IAG Group, LATAM, Swiss International Airlines, United Airlines and Virgin Atlantic
- The Company's registered share capital amounts to CHF 133,931,680 divided into 26,786,336 registered shares with a nominal value of CHF 5.00 per share ("gategroup share" or "Share"). The Shares are fully paid-in and each carries a voting right
- On 11 April 2016, HNA Group Co., Ltd. ("HNA Group") published a pre-announcement stating its intention to submit an all-cash public tender offer to the gategroup shareholders to purchase all publicly held registered Shares for a price of CHF 53.00 per Share. In addition, the public tender offer will allow for non-dilutive dividend payments to gategroup shareholders of CHF 0.30 per gategroup share which have been approved by the ordinary general shareholder meeting of gategroup on 14 April 2016. Both elements (the offer price of CHF 53.00 per Share and the dividend payment of CHF 0.30 per Share) are considered integrated and are hereinafter together referred to as "HNA Group Offer"
- On 10 April 2016, HNA Group and gategroup entered into a transaction agreement pursuant to which the gategroup Board of Directors agreed, among other things, to recommend the HNA Group Offer for acceptance by the gategroup shareholders
- In connection with this mandate to provide a fairness opinion, N+1 Swiss Capital AG ("N+1") shall receive no compensation that is dependent on any statements regarding the valuation of gategroup or the success of a transaction with HNA Group. N+1 hereby confirms that it reached its opinion independently in accordance with TOB Circular No. 3 governing assessment experts
- In accordance with the TOB decision of 27 September 2011, N+1 is suitably qualified to prepare fairness opinions for public takeover offers in Switzerland

Source: Bloomberg, gategroup Annual Report 2015, gategroup management information

Introduction
Mandate of N+1

Mandate of the Board of Directors

- The gategroup Board of Directors has retained N+1 to prepare a fairness opinion assessing the financial adequacy of the HNA Group Offer from the perspective of the public shareholders of gategroup
- The fairness opinion is intended solely for use by the Board of Directors of gategroup as part of its report to the shareholders in connection with the HNA Group Offer (in compliance with the TOB ordinance on public takeover offers) and, for the avoidance of doubt, assesses solely the financial adequacy of the HNA Group Offer for the holders of registered gategroup shares listed on the SIX Swiss Exchange
- This fairness opinion can be used for publication in connection with the public tender offer. It may also be referred to in the public offer prospectus. Use for any other purposes is not permitted
- The fairness opinion does not constitute a recommendation to the public shareholders of gategroup to accept or reject the HNA Group Offer
- Furthermore, it does not assess the following points:
  - Payment terms and other conditions of the HNA Group Offer
  - Legal and fiscal assessment of the transaction structure
  - Possible effects on shareholders if the HNA Group Offer is accepted or rejected
  - Future value of the gategroup share
- N+1 has neither performed an audit as defined by Swiss law, nor any kind of due diligence

Introduction
Evaluation Procedure

Evaluation procedure

- N+1 analyzed various valuation criteria and conducted comprehensive analyses on gategroup in order to assess the financial adequacy of the HNA Group Offer
- The underlying object of assessment is gategroup with its consolidated subsidiaries
- The valuation date is 8 April 2016
- The valuation analysis results in a value range for the enterprise value and equity value of gategroup. The implied value range per gategroup share is an indication that can be used to assess the financial fairness and adequacy of the HNA Group Offer
- The valuation is carried out on a stand-alone basis and thus does not include any synergies a potential acquiror might generate
- No consideration has been given to possible effects at the individual shareholder level, such as tax implications
- The value range for gategroup as a company and the derived value range per Share was calculated primarily on the basis of the discounted cashflow (DCF) analysis. Sensitivity analyses were also carried out as part of the DCF analysis by varying the major value drivers. Additional valuation methods such as an analysis of comparable companies and an analysis of precedent transactions were reviewed to assess relevance to test the plausibility of the DCF results. In addition, the HNA Group Offer was compared to takeover premia paid in precedent transactions in Switzerland as well as recent Share price performance
- The valuation is based on the assumptions of the business plan prepared by gategroup's management; adjustments were applied by N+1 where deemed appropriate. Technical assumptions for valuation purposes (e.g. cost of capital, perpetual growth rate) were not part of the provided business plan
- Several meetings with the management team were held to discuss the plausibility of the information as well as the business plan received. For the assessment of the business plan, selected adjustments have been made by N+1 taking into account the historical performance of gategroup, historical and expected market development, expectations of equity research analysts as well as industry benchmarks

Introduction
Information Basis

Information basis

- N+1 made use of the following information for its assessment:
  - Publicly accessible information on gategroup that was considered relevant for the analysis. This includes the 2011 to 2015 annual reports for the financial years 2011 to 2015, as well as investor presentations and press releases
  - Internal company information about gategroup that was considered relevant for the analysis, particularly the business plan for the financial years 2016 to 2020. The business plan consisting of different modules comprising of organic and anorganic components was prepared by gategroup's management and approved by the Board of Directors in February 2016
  - Meetings with gategroup's management focusing on the Company's financial situation and business performance, the current and future market environment, value drivers and underlying assumptions made in the business plan
  - Descriptive documents on strategy with details on the planning assumptions, as well as on the measures already implemented or planned in the business plan
  - gategroup strategy documents that include assumptions on planned initiatives and measures to be undertaken under the business plan as well as information on the market development and assumed market share development of gategroup (based on internal and external estimates)
  - Equity research reports on gategroup and further relevant studies on gategroup and industry
  - Information relating to the employee stock programs (executive long term incentive plan and equity incentive plan 2007)
  - Details of debt-like and cash-like balance sheet positions
  - Capital market and financial data for gategroup and selected comparable companies (primary sources: Bloomberg, Factset)
  - Data from precedent transactions in the sector (source: Mergermarket)
- In preparing this fairness opinion, N+1 assumed that the financial information and other data on gategroup were accurate and complete and has relied on this information without accepting any responsibility for independent verification thereof
- gategroup's management assured N+1 that it is unaware of any facts or circumstances that would render the information provided being incomplete, incorrect or misleading
- In the preparation of the fairness opinion, N+1 has not carried out any physical inspection of any building and / or sites of gategroup
- The information and criteria in this document are based on the prevailing market, corporate and economic conditions as at 8 April 2016. Any circumstances thereafter may impact the information, which has been used as a basis for the analysis. N+1 has no obligation to update, verify or confirm any information contained in this document

Company

- General Information
- Business Activities and Products
- Historical Key Financials
- The Airline Catering Services Market
- Strategic Planning

Company
General Information

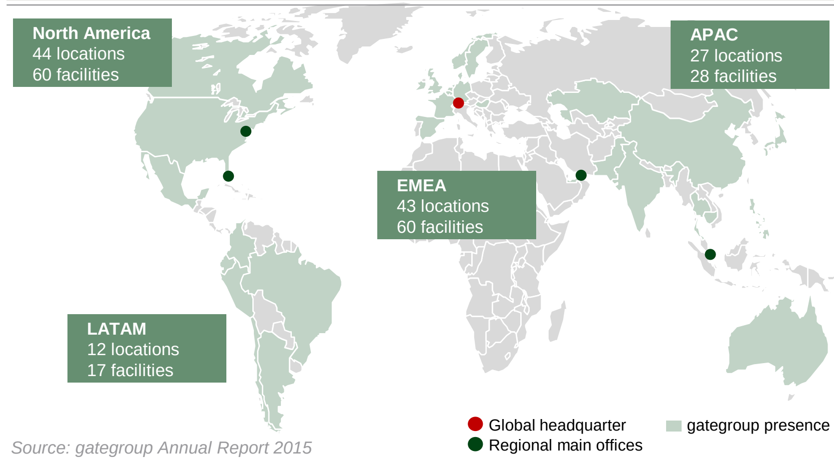
Company description

- gategroup is the leading independent global provider of airline catering services and solutions related to passengers' onboard experience. The Company specializes in catering and hospitality, provisioning and logistics as well as products related to the airline services industry
- During the financial year 2015, gategroup posted a revenue of CHF 2,996m and an adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA)(1) of CHF 169m (5.7% EBITDA margin)
- gategroup is listed on the SIX Swiss Exchange (SIX: GATE) since 2009 following a period when the Company was owned by financial investors. During this period, the former entity, Gate Gourmet, was subject to major restructuring and refinancing programs
- The Company's origin stems from the merger between ICS International Catering Services and Swissair's catering operations in 1992. Following the terrorist attacks of September 11, 2001, and the subsequent global economic recession, Swissair was sent into administration. TPG Capital, a private equity firm, acquired the Company out of administration in 2002
- Today, gategroup is headquartered in Zurich, Switzerland, and has approx. 29,000 employees worldwide

Operational footprint

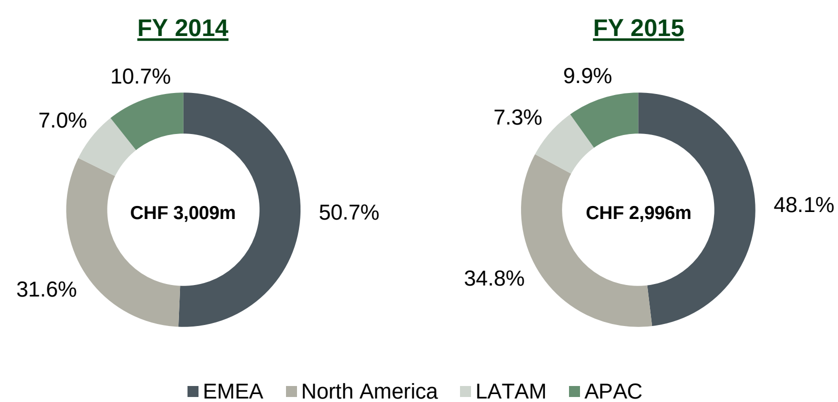
- In 2015, gategroup realigned its organizational structure into four business segments by geographic region: Europe, Middle East, Africa and the Commonwealth of Independent States (EMEA), North America, Latin America (LATAM) and Asia Pacific (APAC)
- The Company comprises 165 facilities at 126 different locations in 33 countries around the globe
- gategroup's regional main offices are located in Reston (North America), Miami (LATAM), Abu Dhabi (Middle East), Singapore (APAC) and Zurich (global and Europe)

