Management Review January-March 2018

May 4, 2018

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1 Summary

1.1 Introduction

Highlights for the first three months ended March 31, 2018

- In Distribution, our travel agency air bookings grew 3.7%, to 160.0 million
- In IT Solutions, our passengers boarded increased 22.7%, to 416.9 million
- Revenue grew by 3.1%[1], to €1,230.0 million (8.2%[1] growth excluding foreign exchange effects)
- EBITDA increased by 7.4%[1], to €539.0 million (7.9%[1] growth excluding foreign exchange and IFRS 16[2] effects)
- Adjusted profit[3] grew 4.3%[1], to €305.6 million
- Free Cash Flow[4] amounted to €305.1 million, representing growth of 6.9%[1]
- Covenant net financial debt[5] was €2,026.9 million at March 31, 2018 (1.07 times covenant EBITDA[5])

In the first quarter of 2018, Revenue, EBITDA and Adjusted Profit increased by 3.1%[1], 7.4%[1] and 4.3%[1], respectively, supported by strong operating performances across our Distribution and IT Solutions segments. Our reported financial performance in the quarter was distorted by the USD depreciation relative to the Euro, compared to last year, which had an important negative effect on our results. Excluding foreign exchange effects (and also, the impact IFRS 16[2] had on EBITDA), over the period, Revenue and EBITDA grew 8.2% and 7.9%, respectively.

In Distribution, we continued to secure and expand content for our subscribers by renewing or signing distribution agreements with 9 carriers in the quarter, including EVA Air and Uni Airways. Our air volumes continued to grow at a steady pace, increasing by 3.7%, despite the negative impact from a lower number of working days in the period compared to prior year (due to the timing of Easter and New Year's Day). Our global competitive position[6] slightly expanded in the first quarter to 43.6%. In the first three months of the year, Asia Pacific, Central, Eastern and Southern Europe and North America were our fastest-growing regions, expanding at high growth rates. Over the first quarter, Distribution Revenue grew 2.1%[1], negatively impacted by foreign exchange effects. Excluding foreign exchange effects, Distribution Revenue increased at a mid to high single-digit rate.

Our merchandizing solutions continued to gain traction in the indirect channel. During the first three months of the year, 5 airlines signed up for Amadeus Airline Ancillary Services. During that same period, 6 carriers contracted Amadeus Fare Families, including Virgin Atlantic Airways.

IT Solutions revenue grew 5.1% in the first three months of the year. Excluding foreign exchange effects, IT Solutions Revenue grew at a low double-digit growth rate. This evolution was driven by growth in Airline IT solutions and a continued expansion in our new business areas. In Airline IT,

[1] Compared to Q1 2017 figures restated for IFRS 15 and IFRS 9, applied from January 1, 2018. See section 3.1 for further details.

[2] 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 quarter of 2018, IFRS 16 had a positive €11.2 million impact on EBITDA. See section 3.1 for further details.

[3] 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.

[4] Defined as EBITDA, minus capex, plus changes in our operating working capital, minus taxes paid, minus interests and financial fees paid.

[5] Based on the definition included in the senior credit agreements.

[6] Competitive position as defined in section 3.

Passengers Boarded increased by 22.7% in the first quarter, resulting from 7.7% organic Passengers Boarded growth and our 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.

Our Airline IT customer base continued to expand in the first quarter of 2018. We were proud to announce Philippine Airlines had contracted for the full Altéa Suite. Also, Air Algerie implemented Ticketing, Revenue Management, Loyalty, Payment and Departure Control modules of the Altéa Suite, as well as additional digital capabilities. This follows the implementation of the Inventory and Reservation modules and e-Commerce solutions at the end of 2017. Additionally, Qantas has chosen Amadeus as partner for its digital redesign and, as part of this ambitious process, Qantas has implemented a number of Amadeus e-Commerce solutions. Also, after its adoption of Altéa in 2017, Kuwait Airways has recently implemented Revenue Management. Finally, during the first quarter of the year, KC International Airlines, a new Cambodian carrier, signed up and implemented New Skies, and Finnair contracted Amadeus Anytime Merchandising.

We continued to advance in our new businesses and as part of this, in Hospitality IT, we are progressing in the roll-out of the Guest Reservation System with InterContinental Hotels Group, with over 1,000 hotels now migrated to the platform and full deployment expected by late 2018 to early 2019.

We remain highly focused on our technology which is fundamental to our success. Our investment in R&D amounted to 15.7%[7] of revenue in the quarter. It was dedicated to support our mid to long-term growth, through product evolution, portfolio expansion, new customer implementations, system performance optimization and our continued shift to next-generation technologies and cloud architecture.

In the first three months of 2018, our Free Cash Flow grew 6.9%[8] to €305.1 million. At quarter-end, our consolidated covenant net financial debt stood at €2,026.9 million, representing 1.07 times last-twelve-month covenant EBITDA.

[7] Compared to Q1 2017 figures restated for IFRS 15 and IFRS 9. See section 3.1 for further details.

[8] Defined as EBITDA, minus capex, plus changes in our operating working capital, minus taxes paid, minus interests and financial fees paid.

1.2 Summary of operating and financial information

Summary of KPI (€millions)	Jan-Mar 2018	Jan-Mar 2017[1]	Change
Operating KPI			
TA air competitive position[2]	**43.6%**	**43.5%**	**0.1 p.p.**
TA air bookings (m)	160.0	154.3	3.7%
Non air bookings (m)	17.1	17.0	0.7%
Total bookings (m)	**177.1**	**171.3**	**3.4%**
Passengers boarded (m)	**416.9**	**339.6**	**22.7%**
Financial results			
Distribution revenue	795.5	779.0	2.1%
IT Solutions revenue	434.5	413.5	5.1%
Revenue	**1,230.0**	**1,192.5**	**3.1%**
EBITDA	**539.0**	**501.8**	**7.4%**
EBITDA margin (%)	43.8%	42.1%	1.7 p.p.
Adjusted profit[3]	**305.6**	**292.9**	**4.3%**
Adjusted EPS (euros)[4]	**0.71**	**0.67**	**6.6%**
Cash flow			
Capital expenditure	162.9	155.1	5.0%
Free cash flow[5]	305.1	285.5	6.9%
Indebtedness[6]	**Mar 31,2018**	**Dec 31,2017**	**Change**
Covenant Net Financial Debt	**2,026.9**	**2,083.3**	**(2.7%)**
Covenant Net Financial Debt/LTM Covenant EBITDA	1.07x	1.12x	

[1] 2017 figures have been restated for IFRS 15 and IFRS 9. See section 3.1 for details on these accounting changes as well as for a reconciliation to the 2017 reported figures.

[2] Competitive position as defined in section 3.

[3] 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.

[4] EPS corresponding to the Adjusted profit attributable to the parent company. Calculated based on weighted average outstanding shares of the period.

[5] Calculated as EBITDA minus capital expenditure plus changes in our operating working capital minus taxes paid minus interests and financial fees paid.

[6] Based on the definition included in the senior credit agreement covenants.

