

## **A LA COMISION NACIONAL DEL MERCADO DE VALORES**

D. Tomás López Fernebrand, Vice-Secretario no Consejero del Consejo de Administración de Amadeus Global Travel Distribution, S.A., con domicilio social en Madrid, calle Salvador de Madariaga, nº 1, en virtud de lo establecido en el artículo 82 de la Ley 24/1988, de 28 de julio, del Mercado de Valores, ante esa Comisión Nacional del Mercado de Valores comparece y por el presente escrito comunica el siguiente

### **HECHO RELEVANTE**

**1.- Revisión limitada y estados financieros consolidados a 30 de septiembre de 1999 bajo Normas Internacionales de Contabilidad (NIC 34).**

En cumplimiento de la normativa vigente aplicable a los emisores de valores admitidos a negociación, Amadeus Global Travel Distribution, S.A. ha remitido a la Comisión Nacional del Mercado de Valores la información trimestral comprensiva del avance de sus resultados y otras informaciones relevantes a 30 de septiembre de 1999.

Adicionalmente, Amadeus Global Travel Distribution, S.A. ha preparado en versión inglesa los estados financieros a 30 de septiembre de 1999 bajo Normas Internacionales de Contabilidad (NIC 34), que junto con el informe de Revisión Limitada se adjuntan a esta comunicación.

**2.- Reconciliación de los estados financieros bajo Normas Internacionales de Contabilidad con los preparados bajo Principios Contables Españoles a 30 de septiembre de 1999.**

Para una mejor comprensión del inversor, se adjunta a esta comunicación en versión inglesa la reconciliación de los estados financieros a 30 de septiembre de 1999 bajo Normas Internacionales de Contabilidad con Principios Generalmente Aceptados en España en lo que se refiere al patrimonio neto y al resultado neto.

**3.- Evolución de los negocios y análisis de las condiciones financieras y resultado de operaciones correspondiente al tercer trimestre de 1999**

Se adjunta igualmente a esta comunicación, de forma resumida y en versión inglesa, un análisis de la evolución de los negocios y resultados obtenidos bajo Normas Internacionales de Contabilidad tanto por el tercer trimestre de 1999 como por el periodo correspondiente a los nueve primeros meses del ejercicio 1999.

~~Madrid, a 10 de noviembre de 1999.~~

~~Fdo. Tomás López Fernebrand~~  
~~AMADEUS GLOBAL TRAVEL DISTRIBUTION, S.A.~~

***Amadeus Global Travel  
Distribution, S.A.***

---

*Limited Review Report and Consolidated  
Interim Financial Statements as of  
September 30, 1999 prepared in accordance  
with International Accounting Standard 34*

(UNAUDITED)

---



**REVIEW REPORT OF INDEPENDENT ACCOUNTANTS**

To the Board of Directors and Shareholders of  
Amadeus Global Travel Distribution, S.A.

We have reviewed the accompanying consolidated balance sheet of Amadeus Global Travel Distribution, S.A. and its subsidiaries (the "Group") as of September 30, 1999 and the related consolidated statements of income for the nine and three month periods then ended, and of cash flows and of changes in shareholders' equity for the nine-month period ended on the same date. These financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with International Standards on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance about whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the Group's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements are not presented fairly, in all material respects, in accordance with International Accounting Standard 34.

We draw attention to the fact that the financial statements of the Group as of December 31, 1998 and September 30, 1998 were audited by another auditor whose reports dated March 26, 1999 and January 29, 1999, respectively, expressed unqualified opinions on those statements.

**DELOITTE & TOUCHE S.A.**

Gabriel López  
Partner

November 2, 1999

**AMADEUS GLOBAL TRAVEL DISTRIBUTION, S.A.****CONSOLIDATED FINANCIAL STATEMENTS**

(EXPRESSED IN THOUSANDS OF EUROPEAN CURRENCY UNITS – KECUs /  
THOUSANDS OF EUROS - KEURs)

---

	September 30, 1999 (Unaudited)	December 31, 1998
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	10,549	17,859
Accounts receivable, net	120,919	108,976
Accounts receivable - affiliates (Note 5)	58,223	39,258
Loans receivable and advances - affiliates (Note 5)	5	39
Taxes receivable	46,759	45,752
Prepayments and other current assets	25,256	15,506
Total current assets	<u>261,711</u>	<u>227,390</u>
<b>Tangible assets</b>		
Land and buildings	113,814	117,356
Data processing hardware and software	279,553	230,166
Other	83,224	70,907
	<u>476,591</u>	<u>418,429</u>
Less accumulated depreciation	<u>218,187</u>	<u>182,308</u>
Net tangible assets	<u>258,404</u>	<u>236,121</u>
<b>Intangible assets</b>		
Patents, trademarks and licenses	44,456	37,577
Software development projects	81,089	72,519
Purchased contracts	126,978	112,460
Goodwill	43,155	44,977
Other	15,135	13,218
	<u>310,813</u>	<u>280,751</u>
Less accumulated amortization	<u>146,328</u>	<u>110,684</u>
Net intangible assets	<u>164,485</u>	<u>170,067</u>
Deferred income taxes	188,604	173,867
Loans receivable - affiliates (Note 5)	6,334	1,330
Long-term investments	<u>178,308</u>	<u>78,018</u>
<b>Total assets</b>	<u>1,057,846</u>	<u>886,793</u>

---

See the accompanying notes to the consolidated financial statements.

