Management Review January-March 2019

May 8, 2019

Index

1 Summary

1.1 Introduction

Highlights for the first three months ended March 31, 2019

- In Distribution, our travel agency air bookings grew 1.6%, to 162.6 million
- In IT Solutions, our passengers boarded increased 4.6%, to 436.1 million
- Revenue grew by 14.6%[1], to €1,409.9 million
- EBITDA increased by 11.3%[1], to €599.8 million
- Adjusted profit[2] increased by 9.5%[1], to €334.7 million
- Free Cash Flow was €282.7 million[3], decreasing 7.3% (7.8% increase pre-tax)
- Net financial debt[4] was €3,038.2 million at March 31, 2019 (1.43 times last-twelve-month EBITDA[4])

In the first quarter of 2019, Amadeus' Revenue and EBITDA grew at double-digit growth rates, expanding by 14.6%[1] and 11.3%[1], respectively, with Adjusted Profit[2] increasing 9.5%[1]. This positive evolution 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 first quarter of 2019, we signed 7 new contracts or renewals of content distribution agreements with airlines, securing and expanding content for our subscribers. Over the first quarter, our Distribution air volumes increased by 1.6% (3.4% excluding India) and our global competitive position[5] expanded by 0.4 p.p. (by 1.1 p.p. excluding India). Amadeus volume growth was impacted by a slow industry, however, it was positively supported by steady market share gains across regions, with the exception of Asia Pacific. In Asia Pacific, in December 2018, an Indian full-service carrier cancelled its distribution agreement with Amadeus and another Indian full-service carrier has been undergoing significant distress, both impacting our volume and performance in the country. North America was our fastest-growing region in the quarter, growing at a double-digit pace and Western Europe recovered a positive volume growth rate trend. In the quarter, Distribution revenue grew 5.6%, on the back of volume growth, average revenue per booking expansion and positive foreign exchange effects.

IT Solutions revenue grew 31.2%[1] in the first quarter 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 4.6% in the quarter. This growth was driven by (i)

---

[1] Adjusted to exclude TravelClick's acquisition related costs (amounting to €1.2 million before taxes) and PPA effects (which reduce revenue and EBITDA by €3.9 million and €3.0 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 related acquisition transaction costs paid. 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.

the impact from 2018 implementations (including S7 Airlines, Maldivian Airlines, Cyprus Airways and Aeromar on Altéa and Volaris Costa Rica on New Skies) and our 2019 implementations (including Philippine Airlines), as well as (ii) organic growth of 6.0%. Passengers Boarded growth in the first quarter of 2019 was negatively impacted by the de-migration of LATAM Airlines Brazil from our platform during the second quarter of 2018 and the ceasing of operations of Germania and bmi Regional.

Our Airline IT customer base continued to expand during the quarter. Etihad Airways contracted DCS Flight Management to support its ongoing mission to transform the overall travel experience while improving operational capabilities and efficiencies. Icelandair contracted for Amadeus Altéa Network Revenue Management, Customer Experience Management and Passenger Recovery. Qatar Airways contracted additional functionality to improve revenue optimization. Air Tahití contracted for the full Altéa Suite and digital solutions. All Nippon Airways implemented Amadeus Airline Cloud Availability and Kenya Airways implemented Revenue Management. Additionally, Philippine Airlines migrated successfully to the Altéa Suite, which it contracted in March of last year.

We continued to advance in the areas of our new businesses. Hesperia Hotels & Resorts, a leading Spanish hospitality group, adopted TravelClick's integrated web-based solutions, which will allow the hotel group to optimize its distribution strategy. We continued enhancing our hotel content offering through the Amadeus distribution system via a landmark partnership with Booking.com, which will make Booking.com's content available on the Amadeus Travel Platform over the coming months. We additionally partnered with Agoda and Restel and as a result, Amadeus now offers over 4 million hotel shopping options on its distribution platform.

In Airport IT, we announced the acquisition of ICM Airport Technics ("ICM"). 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 places Amadeus in a stronger position to serve current airport market trends and needs.

We expanded our Airport IT business through New Orleans Louis Armstrong International Airport (U.S.), which signed for Amadeus Airport Operational Database and Resource Management System. 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. Mobile Brookley Field (Alabama, U.S.) signed up for Amadeus Extended Arline System Environment (EASE).

A consistent and focused investment in technology has been key to our success. In the first quarter of 2019, our investment in R&D amounted to 15.8% 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 quarter of 2019, our Free Cash Flow declined by 7.3%[6] to €282.7 million, driven by higher cash taxes. Our pre-tax Free Cash Flow grew by 7.8%. At the end of the quarter, our net financial debt[7] stood at €3,038.2 million, representing 1.43 times last-twelve-month EBITDA[7].

[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. 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-Mar 2019[1]	Jan-Mar 2018	Change
Operating KPI			
TA air bookings (m)	162.6	160.0	1.6%
Non air bookings (m)	17.2	17.1	0.6%
Total bookings (m)	**179.8**	**177.1**	**1.5%**
Passengers boarded (m)	**436.1**	**416.9**	**4.6%**
Financial results			
Distribution revenue	839.9	795.5	5.6%
IT Solutions revenue	570.0	434.5	31.2%
Revenue	**1,409.9**	**1,230.0**	**14.6%**
EBITDA	**599.8**	**539.0**	**11.3%**
EBITDA margin (%)	42.5%	43.8%	(1.3 p.p.)
Adjusted profit[2]	**334.7**	**305.6**	**9.5%**
Adjusted EPS (euros)[3]	**0.78**	**0.71**	**9.1%**
Cash flow			
Capital expenditure	199.4	162.9	22.4%
Free cash flow[4]	282.7	305.1	(7.3%)
Indebtedness[5]	Mar 31,2019	Dec 31,2018	Change
Net Financial Debt	**3,038.2**	**3,074.0**	**(35.8)**
Net Financial Debt/LTM EBITDA	1.43x	1.47x	

[1]Adjusted to exclude TravelClick's acquisition related costs and PPA adjustment. For full details, please see section 3.1.

