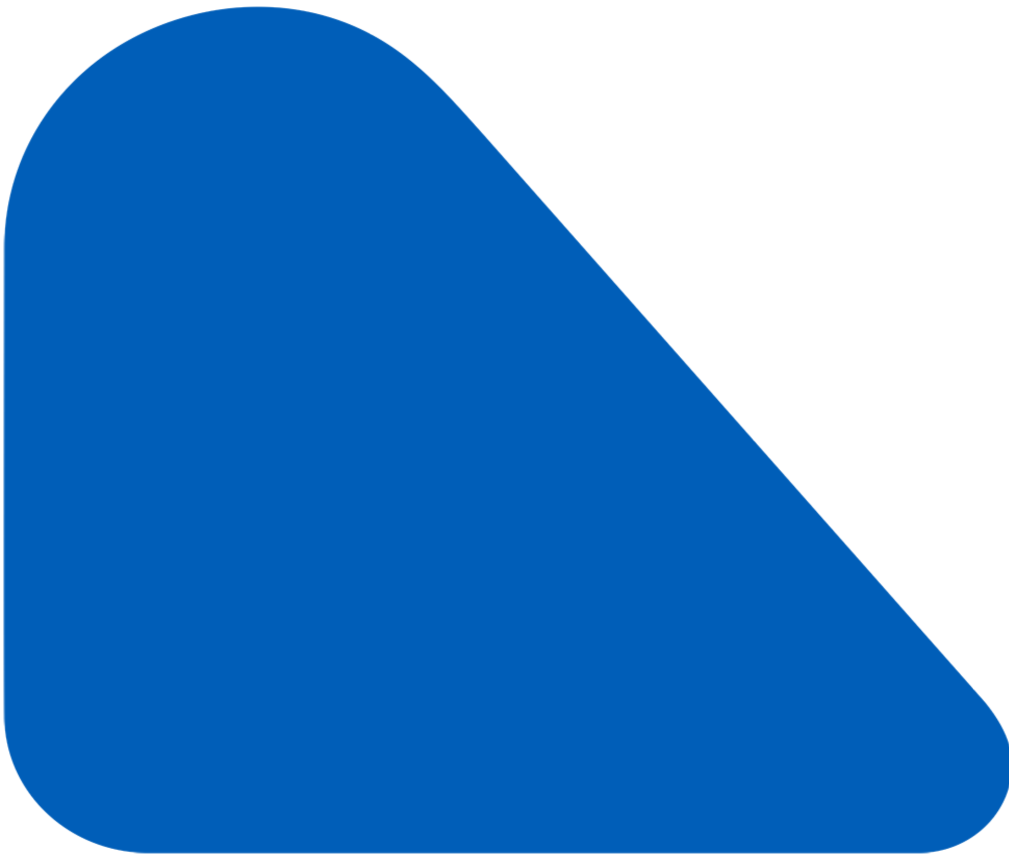
amadeus

Amadeus IT Group, S.A. and Subsidiaries

Consolidated and Condensed Interim Financial Statements for the six months period ended June 30, 2018, prepared in accordance with International Accounting Standard 34 and review report of independent auditors



Deloitte.

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
España

Tel: +34 915 14 50 00
www.deloitte.es

Translation of a report originally issued in Spanish based on our work performed in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF CONSOLIDATED AND CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of Amadeus IT Group, S.A. at the request of the Company's Board of Directors:

Report on the consolidated and condensed interim financial statements

Introduction

We have performed a limited review of the accompanying consolidated and condensed interim financial statements ("the interim financial statements") of Amadeus IT Group, S.A. ("the Parent") and subsidiaries ("the Group") comprising the consolidated and condensed statement of financial position at 30 June 2018 and the related consolidated and condensed statement of comprehensive income, consolidated and condensed statement of changes in equity, consolidated and condensed statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the review

Our review was performed in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying certain analytical and other review procedures. A limited review is substantially less in scope than an audit and, consequently, it does not permit us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing came to our attention that might lead us to conclude that the accompanying consolidated and condensed interim financial statements for the six-month period ended 30 June 2018 were not prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, in conformity with Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Emphasis matter paragraph

We draw attention to the situation described in Note 2 included in the accompanying consolidated and condensed interim financial statements, which indicates that such interim financial statements do not include all the information that would be required in complete consolidated financial statements prepared in conformity with International Financial Reporting Standards as adopted by the European Union and, accordingly, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2017. This matter does not qualify our conclusion.

Report on other legal and regulatory requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2018 contains the explanations which the Parent's directors consider appropriate about the significant events which took place in this period and their effect on the interim financial statements presented, of which it does not form part, and about the information required pursuant to Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2018. Our work was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of the Amadeus IT Group, S.A. and subsidiaries.

Other matters paragraph

This report was prepared at the request of the Board of Directors in relation to the publication of the six-monthly financial report as required by Article 119 of the Consolidated Text of the Securities Market Law, approved by Legislative Royal Decree 4/2015, of October 23 and developed by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

José Luis Daroca Vázquez
July 27th, 2018

amadeus

ASSETS	Note	June 30, 2018	December 31, 2017 Restated
		UNAUDITED	UNAUDITED
Goodwill		2,737.3	2,714.2
Patents, trademarks, licenses and others		334.3	334.5
Technology and content		2,406.0	2,311.5
Contractual relationships		564.4	558.3
Intangible assets		3,304.7	3,204.3
Land and buildings		72.5	147.9
Data processing hardware and software		222.9	238.0
Other property, plant and equipment		96.4	93.9
Property, plant and equipment		391.8	479.8
Right of use assets	5	328.7	-
Investments accounted for using the equity method		14.7	17.5
Other non-current financial assets	6	105.8	91.1
Non-current derivative financial assets	6	2.5	8.7
Deferred tax assets		17.9	23.5
Other non-current assets		134.7	116.0
Total non-current assets		**7,038.1**	**6,655.1**
Trade account receivables	6	436.6	324.0
Income tax receivables		19.5	78.9
Other current financial assets	6	11.1	12.6
Current derivative financial assets	6	7.2	17.7
Other current assets		227.8	206.4
Cash and cash equivalents	6 and 13	539.0	579.5
Total current assets		**1,241.2**	**1,219.1**
TOTAL ASSETS		**8,279.3**	**7,874.2**

See the accompanying notes to the Consolidated and Condensed Interim Financial Statements

amadeus

EQUITY AND LIABILITIES	Note	June 30, 2018	December 31, 2017 Restated
		UNAUDITED	UNAUDITED
Share Capital		4.4	4.4
Additional paid-in capital		632.4	624.1
Retained earnings and reserves		2,373.4	1,654.7
Treasury shares		(517.0)	(517.1)
Profit for the year attributable to owners of the parent		573.3	1,002.6
Unrealised gains / (losses) reserve		(136.9)	(141.5)
Equity attributable to owners of the parent		2,929.6	2,627.2
Non-controlling interests		12.9	13.0
Equity	7	**2,942.5**	**2,640.2**
Non-current provisions		29.7	29.4
Non-current debt	6 and 8	1,417.6	1,755.1
Non-current derivative financial liabilities	6	14.1	1.1
Other non-current financial liabilities	6	15.3	15.3
Deferred tax liabilities		607.8	625.6
Non-current contract liabilities		288.2	299.1
Other non-current liabilities		247.5	224.9
Total non-current liabilities		**2,620.2**	**2,950.5**
Current provisions		12.3	12.3
Current debt	6 and 8	1,188.6	396.1
Other current financial liabilities	6	301.7	506.8
Dividend payable	6 and 8	-	210.1
Current derivative financial liabilities	6	18.2	7.2
Trade accounts payables	6	688.5	694.1
Income taxes payables		76.4	16.9
Current contract liabilities		132.4	117.8
Other current liabilities		298.5	322.2
Total current liabilities		**2,716.6**	**2,283.5**
TOTAL EQUITY AND LIABILITIES		**8,279.3**	**7,874.2**

See the accompanying notes to the Consolidated and Condensed Interim Financial Statements

amadeus

Consolidated and condensed statement of comprehensive income (millions of euros)

Continuing operations	Note	June 30, 2018	June 30, 2017 Restated
		UNAUDITED	UNAUDITED
Revenue	4	2,477.0	2,378.5
Cost of revenue		(595.9)	(548.3)
Personnel and related expenses		(667.2)	(663.8)
Depreciation and amortization		(294.5)	(259.0)
Other operating expenses		(129.8)	(163.9)
Operating income		789.6	743.5
Financial income		0.6	0.6
Interest expense	12	(17.9)	(16.9)
Other financial expenses	12	(4.3)	(4.5)
Exchange gains / (losses)		2.3	(9.7)
Financial expense, net		(19.3)	(30.5)
Other income / (expense)		(0.5)	(0.7)
Profit before income taxes		769.8	712.3
Income tax expense	10	(200.1)	(185.2)
Profit after taxes		569.7	527.1
Share in profit of associates and joint ventures accounted for using the equity method		3.3	2.4
PROFIT FOR THE PERIOD		**573.0**	**529.5**
Attributable to owners of the parent		573.3	528.7
Attributable to non-controlling interests		(0.3)	0.8
Earnings per share basic and diluted [in Euros]	11	1.33	1.21
Items that will not be reclassified to profit or loss:			
Actuarial gains / (losses)		-	-
Items that will be reclassified to profit or loss when specific conditions are met:			
Cash flow hedges		(26.5)	20.6
Exchange differences on translation of foreign operations		31.1	(110.3)
Other comprehensive Income /(expense) for the period, net of tax		4.6	(89.7)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**577.6**	**439.8**
Attributable to owners of the parent		577.9	439.0
Attributable to non-controlling interests		(0.3)	0.8

See the accompanying notes to the Consolidated and Condensed Interim Financial Statements

amadeus

	Note	Share capital	Additional paid-in capital	Retained earnings and reserves	Treasury shares	Profit for the year attributable to owners of the parent	Unrealized gains / (losses) reserves	Non-controlling interests	Total
Balance at December 31, 2016 as previously reported		**4.4**	**616.5**	**1,294.5**	**(23.6)**	**825.5**	**18.5**	**25.7**	**2,761.5**
Adjustment from adoption of IFRS 9, net of tax		-	-	(4.9)	-	-	-	-	(4.9)
Restated balance at January 1, 2017 (unaudited)		**4.4**	**616.5**	**1,289.6**	**(23.6)**	**825.5**	**18.5**	**25.7**	**2,756.6**
Comprehensive income for the period as previously reported		-	-	-	-	529.1	(88.2)	0.8	441.7
Adjustment from adoption of IFRS 9, net of tax		-	-	-	-	(0.4)	(1.5)	-	(1.9)
Dividend paid	7	-	-	(236.3)	-	-	-	-	(236.3)
Treasury shares acquisition	7	-	-	-	(7.6)	-	-	-	(7.6)
Treasury shares disposal	7	-	(9.4)	0.5	11.7	-	-	-	2.8
Recognition of share-based payment	7	-	9.6	-	-	-	-	-	9.6
De-recognition of non-controlling interests		-	-	(10.5)	-	-	-	(18.3)	(28.8)
Transfer to retained earnings		-	-	825.5	-	(825.5)	-	-	-
Balance at June 30, 2017 (unaudited)		**4.4**	**616.7**	**1,868.8**	**(19.5)**	**528.7**	**(71.2)**	**8.2**	**2,936.1**

amadeus

	Note	Share capital	Additional paid-in capital	Retained earnings and reserves	Treasury shares	Profit for the year attributable to owners of the parent	Unrealized gains / (losses) reserves	Non-controlling interests	Total
Balance at December 31, 2017 as previously reported		**4.4**	**624.1**	**1,659.6**	**(517.1)**	**1,002.9**	**(137.9)**	**13.0**	**2,649.0**
Adjustment from adoption of IFRS 9, net of tax		-	-	(4.9)	-	(0.3)	(3.6)	-	(8.8)
Restated balance at January 1, 2018 (unaudited)		**4.4**	**624.1**	**1,654.7**	**(517.1)**	**1,002.6**	**(141.5)**	**13.0**	**2,640.2**
Total Comprehensive income for the period		-	-	-	-	573.3	4.6	(0.3)	577.6
Dividend paid	7	-	-	(284.4)	-	-	-	-	(284.4)
Treasury shares disposal	7	-	0.2	-	0.1	-	-	-	0.3
Recognition of share-based payment	7	-	8.1	-	-	-	-	-	8.1
Additional non-controlling interests arising on the acquisition of subsidiary		-	-	-	-	-	-	0.4	0.4
Transfer to retained earnings		-	-	1,002.6	-	(1,002.6)	-	-	-
Other changes in equity		-	-	0.5	-	-	-	(0.2)	0.3
Balance at June 30, 2018 (unaudited)		**4.4**	**632.4**	**2,373.4**	**(517.0)**	**573.3**	**(136.9)**	**12.9**	**2,942.5**

See the accompanying notes to the Consolidated and Condensed Interim Financial Statements

amadeus

Consolidated and condensed statement of cash flows (millions of euros)

	Note	June 30, 2018	June 30, 2017 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		UNAUDITED	UNAUDITED
Operating income		789.6	743.5
Adjustments for:			
Depreciation and amortization		294.5	259.0
Depreciation and amortization included in capitalization		(5.9)	(6.2)
Operating income before changes in working capital and taxes paid		1,078.2	996.3
Trade accounts receivable		(110.3)	(60.3)
Other current Assets		(46.8)	(9.5)
Trade accounts payable		(9.5)	41.7
Other current liabilities		77.7	(50.9)
Other non-current liabilities		(87.5)	(10.0)
Cash provided from operating activities		901.8	907.3
Taxes paid		(92.3)	(157.3)
Net cash generated by operating activities		**809.5**	**750.0**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(58.9)	(54.9)
Payments for intangible assets		(283.6)	(236.0)
Net cash outflow on acquisition of subsidiaries		(7.0)	-
Interest received		1.2	0.2
Payments to acquire financial assets		(16.7)	(47.8)
Cash proceeds collected - derivative agreements		0.7	1.4
Cash proceeds paid - derivative agreements		(3.0)	(6.1)
Proceeds on sale of financial assets		0.3	2.6
Dividends received		2.9	0.6
Proceeds obtained from disposal of non-current assets		0.7	0.5
Net cash used in investing activities		**(363.4)**	**(339.5)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments to acquire non-controlling interests in subsidiaries		(0.1)	(28.8)
Proceeds from borrowings		547.2	1,360.8
Repayments of borrowings		(332.5)	(1,167.8)
Interest paid		(4.1)	(6.0)
Dividends paid to owners of the parent		(440.6)	(366.6)
Payments to acquire treasury shares	7	(212.4)	(7.6)
Cash paid - derivative agreements		-	(2.7)
Payments of lease liabilities and others	5	(45.4)	(13.9)
Net cash used in financing activities		**(487.9)**	**(232.6)**
Effect of exchange rate changes on cash and cash equivalents		1.0	(5.0)
Net increase / (decrease) in cash and cash equivalents		**(40.8)**	**172.9**
Cash and cash equivalents net at the beginning of year		579.1	449.6
Cash and cash equivalents net at the end of year	13	538.3	622.5

See the accompanying notes to the Consolidated and Condensed Interim Financial Statements

amadeus

Index

_ 1 GENERAL INFORMATION AND ACTIVITY 4
_ 2 BASIS OF PRESENTATION AND COMPARABILITY OF THE INFORMATION 5
_ 3 ACCOUNTING POLICIES 7
_ 4 SEGMENT REPORTING 17
_ 5 LEASES 19
_ 6 FINANCIAL ASSETS AND LIABILITIES AND FAIR VALUE MEASUREMENTS 20
_ 7 EQUITY 22
_ 8 CURRENT AND NON-CURRENT DEBT 24
_ 9 RELATED PARTIES BALANCES AND TRANSACTIONS 26
_ 10 TAXATION 29
_ 11 EARNINGS PER SHARE 29
_ 12 ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 30
_ 13 ADDITIONAL CONSOLIDATED STATEMENT OF CASH FLOWS RELATED DISCLOSURE 31
_ 14 SUBSEQUENT EVENTS 32

1 GENERAL INFORMATION AND ACTIVITY

Amadeus IT Group, S.A. (hereinafter, "the Company") was incorporated and registered at the Companies Register of Madrid on February 4, 2005. Its registered office is in Madrid, Salvador de Madariaga, 1.

The Company's corporate object, as set out in article 2 of its by-laws, is the following:

a) transfer of data from and/or through computer reservation systems, including offers, reservations, tariffs, transport tickets and/or similar, as well as any other services, including information technology services, all of them mainly related to the transport and tourism industry, provision of computer services and data processing systems, management and consultancy related to information systems;

b) provision of services related to the supply and distribution of any type of product through computer means, including manufacture, sale and distribution of software, hardware and accessories of any type;

c) organization and participation as partner or shareholder in associations, companies, entities and enterprises active in the development, marketing, commercialisation and distribution of services and products through computer reservation systems for, mainly, the transport or tourism industry, in any of its forms, in any country worldwide, as well as the subscription, administration, sale, assignment, disposal or transfer of participations, shares or interests in other companies or entities;

d) preparation of any type of economic, financial and commercial studies, as well as reports on real estate issues, including those related to management, administration, acquisition, merger and corporate concentration, as well as the provision of services related to the administration and processing of documentation; and

e) acting as a holding company, for which purpose it may (i) incorporate or take holdings in other companies, as a partner or shareholder, whatever their nature or object, including associations and partnerships, by subscribing to or acquiring and holding shares or stock, without impinging upon the activities of collective investment schemes, securities dealers and brokers, or other companies governed by special laws, as well as (ii) establishing its objectives, strategies and priorities, coordinating subsidiaries' activities, defining financial objectives, controlling financial conduct and effectiveness and, in general, managing and controlling them.

