

# Amadeus

## Jan-Sep 2018 Results

November 7, 2018



# Disclaimer

- \_ This presentation may contain certain statements which are not purely historical facts, including statements about anticipated or expected future revenue and earnings growth. Any forward-looking statements in this presentation are based upon information available to Amadeus on the date of this presentation. Any forward-looking statements involve risks and uncertainties that could cause actual events or results to differ materially from the events or results described in the forward-looking statements. Amadeus undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements.
- \_ This presentation has to be accompanied by a verbal explanation. A simple reading of this presentation without the appropriate verbal explanation could give rise to a partial or incorrect understanding.



# Operating Review

Luis Maroto  
President & CEO

# Profitable expansion through September 2018

– Revenue +4.6% (Exc. FX: 7.7%)

- Negative FX impact

– EBITDA +8.6% (Exc. FX & IFRS16<sup>1</sup>: high single-digit growth %)

- Negative FX impact on EBITDA
- Positive FX and IFRS 16<sup>1</sup> impact on costs
- Exc. FX and IFRS 16<sup>1</sup>: small margin expansion

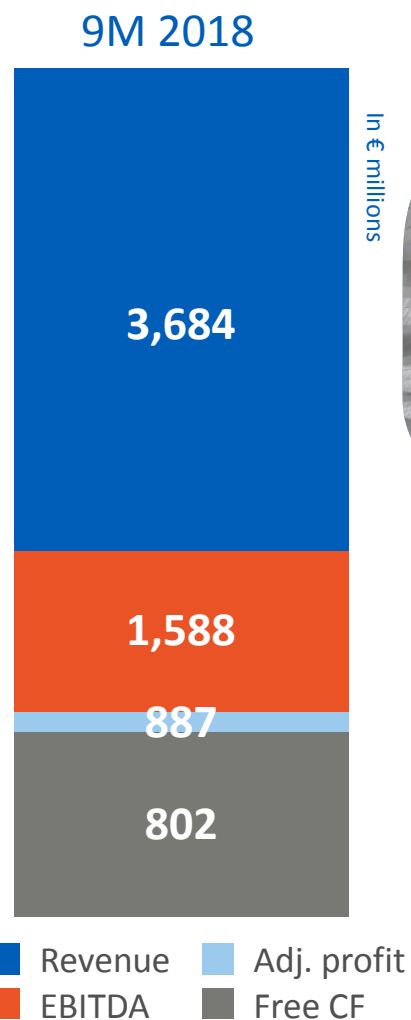
– Adjusted profit +5.1%

- Adjusted EPS +7.1%

– Free Cash Flow +1.7%

– Leverage 0.95x

- 1.56x proforma for TravelClick acquisition<sup>2</sup>



Note: Jan-Sep 2017 figures displayed throughout this presentation have been restated for IFRS 15 and 9, which we applied since January 1, 2018 (see section 3.1 of January-September 2018 Management Review for further details). Jan-Sep 2018 growth rates have been therefore calculated over 2017 restated figures.

1. We are early adopters of IFRS 16, which we applied since January 1, 2018. 2017 figures will not be restated for IFRS 16. In the first nine months of 2018, IFRS 16 had a positive €33.2 million impact on EBITDA. See section 3.1 of January-September 2018 Management Review for further details.
2. Calculated using an acquisition price of \$1,520 million and an estimated TravelClick' 2017 recurring EBITDA of \$86 million. Translated to Euro using a USD/€ exchange rate of 1.1576 (source: ECB September 30, 2018). Net financial debt and last-twelve-month EBITDA based on the credit facility agreements' definition.



# Recent business highlights

## Airline Distribution

- Renewed / signed 11 **distribution agreements** in Q3 2018, including Aerolíneas Argentinas , Copa Airlines, Porter Airlines and Norwegian.
- Customers of our **merchandizing solutions** for the indirect channel continued to expand.
  - Amadeus Airline Ancillary Services – 150 contracted airlines (5 new customers in Q3 2018).
  - Amadeus Airline Fare Families – 79 contracted airlines (4 new customers in Q3 2018).
- We renewed and expanded our partnership with **Carlson Wagonlit Travel (CWT)**.

## NDC

- American Airlines, CWT, American Express Global Business Travel and BCD Travel joined the **Amadeus' NDC-X program** following Flight Center and Travix. This program brings together all of Amadeus' NDC activities – as an IT provider and a distributor – under one roof, so that all relevant travel content from any source can be distributed via any user interface or device.

