WDR Iberian "New Growth" Conference

3 - 4 February 2000

José Antonio Tazón

President and Chief Executive Officer

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Amadeus Today

- **Travel distributor**

- **E-commerce player**

- **Technology Provider**

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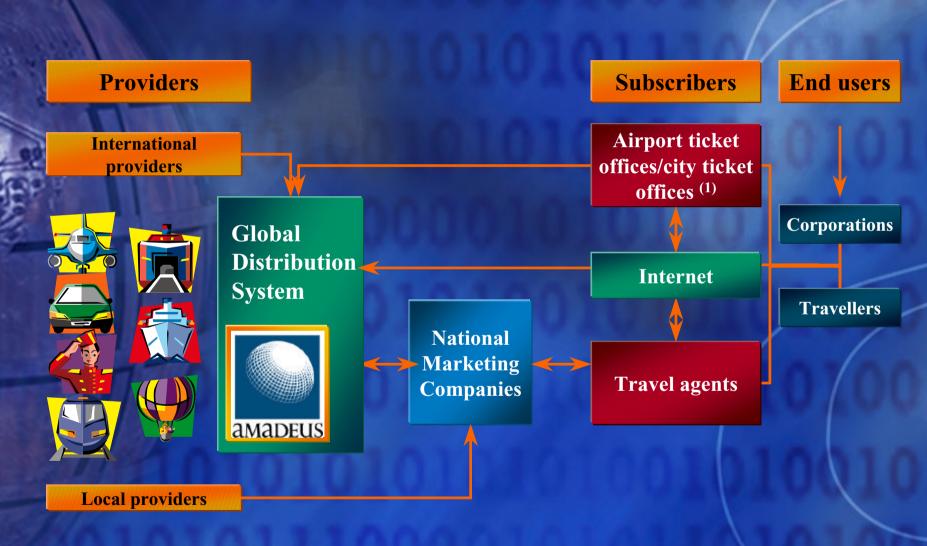
Travel distributor

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Amadeus - a leading GDS

What does Amadeus offer Travel Offices and travellers?

Reservation and ticketing capabilities on:

506 airlines

319 hotel chains

48 car rental companies

17 rail companies

What does Amadeus offer travel providers?
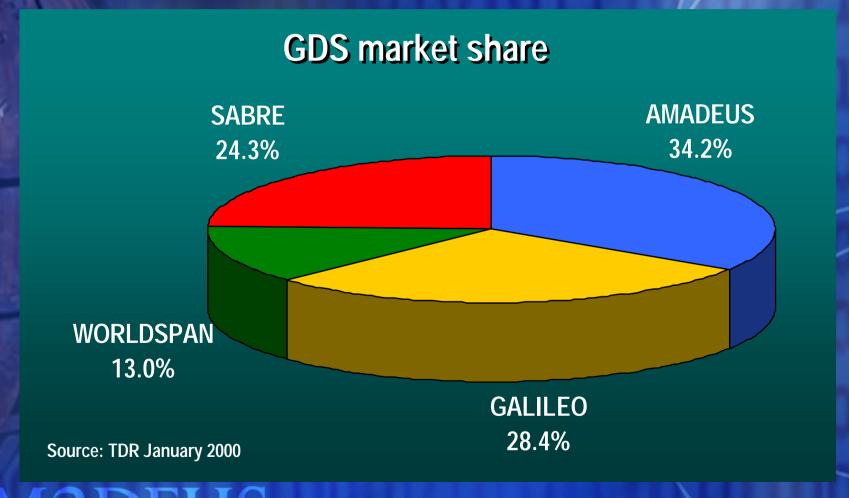
Distribution capabilities to:

134,000 travel agency terminals

71,000 ATO/CTO terminals
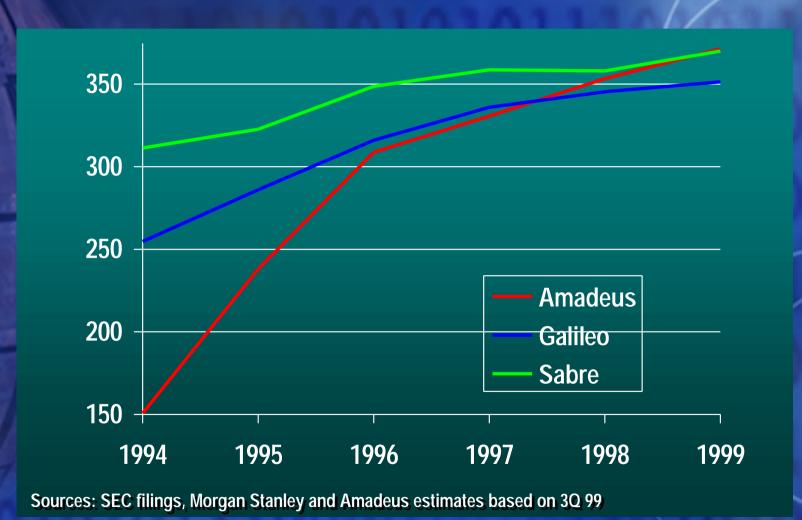
The world's largest sales network

Amadeus Today

- Number 1 GDS in travel agency locations
- Number 1 GDS in total billable bookings
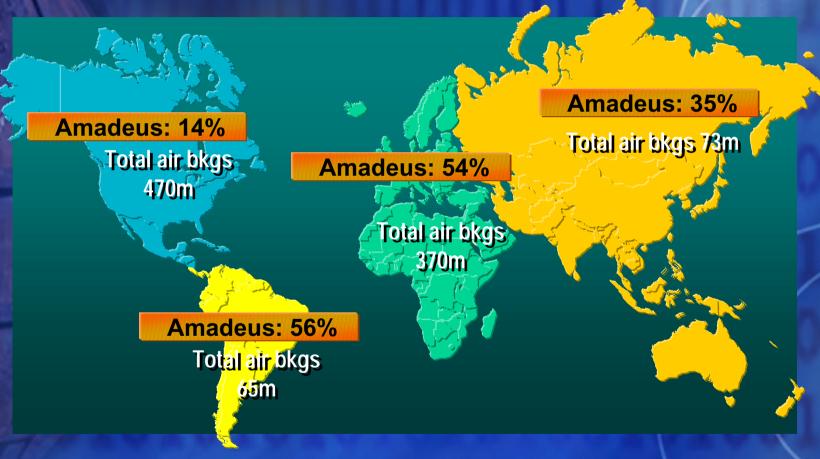- Number 1 GDS in Europe and South America
- Fastest growing GDS

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Number 1 GDS in TA locations

GDS market share

SABRE
24.3%

AMADEUS
34.2%

WORLDSPAN
13.0%

GALILEO
28.4%

Source: TDR January 2000

Number 1 GDS in billable bookings

Sources: SEC filings, Morgan Stanley and Amadeus estimates based on 3Q 99

Amadeus Global Position (1998)

Amadeus: 14%
Total air bkgs 470m

Amadeus: 35%
Total air bkgs 73m

Amadeus: 54%
Total air bkgs 370m

Amadeus: 56%
Total air bkgs 65m

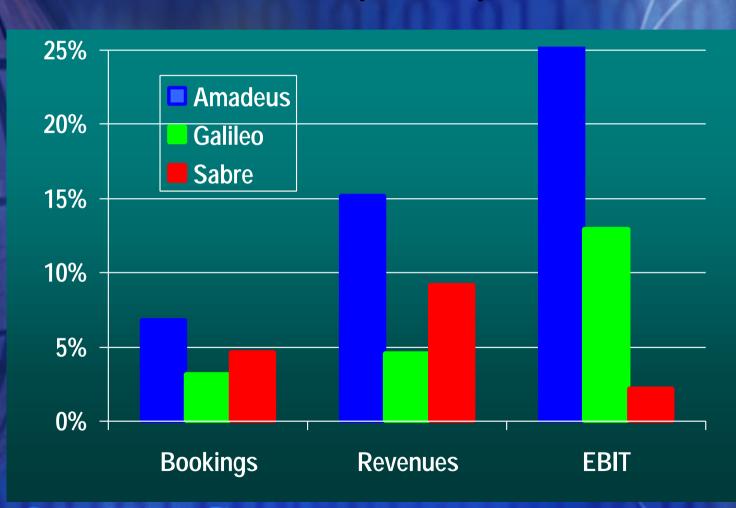Note: Considers only market share and air bookings (including ATO/CTOs) of the three largest GDSs