The direct or, when applicable, indirect performance of all business activities that are reserved by Spanish law is excluded. If professional titles, prior administrative authorizations, entries with public registers or other requirements are required by legal dispositions to perform an activity embraced in the corporate object, such activity shall not commence until the required professional or administrative requirements have been fulfilled. The by-laws and other public information of the Company can be consulted on the website of the Company (www.amadeus.com).

Amadeus IT Group, S.A. is the parent company of the Amadeus Group ("the Group"). The Group is a leading transaction processor for the global travel and tourism industry, providing advanced technology

solutions to our travel provider and travel agency customers worldwide. The Group acts as an international network providing comprehensive real-time search, pricing, booking, ticketing and other processing solutions to travel providers and travel agencies through our Distribution segment, and we offer other travel providers (today, principally airlines) an extensive portfolio of technology solutions which automate certain mission-critical business processes, such as reservations, inventory management and departure control, through our IT Solutions segment.

Customer groups include providers of travel services and products such as airlines (network, domestic, low-cost and charter carriers), hotels (independent properties and chains), tour operators (mainstream, specialist and vertically integrated players), insurance companies, road and sea transport companies (car rental companies, railway companies, ferry lines, cruise lines), travel sellers and brokers (offline and online travel agencies) and travel buyers (corporations and travellers).

The Company's shares are traded on the Spanish electronic trading system ("Continuous Market") on the four Spanish Stock Exchanges (Madrid, Barcelona, Bilbao and Valencia). The Company's shares form part of the Ibex 35 index [AMS].

2 BASIS OF PRESENTATION AND COMPARABILITY OF THE INFORMATION

2.1 Basis of presentation

2.1.1 General Information

The accompanying consolidated and condensed interim financial statements for the six month period ended June 30, 2018 ("interim financial statements"), have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU"), in particular with International Accounting Standard 34: Interim Financial Reporting (IAS 34), and with the requirements of the Royal Decree 1362/2007. The disclosure requirements of IAS 34 are based on the assumption that the reader of the interim financial statements is doing so together with the most recent consolidated annual accounts. As a consequence, the interim financial statements do not include all of the information and disclosures that would be required by IFRS-EU for complete consolidated annual accounts. The most recent annual accounts were authorized for issue by the Board of Directors of the Company on February 27, 2018 and approved at the Ordinary General Shareholders' Meeting on June 21, 2018.

The issue of these interim financial statements was authorized by the Board of Directors of the Company on July 27, 2018.

The presentation currency of the Group is the Euro. The consolidated and condensed statement of financial position is presented with a difference between current and non-current items, and the consolidated and condensed statement of comprehensive income is presented by nature of expense. The presentation by nature highlights better the different components of financial performance of the Group and enhances predictability of the business. The Group decided to prepare the consolidated and condensed statement of cash flows by applying the indirect method.

The Group presented negative working capital in the six months period ended June 30, 2018 and for the year ended December 31, 2017, which given the industry in which the Group operates and its financial

structure, is not an unusual circumstance, and does not present an impediment for the normal development of its business.

2.1.2 Use of estimates and significant judgements

Use of estimates and assumptions, as determined by management, is required in the preparation of the interim financial statements in accordance with IFRS-EU. The estimates and assumptions made by management affect the carrying amount of assets and liabilities:

- Estimated recoverable amounts used for impairment testing purposes
- Amortisation period for non-current non-financial assets
- Lease terms (options to extend or to terminate)
- Provisions
- Pension and post-retirement benefits
- Income tax liabilities
- Timing of revenue recognition
- Expected credit losses
- Share-based payments
- Business combinations

The estimates and assumptions are based on the information available at the date of issuance of the consolidated and condensed interim financial statements, past experience and other factors which are believed to be reasonable at that time. The actual results might differ from the estimates.

2.1.3 Comparison of information

For comparison purposes, the consolidated and condensed statement of comprehensive income, the consolidated and condensed statement of changes in equity and the consolidated and condensed statement of cash flows as of June 30, 2018 are presented with information relating to the period of six months ended on June 30, 2017 and the consolidated and condensed statement of financial position is presented with information related to the year ended on December 31, 2017. The 2017 figures have been restated due to the retrospective application of two new reporting standards (IFRS 15 and IFRS 9), as detailed in note 3.

2.2 Seasonality of interim results

Our business and operations are linked to the global travel industry. Our transactional business model means that our financial performance is driven by travel volumes (air passengers, air and non-air travel agency bookings, etc.), which are subject to a certain degree of seasonality during the year.

In addition, different factors impacting the travel industry, such as the macro-economic environment (air traffic presents a strong correlation to GDP evolution) and other external factors that may have an effect on travel volumes (geo-political events, national holidays, natural disasters, etc.) may have a different timing in different years or are unpredictable. Therefore, the figures for the six-month period ended June 30, 2018, are not fully representative of the performance for the full year.

In particular, our Distribution revenue is influenced by the seasonality of air booking volumes done through travel agencies, which are, as a general rule, lower in the second half of the year. Additionally, our volumes are influenced by the timing of the contracts signed with our travel agencies, as well as their performance throughout the year.

In IT Solutions, revenue is influenced by the seasonality of passengers boarded (PB), which are usually higher during the second half of the year when important holiday periods take place. However, PB volume growth is significantly impacted in any particular period, by the implementation of new airlines to our Passenger Service Systems (Altéa or New Skies). The schedule of migrations has no specific seasonality and is determined by the progress of each of the processes not only at Amadeus but also at the airline. In particular, the first half of 2018 benefitted from the implementation of Southwest Airlines' onto Altéa in May 2017, but was impacted by the demigration of TAM Airlines in May 2018 and by the ceasing of operations of Air Berlin and Monarch Airlines in the final quarter of 2017.

Overall, the percentage variation in our revenue tends to differ from the variations in our air travel agency bookings or passengers boarded, given a non-transactional revenue piece of our Distribution and IT Solutions revenue, as well as changes in unit revenue which can be caused by both mix effects, non-recurring items and customer negotiations.

Finally, although the momentum in global economic growth is expected to persist, the International Monetary Fund emphasized, in its World Economic Outlook from April 2018, that a number of issues could impact medium term growth, such as tightened financial conditions (particularly a risk in the US) or geopolitical tensions.

3 ACCOUNTING POLICIES

Adoption of new and revised International Financial Reporting Standards (IFRS)

The accounting policies adopted in the preparation of the consolidated and condensed interim financial statements are consistent with those followed in the preparation of the consolidated annual accounts for the year ended December 31, 2017, except for the adoption of new standards effective as of January 1, 2018.

The following **amendments and interpretations** have also been endorsed by the European Union on 2018 and are effective form January 1, 2018:

- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 28 Investments in Associates and Joint Ventures
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions
- Amendments to IAS 40: Transfers of Investment Property
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

The application of these amendments and interpretations has not had a significant impact on the consolidated and condensed interim financial statements.

amadeus

The Group applies, for the first time new **standards**: IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments that require restatement of previously reported financial statements. Additionally, the Group has early adopted IFRS 16 Leases as at January 1, 2018; but without restatement requirements due to the transition method applied (as detailed below). As required by IAS 34, the nature and effect of these changes are disclosed below.

Impact for the application of IFRS 15 and IFRS 9 on the consolidated statement of financial position (increase/(decrease)) as at December 31, 2017

ASSETS	December 31, 2017 As reported	Adjustments IFRS 15	Adjustments IFRS 9	December 31, 2017 Restated
Deferred tax assets	20.4	-	3.1	23.5
Total non-current assets	**6,652.0**	**-**	**3.1**	**6,655.1**
Trade account receivables	335.9	-	(11.9)	324.0
Total current assets	**1,231.0**	**-**	**(11.9)**	**1,219.1**
TOTAL ASSETS	**7,883.0**	**-**	**(8.8)**	**7,874.2**
EQUITY AND LIABILITIES				
Retained earnings and reserves	1,659.6	-	(4.9)	1,654.7
Profit for the year attributable to owners of the parent	1,002.9	-	(0.3)	1,002.6
Unrealised gains / (losses) reserve	(137.9)	-	(3.6)	(141.5)
Equity attributable to owners of the parent	2,636.0	-	(8.8)	2,627.2
Equity	**2,649.0**	**-**	**(8.8)**	**2,640.2**
Deferred revenue non-current	299.1	(299.1)	-	-
Non-current contract liabilities	-	299.1	-	299.1
Total non-current liabilities	**2,950.5**	**-**	**-**	**2,950.5**
Deferred revenue current	117.8	(117.8)	-	-
Current contract liabilities	-	117.8	-	117.8
Total current liabilities	**2,283.5**	**-**	**-**	**2,283.5**
TOTAL EQUITY AND LIABILITIES	**7,883.0**	**-**	**(8.8)**	**7,874.2**

Impact for the application of IFRS 15 and IFRS 9 on the consolidated and condensed statement of comprehensive income (increase/(decrease)) for the six months period ended June 30, 2017

Continuing operations	June 30, 2017 As reported	Adjustments IFRS 15	Adjustments IFRS 9	June 30, 2017 Restated
Revenue	2,490.7	(112.2)	-	2,378.5
Cost of revenue	(655.2)	106.9	-	(548.3)
Other operating expenses	(166.6)	5.3	(2.6)	(163.9)
Operating income	**746.1**	**-**	**(2.6)**	**743.5**
Exchange gains / (losses)	(11.7)	-	2.0	(9.7)
Financial expense, net	**(32.5)**	**-**	**2.0**	**(30.5)**
Profit before income taxes	**712.9**	**-**	**(0.6)**	**712.3**
Income tax expense	(185.4)	-	0.2	(185.2)
Profit after taxes	**527.5**	**-**	**(0.4)**	**527.1**
PROFIT FOR THE PERIOD	**529.9**	**-**	**(0.4)**	**529.5**
Attributable to owners of the parent	529.1	-	(0.4)	528.7
Attributable to non-controlling interests	0.8	-	-	0.8
Other comprehensive Income /(expense) for the period, net of tax	(88.2)	-	-	(88.2)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**441.7**	-	**(0.4)**	**441.3**
Attributable to owners of the parent	440.9	-	(0.4)	440.5
Attributable to non-controlling interests	0.8	-	-	0.8

There is neither material impact on the statement of cash flows nor on basic and diluted Earnings per Share.

3.1 IFRS 15 Revenue from contracts with customers

IFRS 15, effective for annual periods beginning on or after January 1, 2018, has replaced the previous revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and related Interpretations.

The core principle of the standard is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring promised goods or services to a customer. Revenue is recognized by applying a five step model to the contracts with customers. The standard also specifies the accounting for costs to fulfil a contract and for incremental costs of obtaining a contract.

The Group has adopted the standard on January 1, 2018, retrospectively to each prior reporting period presented in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, using the following practical expedient on transition for completed contracts: the Group did not restate contracts that: (i) begin and end within the same annual reporting period or (ii) are completed contracts at the beginning of the earliest period presented.

In addition to the transition practical expedient used, the Group has also adopted the practical expedient that allows to recognize revenue in the amount to which the Group has the right to invoice when we have a right to consideration from a customer in an amount that corresponds directly with the value of our performance completed to date.

In the Distribution business, the Group has identified as a single performance obligation with travel providers the stand ready obligation to provide air bookings and other related services that are closely related to the booking process through our GDS Platform. The distinct services provided are substantially the same and are transferred to clients over time, complying with the IFRS 15 definition of a series. The platform is available every day to the customer and the usage determines both the price based on bookings made and the revenue, which is recognized net of estimated cancellations. The value to the customer of Amadeus' performance completed to date coincides with the right to consideration from the customer. There are no differences neither on the timing nor on the amount of revenue recognition for this type of revenues as compared to the previous standard.

Revenue from non-air bookings, mainly related to hotels and car rental, is recognised when the bookings are used by the final customer and revenue recognition follows the same pattern as described for GDS customers. There are no differences neither on the timing nor on the amount of revenue recognition for this type of revenues compared to the previous standard.

Another component of the Distribution business are the non-booking revenues. This principally relates to subscriber services agreements entered by the Group, mainly with travel agents, which provide the user the tools and services that permit access to the Amadeus system. Some of these customers are granted with incentives. The consideration payable to travel agents is accounted for as a reduction of the transaction price in accordance with IFRS 15. Under the previous guidance such payments were recorded as expenses as incurred. Consequently, the Group has restated the 2017 profit and loss statement and reduced revenues by €106.9 million as at June 30, 2017.

The IT Solutions business relates to air and non-air technology solutions that automate business processes.

The air IT solutions revenues derive mainly from the use of our Altéa suite and New Skies. We have identified a single performance obligation consisting on a stand ready obligation to provide technology services through our IT systems. This single performance obligation also meets the series definition as per the new standard as explained above. Usually, customers are charged a non-refundable upfront fee that is recognized as revenue over the contract term starting as of cutover date, and a variable fee based on a fee per transaction made that is recognized as revenue as the customer obtains value from the performance completed to date. There are no differences neither on the timing nor on the amount of revenue recognition for this type of revenues compared to the previous standard.

Other revenues within IT Solutions revenues are derived from licensing its software, from providing related professional services and support and from subscriptions of its offerings. These contracts include multiple performance obligations and the transaction price is allocated based on the relative stand alone selling price of each of the performance obligations identified. There are no material differences between the vendor specific objective evidence that we used to allocate the transaction price with the prior standard and the new allocation methodology based on stand alone selling prices". Licensing revenue is recognised upon delivery to the customer if we are granting a right to use the licence or over the contract term if the licence provides with a right to access. Services revenue consists of installation, training and consulting services, and is recognised as the services are performed. Support and maintenance revenue

consists of telephone support and unspecified products and upgrades, and is recognized ratably over the term of the agreement. Revenues from subscriptions are proportionally recognised over the subscription or the agreement term. The Group has not identified differences neither in the timing nor on the amount of revenue recognition for these type of contracts compared to the previous standard.

As already disclosed, we typically satisfy our performance obligations in line with the usage of our platforms, software and technology solutions made by our customers that coincides with normal billing terms. Upfront fees that are recognised as revenues over the contract duration and any other amounts billed before we satisfy our performance obligation are recorded as contract liabilities. These contract liabilities were previously recorded as deferred revenue.

When we satisfy our performance obligation before payment is due by the customer we present the contract as a contract asset, excluding any amounts presented as receivables. These amounts were previously presented as prepaid expenses and unbilled revenue. We assess contract assets for impairment in accordance with IFRS 9 on the same basis as trade receivables.

The new standard has included five criteria that have to be fulfilled by all contracts with customers before starting to recognize revenues. In Amadeus we have identified some cases where not all the criteria were met at contract inception and consequently we have reduced revenues by €5.3 million for the six months period ended June 30, 2017. The net impact in the restated income statement as of June 30, 2017 was nil since we have also reduced the impairment of the associated receivables recorded under other operating expenses in the consolidated statement of comprehensive income by €5.3 million.

3.2 IFRS 9 Financial instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial instruments from January 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

The new accounting policy for financial instruments from January 1, 2018 is the following:

A) Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- at fair value (either through Other Comprehensive Income (OCI), or through profit or loss), and
- at amortised cost

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

The assessment of the Group’s business models was made as of the date of initial application, January 1, 2018, and then applied retrospectively to those financial assets that were not derecognised before January 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely

comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, the Group has made an irrevocable election at the time of initial recognition to account for all the equity investment at FVOCI.

The following table reconcile the original measurement categories under IAS 39 and the new ones under IFRS 9 for each class of Group's financial assets as at January 1, 2018:

	Original classification under IAS 39	New classification under IFRS 9
Non-current financial assets		
Other non-current financial assets	Available for sale	FVOCI
Other non-current financial assets	Loans and receivables	Amortised cost
Current financial assets		
Trade accounts receivable	Loans and receivables	Amortised cost
Other current financial assets	Loans and receivables	Amortised cost
Current derivative financial assets (non hedge)	FVPL	FVPL
Cash and cash equivalents	Loans and receivables	Amortised cost

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

i. Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised within "Other income/ (expense)" caption.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "Other income/ (expense)" caption in the period in which it arises.

ii. Equity instruments

The Group subsequently measures all equity investments at fair value. The Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Dividends from such investments continue to be recognised in profit or loss within "Other income/(expense)" caption when the Group's right to receive payments is established.

Impairment

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39.

IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

For trade receivables and contract assets, as long as they do not contain a significant financing component, the Group applies the simplified approach, which requires to recognise a loss allowance based on lifetime ECLs at each reporting date. Nevertheless, as these assets are due in 12 months or less, the 12-month ECLs are the same as the lifetime ECLs.