**AMADEUS GLOBAL TRAVEL DISTRIBUTION, S.A.**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**(EXPRESSED IN THOUSANDS OF EUROPEAN CURRENCY UNITS – KECUs /**  
**THOUSANDS OF EUROS - KEURs)**

	September 30, 1999 (Unaudited)	December 31, 1998
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	114,357	103,273
Accounts payable - affiliates (Note 5)	49,197	29,881
Debt payable within one year	55,977	74,114
Current obligations under finance leases	18,038	16,766
Income taxes payable	57,770	34,274
Other current liabilities	34,495	35,782
Total current liabilities	<u>329,834</u>	<u>294,090</u>
<b>Long-term liabilities</b>		
Long-term debt	475,358	475,284
Obligations under finance leases	129,660	123,962
Other long-term liabilities	14,287	12,461
Total long-term liabilities	<u>619,305</u>	<u>611,707</u>
<b>Minority interests</b>	-	<u>5,104</u>
<b>Shareholders' equity</b>		
Share capital (Note 7)	36,490	44,343
Retained earnings (accumulated deficit)	61,830	(71,133)
Cumulative translation adjustments	10,387	2,682
Total shareholders' equity	<u>108,707</u>	<u>(24,108)</u>
<b>Total liabilities and shareholders' equity</b>	<u>1,057,846</u>	<u>886,793</u>

See the accompanying notes to the consolidated financial statements.

**AMADEUS GLOBAL TRAVEL DISTRIBUTION, S.A.**

**CONSOLIDATED STATEMENTS OF INCOME**  
**(EXPRESSED IN THOUSANDS OF EUROPEAN CURRENCY UNITS – KECUs /**  
**THOUSANDS OF EUROS - KEURs)**

	For the three month period ended September 30,		For the nine month period ended September 30,	
	1999	1998	1999	1998
	(Unaudited)		(Unaudited)	
Revenue (Note 3)	342,595	295,212	1,019,700	885,126
Cost of sales	266,855	240,193	784,507	699,759
Gross profit	75,740	55,019	235,193	185,367
Selling, general and administrative expenses	13,744	13,835	43,352	32,873
Operating income	61,996	41,234	191,841	152,494
Other income (expense)				
Interest expense, net (Note 6)	(5,700)	(7,432)	(19,005)	(24,403)
Exchange gains (losses)	2,803	831	2,672	37
Other	1,769	1,418	20,610	1,418
Income before income taxes	60,868	36,021	196,118	129,546
Income taxes (Note 4)	23,654	14,698	55,963	54,914
Income after taxes	37,214	21,323	140,155	74,632
Equity in income (losses) from associates	(1,796)	(326)	(5,791)	(7,383)
Minority interests	217	(563)	(1,402)	(2,034)
Net income	35,635	20,434	132,962	65,215
Net income per class "A" shares, in ECUs / EURs (Note 7)	0.07	0.04	0.26	0.13
Net income per class "B" shares, in ECUs / EURs (Note 7)	-	-	-	-

See the accompanying notes to the consolidated financial statements.

# **AMADEUS GLOBAL TRAVEL DISTRIBUTION, S.A.**

## **CONSOLIDATED STATEMENTS OF CASH FLOWS** **(EXPRESSED IN THOUSANDS OF EUROPEAN CURRENCY UNITS - KECUs /** **THOUSANDS OF EUROS - KEURs)**

	For the nine month period ended September 30,	
	1999	1998
	(Unaudited)	
<b>Cash flows from operating activities</b>		
Operating income for the period	191,841	152,494
Adjustments for:		
Depreciation and amortization	75,491	60,591
Loss on disposal of tangible and intangible assets	2,614	1,266
Operating income before changes in working capital:	269,946	214,351
Accounts receivable	(25,538)	(19,915)
Loans receivable and advances	1,355	8,888
Taxes receivable	(1,113)	(20,528)
Other current assets	(9,797)	4,023
Accounts payable	30,062	14,299
Other current liabilities	(1,786)	(20,826)
Other long-term liabilities	(1,510)	(2,859)
Cash provided by operating activities	261,619	177,433
Taxes paid	(45,706)	(22,591)
Net cash provided from operating activities	215,913	154,842
<b>Cash flows from investing activities</b>		
Additions to tangible assets	(59,035)	(22,930)
Additions to intangible assets	(31,111)	(40,407)
Acquisitions of subsidiaries	-	4,606
Acquisitions of minority interests in subsidiaries	(2,064)	(65)
Acquisitions of associates	(96,162)	(69,764)
Disposals of associates	-	12,225
Interest received	2,272	3,210
Purchase of investments	(15,163)	(354)
Loans to affiliates	(6,334)	-
Disposals of other investments	22,694	299
Net cash used in investing activities	(184,903)	(113,180)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	304,404	135,375
Repayments of borrowings	(322,468)	(127,448)
Repayment of debt due to affiliates	-	(5,032)
Interest paid	(20,860)	(25,105)
Proceeds from sale and leaseback agreement	14,933	-
Payments of finance lease liabilities	(13,444)	(20,436)
Net cash used in financing activities	(37,435)	(42,646)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(885)	239
<b>Net decrease in cash and cash equivalents</b>	(7,310)	(745)
<b>Cash and cash equivalents at beginning of period</b>	17,859	12,838
<b>Cash and cash equivalents at end of period</b>	10,549	12,093

See the accompanying notes to the consolidated financial statements.

