

Press release

Good annual financial results supported by strengthening of international footprint

February 28, 2018

The consistent growth across all our business units as well as the success of our diversification strategy contributed to Amadeus solid financial performance during 2017.

Full year highlights (twelve months ended December 31, 2017)

- Revenue increased 8.5%, to €4,852.7 million
- EBITDA grew 9.7%, to €1,865.1 million
- In the Distribution segment, total travel agency air bookings grew 6.3% to 568.4 million
- In IT Solutions, Passengers Boarded¹ increased 19.8% to 1,656.5 million

Amadeus IT Group, S.A., a leading technology partner for the global travel industry, achieved adjusted profit of €1,116.1 million during 2017. This represents growth of 22.5% compared to 2016. Amadeus' revenue grew 8.5% last year, to €4,852.7 million, while EBITDA increased 9.7% to €1,865.1 million. The strong profit growth was supported by our positive operating performance, a decrease in financial expenses and a reduction in tax expense. The income tax rate for 2017 was 20.8%, compared to 28.2% in 2016. The rate was impacted by adjustments to deferred tax liabilities in France and the U.S. due to lower corporate tax rates starting in 2018.

Luis Maroto, President & CEO of Amadeus, commented:

"Amadeus' solid financial progression continued in 2017. The positive growth registered across all of our businesses contributed to increases of 9.7% in EBITDA and 22.5% in adjusted profit last year.

"In our Airline IT segment we had important milestones such as the migration of Southwest's domestic flights to Altéa in May. We also signed important deals with leading carriers such as Air Canada, which further contributes to our geographical diversification. In fact, last year 57.7% of our passengers boarded were generated outside of Europe compared to 54.1% in 2016.

¹ Passengers boarded (PB): actual passengers boarded onto flights operated by airlines using at least Amadeus Altéa Reservation and Inventory modules or Navitaire's New Skies solution.

“Growth was also consistent in our Distribution segment. Travel agency air bookings grew across all regions supported by industry growth and an enhancement of 0.6 p.p. of our competitive position², to 43.9%.

“As for our new businesses, they continued to progress well. Premier Inn signed up for the two key capabilities (CRS and PMS) of our Hospitality Platform in November. Our Airport IT customer base grew with agreements with airports around the world, from Australia to France, the US and the CIS region.

“Considering the growth outlook for the travel traffic and the economy worldwide, as well as the positive trends underlying our business, we are confident that Amadeus will continue to show healthy growth in 2018”.

Financial highlights for the year

Amadeus’ underlying financial situation remained strong. Net financial debt as per our financial covenants’ terms amounted to €2,083.3 million at December 31, 2017 (1.12 times last-twelve-month covenant EBITDA).

At the General Shareholders’ Meeting held in June our shareholders approved the annual gross dividend from the 2016 profit. The total value of the dividend increased 21.3% to €412.5 million, which represents a pay-out of 50% of the 2016 reported profit. Our Board of Directors proposed in December to maintain that 50% pay-out ratio for the year 2017 (the maximum percentage within the 40%-50% approved pay-out range).

In June 2018, the Board of directors will submit a final gross dividend of €1.135 per share to the General Shareholders’ Meeting for approval, including an interim dividend of €0.48 per share (gross) already paid on January 31, 2018.

In December, we also announced extraordinary remuneration to our shareholders in the form of a share repurchase program. The maximum investment will be €1,000 million, not exceeding 5.69% of the share capital of the company. The program will be executed through two tranches of up to €500 million investment each: the first tranche will be non-cancellable and will run from January 1, 2018 to March 31, 2019, and the second, cancellable at Amadeus’ discretion, will run from April 1, 2019 to March 31, 2020.

Business highlights for the year

Distribution

- Revenue increased to €3,137.6 million, 7.3% more than in 2016
- Travel agency air bookings grew 6.3% to 568.4 million

² Competitive position is measured as our TA air bookings in relation to the TA air booking industry, defined as the total volume of travel agency air bookings processed by the global Central Reservation System (CRS). Excludes air bookings made directly through in-house airline systems or single country operators, the latter primarily in China, Japan and Russia

Growth in our Distribution segment was driven by booking growth, increased average pricing and an increase in non-booking revenue.

Amadeus' travel agency air bookings grew consistently across all regions supported by industry growth and an enhancement of 0.6 p.p. of our competitive position. Asia Pacific, with an 11.4% increase and Latin America, with 10.0% were the best performing regions.

<i>Amadeus TA air bookings (figures in millions)</i>					
	<i>Full year</i>	<i>% of</i>	<i>Full year</i>	<i>% of</i>	<i>%</i>
	<i>2017</i>	<i>Total</i>	<i>2016</i>	<i>Total</i>	<i>Change</i>
Western Europe	206.0	36.2%	202.1	37.8%	2.0%
Asia and Pacific	108.6	19.1%	97.4	18.2%	11.4%
North America	99.0	17.4%	90.8	17.0%	9.0%
Middle East and Africa	69.3	12.2%	65.9	12.3%	5.1%
Central, Eastern and Southern Europe	48.1	8.5%	44.5	8.3%	7.9%
Latin America	37.5	6.6%	34.1	6.4%	10.0%
Total TA air bookings	568.4	100.0%	534.9	100.0%	6.3%

During 2017, we signed 55 new contracts or renewals of content agreements with airlines, including TUI fly, Air Canada, Westjet Airlines, Korean Air, Delta Airlines, Avianca Argentina and several low cost carriers (LCC).

Subscribers to Amadeus' inventory can now access over 110 LCC and hybrid carriers' content worldwide. LCC and hybrid carriers' bookings grew 9% in 2017 compared to the previous year.

We also continued to receive interest from our customers in our merchandising solutions throughout 2017. At the close of the year, 143 airlines had signed up to Amadeus Airline Ancillary Services for the indirect channel, including Air Canada, Malaysia Airlines and All Nippon Airways, and 115 had implemented the solution. A total of 66 carriers had contracted Amadeus Fare Families, which allows airlines to distribute branded fares, with 50 of them already implemented.

We achieved New Distribution Capability (NDC) Level 1 certification as an aggregator from IATA in October. This certification follows on from Amadeus becoming one of the first technology companies to receive NDC Level 3 certification as an IT provider, the highest level of certification, in June 2016. Navitaire is also NDC Level 3 certified. Our aim is to become NDC Level 3 certified as aggregator in 2018.

IT Solutions

- Revenue grew 10.8% to €1,715.1 million
- Amadeus passengers boarded increased 19.8%, to a total of 1,656.5 million

The positive performance of Airline IT and our new businesses, as well as the consolidation of Navitaire (from January 26, 2016) supported revenue growth in our IT Solutions segment.

Airline IT

In 2017, passengers boarded increased at a double-digit growth rate, fuelled by 7.6% organic growth and carrier implementations on our PSS platforms (either Altéa or New Skies), as well as a consolidation impact from Navitaire passengers boarded.

	Total passengers boarded (figures in million)				
	<i>Full year</i>	<i>% of</i>	<i>Full year</i>	<i>% of</i>	<i>%</i>
	<i>2017</i>	<i>Total</i>	<i>2016</i>	<i>Total</i>	<i>Change</i>
Western Europe	611.2	36.9%	562.4	40.7%	8.7%
Asia & Pacific	502.8	30.4%	428.5	31.0%	17.3%
North America	176.5	10.7%	64.9	4.7%	171.9%
Latin America	149.2	9.0%	134.9	9.8%	10.5%
Middle East and Africa	127.2	7.7%	119.7	8.7%	6.2%
Central, Eastern and Southern Europe	89.6	5.4%	72.0	5.2%	24.5%
Total passengers boarded	1,656.5	100.0%	1,382.5	100.0%	19.8%

Southwest Airlines migrated its domestic flights to Altéa in May. The new reservation system brings an array of features that will allow the carrier to optimise its flight schedule; manage inventory between any given origin and destination more easily; govern the value of potential ancillary services; and automate rebookings during flight disruptions. The airline began operating its international flights through Altéa in July 2014.

Malaysia Airlines and Kuwait Airways also implemented Altéa. Go Air, Viva Air Peru, Andes Líneas Aéreas, TUI fly Belgium and JetSMART were among the carriers that implemented New Skies in 2017.

Air Canada contracted the full Amadeus Altéa Suite in October, as well as a range of other Amadeus airline IT and payments solutions including Anytime Merchandising, Revenue Integrity and Passenger Recovery. This further reinforces our partnership with Air Canada, following the launch of the new aircanada.com website in March, powered by Amadeus' technology.

Flybe, Europe's largest regional airline, signed up for the full Altéa suite in November. Additionally, the airline contracted Amadeus e-Retail, Amadeus Anytime Merchandising, and Amadeus Customer Experience Management.

Swoop, West Jet's new ultra-low cost carrier and flyadeal, Saudia Airlines' new low cost subsidiary, contracted New Skies in 2017.

In total, at the end of December, 199 customers had contracted either Altéa or New Skies and 195 had implemented them.

New businesses

Airport IT

Our portfolio of Airport IT customers continued to expand in 2017. Adelaide Airport announced in March that it will implement Airport Operational Database (AODB), Airport Fixed Resource Management Solution (RMS) and Flight Information Display System.

Hong Kong International Airport and Amadeus announced an agreement to deploy the world's first movable check-in kiosks. These kiosks can be located anywhere within the airport or moved off-site so check-in can be made at train platforms, hotels or any other location. Powered by Amadeus, the versatile kiosks can be rapidly deployed and relocated for check-in by either the traveller or the airport staff to provide full-service operations.

We also made strong progress in our airport IT business across the CIS region. Aktau International Airport signed up for Amadeus Airport Common Use Service (ACUS); and Heydar Aliyev International Airport contracted the Amadeus' full suite of airport solutions including ACUS, Baggage Reconciliation System (BRS) and AODB. Almaty International Airport successfully implemented ACUS and BRS in December.

We signed new customers in the US, including Louis Armstrong New Orleans International Airport; Pittsburgh International Airport; and Fort Lauderdale-Hollywood International Airport.

Hospitality

In November, Premier Inn announced that it had signed up for two key capabilities of our Hospitality platform: the Central Reservation System (CRS) and the Property Management System (PMS). Premier Inn will also become the first hotel chain to adopt the Amadeus Payment solutions.

Additional news

In June, Decius Valmorbidia was appointed Senior Vice President, Travel Channels, and became a member of Amadeus' Executive Committee.

Amadeus' Shareholders' Annual Meeting approved the appointment of Mr. Nicolas Huss as independent Director to the Board for a term of three years. Mr. Huss has over twenty years' experience in the financial service industry. He has held a variety of CEO roles for Apollo Global Management, Bank of America and General Electric in different European and Latin American countries, and he was the CEO of Visa Europe until March 2017. Currently he is Executive Vice-President of the Retail Business Unit at Ingenico Group, a global leader in seamless payment.

In December, the Board of Directors appointed Mrs. Pilar García Ceballos-Zúñiga, effective December 15, 2017 as independent director. Mrs. Pilar García Ceballos-Zúñiga has extensive experience in technology. Prior to her appointment as independent director to Amadeus' Board of Directors, she was Executive Vice President of IBM Global Digital Services, Cloud and Security. Mrs. Pilar García Ceballos-Zúñiga takes over from Mr. Stuart McAlpine, who resigned as director of the Company. The Board of Directors expressed its gratitude to Mr. Stuart McAlpine for his contribution and dedication to Amadeus and welcomed Mrs. Pilar García to her new position.

In September, for the sixth consecutive year, Amadeus was included in the Dow Jones Sustainability Indexes (both the DJSI World and the DJSI Europe). This year, Amadeus was recognised as global leader in the Software & Services industry space.

Summary of operating and financial information

	Summary of KPI (figures in million euros)		
	Full year 2017	Full year 2016	% Change
Operating KPI			
TA air competitive position ¹	43.9%	43.2%	0.6 p.p.
TA air bookings (m)	568.4	534.9	6.3%
Non air bookings (m)	64.0	60.4	5.9%
Total bookings (m)	632.3	595.3	6.2%
Passengers boarded (m)	1,656.5	1,382.5	19.8%
Financial results			
Distribution revenue	3,137.6	2,925.0	7.3%
IT Solutions revenue	1,715.1	1,547.9	10.8%
Revenue	4,852.7	4,472.9	8.5%
Distribution contribution	1,306.0	1,223.0	6.8%
IT Solutions contribution	1,177.0	1,040.7	13.1%
Contribution	2,483.0	2,263.7	9.7%
EBITDA	1,865.1	1,700.1	9.7%
EBITDA margin (%)	38.4%	38.0%	0.4 p.p.
Adjusted profit²	1,116.1	911.0	22.5%
Adjusted EPS (euros)³	2.55	2.08	22.3%
Cash flow			
Capital expenditure	612.1	595.1	2.9%
Free cash flow ⁴	917.6	811.4	13.1%
	31/12/2017	31/12/2016	% Change
Indebtedness⁵			
Covenant Net Financial Debt	2,083.3	1,957.5	6.4%
Covenant Net Financial Debt / LTM Covenant EBITDA	1.12x	1.14x	

1. Competitive position as defined in page 2.
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. Calculated as EBITDA minus capital expenditure plus changes in our operating working capital minus taxes paid minus interests and financial fees paid.
5. Based on the definition included in the senior credit agreement covenants.

Notes to editors:

About Amadeus

Amadeus is a leading provider of advanced technology solutions for the global travel industry. Customer groups include travel providers (e.g. airlines, hotels, rail and ferry operators, etc.), travel sellers (travel agencies and websites), and travel buyers (corporations and travel management companies).

The Amadeus group employs around 15,000 people worldwide and does business in more than 190 countries. The company has central sites in Spain (corporate headquarters), France (development) and Germany (operations), and offices in 70 countries around the world.

For over 30 years, Amadeus has grown by collaborating with customers and partners, delivering innovative technology and powering better journeys for travellers all over the world.

The group operates a transaction-based business model.

Amadeus is listed on the Spanish Stock Exchange under the symbol "AMS.MC" and is a component of the IBEX 35 index.

To find out more about Amadeus please visit www.amadeus.com, and www.amadeus.com/blog for more on the travel industry.

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