The related expected increase of the bad debt provision is limited at Amadeus due to the fact that the majority of our customers' accounts receivables and payables are settled through the clearing houses operated by the International Air Transport Association ("IATA") and Airlines Clearing House, Inc. ("ACH"). These systems guarantee that the cash inflows from our customers will be settled at a certain fixed date, and mitigate the credit risk partially by the fact that the members of the clearing house are required to make deposits that would be used in the event of default.

The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group has retrospectively applied the new impairment model and accounting for prior periods and amounts have been restated. The impact of this change has resulted in a decrease of "Trade account receivables" of €11.9 million as at December 31, 2017, an increase in "Other operating expenses" of €2.6 million as at June 30, 2017 and a decrease in "Retained earnings and reserves" of €4.9 million, net of the tax effect as at December 31, 2017.

B) Financial liabilities

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39.

C) Hedge accounting

The Group has elected to adopt the new general hedge accounting model in IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Group uses derivative financial instruments to hedge certain currency, interest rate and own shares price evolution exposures. All these derivatives, whether designated as hedges or not, are measured at fair value, which is the market value for listed instruments or valuation based on option pricing models

and discounted cash flow calculations for unlisted instruments. Net interests accrued for these derivatives which are either payable or receivable at the end of the reporting period, are reported according to their maturity under the current and non-current derivative financial assets captions if they are receivable, or under the current and non-current derivative financial liabilities captions if they are payable.

The foreign currency derivatives in place as at December 31, 2017 qualified as cash flow hedges under IFRS 9. The group's risk management strategies and hedge documentation are aligned with the requirements of IFRS 9 and these relationships are therefore treated as continuing hedges.

The accounting treatment of gains or losses resulting from changes in the fair value of the derivatives is as follows:

Cash flow hedges

The portion of changes in the fair value of derivatives which are effective are accounted for, net of tax, directly through equity until the committed or forecasted transaction occurs, at which point these will be reclassified to the consolidated statement of comprehensive income. The portion considered ineffective is recognized directly in the consolidated statement of comprehensive income within the "Financial expense, net" caption.

For some foreign currency forwards, the Group separates the spot component of the forward contract and designates as the hedging instrument only the change in the value of the spot element of the forward contract. The spot component is determined with reference to the relevant spot market exchange rates. Regarding the hedge accounting of these forwards, under IAS 39, the change in fair value of the forward element was immediately recognized in profit or loss. However, under IFRS 9 the forward element is separately accumulated as a separate component of equity. In the case of the Group's hedging relationships, forward element recorded in equity is reclassified to profit or loss in the same period during which the hedged expected cash flows affect profit or loss.

The treatment for currency options is quite similar, the group separates the intrinsic value and the time value of option contracts and designates as the hedging instrument only the change in intrinsic value of the option. Under IAS 39, the change in the time value of the forward exchange contracts was immediately recognized in profit or loss. However, under IFRS 9 the changes in the time value are separately accumulated as a separate component of equity. In the case of the Group, the time value recorded in equity is reclassified to profit or loss in the same period during which the hedged expected cash flow affect profit or loss.

Changes to hedge accounting policies have been applied prospectively except for the cost of hedging approach for some foreign currency forwards and for currency options, which has been applied retrospectively to hedging relationships that existed on or were designated after January 1, 2017. The impact of this change has resulted in a restatement resulting an increase in Exchange gains / (losses) of €2.0 million as at June 30, 2017 and a decrease in Unrealised gains / (losses) of €3.6 million, net of the tax effect as at December 31, 2017.

In some circumstances the Group also uses non derivative financial liabilities denominated in foreign currency to hedge the cash flow currency risk of its forecasted transactions. The functional currency translation difference of these hedging instruments are recognized directly in equity up until the forecasted transaction occurs, at which point these are reclassified to the consolidated statement of

comprehensive income. Ineffective gains or losses are recorded directly in the consolidated statement of comprehensive income within the "Financial expense, net" caption.

Hedges of net investment in a foreign entity

The portion of changes in the fair value of derivatives which are effective are included, net of tax, within the "Exchange differences on translation of foreign operations" caption until the disposal of the foreign entity at which time these will be reclassified to the consolidated statement of comprehensive income within the "Exchange gains and losses" caption. The portion considered ineffective is recognized directly in the consolidated statement of comprehensive income within the "Financial expense, net" caption.

No hedge accounting relationship

Gains and losses on derivatives neither designated nor qualifying for hedge accounting treatment are accounted for directly in the consolidated statement of comprehensive income within the "Financial expense, net" caption.

3.3 IFRS 16 Leases

Although the effective date of IFRS 16 is January 1, 2019, the Group has decided to early adopt the standard as of January 1, 2018.

The standard introduces a single, on-balance sheet lease accounting model for all lessees. A lessee recognises a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments during the lease term. IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases – Incentives and SIC-27 Evaluating the substance of transactions involving the legal form of a lease.

The lease term of the different contracts has been determined as the non-cancellable period of each of the leases considering the options to extend when we are reasonably certain to exercise that options and the options to terminate if we are reasonably certain not to exercise that options.

The right of use asset is initially measured at cost and subsequently valued at cost less accumulated depreciation and impairment losses; and adjusted for any remeasurement of the lease liability resulting from a lease modification or reassessment.

The right of use asset is amortized on a straight-line basis over the shortest of the lease term or the useful life of the underlying asset. If Amadeus transfers ownership of the underlying asset by the end of the lease term depreciation will be based on the useful life of the asset.

Lease liabilities are measured at the present values of the lease payments not paid. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. When that rate cannot be readily determined, the Group uses the incremental borrowing rate. Subsequently the lease liability is measured using the effective interest method and increased to reflect interest on the lease liability and reduced for payments made. They are also remeasured for lease modifications or reassessments.

The weighted average incremental borrowing rate applied to lease liabilities at the date of initial application was 1.8%.

As a practical expedient, the Group has elected, by certain classes of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components within the contract as a single lease component.

For transition purposes the Group has decided to apply the modified retrospective approach. Following this method the Group has not restated any prior year comparative figures. We have chosen to measure the initial right of use asset at an amount equal to the lease liability as at January 1, 2018 for all our lease contracts. We have use the following practical expedients at initial application:

- we have decided not to reassess whether a contract is or contains a lease at the date of initial application
- we have relied on our assessment of whether leases are onerous applying IAS 37 Provisions, contingent liabilities and contingent assets immediately before the date of initial application as an alternative to performing an impairment review for all our lease contract

The most significant impact of the application of the new standard for the Group has been the recognition of new assets (within the "Right of use assets" caption in the consolidated and condensed interim financial statement of financial position) and lease liabilities for its operating leases of building rentals.

The reconciliation between operating lease commitments disclosed in the consolidated annual accounts of the Group as at December 31, 2017 and the lease liabilities recognized at January 1, 2018 in the consolidated and condensed statement of financial position at that date is the following:

	Millions of euros
Operating lease commitments disclosed at 2017 consolidated annual accounts	227.7
Discounted using the group's weighted average incremental borrowing rate of 1.8%	211.8
Adjustments as a result of a different treatment of extension and termination options	30.8
Lease liabilities recognised as at January 1, 2018	**242.6**

As for our previous finance leases, the accounting of the finances leases remains unchanged as compared to IAS 17 but the Group has reclassified the carrying amount of finance leases to the new "Right of use assets" caption (see note 5) as of January 1, 2018.

4 SEGMENT REPORTING

The segment information has been prepared in accordance with the "management approach", which requires presentation of the segments on the basis of the internal reports about components of the entity which are regularly reviewed by the chief operating decision maker in order to allocate resources to a segment and to assess its performance.

The Group is organized into two operating segments on the basis of the different services offered by the Group:

- Distribution, where the primary offering is our GDS platform. It generates revenues mainly from booking fees the Group charges to travel providers for bookings made, as well as other non–booking revenues; and
- IT Solutions, where we offer a portfolio of technology solutions (primarily Altéa PSS) that automate mission-critical processes for travel providers. This segment generates revenues from the transactions processed in our platform, as well as from other non-transactional services.

The operating segments identified, the composition of those operating segments, and the accounting policies used in the measurement of the operating segments profit or loss, are consistent with those used and applied in the year ended December 31, 2017 except for the lease costs that are no longer included under indirect costs as they were in the consolidated and condensed interim financial statements as at June 30, 2017. Consequently, as shown in the next tables, in the first half of 2017 both the Distribution contribution and the IT Solutions contribution have increased by €24.9 million and €21.9 million, respectively, and Net indirect costs has increased by €46.8 million.

Group management when evaluating the performance of each operating segment uses Contribution as a performance measure. Contribution is defined as the revenue for the relevant operating segment less operating direct costs plus direct capitalizations and research incentives. The operating expenses (excluding capitalized expenses and those incentives associated to those capitalizations) of the Group are allocated either to operating direct costs or to indirect costs; operating direct costs are those direct costs that can be assigned to an operating segment.

Information regarding the Group's operating segments and the reconciliation of the measure of profit or loss (Contribution) to the consolidated and condensed statement of comprehensive income as of June 30, 2018, and 2017, are set forth in the table below:

	June 30, 2018			June 30, 2017 restated		
	Distribution	IT Solutions	Total	Distribution	IT Solutions	Total
Revenue	1,563.3	913.7	2,477.0	1,523.3	855.2	2,378.5
Contribution	748.3	660.5	1,408.8	729.8	610.4	1,340.2

The main reconciling items correspond to:

	June 30, 2018	June 30, 2017 restated
Revenue	2,477.0	2,378.5
Contribution	1,408.8	1,340.2
Net indirect cost (1)	(330.6)	(343.9)
Depreciation and amortization (2)	(288.6)	(252.8)
Operating income	**789.6**	**743.5**

(1) Principally comprises indirect costs that are shared between the Distribution and IT Solutions operating segments, such as: (i) costs associated with our technology systems, including our processing of multiple transactions, and (ii) corporate support, including various corporate functions such as finance, legal, human resources, internal information systems, etc. Additionally it includes capitalization of expenses and incentives received from the French government in respect of certain IT Solutions / Distribution product development activities in Nice and which have not been allocated to an operating segment.

(2) Includes the capitalization of certain depreciation and amortization costs in the amount of €5.9 million and €6.2 million, in the six months periods ended June 30, 2018 and 2017, respectively.

The Group operates in the travel industry and, accordingly, events that significantly affect the industry could also affect the Group's operations and financial position.

Amadeus IT Group, S.A. is based in Spain and is the counterparty to all key contractual arrangements with airlines and other travel providers for Distribution and IT Solutions operating segments.

The table below represents a good measure of how the revenue of the Group is geographically distributed based on, where the travel agent in which bookings are reserved is located (for the Distribution operating segment), and attending to where the airline receiving the services is registered (for the IT Solutions operating segment):

	June 30, 2018	June 30, 2017 restated
Western Europe (1)	956.6	977.2
Central, Eastern and Southern Europe	186.9	148.3
Middle East and Africa	289.4	275.2
North America	332.4	421.9
Latin America	163.4	116.9
Asia and Pacific	548.3	439.0
Revenue	**2,477.0**	**2,378.5**

(1) Includes Spain revenue by an amount of €110.4 million, and €124.8 million for the six month periods ended June 30, 2018 and 2017, respectively.

5 LEASES

The movements in the six month period ended June 30, 2018 of the right of use assets are set forth in the table below:

	Land & buildings	Data processing hardware & software	Data centres	Other property, plant and equipment	Total
Carrying amount at December 31, 2017	-	-	-	-	-
Reclassification from finance leases of property, plant and equipment	74.3	23.0	-	3.7	101.0
Operating leases (First application IFRS 16)	239.6	-	3.0	-	242.6
Carrying amount at January 1, 2018	**313.9**	**23.0**	**3.0**	**3.7**	**343.6**
Additions	8.9	5.5	-	0.1	14.5
Depreciation charge	(21.5)	(6.2)	(0.3)	(0.5)	(28.5)
Transfers	-	(0.3)	-	-	(0.3)
Exchange rate adjustments	(0.6)	-	-	-	(0.6)
Carrying amount as of June 30, 2018	**300.7**	**22.0**	**2.7**	**3.3**	**328.7**

The interest expense on lease liabilities for the six-month period ended June 30, 2018 amounts to €3.2 million as disclosed in note 12. This note also discloses the maturity analysis on lease liabilities.

The total outflow for leases in the six month period ended June 30, 2018 amounts to €45.4 million.

6 FINANCIAL ASSETS AND LIABILITIES AND FAIR VALUE MEASUREMENTS

6.1 Classification

The Group's classification of financial assets and liabilities as of June 30, 2018, is set forth in the table below:

	Amortised cost	FVTOCI	FVTPL	Total
Other non-current financial assets	96.8	9.0	-	105.8
Non-current derivative financial assets	-	2.5	-	2.5
Total non-current financial assets	**96.8**	**11.5**	**-**	**108.3**
Trade accounts receivable	436.6	-	-	436.6
Other current financial assets	11.1	-	-	11.1
Current derivative financial assets	-	7.2	-	7.2
Cash and cash equivalents	539.0	-	-	539.0
Total current financial assets	**986.7**	**7.2**	**-**	**993.9**
Non-current debt	1,417.6	-	-	1,417.6
Non-current derivative financial liabilities	-	14.1	-	14.1
Other non-current financial liabilities	-	-	15.3	15.3
Total non-current financial liabilities	**1,417.6**	**14.1**	**15.3**	**1,447.0**
Current debt	1,188.6	-	-	1,188.6
Other current financial liabilities	301.7	-	-	301.7
Current derivative financial liabilities	-	17.7	0.5	18.2
Trade accounts payable	688.5	-	-	688.5
Total current financial liabilities	**2,178.8**	**17.7**	**0.5**	**2,197.0**

6.2 Fair value measurements disclosures

The assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the consolidated and condensed statement of financial position are set forth in the table below. These fair value measurements are categorized into different levels of fair value hierarchy based on the inputs to valuation techniques used.

	June 30, 2018		
	Level 2	Level 3	Total
Foreign currency forward	2.5	-	2.5
Non-current derivative financial assets	**2.5**	**-**	**2.5**
Foreign currency forward	7.2	-	7.2
Current derivative financial assets	**7.2**	**-**	**7.2**
Foreign currency forward	14.1	-	14.1
Non-current derivative financial liabilities	**14.1**	**-**	**14.1**
Foreign currency forward	18.2	-	18.2
Current financial liabilities	**18.2**	**-**	**18.2**
Contingent consideration at fair value	**-**	**15.3**	**15.3**

The fair values of financial assets or liabilities traded on active liquid markets are fixed according to the prices quoted in those markets. If the market for a financial asset is not active or no market price is available, fair values are determined in accordance with generally accepted pricing valuation techniques which include discounted cash flows, standard valuation models based on market parameters, dealer quotes and use of comparable arm's length transactions.

The Group's foreign currency forward contracts are measured using quoted forward exchange rates. Interest rate swaps (IRS) are measured discounting the cash flows estimated based on the applicable interest rate curves derived from quoted interest rates. As such, the financial assets or liabilities in our consolidated and condensed statement of financial position resulting from these derivative financial instruments that are measured at fair value, would fall within the level 2 category of the fair value hierarchy. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Group entity and counterparty when appropriate.

The Group recognises transfers between levels of fair value hierarchy as of the end of the reporting period in which the transfer has occurred. There were no transfers between levels of fair value hierarchy during the period ended June 30, 2018.

The fair value of the contingent consideration is determined considering the expected payment using probability weighted average of pay-outs associated with each possible scenario. This method requires taking into account the range of possible outcomes, the pay-out associated with each possible outcome and the probability of each outcome arising.

The fair value categorized as level 3 for the period ended June 30, 2018, arose mainly from the consideration transferred in the acquisition of Amadeus Hospitality Netherlands BV. This fair value measurement is considered as recurring fair value measurement.

The Group estimates that the carrying amount of its financial assets and liabilities measured at amortized cost is a reasonable approximation of their fair value as at June 30, 2018, except for the following financial liabilities:

	June 30, 2018		
	Carrying amount	Fair Value	% of face value
Bonds	1,500.0	1,525.1	101.7%
European Investment Bank	222.4	232.7	104.6%

The fair value measurement of the bonds and the European Investment Bank unsecured senior loan are categorised within the level 1 and level 2 in the fair value hierarchy, respectively.

7 EQUITY

7.1 Share Capital

As of June 30, 2018, the Company's share capital amounts to €4.4 million, as represented by 438,822,506 ordinary shares with a nominal value of €0.01 per share, all of them of one single class; totally subscribed and paid.

The Company's shares are traded on the Spanish electronic trading system ("Continuous Market") on the four Spanish Stock Exchanges (Madrid, Barcelona, Bilbao and Valencia). The Company's shares form part of the Ibex 35 index [AMS].

As of June 30, 2018, the Company's shares were held as set forth in the table below:

Shareholder	June 30, 2018	
	Shares	%
Free float (1)	433,774,562	98.85%
Treasury shares (2)	4,624,183	1.05%
Board of Directors (3)	423,761	0.10%
Total	**438,822,506**	100%

(1) Includes shareholders with significant equity stake on June 30, 2018 reported to the National Commission of the Stock Exchange (CNMV).
(2) Voting rights remain ineffective given they are treasury shares.
(3) It does not include voting rights that could be acquired through financial instruments.