Source: Amadeus estimates

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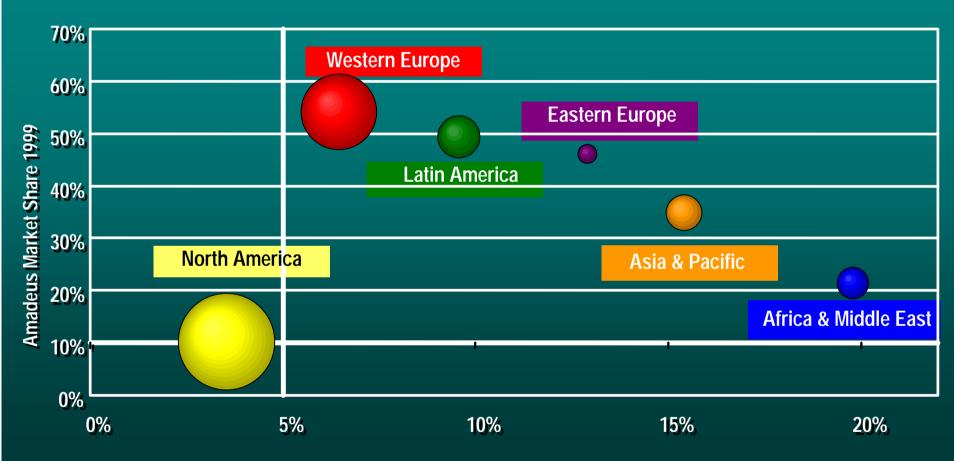
Leading presence in fastest growing markets

Amadeus Market Share 1999

70%

60%

Western Europe

50%

Eastern Europe

40%

Latin America

30%

North America

Asia & Pacific

20%

Africa & Middle East

10%

0%

0%   5%   10%   15%   20%
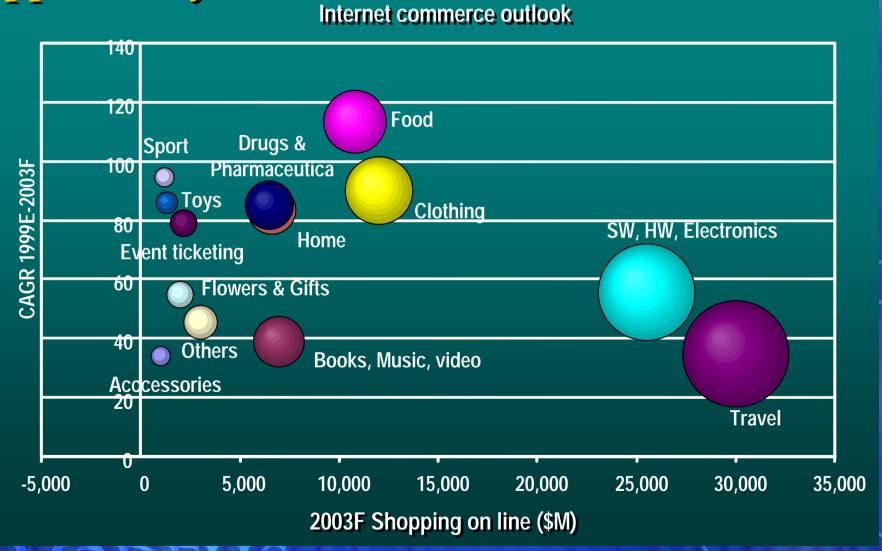
Average GDS Industry growth 1998/1999 and market share 1998

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E-commerce player
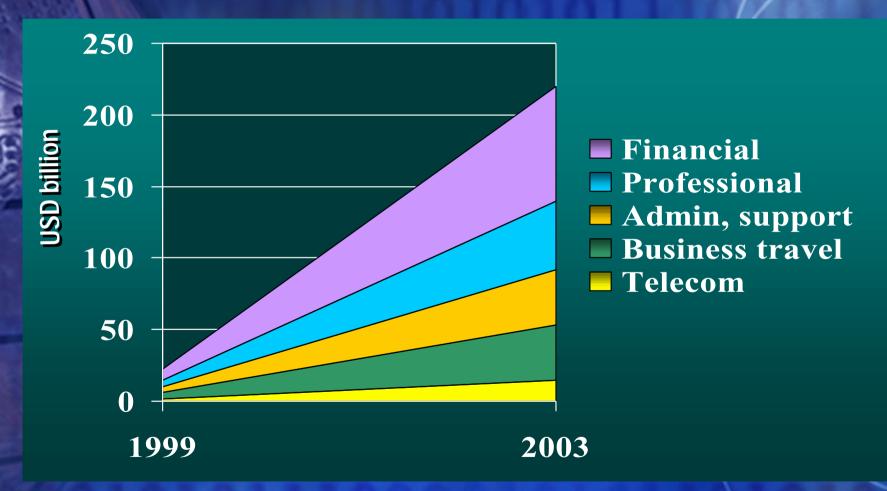
Travel is the largest B-to-C e-commerce opportunity