Geographic footprint



Source: gategroup Annual Report 2015

Revenue by region (FY 2014 – 2015)(2)



Source: gategroup Annual Report 2015

Source: gategroup Annual Reports 2011-2015, gategroup management information, gategroup webpage
(1) Adjustments made of CHF 27m incl. provision for newly ratified US labor agreement and various other provisions
(2) Excluding elimination effects of CHF 11.4m in 2014 and CHF 11.9m in 2015

Company
Business Activities and Products

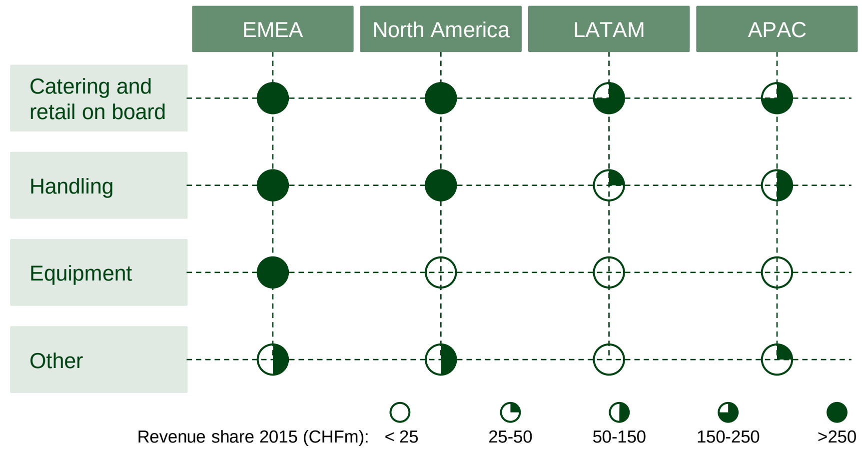
Business model

- gategroup's leadership position is built on its core capabilities in the airline catering and provisioning business complemented by a comprehensive set of onboard and related products and services
- The Company's activities are dissected into four geographic regions since 2015; revenue is also reported along the following segments:
  - Catering and retail on board revenue includes food, beverage, retail on board as well as related logistics services (55% of revenue in 2015)
  - Handling revenue includes equipment packaging, bar-packaging, transportation services and last mile logistics (27% of revenue in 2015)
  - Equipment revenue is generated from the sale of cutlery, cups, glasses as well as headsets, blankets and amenity kits (9% of revenue in 2015)
  - Other revenue includes services rendered from laundry, aircraft cleaning, lounge and security services (9% of revenue in 2015)

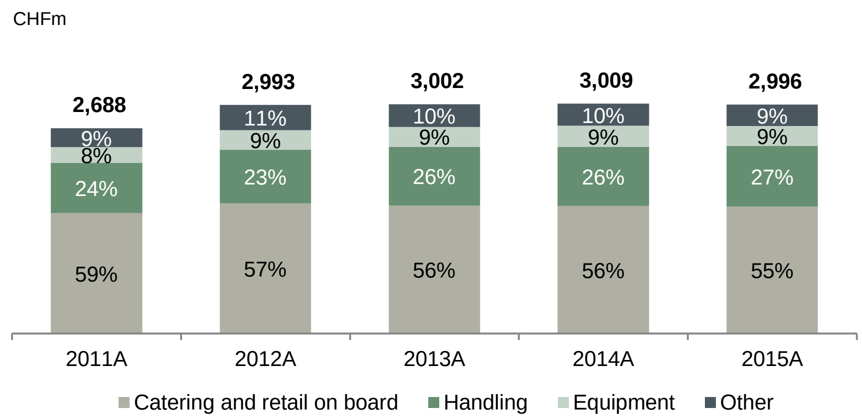
Products and services offering

- gategroup offers a wide range of products and services:
  - Catering services: core offering including airline catering and provisioning as well as executive jet catering (c. 250m meals per year)
  - Network solutions: relates to the partnering network with airline groups and includes services such as retail on board programs or supply chain and logistics solutions
  - Products: wide range of onboard service equipment and solutions (cutlery, meal and beverage solutions), comfort items and amenity kits as well as prepacked food & beverage products and solutions
  - Airport services: specialist passenger hospitality and behind-the-scenes services at airport lounges. Also includes catering inspection, cargo screening and aircraft security

gategroup's business model



Revenue split by segment (FY 2011 – 2015)



Source: gategroup Annual Reports 2011-2015

Source: gategroup Annual Reports 2011-2015, gategroup management information, gategroup webpage

Company
Historical Key Financials

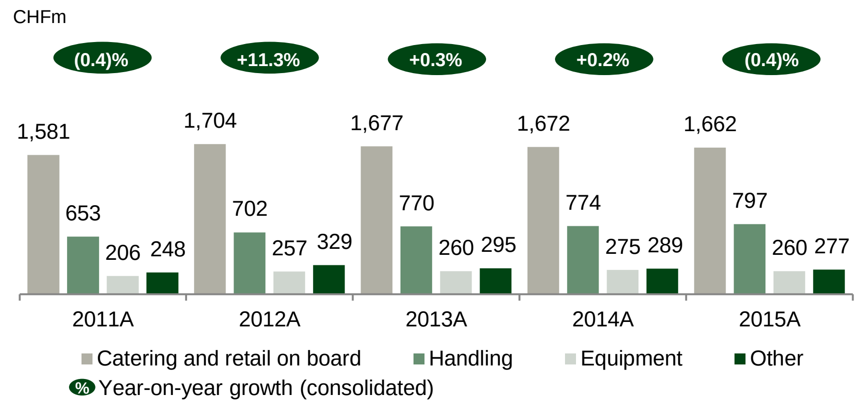
Revenue in financial years 2014 and 2015

- Revenue during the financial year 2014 rose slightly by CHF 7m or 0.2% from CHF 3,002m to 3,009m as compared to the prior year. At constant exchange rates, revenue growth amounted to 3.1%. The achieved revenue growth mainly resulted from retention and expansion of the Company's customer base as well as business optimization
- Revenue from the Company's main services developed inversely. While catering and retail on board revenue declined by 0.3% to CHF 1,672m, revenue from handling rose by 0.5% to CHF 774m
- 2015 revenue amounted to CHF 2,996m and declined by 0.4% compared to the prior year. The revenue decline was mainly due to adverse currency effects. At constant exchange rates, revenue growth amounted to 3.3% versus 2014
- Catering and retail on board revenue again slightly declined by 0.6%, while revenue from handling improved by 3.0% as compared to 2014

Profitability in financial years 2014 and 2015

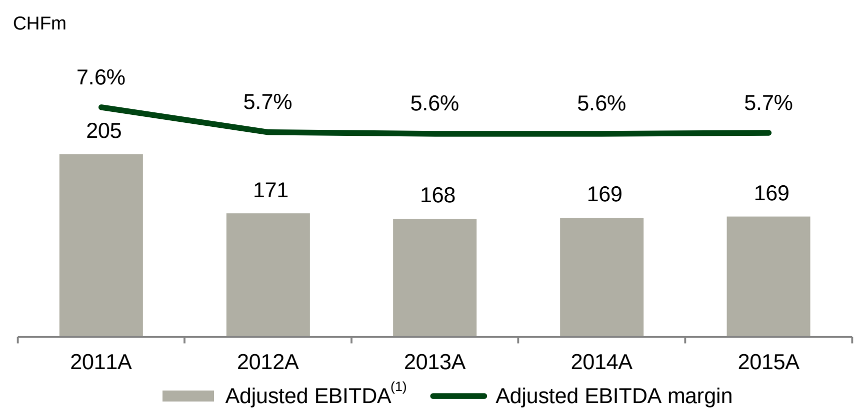
- gategroup posted an adjusted EBITDA of CHF 169m in 2014, corresponding to an adjusted EBITDA margin of 5.6%, and an adjusted EBITDA of CHF 169m in 2015, corresponding to a slightly higher adjusted EBITDA margin of 5.7%[(1)]
- While margins remained flat from 2013 to 2014, the adjusted EBITDA margin was again slightly improved in 2015 by 0.1 percentage points despite declining revenue. At constant exchange rates, gategroup would have achieved an adjusted EBITDA margin of 5.8%[(1)]
- The adjusted EBITDA margin improvement in 2015 was supported by first deliveries on the Gateway 2020 strategy announced in Q3 2015[(2)]. Key levers of the improved margin include partial overhead reduction, cost savings, operational efficiencies and enhanced procurement

Revenue development FY 2011 – 2015



Source: gategroup Annual Reports 2011-2015

Profitability development FY 2011 – 2015



Source: gategroup Annual Reports 2011-2015

Source: gategroup Annual Reports 2011-2015, gategroup 2015 full year results presentation
(1) Adjustments of CHF 27m incl. provision for newly ratified US labor agreement and various other provisions
(2) Further details on the Gateway 2020 strategy can be found on p. 14

Company
The Airline Catering Services Market (1/2)