[2]Excluding after-tax impact of the following items: (i) accounting effects derived from PPA exercises and impairment losses, (ii) non-operating exchange gains (losses) and (iii) other non-recurring items.

[3]EPS corresponding to the Adjusted profit attributable to the parent company. Calculated based on weighted average outstanding shares of the period.

[4]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. For full details, please see section 3.1 on TravelClick's acquisition and impacts.

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

2 Operating Review

2.1 Recent business highlights

Airline Distribution

- During the first quarter of 2019, we signed 7 new contracts or renewals of content distribution agreements with airlines. Subscribers to Amadeus' content can access c. 115 low cost and hybrid carriers' content worldwide.
- In May, we renewed our distribution agreement with Finnair, which now includes the Finnair NDC Partner Program. This agreement will allow Amadeus travel sellers that sign up for this program to access the wide range of content available to it and will bring NDC forward in the indirect channel. Additionally, Finnair, as one of our partners in the NDC-X program, will be the driver airline to integrate Altéa NDC with the Amadeus Travel Platform.
- During the first three months of the year, 3 airlines (including Hawaiian Airlines) signed for Amadeus Airline Fare Families and 3 airlines contracted for Amadeus Airline Ancillary Services, contributing to the positive track record of signings for our merchandising solutions for the indirect channel. At the close of March, 84 airlines had contracted for Amadeus Airline Fare Families (of which 74 had already implemented the solution) and 154 airlines had contracted for Amadeus Airline Ancillary Services (of which 132 had already implemented it).
- Also 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.

Airline IT

- At the close of March, 214 customers had contracted either of the Amadeus Passenger Service Systems (Altéa or New Skies) and 205 had implemented one of them.
- 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.
- Our upselling efforts during the first quarter of the year continued to yield positive results. Etihad Airways contracted Altéa Departure Control System Flight Management to support its ongoing mission to transform the overall travel experience while improving operational capabilities and efficiencies. The airline will use Flight Management to improve productivity, better manage capacity and reduce costs. Icelandair contracted for Amadeus Altéa Network Revenue Management, Customer Experience Management and Passenger Recovery.
- In April, All Nippon Airways (ANA) announced that it had implemented Amadeus Airline Cloud Availability. The carrier is now able to boost customer conversion because its offers are consistent across all sales channels, while having a cost-effective way to distribute content dynamically. ANA is also the first airline to take advantage of Interactive Codeshare through Amadeus' Cloud Availability solution, which means that it can process availability interactively with codeshare partners.

- Also in April, Qatar Airways signed up for 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.
- Kenya Airways implemented Amadeus Altéa Network Revenue Management in April.
- Amadeus' NDC-X program is driving the industrialization of NDC and making the standard work for all players in the value chain. As an IT provider, Amadeus is now certified by IATA as NDC capable at level 4.
- 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.

Hospitality

- During the first quarter 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 and GDS Media. 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.

- As a result of these partnerships, Amadeus now offers over 4 million hotel shopping options.

Airport IT

- Our Airport IT business also continued to progress between January and March 2019. Carrasco International Airport in Montevideo (Uruguay) signed up for Amadeus Passenger Verification, while San Diego Country Regional Airport Authority (U.S.) contracted Amadeus Airport Operational Database and Resource Management System. Mobile Brookley Field (Alabama, U.S.) signed up for Amadeus Extended Arline System Environment (EASE).
- New Orleans Louis Armstrong International Airport (U.S.), already a customer of EASE, signed for Amadeus Airport Operational Database and Resource Management System.
- In March, Amadeus announced an acquisition in the Airport IT space, ICM Airport Technics ("ICM"). 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. The acquisition of ICM is expected to close during the second quarter of 2019.

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.
- Also in March, Deutsche Bahn unveiled its new booking engine, developed in partnership with Amadeus, to enable passengers to book rail journeys across Europe in one place. Thanks to this new engine, Deutsche Bahn's customers can now buy cross border trips outside of Germany on bahn.de, bahn.com and via our mobile app DB Navigator.

Other announcements

- In March, Amadeus was recognized as Adobe Exchange Partner of the Year for 2018. Through this annual award, Adobe praises its top partners for driving significant customer value for Adobe Experience Cloud. The award recognized the benefits of the integration between Adobe Experience Cloud and Amadeus solutions, which are empowering airlines to bring together digital marketing technology and commerce, giving them unparalleled insight into who their travelers are and their intent to travel.

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 quarter of 2019, Amadeus devoted 15.8% 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 information included in this document has been prepared in accordance with International Financial Reporting Standards (IFRS) and has not been audited.

Certain amounts and figures included in this report have been subject to rounding adjustments. Any discrepancies in any tables between the totals and the sums of the amounts listed are due to rounding.

This document includes unaudited Alternative Performance Measures such as EBITDA, operating income, net financial debt as defined by our credit facility agreements, adjusted profit and their corresponding ratios. These Alternative Performance Measures have been prepared in accordance with the Guidelines issued by the European Securities and Markets Authority for regulated information published on or after July 3, 2016.