## Airline IT

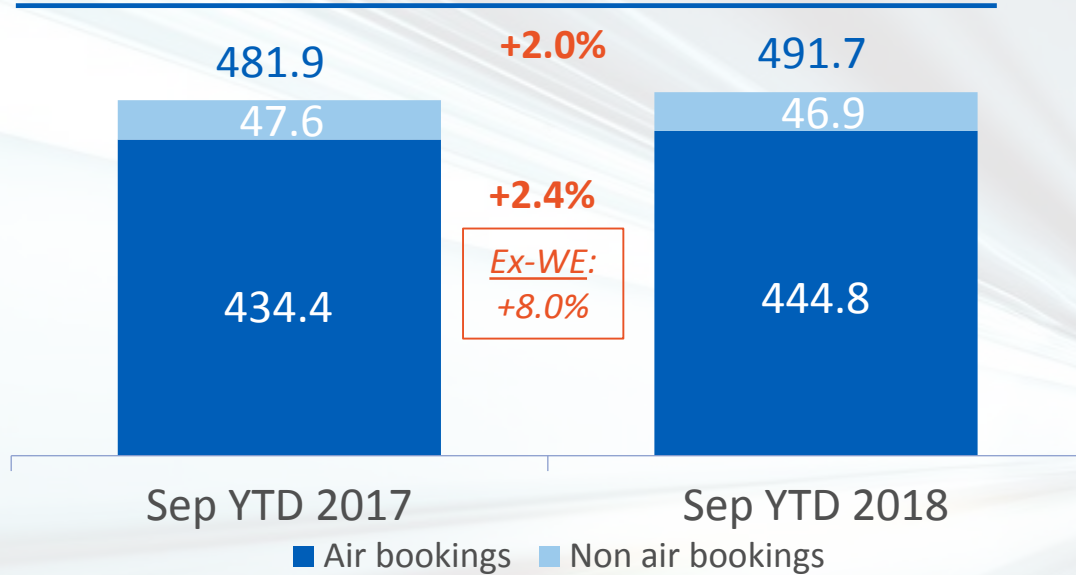
- **Bangkok Airways** signed for the full Altéa suite (c.6m passengers per year).
- **Southwest Airlines** and **Easyjet** contracted the full Amadeus Sky Suite by Optym and the Amadeus SkySYM by Optym, respectively.
- **Finnair** contracted Amadeus Network Revenue Management.
- In September, we launched MHchat with **Malaysia Airlines**. MHchat helps travelers book flights and pay through Facebook Messenger.

## Hospitality

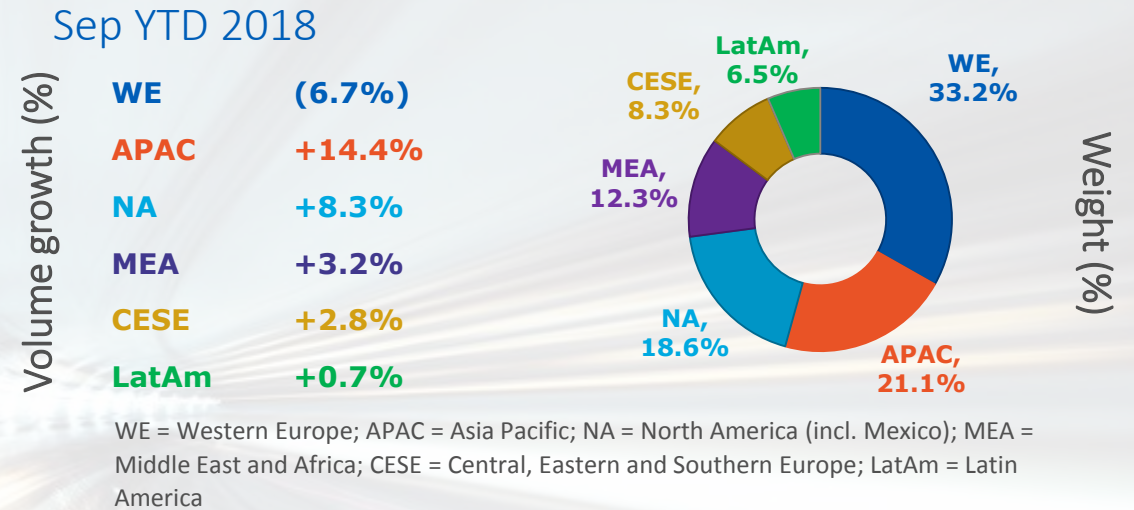
- Completion of **TravelClick's** acquisition in October, following regulatory approvals.
- We have progressed in the roll-out of the Guest Reservation System with **InterContinental Hotels Group**.
  - Over 95% of hotels successfully migrated and completion expected over the coming weeks.

# Distribution

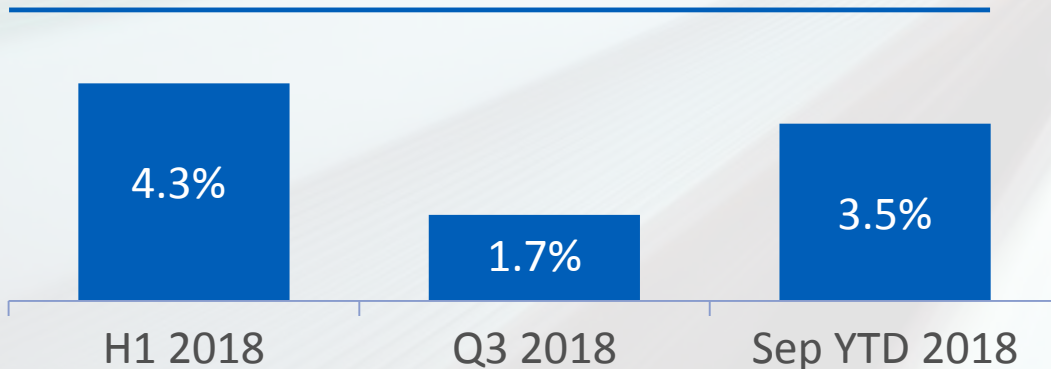
## Amadeus TA bookings (millions)