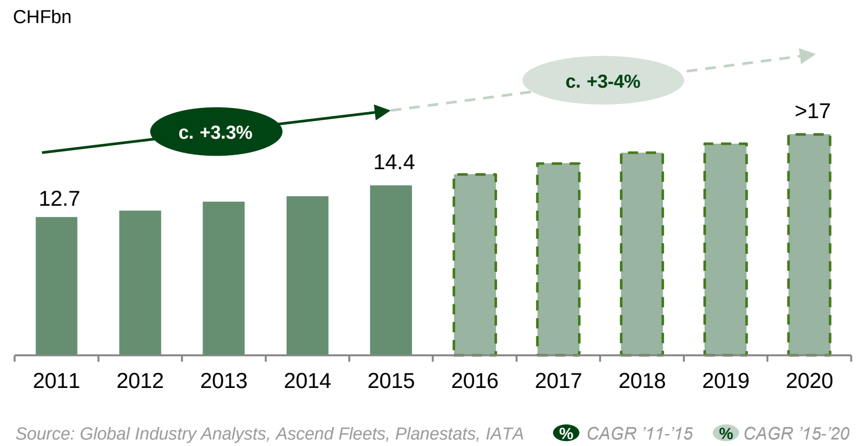
General market overview and characteristics

- The airline catering services market is estimated at a volume of approx. CHF 14.4bn and has grown at a CAGR of c. 3.3% from 2011 to 2015
- Generally, the airline catering services market is highly dependable on the overall state of the global aviation industry, ultimately depending on the global economic cycle. In contrast, market growth is supported by secular growth trends, particularly megatrends such as increasing prosperity and population growth in emerging markets
- Another characteristic of the airline catering services market is the distinction between independent players and subsidiaries of larger airline groups. While LSG Sky Chefs (Lufthansa Group), Dnata (Emirates Group) and Servair (Air France-KLM Group) all are part of large airline companies, gategroup is the leading independent airline caterer globally
- Finally, passengers food preferences can vary substantially depending on the regions served. Besides regional food preferences, specific food trends may change rapidly, making purchase efforts less predictable

Market share and competitive positioning

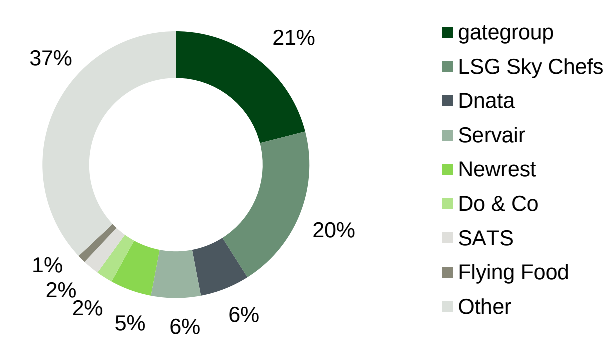
- The airline catering services market is highly fragmented with only five players having a market share above 5%. These five companies account for approx. 58% of the airline services catering market
- gategroup and LSG Sky Chefs are the clear industry leaders, accounting for c. 21% and 20% in market share, respectively. The top five are completed by Dnata (6%), Servair (6%) and Newrest (5%)

Development of airline catering services market (since 2011)



Source: Global Industry Analysts, Ascend Fleets, Planestats, IATA

Market share of selected key players (2014)



Source: Company information

Company
The Airline Catering Services Market (2/2)

Key value drivers

- Growth drivers in the airline catering services market are manifold and can be grouped into airline industry and passenger trends
- Trends within the airline industry include increasing fleet sizes of narrow and wide body aircrafts, increasing global passenger volumes as well as increasing focus on premium / customer service and airline differentiation
- Passenger driven trends comprise shifting demand in food and health consciousness (e.g. willingness to pay a price premium for high quality), alteration of passengers' food preferences as well as technology involvement (e.g. pre-ordering via mobile technology)
- Key value drivers include:
  - Growing fleet sizes of both narrow and wide body aircrafts (c. +5.2%)
  - Increase in number of global passenger volumes (c. +4.1%)
  - Growing food trends and alteration of passengers' food preferences as well as rising health consciousness
  - Airline groups' net profits have been cyclical over the last 25 years. Pressure on airline group profitability has also a moderating impact on the profitability of suppliers, such as airline caterers. Since 2010, however, airline groups have shown a strong upward cycle

Market outlook

- The airline catering services market has grown at a CAGR of c. 3.3% from 2011 to 2015. Similarly, the market over the mid to longer term is forecast to grow at a CAGR of c. 3 to 4% until 2020
- According to industry experts, further consolidation might be underway in the medium to longer term, thereby further driving future market dynamics within the airline catering market

Market outlook (cont'd)

- Major risks that could adversely affect market growth perspectives include economic downturn, increase in oil price, new catering models, increased insourcing of catering operations by airline companies or terrorist attacks

Analysis of industry specific value drivers

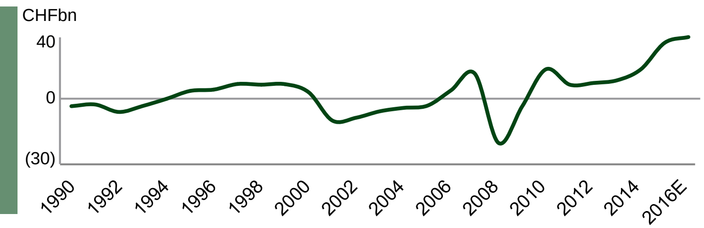
1 **Fleet growth**

Fleet size (k)	2011	2015	2020	CAGR 2011-15	CAGR 2015-20
Narrow body AC	10.6	12.9	16.8	*5.2%*	*5.3%*
Wide body AC	4.1	4.6	5.8	*3.2%*	*4.7%*
Total	**14.6**	**17.5**	**22.6**	***4.7%***	***5.2%***

2 **Global passenger volume**

Airline passenger volumes (bn)	2011	2015	2020	CAGR 2011-15	CAGR 2015-20
Global PAX traffic [1]	**2.9**	**3.6**	**4.4**	***5.1%***	***4.1%***

3 **Airline groups' cumulative net profits**



Source: Ascend Fleets / Flightglobal, Planestats, IATA, Airbus Global Market Forecast 2013-2032

Source: Global Industry Analysts, Ascend Fleets / Flightglobal, Planestats, IATA, Airbus Global Market Forecast 2013-2032
(1) PAX refers to passenger

Company
Strategic Planning

Gateway 2020 strategy (announced in Q3 2015)

- gategroup's Gateway 2020 strategy is based on four pillars aiming at increasing the Company's focus and simplification – one gategroup
  - (1) Focus on the Core: gategroup intends to reinforce and expand its leadership position in airline catering and buy on board, leveraging on existing capabilities with a clear focus on core competencies as well as through the integration of brands geographically
  - (2) Commercial innovation: the Company aims at expanding its business and retail on board revenue through technology and innovation. Therefore, a new global innovation center was established – all geared towards improving passengers' travel experience
  - (3) Geographic expansion: a renewed focus on emerging markets and fast growing carriers operating in key regions are at the core of gategroup's geographic growth plan, based on the increasing importance of such hubs in the global market
  - (4) Standardization and efficiency: key levers include the zero based budgeting, further streamlining of internal structures, global standardization of operating practices and enhanced procurement

Guidance

- gategroup's management communicated the following targets along its Gateway 2020 strategy plan:
  - Organic revenue growth at 3 to 5% per year until 2020. In addition, acquisitive growth shall add to the overall growth plan
  - Expansion of EBITDA margin by 25 to 50 basis points (bps) underpinned by an improved business mix and efficiency gains
  - Enhanced cashflow generation due to improved tax rate and financing costs as well as better working capital management and investments

Key elements of the Gateway 2020 strategy

1	Focus on the Core	▪ Airlines & leverage facilities ▪ Consolidation of gategroup brands
2	Commercial innovation	▪ Customer focus & segmentation ▪ New retail on board offering
3	Geographic expansion	▪ Focus on emerging market carriers ▪ Focus on Africa, LATAM, Middle East and APAC airports / locations
4	Standardization and efficiency	▪ Standardization ▪ Organization efficiency ▪ Direct & indirect cost optimization

Simplified organization – one gategroup

Gateway 2020 strategy levers and targets

		Per annum
Revenue growth		
Organic	Catering *(e.g. increasing PAX[(1)], spend per meal)* Handling *(e.g. growing airline fleets)* Retail on board *(e.g. increasing spend per PAX[(1)])*	3-5%
M&A	Financial discipline	+
EBITDA margin expansion	▪ Revenue and geographic mix ▪ Contract renewals ▪ Standardization / restructuring / efficiencies	25-50bps
Cashflow generation	▪ Tax rate ▪ Financing cost ▪ Working capital management ▪ Capital expenditures: maintenance and expansion	

Source: gategroup H1 2015 results presentation

Source: gategroup H1 2015 investor presentation, gategroup Annual Report 2015, gategroup management information
(1) PAX refers to passengers

Valuation Considerations

- Methodology
- DCF Analysis
- Share Price Analysis and Equity Research Analysts' Target Prices
- Analysis of Comparable Companies
- Analysis of Precedent Transactions
- Analysis of Takeover Premia

Valuation Considerations
Methodology (1/2)

General remarks
- The primary valuation method used in establishing a fair equity value per gategroup share was the discounted cashflow (DCF) analysis. The DCF analysis belongs to those valuation methods based on capitalized earnings value which enable a wide range of company-specific factors to be considered
- The key assumptions of the underlying business plan provided by gategroup's management were checked for plausibility in specific discussions with the management team and by setting them against the historical performance of gategroup, historical and expected market development, expectations of equity research analysts as well as industry benchmarks. Where deemed necessary, N+1 applied adjustments to the underlying planning assumptions
- In order to further check the plausibility of the results of the DCF analysis, several market-value-based valuation methods were deployed
- The valuation date is 8 April 2016(1)

Calculation of equity value per gategroup share
- The above mentioned valuation methods were used to determine gategroup's enterprise value. The equity value was then calculated by deducting the enterprise value adjustments from the enterprise value
- The equity value per gategroup share was obtained by dividing the equity value by the number of gategroup shares outstanding, excluding treasury Shares and factoring in dilution from various share plans (executive long term incentive plan and equity incentive plan 2007) based on information provided by the management
- The below table shows the calculation of the number of diluted Shares outstanding

	No. of shares
Shares issued	26,786,336
Treasury Shares	668,190
Shares outstanding	**26,118,146**
Dilution	459,035
Diluted Shares outstanding	**26,577,181**