- EBITDA corresponds to Operating income plus D&A expense. A reconciliation to the financial statements is included in section 5.3.
- The reconciliation of Operating income is included in the Group income statement included in section 5.
- Adjusted profit corresponds to reported profit for the period, after adjusting for: (i) accounting effects derived from PPA exercises and impairment losses, (ii) non-operating exchange gains (losses), and (iii) other non-recurring items, as detailed in section 5.6.1.
- Net financial debt as defined by our credit facility agreements is calculated as current and non-current debt (as per the financial statements), less cash and cash equivalents, adjusted for non-debt items (such as deferred financing fees, accrued interest and fair value adjustments to an EIB loan). A reconciliation to the financial statements is included in section 6.1.1.

We believe that these measures provide useful and relevant information to facilitate a better understanding of the performance of Amadeus and its economic position. These measures are not standard and therefore may not be comparable to those presented by other companies.

When we refer to our competitive position, we take into account our travel agency air bookings in relation to the travel agency air booking industry, defined as the total volume of travel agency air bookings processed by the three major global reservation systems (Amadeus, Sabre and Travelport). It excludes air bookings made directly through airlines' direct distribution channels (airline offices and websites), single country operators (primarily in China, Japan, Russia and Turkey), other content aggregators and direct connect applications between airline systems, travel agencies, corporations and meta-bookers, which together combined represent an important part of the industry.

3.1 TravelClick acquisition

On 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 6.2.5 for more detail).

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 quarter of 2019:

- TravelClick's integration related costs, incurred in the first quarter of 2019, amounting to €1.2 million (before taxes). Also, an amount of €1.2 million corresponding to non-recurring integration related costs incurred in the fourth quarter of 2018 was paid in the first quarter 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:
    - A reduction in revenue and in personnel and other operating expenses amounting to €3.9 million and €0.9 million, respectively, derived from the adjustment to fair value of certain operating liabilities, resulting in a negative impact of €3.0 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 €12.7 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 revenue, EBITDA, Operating income, Profit, Adjusted profit, EPS, adjusted EPS and free cash flow in the first quarter 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 section 5 "Group income statement" are presented excluding the non-recurring costs and PPA derived adjustments associated with TravelClick's acquisition.

Q1 2019 financial results (€millions)	Amadeus + TC	Change vs. 2018	Acquisition related costs & PPA	2019 Results	Change vs. 2018
Distribution revenue	839.9	5.6%	0.0	839.9	5.6%
IT Solutions revenue	570.0	31.2%	(3.9)	566.1	30.3%
Group revenue	**1,409.9**	**14.6%**	**(3.9)**	**1,406.0**	**14.3%**
Cost of revenue	(358.2)	18.1%	0.0	(358.2)	18.1%
Personnel expenses	(369.5)	14.1%	(0.2)	(369.7)	14.2%
Other operating expenses	(78.3)	29.6%	(0.1)	(78.4)	29.8%
Dep. and amortization	(160.4)	11.2%	(12.7)	(173.1)	20.0%
Operating income	**443.6**	**11.4%**	**(17.0)**	**426.6**	**7.1%**
Net financial expense	(20.7)	105.0%	0.0	(20.7)	105.0%
Other income (expense)	(0.2)	(50.0%)	0.0	(0.2)	(50.0%)
Profit before income taxes	**422.7**	**9.0%**	**(17.0)**	**405.7**	**4.6%**
Income taxes	(111.7)	10.8%	4.2	(107.5)	6.6%
Profit after taxes	**310.9**	**8.4%**	**(12.7)**	**298.2**	**3.9%**
Share in profit assoc/JV	0.3	(57.1%)	0.0	0.3	(57.1%)
Profit for the period	**311.2**	**8.2%**	**(12.7)**	**298.5**	**3.8%**
EPS (€)	**0.72**	**7.8%**	**(0.03)**	**0.69**	**3.4%**
Adjusted profit	**334.7**	**9.5%**	**(0.9)**	**333.8**	**9.2%**
Adjusted EPS (€)	**0.78**	**9.1%**	**(0.01)**	**0.77**	**8.8%**
EBITDA	**599.8**	**11.3%**	**(4.2)**	**595.6**	**10.5%**
EBITDA margin	**42.5%**	**(1.3 p.p.)**		**42.4%**	**(1.5 p.p.)**
Cash flow					
Free cash flow	**282.7**	**(7.3%)**	**(1.2)**	**281.5**	**(7.8%)**

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 US. We 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 quarter of 2019, foreign exchange fluctuations had a positive impact on both revenue and EBITDA and a negative impact on costs.

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

4.2 Interest rate risk

Our target is to reduce volatility in net interest flows. In order to achieve this objective, Amadeus may enter into interest rate hedging agreements (interest rate swaps, caps, collars) to cover the floating rate debt.

At March 31, 2019, 27% 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.

