

# Press Release

## Amadeus publishes 2012 first quarter results

### *Sustained growth record in both Distribution and IT Solutions businesses*

#### **Year-on-year first quarter highlights (three months ended March 31, 2012)**

- *Adjusted profit<sup>1</sup> increased 22.1% to €167.9 million*
- *Revenue grew 8.5% to €764.1 million*
- *EBITDA<sup>2</sup> rose 5.4% to €307.2 million*
- *Net debt reduced further to 1.65x last twelve months' EBITDA*

**Madrid, Spain, May 9, 2012** - Amadeus IT Holding, S.A. (Amadeus: "AMS.MC"), parent company of the Amadeus Group, a leading transaction processor and provider of advanced technology solutions for the global travel and tourism industry, has announced year-on-year financial and operating results for the first quarter of 2012 (three months ended March 31, 2012).

Adjusted profit for the quarter increased 22.1% to reach €167.9 million. This was backed by growth in revenue of 8.5% to €764.1 million and a 5.4% rise in EBITDA to €307.2 million.

Consolidated net financial debt on March 31, 2012 was €1760.1 million (based on covenants' definition). This represented 1.65x last twelve months' EBITDA and was down by €91.7 million vs. December 31, 2011.

The Distribution and IT Solutions businesses both played equally important roles in the growth of the company during the quarter by delivering improved performances. Revenue in the Distribution business increased by 8.0%, rising to €597.6 million. Total bookings, including both air travel agency and non air bookings, increased by 6.1%, up from 124.7 million to 132.3 million. Amadeus also expanded its global market share of travel agency air bookings by 0.9 of a percentage point, maintaining its leadership position with 38.2%. Whilst in the IT Solutions business revenue increased by 10.4%, rising to €166.6 million, and the Passengers Boarded (PB)<sup>3</sup> figure was lifted by 23.3%, rising from 94.0 million PB to 115.9 million PB. Currently we calculate over 750 million<sup>4</sup> PB for 2014, based on existing contracts.

Luis Maroto, President & CEO of Amadeus, commented:

*"Following on from our strong outcome in 2011, the results from the first quarter of this year continue to be very encouraging. Year-on-year we have grown revenues by 8.5% and adjusted profit by 22.1% to €167.9 million in the quarter. We have also further reduced our consolidated net debt by €91.7 million to reach 1.65x last twelve month's EBITDA."*

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<sup>1</sup> Excluding after-tax impact of: (i) amortisation of PPA and impairment losses, (ii) changes in fair value of derivative instruments and non-operating exchange gains (losses), (iii) extraordinary items related to the sale of assets and equity investments and the IPO, and (iv) discontinued operations in 2011

<sup>2</sup> Figures adjusted to exclude extraordinary items related to the IPO.

<sup>3</sup> Passengers Boarded (PB): actual passengers boarded onto flights operated by airlines using at least the Amadeus Altéa Reservation and Inventory modules. A PB is the key metric for charging in the Amadeus IT transactional revenue business line.

<sup>4</sup> 2014 estimated annual PB calculated by applying IATA's regional air traffic growth projections to the latest available annual PB figures, based on public sources or internal information (if already on our platform).

*“Once again this pleasing performance was underpinned by growth across both our businesses. Distribution’s revenue increased 8.0%, backed by 0.9 p.p. expansion of global market share; whilst IT Solutions’ revenue increased 10.4%, driven by successful migrations to our platform and the strong performance of our different solutions.*

*“Such consistent growth in revenues as well as new clients is a direct result of our long-term commitment to developing innovative customer-focused solutions and consolidating our global presence. This strategy was again proven successful by two milestone contracts recently signed, the Altéa contract with Southwest Airlines and the Expedia contract for content and technology in North America. Although both deals were announced during the second quarter, they deserve special mention for their great significance in such a key market – and their long-term potential fills us with great enthusiasm.*

*“Despite the uncertain economic environment, we look forward to the remainder of the year with confidence.”*