**AMADEUS GLOBAL TRAVEL DISTRIBUTION, S.A.**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(EXPRESSED IN THOUSANDS OF EUROPEAN CURRENCY UNITS - KECUs /**  
**THOUSANDS OF EUROS - KEURs)**

	Share capital	Retained earnings (accumulated deficit)	Cumulative translation adjustments	Total
Balance as of December 31, 1997	44,343	(150,557)	1,166	(105,048)
Gains (losses) not recognized in the statement of income	-	-	527	527
Net income for the period	-	65,215	-	65,215
Balance as of September 30, 1998	44,343	(85,342)	1,693	(39,306)

	Share Capital	Retained earnings (accumulated deficit)	Cumulative translation adjustments	Total
Balance as of December 31, 1998	44,343	(71,133)	2,682	(24,108)
Gains (losses) not recognized in the statement of income	(7,853)	1	7,705	(147)
Net income for the period	-	132,962	-	132,962
Balance as of September 30, 1999	36,490	61,830	10,387	108,707

See the accompanying notes to the consolidated financial statements.



## **AMADEUS GLOBAL TRAVEL DISTRIBUTION, S.A.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 1999 (UNAUDITED)**

(EXPRESSED IN THOUSANDS OF EUROPEAN CURRENCY UNITS – KECUs /  
THOUSANDS OF EUROS – KEURs)

---

#### **1. Organization**

The consolidated financial statements include Amadeus Global Travel Distribution, S.A., domiciled in Spain ("the Company") and its consolidated subsidiaries ("the Group"). The Group provides a computerized travel information and distribution system (Computer Reservation System - "CRS") for the benefit of travel service providers, travel agents and consumers in Europe and around the world.

The Company is owned by Société Air France ("Air France") 29.2%; Iberia, Líneas Aéreas de España, S.A. ("Iberia") 29.2%; Lufthansa Commercial Holding, GmbH a wholly-owned subsidiary of Deutsche Lufthansa AG ("Lufthansa") 29.2% and Continental CRS Interests, Inc., a wholly-owned subsidiary of Continental Airlines, Inc. ("Continental") 12.4%.

#### **2. Basis of presentation**

The accompanying September 30, 1999 consolidated financial statements have been prepared in accordance with International Accounting Standard IAS 34, "Interim Financial Reporting", and under the historical cost convention. The same accounting policies and methods of computation have been followed as compared with the consolidated financial statements as of December 31, 1998. The interim consolidated financial statements do not include all of the information and footnotes required by IAS for complete financial statements. In the opinion of management, these financial statements contain all adjustments, consisting of normal recurring accruals, necessary to present fairly the financial position, results of operations and cash flows for the periods indicated.

The information presented herein is in European Currency Units (ECUs) for the periods ended before January 1, 1999 and in Euros (EURs) for the periods ended after this date, as the Euro succeeded the ECU on this date at a one-to-one exchange rate. The amounts shown in the financial statements are presented in ECUs/EURs due to the international nature of the Groups operations and the fact that a significant amount of the Groups revenues and expenses are transacted in ECUs/EURs.

**AMADEUS GLOBAL TRAVEL DISTRIBUTION, S.A.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 1999 (UNAUDITED)**

**(EXPRESSED IN THOUSANDS OF EUROPEAN CURRENCY UNITS – KECUs /  
THOUSANDS OF EUROS – KEURs)**

---

In December 1997, within the context of the Group's reorganisation, Amadeus Data Processing GmbH (a Group subsidiary) acquired Amadeus Data Processing GmbH and Co. KG ("Amadeus Operations KG" – a German partnership), formerly owned by the shareholders of Amadeus Global Travel Distribution, S.A. At the same time, Amadeus Operations KG was dissolved and its assets and liabilities transferred to Amadeus Data Processing GmbH.

For local statutory purposes the Company's management also prepares consolidated financial statements under Spanish GAAP. Under IAS the Company accounted for the transaction mentioned above in a manner similar to a uniting of interests. Under Spanish GAAP, the Company accounted for this transaction by the purchase method, which differs significantly from the method applied under IAS. The payment to the shareholders for this acquisition was treated, for IAS accounting purposes, similar to the payment of a dividend. Primarily as a consequence of this difference in accounting principles, the consolidated net equity reflected under Spanish GAAP exceeds the equity reflected under IAS by approximately 177 million EURs. This difference results primarily from the excess of the purchase price over the net book value of Amadeus Operations KG, and after deducting the net effect of tax credits derived from the acquisition.

Use of estimates and assumptions as determined by management is required in the preparation of consolidated financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates and assumptions.

The Group's results typically show some fluctuations between quarters. Lower revenues are generally recorded in the peak European and North American holiday periods of July/August and Christmas and revenues tend to be slightly higher in the first two quarters of the year than in the last two.

## AMADEUS GLOBAL TRAVEL DISTRIBUTION, S.A.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 1999 (UNAUDITED)

(EXPRESSED IN THOUSANDS OF EUROPEAN CURRENCY UNITS – KECUs /  
THOUSANDS OF EUROS – KEURs)

#### 3. Segment information

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. The following geographical distribution of revenue is based primarily on the country where the bookings were made and, with respect to bookings made through the Group's CRS directly with airlines, based on the home country of the airline:

	For the nine month period ended September 30,	
	1999	1998
Europe	628,536	533,210
U.S.	187,750	176,832
Rest of the world	203,414	175,084
Total revenue	1,019,700	885,126

Because of the interrelationships among the Group's geographical activities, it is not meaningful to segment geographically global results for the purposes of IAS 14.

The following geographical distribution of assets is based, as of September 30, 1999, on the country where the assets were located or they relate to. The split of assets has changed from the previous year disclosure as of December 31, 1998. It is impracticable to restate previous year information for comparative purposes.