Source: gategroup management information

Valuation method based on capitalized earnings value

Discounted cashflow (DCF) analysis
- The DCF analysis is one of the most widely recognized valuation methods based on capitalized earnings value. The basis of this valuation method is explained in greater detail on the following pages

Market-value-based valuation methods

Analysis of the historical Share price development and of equity research analysts' target prices
- Both the current target prices of equity research analysts and the Share price development over the last 12 months were analyzed in order to draw conclusions about gategroup's current market value

Analysis of comparable companies
- The current market valuation of comparable listed companies (peers) was analyzed (so-called trading multiples)
- Obtaining a meaningful valuation result from this method depends on ensuring a good level of comparability between gategroup and its peers. This is ensured in particular if the companies are similar in their business models, size, risk and opportunity profiles, and ultimately in their growth and profitability profiles

Analysis of precedent transactions
- This valuation process entails analyzing precedent M&A transactions in which the target companies are comparable with gategroup (so-called transaction multiples)
- The prices paid in these transactions (and the implied valuations) are heavily dependent on the specific interests of the parties involved and thus to a certain extent reflect subjective attributions of value. Therefore, a precise analysis of the relevant transaction parameters is essential

Analysis of takeover premia
- This analysis benchmarks the implied takeover premium of the existing offer price to takeover premia of selected precedent public takeovers in Switzerland

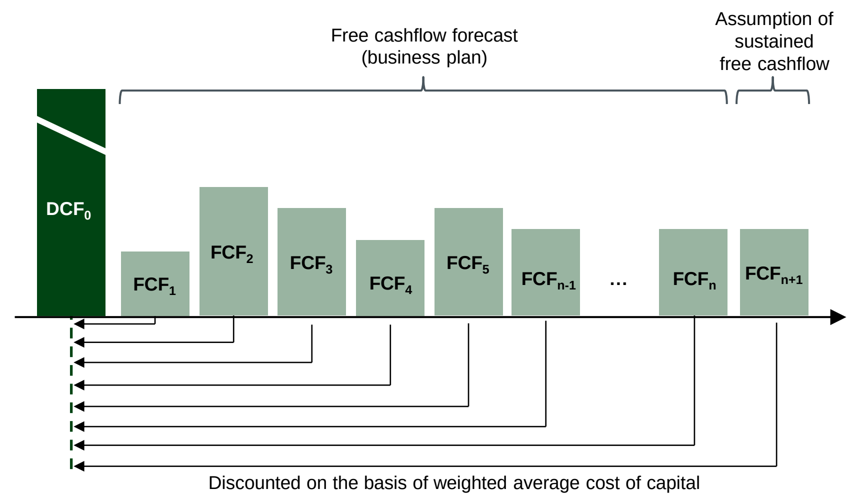
(1) Any deviations from this date (e.g. date of enterprise value adjustments) are explicitly noted

Valuation Considerations
Methodology (2/2)

DCF analysis: theoretical foundations

- The DCF analysis is based on free cashflows achievable in the future before financing activities. Thus, the DCF analysis looks at cashflows which are available to the providers of both debt and equity capital. These cashflows are discounted as per the valuation date using weighted average cost of capital (WACC) in order to reflect the present value of the cashflows and the inherent entrepreneurial risk
- The free cashflows are basically established by looking at the business plan drawn up by gategroup's management. As already mentioned, N+1 applied adjustments to the business plan provided by gategroup's management (details can be found on the following pages). The table at the bottom of the page to the right shows the general approach to calculating annual free cashflow on the basis of earnings before interest and taxes (EBIT)
- In the expectation of gategroup continuing its business beyond the business plan period (which goes up to 2020), assumptions are made about sustained free cashflow. This is used to calculate what is called the terminal value. The terminal value is comprised of the value of all future cashflows subsequent to the business plan period
- Finally, the enterprise value is made up of the present value of free cashflows during the business plan period (up to 2020) and the present value of the terminal value. The present value is obtained by discounting the free cashflows and the terminal value as at 8 April 2016 (valuation date) on the basis of gategroup's WACC
- The WACC reflects the return expectations by gategroup's providers of debt and equity capital. The cost of equity capital is derived in accordance with the capital asset pricing model (CAPM). The assumptions used to calculate gategroup's WACC are set out on the following pages

Graphic illustration of DCF analysis



Calculation of free cashflow *(general approach)*

Free cashflow:

Operating income before interest and taxes (EBIT)

− Adjusted taxes on EBIT (unlevered)

= Net operating profit after taxes (NOPAT)

\+ Depreciation and amortization

− / + Investment in / divestment of non-current assets

− / + Increase / reduction in net working capital

− / + Increase / reduction in other relevant balance sheet positions

= Free cashflow

Valuation Considerations

DCF Analysis (1/4)

Derivation of WACC: cost of equity[1]

- **Risk-free rate:** Because gategroup generates most of its revenues outside Switzerland, a global revenue-weighted risk-free rate was derived based on 5-year historical averages of yields of each respective national government's 10-year bond. Key countries amongst others include the US, Switzerland, the United Kingdom, Belgium and Canada. The currently underproportional split of emerging markets countries leads to a comparatively low risk free rate of 1.97%
- **Beta:** unlevered beta was derived on the basis of regression betas for comparable listed companies and adjusted to gategroup's target capital structure (relevered). On the valuation date, an unlevered beta of 0.88 was observed
- **Market risk premium:** a market risk premium of 6.9% was used – this, according to Duff & Phelps, is the difference between the average annual total return on listed low cap company stocks and the average annual income return on long-term government bonds (period of 1926-2014)[2]. A respective size premium is hence implicitly included

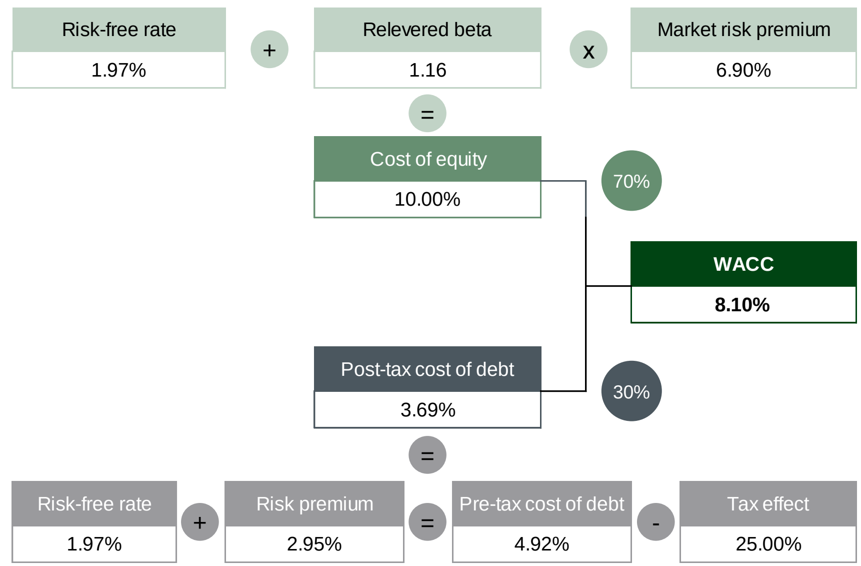
Derivation of WACC: cost of debt[1]

- **Risk-free rate:** see above
- **Risk premium for debt capital:** The risk premium is defined as the difference between the calculated risk-free rate and the effective financing costs of gategroup according to the information of the management board
- **Tax rate:** in order to calculate post-tax cost of debt, a tax rate of 25.0% was used, in line with gategroup's long-term tax rate expectations

Derivation of WACC: target capital structure[1]

- As per discussions with gategroup's management, a gearing ratio of 30% (calculated as net financial debt / (net financial debt + equity)) was assumed. As per the end of financial year 2015, the corresponding ratio stands at 31.7% (including pensions)

Weighted average cost of capital (WACC)[1]



Source: Bloomberg, Factset, gategroup management information, Duff & Phelps
(1) Further details on the WACC can be found in Appendix 1
(2) Excluding period of 1942 to 1951 due to World War II interest rate bias

Valuation Considerations
DCF Analysis (2/4)

Business plan assumptions

Business plan

- The valuation is generally based on the business plan drawn up by gategroup's management which covers the financial years 2016 to 2020. The business plan includes the recently closed acquisition of Inflight Service Group ("IFS") and the corresponding cash-out is reflected in the enterprise value adjustments. The business plan is structured into various components. For the purpose of this valuation, only organic components with a certain degree of planning visibility as well as contract renewals of the existing business and corresponding capex requirements have been considered. The underlying planning assumptions were checked for plausibility in specific discussions with the management team and by setting them against historical performance of gategroup, historical and expected market development, expectations of equity research analysts as well as industry benchmarks. On that basis, N+1 applied selected adjustments to the business plan resulting in the following assumptions:

Revenue (FY 2016 to 2020)

- The compound annual growth rate (CAGR) in revenue amounts to 4.0% compared to a historical CAGR 2011 - 2015 of 2.8%. Key drivers for this development are (i) growing aircraft fleets and passenger volumes, (ii) an increasing exposure to faster growing emerging economies, (iii) increasing on board business and retail revenues through improved commercial offerings as well as (iv) the moderating effects of business cycles

EBITDA (FY 2016 to 2020)

- The average EBITDA margin amounts to 6.6%(1) over the planning period (historical average EBITDA margin 2011 - 2015 of 6.0%). The increase compared to historical levels is primarily attributable to (i) overhead reductions and brand consolidations, (ii) the introduction of a zero-based budgeting concept as well as (iii) standardizations and simplifications of production processes and supply chains. However, these positive effects are assumed to be partially offset by continuing margin pressure from gategroup's customers as well as moderating effects of business cycles

Tax rate (FY 2016 to 2020)