**Summary financial information:**

| Summary financial information for the periods ended March 31<br><i>Figures in million euros</i> | 31/03/2012 <sup>(1)</sup> | 31/03/2011 <sup>(1)</sup> | % Change        |
|---|---------------------------|---------------------------|-----------------|
| <b>KPI</b>  |                           |                           |                 |
| <b>Air TA Market Share</b>  | <b>38.2%</b>              | <b>37.3%</b>              | <b>0.9 p.p.</b> |
| Air TA bookings (m)   | 115.9                     | 108.6                     | 6.7%            |
| Non air bookings (m)  | 16.4                      | 16.1                      | 2.0%            |
| <b>Total bookings (m)</b>   | <b>132.3</b>              | <b>124.7</b>              | <b>6.1%</b>     |
| <b>Passengers Boarded (PB) (m)</b>  | <b>115.9</b>              | <b>94.0</b>               | <b>23.3%</b>    |
| <b>Financial results</b>  |                           |                           |                 |
| Distribution Revenue  | 597.6                     | 553.5                     | 8.0%            |
| IT Solutions Revenue  | 166.6                     | 150.9                     | 10.4%           |
| <b>Revenue</b>  | <b>764.1</b>              | <b>704.3</b>              | <b>8.5%</b>     |
| <b>EBITDA</b>   | <b>307.2</b>              | <b>291.4</b>              | <b>5.4%</b>     |
| EBITDA margin (%)   | 40.2%                     | 41.4%                     | (1.2 p.p.)      |
| <b>Adjusted profit for the period from continuing operations<sup>(2)</sup></b>                  | <b>167.9</b>              | <b>137.4</b>              | <b>22.1%</b>    |
| <b>Adjusted EPS from continuing operations (euros)<sup>(3)</sup></b>                            | <b>0.38</b>               | <b>0.31</b>               | <b>21.6%</b>    |
| <b>Cash flow</b>  |                           |                           |                 |
| Capital expenditure   | 73.0                      | 73.3                      | (0.3%)          |
| Pre-tax operating cash flow <sup>(4)</sup>  | 195.1                     | 220.2                     | (11.4%)         |
| Cash conversion (%) <sup>(5)</sup>  | 63.5%                     | 73.3%                     | (9.8 p.p.)      |
| <b>Indebtedness<sup>(6)</sup></b>   |                           |                           |                 |
| <b>Covenant Net Financial Debt</b>  | <b>1,760.1</b>            | <b>1,851.8</b>            | <b>(5.0%)</b>   |
| Covenant Net Financial Debt / LTM Covenant EBITDA   | 1.65x                     | 1.75x                     |                 |

<sup>1</sup> Figures adjusted to exclude extraordinary costs related to the IPO and the sale of Opodo.

<sup>2</sup> Excluding after-tax impact of the following items from continuing operations: (i) amortisation of PPA and impairment losses, (ii) changes in fair value of financial instruments and non-operating exchange gains / (losses) and (iii) extraordinary items related to the sale of assets and equity investments.

<sup>3</sup> EPS corresponding to the Adjusted profit for the period from continuing operations attributable to the parent company. Both Q1 2012 adjusted EPS and Q1 2011 adjusted EPS calculated based on weighted average outstanding shares of the period (445.5 million shares).

<sup>4</sup> Calculated as EBITDA less capital expenditure plus changes in our operating working capital. 2011 figures include Opodo.

<sup>5</sup> Represents pre-tax operating cash flow for the period expressed as a percentage of EBITDA (including Opodo, in 2011) for that same period.

<sup>6</sup> Based on the definition included in each of the credit agreements.

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## **Business Highlights Q1, 2012**

### **DISTRIBUTION**

#### **Airlines**

Airline Distribution continued its growth by signing content agreements with four new airlines, including with the Russian carrier **Transaero**. These agreements guaranteed access to a comprehensive range of fares, schedules and availability for Amadeus travel agents.