	Europe	US	Rest of the world	Assets used for general enterprise purposes	Total
Tangible assets	213,140	40,943	4,321	-	258,404
Intangible assets	19,215	76,018	3,287	65,965	164,485
Investments in associates	129,708	1,858	27,048	-	158,614
Total assets	362,063	118,819	34,656	65,965	581,503

**AMADEUS GLOBAL TRAVEL DISTRIBUTION, S.A.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 1999 (UNAUDITED)**

(EXPRESSED IN THOUSANDS OF EUROPEAN CURRENCY UNITS – KECUs /  
THOUSANDS OF EUROS – KEURs)

The amount shown above in investment in associates together with other investments of KEURs 19,694 are included in the long-term investments caption in the balance sheet.

**4. Taxation**

Tax expense is as follows:

	Nine months ended September 30,	
	1999	1998
Current	71,446	55,592
Deferred	(15,483)	(678)
Total	55,963	54,914

The reconciliation between the statutory tax rate in Spain and the effective tax rate applicable to the Group is as follows:

	Nine months ended September 30,	
	1999	1998
	%	%
Statutory tax rate in Spain	35	35
Losses with no tax benefit recognition	-	5
Creation of deferred tax asset – taxes recoverable upon payment of subsidiary dividends	(2)	(5)
Recognition of benefit of unused tax losses and deferred tax assets	(11)	-
Effect of higher tax rates in other countries	7	10
Other	(1)	(3)
Effective tax rate	28	42

**AMADEUS GLOBAL TRAVEL DISTRIBUTION, S.A.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 1999 (UNAUDITED)**

(EXPRESSED IN THOUSANDS OF EUROPEAN CURRENCY UNITS – KECUs /  
THOUSANDS OF EUROS – KEURs)

---

**5. Related party balances and transactions**

Below is a summary of significant balances and transactions with affiliates. All transactions with affiliates are carried out on an arm's length basis.

**a) Accounts receivables - affiliates**

The receivables are primarily for revenues earned from world-wide bookings made through the Amadeus and the System One CRSs for flights on the shareholders' airlines. As of September 30, 1999 a dividend receivable from Amadeus France S.N.C. of KEURs 5,744 is also included in accounts receivable-affiliates. Total revenues earned by the Group from affiliates for the nine-month periods ended September 30, 1999 and 1998, were KECUs 328,480 and 266,981, respectively.

**b) Loans receivable and advances - affiliates**

Total interest earned by the Group from affiliates on loans receivable and advances was KEURs 143 and KECUs 858 for the nine-month periods ended September 30, 1999 and 1998, respectively. Interest rates for these loans denominated in United States Dollars (USD) and Australian Dollars (AUD) ranged from 6.5% to 9% for the nine-month period ended September 30, 1999. For the nine months ended September 30, 1998 the interest rate was 5%.

**c) Accounts payable - affiliates**

The payables arise primarily from distribution fees due for bookings made through the shareholders (and through System One up until March 31, 1998). Total operating expenses incurred by the Group with its affiliates were KECUs 216,112 and 236,851 for the nine-month periods ended September 30, 1999 and 1998, respectively.

**AMADEUS GLOBAL TRAVEL DISTRIBUTION, S.A.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 1999 (UNAUDITED)**

(EXPRESSED IN THOUSANDS OF EUROPEAN CURRENCY UNITS – KECUs /  
THOUSANDS OF EUROS – KEURs)

---

**6. Additional income statement data and related disclosures**

a) The Group's personnel expense and number of employees are as follows:

	For the nine month period ended September 30,	
	1999	1998
Gross personnel costs	132,705	105,978
Less amount capitalized	5,270	4,937
Net charge to income	127,435	100,931
Average number of employees	2,714	2,131

b) The Group's net interest expense is as follows:

	For the nine month period ended September 30,	
	1999	1998
Interest expense	21,277	27,613
Less interest income	2,272	3,210
Net interest expense	19,005	24,403

c) Research and development

Research and development costs are charged to expense as incurred, except for significant software projects, which have reached development stage and are capitalized. Research and development costs were KECUs 35,562 and 22,926 for the nine-month periods ended September 30, 1999 and 1998, respectively.

**AMADEUS GLOBAL TRAVEL DISTRIBUTION, S.A.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 1999 (UNAUDITED)**

(EXPRESSED IN THOUSANDS OF EUROPEAN CURRENCY UNITS – KECUs /  
THOUSANDS OF EUROS – KEURs)

---

d) Other income

As of September 30, 1999 and December 31, 1998 the Group held 1,100,843 and 1,336,540 depository certificates, after estimated "Frequent Flyer" adjustment, in Stichting "The SITA Foundation" ("the Foundation") at a cost of KEURs 2,635 and 3,422, respectively, which is included within long-term investments. The "Frequent Flyer" adjustment mechanism adjusts on an annual basis the number of the Group's depository certificates based on its relative participation in the shared costs of SITA Cooperative's telecommunication services. The above numbers reflect a net positive frequent flyer adjustment of 75,778 depository certificates in 1999, related to 1998 services. These certificates represent an equal number of shares in Equant NV, whose shares were listed on the New York Stock Exchange ("NYSE") and in Paris in July 1998. No public market existed before that date. On September 30, 1999 the NYSE closing price of Equant shares was USD 81.4 per share, and on December 31, 1998 the NYSE closing price of Equant shares was USD 68 per share.

The convertibility and saleability of the depository certificates are subject to restrictions imposed by the Foundation under shareholders agreements and under the Terms of Administration of the Foundation. These restrictions are expected to remain in force until at least July 23, 2000. Accordingly, the Group believes that it is not practicable to determine with sufficient reliability a fair value of the depository certificates for the purposes of IAS 32.

In February 1999, the Group sold 311,475 Equant depository certificates for which the above mentioned restrictions were partially and temporarily released, generating a pre-tax profit of KEURs 18,403, which is recognised in other income.

