

## Management Discussion and Analysis of financial conditions and results of operations for the quarter and full year ended 31 December 2004

### Fourth quarter highlights (for the three months ended 31 December 2004)

- Total bookings up 2.9% versus Q4 2003
- Revenues up 3.7%, to EUR 493.2m
- Net income up 7.9% to EUR 30.0m
- Opodo contributes with EBITDA loss of EUR 12.5m in the quarter

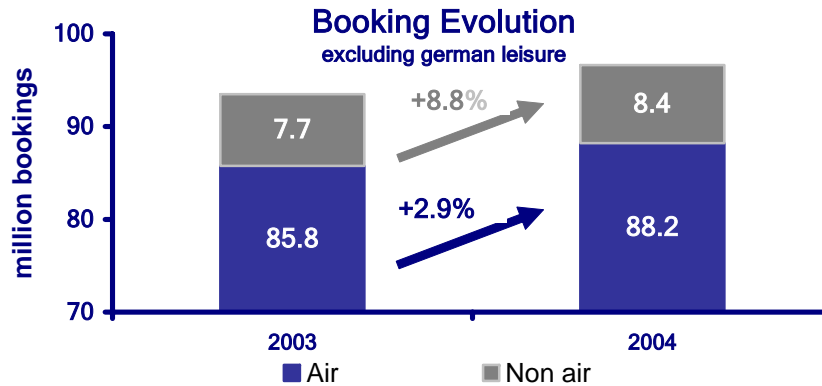
**Total revenue** for the quarter ended 31 December 2004, was EUR 493.2m, representing an increase of 3.7% or EUR 17.5m compared with the same period in 2003.

**Total bookings** for the quarter were 106.7m, representing an increase of 2.9% with respect to the same period of 2003.

Amadeus Germany leisure bookings amounted to 10.1m, a 1.3% reduction compared to 10.2m last year.

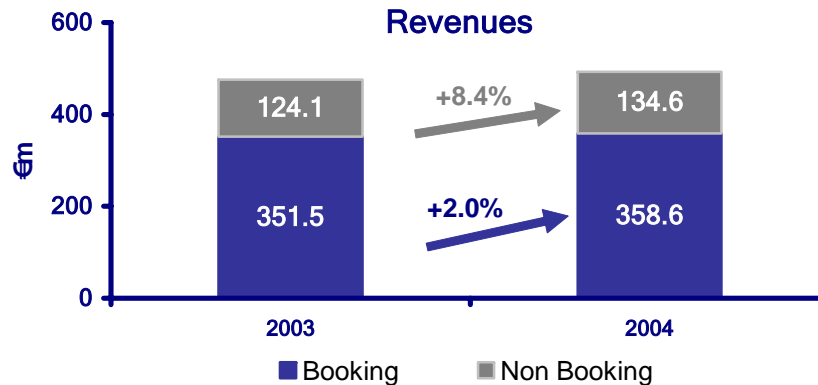
Excluding leisure volumes from Amadeus Germany, bookings increased 3.3%. This increase was mainly driven by an 8.9% improvement outside of Europe and North America. Europe reported an increase of 2.6% while North America a decrease of 6.0%.

By segment, air bookings grew 2.9%, compared to non-air which improved by 8.8%, driven by hotel and rail bookings, increasing by 6.8% and 12.9% respectively.



**Booking revenue** increased 2.0% or EUR 7.1m to EUR 358.6m over the same period of last year.

**Non booking fee revenue** increased EUR 10.4m or 8.4% to EUR 134.6m. Opodo contributes EUR 12.3m in e-commerce non-booking revenues.



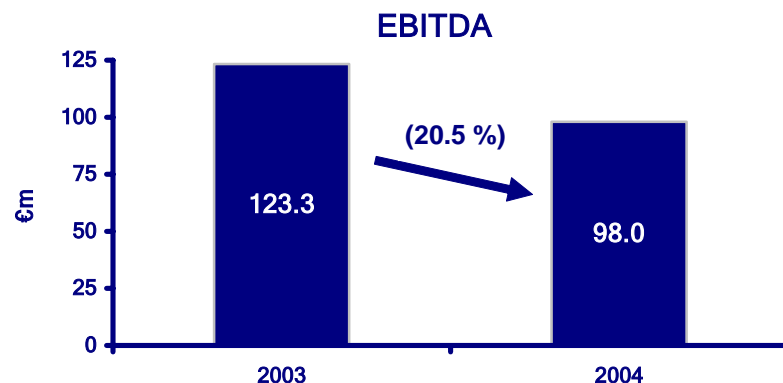
**Operating expenses** for the quarter were EUR 453.2m, representing an increase of 11.1% over the same period in 2003.