7.2 Additional paid-in capital

The changes in the balance of the "Additional paid in capital" caption include the recognition of the share-based payments considered as equity-settled. The fair value of the amounts received during the six months period ended June 30, 2018, as consideration for the equity instruments granted, amounts to €8.1 million offset by the settlement of the Restricted Share Plan by €0.2 million (€0.2 million as of June 30, 2017).

7.3 Treasury shares

The reconciliation of the carrying amounts for the period ended June 30, 2018, of the treasury shares is set forth in the table below:

	Treasury Shares
Carrying amount at December 31, 2017	**1,069,252**
Acquisitions	3,558,369
Retirement	(3,438)
Carrying amount at June 30, 2018	**4,624,183**

During the period, the Group has acquired 3,558,369 shares from which 3,558,231 have been acquired under the Share buy-back programme. The outstanding liability amounting to €287.6 million is classified under the caption “Other current financial liabilities”.

The historical cost for treasury shares retired (primarily for the settlement of the Restricted Share Plan) is deducted from the “Additional paid-in capital” caption of the consolidated statement of financial position.

The Group holds treasury shares for the future specific share delivery commitments with the Group employees and management.

7.4 Dividends

On June 21, 2018, the General Shareholders’ Meeting agreed to distribute a gross dividend of €1.135 per ordinary share with the right to take part in the distribution on payment date. An interim dividend of €0.48 per share, amounting to €210.1 million, was paid in full on January 31, 2018.

The complementary dividend of €0.655 per share, amounting to €284.4 million (Treasury shares excluded) has been paid on June 29, 2018, except for withholding taxes that will be paid on July amounting to €53.9 million.

8 CURRENT AND NON-CURRENT DEBT

The breakdown of carrying amounts of debt with financial institutions as of June 30, 2018 and December 31, 2017, is set forth in the table below:

	June 30, 2018	December 31, 2017
Bonds	1,000.0	1,500.0
Deferred financing fees on Bonds	(5.4)	(7.5)
European Investment Bank	157.4	189.1
Deferred financing fees on European Investment Bank	(0.1)	(0.1)
Deferred financing fees on Revolving loan facility	(2.5)	(2.6)
Other debt with financial institutions	0.1	-
Lease liabilities	268.1	76.2
Total non-current debt	**1,417.6**	**1,755.1**
Bonds	500.0	-
European Investment Bank	65.0	65.0
European Commercial Paper	550.0	300.0
Other deferred financing fees	(0.5)	(0.1)
Accrued interest	6.4	2.1
Other debt with financial institutions	15.9	13.2
Lease liabilities	51.8	15.9
Total current debt	**1,188.6**	**396.1**
Total debt	**2,606.2**	**2,151.2**

As of June 30, 2018, after taking into account the effect of interest rate swaps, approximately 77% (86% in December 31, 2017) of the Groups' outstanding debt is at fixed rate. The reduction in the ratio of debt at fixed rate during the six months period ended June 30, 2018, mostly relates to the higher volume of the Euro Commercial Paper programme (ECP) outstanding.

The Group is required to meet two financial covenants, for the European Investment Bank senior loans and the Revolving loan facility, calculated on the basis of (i) the ratio of total Net Debt to EBITDA (Earnings before Interests, Taxes, Depreciation and Amortization), and (ii) the ratio of EBITDA to Net Interest Payable. As of June 30, 2018, the Group is compliant with the financial covenants.

8.1 Bonds

On May 12, 2017, Amadeus Capital Markets, S.A.U. carried out an issuance of a new bond under the denominated “Senior Fixed Rate Instruments” for a value of €500.0 million admitted to trading on the Luxembourg Stock Exchange. The issuance has a maturity of two years (May 2019), an annual coupon of 0.000%, and an issue price of 99.932% of its nominal value. This bond is used to repay existing financial indebtedness of the Group (European Commercial Paper). As of June 30, 2018, is classified under current debt.

8.2 Revolving Loan Facility

On April 27, 2018, the Group has entered into a €1,000.0 million Revolving Credit Facility. This facility has a maturity of five years that could be extended for two additional years.

The Group has paid to banks in relation to this new Revolving Credit Facility transaction costs (“Deferred financing fees”) by an amount of €2.6 million. During the period ended June 30, 2018 the Group has not disposed of this facility.

At the same time, the Group has cancelled the Facility A of the Revolving Credit Facility signed on March 5, 2015 and the Revolving Credit Facility signed on April 26, 2016. The corresponding deferred financing fees of the cancelled Revolving Credit Facilities have been fully recognized through the Consolidated and condensed statement of comprehensive income by an amount of €2.5 million.

8.3 Lease liabilities

As disclosed in note 3, starting January 1, 2018, the Group has adopted IFRS 16. Consequently, the finance lease liabilities included in the former caption “Obligations under finance leases” are now classified in the caption “Lease liabilities”. In this new caption, the Group also includes the liabilities coming from operating leases (see note 5) since January 1, 2018.

8.4 Euro Commercial Paper programme (ECP)

During the period ended June 30, 2018, the Group has issued Euro Commercial Paper (ECP) net of interests by a total amount of €550.0 million. The total commercial paper repaid during this period amounts to €300.0 million.

The Group's debt payable by maturity as of June 30, 2018 is set in the table below:

		Maturity					
		Current	Non-current				
	Total as of June 30, 2018	June 30 2018 – June 30 2019	June 30 2019 – June 30 2020	June 30 2020 – June 30 2021	June 30 2021 – June 30 2022	June 30 2022 and beyond	Total non-current
Bonds	1,500.0	500.0	-	500.0	500.0	-	1,000.0
EIB	225.0	65.0	65.0	65.0	30.0	-	160.0
Revolving credit facility	-	-	-	-	-	-	-
ECP	550.0	550.0	-	-	-	-	-
Accrued interests	6.4	6.4	-	-	-	-	-
Other debt with financial institutions	16.0	15.9	0.1	-	-	-	0.1
Leases	319.9	51.8	45.3	38.1	32.2	152.5	268.1
Total Debt payable	2,617.3	1,189.1	110.4	603.1	562.2	152.5	1,428.2
Non-current Deferred financing fees	(8.0)						
Current Deferred financing fees	(0.5)						
Remaining fair value adjustment on EIB loan	(2.6)						
Total Debt	**2,606.2**						

9 RELATED PARTIES BALANCES AND TRANSACTIONS

The summary of significant operations and transactions with related parties of the Company and its Group is set forth below. All transactions with related parties are carried out on an arm's length basis.

9.1 Subsidiaries

Transactions between the Group and its subsidiaries, which are related parties of the Company, were eliminated on consolidation. Accordingly they are not disclosed in this note.

9.2 Shareholders and significant influence

As of June 30, 2018 and June 30, 2017, there are neither shareholders nor significant influence considered related parties.

9.3 Board of Directors

The position of Member of the Board of Directors is remunerated in accordance with the Company's by-laws. The remuneration for said functions consists of a fixed remuneration to be determined by the General Shareholders' Meeting before the relevant financial year ends.

At the meetings held on June 21, 2018 and June 15, 2017, the Ordinary General Shareholders' Meeting agreed a fixed remuneration for said functions, in cash or in kind, for the period January to December 2018 and January to December 2017, with a limit of €1,426 thousand and €1,426 thousand as well respectively, and it vested the Board of Directors with the authority to resolve on how said remuneration was to be distributed among the members of the Board, following article 36 of the Company's Bylaws. The Board of Directors of the Company may agree an unequal remuneration scheme distribution. No loans, advances or stock options have been granted to the members of the Board of Directors.

The remuneration to which the Executive Director may be entitled despite of his functions as Director, consists of salary (in cash and in kind), yearly and/or multiannual bonus, subject to the objectives fulfilment, share-based plans and any other compensation following the remuneration policy approved by the General Shareholders' Meeting held on June 25, 2015, for a period of three years.

The compensation received by the members of the Board of Directors during the six months periods ended June 30, 2018, and 2017, is set forth in the table below:

	In thousands of Euros	
Board of Directors	June 30, 2018	June 30, 2017
Total compensation	707	668

As of June 30, 2018, investment held by the members of the Board of Directors in the share capital of the Company is set forth in the table below:

	June 30, 2018
Name	Shares [(1)]
José Antonio Tazón García	255,000
David Webster	1
Luis Maroto Camino	168,360
Pierre–Henri Gourgeon	400

[(1)] *Financial instruments are excluded*

During the six months period ended June 30, 2018, the amounts accrued to the Chief Executive Officer (Consejero Delegado) for his executive functions in respect of compensation in cash (base salary and bonus accrued), compensation in kind, contributions to pension plan and collective life insurance policies and share based payments amounted to €808 thousand, €12 thousand, €128 thousand and nil respectively (€850 thousand, €12 thousand, €123 thousand and €2,728 thousand respectively, for the period ended June 30, 2017).

9.4 Key Management Compensation

During the six months period ended June 30, 2018, the amounts accrued to the Key Management in respect of compensation in cash (base salary and bonus accrued), compensation in kind (including collective life insurance policies), contributions to pension plan and share based payments amounted to €2,997 thousand, €263 thousand, €325 thousand and nil respectively (€5,511 thousand, €292 thousand, €285 thousand and €6,935 thousand respectively, for the period ended June 30, 2017). These amounts include compensation of members of the Group's Key Management that, as of June 30, 2017 are no longer part of the Company.

As of June 30, 2018, key management personnel include 11 members (11 members as of June 30, 2017).

The number of shares held by the Group Management at June 30, 2018, amounts to 359,594.

9.5 Other related parties

Other related parties are linked to the transactions between the Group and its associates and joint-ventures.

The Group's transactions with the related parties (in thousands of euros) that are described in sections 9.1 to 9.5 above as of June 30, 2018 is set forth in the table below:

	June 30, 2018			
Consolidated and condensed statement of comprehensive income	Shareholders and significant influence	Board members and key management	Other related parties	Total
Cost of revenue and other operating expenses	-	-	52.513	52,513
Personnel and related expenses	-	4,292	-	4,292
Total expenses	**-**	**4,292**	**52,513**	**56,805**
Share in profit from associates and joint ventures accounted for using the equity method	-	-	4,069	4,069
Revenue	-	-	14,933	14,933
Total income	**-**	**-**	**19,002**	**19,002**

Consolidated and condensed statement of financial position	June 30, 2018			
	Shareholders and significant influence	Board members and key management	Other related parties	Total
Dividends Receivable - Other current financial assets	-	-	1,639	1,639
Trade accounts receivable	-	-	8,958	8,958
Trade accounts payable	-	423	-	423
Interim dividend payable	-	-	29,834	29,834

10 TAXATION

The effective tax rate has been calculated considering the best estimate available of the full-year effective tax rate and the tax rates currently in force in the different countries defining the Group structure at the date of these consolidated and condensed interim financial statements. Due to the impact on the effective tax rate of non-deductible expenses as a percentage of income before taxes, any significant difference between the estimate and the final income before taxes achieved for the full-year could affect the final full-year effective tax rate.

The effective tax rate as of June 30, 2018, is 26.0% which is the expected effective tax rate for year-end 2018. The effective tax rate as of June 30, 2017 was 26.0%.

11 EARNINGS PER SHARE

The reconciliation of the weighted average number of shares and diluted weighted average number of outstanding shares as of June 30, 2018 and 2017, is set forth in the table below:

	June 30, 2018		June 30, 2017	
	Ordinary shares	Weighted average number of ordinary shares	Ordinary shares	Weighted average number of ordinary shares
Total shares issued	438,822,506	438,822,506	438,822,506	438,822,506
Treasury shares	(4,624,183)	(9,353,427)	(1,155,291)	(1,500,371)
Total shares outstanding	**434,198,323**	**429,469,079**	**437,667,215**	**437,322,135**

The basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares issued during the year, excluding ordinary shares purchased by the Group and held as treasury shares. The dilutive earnings per share is calculated including the ordinary shares outstanding to assume conversion of a potentially dilutive ordinary shares.

The calculation of basic and diluted earnings per share (rounded to two digits) for the periods ended June 30, 2018 and 2017, is set forth in the table below:

Basic and diluted earnings per share			
June 30, 2018		June 30, 2017 Restated	
Profit attributable to the owners of the parent (millions of euros)	Earnings per share (Euros)	Profit attributable to the owners of the parent (millions of euros)	Earnings per share (Euros)
573.3	1.33	528.7	1.21

12 ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

12.1 Interest expense and other financial expenses

The “Interest expense” for the period ended June 30, 2018 and 2017, mainly corresponds to the borrowings detailed in note 8. The breakdown of the “Interest expense” is set forth in the table below:

	June 30, 2018	June 30, 2017
Bonds	4.3	5.5
European Investment Bank	3.9	4.8
Revolving Loan Facility	-	0.1
European Commercial Paper	(0.6)	(0.1)
Interest from derivative instruments	1.9	2.0
Other debt with financial institutions	-	0.2
Lease liabilities	3.2	1.0
Subtotal	12.7	13.5
Deferred financing fees	4.3	2.3
Bank commissions, fees and other expenses	0.9	1.1
Interest expense	17.9	16.9

As disclosed in note 3, starting January 1, 2018, the Group has adopted IFRS 16. Consequently, the finance lease expenses included in the former caption “Obligations under finance leases” are now classified in the caption “Lease liabilities”. In this new caption, the Group also includes the expenses coming from operating leases.

The breakdown of “Other financial expenses” as of June 30, 2018 and 2017 is set forth in the table below:

	June 30, 2018	June 30, 2017
Net interest on the Net Defined Benefit liability	0.9	1.1
Interest expense on Tax	2.8	0.1
Financial expense from derivative instruments	-	2.7
Others	0.6	0.6
Other financial expenses	**4.3**	**4.5**

12.2 Employee distribution

The employee distribution by category and gender as of June 30, 2018 and 2017, is set forth in the table below:

	June 30, 2018		June 30, 2017	
	Female	Male	Female	Male
CEO/SVP/VP	3	24	4	30
Amadeus Group Director	31	139	27	138
Managers	1,486	2,979	1,388	2,797
Disabled managers	7	8	5	7
Staff	4,400	6,449	4,208	6,077
Disabled staff	62	92	57	88
TOTAL	5,989	9,691	5,689	9,137

The average employee distribution by category and gender as of June 30, 2018 and 2017, is set forth in the table below:

	June 30, 2018		June 30, 2017	
	Female	Male	Female	Male
CEO/SVP/VP	4	25	4	30
Amadeus Group Director	31	138	26	135
Managers	1,460	2,920	1,358	2,732
Disabled managers	7	8	5	7
Staff	4,354	6,372	4,090	5,931
Disabled staff	62	93	59	89
TOTAL	5,918	9,556	5,542	8,924

13 ADDITIONAL CONSOLIDATED STATEMENT OF CASH FLOWS RELATED DISCLOSURE

The reconciliation of the “Cash and cash equivalents net” caption of the consolidated statement of cash flows and the “Cash and cash equivalents” caption of the consolidated statement of financial position as of June 30, 2018 and 2017, is set forth in the table below:

	June 30, 2018	June 30, 2017
Cash on hand and balances with banks	538.5	550.8
Short-term investments	0.5	72.9
Cash and cash equivalents	539.0	623.7
Bank overdrafts	(0.7)	(1.2)
Total cash and cash equivalents net	538.3	622.5

amadeus

14 SUBSEQUENT EVENTS

On July 19, 2018 the treasury shares of the Company amount to 4,701,302 shares, that represents 1.0713% of its share capital, which will increase in the coming months with subsequent acquisitions as per the Share buy-back Programme mentioned in note 7.

amadeus

Amadeus IT Group, S.A. and Subsidiaries

Directors' Report for the six months period ended June 30, 2018

amadeus

Index

1 Summary 3
2 Operating Review 6
3 Presentation of financial information 9
4 Main financial risks and hedging policy 15
5 Operating and financial performance by segment 16
6 Consolidated financial statements 22
7 Investor information 32
8 Other additional information 35
9 Key terms 41

1 Summary

1.1 Introduction

Highlights for the first six months ended June 30, 2018

- In Distribution, our travel agency air bookings grew 3.4%, to 305.1 million
- In IT Solutions, our passengers boarded increased 18.0%, to 888.8 million
- Revenue grew by 4.1%[1], to €2,477.0 million (high single-digit growth[1], excluding foreign exchange effects)
- EBITDA increased by 8.2%[1], to €1,078.2 million (high single-digit growth[1], excluding foreign exchange and IFRS 16[2] effects)
- Adjusted profit[3] grew 6.1%[1], to €606.8 million
- Free Cash Flow[4] amounted to €461.2 million, representing growth of 2.7%[1]
- Covenant net financial debt[5] was €2,128.6 million at June 30, 2018 (1.10 times covenant EBITDA[5])

In the first six months of 2018, Revenue, EBITDA and Adjusted Profit increased by 4.1%[1], 8.2%[1] and 6.1%[1], respectively, supported by the performances across our Distribution and IT Solutions segments. As in the first quarter, our reported financial performance in the period was distorted by the USD/ Euro exchange rate compared to the same period last year, which had an important negative effect on our results. Excluding foreign exchange effects (and also, the IFRS 16[2] impact on EBITDA), in the first half of the year, Revenue and EBITDA both grew at high single-digit growth rates, with a broadly stable EBITDA margin.

