

Q3 2021 financial results

Highlights

Amadeus reports first quarterly profit since the pandemic as travel volumes continue to improve

Highlights for the three months ended September 30, 2021

- Adjusted profit¹ reached €23.8 million, a 92.6% contraction versus the same period of 2019. This represents a 14.5 percentage points (p.p.) increase versus the growth rate in the second quarter.
- Free Cash Flow² amounted to €83.6 million, or €103.5 million excluding cost saving program implementation costs paid (€56.5 million in the nine-month period, excluding implementation costs paid).
- Net financial debt³ was €3,173.9 million at September 30, 2021.

Relative to the same period of 2019:

- In Air Distribution, our travel agency air bookings decreased by 58.5%, a 9.1 p.p. improvement over the second quarter's performance.
- In Air IT Solutions, our passengers boarded (PB) declined by 50.7%, a 17.0 p.p. enhancement over the growth rate in the previous quarter.
- Revenue contracted by 47.3%, to €739.1 million, advancing 8.8 p.p. from the performance in the second quarter.
- EBITDA⁴ decreased by 63.5%, an 11.8 p.p. improvement from the second quarter's performance.

Luis Maroto, President & CEO of Amadeus, commented:

“During the third quarter, we continued to see progress in volume performance, with positive trends in both air bookings and passengers boarded, across all regions. This also extends to our Hospitality segment, with performance improvements across our entire portfolio, and more notably in revenue lines driven by transactions, such as reservations, bookings and media clicks.

“As a result, we saw our first quarterly profit since the pandemic started, of €23.8 million¹. Our free cash flow also turned positive, with an inflow in the quarter of €83.6 million.

“Looking at the rest of the year, we are confident that our commercial momentum, along with the upward trend in travel volumes, will allow us to maintain this positive progression towards recovery”.

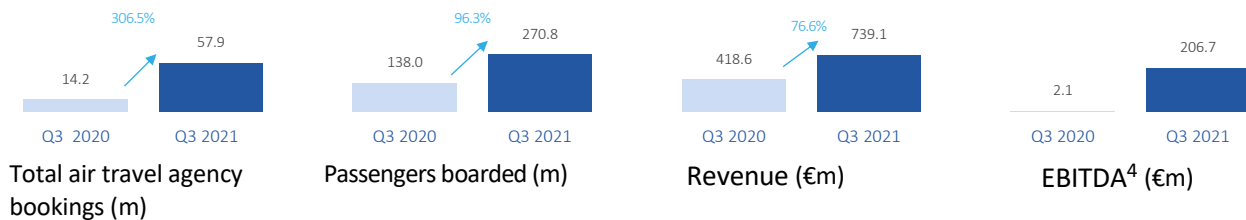
¹ Excluding after-tax impact of the following items: (i) accounting effects derived from PPA exercises and impairment losses, (ii) non-operating exchange gains (losses), (iii) costs related to the implementation of the cost saving programs and (iv) other non-operating, non-recurring effects.

² Defined as EBITDA, minus capex, plus changes in our operating working capital, minus taxes paid, minus interests and financial fees paid.

³ Based on our credit facility agreements' definition.

⁴ Adjusted to exclude costs incurred in the third quarter of 2021, related to the implementation of the cost saving program announced in 2020. These costs relate mostly to severance payments and amounted to €3.4 million in the third quarter of 2021 (€2.5 million post tax).

Q3 operating and financial highlights (three months ended September 30, 2021)



Business evolution in the quarter

Air Distribution

In the third quarter of 2021, Amadeus travel agency air bookings declined by 58.5% compared to the same period in 2019, an improvement over the 67.6% air booking reduction we reported in the second quarter. Air booking performance improved across all regions, relative to the second quarter of 2021 (versus 2019). The regions that reported the largest growth were North America; Middle East and Africa; and Western Europe.

Looking at the first nine months of 2021, Amadeus' travel agency air bookings decreased by 69.0% compared to the same period of 2019.

	Jan-Mar 2021 vs. 2019	Apr-Jun 2021 vs. 2019	Jul-Sep 2021 vs. 2019
Amadeus TA air bookings			
Western Europe	(89.3%)	(76.6%)	(66.4%)
North America	(67.9%)	(48.9%)	(33.2%)
Middle East and Africa	(67.4%)	(61.0%)	(50.0%)
CESE ¹	(67.6%)	(55.5%)	(50.7%)
Asia-Pacific	(88.6%)	(86.8%)	(84.7%)
Latin America	(70.5%)	(61.4%)	(51.8%)
Amadeus TA air bookings	(79.2%)	(67.6%)	(58.5%)

¹ Central, Eastern and Southern Europe.