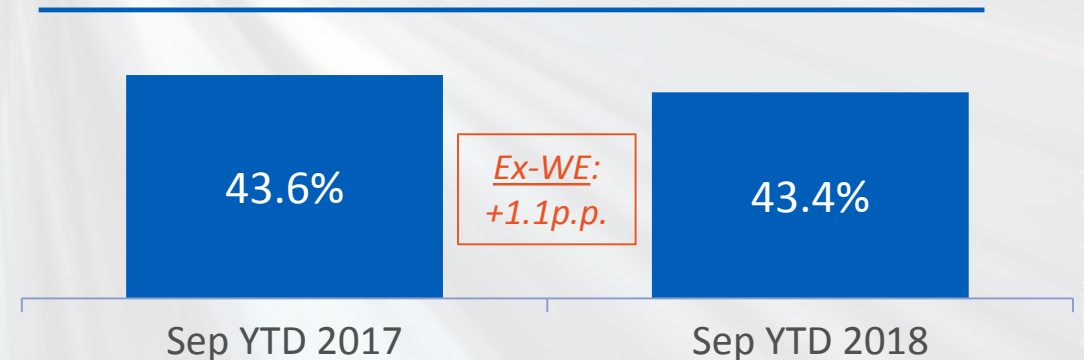
## Amadeus TA air bookings by region



## TA air booking industry growth<sup>1</sup>



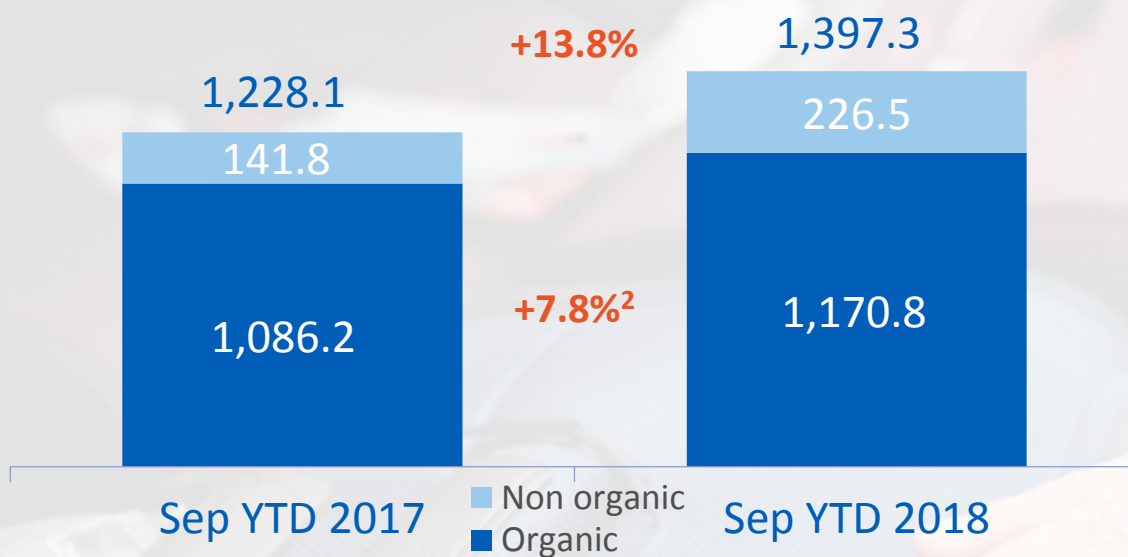
## Competitive position<sup>1</sup>



1. When we refer to our competitive position, we take into account our travel agency air bookings in relation to the travel agency air booking industry, defined as the total volume of travel agency air bookings processed by the three major global reservation systems (Amadeus, Sabre and Travelport). It excludes air bookings made directly through airlines' direct distribution channels (airline offices and websites), single country operators (primarily in China, Japan, Russia and Turkey), other content aggregators and direct connect applications between airline systems, travel agencies, corporations and meta-bookers, which together combined represent an important part of the industry.

