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EANS-Adhoc: gategroup Provides Outlook Given Industry Uncertainty

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conference call

23.11.2011

ZURICH, Nov. 23, 2011 -- Given recent public statements by industry bodies, such as the International Air Transport Association (IATA) and major airlines, regarding the current uncertainty in the global economy and weakening prospects for the airline industry, gategroup is providing the following update based on ongoing developments.

gategroup revenue through the third quarter was essentially flat compared to the same period last year. However, on a constant currency basis, revenue was 14% higher with significant contributions from the 2010 acquisitions in Canada and India.

In the first half year, gategroup had identified foreign exchange effects, raw material cost escalation and the impact of the catastrophes in Japan as factors impacting financial performance, all of which have largely been mitigated. In addition, the dilutive effect of the 2010 acquisitions in Canada and India was identified. Canada remains on track with the integration plan although extra costs were incurred as part of the preparation for and successful conclusion of key labor negotiations. India, however, remains a concern primarily due to the distressed state of the Indian domestic carriers and significant food cost escalation that has continued to develop throughout 2011. Both factors are adversely impacting the profitability of the business in India.

The Company is closely tracking the potential adverse implications of the Euro zone turmoil and development of the global economy on fourth quarter flight and passenger volumes. IATA has warned of a deceleration in world demand as business and consumer confidence wanes, particularly in Europe and North America. Relative to its internal expectations, gategroup foresees softer-than-expected volume in the fourth quarter since its core markets are in these two regions.

On a full-year basis, the factors discussed above will drive a lower margin outlook and lower-than-anticipated cash flow for the current year. The Company now expects an EBITDA margin in the range of 7.4% to 7.7% for 2011 on full-year actual revenue of between CHF 2,650 million and CHF 2,700 million (about CHF 3.0 billion in 2010 constant currencies). Based on the latest industry information, gategroup is anticipating flat volumes across its portfolio in 2012 and no margin improvement. gategroup has proven to be resilient in adverse industry environments as was experienced during the severe global economic slowdown in 2008-2009, and remains confident in its business model. The outlook on 2012 Group performance will be further refined as more information becomes available and the accuracy of the industry's assessment is confirmed.

For additional information, please see the following link on the gategroup website:

http://www.gategroupmember.com/index.php?option=com_content&view=article&id=419&Itemid=231

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INVITATION TO ANALYSTS AND INVESTORS

gategroup CEO Andrew Gibson and CFO Thomas Bucher invite analysts and investors to participate in a telephone conference call regarding the Nov. 23 update.

The presentation can be accessed via webcast and dial-in teleconference at 15:00 CET on Wednesday, Nov. 23, 2011.

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)

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Please note that this Q&A session is for analysts and investors only.

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