Maintaining our position as a leader in the growth area of ancillary services, in January the flagship carrier **Finnair** implemented the Amadeus Ancillary Services solution and now travel agencies can process preferred seats in Finland, Scandinavia and Benelux, as well as excess baggage in Finland. Finnair uses the Electronic Miscellaneous Document (EMD) as the fulfilment solution to sell excess baggage and seats in Finland. EMD enhances ticket services and enables airlines to distribute a wide range of products that help customise their journeys. Amadeus Ancillary Services is an end-to-end solution which enables airlines to sell additional services in full compliance with industry standards, using both travel agencies and either the airline's own call centre or website. At the close of the quarter, a total of 43 airlines had contracts for the solution, 18 of which had opted to implement the service into the Amadeus GDS; of those 18 airlines, 6 were already selling ancillary services using Amadeus technology.

In order to drive our response to growing prospects for travel market intelligence, in February Amadeus acquired the Frankfurt-based company **airconomy**, a small international strategy consultancy supplying precise and comprehensive data on passenger demand. airconomy will be run as a separate business incubator to develop ideas for new market intelligence products, with Amadeus commercialising the new products and handling on-going product management. This move follows Amadeus partnering in 2010 with airconomy to launch Total Demand, a business intelligence tool providing the most precise demand data from any pair of cities in the world, including pairs dominated by low-cost carriers and direct network airline sales.

Bookings from low-cost carriers remained a steady source of significant growth. Total travel agency bookings from low-cost carrier flights via the Amadeus system increased year-on-year by 18% in the first quarter of 2012.

#### **Travel agencies**

Although announced within the second quarter, it is worth highlighting the significant agreement to supply content and technology in the North American market to **Expedia, Inc.**, the largest travel enterprise in the world in terms of air volumes. This provides Expedia with Amadeus' fare search technologies for air travel amongst other products, as well as access to global travel

supplier content through the Amadeus system. Since 2005, when its initial long-term global agreement with Expedia was established, Amadeus has been providing services to Expedia in over 15 countries.

Elsewhere in the North American market two significant agreements were reached. Firstly, a five-year agreement to provide content distribution services and IT solutions worldwide with **UNIGLOBE Travel**, which is headquartered in Vancouver, Canada and is the world's largest single-brand travel franchise. The agreement covered 12 countries, including important markets such as the United Kingdom, Netherlands, Germany, Italy, India, and South Africa; it also extended UNIGLOBE TMC's access to the Amadeus inventory and aims to incentivise the growth of bookings within the UNIGLOBE network both organically and internationally. Secondly **TS24**, an American-based premier provider of corporate travel management services, selected Amadeus One to further evolve its client-centric approach and align its commitment to the highest level of service and innovative technology. Amadeus One is the next-generation desktop solution designed specifically to help U.S. corporate travel management companies.

Further significant agreements and achievements took place within the Asia-Pacific region, which continues to be an important growth area for Amadeus. In Japan Amadeus partnered with **Hertz** to power the **Expedia** online car booking engine, a new online car booking engine designed for Expedia Japan which features promotional rates only available in the Japanese market as well as key local language functions. A long-term strategic and technology partnership was agreed with **Travel Expert Business Services (TEBS)**, one of the fastest growing corporate travel agencies in Hong Kong. This will completely revolutionise its IT solutions to bring streamlined operations, expanded servicing channels and promising business opportunities for the agency and its affiliated companies. In Australia, the **Lido Group**, a leading independent accommodation and travel aggregator, signed an agreement that will see Lido's Australian Accommodation Data Exchange (AADX) integrated into Amadeus Selling Platform, using the Smart Tab technology of Amadeus. Lastly, Amadeus Travel Office Manager (ATOM) solution, developed specifically to meet the unique requirements of Asia Pacific's travel agencies, celebrated contracting its 250th customer within just 250 working days of its launch.

## **IT SOLUTIONS**

Steady expansion continued as three further carriers contracted to the full Amadeus Altéa Suite, which is the fully integrated customer management solution for airlines and includes Altéa Inventory, Altéa Reservation and Altéa Departure Control System (DCS). Included within these was **Czech Airlines**, which is the flagship airline carrier of the Czech Republic and provides connections to 104 destinations in 44 countries.