- According to the business plan, the average tax rate will be 26.5% over the entire planning period. The significant decrease versus historical levels (average of 35.2% between FY 2011 and 2015) is driven by a combination of a tax structure optimization program and corresponding usage of tax loss carry forwards

Capital expenditure, depreciation and amortization (FY 2016 to 2020)

- Over the planning period, capital expenditure (capex) will be an average of 2.1% of revenues compared to 2.2% historically (average between FY 2011 and 2015). Depreciation and amortization (D&A) over the planning period will be an average of 99.0% of capex. This capex level is largely in line with historical maintenance capex
- In addition, future business investments were factored into the DCF analysis

Net working capital (FY 2016 to 2020)

- The average level of net working capital will be 7.3% of planned revenues compared to 6.9% historically (average between FY 2011 and 2015). The increase is based on a higher emerging markets exposure leading to longer payment cycles

Terminal value assumptions

- The terminal value is calculated based on an assumed perpetual growth rate of 1.25 to 1.75%, which is in line with consensus equity research analyst forecasts for gategroup and expected long-term market growth

Enterprise value adjustments(2)

- The enterprise value adjustments are calculated as at 31 December 2015, gategroup's last reporting date
- At 31 December 2015, net financial debt amounted to CHF 240m
- In addition, debt-like items of CHF 368m and cash-like balance sheet positions of CHF 61m were reflected
- Thus, enterprise value is converted into equity value on the basis of total enterprise value adjustments of CHF 547m

Source: gategroup business plan, gategroup annual reports 2012 - 2015, gategroup management information (1) Adjusted EBITDA excludes items such as restructuring and other exceptional costs. These costs, however, have been taken into account in the calculation of free cashflows (2) A detailed breakdown of this position can be found in Appendix 2

Valuation Considerations
DCF Analysis (3/4)

Valuation assumptions at a glance

- Valuation date: 8 April 2016
- Enterprise value adjustments: CHF 547m
- WACC: 7.9% - 8.4%
- Perpetual growth rate: 1.25% - 1.75%
- Diluted Shares outstanding: 26.6m
- Avg. revenue growth (FY 2016FC to 2020FC): 4.0% (CAGR)
- Avg. EBITDA margin (FY 2016FC to 2020FC): 6.6%
- Avg. tax rate (FY 2016FC to 2020FC): 26.5%
- Avg. capex (FY 2016FC to 2020FC): 2.1% of revenues
- Avg. D&A (FY 2016FC to 2020FC): 99.0% of capex
- Avg. net working capital (FY 2016FC to 2020FC): 7.3% of revenues

Valuation of gategroup as at 8 April 2016

- The DCF analysis results in an enterprise value of CHF 1,916m
- To derive gategroup's equity value, enterprise value adjustments of CHF 547m were deducted from the enterprise value. This results in an equity value of CHF 1,369m
- Based on 26.6m diluted Shares outstanding, a value per gategroup share of CHF 51.5 (mid-point) was established. The table on the right illustrates this calculation
- The DCF analysis also entails sensitivity analyses using changes to the central value drivers perpetual growth rate, WACC and perpetual EBITDA margin (see tables on the next page)

Calculation of value per gategroup share

CHFm	
Present value of free cashflows	406
Present value of terminal value	1,510
Enterprise value	**1,916**
Enterprise value adjustments	(547)
Equity value	**1,369**
Diluted shares outstanding (m)	26.6
Value per Share	**51.5**

Source: gategroup business plan, gategroup annual report 2015, gategroup management information, Factset

Valuation Considerations
DCF Analysis (4/4)

Sensitivity WACC / perpetual growth: value per Share

WACC	Perpetual growth rate				
	1.00%	**1.25%**	**1.50%**	**1.75%**	**2.00%**
8.60%	43.0	44.5	46.2	47.9	49.8
8.35%	45.3	47.0	48.7	50.7	52.7
8.10%	47.8	49.6	51.5	53.6	55.9
7.85%	50.4	52.4	54.5	56.8	59.3
7.60%	53.3	55.4	57.7	60.3	63.0

Sensitivity WACC / perpetual EBITDA margin: value per Share

WACC	Perpetual EBITDA margin				
	6.7%	**6.9%**	**7.1%**	**7.3%**	**7.5%**
8.60%	41.9	44.0	46.2	48.3	50.4
8.35%	44.3	46.5	48.7	51.0	53.2
8.10%	46.8	49.2	51.5	53.9	56.2
7.85%	49.6	52.0	54.5	57.0	59.5
7.60%	52.5	55.1	57.7	60.3	63.0

Source: gategroup business plan, gategroup annual report 2015, gategroup management information, Factset

Valuation Considerations
Share Price Analysis and Equity Research Analysts' Target Prices

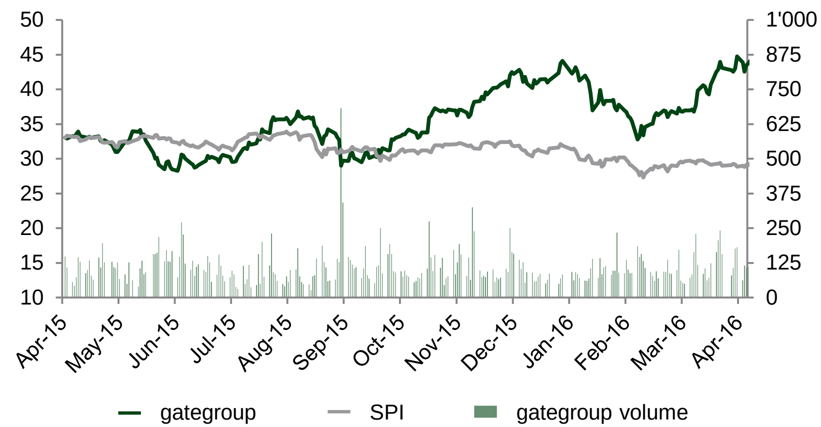
Development of Share price and trading volumes

- The chart opposite shows gategroup's Share price development over the last twelve months. The closing price on 8 April 2016 was CHF 44.10
  - The gategroup share has gained 33.4% over the last twelve months, while the Swiss Performance Index (SPI) has decreased by 11.3% over the same period
  - The Share price ranged from CHF 28.25 to CHF 44.75, with the average Share price over the period amounting to CHF 35.41

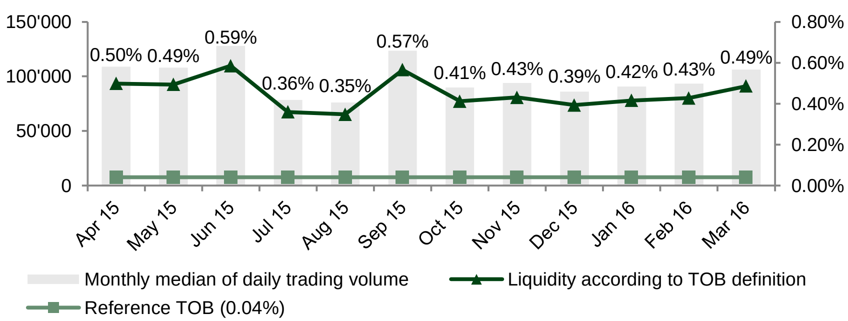
Research analyst estimates

- The average target price across all analysts is CHF 47.49 per Share, with the lowest and highest target prices being at CHF 40.00 and CHF 52.40

Share price and trading volumes (last 12 months)



Liquidity analysis



- Liquidity requirements of the TOB are met by gategroup's Shares
- The data underlying the liquidity analysis was obtained from SIX Swiss Stock Exchange

Research analysts' estimates

Date	Analyst	Recom-mendation	Target price
31-Mar-16	Kepler Cheuvreux	Buy	50.00
22-Mar-16	UBS	Buy	50.00
21-Mar-16	Baader-Helvea	Buy	51.00
16-Mar-16	Bank Vontobel	Hold	40.00
11-Mar-16	Zürcher Kantonalbank	Hold	n.a.
10-Mar-16	Bank am Bellevue	Buy	52.40
10-Mar-16	Credit Suisse	Buy	48.00
10-Mar-16	Mirabaud Securities	Buy	41.00
Average			**47.49**
Median			**50.00**

Valuation Considerations
Analysis of Comparable Companies

Selection of comparable companies[1]

- gategroup's closest competitors in the domain of airline catering, onboard retail as well as equipment and logistics solutions (LSG Sky Chefs, Dnata, Servair) exhibiting a similar revenue growth and margin profile, are not listed. Therefore, three different clusters of companies have been considered as an approximation:
  - (1) Companies operating in the field of in-flight aviation services (Do & Co, SATS, Saudi Air Catering)
  - (2) Companies operating in the field of aviation ground handling services (BBA Aviation, Celebi Hava, John Menzies)
  - (3) Companies operating in the field of food and beverage retail / concessions (Autogrill, Elior, Dufry, SSP Group)
- In order to ensure that the right companies for comparison were selected from as broad a universe as possible, the selection of comparable companies was matched against current assessments from equity research analysts and market studies
- However, it has to be noted that certain equity research analysts considering comparable companies apply a general discount of 25% to their peer group to reflect financial performance and limited comparability of gategroup to niche players with different niche product / geographic focus. In that context, the comparability of the trading multiples of the peer group needs to be somewhat cautioned

Valuation methodology

- For the group of comparable companies selected, the enterprise value (EV) was calculated on the basis of their current market capitalization (as at 8 April 2016) and their latest available actual net debt / cash position (including debt-like and cash-like items)
- This value was set against the consensus EBITDA estimate for the financial year 2016 for each comparable company (IBES consensus). A calendar adjustment was made for those companies with different financial years (gategroup reports as at 31 December)
- The median from the resulting trading multiples (9.7x) was applied to gategroup's 2016 EBITDA estimate (based on the business plan)[2], producing an enterprise value for gategroup

Valuation methodology (cont'd)

