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Amadeus IT Group, S.A. and Subsidiaries

Consolidated and condensed Interim Financial Statements for the six months period ended June 30, 2019, prepared in accordance with International Accounting Standard 34, interim consolidated Directors’ report and review report of independent auditors

Report on Limited Review

AMADEUS IT GROUP, S.A. and subsidiaries
Consolidated and Condensed Interim Financial Statements
for the six months period ended
June 30, 2019

Building a better working world

Ernst & Young, S.L.
C/ Raimundo Fernández Villaverde, 65
28003 Madrid

Tel.: 902 365 456
Fax.: 915 727 300
ey.com

REPORT ON LIMITED REVIEW OF THE CONSOLIDATED AND CONDENSED INTERIM FINANCIAL STATEMENTS

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

To the Shareholders of AMADEUS IT GROUP, S.A. at the request of management:

Report on the consolidated and condensed interim financial statements

Introduction

We have carried out a limited review of the accompanying consolidated and condensed interim financial statements (hereinafter the interim financial statements) of Amadeus IT Group, S.A. (hereinafter the parent) and subsidiaries (hereinafter the Group), which comprise the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the explanatory notes for the six months period then ended. The parent's directors are responsible for the preparation of said interim financial statements in accordance with the requirements established by IAS 34, "Interim Financial Reporting", adopted by the European Union for the preparation of interim condensed financial reporting in conformity with article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of review

We have performed our limited review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Reporting Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making enquiries, primarily of personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit carried out in accordance with regulations on the auditing of accounts in force in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

During the course of our limited review, which under no circumstances can be considered an audit of accounts, no matter came to our attention which would lead us to conclude that the accompanying interim financial statements for the six months period ended June 30, 2019 have not been prepared, in all material respects, in accordance with the requirements established by International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union in conformity with article 12 of Royal Decree 1362/2007 for the preparation of interim financial statements.

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Emphasis paragraph

We draw attention to the matter described in the accompanying explanatory Note 2 in the interim financial statements, which indicates that the abovementioned accompanying interim financial statements do not include all the information that would be required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. Therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2018. This matter does not qualify our conclusion.

Report on other legal and regulatory reporting requirements

The accompanying interim consolidated Directors' report for the six months period ended June 30, 2019 contains such explanations as the parent's directors consider necessary regarding significant events which occurred during this period and their effect on these interim financial statements, of which it is not an integral part, as well as on the information required in conformity with article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the abovementioned report agrees with the interim financial statements for the six months period ended on June 30, 2019. Our work is limited to verifying the interim consolidated Directors' report in accordance with the scope described in this paragraph, and does not include the review of information other than that obtained from the accounting records of Amadeus IT Group, S.A. and its subsidiaries.

Paragraph on other issues

This report has been prepared at the request of management with regard to the publication of the semi-annual financial report required by article 119 of Royal Legislative Decree 4/2015, of October 23, which approves the consolidated text of the Securities Market Law developed by Royal Decree 1362/2007, of October 19.

ERNST & YOUNG, S.L.

Hildur Eir Jónsdóttir

Hildur Eir Jónsdóttir

July 30, 2019

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Amadeus IT Group, S.A. and Subsidiaries

Consolidated and condensed Interim Financial Statements for the six months period ended June 30, 2019, prepared in accordance with International Accounting Standard 34

Consolidated statement of financial position (millions of euros)

ASSETS	Note	June 30, 2019 UNAUDITED	December 31, 2018 AUDITED
Goodwill	5	3,636.5	3,598.0
Patents, trademarks, licenses and others		332.3	338.3
Technology and content		2,798.4	2,710.7
Contractual relationships		1,041.5	1,044.8
Intangible assets		4,172.2	4,093.8
Land and buildings		70.0	71.3
Data processing hardware and software		247.2	253.6
Other property, plant and equipment		105.3	108.3
Property, plant and equipment		422.5	433.2
Right of use assets		328.1	351.2
Investments accounted for using the equity method		15.2	14.3
Other non-current financial assets	6	120.3	108.8
Non-current derivative financial assets	6	1.2	1.5
Deferred tax assets		21.0	19.9
Other non-current assets		177.8	138.3
Total non-current assets		8,894.8	8,759.0
Trade account receivables	6	582.2	498.2
Income tax receivables		29.5	43.5
Other current financial assets	6	14.8	10.0
Current derivative financial assets	6	6.7	7.5
Other current assets		280.0	249.3
Cash and cash equivalents	6 and 14	543.2	562.6
Total current assets		1,456.4	1,371.1
TOTAL ASSETS		10,351.2	10,130.1

Consolidated statement of financial position (millions of euros)

EQUITY AND LIABILITIES	Note	June 30, 2019 UNAUDITED	December 31, 2018 AUDITED
Share Capital		4.3	4.4
Additional paid-in capital		135.3	634.4
Retained earnings and reserves		2,870.2	2,153.7
Treasury shares		(6.2)	(511.3)
Profit for the period attributable to owners of the parent		594.2	1,002.4
Unrealized gains / (losses) reserve		(97.8)	(107.9)
Equity attributable to owners of the parent		3,500.0	3,175.7
Non-controlling interests		15.7	16.0
Equity	8	3,515.7	3,191.7
Non-current provisions		30.0	29.5
Non-current debt	6 and 9	2,855.1	2,898.1
Non-current derivative financial liabilities	6	11.0	14.5
Other non-current financial liabilities	6	-	15.3
Deferred tax liabilities		750.7	759.0
Non-current contract liabilities		260.7	271.3
Other non-current liabilities		269.3	257.6
Total non-current liabilities		4,176.8	4,245.3
Current provisions		10.5	10.5
Current debt	6 and 9	903.6	986.9
Other current financial liabilities	6	6.9	8.5
Dividend payable	6 and 8	286.6	219.6
Current derivative financial liabilities	6	23.6	19.3
Trade accounts payables	6	800.2	846.2
Income taxes payables		106.9	41.7
Current contract liabilities		243.6	221.5
Other current liabilities		276.8	338.9
Total current liabilities		2,658.7	2,693.1
TOTAL EQUITY AND LIABILITIES		10,351.2	10,130.1

See the accompanying notes to the consolidated and condensed interim financial statements

Consolidated statement of comprehensive income (millions of euros)

Continuing operations	Note	June 30, 2019 UNAUDITED	June 30, 2018 UNAUDITED
Revenue	4	2,826.6	2,477.0
Cost of revenue		(722.2)	(595.9)
Personnel and related expenses		(752.6)	(667.2)
Depreciation and amortization		(360.0)	(294.5)
Other operating expenses		(158.8)	(129.8)
Operating income		833.0	789.6
Financial income		0.7	0.6
Interest expense	13	(20.8)	(17.9)
Other financial expenses	13	(4.1)	(4.3)
Exchange gains / (losses)		(21.7)	2.3
Financial expense, net		(45.9)	(19.3)
Other income / (expense)	6	12.5	(0.5)
Profit before income taxes		799.6	769.8
Income tax expense		(207.8)	(200.1)
Profit after taxes		591.8	569.7
Share in profit of associates and joint ventures accounted for using the equity method		2.6	3.3
PROFIT FOR THE PERIOD		594.4	573.0
Attributable to owners of the parent		594.2	573.3
Attributable to non-controlling interests		0.2	(0.3)
Earnings per share basic and diluted [in Euros]	12	1.38	1.33
Items that will not be reclassified to profit or loss:			
Actuarial gains / (losses)		(0.1)	-
Items that will be reclassified to profit or loss when specific conditions are met:			
Cash flow hedges		2.9	(26.5)
Exchange differences on translation of foreign operations		7.3	31.1
OTHER COMPREHENSIVE INCOME /(EXPENSE) FOR THE PERIOD		10.1	4.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		604.5	577.6
Attributable to owners of the parent		604.3	577.9
Attributable to non-controlling interests		0.2	(0.3)

Consolidated statement of changes in equity (millions of euros)

	Note	Share capital	Additional paid-in capital	Retained earnings and reserves	Treasury shares	Profit for the period attributable to owners of the parent	Unrealized gains / (losses) reserves	Non-controlling interests	Total
Balance at December 31, 2017		4.4	624.1	1,659.6	(517.1)	1,002.9	(137.9)	13.0	2,649.0
Adjustment from adoption of IFRS 9, net of tax		-	-	(3.9)	-	(0.2)	(3.6)	-	(7.7)
Restated balance at January 1, 2018		4.4	624.1	1,655.7	(517.1)	1,002.7	(141.5)	13.0	2,641.3
Total comprehensive income for the period		-	-	-	-	573.3	4.6	(0.3)	577.6
Dividend paid		-	-	(284.4)	-	-	-	-	(284.4)
Treasury shares disposal		-	0.2	-	0.1	-	-	-	0.3
Recognition of share-based payment		-	8.1	-	-	-	-	-	8.1
Additional non-controlling interests arising on the acquisition of subsidiary		-	-	-	-	-	-	0.4	0.4
Transfer to retained earnings		-	-	1,002.7	-	(1,002.7)	-	-	-
Other changes in equity		-	-	0.5	-	-	-	(0.2)	0.3
Balance at June 30, 2018 (unaudited)		4.4	632.4	2,374.5	(517.0)	573.3	(136.9)	12.9	2,943.6

	Note	Share capital	Additional paid-in capital	Retained earnings and reserves	Treasury shares	Profit for the period attributable to owners of the parent	Unrealized gains / (losses) reserves	Non-controlling interests	Total
Balance at December 31, 2018		4.4	634.4	2,153.7	(511.3)	1,002.4	(107.9)	16.0	3,191.7
Total comprehensive income for the period		-	-	-	-	594.2	10.1	0.2	604.5
Dividend payable	8	-	-	(286.6)	-	-	-	-	(286.6)
Share Capital reduction	8	(0.1)	(500.0)	0.1	500.0	-	-	-	-
Treasury shares acquisition	8	-	-	-	(7.7)	-	-	-	(7.7)
Treasury shares disposal	8	-	(9.9)	0.5	12.8	-	-	-	3.4
Recognition of share-based payment	8	-	10.8	-	-	-	-	-	10.8
Transfer to retained earnings		-	-	1,002.4	-	(1,002.4)	-	-	-
Other changes in equity		-	-	0.1	-	-	-	(0.5)	(0.4)
Balance at June 30, 2019 (unaudited)		4.3	135.3	2,870.2	(6.2)	594.2	(97.8)	15.7	3,515.7

See the accompanying notes to the consolidated and condensed interim financial statements

Consolidated statement of cash flows (millions of euros)

	Note	June 30, 2019 UNAUDITED	June 30, 2018 UNAUDITED
Operating income		833.0	789.6
Depreciation and amortization		360.0	294.5
Depreciation and amortization included in capitalization	4	(8.6)	(5.9)
Operating income adjusted before changes in working capital and taxes paid		1,184.4	1,078.2
Trade accounts receivable		(72.8)	(110.3)
Other current assets		(48.3)	(46.8)
Trade accounts payable		(69.2)	(9.5)
Other current liabilities		(16.7)	77.7
Other non-current liabilities		(5.3)	(87.5)
Taxes paid		(153.7)	(92.3)
CASH FLOWS GENERATED BY OPERATING ACTIVITIES		818.4	809.5
Payments for property, plant and equipment		(46.6)	(58.9)
Payments for intangible assets		(323.3)	(283.6)
Net cash outflow on acquisition of subsidiaries	7	(42.9)	(7.0)
Interest received		0.3	1.2
Loans to third parties		(9.0)	-
Payments to acquire financial assets		(7.4)	(16.7)
Cash proceeds collected from derivative agreements		12.6	0.7
Cash proceeds paid for derivative agreements		(30.6)	(3.0)
Proceeds on sale of financial assets		1.0	0.3
Dividends received		0.8	2.9
Proceeds obtained from disposal of non-current assets		0.3	0.7
CASH FLOWS USED IN INVESTING ACTIVITIES		(444.8)	(363.4)
I			
Payments to acquire non-controlling interests in subsidiaries		-	(0.1)
Proceeds from borrowings		777.3	547.2
Repayments of borrowings		(890.7)	(332.5)
Interest paid		(6.0)	(4.1)
Dividends paid to owners of the parent		(219.6)	(440.6)
Payments to acquire treasury shares	8	(7.7)	(212.4)
Payments of lease liabilities and others		(47.2)	(45.4)
CASH FLOWS USED IN FINANCING ACTIVITIES		(393.9)	(487.9)
Effect of exchange rate changes on cash and cash equivalents		1.4	1.0
NET DECREASE IN CASH AND CASH EQUIVALENTS		(18.9)	(40.8)
Cash and cash equivalents net at the beginning of the period		561.8	579.1
Cash and cash equivalents net at the end of the period	14	542.9	538.3

See the accompanying notes to the consolidated and condensed interim financial statements

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1. GENERAL INFORMATION AND ACTIVITY

Amadeus IT Group, S.A. (hereinafter, "the Company") was incorporated and registered at the Companies Register of Madrid on February 4, 2005. Its registered office is in Madrid, Salvador de Madariaga, 1.

Amadeus IT Group, S.A. is the parent company of the Amadeus Group ("the Group"). The Group is a leading transaction processor for the global travel and tourism industry, providing advanced technology solutions to our travel provider and travel agency customers worldwide. The Group acts as an international network providing comprehensive real-time search, pricing, booking, ticketing and other processing solutions to travel providers and travel agencies through our Distribution segment, and we offer other travel providers (today, principally airlines and hotels) an extensive portfolio of technology solutions which automate certain mission-critical business processes, such as reservations, inventory management and departure control, through our IT Solutions segment.

The direct or, when applicable, indirect performance of all business activities that are reserved by Spanish law is excluded. If professional titles, prior administrative authorizations, entries with public registers or other requirements are required by legal dispositions to perform an activity embraced in the corporate object, such activity shall not commence until the required professional or administrative requirements have been fulfilled. The bylaws and other public information of the Company can be consulted on the website of the Company (corporate.amadeus.com).

Customer groups include providers of travel services and products such as airlines (network, domestic, low-cost and charter carriers), hotels (independent properties and chains), tour operators (mainstream, specialist and vertically integrated players), insurance companies, road and sea transport companies (car rental companies, railway companies, ferry lines, cruise lines), travel sellers and brokers (offline and online travel agencies) and travel buyers (corporations and travelers).

The Company's shares are traded on the Spanish electronic trading system ("Continuous Market") on the four Spanish Stock Exchanges (Madrid, Barcelona, Bilbao and Valencia). The Company's shares form part of the Ibex 35 index [AMS]. The Company's shares are also part of the Euro Stoxx 50 since September 2018.