**7. Share capital and Net income per share**

The General Shareholders meeting held on June 26, 1999, authorized a capital increase of one share with a face value of Pts 100,000 to be subscribed by Iberia. This increase in share capital was subscribed and paid in August 1999.

**AMADEUS GLOBAL TRAVEL DISTRIBUTION, S.A.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 1999 (UNAUDITED)**

**(EXPRESSED IN THOUSANDS OF EUROPEAN CURRENCY UNITS – KECUs /  
THOUSANDS OF EUROS – KEURs)**

---

The share capital of the Company was redenominated from Pesetas to Euros in August 1999. As the share capital of the Company translated at historical rates was KEURs 44,343, in adjusting the share capital to its new value of KEUR 36,490, the Company credited the difference as follows: KEUR 7,852 to cumulative translation adjustment and KEUR 1 to retained earnings (legal reserves – due to rounding).

The General Meeting of Shareholders of August 11, 1999 approved the creation of two different classes of shares with different nominal value, and to split the existing capital. After the split of shares, the share capital consists of 505,196,030 class "A" shares, of par value 0,01 EURs and of 314,383,557 class "B" shares of par value 0.10 EURs. Each class "A" share carries the right of one vote, whilst each class "B" share carries the right of 10 votes. Economical rights are greater for class "A" shares in respect of any future distribution of dividends. The right to receive a dividend for class "B" shares is calculated as the lesser of 1% of total dividends or 1% of the par value of class "B" shares. In the event of liquidation of the assets of the Group, class "A" shares have greater economic rights than class "B" shares. The Group will pay the par value of class "A" shares and in case of any outstanding amounts they will be distributed among class "B" shares for their par value; further remaining amounts will be distributed among class "A" shares.

Following the share split mentioned above, the calculation of net income per share for all periods presented herein is adjusted retrospectively.

The adjusted weighted average number of shares outstanding as of September 30, 1998 was 505,187,709 and 314, 378,379 class A and B shares, respectively.



# **AMADEUS GLOBAL TRAVEL DISTRIBUTION, S.A.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 1999 (UNAUDITED)**

(EXPRESSED IN THOUSANDS OF EUROPEAN CURRENCY UNITS – KECUs /  
THOUSANDS OF EUROS – KEURs)

The calculation of the weighted average number of shares outstanding as of September 30, 1999 is as follows:

	Adjusted shares outstanding as of December 31, 1998	Adjusted increase in share capital, August 20, 1999	Shares outstanding as of September 30, 1999	Three months ended Weighted average shares outstanding as of September 30, 1999	Nine months ended Weighted average shares outstanding as of September 30, 1999
Weighted average number of class "A" shares outstanding	505,187,709	8,321	505,196,030	505,191,417	505,188,958
Weighted average number of class "B" shares outstanding	314,378,379	5,178	314,383,557	314,380,687	314,379,157

For the purposes of allocating earnings between the A and B shares, the assumption is made that the maximum economic rights attributable to the B shares would be via the dividend calculation described previously in this note. Additionally, the assumption is made that 100% of the profits are paid-out as dividends and the respective portion is allocated to the B shares first and the remainder to the A shares.

The calculation of basic earnings per share (rounded to two significant digits) is as follows:

	For the three month period ended		For the nine month period ended	
	September 30, 1999	September 30, 1998	September 30, 1999	September 30, 1998
Net income, in KECUs/KEURs	35,635	20,434	132,962	65,215
Weighted average number of class "A" shares outstanding	505,191,417	505,187,709	505,188,958	505,187,709
Weighted average number of class "B" shares outstanding	314,380,687	314,378,379	314,379,157	314,378,379
Net income per class "A" share, in ECUs/EURs	0.07	0.04	0.26	0.13
Net income per class "B" share, in ECUs/EURs	-	-	-	-

As of September 30, 1999 and 1998, respectively, the Group does not have any dilutive potential shares.

**AMADEUS GLOBAL TRAVEL DISTRIBUTION, S.A.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 1999 (UNAUDITED)**

(EXPRESSED IN THOUSANDS OF EUROPEAN CURRENCY UNITS – KECUs /  
THOUSANDS OF EUROS – KEURs)

**8. Additional statement of cash flows related disclosure**

The components of cash and cash equivalents were as follows:

	September 30,	
	1999	1998
Cash on hand and balances with banks	8,768	9,690
Short-term investments	1,781	2,403
	<u>10,549</u>	<u>12,093</u>

**9. Acquisitions**

**a) Acquisitions of subsidiaries**

In March and April 1998 the Group acquired the remaining 66.7% of System One (which changed its name to Amadeus Global Travel Distribution LLC) in exchange for assuming its net liabilities. This acquisition was accounted for in the consolidated financial statements by the purchase method. The fair value of aggregate net liabilities assumed, goodwill and cash acquired are as follows:

	September 30, 1998
Assets	35,708
Liabilities	<u>(40,295)</u>
Net liabilities assumed	(4,587)
Goodwill	<u>4,587</u>
Total consideration	<u>-</u>
Cash acquired	<u>4,606</u>

## AMADEUS GLOBAL TRAVEL DISTRIBUTION, S.A.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 1999 (UNAUDITED)

(EXPRESSED IN THOUSANDS OF EUROPEAN CURRENCY UNITS – KECUs /  
THOUSANDS OF EUROS – KEURs)

---

#### b) Acquisitions of minority interests in subsidiaries

In 1998 the Group acquired an additional 24.5% of Amadeus Start Polska Sp. zo.o (which changed its name to Amadeus Polska Sp. zo.o). In the nine-month period ended September 30, 1999, the Group acquired the remaining 7% interest in Amadeus Marketing S.A. from Thai Airways International, PCL. These acquisitions were accounted for in the consolidated financial statements by the purchase method. Details of consideration, minority interests acquired and goodwill for the nine-months ended September 30, 1999 and 1998 respectively, are as follows:

	1999	1998
Cash paid	2,064	65
Minority interests acquired	6,692	-
Goodwill	(4,628)	65

#### c) Acquisitions of associates

In April 1998 the Group acquired an additional 29% (total - 34%) interest in G.I.E. Amadeus France (renamed Amadeus France, S.N.C.). In August 1998 the Group acquired a 20% interest in Internet Travel Agencies Inc. ("ITA") and a 49% interest in ICOSA-T N.V. In September 1998 the Group acquired a 34% interest in Sistemas Automatizados de Agencias de Viajes, S.A. ("SAVIA"). These acquisitions were accounted for in the consolidated financial statements by the purchase method. The consideration, equity in net assets acquired and excess purchase price for these companies for the nine months ended September 30, 1998 were as follows:

Cash paid	69,764
Less equity in net assets acquired	<u>320</u>
Excess purchase price	<u>69,444</u>

## AMADEUS GLOBAL TRAVEL DISTRIBUTION, S.A.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 1999 (UNAUDITED)

(EXPRESSED IN THOUSANDS OF EUROPEAN CURRENCY UNITS – KECUs /  
THOUSANDS OF EUROS – KEURs)

During 1999 the Group acquired an additional 7.2% (total 32.2%) interest in Atlas Travel Technologies Ptg Ltd., a 32% interest in Topas Co. Ltd. from Korean Airlines Co. Ltd., a 34% of Amadeus Brasil Ltda. from Varig S.A. and TransBrasil S.A. and a 34% interest in Start Amadeus GmbH. The Group also has invested in a 50% interest in a joint-venture company named "Katama" with L'Espresso Group (owner of the newspaper La Repubblica). The consideration, equity in net assets acquired and excess purchase price for these companies for the nine-months ended September 30, 1999 were as follows:

Cash paid	96,182
Less equity in net assets acquired	<u>24,929</u>
Excess purchase price	<u>71,233</u>

#### d) Disposals of associates

In July 1998 the Group sold its interest in Start Informatik GmbH back to one of its shareholders and cancelled the related debt. Details of this disposal are as follows:

Cancellation of shareholder loan	12,071
Cash proceeds received	<u>12,225</u>
Total cash received	24,296
Equity in associate disposed of	<u>(22,878)</u>
Gain on disposal	<u>1,418</u>

### 10. Subsequent events

#### a) Initial Public Offering (IPO)

Amadeus has successfully completed an international IPO in the Madrid and Barcelona Stock Exchanges as of October 15, 1999. As a result, the shares of the Company are currently being quoted on the Madrid and Barcelona Stock Exchanges and on the Automated Quotation System of the Spanish Stock Exchanges. The Group intends to file necessary documentation with the Paris and Frankfurt Stock Exchanges in the near future.

## **AMADEUS GLOBAL TRAVEL DISTRIBUTION, S.A.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 1999 (UNAUDITED)**

**(EXPRESSED IN THOUSANDS OF EUROPEAN CURRENCY UNITS – KECUs /  
THOUSANDS OF EUROS – KEURs)**

---

The International Offering comprised a subscription offering and a selling offering to institutional investors of ordinary "A" shares. The offer price was of EURs 5.75 per offer share. The selling offering was for the shares of the Company owned by Continental for a total of 62,696,030 shares. Through the subscription offering, the Group increased its share capital in EURs 655,648.40 by a share issuance of 65,564,840 shares. Estimated net proceeds regarding the subscription offering are of EURs 319.6 million. In this respect, a second increase of share capital of 19,239,130 class "A" shares is authorized to be subscribed (the over-allotment option) by the financial entities participating in the allocation of the share issuance for 30 days from the date of admission of the shares to listing on the Madrid and Barcelona Stock Exchanges.

Additionally, the Group has acquired approximately 6,635,082 class "A" shares sold by the selling shareholder to hold as treasury shares in order to cover obligations under its Employee Incentive Plan.

#### **b) Distribution of dividends**

The Group paid a special pre-IPO dividend on account of 1999 profits of EURs 150 million on October 22, 1999 to the four pre-IPO shareholders.

**RECONCILIATION OF THE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL ACCOUNTING STANDARDS AND THOSE PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN SPAIN**

Amadeus Global Travel Distribution, S.A. ("the Company") prepares consolidated financial statements in accordance with Generally Accepted Accounting Principles in Spain (Spanish GAAP), and also in accordance with International Accounting Standards (IAS). In general, the classifications of balances in the financial statements differ under Spanish GAAP and International Accounting Standards and different levels of disclosure are also required in the respective notes. Furthermore, under Spanish GAAP it is not obligatory to include statements of cash flow, nor a calculation of earnings per share.

The main differences affecting net income and equity for the nine month periods ended September 30, 1999 and 1998 are set out below. Figures are expressed in thousand (K) Ecus up to and including December 31, 1998 and thousand (K) Euros from that date, unless stated otherwise.

