Management Review January-September 2019

November 7, 2019

Index

1 Summary

1.1 Introduction

Highlights for the first nine months ended September 30, 2019

- In Distribution, our travel agency air bookings grew 0.5%, to 447.0 million.
- In IT Solutions, our passengers boarded increased 7.1%, to 1,496.6 million.
- Revenue grew by 15.0%[1], to €4,236.6 million.
- EBITDA increased by 11.1%[1], to €1,763.8 million.
- Adjusted profit[2] increased by 11.9%[1], to €992.5 million.
- Free Cash Flow was €820.0 million[3], increasing 2.2% (10.5%[3] increase pre-tax).
- Net financial debt[4] was €2,940.1 million at September 30, 2019 (1.34 times last-twelve-month EBITDA[4]).

In the first nine months of 2019, Revenue, EBITDA and Adjusted Profit increased by 15.0%[1], 11.1%[1], and 11.9%[1], respectively. This positive evolution was supported by the operating performances of our Distribution and IT Solutions segments, TravelClick's acquisition (acquired on October 4, 2018) and positive foreign exchange effects.

In Distribution, during the third quarter of 2019, we continued to secure and expand content for our subscribers by renewing or signing content agreements with 7 carriers, reaching a total of 19 in the first nine months of 2019. We also announced a strengthened partnership with Japan Airlines, becoming Japan Airlines' recommended distribution partner in the Japanese market, further enhancing our value proposition in Japan. Additionally, we received IATA NDC Level 4 certification as an aggregator following the NDC Level 4 certification as an IT provider back in May.

Our Distribution air volumes grew by 0.5% in the first nine months of the year (3.2% excluding India), on the back of our global competitive position[5] expanding by 0.5 p.p. (by 1.3 p.p. excluding India). Despite a weak industry, Amadeus volumes were supported by market share gains across regions, with the exception of Asia-Pacific. In Asia-Pacific, in December 2018, an Indian full-service carrier cancelled its distribution agreement with Amadeus and, in April 2019, another Indian full-service carrier ceased operations. North America was our fastest-growing region in the first nine months of the year, with our volumes growing at a double-digit growth rate. In the nine months to September 30, 2019, Distribution revenue grew 5.1%, supported by volume growth, average revenue per booking expansion, double-digit growth in Payments Distribution and positive foreign exchange effects.

[1] Adjusted to exclude TravelClick's acquisition related costs (amounting to €7.3 million before taxes) and PPA effects (which reduce revenue and EBITDA by €7.8 million and €5.5 million, respectively. Adjusted profit is not impacted by PPA effects). For full details, please see section 3.1 on TravelClick's acquisition and impacts.

[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] Defined as EBITDA, minus capex, plus changes in our operating working capital, minus taxes paid, minus interests and financial fees paid. Adjusted to exclude TravelClick's acquisition related costs paid of €10.7 million. For full details, please see section 3.1 on TravelClick's acquisition and impacts.

[4] Based on our credit facility agreements' definition.

[5] Competitive position as defined in section 3.

IT Solutions revenue grew 31.1%[1] in the first nine months of 2019. This evolution was driven by (i) high single-digit growth in Airline IT solutions, (ii) a continued expansion in our new businesses, delivering double-digit revenue growth, (iii) the consolidation of TravelClick and (iv) positive foreign exchange effects. Our Airline IT business has been impacted by an unsually high number of airline bankruptcies taking place in the reporting period. Our Passengers Boarded increased by 8.1% in the quarter and by 7.1% in the nine month period. This growth was driven by (i) customer implementations (including S7 Airlines, Maldivian Airlines, Cyprus Airways and Aeromar in 2018, as well as, Philippine Airlines, Bangkok Airways and Flybe in 2019,) and (ii) organic growth of 6.5%. Passengers Boarded growth in the first nine months of 2019 was negatively impacted by the de-migration of LATAM Airlines Brasil from our platform during the second quarter of 2018, and the cessation or suspension of operations of several airline customers in 2019, such as Germania, bmi Regional, Avianca Brasil, Avianca Argentina, Thomas Cook UK, Aigle Azur, Adria Airways and XL Airways France. Excluding these airline customers ceasing or suspending operations (which combined had approximately 30 million passengers boarded annually), our Passengers Boarded growth was 9.2% in the third quarter and 7.8% in the nine month period.

Our Airline IT customer base continued to expand. Air Europa renewed and contracted for incremental Altéa technology, e-commerce and payments solutions. Mauritania Airlines contracted for the full Altéa Suite and payments solutions. Finnair signed for Amadeus Dynamic Intelligence Hub[6] and Amadeus Airline Cloud Availability. Aegean Airlines contracted for Amadeus Customer Experience Management, Ural Airlines signed for Amadeus Altéa NDC and Luxair contracted for Amadeus Revenue Accounting. airBaltic contracted for disruption technology.

We continued to make progress in our new business areas. In Hospitality, our customer base for Amadeus Sales and Catering, Media and Distribution, Reservations, Guest Management and Business Intelligence solutions, among others, continued to expand. In Airport IT, in the U.S., Memphis International Airport (Tennessee) contracted Amadeus EASE[7] and Orlando-Stanford International Airport (Florida) signed for Amadeus Biometric Integrator[8]. In Japan, Narita International Airport will install self-service auto bag drop units from ICM across its four terminals to enhance passenger check-in efficiency and bag drop times ahead of next year's Tokyo Olympic and Paralympic Games.

Consistent investment in technology has been key to our success. In the first nine months of 2019, our investment in R&D amounted to 16.9% of revenue. It was dedicated to support our mid to long-term growth, through: portfolio expansion and new customer implementations; our internal digitalization and transformational projects to better integrate newly acquired businesses and

[6] Amadeus Dynamic Intelligence Hub (DIH) is a scalable and open data platform with a single, integrated data source that provides airlines with an iterative framework, integration capabilities and ready-to-use business content to automate decision-making and improve time-to-market.

[7] Amadeus EASE (Amadeus Extended Airline System Environment) allows airlines to easily extend their boarding and check-in applications, without any modifications or limitations, onto the airport's common use infrastructure.

[8] Amadeus Biometric Integrator facilitates connectivity between the U.S. Customs and Boarder Protection Traveler Verification System and airlines' departure control systems. It allows for a one-step process where, through biometric verification, the passenger identity is verified and the passenger is on-boarded.

enhance our performance; and additionally, our system performance optimization and our continued shift to next-generation technologies and cloud architecture.

In the first nine months of 2019, our Free Cash Flow increased by 2.2%[9] to €820.0 million, driven by the positive performance of our business, party offset by a contained capex growth and higher cash taxes. Our pre-tax Free Cash Flow grew by 10.5%[9]. At the end of the nine month period, our net financial debt[10] stood at €2,940.1 million, representing 1.34 times last-twelve-month EBITDA[10].

[9] Defined as EBITDA, minus capex, plus changes in our operating working capital, minus taxes paid, minus interests and financial fees paid. Adjusted to exclude TravelClick's acquisition related costs paid of €10.7 million. For full details, please see section 3.1 on TravelClick's acquisition and impacts.

[10] Based on our credit facility agreements' definition.

1.2 Summary of operating and financial information

Summary of KPI (€millions)	Jan-Sep 2019[1]	Jan-Sep 2018	Change
Operating KPI			
TA air bookings (m)	447.0	444.8	0.5%
Non air bookings (m)	49.4	46.9	5.3%
Total bookings (m)	**496.4**	**491.7**	**0.9%**
Passengers boarded (m)	**1,496.6**	**1,397.3**	**7.1%**
Financial results			
Distribution revenue	2,394.8	2,279.3	5.1%
IT Solutions revenue	1,841.8	1,404.5	31.1%
Revenue	**4,236.6**	**3,683.8**	**15.0%**
EBITDA	**1,763.8**	**1,588.0**	**11.1%**
EBITDA margin (%)	41.6%	43.1%	(1.5 p.p.)
Adjusted profit[2]	**992.5**	**886.6**	**11.9%**
Adjusted EPS (euros)[3]	**2.30**	**2.06**	**11.6%**
Cash flow			
Capital expenditure	544.0	506.2	7.5%
Free cash flow[4]	820.0	802.1	2.2%
Indebtedness[5]	Sep 30,2019	Dec 31,2018	Change
Net Financial Debt	**2,940.1**	**3,074.0**	**(133.9)**
Net Financial Debt/LTM EBITDA	1.34x	1.47x	

[1]Adjusted to exclude TravelClick's acquisition related costs (amounting to €7.3 million before taxes) and PPA effects (which reduce revenue and EBITDA by €7.8 million and €5.5 million, respectively. Adjusted profit is not impacted by PPA effects). For full details, please see section 3.1 on TravelClick's acquisition and impacts.