**Cost of sales** increased by 8.9% or EUR 34.4m to EUR 422.6m. The main causes of the increase can be attributed to the consolidation of new acquisitions, higher distribution costs associated to higher volumes, and the impact of the negotiations with the airlines. On a proforma basis, excluding the new acquisitions, total fixed costs are in line with last year.

**Selling, general and administrative expenses** increased EUR 10.7m or 54.0% over the prior year to EUR 30.6m. Excluding the movement in the provision for doubtful debts, SG&A increased EUR 8.6m or 43.3%. There have also been additional costs relating to the LBO transaction and NMC acquisition costs totalling EUR 4m.

**Operating income** for the quarter was EUR 39.9m, down 40.9% compared with EUR 67.5m for the same period in 2003. Operating margin as a result also worsened by 6.1 p.p to 8.1%. It is important to note that the consolidation of Opodo has negatively impacted operating income by EUR 15.3m.

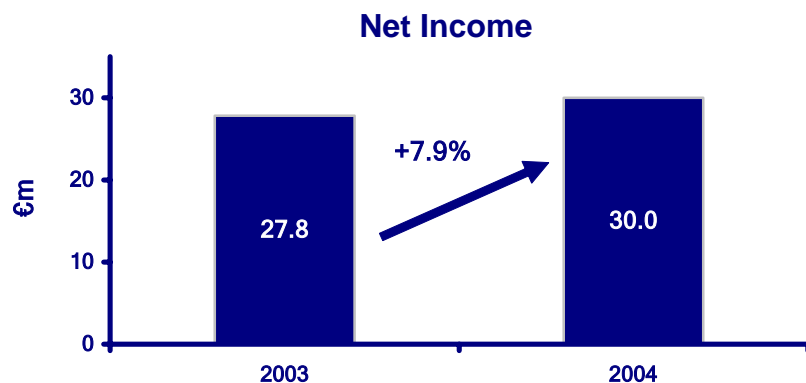
During the quarter, we were able to protect EBITDA from the US dollar depreciation due to our hedging activity. Despite this, **EBITDA** for the quarter was EUR 98.0m, down 20.5% or EUR 25.3m, greatly affected by the consolidation of new acquisitions. Excluding the impact of new companies and one-offs in both years, EBITDA was marginally above 2003 levels.



**Results from associates** after goodwill amortisation for the quarter were losses of EUR 1.1m compared with losses of EUR 11.2m for the same period in 2003. Much of this improvement is due to one-offs that damaged 2003 figures by EUR 8m.

**Net Income** for the quarter was EUR 30.0m, representing an increase of 7.9% compared with EUR 27.8m last year. Excluding Opodo, net income would reach EUR 35.2m, translating to a 26.4% improvement over last year.

The differential growth performance between EBIT and Net Income is mostly due to the aforementioned improvement in associate results together with other non-operating results. First of all, the effective tax rate provision was adjusted in the last quarter in order to reach a full year effective tax rate of 38.7%. Furthermore, minority interests, recognizing the impact of the percentage of non-ownership in companies that are not fully owned, contributed EUR 6.7m, mostly attributable to Opodo.



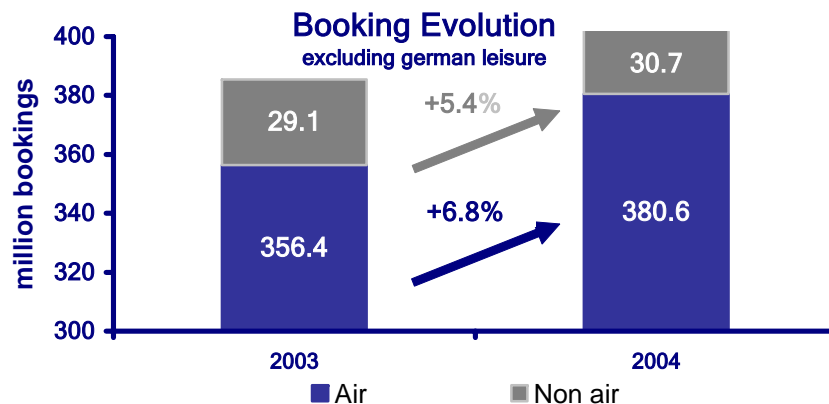
#### Year to date highlights (for the full year ended 31 December 2004)

**Total revenue** for the full year ended 31 December 2004 was EUR 2,056.7m, representing an increase of 6.6% or EUR 127.7m compared with 2003.