2. BASIS OF PRESENTATION AND COMPARABILITY OF THE INFORMATION

2.1 Basis of presentation

2.1.1 General Information

The accompanying consolidated and condensed interim financial statements for the six months period ended June 30, 2019 ("interim financial statements" or "consolidated interim financial statements"), have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU"), in particular with International Accounting Standard 34: Interim Financial Reporting (IAS 34), and with the requirements of the Royal Decree 1362/2007. The disclosure requirements of IAS 34 are based on the assumption that the reader of the interim financial statements is doing so together with the most recent consolidated annual accounts. Consequently, the interim financial statements do not include all of the information and disclosures that would be required by IFRS-EU for complete consolidated annual accounts. The most recent annual accounts were authorized for issue by the Board of Directors of the Company on February 27, 2019, and approved at the Ordinary General Shareholders' Meeting on June 19, 2019.

The issue of these interim financial statements was authorized by the Board of Directors of the Company on July 30, 2019.

The presentation currency of the Group is the Euro. The consolidated statement of financial position is presented with a difference between current and non-current items, and the consolidated statement of comprehensive income is presented by nature of expense. The presentation by nature highlights better the different components of financial performance of the Group and enhances predictability of the business. The Group decided to prepare the consolidated statement of cash flows by applying the indirect method.

The Group presented negative working capital in the six months period ended June 30, 2019, and for the year ended December 31, 2018, which given the industry in which the Group operates and its financial structure, is not an unusual circumstance, and does not present an impediment for the normal development of its business.

2.1.2 Use of estimates

Use of estimates and assumptions, as determined by Management, is required in the preparation of the interim financial statements in accordance with IFRS-EU. The estimates and assumptions made by management affect the carrying amount of assets and liabilities. Those with a significant impact in the interim financial statements are the following:

- Estimated recoverable amounts used for impairment testing purposes
- Amortization period for non-current non-financial assets
- Lease terms (options to extend or to terminate)
- Provisions
- Pension and post-retirement benefits
- Income tax liabilities
- Timing of revenue recognition
- Expected credit losses
- Share-based payments
- Business combinations

The estimates and assumptions are based on the information available at the date of issuance of the interim financial statements, past experience and other factors, which are believed to be reasonable at that time. The actual results might differ from the estimates.

2.2 Comparison of information

For comparison purposes, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows as of June 30, 2019, are presented with information relating to the period of six months ended on June 30, 2018 and the consolidated statement of financial position is presented with information related to the year ended on December 31, 2018.

Except where indicated otherwise, the figures of the interim financial statements are expressed in millions of euros.

2.3 Consolidation scope

On March 18, 2019, the fully owned subsidiary UFIS Airport Solutions Pte Ltd. has been liquidated.

On May 31, 2019, the Group has acquired the 100% of ownership in ICM Holdings Limited and its group of companies (see note 7).

2.4 Seasonality of interim results

Our business and operations are linked to the global travel industry. Our transactional business model means that our financial performance is driven by travel volumes (air passengers, air and non-air travel agency bookings, etc.), which are subject to a certain degree of seasonality during the year.

In addition, there are external factors that may have an effect on travel volumes (geo-political events, national holidays, natural disasters, etc.) that may have a different timing in different years or are unpredictable. As such, the figures for the six months period ended June 30, 2019, may not be fully representative of the performance for the full year.

In particular, our Distribution revenue is influenced by the seasonality of air booking volumes done through travel agencies, which are, as a general rule, lower in the second half of the year. Additionally, our volumes are influenced by the timing of the contracts signed with our travel agencies, as well as their performance throughout the year.

In IT Solutions, revenue is influenced by the seasonality of passengers boarded (PB), which are usually higher during the second half of the year when important holiday periods take place. However, PB volume growth is significantly impacted in any particular period, by the implementation of new airlines to our Passenger Service Systems (Altéa or New Skies). The schedule of migrations has no specific seasonality and is determined by the progress of each of the processes not only at Amadeus but also at the airline. In particular, the first half of 2019 was impacted by the de-migration of LATAM Airlines Brasil from our platform during the second quarter of 2018, the ceasing of operations of Germania and bmi Regional, both in February 2019 and the suspension of operations of Avianca Brasil and Avianca Argentina in May 2019 and June 2019, respectively. The second half of 2019 is expected to be positively impacted by the migrations of Philippines Airlines and Bangkok Airlines.

Overall, the percentage variation in our revenue tends to differ from the variations in our travel agency air bookings or passengers boarded, given a non-transactional revenue piece of our Distribution and IT Solutions revenue, as well as changes in unit revenue which can be caused by the combination of non-recurring items and customer negotiations.

3. ACCOUNTING POLICIES

Adoption of new and revised International Financial Reporting Standards (IFRS)

The accounting policies adopted in the preparation of the consolidated interim financial statements are consistent with those followed in the preparation of the consolidated annual accounts for the year ended December 31, 2018, except for the adoption of new standards effective as of January 1, 2019.

The following amendments and interpretations have been endorsed by the European Union in 2018 and 2019 and are effective from January 1, 2019:

- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Annual Improvements to IFRS Standards 2015-2017 Cycle: Amendments to IFRS 3 Business Combinations, Amendments to IFRS 11 Joint Arrangements, Amendments to IAS 12 Income Taxes, Amendments to IAS 23 Borrowing costs

The application of these amendments and interpretations has not had a significant impact on the consolidated interim financial statements.

Notes (millions of euros)

4. SEGMENT REPORTING

The segment information has been prepared in accordance with the "management approach", which requires presentation of the segments based on the internal reports about components of the entity, which are regularly reviewed by the chief operating decision maker in order to allocate resources to a segment and to assess its performance.

The Group is organized into two operating segments on the basis of the different services offered by the Group:

- Distribution, where the primary offering is our GDS platform. It generates revenues mainly from booking fees the Group charges to travel providers for bookings made, as well as other non–booking revenues; and
- IT Solutions, where we offer a portfolio of technology solutions (primarily Altéa PSS and New Skies) that automate mission-critical processes for travel providers. This segment generates revenues from the transactions processed in our platform, as well as from other non-transactional services.

The operating segments identified, the composition of those operating segments, and the accounting policies used in the measurement of the operating segments profit or loss, are consistent with those used and applied in the year ended December 31, 2018.

The chief operating decision maker when evaluating the performance of each operating segment uses Contribution as a performance measure. Contribution is defined as the revenue for the relevant operating segment less operating direct costs plus direct capitalizations and research incentives. The operating expenses (excluding capitalized expenses and those incentives associated to those capitalizations) of the Group are allocated either to operating direct costs or to indirect costs; operating direct costs are those direct costs that can be assigned to an operating segment.

Additionally, the Group manages its borrowing activities and taxes centrally and they are not followed up per segment.

Information regarding the Group's operating segments and the reconciliation of the measure of profit or loss to the consolidated statement of comprehensive income are set forth in the table below:

			June 30, 2019			June 30, 2018
	Distribution	IT Solutions	Total	Distribution	IT Solutions	Total
Revenue	1,637.0	1,189.6	2,826.6	1,563.3	913.7	2,477.0
Contribution	767.8	774.3	1,542.1	748.3	660.5	1,408.8

The main reconciling items correspond to:

	June 30, 2019	June 30, 2018
Revenue	2,826.6	2,477.0
Contribution	1,542.1	1,408.8
Net indirect cost (1)	(357.7)	(330.6)
Depreciation and amortization (2)	(351.4)	(288.6)
Operating income	833.0	789.6

(1) Principally comprises indirect costs that are shared between the Distribution and IT Solutions operating segments, such as: (i) costs associated with our technology systems, including our processing of multiple transactions, and (ii) corporate support, including various corporate functions such as finance, legal, human resources, internal information systems, etc. Additionally it includes capitalization of expenses and incentives received from the French government in respect of certain IT Solutions / Distribution product development activities in Nice and which have not been allocated to an operating segment.

(2) Includes the adjustment of capitalization of certain depreciation and amortization costs in the amount of €8.6 million for the six months period ended June 30, 2019 (€5.9 million, June 30, 2018).

Notes (millions of euros)

The Group operates in the travel industry and, accordingly, events that significantly affect the industry could also affect the Group's operations and financial position.

Amadeus IT Group, S.A. is based in Spain and is the counterparty to all key contractual arrangements with airlines and other travel providers for Distribution and IT Solutions operating segments.

The table below represents a good measure of how the revenue of the Group is geographically distributed based on where the travel agent, in which bookings are reserved, is located (for the Distribution operating segment), and attending to where the airline receiving the services is registered (for the IT Solutions operating segment):

	June 30, 2019	June 30, 2018
Western Europe (1)	982.8	956.6
Asia & Pacific	576.9	548.3
USA & Canada	570.0	332.4
Middle East and Africa	320.7	289.4
Central, Eastern and Southern Europe	211.7	186.9
Latin America	164.5	163.4
Revenue	2,826.6	2,477.0

(1) Includes Spain revenue by an amount of €102.0 million for the six months period ended June 30, 2019 (€110.4 million, June 30, 2018)

5. GOODWILL

The reconciliation of the carrying amount of goodwill for the period ended June 30, 2019, is set forth in the table below:

Carrying amount at the beginning of the year	3,598.0
Additions due to acquisitions of subsidiaries (note 7)	38.0
Adjustments during the measurement period	(2.1)
Transfers	(3.6)
Exchange rate adjustments	6.2
Carrying amount at the end of the period	3,636.5

The "Additions due to acquisitions of subsidiaries" caption for the period ended June 30, 2019, relates to the goodwill arisen from the acquisitions of ICM as detailed in note 7.

The "Transfers" for the period ended June 30, 2019, relates to the completion of the purchase price allocation exercise for the business combination of Argo IT.

The "Exchange rate adjustments" caption for the period ended June 30, 2019, mainly relates to the US Dollar – Euro evolution.

Notes (millions of euros)

6. FINANCIAL ASSETS AND LIABILITIES AND FAIR VALUE MEASUREMENTS

6.1 Classification

The Group's classification of financial assets and liabilities as of June 30, 2019, is set forth in the table below:

	Amortized cost	FVOCI	Hedging derivatives	FVPL	Total
Other non-current financial assets	108.7	11.6	-	-	120.3
Non-current derivative financial assets	-	-	1.2	-	1.2
Total non-current financial assets	108.7	11.6	1.2	-	121.5
Trade accounts receivable	582.2	-	-	-	582.2
Other current financial assets	14.8	-	-	-	14.8
Current derivative financial assets	-	-	4.0	2.7	6.7
Cash and cash equivalents	543.2	-	-	-	543.2
Total current financial assets	1,140.2	-	4.0	2.7	1,146.9
Non-current debt	2,855.1	-	-	-	2,855.1
Non-current derivative financial liabilities	-	-	11.0	-	11.0
Total non-current financial liabilities	2,855.1	-	11.0	-	2,866.1
Current debt	903.6	-	-	-	903.6
Other current financial liabilities	6.9	-	-	-	6.9
Dividend payable	286.6	-	-	-	286.6
Current derivative financial liabilities	-	-	23.5	0.1	23.6
Trade accounts payable	800.2	-	-	-	800.2
Total current financial liabilities	1,997.3	-	23.5	0.1	2,020.9

6.2 Fair value measurements disclosures

The assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the consolidated statement of financial position as of June 30, 2019, are set forth in the table below. These fair value measurements are categorized into different levels of fair value hierarchy based on the inputs to valuation techniques used.

	Level 2
Other non-current financial assets	11.6
Non-current financial assets	11.6
Foreign currency forward	1.2
Non-current derivative financial assets	1.2
Foreign currency forward	4.0
Foreign currency forward held for trading	2.7
Current derivative financial assets	6.7
Foreign currency forward	11.0
Non-current derivative financial liabilities	11.0
Foreign currency forward	23.5
Foreign currency forward held for trading	0.1
Current derivative financial liabilities	23.6

The fair values of financial assets or liabilities traded on active liquid markets are fixed according to the prices quoted in those markets. If the market for a financial asset is not active or no market price is available, fair values are determined in accordance with generally accepted pricing valuation techniques, which include discounted cash flows, standard valuation models based on market parameters, dealer quotes and use of comparable arm's length transactions.

Notes (millions of euros)

The Group's foreign currency forward contracts are measured using market forward exchange rates. As such, the financial assets or liabilities in our consolidated statement of financial position resulting from these derivative financial instruments that are measured at fair value, would fall within the level 2 category of the fair value hierarchy.

The Group recognizes transfers between levels of fair value hierarchy as of the end of the reporting period in which the transfer has occurred. There were no transfers between levels of fair value hierarchy during the six months period ended June 30, 2019.

There is no fair value categorized as level 3 as of June 30, 2019. As of December 31, 2018, level 3 included an amount of €15.3 million corresponding to a contingent consideration in the acquisition of Amadeus Hospitality Netherlands BV. During the period this amount has been early settled resulting an impact in Other income/ (expense) of €12.0 million (see note 7).

The Group estimates that the carrying amount of its financial assets and liabilities is a reasonable approximation of their fair value as of June 30, 2019, except for the following financial liabilities:

	Carrying amount	Fair Value	% of face value
Bonds	2,500.0	2,573.8	103.0%
European Investment Bank	158.7	165.7	104.5%

The fair value measurement of the bonds and the European Investment Bank unsecured senior loan are categorized within the level 1 and level 2 in the fair value hierarchy, respectively.

7. BUSINESS COMBINATIONS

The reconciliation between the cash paid for current acquisitions and the net cash invested in subsidiaries as of June 30, 2019, is set forth in the table below:

	June 30, 2019
Cash paid for current transactions	47.0
Net cash paid on deferred consideration from prior periods	1.6
Cash acquired as a result of current acquisition	(5.7)
Net cash invested in subsidiaries	42.9

The net cash paid on deferred consideration from prior periods includes a payment of €3.3 million relating to the early settlement of the contingent consideration outstanding from the acquisition of Amadeus Hospitality Netherlands BV, as explained in note 6.

On May 31, 2019, after receiving all the necessary regulatory approvals, the Group has acquired 100% of the voting rights of ICM Holdings Limited and its group of companies ("ICM"). Since that date, the Group is fully consolidating ICM. It is headquartered in Sydney, Australia and it specializes in the provision of passenger automation and self-service bag drop solutions for customers, principally in Asia Pacific and Europe.

The total consideration transferred amounts to €47.0 million and as a result of the business combination an excess purchase price of €38.0 million has been recognized under the caption Goodwill. The amount provided corresponds to the initial accounting for the acquisition of ICM, which as of June 30, 2019, is still provisional. The Group will determine the fair value at the acquisition date of identifiable assets acquired and the liabilities assumed, as well as any other necessary adjustment to the provisional amounts, over the measurement period as information is obtained. The Group does not expect that the goodwill will be deductible for income tax purposes.

