

Q3 2020 financial results

Highlights

Amadeus' performance improves slightly in the third quarter thanks to domestic travel

First nine months of the year highlights (nine months ended September 30, 2020)

- Revenue contracted by 59.8%, to €1,699.8 million
- EBITDA¹ decreased by 88.8%, to €196.2 million
- Adjusted profit² declined by 121.7%, to a loss of €214.2 million
- In Distribution, our travel agency bookings fell by 82.1%, to 80.1 million
- In IT Solutions, our passengers boarded contracted by 63.0%, to 553.2 million
- Free Cash Flow³ reduced by 140.6%, to a cash outflow of €328.3 million
- Revenue, EBITDA and Adjusted profit *underlying performance*⁴ (excluding cancellation and bad debt COVID-19 effects, cost reduction plan implementation costs and upfront financing fees related to new financings in 2020) were -50.2%, -72.1% and -99.5%, respectively.

Luis Maroto, President & CEO of Amadeus, commented:

“Travel remained depressed in the third quarter due to the COVID-19 pandemic, although we saw a slight improvement in global air traffic across regions thanks to movement restrictions being lifted in parts of the world. This traffic improvement was driven by domestic air travel. As a consequence, our air travel agency bookings remained positive during the quarter, as gross bookings outweighed cancellations. As for our Hospitality transactions, they continued to outperform air volumes.

“Despite this challenging background, our commercial efforts have secured us valuable deals during the quarter, with new contracts or renewals of distribution agreements with airlines, upselling activity with carriers and airports, and new customers in Hospitality.

“Looking ahead to the rest of the year and the winter, the situation remains highly uncertain due to the second wave of the pandemic. We continue to execute well on our cost efficiency program and as of September 30, we had

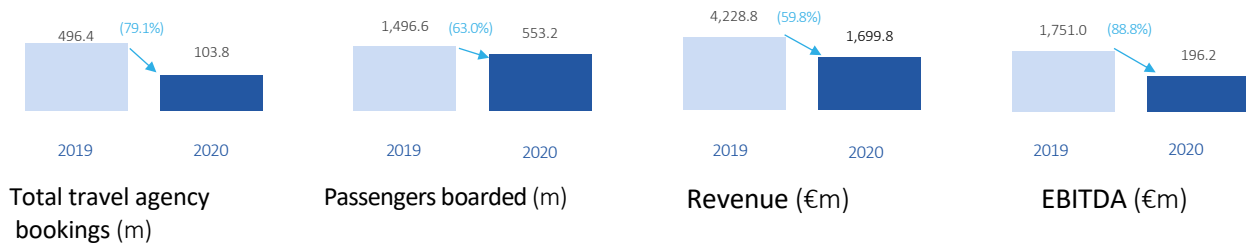
¹ Adjusted to exclude implementation costs which refer to costs associated with implementing the cost saving programs announced in the second quarter of 2020. These costs relate mostly to severance payments and amounted to €75.8 million in the third quarter of 2020.

² Excluding after-tax impact of the following items: (i) accounting effects derived from PPA exercises and impairment losses, and (ii) non-operating exchange gains (losses).
³ Defined as EBITDA, minus capex, plus changes in our operating working capital, minus taxes paid, minus interests and financial fees paid.

⁴ Adjusted to exclude cancellation and bad debt effects associated with the COVID-19 pandemic, costs related to the implementation of the cost savings programs and upfront financing fees in relation to the bridge to bond facility signed in March 2020, and the convertible bond issued in April 2020. Adjusted profit based on the definition provided in footnote 2 above.

over €4billion available in liquidity, which should help us navigate this crisis and adapt our business to the present reality of the sector.”

Operating and financial highlights (nine months ended September 30, 2020)



Business evolution in the quarter

Distribution

In the third quarter of 2020, Distribution revenue declined by 85.3% due to a decrease in Amadeus travel agency air bookings and higher than usual booking cancellations, and to a lesser extent a lower air booking revenue per booking. This revenue decline represents an improvement from the 102.0% drop we reported in the second quarter. This slightly better performance was supported by better gross travel agency air booking growth rates, and a softening in the ratio of cancellations over gross bookings. In the nine-month period, Distribution revenue declined by 76.9% compared to the same period of 2019.

Excluding the impact from the higher than usual booking cancellations, as well as related movements in the cancellation provision, the underlying Distribution revenue declined by 75.0% in the third quarter, and by 59.9% in the first nine months of 2020, when compared to 2019.