2 Operating Review

2.1 Recent business highlights

Airline Distribution

- During the first quarter of 2018, we signed 9 new contracts or renewals of distribution agreements with airlines, including EVA Air and Uni Airways. Subscribers to Amadeus' inventory can access over 110 low-cost and hybrid carriers' content worldwide. Low-cost and hybrid carriers' bookings grew 11% in the first three months of 2018 compared to the same period last year.
- In March, we signed an agreement with Air France KLM enabling distribution through a Private Channel. Amadeus travel seller customers which enact a Private Channel agreement with Air France-KLM will be able to book Air France KLM content through Amadeus without a surcharge, which started to be levied from April 2018.
- Our merchandizing solutions continued to gain new customers. During the first three months of the year, 5 airlines signed up for Amadeus Airline Ancillary Services for the indirect channel. During that same period, 6 carriers contracted Amadeus Fare Families, including Virgin Atlantic Airways. In total, at the end of March, 148 airlines had signed up for Amadeus Airline Ancillary Services (and 120 of them had implemented it) and 72 had contracted Amadeus Fare Families (of which 57 had implemented it).

Airline IT

- At the end of the first quarter of 2018, 204 customers had contracted either of the Amadeus Passenger Service Systems (Altéa or New Skies) and 195 had implemented them.
- In March, Philippine Airlines (PAL) signed an agreement to deliver an extensive transformation of the airline's core technology systems. As part of this agreement, PAL will adopt the full Altéa Suite, including Reservation, Inventory and Departure Control. This will allow PAL's customers to enjoy a smoother experience, from booking to boarding.
- KC International Airlines, a new Cambodian carrier, contracted and implemented New Skies during the first quarter of the year.
- We also had important advances in our upselling activity. Finnair contracted Amadeus Anytime Merchandising. Including this, at the end of the first quarter of 2018, 9 airlines had contracted Amadeus Anytime Merchandising.
- Also, Qantas chose Amadeus as partner for its digital redesign. As part of this ambitious process, completed in March, Qantas implemented some e-Commerce solutions, including Amadeus e-Personalize, Amadeus Affinity Shopper and Amadeus Flex Pricer Premium. Together, these technologies will enhance Qantas' digital customer experience by tailoring the search and booking experience for each visitor; giving Qantas Frequent Flyers an easier way to use their points; inspiring travelers with a range of options without needing to specify dates or destination; and displaying available fares in a user-friendly manner so that travelers can easily pick the price and option that best suits their needs. At the end of the first quarter of 2018, more than 120 airlines had contracted Amadeus e-Commerce solutions.
- After the adoption of Altéa in 2017, Kuwait Airways has recently implemented Amadeus Revenue Management. This technology will help the airline create more personalized travel

experiences and adapt its offering to customer demand and preferences in real-time. At March 31, 2018, 35 airlines had contracted Amadeus Revenue Management solutions.

_ Air Algerie implemented Ticketing, Revenue Management, Loyalty, Payment and Departure Control modules of the Altéa Suite, as well as some additional digital capabilities. This follows the implementation of Inventory, Reservation and Flex Pricer at the end of 2017. The airline contracted all these solutions in the first half of 2017 as part of its ten-year transformation program.
_ During the first quarter of the year, we also collaborated with Lufthansa on its new biometric boarding solution using facial recognition. This innovative pilot, enabled through a collaboration between Amadeus, U.S. Customs and Border Protection (CBP), Los Angeles World Airports Authority (LAWA), and Vision Box, is now available for Lufthansa flilghts at Los Angeles International Airport (LAX). The airline intends to expand the pilot program to additional U.S. gateways and other passenger touchpoints.

Airport IT

_ In Airport IT, ASA Cape Verde Airports, a customer of Amadeus' Airport Common Use Service (ACUS), contracted ACUS Mobile. With this cloud-based solution, travelers are able to check-in and drop their bags off at hotels and resorts in Cape Verde, giving them more time to explore the islands or relax. Bags will be securely transported to the airport by the ground handling firm.

Payments

_ In April, with Finnair as pilot customer, we launched a new solution to facilitate payments of bookings made through airlines' call centers. Rather than having to discuss payment details over the phone, with Amadeus Agent Pay airline agents send their customers a link, via SMS or email, to a secure webpage, so that the traveler can then complete the payment from their smartphone, tablet or PC. Meanwhile, the ticket is kept on hold, and issued automatically once the payment is complete. Finnair is using it not only for its call center but also for its chat-based customer service agents.

2.2 Key ongoing R&D projects

As a leading technology provider for the travel industry, Amadeus undertakes significant R&D activities. In the first quarter of 2018, Amadeus devoted 15.7% of its Group revenue to R&D, which focused on:

_ Product evolution and portfolio expansion:

  - Ongoing efforts for NDC industrialization. Investments related to the development of our platform to combine content from different sources (existing technology, NDC and content from aggregators and other sources) ensuring easy adoption in the marketplace with minimal disruption.
  - For airlines: investment in merchandizing and personalization solutions, enhanced shopping and retailing tools and solutions related to revenue optimization and financial suites.

- For travel agencies, meta-search engines and corporations: efforts linked to our cloud-based new-generation selling platform, search engines and our self-booking and travel expense management tool.
- For the hospitality industry: investment to develop and implement our new-generation Central Reservation System and developments related to our new-generation Property Management System.
- Continued development and evolution of our Airport IT, Payments and Rail IT portfolios.
- Resources devoted to enhance distribution capabilities for Hospitality and Rail.

_ Customer implementations and services:

- Implementation efforts related to upcoming PSS implementations (including Air Canada), as well as to our upselling activity (such as Revenue Management, Revenue Accounting, and Merchandizing, among others).
- Implementation of Distribution solutions for airlines, travel agencies, and corporations, including the expansion of our customer base in merchandizing solutions and the migration of travel agencies to our Amadeus Selling Platform Connect.
- Implementation of customers to our Hospitality IT, Airport IT and Payments.

_ Cross-area technology investment:

- Continued shift to next-generation technologies and cloud services, which provides a flexible and powerful framework for massive deployment and distributed operations of very large transactional and data traffic.
- The application of new technologies, such as artificial intelligence and machine learning, to our product portfolio.
- System performance projects to deliver the highest possible reliability, availability, as well as service and security levels to our customer base.
- Projects related to our overall infrastructure and processes to improve efficiency and flexibility.

3 Presentation of financial information

The consolidated financial information included in this document has been prepared in accordance with International Financial Reporting Standards (IFRS) and has not been audited.

Certain amounts and figures included in this report have been subject to rounding adjustments. Any discrepancies in any tables between the totals and the sums of the amounts listed are due to rounding.

This document includes unaudited Alternative Performance Measures such as EBITDA, operating income, covenant net financial debt and adjusted profit, and its corresponding ratios. These Alternative Performance Measures have been prepared in accordance with the Guidelines issued by the European Securities and Markets Authority for regulated information published on or after July 3, 2017.

- EBITDA corresponds to the Operating income less D&A expense. A reconciliation to the financial statements is included in section 5.3.
- Covenant net financial debt is defined as current and non-current debt, less cash and cash equivalents, adjusted for non-debt items (such as deferred financing fees, accrued interest and fair value adjustments to an EIB loan). A reconciliation to the financial statements is included in section 6.1.1.
- Adjusted profit corresponds to reported profit for the period, after adjusting for: (i) accounting effects derived from PPA exercises and impairment losses, (ii) non-operating exchange gains (losses), and (iii) other non-recurring items, as detailed in section 5.6.1.