The allocation of goodwill has not been completed as of the date of issuance of the accompanying consolidated interim financial statements. The Group has used provisional values in the initial accounting of the business combination.

The provisional fair values of identifiable assets acquired and the liabilities assumed are the following:

	ICM		
	Carrying amounts at acquisition date	Fair Value adjustments to purchase value	Fair value of net assets acquired
Goodwill	6.8	(6.8)	-
Intangible assets	2.9	-	2.9
Right of use assets	0.5	-	0.5
Deferred tax assets	0.7	-	0.7
Other non-current assets	0.6	-	0.6
Total non-current assets	11.5	(6.8)	4.7
Trade account receivables	5.9	-	5.9
Other current financial assets	1.5	-	1.5
Other current assets	2.9	-	2.9
Cash and cash equivalents	5.7	-	5.7
Total current assets	16.0	-	16.0
Other non-current liabilities	0.5	-	0.5
Total non-current liabilities	0.5	-	0.5
Trade and other payables	3.1	-	3.1
Income tax payables	0.2	-	0.2
Other current financial liabilities	4.0	-	4.0
Other current liabilities	3.9	-	3.9
Total current liabilities	11.2	-	11.2
Net identifiable assets acquired and liabilities assumed	15.8	(6.8)	9.0
Consideration transferred	47.0		47.0
Excess purchase price	31.2		38.0

The fair value of trade receivables acquired were estimated as set forth in the table below:

	Millions of euros
Gross carrying amount	7.9
Allowance for doubtful accounts	(2.0)
Fair value of receivables	5.9

The total acquisition-related costs for the six months period ended June 30, 2019, are recognized as an expense under the "Other operating expenses" caption of the consolidated statement of comprehensive income and are part of cash flows from operating activities in the consolidated statement of cash flows. The disclosure is as follows:

	ICM
Acquisition-related costs (pre-tax)	0.4

The amount of Revenue and Profit / (loss) net of taxes that the business combination has contributed to the Group since acquisition and that is included in the consolidated statement of comprehensive income for the six months period ended June 30, 2019, is set forth in the table below:

Notes (millions of euros)

	ICM
Revenue	2.2
Profit / (loss) net of taxes	0.0

If the business combination had been consolidated as of January 1, 2019, the pro-forma Group's consolidated statement of comprehensive income for the reporting period would show additional Revenue and Profit / (loss) net of taxes for the period as set forth in the table below:

	Amadeus Pro-forma	ICM
Revenue	2,837.8	11.2
Profit / (loss) net of taxes	595.9	1.5

These amounts are calculated without adjusting the results to reflect additional depreciation and amortization that would have been charged assuming a fair value adjustment to intangible assets, share-based payments vested prior to acquisition and other homogenization adjustments, interest expense for debt levels of the Group after the business combination and any related tax effects.

8. EQUITY

8.1 Share Capital

As of June 30, 2019, the Company's share capital amounts to €4.3 million, as represented by 431,268,436 ordinary shares with a nominal value of €0.01 per share, all of them of one single class; totally subscribed and paid.

On June 19, 2019, the General Shareholders' Meeting has agreed the reduction in the share capital of the Company by 75,540.70 euros, by redeeming 7,554,070 treasury shares, acquired under a Share Buy-back Programme approved by the Board of Directors on December 14, 2017. This capital reduction was registered at the Commercial Registry of Madrid on July 11, 2019. This was done before the issuance of these consolidated interim financial statements, so it is already accounted in these financial statements as of June 30, 2019.

The Company's shares are traded on the Spanish electronic trading system ("Continuous Market") on the four Spanish Stock Exchanges (Madrid, Barcelona, Bilbao and Valencia). The Company's shares form part of the Ibex 35 index [AMS]. The Company's shares are also part of the Euro Stoxx 50 since September 2018.

As of June 30, 2019, the Company's shares were held as set forth in the table below:

Shareholder	Shares	%
Free float (1)	430,605,973	99.85%
Treasury shares (2)	304,364	0.07%
Board of Directors (3)	358,099	0.08%
Total	431,268,436	100.00 %

(1) Includes shareholders with significant equity stake on June 30, 2019, reported to the National Commission of the Stock Exchange Market (CNMV).
(2) Voting rights remain ineffective given they are treasury shares.
(3) It does not include voting rights that could be acquired through financial instruments

8.2 Treasury Shares

The movement of the carrying amounts for the six months period ended June 30, 2019, of the treasury shares is set forth in the table below:

	Treasury Shares	Millions of euros
Carrying amount at December 31, 2018	8,214,289	511.3
Acquisitions	110,750	7.7
Retirements	(466,605)	(12.8)
Share capital reduction	(7,554,070)	(500.0)
Carrying amount at June 30, 2019	304,364	6.2

On December 6, 2018, the Share Buy-back and Programme was terminated. 7,554,070 shares were acquired under this programme by a total amount of €500.0 million (including transaction fees amounting to €2.8 million). These shares have been amortized as a consequence of the reduction in share capital agreed by the General Shareholders' Meeting on June 19, 2019, mentioned above.

The historical cost for treasury shares retired (primarily for the settlement of the Restricted Share Plan and Performance Share Plan) is deducted from the "Additional paid-in capital" caption of the consolidated statement of financial position.

The Group holds treasury shares for the future specific share delivery commitments with the Group employees and management.

8.3 Additional paid-in capital

The changes in the balance of the "Additional paid in capital" caption include, apart from the capital reduction amounting to €500.0 million disclosed in note 8.2 above, the recognition of the share-based payments considered as equity-settled. The fair value of the amounts received during the six months period ended June 30, 2019, as consideration for the equity instruments granted, amounts to €10.8 million offset by the settlement of the Performance Share Plan and the Restricted Share Plan by €9.9 million.

8.4 Dividends

On June 19, 2019, the General Shareholders' Meeting agreed to distribute a gross dividend of €1.175 per ordinary share with the right to take part in the distribution on payment date. An interim dividend of €0.51 per share, amounting to €219.6 million, was paid in full on January 17, 2019.

The complementary dividend of €0.665 per share, amounting to €286.6 million (Treasury shares excluded) has been paid on July 12, 2019.

Notes (millions of euros)

9. CURRENT AND NON-CURRENT DEBT

The breakdown of carrying amounts of debt with financial institutions as of June 30, 2019, is set forth in the table below:

	June 30, 2019
Bonds	2,500.0
Deferred financing fees on Bonds	(10.5)
European Investment Bank (EIB)	93.7
Deferred financing fees on Revolving loan facility	(2.1)
Other debt with financial institutions	1.4
Lease liabilities	272.6
Total non-current debt	2,855.1
European Investment Bank (EIB)	65.0
European Commercial Paper (ECP)	750.0
Other deferred financing fees	(0.3)
Accrued interest	16.5
Other debt with financial institutions	12.0
Lease liabilities	60.4
Total current debt	903.6
Total debt	3,758.7

As of June 30, 2019, after taking into account the effect of interest rate hedges, approximately 64% (77% in December 31, 2018) of the Groups' outstanding financial debt is at fixed rate. The reduction in the ratio of debt at fixed rate during the six months period ended June 30, 2019, mostly relates to the higher volume of the Euro Commercial Paper programme (ECP) outstanding and the lower amount of fixed rate debt due to the maturity of a fixed rate bond in May.

The Group is required to meet two financial covenants, for the European Investment Bank senior loans and the Revolving loan facility, calculated on the basis of (i) the ratio of total Net Debt to EBITDA (Earnings before Interests, Taxes, Depreciation and Amortization), and (ii) the ratio of EBITDA to Net Interest Payable. As of June 30, 2019, the Group is compliant with the financial covenants.

9.1 Bonds

On May 19, 2019, the Group has repaid the bond under the denominated "Senior Fixed Rate Instruments" issued on May 12, 2017, through its subsidiary Amadeus Capital Markets, S.A. (Sociedad Unipersonal) amounting to €500.0 million, classified as current debt as of December 31, 2018.

9.2 Euro Commercial Paper programme (ECP)

During the period ended June 30, 2019, the Group has issued Euro Commercial Paper (ECP) net of interests by a total amount of €778.0 million. The total commercial paper repaid during this period amounts to €358.0 million.

Notes (millions of euros)

9.3 Maturity analysis

The Group's debt payable by maturity as of June 30, 2019, is set in the table below:

		Current	Non-current				
	June 30, 2019	June 30, 2019-June 30, 2020	June 30, 2020-June 30, 2021	June 30, 2021-June 30, 2022	June 30, 2022-June 30, 2023	June 30, 2023 and beyond	Total non-current
Bonds	2,500.0	-	500.0	1,000.0	-	1,000.0	2,500.0
EIB	160.0	65.0	65.0	30.0	-	-	95.0
ECP	750.0	750.0	-	-	-	-	-
Accrued interests	16.5	16.5	-	-	-	-	-
Other debt with financial institutions	13.4	12.0	1.4	-	-	-	1.4
Leases	333.0	60.4	51.3	41.3	33.7	146.3	272.6
Total Debt payable	3,772.9	903.9	617.7	1,071.3	33.7	1,146.3	2,869.0
Non-current Deferred financing fees	(12.6)						
Current Deferred financing fees	(0.3)						
Remaining fair value adjustment on EIB loan	(1.3)						
Total Debt	3,758.7						

10. RELATED PARTIES BALANCES AND TRANSACTIONS

The summary of significant operations and transactions with related parties of the Company and its Group is set forth below. All transactions with related parties are carried out on an arm's length basis.

10.1 Subsidiaries

Transactions between the Group and its subsidiaries, which are related parties of the Company, were eliminated in consolidation. Accordingly, they are not disclosed in this note.

10.2 Shareholders and significant influence parties

As of June 30, 2019, there are neither shareholders nor parties with significant influence considered as related parties.

10.3 Board of Directors

The position of Member of the Board of Directors is remunerated in accordance with the Company's bylaws. The remuneration for said functions consists of a fixed remuneration to be determined by the General Shareholders' Meeting before the relevant financial year ends.

At the meeting held on June 19, 2019, the Ordinary General Shareholders' Meeting agreed a fixed remuneration of the members of the Board of Directors, in their capacity as such, in cash or in kind, for the period January to December 2019 with a limit of €1,746 thousand, and it vested the Board of Directors with the authority to resolve on how said remuneration was to be distributed among the members of the Board, following article 36 of the Company's bylaws.

Notes (millions of euros)

The Board of Directors of the Company may agree an unequal remuneration scheme distribution. No loans, advances or stock options have been granted to the members of the Board of Directors.

The remuneration to which the Executive Director may be entitled despite of his functions as Director, consists of salary (in cash and in kind), yearly and/or multiannual bonus, subject to the objectives fulfilment, share-based plans and any other compensation following the remuneration policy approved by the General Shareholders' Meeting held on June 21, 2018, for a period of three years (2019, 2020 and 2021).

The compensation received by the members of the Board of Directors during the six months period ended June 30, 2019, amounts to €733 thousand (€707 thousand as of June 30, 2018).

As of June 30, 2019, investment held by the members of the Board of Directors in the share capital of the Company is set forth in the table below:

Name	Shares (1)
José Antonio Tazón García	255,000
David Webster	1
Luis Maroto Camino	102,698
Pierre-Henri Gourgeon	400

(1) Other financial instruments are excluded

During the six months period ended June 30, 2019, the amounts accrued to the Chief Executive Officer (Consejero Delegado) for his executive functions in respect of compensation in cash (base salary and bonus accrued), compensation in kind, contributions to pension plan and collective life insurance policies and share based payments amounted to €996 thousand, €12 thousand, €154 thousand and €2,985 thousand respectively (€808 thousand, €12 thousand, €128 thousand and nil respectively, for the period ended June 30, 2018).

10.4 Key Management Compensation

During the six months period ended June 30, 2019, the amounts accrued to the Key Management in respect of compensation in cash (base salary and bonus accrued), compensation in kind (including collective life insurance policies), contributions to pension plan and share based payments amounted to €3,396 thousand, €365 thousand, €359 thousand and €6,125 thousand respectively (€2,997 thousand, €263 thousand, €325 thousand and nil respectively, for the period ended June 30, 2018).

As of June 30, 2019, key management personnel include 12 members (11 members as of June 30, 2018).

The number of shares held by the Group Key Management at June 30, 2019, amounts to 389,001.

10.5 Other related parties

Other related parties are linked to the transactions between the Group and its associates and joint ventures.

The Group's transactions with the related parties (in thousands of euros) that are described in sections 10.1 to 10.5 above as of June 30, 2019 is set forth in the table below:

Consolidated statement of comprehensive income	Shareholders and significant influence	Board members and key management	Other related parties	Total
Cost of revenue and other operating expenses	-	-	62,363	62,363
Personnel and related expenses	-	10,978	-	10,978
Total expenses	-	10,978	62,363	73,341
Dividends from associates and joint ventures	-	-	1,699	1,699
Revenue	-	-	18,362	18,362
Total income	-	-	20,061	20,061

Consolidated statement of financial position	Shareholders and significant influence	Board members and key management	Other related parties	Total
Dividends Receivable - Other current financial assets	-	-	1,787	1,787
Trade accounts receivable	-	-	31,346	31,346
Dividend payable	-	497	-	497
Trade accounts payable	-	-	56,674	56,674

11. TAXATION

The effective tax rate has been calculated considering the best estimate available of the full-year effective tax rate and the tax rates currently in force in the different countries defining the Group structure at the date of these consolidated interim financial statements. Due to the impact on the effective tax rate of non-deductible expenses as a percentage of income before taxes, any significant difference between the estimate and the final income before taxes achieved for the full-year could affect the final full-year effective tax rate.

The effective tax rate as of June 30, 2019, is 26.0%, which is the expected effective tax rate for year-end 2019. The effective tax rate as of June 30, 2018 was 26.0%.

12. EARNINGS PER SHARE

The reconciliation of the weighted average number of shares and diluted weighted average number of outstanding shares as of June 30, 2019 and 2018, is set forth in the table below:

	June 30, 2019		June 30, 2018	
	Ordinary shares	Weighted average number of ordinary shares	Ordinary shares	Weighted average number of ordinary shares
Total shares issued	431,268,436	438,822,506	438,822,506	438,822,506
Treasury shares	(304,364)	(8,210,278)	(4,624,183)	(9,353,427)
Total shares outstanding	430,964,072	430,612,228	434,198,323	429,469,079

The basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares issued during the period, excluding ordinary shares purchased by the Group and held as treasury shares. The dilutive earnings per share is calculated including the ordinary shares outstanding to assume conversion of potentially dilutive ordinary shares.