In the third quarter of 2020, Amadeus travel agency air bookings contracted by 89.8%, a minor recovery from the 113.2% air booking decline we saw in the second quarter. After reaching a low in April and May, with cancellations exceeding gross bookings, volumes turned positive from mid-June and improved sequentially during the third quarter, on the back of enhanced gross booking growth rates and a slowdown in the level of cancellations. These improvements were seen across regions. The best performing regions for Amadeus in the third quarter were Central, Eastern and Southern Europe, mainly driven by Russia (IATA reported positive growth in domestic air in Russia in August), and North America, supported as well by the performance in domestic traffic over the period in the United States.

In the first nine months of 2020, Amadeus travel agency air bookings fell by 82.1%.

Amadeus TA air bookings

	Change Apr-Jun 2020	Change Jul-Sep 2020	Change Jan-Sep 2020
● Western Europe	(118.1%)	(95.3%)	(84.0%)
● North America	(115.0%)	(83.4%)	(79.3%)
● Middle East & Africa	(106.6%)	(84.5%)	(76.7%)
● Central, Eastern & Southern Europe	(106.0%)	(78.0%)	(73.2%)
● Asia Pacific	(110.5%)	(96.7%)	(90.8%)
● Latin America	(112.8%)	(89.9%)	(79.7%)
Total TA air bookings	(113.2%)	(89.8%)	(82.1%)

As in the second quarter, we have adapted our commercial efforts to face this challenging situation with the COVID-19 pandemic. During the third quarter of 2020, we signed 24 new contracts or renewals of distribution agreements with airlines, amounting to a total of 56 in the first nine months of the year.

Since October, and following our agreement with Southwest Airlines, the airline's complete offer for business travel is available through the Amadeus Travel Platform. Corporate travel buyers, travel management companies and business travel decision-makers are now able to easily book and service reservations on the world's largest distribution system.

We continued to make progress with our NDC program. In September, we announced a strategic and innovative NDC distribution agreement with Air France-KLM Group. The agreement establishes that Air France-KLM NDC offers will be made available for travel agents through the Amadeus Travel Platform.

Our customer base for Amadeus merchandizing solutions for the travel agency channel continued to expand. During the third quarter, one airline signed Amadeus Fare Families and four airlines implemented it, while three airlines contracted Amadeus Ancillary Services for the indirect channel and four airlines implemented it. At the close of September, 111 airlines had signed up for Amadeus Fare Families, and 168 airlines had contracted Amadeus Ancillary Services.

We also continued to expand our content offer beyond air. In October, we extended our partnership with Deutsche Bahn to enable travelers to book their journeys across multiple countries and operators including offers from different distribution systems and inventories directly at the train station.

During the same month, we launched the Amadeus Cruise Portal. Using this tool, agents will have access to content from more than 30 cruise lines, almost double that which was previously offered. They can upsell pre-and post-cruise content such as air, hotel, transfers or insurance and easily offer cruise upgrades and amenities to boost revenues and efficiencies. This global solution is available now in the United States and Canada, and it will be then rolled out to other markets.

IT Solutions

In the third quarter of 2020, IT Solutions revenue decreased by 52.4% compared to the same period of 2019, resulting in a contraction of 37.5% for the first nine months of the year. This revenue decline was mainly driven by the low airline passenger boarded volumes, coupled with a contraction in revenue from our new businesses, albeit at a lesser rate than airline passenger boarded volume, partly due to subscription or license-based revenues (which are less impacted by the COVID-19 disruption) but also due to the positive effect from new customer implementations across our new businesses.

IT Solutions – Airline IT

In the third quarter of 2020, Amadeus passengers boarded decreased by 74.9%, impacted by the COVID-19 pandemic. Organic passenger boarded growth rates improved slightly across the quarter, declining by 75.0% compared to -93.9% in the second quarter. Contractions continued across regions, with Central, Eastern and Southern Europe and North America as the best performing regions, both supported by improvements in domestic traffic growth rates.

Amadeus passenger boarded volumes in the third quarter included customers implemented in 2019, such as Philippine Airlines, Bangkok Airways, Air Canada, Air Europa and FlyOne, and in 2020, such as Azerbaijan Airlines, Mauritania Airlines, STARLUX Airlines, Air Tahiti, JSX and TAAG Angola. These customer implementations, pre-COVID-19, would have added approximately 114 million passengers boarded annually. On the other hand, our volumes were also impacted by airline customers ceasing or suspending operations in 2019, such as Germania and bmi Regional, Avianca Brasil, Avianca Argentina, and Thomas Cook UK, Aigle Azur, Adria Airways and XL Airways France, and in 2020, such as Flybe and Tiger Airways Australia. These customers, pre-COVID-19, accounted for approximately 46 million passengers boarded annually.