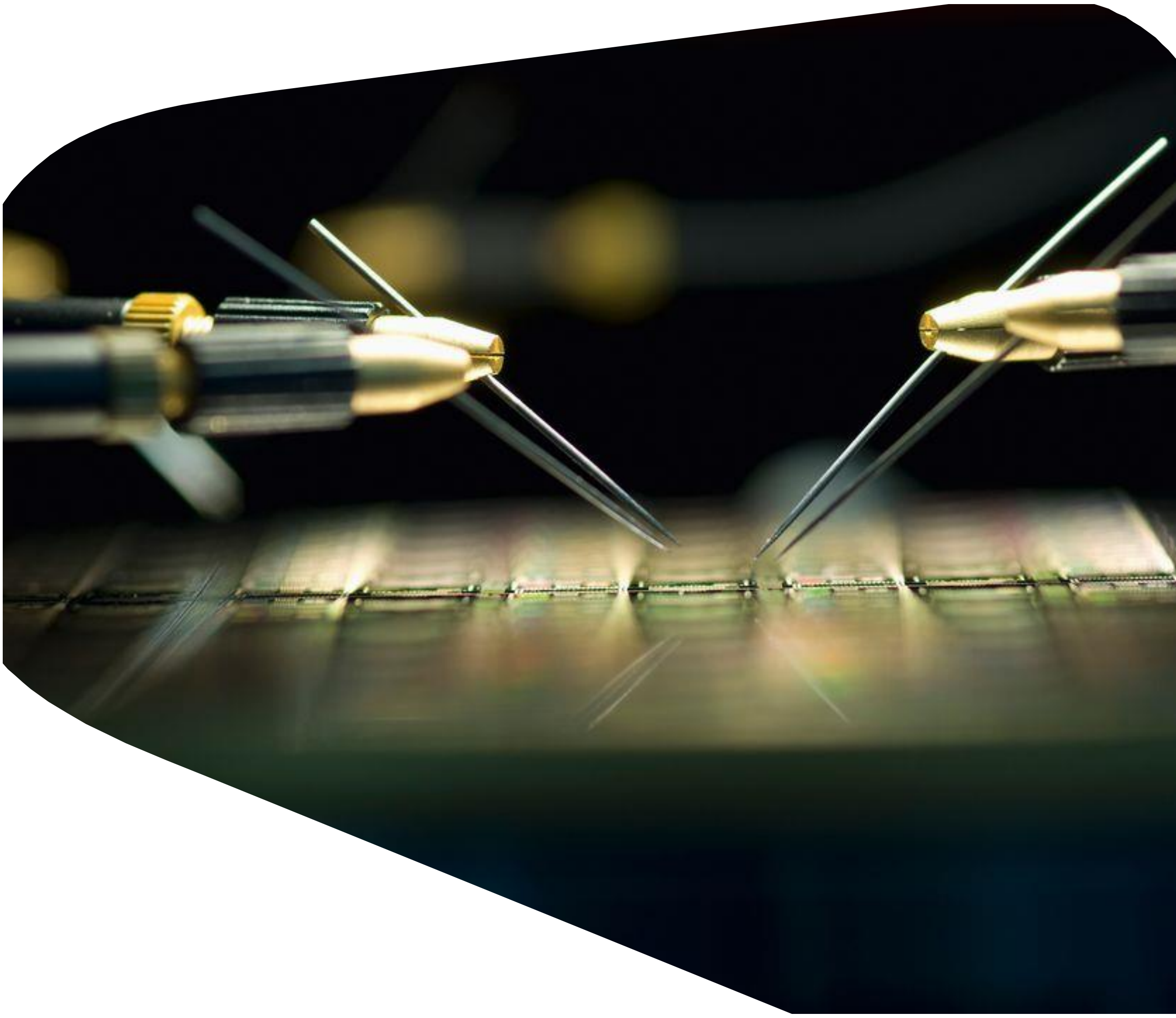
4.3 Own shares price evolution risk

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 291,000 shares and a maximum of 1,547,000 shares, approximately. It is Amadeus' intention to make use of its treasury shares to settle these plans at their maturity.

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

5 Group income statement



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

Income Statement (€millions)	Jan-Mar 2019	Jan-Mar 2018	Change
Revenue	**1,409.9**	**1,230.0**	**14.6%**
Cost of revenue	(358.2)	(303.4)	18.1%
Personnel and related expenses	(369.5)	(323.8)	14.1%
Other operating expenses	(78.3)	(60.4)	29.6%
Depreciation and amortization	(160.4)	(144.2)	11.2%
Operating income	**443.6**	**398.2**	**11.4%**
Net financial expense	(20.7)	(10.1)	105.0%
Other expense	(0.2)	(0.4)	(50.0%)
Profit before income taxes	**422.7**	**387.7**	**9.0%**
Income taxes	(111.7)	(100.8)	10.8%
Profit after taxes	**310.9**	**286.9**	**8.4%**
Share in profit from associates and JVs	0.3	0.7	(57.1%)
Profit for the period	**311.2**	**287.6**	**8.2%**
EBITDA	**599.8**	**539.0**	**11.3%**
EBITDA margin (%)	42.5%	43.8%	(1.3 p.p.)
Adjusted profit[1]	**334.7**	**305.6**	**9.5%**
Adjusted EPS (euros)[2]	**0.78**	**0.71**	**9.1%**

[1] Excluding after-tax impact of the following items: (i) accounting effects derived from PPA exercises and impairment losses, (ii) non-operating exchange gains (losses) and (iii) other non-recurring items.
[2] EPS corresponding to the Adjusted profit attributable to the parent company. Calculated based on weighted average outstanding shares of the period.

5.1 Revenue

In the first quarter of 2019, revenue amounted to €1,409.9 million, growing 14.6% vs. prior year. Revenue growth was supported by:

- An increase of 5.6% in Distribution revenue.
- 31.2% revenue growth from IT Solutions, impacted by the consolidation of TravelClick.

Revenue (€millions)	Jan-Mar 2019	Jan-Mar 2018	Change
Distribution	839.9	795.5	5.6%
IT Solutions	570.0	434.5	31.2%
Revenue	**1,409.9**	**1,230.0**	**14.6%**

5.1.1 Distribution

In the first quarter of 2019, Distribution revenue increased by 5.6% to €839.9 million. Revenue growth resulted from (i) volume growth and (ii) an expansive average pricing, driven by booking mix (from a higher weight of global bookings) and customer renegotiations. Revenue growth was also impacted by positive foreign exchange effects.