**Comparable bookings** were 411.2m, representing an increase of 6.7% with respect to last year.

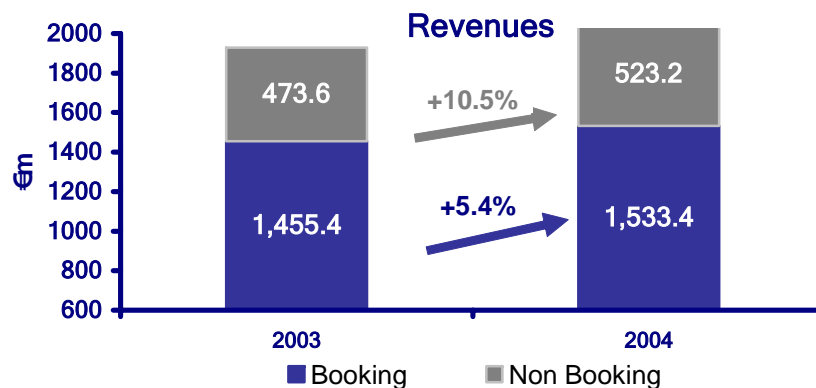
Amadeus Germany leisure bookings amounted to 42.9m, compared to 36.3m which last year represented ten months only.

By region, bookings grew 14.7% outside Europe and North America which rose by 4.5% and 1.9% respectively. By segment, air bookings increased by 6.8% versus 5.4% for non-air.



**Booking revenue** increased by 5.4% or EUR 78.1m to EUR 1,533.4m compared with last year. This was principally due to the 6.7% increase in booking volume, partially offset by adverse foreign exchange variances.

**Non booking fee revenue** increased EUR 49.6m or 10.5% to EUR 523.2m. Within this, e-commerce revenues improved by EUR 38.8m, of which Opodo contributed EUR 24.1m in the second half of the year.



**Operating expenses** for the year were EUR 1,713.3m, representing an increase of 6.5%

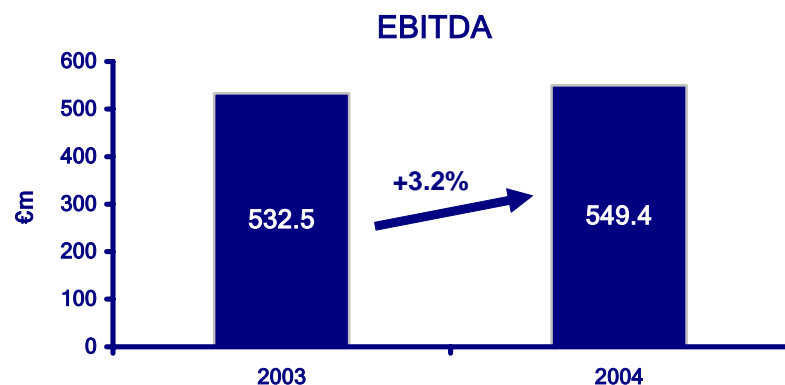
compared with last year.

**Cost of sales** increased by 6.0% or EUR 88.8m to EUR 1,620.4m. This has been mainly due to increases in variable costs of distribution resulting from higher bookings, together with the full-year impact of Amadeus Germany as well as some more recently fully consolidated companies, most notably Opodo.

**Selling, general and administrative expenses** increased EUR 12.9m or 16.1% over the prior year to EUR 92.9m. Excluding the movement in the provision for doubtful debts, SG&A increased EUR 10.9m, to EUR 81.1m.

**Operating income** year to date was EUR 343.4m, up 7.1% compared with EUR 320.6m for the same period in 2003. Operating margin also improved 0.1 p.p to 16.7%. In its six months of consolidation, Opodo has made a negative contribution of EUR 25.5m .