[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]Defined as EBITDA, minus capex, plus changes in our operating working capital, minus taxes paid, minus interests and financial fees paid. Adjusted to exclude TravelClick's acquisition related costs paid of €10.7 million (for full details, please see section 3.1 on TravelClick's acquisition and impacts). Also, impacted by an increase in taxes paid in the first quarter of 2019. Excluding TravelClick's acquisition related costs, pre-tax free cash flow increased by 10.5%.

[5] Based on our credit facility agreements' definition.

2 Operating Review

2.1 Recent business highlights

Distribution

- During the third quarter, Amadeus signed 7 new contracts or renewals of content agreements with airlines, including the low cost carrier Thai Lion Air, reaching a total of 19 for the first nine months of the year. Subscribers to Amadeus' inventory can access more than 110 low cost and hybrid carriers' content worldwide.
- In August, Southwest announced an expanded distribution agreement with Amadeus as a result of which travel managers will be able to book, change, and modify reservations through the Amadeus Travel Platform. Travel managers and travel management companies will now have access to more of the business airline's fares and flight schedules. This agreement further builds on our relationship with the carrier following its migration to Altéa in 2017.
- In September, we announced a new distribution agreement with Viva Air. The airline's domestic and international flights, as well as corporate fares, will now be available through the Amadeus Travel Platform in Colombia, Peru and the United States. Thanks to this agreement, Viva Air becomes the first low cost carrier in Colombia to offer its fares through a GDS.
- In October, we announced a strengthened partnership with Japan Airlines, which includes an extended distribution and IT agreement. Through this agreement, Japan Airlines will benefit from enhanced technology as Amadeus becomes Japan Airlines' recommended distribution partner in the Japanese market. The airline's content, including the full range of international, as well as preferred and negotiated fares will now be available for travel sellers to shop, book and service through the Amadeus Travel Platform.
- Amadeus reached a distribution agreement with TAP Air Portugal that includes distribution through a Private Channel. The agreement also sees TAP Air Portugal joining the Amadeus NDC[X] program[11] with a view to making the airline's future NDC sourced content available through the Amadeus Travel Platform. As the industry evolves, to address different players' needs, Amadeus is helping airlines to sell the way they want, and travel sellers to access content in the way they need to.
- We made important progress in our NDC[X] program[11] during the third quarter. In August, we deepened our partnership with United Airlines by developing, testing and bringing to market new content offerings, such as United Airlines' new Corporate Bundles and Dynamic Bundled Fares. Also, in August, we announced that American Express Global Business Travel and American Airlines, both partners of our NDC[X] program, had processed live bookings using American Airlines' NDC-enabled content, leveraging on the new Amadeus Travel API. Both companies aim to exercise its full functionality of end-to-end booking flow and servicing, including cancellations, exchanges and ancillaries, when capabilities reach scalable production levels.

[11] This program aims to bring together all the NDC efforts across Amadeus - as an IT provider and as a distributor - under one roof, and is a continuation of Amadeus' previous work towards the digitalization of the travel industry. NDC[X] is part of the evolution of Amadeus' travel platform which brings 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.

- In October, we announced that Amadeus Selling Platform Connect now allows travel sellers to shop, order, pay and service airline travel offers via an NDC connectivity. Travel sellers can now view and compare all available airline flights and related services for any given trip on one single screen, whether they are sourced from EDIFACT, NDC or other APIs.
- In September, we received IATA NDC Level 4 certification as an aggregator. This follows on from the IATA NDC Level 4 certification as an IT provider back in May. Level 4 enables more in-depth integration into the travel seller ecosystem as it certifies that bookings can be serviced and modified post booking, and that results can appear rapidly on travel management companies and travel managers' online booking tools and mobile apps. This is a key feature for corporate travelers.
- In September, we unveiled a new agreement with The Hertz Corporation to provide travel sellers and travelers around the world access to the company's full inventory across its Hertz, Dollar, Thrifty and Firefly brands. Travel advisors will have access to Hertz's approximately 10,200 corporate and franchisee locations throughout North America, Europe, The Caribbean, Latin America, Africa, the Middle East, Asia, Australia and New Zealand.
- Our merchandizing solutions continued to gain interest from our customers. During the third quarter, 9 airlines signed up for Amadeus Fare Families, including Tunisair, and 3 airlines contracted Amadeus Ancillary Services for the indirect channel. In total, at the close of September, 95 airlines had signed up for Amadeus Fare Families (of which 76 had implemented the solution) and 154 had contracted Amadeus Ancillary Services (of which 130 had implemented it). The total figures for both solutions were impacted by the bankruptcy or cessation of operations of several airline customers.

Number of customers (at September 30, 2019)	Implemented	Contracted
Amadeus Ancillary Services	130	154
Amadeus Fare Families	76	95

Airline IT

- At the close of September, 2019, 216 customers had contracted either of the Amadeus Passenger Service Systems (Altéa or New Skies) and 207 had been implemented.
- In October, we announced that Air Europa had chosen Amadeus as its digital transformation partner. Air Europa renewed Altéa Reservation and Altéa Departure Control Systems, as well as contracted for Altéa Inventory, becoming a full Altéa customer. Additionally, Air Europa signed for e-commerce solutions, for Altéa Reservation Desktop Web (a new interface improving the airline selling agents' efficiency and service levels) and for Amadeus Partner Pay (a payment solution which reduces cost and fraud for the airline).
- During the third quarter, Mauritania Airlines contracted for the full Altéa Suite, including the Reservations, Inventory and Departure Control System modules, and payments solutions.

- Our upselling and cross-selling efforts continued during the third quarter. Finnair signed for Amadeus Dynamic Intelligence Hub[12] and Amadeus Airline Cloud Availability. Aegean Airlines contracted for Amadeus Customer Experience Management, Ural Airlines signed for Amadeus Altéa NDC and Luxair contracted for Amadeus Revenue Accounting. airBaltic signed for disruption technology. Montenegro Airlines implemented Amadeus Revenue Accounting.
- Malaysia Airlines contracted Amadeus to set up a competency center to develop its next-generation mobile platform and enhance its customer experience.
- In September, Lufthansa expanded its biometric boarding solution using facial recognition to JFK Airport in New York. The airline, which has developed this solution in collaboration with Amadeus and Vision Box, is already using it in four airports in the United States (Los Angeles, Miami, Orlando and New York), following a successful pilot of the solution in Los Angeles International Airport in May last year.

Hospitality

- We continued to add customers to our portfolio of solutions. During the quarter, Sindhorn Midtown in Thailand and Kwarleyz Residence Accra in Ghana contracted TravelClick's iHotelier and Business Intelligence solutions. We also renewed our long-term partnership with Crown Hotels in Australia, involving Reservations, Media and Distribution, as well as Guest Management solutions.
- In September, we expanded our strategic alliance with Marriott International. The company will recommend to use TravelClick's Travel Agent GDS Advertising, Agency360 and Rate360 to drive additional revenue and improve profitability to its more than 7,000 properties across 132 countries.

Airport IT

- During the third quarter, we reinforced our footprint in the United States. Memphis International Airport (Tennessee) contracted Amadeus EASE[13], while Orlando-Stanford International Airport (Florida) signed up for Amadeus Biometric Integrator[14].
- In August, Narita International Airport in Japan announced it will install 72 self-service auto bag drop units from ICM across its four terminals. These units will help the airport to enhance passenger check-in efficiency and bag drop times ahead of next year's Tokyo Olympic and Paralympic Games.

Payments

---

[12] Amadeus Dynamic Intelligence Hub (DIH) is a scalable and open data platform with a single, integrated data source that provides airlines with an iterative framework, integration capabilities and ready-to-use business content to automate decision-making and improve time-to-market.

[13] Amadeus EASE (Amadeus Extended Airline System Environment) allows airlines to easily extend their boarding and check-in applications, without any modifications or limitations, onto the airport's common use infrastructure.

[14] Amadeus Biometric Integrator facilitates connectivity between the U.S. Customs and Boarder Protection Traveler Verification System and airlines' departure control systems. It allows for a one-step process where, through biometric verification, the passenger identity is verified and the passenger is on-boarded.

- In August, we announced a new collaboration with CyberSource, Visa's payment management platform, through which we will offer a range of advanced fraud and payment management capabilities to the global travel industry. As part of this partnership, the CyberSource's 3-D Secure (3DS) 2 authentication solution has been integrated with Amadeus' payments platform. 3DS 2 includes significant enhancements that lay the foundation for travel merchants and their banking partners to support SCA (Strong Customer Authentication), without sacrificing a quick and simple payments experience.

