

Press release

Amadeus maintains strong financial growth in the first quarter of the year

May 5, 2017

Amadeus' performance was strong in the first three months of the year. This was supported by the timing of Easter, the consolidation of Navitaire in late January 2016 and a positive foreign exchange effect.

First quarter highlights (three months ended March 31, 2017)

- Revenue increased 11.7%, to €1,250.8 million
- EBITDA grew 12.0%, to €502.8 million
- In the Distribution segment, total travel agency air bookings rose to 154.3 million, representing growth of 9.3%
- In IT Solutions, Passengers Boarded¹ increased 24.6% to 339.6 million

May, 5: Amadeus IT Group, S.A., a leading technology partner for the global travel industry, achieved adjusted profit of €293.6 million for the first quarter of 2017, an increase of 19.6% versus the same period last year. This growth was underpinned by an increase of 11.7% in revenue, to €1,250.8 million, and 12.0% in EBITDA to €502.8 million.

Luis Maroto, President & CEO of Amadeus, commented:

"Amadeus' core businesses performed well in the first quarter of 2017".

"In our Distribution segment, revenue grew by 11.4%. This was in part due to travel agency air bookings growing consistently across all regions, contributing to an improvement in our competitive position of 0.9 percentage points, now at 43.5²%. Growth in travel agency air bookings was positively impacted by a higher number of working days in the period, mostly due to the timing of Easter. In addition, we signed or renewed content agreements with 12 airlines, including Air Berlin".

¹ Passengers boarded (PB): actual passengers boarded onto flights operated by airlines using at least Amadeus Altéa Reservation and Inventory modules or Navitaire's New Skies solution.

² Competitive position is measured as our TA air bookings in relation to the TA air booking industry, defined as the total volume of travel agency air bookings processed by the global Central Reservation System (CRS). Excludes air bookings made directly through in-house airline systems or single country operators, the latter primarily in China, Japan and Russia.

“Our IT Solutions segment grew 12.3% in revenue and 24.6% in passengers boarded. At the end of March, 192 customers had contracted either of the Amadeus Passenger Service Systems, with 178 of these customers having already implemented them. We also continued to offer airlines innovative solutions, such as the new Amadeus Altéa NDC, which gives an additional distribution option for travel retailers. This allows travellers to complete their purchase without leaving the travel retailers’ platforms, improving conversion rates. We are piloting the solution with Finnair and Skyscanner”.

“We look forward to the rest of the year with confidence. The migration of Southwest Airlines (domestic passengers) and the roll-out of the Amadeus Guest Reservation System with InterContinental Hotels Group will be among the key business milestones in the coming months”.

Financial highlights for the first quarter

In June 2017, the Board of directors will submit a final gross dividend for approval to the General Shareholders Meeting of €0.94 per share, representing a 21.3% increase vs. prior year. An interim dividend of €0.40 per share (gross) was paid on February 1, 2017.

Business highlights for the first quarter

Distribution

- Revenue increased to €837.4 million, 11.4% more than in the same period last year
- Travel agency air bookings grew 9.3% to 154.3 million – outperforming GDS industry growth of 6.7%

During the first quarter, travel agency air bookings grew across all regions, which allowed us to improve our travel agency air competitive position by 0.9 percentage points to 43.5%. Latin America, Asia & Pacific and North America registered the strongest growth, of 19.9%, 11.7% and 12.0% respectively. Travel agency air bookings were positively impacted by a higher number of working days in the period, mostly due to the timing of Easter (which in 2017 happened in April and in 2016 took place in March) as well as additional effects, which more than offset the leap year effect from last year (creating a higher base of comparison in 2016).

Amadeus TA Air Bookings (figures in million)					
	<i>Jan-Mar</i>	<i>% of</i>	<i>Jan-Mar</i>	<i>% of</i>	<i>%</i>
	<i>2017</i>	<i>Total</i>	<i>2016</i>	<i>Total</i>	<i>Change</i>
Western Europe	60.3	39.1%	56.3	39.9%	7.0%
Asia & Pacific	28.0	18.1%	25.1	17.8%	11.7%
North America	27.0	17.5%	24.1	17.1%	12.0%
Middle East and Africa	18.0	11.7%	16.7	11.8%	7.8%
Central, Eastern and Southern Europe	11.6	7.5%	11.1	7.9%	4.4%
Latin America	9.4	6.1%	7.8	5.5%	19.9%
Total TA Air Bookings	154.3	100.0%	141.2	100.0%	9.3%

Over 70% of airline bookings processed through the Amadeus system in the first quarter were with airlines that had content agreements with Amadeus. We signed 12 new contracts or renewals of content agreements, including Air Berlin.