In Distribution, we continued to secure and expand content for our subscribers by renewing or signing distribution agreements with 15 carriers in the quarter, including United Airlines, Scandinavian Airlines, Alitalia and Ethiopian Airlines. In the first half of the year, our Distribution air volumes continued to grow steadily, increasing by 3.4%, despite continued weak market share performance in the Western European OTA segment. Excluding Western Europe, our bookings grew 9.2% in the first half of the year (+7.9% in the second quarter). Market share weakness in Western Europe has impacted our global competitive position[6], which slightly decreased by 0.1 p.p in the first six months of 2018 to 43.5% (excluding Western Europe, our competitive position[6] expanded by 1.3 p.p. in the first half of the year and by 0.9 p.p. in the second quarter). Asia and Pacific, as well as North America, were our fastest-growing regions in the first six months of 2018, expanding at high growth rates. Over this period, Distribution Revenue grew 2.6%[1], negatively impacted by foreign exchange effects.

IT Solutions revenue grew 6.8%[1] in the first six months of the year, negatively impacted by foreign exchange effects. This evolution was driven by growth in Airline IT solutions and a continued

---

[1] Compared to H1 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 half of 2018, IFRS 16 had a positive €22.5 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.

expansion in our new businesses. In Airline IT, Passengers Boarded increased by 18.0% in the first half, resulting from 7.8% organic Passengers Boarded growth and 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. Russia's second largest airline, S7 Airlines, recently signed for the full Altéa suite. S7 Group of Companies, to which S7 Airlines belongs to, carries 14 million passengers per year. S7 Airlines' migration to Altéa is expected to take place before year-end. Royal Jordanian renewed its contract for the full Altéa suite and signed additional products, including Amadeus Altéa NDC. Scandinavian Airlines renewed Altéa and Revenue Management while also signing up for the Amadeus Payment Platform, through which Scandinavian Airlines will simplify its payments, ensuring a more responsive digital experience. Also, LATAM Airlines implemented Altéa Departure Control Flight Management to optimize fuel consumption and maximize operational performance. Additionally, Hawaiian Airlines contracted for Altéa DCS Flight Management, Garuda Indonesia for Amadeus Customer Experience Management and Malaysia Airlines for Amadeus Revenue Accounting, among others.

Amadeus recently received level 3 New Distribution Capability (NDC) certification as an *aggregator* from IATA. This follows Amadeus' existing level 3 NDC certification as an *IT provider*, making Amadeus one of the first providers with *dual* level 3 certification. Level 3 is the highest NDC certification and it is awarded to providers that can demonstrate the ability to execute full Offer and Order Management. This means that Amadeus is able to receive NDC offers from airlines and distribute them to travel sellers.

This certification was achieved through Amadeus' work with a leading online travel agency that joined the Amadeus NDC-X program earlier this year. This program aims to bring together all the NDC efforts across Amadeus - as IT provider and as distributor - under one roof, and is continuation of Amadeus' previous work towards the digitalization of the travel industry. NDC-X is part of the evolution of Amadeus' travel platform which will bring together all relevant content - including air, hotel and other travel content - from any source (EDIFACT, NDC, proprietary APIs and other aggregated content) to be distributed via any user interface or device.

We continued to advance in our Hospitality strategy. We are progressing in the roll-out of the Guest Reservation System with InterContinental Hotels Group, with over half of the InterContinental Hotels Group properties now migrated to the platform. Full deployment is expected for late 2018 to early 2019.

We are very focused on our technology which is key to our success. Our investment in R&D amounted to 16.2%[7] of revenue in the first half of 2018. 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.

[7] H1 2017 revenue restated for IFRS 15 and IFRS 9. See section 3.1 for further details.

In the first six months of 2018, our Free Cash Flow grew 2.7%[8] to €461.2 million. At the end of the first half, our consolidated covenant net financial debt stood at €2,128.6 million, representing 1.10 times last-twelve-month covenant EBITDA.

1.2 Summary of operating and financial information

Summary of KPI (€millions)	Jan-Jun 2018	Jan-Jun 2017[1]	Change
Operating KPI			
TA air competitive position[2]	43.5%	43.6%	(0.1p.p.)
TA air bookings (m)	305.1	295.2	3.4%
Non air bookings (m)	32.5	33.2	(2.0%)
Total bookings (m)	337.7	328.4	2.8%
Passengers boarded (m)	888.8	753.4	18.0%
Financial results			
Distribution revenue	1,563.3	1,523.3	2.6%
IT Solutions revenue	913.7	855.2	6.8%
Revenue	2,477.0	2,378.5	4.1%
Distribution contribution	748.3	729.8	2.5%
IT Solutions contribution	660.5	610.4	8.2%
Contribution	1,408.8	1,340.2	5.1%
EBITDA	1,078.2	996.3	8.2%
EBITDA margin (%)	43.5%	41.9%	1.6 p.p.
Adjusted profit[3]	606.8	572.2	6.1%
Adjusted EPS (euros)[4]	1.41	1.31	8.2%
Cash flow			
Capital expenditure	342.5	290.8	17.8%
Free cash flow[5]	461.2	449.1	2.7%
Indebtedness[6]	Jun 30,2018	Dec 31,2017	Change
Covenant net financial debt	2,128.6	2,083.3	2.2%
Covenant net financial debt/LTM covenant EBITDA	1.10x	1.12x	

[1] 2017 figures have been restated for IFRS 15 and IFRS 9. Also, 2017 segments' contributions have been restated for building and facilities expense reallocation to indirect costs. 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.

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

[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 Key recent business highlights

Airline Distribution

- During the first six months of 2018, we signed 24 new contracts or renewals of content agreements with airlines. Among the airlines that signed or renewed content agreements during this period were United Airlines, Scandinavian Airlines (SAS), Alitalia and EVA Air. Subscribers to Amadeus' inventory can access over 110 low cost carriers (LCCs) and hybrid carriers' content worldwide. LCC and hybrid carriers' bookings grew 9% between January-June period compared to the same period last year.
- Additionally 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.
- In July, Amadeus has received the level 3 New Distribution Capability (NDC) certification as an aggregator from International Air Transport Association (IATA). This comes in addition to Amadeus' existing level 3 NDC certification as an IT provider, making Amadeus one of the first providers with dual level 3 certification. Level 3 is the highest NDC certification and is awarded to companies that can demonstrate the ability to execute full Offer and Order Management. This means that Amadeus is able to receive NDC offers from airlines and distribute them to travel sellers.This certification has been achieved through Amadeus' work with a leading online travel agency that joined the NDC-X program earlier this year. This program aims at bringing together all the NDC activities across Amadeus - as an IT provider and distributor - under one roof, and is a continuation of Amadeus' previous work towards the digitalization of the travel industry.
- On the airline side, Qantas also joined NDC-X. Thanks to this partnership, Amadeus will connect to the Qantas Distribution Platform (QDP) and deliver NDC content to travel sellers. This will allow Amadeus travel sellers to book NDC content alongside other travel content through the agents' preferred booking channel, while enabling greater personalization for travelers.
- Trip.com, a leading online travel agency which is part of the Ctrip Group, also contracted Amadeus Pricer with Instant Search during the second quarter to deliver the ultimate search and shopping experience to its customers.
- Demand from our customers for our merchandizing solutions for the indirect channel remained strong. At the close of June, 145 airlines had signed up for Amadeus Airline Ancillary Services, with six new signatures in the quarter, and 76 had contracted Amadeus Airline Fare Families, with four new customers in the quarter.

Airline IT

- At the close of June, 205 customers had contracted either of the Amadeus Passenger Service Systems (Altéa or New Skies) and 196 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.
- In June, Scandinavian Airlines (SAS) renewed its Altéa contract while also signed up for the Amadeus Payment Platform to simplify its payments, as it accepts virtually any payment method with payment embedded directly within the airline's selling and booking flow, ensuring a more responsive digital experience. SAS will continue using Amadeus Altéa Network Revenue Management, which it contracted in 2015.
- In July, Russia's second largest airline, S7 Airlines has signed for the full suite of Amadeus Altéa passenger service system (PSS) solutions. This agreement comes at a key moment in S7's growth trajectory, Amadeus will serve as the airline's strategic partner powering its expansion further into the European market. The implementation is expected to take place before the end of the year. S7 Group of Companies, to which S7 Airlines belongs, carried more than 14 million passengers in 2017.
- KC International Airlines, a new Cambodian carrier, contracted and implemented New Skies during the first quarter of the year.
- LATAM implemented Altéa Departure Control Flight Management, which it contracted during the fourth quarter of 2017, to optimize fuel consumption and maximize operational performance.
- 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.
- Our upselling activity in Airline IT continued during the January-June period. Garuda Indonesia contracted Amadeus Customer Experience Management. This solution will help Garuda intimately understand its customers, as it takes data about the traveler from multiple sources, builds a 360-degree, real-time picture of who the traveler is, and integrates it with advanced personalization logic so that the airline can cater to their implicit expectations and demands while travelling. Also Malysia Airlines contracted Amadeus Revenue Accounting.

Rail

- Swiss Federal Railways (SBB) selected Amadeus to design and power its new intelligent and flexible booking solution, which will offer travelers an at-a-glance look at all possible travel routes and costs, just by entering a departure and destination station. The new tool will be used across all SBB's sales channels – online, at stations or even third parties – enabling SBB to sell a more enriched offer from railways in neighbouring countries and popular destinations.

Airport IT

- Killeen-Fort Hood Regional Airport, located in Texas, contracted Amadeus Extended Airline System Environment (EASE) in May. With this addition, EASE is now available in 51 airports in

North America including Los Angeles International Airport, JFK Airport, Charlotte Douglas International Airport in North Carolina and Fort Lauderdale–Hollywood International Airport.

- ASA Cape Verde Airports, a customer of Amadeus' Airport Common Use Service (ACUS), contracted ACUS Mobile.
- In April, Pristina International Airport in Kosovo, has migrated to Amadeus Altéa Ground Handler DCS , which allowed it to further improve its operational agility, and to generate an impressive 20% reduction of its costs associated with check-in and airline weight and balance activities, in just two months.

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.

Other announcements

- Amadeus' General Shareholders' Meeting (AGM), held in Madrid on June 21, 2018, voted the appointment of Peter Kuerpick and Stephan Gemkow, as independent Directors, for a three-year term, with inmediate effect. These two Directors replace Marc Verspyck and Roland Busch, whose term of office expired at that time of the AGM.
- Shareholders also approved the appointment of the interim Director Pilar García Ceballos-Zúñiga, appointed as independent Director by co-optation method in December 2017.

- As another step in our commitment to responsible and sustainable business practice, in June, we joined the United Nations Global Compact initiative — a voluntary leadership platform for the development, implementation and disclosure of responsible business practices. Launched in 2000, the UN Global Compact is the largest corporate sustainability initiative in the world, with more than 9,500 companies and 3,000 non-business signatories based in over 160 countries. Through our participation, we will aim to accelerate our sustainability efforts and scale up our impact through travel and tourism.

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 half of 2018, Amadeus devoted 16.2% 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 tools.
- 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, amongst others, the migration of travel agencies to our Amadeus Selling Platform Connect.
- Implementation of customers to our Hospitality IT, Airport IT and Payments businesses.

_ 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 statements of Amadeus IT Group S.A. and subsidiaries are the source to the financial information included in this document. They have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and have been subject to a limited review by the auditors.

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, adjusted profit and their 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 Operating income less D&A expense. A reconciliation to the financial statements is included in section 6.1.5.
- The reconciliation of the Operating income is included in the Group income statement included in section 6.1.
- 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 6.2.1.
- 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 6.1.8.

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.

Other than these effects, there are no significant impacts from the adoption of this standard, given that 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 in the next tables, first half 2017 Distribution revenue has been reduced by €112.2 million and operating

costs (Cost of revenue and Other operating expenses) by €112.2 million. First half 2017 EBITDA, Operating income, Profit and Free cash flow are not impacted by the adoption of this standard.

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.

There are no significant impacts from the adoption of this standard, other than the effect mentioned above.

For comparison purposes, 2017 figures shown in this report have been restated for the adoption of this standard. Consequently, as shown in the next tables, in the first half of 2017, Other operating expenses has increased by €2.6 million and net financial expense has declined by €2.0 million, resulting in a reduction in both EBITDA and Operating income of €2.6 million and a decline in Profit of €0.4 million.

Allocation of building and facilities expense

Since January 1, 2018, building and facilities expense is recognized within Indirect costs in full (previously these costs were partly allocated to Distribution and IT Solutions). Given the geographic expansion of our businesses and our customer focus, buildings and facilities are often shared by teams from all of our businesses, making segment allocation rules increasingly complex. We believe this reallocation results in a cost structure of the operating segments that provides a more accurate reflection of our segment profitability levels.

As a result of this cost reallocation, the Distribution and IT Solutions contributions have increased, as well as Indirect costs, with no impact on Group EBITDA, profit or free cash flow.

For comparison purposes, 2017 figures shown in this report have been restated for the adoption of this cost reallocation. Consequently, as shown in the next tables, in the first half of 2017 both the Distribution contribution and the IT Solutions contribution have increased by €24.9 million and €21.9 million, respectively, and Net indirect costs has increased by €46.8 million. First half 2017 EBITDA, Operating income, Profit and Free cash flow are not impacted by the adoption of this cost reallocation.

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

Jan-Jun 2017 (€million)	Reported	IFRS 15	IFRS 9	B&F exp.	Restated	Change
Segment reporting						
Distribution revenue	1,635.5	(112.2)	0.0	0.0	1,523.3	(112.2)
IT Solutions revenue	855.2	0.0	0.0	0.0	855.2	0.0
Group revenue	2,490.7	(112.2)	0.0	0.0	2,378.5	(112.2)
Distribution contrib.	707.5	0.0	(2.6)	24.9	729.8	22.3
IT Solutions contrib.	588.5	0.0	0.0	21.9	610.4	21.9
Contribution	1,296.0	0.0	(2.6)	46.8	1,340.2	44.2
Net indirect costs	(297.1)	0.0	0.0	(46.8)	(343.9)	(46.8)
EBITDA	998.9	0.0	(2.6)	0.0	996.3	(2.6)
Income statement						
Group revenue	2,490.7	(112.2)	0.0	0.0	2,378.5	(112.2)
Cost of revenue	(655.2)	106.9	0.0	0.0	(548.3)	106.9
Personnel expenses	(663.8)	0.0	0.0	0.0	(663.8)	0.0
Other operating expenses	(166.6)	5.3	(2.6)	0.0	(163.9)	2.7
Dep. and amortization	(259.0)	0.0	0.0	0.0	(259.0)	0.0
Operating income	746.1	0.0	(2.6)	0.0	743.5	(2.6)
Net financial expense	(32.5)	0.0	2.0	0.0	(30.5)	2.0
Other income (expense)	(0.7)	0.0	0.0	0.0	(0.7)	0.0
Profit before income taxes	712.9	0.0	(0.6)	0.0	712.3	(0.7)
Income taxes	(185.4)	0.0	0.2	0.0	(185.2)	0.2
Profit after taxes	527.5	0.0	(0.4)	0.0	527.1	(0.5)
Share in profit assoc/JV	2.4	0.0	0.0	0.0	2.4	0.0
Profit for the period	530.0	0.0	(0.4)	0.0	529.5	(0.5)
EPS (€)	1.21	0.0	0.0	0.0	1.21	0.00
Adjusted profit	574.0	0.0	(1.9)	0.0	572.2	(1.9)
Adjusted EPS (€)	1.31	0.0	0.0	0.0	1.31	0.00

Jan-Jun 2017 (€million)	Reported	IFRS 15	IFRS 9	B&F exp.	Restated	Change
Cash flow						
EBITDA	998.9	0.0	(2.6)	0.0	996.3	(2.6)
Change in working cap.	(91.6)	0.0	2.6	0.0	(89.0)	2.6
Capital expenditure	(290.8)	0.0	0.0	0.0	(290.8)	0.0
Taxes paid	(157.3)	0.0	0.0	0.0	(157.3)	0.0
Interest & financial fees	(10.1)	0.0	0.0	0.0	(10.1)	0.0
Free cash flow	449.1	0.0	0.0	0.0	449.1	0.0

Apr-Jun 2017 (€millions)	Reported	IFRS 15	IFRS 9	B&F exp.	Restated	Change
Financial results						
Distribution revenue	798.1	(53.9)	0.0	0.0	744.3	(53.9)
IT Solutions revenue	441.7	0.0	0.0	0.0	441.7	0.0
Group revenue	1,239.9	(53.9)	0.0	0.0	1,186.0	(53.9)
Cost of revenue	(321.1)	50.8	0.0	0.0	(270.3)	50.8
Personnel expenses	(336.0)	0.0	0.0	0.0	(336.0)	0.0
Other operating expenses	(83.6)	2.8	(1.3)	0.0	(82.1)	1.5
Dep. and amortization	(131.5)	0.0	0.0	0.0	(131.5)	0.0
Operating income	367.7	(0.3)	(1.3)	0.0	366.1	(1.6)
Net financial expense	(18.7)	0.0	1.4	0.0	(17.2)	1.4
Other income (expense)	(0.4)	0.0	0.0	0.0	(0.4)	0.0
Profit before income taxes	348.7	(0.3)	0.0	0.0	348.5	(0.3)
Income taxes	(90.7)	0.1	0.0	0.0	(90.6)	0.1
Profit after taxes	258.0	(0.2)	0.0	0.0	257.9	(0.2)
Share in profit assoc/JV	1.3	0.0	0.0	0.0	1.3	0.0
Profit for the period	259.3	(0.2)	0.0	0.0	259.2	(0.2)
EPS (€)	0.59	0.00	0.00	0.00	0.59	0.00
EBITDA	496.1	(0.3)	(1.3)	0.0	494.4	(1.6)
Adjusted profit	280.4	(0.2)	(1.0)	0.0	279.2	(1.2)
Adjusted EPS (€)	0.64	0.00	0.00	0.00	0.64	0.00

Apr-Jun 2017 (€millions)	Reported	IFRS 15	IFRS 9	B&F exp.	Restated	Change
Cash flow						
EBITDA	496.1	(0.3)	(1.3)	0.0	494.4	(1.6)
Change in working cap.	(56.0)	0.3	1.3	0.0	(54.3)	1.6
Capital expenditure	(135.6)	0.0	0.0	0.0	(135.6)	0.0
Taxes paid	(136.8)	0.0	0.0	0.0	(136.8)	0.0
Interest & financial fees	(4.1)	0.0	0.0	0.0	(4.1)	0.0
Free cash flow	163.6	0.0	0.0	0.0	163.6	0.0

The 2017 figures displayed throughout this report and specifically in sections 5 " Operating and financial performance by segment" and 6 "Consolidated financial statements" are restated for IFRS 15, IFRS 9 and the building and facilities expense reallocation.

