

Press release

Amadeus accelerates profit growth thanks to strength of core businesses and acquisitions

February 24, 2017

Strong financial results, driven by the positive performances of our Distribution and IT Solutions segments, as well as by the contribution of our 2015 and Navitaire acquisitions.

Full year highlights (twelve months ended December 31, 2016)

- Revenue grew 14.3%, to €4,472.9 million
- EBITDA increased 16.0%, to €1,700.1 million
- In the Distribution business, total travel agency air bookings rose 5.9%, to 534.9 million
- In the IT Solutions business, Passengers Boarded¹ increased 85.0% to 1,382.5 million

February, 24: Amadeus IT Group, S.A., a leading technology partner for the global travel industry, achieved adjusted profit of €911.0 million for the full year of 2016, which represents growth of 21.2% compared to 2015. This growth was supported by an increase of 14.3% in revenue, to €4,472.9 million, and 16.0% in EBITDA to €1,700.1 million.

Luis Maroto, President & CEO of Amadeus, commented:

“The strength of our core businesses, our diversification strategy and the positive contribution of recent acquisitions such as Navitaire drove Amadeus’ successful financial performance in 2016”.

“Our Distribution business maintained its strong performance and improved its competitive position by 0.8 percentage points to 43.2%². During 2016, we signed or renewed content agreements with 46 carriers, including key industry players such as easyJet, Emirates and LATAM Airlines Group. Revenue growth was also supported by our customers’ continued interest in our solutions. KAYAK, the world’s leading travel search engine, implemented Amadeus Master Pricer with Instant Search technology”.

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

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

“Growth in our IT Solutions area was supported by the consolidation of Navitaire as well as the migration of large carriers in Asia-Pacific. Among the airlines that chose to use Amadeus Altéa Passenger Service Systems and New Skies last year were China Airlines, Swiss International Air Lines, Brussels Airlines and Viva Group. In total, at the end of the year, more than 175 airlines had contracts with one of the two Amadeus Passenger Service Systems. In 2016 we have also crossed important milestones in business units such as Airport IT, for example the long-term partnership with Copenhagen Airports.”

“Given the positive trend of new contracts we have seen so far in 2017, we are confident that Amadeus will have a solid financial performance this year, supported by a moderate pick up in global economic growth as predicted by IMF³”.

Financial highlights for the full year

Consolidated net financial debt stood at €1,957.5 million as of December 31 2016, representing 1.14x ratio of covenant net debt to the last twelve months covenant EBITDA.

In December 2016 the Board of Directors proposed a 50% pay-out ratio for the year of 2016 (the maximum percentage within the approved range). Accordingly, the Board of Directors will submit a final gross dividend of €0.94 per share from the 2016 reported profit to the General Shareholders Meeting for approval in June 2017, representing an increase of 21.3% compared to 2015. An interim gross dividend of €0.40 per share was paid in February 2017.

Business highlights for the full year

Distribution

- Revenue increased 6.8% to €2,925.0 million
- Travel agency air bookings rose 5.9% to 534.9 million – outperforming GDS industry growth of 3.1%
- Travel agency air competitive position improved by 0.8 percentage points, reaching 43.2%

	Amadeus TA Air Bookings (figures in million)				
	Full year 2016	% of Total	Full year 2015	% of Total	% Change
Western Europe	202.1	37.8%	194.8	38.6%	3.7%
Asia & Pacific	97.4	18.2%	83.5	16.5%	16.7%
North America	90.8	17.0%	85.9	17.0%	5.7%
Middle East and Africa	65.9	12.3%	62.2	12.3%	6.0%
Central, Eastern and Southern Europe	44.5	8.3%	45.7	9.0%	(2.5%)
Latin America	34.1	6.4%	32.9	6.5%	3.4%
Total TA Air Bookings	534.9	100.0%	505.0	100.0%	5.9%

³ Source: IMF's January 2017 World Economic Outlook (WEO) Update

More than 70% of airlines bookings made through the Amadeus system in 2016 worldwide were with airlines that have content agreements with Amadeus. Last year, Amadeus signed new contracts or renewals of existing content agreements with 46 carriers, including Emirates, LATAM Airlines Group S.A., Air Cairo and Etihad Airways.

Airlines' confidence in GDS distribution through Amadeus has continued in 2017. In January, Amadeus and Thomas Cook Group announced the extension of their global distribution contract until 2021. The agreement will also allow Thomas Cook to use Amadeus Instant Search, an innovative solution which delivers online search results in milliseconds with no compromise on accuracy.

Growth was also consistent in the Low Cost Carrier (LCC) segment during 2016. Subscribers to Amadeus' inventory data can now access content from more than 90 low cost and hybrid carriers worldwide, among them the Chinese low cost airline Spring Airlines. In 2016, bookings of this segment grew 15% compared to the previous year.

Among the LCC's that signed or renewed their content agreements with Amadeus last year was easyJet. This renewed long-term partnership will allow Amadeus' subscribers continued access to easyJet's range of fares. Corporate travellers will also be able to easily access and book the airline's range of business friendly products such as Flexi Fares.

