

AMADEUS GLOBAL TRAVEL DISTRIBUTION, S.A.

Management discussion and analysis of financial conditions and results of operations for the quarter and nine months ended 30 September 2002.

1. Summary

Revenues for the quarter ended 30 September 2002 were EUR 449.3m, with operating income and net earnings amounting to EUR 74.6m and EUR 24.7m, respectively. Net income excluding special items has grown 32.4 per cent to EUR 27.6m compared to the same quarter in 2001. For the nine months ending 30 September 2002, revenues were EUR 1,404.9m and operating income and net earnings amounted to EUR 253.4m and EUR 126.4m, respectively.

2. Third quarter highlights (for the three months ending 30 September 2002)

Total revenue for the quarter ended 30 September 2002, was EUR 449.3m, representing an increase of 6.2 per cent or EUR 26.3m compared to the same period in 2001.

Total bookings for the quarter ended 30 September 2002 were 93.2m, representing an increase of 4.8 per cent compared to the same period in 2001.

Compared to the third quarter last year, bookings in Europe rose by 7.1 per cent or 3.9m bookings whereas in the Rest of the World (ROW), which excludes North America, bookings increased by 8.9 per cent or 2.1m bookings. In the North American region, bookings decreased by 15.7 per cent or 1.7m bookings.

Total air bookings increased by 5.4 per cent or 4.4m bookings to 86.6m bookings, and non-air bookings fell by 1.9 per cent to 6.6m bookings.

Booking revenue increased by 5.6 per cent or EUR 18.6m over the same period last year. Price and volume increases have been partly offset by weaker US Dollar revenues caused by the strengthening of the Euro against the US Dollar during the quarter.

Other revenue increased by 8.4 per cent or EUR 7.7m to EUR 99.1m. Contributing to this increase was EUR 5.3m additional revenue from our distribution line of business.

Operating expenses for the quarter ended 30 September 2002 were EUR 374.7m, representing an increase of 1.6 per cent over the same period in 2001. Total recurring central running costs excluding the impact of capitalisations, depreciation & amortisation and the provision for doubtful debts, decreased over the same period of the prior year by EUR 11.3m or 8.4 per cent.

Cost of sales increased by 6.4 per cent or EUR 21.3m to EUR 355.8m. This is driven mainly by higher distribution costs due to ongoing incentive programs as well as the incremental booking volume over the same period in the prior year.

Selling, general and administrative expenses represented 4.2 per cent of total revenue or EUR 18.9m. Excluding the provision for doubtful debts from travel providers which amounted to EUR 2.8m in the quarter, selling general & administration expenses decreased against the same period of last year by EUR 7.4m primarily in advertising & promotion and external services.

Operating income for the quarter ended 30 September 2002 was EUR 74.6m, up 37.4 per cent, compared with EUR 54.3m for the same period in 2001. The operating margin for the quarter was 16.6 per cent, being 3.8 percentage points above that of the same period of last year.

EBITDA for the quarter ended 30 September 2002 was EUR 117.6m, up 23.3 per cent, compared with EUR 95.3m for the same period in 2001. The EBITDA margin increased by 3.7 percentage points to 26.2 per cent in the quarter.

Net earnings excluding special items for the quarter ended 30 September 2002 amounted to EUR 27.6m, up 32.4 per cent compared to EUR 20.9m for the same period in 2001.

Special items for the quarter ended 30 September 2002 amounted to losses of EUR 2.9m which primarily relate to the net impact of unrealised after-tax losses from the mark-to-market of equity swap agreements and issue of warrants. This is compared to net losses of EUR 3.6m in the quarter ended September 2001 which included losses of EUR 13.8m for the same items mentioned above offset by a gain of EUR 10.2m on the sale of France Telecom shares.

Net earnings for the quarter ended 30 September 2002 were EUR 24.7m, an increase of 43.1 per cent compared with EUR 17.2m for the same period in 2001.

Losses from associate companies, including amortisation of goodwill of EUR 4.5m, for the quarter ended September 2002 amounted to EUR 15.6m compared to losses of EUR 3.4m for the third quarter ended 2001. This adverse variance includes a provision of EUR 10.2m related to investments in certain associates due to the potential impact of deteriorating market conditions for these companies.

3. Provision for taxes

The effective tax rate for the quarter ended 30 September 2002 was 38.5%, which is in line with expectations.

4. Year to Date highlights (for the nine months ending 30 September 2002)

Total revenue for the nine months ended 30 September 2002, was EUR 1,404.9m, representing an increase of 2.2 per cent or EUR 30.4m compared to the same period in 2001.

Total bookings for the nine months ended 30 September 2002 were 302.0m, flat compared to the same period in 2001.

Compared to the first nine months of last year, bookings in Europe increased by 0.6 per cent or 1.3m bookings whereas in the Rest of the World (ROW), which excludes North America, bookings increased by 7.5 per cent or 5.3m bookings. In the North American market, bookings decreased by 19.3 per cent or 7.2m bookings.

Total air bookings decreased by 0.1 per cent or 0.4m bookings, and non-air bookings fell by 1.4 per cent or 0.3m bookings.

Booking revenue increased by 1.1 per cent or EUR 12.5m over the same period of last year mainly driven by price increases. However, these have been offset by lower booking volumes and by weaker dollar denominated revenues due to the strengthening of the Euro against the US Dollar during the year.

Other revenue increased by 6.6 per cent or EUR 17.9m to EUR 287.3m. Contributing to this increase was EUR 14.5m additional revenue from our distribution line of business as well as EUR 5.2m from our e-commerce products. However, these increases have been partially offset by reductions in other IT revenues, such as Fare Quote.

Operating expenses for the nine months ended 30 September 2002 were EUR 1,151.5m, representing an increase of 1.0 per cent over the same period in 2001. Total recurring central running costs excluding the impact of capitalisations, depreciation & amortisation and the provision for doubtful debts, decreased over the same period of the prior year by EUR 6.1m or 1.6 per cent.

Cost of sales increased by 3.7 per cent or EUR 39.6m to EUR 1,097.9m. This increase is mainly driven by the increase in new business costs for e-Travel amounting to EUR 17.0m and higher distribution costs due to ongoing incentive programs over the same period in the prior year.

Selling, general and administrative expenses represented 3.8 per cent of total revenue or EUR 53.5m. The provision for doubtful debts from travel providers amounted to EUR 5.7m for the nine months ended 30 September 2002, compared to EUR 19.6m in the same period of last year. Excluding the provision for doubtful debts, selling general & administration expenses decreased against the same period of last year by EUR 14.9m mainly due to savings in areas such as advertising & promotion and external services.

Operating income for the nine months ended 30 September 2002 was EUR 253.5m, up 8.3 per cent, compared with EUR 234.0m for the same period in 2001. The operating margin was 18.0 per cent, being 1.0 percentage point above that of the same period of last year.

EBITDA for the nine months ended 30 September 2002 was EUR 380.0m up 9.0 per cent, compared with EUR 348.7m for the same period in 2001. The EBITDA margin

increased by 1.7 percentage points to 27.1 per cent for the nine months ended 30 September 2002.

Net earnings excluding special items for the nine months ended 30 September 2002 amounted to EUR 121.9m, up 4.0 per cent compared to EUR 117.2m for the same period in 2001.

Special items for the nine months ended 30 September 2002 amounting to gains of EUR 4.5m primarily relate to the net impact of unrealised after-tax gains from the mark-to-market of equity swap agreements and issue of warrants. This is compared to a net gain in the same period of the prior year of EUR 0.5m which included losses of EUR 9.6m for the same items mentioned above offset by a gain of EUR 10.2m on the sale of France Telecom shares

Net earnings for the nine months ended 30 September 2002 were EUR 126.4m, an increase of 7.3 per cent compared with EUR 117.7m for the same period in 2001.

Losses from associate companies, including amortisation of goodwill of EUR 13.5m, for the nine months ended September 30 2002 amounted to EUR 28.0m compared to losses of EUR 15.0m for the nine months ended September 30 2001. This adverse variance includes a provision of EUR 10.2m related to investments in certain associates due to the potential impact of deteriorating market conditions for these companies.

5. Provision for taxes

The effective tax rate for the nine months ended 30 September 2002 was 38.5%, which is in line with expectations for the period and the full year.

6. Business review

Operating highlights for the third quarter ended 30 September 2002 include:

?? Overall, Amadeus increased its **global market share** of air bookings, made through travel agencies, by 1.3 percentage points during the period. In Europe, Latin America, Africa and the Middle East and globally the company's market share grew ahead of its peers.

?? Amadeus announced the acquisition of **SMART AB** from SAS Group, by increasing its shareholding in the business from 5 to 100 per cent. As Northern Europe's leading distributor of travel, SMART processes almost 80 per cent of travel agency bookings in Scandinavia, Latvia and Lithuania, which represents the fifth largest market for Amadeus and one of major strategic importance.

?? **Finnair** confirmed its plans to migrate its passenger service systems, for inventory and departure control, to the Amadeus new generation airline IT solution, joining fellow **oneworld** carriers British Airways and Qantas. Finnair also signed a new 10 year partnership agreement, whereby it continues to use the unique Amadeus sales and reservations system and Electronic Ticket Server (ETS).

?? **British Airways** (BA) successfully cut over to the Amadeus ETS in August. This central application and database of electronic ticketing records enables airlines like BA to save an estimated 80 per cent, minimum, in e-ticket system maintenance costs.

?? Following the second quarter 2002 launch of new Dynamic Access for seamless connectivity to hotel inventories, and a strong marketing campaign to travel agents, launch partner **Marriott International** is already seeing results. In September its bookings via Amadeus Hotels grew by 23 per cent compared to the same month last year.

?? The latest version of **e-Travel® Aergo (Global) V4.0**, the world's most widely deployed online self-booking travel solution for corporations and travel agencies, was released by Amadeus e-Travel.

?? In September, Amadeus e-Travel signed a global agreement with **Robert Bosch GmbH**, one of Germany's largest corporations. Under this agreement, e-Travel will provide Bosch's 40,000 travellers with the ability to make their travel arrangements through SAP Travel Planning, which uses the Amadeus GDS. This represents the largest ever corporate account win for e-Travel and comes shortly after the partnership between Amadeus e-Travel and SAP AG was extended.

?? During the quarter, Amadeus e-Travel launched a flexible web fares solution through a strategic alliance with **FareChase**, the leading provider of web automation technology. This solution offers e-Travel's corporate and business travel agency customers access to travel providers and online travel inventory, including no-frills airlines, not otherwise available through traditional distribution channels.

Outlook

Our year to date results enable us to raise year end targets for 2002 to the following:

Full year bookings	394	million
Full year revenue	EUR 1,840	million
Full year EBITDA	EUR 470	million
Full year Net income excluding special items	EUR 135	million

Note:

This document contains certain forward-looking statements and information that are based on the current expectations of the Company's management as well as assumptions based on information available to the Company. Such statements reflect the current views of the Company, or its management, with respect to future events and are subject to certain risks, uncertainties and assumptions that could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements of the Company that may be expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these statements. The Company does not intend, and does not assume any obligation, to update or revise forward-looking statements set forth in this document, whether on the basis of new information, future events or otherwise.

Selected financial information and operating statistics
For the quarter ended 30 September, 2002

(Expressed in thousands of EURs unless indicated)

	For the quarter ended 30 September, 2002 Excluding Special Items			For the quarter ended 30 September, 2002 Including Special Items		
	2002 (Unaudited)	2001 (Unaudited)	% change	2002 (Unaudited)	2001 (Unaudited)	% change
Revenue	449,335	423,079	6.2%	449,335	423,079	6.2%
Cost of sales	355,806	334,481	6.4%	355,806	334,481	6.4%
Selling, general and admin. expenses	18,890	34,275	(44.9%)	18,890	34,275	(44.9%)
Total operating expenses	374,696	368,756	1.6%	374,696	368,756	1.6%
Operating income	74,639	54,323	37.4%	74,639	54,323	37.4%
Other income (expense)						
Interest expense, net (4)	(4,187)	(4,351)	(3.8%)	(5,249)	(5,634)	(6.8%)
Exchange gains (losses) (4)	(569)	128	n/a	(569)	128	n/a
Other	146	(568)	n/a	(3,298)	(4,665)	(29.3%)
Income before income taxes	70,029	49,532	41.4%	65,523	44,152	48.4%
Income taxes	26,816	25,251	6.2%	25,244	23,476	7.5%
Income after taxes	43,213	24,281	78.0%	40,279	20,676	94.8%
Equity in income (losses) from associates	(15,564)	(3,429)	353.9%	(15,564)	(3,429)	353.9%
Minority interests	(40)	0	n/a	(40)	0	n/a
Net income	27,609	20,852	32.4%	24,675	17,247	43.1%
Other information						
Operating margin	16.6%	12.8%	3.8 pp	16.6%	12.8%	3.8 pp
EBITDA (1)	117,582	95,345	23.3%	117,582	95,345	23.3%
EBITDA margin	26.2%	22.5%	3.7 pp	26.2%	22.5%	3.7 pp
Goodwill amortization in Operating Expenses						
	3,548	4,086	(13.2%)	3,548	4,086	(13.2%)
Goodwill amortization in Associates (5)	4,536	5,270	(13.9%)	4,536	5,270	(13.9%)
Total Goodwill Amortization	8,084	9,356	(13.6%)	8,084	9,356	(13.6%)
Booking information by Category (2)						
Air bookings	86,605	82,180	5.4%	86,605	82,180	5.4%
Non air bookings	6,617	6,745	(1.9%)	6,617	6,745	(1.9%)
	93,222	88,925	4.8%	93,222	88,925	4.8%
Booking information by Region (2)						
North America (3)	9,075	10,761	(15.7%)	9,075	10,761	(15.7%)
Europe	59,150	55,218	7.1%	59,150	55,218	7.1%
Rest of the world (ROW)	24,997	22,946	8.9%	24,997	22,946	8.9%
	93,222	88,925	4.8%	93,222	88,925	4.8%

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

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

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

(4) A reclassification has been made to 2001 figures from interest expense to Exchange gains to conform with the 2002 presentation.

(5) Goodwill amortization in Associates for 2001 has been reported excluding amortization of other intangible assets related to acquisition to be comparable with 2002.

Selected financial information and operating statistics
For the nine months period ended 30 September, 2002

(Expressed in thousands of EURs unless indicated)

	For the nine month period ended 30 September, 2002 Excluding Special Items			For the nine month period ended 30 September, 2002 Including Special Items		
	2002 (Unaudited)	2001 (Unaudited)	% change	2002 (Unaudited)	2001 (Unaudited)	% change
Revenue	1,404,934	1,374,564	2.2%	1,404,934	1,374,564	2.2%
Cost of sales	1,097,905	1,058,310	3.7%	1,097,905	1,058,310	3.7%
Selling, general and admin. expenses	53,548	82,299	(34.9%)	53,548	82,299	(34.9%)
Total operating expenses	1,151,453	1,140,609	1.0%	1,151,453	1,140,609	1.0%
Operating income	253,481	233,955	8.3%	253,481	233,955	8.3%
Other income (expense)						
Interest expense, net (4)	(10,705)	(14,978)	(28.5%)	(13,736)	(19,079)	(28.0%)
Exchange gains (losses) (4)	(587)	42	n/a	(587)	42	n/a
Other	2,012	(927)	n/a	12,008	4,181	187.2%
Income before income taxes	244,201	218,092	12.0%	251,166	219,099	14.6%
Income taxes	94,248	85,924	9.7%	96,699	86,385	11.9%
Income after taxes	149,953	132,168	13.5%	154,467	132,714	16.4%
Equity in income (losses) from associates	(28,040)	(14,980)	87.2%	(28,040)	(14,980)	87.2%
Minority interests	(40)	0	n/a	(40)	0	n/a
Net income	121,873	117,188	4.0%	126,387	117,734	7.3%
Other information						
Operating margin	18.0%	17.0%	1.0 pp	18.0%	17.0%	1.0 pp
EBITDA (1)	380,044	348,704	9.0%	380,044	348,704	9.0%
EBITDA margin	27.1%	25.4%	1.7 pp	27.1%	25.4%	1.7 pp
Goodwill amortization in Operating Expenses	10,042	10,513	(4.5%)	10,042	10,513	(4.5%)
Goodwill amortization in Associates (5)	13,547	13,527	0.1%	13,547	13,527	0.1%
Total Goodwill Amortization	23,589	24,040	(1.9%)	23,589	24,040	(1.9%)
Booking information by Category (2)						
Air bookings	279,006	279,362	(0.1%)	279,006	279,362	(0.1%)
Non air bookings	22,948	23,283	(1.4%)	22,948	23,283	(1.4%)
	301,954	302,645	(0.2%)	301,954	302,645	(0.2%)
Booking information by Region (2)						
North America (3)	30,127	37,349	(19.3%)	30,127	37,349	(19.3%)
Europe	196,185	194,931	0.6%	196,185	194,931	0.6%
Rest of the world (ROW)	75,643	70,365	7.5%	75,643	70,365	7.5%
	301,954	302,645	(0.2%)	301,954	302,645	(0.2%)

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

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

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