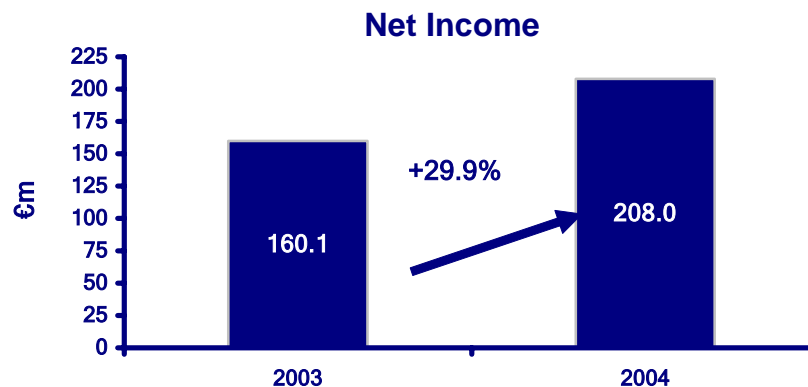
**EBITDA** for the full year was EUR 549.4m, up 3.2% or EUR 16.9m. Margin decreased 0.9 p.p. to 26.7%. The consolidation of the year's acquisitions has damaged EBITDA by EUR 35.5m. On the contrary, the strong depreciation of the US dollar did not affect negatively our EBITDA.



**Results from associates** after goodwill amortisation register losses of EUR 8.3m, showing a marked improvement of 65% versus last year. However, we must consider that results from associates were damaged by accelerated amortisation by EUR 5m in 2004 and EUR 8m in 2003.

**Net income** for the full year of 2004 climbed to EUR 208.0m, an increase of 29.9% compared with EUR 160.1m for the same period in 2003. Excluding the impact of Opodo, net income would reach EUR 217m, 35% higher than last year.

This growth was helped by the aforementioned improvement in associate results together with decreasing financial expenses, which were EUR 7.5m below 2003, and favourable minority interests, mostly attributable to Opodo, totalling EUR 11.7m.



**Note:**

This document contains certain forward-looking statements and information that are based on the current expectations of the Company's management as well as assumptions based on information available to the Company. Such statements reflect the current views of the Company, or its management, with respect to future



events and are subject to certain risks, uncertainties and assumptions that could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements of the Company that may be expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these statements. The Company does not intend, and does not assume any obligation, to update or revise forward-looking statements set forth in this document, whether on the basis of new information, future events or otherwise.

# **Selected financial information and operating statistics**

**For the three month period ended 31 December, 2004**

(Expressed in thousands of EUROS unless indicated)

	For the three month period ended 31 December		
	2004 (Unaudited)	2003 (Unaudited)	% change
Revenue	493,159	475,625	3.7%
Cost of sales	422,587	388,201	8.9%
Selling, general and admin. expenses	30,629	19,884	54.0%
Total operating expenses	453,216	408,085	11.1%
<b>Operating income</b>	<b>39,943</b>	<b>67,540</b>	<b>(40.9%)</b>
Other income (expense)			
Interest expense, net	(1,457 )	(3,876 )	(62.4%)
Exchange gains (losses)	(4,596 )	(1,533 )	199.8%
Other	(540 )	415	n/a
<b>Income before income taxes</b>	<b>33,350</b>	<b>62,546</b>	<b>(46.7%)</b>
Income taxes	8,947	23,597	(62.1%)
<b>Income after taxes</b>	<b>24,403</b>	<b>38,949</b>	<b>(37.3%)</b>
Equity in earnings (losses) from associates	(1,146 )	(11,168 )	(89.7%)
Equity in earnings (losses) from discontinued Operations of associates	0	0	n/a
Minority interests	6,742	25	26868.0%
<b>Net income</b>	<b>29,999</b>	<b>27,806</b>	<b>7.9%</b>
<b>Other information</b>			
Operating margin	8.1%	14.2%	(6.1 pp)
<b>EBITDA (1)</b>	<b>97,982</b>	<b>123,305</b>	<b>(20.5%)</b>
<b>EBITDA margin</b>	<b>19.9%</b>	<b>25.9%</b>	<b>(6.0 pp)</b>
Goodwill amortisation in Operating Expenses	9,255	10,929	(15.3%)
Goodwill amortisation in Associates	2,372	5,542	(57.2%)
<b>Total Goodwill Amortisation</b>	<b>11,627</b>	<b>16,471</b>	<b>(29.4%)</b>
<b>Booking information by Category (2)</b>			
<b>Air bookings</b>	<b>88,219</b>	<b>85,766</b>	<b>2.9%</b>
Non air bookings	8,412	7,733	8.8%
Amadeus Germany Leisure bookings	10,083	10,217	(1.3%)
<b>Total non air bookings</b>	<b>18,495</b>	<b>17,950</b>	<b>3.0%</b>
<b>Total Bookings</b>	<b>106,714</b>	<b>103,716</b>	<b>2.9%</b>
<b>Total Bookings excluding Amadeus Germany Leisure bookings</b>	<b>96,631</b>	<b>93,499</b>	<b>3.3%</b>
<b>Booking information by Region (2)</b>			
<b>North America (3)</b>	<b>7,740</b>	<b>8,238</b>	<b>(6.0%)</b>
Europe	64,067	62,466	2.6%
Amadeus Germany Leisure bookings	10,083	10,217	(1.3%)
<b>Total Europe</b>	<b>74,150</b>	<b>72,683</b>	<b>2.0%</b>
<b>Rest of the world (ROW)</b>	<b>24,824</b>	<b>22,795</b>	<b>8.9%</b>
<b>Total Bookings</b>	<b>106,714</b>	<b>103,716</b>	<b>2.9%</b>