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 have recognized new assets and liabilities for our operating leases of building rentals. Also, the nature of expenses related to those leases have changed 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 has resulted in a reduction in operating costs (and therefore 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 half of 2018 has been:

- A reduction in operating costs of €22.5 million (driving an increase in EBITDA by the same amount), higher D&A expense by €20.8 million (together resulting in an increase in Operating income of €1.7 million) and higher interest expense by €2.2 million. As a result, Profit decreased by €0.4 million in the first half of 2018.
- An increase in right-of-use assets (non-current assets) and financial debt (split between current and non-current liabilities in the balance sheet) of €230.1 million and €230.9 million, respectively, as of June 30, 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 €22.5 million in Free cash flow, as a result of the increase in EBITDA (€22.5 million), as explained above. There is, however, no impact on cash generation

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

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 above mentioned accounting changes, and the 2017 restated figures are unaudited.

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, 50%-60% of our operating costs[10] are denominated in many currencies different from the Euro, including the US Dollar which represents 30%-40% 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 net operating cash flow generated in US Dollar or US Dollar-correlated currencies through, among others, 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 covering operating flows 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

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

volatility, our hedging results are generally insufficient to mitigate the impacts from foreign exchange fluctuations on our operating results.

Both in the second quarter and in the first half 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 at high single-digit and low double-digit growth rates, respectively, both in the second quarter and in the first half of the year. If we also exclude the impact from the adoption of IFRS 16, EBITDA grew at a high single-digit rate and EBITDA margin was broadly stable, both in the second quarter and in the first half of the year.

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 June 30, 2018, 23% 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 252,000 shares and a maximum of 1,976,000 shares, approximately. It is Amadeus' intention to make use of its treasury shares to settle these plans at their maturity.

5 Operating and financial performance by segment

Segment Reporting (€millions)	Jan-Jun 2018	Jan-Jun 2017	Change
Distribution revenue	1,563.3	1,523.3	2.6%
IT Solutions revenue	913.7	855.2	6.8%
Group Revenue	2,477.0	2,378.5	4.1%
Distribution contribution	748.3	729.8	2.5%
IT Solutions contribution	660.5	610.4	8.2%
Total Contribution	1,408.8	1,340.2	5.1%
Net indirect costs	(330.6)	(343.9)	(3.9%)
EBITDA	1,078.2	996.3	8.2%
EBITDA Margin (%)	43.5%	41.9%	1.6 p.p.

In the first half of 2018, revenue increased by 4.1%, negatively impacted by foreign exchange effects. This revenue increase was supported by the positive evolution of our segments:

- In Distribution, revenue grew by 2.6%, driven by booking growth. Distribution revenue per booking remained broadly stable, affected by negative foreign exchange effects.
- In IT Solutions, revenue increased by 6.8%, driven by the positive evolution of Airline IT and our new businesses.

EBITDA expanded 8.2% in the first six months of 2018, as a result of (i) growing contributions in both Distribution (2.5%) and IT Solutions (8.2%), (ii) a decline in net indirect costs (-3.9%), impacted by the adoption of IFRS 16 from January 1, 2018 (see section 3.1 for further details), and (iii) negative foreign exchange effects. EBITDA margin, positively impacted by foreign exchange effects, expanded 1.6 p.p. to 43.5% of revenue.

Excluding foreign exchange effects and the impact from the adoption of IFRS 16, revenue and EBITDA both increased at a high single-digit growth rate, and EBITDA margin was broadly stable.

5.1 Distribution

Distribution (€millions)	Jan-Jun 2018	Jan-Jun 2017	Change
Operating KPI			
TA air competitive position[1]	43.5%	43.6%	(0.1 p.p.)
Total bookings (m)	337.7	328.4	2.8%
Financial results			
Revenue	1,563.3	1,523.3	2.6%
Contribution	748.3	729.8	2.5%
As % of Revenue	47.9%	47.9%	0.0 p.p.

[1] Competitive position as defined in section 3.

Distribution revenue increased 2.6% in the first half of 2018, supported by volume growth and broadly stable revenue per booking. Contribution grew by 2.5%, to €748.3 million. As a percentage of revenue, Distribution contribution was flat at 47.9%.

Both revenue and contribution were negatively impacted by foreign exchange effects in the first half of 2018, whilst contribution margin was positively impacted by foreign exchange effects.

5.1.1 Evolution of Amadeus bookings

Operating KPI	Apr-Jun 2018	Apr-Jun 2017	Change	Jan-Jun 2018	Jan-Jun 2017	Change
TA air booking industry growth	4.7%	1.7%		4.3%	4.3%	
TA air competitive position[1]	43.4%	43.8%	(0.4 p.p.)	43.5%	43.6%	(0.1p.p.)
TA air bookings (m)	145.1	141.0	2.9%	305.1	295.2	3.4%
Non air bookings (m)	15.4	16.2	(4.8%)	32.5	33.2	(2.0%)
Total bookings (m)	160.5	157.2	2.1%	337.7	328.4	2.8%

[1] Competitive position as defined in section 3.

Travel agency air booking industry

The travel agency air booking industry grew 4.7% in the second quarter of 2018, led by Asia and Pacific as well as by North America, which continued to be the industry's fastest growing regions. Growth was impacted (i) positively, by a higher number of working days in the period, due to the timing of Easter, and (ii) negatively, by the FIFA World Cup (which impacted Central, Eastern and Southern Europe, particularly), as well as, by several strikes impacting airlines in Western Europe, which depressed booking growth in that region. Western Europe was also negatively impacted by the bankruptcy of a GDS airline whose bookings have partially shifted to the airline.com channel.

Total air bookings grew by 4.3% globally in the first six months of 2018. With the exception of Western Europe - where the industry declined impacted by the effects mentioned above - all regions showed a positive evolution. Asia and Pacific reported the fastest growth rate, and North America, Central, Eastern and Southern Europe and Latin America grew moderately. Middle East and Africa had a weak performance over the period.

Amadeus bookings

In the second quarter of 2018, Amadeus travel agency air bookings grew by 2.9%, leading to a 3.4% increase over the first six months of the year. Asia and Pacific, Central and Eastern and Southern Europe and North America were our fastest growing regions over the first six months of 2018, with Middle East and Africa and Latin America reporting more limited growth. Amadeus' bookings in Western Europe showed a contraction over the first half of 2018, impacted by the industry's booking decline and the loss of share at some European mid-size online travel agencies resulting from heightened commercial activity in the market. Excluding Western Europe, Amadeus bookings grew 9.2% in the first half of the year and our competitive position[11] expanded by 1.3 p.p.

Amadeus TA air bookings (millions)	Jan-Jun 2018	% of Total	Jan-Jun 2017	% of Total	Change
Western Europe	102.4	33.6%	109.5	37.1%	(6.5%)
Asia and Pacific	64.2	21.1%	54.7	18.5%	17.4%
North America	56.8	18.6%	52.5	17.8%	8.2%
Middle East and Africa	36.6	12.0%	35.8	12.1%	2.1%
Central, Eastern and Southern Europe	25.6	8.4%	23.7	8.0%	7.8%
Latin America	19.4	6.4%	18.9	6.4%	2.9%
Amadeus TA air bookings	305.1	100.0%	295.2	100.0%	3.4%

Amadeus' non-air bookings decreased by 4.8% in the second quarter of 2018, or 2.0% in the first half of 2018 vs. prior year, due to a decline in rail bookings, mostly driven by strikes impacting a key customer during the period. In turn, Amadeus' hotel bookings continued delivering strong growth in the first six months of the year.

[11] Competitive position as defined in section 3.

5.1.2 Revenue

Distribution delivered revenue growth of 3.2% in the second quarter of 2018, driving 2.6% first half growth vs. 2017. This first half performance was negatively impacted by foreign exchange effects.

In the first six months of 2018, revenue growth resulted from an increase in bookings of 2.8% and expansive revenue per booking, negatively offset by foreign exchange effects. Excluding foreign exchange effects, average revenue per booking expansion was supported by (i) a positive booking mix, both from an increased weight of global bookings and a declining weight of non-air bookings, with a lower average fee, and (ii) customer renegotiations.

5.1.3 Contribution

Contribution increased by 2.5%, amounting to €748.3 million in the first half of 2018 and representing 47.9% of revenue. Contribution growth was driven by (i) an increase in revenue of 2.6%, as explained in section 5.1.2 above, (ii) 2.7% growth in net operating costs and (iii) negative foreign exchange effects. Growth in net operating costs in the first half of the year resulted from:

- Higher variable costs, due to (i) a 3.4% increase in travel agency air bookings, (ii) a unitary distribution cost expansion, mainly driven by heightened competitive pressure, a negative customer mix impact on incentives paid to travel agencies and a 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.
- A decline in net fixed costs, mainly resulting from a limited expansion of our R&D and commercial teams (coupled with a lower unit personnel cost), offset by (i) an increase in the capitalization ratio, impacted by project mix, and (ii) a reduction in several cost lines, such as bad debt provisions, which by nature may show a more volatile behaviour per quarter.
- Positive foreign exchange effects.

5.2 IT Solutions

IT Solutions (€millions)	Jan-Jun 2018	Jan-Jun 2017	Change
Operating KPI			
Passengers boarded (m)	888.8	753.4	18.0%
Financial results			
Revenue	913.7	855.2	6.8%
Contribution	660.5	610.4	8.2%
As % of Revenue	72.3%	71.4%	0.9 p.p.

IT Solutions revenue grew by 6.8% in the first half of 2018, supported by the performance of our Airline IT business as well as the positive evolution of our new businesses. Contribution amounted to €660.5 million in that period, growing by 8.2%. As a percentage of revenue, contribution represented 72.3%, 0.9 p.p. higher than the same period of previous year.

Both revenue and contribution were negatively impacted by foreign exchange effects in the first half of 2018, whilst contribution margin was positively impacted by foreign exchange effects.

5.2.1 Evolution of Amadeus passengers boarded

Amadeus passengers boarded grew by 14.0% to 471.9 million in the second quarter of 2018, driving first half growth vs. prior year to 18.0%.

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 7.8%. Passengers boarded growth in the first six months of the year was negatively impacted by the ceasing of operations of Air Berlin and Monarch Airlines during 2017, and by the de-migration of LATAM Airlines Brazil from our platform during the second quarter of 2018.

Passengers boarded (millions)	Apr-Jun 2018	Apr-Jun 2017	Change	Jan-Jun 2018	Jan-Jun 2017	Change
Organic growth[1]	395.8	367.1	7.8%	738.3	684.9	7.8%
Non organic growth	76.0	46.6	63.0%	150.5	68.4	119.9%
Total passengers boarded	471.9	413.7	14.0%	888.8	753.4	18.0%

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

In the first half of 2018, 61.9% of our passengers boarded were generated outside of Europe. Our international footprint has continued to expand, particularly in Asia and Pacific and in North America, supported by the implementations of Southwest Airlines, Japan Airlines and Malaysia Airlines, among others, in 2017. Passengers Boarded growth in Western Europe and Latin America in the first half of 2018 were negatively impacted by the ceasing of operations of Air Berlin and Monarch Airlines during 2017, and by the de-migration of LATAM Airlines Brazil from our platform during the second quarter of 2018, respectively.

Passengers boarded (millions)	Jan-Jun 2018	% of Total	Jan-Jun 2017	% of Total	Change
Asia and Pacific	291.4	32.8%	235.8	31.3%	23.5%
Western Europe	290.8	32.7%	286.3	38.0%	1.6%
North America	119.9	13.5%	58.8	7.8%	104.1%
Latin America	72.6	8.2%	71.7	9.5%	1.2%
Middle East and Africa	66.0	7.4%	61.2	8.1%	7.8%
Central, Eastern & Southern Europe	48.0	5.4%	39.5	5.2%	21.8%
Passengers boarded	888.8	100.0%	753.4	100.0%	18.0%

5.2.2 Revenue

IT Solutions revenue increased 8.5% in the second quarter of 2018 vs. prior year, driving growth for the first half of 2018 to 6.8%. Revenue growth was negatively impacted by foreign exchange effects both in the second quarter and in the first half of 2018.

Excluding foreign exchange effects, first-half revenue growth was driven by the positive evolution of both Airline IT and our new businesses:

- Airline IT revenue increase resulted from (i) a 18.0% increase in passengers boarded, (ii) a dilutive average PSS revenue per passenger boarded as a result of an increased weight of low-cost and hybrid carriers in our customer base, and (iii) the positive evolution of other revenue lines, albeit at a slower pace than PBs.
- Our new businesses continued performing well in the first half of 2018, increasing at a double-digit growth rate, supported by organic growth and customer implementations.

5.2.3 Contribution

Contribution expanded by 8.2% in the first six months of 2018, amounting to €660.5 million. This positive performance was the combination of 6.8% revenue growth, as explained in section 5.2.2 above, 3.4% increase in our net operating costs and negative foreign exchange effects. Net operating costs increase resulted from:

- Limited growth in unit personnel cost, together with the reinforcement of our commercial teams to better support the expansion of our product offering and customer base. Also, increased R&D expenditure dedicated to our airline IT portfolio evolution and expansion (including improved merchandizing, personalization and shopping functionalities) and to our new businesses, partly offset by lower resources required to implement new carriers to our core Altéa platform.
- A reduction in several cost lines, such as bad debt provisions, which by nature may show a more volatile behavior per quarter.
- A higher capitalization ratio, impacted by project mix.
- Positive foreign exchange effects.

5.3 EBITDA

In the first half of 2018, EBITDA increased by 8.2% to €1,078.2 million, negatively impacted by foreign exchange effects (see section 4.1 for details on the exposure of our operating results to foreign exchange fluctuations).

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 at a high single-digit rate in the period.

In the first six months of 2018, EBITDA margin represented 43.5% of revenue, expanding 1.6 p.p. vs. prior year. 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 half of 2017.

Net indirect costs declined by 3.9% in the first six months of the year vs. the same period of 2017. Excluding the IFRS 16 impact, net indirect costs increased by 2.6%, resulting from: (i) expansion in R&D investment devoted to cross-area technology, including the shift to next-generation technologies and cloud services, as well as projects related to our overall infrastructure (see section 2.2 for further details), and (ii) increased resources in our corporate functions to support our business expansion, partially offset by (iii) a higher capitalization ratio, impacted by project mix, and (iv) positive foreign exchange effects.

6 Consolidated financial statements

6.1 Group income statement

Income Statement (€millions)	Apr-Jun 2018	Apr-Jun 2017	Change	Jan-Jun 2018	Jan-Jun 2017	Change
Revenue	1,247.0	1,186.0	5.1%	2,477.0	2,378.5	4.1%
Cost of revenue	(292.5)	(270.3)	8.2%	(595.9)	(548.3)	8.7%
Personnel expenses	(343.4)	(336.0)	2.2%	(667.2)	(663.8)	0.5%
Other operating exp.	(69.4)	(82.1)	(15.4%)	(129.8)	(163.9)	(20.8%)
D&A	(150.3)	(131.5)	14.3%	(294.5)	(259.0)	13.7%
Operating income	391.4	366.1	6.9%	789.6	743.5	6.2%
Net financial expense	(9.2)	(17.2)	(46.6%)	(19.3)	(30.5)	(36.7%)
Other expense	(0.1)	(0.4)	n.m.	(0.5)	(0.7)	(28.6%)
Profit before income tax	382.1	348.5	9.6%	769.8	712.3	8.1%
Income taxes	(99.3)	(90.6)	9.6%	(200.1)	(185.2)	8.0%
Profit after taxes	282.8	257.9	9.7%	569.7	527.1	8.1%
Share in profit from associates and JVs	2.6	1.3	n.m.	3.3	2.4	37.5%
Profit for the period	285.4	259.2	10.1%	573.0	529.5	8.2%
EPS (€)	0.66	0.59	12.2%	1.33	1.21	10.4%
Key financial metrics						
EBITDA	539.2	494.4	9.1%	1,078.2	996.3	8.2%
EBITDA margin (%)	43.2%	41.7%	1.6 p.p.	43.5%	41.9%	1.6 p.p.
Adjusted profit[1]	301.2	279.2	7.9%	606.8	572.2	6.1%
Adjusted EPS (€)[2]	0.70	0.64	9.9%	1.41	1.31	8.2%

[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.