Internet commerce outlook

CAGR 1999E-2003F (y-axis: 0, 20, 40, 60, 80, 100, 120, 140)

2003F Shopping on line ($M) (x-axis: -5,000, 0, 5,000, 10,000, 15,000, 20,000, 25,000, 30,000, 35,000)

Labels: Food, Sport, Drugs & Pharmaceutica, Toys, Clothing, Home, SW, HW, Electronics, Event ticketing, Flowers & Gifts, Others, Books, Music, video, Accessories, Travel

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But we are also looking at B-to-B...

Business to business services forecast

USD billion (y-axis)

- 250
- 200
- 150
- 100
- 50
- 0

Years: 1999, 2003

Legend:
- Financial
- Professional
- Admin, support
- Business travel
- Telecom

Source: Forrester research

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e-commerce : our assets

- **We have gone a long way already...**
  - **booking engine**
    - strong experience with 1A-Res, our flexible, multi-language web application
  - **aggregating travel information**
    - huge amount of real time data, connectivity with providers
  - **Investing in technology**
    - moving to open architecture and TCP/IP, server concept and structured data interfaces to increase flexibility and ability to evolve
- **We are now expanding from a travel booking supplier to an e-commerce player role**

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e-commerce building blocks

E-commerce platforms

Corporate application

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CORPORATE
traveller

Consumers application

1ares

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api

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vista

E-commerce enablers
(Low fare search, One to one profiling, content)

ita
Software

AMADEUS Central System
(availability, PNR, fares, ticketing)

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Addressing B-to-B e-commerce : Corporates

- **Two-fold strategy (1)**
  - addressing the large, global, corporations from the ERP (enterprise resource planning) side, through our partnership with SAP
  - SAP serves 8 out of 10 of Fortune 1000 companies in major industry growth sectors
  - SAP-TM is currently piloting in major corporations
  - market rollout through partnership with implementation partners
  - Revenue sharing model with SAP (50/50%)

SAP-TM : what integration means

Travel Planning → Travel Booking (Amadeus) → **TRAVEL** → Add Additional trip facts → Account Trip → Accounting (Financial, Cost) Taxation
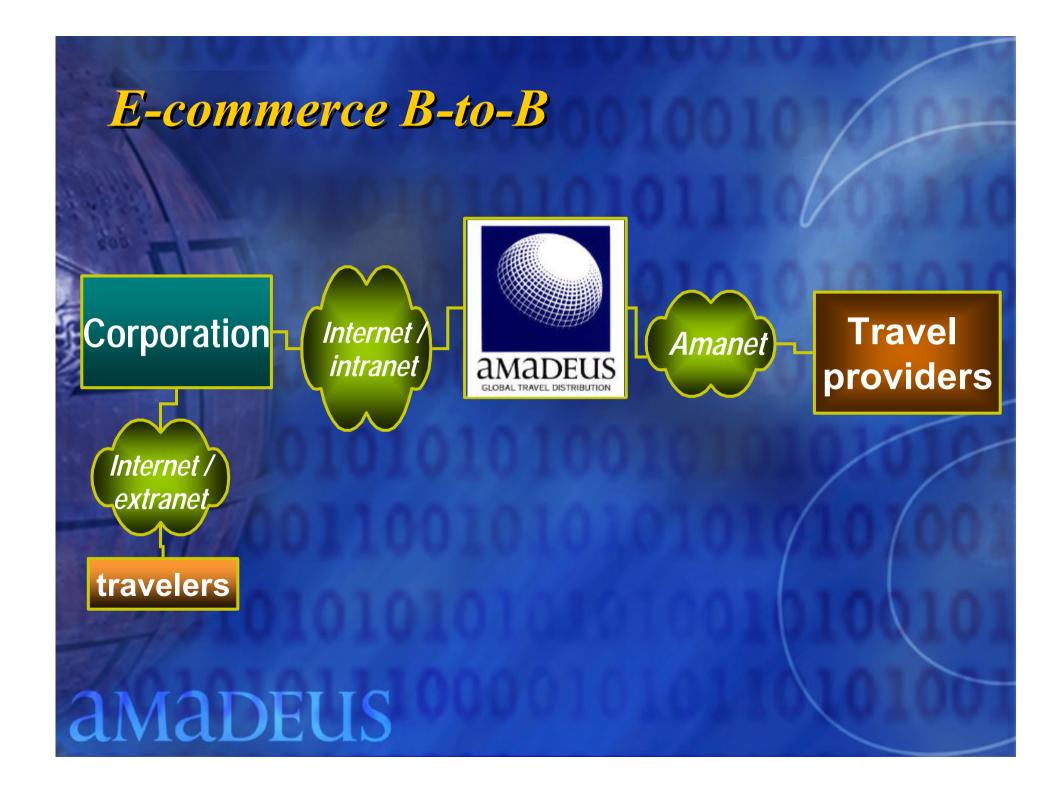
Travel Policy Management