Reconciliation of net income

	Nine months ended September 30,	
	<u>1999</u>	<u>1998</u>
<b>Net income – IAS</b>	<b>132,962</b>	<b>65,215</b>
Adjustments for Spanish GAAP purposes:		
Acquisition of Amadeus Operations KG	(16,029)	(16,700)
Other	(1,136)	(6,381)
<b>Net income – Spanish GAAP</b>	<b>115,797</b>	<b>42,134</b>
Exchange rate (Pta.-ECUs/Euros)	<u>163.386</u>	<u>167.672</u>
<b>Equivalent in millions of pesetas</b>	<b><u>19,267</u></b>	<b><u>7,065</u></b>

Reconciliation of Shareholders' equity

	Nine months ended September 30,	
	<u>1999</u>	<u>1998</u>
<b>Shareholders' equity – IAS</b>	<b>108,707</b>	<b>(39,306)</b>
Adjustments for Spanish GAAP purposes:		
Acquisition of Amadeus Operations KG	180,459	209,093
Other	(3,327)	(3,697)
<b>Shareholders' equity – Spanish GAAP</b>	<b>285,839</b>	<b>166,090</b>
Exchange rate (Pta.-ECUs/Euros)	<u>156.386</u>	<u>167.238</u>
<b>Equivalent in millions of pesetas</b>	<b><u>47,560</u></b>	<b><u>27,777</u></b>

## Explanatory analysis of differences

### 1. Acquisition of Amadeus Operations KG

In accordance with IAS, the acquisition of Amadeus Data Processing GmbH and Co. KG (Amadeus Operations KG - a German company), which took place at the end of 1997, was accounted for in a manner similar to a "uniting of interests". Accordingly, the prior periods' financial statements, prepared in accordance with IAS, include the combined results of operations, financial position and cash flows of Amadeus Operations KG as though it had always been a subsidiary of the Company. The price paid to the shareholders was accounted for as a reduction in shareholders' equity (retained earnings), while the deferred tax asset corresponding to the tax credit for the future amortisation of goodwill was accounted for as an increase in shareholders' equity (retained earnings). In accordance with Spanish GAAP, this transaction was accounted for as an acquisition, recording the resulting goodwill, which is being amortised over a period of 10 years.

### 2. Others

This heading includes other differences, such as:

- Unrealised exchange gains - In accordance with IAS, unrealised exchange gains are recognised currently in the statement of income. Under Spanish GAAP, in general terms, unrealised exchange gains are deferred until they are realised.
- Provision for cancellation of bookings - In accordance with IAS, and following the general practice of this sector, the Group has set up a provision for future cancellation of bookings. For Spanish GAAP purposes, this practice was adopted from January 1, 1998. Therefore, the accumulated effect in relation to previous years has been reflected as an extraordinary expense in the profit and loss account for the nine month period ended September 30, 1998.
- Assets acquired under finance lease arrangements - In accordance with IAS the right of use of certain assets mainly land, buildings and other installations located in Erding (Germany) associated with the Computerized Reservation System (CRS) has been accounted for as assets under finance lease. For Spanish GAAP purposes, in prior years the respective leases were recorded as operating leases and not included as assets, as it was understood that the requirements for capitalization under Spanish GAAP were not met. However, for the nine-month period ended September 30, 1999 as a result of a change in circumstances in the business and alternative uses of the assets, which provide enough basis to consider it as a finance lease, the treatment of the above mentioned contracts has been changed. The effect of this change of treatment is a charge to extraordinary expenses in the statement of income for the nine month period ended September 30, 1999 amounting to 475 million pesetas.

## **Management discussion and analysis of financial conditions and results of operations (based on financial statements prepared in accordance with International Accounting Standards).**

### **1. Summary**

- Revenue and net income have increased 16.0% and 74.4% respectively for the three months ended 30 September 1999 compared to the same period in 1998.
- For the nine months ended 30 September 1999, growth has been 15.2% and 103.9% for revenue and net income respectively.
- EBITDA margin has improved from 21.5% to 25.6% for the three months ended 30 September 1999 and has also improved from 24.1% to 26.2% for the nine months ended 30 September 1999.

### **2. For the three months ended 30 September 1999 and 1998.**

Total revenues for the three months ended 30 September 1999 were EUR 342.6m, which represents an increase of 16.0% from ECU 295.3m for the three months ended 30 September 1998.

- Airline booking revenue grew by 12.3%, while non-airline bookings revenues rose by 6.5% and non-booking related revenue registered 35.4% growth. The increase in booking related revenue is primarily driven by booking growth and price increases as applied from 1 January 1999. The growth in non booking related revenue is due to new products / activities recently launched and also the strong performance of the current portfolio of non booking related products.
- Geographically, for the three months ended 30 September 1999, revenues in Europe, the US and the rest of the world increased 19.2%, 7.3% and 15.5% respectively compared to the same period in 1998.

Total bookings for the three months ended 30 September 1999 were 88.8m, representing an increase of 4.6% from 84.9m for the three months ended 30 September 1998.

- Airline bookings grew by 4.7%.
- Non-air bookings growth has been 3.4% although this line has been impacted by hotel passive bookings, which are no longer billed as from January 1999.
- Europe, Middle East and Africa and Asia Pacific have been the major areas to show strong growth. In the US and South America we have had a weaker performance compared with other regions. Excluding the Americas, growth in air bookings has been 10.3%.



Operating expenses for the three months ended 30 September 1999 were EUR 280.6m which represents an increase of 10.5% from ECU 254.0m for the three months ended 30 September 1998. The increase in cost of sales has been 11.1% for the period, mainly driven by higher distribution costs as a result of the increase in bookings and also higher software and data processing expenses related to the continued technical enhancement of our system. Selling, general and administrative amounts to 4.0% of total revenues for the three months ended 30 September 1999.

Operating income was EUR 62.0m for the three months ended 30 September 1999, representing an increase of 50.3% from ECU 41.3m for the three months ended 30 September 1998. The operating margin has increased to 18.1% in 1999 from 14.0% in 1998.

EBITDA for the three months ended 30 September 1999 was EUR 87.8m, which represents an increase of 38.5% from ECU 63.4m for the three months, ended 30 September 1998. The EBITDA margin has increased to 25.6% in 1999 from 21.5% in 1998.