We believe that these measures provide useful and relevant information to facilitate a better understanding of the performance of Amadeus and its economic position. These measures are not standard and therefore may not be comparable to those presented by other companies.

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 global CRS. It excludes air bookings made directly through in-house airline systems and single country operators (primarily in China, Japan and Russia), which together combined represent an important part of the industry.

3.1 Accounting changes

The following accounting changes have been adopted from January 1, 2018:

IFRS 15

The standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized.

As a consequence of the adoption of this standard, certain Distribution revenues from the provision of IT to travel agencies are recognized as a reduction of operating costs (they were previously recognized within Revenue), with no impact on segment contribution, Group EBITDA or free cash flow.

Also, in compliance with this new standard, certain costs to obtain contracts and fulfilment costs have been capitalized, resulting in a reduction in net operating costs and impacting positively EBITDA, Operating income and Profit. Free cash flow is not impacted by this effect.

Other than these effects, we do not expect a significant impact from the adoption of this standard, given than more than 90% of the revenues of Distribution and IT Solutions are derived from contracts identified as "Software as a Service", compliant with the new IFRS 15 requirements.

The standard has been applied from January 1, 2018 retrospectively and hence 2017 figures shown in this report have been restated accordingly. Consequently, as shown on next page, first quarter 2017 Distribution revenue has been reduced by €58.4 million and operating costs (Cost of revenue and Other operating expenses) by €58.7 million. Together it has resulted in an increase in both EBITDA and Operating income of €0.3 million and an increase in Profit for the period of €0.2 million.

IFRS 9

Among other changes, the standard establishes a new impairment model for the recognition of bad debt provisions based on expected credit losses rather than incurred credit losses.

As a consequence of the adoption of this standard, bad debt provisions, recognized within operating costs, have increased, negatively impacting segment contribution and EBITDA (by the same amount) as well as Profit (by the same amount less the associated tax benefit). Free cash flow is not impacted by the adoption of this standard.

We do not expect significant impacts from the adoption of this standard, other than the effect mentioned above.

For comparison purposes, first quarter 2017 figures shown in this report have been restated for the adoption of this standard. Consequently, as shown on next page, Other operating expenses has increased by €1.3 million and net financial expense has declined by €0.6 million, resulting in a reduction in both EBITDA and Operating income of €1.3 million and a decline in Profit of €0.5 million.

See below a reconciliation between the reported and the restated Jan-Mar 2017 figures:

€millions	Reported	IFRS 15	IFRS 9	Restated	Change
Financial results					
Distribution revenue	837.4	(58.4)	0.0	779.0	(58.4)
IT Solutions revenue	413.5	0.0	0.0	413.5	0.0
Group revenue	**1,250.8**	**(58.4)**	**0.0**	**1,192.5**	**(58.4)**
Cost of revenue	(334.1)	56.2	0.0	(278.0)	56.2
Personnel and related exp.	(327.8)	0.0	0.0	(327.8)	0.0
Other operating expenses	(83.0)	2.5	(1.3)	(81.8)	1.2
Dep. and amortization	(127.5)	0.0	0.0	(127.5)	0.0
Operating income	**378.4**	**0.3**	**(1.3)**	**377.4**	**(1.0)**
Net financial expense	(13.9)	0.0	0.6	(13.3)	0.6
Other income (expense)	(0.3)	0.0	0.0	(0.3)	0.0
Profit before income taxes	**364.2**	**0.3**	**(0.7)**	**363.8**	**(0.4)**
Income taxes	(94.7)	(0.1)	0.2	(94.6)	0.1
Profit after taxes	**269.5**	**0.2**	**(0.5)**	**269.2**	**(0.3)**
Share in profit from assoc/JV	1.1	0.0	0.0	1.1	0.0
Profit for the period	**270.6**	**0.2**	**(0.5)**	**270.3**	**(0.3)**
EBITDA	**502.8**	**0.3**	**(1.3)**	**501.8**	**(1.0)**
EBITDA Margin (%)	**40.2%**	**2.0 p.p.**	**(0.1 p.p.)**	**42.1%**	**1.9 p.p.**
Adjusted profit	**293.6**	**0.2**	**(1.0)**	**292.9**	**(0.7)**
EPS (€)	**0.62**	**0.00**	**0.00**	**0.62**	**0.00**
Adjusted EPS (€)	**0.67**	**0.00**	**0.00**	**0.67**	**0.00**
Cash flow					
EBITDA	**502.8**	**0.3**	**(1.3)**	**501.8**	**(1.0)**
Change in working capital	(35.6)	(0.3)	1.3	(34.6)	1.0
Capital expenditure	(155.1)	0.0	0.0	(155.1)	0.0
Taxes paid	(20.5)	0.0	0.0	(20.5)	0.0
Interest & financial fees	(6.0)	0.0	0.0	(6.0)	0.0
Free cash flow	**285.5**	**0.0**	**0.0**	**285.5**	**0.0**

The 2017 figures displayed throughout this report and specifically in sections 4 “Main financial risks and hedging policy”, 5 “Group income statement” and 6 “Other financial information”, are restated for IFRS 15 and IFRS 9.

IFRS 16

We are early adopters of the standard applying it from January 1, 2018[9]. The standard introduces a single, on-balance sheet lease accounting model for right-of-use assets. The main impact from its adoption is that we will recognize new assets and liabilities for our operating leases of building rentals. Also, the nature of expenses related to those leases will now change as the standard replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. This change results in a reduction in operating costs, resulting in an increase in EBITDA, and higher depreciation and amortization expenses, with limited (positive) impact on Operating income. Also, interest expense increases. As a result, we estimate that Profit is only impacted marginally. Cash generation is not impacted by the adoption of this standard, however Free cash flow is positively impacted by it, given that a large part of the payments done in relation to operating leases is now reported as financial flows (debt payments) whereas it was previously reported as operating flows (within EBITDA).

We estimate that the impact from the adoption of this standard in the first quarter of 2018 has been:

- A reduction in operating costs of €11.2 million (driving an increase in EBITDA by the same amount), higher D&A expense by €10.5 million (together resulting in an increase in Operating income of €0.7 million) and higher interest expense by €1.2 million. As a result, Profit decreased by €0.5 million in the first quarter of 2018.
- An increase in both Property, plant and equipment (non-current assets) and financial debt (split between current and non-current liabilities in the balance sheet) of €244.6 million and €256.3 million, respectively, as of March 31, 2018. Financial debt related to operating leases arising from the adoption of this standard does not form part of the covenant financial debt.
- A positive impact of €11.2 million in Free cash flow, as a result of the increase in EBITDA (€11.2 million), as explained above. There is, however, no impact on cash generation as the increase in Free cash flow is offset by higher debt repayments (by the same amount) below the Free cash flow line.

Please note that the impacts from the adoption of the new standards and the 2017 restated figures are unaudited.

[9] Given the method chosen for the application of the standard (modified retrospective approach), 2017 figures will not be restated for IFRS 16.