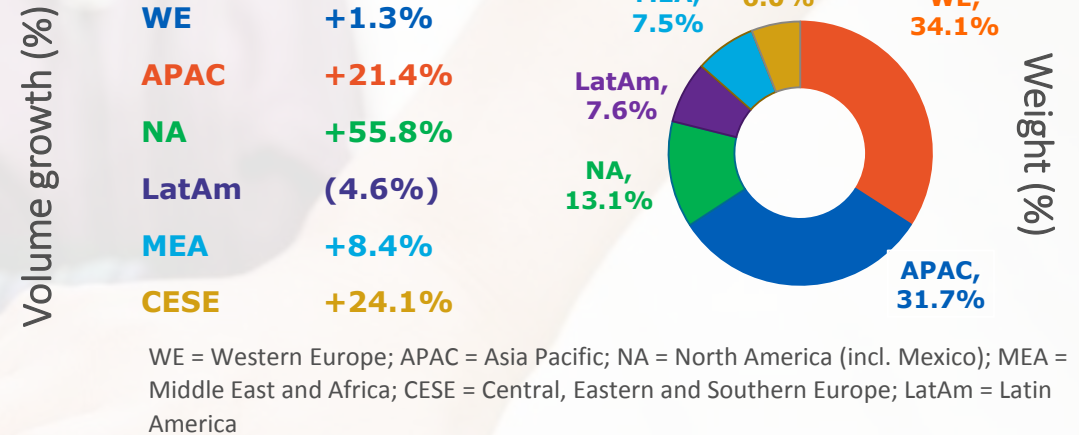
# IT Solutions

## Passengers Boarded<sup>1</sup> (millions)



## Amadeus PB<sup>1</sup> by region

Sep YTD 2018



As of September 30, 2018, 206<sup>3</sup> customers had contracted for Altéa or New Skies, of which 197 had been migrated

13.8% PB growth driven by:

- 7.8%<sup>2</sup> organic growth
- Full-year effect from the 2017 migrations (including Southwest Airlines, Japan Airlines, Malaysia Airlines, Kuwait Airways, Boliviana de Aviación, SmartWings, Germania, Norwegian Air Argentina, Air Algerie and MIAT Mongolian Airlines on Altéa, as well as, GoAir, Viva Air Perú, Andes Líneas Aéreas, JetSMART and flyadeal on New Skies) and the 2018 migrations (including Maldivian Airlines and Aeromar on Altéa)
- Ceasing of operations of Air Berlin and Monarch Airlines in 2017
- De-migration of LATAM Airlines Brazil from our platform during the second quarter of 2018

1. Passengers Boarded ("PB") refers to actual passengers boarded onto flights operated by our Altéa and New Skies migrated customers.  
 2. Calculated based on passengers boarded adjusted to reflect growth of comparable airlines on the Altéa and New Skies platforms during both periods.  
 3. Customers that have contracted at least the Altéa Inventory module, in addition to the Reservations module, or Navitaire's New Skies solution.



# Financial highlights

Ana de Pro  
CFO



# Revenue growth by segment

## Group revenue (€ millions)



## Segment revenue (€ millions)

### Distribution



### IT Solutions



**Group revenue** expanded by 4.6%, supported by the performances across our Distribution and IT Solutions segments. Per segment, Distribution revenue grew 2.8% and IT Solutions grew 7.6%. Revenue was negatively impacted by FX effects. Excluding FX, Group revenue grew at a mid to high single-digit growth rate:

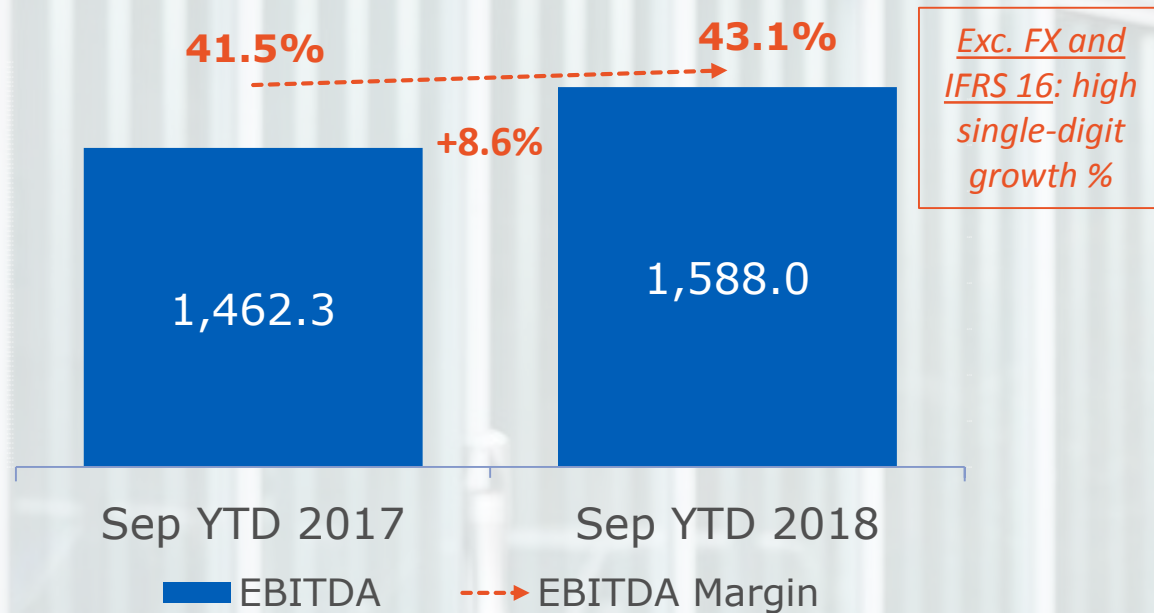
**Distribution:** volume growth coupled with expansive revenue per booking, driven by booking mix (increasing weight of global bookings) and customer renegotiations.

**IT Solutions:** (i) PB volume expansion coupled with a dilutive airline IT unitary revenue from increasing weight of low-cost and hybrid carriers, and (ii) a positive performance of our new businesses (double-digit growth rate ex-FX), supported by organic growth and customer implementations.