Other announcements

- In October, Sylvain Roy was appointed new Head of Technology, Platforms & Engineering (TPE), replacing Dietmar Fauser. In his new role, Sylvain Roy will be responsible for delivering consistently stable and reliable platforms across all of Amadeus' businesses, with a strong focus on continuing to automate operations and drive innovation within Amadeus' cloud-based architecture. Sylvain will also join Amadeus' Executive Committee.
- In September, Amadeus announced its commitment to use 100% renewable energy at our data center in Erding. This will be achieved through the purchase of Guarantees of Origin. Further to this, and in the same month, our continued efforts on sustainability were once more recognized by the Dow Jones Sustainability Indices (DJSI), in both the World and Europe categories. This is the eight consecutive year Amadeus has been included in the index. The DJSI evaluates sustainability practices from the economic, environmental and social perspectives.

2.2 Key ongoing R&D projects

As a leading technology provider to the travel industry, Amadeus undertakes significant R&D activities. In the first nine months of 2019, Amadeus committed 16.9% of its Group revenue to R&D, which primarily focused on:

- New product development 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.
    - Investment in the Amadeus Suites for airlines, including the Amadeus Offer Suite (which includes enhanced shopping, retailing and merchandizing tools, as well as revenue management solutions), the Amadeus Order Suite (which includes solutions within Passenger Service Systems and payments, among others) and the Amadeus Digital Experience Suite (including digital commerce solutions).
    - For travel agencies, meta-search engines and corporations, including efforts linked to our cloud-based new-generation selling platform.
    - For the hospitality industry: continued efforts devoted to the evolution of our hospitality platform to integrate our offering, resources dedicated to the development of our modular and combined central reservation system and property management system for the large hotel chain segment, efforts devoted to the enrichment of our reservations and

property management solutions for the small and medium sized hotel chains, as well as independents, and further enhancements to our sales and catering technology stack.
- Continued development and evolution of our Airport IT and Payments portfolios.

_ 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 and Merchandizing, e-commerce and personalization, among others).
- Implementation of Distribution solutions for airlines, travel agencies, and corporations, including, among others, our search and shopping solutions.
- Implementation of customers to our Hospitality, 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.
- Internal digitalization and transformational projects to better integrate newly acquired businesses and enhance our performance. Projects related to our overall infrastructure and processes to improve efficiency and flexibility.

3 Presentation of financial information

The consolidated financial information included in this document has been prepared in accordance with International Financial Reporting Standards (IFRS) and has not been audited.

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, net financial debt as defined by our credit facility agreements, 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, 2016.

- EBITDA corresponds to Operating income plus D&A expense. A reconciliation to the financial statements is included in section 5.3.
- The reconciliation of Operating income is included in the Group income statement included in section 5.
- 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 5.6.1.
- Net financial debt as defined by our credit facility agreements is calculated as current and non-current debt (as per the financial statements), 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 6.1.1.

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 three major global reservation systems (Amadeus, Sabre and Travelport). It excludes air bookings made directly through airlines' direct distribution channels (airline offices and websites), single country operators (primarily in China, Japan, Russia and Turkey), other content aggregators and direct connect applications between airline systems, travel agencies, corporations and meta-bookers, which together combined represent an important part of the industry.

3.1 TravelClick acquisition

On October 4, 2018, Amadeus acquired Project Dwight Ultimate Parent Corporation and its group of companies ("TravelClick"), a U.S.-based leading global provider of technology and business solutions to the hospitality industry. The acquisition price amounted to USD 1,520 million. The acquisition was 100% debt-financed. On September 18, 2018 Amadeus undertook three Eurobond issues for an aggregate amount of €1,500 million, which were partly used to finance TravelClick's acquisition (see section 6.1.1 for more detail). The acquisition was structured through a USD-denominated intercompany loan, hedged by Amadeus. The foreign exchange differences of the loan and its hedge impact our non-operating foreign exchange gains and losses in the Group income statement. The hedging also impacts the non-operating cash flows caption in the Group cash flow statement.

The results of TravelClick ("TC") were consolidated into Amadeus' books from October 4, 2018. TravelClick is reported, as part of our Hospitality IT business, within our IT Solutions segment (except for TravelClick's indirect costs, which have been allocated to Indirect costs).

As a consequence of TravelClick's acquisition, the following non-recurring effects have been accounted for in the first nine months of 2019:

- TravelClick's integration related costs, incurred in the first nine months of 2019, amounting to €7.3 million (before taxes), of which €2.7 million were paid in the period.
- Also, acquisition related costs amounting to €8.0 million, which were incurred in the fourth quarter of 2018, were paid in the first nine months of 2019.
- A purchase price allocation exercise in relation to the consolidation of TravelClick into Amadeus' books was carried out in the fourth quarter of 2018. As a consequence of such PPA exercise, the following effects (before taxes) have arisen in the first nine months of 2019:
  - A reduction in revenue and in personnel and other operating expenses amounting to €7.8 million and €2.3 million, respectively, derived from the adjustment to fair value of certain operating liabilities, resulting in a negative impact of €5.5 million to EBITDA. The effects on revenue and other operating expenses from TravelClick's PPA exercise will be small in the fourth quarter of 2019, and will not impact 2020.
  - An additional amortization expense of €38.6 million, increasing the total group amortization expense.

TravelClick's acquisition related effects described above (acquisition related costs and PPA effects) have impacted our group results and cash generation, in particular our IT Solutions and Group revenue, IT Solutions contribution, Group EBITDA, Operating income, Profit, Adjusted profit, EPS, adjusted EPS and free cash flow in the first nine months of 2019.

For clarification, in the following tables we display (i) Amadeus Group figures, and (ii) Amadeus Group figures excluding non-recurring effects associated with TravelClick's acquisition (acquisition related costs, as well as PPA effects).

The financial results displayed in section 5 "Group income statement" are presented excluding the non-recurring costs and PPA derived adjustments associated with TravelClick's acquisition.

	(A)		(B)	(A+B)	
Jul-Sep 2019 financial results (€millions)	Amadeus + TC	Change vs. 2018	Acquisition related costs & PPA	2019 Results	Change vs. 2018
Distribution revenue	757.8	5.8%	0.0	757.8	5.8%
IT Solutions revenue	645.2	31.4%	(0.8)	644.4	31.3%
Group revenue	**1,403.0**	**16.3%**	**(0.8)**	**1,402.2**	**16.2%**
Cost of revenue	(360.4)	29.3%	0.0	(360.4)	29.3%
Personnel expenses	(394.3)	15.2%	(2.2)	(396.5)	15.8%
Other operating expenses	(74.5)	7.0%	(0.8)	(75.3)	8.2%
Dep. and amortization	(196.6)	29.5%	(13.0)	(209.6)	38.1%
Operating income	**377.2**	**3.5%**	**(16.8)**	**360.4**	**(1.1%)**
Net financial expense	2.3	n.m.	0.0	2.3	n.m.
Other income (expense)	(1.0)	(47.4%)	0.0	(1.0)	(47.4%)
Profit before income taxes	**378.5**	**7.0%**	**(16.8)**	**361.7**	**2.3%**
Income taxes	(75.5)	(17.8%)	4.2	(71.3)	(22.4%)
Profit after taxes	**303.0**	**15.7%**	**(12.6)**	**290.4**	**10.9%**
Share in profit assoc/JV	1.5	n.m.	0.0	1.5	n.m.
Profit for the period	**304.5**	**16.6%**	**(12.6)**	**291.9**	**11.8%**
EPS (€)	**0.71**	**16.1%**	**(0.03)**	**0.68**	**11.3%**
Adjusted profit	**325.8**	**16.4%**	**(2.8)**	**323.0**	**15.4%**
Adjusted EPS (€)	**0.76**	**16.0%**	**(0.01)**	**0.75**	**15.0%**
EBITDA	**570.4**	**11.9%**	**(3.8)**	**566.6**	**11.1%**
EBITDA margin	**40.7%**	**(1.6 p.p.)**	**(0.2 p.p.)**	**40.4%**	**(1.8 p.p.)**
Cash flow					
Free cash flow	**368.1**	**8.0%**	**(1.0)**	**367.1**	**7.7%**