4 Main financial risks and hedging policy

4.1 Foreign exchange rate risk

Our reporting currency is the Euro. However, as a result of Amadeus' global activity and presence, part of our results are generated in currencies different from the Euro and therefore are impacted by foreign exchange fluctuations. Similarly, part of our cash inflows and outflows are denominated in non-Euro currencies. As a consequence, both our results and our cash flows are impacted, either positively or negatively, by foreign exchange fluctuations.

Exposure to foreign currencies

Our revenue is almost entirely generated either in Euro or in US Dollar (the latter representing 30%-40% of our total revenue). Revenue generated in currencies other than the Euro or US Dollar is negligible.

In turn, 45%-55% of our operating costs[10] are denominated in many currencies different from the Euro, including the US Dollar which represents 25%-35% of our operating costs. The rest of the foreign currency operating expenses are denominated in a variety of currencies, GBP, AUD, INR, SGD and THB being the most significant. A number of these currencies may fluctuate vs. the Euro similarly to the US Dollar - Euro fluctuations, and the degree of this correlation may vary with time.

Hedging policy

Amadeus' target is to reduce the volatility generated by foreign exchange fluctuations on its non-Euro denominated net cash flows. Our hedging strategy is as follows:

- To manage our exposure to the US Dollar, we have a natural hedge to our operating cash inflows generated in US Dollar or US Dollar-correlated currencies through, among others, operating cash outflows in USD, payments of USD-denominated debt (when applicable) and taxes paid in the US. We enter into derivative arrangements when this natural hedge is not sufficient to cover our outstanding exposure.
- We also hedge a number of currencies, including the GBP, AUD, INR and SEK, for which we enter into foreign exchange derivatives with banks.

When the hedges in place qualify for hedge accounting under IFRS, profits and losses are recognized within the revenue caption. Our hedging arrangements typically qualify for hedge accounting under IFRS.

Given that 20-30% of our net free cash flow is generated in USD or currencies that fluctuate vs. the Euro similarly to the US Dollar-Euro fluctuations, and that our hedging policy targets to reduce cash volatility, our hedging results are generally insufficient to mitigate the impacts from foreign exchange fluctuations on our operating results.

In the first quarter of 2018, foreign exchange fluctuations had a negative impact on revenue and EBITDA, a positive impact on costs and an expansive impact on EBITDA margin. Excluding foreign exchange effects, revenue and EBITDA grew by 8.2% and 10.1%, respectively. If we also exclude the impact from the adoption of IFRS 16, EBITDA grew by 7.9% and EBITDA margin was broadly stable.

[10] Including Cost of revenue, Personnel expenses and Other operating expenses. Excludes Depreciation and amortization.

4.2 Interest rate risk

Our target is to reduce volatility in net interest flows. In order to achieve this objective, Amadeus may enter into interest rate hedging agreements (interest rate swaps, caps, collars) to cover the floating rate debt.

At March 31, 2018, 15.8% of our total covenant financial debt (related to the European Commercial Paper Program) was subject to floating interest rates, indexed to the EURIBOR. As of this date no interest rate hedges were in place.

4.3 Own shares price evolution risk

Amadeus has three different staff remuneration schemes which are settled with Amadeus' shares.

According to the rules of these plans, when they mature all beneficiaries will receive a number of Amadeus shares which for the outstanding plans amount to (depending on the evolution of certain performance conditions), between a minimum of 318,000 shares and a maximum of 1,719,000 shares, approximately. It is Amadeus' intention to make use of its treasury shares to settle these plans at their maturity.

5 Group income statement

Income Statement (€millions)	Jan-Mar 2018	Jan-Mar 2017	Change
Revenue	**1,230.0**	**1,192.5**	**3.1%**
Cost of revenue	(303.4)	(278.0)	9.1%
Personnel and related expenses	(323.8)	(327.8)	(1.2%)
Other operating expenses	(60.4)	(81.8)	(26.2%)
Depreciation and amortization	(144.2)	(127.5)	13.1%
Operating income	**398.2**	**377.4**	**5.5%**
Net financial expense	(10.1)	(13.3)	(24.0%)
Other expense	(0.4)	(0.3)	33.3%
Profit before income taxes	**387.7**	**363.8**	**6.6%**
Income taxes	(100.8)	(94.6)	6.6%
Profit after taxes	**286.9**	**269.2**	**6.6%**
Share in profit from associates and JVs	0.7	1.1	(36.4%)
Profit for the period	**287.6**	**270.3**	**6.4%**
EBITDA	**539.0**	**501.8**	**7.4%**
EBITDA margin (%)	43.8%	42.1%	1.7 p.p.
Adjusted profit[1]	**305.6**	**292.9**	**4.3%**
Adjusted EPS (euros)[2]	**0.71**	**0.67**	**6.6%**

[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.

5.1 Revenue

In the first quarter of 2018, revenue amounted to €1,230.0 million, growing 3.1% vs. prior year. Revenue in the quarter was highly impacted by negative foreign exchange effects, excluding which, revenue grew 8.2%. Revenue growth was supported by:

- An increase of 2.1% in Distribution revenue.
- 5.1% revenue growth from IT Solutions.

See sections 5.1.2. and 5.2.2. for more details on revenue growth in Distribution and IT Solutions.

Revenue (€millions)	Jan-Mar 2018	Jan-Mar 2017	Change
Distribution	795.5	779.0	2.1%
IT Solutions	434.5	413.5	5.1%
Revenue	**1,230.0**	**1,192.5**	**3.1%**

5.1.1 Distribution

In the first quarter of 2018, Distribution revenue increased by 2.1% to €795.5 million. Revenue growth was highly impacted by negative foreign exchange effects in the first quarter of 2018. Excluding foreign exchange effects, and despite the negative impact from a lower number of working days in the period relative to last year (due to the timing of Easter and New Year's Day), Distribution revenue grew at a mid to high single-digit rate. This expansion resulted from volume growth and expansive average pricing, driven by (i) booking mix (both from a higher weight of global bookings and a declining weight of non-air bookings, with a lower average fee) as well as, (ii) customer renegotiations.

Evolution of Amadeus bookings

Operating KPI	Jan-Mar 2018	Jan-Mar 2017	Change
TA air booking industry growth	4.0%	6.7%	
TA air competitive position[1]	**43.6%**	**43.5%**	**0.1 p.p.**
TA air bookings (m)	160.0	154.3	3.7%
Non air bookings (m)	17.1	17.0	0.7%
Total bookings (m)	**177.1**	**171.3**	**3.4%**

[1] Competitive position as defined in section 3.

Travel agency air booking industry

Industry travel agency air bookings increased by 4.0% in the first quarter of 2018, negatively impacted by a lower number of working days in the period, due to (i) the timing of Easter (which happened in part in the first quarter in 2018 vs. all in the second quarter in 2017) and (ii) New Year's Day (which was a Monday in 2018 and a Sunday in 2017).

By region, Central, Eastern and Southern Europe and Asia Pacific were the industry's fastest growing regions. Comparatively, both North America and Latin America reported more limited growth. In turn, Middle East and Africa and Western Europe's industry bookings declined vs. the first quarter of 2017.