6.1.1 Revenue

In the second quarter of 2018, revenue amounted to €1,247.0 million, growing 5.1% vs. prior year. For the first half of 2018, revenue increased by 4.1% to €2,477.0 million.

Growth both in the second quarter and in the first half of 2018 was driven by the positive evolution of Distribution and IT Solutions, negatively impacted by foreign exchange effects. Excluding foreign exchange effects, revenue grew at a high single-digit rate both in the second quarter and in the first half of 2018.

Overall, revenue growth was a combination of:

- An increase of 3.2% in Distribution in the second quarter of 2018, driving 2.6% growth for the first half period.
- An increase of 8.5% in IT Solutions in the second quarter of 2018, or 6.8% in the first half of the year.

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

Revenue (€millions)	Apr-Jun 2018	Apr-Jun 2017	Change	Jan-Jun 2018	Jan-Jun 2017	Change
Distribution	767.9	744.3	3.2%	1,563.3	1,523.3	2.6%
IT Solutions	479.1	441.7	8.5%	913.7	855.2	6.8%
Revenue	1,247.0	1,186.0	5.1%	2,477.0	2,378.5	4.1%

6.1.2 Cost of revenue

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

Cost of revenue grew by 8.2% in the second quarter of 2018 or 8.7% to €595.9 million in the first half of 2018 vs. prior year. The increase in cost of revenue was driven by (i) booking volume expansion, (ii) a higher unitary distribution cost, resulting from heightened competitive pressure, a negative customer mix impact on incentives paid to travel agencies and a 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.

6.1.3 Personnel and related expenses and other operating expenses

A large number of Amadeus' employees are software engineers. Amadeus also hires contractors to support its 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, including both Personnel expenses and Other operating expenses, decreased by 1.3% in the second quarter of 2018, or by 3.7% in the first half of 2018, vs. prior year, positively impacted by 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 first half of the year vs. the same period of 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 (i) an increase in the capitalization ratio, impacted by project mix, and (ii) a reduction in several cost lines, such as bad debt provisions, which by nature may show a more volatile behaviour per quarter.

Personnel + Other op. expenses (€millions)	Apr-Jun 2018	Apr-Jun 2017	Change	Jan-Jun 2018	Jan-Jun 2017	Change
Personnel + Other operating expenses	(412.8)	(418.1)	(1.3%)	(797.0)	(827.7)	(3.7%)

6.1.4 Depreciation and amortization

Depreciation and amortization (including capitalized D&A) was 15.2% higher in the second quarter of 2018 vs. the same period in 2017, driving growth for the first half of 2018 to 14.2%.

Ordinary D&A grew by 18.7% in the second quarter of 2018 vs. prior year and 17.0% over the first six months, partly driven by the adoption of IFRS 16 from January 1, 2018 (see further details in section 3.1). Excluding the impact from the IFRS 16 adoption (€20.8 million), Ordinary D&A grew by 7.1% in the first six months of the year, 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.

Depreciation & Amort. (€millions)	Apr-Jun 2018	Apr-Jun 2017	Change	Jan-Jun 2018	Jan-Jun 2017	Change
Ordinary D&A	(126.6)	(106.7)	18.7%	(245.4)	(209.8)	17.0%
Amortization derived from PPA	(23.7)	(24.9)	(4.6%)	(49.1)	(49.2)	(0.3%)
D&A	(150.3)	(131.5)	14.3%	(294.5)	(259.0)	13.7%
Capitalized D&A[1]	2.5	3.2	(21.0%)	5.9	6.2	(5.9%)
D&A post-capitalizations	(147.8)	(128.3)	15.2%	(288.6)	(252.8)	14.2%

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

6.1.5 EBITDA and Operating income

In the first half of 2018, EBITDA increased by 8.2% to €1,078.2 million, negatively impacted by foreign exchange effects (see section 4.1 for details on the exposure of our operating results to foreign exchange fluctuations).

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 at a high single-digit rate in the period.

In the first six months of 2018, EBITDA margin represented 43.5% of revenue, expanding 1.6 p.p. vs. prior year. 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 half of 2017.

Operating Income grew by 6.9% in the second quarter of 2018, or 6.2% to €789.6 million in the first half of the year, as a result of EBITDA expansion offset by higher D&A charges.

Operating income – EBITDA (€millions)	Apr-Jun 2018	Apr-Jun 2017	Change	Jan-Jun 2018	Jan-Jun 2017	Change
Operating income	391.4	366.1	6.9%	789.6	743.5	6.2%
Depreciation and amortization	150.3	131.5	14.3%	294.5	259.0	13.7%
Capitalized depreciation and amortization	(2.5)	(3.2)	(21.0%)	(5.9)	(6.2)	(5.9%)
EBITDA	539.2	494.4	9.1%	1,078.2	996.3	8.2%
EBITDA margin (%)	43.2%	41.7%	1.6 p.p.	43.5%	41.9%	1.6 p.p.

6.1.6 Net financial expense

Net financial expense decreased by 46.6% in the second quarter of 2018, or 36.7% in the first six months of the year, vs. prior year. Excluding the impact from the adoption of IFRS 16 (see section 3.1 for further details), net financial expense declined by 44.0% over the first six months of 2018, mainly as a result of:

- A 7.1% decline in interest expense (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 liability related to the share repurchase program in the first six months of 2018. See section 6.2.1 for further details).
- Exchange gains amounted to €2.3 million in the first six months of 2018, compared to losses of €9.7 million in the same period of 2017.

Net financial expense (€millions)	Apr-Jun 2018	Apr-Jun 2017	Change	Jan-Jun 2018	Jan-Jun 2017	Change
Financial income	0.4	0.2	n.m.	0.6	0.6	0.0%
Interest expense	(9.9)	(8.4)	17.9%	(17.9)	(16.9)	5.9%
Other financial expenses	(1.4)	(3.6)	n.m.	(4.3)	(4.5)	(4.4%)
Exchange gains (losses)	1.7	(5.4)	n.m.	2.3	(9.7)	n.m.
Net financial expense	(9.2)	(17.2)	(46.6%)	(19.3)	(30.5)	(36.7%)

6.1.7 Income taxes

Income taxes amounted to €200.1 million in the first six months of 2018, a growth of 8.0% vs. the same period of 2017. The income tax rate for the first six months of 2018 was 26.0%, in line with the tax rate reported in the first half 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.

6.1.8 Profit for the period. Adjusted profit

Reported profit grew by 10.1% to €285.4 million in the second quarter of 2018. In the first half of the year, reported profit increased by 8.2% to €573.0 million 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 7.9% in the second quarter of 2018 and by 6.1% to €606.8 million in the first half of 2018 vs. prior year.

Reported-Adj. profit (€millions)	Apr-Jun 2018	Apr-Jun 2017	Change	Jan-Jun 2018	Jan-Jun 2017	Change
Reported profit	**285.4**	**259.2**	**10.1%**	**573.0**	**529.5**	**8.2%**
Adjustments						
Impact of PPA[1]	17.0	17.1	(0.7%)	35.2	34.3	2.7%
Non-operating FX results[2]	(1.3)	2.7	n.m.	(1.8)	5.8	n.m.
Non-recurring items	0.1	0.3	(69.0%)	0.4	2.5	(84.8%)
Adjusted profit	301.2	279.2	7.9%	606.8	572.2	6.1%

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

6.1.9 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 above). In the first half of 2018, our reported EPS increased by 10.4% to €1.33 and our adjusted EPS by 8.2% to €1.41.

Earnings per share	Apr-Jun 2018	Apr-Jun 2017	Change	Jan-Jun 2018	Jan-Jun 2017	Change
Weighted average issued shares (m)	438.8	438.8		438.8	438.8	
Weighted average treasury shares (m)	(9.4)	(1.5)		(9.4)	(1.5)	
Outstanding shares (m)	429.5	437.3	(1.8%)	429.5	437.3	(1.8%)
EPS (€)[1]	0.66	0.59	12.2%	1.33	1.21	10.4%
Adjusted EPS (€)[2]	0.70	0.64	9.9%	1.41	1.31	8.2%

[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 June 30, 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 half of 2018. As of June 30, 2018, the Company had acquired 3,558,231 shares under the share repurchase program, for a paid amount of €212.4 million. The future payments under the first, non-cancellable tranche of the program, amounting to €287.6 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 June 30, 2018.

6.2 Statement of financial position (condensed)

Statement of financial position (€millions)	Jun 30, 2018	Dec 31, 2017
Property, plant and equipment[1]	391.8	479.8
Right-of-use assets[1]	328.7	0.0
Intangible assets	3,304.7	3,204.3
Goodwill	2,737.3	2,714.2
Other non-current assets	275.6	256.8
Non-current assets	7,038.1	6,655.1
Current assets	702.2	639.6
Cash and equivalents	539.0	579.5
Total assets	8,279.3	7,874.2
Equity	2,942.5	2,640.2
Non-current debt	1,417.6	1,755.1
Other non-current liabilities	1,202.6	1,195.4
Non-current liabilities	2,620.2	2,950.5
Current debt	1,188.6	396.1
Other current liabilities	1,528.0	1,887.4
Current liabilities	2,716.6	2,283.5
Total liabilities and equity	8,279.3	7,874.2
Net financial debt (as per financial statements)	2,067.2	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.

6.2.1 Financial indebtedness

Indebtedness (€millions)	Jun 30, 2018	Dec 31, 2017
Covenants definition[1]		
Long term bonds	1,000.0	1,500.0
Short term bonds	500.0	0.0
European Commercial Paper	550.0	300.0
EIB loan	225.0	257.5
Other debt with financial institutions	16.0	13.2
Obligations under finance leases	89.0	92.1
Share repurchase program	287.6	500.0
Covenant financial debt	2,667.6	2,662.8
Cash and cash equivalents	(539.0)	(579.5)
Covenant net financial debt	2,128.6	2,083.3
Covenant net financial debt / LTM covenant EBITDA	1.10x	1.12x
Reconciliation with financial statements		
Net financial debt (as per financial statements)	2,067.2	1,571.7
Interest payable	(6.4)	(2.1)
Deferred financing fees	8.5	10.3
EIB loan adjustment	2.6	3.4
Share repurchase program	287.6	500.0
Operating lease liabilities	(230.9)	0.0
Covenant net financial debt	2,128.6	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 €2,128.6 million at June 30, 2018 (representing 1.10 times last-twelve-month covenant EBITDA). The main changes to our covenant net debt in the first six months of 2018 were:

- The use of the Multi-Currency European Commercial Paper (ECP) program by a net amount of €250.0 million.
- A repayment of €32.5 million related to the European Investment Bank loan.
- As explained in section 7.3.2, as of June 30, 2018, the Company had acquired 3,558,231 shares under the share repurchase program, for a paid amount of €212.4 million. The future payments under the first (non-cancellable) tranche of the program, amounting to €287.6 million, have been included in covenant net financial debt.

On April 27, 2018 Amadeus executed a new €1,000 million Single Currency Revolving Loan Facility, with a five-year term (, to be used for working capital requirements and general corporate purposes. Simultaneously, the two undrawn revolving facilities signed in March 2015 (€500 million) and in April 2016 (€500 million), respectively, were cancelled. The new revolving facility remained undrawn at June 30, 2018.

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 (€6.4 million at June 30, 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 €8.5 million at June 30, 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 (€2.6 million at June 30, 2018), (iv) includes the outstanding payment of the first tranche of the share repurchase program at June 30, 2018 (€287.6 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 €230.9 million at June 30, 2018.

6.3 Group cash flow

Consolidated Statement of Cash Flows (€millions)	Apr-Jun 2018	Apr-Jun 2017	Change	Jan-Jun 2018	Jan-Jun 2017	Change
EBITDA	539.2	494.4	9.1%	1,078.2	996.3	8.2%
Change in working capital	(108.2)	(54.3)	99.3%	(176.4)	(88.9)	98.4%
Capital expenditure	(179.6)	(135.6)	32.5%	(342.5)	(290.8)	17.8%
Pre-tax operating cash flow	251.4	304.5	(17.4%)	559.3	616.5	(9.3%)
Taxes paid	(91.8)	(136.8)	(32.9%)	(92.3)	(157.3)	(41.3%)
Interest & financial fees paid	(3.5)	(4.1)	(14.5%)	(5.8)	(10.1)	(42.7%)
Free cash flow	156.1	163.6	(4.6%)	461.2	449.1	2.7%
Equity investment	(0.1)	(0.0)	n.m.	(7.1)	(28.8)	(75.3%)
Cash flow from extraordinary items	1.3	(9.6)	n.m.	(14.0)	(54.0)	(74.1%)
Debt payment	142.5	192.5	(25.9%)	172.1	180.6	(4.7%)
Cash to shareholders	(312.1)	(198.5)	57.3%	(653.0)	(374.2)	74.5%
Change in cash	(12.3)	147.9	n.m.	(40.9)	172.8	n.m.
Cash and cash equivalents, net[1]						
Opening balance	550.6	474.5		579.1	449.6	
Closing balance	538.3	622.5		538.3	622.5	

[1] Cash and cash equivalents are presented net of overdraft bank accounts.

6.3.1 Change in working capital

Working capital outflow increased by €87.5 million in the first half of the year, mostly driven by (i) accounting effects from non-cash operating items, such as bad debt provisions and the recognition of previously deferred revenue, (ii) timing differences in some payments and collections, and (iii) lower tax collections.

6.3.2 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 in the second quarter of 2018 increased by 32.5% vs. prior year, due to higher capex in intangible assets, partly offset by a decline in capex devoted to property, plant and equipment. The increase in capex in intangible assets resulted from growth in software capitalizations in the period, which accelerated vs. previous quarter, driven by higher R&D investment coupled with an increase in the R&D capitalization ratio, impacted by project mix. Also, signing bonuses paid in the second quarter of the year increased vs. previous year.

In the first half of 2018, capex increased by 17.8% vs. 2017, amounting to €342.5 million. As a percentage of revenue, capex represented 13.8%, 1.6 p.p. higher than the same period of previous year. Capex in intangible assets expanded 20.2% in the first half of the year vs. 2017, largely driven by an increase in software capitalizations and, to a lesser extent, higher signing bonuses paid.

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. It is also important to note that a large part of our investments related to the migration of our clients is paid by the customer, although not recognised as revenue but deferred in the balance sheet. It is therefore capex which does not have a negative cash impact and where revenue does not get recognised as such, making the ratio of capex to revenue less relevant.

Capital Expenditure (€millions)	Apr-Jun 2018	Apr-Jun 2017	Change	Jan-Jun 2018	Jan-Jun 2017	Change
Capital Expenditure PP&E	29.6	32.0	(7.4%)	58.9	54.9	7.4%
Capital Expenditure in intangible assets	150.0	103.6	44.8%	283.6	236.0	20.2%
Capital Expenditure	179.6	135.6	32.5%	342.5	290.8	17.8%
As % of Revenue	14.4%	11.4%	3.0 p.p.	13.8%	12.2%	1.6 p.p.

R&D investment

R&D expenditure (including both capitalized and non-capitalized expense) increased by 11.9% in the second quarter of 2018. In the first half of 2018, R&D investment amounted to €401.3 million, 11.3% higher than previous year. As a percentage of revenue, R&D investment amounted to 16.2% of revenues in the six-month period, 1.0 p.p. higher than prior year.

Growth in R&D investment in the first half of 2018 resulted from:

- Increased resources to enhance and expand our product portfolio (including projects under the scope of our NDC-X program, merchandizing, shopping and personalization solutions, our revenue optimization portfolio, disruption management tools, IT for corporations, search tools, etc.) and to implement solutions associated with our Airline IT upselling activity, combined with lower efforts devoted to implementing new carriers to our core Altéa platform.
- Investment devoted to our new businesses: Hospitality, Airport IT, Payments, Rail and Travel Intelligence.
- Efforts dedicated to the shift to next-generation technologies and cloud services and continued enhancement of the 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)	Apr-Jun 2018	Apr-Jun 2017	Change	Jan-Jun 2018	Jan-Jun 2017	Change
R&D investment[1]	208.3	186.1	11.9%	401.3	360.6	11.3%
As % of Revenue	16.7%	15.7%	1.0 p.p.	16.2%	15.2%	1.0 p.p.

[1] Net of Research Tax Credit.