During the period ended June 30, 2019, the Group's treasury shares have already been reduced by the amortization of the 7,554,070 shares mentioned in note 8 due to the capital reduction. Nevertheless, as the capital reduction took place as at the end of the period, it did not have a significant impact in the calculation of the weighted average number of ordinary shares.

The calculation of basic and diluted earnings per share in Euros (rounded to two digits) is set forth in the table below:

			Basic and diluted earnings per share
	June 30, 2019		June 30, 2018
Profit attributable to the owners of the parent (millions of euros)	Earnings per share (Euros)	Profit attributable to the owners of the parent (millions of euros)	Earnings per share (Euros)
594.2	1.38	573.3	1.33

13. ADDITIONAL INFORMATION ON CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

13.1 Interest expense and other financial expenses

The "Interest expense" mainly corresponds to the borrowings detailed in note 9. The breakdown is set forth in the table below:

	June 30, 2019	June 30, 2018
Bonds	10.5	4.3
European Investment Bank	2.9	3.9
European Commercial Paper	(0.6)	(0.6)
Interest from derivative instruments	1.6	1.9
Lease liabilities	3.1	3.2
Subtotal	17.5	12.7
Deferred financing fees	2.5	4.3
Bank commissions, fees and other expenses	0.8	0.9
Interest expense	20.8	17.9

The breakdown of "Other financial expenses" as of June 30, 2019 and 2018 is set forth in the table below:

	June 30, 2019	June 30, 2018
Net interest on the Net Defined Benefit liability	1.0	0.9
Interest expense on Tax	2.0	2.8
Others	1.1	0.6
Other financial expenses	4.1	4.3

Notes (millions of euros)

13.2 Employee distribution

The employee distribution by category and gender as of June 30, 2019 and 2018, is set forth in the table below:

	June 30, 2019			June 30, 2018		
	Female	Male	Total	Female	Male	Total
CEO/Senior Vice-president/Vice-president	4	25	29	3	24	27
Group Directors	34	129	163	31	139	170
Managers	1,227	2,544	3,771	1,486	2,979	4,465
Disabled managers	23	30	53	7	8	15
Staff	4,677	6,937	11,614	4,400	6,449	10,849
Disabled Staff	55	78	133	62	92	154
TravelClick employees	656	536	1,192	-	-	-
ICM employees	61	93	154	-	-	-
TOTAL	6,737	10,372	17,109	5,989	9,691	15,680

The average employee distribution by category and gender as of June 30, 2019 and 2018, is set forth in the table below:

	June 30, 2019			June 30, 2018		
	Female	Male	Total	Female	Male	Total
CEO/Senior Vice-president/Vice-president	4	25	29	4	25	29
Group Directors	35	132	167	31	138	169
Managers	1,200	2,488	3,688	1,460	2,920	4,380
Disabled managers	23	30	53	7	8	15
Staff	4,693	6,995	11,688	4,354	6,372	10,726
Disabled Staff	55	78	133	62	93	155
TravelClick employees	645	523	1,168	-	-	-
ICM employees	10	16	26	-	-	-
TOTAL	6,665	10,287	16,952	5,918	9,556	15,474

The Group is currently homogenizing the breakdown of TravelClick and ICM employees to match the distribution for the rest of the Group.

14. ADDITIONAL CONSOLIDATED STATEMENT OF CASH FLOWS RELATED DISCLOSURE

The reconciliation of the "Cash and cash equivalents net" caption of the consolidated statement of cash flows and the "Cash and cash equivalents" caption of the consolidated statement of financial position is set forth in the table below:

	June 30, 2019	June 30, 2018
Cash on hand and balances with banks	542.5	538.5
Short-term investments	0.7	0.5
Cash and cash equivalents	543.2	539.0
Bank overdrafts	(0.3)	(0.7)
Cash and cash equivalents net	542.9	538.3

15. SUBSEQUENT EVENTS

As of the date of issuance of the consolidated interim financial statements, no significant subsequent events have occurred after the reporting period that might affect the Group and that should be included thereto.

AMADEUS

Amadeus IT Group, S.A. and Subsidiaries

Directors' Report for the six months period ended June 30, 2019

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1 Summary

1.1 Introduction

Highlights for the first six months ended June 30, 2019

- In Distribution, our travel agency air bookings grew 0.9%, to 307.8 million
- In IT Solutions, our passengers boarded increased 6.6%, to 947.0 million
- Revenue grew by 14.4%[1], to €2,833.6 million
- EBITDA increased by 10.7%[1], to €1,193.4 million
- Adjusted profit[2] increased by 9.9%[1], to €666.7 million
- Free Cash Flow was €451.9 million[3], decreasing 2.0% (9.4%[3] increase pre-tax)
- Net financial debt[4] was €2,965.0 million at June 30, 2019 (1.37 times last-twelve-month EBITDA[4])

In the first six months of 2019, Revenue, EBITDA and Adjusted Profit increased by 14.4%[1], 10.7%[1], and 9.9%[1], respectively. This positive evolution in the first half of the year was supported by the operating performances of our Distribution and IT Solutions segments, TravelClick's consolidation[1] (acquired on October 4, 2018) and positive foreign exchange effects.

In Distribution, during the second quarter of 2019, we continued to secure and expand content for our subscribers by renewing or signing content agreements with 5 carriers, reaching a total of 12 in the first six months of 2019. Our Distribution air volumes grew by 0.9% in the first six months of the year (3.3% excluding India) on the back of our global competitive position[5] expanding by 0.6 p.p. (by 1.4 p.p. excluding India). Despite a weak industry, Amadeus volumes were supported by market share gains across regions, with the exception of Asia and Pacific. In Asia and 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 half, with our volumes growing at a double-digit growth rate. Our bookings in Western Europe maintained the positive growth rate trend initiated at the beginning of the year. In the first half of 2019, Distribution revenue grew 4.7%, supported by volume growth, average revenue per booking expansion and positive foreign exchange effects.

IT Solutions revenue grew 31.0%[1] in the first six months of 2019. This evolution was driven by (i) 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. In Airline IT, our Passengers Boarded increased by 6.6% in the first half of the year. This growth was

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[1] Adjusted to exclude TravelClick's acquisition related costs (amounting to €3.7 million before taxes) and PPA effects (which reduce revenue and EBITDA by €7.0 million and €5.3 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 €9.7 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.

driven by (i) customer implementations (including S7 Airlines, Maldivian Airlines, Cyprus Airways and Aeromar in 2018, as well as, Philippine Airlines and Flybe in 2019,) and (ii) organic growth of 6.6%. Passengers Boarded growth in the first six 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 ceasing or suspension of operations of several airline customers in 2019, such as Germania, bmi Regional, Avianca Brasil and Avianca Argentina.

Our Airline IT customer base continued to expand during the second quarter. Azerbaijan Airlines contracted for the full Altéa suite and for Amadeus Revenue Management solutions. Moldavian low cost airline Flyone signed for New Skies. Additionally, Bangkok Airways and Flybe have now implemented the Altéa Suite. Furthermore, Sun Country migrated to New Skies. Our upselling efforts also yielded positive results, where LATAM Airlines Group signed to implement two components of the Amadeus Sky Suite by Optym. In addition, Alaska Airlines selected Amadeus as its revenue management partner and Cathay Pacific contracted for Amadeus Altéa NDC.

We continued to make progress in our new business areas. In Airport IT, Skyserv, Greece's leading independent ground handler, implemented Altéa Departure Control System for Ground Handlers for its 37 airports. In July, Heydar Aliyev International Airport in Baku (Azerbaijan) became the world's first fully cloud-based airport thanks to the implementation of Amadeus' Airport Common Use Service (ACUS) and Airport Operational Database (AODB). We expanded our footprint in North America, with several customers signing up for Amadeus Extended Airline System Environment (EASE), including Eagle County Airport (Colorado), Kelowna International Airport (Canada), South Bend International Airport (Indiana), Santa Barbara Airport (California) and Daytona International Airport (Florida). We also completed the acquisition of ICM Airport Technics in May. ICM, headquartered in Sydney, Australia, specializes in the provision of passenger automation and self-service bag drop solutions for customers.

In Payments, we launched Amadeus B2B Wallet Partner Pay in partnership with Elavon and Mastercard. This new solution allows agencies to pay using an airline branded virtual card reducing the cost of payments considerably when compared to other existing methods. This new solution is an extension of Amadeus' B2B Wallet and is integrated into the travel agency booking flow.

A consistent and focused investment in technology has been key to our success. In the first six months of 2019, our investment in R&D amounted to 16.8% of revenue. It was dedicated to support our mid to long-term growth, through product evolution, portfolio expansion, new customer implementations, system performance optimization and our continued shift to next-generation technologies and cloud architecture.

In the first half of 2019, our Free Cash Flow declined by 2.0%[6] to €451.9 million, driven by higher cash taxes. Our pre-tax Free Cash Flow grew by 9.4%[6]. At the end of the first half, our net financial debt[7] stood at €2,965.0 million, representing 1.37 times last-twelve-month EBITDA[7].

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[6] 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 €9.7 million. For full details, please see section 3.1 on TravelClick's acquisition and impacts.

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

1.2 Summary of operating and financial information

Summary of KPI (€millions)	Jan-Jun 2019[1]	Jan-Jun 2018	Change
Operating KPI			
TA air bookings (m)	307.8	305.1	0.9%
Non air bookings (m)	33.9	32.5	4.1%
Total bookings (m)	**341.6**	**337.7**	**1.2%**
Passengers boarded (m)	**947.0**	**888.8**	**6.6%**
Financial results			
Distribution revenue	1,637.0	1,563.3	4.7%
IT Solutions revenue	1,196.6	913.7	31.0%
Revenue	**2,833.6**	**2,477.0**	**14.4%**
Distribution contribution	767.8	748.3	2.6%
IT Solutions contribution	781.7	660.5	18.4%
Contribution	**1,549.5**	**1,408.8**	**10.0%**
EBITDA	**1,193.4**	**1,078.2**	**10.7%**
EBITDA margin (%)	42.1%	43.5%	(1.4 p.p.)
Adjusted profit[2]	**666.7**	**606.8**	**9.9%**
Adjusted EPS (euros)[3]	**1.55**	**1.41**	**9.5%**
Cash flow			
Capital expenditure	369.9	342.5	8.0%
Free cash flow[4]	451.9	461.2	(2.0%)
Indebtedness[5]	Jun 30,2019	Dec 31,2018	Change
Net Financial Debt	**2,965.0**	**3,074.0**	**(109.0)**
Net Financial Debt/LTM EBITDA	1.37x	1.42x	

[1]Adjusted to exclude TravelClick's acquisition related costs (amounting to €3.7 million before taxes) and PPA effects (which reduce revenue and EBITDA by €7.0 million and €5.3 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 of €9.7 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 9.4%..

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

2 Operating Review

2.1 Key recent business highlights

Distribution

Airline Distribution

- During the second quarter, we signed 5 new contracts or renewals of content agreements with airlines reaching a total of 12 for the first half of the year. Subscribers to Amadeus' inventory can access c. 115 low cost carriers (LCCs) and hybrid carriers' content worldwide.
- In April, we unveiled an enhanced graphical user interface of the NDC-enabled Amadeus Selling Platform Connect in collaboration with FCM Travel Solutions, the flagship global business travel division of Flight Centre Travel Group. As part of our NDC-[X] program, FCM Travel Solutions will test the enhanced interface and start making NDC bookings through it in the coming months. As one of the largest global travel management companies, with a presence in over 97 markets, FCM and Flight Centre's feedback will be key to driving adoption of the NDC standard among travel sellers.
- Reflecting Amadeus' ongoing commitment to drive NDC forward, in July, we launched Amadeus Travel API, an NDC-enabled solution providing travel agencies worldwide access to new airline content and fares via an NDC connectivity. Travix, co designed the solution with Amadeus and has had live NDC bookings in production since late last year. Travel agencies including AERTiCKET, American Express Global Business Travel, BCD Travel, House of Travel and integrated tourism group TUI, are to become early adopters of this new API, giving them early access to the solution and content offered by airline customers via an NDC connectivity.
- Our merchandizing solutions continued to gather interest from our customers. During the first half of the year, 9 airlines signed up for Amadeus Fare Families, and 4 airlines contracted Amadeus Ancillary Services for the indirect channel. In total, at the end of June, 89 airlines had signed up for Amadeus Fare Families (of which 77 have implemented the solution) and 156 had contracted Amadeus Airline Ancillary Services (of which 132 have implemented it).

IT Solutions

Airline IT

- At the close of June, 218 customers had contracted either of the Amadeus Passenger Service Systems (Altéa or New Skies) and 210 had implemented them.
- During the quarter, Azerbaijan Airlines signed for the full Altéa suite and also for Revenue Management solutions. Additionally, Moldavian low cost airline, Flyone, contracted New Skies.
- In March, Philippine Airlines migrated successfully to the Altéa Suite, which it contracted in March last year. Also, Air Tahití contracted for the full Altéa Suite and digital solutions.
- Flybe recently completed the migration to the Altéa Suite, allowing the carrier to offer passengers an enhanced digital experience including personalised offers, tailored pricing and mobile disruption management. The airline also contracted for Revenue Integrity.
- Bangkok Airways migrated to Altéa in July. Also Sun Country migrated to New Skies.

- Our upselling and crosselling efforts continued during the period. In April, Qatar Airways contracted additional functionality to improve its revenue optimization: Amadeus Altéa Revenue Availability with Active Valuation (RAAV) and Amadeus Altéa Booking Intelligence. RAAV calculates real-time availability at Origin & Destination level, and can be customized to help the airline tailor its offer and generate more revenue. Altéa Booking Intelligence helps detect abusive or fraudulent bookings during the booking process in real time and takes corrective actions before the booking is completed.
- In May, LATAM Airlines Group signed a multi-year agreement to implement two components of the Amadeus Sky Suite by Optym: SkyMAX and SkySYM, enabling LATAM to optimize their flight schedules. Thanks to SkyMAX, the airline group will be able to optimize its network and generate new schedules from scratch, allowing LATAM to make deeper changes. SkySYM allows airlines to evaluate and maximize operational performance at the planning stage, prior to releasing schedules to the operating groups.
- In July, Alaska Airlines selected Amadeus as its revenue management partner. With this long-term contract, Alaska Airlines, the fifth largest carrier in the United States following its integration with Virgin America, becomes the first non-Altéa carrier, and the largest globally to use Amadeus Revenue Management.
- Additionally, Cathay Pacific recently contracted for Amadeus Altéa NDC, which will enable the airline to effectively distribute new content and fares through an NDC connectivity across channels, enhancing its retailing capabilities.
- Both Navitaire and Amadeus were granted ONE Order certifications by IATA during the first quarter of 2019. IATA's ONE Order initiative is an industry program which aims to simplify and replace the multiple booking, ticketing, delivering and accounting records with one single order record. In March, Navitaire was granted ONE Order capable certification as Accounting Provider, which recognizes that Navitaire's revenue accounting system supports deployments for ancillaries whose schemas are compliant with the ONE Order message standard. A month later, IATA certified that Amadeus is ONE Order capable as an Order Management System. This means that our ONE Order-based solution can communicate and receive orders from both delivery and accounting systems following the ONE Order standard.