Amadeus bookings

Amadeus travel agency air bookings increased by 3.7% in the first quarter of 2018, in line with industry growth. Asia Pacific, Central and Eastern and Southern Europe, both of which benefitted from robust industry growth, as well as North America, were our fastest growing regions in the quarter. Amadeus bookings in Latin America also grew healthily in the quarter. Amadeus' bookings in Western Europe and Middle East and Africa, dragged by the industry's booking decline, showed a contraction in the quarter. Our Western European bookings were also impacted by the loss of share at some European mid-size online travel agencies resulting from heightened commercial activity in the market.

Amadeus TA air bookings (millions)	Jan-Mar 2018	% of Total	Jan-Mar 2017	% of Total	Change
Western Europe	56.3	35.2%	60.3	39.1%	(6.6%)
Asia Pacific	33.1	20.7%	28.0	18.1%	18.3%
North America	29.7	18.5%	27.0	17.5%	9.8%
Middle East and Africa	17.8	11.1%	18.0	11.7%	(0.9%)
Central, Eastern and Southern Europe	13.2	8.2%	11.6	7.5%	13.1%
Latin America	9.9	6.2%	9.4	6.1%	6.3%
Total TA air bookings	**160.0**	**100.0%**	**154.3**	**100.0%**	**3.7%**

Amadeus' non air bookings increased by 0.7% in the first quarter of 2018 vs. prior year, driven by the positive performance of hotel bookings.

5.1.2 IT Solutions

IT Solutions revenue increased by 5.1% in the first quarter of 2018, highly impacted by negative foreign exchange effects. Excluding foreign exchange impacts, revenue increased at a low double-digit rate, supported by the positive performances of Airline IT and our new businesses:

- Airline IT continued performing positively, fueled by volume growth (passengers boarded increased by 22.7%). Average PSS pricing diluted, as expected, driven by the increasing weight of low cost and hybrid carriers on our customer base. On the other hand, other revenue lines, including revenue management, revenue accounting and merchandizing, among others, continued to report solid growth, albeit at a lower pace than PB volumes. In turn, airline IT non transactional revenue, which by nature shows volatility quarterly, was broadly flat in the quarter vs. previous quarter.
- New businesses performed positively in the quarter, supported by customer implementations and organic growth.

Evolution of Amadeus passengers boarded

Amadeus passengers boarded reached 416.9 million in the first quarter of 2018, 22.7% higher than prior year. This double-digit growth was driven by (i) the impact from the 2017 implementations (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 (ii) an organic growth of 7.7%, which benefitted from the timing of Easter. Passengers Boarded growth in the first quarter of 2018 was negatively impacted by the ceasing of operations of Air Berlin and Monarch Airlines during 2017.

Passengers boarded (millions)	Jan-Mar 2018	Jan-Mar 2017	Change
Organic growth[1]	342.4	317.8	7.7%
Non organic growth	74.5	21.8	n.m.
Total passengers boarded	**416.9**	**339.6**	**22.7%**

[1] Calculated based on passengers boarded adjusted to reflect growth of comparable airlines on the Altéa and New Skies platforms during both periods. Excludes TAM Airlines.

During the first three months of 2018, 65.3% of our passengers boarded were generated outside of Europe. Our international footprint has continued to expand, particularly in Asia Pacific and in North America, supported by the implementations of Southwest Airlines, Japan Airlines and Malaysia Airlines, among others, in 2017. Growth in Western Europe was negatively impacted by the ceasing of operations of Air Berlin and Monarch Airlines during 2017.

Passengers boarded (millions)	Jan-Mar 2018	% of Total	Jan-Mar 2017	% of Total	Change
Asia Pacific	144.4	34.6%	116.5	34.3%	23.9%
Western Europe	124.3	29.8%	122.3	36.0%	1.6%
North America	56.3	13.5%	17.6	5.2%	219.8%
Latin America	39.2	9.4%	36.7	10.8%	6.8%
Middle East and Africa	32.5	7.8%	29.5	8.7%	10.3%
Central, Eastern and Southern Europe	20.3	4.9%	17.1	5.0%	18.7%
Total passengers boarded	**416.9**	**100.0%**	**339.6**	**100%**	**22.7%**

5.2 Group operating costs

5.2.1 Cost of revenue

These costs are mainly related to: (i) incentive fees paid to travel agencies, (ii) distribution fees paid to local commercial organizations which act as a local distributor (mainly in the Middle East, North Africa, India, and South Korea) and (iii) data communication expenses related to the maintenance of our computer network, including connection charges.

Cost of revenue amounted to €303.4 million in the first quarter of 2018, 9.1% higher than in the same period of 2017. The increase in cost of revenue was the result of (i) travel agency booking growth, (ii) a higher unitary distribution cost, mainly resulting from competitive pressure, a negative customer mix on incentives paid to travel agencies and negative country mix (driven by the higher weight over our total volumes of some of the countries where Amadeus operates through local distributors, in particular India and South Korea), and (iii) non-recurring effects related to local taxes. Cost of revenue was positively impacted by foreign exchange effects in the first quarter of 2018.

5.2.2 Personnel and related expenses and other operating expenses

A large number of Amadeus' employees are software engineers. Amadeus also hires contractors to support development activity, complementing permanent staff. The overall ratio of permanent staff vs. contractors devoted to R&D may fluctuate depending on business needs and project mix, therefore impacting the evolution of both "Personnel expenses" and "Other operating expenses" captions in our income statement.

Our combined operating expenses cost line, representing both Personnel expenses and Other operating expenses, decreased by 6.2% in the first quarter of 2018 vs. prior year, positively impacted foreign exchange effects and the adoption of IFRS 16 from January 1, 2018 (see section 3.1 for further details). Excluding foreign exchange effects and the impact from the adoption of IFRS 16, this cost line increased moderately in the quarter vs. previous year, resulting from:

- A 6% increase in average FTEs (permanent staff and contractors), mainly due to higher resources devoted to R&D (see further details in sections 2.2 and 6.2.2), as well as the expansion of our commercial teams and customer support units to support the ongoing customer implementations and commercial activities. An increase in headcount in our corporate function, driven by the geographical and business expansion, also contributed to the FTE growth.
- Limited growth in unit personnel cost, as a result of our global salary increase.
- Growth in non-personnel related expenses, such as computing and consultancy costs.
- These effects were partially offset by a reduction in several cost lines, such as bad debt provisions, which by nature may show a more volatile behavior per quarter.

Personnel + Other operating expenses (€millions)	Jan-Mar 2018	Jan-Mar 2017	Change
Personnel + Other operating expenses	(384.2)	(409.6)	(6.2%)

5.2.3 Depreciation and amortization

Depreciation and amortization (including capitalized D&A) was 13.2% higher in the first quarter of 2018 vs. the same period in 2017.

Ordinary D&A grew by 15.2% in the first quarter of 2018 vs. prior year, impacted by the adoption of IFRS 16 from January 1, 2018 (see further details in section 3.1). Excluding the impact from IFRS 16 (€10.5 million), Ordinary D&A grew by 5.1%, driven by higher amortization of intangible assets, as capitalized development expenses on our balance sheet started being amortized in parallel with the associated project or contract revenue recognition. In turn, depreciation expense declined slightly in the quarter, due to assets that became fully depreciated in 2017.