As of March 31, 2012 a total of 118 airlines had contracted for both Altéa Reservation and Altéa Inventory, of which 107 had implemented both solutions. The number of contracted airlines increases to 120 with the inclusion of **Southwest Airlines** and **Garuda Indonesia**, which were

signed and announced in April. Southwest Airlines, the largest U.S. carrier in terms of domestic passengers boarded and consistently ranked number one in customer service by the Department of Transportation (US), entered into a contract for Amadeus' Altéa reservations solution that will support the carrier's international service. In turn, Garuda Indonesia, the national airline of Indonesia, announced that it will transform its passenger service processes with the introduction of the full Amadeus Altéa Suite to manage its domestic and international reservations, inventory and departure control processes. Based upon these signed Altéa contracts, Amadeus estimates that by 2014 the number of Passengers Boarded (PB) will be more than 750 million, which would represent an increase of almost 70% vs. the 439 million PB processed on the Altéa platform during 2011 – or a compounded annual growth rate (CAGR) of around 20%.

Further contracts were also signed for the Stand Alone IT Solutions portfolio. These contracts included the UK airline **bmi** and **Iberia Express** all signing up for Amadeus Ticket Changer (ATC), which simplifies the ticket re-issuing process by combining the state-of-the-art Amadeus Fares and Pricing engine with a powerful, multi-channel ticketing functionality. **Qatar Airways** also contracted for the Amadeus Affinity Shopper solution, which enables airlines to improve their share of the leisure travel market by increasing look-to-book ratios, boosting customer retention, and improving the online customer shopping experience.

During the quarter Amadeus created the world's first interline Electronic Miscellaneous Document (EMD) link. This move enabled launch partner airlines **Finnair** and Star Alliance member **Egypt Air** to grow revenue by facilitating the interline sale of ancillary services. Interline EMD processing between Finnair and Egypt Air means their customers can now buy ancillary services across interline flights. Already 56 airlines have contracted Amadeus' EMD Server to enable the provision of EMDs in order to facilitate the sale of ancillary services. Almost 20% of air bookings made through the Amadeus system are the result of interline partnerships, representing a huge opportunity for airlines to increase the sale of ancillary services via partner carriers.

Within the growth area of Airport IT, Amadeus now has agreements with 12 ground handlers for the deployment of the Amadeus Altéa Departure Control System for Ground Handlers. Most recently **Groupe Europe Handling (Europe Handling and Sky Handling Partner)** signed up and will use Amadeus Altéa DCS to cover Dublin, Shannon, London City, Paris Orly and Charles De Gaulle airports - together representing more than 10 million passengers for about 80 handled airlines. Altéa DCS for ground handlers allows all of the handler's airline customers to benefit from the leading-edge technological capabilities of Altéa DCS's Customer Management and Altéa DCS's Flight Management services, regardless of whether or not the airline uses the Amadeus Altéa Suite.

Hotel IT continued its success with **Accor**, one of the world's leading hotel operators and market leader in Europe, extending its ten-year collaboration with Amadeus. The new agreement will

achieve a higher adoption rate of Amadeus Revenue Management, allowing Accor to make more informed decisions, optimise room capacity and drive revenue growth. Amadeus Revenue Management is a state-of-the-art, web-based solution that makes intelligent rate and inventory recommendations to maximise revenue contribution and increase profitability, using advanced forecasting models combined with detailed historical and future booking data.

### **Additional news from the quarter**

Forming part of the Amadeus commitment to support tourism in Europe, a Memorandum of Understanding (MOU) was signed with the **European Commission** to participate in the 'Low Season Tourism' initiative, which is aimed at increasing the travel flow between Europe and other territories. The pilot project will be launched with South America and is expected to be extended to other regions. The Memorandum of Understanding was signed by Antonio Tajani, Vice-President of the European Commission, responsible for industry and entrepreneurship, and Luis Maroto, President & CEO of Amadeus IT Group.