# EBITDA and Adjusted EPS growth

## EBITDA (€ millions)

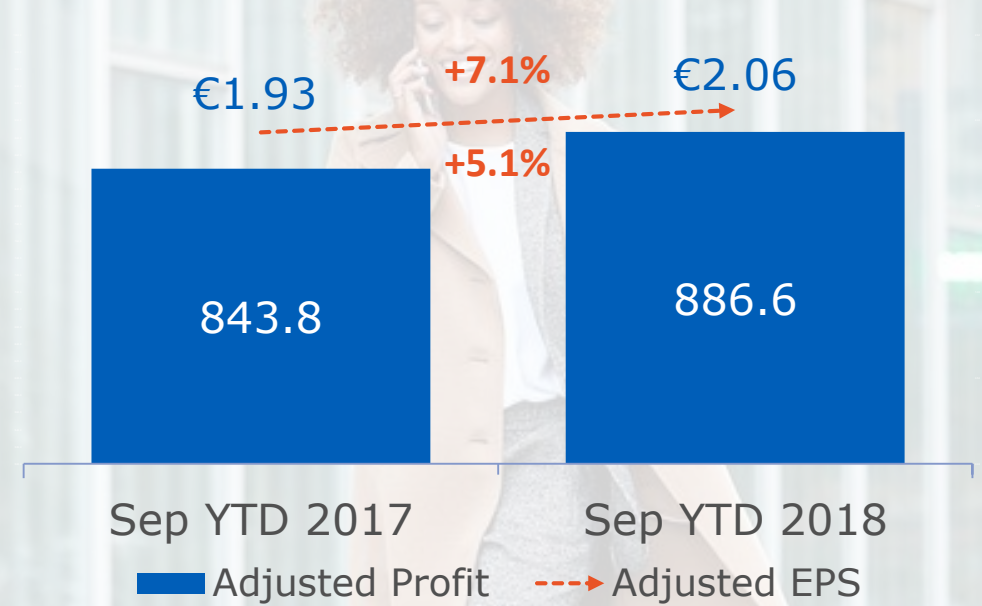


EBITDA growth resulting from:

- Distribution and IT Solutions positive performance
- Positive IFRS 16 impact and negative FX effect

Excluding FX and IFRS 16 impacts, EBITDA grew at a high single-digit growth rate and EBITDA margin had a small expansion

## Adj. Profit<sup>1</sup> (€ millions) & Adj. EPS<sup>2</sup> (€)



Adjusted profit increase as a result of:

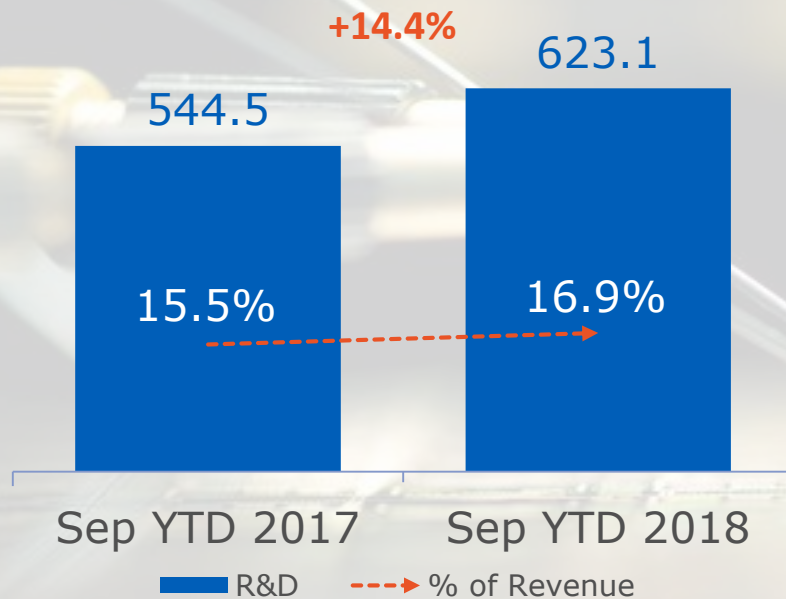
- EBITDA growth, coupled with lower financial expenses, partly offset by D&A and tax increase
- Tax rate higher than both Sep YTD 2017 and FY 2017. 2017 tax rate was impacted by several non-recurring effects, including adjustments to deferred tax liabilities in France and the U.S.

1. Excluding after-tax impact of the following items: (i) accounting effects derived from PPA exercises and impairment losses, (ii) non-operating exchange gains (losses) and (iii) other non-recurring items.  
 2. EPS corresponding to the Adjusted profit attributable to the parent company. Calculated based on weighted average outstanding shares of the period.