Depreciation and Amortization (€millions)	Jan-Mar 2018	Jan-Mar 2017	Change
Ordinary depreciation and amortization	(118.8)	(103.1)	15.2%
Amortization derived from PPA	(25.4)	(24.4)	4.1%
Depreciation and amortization	**(144.2)**	**(127.5)**	**13.1%**
Capitalized depreciation and amortization[1]	3.4	3.1	9.6%
Depreciation and amortization post-capitalizations	**(140.8)**	**(124.4)**	**13.2%**

[1] Included within the Other operating expenses caption in the Group income statement.

5.3 EBITDA and Operating income

In the first three months of 2018, EBITDA increased by 7.4% to €539.0 million, negatively impacted by foreign exchange effects (see section 4.1 for details on the exposure of our operating results to foreign exchange fluctuations). Excluding foreign exchange impacts, EBITDA grew 10.1%.

EBITDA growth resulted from the positive performances of Distribution and IT Solutions and a reduction in net indirect costs as a consequence of the adoption of IFRS 16 in 2018 (based on which operating lease costs are no longer recognized within indirect costs. See section 3.1 for details on accounting changes). Excluding foreign exchange effects and the IFRS 16 impact, EBITDA grew 7.9% in the period.

In the first three months of the year, EBITDA margin expanded by 1.7 p.p. to 43.8%. EBITDA margin was positively impacted by foreign exchange effects, as well as by the IFRS 16 adoption in 2018. Excluding both, EBITDA margin was broadly stable vs. the first quarter of 2017.

Operating Income in the first quarter of 2018 grew by 5.5% to €398.2 million, as a result of EBITDA expansion offset by higher D&A charges.

Operating income – EBITDA (€millions)	Jan-Mar 2018	Jan-Mar 2017	Change
Operating income	**398.2**	**377.4**	**5.5%**
Depreciation and amortization	144.2	127.5	13.1%
Capitalized depreciation and amortization	(3.4)	(3.1)	9.6%
EBITDA	**539.0**	**501.8**	**7.4%**
EBITDA margin (%)	**43.8%**	**42.1%**	**1.7 p.p.**

5.4 Net financial expense

Net financial expense decreased by 24.0% in the first quarter of 2018 vs. prior year. Excluding the impact from the adoption of IFRS 16 (see section 3.1 for further details), net financial expense declined by 32.9%, mainly as a result of:

- Interest expense declined by 5.6% in the period (or 19.8% excluding the IFRS 16 impact), as a consequence of both a lower average cost of debt and a lower amount of average gross debt outstanding (excluding the debt related to the share repurchase program in the first quarter of 2018).

- Exchange gains amounted to €0.6 million in the first quarter of 2018, compared to losses of €4.3 million in the same period of 2017.

Net financial expense (€millions)	Jan-Mar 2018	Jan-Mar 2017	Change
Financial income	0.2	0.4	(50.0%)
Interest expense	(8.0)	(8.5)	(5.6%)
Other financial expense	(2.9)	(0.9)	n.m.
Exchange gains (losses)	0.6	(4.3)	n.m.
Net financial expense	(10.1)	(13.3)	(24.0%)

5.5 Income taxes

Income taxes amounted to €100.8 million in the first quarter of 2018, 6.6% higher than in the same period of 2017. The income tax rate for the first quarter of 2018 was 26.0%, in line with the tax rate reported in the first quarter of 2017 and higher than the 20.8% rate reported over the full-year 2017. Income tax rate in 2017 was impacted by a number of non-recurring effects, including adjustments to deferred tax liabilities in France and the U.S. due to lower corporate tax rates starting in 2018, in accordance with government regulatory changes, and tax deductions related to non-recurring transactions.

5.6 Profit for the period. Adjusted profit

5.6.1 Reported and Adjusted profit

Reported profit amounted to €287.6 million in the first quarter of 2018, a 6.4% increase vs. the same period of 2017. After adjusting for (i) accounting effects derived from PPA exercises and impairment losses, (ii) non-operating exchange gains (losses), and (iii) other non-recurring items, adjusted profit increased by 4.3% to €305.6 million in the first quarter of 2018.

Reported and Adjusted profit (€millions)	Jan-Mar 2018	Jan-Mar 2017	Change
Reported profit	**287.6**	**270.3**	**6.4%**
Adjustments			
Impact of PPA[1]	18.2	17.2	
Non-operating FX results[2]	(0.5)	3.2	
Non-recurring items	0.3	2.2	
Adjusted profit	**305.6**	**292.9**	**4.3%**

[1] After tax impact of accounting effects derived from purchase price allocation exercises.
[2] After tax impact of non-operating exchange gains (losses).

5.6.2 Earnings per share (EPS)

The table below shows EPS for the period, based on the profit attributable to the parent company (after minority interests), both on a reported basis and on an adjusted basis (adjusted profit as detailed in section 6.1.8). In the first quarter of 2018, our reported EPS increased by 8.7% to €0.67 and our adjusted EPS by 6.6% to €0.71.

Earnings per share	Jan-Mar 2018	Jan-Mar 2017	Change
Weighted average issued shares (m)	438.8	438.8	0.0%
Weighted average treasury shares (m)	(9.4)	(1.5)	n.m.
Outstanding shares (m)	**429.5**	**437.3**	**(1.8%)**
EPS (€)[1]	**0.67**	**0.62**	**8.7%**
Adjusted EPS (€)[2]	**0.71**	**0.67**	**6.6%**

[1] EPS corresponding to the Profit attributable to the parent company. Calculated based on weighted average outstanding shares of the period.
[2] EPS corresponding to the Adjusted profit attributable to the parent company. Calculated based on weighted average outstanding shares of the period.

On December 14, 2017 the Board of Directors of Amadeus agreed to undertake a share repurchase program, in accordance with the authorization granted by the General Shareholders' Meeting held on June 20, 2013. The purpose of the share repurchase program is for the redemption of shares (subject to our General Shareholders' Meeting approval). The maximum investment will be €1,000 million, not exceeding 25,000,000 shares (or 5.69% of share capital), and will be carried out in two tranches.

As of March 31, 2018, the maximum investment under the first (non-cancellable) tranche of the share repurchase program (€500 million) has been recognised in the statement of financial position as a reduction of equity, and the corresponding treasury shares have been included in the weighted average treasury shares shown in the table above, in the first quarter of 2018. As of March 31, 2018, the Company had acquired 2,165,144 shares under the share repurchase program, for an amount of €130.6 million. The future payments under the first, non-cancellable tranche of the program, amounting to €369.4 million, have been included in the "Other current liabilities" caption in the statement of financial position, as well as in covenant net financial debt as of March 31, 2018.