The solid performance in the Distribution segment was also supported by new contracts of our merchandising solutions. At the end of last year, 66% of the global bookings made through the Amadeus system were eligible to carry a merchandising item. More than 120 airlines had contracts for Amadeus Airlines Ancillary Services by the end 2016, of which more than 90 had implemented the solutions by the close of the year. Amadeus Fare Families Solutions also continued its expansion in 2016. At the end of the year, 52 airline customers had contracted the merchandising solution. Of these, 33 had implemented the solution, which allows airlines worldwide to distribute branded fares to travellers.

KAYAK was one of the customers that contracted solutions in 2016. The online travel search engine implemented Amadeus Master Pricer with Instant Search technology, which delivers online search results in milliseconds without compromising accuracy. Every one second of improvement in search response time for consumers can translate into an increase in conversion rates.

IT Solutions

- Revenue grew 31.7% to €1,547.9 million
- Amadeus passengers boarded grew 85.0%, to a total of 1,382.5 million, in the full year period, fuelled by the addition of passengers boarded from Navitaire and a 12.2% increase in Altéa passengers boarded

Airline IT

	Operating KPI (figures in million)		
	Full year 2016	Full year 2015	% Change
Altéa Passengers Boarded	838.3	747.3	12.2%
Navitaire Passengers Boarded	544.1	-	n.m.
Total PB	1,382.5	747.3	85.0%

Navitaire's acquisition was closed at the beginning of 2016 following regulatory approval. Navitaire, a technology and business solutions provider to the airline industry specialising in the low-cost segment, complements Amadeus' Altéa offering and positively contributed to revenue growth last year.

Including Navitaire, more than 175 airlines had contracts for one of the Amadeus Passenger Service System (Altéa or Navitaire New Skies) at the end of 2016. Among the new additions were Kuwait Airways, Air Tahiti Nui and Malaysia Airlines. More than 165 airlines had implemented an Amadeus solution. Swiss International Air Lines, Brussels Airlines (both part of the Lufthansa Group), Ukraine International Airlines and China Airlines were among the airlines that implemented the Amadeus Altéa solutions during 2016.

	Total PB (figures in million)				
	Full year 2016	% of Total	Full year 2015	% of Total	% Change
Western Europe	562.4	40.7%	324.2	43.4%	73.5%
Asia & Pacific	428.5	31.0%	201.3	26.9%	112.9%
Latin America	134.9	9.8%	77.4	10.4%	74.4%
Middle East and Africa	119.7	8.7%	103.7	13.9%	15.5%
Central, Eastern and Southern Europe	72.0	5.2%	37.0	5.0%	94.5%
North America	64.9	4.7%	3.8	0.5%	n.m.
Total PB	1,382.5	100.0%	747.3	100.0%	85.0%

Clients have continued to show their confidence in our solutions in 2017. Ryanair renewed at the beginning of this year its agreement with Navitaire until 2025, representing 25 years of collaboration between Ryanair and Navitaire. The airline will use Navitaire's ancillary and reservations solutions including merchandising, distribution, digital and departure control platforms.

Altéa's growth was also supported by existing customers contracting additional solutions from the Airline IT portfolio. The network carriers of the Lufthansa Group opted in April for the full Amadeus Altéa Suite, adding Amadeus Altéa Departure Control Flight Management to their existing Altéa Reservation, Inventory and Departure Control Customer Management capabilities. The Amadeus Altéa Suite is now available to all of the group's network airlines.

In June last year Amadeus was one of the first industry players to receive the Level 3 NDC (New Distribution Capability) certification from IATA. This is the highest possible level of

certification; few have attained it, and it reaffirms Amadeus' leadership in innovation. Amadeus developed at the beginning of the year the Amadeus Altéa NDC solution which will allow airlines to distribute their prices and fares, including ancillary and fare family content using NDC Offers & Orders. This was shortly followed by Navitaire also receiving the highest level of NDC certification.

New Businesses

Airport IT

Copenhagen Airports, which owns and operates the airports of Kastrup and Roskilde, in March signed a ten-year IT partnership with Amadeus. The agreement, with next-generation cloud-based technology, will provide far reaching benefits including an improved operational performance and customer experience, and included nine different solutions. The company has already successfully implemented the Amadeus Airport Sequence Manager and Airport Collaborative Decision Making Portal solutions to provide the airport, its airline customers, ground handlers and air traffic controllers with accurate and synched information on aircraft departures.

Quebec City's Jean Lesage International Airport also showed its confidence in Amadeus during 2016. In March, the airport announced that it will implement Amadeus Airport Common Use Service (ACUS).

Payments

Amadeus continued to develop innovative products during 2016. B2B Wallet Prepaid was launched in February. This new virtual card, whose details are generated each time it is used to maximise security, was enhanced through two key partnerships with market leaders in July. Amadeus announced a partnership with MasterCard to offer travel agencies payment acceptance and security worldwide, as well as further protection against supplier default in B2B Wallet. The second partnership, with Ixaris, will allow travel agencies to easily create and add funds to their virtual payment cards.