	(A)		(B)	(A+B)	
Jan-Sep 2019 financial results (€millions)	Amadeus + TC	Change vs. 2018	Acquisition related costs & PPA	2019 Results	Change vs. 2018
Distribution revenue	2,394.8	5.1%	0.0	2,394.8	5.1%
IT Solutions revenue	1,841.8	31.1%	(7.8)	1,834.0	30.6%
Group revenue	**4,236.6**	**15.0%**	**(7.8)**	**4,228.8**	**14.8%**
Cost of revenue	(1,082.6)	23.8%	0.0	(1,082.6)	23.8%
Personnel expenses	(1,145.9)	13.5%	(3.2)	(1,149.1)	13.8%
Other operating expenses	(232.2)	16.5%	(1.9)	(234.1)	17.4%
Dep. and amortization	(531.0)	19.0%	(38.6)	(569.6)	27.6%
Operating income	**1,244.9**	**7.9%**	**(51.5)**	**1,193.4**	**3.4%**
Net financial expense	(43.6)	55.7%	0.0	(43.6)	55.7%
Other income (expense)	11.5	n.m.	0.0	11.5	n.m.
Profit before income taxes	**1,212.8**	**7.9%**	**(51.5)**	**1,161.3**	**3.4%**
Income taxes	(292.0)	0.0%	12.9	(279.1)	(4.4%)
Profit after taxes	**920.8**	**10.7%**	**(38.6)**	**882.2**	**6.1%**
Share in profit assoc/JV	4.1	51.9%	0.0	4.1	51.9%
Profit for the period	**924.9**	**10.9%**	**(38.6)**	**886.3**	**6.2%**
EPS (€)	**2.15**	**10.5%**	**(0.09)**	**2.06**	**5.9%**
Adjusted profit	**992.5**	**11.9%**	**(5.5)**	**987.0**	**11.3%**
Adjusted EPS (€)	**2.30**	**11.6%**	**(0.01)**	**2.29**	**10.9%**
EBITDA	**1,763.8**	**11.1%**	**(12.8)**	**1,751.0**	**10.3%**
EBITDA margin	**41.6%**	**(1.5 p.p.)**	**(0.2 p.p.)**	**41.4%**	**(1.7 p.p.)**
Cash flow					
Free cash flow	**820.0**	**2.2%**	**(10.7)**	**809.3**	**0.9%**

3.2 ICM Airport Technics acquisition

On May 31, 2019, Amadeus acquired ICM Group Holding Limited and its group of companies ("ICM"), for €41.3 million. ICM, headquartered in Sydney, Australia, specializes in the provision of passenger automation and self-service bag drop solutions for customers, principally in Asia-Pacific and Europe. The ICM results were consolidated into Amadeus' books from June 1, 2019.

A purchase price allocation exercise in relation to the consolidation of ICM into Amadeus' books will be carried out before the end of the first half of 2020.

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 35%-45% of our total revenue). Revenue generated in currencies other than the Euro or US Dollar is negligible.

In turn, 55%-65% of our operating costs[15] 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), as well as investments and taxes paid in the U.S. We may 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 30-40% 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 volatility, our hedging results are generally insufficient to mitigate the impacts from foreign exchange fluctuations on our operating results.

Both in the third quarter and in the first nine months of 2019, foreign exchange fluctuations had a positive impact on both revenue and EBITDA and a negative impact on costs.

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

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 September 30, 2019, 36% of our total financial debt[16] (related to the European Commercial Paper Program and one Eurobond issue) was subject to floating interest rates, indexed to the EURIBOR. As of this date no interest rate hedges were in place.

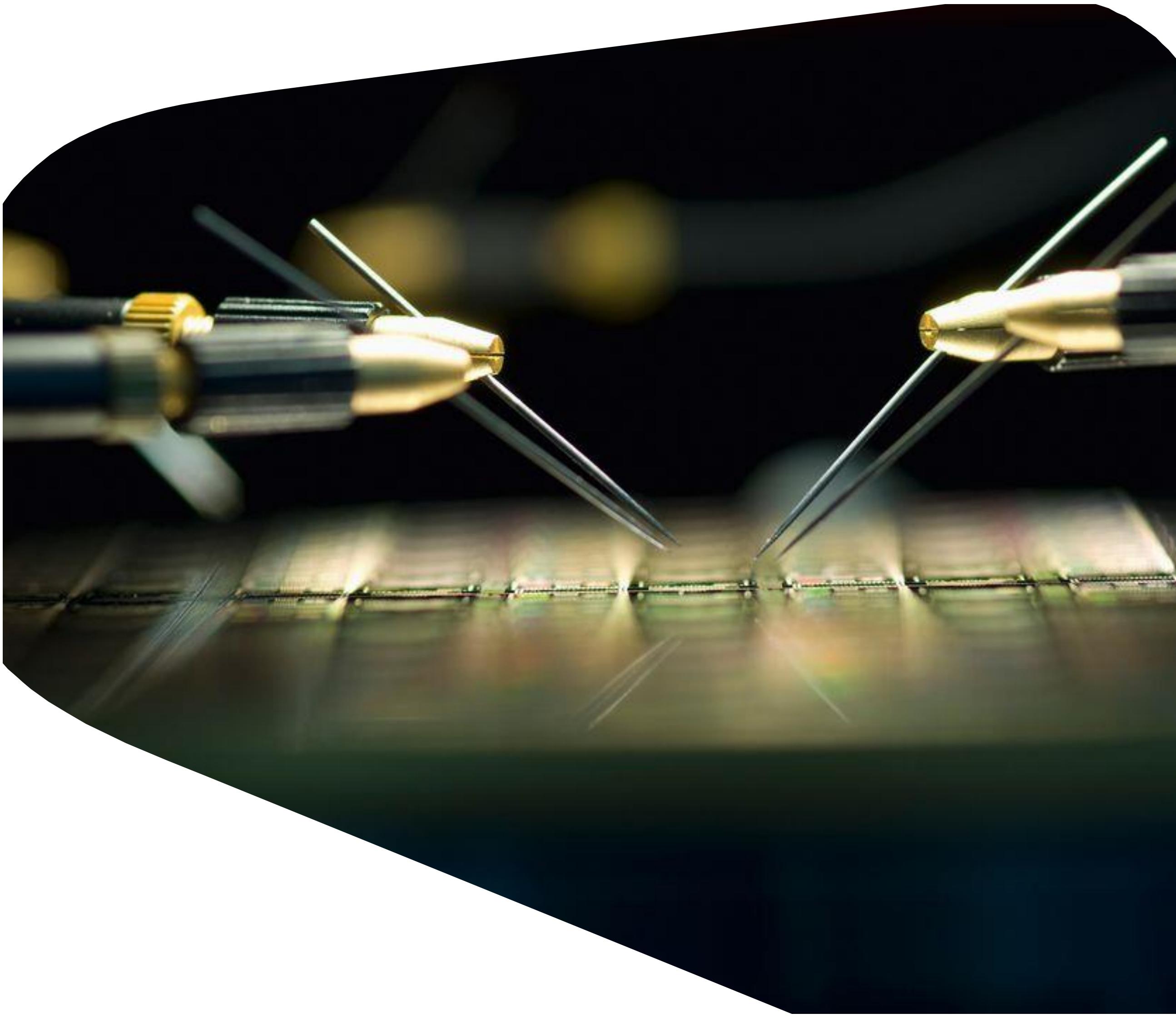
4.3 Own shares price evolution risk

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 290,000 shares and a maximum of 1,365,000 shares, approximately. It is Amadeus' intention to make use of its treasury shares to settle these plans at their maturity.

[16] Based on our credit facility agreements' definition.

5 Group income statement



As indicated in section 3.1, the financial results displayed in section 5 "Group income statement" are presented excluding the non-recurring costs and PPA derived adjustments associated with TravelClick's acquisition.

Income Statement (€millions)	Jul-Sep 2019	Jul-Sep 2018	Change	Jan-Sep 2019	Jan-Sep 2018	Change
Revenue	**1,403.0**	**1,206.8**	**16.3%**	**4,236.6**	**3,683.8**	**15.0%**
Cost of revenue	(360.4)	(278.8)	29.3%	(1,082.6)	(874.7)	23.8%
Personnel expenses	(394.3)	(342.3)	15.2%	(1,145.9)	(1,009.5)	13.5%
Other operating exp.	(74.5)	(69.6)	7.0%	(232.2)	(199.4)	16.5%
D&A expense	(196.6)	(151.8)	29.5%	(531.0)	(446.3)	19.0%
Operating income	**377.2**	**364.3**	**3.5%**	**1,244.9**	**1,153.9**	**7.9%**
Net financial income (expense)	2.3	(8.7)	n.m.	(43.6)	(28.0)	55.7%
Other income (expense)	(1.0)	(1.9)	(47.4%)	11.5	(2.4)	n.m.
Profit before income tax	**378.5**	**353.7**	**7.0%**	**1,212.8**	**1,123.5**	**7.9%**
Income taxes	(75.5)	(91.9)	(17.8%)	(292.0)	(292.0)	0.0%
Profit after taxes	**303.0**	**261.8**	**15.7%**	**920.8**	**831.5**	**10.7%**
Share in profit from associates and JVs	1.5	(0.6)	n.m.	4.1	2.7	51.9%
Profit for the period	**304.5**	**261.2**	**16.6%**	**924.9**	**834.2**	**10.9%**
EPS (€)	**0.71**	**0.61**	**16.1%**	**2.15**	**1.94**	**10.5%**
Key financial metrics						
EBITDA	**570.4**	**509.8**	**11.9%**	**1,763.8**	**1,588.0**	**11.1%**
EBITDA margin (%)	40.7%	42.2%	(1.6 p.p.)	41.6%	43.1%	(1.5 p.p.)
Adjusted profit[1]	**325.8**	**279.8**	**16.4%**	**992.5**	**886.6**	**11.9%**
Adjusted EPS (€)[2]	**0.76**	**0.65**	**16.0%**	**2.30**	**2.06**	**11.6%**

[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.