6 Other financial information

6.1 Statement of financial position (condensed)

Statement of financial position (€millions)	Mar 31,2018	Dec 31,2017
Property, plant and equipment[1]	386.3	479.8
Right-of-use assets[1]	343.3	0.0
Intangible assets	3,215.9	3,204.3
Goodwill	2,705.7	2,714.2
Other non-current assets	272.8	257.9
Non-current assets	6,924.0	6,656.2
Current assets	736.0	636.4
Cash and equivalents	554.3	579.5
Total assets	**8,214.3**	**7,872.1**
Equity	2,895.4	2,637.8
Non-current debt	1,964.6	1,755.1
Other non-current liabilities	1,203.4	1,195.7
Non-current liabilities	3,168.0	2,950.8
Current debt	495.7	396.1
Other current liabilities	1,655.2	1,887.4
Current liabilities	2,150.9	2,283.5
Total liabilities and equity	**8,214.3**	**7,872.1**
Net financial debt (as per financial statements)	**1,906.0**	**1,571.7**

[1]In compliance with IFRS 16, the "Right-of-use assets" caption includes assets under operating and financial lease agreements, part of which (financial leases) were recognized as Property, plant and equipment at December 31, 2017. See section 3.1 for further details.

6.1.1 Financial indebtedness

Indebtedness (€millions)	Mar 31,2018	Dec 31,2017
Covenants definition[1]		
Long term bonds	1,500.0	1,500.0
European Commercial Paper	350.0	300.0
EIB loan	257.5	257.5
Other debt with financial institutions	14.8	13.2
Obligations under finance leases	89.5	92.1
Share repurchase program	369.4	500.0
Covenant Financial Debt	**2,581.2**	**2,662.8**
Cash and cash equivalents	(554.3)	(579.5)
Covenant Net Financial Debt	**2,026.9**	**2,083.3**
Covenant Net Financial Debt / LTM Covenant EBITDA	**1.07x**	**1.12x**
Reconciliation with financial statements		
Net financial debt (as per financial statements)	**1,906.0**	**1,571.7**
Interest payable	(4.4)	(2.1)
Deferred financing fees	9.2	10.3
EIB loan adjustment	3.0	3.4
Share repurchase program	369.4	500.0
Operating lease liabilities	(256.3)	0.0
Covenant Net Financial Debt	**2,026.9**	**2,083.3**

[1] Based on the definition included in the senior credit agreements.

Net financial debt, as per our financial covenants' terms, amounted to €2,026.9 million at March 31, 2018 (representing 1.07 times last-twelve-month covenant EBITDA). The main changes to our covenant net debt in the first quarter of 2018 were:

- The increase in the use of the Multi-Currency European Commercial Paper (ECP) program by a net amount of €50.0 million.
- As explained in section 7.3.2, as of March 31, 2018, the Company had acquired 2,165,144 shares under the share repurchase program, for an amount of €130.6 million. The future payments under the first (non-cancellable) tranche of the program, amounting to €369.4 million, have been included in covenant net financial debt.

Reconciliation with net financial debt as per our financial statements

Under the covenant terms, Covenant Financial Debt (i) does not include the accrued interest payable (€4.4 million at March 31, 2018) which is treated as debt in our financial statements, (ii) is calculated based on its nominal value, while in our financial statements our financial debt is measured at amortized cost, i.e., after deducting the deferred financing fees (that mainly correspond to fees paid upfront in connection with the set-up of new credit agreements and amount to €9.2 million at March 31, 2018), (iii) does not include an adjustment for the difference between the nominal value of the loan granted by the EIB at below-market interest rate and its fair value (€3.0 million at March 31, 2018), (iv) includes the outstanding payment of the first tranche of the share repurchase program at March 31, 2018 (€369.4 million), as explained above, which has been included in the "Other current liabilities" caption in the statement of financial position, and (v) does not include debt related to assets under operating lease agreements (which form part of the financial debt in the statement of financial position) amounting to €256.3 million at March 31, 2018.

6.2 Group cash flow

Consolidated Statement of Cash Flows (€millions)	Jan-Mar 2018	Jan-Mar 2017	Change
EBITDA	539.0	501.8	7.4%
Change in working capital[1]	(68.2)	(34.6)	96.9%
Capital expenditure	(162.9)	(155.1)	5.0%
Pre-tax operating cash flow	**307.9**	**312.0**	**(1.3%)**
Taxes[2]	(0.6)	(20.5)	(97.3%)
Interest and financial fees paid	(2.3)	(6.0)	(62.2%)
Free cash flow	**305.1**	**285.5**	**6.9%**
Equity investment	(7.0)	(28.7)	(75.7%)
Cash flow from extraordinary items	(15.4)	(44.4)	(65.4%)
Debt payment	29.5	(11.8)	n.m.
Cash to shareholders	(340.9)	(175.7)	94.0%
Change in cash	**(28.6)**	**24.8**	**n.m.**
Cash and cash equivalents, net[3]			
Opening balance	579.1	449.6	
Closing balance	550.6	474.5	

[1] The evolution of working capital was mostly impacted by (i) accounting effects from non-cash operating items, such as bad debt provisions, (ii) timing differences in payments related to fixed costs, and (iii) advances of payments to travel agencies.
[2] Taxes paid in the first quarter of 2018 were positively impacted by an increase in reimbursements received from taxes paid in previous years.
[3] Cash and cash equivalents are presented net of overdraft bank accounts.

6.2.1 Capital expenditure, R&D investment

Capital expenditure

The table below details the capital expenditure in the period, both in relation to property, plant and equipment ("PP&E") and to intangible assets. Based on the nature of our investments in PP&E, the figures may show variations on a quarterly basis, depending on the timing of certain investments. The same applies to our investments in contractual relationships where payments to travel agencies may take place in different periods, based on the timing of the negotiations. In turn, our capitalized R&D investment may fluctuate depending on the level of capitalization ratio, which is impacted by the intensity of the development activity, the mix of projects undertaken and the different stages of the various projects.

Capex increased by €7.8 million or 5.0% in the first quarter of 2018. As a percentage of revenue, capex increased by 0.2 p.p. to 13.2% in the period.

The growth in capex in the first quarter of 2018 was driven by:

- An increase of €6.4 million in capex in property, plant and equipment, due to higher hardware and software purchases.
- A €1.3 million increase in capex in intangible assets, as a result of:
  - Higher capitalizations from software development (driven by the increase in R&D investment, as explained below),
  - A decline in signing bonuses paid, largely offsetting the increase in capitalizations.

It is important to note that a large part of our investments do not have any revenue associated at this stage (particularly in the case of new diversification initiatives), or are investments for projects that will produce revenue during the life of the contracts, on average 10 to 15 years in Airline IT and 3 to 5 in Distribution, thereby affecting the capex as a percentage of revenue ratio.

Capital Expenditure (€millions)	Jan-Mar 2018	Jan-Mar 2017	Change
Capital Expenditure in PP&E	29.3	22.9	28.2%
Capital Expenditure in intangible assets	133.6	132.3	1.0%
Capital Expenditure	**162.9**	**155.1**	**5.0%**
As % of Revenue	13.2%	13.0%	0.2 p.p.

R&D investment

R&D expenditure (including both capitalized and non-capitalized expense) increased by 10.6% in the first quarter of 2018 vs. prior year. As a percentage of revenue, R&D investment amounted to 15.7%. Growth in R&D investment in the period resulted from:

- Increased resources to enhance and expand our product portfolio (including efforts related to NDC, merchandizing, shopping and personalization solutions, etc.).
- Higher efforts dedicated to our new businesses, particularly in Hospitality, Payments and Rail.
- Investments focus on cloud services and continued enhancement of our overall infrastructure and processes to enhance efficiency, flexibility, availability and security.