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

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

(3) North America includes: USA, Canada & Pacific Islands.

**Selected financial information and operating statistics**  
**For the twelve month period ended 31 December, 2004**

(Expressed in thousands of EUROS unless indicated)

	For the twelve month period ended 31 December		
	2004 (Unaudited)	2003 (Unaudited)	% change
Revenue	2,056,680	1,929,009	6.6%
Cost of sales	1,620,379	1,528,358	6.0%
Selling, general and admin. expenses	92,887	80,021	16.1%
Total operating expenses	1,713,266	1,608,379	6.5%
<b>Operating income</b>	<b>343,414</b>	<b>320,630</b>	<b>7.1%</b>
Other income (expense)			
Interest expense, net	(6,045 )	(15,713 )	(61.5%)
Exchange gains (losses)	(4,109 )	(1,931 )	112.8%
Other	397	2,980	(86.7%)
<b>Income before income taxes</b>	<b>333,657</b>	<b>305,966</b>	<b>9.1%</b>
Income taxes	129,018	122,182	5.6%
<b>Income after taxes</b>	<b>204,639</b>	<b>183,784</b>	<b>11.3%</b>
Equity in earnings (losses) from associates	(8,279 )	(23,645 )	(65.0%)
Equity in earnings (losses) from discontinued Operations of associates	0	0	n/a
Minority interests	11,672	(25 )	n/a
<b>Net income</b>	<b>208,032</b>	<b>160,114</b>	<b>29.9%</b>
<b>Other information</b>			
Operating margin	16.7%	16.6%	0.1 pp
<b>EBITDA (1)</b>	<b>549,405</b>	<b>532,535</b>	<b>3.2%</b>
<b>EBITDA margin</b>	<b>26.7%</b>	<b>27.6%</b>	<b>(0.9 pp)</b>
Goodwill amortisation in Operating Expenses	28,883	39,795	(27.4%)
Goodwill amortisation in Associates	13,293	17,025	(21.9%)
<b>Total Goodwill Amortisation</b>	<b>42,176</b>	<b>56,820</b>	<b>(25.8%)</b>
<b>Booking information by Category (2)</b>			
<b>Air bookings</b>	<b>380,550</b>	<b>356,393</b>	<b>6.8%</b>
Non air bookings	30,659	29,078	5.4%
Amadeus Germany Leisure bookings	42,868	36,338	18.0%
<b>Total non air bookings</b>	<b>73,527</b>	<b>65,416</b>	<b>12.4%</b>
<b>Total Bookings</b>	<b>454,077</b>	<b>421,809</b>	<b>7.6%</b>
<b>Total Bookings excluding Amadeus Germany Leisure bookings</b>	<b>411,209</b>	<b>385,471</b>	<b>6.7%</b>
<b>Booking information by Region (2)</b>			
<b>North America (3)</b>	<b>37,641</b>	<b>36,948</b>	<b>1.9%</b>
Europe	269,404	257,733	4.5%
Amadeus Germany Leisure bookings	42,868	36,338	18.0%
<b>Total Europe</b>	<b>312,272</b>	<b>294,071</b>	<b>6.2%</b>
<b>Rest of the world (ROW)</b>	<b>104,164</b>	<b>90,790</b>	<b>14.7%</b>
<b>Total Bookings</b>	<b>454,077</b>	<b>421,809</b>	<b>7.6%</b>

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

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