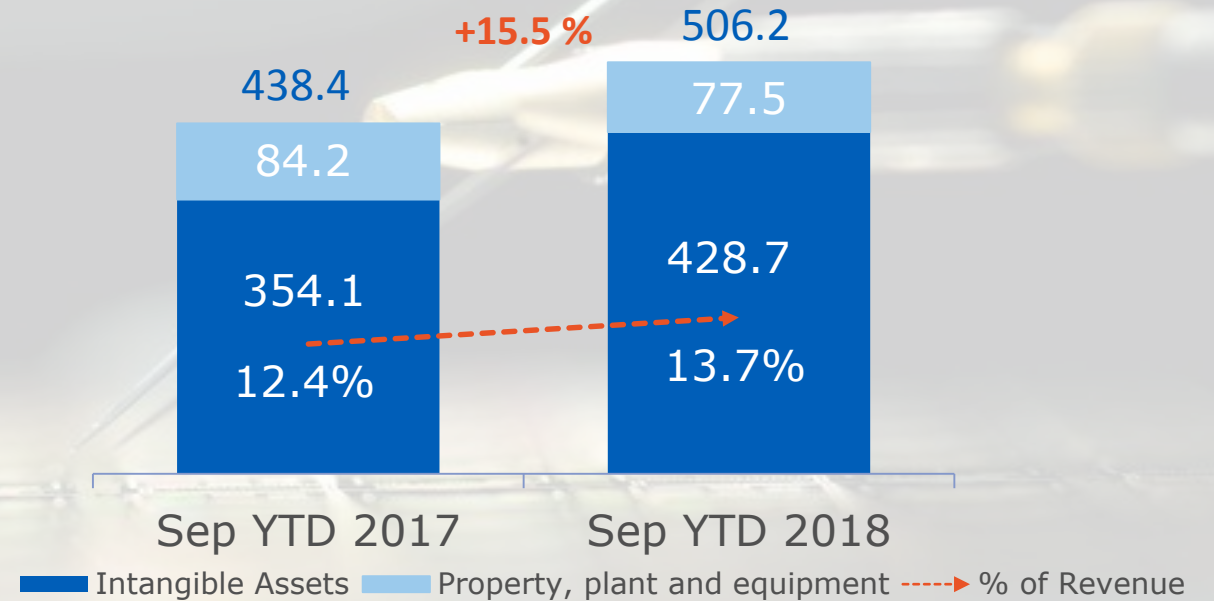


# Investment in R&D and Capex

## R&D investment<sup>1</sup> (€ millions)



## Capex (€ millions)



- R&D investment related to: (i) product portfolio expansion and evolution, (ii) customer implementations, and (iii) cross-area technological projects
- R&D investment represented 16.9% of revenue

- Increase in capex in intangible assets, resulting from higher software capitalizations and signing bonuses paid
- Capex represented 13.7% of revenue

1. Net of research tax credit.

# Free cash flow generation and leverage

## Free cash flow<sup>1</sup> (€ millions)



- Increased free cash flow generation, as a result of higher EBITDA and lower taxes paid, partly offset by higher capex and working capital needs.

## Net debt (€ millions) and leverage (x)<sup>2</sup>



- Net debt increase resulting from shareholder remuneration (including our share repurchases) and cash generation.

- 1.56x proforma leverage for Travel Click acquisition<sup>3</sup>

1. Free cash flow defined as EBITDA, less capex, plus changes in operating working capital, less taxes paid, less interests and financial fees paid.  
2. Net financial debt and leverage based on the definition included in the credit facility agreements. Leverage calculated as net financial debt divided by LTM EBITDA.  
3. Calculated using an acquisition price of \$1,520 million and an estimated TravelClick' 2017 recurring EBITDA of \$86 million. Translated to Euro using a USD/€ exchange rate of 1.1576 (source: ECB September 30, 2018). Net financial debt and last-twelve-month EBITDA based on the credit facility agreements' definition.

