

# Press Release

## Highly positive results for Amadeus in first nine months of 2014

**Continued positive contributions from both Distribution and IT Solutions business lines**

**Further growth driven by acquisitions of Newmarket International, UFIS and i:FAO in first half**

### **Year-to-date highlights (nine months ended September 30, 2014)**

- Revenue increased 9.4%, to €2,585.0 million. Excluding the acquisitions of Newmarket International, UFIS Airport Solutions, and i:FAO Aktiengesellschaft, comparable growth stood at 6.8%.
- EBITDA grew 9.3%, to €1,037.5 million. Excluding acquisitions, comparable growth reached 7.0%.
- In the Distribution business, total air travel agency bookings expanded 4.5%, to 356.2 million.
- In the IT Solutions business, Passengers Boarded increased 14.1%, to 519.7 million.

*November, 6:* Amadeus IT Holding, S.A., a leading technology partner for the global travel industry, reports year-on-year financial and operating results for the first nine months of 2014 (nine months ended September 30, 2014). Adjusted profit for the period, including M&A activities, grew 9.0% to €557.2 million. This was backed by an increase in revenue of 9.4%, to €2,585.0 million, and an EBITDA growth of 9.3%, to €1,037.5 million.

### **Luis Maroto, President & CEO of Amadeus, commented:**

“Amadeus’ core businesses continued to show strength during the third quarter. The partnership with Ryanair is a landmark deal that underlines the company’s growth commitment in the low-cost and hybrid carriers’ segment. Travel agency bookings in this area have increased 17% in 2014, maintaining the fast growth rate registered in recent years. Overall, Amadeus’ market share in air travel agency bookings has again increased reaching 40.4%.

“The Asia Pacific region continued to be the main growth driver in the Airline IT business. Passengers boarded with airlines using the Altéa Suite in the region now represent over 22% of total passengers boarded, a figure that will continue to expand in the future with additional airlines’ migrations such as Japan Airlines. Passengers boarded will also see significant growth in the United States with the future migration of Southwest domestic flights to the Altéa Platform.

“Furthermore, our strategy of growth and diversification into new IT areas is already bearing fruit: the acquisitions of Newmarket International (Hotel IT) and UFIS (Airport IT) are now contributing positively to our business and to the execution of our strategy. In the payments area, an important milestone was reached with the agreement signed with UnionPay International – the Chinese and largest card scheme worldwide with over 4.3 billion cards in circulation – to integrate its cards into the Amadeus Payment Platform (APP).”

## Financial highlights

Consolidated net financial debt stood at €1,530.8 million, as of September 30, 2014 (based on covenants' definition in senior credit agreement), representing 1.18x the ratio of covenant net debt to the last twelve months' covenant EBITDA.

On July 29, Amadeus paid a complementary dividend of €111.2 million (gross). Together with the interim dividend paid at the beginning of the year 2014, the €279.7 million total amount distributed in respect of the 2013 profit represented a 50% pay-out ratio and a 25% increase over the previous year.

## Business highlights in the third quarter

### Distribution

- Revenue increased 4.2%, to €1,861.5 million
- Air travel agency bookings rose 4.5%, to 356.2 million
- Market share expanded by 0.4 percentage points, reaching 40.4%

Air travel agency industry bookings grew 4.0% in the third quarter of 2014, an acceleration vs. the 2.6% growth reported in the first six months of the year. All regions' performance accelerated versus the first half of the year except for Central, Eastern and Southern Europe and the Middle East and Africa, which slowed due to geopolitical situations in some key countries in the regions, and Latin America, where the industry continued declining, albeit at a lower rate. Asia Pacific registered significant growth, partly helped by the migration of travel agencies to Amadeus. Year-to-date the industry growth showed a 3.1% increase.