In the first nine months of 2020, Amadeus passengers boarded contracted by 63.0%.

Total passengers boarded

	Change Apr-Jun 2020	Change July-Sep 2020	Change Jan-Sep 2020
● Asia Pacific	(94.0%)	(83.3%)	(65.9%)
● Western Europe	(97.2%)	(75.7%)	(68.1%)
● North America	(85.8%)	(58.9%)	(47.4%)
● Middle East & Africa	(96.0%)	(85.0%)	(65.8%)
● Latin America	(93.1%)	(77.2%)	(60.5%)
● Central, Eastern & Southern	(90.9%)	(53.1%)	(54.2%)
Total passengers boarded	(93.9%)	(74.9%)	(63.0%)

At the close of September, 209 customers had contracted either of the Amadeus Passenger Service Systems (Altéa or New Skies) and 199 customers had implemented either of them.

As for the commercial activity in this segment, we continued making progress and signing up new customers, as well as reinforcing our relationships with existing ones.

Mauritania Airlines, an Altéa Inventory customer, contracted and implemented Altéa DCS Flight Management. In August, we signed an agreement with Turkish Airlines to improve their digital shopping experience. The airline, an Amadeus Flex Pricer customer, has signed for additional shopping solutions from Amadeus' Offer Suite, including Amadeus Massive and Instant Search and Amadeus Ticket Changer Reissue, Shopper and Refund. The Turkish flag carrier will be able to deliver personalized offers to travellers across all platforms and devices. These solutions will also pave the way for Turkish Airlines to be able to integrate content via NDC into the airline's existing infrastructure, allowing the airline to distribute content via NDC in the near future.

Also, Azores Airlines contracted Altéa NDC, our IATA-certified Level 4 solution that allows the airline to distribute advanced merchandizing offers. The airline also signed up for the Amadeus Payments Platform and Amadeus Metaconnect solutions.

Alaska Airlines became the first airline in the world to implement Amadeus Revenue Management as a non-Altéa passenger service system carrier. Amadeus Revenue Management will allow Alaska Airlines to optimize business processes and better understand customer behavior, improving revenue performance. Additionally, Alaska Airlines is among the first airlines in the world to benefit from a new revenue forecast model created by Amadeus - Active Forecast Adjustment (AFA). The model helps airlines adapt their revenue management systems to fluctuating air travel demand as it adjusts forecasts across all departure dates based on the latest live sales data.

Hospitality

In Hospitality we successfully achieved a number of agreements during the third quarter, including one with Sunway Hotels & Resorts, one of Asia's most prominent international hotel groups, for Amadeus' iHotelier Central Reservation System, Guest Management Solutions and Website Management Solutions. This partnership will enable Sunway to streamline reservations and loyalty programs across its 11 independent properties in Malaysia, Cambodia, and Vietnam.

We also expanded our strategic partnership with Accor hoteliers to include the use of Demand360. The solution provides the most comprehensive, forward-looking market data in the hospitality industry. With this new agreement, Accor will recommend Demand360 for use in its properties and work with Amadeus

to increase adoption across the organization's brand portfolio, which includes more than 5,000 hotels and 39 brands across 110 countries.

In October, we announced the renewal and expansion of our business intelligence partnership with Hilton. The hotel chain will continue to recommend Amadeus Demand360, Rate360 and Agency360 to its properties. Also, as part of the new deal, Demand360 will be the exclusive provider of forward-looking data integrated into the Hilton Revenue Management System (GRO). The result seen by the properties that have recently completed the pilot of this integration is refined decision making, enabling revenue improvement. Finally, the hotel chain will also encourage hotels in their portfolio to use Amadeus GDS Advertising services to attract high value GDS bookings and target travel agents in any of the main global distribution systems.

New Businesses – Airport IT

In September, Stuttgart Airport (Germany) completed a successful migration to the Amadeus Airport Cloud Use Service (ACUS) platform, at more than 200 check-in counters and self-boarding gates, as well as the installation of 30 Amadeus self-service check-in kiosks, for a smoother check-in experience. The airport has also adopted Amadeus' technology for payments to help passengers easily pay for additional services like excess baggage allowance or seat upgrades, using contactless payment methods during the check-in process.