5.1 Revenue

In the third quarter of 2019, revenue amounted to €1,403.0 million, growing 16.3% vs. prior year. For the first nine months of 2019, revenue increased by 15.0% to €4,236.6 million. Revenue growth resulted from:

- A 5.8% increase in Distribution in the third quarter of 2019, driving 5.1% growth for the nine-moth period.
- A 31.4% increase in IT Solutions in the third quarter of 2019, or 31.1% in the nine-month period.

In the first nine months of 2019, revenue growth was impacted by the TravelClick consolidation and positive foreign exchange effects.

See sections 5.1.1. and 5.1.2. for more detail on revenue growth in Distribution and IT Solutions.

Revenue (€millions)	Jul-Sep 2019	Jul-Sep 2018	Change	Jan-Sep 2019	Jan-Sep 2018	Change
Distribution	757.8	715.9	5.8%	2,394.8	2,279.3	5.1%
IT Solutions	645.2	490.9	31.4%	1,841.8	1,404.5	31.1%
Revenue	**1,403.0**	**1,206.8**	**16.3%**	**4,236.6**	**3,683.8**	**15.0%**

5.1.1 Distribution

Distribution delivered revenue growth of 5.8% in the third quarter of 2019, driving 5.1% growth in the first nine months of 2019. This performance was positively impacted by foreign exchange effects.

In the first nine months of 2019, revenue growth resulted from (i) an increase in bookings of 0.9%, (ii) an expansive average revenue per booking, mainly driven by booking mix (from a higher weight of global bookings) and customer renegotiations, and (iii) double-digit growth delivered by our payments distribution business. Distribution revenue growth accelerated in the third quarter of 2019, impacted by a faster growth of payments distribution and non-recurring effects. Payments Distribution enhanced our revenue growth, however it had a negative impact on our margins, as it is a lower margin business. Growing in Payments Distribution brings an advantage to Amadeus as it enhances our value proposition to the travel agency customer segment.

Evolution of Amadeus bookings

Operating KPI	Jul-Sep 2019	Jul-Sep 2018	Change	Jan-Sep 2019	Jan-Sep 2018	Change
TA air booking industry growth	(1.1%)	1.7%		(0.8%)	3.5%	
TA air competitive position[1]	43.5%	43.1%	0.4 p.p.	43.9%	43.4%	0.5 p.p.
TA air bookings (m)	139.3	139.7	(0.3%)	447.0	444.8	0.5%
Non air bookings (m)	15.5	14.3	8.0%	49.4	46.9	5.3%
Total bookings (m)	**154.8**	**154.0**	**0.5%**	**496.4**	**491.7**	**0.9%**

[1] Competitive position as defined in section 3.

Travel agency air booking industry

In the third quarter of 2019, the travel agency air booking industry contracted, declining by 1.1%. Excluding the Indian market, the travel agency air booking industry was broadly stable in the quarter, as a result of mixed performances by region. The North American industry reported modest growth, negatively impacted by bad weather conditions. Both Central, Eastern and Southern Europe and the Latin America industries reported growth in the quarter, supported by improved market contexts in key countries in the regions (such as Russia and Brazil). The industry in Western Europe and in Asia-Pacific continued to report negative growth, impacted by a number of effects, including macroeconomic developments and geopolitical events (particularly affecting markets such as United Kingdom, Germany and Scandinavia in Western Europe, and India and South Korea in Asia-Pacific). Middle East and Africa contracted in the quarter, facing adverse geopolitical tension across the region.

In the first nine months of 2019, the travel agency air booking industry declined by 0.8% whereas, excluding India, it remained flat. North America and Central, Eastern and Southern Europe were the fastest growing regions. In turn, Western Europe, Asia-Pacific and Middle East and Africa showed a contraction, impacted by the effects mentioned above. Latin America reported limited growth in the period.

Amadeus bookings

In the third quarter of 2019, Amadeus travel agency air bookings declined by 0.3%, impacted by India. Excluding India, Amadeus' global air bookings grew by 3.0% in the quarter. Except for Asia-Pacific, Amadeus air bookings outperformed the industry evolution across regions, supported by market share expansion. Amadeus Asia-Pacific bookings continue to be impacted by an Indian GDS carrier's cancellation of our distribution agreement at the end of 2018, and by the cessation of operations of an Indian GDS carrier in April 2019.

In the first nine months of 2019, Amadeus travel agency air bookings grew by 0.5%. Excluding the Indian market, Amadeus' global air bookings grew by 3.2%. Amadeus bookings outperformed industry growth, supported by continued market share expansion across regions, except for Asia-Pacific. Excluding India, Amadeus' global competitive position[17] expanded by 1.3 p.p. in the nine-month period. Amadeus bookings grew in most regions, and most notably, in North America, where our bookings delivered a double-digit growth rate. Amadeus bookings in Western Europe continued on a positive growth trend, on the back of market share gains. On the other hand, Amadeus bookings in Asia-Pacific and Middle East and Africa, impacted by the industry's booking decline, showed a contraction. Amadeus Asia-Pacific bookings were also impacted by the effects mentioned above.

[17] Competitive position as defined in section 3.

Amadeus TA air bookings (millions)	Jan-Sep 2019	% of Total	Jan-Sep 2018	% of Total	Change
Western Europe	149.9	33.5%	147.6	33.2%	1.5%
North America	92.5	20.7%	83.0	18.6%	11.5%
Asia-Pacific	79.6	17.8%	93.9	21.1%	(15.3%)
Middle East and Africa	53.4	11.9%	54.8	12.3%	(2.6%)
Central, Eastern and Southern Europe	40.3	9.0%	36.8	8.3%	9.4%
Latin America	31.4	7.0%	28.7	6.5%	9.2%
Amadeus TA air bookings	**447.0**	**100.0%**	**444.8**	**100.0%**	**0.5%**

Amadeus' non air bookings increased by 5.3% in the first nine months of 2019 vs. prior year, driven by several products, including hotel, rail and car bookings.

5.1.2 IT Solutions

IT Solutions revenue increased by 31.4% in the third quarter of 2019, or 31.1% in the first nine months of 2019. Revenue growth was driven by both Airline IT and our new businesses:

- Airline IT continued delivering a high single-digit growth rate, on the back of higher PB volumes. Average unitary revenue expanded, supported by (i) the increased contribution from several revenue lines, including revenue management, passenger recovery and merchandizing, which continued to report solid growth, (ii) an increase in revenue from the provision of IT services, including consulting and bespoke activities, and (iii) a positive foreign exchange impact. These positive effects were partly offset by an average PSS pricing dilution effect resulting from the increasing weight of low cost and hybrid carriers on our customer base.
- New businesses grew strongly in the first nine months of the year, boosted by the TravelClick consolidation and a double-digit revenue growth rate delivered by our new businesses excluding TravelClick. Within our new businesses, Hospitality, which represents the largest piece, grew at a double-digit growth rate in the first nine months of 2019. Both Hospitality excluding TravelClick, and TravelClick standalone grew at a double-digit growth rate.

Evolution of Amadeus passengers boarded

In the third quarter of 2019, Amadeus passengers boarded grew by 8.1% to 549.6 million, driving 7.1% growth in the nine-month period. Growth in the first nine months of the year resulted from:

- Organic growth of 6.5%.
- The positive impact from customer implementations (including S7 Airlines, Maldivian Airlines, Cyprus Airways and Aeromar in 2018, and Philippine Airlines, Bangkok Airways and Flybe in 2019).
- The negative impact from (i) airline customers ceasing or suspending operations, including Germania and bmi Regional (both in February 2019), Avianca Brasil (in May 2019), Avianca Argentina (in June 2019), and Thomas Cook UK, Aigle Azur, Adria Airways and XL Airways France

(all in September 2019), and (ii) the de-migration of LATAM Airlines Brasil from our platform during the second quarter of 2018.

- Excluding airlines ceasing or suspending operations, Amadeus passengers boarded grew 9.2% in the third quarter of 2019, or 7.8% in the nine-month period.