6.3.3 Taxes paid

Cash taxes decreased by €65.0 million, or 41.3%, in the first half of the year vs. previous year, mainly due to (i) higher reimbursements from previous years, (ii) regularizations in various regions (due to higher than expected 2016 results) negatively impacting cash taxes in the second quarter of 2017, and (iii) lower prepaid taxes in U.S. resulting from a decrease in the corporate tax rate in 2018, in accordance with government regulatory changes.

7 Investor information

7.1 Capital stock. Share ownership structure

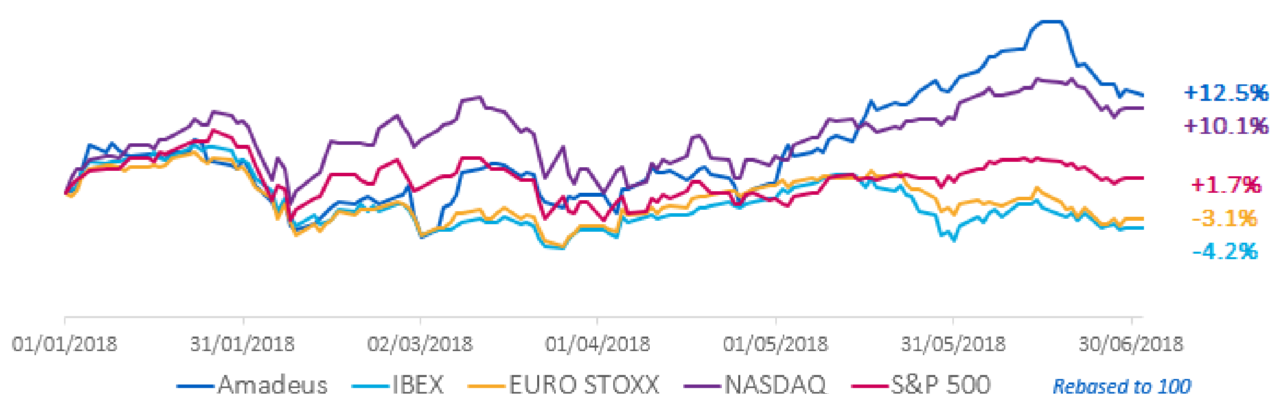
As of June 30, 2018, our capital stock amounts to €4,388,225.06 represented by 438,822,506 shares with a nominal value of €0.01 per share, all belonging to the same class, fully subscribed and paid in.

The shareholding structure as of June 30, 2018 is as described in the table below:

Shareholders	Shares	% Ownership
Free float	433,774,562	98.85%
Treasury shares[1]	4,624,183	1.05%
Board members	423,761	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 June 30, 2018 (in €)	67.60
Maximum share price in Jan - Jun 2018 (in €) (June 18, 2018)	72.44
Minimum share price in Jan - Jun 2018 (in €) (March 2, 2018)	56.90
Market capitalization at June 30, 2018 (in € million)	29,664
Weighted average share price in Jan - Jun 2018 (in €)[1]	63.00
Average Daily Volume in Jan - Jun 2018 (# shares)	1,374,543

[1] Excluding cross trade

7.3 Shareholder remuneration

7.3.1 Dividend payments

At the General Shareholders' Meeting, held on June 21, 2018, our shareholders approved a final gross dividend of €498.1 million or €1.135 per share, representing a 20.7% increase vs. prior year. An interim dividend of €0.48 per share (gross) was paid on January 31, 2018 and a complementary dividend of €0.655 per share (gross) was paid on June 29, 2018.

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 June 30, 2018, the Company had acquired 3,558,231 shares under the share repurchase program, for a paid amount of €212.4 million. The future payments under the first (non-cancellable) tranche of the program, amounting to €287.6 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 June 30, 2018. Also, as of June 30, 2018, the maximum investment under the first (non-cancellable) tranche of the share repurchase program (€500 million) was 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 half of 2018.

8 Other additional information

8.1 Explanatory notes to the stand-alone statement of income

The stand-alone statement of income of the issuing Entity for the six-month period ended June 30, 2018 and 2017, respectively, is as follows:

Amounts in millions euros	June 30, 2018	June 30, 2017
	UNAUDITED	UNAUDITED
Services rendered	2,313.8	2,206.7
Net trade revenue	**2,313.8**	**2,206.7**
Less charges to fixed assets	69.3	37.3
Other operating income	3.8	5.0
Personnel expenses	(56.3)	(55.3)
Operating expenses	(1,958.7)	(1,835.5)
Depreciation and amortisation of non-current assets	(138.6)	(133.1)
Operating Profit / (Loss)	**233.3**	**225.1**
Financial income	196.2	141.1
Financial expenses	(18.7)	(15.1)
Changes in fair value of financial instruments	-	(2.7)
Exchange rate differences	(4.6)	(12.2)
Impairment and gains/(losses) on disposal of financial instruments	0.6	-
Financial Profit / (Loss)	**173.5**	**111.1**
Profit / (Loss) before Tax	**406.8**	**336.2**
Corporate Income Tax	(62.9)	(33.4)
Profit / (Loss) before Tax	**343.9**	**302.8**

The main variations for the first half of 2018 in comparison with the same period of 2017, are as follows:

- Net trade revenues include the income earned by Amadeus IT Group, S.A. while executing its activities during 2018 and 2017, amounting to €2,313.8 million and €2,206.7 million, respectively. Additionally, the operating profit has increased from €225.1 million during 2017 to €233.3 million during 2018.

- The financial result mainly registers dividends received from Group companies during the first half of 2018 and 2017, amounting to €187.7 million and €135.5 million, respectively.

- The net result for the first half of the year has increased from €302.8 million during 2017 to €343.9 million during 2018.

8.2 Key risk factors and uncertainties

There are a number of risks and uncertainties of diverse nature, both related to our business and the industry in which we operate, as well as to the financial markets, which could affect our financial condition and our results of operations in the second half of 2018. The most significant are described below.

In addition to a number of hedging instruments to manage our interest rate and exchange rate related risks (as described in section 4), Amadeus regularly evaluates and puts in place a number of processes towards the identification, control and management of potential risks, and designs specific systems in order to manage and mitigate such risks.

Risks related to the current macro-economic environment

Amadeus is a leading technology provider to the travel industry. We connect the travel ecosystem - travel providers, travel sellers and travellers - at every stage of the journey. Our technology allows travel players to manage their operations with greater efficiency and serve their customers better. We operate stable and highly resilient transaction-based business models linked to global travel volumes (mainly bookings made by travel agencies connected to the Amadeus system, or passengers boarded by airlines using our IT solutions). Our businesses and operations are therefore largely dependent on the global travel and tourism industry, which is sensitive to general economic conditions and trends.

The International Monetary Fund believes that global economic growth should rise to 3.9%[12] in 2018, a slight improvement vs. the 3.8% global growth reached in 2017. Advanced economies are projected to grow 2.5% in 2018, representing a 0.2 p.p. lift vs. 2017 mainly attributable to the United States (2.9% in 2018, vs. 2.3% in 2017). The Euro Area should grow 2.4% in 2018, a slight acceleration from 2017 (2.3%). The UK and Japan are expected to grow 1.6% and 1.2% respectively. Emerging markets and developing economies should grow 4.9%, all but in line with the 4.8% growth rate achieved in 2017, with a slowdown in the growth of China offset by an acceleration in India.

This strong economic growth has offset the drag from the slow rise in oil prices and IATA forecasts air traffic to remain strong, increasing by 7.0%[13] in 2018 vs. prior year, fuelled by lower real travel costs for the consumer. Asia-Pacific should be the fastest growing region (9.5%) with Europe taking second place (7.0%). Latin America and the Middle East should grow 6.5% and 5.9% respectively while Africa is expected to grow 4.5%. North America is forecast to have another strong year, increasing by 4.0%.

The industry in which we operate is exposed to the macro-economic environment and any significant variation in the current expectation could have an impact on our performance. Nevertheless, Amadeus has had a positive track record in expanding its global presence in the distribution business, and signing new contracts and broadening its product portfolio in the IT Solutions business.

Execution risk related to the migration of new customers

Part of our future growth is linked to contracts within the IT Solutions business. Under these contracts, we have to undertake complex work in order to migrate these clients onto our platforms. Successful execution of these migration processes is key. We have a strong implementation track record in Airline IT and significant in-house expertise. However, failure to deliver or to seamlessly implement our clients

[12] As reported in the World Economic Outlook Update – April 2018

[13] As reported in the IATA Airline Industry Economic Performance – June 2018

in Airline IT and in other new IT verticals (such as Hospitality IT, Rail IT, Airport IT) could impact our future growth.

8.3 Environmental sustainability

Amadeus' operations involve relatively low environmental risks and impacts compared with other industries. Nonetheless, with a workforce exceeding 15,600 people, commercial presence in more than 190 countries and operating in a high-energy intensity industry, we acknowledge our responsibility to minimize the company's environmental impact and to make our contribution to the sustainability of the travel industry.

Amadeus has defined a holistic approach to environmental sustainability, conscious that action is required internally, externally and in cooperation with industry peers. In line with that, our environmental strategy is built upon three pillars:

8.3.1 Environmental efficiency of Amadeus' operations

We address the impact of our operations and the concerns of travel industry stakeholders, including customers, providers, employees, partners, regulatory bodies and the society in general.

We believe our foremost responsibility is to manage the environmental impact of our operations. The fact that economic and environmental interests sometimes go hand-in-hand facilitates action in reducing resource consumption.

Amadeus Environmental Management System (EMS) is the principal tool we use in Amadeus to address our environmental impact. The Amadeus EMS includes a systematic approach by which we:

- Measure resource consumption
- Identify best practices
- Implement actions for improvement and
- Follow up results

The items covered by the EMS include energy use, paper consumption, water use, waste generated and greenhouse gas emissions. On the other hand, the EMS scope includes the top 13 Amadeus sites by number of employees, which together represent more than 11,000 of the total workforce and an estimated 90% of the total resource consumption of the Amadeus Group worldwide. Importantly, the Amadeus data center in Erding, Germany, is included in the EMS.

The sites that are not included in the EMS are also encouraged to follow the best practices identified in the EMS. In addition, some sites promote their own local environmental initiatives, which range from activities as diverse as car-pooling for commuting, recycling campaigns, implementing specific software that helps to control and minimize paper consumption, etc.

8.3.2 Helping our customers to improve their environmental performance

A principal component of Amadeus' value proposition is based on increasing operational efficiencies for our customers through our IT solutions. Often, the increased efficiencies mean more productivity, reduced costs, better use of infrastructure and environmental benefits.

In the following paragraphs we describe four examples of Amadeus solutions that contribute to improving the environmental performance of our customers.

i) Reducing fuel use and emissions with Amadeus Altéa Departure Control Flight Management

Thanks to the use of optimization tools, Amadeus Altéa Departure Control System (DCS) Flight Management (FM) helps customers to save a significant amount of fuel and greenhouse gas emissions, compared with less sophisticated technologies currently in the market.

In order to quantify the savings described above, Amadeus and Finnair worked together to analyse a sample of more than 40,000 flights from Finnair, of which approximately half were using Amadeus Altéa and the other half the previous departure control system used by Finnair. The analysis proved a higher precision from Altéa DCS FM when estimating the zero fuel weight of the aircraft (EZFW). This increased precision translates into improvements in the estimation of the fuel needed for each flight, resulting in significant savings in costs, fuel and emissions.

ii) Amadeus Airport Sequence Manager

Amadeus Airport Sequence Manager helps airports to optimise the flight departure process. The solution relies on sophisticated sequencing algorithms to calculate the Target Start-Up Approval Time (TSAT) for each departing flight. This allows the aircraft to leave the stand at the last possible moment, reducing fuel burn, economic costs and environmental impact, enabling better allocation of resources. Runway capacity can therefore be optimised at times of congestion, or de-icing processes taken into account during winter season. As a collaborative tool, Amadeus Airport Sequence Manager creates a shared situational awareness among all airport partners.

Amadeus launched Airport Sequence Manager in collaboration with Munich Airport – one of the busiest European airports, with nearly 400,000 aircraft movements per year.

iii) Amadeus Airport Common Use Service (ACUS)

In 2014, Amadeus' cloud-based Airport Common Use Service (ACUS) was launched. With ACUS, airports are able to transfer hosting and development responsibilities to Amadeus. Our full, thin client solution and application virtualization approach reduce the requirement for costly on-site hardware equipment, servers and local data centres, as well as IT maintenance. This generates substantial operational savings for the airport and reduces the overall environmental footprint. Energy consumption is substantially lower compared to traditional common use solutions.

iv) Managing disruptions with Amadeus Schedule Recovery

Amadeus Schedule Recovery was launched in 2015. Amadeus Schedule Recovery minimizes disruptions to airline operations caused by external events such as bad weather or air traffic congestion. The solution, among other features, helps to accommodate to the new situation, minimizing operational costs and environmental impact.

8.3.3 Cooperation with travel industry stakeholders in sustainability projects

The environmental sustainability of the travel industry is a common objective for all industry stakeholders. At Amadeus, we offer our data management capability, technology, expertise and network to make our contribution towards industry sustainability.

We include below some examples of our participation in projects with industry stakeholders in relation to environmental sustainability objectives.

i) Industry standards for carbon calculation per passenger in aviation

The calculation of emissions per passenger in aviation is complicated for various reasons and therefore, different calculation methodologies offer considerably different emissions estimations for the same

itinerary. It is important that a standard calculation methodology complies with requirements related to commercial neutrality, global reach and the legitimacy to represent the industry.

The International Civil Aviation Organisation (ICAO) and Amadeus reached an agreement by which Amadeus uses ICAO's carbon calculator to display in our distribution platforms the CO_2 emissions estimations per passenger. Thanks to this cooperation, we contribute to raise environmental awareness among travelers.

ICAO's carbon calculator brings the benefits of commercial neutrality, legitimacy to represent the aviation industry and global reach.

Our agreement with ICAO has also encouraged the development of local initiatives to support the use of ICAO's carbon calculator and the offsetting of travel related emissions. This includes the development of mid- and back-office solutions that include post-trip carbon reporting, as well as facilitating access to carbon offsetting schemes.

ii) Participation in forums and research projects

It's fundamental that industry stakeholders work together and agree on strategies and responsibilities towards sustainability. From Amadeus we participate in various events and specific initiatives with UN agencies, academia and trade associations.

We have produced, in cooperation with Griffith University (Australia) the white paper Carbon Reporting in Travel and Tourism. This research document intends to gain knowledge regarding current status of various carbon reporting initiatives in the travel industry and promote the awareness and reduction of carbon emissions in the industry.

Our support to UNFCCC has led us to sign and promote the UN Climate Neutral Now Pledge. In line with the Paris Climate Change Agreement, the signatories of this pledge commit to become carbon neutral by 2050.

We participate in the production of the Global Sustainable Tourism Dashboard by sharing aggregated travel data. It is developed in cooperation with the University of Surrey (UK) and the Griffith Institute for Tourism (Australia). The Global Sustainable Tourism Dashboard provides a broad insight into how the travel sector is contributing to key sustainability goals.

Amadeus in sustainability indices

Regarding our sustainability efforts, it's important for us to receive feedback from external sustainability indices, in order to understand how we perform as compared to other companies, to identify areas of focus for the future and to improve the quality and transparency of our non-financial reporting.

Since 2012 Amadeus has remained for six consecutive years among top sustainability scorers and therefore, included in the Dow Jones Sustainability Index (DJSI). In the latest edition, Amadeus was ranked as the best scoring company in our sector, which is comprised of 86 companies. Amadeus' scores reached the maximum possible level (100) in Environmental Policy/Management System and in Environmental Reporting.

Moreover, Amadeus was recognized as the 16th most sustainable company in the world, according to Corporate Knights.

Climate change-related risks and opportunities

The Amadeus' risk and opportunity analysis regarding climate change identifies physical, regulatory and reputational risks related to the impact of climate change in our operations, although the probability and impact of these risks remain relatively low.

On the other hand, the opportunities for Amadeus business related to climate change are mainly linked to the possibility of launching new products and services that help customers to address climate change impacts, as well as to improve our competitive positioning.

8.4 Treasury shares

The reconciliation of the carrying amounts for the period ended June 30, 2018, of the treasury shares is set forth in the table below:

	Treasury Shares
Carrying amount at December 31, 2017	**1,069,252**
Acquisitions	3,558,369
Retirement	(3,438)
Carrying amount at June 30, 2018	**4,624,183**

During the period, the Group has acquired 3,558,369 shares from which 3,558,231 have been acquired under the Share buy-back programme. The outstanding liability amounting to €287.6 million is classified under the caption "Other current financial liabilities".

The historical cost for treasury shares retired (primarily for the settlement of the Restricted Share Plan) is deducted from the "Additional paid-in capital" caption of the consolidated statement of financial position.

The Group holds treasury shares for the future specific share delivery commitments with the Group employees and management.

8.5 Subsequent events

On July 19, 2018 the treasury shares of the Company amount to 4,701,302 shares, that represents 1.0713% of its share capital, which will increase in the coming months with subsequent acquisitions as per the Share buy-back Programme mentioned in note 7.

9 Key terms

- "B&F": refers to "Building and facilities"
- "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
- "GDS": refers to "Global Distribution System"
- "IATA": refers to "International Air Transport Association"
- "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"
- "OTA": refers to "Online Travel Agency"
- "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"
- "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