New business

Hospitality

- During the first half of the year we expanded our portfolio of customers.
- Hesperia Hotels & Resorts, a leading Spanish hospitality group with more than 30 hotels and 4,000 rooms around the world, adopted TravelClick's iHotelier Booking Engine 4.0. This web-based solution will allow the hotel group to optimize its distribution strategy and maximize direct bookings.
- We continue enhancing our hotel content offering through the Amadeus system. In April, we announced a landmark partnership with Booking.com. Through this agreement, Booking.com's content will now be available on the Amadeus Travel Platform, and travel sellers will directly benefit from an increase of 30% in the accommodation options made available through Amadeus. Travel sellers will be able to access the new content in the

coming months through multiple points of sale including Amadeus Selling Platform Connect and, for corporate bookers, through Amadeus cytric Travel & Expense.

- Additionally we partnered with Agoda, one of the world's fastest growing online travel agents, to extend our hospitality content offer. Now, all of Agoda's pre-paid hotel content, a total of 150,000 properties, will be available to travel agents through Amadeus at the same price as Agoda's website.
- Finally, we have signed an agreement with Restel, the Spanish hotel booking platform, which sees Amadeus become the only hotel distribution service to offer Restel's portfolio of 200,000 hotel properties.

Airport IT

- During the second quarter of the year, Skyserv, Greece's leading independent ground handler, contracted and implemented Altéa Departure Control System for Ground Handlers for its 37 airports. Following the implementation, Skyserv is now able to manage load control operations centrally from a single location, allowing a reduction in cost and greater efficiency, ensuring more punctuality and a better experience for travelers.
- We also expanded our footprint in North America, with several customers signing up for Amadeus Extended Airline System Environment (EASE), including Eagle County Airport (Colorado), Kelowna International Airport (Canada), South Bend International Airport (Indiana), Santa Barbara Airport (California) and Daytona International Airport (Florida). Carrasco International Airport in Montevideo (Uruguay) contracted Amadeus Passenger Verification, while San Diego Country Regional Airport Authority (U.S.) contracted Amadeus Airport Operational Database and Resource Management System.
- In July, Heydar Aliyev International Airport in Baku (Azerbaijan) became the world's first fully cloud-based airport thanks to the implementation of Amadeus' Airport Common Use Service (ACUS) and Airport Operational Database (AODB). The move represents the first time an airport has relied on the cloud to deliver all its core systems and will mean that now all actors at Baku will be working from a single, real-time and consistent view of operations without the need for manual updates.
- In June, we completed the acquisition of ICM Airport Technics. 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 acquisition brings Amadeus a portfolio of market leading products, complementary to our own components, which puts Amadeus in a stronger position to serve current airport market trends and needs. ICM serves around 25 airports, including some of the most important airports in the world.

Payments

- In May, we launched Amadeus B2B Wallet Partner Pay in partnership with Elavon and Mastercard. This new solution allows agencies to pay using an airline branded virtual card reducing the cost of payments by up to 70% compared to existing methods. Thai Airways and Swedish travel agency, Select Travel, were the pilot customers. The new solution, which is an extension of Amadeus' B2B Wallet, is integrated into the travel agency booking flow allowing each payment to be made by a single use Mastercard virtual card. Elavon acts as the acquirer so the airline can accept payments initiated by a wide variety of issuers within Mastercard's global network. This approach automates payment reconciliation whilst enhancing fraud prevention and protecting agencies from the risk of supplier defaults.

- In June, Ypsilon, one of the largest aggregators of LCC content, integrated Amadeus' B2B Wallet Solution within its booking platform to simplify agent payments to Low Cost Carriers (LCCs). By integrating Amadeus' B2B Wallet solution, agents can now automatically generate a virtual card quickly and simply within the Ypsilon booking flow. Each virtual card is unique to each individual booking making reconciliation simple whilst reducing fraud.

Rail

- In March, Ctrip and Amadeus announced a new distribution agreement through which Ctrip customers from anywhere in the world will be able to book and pay for tickets from Renfe, the Spanish rail operator, in their own language and currency.

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 half of 2019, Amadeus devoted 16.8% of its Group revenue to R&D, which primarily focused on:

- Product evolution 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.
    - For airlines: investment in merchandizing and personalization solutions, enhanced shopping and retailing tools, digital solutions and revenue optimization and financial suites.
    - For travel agencies, meta-search engines and corporations: efforts linked to our cloud-based new-generation selling platform, search engines and our self-booking and travel expense management tools.
    - For the hospitality industry: continued efforts devoted to the evolution of our hospitality platform, including the enhancement of our Central Reservation System, as well as the development of our new-generation Property Management System.
    - Continued development and evolution of our Airport IT, Payments and Rail 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, 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 IT, 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.
- Projects related to our overall infrastructure and processes to improve efficiency and flexibility.

3 Presentation of financial information

The consolidated financial statements of Amadeus IT Group S.A. and subsidiaries are the source to the financial information included in this document. They have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and have been subject to a limited review by the auditors.

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 contribution, 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.

_ Segment contribution is defined as the segment revenue less operating direct costs plus direct capitalizations and research incentives. A reconciliation to EBITDA is included in section 5.
_ EBITDA corresponds to Operating income plus D&A expense. A reconciliation to the financial statements is included in section 6.1.5.
_ The reconciliation of Operating income is included in the Group income statement included in section 6.1.

- 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 6.1.8.
- 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 6.2.1.

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 August 10, 2018, Amadeus announced its agreement to acquire 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. Amadeus received all the necessary regulatory approvals and the closing took place on October 4, 2018. 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 6.2.1 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 half of 2019:

- TravelClick's integration related costs, incurred in the first half of 2019, amounting to €3.7 million (before taxes), of which €1.7 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 half 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 half of 2019:
  - A reduction in revenue and in personnel and other operating expenses amounting to €7.0 million and €1.7 million, respectively, derived from the adjustment to fair value of certain operating liabilities, resulting in a negative impact of €5.3 million to EBITDA. The effects on revenue and other operating expenses from TravelClick's PPA exercise will decrease every quarter throughout 2019, and will not impact 2020.
  - An additional amortization expense of €25.6 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 half of 2019.

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

The financial results displayed in sections 5 "Operating and financial performance by segment" and 6.1 "Group income statement" are presented excluding the non-recurring costs and PPA derived adjustments associated with TravelClick's acquisition.

	(A)		(B)	(A+B)	
H1 2019 financial results (€millions)	Amadeus + TC	Change vs. 2018	Acquisition related costs & PPA	2019 Results	Change vs. 2018
Income statement					
Group revenue	**2,833.6**	**14.4%**	**(7.0)**	**2,826.6**	**14.1%**
Cost of revenue	(722.2)	21.2%	0.0	(722.2)	21.2%
Personnel expenses	(751.6)	12.7%	(1.0)	(752.6)	12.8%
Other operating expenses	(157.8)	21.5%	(1.0)	(158.8)	22.3%
Dep. and amortization	(334.4)	13.5%	(25.6)	(360.0)	22.2%
Operating income	**867.6**	**9.9%**	**(34.6)**	**833.0**	**5.5%**
Net financial expense	(45.9)	137.8%	0.0	(45.9)	137.8%
Other income (expense)	12.5	n.m.	0.0	12.5	n.m.
Profit before income taxes	**834.2**	**8.4%**	**(34.6)**	**799.6**	**3.9%**
Income taxes	(216.5)	8.2%	8.7	(207.8)	3.8%
Profit after taxes	**617.8**	**8.4%**	**(26.0)**	**591.8**	**3.9%**
Share in profit assoc/JV	2.6	(21.2%)	0.0	2.6	(21.2%)
Profit for the period	**620.4**	**8.3%**	**(26.0)**	**594.4**	**3.7%**
EPS (€)	**1.44**	**7.9%**	**(0.06)**	**1.38**	**3.4%**
Adjusted profit	**666.7**	**9.9%**	**(2.8)**	**664.0**	**9.4%**
Adjusted EPS (€)	**1.55**	**9.5%**	**(0.01)**	**1.54**	**9.0%**
Cash flow					
Free cash flow	**451.9**	**(2.0%)**	**(9.7)**	**442.2**	**(4.1%)**
Segment Reporting					
Distribution revenue	1,637.0	4.7%	0.0	1,637.0	4.7%
IT Solutions revenue	1,196.6	31.0%	(7.0)	1,189.6	30.2%
Group revenue	**2,833.6**	**14.4%**	**(7.0)**	**2,826.6**	**14.1%**
Distribution contribution	767.8	2.6%	0.0	767.8	2.6%
IT Solutions contribution	781.7	18.4%	(7.4)	774.3	17.2%
Total contribution	**1,549.5**	**10.0%**	**(7.4)**	**1,542.1**	**9.5%**
Net indirect costs	(356.1)	7.7%	(1.6)	(357.7)	8.2%
EBITDA	**1,193.4**	**10.7%**	**(9.0)**	**1,184.4**	**9.8%**
EBITDA margin	**42.1%**	**(1.4 p.p.)**	**(0.2 p.p.)**	**41.9%**	**(1.6 p.p.)**

	(A)		(B)	(A+B)	
Q2 2019 financial results (€millions)	Amadeus + TC	Change vs. 2018	Acquisition related costs & PPA	2019 Results	Change vs. 2018
Distribution revenue	797.1	3.8%	0.0	797.1	3.8%
IT Solutions revenue	626.6	30.8%	(3.1)	623.5	30.2%
Group revenue	**1,423.7**	**14.2%**	**(3.1)**	**1,420.6**	**13.9%**
Cost of revenue	(364.0)	24.4%	0.0	(364.0)	24.4%
Personnel expenses	(382.1)	11.3%	(0.8)	(382.9)	11.5%
Other operating expenses	(79.5)	14.5%	(0.9)	(80.4)	15.9%
Dep. and amortization	(174.0)	15.8%	(12.9)	(186.9)	24.4%
Operating income	**424.1**	**8.3%**	**(17.7)**	**406.4**	**3.8%**
Net financial expense	(25.2)	173.9%	0.0	(25.2)	173.9%
Other income (expense)	12.7	n.m.	0.0	12.7	n.m.
Profit before income taxes	**411.6**	**7.7%**	**(17.7)**	**393.9**	**3.1%**
Income taxes	(104.7)	5.5%	4.4	(100.3)	1.0%
Profit after taxes	**306.8**	**8.5%**	**(13.2)**	**293.6**	**3.8%**
Share in profit assoc/JV	2.3	(11.5%)	0.0	2.3	(11.5%)
Profit for the period	**309.1**	**8.3%**	**(13.2)**	**295.9**	**3.7%**
EPS (€)	**0.72**	**8.0%**	**(0.03)**	**0.69**	**3.4%**
Adjusted profit	**332.0**	**10.2%**	**(1.8)**	**330.2**	**9.6%**
Adjusted EPS (€)	**0.77**	**9.9%**	**(0.00)**	**0.77**	**9.3%**
EBITDA	**593.6**	**10.1%**	**(4.8)**	**588.8**	**9.2%**
EBITDA margin	**41.7%**	**(1.5 p.p.)**	**(0.2 p.p.)**	**41.4%**	**(1.8 p.p.)**
Cash flow					
Free cash flow	**169.1**	**8.3%**	**(8.4)**	**160.7**	**2.9%**

3.2 ICM Airport Technics acquisition

On May 31, 2019, Amadeus acquired ICM Group Holding Limited and its group of companies, the ultimate head office of ICM Airport Technics ("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 in the second half of 2019.

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[8] are denominated in many currencies different from the Euro, including the US Dollar which represents 35%-45% 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) 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.

In the first half of 2019, foreign exchange fluctuations had a positive impact on both revenue and EBITDA and a negative impact on costs. Both Revenue and EBITDA were also positively impacted,

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

and costs negatively impacted, by foreign exchange effects in the second quarter of the year, albeit to a lesser extent.

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 June 30, 2019, 36% of our total financial debt[9] (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 260,000 shares and a maximum of 1,379,000 shares, approximately. It is Amadeus' intention to make use of its treasury shares to settle these plans at their maturity.

5 Operating and financial performance by segment

As indicated in section 3.1, the financial results displayed in section 5 "Operating and financial performance by segment" are presented excluding the non-recurring costs and PPA derived adjustments associated with TravelClick's acquisition

Segment Reporting (€millions)	Jan-Jun 2019	Jan-Jun 2018	Change
Distribution revenue	1,637.0	1,563.3	4.7%
IT Solutions revenue	1,196.6	913.7	31.0%
Group Revenue	**2,833.6**	**2,477.0**	**14.4%**
Distribution contribution	767.8	748.3	2.6%
IT Solutions contribution	781.7	660.5	18.4%
Total Contribution	**1,549.5**	**1,408.8**	**10.0%**
Net indirect costs	(356.1)	(330.6)	7.7%
EBITDA	**1,193.4**	**1,078.2**	**10.7%**
EBITDA Margin (%)	42.1%	43.5%	(1.4 p.p.)

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

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

5.1 Distribution

Distribution (€millions)	Jan-Jun 2019	Jan-Jun 2018	Change
Operating KPI			
Total bookings (m)	341.6	337.7	1.2%
Financial results			
Revenue	**1,637.0**	**1,563.3**	**4.7%**
Net operating costs	(869.2)	(815.1)	6.6%
Contribution	**767.8**	**748.3**	**2.6%**
As % of Revenue	**46.9%**	**47.9%**	**(1.0 p.p.)**

5.1.1 Evolution of Amadeus bookings

Operating KPI	Apr-Jun 2019	Apr-Jun 2018	Change	Jan-Jun 2019	Jan-Jun 2018	Change
TA air booking industry growth	**(1.4%)**	**4.7%**		**(0.7%)**	**4.3%**	
TA air competitive position[1]	**44.2%**	**43.4%**	**0.8 p.p.**	**44.1%**	**43.5%**	**0.6 p.p.**
TA air bookings (m)	145.2	145.1	0.1%	307.8	305.1	0.9%
Non air bookings (m)	16.6	15.4	8.0%	33.9	32.5	4.1%
Total bookings (m)	**161.8**	**160.5**	**0.8%**	**341.6**	**337.7**	**1.2%**

[1] Competitive position as defined in section 3.