Our air travel agencies bookings grew 6.1% in the third quarter of 2014 and 4.5% year to date. Amadeus continued outperforming the industry, supported by our significant market share gains of 0.8 p.p. in the third quarter. As of September 30, 2014 our global market share was 40.4%, 0.4 p.p. higher when compared to the same period of 2013.

| Amadeus Air TA Bookings<br>Figures in million | Jan-Sep<br>2014 | % of Total    | Jan-Sep<br>2013 | % of Total    | % Change    |
|---|-----------------|---------------|-----------------|---------------|-------------|
| Western Europe                                | 147.9           | 41.5%         | 144.3           | 42.4%         | 2.5%        |
| Asia and Pacific                              | 51.2            | 14.4%         | 48.3            | 14.2%         | 6.1%        |
| North America                                 | 49.2            | 13.8%         | 42.9            | 12.6%         | 14.6%       |
| Middle East and Africa                        | 47.8            | 13.4%         | 44.1            | 12.9%         | 8.4%        |
| Central, Eastern and Southern Europe          | 35.1            | 9.9%          | 35.7            | 10.5%         | (1.7%)      |
| Latin America                                 | 24.9            | 7.0%          | 25.5            | 7.5%          | (2.3%)      |
| <b>Total Air TA Bookings</b>                  | <b>356.2</b>    | <b>100.0%</b> | <b>340.8</b>    | <b>100.0%</b> | <b>4.5%</b> |

Key to the distribution business is the breakthrough agreement reached with Ryanair which brings a wide range of its fares and full ancillary services to Amadeus' travel agency subscribers for the first time in over a decade. The low-cost carrier has already begun distributing through Amadeus' innovative light ticketing technology, with no surcharge for Amadeus travel agency subscribers and displayed fares available at parity with the Ryanair website. The agreement includes Ryanair's new Business Plus fares, offering business and corporate travellers a tailored package.

Distribution agreements were also signed with **two new hybrid and low-cost airlines** during the quarter and today 79 low-cost carriers have chosen Amadeus as their distribution partner. Travel agency bookings for low-cost carriers increased 17% year-on-year during the period. Since its introduction in 2007, Amadeus' XML technology has enabled low-cost carriers to benefit from the reach and yield provided by travel agency distribution, removing the complexity associated with traditional ticketing processes for airlines.

**Nine content agreements** with full-service carriers were signed or renewed as part of Amadeus' on-going commitment to provide our global travel agency subscribers with a comprehensive range of fares, schedules and availability. Over 80% of Amadeus' airline bookings worldwide are made with airlines with whom Amadeus has a content agreement.

September 23<sup>rd</sup> marked the implementation of Germanwings' complete range of published fares and ancillary services to all Amadeus travel agency subscribers – as announced earlier in the year. Previously the Lufthansa subsidiary sold a limited range of its fares via Amadeus' travel agency partners, using full e-ticketing. Now the airline has become the first in the world to also make its full range of published fares bookable using light ticketing functionalities, making it the first carrier to offer both full and light ticketing to travel sellers.

Merchandising solutions from Amadeus attracted further customers **with 4 new airlines** signing-up for the Amadeus Ancillary Services solution, which is now integrated and supporting airlines to deploy ancillary services in over 95 markets worldwide. One new airline also signed agreements for the Amadeus Fare Family Solution. United Airlines has now implemented Amadeus' Ancillary Services Solution to merchandise Economy Plus® extra-legroom seats – marking the industry's first NDC-XML solution in the travel agency channel in North America. A total of 64 airlines now have contracts for the Amadeus Ancillary Services solution, and 14 for the Amadeus Fare Family Solution.

On October 14<sup>th</sup>, Amadeus unveiled its vision for a traveller-centric global travel ecosystem that will meet the demands of a complex and evolving travel shopping environment and unlock the opportunity for more than \$130bn in additional airline revenue annually by 2020. The increasingly broad range of travel products and services available, as well as the proliferation of channels open to the customer, represent a significant opportunity for airlines to enhance both revenues and profitability. Industry estimates show that airlines are already earning \$50bn in annual revenues through the sale of ancillary services, primarily through their direct channels. Amadeus research indicates that a further \$53bn could be secured by 2020 by adopting an omni-channel strategy for these ancillary sales. In addition, new innovation in travel technology can bring a further \$77bn in the same time frame. This vision will be underpinned by the development of new traveller-centric Global Merchandising System and the evolution of Amadeus' retailing and distribution systems, with full integration across the Amadeus Altéa Suite, delivering a single customer view and end-to-end traveller experience.