Evolution of Amadeus bookings

Operating KPI	Jan-Mar 2019	Jan-Mar 2018	Change
TA air booking industry growth	**0.0%**	**4.0%**	
TA air competitive position[1]	**43.9%**	**43.6%**	**0.4 p.p.**
TA air bookings (m)	162.6	160.0	1.6%
Non air bookings (m)	17.2	17.1	0.6%
Total bookings (m)	**179.8**	**177.1**	**1.5%**

[1] Competitive position as defined in section 3.

Travel agency air booking industry

In the first quarter of 2019, the travel agency air booking industry was broadly stable relative to the first quarter of 2018. The potential positive impact from the Easter timing effect (spread over the first two quarters in 2018 and taking place fully in the second quarter, in 2019) was offset by a lower number of working days in the period.

By region, North America, the industry's fastest growing region, reported limited growth, impacted by the U.S. government shutdown and extreme weather conditions early in the year. Latin America also grew slowly, supported by the positive performance of several countries, including Brazil, despite the weak performance of Argentina. All the other regions reported an industry decline: (i) in Western Europe, industry recovered vs. previous quarters, albeit still showing a contraction in the quarter (with countries such as the United Kingdom and the Nordics region impacted by geopolitical and macroeconomic effects), (ii) the Asia Pacific booking industry reported an important deceleration, largely driven by the poor performance of India (undergoing several effects, including severe financial distress at a large Indian GDS airline and the upcoming elections), and (iii) Central, Eastern and Southern Europe reported a fall in bookings, driven mostly by negative macroeconomic factors in several countries in the region, including Russia, Central Asia and Ukraine.

Amadeus bookings

Amadeus travel agency air bookings increased by 1.6% in the first quarter of 2019, outperforming industry growth, supported by market share expansion across regions, except for Asia Pacific. Amadeus bookings grew in all regions (except for Asia Pacific), and most notably, in North America, our fastest growing region in the quarter, where our bookings delivered a double-digit growth rate. Our bookings in Western Europe recovered a positive growth trend, on the back of market share gains. Our bookings in Asia Pacific, dragged by the industry's booking decline, showed a contraction in the quarter. Our Asia Pacific bookings were also impacted by the cancellation by an Indian GDS carrier of our distribution agreement at the end of 2018. Excluding India, Amadeus' global air bookings grew by 3.4% and our global competitive position[10] expanded by 1.1 p.p. in the quarter.

Amadeus TA air bookings (millions)	Jan-Mar 2019	% of Total	Jan-Mar 2018	% of Total	Change
Western Europe	57.5	35.4%	56.3	35.2%	2.1%
North America	34.0	20.9%	29.7	18.5%	14.6%
Asia Pacific	28.9	17.8%	33.1	20.7%	(12.9%)
Middle East and Africa	18.1	11.2%	17.8	11.1%	1.8%
Central, Eastern and Southern Europe	13.6	8.4%	13.2	8.2%	3.8%
Latin America	10.4	6.4%	9.9	6.2%	4.3%
Total TA air bookings	162.6	100.0%	160.0	100.0%	1.6%

Amadeus' non air bookings increased by 0.6% in the first quarter of 2019 vs. prior year, driven by several products, including hotel bookings, which reported a healthy growth in the quarter, largely offset by a slow growth in rail bookings.

5.1.2 IT Solutions

IT Solutions revenue increased by 31.2% to €570.0 million in the first quarter of 2019, driven by growth delivered by Airline IT and our new businesses:

- Airline IT continued performing positively, on the back of PB volume growth. Average unitary revenue expanded, supported by the good performance of several revenue lines, including revenue management, passenger recovery and merchandizing, which continued to report solid growth, more than offseting the average PSS pricing dilution effect resulting from the increasing weight of low cost and hybrid carriers on our customer base.
- New businesses grew strongly in the quarter, boosted by the TravelClick consolidation and a double-digit revenue growth rate delivered by our new businesses excluding TravelClick.

Revenue growth was also supported by positive foreign exchange effects.

Evolution of Amadeus passengers boarded

Amadeus passengers boarded reached 436.1 million in the first quarter of 2019, 4.6% higher than prior year. This growth was driven by:

- The impact from the 2018 implementations (including S7 Airlines, Maldivian Airlines, Cyprus Airways and Aeromar on Altéa and Volaris Costa Rica on New Skies) and the 2019 implementations (including Philippine Airlines), partly offset by the negative impact from the de-migration of LATAM Airlines Brazil from our platform during the second quarter of 2018 and the ceasing of operations of Germania and bmi Regional, both in February 2019.

[10] Competitive position as defined in section 3.

- An organic growth of 6.0%, which is a deceleration vs. 7.6% in 2018, mainly as a result of a softening in global air traffic growth, as well as the slower PB growth reported by some of our customers.

Passengers boarded (millions)	Jan-Mar 2019	Jan-Mar 2018	Change
Organic growth[1]	430.3	406.0	6.0%
Non organic growth[2]	5.9	10.9	(46.2%)
Total passengers boarded	**436.1**	**416.9**	**4.6%**

[1] Calculated based on passengers boarded adjusted to reflect growth of comparable airlines on the Altéa and New Skies 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 Brazil from our platform during the second quarter of 2018 and the ceasing of operations of Germania and bmi Regional, both in February 2019.

During the first three months of 2019, 63.9% 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 Brazil from our platform during the second quarter of 2018.

Passengers boarded (millions)	Jan-Mar 2019	% of Total	Jan-Mar 2018	% of Total	Change
Asia Pacific	150.8	34.6%	144.4	34.6%	4.4%
Western Europe	131.7	30.2%	124.3	29.8%	6.0%
North America	59.9	13.7%	56.3	13.5%	6.5%
Middle East and Africa	34.3	7.9%	32.5	7.8%	5.5%
Latin America	33.5	7.7%	39.2	9.4%	(14.5%)
Central, Eastern and Southern Europe	25.9	5.9%	20.3	4.9%	27.7%
Total passengers boarded	**436.1**	**100.0%**	**416.9**	**100.0%**	**4.6%**

5.2 Group operating costs

5.2.1 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.