Travel agency air booking industry

In the second quarter of 2019, the travel agency air booking industry declined by 1.4%, impacted by a lower number of working days in the period (partly due to the Easter timing effect, which spread over the first two quarters in 2018 and took place fully in the second quarter, in 2019), and the bankruptcy of a large Indian GDS carrier. Excluding India and the working days impact, the travel agency air booking industry grew modestly in the quarter, led by the North American industry, which accelerated vs. the previous quarter and was one of the fastest growing regions. The industry in both Western Europe and Asia and Pacific were impacted by a number of effects, including strikes, macroeconomic developments and geopolitical events (particularly affecting markets such as Germany, United Kingdom, Scandinavia and Australia) and contracted further in the quarter (both had delivered negative growth in the first quarter of the year). Middle East and Africa, also facing an adverse macroeconomic situation, deteriorated in the period as well.

In the first six months of 2019, the travel agency air booking industry declined by 0.7%. North America was the fastest growing region. In turn, Western Europe, Asia and Pacific and Middle East Africa showed a contraction, impacted by the effects mentioned above. Central, Eastern and Southern Europe recovered from the decline reported in the second half of 2018 and delivered soft growth, while Latin America continued with its volatility and reported limited growth in the period.

Amadeus bookings

Amadeus travel agency air bookings increased by 0.1% in the second quarter of 2019, leading to 0.9% growth in the first six months of 2019. Amadeus bookings outperformed industry growth, supported by continued market share expansion across regions through the second quarter, except for Asia and Pacific. In the first half of 2019, Amadeus bookings grew in all regions (except for Asia and Pacific and Middle East and Africa), and most notably, in North America, our fastest growing region in the period, where our bookings delivered a double-digit growth rate. Amadeus bookings in Western Europe continued its positive growth trend, on the back of market share gains. On the other hand, Amadeus bookings in Asia and Pacific and Middle East and Africa, impacted by the industry's booking decline, showed a contraction. Amadeus Asia and Pacific bookings were also impacted by the cancellation by an Indian GDS carrier of our distribution agreement at the end of 2018, and by the ceasing of operations of an Indian GDS carrier in April 2019. Excluding India, Amadeus' global air bookings grew by 3.3% and our global competitive position[10] expanded by 1.4 p.p. in the six month period.

Amadeus TA air bookings (millions)	Jan-Jun 2019	% of Total	Jan-Jun 2018	% of Total	Change
Western Europe	104.3	33.9%	102.4	33.6%	1.9%
North America	64.8	21.0%	56.8	18.6%	14.0%
Asia and Pacific	54.6	17.8%	64.2	21.1%	(15.0%)
Middle East and Africa	36.3	11.8%	36.6	12.0%	(0.8%)
Central, Eastern and Southern Europe	26.9	8.7%	25.6	8.4%	4.9%
Latin America	20.8	6.8%	19.4	6.4%	7.1%
Amadeus TA air bookings	**307.8**	**100.0%**	**305.1**	**100.0%**	**0.9%**

Amadeus' non air bookings increased by 4.1% in the first half of 2019 vs. prior year, driven by several products, including hotel, rail and car bookings.

[10] Competitive position as defined in section 3.

5.1.2 Revenue

Distribution Revenue (€millions)	Apr-Jun 2019	Apr-Jun 2018	Change	Jan-Jun 2019	Jan-Jun 2018	Change
Revenue	**797.1**	**767.9**	**3.8%**	**1,637.0**	**1,563.3**	**4.7%**

Distribution delivered revenue growth of 3.8% in the second quarter of 2019, driving 4.7% first half growth vs. 2018. This first half performance was positively impacted by foreign exchange effects.

In the first six months of 2019, revenue growth resulted from an increase in bookings of 1.2% and an expansive revenue per booking, driven by booking mix (from a higher weight of global bookings), customer renegotiations and positive foreign exchange effects.

5.1.3 Contribution

Contribution increased by 2.6%, amounting to €767.8 million in the first half of 2019 and representing 46.9% of revenue. Contribution growth resulted from an increase in revenue of 4.7%, as explained in section 5.1.2 above, and 6.6% growth in net operating costs. Contribution was impacted by positive foreign exchange effects in the first half of the year.

Growth in net operating costs in the six-month period resulted from:

- An increase in variable costs, due to (i) a 1.2% increase in travel agency bookings, (ii) a unitary distribution cost expansion, mainly resulting from an increase in our average unitary incentive fee for travel agencies, mostly due to competitive pressure, and (iii) negative foreign exchange effects.
- Limited net fixed cost growth, which mainly resulted from an expansion of our R&D and commercial teams.

5.2 IT Solutions

IT Solutions (€millions)	Jan-Jun 2019	Jan-Jun 2018	Change
Operating KPI			
Passengers boarded (m)	947.0	888.8	6.6%
Financial results			
Revenue	**1,196.6**	**913.7**	**31.0%**
Net operating costs	(414.9)	(253.1)	63.9%
Contribution	**781.7**	**660.5**	**18.4%**
As % of Revenue	**65.3%**	**72.3%**	**(7.0 p.p.)**

5.2.1 Evolution of Amadeus passengers boarded

In the second quarter of 2019, Amadeus passengers boarded grew by 8.3% to 510.8 million, driving first half growth to 6.6%. Growth in the first six months of the year resulted from:

- The impact from customer implementations (including S7 Airlines, Maldivian Airlines, Cyprus Airways and Aeromar in 2018, and Philippine Airlines and Flybe in 2019), partly offset by the de-migration of LATAM Airlines Brasil from our platform during the second quarter of 2018, the ceasing of operations of Germania and bmi Regional, both in February 2019 and the suspension of operations of Avianca Brasil and Avianca Argentina in May 2019 and June 2019, respectively.
- An organic growth of 6.6%.

Passengers boarded (millions)	Apr-Jun 2019	Apr-Jun 2018	Change	Jan-Jun 2019	Jan-Jun 2018	Change
Organic growth[1]	496.3	463.5	7.1%	923.7	866.4	6.6%
Non organic growth[2]	14.5	8.3	74.2%	23.2	22.4	3.8%
Total passengers boarded	**510.8**	**471.9**	**8.3%**	**947.0**	**888.8**	**6.6%**

[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 of the de-migration of LATAM Airlines Brasil from our platform during the second quarter of 2018, the ceasing of operations of Germania and bmi Regional, both in February 2019 and the suspension of operations of Avianca Brasil and Avianca Argentina in May 2019 and June 2019 respectively (for consistency, PB from Avianca Brasil and Avianca Argentina in the first quarter of 2019 have been reclassified from organic to non organic growth).

During the first half of 2019, 60.8% of our passengers boarded were generated outside of Europe. The evolution of Amadeus passengers boarded in Latin America was negatively impacted by the de-migration of LATAM Airlines Brasil from our platform during the second quarter of 2018, as well as the suspension of operations of Avianca Brasil and Avianca Argentina in May 2019 and June 2019, respectively.

Passengers boarded (millions)	Jan-Jun 2019	% of Total	Jan-Jun 2018	% of Total	Change
Asia and Pacific	311.2	32.9%	291.4	32.8%	6.8%
Western Europe	310.4	32.8%	290.8	32.7%	6.7%
North America	128.2	13.5%	119.9	13.5%	6.9%
Middle East and Africa	71.3	7.5%	66.0	7.4%	8.1%
Latin America	64.7	6.8%	72.6	8.2%	(10.9%)
Central, Eastern & Southern Europe	61.2	6.5%	48.0	5.4%	27.4%
Passengers boarded	**947.0**	**100.0%**	**888.8**	**100.0%**	**6.6%**

5.2.2 Revenue

IT Solutions Revenue (€millions)	Apr-Jun 2019	Apr-Jun 2018	Change	Jan-Jun 2019	Jan-Jun 2018	Change
Revenue	**626.6**	**479.1**	**30.8%**	**1,196.6**	**913.7**	**31.0%**

IT Solutions revenue increased by 30.8% in the second quarter of 2019, or 31.0% in the first half of 2019. Revenue growth was driven by both Airline IT and our new businesses:

- Airline IT continued delivering healthy growth, 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, offseting the average PSS pricing dilution effect resulting from the increasing weight of low cost and hybrid carriers on our customer base, and (ii) positive foreign exchange effects.
- New businesses grew strongly in the first six months of the year, boosted by the TravelClick consolidation and a double-digit revenue growth rate delivered by our new businesses excluding TravelClick.

5.2.3 Contribution

Contribution expanded by 18.4% in the first six months of 2019, amounting to €781.7 million. This positive performance was the combination of 31.0% revenue growth, as explained in section 5.2.2 above, and 63.9% increase in our net operating costs. Contribution growth was impacted by positive foreign exchange effects in the first half of the year.

Growth in net operating costs in the six-month period was highly impacted by the consolidation of TravelClick. Excluding TravelClick, underlying growth in net operating costs resulted from:

- Higher personnel-related expenses, driven by the reinforcement of our commercial teams to better support the expansion of our product offering and customer base, as well as, increased R&D expenditure dedicated to our airline IT portfolio evolution and expansion and to our new businesses, coupled with growth in unit personnel cost.
- An increase in several cost lines, such as bad debt provisions, which by nature may show a more volatile behavior per quarter.
- A lower capitalization ratio, impacted by project mix.
- Negative foreign exchange effects.

5.3 EBITDA

In the second quarter of 2019, EBITDA amounted to €593.6 million, a 10.1% increase vs. the second quarter of 2018. EBITDA growth was driven by a higher contribution from our Distribution and IT Solutions businesses, an increase in net indirect costs and the TravelClick consolidation effect. EBITDA growth was positively impacted by foreign exchange effects. EBITDA margin was 41.7% in the period, 1.5 p.p. lower than the second quarter of last year, impacted by the consolidation of TravelClick.

In the first half of 2019, EBITDA increased by 10.7% to €1,193.4 million. EBITDA growth resulted from the positive performances of Distribution and IT Solutions, partly offset by an increase in net indirect costs. EBITDA growth was positively impacted by foreign exchange effects in the period (see section 4.1 for details on the exposure of our operating results to foreign exchange fluctuations). In the first half of the year, EBITDA margin declined by 1.4 p.p. to 42.1%, impacted by the TravelClick consolidation.

Net indirect costs increased by 7.7% in the first six months of the year vs. the same period of 2018, mainly driven by increased resources in our corporate functions to support our business expansion, the addition of TravelClick's indirect costs and negative foreign exchange effects.

6 Consolidated financial statements

As indicated in section 3.1, the financial results displayed in section 6.1 "Group income statement" are presented excluding the non-recurring costs and PPA derived adjustments associated with TravelClick's acquisition.

6.1 Group income statement

Income Statement (€millions)	Apr-Jun 2019	Apr-Jun 2018	Change	Jan-Jun 2019	Jan-Jun 2018	Change
Revenue	**1,423.7**	**1,247.0**	**14.2%**	**2,833.6**	**2,477.0**	**14.4%**
Cost of revenue	(364.0)	(292.5)	24.4%	(722.2)	(595.9)	21.2%
Personnel expenses	(382.1)	(343.4)	11.3%	(751.6)	(667.2)	12.7%
Other operating exp.	(79.5)	(69.4)	14.5%	(157.8)	(129.8)	21.5%
D&A	(174.0)	(150.3)	15.8%	(334.4)	(294.5)	13.5%
Operating income	**424.1**	**391.4**	**8.3%**	**867.6**	**789.6**	**9.9%**
Net financial expense	(25.2)	(9.2)	173.9%	(45.9)	(19.3)	137.8%
Other income (expense)	12.7	(0.1)	n.m.	12.5	(0.5)	n.m.
Profit before income tax	**411.6**	**382.1**	**7.7%**	**834.2**	**769.8**	**8.4%**
Income taxes	(104.7)	(99.3)	5.5%	(216.5)	(200.1)	8.2%
Profit after taxes	**306.8**	**282.8**	**8.5%**	**617.8**	**569.7**	**8.4%**
Share in profit from associates and JVs	2.3	2.6	(11.5%)	2.6	3.3	(21.2%)
Profit for the period	**309.1**	**285.4**	**8.3%**	**620.4**	**573.0**	**8.3%**
EPS (€)	**0.72**	**0.66**	**8.0%**	**1.44**	**1.33**	**7.9%**
Key financial metrics						
EBITDA	**593.6**	**539.2**	**10.1%**	**1,193.4**	**1,078.2**	**10.7%**
EBITDA margin (%)	41.7%	43.2%	(1.5 p.p.)	42.1%	43.5%	(1.4 p.p.)
Adjusted profit[1]	**332.0**	**301.2**	**10.2%**	**666.7**	**606.8**	**9.9%**
Adjusted EPS (€)[2]	**0.77**	**0.70**	**9.9%**	**1.55**	**1.41**	**9.5%**

[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.

6.1.1 Revenue

In the second quarter of 2019, revenue amounted to €1,423.7 million, growing 14.2% vs. prior year. For the first half of 2019, revenue increased by 14.4% to €2,833.6 million. Revenue growth was a combination of:

- An increase of 3.8% in Distribution in the second quarter of 2019, driving 4.7% growth for the first half period.
- An increase of 30.8% in IT Solutions in the second quarter of 2019, or 31.0% in the first half of the year.

In the first six months of 2019, revenue growth was impacted by positive foreign exchange effects.

See sections 5.1.2. and 5.2.2. for more detail on revenue growth in Distribution and IT Solutions.

Revenue (€millions)	Apr-Jun 2019	Apr-Jun 2018	Change	Jan-Jun 2019	Jan-Jun 2018	Change
Distribution	797.1	767.9	3.8%	1,637.0	1,563.3	4.7%
IT Solutions	626.6	479.1	30.8%	1,196.6	913.7	31.0%
Revenue	**1,423.7**	**1,247.0**	**14.2%**	**2,833.6**	**2,477.0**	**14.4%**

6.1.2 Cost of revenue

These costs are mainly related to: (i) incentive fees paid to travel agencies, (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 and (iv) fees paid in relation to advertising and data analytics activities within our Hospitality IT business.

In the second quarter of 2019, cost of revenue amounted to €364.0 million, 24.4% higher than in the same period of 2018. In the first half of the year, cost of revenue grew by 21.2%. The increase in cost of revenue was highly impacted by the consolidation of TravelClick. Underlying growth excluding TravelClick resulted from:

- 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.
- An increase in data communication expenses.
- Negative foreign exchange effects.