## IT Solutions

- Revenue grew 21.2%, to €723.5 million. Excluding acquisitions, revenue increased 14.9% to €664.6 million.
- Passengers Boarded progressed by 14.1% to total 519.7 million.
- Growth was driven by the implementation of airlines during the year in addition to the full-year impact of those implemented during 2013 (such as Asiana, Thai Airways, and Sri Lankan Airlines), on top of a 4.2% organic growth.

### Airline IT:

In September, South African Airways, which carries nine million passengers annually, announced plans to migrate to Amadeus Passenger Revenue Accounting, which is fully integrated with the Altéa Suite to manage complex revenue accounting processes. The solution provides real-time sales and usage data for all types of revenue, processes interline information instantly, streamlines revenue-sharing between airline partners, and accelerates the interline cash flow cycle.

There are currently 132 airlines around the world which have contracted for both Altéa Reservation and Altéa Inventory, 117 of which have contracted to use the full Altéa Suite. Based upon these contracts, Amadeus estimates that by 2017 the number of annual contracted Passengers Boarded will be close to one billion. The Amadeus Altéa Suite facilitates closer integration between partner airlines that need to share availability, fares, customer and booking information, enabling a seamless customer experience across alliance members.

Thai Airways celebrated its successful migration to the complete Amadeus Altéa Suite to support its business goals by allowing enhanced operations and functionality, to improve customer service and drive more efficient business operations. The large-scale project, which involved training more than 12,000 Thai Airways employees worldwide, saw over 500,000 Passenger Name Records (PNRs) and 1.5 million e-tickets moved to the Amadeus Altéa Suite. Additionally, over 60 Thai Airways airport stations moved to Amadeus Altéa Departure Control Customer Management and Flight Management solutions.

| Amadeus PB<br>Figures in million     | Jan-Sep<br>2014 | % of Total    | Jan-Sep<br>2013 | % of Total    | % Change     |
|--------------------------------------|-----------------|---------------|-----------------|---------------|--------------|
| Western Europe                       | 242.8           | 46.7%         | 232.9           | 51.1%         | 4.2%         |
| Asia and Pacific                     | 119.0           | 22.9%         | 73.2            | 16.1%         | 62.7%        |
| Middle East and Africa               | 76.4            | 14.7%         | 73.0            | 16.0%         | 4.7%         |
| Latin America                        | 53.5            | 10.3%         | 49.6            | 10.9%         | 7.9%         |
| Central, Eastern and Southern Europe | 27.7            | 5.3%          | 26.8            | 5.9%          | 3.1%         |
| North America                        | 0.2             | 0.0%          | 0.0             | 0.0%          | n.m.         |
| <b>Total PB</b>                      | <b>519.7</b>    | <b>100.0%</b> | <b>455.5</b>    | <b>100.0%</b> | <b>14.1%</b> |

## Airport IT:

During the third quarter, Amadeus has signed **seven new ground handlers** to its Departure Control System, bringing the total figure to 80. Ground handlers have found in Amadeus Altéa Ground Handler the answer to overcoming many operational challenges and Amadeus is now the leading provider of ground handler solutions.

## Payments:

Debit and credit cards from UnionPay, the largest card scheme worldwide with over 4.3 billion cards in circulation, were integrated into the Amadeus Payment Platform (APP) following an agreement reached with UnionPay International, a subsidiary of China UnionPay. Amadeus Payment Platform is used by over 300 airlines worldwide and ensures a fast and easy payment process to all its travel provider users as authorisation is integrated in the ticketing and selling flow. Amadeus travel providers, including airlines and online travel agencies worldwide, now offer UnionPay cards as an online payment option across over 140 countries where UnionPay is accepted. This development makes it easier for many Chinese travellers to travel overseas, due to the fact that 80% of outbound Chinese tourists in 2013 paid for their travel via UnionPay's network.