- To derive the equity value, enterprise value adjustments of CHF 547m were deducted from the enterprise value. Based on 26.6m diluted Shares outstanding, a value per gategroup share of CHF 53.9 (mid-point) was established as at 8 April 2016
- In order to calculate a value range, the median of the trading multiples (9.7x) was reduced by 10% (lower end) and increased by 10% (upper end) resulting in a range of CHF 46.5 to CHF 61.4 per Share

Calculation of value per gategroup share

CHFm	Lower end	Mid-point	Upper end
2016FC EBITDA (adjusted)	205	205	205
2016 Trading multiple (x)	8.7x	9.7x	10.6x
Enterprise value	**1,782**	**1,980**	**2,178**
Enterprise value adjustments	(547)	(547)	(547)
Equity value	**1,235**	**1,433**	**1,631**
Diluted shares outstanding (m)	26.6	26.6	26.6
Value per Share	**46.5**	**53.9**	**61.4**

Source: Bloomberg, IBES consensus, gategroup business plan, gategroup annual report 2015, equity research reports, market studies
(1) An overview of the comparable companies selected (including trading multiples and financial metrics) can be found in Appendix 3
(2) Adjusted EBITDA excluding net management fees, net franchise and licensing fees as well as restructuring and other exceptional costs

Valuation Considerations
Analysis of Precedent Transactions

Selection of precedent transactions

- In order to analyze precedent transactions in which the target companies are comparable with gategroup, relevant M&A transactions in the global market for airline and airport catering and retail services as well as on-board catering equipment have been selected. The analysis covers the period 2006 to 2015
- Transactions for which no financial details were published and transactions with an implied deal size of less than CHF 25m were not considered as part of this analysis
- A detailed overview of the selected transactions can be found in Appendix 4

Valuation methodology

- For the selected precedent transactions, the implied enterprise value (EV) and the implied historical EV/EBITDA multiple (transaction multiple) were calculated
- As a next step, the median of the calculated transaction multiples (8.5x) was applied to gategroup's 2015 adjusted EBITDA(1), producing an enterprise value for gategroup. In this method, intentional use was made of a historical EBITDA (here 2015), since the transaction multiples are also calculated by means of historical values
- To derive the equity value, enterprise value adjustments of CHF 419m were deducted from the enterprise value. In this case, enterprise value adjustments do not include the CHF 128m cash payment for the acquisition of IFS in order to ensure comparability with the underlying metric. The acquisition of IFS was completed in February 2016 and hence did not contribute to gategroup's 2015 results. Based on 26.6m diluted Shares outstanding, a value per gategroup share of CHF 38.4 (mid-point) was established as at 8 April 2016
- In order to calculate a value range, the median of the transaction multiples (8.5x) was reduced by 10% (lower end) and increased by 10% (upper end) resulting in a range of CHF 33.0 to CHF 43.8 per Share

Calculation of value per gategroup share

CHFm	Lower end	Mid-point	Upper end
2015 EBITDA (adjusted)	169	169	169
Transaction multiple (x)	7.7x	8.5x	9.4x
Enterprise value	**1,296**	**1,440**	**1,584**
Enterprise value adjustments	(419)	(419)	(419)
Equity value	**877**	**1,021**	**1,165**
Diluted shares outstanding (m)	26.6	26.6	26.6
Value per Share	**33.0**	**38.4**	**43.8**

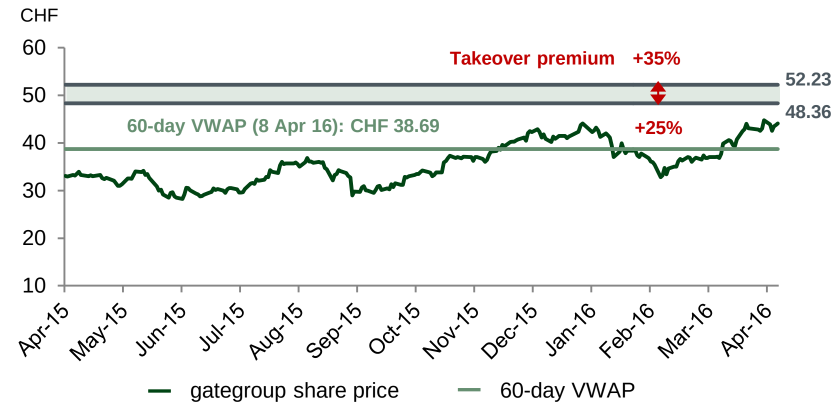
Source: Mergermarket, Bloomberg, equity research reports, gategroup annual report 2015
(1) Adjustments made of CHF 27m incl. provision for newly ratified US labor agreement and various other provisions

Valuation Considerations
Analysis of Takeover Premia

Analysis of premiums paid in public takeover situations in Switzerland

- Subjective interests play a major role in public takeovers. Potential acquirers may in some circumstances be willing to pay significant control premiums. This is especially true in contested takeover situations, where potential acquirers outbid each other resulting in higher premiums paid
- Another important factor is, whether a bidder has already owned a controlling stake in the target company when the tender offer is announced. In such instances, the willingness to pay an additional control premium on the share price will typically be reduced
- When selecting relevant public takeover transactions for the purpose of this analysis, the following criteria were applied[(1)]:
  - Transactions since 1 January 2006
  - Target company was listed on the SIX Swiss Exchange at the time of the tender offer
  - "Pure" real estate companies were not considered
  - Implied equity value of at least CHF 100m
  - Consideration of voluntary as well as mandatory offers
  - Only cash offers were considered
- Since 2006, average premiums of 30.0% were paid compared to the 60-day VWAP on the day before the announcement of each tender offer
- Applying a premium range of 25% to 35% to gategroup's 60-day VWAP of CHF 38.69 as at 8 April 2016 results in a value range of CHF 48.4 to 52.2 per gategroup share
- The HNA Group Offer reflects a 37.8% premium compared to the 60-day VWAP prior to the pre-announcement of HNA Group

Applying an average takeover premium of 25% to 35%



Source: Bloomberg, SIX Swiss Exchange

Source: Mergermarket, Bloomberg, Swiss Takeover Board, SIX Swiss Exchange
(1) An overview of the selected public takeover transactions can be found in Appendix 5

Result of the Fairness Opinion

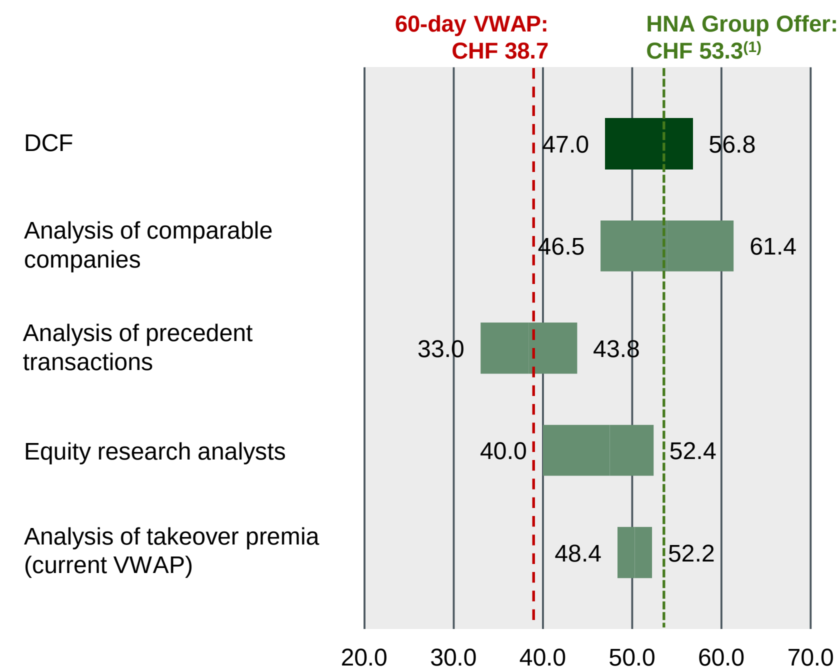
Result of the Fairness Opinion

Valuation Results for gategroup

Valuation assessment

- The illustration on the right summarizes the results of our valuation analysis. The DCF analysis was used as the primary valuation method, while selected market-value-based methods (60-day VWAP, analysis of comparable companies, analysis of precedent transactions, target prices of equity research analysts, analysis of takeover premia) were used to test the plausibility of the results of the DCF analysis
- The valuation date is 8 April 2016
- The DCF analysis results in a value range of CHF 47.0 to 56.8 per Share
- The analysis of comparable companies based on 2016 EV/EBITDA trading multiples results in a value range of CHF 46.5 to 61.4 per Share. However, we deem the comparability of the chosen universe for comparable companies as limited due to the fact that business models and strategies of these peers differ from gategroup's
- The analysis of precedent transactions based on historical EV/EBITDA transaction multiples results in a value range of CHF 33.0 to 43.8 per Share
- Equity research analysts value the gategroup share at CHF 40.0 to 52.4 on a stand-alone basis (excluding a potential takeover premium)
- The 60-day VWAP as of 8 April stands at CHF 38.7. Applying a takeover premium range of 25% to 35% evidenced in precedent transactions to the 60-day VWAP results in a value range of CHF 48.4 to 52.2 per Share

Valuation summary (CHF per gategroup share)



Based on the value range of CHF 47.0 to 56.8 per gategroup share resulting from the DCF analysis and the confirming results by the supplementing methods, we consider the HNA Group Offer of CHF 53.3 per gategroup share[1] financially fair and adequate

Martin Menzi
Senior Partner

Ralf Herrmann
Partner

(1) Based on an offer price of CHF 53.00 per Share and the ordinary dividend of CHF 0.30 per Share (approved by the ordinary general shareholder meeting of gategroup on 14 April 2016)

Appendices

Appendix 1
Cost of Capital (1/2)