In the third quarter of 2021, Air Distribution revenue amounted to €300.4 million, which represents a drop of 57.7% from the same period of 2019, a notable improvement from the performance of the prior quarter. Despite the negative effect from a higher weight of local bookings versus 2019 (as domestic air traffic is recovering faster than international air traffic), the air distribution revenue per booking increased relative to the third quarter of 2019. This was because several revenue lines (such as those from IT solutions provided to

travel sellers and corporations) registered softer contraction rates than the travel agency air bookings decline.

During the third quarter of 2021, we signed 14 new contracts or renewals of distribution agreements with airlines, including JetBlue, Eva Air and UNI Airways, amounting to 51 signatures so far this year.

In September, as part of a broader IT deal with Etihad Airways, the carrier agreed to make its full range of NDC offers available to Amadeus travel sellers. In October, we announced the signature of an NDC agreement with Cathay Pacific, which will also make its full range of NDC offers available to travel sellers through the Amadeus Travel Platform starting in first quarter of 2022 in several markets.

Amadeus today has 17 airlines signed for the distribution of their NDC content through the Amadeus Travel Platform, of which 5 have been implemented, Qantas being the most recent.

Our customer base for Amadeus merchandizing solutions for the travel agency channel continued to expand. At the close of September, 177 airlines had signed up for Amadeus Airline Ancillary Services and 123 airlines had contracted Amadeus Airline Fare Families.

In addition, KAYAK and Amadeus have renewed and expanded their IT agreement, continuing the companies' long-standing partnership and expanding KAYAK's use of the Amadeus MetaConnect suite. Offering a suite of travel solutions that delivers instant search results, Amadeus flight search technology will continue to power KAYAK's ability to process billions of queries across its platforms. With Amadeus MetaConnect, KAYAK can also create a streamlined search and assisted-booking flow for a top-quality user experience with higher conversion rates.

In September, CWT integrated Amadeus Selling Platform Connect into its European servicing hubs. This integration enables CWT travel counselors to service travelers around the clock using any web-connected device. Following the initial European integration, CWT will expand integration of Amadeus Selling Platform Connect to additional geographical hubs.

Air IT Solutions

In the third quarter of 2021, Air IT Solutions revenue contracted by 39.4% compared to the same period of 2019, an enhancement over prior quarters. The revenue contraction was caused by reduced airline passengers boarded volumes because of the COVID-19 pandemic, coupled with decreases (albeit at softer rates) in several revenue lines that are not directly linked to PB evolution (such as services and airport IT).

In the first nine months of 2021, Air IT Solutions revenue decreased by 44.6% versus the same period of 2019.

Airline IT

In the third quarter of 2021, Amadeus passengers boarded contracted by 50.7% versus the third quarter of 2019, representing a considerable enhancement over the -67.7% drop reported in the second quarter of 2021.

In the third quarter, all regions except Asia-Pacific reported large improvements in passengers boarded performance relative to the second quarter (in both cases, when comparing to 2019 volumes). Western Europe accelerated its growth rate significantly, with PB contracting by 49.6% in the third quarter, compared to -81.5% in the second quarter. Also, CESE reported a notable enhancement in its performance versus the second quarter, from -48.6% in the second quarter to -22.7% in the third quarter. In terms of PB performance, North America continued to be the leading region, with Amadeus volumes contracting by 6.2% in the third quarter vs. 2019.

Amadeus' first nine months passengers boarded decreased by 62.4% versus the same period of 2019.

Passengers Boarded	Jan-Mar 2021 vs. 2019	Apr-Jun 2021 vs. 2019	Jul-Sep 2021 vs. 2019
North America	(46.0%)	(19.8%)	(6.2%)
Asia-Pacific	(74.4%)	(81.0%)	(80.4%)
Western Europe	(88.0%)	(81.5%)	(49.6%)
Latin America	(47.8%)	(47.2%)	(37.1%)
CESE ¹	(55.3%)	(48.6%)	(22.7%)
Middle East and Africa	(67.3%)	(67.5%)	(52.2%)
Amadeus PB	(70.8%)	(67.7%)	(50.7%)

¹ Central, Eastern and Southern Europe.

As of September 30, 2021, 208 customers had contracted one of Amadeus' Passenger Service Systems (Altéa or New Skies) and 199 customers had implemented the solutions.

Among them was Etihad Airways, which in September signed a landmark multi-year agreement to embark on a major digital transformation. As part of the deal, Etihad Airways will implement the full Amadeus Altéa PSS suite, in addition to web booking, revenue management capabilities and merchandizing, data management and passenger servicing solutions, as well as the Amadeus Digital Experience suite. Etihad has also contracted for Amadeus Altéa NDC.