Passengers boarded (millions)	Jul-Sep 2019	Jul-Sep 2018	Change	Jan-Sep 2019	Jan-Sep 2018	Change
Organic growth[1]	528.6	498.1	6.1%	1,447.5	1,359.5	6.5%
Non organic growth[2]	21.0	10.5	100.4%	49.1	37.8	29.9%
Total passengers boarded	**549.6**	**508.6**	**8.1%**	**1,496.6**	**1,397.3**	**7.1%**

[1] Calculated based on passengers boarded adjusted to reflect growth of comparable airlines on our PSS platforms during both periods.
[2] Includes the impact from 2018 and 2019 migrations, partly offset by the effects from (i) airlines ceasing or suspending operations (for consistency, first-half PB from airlines that have ceased operations in the third quarter of 2019 have been reclassified from organic to non organic growth) and (ii) the de-migration of LATAM Airlines Brasil from our platform during the second quarter of 2018.

During the first nine months of 2019, 59.2% of our passengers boarded were generated outside of Europe. The evolution of Amadeus passengers boarded both in Europe and in Latin America was negatively impacted by the airlines ceasing or suspending operations in the period, and the de-migration of LATAM Airlines Brasil from our platform during the second quarter of 2018.

Passengers boarded (millions)	Jan-Sep 2019	% of Total	Jan-Sep 2018	% of Total	Change
Western Europe	506.3	33.8%	475.8	34.1%	6.4%
Asia-Pacific	476.4	31.8%	443.2	31.7%	7.5%
North America	196.8	13.1%	183.7	13.1%	7.1%
Middle East and Africa	113.1	7.6%	105.2	7.5%	7.5%
Central, Eastern & Southern Europe	104.9	7.0%	83.8	6.0%	25.2%
Latin America	99.1	6.6%	105.7	7.6%	(6.2%)
Passengers boarded	**1,496.6**	**100.0%**	**1,397.3**	**100.0%**	**7.1%**

5.2 Group operating costs

5.2.1 Cost of revenue

These costs are mainly related to: (i) incentive fees paid to travel sellers for bookings done through our reservations platforms, (ii) distribution fees paid to local commercial organizations which act as a local distributor (mainly in the Middle East, North Africa, India, and South Korea), (iii) data communication expenses related to the maintenance of our computer network, including connection charges, (iv) fees paid in relation to advertising and data analytics activities within our Hospitality IT business, and (v) commissions paid to travel agencies for the use of our payments distribution solutions.

In the third quarter of 2019, cost of revenue amounted to €360.4 million, 29.3% higher than in the same period of 2018. In the first nine months of the year, cost of revenue grew by 23.8%. The increase in cost of revenue was highly impacted by the consolidation of TravelClick. Underlying growth excluding TravelClick resulted from:

- An increase in commissions paid to travel agencies for the use of our distribution payments solutions, driven by business growth in the period (see section 5.1.1 for further detail).
- Travel agency booking growth.
- A higher unitary distribution cost, mainly resulting from an increase in our average unitary incentive fee to travel agencies, mostly due to competitive pressure.
- Negative foreign exchange effects.

5.2.2 Personnel and related expenses and other operating expenses

A large number of Amadeus' employees are software engineers. Amadeus also hires contractors to support development activity, complementing permanent staff, which provides flexibility to increase or reduce our development activity. 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, representing both Personnel expenses and Other operating expenses, increased by 13.8% in the third quarter of 2019, or by 14.0% in the first nine months of 2019, vs. prior year, highly impacted by the consolidation of TravelClick. Growth in our fixed cost base resulted from:

- A 12% increase in average FTEs (permanent staff and contractors), mainly due to (i) the addition of TravelClick's employees, (ii) higher resources devoted to R&D (see further details in sections 2.2 and 6.2.2), and (iii) the expansion of our commercial teams and customer support units to support the ongoing customer implementations and commercial activities. Excluding TravelClick, Amadeus FTEs grew by 4% in the quarter.
- Growth in unit personnel cost, as a result of our global salary increase.
- A negative impact from foreign exchange effects.

Personnel + Other op. expenses (€millions)	Jul-Sep 2019	Jul-Sep 2018	Change	Jan-Sep 2019	Jan-Sep 2018	Change
Personnel + Other operating expenses	(468.8)	(411.9)	13.8%	(1,378.2)	(1,208.9)	14.0%

5.2.3 Depreciation and amortization

Depreciation and amortization was 19.0% higher in the first nine months of 2019 vs. the same period in 2018. In particular, ordinary D&A grew by 16.1% in the period, driven by the consolidation of TravelClick, a 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, and an increase in depreciation expense related to hardware and software acquired. Ordinary D&A growth accelerated in the third quarter of 2019, mainly due to capitalized development expenses which started to be amortized during the third quarter, or at the end of the second quarter of 2019.

In the first nine months of 2019, impairment losses amounted to €22.7 million, and were mostly related to (i) specific developments and implementation efforts carried out for customers that have either cancelled contracts, suspended or ceased operations, and (ii) investments related to new solutions or technology which did not or will not deliver the expected benefits.

Depreciation & Amort. (€millions)	Jul-Sep 2019	Jul-Sep 2018	Change	Jan-Sep 2019	Jan-Sep 2018	Change
Ordinary D&A	(154.7)	(127.8)	21.0%	(433.2)	(373.2)	16.1%
Amortization derived from PPA	(25.0)	(24.0)	4.3%	(75.1)	(73.1)	2.8%
Impairments	(16.9)	0.0	n.m.	(22.7)	0.0	n.m.
D&A	**(196.6)**	**(151.8)**	**29.5%**	**(531.0)**	**(446.3)**	**19.0%**
Capitalized D&A[1]	3.4	6.3	(46.0%)	12.0	12.2	(1.6%)
D&A post-capitalizations	**(193.2)**	**(145.5)**	**32.8%**	**(519.0)**	**(434.1)**	**19.6%**

[1] Included within the Other operating expenses caption in the Group income statement. D&A is capitalized when the related asset is used for a software internally developed project which related costs are capitalized.

5.3 EBITDA and Operating income

In the third quarter of 2019, operating income grew by 3.5%, driving 7.9% growth in the first nine months of the year. Operating income was impacted by non-recurring impairment effects, excluding which, operating income grew by 8.2% and 9.9%, in the third quarter and in the nine-month period, respectively. Operating income growth resulted from EBITDA expansion, partly offset by higher D&A charges.

In the first nine months of 2019, EBITDA increased by 11.1% to €1,763.8 million. EBITDA growth resulted from the positive performances of Distribution and IT Solutions, as well as the TravelClick consolidation effect, partly offset by an increase in net indirect costs. EBITDA growth was positively impacted by foreign exchange effects in the period. In the first nine months of the year, EBITDA margin declined by 1.5 p.p. to 41.6%, impacted by the TravelClick consolidation and a double-digit growth rate delivered by our distribution payments business, a lower margin business. Excluding the impact from TravelClick's consolidation and the distribution payments business, EBITDA margin was broadly stable in the nine month-period.

In the third quarter of 2019, EBITDA amounted to €570.4 million, an 11.9% increase vs. the third quarter of 2018. EBITDA growth was driven by a higher contribution from our Distribution and IT Solutions businesses, the TravelClick consolidation effect and an increase in net indirect costs. EBITDA growth was supported by positive foreign exchange effects. EBITDA margin was 40.7% in the third quarter, 1.6 p.p. lower than the third quarter of last year, impacted by the consolidation of TravelClick as well as the outperformance of distribution payments, with a lower margin, which grew at a double-digit rate in the period. EBITDA margin was also impacted by a lower capitalization ratio in the quarter. Excluding the impact from these effects, EBITDA margin was broadly stable in the third quarter of 2019.

Operating income – EBITDA (€millions)	Jul-Sep 2019	Jul-Sep 2018	Change	Jan-Sep 2019	Jan-Sep 2018	Change
Operating income	**377.2**	**364.3**	**3.5%**	**1,244.9**	**1,153.9**	**7.9%**
D&A expense	196.6	151.8	29.5%	531.0	446.3	19.0%
Capitalized D&A	(3.4)	(6.3)	(46.0%)	(12.0)	(12.2)	(1.6%)
EBITDA	**570.4**	**509.8**	**11.9%**	**1,763.8**	**1,588.0**	**11.1%**
EBITDA margin (%)	40.7%	42.2%	(1.6 p.p.)	41.6%	43.1%	(1.5 p.p.)

5.4 Net financial expense

Net financial expense increased by €15.6 million in the first nine months of 2019, largely driven by TravelClick's acquisition. Interest expense grew by €5.0 million or 19.0% in the period, as a consequence of a higher amount of average gross debt outstanding compared to the first nine months of 2018. Non-operating exchange losses amounting to €7.0 million, compared to €2.2 million gains in the same period of 2018, mostly respond to hedging costs, as well as, hedging results and foreign exchange effects in relation to non-Euro denominated, non-operating assets and liabilities, including a USD-denominated intercompany loan, linked to TravelClick's acquisition. See section 3.1 for details on TravelClick's acquisition.