Net income for three months ended 30 September 1999 was EUR 35.6m which represents an increase of 74.4% from ECU 20.4 m for the three months ended 30 September 1998. The effective tax rate for the three months ended 30 September 1999 has been 38.9%

### **3. For the 9 months ended 30 September 1999 and 1998.**

Total revenues for the nine months ended 30 September 1999 were EUR 1,019.7m, which represents an increase of 15.2% from ECU 885.1m for the nine months ended 30 September 1998.

- Airline booking revenue growth has been 13.4%, non-air bookings revenues growth 6.5% and non-booking related revenue growth has been 28.8%. The increase in booking related revenue is primarily driven by booking growth and price increases applied as from 1 January 1999. The growth in non booking related revenue is due to new products / activities recently launched and also the strong performance of the current portfolio of non booking related products.
- Geographically, for the nine months ended 30 September 1999 revenues in Europe, the US and the rest of the world have increased 17.9%, 6.2% and 16.2%, respectively, compared to the same period in 1998.

Total bookings for the nine months ended 30 September 1999 were 286.1 million, which represents an increase of 6.5% from 268.7 million for the nine months ended 30 September 1998.

- 
- Airline bookings growth has been 6.8%.
  - Non-air bookings growth has been 2.5%; although this line has been impacted by hotel passive bookings, which are no longer billed as from January 1999.
- 
- Europe, Middle East and Africa and Asia Pacific have been the major areas to show strong growth. In the US and South America we have had a weaker performance compared with other regions. Excluding the Americas, growth in air bookings has been 11.2%.



Operating expenses for the nine months ended 30 September 1999 were EUR 827.9m, which represents an increase of 13.0% from ECU 732.6m for the nine months ended 30 September 1998. The increase in cost of sales has been 12.1% for the period, mainly driven by higher distribution costs as a result of the increase in bookings and also higher software and data processing expenses related to the improvement of our system architecture and product portfolio. Selling, general and administrative expenses represents 4.3% of total revenues, and the increase for the period is mainly related to an increase in marketing activities as well as the one time impact of external advisory services for certain corporate projects.

Operating income was EUR 191.8m for the nine months ended 30 September 1999 which represents an increase of 25.8% from ECU 152.5m for the nine months ended 30 September 1998. The operating margin has increased to 18.3% in 1999 from 17.2% in 1998.

EBITDA for the nine months ended 30 September 1999 was EUR 267.3m, which represents an increase of 25.5% from ECU 213.1m for the nine months, ended 30 September 1998. The EBITDA margin has increased to 26.2% in 1999 from 24.1% in 1998.

Net income for the nine months ended 30 September 1999 was EUR 133.0m, which represents an increase of 103.9% from ECU 65.2m for the nine months ended 30 September 1998. Non operating results for 1999 includes the pre-tax impact of EUR 18.4m resulting from the sale, in February, of part of depository certificates representing shares in Equant NV. Income tax expense for the nine months ended 30 September 1999 is affected by net credits to the income statement related to the merger, currently in progress, of the Spanish companies and the recognition of certain deferred tax assets amounting to EUR 20.7m. The effective tax rate for the nine months ended 30 September 1999 has been 28.5%

## Selected financial information and operating statistics

(Expressed in thousands of European Currency Units - KECUs / thousands of Euros - KEURs)

	For the three month period ended September 30,			For the nine month period ended September 30,		
	1999 (Unaudited)	1998	% change	1999 (Unaudited)	1998	% change
Revenue	342,595	295,282	16.0%	1,019,700	885,126	15.2%
Cost of sales	266,855	240,193	11.1%	784,507	699,759	12.1%
Selling, general and administrative expenses	13,744	13,835	-0.7%	43,352	32,873	31.9%
Total operating expenses	280,599	254,028	10.5%	827,859	732,632	13.0%
Operating income	61,996	41,254	50.3%	191,841	152,494	25.8%
Other income (expense)						
Interest expense, net	(5,700)	(7,482)	-23.8%	(19,005)	(24,403)	-22.1%
Exchange gains (losses)	2,803	831	237.3%	2,672	37	7121.6%
Other	1,769	1,418	24.8%	20,610	1,418	1353.5%
Income before income taxes	60,868	36,021	69.0%	196,118	129,546	51.4%
Income taxes	23,654	14,698	60.9%	55,963	54,914	1.9%
Income after taxes	37,214	21,323	74.5%	140,155	74,632	87.8%
Equity in income (losses) from associates	(1,796)	(326)	450.9%	(5,791)	(7,383)	-21.6%
Minority interests	217	(563)	-138.5%	(1,402)	(2,034)	-31.1%
Net income	35,635	20,434	74.4%	132,962	65,215	103.9%

### Other information

Operating margin	18.1%	14.0%	18.8%	17.2%
EBITDA (1)	87,826	63,393	267,332	213,085
EBITDA margin	25.6%	21.5%	26.2%	24.1%

### Booking information (millions) (2)

Air bookings	82.7	79.0	265.7	248.8
Non air bookings	6.1	5.9	20.4	19.9
	88.8	84.9	286.1	268.7

(1) EBITDA calculated as follows: operating income + operating depreciation / amortisation

(2) The number of bookings are net of cancellations made as of the end of the applicable period and before any estimate of future cancellations to be made on bookings outstanding (such as for bookings not yet used or cancelled) as of the end of the applicable period.

(3) The information presented herein is in European Currency Units (ECUs) for the periods ended before 1 January 1999 and in Euros (EURs) for the periods ended after this date, as the Euro succeeded the ECU on this date at a one-to-one exchange rate.