6.1.3 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. 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, net of capitalizations, increased by 11.8% in the second quarter of 2019, or by

14.1% in the first half of 2019, vs. prior year, highly impacted by the consolidation of TravelClick. Growth in our net fixed cost base resulted from:

- A 12% increase in average FTEs (permanent staff and contractors), due to (i) higher resources devoted to R&D (see further details in sections 2.2 and 6.3.2), (ii) the expansion of our commercial teams and customer support units to support the ongoing customer implementations and commercial activities, (iii) an increase in headcount in our corporate function, driven by the geographical and business expansion, and (iv) the addition of TravelClick's employees. Excluding TravelClick, Amadeus FTEs grew by 5% in the quarter.
- Growth in unit personnel cost, as a result of our global salary increase.
- Growth in non-personnel related expenses, such as computing costs.
- A negative impact from foreign exchange effects.

Personnel + Other op. expenses (€millions)	Apr-Jun 2019	Apr-Jun 2018	Change	Jan-Jun 2019	Jan-Jun 2018	Change
Personnel + Other operating expenses	(461.6)	(412.8)	11.8%	(909.4)	(797.0)	14.1%

6.1.4 Depreciation and amortization

Depreciation and amortization (including capitalized D&A) was 12.9% higher in the first half of 2019 vs. the same period in 2018. In particular, ordinary D&A grew by 13.5% in the period, driven by 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, to a lesser extent, an increase in depreciation expense related to hardware and software acquired. Depreciation and amortization was also impacted by the consolidation of TravelClick.

In the second quarter of 2019, impairment losses amounted to €5.8 million, and were mostly related to (i) developments carried out for airline customers that have suspended or ceased operations, and (ii) investments related to new solutions or technology which did or will not deliver the expected benefits.

Depreciation & Amort. (€millions)	Apr-Jun 2019	Apr-Jun 2018	Change	Jan-Jun 2019	Jan-Jun 2018	Change
Ordinary D&A	(143.1)	(126.6)	13.0%	(278.5)	(245.4)	13.5%
Amortization derived from PPA	(25.1)	(23.7)	6.0%	(50.1)	(49.1)	2.0%
Impairments	(5.8)	0.0	n.m.	(5.8)	0.0	n.m.
D&A	**(174.0)**	**(150.3)**	**15.8%**	**(334.4)**	**(294.5)**	**13.5%**
Capitalized D&A[1]	4.5	2.5	80.0%	8.6	5.9	45.8%
D&A post-capitalizations	**(169.5)**	**(147.8)**	**14.7%**	**(325.8)**	**(288.6)**	**12.9%**

[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

6.1.5 Operating income

Operating Income in the second quarter of 2019 increased by 8.3%. In the first half of the year, operating income grew by 9.9% to €867.7 million, as a result of EBITDA expansion, partly offset by higher D&A charges.

See section 5.3 for more detail on EBITDA growth.

Operating income – EBITDA (€millions)	Apr-Jun 2019	Apr-Jun 2018	Change	Jan-Jun 2019	Jan-Jun 2018	Change
Operating income	**424.1**	**391.4**	**8.3%**	**867.6**	**789.6**	**9.9%**
Depreciation and amortization	174.0	150.3	15.8%	334.4	294.5	13.5%
Capitalized depreciation and amortization	(4.5)	(2.5)	80.0%	(8.6)	(5.9)	45.8%
EBITDA	**593.6**	**539.2**	**10.1%**	**1,193.4**	**1,078.2**	**10.7%**
EBITDA margin (%)	41.7%	43.2%	(1.5 p.p.)	42.1%	43.5%	(1.4 p.p.)

6.1.6 Net financial expense

Net financial expense increased by €26.6 million in the first six months of 2019, mainly due to non-operating exchange losses amounting to €21.7 million, compared to €2.3 million gains in the same period of 2018. Non-operating exchange losses in the first half of the year mostly respond to hedging costs and results in relation to a USD-denominated intercompany loan, linked to TravelClick's acquisition. See section 3.1 for details on TravelClick's acquisition.

Interest expense grew by €2.9 million or 16.2% in the period, as a consequence of a higher amount of average gross debt outstanding and, to a lesser extent, a higher average cost of debt, in the period compared to the first half of 2018.

Net financial expense (€millions)	Apr-Jun 2019	Apr-Jun 2018	Change	Jan-Jun 2019	Jan-Jun 2018	Change
Financial income	0.6	0.4	50.0%	0.7	0.6	16.7%
Interest expense	(10.6)	(9.9)	7.1%	(20.8)	(17.9)	16.2%
Other financial expenses	(1.8)	(1.4)	28.6%	(4.1)	(4.3)	(4.7%)
Exchange gains (losses)	(13.4)	1.7	n.m.	(21.7)	2.3	n.m.
Net financial expense	**(25.2)**	**(9.2)**	**173.9%**	**(45.9)**	**(19.3)**	**137.8%**

6.1.7 Income taxes

Income taxes amounted to €216.5 million in the first six months of 2019, 8.2% higher than in the same period of 2018. The income tax rate for the first half of 2019 was 25.9%, broadly in line with the 26.0% reported in the first half of 2018 and higher than the 25.2% reported in full-year 2018. The increase in income tax rate vs. the full-year 2018 was mainly driven by changes in tax regulation across countries. The tax rate for the first half of the year was 25.9%, lower than 26.4% reported in the first quarter of 2019, as a result of an increase in deductions associated with R&D expected for the year.

6.1.8 Profit for the period. Adjusted profit

Reported profit amounted to €620.4 million in the first half of 2019, an 8.3% 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 9.9% to €666.7 million in the first six months of 2019.

Reported-Adj. profit (€millions)	Apr-Jun 2019	Apr-Jun 2018	Change	Jan-Jun 2019	Jan-Jun 2018	Change
Reported profit	309.1	285.4	8.3%	620.4	573.0	8.3%
Adjustments						
Impact of PPA[1]	17.7	17.0	4.4%	35.1	35.2	(0.3%)
Non-operating FX results[2]	10.4	(1.3)	n.m.	16.5	(1.8)	n.m.
Non-recurring items	(9.7)	0.1	n.m.	(9.7)	0.4	n.m.
Impairments	4.4	0.0	n.m.	4.4	0.0	n.m.
Adjusted profit	**332.0**	**301.2**	**10.2%**	**666.7**	**606.8**	**9.9%**

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

6.1.9 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 6.1.8). In the first half of 2019, our reported EPS increased by 7.9% to €1.44 and our adjusted EPS by 9.5% to €1.55.

Earnings per share	Apr-Jun 2019	Apr-Jun 2018	Change	Jan-Jun 2019	Jan-Jun 2018	Change
Weighted average issued shares (m)	438.8	438.8		438.8	438.8	
Weighted average treasury shares (m)	(8.2)	(9.4)		(8.2)	(9.4)	
Outstanding shares (m)	**430.6**	**429.5**	**0.3%**	**430.6**	**429.5**	**0.3%**
EPS (€)[1]	**0.72**	**0.66**	**8.0%**	**1.44**	**1.33**	**7.9%**
Adjusted EPS (€)[2]	**0.77**	**0.70**	**9.9%**	**1.55**	**1.41**	**9.5%**

[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.

6.2 Statement of financial position (condensed)

Statement of financial position (€millions)	Jun 30,2019	Dec 31,2018
Property, plant and equipment	422.5	433.2
Right-of-use assets	328.1	351.2
Intangible assets	4,172.2	4,093.8
Goodwill	3,636.5	3,598.0
Other non-current assets	335.5	282.8
Non-current assets	8,894.8	8,759.0
Current assets	913.2	808.5
Cash and equivalents	543.2	562.6
Total assets	**10,351.2**	**10,130.1**
Equity	3,515.7	3,191.7
Non-current debt	2,855.1	2,898.1
Other non-current liabilities	1,321.7	1,347.2
Non-current liabilities	4,176.8	4,245.3
Current debt	903.6	986.9
Other current liabilities	1,755.1	1,706.2
Current liabilities	2,658.7	2,693.1
Total liabilities and equity	**10,351.2**	**10,130.1**
Net financial debt (as per financial statements)	3,215.5	3,322.4

6.2.1 Financial indebtedness

Indebtedness[1] (€millions)	Jun 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	13.4	23.9	(10.6)
Obligations under finance leases	84.8	90.1	(5.3)
Financial debt	**3,508.2**	**3,636.6**	**(128.4)**
Cash and cash equivalents	(543.2)	(562.6)	19.4
Net financial debt	**2,965.0**	**3,074.0**	**(109.0)**
Net financial debt / LTM EBITDA	**1.37x**	**1.47x**	
Reconciliation with financial statements			
Net financial debt (as per financial statements)	**3,215.5**	**3,322.4**	**(106.9)**
Interest payable	(16.5)	(5.5)	(11.0)
Deferred financing fees	12.9	14.9	(2.0)
EIB loan adjustment	1.3	1.9	(0.6)
Operating lease liabilities	(248.2)	(259.7)	11.5
Net financial debt (as per credit facility agreements)	**2,965.0**	**3,074.0**	**(109.0)**

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

Net financial debt, as per our credit facility agreements' terms, amounted to €2,965.0 million at June 30, 2019 (representing 1.37x times last-twelve-month EBITDA).

The main changes to our debt in the first half 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 June 30, 2019.

Under our credit facility agreements' terms, financial debt (i) does not include the accrued interest payable (€16.5 million at June 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 €12.9 million at June 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 (€1.3 million at June 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 €248.2 million at June 30, 2019.

6.3 Group cash flow

Consolidated Statement of Cash Flows (€millions)	Apr-Jun 2019	Apr-Jun 2018	Change	Jan-Jun 2019	Jan-Jun 2018	Change
EBITDA	588.8	539.2	9.2%	1,184.4	1,078.2	9.8%
Change in working capital	(146.8)	(108.2)	35.7%	(212.3)	(176.4)	20.4%
Capital expenditure	(170.5)	(179.6)	(5.1%)	(369.9)	(342.5)	8.0%
Pre-tax operating cash flow	**271.5**	**251.4**	**8.0%**	**602.3**	**559.3**	**7.7%**
Taxes paid	(107.1)	(91.8)	16.7%	(153.7)	(92.3)	66.5%
Interest & financial fees paid	(3.7)	(3.5)	6.5%	(6.4)	(5.8)	10.6%
Free cash flow	**160.7**	**156.1**	**2.9%**	**442.2**	**461.2**	**(4.1%)**
Equity investment[1]	(42.8)	(0.1)	n.m.	(42.8)	(7.1)	n.m.
Cash flow from non-operating & extraord. Items[2]	(16.2)	1.3	n.m.	(31.0)	(14.0)	121.3%
Debt payment	(357.0)	142.5	n.m.	(159.9)	172.1	n.m.
Cash to shareholders	(7.7)	(312.1)	(97.5%)	(227.3)	(653.0)	(65.2%)
Change in cash	**(263.0)**	**(12.3)**	**n.m.**	**(18.9)**	**(40.9)**	**(53.7%)**
Cash and cash equivalents, net[3]						
Opening balance	805.8	550.6		561.7	579.1	
Closing balance	542.8	538.3		542.8	538.3	

[1] Equity investments in the first half 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 half of the year mostly respond to hedging results 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 half of 2019, Amadeus Group free cash flow amounted to €442.2 million, 4.1% lower than the first half of 2018, impacted by an increase in taxes paid in the first quarter of 2019. Amadeus Group pre-tax free cash flow grew by 7.7% in the period. Free cash flow was also impacted by non-recurring costs related to TravelClick's acquisition, amounting to €9.7 million, paid in the first half of 2019. Excluding these non-recurring costs paid in relation to TravelClick's acquisition, pre-tax free cash flow increased by 9.4%. See section 3.1 for further explanation about TravelClick's acquisition effects.

In the second quarter of 2019, Amadeus Group free cash flow amounted to €160.7 million, an increase of 2.9% vs. the same period of 2018. Excluding non-recurring TravelClick's acquisition costs, free cash flow increased by 8.3% in the quarter.

6.3.1 Change in working capital

In the first half of 2019, the working capital outflow increased by €35.9 million, or 20.4%, 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, partly related to VAT reimbursements.

6.3.2 Capital expenditure, R&D investment

The table below details the capital expenditure in the period, 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 second quarter of 2019, capex decreased by €9.1 million, or 5.1%. In the first half of the year, capex amounted to €369.9 million, an increase of 8.0% vs. previous year. As a percentage of revenue, capex decreased by 0.7 p.p. to 13.1% in the six-month period.

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

- A €39.7 million, or 14.0% 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) and, to a lesser extent, an increase in signing bonuses paid. The TravelClick consolidation also contributed to the increase in capex in intangible assets.
- A €12.3 million, or 20.9% 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)	Apr-Jun 2019	Apr-Jun 2018	Change	Jan-Jun 2019	Jan-Jun 2018	Change
Capital Expenditure PP&E	16.2	29.6	(45.3%)	46.6	58.9	(20.9%)
Capital Expenditure in intangible assets	154.3	150.0	2.8%	323.3	283.6	14.0%
Capital Expenditure	**170.5**	**179.6**	**(5.1%)**	**369.9**	**342.5**	**8.0%**
As % of Revenue	12.0%	14.4%	(2.4 p.p.)	13.1%	13.8%	(0.7 p.p.)

R&D investment

R&D investment (including both capitalized and non-capitalized expense) increased by 18.0% in the first half of 2019 vs. prior year. As a percentage of revenue, R&D investment amounted to 16.8%. 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.).
- Higher efforts dedicated to our new businesses, particularly in Hospitality (including the consolidation of TravelClick), Payments and Rail.
- Investments focus on cloud services and continued enhancement of our overall infrastructure and processes to enhance efficiency, flexibility, availability and security.

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)	Apr-Jun 2019	Apr-Jun 2018	Change	Jan-Jun 2019	Jan-Jun 2018	Change
R&D investment[1]	**251.8**	**208.3**	**20.8%**	**473.6**	**401.3**	**18.0%**
As % of Revenue	17.7%	16.7%	1.0 p.p.	16.8%	16.2%	0.6 p.p.

[1] Net of Research Tax Credit.

6.3.3 Taxes paid

Cash taxes increased by €61.4 million, or 66.5%, in the first half of 2019 vs. previous year, mainly due to no reimbursements from taxes paid in previous years in the first half of 2019, compared to reimbursements received from previous years in the first half 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.