Two significant awards confirmed the position of Amadeus at the forefront of the travel technology industry. Firstly, Amadeus received the Best IT Company award at the 2012 **Air Transport News Global Awards** ceremony. The ATN Global Awards recognise the companies that contribute most to the industry and winners are voted for by the publication's readers. Secondly, **The Travel Industry Club** honoured TravelTainment – The Amadeus Leisure Group with the Special Innovation Award for TT-DataMix, the concept and software for the dynamic packaging of package trips. TravelTainment – The Amadeus Leisure Group provides software solutions for the effective sale of leisure travel products and its solutions are operated by global online travel agencies such as opodo.de, tui.de, expedia.co.uk, thomascook.fr and several thousand travel agencies in more than 30 countries.

Delivering insightful market research and thought leadership papers reflect the position of Amadeus as a travel technology pioneer. During the quarter many reports were published which continued to stimulate and shape discussion across the international travel industry. The following highlights are all available from Amadeus website:

- *From Chaos to Collaboration*: examined how transformative technologies and evolving social values and trends will combine to establish a new era of collaborative travel over the next decade and beyond. Developed by **The Futures Company**, a leading global foresight and futures consultancy, and commissioned by Amadeus, the report details a clear qualitative shift where service-users become partners rather than customers and where context is as important as the transaction. It challenged the travel industry to overcome the uncertainty and stress of modern-day travel, through the application of new technologies and innovations: augmented reality, 'gamification' (the application of game design thinking to non-game applications), intelligent passenger records, long range biometrics and the rise of the well-being agenda.



- *Empowering Inspiration – the future of travel search*: Amadeus commissioned research authority **PhoCusWright Inc.** to produce a global study to identify the online shopping behaviour and future motivations of trend-setting travellers. This highlighted that for the destination, shopping and booking process, consumers in emerging markets are more frustrated than their developed country counterparts due to information overload and a lack of confidence that they are getting a good deal. In the U.S., U.K., Germany, India, Russia and Brazil 4,638 travellers were surveyed and additionally PhoCusWright conducted 18 executive interviews with thought leaders around the world.
- *Back on Track*: called on the international rail industry to embrace a shared approach to customer IT systems in order to meet the multiple challenges of growing passenger numbers, increasing financial pressures and rising customer expectations. Authored by **Professor James Woudhuysen**, a world-renowned professor of forecasting and innovation, and sponsored by Amadeus, the report aimed to help the rail industry understand how outsourcing can help drive modernisation.
- Ahead of the Olympics in London, at the beginning of March Amadeus worked with **ForwardKeys**, a market research and consulting company, to reveal a major growth in travel volumes during the London 2012 Olympics based on actual global air reservations. Travel to London was set to be 31% higher than in 2011, with travellers from the US and Germany representing the highest number of in-bound visitors. The research also demonstrated the global impact of the Games on other European cities.

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### **Disclaimer**

*There may be statements in this financial report which are not purely historical facts, including statements about anticipated or expected future revenue and earnings growth. All 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.*

### **Notes to editors**

**Amadeus** is a leading transaction processor and provider of advanced technology solutions for the global travel and tourism industry.

Customer groups include **travel providers** (e.g. airlines, hotels, rail, ferries, etc.), **travel sellers** (travel agencies and websites), and **travel buyers** (corporations and individual travellers).

The group operates a **transaction-based business model** and processed more than 948 million billable travel transactions in 2011.

Amadeus has central sites in Madrid (corporate headquarters), Nice (development) and Erding (operations – data processing centre) and regional offices in Miami, Buenos Aires, Bangkok and Dubai.



At a market level, Amadeus maintains customer operations through 73 local Amadeus Commercial Organisations covering 195 countries.

Amadeus is listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges and trades under the symbol "AMS.MC". For the year ended December 31, 2011 the company reported like-for-like revenues of €2,712 million and EBITDA of €1,039 million. The Amadeus group employs around 10,000 people worldwide, with 123 nationalities represented at the central offices.

To find out more about Amadeus please visit [www.amadeus.com](http://www.amadeus.com)

To visit the Amadeus Investor Relations centre please [www.investors.amadeus.com](http://www.investors.amadeus.com)

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