Cost of revenue amounted to €358.2 million in the first quarter of 2019, 18.1% higher than in the same period of 2018. 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.
- Negative foreign exchange effects.

5.2.2 Personnel and related expenses and other operating expenses

A large number of Amadeus' employees are software engineers. Amadeus also hires contractors to support development activity, complementing permanent staff. The overall ratio of permanent staff vs. contractors devoted to R&D may fluctuate depending on business needs and project mix, therefore impacting the evolution of both "Personnel expenses" and "Other operating expenses" captions in our income statement.

Our combined operating expenses cost line, representing both Personnel expenses and Other operating expenses, increased by 16.5% in the first quarter of 2019 vs. prior year, highly impacted by the consolidation of TravelClick. Growth in our fixed cost base resulted from:

- A 13% 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 6.2.1), (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.
- Limited 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 operating expenses (€millions)	Jan-Mar 2019	Jan-Mar 2018	Change
Personnel + Other operating expenses	(447.8)	(384.2)	16.5%

5.2.3 Depreciation and amortization

Depreciation and amortization (including capitalized D&A) was 11.0% higher in the first quarter of 2019 vs. the same period in 2018. In particular, ordinary D&A grew by 14.0% in the quarter, driven by 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. Depreciation expense related to hardware and software acquired also contributed, to a lesser extent, to the overall increase. Depreciation and amortization was also impacted by the consolidation of TravelClick.

Depreciation and Amortization (€millions)	Jan-Mar 2019	Jan-Mar 2018	Change
Ordinary depreciation and amortization	(135.4)	(118.8)	14.0%
Amortization derived from PPA	(25.0)	(25.4)	(1.7%)
Depreciation and amortization	**(160.4)**	**(144.2)**	**11.2%**
Capitalized depreciation and amortization[1]	4.1	3.4	20.6%
Depreciation and amortization post-capitalizations	**(156.3)**	**(140.8)**	**11.0%**

[1] Included within the Other operating expenses caption in the Group income statement.

5.3 EBITDA and Operating income

In the first three months of 2019, EBITDA increased by 11.3% to €599.8 million, resulting from the positive performances of Distribution and IT Solutions (including the TravelClick consolidation effect) and an increase in net indirect costs. EBITDA growth was positively impacted by foreign exchange effects. In the first three months of the year, EBITDA margin declined by 1.3 p.p. to 42.5%, driven by the TravelClick consolidation.

Operating Income in the first quarter of 2019 grew by 11.4% to €443.6 million, as a result of EBITDA expansion offset by higher D&A charges.

Operating income – EBITDA (€millions)	Jan-Mar 2019	Jan-Mar 2018	Change
Operating income	**443.6**	**398.2**	**11.4%**
Depreciation and amortization	160.4	144.2	11.2%
Capitalized depreciation and amortization	(4.1)	(3.4)	20.6%
EBITDA	**599.8**	**539.0**	**11.3%**
EBITDA margin (%)	**42.5%**	**43.8%**	**(1.3 p.p.)**

5.4 Net financial expense

Net financial expense increased to €20.7 million in the first quarter of 2019, mainly due to:

- Interest expense grew by €2.2 million or 27.5% in the period, as a consequence of a higher amount of average gross debt outstanding, partly offset by a lower average cost of debt, in the period compared to the first quarter of 2018.
- Exchange losses amounted to €8.3 million in the first quarter of 2019, vs. gains of €0.6 million in the same period of 2018.

Net financial expense (€millions)	Jan-Mar 2019	Jan-Mar 2018	Change
Financial income	0.1	0.2	(50.0%)
Interest expense	(10.2)	(8.0)	27.5%
Other financial expense	(2.3)	(2.9)	(20.7%)
Exchange gains (losses)	(8.3)	0.6	n.m.
Net financial expense	**(20.7)**	**(10.1)**	**105.0%**

5.5 Income taxes

Income taxes amounted to €111.7 million in the first quarter of 2019, 10.8% higher than in the same period of 2018. The income tax rate for the first quarter of 2019 was 26.4%, higher than the 26.0% reported in the first quarter of 2018 and 25.2% reported in full-year 2018. The increase in income tax rate was mainly driven by changes in tax regulation across countries.

5.6 Profit for the period. Adjusted profit

5.6.1 Reported and Adjusted profit

Reported profit amounted to €311.2 million in the first quarter of 2019, a 8.2% 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 9.5% to €334.7 million in the first quarter of 2019.

Reported and Adjusted profit (€millions)	Jan-Mar 2019	Jan-Mar 2018	Change
Reported profit	**311.2**	**287.6**	**8.2%**
Adjustments			
Impact of PPA[1]	17.4	18.2	(5.1%)
Non-operating FX results[2]	6.1	(0.5)	n.m.
Non-recurring items	0.0	0.3	n.m.
Adjusted profit	**334.7**	**305.6**	**9.5%**

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

5.6.2 Earnings per share (EPS)

The table below shows EPS for the period, based on the profit attributable to the parent company (after minority interests), both on a reported basis and on an adjusted basis (adjusted profit as detailed in section 6.1.8). In the first quarter of 2019, our reported EPS increased by 7.8% to €0.72 and our adjusted EPS by 9.1% to €0.78.