Our positive growth trend in the low cost carrier (LCC) segment continued. Subscribers to Amadeus' inventory can now access over 90 LCC and hybrid carriers' content worldwide. Thai Lion Air signed a distribution agreement in February to boost its international expansion. This is the second carrier under Indonesia's Lion Air Group to distribute its content through Amadeus after Malindo Air. Bookings from LCC and hybrid carriers grew 12%.

At the close of March, 127 airlines had signed-up to Amadeus Airline Ancillary Services, which allows them to offer ancillary services in the indirect channel. Out of those who have signed up, 95 have implemented the solution, including Air Canada.

In addition, Emirates signed-up for and implemented ancillary services. As a result, travel agents connected to Amadeus can select Emirates seats at the time of purchase thanks to Emirates advanced seat reservation. The airline also contracted and implemented Amadeus Fare Families solution to distribute its branded fares in the indirect channel. At the end of the quarter, 53 airlines had contracted Amadeus Fare Families and 36 had implemented it.

IT Solutions

- Revenue grew 12.3% to €413.5 million
- Amadeus passengers boarded increased 24.6%, to a total of 339.6 million

Airline IT

During the first three months of the year, the number of passengers boarded was 24.6% higher than in the same period of 2016. The consolidation of Navitaire New Skies had a positive impact, whilst a leap year effect (creating a higher base of comparison in 2016) and the timing of Easter impacted negatively. Additionally, growth in passengers boarded was fuelled by the impact from the 2016 implementations (including Swiss International Air Lines, Brussels Airlines, China Airlines and Ukraine International Airlines on Altéa and Viva Group on New Skies) and organic growth of 6.9%.

	Total Passengers Boarded (figures in million)				
	<i>Jan-Mar 2017</i>	<i>% of Total</i>	<i>Jan-Mar 2016</i>	<i>% of Total</i>	<i>% Change</i>
Western Europe	122.3	36.0%	101.7	37.3%	20.2%
Asia & Pacific	116.5	34.3%	90.0	33.0%	29.4%
Latin America	36.7	10.8%	29.7	10.9%	23.7%
Middle East and Africa	29.5	8.7%	27.7	10.2%	6.5%
North America	17.6	5.2%	11.7	4.3%	50.8%
Central, Eastern and Southern Europe	17.1	5.0%	11.8	4.3%	45.1%
Total Passengers Boarded¹	339.6	100.0%	272.5	100.0%	24.6%

1. Navitaire New Skies Passengers Boarded for the first half of 2016 were restated retroactively in our September YTD 2016 results, adding 3 million Passengers Boarded in Q1 2016 (no impact on revenue).

At the close of the first quarter of 2017, 192³ customers had contracted either of the Amadeus Passenger Service Systems (Altéa or New Skies) and 178 had implemented them.

Boliviana de Aviación signed for Altéa Reservation and Inventory solutions, as well as Departure Control System. Island Air, Hawaii's leading regional carrier, contracted the full portfolio of Altéa IT solutions (including e-commerce, reservation, inventory and departure control systems, as well as revenue integrity, loyalty and travel intelligence functionality).

Existing Altéa customers continued to show their confidence in the Amadeus airline IT portfolio. For example, Singapore Airlines implemented Altéa Revenue Management solutions during the first quarter. The airline contracted this solution in April 2016 along with Amadeus Dynamic Pricing and Amadeus Altéa Group Manager solutions.

Swiss International Air Lines, launch partner of Amadeus Passenger Recovery, started using the new solution in March. The solution helps the airline re-accommodate disrupted passengers from multiple flights through a standard service approach. This takes into account the value of the passengers' complete itinerary, available alternative flights, and the cost versus the quality of new itinerary.

Amadeus continued to offer airlines innovative solutions to broaden their distribution channels and provide travellers with a faster and simpler booking experience. That is the goal of the new Amadeus Altéa NDC (New Distribution Capability) that we launched in March with Finnair. This new NDC API (Application Programming Interface) offers an additional distribution option for travel retailers to integrate Finnair's flights, seats and ancillaries. Finnair is piloting the solution with Skyscanner, one of the world's leading metasearch sites.