At the end of September, Uzbekistan Airways contracted for the full Suite of Altéa PSS and some additional solutions.

In November, Ultra Air, a new Colombian ultra-low-cost carrier, contracted New Skies for its reservation and retailing platforms, along with its integrated day-of-departure, Digital Experience Suite, NDC Gateway, Ancillary Revenue

Optimization, revenue accounting and loyalty solutions. Ultra Air will launch with a fleet of A320 jets from hubs in Medellín, Bogotá, Cartagena, and Cali and aims to grow to 40 aircraft over the next five years.

Our upselling efforts continued during the quarter. Saudia contracted for Passenger Recovery, while Air Algerie signed up for several solutions from our Airline IT portfolio including Traveler-DNA (formerly Customer Experience Management), Amadeus Anytime Merchandizing, the new Amadeus Mobile Application Premium and Amadeus Instant Search. Also, the airline contracted for Amadeus Altéa NDC to distribute their NDC content.

Azerbaijan Airlines adopted Amadeus Segment Revenue Management as part of its strategic technology partnership with Amadeus, to assess and maximize revenue opportunities across its entire route network.

Airport IT

We also made important progress on our Airport IT customer portfolio. Sofia Airport (Bulgaria) and Prague Airport (Czech Republic) both contracted Altéa Departure Control for Ground Handlers during the quarter. We strengthened our partnership with OACIS ME, the off-airport baggage transfer and check-in provider, which will expand its contract for ACUS MOBILE for the Middle East.

We signed a deal with Sylt airlines club to provide ACUS at the Sylt Island's airport in Germany. This is the first club contract signed, meaning the contract is signed with the operating airlines in the airport instead of with the airport, allowing for more servicing flexibility. The initial airlines using ACUS will be Lufthansa, Swiss International Air Lines and Eurowings.

We continued to expand our customer footprint in the United States. During the quarter, Memphis International Airport (Tennessee) signed up for Airport Operational Data Base, Resource Management System and PropWorks. Missoula Montana Airport (Montana), contracted ACUS, while Louis Armstrong Airport (New Orleans), and Sacramento International Airport (California) signed up for Amadeus Biometric Exit.

Hospitality & Other solutions

In the third quarter of 2021, Hospitality and Other Solutions revenue contracted by 30.2% versus the same period of 2019, impacted by the effects of the COVID-19 pandemic. Within the Hospitality and Other Solutions segment, Hospitality, the largest revenue contributor, continued to outperform Payments, supported by Hospitality's greater weight of non-transactional revenues. Payments is largely composed of transactional revenues and remains more impacted by the pandemic effects.

In the third quarter of 2021, the best performing sub-segment within Hospitality, in terms of growth versus 2019, was Business Intelligence (supported by a high weight of non-transactional revenues), followed by Hospitality IT (which has a

mix of transactional and non-transactional revenues and saw an improving quarter-on-quarter performance in CRS transactions). Finally, Media and Distribution, whose revenues are highly transactional, saw the largest quarter-on-quarter improvement in growth within Hospitality compared to 2019, supported by a notable increase in clicks and bookings performance.

In the nine-month period of 2021, Hospitality and Other Solutions revenue decreased by 36.1% versus the same period of 2019.

Hospitality

We continued to expand our portfolio of customers for our Hospitality solutions. In August, we announced that Shanghai-based CTrip Corporate Travel of the Trip.com Group renewed a multi-year strategic partnership with Amadeus to gain access to extensive hospitality content.

In August, we expanded our partnership with Cvent to further support and expand Cvent's small meetings solutions. The agreement allows hotels using Amadeus Sales & Event Management to expose their function space to Cvent planners, enabling them to seamlessly book any available inventory, at any time, without requiring the traditional RFP process.

We partnered with ReactMobile to aid hoteliers to adopt and implement employee safety devices. The integration between ReactMobile's employee safety devices and Amadeus' HotSOS Housekeeping help improve employee safety to create a better work environment.

The Leading Hotels of the World has selected Amadeus as its provider of business intelligence. With the implementation of Amadeus' Agency360, the global collection of 400 independent luxury hotels will gain the industry's most comprehensive market data to enable strategic growth.

Payments

In August, Philippine Airlines became the first carrier to deploy multi-currency pricing through Amadeus' innovative FX Box platform. Thanks to this new solution, when international passengers shop on the airline's website they can choose to have the offer presented in their preferred currency, making the shopping experience easier, clearer, and more compelling.