Management Reporting

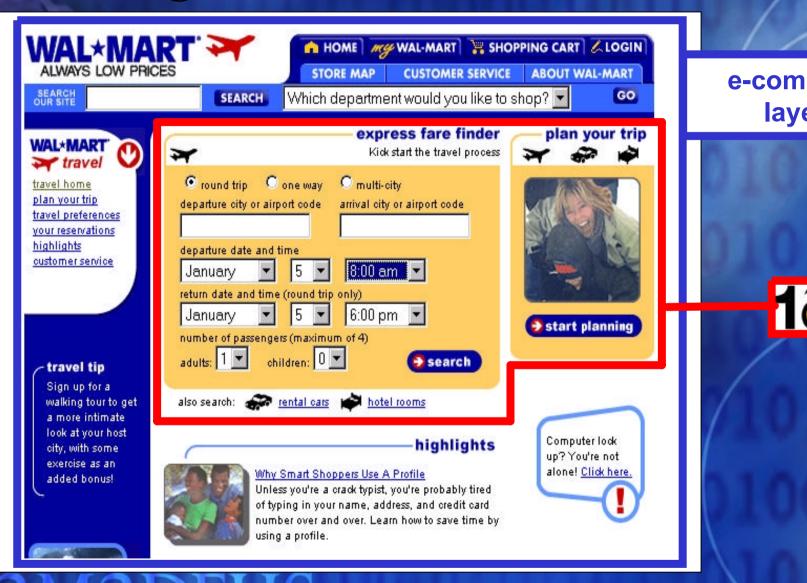# *Addressing B-to-B e-commerce : Corporates*

● **Two fold strategy (2)**

 ◗ addressing the SOHO market (small office, home office) up to mid size corporations with a light extranet solution, Corporate Traveller

  ◗ new features providing policy compliance and travel expense interfaces

  ◗ low workstation requirements : a browser and an access to the Web

E-commerce B-to-B

Adressing B-to-C e-commerce : Consumers

● **Two main directions:**

◗ **Engine behind the brand and e-commerce platforms**

◗ **using our web product 1A-Res with e-commerce sites**

◗ **recently implemented WalMart, and getting very strong interest from major on-line brands**

◗ **E-commerce Joint Ventures**

◗ **we believe the local dimension is critical to the consumer market**

◗ **entering into partnerships to create awareness, generate traffic, and get management influence**

◗ **two parity deals in place (Terra Networks and LEspresso) and more to come...**

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An engine behind the brand - example

e-commerce layer

e-commerce: JV with Terra Networks

- **Scheduled launch 1Q00**
- **Portal deal with Terra Networks providing immediate "eyeballs"**

terra

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e-commerce: JV with L'Espresso

- **Scheduled launch end of Feb**
  - in relation to a major travel fair in Italy (BIT)
- **Brand e-viaggi.com**
- **Platform integrated with Gruppo L'Espresso portals, providing immediate "eyeballs"**

la Repubblica.it
Non stop 24 ore

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m-commerce (1)

● **Background: the convergence is happening**

  ◗ **emergence of industry standards to enable handsets on the internet**

    ◗ WAP (Wireless Application Protocols) gaining wide acceptance
    ◗ first WAP handsets are rolled out by all major manufacturers
    ◗ WML/XML become standard API components in the mobile world