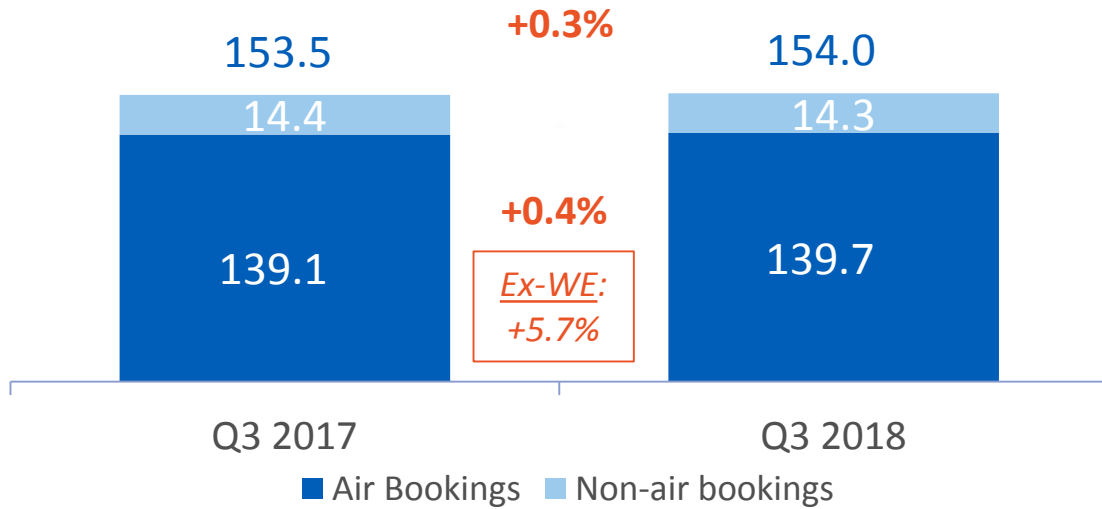


# Q3 2018 Highlights

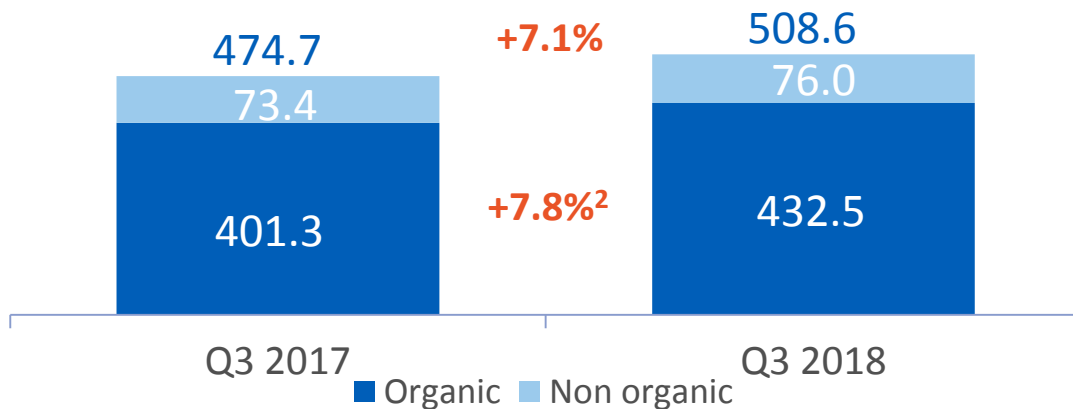


# Q3 Volumes

## Amadeus TA Bookings<sup>1</sup> (in millions)

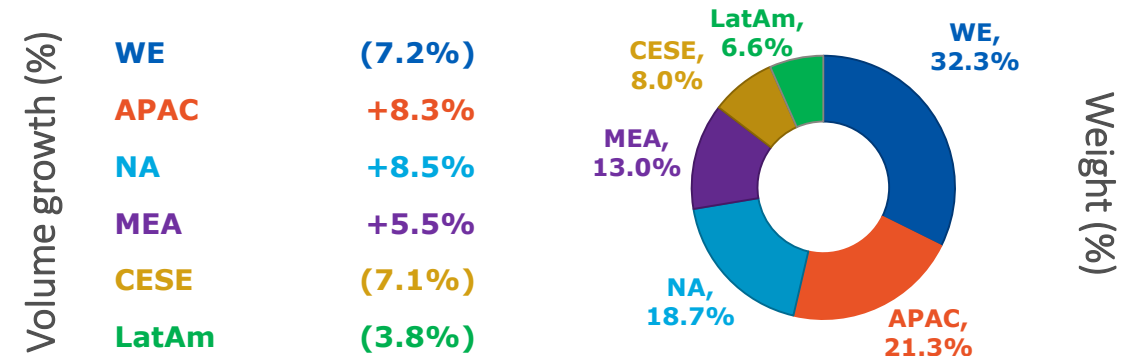


## Passengers Boarded<sup>1</sup> (in millions)



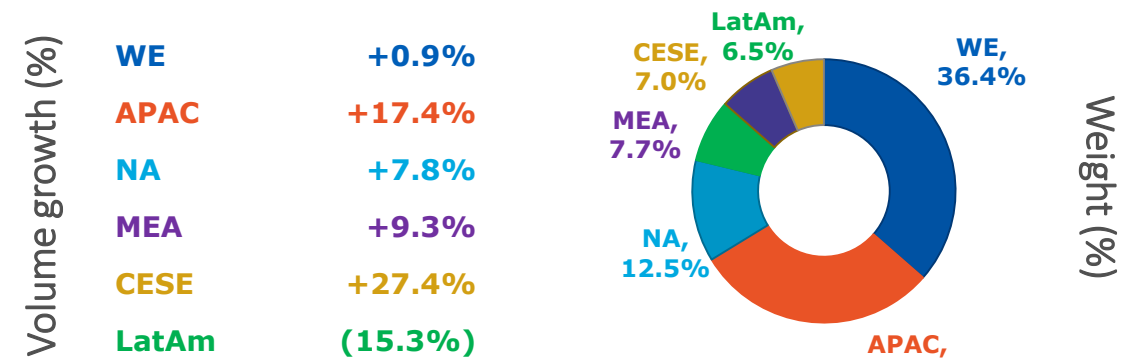
1. Passengers Boarded ("PB") refers to actual passengers boarded onto flights operated by our Altéa and New Skies migrated airlines.  
 2. Calculated based on passengers boarded adjusted to reflect growth of comparable airlines on the Altéa and New Skies platforms during both periods

## Amadeus TA Air Bookings by region



WE = Western Europe; CESE = Central, Eastern and Southern Europe; MEA = Middle East and Africa; LatAm = Latin America; NA = North America (incl. Mexico)