Earnings per share	Jan-Mar 2019	Jan-Mar 2018	Change
Weighted average issued shares (m)	438.8	438.8	
Weighted average treasury shares (m)	(8.2)	(9.4)	
Outstanding shares (m)	**430.6**	**429.5**	**0.3%**
EPS (€)[1]	**0.72**	**0.67**	**7.8%**
Adjusted EPS (€)[2]	**0.78**	**0.71**	**9.1%**

[1] EPS corresponding to the Profit attributable to the parent company. Calculated based on weighted average outstanding shares of the period.
[2] EPS corresponding to the Adjusted profit attributable to the parent company. Calculated based on weighted average outstanding shares of the period.

6 Other financial information

6.1 Statement of financial position (condensed)

Statement of financial position (€millions)	Mar 31,2019	Dec 31,2018
Property, plant and equipment	421.5	433.2
Right-of-use assets	345.2	351.2
Intangible assets	4,151.2	4,093.8
Goodwill	3,625.7	3,598.0
Other non-current assets	295.2	282.8
Non-current assets	8,838.8	8,759.0
Current assets	927.2	808.5
Cash and equivalents	806.3	562.6
Total assets	**10,572.3**	**10,130.1**
Equity	3,527.0	3,191.7
Non-current debt	2,894.0	2,898.1
Other non-current liabilities	1,338.1	1,347.2
Non-current liabilities	4,232.1	4,245.3
Current debt	1,202.1	986.9
Other current liabilities	1,611.1	1,706.2
Current liabilities	2,813.2	2,693.1
Total liabilities and equity	**10,572.3**	**10,130.1**
Net financial debt (as per financial statements)	3,289.8	3,322.4

6.1.1 Financial indebtedness

Indebtedness[1] (€millions)	Mar 31, 2019	Dec 31, 2018	Change
Long term bonds	2,500.0	2,500.0	0.0
Short term bonds	500.0	500.0	0.0
European Commercial Paper	550.0	330.0	220.0
EIB loan	192.5	192.5	0.0
Other debt with financial institutions	13.5	23.9	(10.5)
Obligations under finance leases	88.5	90.1	(1.6)
Financial debt	**3,844.5**	**3,636.6**	**207.9**
Cash and cash equivalents	(806.3)	(562.6)	(243.7)
Net financial debt	**3,038.2**	**3,074.0**	**(35.8)**
Net financial debt / LTM EBITDA	**1.43x**	**1.47x**	
Reconciliation with financial statements			
Net financial debt (as per financial statements)	**3,289.8**	**3,322.4**	**(32.6)**
Interest payable	(10.5)	(5.5)	(5.0)
Deferred financing fees	13.3	14.9	(1.6)
EIB loan adjustment	1.6	1.9	(0.3)
Operating lease liabilities	(256.0)	(259.7)	3.7
Net financial debt (as per credit facility agreements)	**3,038.2**	**3,074.0**	**(35.8)**

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

Net financial debt, as per our credit facility agreements' terms, amounted to €3,038.2 million at March 31, 2019 (representing 1.43x times last-twelve-month EBITDA).

The main change to our debt in the first quarter of 2019 was the increase in the use of the Multi-Currency European Commercial Paper (ECP) program by a net amount of €220.0 million.

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 March 31, 2019.

Reconciliation with net financial debt as per our financial statements

Under our credit facility agreements' terms, financial debt (i) does not include the accrued interest payable (€10.5 million at March 31, 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 €13.3 million at March 31, 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 (€1.6 million at March 31, 2019), and (iv) does not include debt related to assets under operating lease agreements (which form part of the financial debt in the statement of financial position) amounting to €256.0 million at March 31, 2019.

6.2 Group cash flow

Consolidated Statement of Cash Flows (€millions)	Jan-Mar 2019	Jan-Mar 2018	Change
EBITDA	595.6	539.0	10.5%
Change in working capital	(65.4)	(68.2)	(4.0%)
Capital expenditure	(199.4)	(162.9)	22.4%
Pre-tax operating cash flow	**330.8**	**307.9**	**7.4%**
Taxes paid[1]	(46.7)	(0.6)	n.m.
Interest and financial fees paid	(2.6)	(2.3)	17.1%
Free cash flow	**281.5**	**305.1**	**(7.8%)**
Equity investment	0.0	(7.0)	n.m.
Cash flow from non-operating and extraordinary items	(14.8)	(15.4)	(3.6%)
Debt payment	197.0	29.5	n.m.
Cash to shareholders	(219.6)	(340.9)	(35.6%)
Change in cash	**244.1**	**(28.6)**	**n.m.**
Cash and cash equivalents, net[2]			
Opening balance	561.7	579.1	
Closing balance	805.8	550.6	

[1] Taxes paid in the first quarter of 2018 were positively impacted by an increase in reimbursements received from taxes paid in previous years compared to no reimbursements received in the first quarter of 2019.
[2] Cash and cash equivalents are presented net of overdraft bank accounts.

In the first quarter of 2019, Amadeus Group free cash flow amounted to €281.5 million, 7.8% lower than the same period of 2018, mainly as a result of higher capital expenditure, as explained in the next section, and an increase in taxes paid, which more than offset the higher EBITDA contribution.

Free cash flow was impacted by non-recurring costs related to TravelClick's acquisition, amounting to €1.2 million, paid in the first quarter of 2019. Excluding these non-recurring costs paid in relation to TravelClick's acquisition, free cash flow amounted to €282.7 million in the first quarter of 2019, 7.3% lower than the first quarter of 2018. See section 3.1 for further explanation about TravelClick's acquisition effects.

6.2.1 Capital expenditure, R&D investment

Capital expenditure

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.

Capex increased by €36.5 million or 22.4% in the first quarter of 2019. As a percentage of revenue, capex increased by 0.9 p.p. to 14.2% in the period.