Air Canada unveiled in March its new aircanada.com featuring a new, responsive design, improved booking flow and enhanced search options for travellers. Powered by Amadeus' technology, the website will offer Air Canada's customers a new booking and shopping experience, while opening up new selling opportunities for the airline.

New Businesses

Payments

TUI fly signed a strategic partnership with Amadeus to adopt the Amadeus Premium Authorisation and the Amadeus Card Capture solutions to improve its payment processes for indirect sales. Both Amadeus' solutions will offer TUI fly's bank with more visibility on card payments which are being processed, providing the airline with a better control of card acceptance rates, which in turn aims to increase sales and lower transaction costs.

³ Having aligned accounting methods internally between Altéa and Navitaire New Skies, the number of Navitaire customers in Q1 has been restated upwards by 13 relative to the prior methodology.

Rail

Amadeus unveiled a new business model for railways in March, which will enable railways to reach new travellers in new markets. This merchant model provides travel agencies worldwide with one link to sell multiple railways; with just one interface and one sales system, the model makes it much easier for travel agencies to sell rail products. The new model currently includes the full offers of DB (German), RENFE (Spanish), SNCF (French, available in Central, Eastern and Southern Europe only), Trenitalia (Italian) and selected eastern European rail operators.

Airport IT

Amadeus' expansion of its Airport IT business in the Asia Pacific region continued during the first quarter of 2017. Adelaide Airport announced in March that it will implement Australasia's first fully automated and cloud based airport management system. The airport will implement three Amadeus Airport Solutions: Airport Operational Database, Airport Fixed Resource Management Solution and Flight Information Display System.

Travel Intelligence

Amadeus launched Productivity Tracker, the latest solution in the Amadeus Agency Insight Suite, globally in March. This new solution uses data analytics to identify areas for operational improvement and empower agencies of all sizes to make more effective decisions. Agencies can, for example, detect process inefficiencies and take corrective action. VCK Travel, based in the Netherlands, is one of the travel agencies already using the solution to enhance its productivity.

Summary of operating and financial information

	<i>Summary of KPI (figures in million euros)</i>		
	<i>Jan-Mar 2017</i>	<i>Jan-Mar 2016</i>	<i>% Change</i>
Operating KPI			
TA Air competitive position ¹	43.5%	42.6%	0.9 p.p.
TA Air bookings (m)	154.3	141.2	9.3%
Non air bookings (m)	17.0	15.8	7.4%
Total bookings (m)	171.3	157.0	9.1%
Passengers Boarded (m)²	339.6	272.5	24.6%
Financial results			
Distribution Revenue	837.4	751.7	11.4%
IT Solutions Revenue	413.5	368.3	12.3%
Revenue	1,250.8	1,120.0	11.7%
EBITDA	502.8	448.8	12.0%
EBITDA margin (%)	40.2%	40.1%	0.1 p.p.
Adjusted profit³	293.6	245.6	19.6%
Adjusted EPS (euros)⁴	0.67	0.56	19.3%
Cash flow			
Capital expenditure	155.1	142.3	9.0%
Free cash-flow ⁵	285.5	264.5	7.9%
	<i>31/03/2017</i>	<i>31/12/2016</i>	<i>% Change</i>
Indebtedness⁶			
Covenant Net Financial Debt	1,926.5	1,957.5	(1.6%)
Covenant Net Financial Debt / LTM Covenant EBITDA	1.10x	1.14x	

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2. Navitaire New Skies Passengers Boarded for the first half of 2016 were restated retroactively in our September YTD 2016 results, adding 3 million Passengers Boarded in Q1 2016 (no impact on revenue).
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.

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 15,200 people worldwide, across central sites in Madrid (corporate headquarters), Nice (development) and Erding (operations), as well as over 70 local Amadeus Commercial Organisations globally and has a presence in more than 190 countries.

This year marks 30 years since Amadeus was founded. Throughout 2017, the company will be celebrating 30 years of collaboration with customers, 30 years of technological innovation and 30 years of helping power better journeys for travellers all over the world. 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, and www.amadeus.com/blog for more on the travel industry.

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