Derivation of WACC

WACC components		Notes	Source
Risk-free rate (r_f)	1.97%	Global revenue-weighted risk-free rate based on 5-year historical averages of yields of each respective national government's 10-year bond	Bloomberg, Company information
Market risk premium (MRP)	6.90%	Difference between the average annual return on mid-sized listed stocks ("low cap stocks") and the average annual yield on long-term government bonds (period: 1926-2014[1])	Duff & Phelps: "2015 Valuation Handbook"
Beta (unlevered)	0.88	Median regression beta of comparable companies (1-year[2] regression against MSCI World Index based on weekly returns)	Factset
Beta (relevered)	1.16	Formula: $ß_L = ß_U \times [1+ ((D / E) \times (1-t))]$	Modigliani & Miller
Cost of equity	**10.00%**	**Formula: $c_e = r_f + ß_L \times MRP$**	
Risk-free rate (r_f)	1.97%	Global revenue-weighted risk-free rate based on 5-year historical averages of yields of each respective national government's 10-year bond	Company information
Risk premium for debt capital	2.95%	Difference between the calculated risk-free rate and the effective financing costs of gategroup	Company information
Tax rate (t)	25.00%	Long-term marginal tax rate assumed by gategroup management	Company information
Post-tax cost of debt	**3.69%**	**Formula: c_d (post-tax) = c_d (pre-tax) x (1-t)**	
Equity ratio	70%	Target capital structure according to gategroup management	Company information
Debt ratio	30%	Target capital structure according to gategroup management	Company information
WACC	**8.10%**		

(1) Excluding period of 1942 to 1951 due to World War II interest rate bias
(2) Over an extended time period, the risk profile of the relatively widely selected peer group for the beta calculation significantly deviates from gategroup. For this reason, a 1-year period has been selected for the beta calculation

Appendix 1
Cost of Capital (2/2)

Calculation of unlevered beta

Comparable companies	Levered beta[1]	Marginal tax rate	Net debt (LC m)[2]	Mcap (LC m)	D / (D + E)	D / E	Unlevered beta[3]
Do & Co (AT)	1.02	25.00%	147	1,030	12.5%	14.3%	0.92
SATS (SG)	0.00	17.00%	0	4,457	0.0%	0.0%	0.00
Saudi Airlines Catering (SA)	1.25	20.00%	0	8,837	0.0%	0.0%	1.25
BBA Aviation (UK)	1.05	20.00%	0	2,877	0.0%	0.0%	1.05
Celebi Hava Servisi (TR)	1.02	20.00%	201	826	19.6%	24.4%	0.85
John Menzies (UK)	0.70	20.00%	165	305	35.1%	54.0%	0.49
Autogrill (IT)	0.78	31.40%	751	1,830	29.1%	41.0%	0.61
Elior Group (FR)	0.79	33.33%	1,709	3,290	34.2%	51.9%	0.59
Dufry (CH)	1.39	17.92%	4,013	6,168	39.4%	65.1%	0.91
SSP Group (UK)	0.73	20.00%	334	1,404	19.2%	23.7%	0.61
Average [4]	**1.00**	**23.46%**			**19.3%**	**27.6%**	**0.85**
Median [4]	**1.02**	**20.00%**			**19.4%**	**24.1%**	**0.88**

Sensitivity analysis: WACC

D / (D + E)	"Unlevered" Beta 0.73	0.81	0.88	0.96	1.03
40.0%	7.19%	7.66%	8.12%	8.59%	9.06%
35.0%	7.17%	7.64%	8.11%	8.59%	9.06%
30.0%	7.15%	7.63%	**8.10%**	8.58%	9.06%
25.0%	7.12%	7.61%	8.09%	8.58%	9.06%
20.0%	7.10%	7.59%	8.08%	8.58%	9.07%

Source: Factset, KPMG, company information

(1) One-year regression against MSCI World Index based on weekly returns

(2) Net financial debt including pensions

(3) Unlevered beta = (levered beta / (1 + (1 – tax rate) x D/E)); assumption: beta of D = 0

(4) Excluding SATS and John Menzies due to low statistical significance within the peer group

Appendix 2
Calculation of Enterprise Value Adjustments

CHFm	31 Dec 2015
Long-term debt	277
Short-term debt	65
Cash & cash equivalents	(103)
Net financial debt	**240**
Adjustment cash payment IFS acquisition(1)	128
Retirement benefit obligations	192
Restructuring provisions	31
Deferred income tax liabilities	14
Non-controlling interest	3
Debt-like items	**368**
Investments in associates	(15)
Deferred income tax assets	(46)
Cash-like items	**(61)**
Enterprise value adjustments	**547**

Source: gategroup Annual Report 2015, gategroup management
(1) Closing of transaction in February 2016 and effects included in business plan

Appendix 3

Trading Multiples of Comparable Companies (1/2)

Trading multiples[1],[2]

Company (country)	MCap (CHFm)	EV (CHFm)	EV/Sales 2016	EV/Sales 2017	EV/Sales 2018	EV/EBITDA 2016	EV/EBITDA 2017	EV/EBITDA 2018	EV/EBIT 2016	EV/EBIT 2017	EV/EBIT 2018	P/E 2016	P/E 2017	P/E 2018
I. Aviation services (in-flight)														
Do & Co (AT)	1,120	1,325	1.20x	1.06x	1.00x	11.6x	10.1x	9.4x	16.2x	14.4x	13.5x	29.3x	24.8x	18.9x
SATS (SG)	3,152	2,633	2.15x	2.05x	n.a.	12.5x	12.0x	n.a.	16.4x	15.6x	n.m.	19.1x	18.2x	n.a.
Saudi Air Catering (SA)	2,246	2,151	3.44x	3.08x	2.68x	11.7x	10.4x	9.1x	12.2x	10.8x	9.4x	15.2x	16.1x	16.5x
Average			**2.26x**	**2.06x**	**1.84x**	**11.9x**	**10.8x**	**9.2x**	**14.9x**	**13.6x**	**11.4x**	**21.2x**	**19.7x**	**17.7x**
Median			**2.15x**	**2.05x**	**1.84x**	**11.7x**	**10.4x**	**9.2x**	**16.2x**	**14.4x**	**11.4x**	**19.1x**	**18.2x**	**17.7x**
II. Aviation services (on ground)														
BBA Aviation (UK)	2,743	2,363	0.90x	0.85x	0.83x	5.7x	5.3x	5.1x	7.7x	6.9x	6.6x	13.7x	11.3x	10.7x
Celebi Hava (TR)	277	348	1.35x	1.24x	n.a.	6.7x	6.3x	n.a.	9.5x	9.7x	n.a.	10.6x	10.0x	n.a.
John Menzies (UK)	410	599	0.24x	0.24x	0.24x	6.1x	5.8x	5.6x	9.1x	8.8x	8.5x	10.6x	10.3x	n.a.
Average			**0.83x**	**0.78x**	**0.54x**	**6.2x**	**5.8x**	**5.3x**	**8.8x**	**8.4x**	**7.5x**	**11.6x**	**10.6x**	**10.7x**
Median			**0.90x**	**0.85x**	**0.54x**	**6.1x**	**5.8x**	**5.3x**	**9.1x**	**8.8x**	**7.5x**	**10.6x**	**10.3x**	**10.7x**
III: Food & beverage concessions / retail														
Autogrill (IT)	1,990	2,850	0.58x	0.56x	0.53x	6.4x	6.0x	5.7x	14.1x	12.5x	11.8x	23.4x	19.1x	15.4x
Elior (FR)	3,577	5,475	0.85x	0.83x	0.81x	9.7x	9.2x	8.7x	14.3x	13.1x	16.6x	18.4x	16.3x	n.a.
Dufry (CH)	6,168	10,365	1.29x	1.23x	1.17x	10.3x	9.2x	8.4x	30.0x	19.7x	16.3x	14.1x	10.6x	9.6x
SSP Group (UK)	1,888	2,358	0.91x	0.87x	0.83x	9.6x	8.9x	8.3x	16.3x	14.9x	13.4x	22.1x	19.8x	17.5x
Average			**0.91x**	**0.87x**	**0.83x**	**9.0x**	**8.3x**	**7.8x**	**18.7x**	**15.1x**	**14.5x**	**19.5x**	**16.4x**	**14.2x**
Median			**0.88x**	**0.85x**	**0.82x**	**9.7x**	**9.1x**	**8.4x**	**15.3x**	**14.0x**	**14.9x**	**20.2x**	**17.7x**	**15.4x**
Average (I. - III.)			**1.29x**	**1.20x**	**1.01x**	**9.0x**	**8.3x**	**7.5x**	**14.6x**	**12.6x**	**12.0x**	**17.7x**	**15.7x**	**14.8x**
Median (I. - III.)			**1.06x**	**0.97x**	**0.83x**	**9.7x**	**9.1x**	**8.4x**	**14.2x**	**12.8x**	**12.6x**	**16.8x**	**16.2x**	**15.9x**
gategroup (CH)[3]	**1,172**	**1,719**	**0.52x**	**0.50x**	**0.48x**	**8.8x**	**7.6x**	**7.1x**	**13.0x**	**10.6x**	**9.9x**	**15.8x**	**12.1x**	**10.9x**

Source: Factset, company information, gategroup Annual Report 2015, Bloomberg
(1) Enterprise value adjusted for net financial debt or net cash, pensions, non-controlling interest (2) Underlying financials calendarized to gategroup's financial year-end (31-Dec) (3) gategroup financials based on IBES consensus

Appendix 3
Trading Multiples of Comparable Companies (2/2)

Selected operating metrics [1]