The growth in capex in the first quarter of 2019 was mainly driven by a €35.4 million, or 26.5% 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, and a higher capitalization ratio) and an increase in signing bonuses paid. The TravelClick consolidation also contributed to the increase in capex.

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)	Jan-Mar 2019	Jan-Mar 2018	Change
Capital Expenditure in PP&E	30.4	29.3	3.8%
Capital Expenditure in intangible assets	169.0	133.6	26.5%
Capital Expenditure	**199.4**	**162.9**	**22.4%**
As % of Revenue	14.2%	13.2%	0.9 p.p.

R&D investment

R&D expenditure (including both capitalized and non-capitalized expense) increased by 15.0% in the first quarter of 2019 vs. prior year. As a percentage of revenue, R&D investment amounted to 15.8%. 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)	Jan-Mar 2019	Jan-Mar 2018	Change
R&D investment[1]	221.9	193.0	15.0%
As % of Revenue	15.8%	15.7%	0.0 p.p.

[1] Net of Research Tax Credit.

7 Investor information

7.1 Capital stock. Share ownership structure

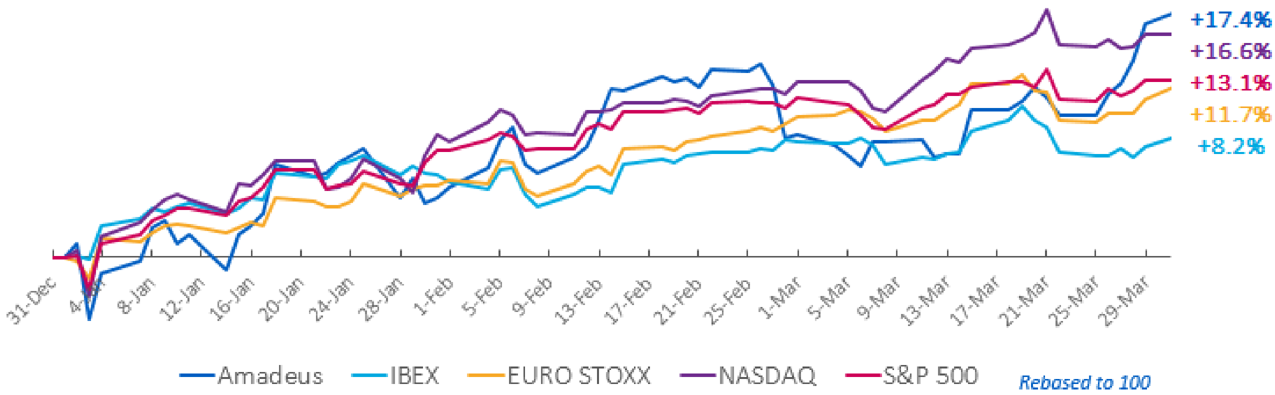
As of March 31, 2019, the capital stock of our company is €4,388,225.06 represented by 438,822,506 shares with a nominal value of €0.01 per share, all belonging to the same class, fully subscribed and paid in.

The shareholding structure as of March 31, 2019 is as described in the table below:

Shareholders	Shares	% Ownership
Free float	430,262,606	98.05%
Treasury shares[1]	8,214,289	1.87%
Board members	345,111	0.08%
Total	**438,822,506**	**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.

7.2 Share price performance in 2019



Key trading data	
Number of publicly traded shares (# shares)	438,822,506
Share price at March 31, 2019 (in €)	71.40
Maximum share price in Jan - Mar 2019 (in €) (March 29, 2019)	71.40
Minimum share price in Jan - Mar 2019 (in €) (January 3, 2019)	58.06
Market capitalization at March 31, 2019 (in € million)	31,332
Weighted average share price in Jan - Mar 2019 (in €)[1]	65.53
Average Daily Volume in Jan - Mar 2019 (# shares)	1,617,901

[1] Excluding cross trade

7.3 Shareholder remuneration

7.3.1 Dividend payments

In June 2019, the Board of directors will submit to the General Shareholders' Meeting a final gross dividend of €1.175 per share for approval, representing a 3.5% increase vs. the 2017 dividend and 50% of the 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. Based on this, the proposed appropriation of the 2018 results included in our 2018 audited consolidated financial statements includes a total amount of €515.6 million corresponding to dividends pertaining to the financial year 2018.

8 Key terms

- "CRS": refers to "Computerised Reservation System"
- "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
- "NDC-X program" refers to Amadeus' program that brings all its NDC activities together under one roof
- "n.m.": refers to "not meaningful"
- ONE Order certification: certification provided by IATA to systems that support the ONE Order standard
- "PB": refers to "passengers boarded", i.e. actual passengers boarded onto flights operated by airlines using at least our Amadeus Altéa Reservation and Inventory modules or Navitaire New Skies
- "p.p.": refers to "percentage point"
- "PPA": refers to "Purchase Price Allocation"
- "PP&E": refers to "Property, Plant and Equipment"
- "PSS": refers to "Passenger Service System"
- "R&D": refers to "Research and Development"
- "TA": refers to "travel agencies"
- "TA air bookings": air bookings processed by travel agencies using our distribution platform
- "TA air booking industry": defined as the total volume of travel agency air bookings processed by the three major global reservation systems (Amadeus, Sabre and Travelport). It excludes air bookings made directly through airlines' direct distribution channels (airline offices and websites), single country operators (primarily in China, Japan, Russia and Turkey), other content aggregators and direct connect applications between airline systems, travel agencies, corporations and meta-bookers, which together combined represent an important part of the industry

Contacts

For any other information please contact:

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

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

You can follow us on:
AmadeusITGroup

amadeus.com/investors

Disclaimer

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