  ◗ **Mobile networks will overcome current capacity limitations**

    ◗ shifting from current 9.6 KBPS to 1Mega in the next three years through advanced technology

  ◗ **Handsets will become the personal tool to communicate, search, buy and pay on the Internet**

m-commerce (2)

- **Wireless Travel Management initiative**
  - ▶ Competence center established in Stockholm "mobile valley" with Ericsson and Smart, our local affiliate in Scandinavia
  - ▶ The WTM value proposition is to provide a travel service platform for mobile devices, directed to Airlines, Telcos and Travel Agencies to be used by their mobile clients
    - ▶ airlines: to their frequent travellers
    - ▶ telecom operators: to their mobile subscribers
    - ▶ travel agencies: to their corporate clients

- **WTM is network and device independent**

ERICSSON

SMART

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m-commerce coming soon

● **Pilot experience scheduled in March 00 with a Norwegian regional carrier (Wideroe)**

  ▶ **using WAP phones**

  ▶ **accessing Amadeus availability, pricing, and booking capabilities**

● **Future releases to include re-booking and location sensitive features**

The Amadeus System User solution

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Airline

External

Sales and distribution

Inventory
Departure control
Yield management

Decision support system

Central System

Availability
Fares
Sell
Ticketing

Interlinks

Worldspan
Galileo
Sabre
Other

WORLD WIDE WEB

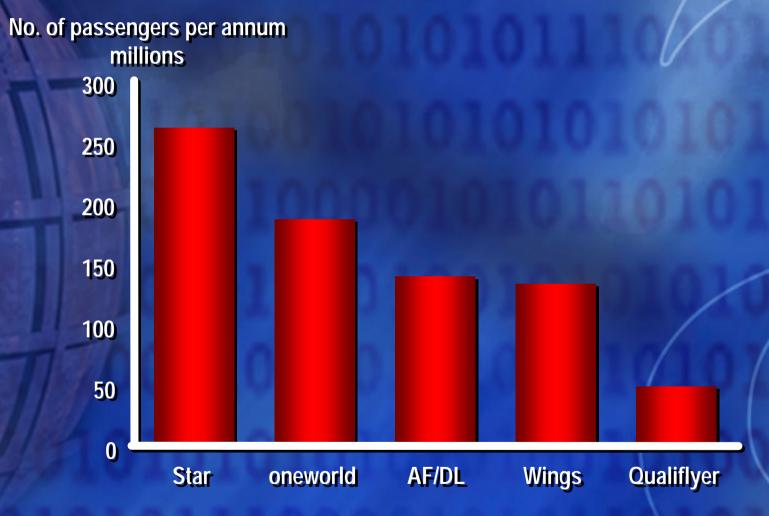**TRAVEL AGENTS**
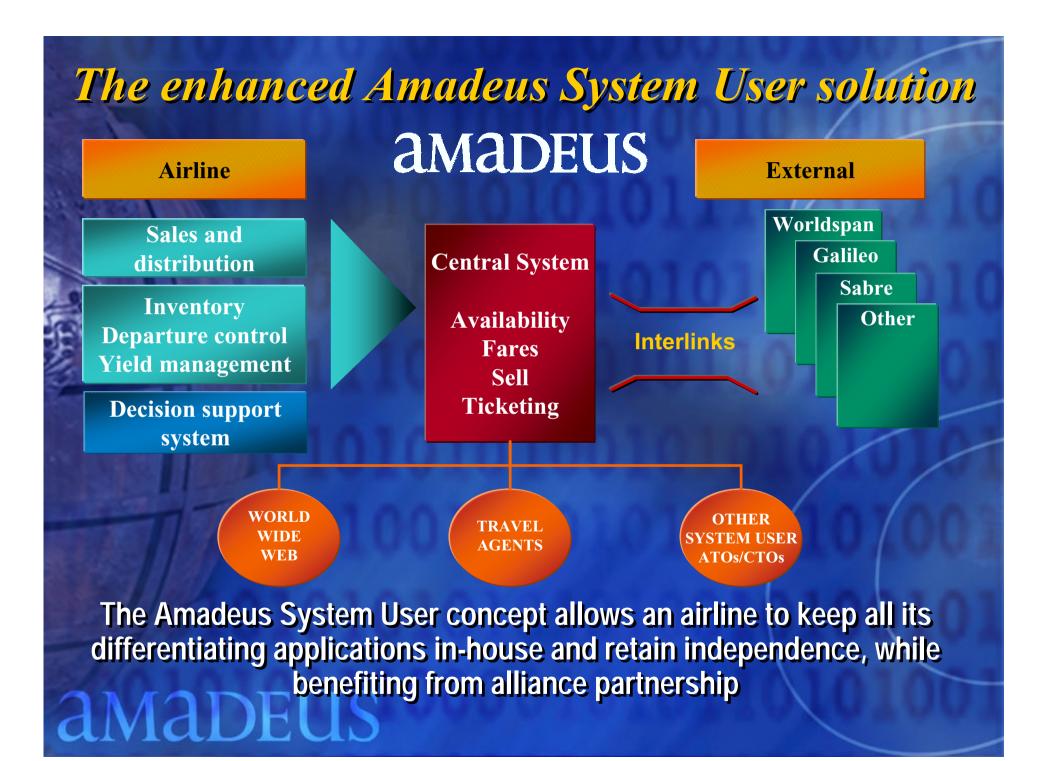
OTHER SYSTEM USER ATOs/CTOs