Rail

Among the key milestones for this unit in 2016 was the extension of the partnership between Amadeus and AccesRail, an IATA travel partner and content aggregator specialising in international travel. Travel agents will now be able to book 18 rail and bus operators across 26 countries on the same screen as air travel thanks to Amadeus' Air-Rail Display.

RENFE, the Spanish rail operator, agreed in April to distribute its rail content to Amadeus subscribers globally. Search, booking, ticketing, payment and settlement flow for the travel agency are all handled by Amadeus now.

Travel intelligence

Two solutions were launched from this unit during 2016: Amadeus Performance Insight and Amadeus Booking Analytics. The first one allows airlines of all sizes to better understand their performance using data to inform and improve their decision making. Avianca Brasil, Air Vanuatu, ECAir and Kuwait Airways are some of the clients that have contracted this solution. Amadeus Booking Analytics offer airlines such as Hainan Airlines, China's largest private carrier, the possibility of monitoring bookings –per route, per booking class, per airline, among other criteria, and act upon them.

Additional corporate news for 2016

For the fifth consecutive year, Amadeus in 2016 earned the recognition of being included in the Dow Jones Sustainability Index in the IT & Internet Software and Services sector. Only the top 10% of scorers in each sector are able to enter the index, which makes this achievement even more meaningful for everyone at Amadeus. The Dow Jones Sustainability Indices (DJSI) are made up of global sustainability leaders based on economic, environmental, and social criteria; and are widely regarded as the most prominent standards for evaluating sustainability performance available to investors.

In November 2016, Laurens Leurink was appointed Senior Vice President, Distribution, Amadeus, taking over from Holger Taubmann. Laurens brings financial, commercial and strategic acumen as well as deep travel industry knowledge to Amadeus. Laurens became a member of the Executive Committee of Amadeus in January 2017.

Christophe Bousquet, Vice President, Airline IT R&D since 2013, and Denis Lacroix, Vice President, Reservation, Distribution and Mid-Back Office, R&D, also since 2013, were appointed members of the Executive Committee of Amadeus in January 2017. They will take on additional responsibilities as Amadeus evolves its R&D capabilities and organisation to meet the fast changing needs of customers and travellers.

Summary of operating and financial information

	Summary of KPI (figures in million euros)		
	Full year 2016	Full year 2015	% Change
Operating KPI			
Air TA competitive position¹	43.2%	42.5%	0.8 p.p.
Air TA bookings (m)	534.9	505.0	5.9%
Non-air bookings (m)	60.4	61.2	(1.3%)
Total bookings (m)	595.3	566.2	5.1%
Passengers Boarded (m)	1,382.5	747.3	85.0%
Financial results			
Distribution Revenue	2,925.0	2,737.8	6.8%
IT Solutions Revenue	1,547.9	1,174.9	31.7%
Revenue	4,472.9	3,912.7	14.3%
Distribution Contribution	1,223.0	1,177.0	3.9%
IT Solutions Contribution	1,040.7	760.8	36.8%
Contribution	2,263.7	1,937.8	16.8%
EBITDA	1,700.1	1,465.4	16.0%
EBITDA margin (%)	38.0%	37.5%	0.6 p.p.
Adjusted profit²	911.0	751.8	21.2%
Adjusted EPS (euros)³	2.08	1.72	21.3%
Cash flow			
Capital expenditure	595.1	550.1	8.2%
Free cash-flow ⁴	811.4	659.2	23.1%
	31/12/2016	31/12/2015	% Change
Indebtedness⁵			
Covenant Net Financial Debt	1,957.5	1,611.6	21.5%
Covenant Net Financial Debt / LTM Covenant EBITDA	1.14x	1.09x	

1. Competitive position as defined in section 1.
2. Excluding after-tax impact of the following items: (i) accounting effects derived from PPA exercises and impairment losses, (ii) non-operating exchange gains (losses) and (iii) other non-recurring items.
3. EPS corresponding to the Adjusted profit attributable to the parent company. Calculated based on weighted average outstanding shares of the period.
4. Calculated as EBITDA minus capital expenditure 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 agreement covenants.

Notes to the editors:

Amadeus is a leading provider of advanced technology solutions for the global travel industry. Customer groups include travel providers (e.g. airlines, hotels, rail and ferry operators, etc.), travel sellers (travel agencies and websites), and travel buyers (corporations and travel management companies).

The Amadeus group employs around 15,000 people worldwide, across central sites in Madrid (corporate headquarters), Nice (development) and Erding (operations), as well as over 70 local Amadeus Commercial Organisations globally and has a presence in more than 190 countries.

This year marks 30 years since Amadeus was founded. Throughout 2017, the company will be celebrating 30 years of collaboration with customers, 30 years of technological innovation and 30 years of helping power better journeys for travellers all over the world. The group operates a transaction-based business model.

Amadeus is listed on the Spanish Stock Exchange under the symbol "AMS.MC" and is a component of the IBEX 35 index.

To find out more about Amadeus please visit www.amadeus.com, and www.amadeus.com/blog for more on the travel industry.

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