It should be noted that a significant part of our research and development costs are linked to activities which are subject to capitalization. The intensity of the development activity and the different stages in the ongoing projects have an effect on the capitalization ratio in any given quarter, thereby impacting the level of operating expenses that are capitalized on our balance sheet.

R&D investment (€millions)	Jan-Mar 2018	Jan-Mar 2017	Change
R&D investment[1]	193.0	174.4	10.6%
As % of Revenue	15.7%	14.6%	1.1 p.p.

[1] Net of Research Tax Credit.

7 Investor information

7.1 Capital stock. Share ownership structure

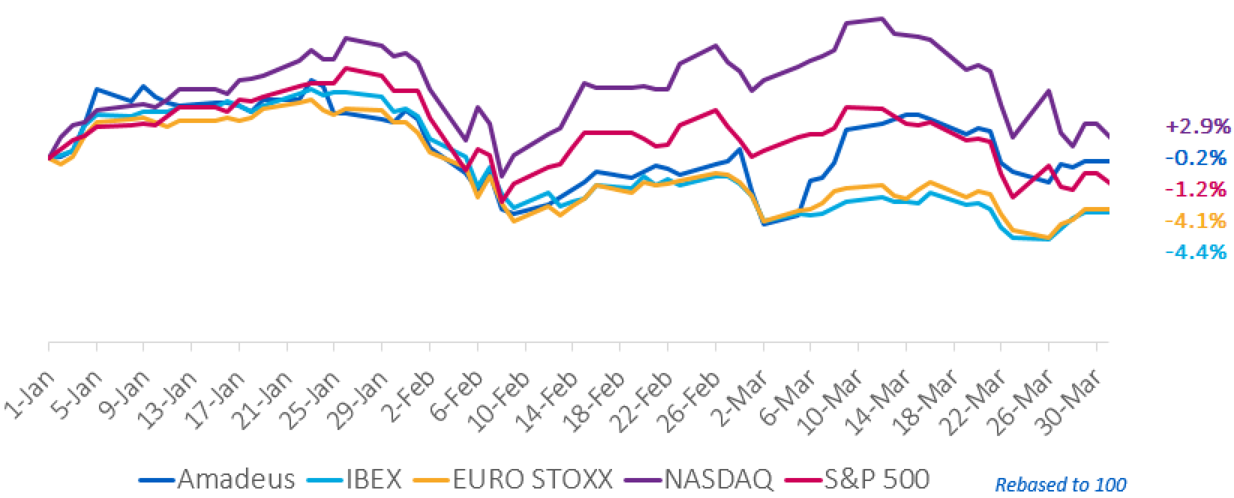
As of March 31, 2018, the capital stock of our company is €4,388,225.06 represented by 438,822,506 shares with a nominal value of €0.01 per share, all belonging to the same class, fully subscribed and paid in.

The shareholding structure as of March 31, 2018 is as described in the table below:

Shareholders	Shares	% Ownership
Free float	435,142,249	99.16%
Treasury shares[1]	3,234,396	0.74%
Board members	445,861	0.10%
Total	**438,822,506**	**100.00%**

[1] Voting rights suspended for as long as the shares are held by the company. Includes treasury shares acquired to cover the exchange ratio related to the merger of Amadeus IT Holding, S.A. and Amadeus IT Group, S.A. not yet delivered.

7.2 Share price performance in 2018



Key trading data	
Number of publicly traded shares (# shares)	438,822,506
Share price at March 31, 2018 (in €)	59.98
Maximum share price in Jan - Mar 2018 (in €) (January 23, 2018)	64.00
Minimum share price in Jan - Mar 2018 (in €) (February 1, 2018)	56.90
Market capitalization at March 31, 2018 (in € million)	26,321
Weighted average share price in Jan - Mar 2018 (in €)[1]	60.76
Average Daily Volume in Jan - Mar 2018 (# shares)	1,282,053

[1] Excluding cross trade

7.3 Shareholder remuneration

7.3.1 Dividend payments

In June 2018, the Board of directors will submit to the General Shareholders' Meeting for approval a final gross dividend of €1.135 per share, representing a 20.7% increase vs. the dividend in 2016. An interim dividend of €0.48 per share (gross) was paid in full on January 31, 2018. Based on this, the proposed appropriation of the 2017 results included in our 2017 audited consolidated financial statements includes a total amount of €498.1 million corresponding to dividends pertaining to the financial year 2017.

7.3.2 Share repurchase program

On December 14, 2017, the Board of Directors of Amadeus agreed to undertake a share repurchase program, in accordance with the authorization granted to it by the General Shareholders' Meeting held on June 20, 2013. The purpose of the share repurchase program is the redemption of shares (subject to our General Shareholders' Meeting approval). The maximum investment will be €1,000 million, not exceeding 25,000,000 shares (or 5.69% of share capital), and will be carried out in two tranches:

- Tranche 1: up to €500 million (non-cancellable), from January 1, 2018 to March 31, 2019.
- Tranche 2: up to €500 million (cancellable at Company's discretion), from April 1, 2019 to March 31, 2020.

As of March 31, 2018, the Company had acquired 2,165,144 shares under the share repurchase program, for an amount of €130.6 million. The future payments under the first, non-cancellable tranche of the program, amounting to €369.4 million, have been included in the "Other current liabilities" caption in the statement of financial position, as well as in covenant net financial debt as of March 31, 2018. Also, as of March 31, 2018, the maximum investment under the first (non-cancellable) tranche of the share repurchase program (€500 million) has been recognised in the statement of financial position as a reduction of equity, and the corresponding treasury shares have been included in the weighted average treasury shares shown in section 5.6.2, in the first quarter of 2018.

8 Key terms

- "CRS": refers to "Computerised Reservation System"
- "D&A": refers to "depreciation and amortization"
- "ECP": refers to "European Commercial Paper"
- "EIB": refers to "European Investment Bank"
- "EPS": refers to "Earnings Per Share"
- "FTE": refers to "Full-Time Equivalent" employee
- "IFRS": refers to "International Financial Reporting Standards"
- "JV": refers to "Joint Venture"
- "KPI": refers to "Key Performance Indicators"
- "LTM": refers to "last twelve months"
- "NDC": refers to "New Distribution Capability"
- "n.m.": refers to "not meaningful"
- "PB": refers to "passengers boarded", i.e. actual passengers boarded onto flights operated by airlines using at least our Amadeus Altéa Reservation and Inventory modules or Navitaire New Skies
- "p.p.": refers to "percentage point"
- "PPA": refers to "Purchase Price Allocation"
- "PP&E": refers to "Property, Plant and Equipment"
- "PSS": refers to "Passenger Service System"
- "R&D": refers to "Research and Development"
- "RTC": refers to "Research Tax Credit"
- "TA": refers to "travel agencies"
- "TA air bookings": air bookings processed by travel agencies using our distribution platform
- "TA air booking industry": defined as the total volume of travel agency air bookings processed by the global CRS. It excludes air bookings made directly through in-house airline systems or single country operators, the latter primarily in China, Japan and Russia, which together combined represent an important part of the industry

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