We also signed Long Beach International Airport (U.S.) for Amadeus Extended Airline System Environment and Common Use Self Service kiosks. The deployment will happen in conjunction with their new terminal renovation project to facilitate the airlines sharing of ticket counter and gate resources and the automation of passenger processing.

Other

In September, we announced the appointment of a new Chief Financial Officer to Amadeus. Till Streichert, a former Vodafone executive and Boston Consulting Group consultant, who joined Amadeus with more than 20 years' experience across a range of high-profile global financial and strategic executive positions. Current Amadeus Chief Financial Officer Ana de Pro will leave Amadeus at the end of this year, after more than a decade at the company. Till and Ana are working in partnership throughout the rest of this year for the transition. Ana will embark on the next stage of her career in 2021 outside of Amadeus, focusing on Board and Audit Committee positions as a non-executive director.

Liquidity enhancement and plans to strengthen Amadeus for the future

We remain focused on securing our business and preparing it for the future. Further to the previous measures announced, in September we strengthened our liquidity and extended our debt maturities through a €750 million

Eurobond maturing in September 2028. This Eurobond has an annual coupon of 1.875% and an issue price of 99.194% of its nominal value. Following this, Amadeus cancelled the outstanding €500 million of its undrawn bridge to bond loan executed on March 25, 2020.

As of September 30, liquidity available to Amadeus amounted to circa €4.2 billion, represented by cash (€2,952.4 million), an undrawn revolving facility (€1,000 million), and an undrawn covenant-free EIB loan (€200m). During the second and third quarter, we have been able to refinance our commercial paper maturities. Additionally, our Commercial Paper is eligible for European Central Bank purchases under the Pandemic Emergency Purchase Program. Adjusting for the €500 million bond maturity payment on October 6, 2020, the resulting liquidity available amounted to circa €3.7 billion.

We continue to execute well on our cost reduction measures. Together in the Income Statement and in the Consolidated Statement of Cash Flows combined, we have achieved a fixed cost reduction (excluding bad debt) relative to 2019 of €144.2 million in the third quarter of 2020, and €310.3 million in the first nine months of 2020. Implementation costs incurred to achieve these cost reductions amounted to €75.8 million in the third quarter and in the first nine-month period.

Summary of operating and financial information

Summary of KPI (€millions)	Jan-Sep 2020	Jan-Sep 2019	Change	Underlying financial performance ¹
Operating KPI				
TA air bookings (m)	80.1	447.0	(82.1%)	
Non air bookings (m)	23.7	49.4	(52.0%)	
Total bookings (m)	103.8	496.4	(79.1%)	
Passengers boarded (m)	553.2	1,496.6	(63.0%)	
Financial results²				
Distribution revenue	553.1	2,394.8	(76.9%)	(59.9%)
IT Solutions revenue	1,146.6	1,834.0	(37.5%)	(37.5%)
Revenue	1,699.8	4,228.8	(59.8%)	(50.2%)
EBITDA	196.2	1,751.0	(88.8%)	(72.1%)
Profit (Loss) for the period	(356.4)	886.3	(140.2%)	(108.5%)
Adjusted profit ³	(214.2)	987.0	(121.7%)	(99.5%)
Adjusted EPS (euros) ⁴	(0.48)	2.29	(121.0%)	(99.4%)
Cash flow				
Capital expenditure	385.9	544.0	(29.1%)	
Free cash flow ⁵	(328.3)	820.0	(140.6%)	
Indebtedness⁶				
	Sep 30, 2020	Dec 31, 2019	Change	
Net financial debt	2,787.6	2,758.4	29.2	
Net financial debt/LTM EBITDA	4.6x	1.2x		

¹ Adjusted to exclude cancellation and bad debt effects associated with the COVID-19 pandemic, costs related to the implementation of the cost savings programs and upfront financing fees in relation to the bridge to bond facility signed in March 2020, and the convertible bond issued in April 2020.

² 2020 figures adjusted to exclude costs amounting to €75.8 million (€54.5 million post tax), incurred in the third quarter of 2020, related to the implementation of the cost saving program announced in the second quarter of 2020.

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) costs related to the implementation of the cost saving programs and other effects.

⁴ EPS corresponding to the Adjusted profit attributable to the parent company.

⁵ Defined as EBITDA, minus capex, plus changes in our operating working capital, minus taxes paid, minus interests and financial fees paid.

⁶ 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 is also part of the EuroStoxx50 and has been recognized by the Dow Jones Sustainability Index for the last eight years.

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

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