## Summary of operating and financial information

| Summary of KPI<br><i>Figures in million euros</i>    | Jan-Sep<br>2014   | Jan-Sep<br>2014<br>(excl. M&A) <sup>1</sup> | Jan-Sep<br>2013   | % Change <sup>1</sup> |
|--|-------------------|---|-------------------|-----------------------|
| <b>Operating KPI</b>                                 |                   |   |                   |                       |
| <b>Air TA Market Share</b>                           | <b>40.4%</b>      | <b>40.4%</b>                                | <b>39.9%</b>      | <b>0.4 p.p.</b>       |
| Air TA bookings (m)                                  | 356.2             | 356.2                                       | 340.8             | 4.5%                  |
| Non air bookings (m)                                 | 44.5              | 44.5  | 44.8              | (0.6%)                |
| <b>Total bookings (m)</b>                            | <b>400.7</b>      | <b>400.7</b>                                | <b>385.6</b>      | <b>3.9%</b>           |
| <b>Passengers Boarded (m)</b>                        | <b>519.7</b>      | <b>519.7</b>                                | <b>455.5</b>      | <b>14.1%</b>          |
| <b>Financial results</b>                             |                   |   |                   |                       |
| Distribution Revenue                                 | 1,861.5           | 1,857.9                                     | 1,783.6           | 4.2%                  |
| IT Solutions Revenue                                 | 723.5             | 664.6                                       | 578.4             | 14.9%                 |
| <b>Revenue</b>                                       | <b>2,585.0</b>    | <b>2,522.5</b>                              | <b>2,362.0</b>    | <b>6.8%</b>           |
| <b>EBITDA</b>  | <b>1,037.5</b>    | <b>1,015.8</b>                              | <b>948.9</b>      | <b>7.0%</b>           |
| EBITDA margin (%)                                    | 40.1%             | 40.3%                                       | 40.2%             | 0.1 p.p.              |
| <b>Adjusted profit<sup>2</sup></b>                   | <b>557.2</b>      | <b>547.5</b>                                | <b>511.2</b>      | <b>7.1%</b>           |
| <b>Adjusted EPS (euros)<sup>3</sup></b>              | <b>1.25</b>       | <b>1.23</b>                                 | <b>1.15</b>       | <b>7.0%</b>           |
| <b>Cash flow</b>                                     |                   |   |                   |                       |
| Capital expenditure                                  | 314.0             | 309.8                                       | 306.1             | 1.2%                  |
| Pre-tax operating cash flow <sup>4</sup>             | 689.3             | n.a.  | 619.7             | n.a.                  |
|  | <b>30/09/2014</b> |   | <b>31/12/2013</b> | <b>% Change</b>       |
| <b>Indebtedness<sup>5</sup></b>                      |                   |   |                   |                       |
| <b>Covenant Net Financial Debt</b>                   | <b>1,530.8</b>    |   | <b>1,210.7</b>    | <b>26.4%</b>          |
| Covenant Net Financial Debt /<br>LTM Covenant EBITDA | 1.18x             |   | 1.01x             |                       |

1. For comparability purposes, we have excluded the Newmarket, UFIS and i:FAO results. The "% Change" column above shows the comparable growth, excluding the impact of these acquisitions, as explained in this note.
2. Excluding after-tax impact of the following items: (i) amortisation of PPA and impairment losses, (ii) changes in fair value of financial instruments and non-operating exchange gains (losses) and (iii) other non-recurring items. Our adjusted profit was negatively impacted by extraordinary (non-deductible) costs amounting to €1.5 million related to the acquisition of i:FAO and incurred in the first quarter of 2014.
3. EPS corresponding to the Adjusted profit attributable to the parent company. Calculated based on weighted average outstanding shares of the period. Our adjusted EPS was negatively impacted by extraordinary (non-deductible) costs amounting to €1.5 million related to the acquisition of i:FAO incurred in the first quarter of 2014.
4. Calculated as EBITDA less capital expenditure plus changes in our operating working capital.
5. Based on the definition included in the senior credit agreement covenants.

## Notes to the editors:

Amadeus is a leading provider of advanced technology solutions for the global travel industry. Customer groups include travel providers (e.g. airlines, hotels, rail and ferry operators, etc.), travel sellers (travel agencies and websites), and travel buyers (corporations and travel management companies).

The Amadeus group employs around 10,000 people worldwide, across central sites in Madrid (corporate headquarters), Nice (development) and Erding (operations), as well as 71 local Amadeus Commercial Organisations globally.

The group operates a transaction-based business model.

Amadeus is listed on the Spanish Stock Exchange under the symbol "AMS.MC" and is a component of the IBEX 35 index.

To find out more about Amadeus please visit [www.amadeus.com](http://www.amadeus.com), and [www.amadeus.com/blog](http://www.amadeus.com/blog) for more on the travel industry.

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