Interim Consolidated Directors' Report for the six months period ended June 30, 2019 (Millions of euros)

7 Investor information

7.1 Capital stock. Share ownership structure

As of June 30, 2019, Amadeus' capital stock amounts 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 June 30, 2019 is as described in the table below:

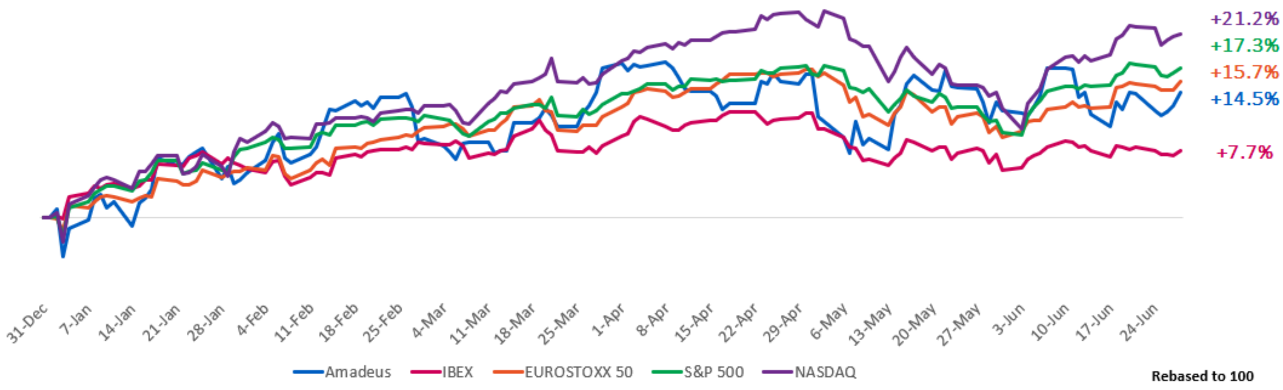
Shareholders	Shares	% Ownership
Free float	430,605,973	99.85%
Treasury shares[1]	304,364	0.07%
Board members	358,099	0.08%
Total	**431,268,436[2]**	**100.00%**

[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.
[2] Total number of Amadeus shares after the share capital reduction approved by the General Shareholders Meeting on June 19, 2019, which was registered with the Commercial Registry of Madrid on July 11, 2019.

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)	438,822,506
Share price at June 30, 2019 (in €)	69.66
Maximum share price in Jan - Jun 2019 (in €) (April 8, 2019)	71.80
Minimum share price in Jan - Jun 2019 (in €) (January 3, 2019)	58.06
Market capitalization at June 30, 2019 (in € million)	30,568
Weighted average share price in Jan - Jun 2019 (in €)[1]	67.47
Average Daily Volume in Jan - Jun 2019 (# shares)	1,406,001

[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 Other additional information

8.1 Explanatory notes to the stand-alone statement of income

The stand-alone statement of income of the issuing Entity for the six-month period ended June 30, 2018 and 2017, respectively, is as follows:

Amounts in millions of Euros	June 30, 2019 UNAUDITED	June 30, 2018 UNAUDITED
Services rendered	2,411.3	2,313.8
Net trade revenue	**2,411.3**	**2,313.8**
Less charges to fixed assets	65.9	69.3
Other operating income	31.3	3.8
Personnel expenses	(63.6)	(56.3)
Operating expenses	(2,080.5)	(1,958.7)
Depreciation and amortisation of non-current assets	(145.4)	(138.6)
Operating profit	216.3	233.3
Financial income	311.9	196.2
Financial expenses	(22.4)	(18.7)
Exchange rate differences	(22.4)	(4.6)
Impairment and gains / (losses) on disposal of financial instruments	12.0	0.6
Financial profit / (loss)	279.1	173.5
Profit before taxes	495.4	406.8
Corporate income tax	(76.7)	(62.9)
Profit after taxes	418.7	343.9

The main variations for the first half of 2019 in comparison with the same period of 2018, are as follows:

- Net trade revenues include the income earned by Amadeus IT Group, S.A. while executing its activities during 2019 and 2018, amounting to €2,411.3 million and €2,313.8 million, respectively. Additionally, the operating profit amounts to €216.3 million during 2019 and €233.3 million during 2018.
- The financial result mainly registers dividends received from Group companies during the first half of 2019 and 2018, amounting to €281.8 million and €187.7 million, respectively.
- The net result for the first half of the year has increased to €418.7 million during 2019 from €343.9 million during 2018.

8.2 Key risk factors and uncertainties

There are a number of risks and uncertainties of diverse nature, both related to our business and the industry in which we operate, as well as to the financial markets, which could affect our financial condition and results in the second half of 2019. The most significant are described below.

In addition to a number of hedging instruments to manage our interest rate and exchange rate related risks (as described in section 4), Amadeus regularly evaluates and puts in place a number of processes towards the identification, control and management of potential risks, and designs specific systems in order to manage and mitigate such risks.

Risks related to the current macro-economic environment

Amadeus is a leading technology provider to the travel industry. We connect the travel ecosystem -travel providers, travel sellers and travellers - at every stage of the journey. Our technology allows travel players to manage their operations with greater efficiency and serve their customers better. We operate transaction-based business models linked to global travel volumes (mainly bookings made by travel agencies connected to the Amadeus system, or passengers boarded by airlines using our IT solutions). Our businesses and operations are therefore largely dependent on the global travel and tourism industry, which is sensitive to general economic conditions and trends.

The International Monetary Fund believes that global economic growth will decelerate to 3.3%[11] in 2019, vs. the 3.6% global growth reached in 2018:

- Advanced economies are projected to grow 1.8% in 2019, representing a 0.4 p.p. drop vs. 2018, driven by the United States (2.3% in 2019, vs. 2.9% in 2018), the Euro Area (1.3% in 2019, vs. 1.8% in 2018), the UK (1.2% in 2019, vs. 1.4% in 2018) and Japan (1.0% in 2019, vs. 0.8% in 2018).
- Emerging markets and developing economies should grow 4.4%, in line with the 4.5% growth rate achieved in 2018, with a slowdown in the growth rates of China and Russia offset by accelerations in Brazil and Sub-Saharan Africa.

This deceleration of economic growth, coupled with the rise in oil prices have led IATA to forecast a deceleration in air traffic, which they estimate will grow by 5.0% in 2019[12] (vs. a 7.4% growth reported in 2019[12]). Asia-Pacific and Latin America should be the fastest growing regions (6.3% and 6.2% respectively), while Europe is expected to grow by 4.9%. Both North America and Africa are estimated to grow by 4.3% and the Middle East, the slowest growing region, is expected to expand by 2.0%.

Execution risk related to the migration of new customers

Part of our future growth is linked to contracts within the IT Solutions business. Under these contracts, we have to undertake complex work in order to migrate these clients onto our platforms. Successful execution of these migration processes is key. We have a strong implementation track record in Airline IT and significant in-house expertise. However, failure to deliver or to seamlessly implement our clients in Airline IT and in other new IT verticals (such as Hospitality IT, Rail IT, Airport IT) could impact our future growth.

[11] As reported in the World Economic Outlook Update – April 2019

[12] As reported in the IATA Airline Industry Economic Performance – June 2019

8.3 Environmental sustainability

Amadeus' operations involve relatively low environmental risks and impacts compared with other industries. Nonetheless, with a workforce of more than 17,000 people, commercial presence in more than 190 countries and operating in a high-energy intensity industry like travel, we acknowledge our responsibility to minimize the company's environmental impact and to make our contribution to the sustainability of the travel industry.

Amadeus has defined a holistic approach to environmental sustainability, conscious that action is required internally, externally and in cooperation with industry peers. In line with that, our environmental strategy is built upon three pillars:

8.3.1 Environmental efficiency of Amadeus' operations

We address the impact of our operations and the concerns of travel industry stakeholders, including customers, providers, employees, partners, regulatory bodies and the society in general.

We believe our foremost responsibility is to manage the environmental impact of our operations. The fact that economic and environmental interests sometimes go hand-in-hand facilitates action in reducing resource consumption.

Amadeus Environmental Management System (EMS) is the principal tool we use in Amadeus to address our environmental impact. The Amadeus EMS includes a systematic approach by which we:

- Measure resource consumption
- Identify best practices
- Implement actions for improvement and
- Follow up regarding results and next steps

The items covered by the EMS include energy use, CO_2 emissions, paper consumption, water use and waste generated. On the other hand, the EMS scope includes direct measurements at the top 14 Amadeus sites by number of employees, which together represent more than 70% of the total workforce. The remaining 30% is estimated based on average consumption of the 14 sites. Importantly, the Amadeus data center in Erding, Germany, is included in direct reporting of the EMS.

8.3.2 Helping our customers to improve their environmental performance

A principal component of Amadeus' value proposition is based on increasing operational efficiencies for our customers through our IT solutions. Often, the increased efficiencies mean more productivity, reduced costs, better use of infrastructure and environmental benefits.

In the following paragraphs we describe four examples of Amadeus solutions that contribute to improving the environmental performance of our customers.

i) Reducing fuel use and emissions with Amadeus Altéa Management

Thanks to the use of optimization tools, Amadeus Altéa Departure Control System (DCS) Flight Management (FM) helps customers to save a significant amount of fuel and greenhouse gas emissions, compared with less sophisticated technologies currently in the market.

In order to quantify the savings described above, we have worked with customers to analyze the environmental benefits of the solution in terms of fuel and emissions saved. The analysis proved a higher precision from Altéa DCS FM when estimating the zero fuel weight of the aircraft (EZFW). This increased precision translates into improvements in the estimation of the fuel needed for each flight, resulting in significant savings in costs, fuel and emissions.

ii) Amadeus Airport Sequence Manager

Amadeus Airport Sequence Manager helps airports to optimize the flight departure process. The solution relies on sophisticated sequencing algorithms to calculate the Target Start-Up Approval Time (TSAT) for each departing flight. This allows the aircraft to leave the stand at the last possible moment, reducing fuel burn, economic costs and environmental impact, enabling better allocation of resources. Runway capacity can therefore be optimized at times of congestion, or de-icing processes taken into account during winter season. As a collaborative tool, Amadeus Airport Sequence Manager creates a shared situational awareness among all airport partners.

Amadeus launched Airport Sequence Manager in collaboration with Munich Airport – one of the busiest European airports.

iii) Amadeus Airport Common Use Service (ACUS)

With ACUS, airports are able to transfer hosting and development responsibilities to Amadeus. Our full, thin client solution and application virtualization approach reduce the requirement for costly on-site hardware equipment, servers and local data centers, as well as IT maintenance. This generates substantial operational savings for the airport and reduces the overall environmental footprint. Energy consumption is substantially lower compared to traditional common use solutions.

iv) Managing disruptions with Amadeus Schedule Recovery

Amadeus Schedule Recovery minimizes disruptions to airline operations caused by external events such as bad weather or air traffic congestion. The solution, among other features, helps to accommodate to the new situation, minimizing operational costs and environmental impact.

8.3.3 Cooperation with travel industry stakeholders in sustainability projects

The environmental sustainability of the travel industry is a common objective for all industry stakeholders. At Amadeus, we offer our data management capability, technology, expertise and network to make our contribution towards industry sustainability.

We include below some examples of our participation in projects with industry stakeholders in relation to environmental sustainability objectives.

i) Industry standards for carbon calculation per passenger in aviation

The calculation of emissions per passenger in aviation is complicated for various reasons and therefore, different calculation methodologies offer considerably different emissions estimations for the same itinerary. It is important that a standard calculation methodology complies with requirements related to commercial neutrality, global reach and the legitimacy to represent the industry.

The International Civil Aviation Organisation (ICAO) and Amadeus reached an agreement by which Amadeus uses ICAO's carbon calculator to display in our distribution platforms the CO2 emissions estimations per passenger. Thanks to this cooperation, we contribute to raise environmental awareness among travelers.

ICAO's carbon calculator brings the benefits of commercial neutrality, legitimacy to represent the aviation industry and global reach.

Our agreement with ICAO has also encouraged the development of local initiatives to support the use of ICAO's carbon calculator and the offsetting of travel related emissions. This includes the development of mid- and back-office solutions that include post-trip carbon reporting, as well as facilitating access to carbon offsetting schemes.

ii) Participation in forums and research

It's fundamental that industry stakeholders work together and agree on strategies and responsibilities towards sustainability. From Amadeus we participate in various events and specific initiatives with UN agencies, academia and trade associations.

We have produced, in cooperation with Griffith University (Australia) the white paper Carbon Reporting in Travel and Tourism. This research document intends to gain knowledge regarding current status of various carbon reporting initiatives in the travel industry and promote the awareness and reduction of carbon emissions in the industry.

Our support to UNFCCC has led us to sign and promote the UN Climate Neutral Now Pledge. In line with the Paris Climate Change Agreement, the signatories of this pledge commit to become carbon neutral by 2050.

We participate in the production of the Global Sustainable Tourism Dashboard by sharing aggregated travel data. It is developed in cooperation with the University of Surrey (UK) and the Griffith Institute for Tourism (Australia). The Global Sustainable Tourism Dashboard provides a broad insight into how the travel sector is contributing to key sustainability goals.

Amadeus in sustainability indices

Regarding our sustainability efforts, it's important for us to receive feedback from external sustainability indices, in order to understand how we perform as compared to other companies, to identify areas of focus for the future and to improve the quality and transparency of our non-financial reporting.

Since 2012 Amadeus has remained for seven consecutive years among top sustainability scorers and therefore, included in the Dow Jones Sustainability Index (DJSI). We have also remained in the FTSE4Good index, and our latest score in CDP (formerly Carbon Disclosure Project) is B-.

ended June 30, 2019 (Millions of euros)

Climate change-related risks and

The Amadeus' risk and opportunity analysis regarding climate change identifies physical, regulatory and reputational risks related to the impact of climate change in our operations, although the probability and impact of these risks remain relatively low.

On the other hand, the opportunities for Amadeus business related to climate change are mainly linked to the possibility of launching new products and services that help customers to address climate change impacts, as well as to improve our competitive positioning.

8.4 Treasury shares

The movement of the carrying amounts for the six months period ended June 30, 2019, of the treasury shares is set forth in the table below:

	Treasury Shares
Carrying amount at December 31, 2018	8,214,289
Acquisitions	110,750
Retirements	(466,605)
Share capital reduction	(7,554,070)
Carrying amount at June 30, 2019	304,364

On December 6, 2018, the Share Buy-back and Programme was terminated. 7,554,070 shares were acquired under this programme by a total amount of €500.0 million (including transaction fees amounting to €2.8 million). These shares have been amortized as a consequence of the reduction in share capital agreed by the General Shareholders' Meeting on June 19, 2019, mentioned above.

The historical cost for treasury shares retired (primarily for the settlement of the Restricted Share Plan and Performance Share Plan) is deducted from the "Additional paid-in capital" caption of the consolidated statement of financial position.

The Group holds treasury shares for the future specific share delivery commitments with the Group employees and management.

8.5 Subsequent events

As of the date of issuance of this Directors' report, no significant subsequent events have occurred after the reporting period that might affect the Group and that should be included thereto.

9 Key terms

- "API": refers to "Application Programming Interface"
- "D&A": refers to "depreciation and amortization"
- "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