## Amadeus PB<sup>1</sup> by region

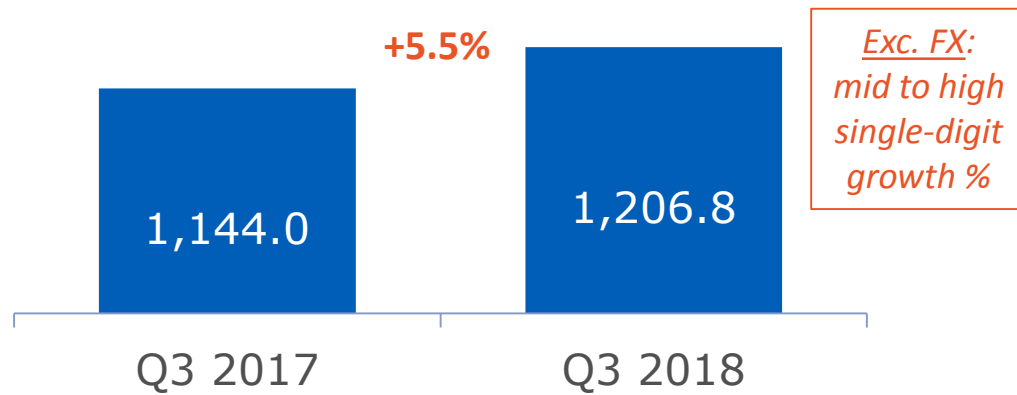


WE = Western Europe; CESE = Central, Eastern and Southern Europe; MEA = Middle East and Africa; LatAm = Latin America; NA = North America (incl. Mexico)



# Q3 revenue by segment

## Group Revenue (in € millions)



— **Group revenue** expanded by 5.5%, resulting from the positive evolution of Distribution and IT Solutions and a negative FX impact.

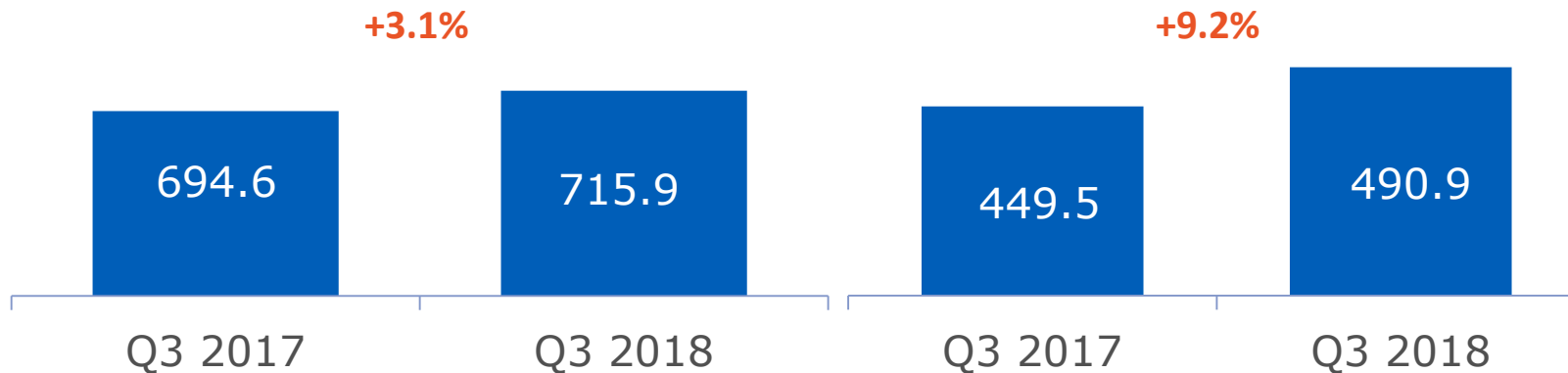
— **Distribution:** volume growth, coupled with an expansionary average revenue per booking (positive booking mix from higher weight of global bookings and customer renegotiations).

— **IT Solutions:** (i) airline IT growth, driven by PB volume growth and an expansive average unitary revenue, and (ii) a positive evolution of our new businesses.

## Segment Revenue (in € millions)

### Distribution

### IT Solutions



# Support materials



# Average year-to-date USD/Euro FX rate evolution

Average year-to-date USD/Euro FX rate <sup>1</sup>	2018	2017	USD appreciation / (depreciation)
January - March	1.233	1.068	(15.4%)
January - June	1.207	1.093	(10.4%)
January - September	1.193	1.122	(6.4%)
Full year		1.137	

1. Calculated as the average of the month-end FX rates in the year-to-date periods (official ECB USD-Euro exchange rates).



# Key Performance Indicators

	Sep YTD 2018	Sep YTD 2017	Change
Amadeus TA air bookings (m)	444.8	434.4	2.4%
Passengers Boarded (m)	1,397.3	1,228.1	13.8%
Revenue (€m)	3,683.8	3,522.5	4.6%
EBITDA (€m)	1,588.0	1,462.3	8.6%
Adjusted profit (€m)	886.6	843.8	5.1%
Adjusted EPS (€)	2.06	1.93	7.1%
R&D investment (€m)	623.1	544.5	14.4%
CAPEX as % of Revenue	13.7%	12.4%	1.3 p.p.
Free Cash Flow (€m)	802.1	788.6	1.7%

# Thank you!

[amadeus.com](https://amadeus.com)  
[amadeus.com/blog](https://amadeus.com/blog)

*You can follow us on:*  
AmadeusITgroup



amadeus