Corporate update: change in General Counsel and Secretary of the Board

After more than 30 years with Amadeus, Mr. Tomas Lopez Fernebrand, Senior Vice-President, General Counsel and Secretary of the Board of Directors, has communicated his decision to leave the Company at the end of this fiscal year 2021. Following an agreed succession plan and transition process with the Company, his role as General Counsel will be assumed on January 1, 2022 by Mr. Jackson Pek, currently Associate General Counsel within his team, who will join the Executive Management Committee.

The Board of Directors will take a decision regarding the role of Secretary of the Board before the end of the year. The Company thanks Mr. Lopez Fernebrand for his dedication, support and contribution to the development of the Group throughout all these years.

Liquidity enhancement and plans to strengthen Amadeus for the future

We remain focused on protecting our business and preparing it for the future. As of September 30, 2021, liquidity⁵ available to Amadeus amounted to circa €2.7 billion, supported by cash⁵ (€801.6 million), short term investments⁵ (€901.3 million) and an undrawn revolving credit facility (€1,000 million).

Regarding cost optimization, in the first nine months of the year, our P&L fixed costs (excluding cost saving program implementation costs and bad debt) were €102.2 million below the P&L fixed costs we had in the first nine months of 2020. Capitalized expenditure, also part of our cost optimization, declined by €83.3 million in the first nine months of the year compared to 2020 (excluding cost saving program implementation costs). In aggregate, the total fixed cost reduction achieved relative to 2020, including both P&L fixed costs and capitalized expenditure, amounts to €185.6 million so far in 2021.

⁵ Liquidity available is defined as (i) cash and cash equivalents, net of overdraft bank accounts, (ii) short term investments considered cash equivalent assets under our credit facility agreements' definition, net of associated unrealized hedging results, and (iii) undrawn revolving credit facilities at the Company's disposal.

Summary of operating and financial information

Summary of KPI (€millions)	Jul-Sep 2021	Jul-Sep 2020	Change vs. Q3'20	Change vs. Q3'19
Operating KPI				
TA air bookings (m)	57.9	14.2	306.5%	(58.5%)
Passengers boarded (m)	270.8	138.0	96.3%	(50.7%)
Financial results¹				
Air Distribution revenue	300.4	95.9	213.1%	(57.7%)
Air IT Solutions revenue	294.6	200.5	46.9%	(39.4%)
Hospitality & Other Solutions revenue	144.2	122.1	18.0%	(30.2%)
Revenue	739.1	418.6	76.6%	(47.3%)
EBITDA	206.7	2.1	n.m.	(63.5%)
Profit (Loss) for the period	9.0	(159.5)	(105.6%)	(96.9%)
Adjusted profit (loss) ²	23.8	(125.0)	(119.0%)	(92.6%)
Adjusted EPS (euros) ³	0.05	(0.28)	(119.0%)	(93.0%)
Cash flow				
Capital expenditure	98.8	121.4	(18.6%)	(43.3%)
Free cash flow ⁴	83.6	(156.0)	(153.6%)	(77.2%)
Indebtedness⁵				
	Sep 30, 2021	Dec 31, 2020	Change	
Net financial debt	3,173.9	3,073.9	100.0	

¹ 2021 and 2020 figures have been adjusted to exclude costs, amounting to €3.4 million (€2.5 million post tax) in the third quarter of 2021, and €75.8 million (€54.5 million post tax) in the third quarter of 2020, related to the implementation of the cost saving program announced in 2020.

² 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-operating, non-recurring effects.

³ EPS corresponding to the Adjusted profit attributable to the parent company.

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 our credit facility agreements' definition.

Notes to editors:

Travel powers progress. Amadeus powers travel. Amadeus' solutions connect travelers to the journeys they want through travel agents, search engines, tour operators, airlines, airports, hotels, cars and railways.

We have developed our technology in partnership with the travel industry for over 30 years. We combine a deep understanding of how people travel with the ability to design and deliver the most complex, trusted, critical systems our customers need. We help connect over 1.6 billion people a year to local travel providers in over 190 countries.

We are one company, with a global mindset and a local presence wherever our customers need us.

Our purpose is to shape the future of travel. We are passionate in our pursuit of better technology that makes better journeys.

Amadeus is an IBEX 35 company, listed on the Spanish Stock Exchange under AMS.MC. The company has been recognized by the Dow Jones Sustainability Index for the last eight years.

To find out more about Amadeus, visit www.amadeus.com.

Follow us on: 

Contact details

Alba Redondo, Amadeus, Corporate Communications

T: +34 686747619

E: alba.redondo@amadeus.com