Net financial expense (€millions)	Jul-Sep 2019	Jul-Sep 2018	Change	Jan-Sep 2019	Jan-Sep 2018	Change
Financial income	0.4	1.1	(63.6%)	1.1	1.7	(35.3%)
Interest expense	(10.5)	(8.4)	25.0%	(31.3)	(26.3)	19.0%
Other financial expenses	(2.3)	(1.3)	76.9%	(6.4)	(5.6)	14.3%
Exchange gains (losses)	14.7	(0.1)	n.m.	(7.0)	2.2	n.m.
Net financial expense	**2.3**	**(8.7)**	**n.m.**	**(43.6)**	**(28.0)**	**55.7%**

5.5 Income taxes

Income taxes amounted to €292.0 million in the first nine months of 2019, in line with the same period of 2018. The income tax rate for the first nine months of 2019 was 24.1%, a decrease vs. 25.9% reported in the first half of 2019, and 26.0% reported in the first nine months of 2018. This decrease was mostly driven by recent changes in tax regulation, mainly in France, resulting in an increase in tax deductions expected for the year, associated with R&D. Incomes taxes declined by 17.8% in the third quarter of 2019, impacted by the reduction in the income tax rate for the year associated with the above mentioned effect.

5.6 Profit for the period. Adjusted profit

5.6.1 Profit for the period. Adjusted profit

Reported profit amounted to €924.9 million in the first nine months of 2019, a 10.9% increase vs. the same period of 2018. 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 11.9% to €992.5 million in the first nine months of 2019.

Reported-Adj. profit (€millions)	Jul-Sep 2019	Jul-Sep 2018	Change	Jan-Sep 2019	Jan-Sep 2018	Change
Reported profit	304.5	261.2	16.6%	924.9	834.2	10.9%
Adjustments						
Impact of PPA[1]	18.4	17.2	7.2%	53.5	52.4	2.2%
Impairments[1]	13.0	0.0	n.m.	17.5	0.0	n.m.
Non-operating FX results[2]	(11.0)	0.1	n.m.	5.5	(1.7)	n.m.
Non-recurring items	0.8	1.3	(41.3%)	(8.9)	1.7	n.m.
Adjusted profit	325.8	279.8	16.4%	992.5	886.6	11.9%

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

5.6.2 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 in section 5.6.1). In the first nine months of 2019, our reported EPS increased by 10.5% to €2.15 and our adjusted EPS by 11.6% to €2.30.

Earnings per share	Jul-Sep 2019	Jul-Sep 2018	Change	Jan-Sep 2019	Jan-Sep 2018	Change
Weighted average issued shares (m)	431.3	438.8		436.3	438.8	
Weighted average treasury shares (m)	(0.2)	(9.3)		(5.5)	(9.3)	
Outstanding shares (m)	431.0	429.6		430.7	429.6	
EPS (€)[1]	0.71	0.61	16.1%	2.15	1.94	10.5%
Adjusted EPS (€)[2]	0.76	0.65	16.0%	2.30	2.06	11.6%

[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.

6 Other financial information

6.1 Statement of financial position (condensed)

Statement of financial position (€millions)	Sep 30,2019	Dec 31,2018
Property, plant and equipment	422.8	433.2
Right-of-use assets	334.8	351.2
Intangible assets	4,216.3	4,093.8
Goodwill	3,704.8	3,598.0
Other non-current assets	324.5	282.8
Non-current assets	9,003.2	8,759.0
Current assets	922.1	808.5
Cash and equivalents	572.1	562.6
Total assets	**10,497.4**	**10,130.1**
Equity	3,870.5	3,191.7
Non-current debt	2,858.1	2,898.1
Other non-current liabilities	1,308.3	1,347.2
Non-current liabilities	4,166.4	4,245.3
Current debt	907.4	986.9
Other current liabilities	1,553.1	1,706.2
Current liabilities	2,460.5	2,693.1
Total liabilities and equity	**10,497.4**	**10,130.1**
Net financial debt (as per financial statements)	3,765.5	3,322.4

6.1.1 Financial indebtedness

Indebtedness[1] (€millions)	Sep 30, 2019	Dec 31, 2018	Change
Long term bonds	2,500.0	2,500.0	0.0
Short term bonds	0.0	500.0	(500.0)
European Commercial Paper	750.0	330.0	420.0
EIB loan	160.0	192.5	(32.5)
Other debt with financial institutions	20.9	23.9	(3.1)
Obligations under finance leases	81.3	90.1	(8.8)
Financial debt	**3,512.2**	**3,636.6**	**(124.4)**
Cash and cash equivalents	(572.1)	(562.6)	9.5
Net financial debt	**2,940.1**	**3,074.0**	**(133.9)**
Net financial debt / LTM EBITDA	**1.34x**	**1.47x**	
Reconciliation with financial statements			
Net financial debt (as per financial statements)	**3,193.4**	**3,322.4**	**(129.0)**
Interest payable	(9.7)	(5.5)	(4.2)
Deferred financing fees	11.8	14.9	(3.1)
EIB loan adjustment	1.1	1.9	(0.8)
Operating lease liabilities	(256.5)	(259.7)	3.2
Net financial debt (as per credit facility agreements)	**2,940.1**	**3,074.0**	**(133.9)**

[1] Based on our credit facility agreements' definition.

Net financial debt, as per our credit facility agreements' terms, amounted to €2,940.1 million at September 30, 2019 (representing 1.34x times last-twelve-month EBITDA).

The main changes to our debt in the first nine months of 2019 were:

- The amortization of €500 million bonds issued in May 2017, which reached maturity in May 2019.
- The increase in the use of the Multi-Currency European Commercial Paper (ECP) program by a net amount of €420.0 million.
- The repayment of €32.5 million related to our European Investment Bank loan.

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. This revolving facility remained undrawn at September 30, 2019.

Reconciliation with net financial debt as per our financial statements

Under our credit facility agreements' terms, financial debt (i) does not include the accrued interest payable (€9.7 million at September 30, 2019) which is treated as financial 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 €11.8 million at September 30, 2019), (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 (€1.1 million at September 30, 2019), and (iv) 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 €256.5 million at September 30, 2019.

6.2 Group cash flow

Consolidated Statement of Cash Flows (€millions)	Jul-Sep 2019	Jul-Sep 2018	Change	Jan-Sep 2019	Jan-Sep 2018	Change
EBITDA	566.6	509.8	11.1%	1,751.0	1,588.0	10.3%
Change in working capital	62.9	56.2	12.0%	(149.3)	(120.2)	24.3%
Capital expenditure	(174.1)	(163.7)	6.4%	(544.0)	(506.2)	7.5%
Pre-tax operating cash flow	**455.4**	**402.3**	**13.2%**	**1,057.7**	**961.6**	**10.0%**
Taxes paid	(72.6)	(52.8)	37.6%	(226.3)	(145.1)	56.0%
Interest & financial fees paid	(15.7)	(8.7)	80.4%	(22.1)	(14.5)	52.6%
Free cash flow	**367.1**	**340.8**	**7.7%**	**809.3**	**802.1**	**0.9%**
Equity investment[1]	(7.5)	(2.1)	n.m.	(50.3)	(9.2)	n.m.
Cash flow from non-operating & extraord. Items[2]	(22.5)	(8.3)	n.m.	(53.5)	(22.3)	n.m.
Debt payment	(19.2)	1,454.8	n.m.	(179.1)	1,626.9	n.m.
Cash to shareholders	(289.0)	(112.7)	n.m.	(516.3)	(765.7)	(32.6%)
Change in cash	**29.0**	**1,672.6**	**n.m.**	**10.0**	**1,631.7**	**n.m.**
Cash and cash equivalents, net[3]						
Opening balance	542.8	538.3		561.7	579.1	
Closing balance	571.7	2,210.9		571.7	2,210.9	

[1] Equity investment in the first nine months of 2019 was mainly related to the acquisition of ICM (see section 3.2 for further detail).
[2] Cash flow from non-operating and extraordinary items in the first nine months of the year mostly respond to hedging costs and results, mainly in relation to a USD-denominated intercompany loan, linked to TravelClick's acquisition. See section 3.1 for details on TravelClick's acquisition.
[3] Cash and cash equivalents are presented net of overdraft bank accounts.