The Amadeus System User concept allows an airline to keep all its differentiating applications in-house and retain independence, while benefiting from alliance partnership

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Leverage with airline alliances

No. of passengers per annum millions

	Star	oneworld	AF/DL	Wings	Qualiflyer
Values (approx.)	265	190	143	135	55

Source: Amadeus estimates

The enhanced Amadeus System User solution

AMADEUS

Airline

External

Sales and distribution

Inventory Departure control Yield management

Decision support system

Central System

Availability Fares Sell Ticketing

Interlinks

Worldspan

Galileo

Sabre

Other

WORLD WIDE WEB

TRAVEL AGENTS

OTHER SYSTEM USER ATOs/CTOs

The Amadeus System User concept allows an airline to keep all its differentiating applications in-house and retain independence, while benefiting from alliance partnership

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Amadeus's positioning in each step of the distribution chain

Provider ▶ **GDS** ▶ NMCs ▶ Travel Agency ▶ End Users and Corporates

- ◗ Data mining
- ◗ Interlinks
- ◗ System User
- ◗ E-ticketing server
- ◗ API

- ◗ Alliance products
- ◗ Customer Server
- ◗ 1a-Res
- ◗ Call Centres
- ◗ WTM

Amadeus positioning in each step of the distribution chain

Provider → **GDS** → NMCs → Travel Agency → End User and Corporates

- Wireless Travel Management
- SAP
- Corporate Traveller
- ITA

Amadeus positioning in each step of the distribution chain

Provider → GDS → NMCs → Travel agency → End user and corporates

Amadeus is strongly positioned in every step of the distribution chain, providing products and services

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Amadeus and its Partners

AIR FRANCE   **IBERIA**   **Lufthansa**   **Public**

25%   25%   25%   25%

Holding
Madrid

Development
Nice

Marketing
Madrid / Nice

Operations
Munich

Partners

National Marketing Companies

36 Partner airlines

2,861 employees

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Holding and Marketing, Madrid

- **Definition of Corporate, Financial Strategy and goals**
- **Corporate Communication**
- **Central Marketing Strategy**
- **Marketing Services**
- **Coordination with NMCs**

239 employees

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Marketing and Development, Sophia Antipolis

- Product Definition
- Product Development
- Product Marketing
- Customer Service
- Database Maintenance

952 employees

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Data Processing Center, Erding

- Europe's largest private data center
- 3,000 network messages per second and 99.99% system availability.
- Migration from Legacy Technology to new Open Architecture approach:
  - improved unit costs of production
  - access new channels
  - flexibility to adapt to future industry requirements
  - efficiency

410 employees

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Marketing and Development, Miami

- ● Product Development
- ● Customer Service
- ● US Providers
- ● US Marketing Services
- ● NMC activity

840 employees

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Amadeus financial highlights

euros (million)	Sept 98	Sept 99	% Change
Revenues	855	1,019	15%
EBITDA	213	267	25%
EBITDA margin	23.9%	26.2%	
Net income	65	133	104%

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Investment highlights

- **Traditional business**
  - attractive industry with high barriers of entry
  - fastest growing GDS with leading presence in key markets
  - highly predictable strong cash-flow generation
  - state of the art technology
- **e-commerce player**
  - strong positioned as a B to B e-commerce enabler
  - joint ventures with strong local partners for B to C

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