Company (country)	Sales growth 2016	Sales growth 2017	Sales growth 2018	EBITDA growth 2016	EBITDA growth 2017	EBITDA growth 2018	EBITDA margin 2016	EBITDA margin 2017	EBITDA margin 2018	EBIT margin 2016	EBIT margin 2017	EBIT margin 2018
I. Aviation services (in-flight)												
Do & Co (AT)	15.6%	13.2%	5.8%	18.0%	14.6%	7.9%	10.4%	10.5%	10.7%	7.4%	7.4%	7.4%
SATS (SG)	1.2%	4.7%	n.a.	8.8%	4.1%	n.a.	17.3%	17.2%	n.a.	13.1%	13.1%	n.a.
Saudi Air Catering (SA)	8.7%	11.9%	14.6%	4.0%	12.5%	15.2%	29.4%	29.5%	29.7%	28.3%	28.5%	28.6%
Average	**8.5%**	**10.0%**	**10.2%**	**10.3%**	**10.4%**	**11.6%**	**19.0%**	**19.1%**	**20.2%**	**16.3%**	**16.3%**	**18.0%**
Median	**8.7%**	**11.9%**	**10.2%**	**8.8%**	**12.5%**	**11.6%**	**17.3%**	**17.2%**	**20.2%**	**13.1%**	**13.1%**	**18.0%**
II. Aviation services (on ground)												
BBA Aviation (UK)	29.5%	5.8%	2.3%	58.1%	9.3%	3.8%	15.7%	16.2%	16.4%	11.6%	12.4%	12.6%
Celebi Hava (TR)	4.9%	8.7%	n.a.	(0.2)%	6.7%	n.a.	20.1%	19.7%	n.a.	14.2%	12.8%	n.m.
John Menzies (UK)	(1.1)%	(0.2)%	(1.2)%	10.0%	5.7%	4.4%	3.9%	4.1%	4.3%	2.6%	2.7%	2.8%
Average	**11.1%**	**4.8%**	**0.5%**	**22.6%**	**7.2%**	**4.1%**	**13.2%**	**13.3%**	**10.4%**	**9.5%**	**9.3%**	**7.7%**
Median	**4.9%**	**5.8%**	**0.5%**	**10.0%**	**6.7%**	**4.1%**	**15.7%**	**16.2%**	**10.4%**	**11.6%**	**12.4%**	**7.7%**
III: Food & beverage concessions / retail												
Autogrill (IT)	3.6%	4.3%	4.1%	8.7%	6.7%	6.2%	9.0%	9.2%	9.4%	4.1%	4.4%	4.5%
Elior (FR)	3.5%	2.0%	2.7%	7.1%	5.6%	6.0%	8.7%	9.0%	9.3%	5.9%	6.3%	4.9%
Dufry (CH)	30.9%	4.9%	5.4%	38.8%	11.9%	9.3%	12.5%	13.4%	13.8%	4.3%	6.2%	7.2%
SSP Group (UK)	3.8%	4.6%	5.5%	6.1%	7.2%	7.8%	9.5%	9.8%	10.0%	5.6%	5.9%	6.2%
Average	**10.5%**	**3.9%**	**4.4%**	**15.2%**	**7.9%**	**7.3%**	**9.9%**	**10.3%**	**10.6%**	**5.0%**	**5.7%**	**5.7%**
Median	**3.7%**	**4.4%**	**4.8%**	**7.9%**	**7.0%**	**7.0%**	**9.3%**	**9.5%**	**9.7%**	**4.9%**	**6.1%**	**5.5%**
Average (I. - III.)	**10.1%**	**6.0%**	**4.9%**	**16.0%**	**8.4%**	**7.6%**	**13.6%**	**13.9%**	**13.0%**	**9.7%**	**10.0%**	**9.3%**
Median (I. - III.)	**4.3%**	**4.8%**	**4.8%**	**8.8%**	**7.0%**	**7.0%**	**11.4%**	**11.9%**	**10.3%**	**6.7%**	**6.8%**	**6.7%**
gategroup (CH)[2]	**9.6%**	**4.9%**	**3.0%**	**15.4%**	**15.4%**	**6.9%**	**5.9%**	**6.5%**	**6.8%**	**4.0%**	**4.7%**	**4.9%**

Source: Factset, company information, gategroup Annual Report 2015, Bloomberg
(1) Underlying financials calendarized to gategroup's financial year-end (31-Dec) (2) gategroup financials based on IBES consensus

Appendix 4
Overview of Precedent Transactions (since 2006)

Date	Acquiror	Target	Country	Business description	Enterprise value (CHFm)	Hist. EV / EBITDA
02-Dec-15	gategroup	Inflight Service Group	SE	Provider of buy-on-board service to airlines, ferry and cruise lines	130	9.7x
19-Feb-14	SATS	Cardig Aero Services	ID	Provider of aviation support and food services	203	7.5x
10-Feb-12	deSter	Helios MPPD	NL	Provider of on-board catering equipment for airline and railw ay companies	27	5.9x
29-Nov-10	SATS	TFK	JP	Supplier of in-flight meals	182	9.5x
11-Nov-10	gategroup	SkyGourmet	IN	Provider of airline catering services	90	10.8x
08-Oct-10	Dnata	Alpha Flight Group	UK	Provider of catering and retailing services for airlines and airports	246	4.5x
04-Jun-07	Autogrill	Alpha Group	UK	Provider of catering and retailing services for airlines and airports	576	7.3x
09-Apr-06	EQT, Macquarie	SSP	UK	Provider of branded food and beverage facilities in travel locations	4,146	10.8x
					Average	**8.3x**
					Median	**8.5x**

Source: Mergermarket

Appendix 5
Public Takeover Premia Since 1 January 2006(1)

Date	Acquiror	Target	Consideration	Implied equity value (CHFm)	Premium (based on VWAP)(2)
03-Feb-16	ChemChina	Syngenta	Cash	44,151	30.7%
02-Feb-16	EQT	Kuoni	Cash	1,388	33.6%
17-Dec-15	TDK	Micronas	Cash	223	69.7%
25-Sep-14	KUKA	Swisslog	Cash	339	14.4%
15-Sep-14	Danaher	Nobel Biocare	Cash	2,117	6.7%
16-May-14	Swisscom	PubliGroupe	Cash	501	73.4%
09-Oct-13	Alpine Select	Absolute Invest	Cash	156	3.3%
02-Oct-13	Avista Capital & Nordic Capital	Acino Holding	Cash	399	52.8%
05-Aug-13	SES	Società Elettrica Sopracenerina	Cash	164	2.2%
28-Jun-13	Venetos	Schmolz + Bickenbach	Cash	337	0.0%
10-Apr-13	Forty Plus / Fortimo Group	Fortimo Group	Cash	200	19.0%
31-Jul-12	Grupo Safra	Bank Sarasin	Cash	1,800	2.6%
12-Dec-11	ABB	Newave Energy	Cash	175	36.0%
08-Nov-11	Toyota Industries	Uster Technologies	Cash	393	47.6%(3)
20-Jun-11	Axpo	EGL	Cash	2,244	20.8%
26-Apr-11	HarbourVest	Absolute Private Equity	Cash	732	6.2%
17-Jan-11	Artemis	Feintool	Cash	267	7.1%
06-Dec-10	3M (Schweiz)	Winterthur Technologie	Cash	364	23.0%
22-Sep-10	Credit Suisse	Neue Aargauer Bank	Cash	2,681	24.2%
28-Jul-10	Adobe Systems	Day Software	Cash	219	59.2%
02-Nov-09	BURU	Cham Paper Group	Cash	129	0.0%
04-May-09	Aquamit	Quadrant	Cash	237	57.8%
15-Sep-08	BASF	Ciba	Cash	3,410	64.3%
26-Aug-08	Robert Bosch	sia Abrasives	Cash	316	16.9%
10-Jul-08	Novartis	Speedel	Cash	920	80.1%
12-Dec-07	Von Finck family	Von Roll	Cash	1,558	0.0%
11-Dec-07	Lam Research	SEZ	Cash	641	53.8%
07-Aug-07	Capio	Unilabs	Cash	741	30.3%
05-Mar-07	CRH	Getaz Romang	Cash	537	24.7%
25-Sep-06	Rank Group	SIG	Cash	2,739	51.6%
07-Dec-06	Liechtensteinische Landesbank	Bank Linth	Cash	435	31.0%
21-Sep-06	Merck	Serono	Cash	16,079	31.4%
06-Sep-06	OC Oerlikon	Saurer	Cash	1,964	35.9%
22-Aug-06	Georg Fischer	Agie Charmilles	Cash	733	13.8%
06-Mar-06	Assicurazioni Generali	Generali (Schweiz)	Cash	1,089	24.4%
				Average	**30.0%**
				Median	**24.7%**

Source: Swiss Takeover Board, Mergermarket
(1) List consists of selected public takeovers in Switzerland; selection criteria are mentioned in the main part of the document
(2) Based on 60-day VWAP prior to announcement of transaction (3) Including dividend payment

Appendix 6
List of Abbreviations

AG	Aktiengesellschaft (public limited company)
APAC	Asia Pacific
approx.	approximately
Apr.	April
avg.	average
bn	billion(s)
bps	basis points
c.	circa, approximately
CAGR	compound annual growth rate
capex	capital expenditures
CAPM	capital asset pricing model
CHF	Swiss francs
D	debt
D&A	depreciation and amortization
DCF	discounted cashflow
Dec	December
EBIT	earnings before interest and taxes
EBITDA	earnings before interest, taxes, depreciation and amortization
E	equity
e.g.	exempli gracia, for example
EMEA	Europe, Middle East and Africa
etc.	et cetera, and so forth
EV	enterprise value
FC	forecast
FCF	free cashflow
FY	financial year
H1	first half-year
i.e.	id est, that is
incl.	including
LATAM	Latin America
LC	local currency
m	million(s)
M&A	mergers & acquisitions
MCap	market capitalization
MRP	market risk premium
MSCI	MSCI World Index (global equity index)
n.a.	not applicable
N+1	N+1 Swiss Capital
NOPAT	net operating profit after taxes
PAX	passengers
P/E	price-to-earnings ratio
R&D	research and development
SIX	SIX Swiss Exchange
t	taxes
TOB	(Swiss) Takeover Board
US / USA	United States of America
VWAP	volume-weighted average price
WACC	weighted average cost of capital

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