In the first nine months of 2019, Amadeus Group free cash flow amounted to €809.3 million, 0.9% higher than the first nine months of 2018, impacted by an increase in taxes paid in the first quarter of 2019. Free cash flow was also impacted by non-recurring costs related to TravelClick's acquisition, amounting to €10.7 million, paid in the first nine months of 2019. Excluding these non-recurring costs paid in relation to TravelClick's acquisition, pre-tax free cash flow increased by 10.5%. See section 3.1 for further explanation about TravelClick's acquisition effects.

In the third quarter of 2019, Amadeus Group free cash flow amounted to €367.1 million, an increase of 7.7% vs. the same period of 2018. Excluding non-recurring TravelClick acquisition costs, free cash flow increased by 8.0% in the quarter.

6.2.1 Change in working capital

In the first nine months of 2019, the working capital outflow increased by €29.2 million, or 24.3%, vs. previous year. The increase in working capital outflow was mainly related to (i) advanced payments related to customer renegotiations, and (ii) timing differences in some payments and collections, including local taxes and collections from customers.

6.2.2 Capital expenditure, R&D investment

Capital expenditure

The table below details the capital expenditure, 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.

In the third quarter of 2019, capex increased by €10.4 million, or 6.4%, vs. the same period of 2018. In the first nine months of the year, capex amounted to €544.0 million, an increase of €37.8 million, or 7.5%, vs. previous year. As a percentage of revenue, capex decreased by 0.9 p.p. to 12.9% in the nine-month period.

The growth in capex in the first nine months of 2019 was driven by:

- A €50.9 million, or 11.9% increase in capex in intangible assets, as a result of higher capitalizations from software development (driven by the increase in R&D investment, as explained below, coupled with a lower capitalization ratio), the TravelClick consolidation effect and an increase in signing bonuses paid.
- A €13.1 million, or 16.9% decline in capex in property, plant and equipment.

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.

Capital Expenditure (€millions)	Jul-Sep 2019	Jul-Sep 2018	Change	Jan-Sep 2019	Jan-Sep 2018	Change
Capital Expenditure PP&E	17.8	18.5	(4.3%)	64.4	77.5	(16.9%)
Capital Expenditure in intangible assets	156.3	145.1	7.7%	479.6	428.7	11.9%
Capital Expenditure	**174.1**	**163.7**	**6.4%**	**544.0**	**506.2**	**7.5%**
As % of Revenue	12.4%	13.6%	(1.1 p.p.)	12.9%	13.7%	(0.9 p.p.)

R&D investment

R&D investment (including both capitalized and non-capitalized expense) increased by 14.9% in the first nine months of 2019 vs. prior year. As a percentage of revenue, R&D investment amounted to 16.9%, in line with previous year. Growth in R&D investment in the period resulted from:

- Increased resources to enhance and expand our product portfolio (including efforts related to NDC, shopping and digital solutions, etc.).
- Efforts dedicated to our new businesses, particularly to Hospitality (including the consolidation effect of TravelClick).
- Investment focused on cloud services and the continued enhancement of our overall infrastructure and processes to enhance efficiency, flexibility, availability and security.

See section 2.2 for further detail on our R&D projects.

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)	Jul-Sep 2019	Jul-Sep 2018	Change	Jan-Sep 2019	Jan-Sep 2018	Change
R&D investment[1]	**242.5**	**221.8**	**9.3%**	**716.1**	**623.1**	**14.9%**
As % of Revenue	17.3%	18.4%	(1.1 p.p.)	16.9%	16.9%	0.0 p.p.

[1] Net of Research Tax Credit.

6.2.3 Taxes paid

Cash taxes increased by €81.2 million, or 56.0%, in the first nine months of 2019 vs. previous year, mainly due to no reimbursements from taxes paid in previous years in the first nine months of 2019, compared to reimbursements received from previous years in the same period of 2018 (mainly in the first quarter). Higher prepaid taxes in several countries also contributed, to a lesser extent, to the increase in taxes paid in the period.

7 Investor information

7.1 Capital stock. Share ownership structure

At September 30, 2019, Amadeus' capital stock amounted to €4,312,684.36, represented by 431,268,436 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 September 30, 2019 is as described in the table below:

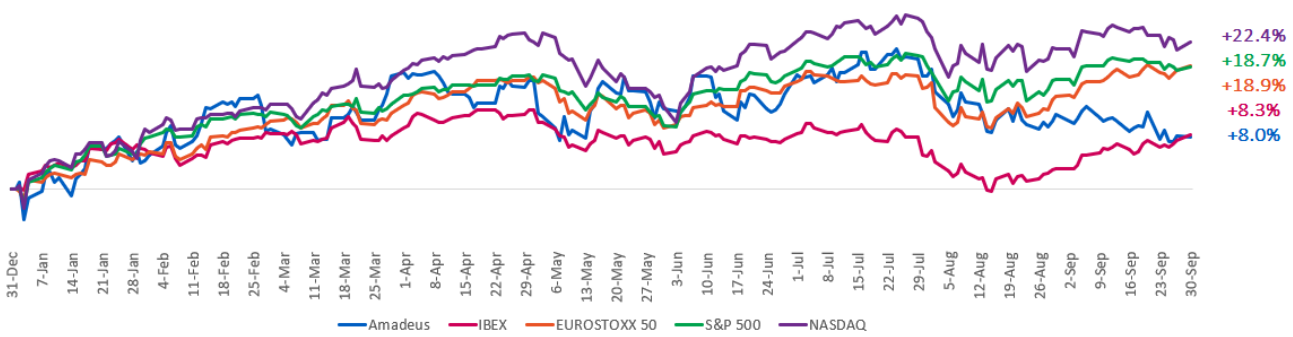
Shareholders	Shares	% Ownership
Free float	430,671,194	99.86%
Treasury shares[1]	249,143	0.06%
Board members	348,099	0.08%
Total	**431,268,436**	**100.00%**

[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.

On December 10, 2018, Amadeus announced it had completed the share repurchase program approved by the Board of Directors of Amadeus on December 14, 2017, upon reaching the maximum investment under the first tranche (€500 million) of the share repurchase program (the second tranche of the program had been cancelled, following TravelClick's acquisition on October 4, 2018). Under the program, Amadeus acquired 7,554,070 shares (representing 1.721% of Amadeus share capital).

The share capital reduction through the amortization of the treasury shares was approved by the General Shareholders Meeting on June 19, 2019 and registered with the Commercial Registry of Madrid on July 11, 2019.

7.2 Share price performance in 2019



Key trading data

Number of publicly traded shares (# shares)	431,268,436
Share price at September 30, 2019 (in €)	65.72
Maximum share price in Jan - Sep 2019 (in €) (July 24, 2019)	73.88
Minimum share price in Jan - Sep 2019 (in €) (January 3, 2019)	58.06
Market capitalization at September 30, 2019 (in € million)	28,343
Weighted average share price in Jan - Sep 2019 (in €)[1]	68.00
Average Daily Volume in Jan - Sep 2019 (# shares)	1,582,112

[1] Excluding cross trade

7.3 Shareholder remuneration

7.3.1 Dividend payments

At the General Shareholders' Meeting, held on June 19, 2019, our shareholders approved a final 2018 gross dividend of €1.175 per share, representing a 3.5% increase vs. the 2017 dividend and 50% of our reported Profit, adjusted to exclude TravelClick acquisition related effects. An interim dividend of €0.51 per share (gross) was paid in full on January 17, 2019 and a complementary dividend of €0.665 per share (gross) was paid on July 12, 2019.

8 Key terms

- "API": refers to "Application Programming Interface"
- "D&A": refers to "depreciation and amortization"
- "EASE": refers to Amadeus Extended Airline System Environment. The solution allows airlines to easily extend their boarding and check-in applications, without any modifications or limitations, onto the airport's common use infrastructure
- "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
- "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". NDC is a travel industry-supported program launched by IATA for the development and market adoption of a new, XML-based data transmission standard
- "n.m.": refers to "not meaningful"
- "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 three major global reservation systems (Amadeus, Sabre and Travelport). It excludes air bookings made directly through airlines' direct distribution channels (airline offices and websites), single country operators (primarily in China, Japan, Russia and Turkey), other content aggregators and direct connect applications between airline systems, travel agencies, corporations and meta-bookers, which together combined represent an important part of the industry

Contacts

For any other information please contact:

Ana de Pro
Chief Financial Officer
ana.depro@amadeus.com

Cristina Fernandez
Director, Investor Relations
cristina.fernandez@amadeus.com

You can follow us on:
AmadeusITGroup

amadeus.com/investors

Disclaimer

There may be statements in this financial report which are not purely historical facts, including statements about anticipated or expected future revenue and earnings growth. All forward-looking statements in this report, if any, are based upon information available to Amadeus on the date of this report. Any forward-looking statements involve risks and uncertainties that could cause actual events or results to differ materially from the events or results described in the forward-looking statements. Amadeus undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements.