1 Summary

1.1 Introduction

Full Year 2018 highlights (year ended December 31, 2018)

- In Distribution, our travel agency air bookings grew 2.1%, to 580.2 million
- In IT Solutions, our passengers boarded increased 11.9%, to 1,853.9 million
- Revenue grew by 6.6%[1], to €4,943.9 million (high single-digit growth rate[1], excluding foreign exchange effects)
- EBITDA increased by 9.7%[1], to €2,040.6 million (high single-digit growth rate[1], excluding foreign exchange and IFRS 16 effects)
- Adjusted profit[2] increased by 1.0%[1], to €1,122.8 million
- Free Cash Flow amounted to €989.0 million[3], representing growth of 7.8%
- Net financial debt[4] was €3,074.0 million at December 31, 2018 (1.47 times last-twelve-month EBITDA[4])

Amadeus continued to evolve positively through the fourth quarter of 2018, delivering 2018 Revenue, EBITDA and Adjusted Profit growth of 6.6%[1], 9.7%[1] and 1.0%[1], respectively (excluding TravelClick related acquisition transaction costs) [1]. This result was supported by the operating performances across our Distribution and IT Solutions segments, as well as by the TravelClick consolidation effect[1] (acquired on October 4, 2018). Our reported financial performance in the period was distorted by the USD/Euro exchange rate compared to the same period last year, which had an important negative impact on our results. Excluding foreign exchange effects (and also, the IFRS 16[1] impact on EBITDA), in 2018 Revenue and EBITDA both grew at high single-digit growth rates[1], with a broadly stable EBITDA margin. The slower relative growth in Adjusted Profit in 2018 was driven by extraordinary positive deferred tax liability adjustments in 2017, excluding which Adjusted Profit grew 6.0% in the year.

In Distribution, we continued to secure and expand content for our subscribers by renewing or signing distribution agreements with 15 carriers in the quarter (including Finnair, and TAP), amounting to a total of 50 in 2018. Also, recently, in India, Vistara renewed its distribution agreement with Amadeus and the Indian low cost carrier SpiceJet, signed its first distribution agreement with Amadeus. In 2018, our Distribution air volumes increased by 2.1%, impacted by a decelerating industry and Amadeus weak market share performance in the Western European OTA segment. Market share weakness in Western Europe has impacted our global competitive position[5], which slightly decreased by 0.2 p.p in 2018 to 43.7% (excluding Western Europe, our competitive position[5] expanded by 1.1 p.p. in 2018 and by 1.4 p.p. in the fourth quarter).

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[1] Including TravelClick's 2018 consolidation effect of: Revenue, EBITDA and Adjusted Profit contributions of €86.7m, €22.3m and €14.3m, respectively, while excluding TravelClick's related acquisition transaction costs, PPA adjustment and bank acquisition financing interest expense. For full details, please see section 3.2 on TravelClick's acquisition and impacts. Also, compared to 2017 figures restated for IFRS 15 and IFRS 9, applied from January 1, 2018. See section 3.1 for further details. In addition, we are early adopters of IFRS 16, which we applied since January 1, 2018. 2017 figures will not be restated for IFRS 16. In 2018, IFRS 16 had a positive €47.4 million impact on EBITDA. See section 3.1 for further details.

[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. Including TravelClick's 2018 Free Cash Flow contribution of €14.8m, while excluding TravelClick's related acquisition transaction costs paid and TravelClick's acquisition financing interest paid and related non-recurring fees. For full details, please see section 3.2 on TravelClick's acquisition and impacts.

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

[5] Competitive position as defined in section 3.

Asia and Pacific, as well as North America, were our fastest-growing regions in 2018, expanding at high growth rates. Over this period, Distribution revenue grew 2.8%[1], negatively impacted by foreign exchange effects.

IT Solutions revenue grew 13.1%[6] in 2018, negatively impacted by foreign exchange effects. This evolution was driven by (i) growth in Airline IT solutions, (ii) a continued expansion in our new businesses and (iii) the consolidation of TravelClick. In Airline IT, Passengers Boarded increased by 11.9% over 2018, resulting from 7.6% organic Passengers Boarded growth and our 2017/18 migrations, including Southwest Airlines, Japan Airlines, Malaysia Airlines, Kuwait Airways, Boliviana de Aviación, SmartWings,, Norwegian Air Argentina, Air Algerie, MIAT Mongolian Airlines ,S7 Airlines, Peruvian Airlines, Maldivian Airlines, Cyprus Airways and Aeromar on Altéa, as well as, GoAir, Viva Air Perú, Andes Líneas Aéreas, JetSMART flyadeal and Volaris Costa Rica on New Skies.

Our Airline IT customer base expanded during the quarter. Cyprus Airways and Peruvian Airlines contracted and implemented the full Altéa Suite, including Inventory, Reservation, Departure Control and Flight Management. Peruvian Airlines also contracted e-commerce solutions. Additionally, S7 Airlines completed the implementation of the full Altéa Suite, while Volaris Costa Rica contracted and migrated to New Skies. In December, we were pleased to announced that Singapore Airlines had implemented Amadeus Altéa NDC and Amadeus Anytime Merchandising to accelerate its digital transformation and enhance its retailing capabilities.

During the fourth quarter, we continued to progress in the roll-out of the Guest Reservation System with InterContinental Hotels Group, which has now been completed successfully. InterContinental Hotels Group's more than 5,600 properties across 15 brands and more than 100 countries are now live. Going forward, there will be future updates to the platform bringing enhanced features and functionality, including attribute-based selling.

We have remained highly focused on our technology investment as we believe it is the key to our success. In 2018, our investment in R&D amounted to 17.8% 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 2018, our Free Cash Flow grew 7.8%[7] to €989.0 million. At the end of the year, our net financial debt[8] stood at €3,074.0 million, representing 1.47 times last-twelve-month EBITDA[8].

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[6] Including TravelClick's 2018 consolidation effect of €86.7m, while excluding TravelClick's related PPA adjustment. For full details, please see section 3.2 on TravelClick's acquisition and impacts. Also, compared to 2017 figures restated for IFRS 15 and IFRS 9, applied from January 1, 2018. See section 3.1 for further details.

[7] Defined as EBITDA, minus capex, plus changes in our operating working capital, minus taxes paid, minus interests and financial fees paid. Including TravelClick's 2018 Free Cash Flow contribution of €14.8m, while excluding TravelClick's related acquisition transaction costs paid and TravelClick's acquisition financing interest paid and related non-recurring fees. For full details, please see section 3.2 on TravelClick's acquisition and impacts.

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

1.2 Summary of operating and financial information

Summary of KPI (€millions)	Full Year 2018[1,2]	Full year 2017[1,2]	Change
Operating KPI			
TA air bookings (m)	580.2	568.4	2.1%
Non air bookings (m)	63.0	64.0	(1.5%)
Total bookings (m)	643.2	632.3	1.7%
Passengers boarded (m)	1,853.9	1,656.5	11.9%
Financial results[1]			
Distribution revenue	3,004.3	2,922.1	2.8%
IT Solutions revenue	1,939.7	1,715.1	13.1%
Revenue	4,943.9	4,637.2	6.6%
Distribution contribution	1,380.7	1,350.1	2.3%
IT Solutions contribution	1,352.4	1,219.7	10.9%
Contribution	2,733.0	2,569.8	6.4%
EBITDA	2,040.6	1,859.9	9.7%
EBITDA margin (%)	41.3%	40.1%	1.2 p.p.
Adjusted profit[3]	1,122.8	1,112.1	1.0%
Adjusted EPS (euros)[4]	2.61	2.54	2.7%
Cash flow			
Capital expenditure	718.2	612.1	17.3%
Free cash flow[2]	989.0	917.6	7.8%
Indebtedness[5]	Dec 31,2018	Dec 31,2017	Change
Net financial debt	3,074.0	2,083.3	47.6%
Net financial debt/LTM EBITDA	1.47x	1.12x	

[1]Including TravelClick's 2018 consolidation effect of: Revenue, EBITDA and Adjusted Profit contributions of €86.7m, €22.3m and €14.3m, respectively, while excluding TravelClick's related acquisition transaction costs, PPA adjustment and bank acquisition financing interest expense. For full details, please see section 3.2 on TravelClick's acquisition and impacts. Also, compared to 2017 figures restated for IFRS 15 and IFRS 9, applied from January 1, 2018. See section 3.1 for further details. In addition, we are early adopters of IFRS 16, which we applied since January 1, 2018. 2017 figures will not be restated for IFRS 16. In 2018, IFRS 16 had a positive €47.4 million impact on EBITDA. See section 3.1 for further details.

[2]Defined as EBITDA, minus capex, plus changes in our operating working capital, minus taxes paid, minus interests and financial fees paid. Including TravelClick's 2018 Free Cash Flow contribution of €14.8m, while excluding TravelClick's related acquisition transaction costs paid and TravelClick's acquisition financing interest paid and related non-recurring fees. For full details, please see section 3.2 on TravelClick's acquisition and impacts.

3Excluding 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.

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

5 Based on our credit facility agreements' definition.

2 Operating Review

2.1 Recent business highlights

DISTRIBUTION

- During 2018, we signed 50 new contracts or renewals of content or distribution agreements with airlines, including Vistara, United Airlines, Scandinavian Airlines (SAS) and Norwegian. Subscribers to Amadeus' inventory can access c. 115 low cost carriers (LCCs) and hybrid carriers' content worldwide. LCC and hybrid carriers' bookings grew 13% in 2018.
- Several airlines and travel sellers joined our NDC-X program during 2018, including American Airlines, Travix, Carlson Wagonlit Travel or American Express Global Business Travel. The NDC-X program, which we unveiled in February, brings together all of Amadeus' NDC activities – as an IT provider and an aggregator – under one roof, so that all relevant travel content from any source (EDIFACT, NDC, proprietary APIs and other aggregated content) can be distributed via any user interface or device.
- In March, we signed an agreement with Air France KLM enabling distribution through a Private Channel. Amadeus travel seller customers which enact a Private Channel agreement with Air France-KLM will be able to book Air France KLM content through Amadeus without a surcharge, which started to be levied from April 2018.
- Our merchandising solutions continued to gather interest from our customers. A total of 18 airlines signed up for Amadeus Airline Ancillary Services for the indirect channel and 16 airlines signed for Amadeus Fare Families in 2018. As of December 31, 2018, 151 airlines had Amadeus Airline Ancillary Services (from which 128 had already implemented it) and 81 had Amadeus Fare Families (of which 69 had already implemented the solution).

IT SOLUTIONS

Corporations

- In November, we announced that Bosch will implement Amadeus cytric Travel, the Amadeus corporate self-booking tool. Bosch will also implement Amadeus' Mobile platform. Thanks to these solutions, Bosch will be able to offer its corporate travelers a seamless process from planning and booking their trip to submitting travel expenses. Bosch employees will additionally benefit from on-trip support, such as assistance with directions, securing reliable ground transportation or making restaurant reservations.

Airline IT

- At the close of December, 214 customers had contracted either of the Amadeus Passenger Service Systems (Altéa or New Skies) and 204 had implemented them.
- During the year, several airlines including S7 Airlines, Bangkok Airways, Philippine Airlines (PAL), Peruvian Airlines and Cyprus Airways signed up for the full Altéa suite, including the reservation, inventory, ticketing and departure control modules. The Altéa suite will help these airlines to enhance customer experience by delivering more consistent and personalized customer service, develop new revenue streams, and improve operational efficiency. KC International Airlines, a new Cambodian carrier and Volaris Costa Rica contracted and implemented New Skies. Hawaiian Airlines, the Honolulu-based airline, selected Amadeus Altéa Departure Control Flight Management.
- In August, Easyjet contracted Amadeus SkySYM by Optym to improve the reliability of its flight schedules. SkySYM simulates airline schedules in the planning stage to improve schedule reliability and ensure smooth operations on the actual day of the flight.

- In October, Southwest Airlines signed up for the full Amadeus Sky Suite by Optym with a 10-year agreement. The suite of five industry-first solutions gives Southwest Airlines the most comprehensive and advanced technology for all its network planning, simulation, forecasting and optimization needs.
- During the year we announced that Singapore Airlines and Avianca had both implemented Amadeus Altéa NDC.
- In March, Qantas completed its ambitious digital redesign. As part of it, the airline implemented some e-Commerce solutions, including Amadeus e-Personalize, Amadeus Affinity Shopper and Amadeus Flex Pricer Premium.
- We also collaborated with Lufthansa on its new biometric boarding solution using facial recognition. This innovative pilot, enabled through a collaboration between Amadeus, U.S. Customs and Border Protection (CBP), Los Angeles World Airports Authority (LAWA), and Vision Box, is available since March, for Lufthansa flights at Los Angeles International Airport (LAX). The airline intends to expand the pilot program to additional U.S. gateways and other passenger touchpoints.
- Additionally, during 2018, a total of 8 airlines had contracted Amadeus Revenue Management, including Finnair; 7 airlines had contracted Amadeus Anytime Merchandising including Singapore Airlines; 5 for Passenger Recovery and 7 for Customer Experience Management, including Garuda Indonesia. Also, Malaysia Airlines contracted for Amadeus Revenue Accounting.

Hospitality

- During the year, we continued to progress in the roll-out of the Guest Reservation System with InterContinental Hotels Group, which has been completed successfully in the fourth quarter. InterContinental Hotels Group 's more than 5,600 properties across 15 brands and more than 100 countries are now live. Going forward, there will be future updates to the platform bringing enhanced features and functionality, including attribute-based selling.
- In August, we announced an agreement to acquire TravelClick for $1.52 billion. TravelClick provides innovative cloud-based solutions, including an independent and mid-sized hotel Central Reservation System (CRS) and Guest Management Solution (GMS), as well as business intelligence and media solutions. The addition of TravelClick's solutions to the Amadeus portfolio will create a hospitality leader providing a broad range of innovative technology to hotels and chains of all sizes across the globe. In October, following the regulatory approvals, Amadeus announced it had completed the acquisition. See more detail in section 3.2.
- In November, we announced that NH Group had joined TravelClick's Demand360 program which gives hoteliers unique access to forward-looking demand data and allows hoteliers to develop optimal strategies for maximizing revenue. Working with TravelClick's Demand360 provides hotels with an understanding of the booking trends in their local market, while giving them the ability to know what actions to take to drive performance and ensure that they are getting their fair share of bookings through the right segment and channel.

Airport IT

- ASA Cape Verde Airports, a customer of Amadeus' Airport Common Use Service (ACUS), contracted ACUS Mobile.
- We also saw increasing interest from customers in Amadeus Extended Airline System Environment (EASE) and we signed contracts with airports such as Killeen-Fort Hood Regional Airport, JFK Airport, Los Angeles International Airport, Bozeman Yellowstone International Airport BZN and Charleston County Aviation Authority.

Payments

- In April, we launched a new solution to facilitate payments of bookings made through airlines' call centers. Rather than having to discuss payment details over the phone, with Amadeus Agent Pay airline agents send their customers a link, via SMS or email, to a secure webpage, so that the traveler can then complete the payment from their smartphone, tablet or PC. Meanwhile, the ticket is kept on hold, and issued automatically once the payment is complete. Finnair is using it not only for its call center but also for its chat-based customer service agents.

Rail

- Swiss Federal Railways (SBB) contracted Amadeus to design and power its new intelligent and flexible booking solution, which will be used across all of SBB's sales channels –online, at stations and third parties-.
- In September, we expanded our distribution agreement with SNCF, the French national railway. Thanks to this agreement, travel agencies beyond Europe will have access to SNCF rail content for the first time.

Other announcements

- In the last quarter of the year, Standard & Poor's and Moody's confirmed their rating s and outlook. Moody's a 'Baa2' long-term rating for Amadeus, with a stable outlook, and Standard & Poor's its 'BBB' long-term and 'A-2'short-term ratings, with a positive outlook.
- Over the past few months, we have announced several changes to our Executive Committee:

    - Wolfgang Krips, former Senior Vice President of Technology Platform Engineering (TPE) at Amadeus, has been appointed Senior VP Strategy, an appointment driven by the increasing technological profile of Amadeus.
    - Dietmar Fauser has been appointed Senior Vice President of TPE, taking over from Mr. Krips. Mr. Fauser, who has been with Amadeus since 1998, was until recently Vice President of Core Platforms and Middleware (CPM) and played a significant role in recent years in building the TPE organization.
    - Francisco Perez-Lozao, former Senior Vice President of New Businesses, has been appointed Senior Vice President Hospitality. Mr. Perez-Lozao will focus exclusively and lead the Hospitality business, recently strengthened by the TravelClick acquisition.
    - The other new business units will be led by Stefan Roper, appointed Senior Vice President of Strategic Growth Businesses. Mr. Roper brings over 20 years' international experience across the technology industry, both in innovative fast-growth environments and with major tech players.

2.2 Key ongoing R&D projects

As a leading technology provider to the travel industry, Amadeus undertakes significant R&D activities. In 2018, Amadeus devoted 17.8%[9] 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

[9] Compared to 2017 figures restated for IFRS 15 and IFRS 9, applied from January 1, 2018. See section 3.1 for further details.

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 and solutions related to 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: investment to develop and implement our new-generation Central Reservation System and developments related to our new-generation Property Management System.
- Continued development and evolution of our Airport IT, Payments and Rail IT portfolios.
- Resources devoted to enhance distribution capabilities for Hospitality and Rail.

_ 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 and Merchandizing, 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 audited consolidated financial statements of Amadeus IT Group, S.A. and subsidiaries are the source to the financial information included in this document and have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

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 less D&A expense. A reconciliation to the financial statements is included in section 6.1.5.

- The reconciliation of Operating income is included in the Group income statement included in section 6.1.
- Adjusted profit corresponds to reported profit for the period, after adjusting for: (i) accounting effects derived from PPA exercises and impairment losses, (ii) non-operating exchange gains (losses), and (iii) other non-recurring items, as detailed in section 6.1.8.
- Net financial debt as defined by our credit facility agreements is calculated as current and non-current debt (as per the financial statements), less cash and cash equivalents, adjusted for non-debt items (such as deferred financing fees, accrued interest and fair value adjustments to an EIB loan). A reconciliation to the financial statements is included in section 6.2.5.

Also, as explained in more detail in section 3.2, for purposes of comparability with 2017, we present unaudited financial results, segment results and other alternative performance measures, adjusted to exclude the consolidated results of TravelClick and TravelClick's acquisition related effects.

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 Accounting changes

The following accounting changes have been adopted from January 1, 2018:

IFRS 15

The standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized.

As a consequence of the adoption of this standard, certain Distribution revenues from the provision of IT to travel agencies are recognized as a reduction of operating costs (they were previously recognized within Revenue), with no impact on segment contribution, Group EBITDA or free cash flow.

Other than these effects, there are no significant impacts from the adoption of this standard, given that more than 90% of the revenues of Distribution and IT Solutions are derived from contracts identified as "Software as a Service", compliant with the new IFRS 15 requirements.

The standard has been applied from January 1, 2018 retrospectively and hence 2017 figures shown in this report have been restated accordingly. Consequently, as shown in the next tables, both Distribution revenue and operating costs (Cost of revenue, Personnel expenses and Other operating expenses) have been reduced by €215.5 million in 2017. EBITDA, Operating income, Profit and Free cash flow in 2017 are not impacted by the adoption of this standard.

IFRS 9

Among other changes, the standard establishes a new impairment model for the recognition of bad debt provisions based on expected credit losses rather than incurred credit losses.

As a consequence of the adoption of this standard, bad debt provisions, recognized within operating costs, have increased, negatively impacting segment contribution and EBITDA (by the same amount) as well as Profit (by the same amount less the associated tax benefit).

Also, the standard modifies the hedging accounting, resulting in a reduction in net financial expense and an increase in Profit (by the same amount less the associated tax impact).

There are no significant impacts from the adoption of this standard, other than the effects mentioned above.

Free cash flow is not impacted by the adoption of this standard.

For comparison purposes, 2017 figures shown in this report have been restated for the adoption of this standard. Consequently, as shown in the next tables, in 2017, Other operating expenses has increased by €5.2 million and net financial expense has declined by €4.8 million, resulting in a reduction in both EBITDA and Operating income of €5.2 million and a decline in Profit of €0.2 million.

Allocation of building and facilities expense

Since January 1, 2018, building and facilities expense is recognized within Indirect costs in full (previously these costs were partly allocated to Distribution and IT Solutions). Given the geographic expansion of our businesses and our customer focus, buildings and facilities are often shared by teams from all of our businesses, making segment allocation rules increasingly complex. We believe this reallocation results in a cost structure of the operating segments that provides a more accurate reflection of our segment profitability levels.

As a result of this cost reallocation, the Distribution and IT Solutions contributions have increased, as well as Indirect costs, with no impact on Group EBITDA, profit or free cash flow.

For comparison purposes, 2017 figures shown in this report have been restated for the adoption of this cost reallocation. Consequently, as shown in the next tables, in 2017 both the Distribution contribution and the IT Solutions contribution have increased by €49.2 million and €42.7 million, respectively, and Net indirect costs has increased by €91.9 million. 2017 EBITDA, Operating income, Profit and Free cash flow are not impacted by the adoption of this cost reallocation.

See below a reconciliation between the reported and the restated 2017 figures:

Full year 2017 (€million)	Reported	IFRS 15	IFRS 9	B&F exp.	Restated	Change
Segment reporting						
Distribution revenue	3,137.6	(215.5)	0.0	0.0	2,922.1	(215.5)
IT Solutions revenue	1,715.1	0.0	0.0	0.0	1,715.1	0.0
Group revenue	4,852.7	(215.5)	0.0	0.0	4,637.2	(215.5)
Distribution contrib.	1,306.0	0.0	(5.2)	49.2	1,350.1	44.0
IT Solutions contrib.	1,177.0	0.0	0.0	42.7	1,219.7	42.7
Contribution	2,483.0	0.0	(5.2)	91.9	2,569.8	86.7
Net indirect costs	(617.9)	0.0	0.0	(91.9)	(709.8)	(91.9)
EBITDA	1,865.1	0.0	(5.2)	0.0	1,859.9	(5.2)
Income statement						
Group revenue	4,852.7	(215.5)	0.0	0.0	4,637.2	(215.5)
Cost of revenue	(1,291.0)	200.8	0.0	0.0	(1,090.2)	200.8
Personnel expenses	(1,337.6)	3.4	0.0	0.0	(1,334.2)	3.4
Other operating expenses	(344.4)	11.3	(5.2)	0.0	(338.3)	6.1
Dep. and amortization	(556.5)	0.0	0.0	0.0	(556.5)	0.0
Operating income	1,323.2	0.0	(5.2)	0.0	1,318.0	(5.2)
Net financial expense	(60.1)	0.0	4.8	0.0	(55.3)	4.8
Other income (expense)	(0.6)	0.0	0.0	0.0	(0.6)	0.0
Profit before income taxes	1,262.5	0.0	(0.4)	0.0	1,262.1	(0.4)
Income taxes	(262.0)	0.0	0.2	0.0	(261.8)	0.2
Profit after taxes	1,000.5	0.0	(0.2)	0.0	1,000.3	(0.2)
Share in profit assoc/JV	4.2	0.0	0.0	0.0	4.2	0.0
Profit for the period	1,004.7	0.0	(0.2)	0.0	1,004.5	(0.2)
EPS (€)	2.29	0.00	0.00	0.00	2.29	0.00
Adjusted profit	1,116.1	0.0	(4.1)	0.0	1,112.1	(4.1)
Adjusted EPS (€)	2.55	0.00	(0.01)	0.00	2.54	(0.01)

Full year 2017 (€million)	Reported	IFRS 15	IFRS 9	B&F exp.	Restated	Change
Cash flow						
EBITDA	1,865.1	0.0	(5.2)	0.0	1,859.9	(5.2)
Change in working cap.	55.3	0.0	5.2	0.0	60.5	5.2
Capital expenditure	(612.1)	0.0	0.0	0.0	(612.1)	0.0
Taxes paid	(363.4)	0.0	0.0	0.0	(363.4)	0.0
Interest & financial fees	(27.2)	0.0	0.0	0.0	(27.2)	0.0
Free cash flow	917.6	0.0	0.0	0.0	917.6	0.0

Oct-Dec 2017 (€millions)	Reported	IFRS 15	IFRS 9	B&F exp.	Restated	Change
Financial results						
Distribution revenue	755.6	(51.4)	0.0	0.0	704.2	(51.4)
IT Solutions revenue	410.5	0.0	0.0	0.0	410.5	0.0
Group revenue	1,166.1	(51.4)	0.0	0.0	1,114.7	(51.4)
Cost of revenue	(317.0)	45.0	0.0	0.0	(272.0)	45.0
Personnel expenses	(341.1)	3.4	0.0	0.0	(337.7)	3.4
Other operating expenses	(105.1)	3.0	(1.3)	0.0	(103.4)	1.7
Dep. and amortization	(163.1)	0.0	0.0	0.0	(163.1)	0.0
Operating income	239.8	0.0	(1.3)	0.0	238.5	(1.3)
Net financial expense	(14.4)	0.0	1.4	0.0	(13.0)	1.4
Other income (expense)	0.7	0.0	0.0	0.0	0.7	0.0
Profit before income taxes	226.1	0.0	0.1	0.0	226.2	0.1
Income taxes	2.3	0.0	0.0	0.0	2.3	0.0
Profit after taxes	228.4	0.0	0.1	0.0	228.5	0.1
Share in profit assoc/JV	0.0	0.0	0.0	0.0	0.0	0.0
Profit for the period	228.4	0.0	0.1	0.0	228.5	0.1
EPS (€)	0.52	0.00	0.00	0.00	0.52	0.00
EBITDA	398.8	0.0	(1.3)	0.0	397.6	(1.3)
Adjusted profit	269.4	0.0	(1.2)	0.0	268.2	(1.2)
Adjusted EPS (€)	0.62	0.00	(0.01)	0.00	0.61	(0.01)

Oct-Dec 2017 (€millions)	Reported	IFRS 15	IFRS 9	B&F exp.	Restated	Change

Directors' Report for the year ended December 31, 2018 (millions of euros)

Cash flow						
EBITDA	398.8	0.0	(1.3)	0.0	397.6	(1.3)
Change in working cap.	77.9	0.0	1.3	0.0	79.1	1.3
Capital expenditure	(173.8)	0.0	0.0	0.0	(173.8)	0.0
Taxes paid	(159.3)	0.0	0.0	0.0	(159.3)	0.0
Interest & financial fees	(14.5)	0.0	0.0	0.0	(14.5)	0.0
Free cash flow	129.1	0.0	0.0	0.0	129.1	0.0

The 2017 figures displayed throughout this report and specifically in sections 5 "Operating and financial performance by segment" and 6 "Consolidated financial statements" are restated for IFRS 15, IFRS 9 and the building and facilities expense reallocation.

IFRS 16

We are early adopters of the standard applying it from January 1, 2018[10]. The standard introduces a single, on-balance sheet lease accounting model for right-of-use assets. The main impact from its adoption is that we have recognized new assets and liabilities for our operating leases of building rentals. Also, the nature of expenses related to those leases have changed as the standard replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. This change has resulted in a reduction in operating costs (and therefore an increase in EBITDA), and higher depreciation and amortization expenses, with limited (positive) impact on Operating income. Also, interest expense increases. As a result, Profit is only impacted marginally. Cash generation is not impacted by the adoption of this standard, however Free cash flow is positively impacted by it, given that a large part of the payments done in relation to operating leases is now reported as financial flows (debt payments) whereas it was previously reported as operating flows (within EBITDA).

The impact from the adoption of this standard in 2018 has been:

- A reduction in operating costs of €47.4 million (driving an increase in EBITDA by the same amount), higher D&A expense by €45.4 million (together resulting in an increase in Operating income of €2.0 million) and higher interest expense by €4.9 million. As a result, Profit decreased by €2.1 million in 2018.
- An increase in right-of-use assets (non-current assets) and financial debt (split between current and non-current liabilities in the balance sheet) of €251.1 million and €259.7 million, respectively, as of December 31, 2018. Financial debt related to operating leases arising from the adoption of this standard does not form part of the financial debt as per our credit facility agreements' definition.
- A positive impact of €47.4 million in Free cash flow, as a result of the increase in EBITDA (€47.4 million), as explained above. There is, however, no impact on cash generation as the increase in Free cash flow is offset by higher debt repayments (by the same amount) below the Free cash flow line.

[10] Given the method chosen for the application of the standard (modified retrospective approach), 2017 figures are not restated for IFRS 16.

3.2 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 a total 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, contributing €86.7 million in revenues, €22.3 million in EBITDA, €14.1 million in profit and €14.8 million in free cash flow, to our full year and fourth quarter 2018 results (excluding non-recurring costs associated with the acquisition). 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 2018:

- TravelClick's acquisition and integration related costs, incurred in full in the fourth quarter of 2018, amounting to €19.5 million (before taxes). Of these, an amount of €4.8 million was paid in the quarter. These costs mainly refer to third party expert advisory fees (including bankers, lawyers, accountants and consultants, among others) and costs related to its integration.
- 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 €8.2 million and €0.6 million, respectively, derived from the adjustment to fair value of certain operating liabilities, resulting in a negative impact of €7.7 million to EBITDA.
  - An additional amortization expense of €12.2 million, increasing the total group amortization expense.
- TravelClick's acquisition financing related fees amounting to €8.2 million were paid in 2018 (€2.0 million in the fourth quarter). These financing fees are deferred in the balance sheet and recognized in the income statement over the life of the related debt. In 2018, €0.4 million (before taxes) were recognized in the income statement (under the interest expense caption).

TravelClick's acquisition related effects described above (acquisition-related costs, PPA effects and acquisition financing fees) have impacted our group results and cash generation, in particular our revenue, EBITDA, EBITDA margin, Operating income, Profit, Adjusted profit, EPS, adjusted EPS and free cash flow in 2018.

For clarity purposes, in the following tables we display Amadeus Group figures (including TravelClick's consolidated results) and Amadeus Group figures excluding TravelClick's acquisition, in two separate columns. The aggregated impacts from the PPA exercise and the non-recurring costs associated with TravelClick's acquisition, as well as the impacts from TravelClick's acquisition financing are also disclosed in a separate column.

For purposes of comparability with 2017, the financial results displayed in sections 5 "Operating and financial performance by segment" and 6.1 "Group income statement" are presented excluding the consolidated results of TravelClick and the non-recurring costs, PPA derived adjustments and debt-related interest and fees associated with TravelClick's acquisition.

2018 segment reporting (€millions)	Amadeus exc. TC	% Change vs. 2017	TravelClick (TC)	Amadeus + TC	% Change vs. 2017	Transaction costs & PPA	2018 Results	% Change vs. 2017
Distribution revenue	3,004.3	2.8%	0.0	3,004.3	2.8%	0.0	3,004.3	2.8%
IT Solutions revenue	1,852.9	8.0%	86.7	1,939.7	13.1%	(8.2)	1,931.4	12.6%
Group revenue	**4,857.2**	**4.7%**	**86.7**	**4,943.9**	**6.6%**	**(8.2)**	**4,935.7**	**6.4%**
Operating costs	(1,696.7)	3.0%	0.0	(1,696.7)	3.0%	0.0	(1,696.7)	3.0%
Direct capitalizations	73.0	(2.9%)	0.0	73.0	(2.9%)	0.0	73.0	(2.9%)
Net operating costs	(1,623.6)	3.3%	0.0	(1,623.6)	3.3%	0.0	(1,623.6)	3.3%
Distribution contribution	**1,380.7**	**2.3%**	**0.0**	**1,380.7**	**2.3%**	**0.0**	**1,380.7**	**2.3%**
Contribution margin	46.0%	(0.2 p.p.)	n.m.	46.0%	(0.2 p.p.)	n.m.	46.0%	(0.2 p.p.)
Operating costs	(779.1)	9.1%	(59.4)	(838.5)	17.4%	(17.1)	(855.6)	19.8%
Direct capitalizations	247.7	13.1%	3.6	251.3	14.8%	0.0	251.3	14.8%
Net operating costs	(531.4)	7.3%	(55.8)	(587.2)	18.5%	(17.1)	(604.3)	22.0%
IT Solutions contribution	**1,321.5**	**8.3%**	**30.9**	**1,352.4**	**10.9%**	**(25.3)**	**1,327.1**	**8.8%**
Contribution margin	71.3%	0.2 p.p.	35.7%	69.7%	(1.4 p.p.)	n.m.	68.7%	(2.4 p.p.)
Indirect costs	(923.3)	6.0%	(8.6)	(932.0)	7.0%	(1.8)	(933.7)	7.2%
Indirect capitalizations	239.5	48.3%	0.0	239.5	48.3%	0.0	239.5	48.3%
Net operating costs	**(683.8)**	**(3.7%)**	**(8.6)**	**(692.5)**	**(2.4%)**	**(1.8)**	**(694.3)**	**(2.2%)**
EBITDA	**2,018.3**	**8.5%**	**22.3**	**2,040.6**	**9.7%**	**(27.1)**	**2,013.5**	**8.3%**
EBITDA margin	**41.6%**	**1.4 p.p.**	**25.7%**	**41.3%**	**1.2 p.p.**	n.m.	**40.8%**	**0.7 p.p.**

2018 income statement and cash flow (€millions)	Amadeus exc. TC	% Change vs. 2017	Trav-elClick (TC)	Amadeus + TC	% Change vs. 2017	Transac-tion costs & PPA	2018 Results	% Change vs. 2017
Financial results								
Group revenue	**4,857.2**	**4.7%**	**86.7**	**4,943.9**	**6.6%**	**(8.2)**	**4,935.7**	**6.4%**
Cost of revenue	(1,173.3)	7.6%	(33.6)	(1,206.9)	10.7%	0.0	(1,206.9)	10.7%
Personnel expenses	(1,353.6)	1.5%	(22.2)	(1,375.7)	3.1%	(6.4)	(1,382.1)	3.6%
Other operating expenses	(297.2)	(12.1%)	(8.6)	(305.9)	(9.6%)	(12.5)	(318.4)	(5.9%)
Dep. and amortization	(620.6)	11.5%	(2.6)	(623.3)	12.0%	(12.2)	(635.5)	14.2%
Operating income	**1,412.5**	**7.2%**	**19.7**	**1,432.2**	**8.7%**	**(39.4)**	**1,392.8**	**5.7%**
Net financial expense	(49.6)	(10.3%)	(0.5)	(50.1)	(9.4%)	(4.1)[11]	(54.2)	(2.0%)
Other income (ex-pense)	(2.3)	283.3%	0.0	(2.3)	283.3%	0.0	(2.3)	283.3%
Profit before income taxes	**1,360.5**	**7.8%**	**19.2**	**1,379.7**	**9.3%**	**(43.4)**	**1,336.3**	**5.9%**
Income taxes	(342.6)	30.9%	(5.1)	(347.7)	32.8%	10.9	(336.8)	28.6%
Profit after taxes	**1,018.0**	**1.8%**	**14.1**	**1,032.0**	**3.2%**	**(32.5)**	**999.5**	**(0.1%)**
Share in profit as-soc/JV	3.0	(28.6%)	0.0	3.0	(28.6%)	0.0	3.0	(28.6%)
Profit for the period	**1,021.0**	**1.6%**	**14.1**	**1,035.0**	**3.0%**	**(32.5)**	**1,002.5**	**(0.2%)**
EPS (€)	**2.37**	**3.4%**		**2.40**	**4.8%**		**2.33**	**1.6%**
Adjusted profit	**1,108.5**	**(0.3%)**	**14.3**	**1,122.8**	**1.0%**	**(17.6)**	**1,105.2**	**(0.6%)**
Adjusted EPS (€)	**2.58**	**1.4%**		**2.61**	**2.7%**		**2.57**	**1.1%**
Cash flow								
Free cash flow	**974.2**	**6.2%**	**14.8**	**989.0**	**7.8%**	**(13.1)[10]**	**976.0**	**6.4%**

[11] For purposes of comparability to 2017, and to offer an Amadeus view excluding TravelClick's acquisition impacts, TravelClick's financing related interest expense (€3.6 million in 2018) and non-recurring financing fees recognized in the income statement (€0.4 million), as well as TravelClick's financing interest paid in 2018 (€0.2 million), have been excluded from the "Amadeus exc. TC" column.

Q4'18 income statement and cash flow (€millions)	Amadeus exc. TC	% Change vs. Q4 '17	Trav-elClick (TC)	Amadeus + TC	% Change vs. Q4 '17	Transac-tion costs & PPA	Q4'18 Results	% Change vs. Q4 '17
Distribution revenue	724.9	2.9%	0.0	724.9	2.9%	0.0	724.9	2.9%
IT Solutions revenue	448.4	9.3%	86.7	535.2	30.4%	(8.2)	527.0	28.4%
Group revenue	**1,173.4**	**5.3%**	**86.7**	**1,260.1**	**13.0%**	**(8.2)**	**1,251.9**	**12.3%**
Cost of revenue	(298.6)	9.8%	(33.6)	(332.2)	22.2%	0.0	(332.2)	22.2%
Personnel expenses	(344.1)	1.9%	(22.2)	(366.2)	8.4%	(6.4)	(372.6)	10.3%
Other operating expenses	(97.8)	(5.4%)	(8.6)	(106.5)	3.0%	(12.5)	(119.0)	15.1%
Dep. and amortization	(174.3)	6.9%	(2.6)	(177.0)	8.5%	(12.2)	(189.2)	16.0%
Operating income	**258.6**	**8.4%**	**19.7**	**278.3**	**16.7%**	**(39.4)**	**238.9**	**0.2%**
Net financial expense	(22.1)	70.4%	(0.5)	(22.6)	73.9%	(3.6)[12]	(26.2)	101.6%
Other income (expense)	0.1	(85.7%)	0.0	0.1	(85.7%)	0.0	0.1	(85.7%)
Profit before income taxes	**236.6**	**4.6%**	**19.2**	**255.8**	**13.1%**	**(43.0)**	**212.8**	**(5.9%)**
Income taxes	(50.5)	n.m.	(5.1)	(55.6)	n.m.	10.8	(44.8)	n.m.
Profit after taxes	**186.1**	**(18.6%)**	**14.1**	**200.1**	**(12.4%)**	**(32.1)**	**168.0**	**(26.5%)**
Share in profit assoc/JV	0.3	n.m.	0.0	0.3	n.m.	0.0	0.3	n.m.
Profit for the period	**186.4**	**(18.4%)**	**14.1**	**200.4**	**(12.3%)**	**(32.1)**	**168.3**	**(26.4%)**
EPS (€)	**0.43**	**(17.2%)**		**0.46**	**(11.0%)**		**0.39**	**(25.3%)**
EBITDA	**430.3**	**8.2%**	**22.3**	**452.6**	**13.8%**	**(27.1)**	**425.5**	**7.0%**
Adjusted profit	**221.5**	**(17.4%)**	**14.3**	**235.9**	**(12.1%)**	**(17.2)**	**218.6**	**(18.5%)**
Adjusted EPS (€)	**0.51**	**(16.2%)**		**0.55**	**(10.8%)**		**0.51**	**(17.3%)**
Cash flow								
Free cash flow	**166.0**	**28.6%**	**14.8**	**180.8**	**40.0%**	**(6.9)[11]**	**173.9**	**34.7%**

[12] For purposes of comparability to 2017, and to offer an Amadeus view excluding TravelClick's acquisition impacts, TravelClick's financing related interest expense (€3.2 million in 2018) and non-recurring financing fees recognized in the income statement (€0.4 million), as well as TravelClick's financing interest paid in the fourth quarter of 2018 (€0.2 million), have been excluded from the "Amadeus exc. TC" column.

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 30%-40% of our total revenue). Revenue generated in currencies other than the Euro or US Dollar is negligible.

In turn, 50%-60% of our operating costs[13] are denominated in many currencies different from the Euro, including the US Dollar which represents 30%-40% 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 25-35% 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 2018, foreign exchange fluctuations had a negative impact on revenue and EBITDA, a positive impact on costs and an expansive impact on EBITDA margin. Excluding foreign exchange effects and the impact from the adoption of IFRS 16, both revenue and EBITDA (excluding TravelClick's acquisition-related costs and PPA impact) grew at a high single-digit rate, respectively, and EBITDA margin was broadly stable.

In the fourth quarter of 2018, foreign exchange fluctuations had a small positive impact on both revenue and EBITDA and a small negative impact on costs, resulting in a small negative impact on EBITDA margin. Excluding foreign exchange effects and the impact from the adoption of IFRS 16,

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

revenue and EBITDA (excluding TravelClick's acquisition-related costs and PPA impact) grew at double-digit and low double-digit rates, respectively, in the fourth quarter of the year.

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 December 31, 2018, 23% of our total financial debt[14] (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 296,000 shares and a maximum of 1,565,000 shares, approximately. It is Amadeus' practice and intention to make use of its treasury shares to settle these plans at their maturity.

5 Operating and financial performance by segment

As indicated in section 3.2, for purposes of comparability with 2017, the financial results displayed in section 5 "Operating and financial performance by segment" are presented excluding the consolidated results of TravelClick and the non-recurring costs and PPA derived adjustments associated with TravelClick's acquisition.

Segment Reporting (€millions)	Full year 2018 (exc. TravelClick)	Full year 2017	Change (exc. TravelClick)
Distribution revenue	3,004.3	2,922.1	2.8%
IT Solutions revenue	1,852.9	1,715.1	8.0%
Group Revenue	4,857.2	4,637.2	4.7%
Distribution contribution	1,380.7	1,350.1	2.3%
IT Solutions contribution	1,321.5	1,219.7	8.3%
Total Contribution	2,702.1	2,569.8	5.2%
Net indirect costs	(683.8)	(709.9)	(3.7%)
EBITDA	2,018.3	1,859.9	8.5%
EBITDA Margin (%)	41.6%	40.1%	1.4 p.p.

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

5.1 Distribution

Distribution (€millions)	Full year 2018 (exc. TravelClick)	Full year 2017	Change (exc. TravelClick)
Operating KPI			
TA air competitive position[1]	43.7%	43.9%	(0.2 p.p.)
TA air bookings (m)	580.2	568.4	2.1%
Financial results			
Revenue	3,004.3	2,922.1	2.8%
Operating costs	(1,696.7)	(1,647.2)	3.0%
Capitalizations	73.0	75.2	(2.9%)
Net Operating costs	(1,623.6)	(1,572.0)	3.3%
Contribution	1,380.7	1,350.1	2.3%
As % of Revenue	46.0%	46.2%	(0.2 p.p.)

[1] Competitive position as defined in section 3.

5.1.1 Evolution of Amadeus bookings

Operating KPI	Oct-Dec 2018	Oct-Dec 2017	Change	Full year 2018	Full year 2017	Change
TA air booking industry growth	1.1%	4.6%		2.9%	4.5%	
TA air competitive position[1]	44.8%	44.8%	0.0 p.p.	43.7%	43.9%	(0.2 p.p.)
TA air bookings (m)	135.3	134.0	1.0%	580.2	568.4	2.1%
Non air bookings (m)	16.2	16.4	(1.5%)	63.0	64.0	(1.5%)
Total bookings (m)	151.5	150.4	0.7%	643.2	632.3	1.7%

[1] Competitive position as defined in section 3.

Travel agency air booking industry

In the fourth quarter of the year, the travel agency air booking industry grew by 1.1%, a deceleration vs. the 1.7% growth rate delivered in the third quarter, or the 3.5% growth rate delivered in the first nine months of 2018. The travel agency air booking growth deceleration we have seen in the fourth quarter, has been practically across all regions. The North American industry was the fastest growing region, which, as mentioned above, reported a softer growth rate in the fourth quarter vs. previous quarters. Notably, Asia Pacific, which had delivered a double-digit growth rate in the first half of the year and decelerated in the third quarter, continued to decelerate further in the fourth quarter, with some major countries, such as India, South Korea and Thailand clearly, deteriorating vs. previous quarters. In turn, Latin America, benefiting from a more favorable macroeconomic environment in several countries, particularly Brazil, recovered from the previous quarter and reported a small expansion. Industry volumes in Western Europe, which had decreased in the first nine months of the year, continued to decline in the fourth quarter, negatively impacted by macroeconomic and geopolitical factors, the bankruptcy of a GDS airline and the distribution strategies adopted by some airlines in the region. Central, Eastern and Southern Europe reported a softer decline than in the third quarter, albeit still impacted by negative macroeconomic conditions in Russia.

In 2018, industry air bookings grew by 2.9% globally. With the exception of Western Europe - where the industry declined, impacted by the effects mentioned above - all regions showed a positive evolution, although with a clear decelerating trend relative to 2017 (except for North America, which has accelerated its growth compared to last year's). Asia and Pacific reported the fastest growth rate in 2018, followed by North America. Central, Eastern and Southern Europe, Middle East and Africa and Latin America showed limited growth over the period.

Amadeus bookings

In the fourth quarter of 2018, Amadeus travel agency air bookings grew by 1.0%, leading to a 2.1% increase over the year. North America was our fastest growing region in the fourth quarter, supported by an improvement in our competition position[15], in the context of a robust industry. Both Middle East and Africa and Latin America delivered healthy growth. Amadeus' bookings in Asia and Pacific showed limited growth, on the back of an overall industry deceleration in the region. Amadeus' bookings in Europe showed a contraction over the fourth quarter of 2018, impacted by the industry's continued booking decline. Also, Amadeus' Western European bookings were impacted by the loss of share at some European mid-size online travel agencies resulting from heightened commercial activity in the market. Excluding Western Europe, Amadeus bookings grew 5.9% in the fourth quarter of the year and our competitive position[16] expanded by 1.4 p.p.

In 2018, Amadeus' bookings increased by 2.1%. Asia and Pacific and North America were our best performing regions, delivering high growth rates. Middle East and Africa, Latin America and Central, Eastern and Southern Europe increased softly, supported by limited growth in the industry. Finally, Amadeus' bookings in Western Europe declined over the period, impacted by the industry decline and the loss of share at some European mid-size online travel agencies, as explained above. Excluding Western Europe, Amadeus bookings grew 7.2% and our competitive position[16] expanded by 1.1 p.p. in the year. In 2018, Amadeus expanded its competitive position in every region except in Western Europe.

Amadeus TA air bookings (millions)	Full year 2018	% of Total	Full year 2017	% of Total	Change
Western Europe	191.7	33.0%	206.0	36.2%	(7.0%)
Asia and Pacific	121.2	20.9%	108.6	19.1%	11.7%
North America	108.1	18.6%	99.0	17.4%	9.3%
Middle East and Africa	71.9	12.4%	69.3	12.2%	3.8%
Central, Eastern and Southern Europe	48.9	8.4%	48.1	8.5%	1.8%
Latin America	38.3	6.6%	37.5	6.6%	2.2%
Amadeus TA air bookings	580.2	100.0%	568.4	100.0%	2.1%

Amadeus' non-air bookings declined by 1.5% in 2018 vs. prior year as a consequence of a decline in rail bookings, mostly driven by strikes impacting a key customer, which more than offset the double-digit increase in Amadeus' hotel bookings.

[15] Competitive position as defined in section 3.

[16] Competitive position as defined in section 3.

5.1.2 Revenue

Distribution Revenue (€millions)	Oct-Dec 2018 (exc. TC)	Oct-Dec 2017	Change (exc. TC)	Full year 2018 (exc. TC)	Full year 2017	Change (exc. TC)
Revenue[1]	724.9	704.2	2.9%	3,004.3	2,922.1	2.8%

[1] Our disclosure no longer displays the annual break-out between booking and non-booking revenue, as application of IFRS 15 since January 1, 2018 has considerably reduced the size of the non booking revenue caption and most of the remaining concepts are today of similar nature to booking activity.

Distribution delivered revenue growth of 2.9% in the fourth quarter of 2018, driving 2.8% full year growth vs. 2017. Revenue growth in the quarter was driven by volume expansion and an enhancement in the average revenue per booking. Revenue growth was also supported by a small positive foreign exchange effect.

In 2018, revenue growth resulted from an increase in bookings of 1.7% and an expansive revenue per booking, negatively impacted by foreign exchange effects. Excluding foreign exchange effects, Distribution revenue grew at a mid single-digit rate, driven by booking growth and an underlying average revenue per booking expansion, in turn supported by (i) a positive booking mix, both from an increased weight of global bookings and a declining weight of non-air bookings, with a lower average fee, and (ii) customer renegotiations.

5.1.3 Contribution

Contribution increased by 2.3%, amounting to €1,380.7 million in 2018. This positive performance was the combination of 2.8% revenue growth, as explained in section 5.1.2 above, partly offset by 3.3% increase in our net operating costs. Contribution was negatively impacted by foreign exchange effects. Contribution represented 46.0% of revenue in the year, slightly below 2017. Contribution margin was positively impacted by foreign exchange effects. Excluding foreign exchange effects, contribution margin declined vs. 2017, in line with our expectations and in the same range as we have experienced over the past few years.

Growth in net operating costs in the year resulted from:

- Higher variable costs, due to (i) a 2.1% increase in travel agency air bookings, (ii) a unitary distribution cost expansion, mainly driven by heightened competitive pressure, a negative customer mix impact on incentives paid to travel agencies and a negative country mix (driven by the higher weight over our total volumes of some of the countries where Amadeus operates through local distributors, such as India, South Korea and some Middle Eastern countries), and (iii) non-recurring effects related to local taxes.
- A decline in net fixed costs, resulting from (i) contained FTE and unit personnel cost evolution, together with higher resources devoted to the R&D activity, offset by (ii) an increase in the capitalization ratio, impacted by project mix, and a reduction in several cost lines, which by nature may show a more volatile behavior per quarter.
- Positive foreign exchange effects.

5.2 IT Solutions

IT Solutions (€millions)	Full year 2018 (exc. TravelClick)	Full year 2017	Change (exc. TravelClick)
Operating KPI			
Passengers boarded (m)	1,853.9	1,656.5	11.9%
Financial results			
Revenue	**1,852.9**	**1,715.1**	**8.0%**
Operating costs	(779.1)	(714.5)	9.1%
Capitalizations	247.7	219.0	13.1%
Net Operating costs	**(531.4)**	**(495.5)**	**7.3%**
Contribution	**1,321.5**	**1,219.7**	**8.3%**
As % of Revenue	**71.3%**	**71.1%**	**0.2 p.p.**

5.2.1 Evolution of Amadeus passengers boarded

Amadeus passengers boarded grew by 6.6% to 456.6 million in the fourth quarter of 2018, leading to a full year 2018 growth of 11.9%.

This double-digit growth in the year was driven by (i) the impact from the 2017 implementations (such as Southwest Airlines, Japan Airlines, Malaysia Airlines, Kuwait Airways, Boliviana de Aviación, SmartWings, Norwegian Air Argentina, Air Algerie and MIAT Mongolian Airlines on Altéa, and GoAir, Viva Air Perú, Andes Líneas Aéreas, JetSMART and flyadeal on New Skies) and the 2018 implementations (including S7 Airlines, Peruvian Airlines, Maldivian Airlines, Cyprus Airways and Aeromar on Altéa and Volaris Costa Rica on New Skies), and (ii) a 7.6% organic growth. Passengers boarded growth was negatively impacted by the ceasing of operations of Air Berlin and Monarch Airlines during the second half of 2017, and by the de-migration of LATAM Airlines Brazil from our platform during the second quarter of 2018.

Passengers boarded (millions)	Oct-Dec 2018	Oct-Dec 2017	Change	Full year 2018	Full year 2017	Change
Organic growth[1]	381.9	356.3	7.2%	1,552.7	1,442.5	7.6%
Non organic growth	74.7	72.1	3.5%	301.2	213.9	40.8%
Total passengers boarded	456.6	428.4	6.6%	1,853.9	1,656.5	11.9%

[1] Calculated based on passengers boarded adjusted to reflect growth of comparable airlines on the Altéa and New Skies platforms during both periods.

Of our 1,853.9 million passengers boarded during 2018, 60.3% were generated outside of Europe. Our international footprint has continued to expand, particularly in Asia and Pacific and in North America, supported by the implementations of Southwest Airlines, Japan Airlines and Malaysia Airlines, among others, in 2017. As mentioned above, passengers boarded growth in Western Europe and Latin America during 2018 was negatively impacted by the ceasing of operations of Air Berlin and Monarch Airlines as well as the de-migration of LATAM Airlines Brazil from our platform during the second quarter of 2018, respectively.

Passengers boarded (millions)	Full year 2018	% of Total	Full year 2017	% of Total	Change
Western Europe	624.3	33.7%	611.2	36.9%	2.1%
Asia and Pacific	594.3	32.1%	502.8	30.4%	18.2%
North America	247.0	13.3%	176.5	10.7%	39.9%
Latin America	138.8	7.5%	149.2	9.0%	-6.9%
Middle East and Africa	138.1	7.5%	127.2	7.7%	8.6%
Central, Eastern & Southern Europe	111.5	6.0%	89.6	5.4%	24.4%
Passengers boarded	1,853.9	100.0%	1,656.5	100.0%	11.9%

5.2.2 Revenue

IT Solutions Revenue (€millions)	Oct-Dec 2018 (exc. TC)	Oct-Dec 2017	Change (exc. TC)	Full year 2018 (exc. TC)	Full year 2017	Change (exc. TC)
Revenue	448.4	410.5	9.3%	1,852.9	1,715.1	8.0%

IT Solutions revenue increased by 9.3% in the fourth quarter of the year, slightly impacted by positive foreign exchange effects. Excluding foreign exchange effects, revenue in the quarter grew at a high single digit rate, resulting from (i) a healthy performance of airline IT, supported by volume growth, and (ii) double-digit growth delivered by our new businesses.

In 2018, revenue grew by 8.0%, negatively impacted by foreign exchange effects. Excluding foreign exchange impacts, revenue expanded at a low double-digit growth rate with respect to the previous year.

IT Solutions Revenue (€millions)	Full year 2018 (exc. TravelClick)	Full year 2017	Change (exc. TravelClick)
IT transactional revenue	*1,380.7*	*1,282.4*	*7.7%*
Direct distribution revenue	*137.8*	*118.4*	*16.4%*
Transactional revenue	1,518.5	1,400.8	8.4%
Non-transactional revenue	334.4	314.3	6.4%
Revenue	1,852.9	1,715.1	8.0%

Transactional revenue

IT transactional revenue

In this category we include revenues from (i) our PSS offering for airlines, (ii) our e-commerce solutions, which provide online shopping and booking engines for airline websites, along with related functionalities, (iii) our range of standalone IT solutions (in the areas of merchandising, personalization, revenue optimization and disruption management, among others), which are complementary to, and fully compatible with, our Altéa solutions, and (iv) revenue from our Airport IT and Payments (the Merchant Hub offering) businesses.

IT transactional revenue increased by 7.7% in 2018, driven by:

- Volume expansion, resulting from organic growth and customer implementations, as explained in section 5.2.1.
- A dilutive IT transactional revenue per PB, impacted negatively by foreign exchange effects and an increasing weight of low-cost and hybrid carriers. Excluding these effects, IT transactional revenue per PB expanded in the year, supported by upselling activity (particularly, solutions such as revenue management, merchandizing and personalization and revenue accounting had a strong performance in the period) and the positive contribution from airport IT and payments.

Direct distribution revenue

Direct distribution revenue includes (i) fees charged for bookings made through the direct sales channel of an airline using our Altéa Reservation solution and for certain types of air bookings made through the direct sales channel of Altéa customers for which we charge a booking fee, not a PB fee, and (ii) fees charged to airlines using our Altéa Reservation solution for complementary functionalities that are closely related to the booking process.

Revenue from direct distribution increased by 16.4%, driven by volume growth and negative non-recurring items impacting 2017.

Non-transactional revenue

Non-transactional revenue comprises among others, (i) the recognition of deferred customization and implementation fees of our solutions, (ii) the provision of bespoke and consulting services, and (iii) revenues related to our Hospitality IT solutions.

Non-transactional revenue increased by 6.4% in 2018, negatively impacted by foreign exchange effects. Excluding foreign exchange effects, this caption grew at a double-digit rate, supported by the good performance of hospitality IT (excluding TravelClick).

5.2.3 Contribution

Contribution expanded by 8.3%, to €1,321.5 million. This positive performance was the combination of 8.0% revenue growth, as explained in section 5.2.2 above, and 7.3% increase in our net operating costs.

Contribution was impacted by negative foreign exchange effects, excluding which contribution grew at a low double-digit growth rate. Contribution margin expanded by 0.2 p.p. to 71.3%, impacted positively by foreign exchange effects. Excluding foreign exchange effects, contribution margin was broadly stable vs. 2017.

Net operating costs increase in the year resulted from:

- The reinforcement of (i) our commercial teams, to better support our product offering, customer base and geographic business expansion, and (ii) increased R&D expenditure dedicated to our airline IT portfolio enhancement and to the product portfolio expansion and customer implementation activity in our new businesses.
- A higher capitalization ratio, impacted by project mix.
- Positive foreign exchange effects.

5.3 EBITDA

In 2018, EBITDA increased by 8.5% to €2,018.3 million, negatively impacted by foreign exchange effects (see section 4.1 for details on the exposure of our operating results to foreign exchange fluctuations).

EBITDA growth resulted from the positive performances of Distribution and IT Solutions and a reduction in net indirect costs as a consequence of the adoption of IFRS 16 in 2018 (based on which operating lease costs are no longer recognized within indirect costs. See section 3.1 for details on accounting changes). Excluding foreign exchange effects and the IFRS 16 impact, EBITDA grew at a mid to high single-digit rate in the year.

In 2018, EBITDA margin represented 41.6% of revenue, expanding 1.4 p.p. vs. prior year. EBITDA margin was positively impacted by foreign exchange effects, as well as by the IFRS 16 adoption in 2018. Excluding both, EBITDA margin was broadly stable vs. 2017.

Net indirect costs declined by 3.7% in 2018 vs. 2017. Excluding the IFRS 16 impact, net indirect costs increased by 2.9%, resulting from: (i) expansion in R&D investment devoted to cross-area technology, including the shift to next-generation technologies and cloud services, as well as projects related to our overall infrastructure (see section 2.2 for further details), and (ii) increased resources in our corporate functions to support our business expansion, including technological projects to improve the efficiency and flexibility of internal processes partially offset by (iii) a higher capitalization ratio, impacted by project mix, and (iv) positive foreign exchange effects.

Indirect costs (€millions)	Full year 2018 (exc. TravelClick)	Full year 2017	Change (exc. TravelClick)
Indirect costs	(923.3)	(871.3)	6.0%
Indirect capitalizations & RTC[1]	239.5	161.5	48.3%
Net Indirect costs	**(683.8)**	**(709.9)**	**(3.7%)**

[1] Includes the Research Tax Credit (RTC).

6 Consolidated financial statements

As indicated in section 3.2, for purposes of comparability with 2017, the financial results displayed in section 6.1 "Group income statement" are presented excluding the consolidated results of TravelClick, TravelClick's financing related interest expense and the non-recurring costs and PPA derived adjustments associated with TravelClick's acquisition.

6.1 Group income statement

Income Statement (€millions)	Oct-Dec 2018 (exc. TC)	Oct-Dec 2017	Change (exc. TC)	Full year 2018 (exc. TC)	Full year 2017	Change (exc. TC)
Revenue	**1,173.4**	**1,114.7**	**5.3%**	**4,857.2**	**4,637.2**	**4.7%**
Cost of revenue	(298.6)	(272.0)	9.8%	(1,173.3)	(1,090.2)	7.6%
Personnel expenses	(344.1)	(337.7)	1.9%	(1,353.6)	(1,334.2)	1.5%
Other operating exp.	(97.8)	(103.4)	(5.4%)	(297.2)	(338.3)	(12.1%)
D&A	(174.3)	(163.1)	6.9%	(620.6)	(556.5)	11.5%
Operating income	**258.6**	**238.5**	**8.4%**	**1,412.5**	**1,318.0**	**7.2%**
Net financial expense	(22.1)	(13.0)	70.4%	(49.6)	(55.3)	(10.3%)
Other expense	0.1	0.7	(85.7%)	(2.3)	(0.6)	n.m.
Profit before income tax	**236.6**	**226.2**	**4.6%**	**1,360.5**	**1,262.1**	**7.8%**
Income taxes	(50.5)	2.3	n.m.	(342.6)	(261.8)	30.9%
Profit after taxes	**186.1**	**228.5**	**(18.6%)**	**1,018.0**	**1,000.3**	**1.8%**
Share in profit from associates and JVs	0.3	0.0	n.m.	3.0	4.2	(28.6%)
Profit for the period	**186.4**	**228.5**	**(18.4%)**	**1,021.0**	**1,004.5**	**1.6%**
EPS (€)	**0.43**	**0.52**	**(17.2%)**	**2.37**	**2.29**	**3.4%**
Key financial metrics						
EBITDA	**430.3**	**397.6**	**8.2%**	**2,018.3**	**1,859.9**	**8.5%**
EBITDA margin (%)	36.7%	35.7%	1.0 p.p.	41.6%	40.1%	1.4 p.p.
Adjusted profit[1]	**221.5**	**268.2**	**(17.4%)**	**1,108.5**	**1,112.1**	**(0.3%)**
Adjusted EPS (€)[2]	**0.51**	**0.61**	**(16.2%)**	**2.58**	**2.54**	**1.4%**

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

6.1.1 Revenue

In the fourth quarter of 2018, revenue amounted to €1,173.4 million, growing 5.3% vs. the same period in 2017. This resulted in full year revenue of €4,857.2, a growth of 4.7% vs. prior year.

Growth in the fourth quarter and full year of 2018 was driven by the positive evolution of Distribution and IT Solutions. Our revenue was negatively impacted by foreign exchange effects in 2018, despite a small positive effect during the fourth quarter. Excluding foreign exchange effects, revenue grew at a mid-single-digit rate and a mid-to-high single-digit rate, in the fourth quarter and the full year, respectively.

Overall, revenue growth was a combination of:

- An increase of 2.9% in Distribution in the fourth quarter of 2018, or 2.8% growth for the year.
- An increase of 9.3% in IT Solutions in the fourth quarter of 2018, driving an 8.0% in the year.

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

Revenue (€millions)	Oct-Dec 2018 (exc. TC)	Oct-Dec 2017	Change (exc. TC)	Full year 2018 (exc. TC)	Full year 2017	Change (exc. TC)
Distribution	724.9	704.2	2.9%	3,004.3	2,922.1	2.8%
IT Solutions	448.4	410.5	9.3%	1,852.9	1,715.1	8.0%
Revenue	1,173.4	1,114.7	5.3%	4,857.2	4,637.2	4.7%

6.1.2 Cost of revenue

These costs are mainly related to: (i) incentive fees paid to travel agencies, (ii) distribution fees paid to local commercial organizations which act as a local distributor (mainly in the Middle East, North Africa, India, and South Korea), as well as non-reimbursable local taxes, and (iii) data communication expenses related to the maintenance of our computer network, including connection charges.

Cost of revenue grew by 7.6% to €1,173.3 million in 2018 vs. prior year. The increase in cost of revenue was driven by (i) booking volume expansion, (ii) a higher unitary distribution cost, resulting from heightened competitive pressure and a negative country mix (driven by the higher weight over our total volumes of some of the countries where Amadeus operates through local distributors, such as India, South Korea and some Middle Eastern countries), and (iii) non-recurring effects related to local taxes.

6.1.3 Personnel and related expenses and other operating expenses

A large number of Amadeus' employees are software engineers. Amadeus also hires contractors to support its 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 Personnel and other operating cost line increased by 0.2% in the fourth quarter of 2018 vs. prior year, positively impacted by the IFRS 16 adoption from January 1, 2018 (see section 3.1 for further details).

In the full year period, this cost line declined by 1.3%, impacted positively by the IFRS 16 effect, as explained above, and foreign exchange effects. Excluding foreign exchange effects and the impact from the adoption of IFRS 16, Personnel and Other operating expenses together increased moderately in the year vs. previous year, resulting from:

- A 7% increase in average FTEs (permanent staff and contractors), mainly due to higher resources devoted to R&D (see further details in sections 2.2 and 6.2.2) and, to a lesser extent, an increase in headcount in our corporate function, driven by our geographical and business expansion. The expansion of our commercial and customer support units also contributed to the FTE growth.

- Limited growth in unit personnel cost, as a result of our global salary increase, partly offset by a positive country mix.
- Growth in non-personnel related expenses, such as computing and consultancy costs.
- These effects were partially offset by (i) an increase in capitalizations, driven by both R&D investment growth and a higher capitalization ratio, impacted by project mix, and (ii) a reduction in several cost lines, which by nature may show a more volatile behavior per quarter.

Personnel + Other op. expenses (€millions)	Oct-Dec 2018 (exc. TC)	Oct-Dec 2017	Change (exc. TC)	Full year 2018 (exc. TC)	Full year 2017	Change (exc. TC)
Personnel expenses + Other operating expenses	(441.9)	(441.1)	0.2%	(1,650.8)	(1,672.5)	(1.3%)

6.1.4 Depreciation and amortization

Depreciation and amortization (including capitalized D&A) was 7.9% higher in the fourth quarter of 2018 vs. the same period in 2017, driving growth over the full year period to 11.8%.

Ordinary D&A grew by 19.8% in the fourth quarter of 2018 vs. prior year, and 20.0% in 2018, partly driven by the adoption of IFRS 16 from January 1, 2018 (see further details in section 3.1). Excluding the impact from the IFRS 16 adoption (€13.4 million in the fourth quarter and €44.4 million in the full year period), ordinary D&A grew by 8.4% and 9.6% in the fourth quarter and in the full year period, respectively. Ordinary D&A growth in 2018 was 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, coupled with a modest increase in depreciation expense.

Depreciation & Amort. (€millions)	Oct-Dec 2018 (exc. TC)	Oct-Dec 2017	Change (exc. TC)	Full year 2018 (exc. TC)	Full year 2017	Change (exc. TC)
Ordinary D&A	(140.7)	(117.4)	19.8%	(513.9)	(428.3)	20.0%
Amortization derived from PPA	(24.2)	(22.3)	8.4%	(97.3)	(95.9)	1.4%
Impairments	(9.5)	(23.4)	(59.4%)	(9.5)	(32.3)	(70.7%)
D&A	(174.3)	(163.1)	6.9%	(620.6)	(556.5)	11.5%
Capitalized D&A[1]	2.6	4.0	(35.0%)	14.9	14.6	1.7%
D&A post-capitalizations	(171.7)	(159.1)	7.9%	(605.8)	(541.9)	11.8%

[1] Included within the Other operating expenses caption in the Group income statement. D&A is capitalized when the related asset is used for a software internally developed project which related costs are capitalized.

6.1.5 EBITDA and Operating income

In 2018, EBITDA increased by 8.5% to €2,018.3 million, negatively impacted by foreign exchange effects (see section 4.1 for details on the exposure of our operating results to foreign exchange fluctuations).

EBITDA growth resulted from (i) the positive performances of Distribution and IT Solutions and (ii) a reduction in net indirect costs driven by our adoption of IFRS 16 in 2018 (based on which operating lease costs are no longer recognized within indirect costs. See section 3.1 for details on accounting changes). Excluding foreign exchange effects and the IFRS 16 impact, EBITDA grew at a mid-to-high single-digit rate in the year.

In 2018, EBITDA represented 41.6% of revenue, expanding 1.4 p.p. vs. prior year. EBITDA margin was positively impacted by foreign exchange effects, as well as by the IFRS 16 adoption in 2018. Excluding both, EBITDA margin was broadly stable vs. 2017.

Operating income grew by 8.4% in the fourth quarter of 2018, or by 7.2% to €1,412.5 million in 2018, as a result of an increase in EBITDA and higher D&A charges.

Operating income – EBITDA (€millions)	Oct-Dec 2018 (exc. TC)	Oct-Dec 2017	Change (exc. TC)	Full year 2018 (exc. TC)	Full year 2017	Change (exc. TC)
Operating income	258.6	238.5	8.4%	1,412.5	1,318.0	7.2%
Depreciation and amortization	174.3	163.1	6.9%	620.6	556.5	11.5%
Capitalized depreciation and amortization	(2.6)	(4.0)	(35.0%)	(14.9)	(14.6)	1.7%
EBITDA	430.3	397.6	8.2%	2,018.3	1,859.9	8.5%
EBITDA margin (%)	36.7%	35.7%	1.0 p.p.	41.6%	40.1%	1.4 p.p.

6.1.6 Net financial expense

Net financial expense increased by €9.1 million in the fourth quarter of 2018, and declined by €5.7 million, or 10.3%, in 2018. Excluding the impact from the adoption of IFRS 16 (€4.8 million in 2018. See section 3.1 for further details), net financial expense declined by €10.5 million or 19.0% in 2018, mainly due to a reduction of €4.9 million in exchange losses vs. 2017. Interest expense declined vs. previous year by 12.2% (if we exclude the IFRS 16 impact), as a result of both lower average cost of debt and lower average gross debt (this is excluding TravelClick's acquisition financing impacts).

Net financial expense (€millions)	Oct-Dec 2018 (exc. TC)	Oct-Dec 2017	Change (excl. TC)	Full year 2018 (exc. TC)	Full year 2017	Change (exc. TC)
Financial income	0.3	(0.2)	n.m.	2.0	1.3	53.8%
Interest expense	(7.9)	(7.6)	3.8%	(33.7)	(32.9)	2.4%
Other financial expenses	(3.2)	(3.5)	(8.6%)	(8.8)	(9.6)	(8.3%)
Exchange gains (losses)	(11.4)	(1.7)	n.m.	(9.2)	(14.1)	(35.2%)
Net financial expense	(22.1)	(13.0)	70.4%	(49.6)	(55.3)	(10.3%)

6.1.7 Income taxes

Income taxes amounted to €342.6 million in 2018, a growth of 30.9% vs. 2017. The income tax rate in 2018 was 25.2%, higher than the 20.7% rate in 2017. The income tax rate in 2017 was impacted by a number of non-recurring effects, including adjustments to deferred tax liabilities in France and the U.S. due to lower corporate tax rates starting in 2018, in accordance with government regulatory changes, and tax deductions related to non-recurring transactions. Excluding the impacts from the non-recurring adjustments to deferred tax liabilities in 2017, income taxes grew by €27.5 million or 8.7% in 2018 vs. 2017.

6.1.8 Profit for the period. Adjusted profit

In the fourth quarter of 2018, reported profit declined by 18.4% to €186.4 million, driving full year 2018 growth to 1.6%. 2017 reported profit was positively impacted by non-recurring effects affecting income tax, as explained in section 6.1.7. Excluding the impacts from non-recurring adjustments to deferred tax liabilities in 2017, reported profit grew by 6.4% and 7.3% in the fourth quarter and full year 2018, respectively, vs. the same period of 2017.

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 declined by 17.4% in the fourth quarter of 2018, or by 0.3% to €1,108.5 million in 2018. Excluding the impacts from non-recurring adjustments to deferred tax liabilities in 2017, adjusted profit grew by 3.1% and 4.7% in the fourth quarter and full year 2018, respectively, vs. the same period of 2017.

Reported-Adj. profit (€millions)	Oct-Dec 2018 (exc. TC)	Oct-Dec 2017	Change (exc. TC)	Full year 2018 (exc. TC)	Full year 2017	Change (exc. TC)
Reported profit	186.4	228.5	(18.4%)	1,021.0	1,004.5	1.6%
Adjustments						
Impact of PPA[1]	18.9	20.1	(6.1%)	71.3	71.5	(0.4%)
Non-operating FX results[2]	9.1	1.5	n.m.	7.4	8.1	(7.8%)
Non-recurring items	0.0	(0.4)	n.m.	1.7	2.6	(33.1%)
Impairments	7.1	18.5	(61.7%)	7.1	25.4	(72.1%)
Adjusted profit	221.5	268.2	(17.4%)	1,108.5	1,112.1	(0.3%)

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

6.1.9 Earnings per share (EPS)

The table below shows EPS for the period, based on the profit attributable to the parent company (after minority interests), and adjusted EPS, based on the adjusted profit, as detailed above. Both are presented excluding the consolidated results of TravelClick, TravelClick's financing related interest expense and the non-recurring costs and PPA derived adjustments associated with TravelClick's acquisition.

Directors' Report for the year ended December 31, 2018 (millions of euros)

In 2018, our EPS increased by 3.4% to €2.37 and our adjusted EPS by 1.4% to €2.58.

Earnings per share	Oct-Dec 2018 (exc. TC)	Oct-Dec 2017	Change (exc. TC)	Full year 2018 (exc. TC)	Full year 2017	Change (exc. TC)
Weighted average issued shares (m)	438.8	438.8		438.8	438.8	
Weighted average treasury shares (m)	(8.2)	(2.6)		(8.5)	(1.7)	
Outstanding shares (m)	430.6	436.2	(1.3%)	430.4	437.1	(1.6%)
EPS (€)[1]	0.43	0.52	(17.2%)	2.37	2.29	3.4%
Adjusted EPS (€)[2]	0.51	0.61	(16.2%)	2.58	2.54	1.4%

[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.

On December 14, 2017, the Board of Directors of Amadeus agreed to undertake a share repurchase program, in accordance with the authorization granted to it by the General Shareholders' Meeting held on June 20, 2013. The purpose of the share repurchase program was the redemption of shares (subject to our General Shareholders' Meeting approval). The maximum investment approved under the program was €1,000 million, not exceeding 25,000,000 shares (or 5.69% of share capital), to be carried out in two tranches:

- Tranche 1: up to €500 million (non-cancellable), from January 1, 2018 to March 31, 2019.
- Tranche 2: up to €500 million (cancellable at Company's discretion), from April 1, 2019 to March 31, 2020.

Following TravelClick's acquisition, on October 25, 2018, Amadeus announced that the Board of Directors agreed to cancel the second (cancellable) tranche of the share repurchase program, which was due to start on April 1, 2019.

On December 10, 2018, Amadeus announced it had reached the maximum investment under the first tranche (€500 million), thus completing the share repurchase program. Under the program, Amadeus acquired 7,554,070 shares (representing 1.721% of Amadeus share capital).

6.2 Statement of financial position (condensed)

Statement of financial position (€millions)	Dec 31, 2018	Dec 31, 2017
Property, plant and equipment[1]	433.2	479.8
Right-of-use assets[1]	351.2	0.0
Intangible assets	4,093.8	3,204.3
Goodwill	3,598.0	2,714.2
Other non-current assets	282.8	256.0
Non-current assets	8,759.0	6,654.3
Current assets	808.5	641.5
Cash and equivalents	562.6	579.5
Total assets	**10,130.1**	**7,875.3**
Equity	3,191.7	2,641.3
Non-current debt	2,898.1	1,755.1
Other non-current liabilities	1,347.2	1,195.4
Non-current liabilities	4,245.3	2,950.5
Current debt	986.9	396.1
Other current liabilities	1,706.2	1,887.4
Current liabilities	2,693.1	2,283.5
Total liabilities and equity	**10,130.1**	**7,875.3**
Net financial debt (as per financial statements)	**3,322.4**	**1,571.7**

[1]In compliance with IFRS 16, the "Right-of-use assets" caption includes assets under operating and financial lease agreements, part of which (financial leases) were recognized as Property, plant and equipment at December 31, 2017. See section 3.1 for further details.

6.2.1 Property, plant and equipment (PP&E)

This caption principally includes land and buildings, data processing hardware and software, and other PP&E assets such as building installations, furniture and fittings and miscellaneous.

PP&E decreased by €46.6 million in 2018. This decrease was mainly the result of the following effects: (i) the reclassification as of January 1, 2018 of assets under finance lease agreements, amounting to €101.0 million, which are now disclosed under the Right-of-use assets caption above, (ii) additions (+€163.2 million), mostly related to data processing hardware and software acquired for our data processing center in Erding (Germany), (iii) additions from acquisitions, mainly TravelClick (+€12.8 million) and (iv) depreciation charges (-€118.8 million).

6.2.2 Intangible assets

This caption principally includes (i) the net cost of acquisition or development and (ii) the excess purchase price, allocated to patents, trademarks and licenses[17], technology and content[18] and contractual relationships[19]. In particular, it includes the excess purchase price derived from the business combination (acquisition) between Amadeus IT Group, S.A. (the former listed company in 2005) and Amadeus IT Group, S.A. (the currently listed company, formerly known as Amadeus IT Holding, S.A. or WAM Acquisition, S.A.) in 2005.

Intangible assets increased by €889.5 million in 2018. This increase was mainly the result of the combination of the following effects: (i) additions from acquisitions, mainly TravelClick (+€687.8 million), (ii) additions of internally developed software (+€559.0 million) and acquired assets (+€66.7 million), (iii) amortization charges and impairment losses (-€455.5 million) and (iii) foreign exchange effects (+€33.0 million).

6.2.3 Goodwill

Goodwill amounted €3,598.0 million as of December 31, 2018. Goodwill mainly relates to the unallocated amount of the excess purchase price derived from (i) the business combination (acquisition) between Amadeus IT Group, S.A. (the currently listed company, formerly named Amadeus IT Holding, S.A. or WAM Acquisition, S.A.) and Amadeus IT Group, S.A. (the former listed company in 2005) in 2005, and (ii) acquisitions, most of them completed in 2014, 2015, 2016 and 2018. Goodwill increased by €883.8 million in 2018, mainly due to TravelClick's acquisition (see section 3.2).

6.2.4 Equity, Share capital

As of December 31, 2018 the share capital of our Company was represented by 438,822,506 shares with a nominal value of €0.01 per share.

[17] Net cost of acquiring brands and trademarks (either by means of business combinations or in separate acquisitions) as well as the net cost of acquiring software licenses developed outside the Group for Distribution and IT Solutions.

[18] Net cost of acquiring technology software and travel content either by means of acquisitions through business combinations/separate acquisitions or internally generated (software applications developed by the Group, including the development technology of the IT solutions business). Travel content is obtained by Amadeus through its relationships with travel providers.

[19] Net cost of contractual relationships with travel agencies, as acquired through business combinations, as well as costs subject to capitalizations, related to travel agency incentives, that can be recognized as an asset.

6.2.5 Financial indebtedness

Indebtedness (€millions)	Dec 31, 2018	Dec 31, 2017	Change
Credit facility agreements' definition[1]			
Long term bonds	2,500.0	1,500.0	1,000.0
Short term bonds	500.0	0.0	500.0
European Commercial Paper	330.0	300.0	30.0
EIB loan	192.5	257.5	(65.0)
Other debt with financial institutions	23.9	13.2	10.8
Obligations under finance leases	90.1	92.1	(2.0)
Share repurchase program	0.0	500.0	(500.0)
Financial debt	**3,636.6**	**2,662.8**	**973.8**
Cash and cash equivalents	(562.6)	(579.5)	16.9
Net financial debt	**3,074.0**	**2,083.3**	**990.7**
Net financial debt / LTM EBITDA	**1.47x**	**1.12x**	**0.36x**
Reconciliation with financial statements			
Net financial debt (as per financial statements)	**3,322.4**	**1,571.7**	**1,750.7**
Interest payable	(5.5)	(2.1)	(3.4)
Deferred financing fees	14.9	10.3	4.6
EIB loan adjustment	1.9	3.4	(1.5)
Share repurchase program	0.0	500.0	(500.0)
Operating lease liabilities	(259.7)	0.0	(259.7)
Net financial debt (as per credit facility agreements)	**3,074.0**	**2,083.3**	**990.7**

[1] Based on the definition included in our credit facility agreements.

Net financial debt, as per our credit facility agreements' terms, amounted to €3,074.0 million at December 31, 2018 (representing 1.47x times last-twelve-month EBITDA).

The main changes to our debt in 2018 were:

- Three Eurobond issues on September 18, 2018 (under our Euro Medium Term Note Programme) for a total amount of €1,500 million, with the following conditions: (i) a €500 million issue, with a three year and a half maturity and an interest rate of 3-month Euribor plus 0.45% margin (with a minimum annual coupon of 0%), (ii) a €500 million issue, with a five year maturity, an annual coupon of 0.875% and an issue price of 99.898% of nominal value, and (iii) a €500 million issue, with an eight year maturity, an annual coupon of 1.5% and an issue price of 99.761% of nominal value.
- The use of the Multi-Currency European Commercial Paper (ECP) program by a net amount of €30.0 million.
- A repayment of €65.0 million related to the European Investment Bank loan.
- As explained in section 7.3.2, as of December 10, 2018, Amadeus had reached the maximum investment under the first tranche (€500 million) of the share repurchase program. The full liability associated with this tranche was outstanding as of December 31, 2017.

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. Simultaneously, the two undrawn revolving facilities signed in March 2015 (€500 million) and in April 2016 (€500 million) were cancelled. The new revolving facility remained undrawn at December 31, 2018.

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 (€5.5 million at December 31, 2018) 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 €14.9 million at December 31, 2018), (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 (€1.9 million at December 31, 2018), 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 €259.7 million at December 31, 2018.

6.3 Group cash flow

Consolidated Statement of Cash Flows (€millions)	Oct-Dec 2018	Oct-Dec 2017	Change	Full year 2018	Full year 2017	Change
EBITDA	425.5	397.6	7.0%	2,013.5	1,859.9	8.3%
Change in working capital	121.0	79.1	53.0%	0.7	60.5	(98.7%)
Capital expenditure	(212.0)	(173.8)	22.0%	(718.2)	(612.1)	17.3%
Pre-tax operating cash flow	**334.5**	**302.9**	**10.4%**	**1,296.0**	**1,308.2**	**(0.9%)**
Taxes paid	(142.5)	(159.3)	(10.5%)	(287.6)	(363.4)	(20.9%)
Interest & financial fees paid	(18.1)	(14.5)	24.6%	(32.4)	(27.2)	19.7%
Free cash flow	**173.9**	**129.1**	**34.7%**	**976.0**	**917.6**	**6.4%**
Equity investment	(1,305.9)	(2.5)	n.m.	(1,315.1)	(31.4)	n.m.
Cash flow from non-operating and extraordinary items	(26.4)	(5.8)	n.m.	(48.7)	(62.0)	n.m.
Debt payment	(253.1)	(442.5)	n.m.	1,373.8	(275.7)	n.m.
Cash to shareholders	(237.5)	0.0	n.m.	(1,003.2)	(419.0)	n.m.
Change in cash	**(1,649.0)**	**(321.7)**	**n.m.**	**(17.2)**	**129.5**	**n.m.**
Cash and cash equivalents, net[1]						
Opening balance	2,210.9	900.9		579.1	449.6	
Closing balance	561.8	579.1		561.8	579.1	

[1] Cash and cash equivalents are presented net of overdraft bank accounts.

In 2018, Amadeus Group free cash flow amounted to €976.0 million, 6.4% higher than 2017. Free cash flow was impacted by the following effects related to TravelClick's acquisition:

- TravelClick's positive contribution to free cash flow by €14.8 million.

- Non-recurring costs amounting to €12.9 million, paid in 2018.
- Interest paid related to TravelClick's acquisition financing amounting to €0.2 million.

Excluding the above non-recurring costs and interest paid in relation to TravelClick's acquisition, free cash flow amounted to €989.0 million in 2018, a 7.8% increase vs. 2017. See section 3.2 for a reconciliation of the above effects.

6.3.1 Change in working capital

Working capital inflow decreased by €59.8 million in 2018, mostly driven by (i) accounting effects from non-cash operating items, such as bad debt provisions and the recognition of previously deferred revenue, and (ii) timing differences in some payments and collections, partly related to changes in the contract terms with a supplier.

6.3.2 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 in the fourth quarter of 2018 increased by 22.0% vs. prior year, as a result of:

- Higher capex in intangible assets, driven by growth in software capitalizations, due to an increase in both R&D investment and capitalization ratio, impacted by project mix. Signing bonuses paid in the fourth quarter of the year decreased vs. previous year.
- A decline in capex devoted to property, plant and equipment.
- TravelClick's contribution to capital expenditure.

In 2018, capex amounted to €718.2 million, an increase of 17.3% vs. 2017. As a percentage of revenue, capex represented 14.6%, 1.3 p.p. higher than the same period of previous year. Capex in intangible assets in the year expanded 23.0% vs. 2017, largely driven by an increase in software capitalizations and, to a lesser extent, higher signing bonuses paid and TravelClick's contribution.

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. It is also important to note that a large part of our investments related to the migration of our clients is paid by the customer, although not recognized as revenue but deferred in the balance sheet. It is therefore capex which does not have a negative cash impact and where revenue does not get recognized as such, making the ratio of capex to revenue less relevant.

Capital Expenditure (€millions)	Oct-Dec 2018	Oct-Dec 2017	Change	Full year 2018	Full year 2017	Change
Capital Expenditure PP&E	31.0	32.2	(3.8%)	108.5	116.5	(6.9%)
Capital Expenditure in intangible assets	181.0	141.6	27.8%	609.7	495.7	23.0%
Capital Expenditure	212.0	173.8	22.0%	718.2	612.1	17.3%
As % of Revenue	16.9%	15.6%	1.3 p.p.	14.6%	13.2%	1.3 p.p.

R&D investment

In 2018, R&D investment (including both capitalized and non-capitalized expense) amounted to €876.7 million, 17.8% higher than previous year. As a percentage of revenue, R&D investment amounted to 17.8%, 1.7 p.p. higher than prior year.

Growth in R&D investment in 2018 resulted from:

- Increased resources to enhance and expand our product portfolio (including projects under the scope of our NDC-X program, merchandizing, shopping and personalization solutions, our revenue optimization portfolio, disruption management tools, etc.) and to implement solutions associated with our Airline IT upselling activity.
- Investment devoted to our new businesses, particularly Hospitality, Airport IT and Payments.
- Efforts dedicated to the shift to next-generation technologies and cloud services and continued enhancement of the overall infrastructure and processes to enhance efficiency, flexibility, availability and security.
- The impact from TravelClick's consolidation.

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)	Oct-Dec 2018	Oct-Dec 2017	Change	Full year 2018	Full year 2017	Change
R&D investment[1]	253.5	199.7	27.0%	876.7	744.2	17.8%
As % of Revenue	20.3%	17.9%	2.3 p.p.	17.8%	16.0%	1.7 p.p.

[1] Net of Research Tax Credit.

6.3.3 Taxes paid

In 2018, cash taxes amounted to €287.6 million, a decline of €75.8 million, or 20.9% vs. previous year. This decrease was mainly due to (i) higher reimbursements from previous years, and (ii) lower prepaid taxes in the U.S. resulting from a decrease in the corporate tax rate in 2018, in accordance with government regulatory changes.

Directors' Report for the year ended December 31, 2018 (millions of euros)

6.3.4 Interest and financial fees paid

Interest payments under our debt arrangements amounted to €32.4 million in 2018, €5.3 million higher than in 2017. This increase was mostly due to non-recurring fees paid (i) in relation to the Eurobonds issued in September 2018, and (ii) the cancellation of two revolving facilities and the set-up of a new revolving facility, in April 2018. These effects were partly offset by (i) the final payment of the coupon of €400 million bonds, which matured on December 2017, and (ii) a non-recurring fee from the cancellation of an interest rate swap in 2017.

6.3.5 Equity investments

In 2018, equity investments amounted to €1,315.1. This cash outflow mainly relates to TravelClick's acquisition, as detailed in section 3.2. In 2017, equity investments (€31.4 million) mostly correspond to the acquisition of i:FAO shares.

6.3.6 Cash flow from non-operating and extraordinary items

In 2018, cash outflow from non-operating and extraordinary items amounted to €48.7 million, mostly relating to exchange differences related to non-operating assets and liabilities.

6.3.7 Cash to shareholders

In 2018, the cash outflow to shareholders, amounting to €1,003.2 million, corresponds to (i) a payment of €494.3 million related to the ordinary dividend of €1.135 per share (gross) on the 2017 profit, (ii) the acquisition of treasury shares for a total amount of €500.0 million in relation to the first tranche of the share repurchase program (as described in section 7.3.2) and (iii) the acquisition of treasury shares to cover the staff shared-based remuneration schemes (as described in section 4.3).

7 Investor information

7.1 Capital stock. Share ownership structure

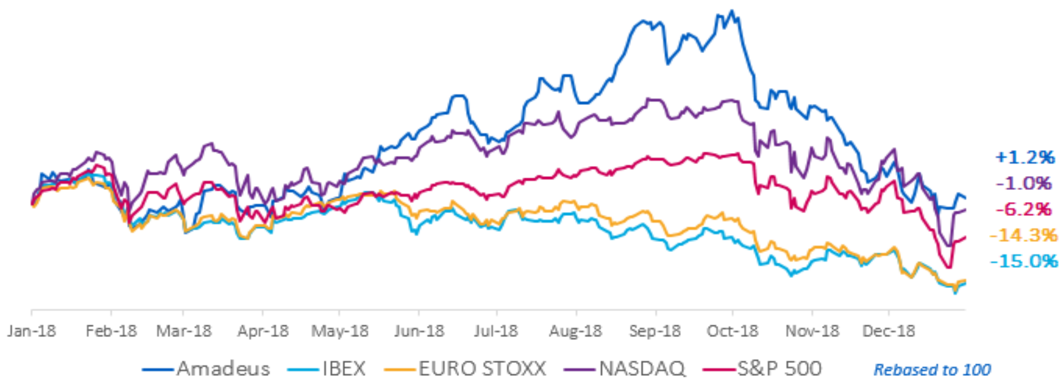
As of December 31, 2018, our capital stock amounts to €4,388,225.06 represented by 438,822,506 shares with a nominal value of €0.01 per share, all belonging to the same class, fully subscribed and paid in.

The shareholding structure as of December 31, 2018 is as described in the table below:

Shareholders	Shares	% Ownership
Free float	430,179,933	98.03%
Treasury shares[1]	8,214,289	1.87%
Board members	428,284	0.10%
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 2018



Key trading data	
Number of publicly traded shares (# shares)	438,822,506
Share price at December 31, 2018 (in €)	60.84
Maximum share price in Jan - Dec 2018 (in €) (October 1, 2018)	82.06
Minimum share price in Jan - Dec 2018 (in €) (March 2, 2018)	56.90
Market capitalization at December 31, 2018 (in € million)	26,698
Weighted average share price in Jan - Dec 2018 (in €)[1]	67.38
Average Daily Volume in Jan - Dec 2018 (# shares)	1,330,007

1 Excluding cross trade Shareholder remuneration

7.3 Shareholder remuneration

7.3.1 Dividend payments

At the General Shareholders' Meeting held on June 21, 2018, our shareholders approved the annual gross dividend from the 2017 profit. The total value of the dividend increased 20.7% vs. prior year to €498.1 million, representing a pay-out of 50% of the 2017 reported profit for the year, or €1.135 per share (gross). An interim amount of €0.48 per share (gross) was paid on January 31, 2018 and the complementary dividend of €0.655 per share (gross) was paid on June 29, 2018.

On December 13, 2018 the Board of Directors of Amadeus proposed a 50% pay-out ratio for the 2018 dividend.

In June 2019, the Board of directors will submit to the General Shareholders' Meeting for approval a final gross dividend of €1.175 per share, representing a 3.5% increase vs. the 2017 dividend and a 50% of the reported Profit, adjusted to exclude TravelClick's 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.

7.3.2 Share repurchase program

Amadeus has stated that in low leverage scenarios, it would complement ordinary shareholder remuneration with extraordinary remuneration.

On December 14, 2017, the Board of Directors of Amadeus agreed to undertake a share repurchase program, in accordance with the authorization granted to it by the General Shareholders' Meeting held on June 20, 2013. The purpose of the share repurchase program was the redemption of shares (subject to our General Shareholders' Meeting approval). The maximum investment approved under the program was €1,000 million, not exceeding 25,000,000 shares (or 5.69% of share capital), to be carried out in two tranches:

- Tranche 1: up to €500 million (non-cancellable), from January 1, 2018 to March 31, 2019.
- Tranche 2: up to €500 million (cancellable at Company's discretion), from April 1, 2019 to March 31, 2020.

Following TravelClick's acquisition, on October 25, 2018, Amadeus announced that the Board of Directors agreed to cancel the second (cancellable) tranche of the share repurchase program, which was due to start on April 1, 2019.

On December 10, 2018, Amadeus announced it had reached the maximum investment under the first tranche (€500 million), thus completing the share repurchase program. Under the program, Amadeus has acquired 7,554,070 shares (representing 1.721% of Amadeus share capital).

8 Other additional information

8.1 Expected Business Evolution

8.1.1 Macroeconomic environment

Given that Amadeus operates transaction-based business models, our operating results are highly linked to travel volumes (mainly bookings made by travel agencies connected to the Amadeus Distribution system, or passengers boarded by airlines using our IT solutions) at a global scale. Amadeus' businesses and operations are largely dependent on the worldwide travel and tourism industry, which is sensitive to general economic conditions and trends.

In January 2018, the IMF updated its World Economic Outlook, reporting that the growth of the global economy is expected to decelerate in 2019, growing at 3.5%, vs. 3.7% in 2018.

Growth in the advanced economies is projected to slowdown (2.0% in 2019 vs. 2.3% in 2018) mainly driven by slowdowns expected in the United States (2.5% in 2019, vs. 2.9% in 2019) and the Euro Zone (1.6% in 2019 vs. 1.8% in 2018).
Growth in the emerging markets and developing economies are also expected to decelerate (4.5% in 2019 vs. 4.6% in 2018) reflecting contractions in Argentina and Turkey, as well as the impact of trade actions on China and other Asian economies.

IATA believe that the slowdown in economic growth coupled with rising fuel costs will lead to a deceleration in air traffic growth, which is expected to expand by 6.0%[20] in 2019 (vs. 6.5% in 2018). All regions are expected to perform positively: Africa (5.0%), Asia-Pacific (7.5%), Middle-East (5.5%), Latin America (6.0%), North America (4.5%) and Europe (5.5%).

[20] IATA Airline Industry Economic Performance-December , 2018

8.1.2 Amadeus strategic priorities and expected business evolution in 2019

Amadeus is a leading technology provider for the travel industry. Amadeus has built commercial relationships with players across the industry, including airlines, travel agencies, hotels and airports, among others, and across the globe (with presence in more than 190 countries). Amadeus has invested consistently over the years to have a unique technology offering. Having market leading and cutting-edge technology allows us to serve our customers better, to customize more efficiently and to continue innovating.

In Distribution, we see growth coming from adding travel providers and travel agencies to our network, as well as from expanding the content offering distributed through Amadeus. In Airline IT, future growth will be driven by (i) implementing new customers to our current solutions, (ii) increasing the penetration of our solutions within our current customer base, and (iii) expanding our portfolio of solutions to address customer needs. Additionally, we expect growth to come from our new businesses, including Hospitality, Airport IT, Payments and Rail, as we progress in each of them.

In 2019, we expect to continue evolving positively. In Distribution, we expect to maintain our leadership position, supported by our sustained investment in R&D and focus on innovation, global footprint, local market understanding and industry expertise.

In Airline IT, our PSS business will continue to expand as we implement our upcoming, contracted migrations, while also benefiting from the full-year impact of the 2018 customer implementations. This is despite the full-year negative impact from LATAM Airlines Brasil (formerly TAM Airlines), which de-migrated in 2018. Beyond the PSS business, we continue to invest on enhancing and expanding our solutions portfolio in order to sustain our upselling activity, with particular focus on the areas of merchandising, personalization, revenue optimization, digitalization, and disruption management.

In Hospitality IT, we have now fully implemented the first version of the Guest Reservation System with InterContinental Hotels Group. In 2018, we also completed the acquisition of TravelClick, which provides innovative cloud-based solutions, including an independent and mid-size hotel Central Reservation System and Guest Management Solution, as well as business intelligence and media solutions. During 2019, we will continue the process of integrating TravelClick's solutions to the Amadeus portfolio, while also continuing to invest in further product development, creating a hospitality leader that provides a broad range of innovative technology to hotels and chains of all sizes across the globe

Investing in technology is a key pillar to our success. In 2019, Amadeus will continue to invest in R&D to support long term growth through new customer implementations, product evolution, portfolio expansion (including non-air IT diversification) and cross-area technological projects. We will continue investing for our NDC vision, which is to develop an integrated solution that can be widely adopted by both travel agencies and airlines to deliver sustainable results on a scale that matters. Also, we will progress on our shift to next-generation technologies and cloud services, as well as the application of new technologies, such as artificial intelligence and machine learning.

Amadeus has a proven track record of operating a solid and resilient business model that results in strong cash generation, allowing for sustained investment in R&D and innovation, as well as for shareholder remuneration, while maintaining a flexible capital structure. Ordinary dividends paid have grown consistently every year since our IPO, at an average annual rate of 20% and we have complemented this with share repurchases.

8.2 Research and Development Activities

Research and development (R&D) is core to the company's strategy and key to a sustainable competitive advantage. In addition, R&D activities help increase efficiency and improve the Amadeus System functionality, as well as to reduce maintenance and operating costs.

The Group is continuously investing in its systems, including the development of new products and functionalities, as well as the evolution of the existing platform, based on the latest state-of-the-art technology available. The group has 16 development centers, including 3 regional centers and the central development sites in Nice and Bangalore.

During the year ended December 31, 2018, Amadeus expensed €323.4 million for R&D activities and capitalized €573.0 million (before deducting any incentives), which compares to €299.0 million and €464.0 million, respectively, in 2017.

Our R&D investment enables us to offer some of the most advanced, integrated and powerful business tools available in the market, in order to deliver a best-in-class service to airlines and travel agencies. Indeed, Amadeus offers enhanced functionalities, such as advanced search and booking engines, both for travel agencies and travel providers. In addition, our product offering addresses the Passenger Service Systems for airlines, enabling processes such as central reservation, inventory management, departure control and e-commerce, as well as providing direct distribution technologies. We are also expanding our airline IT Solutions offering and we are seeking to grow our market share within the non-airline IT Solutions markets, including the hotel, rail and airport IT markets.

8.3 Treasury Shares

The reconciliation of the carrying amounts for the years ended December 31, 2018 and 2017, of the treasury shares is set forth in the table below:

	Treasury Shares	Millions of euros
Carrying amount at December 31, 2016	**1,521,273**	**23.6**
Acquisitions	147,562	7.7
Retirements	(599,583)	(14.2)
Share buy-back program	-	500.0
Carrying amount at December 31, 2017	**1,069,252**	**517.1**
Acquisitions	7,674,365	8.8
Retirements	(529,328)	(14.6)
Carrying amount at December 31, 2018	**8,214,289**	**511.3**

8.4 Financial Risks

The Group has exposure, as a result of the normal course of its business activities, to foreign exchange, interest rate, own shares price evolution, credit and liquidity risk. The goal of the Group is to identify measure and minimize these risks using the most effective and efficient methods to eliminate, reduce, or transfer such exposures. With the purpose of managing these risks, in some occasions, the Group enters into hedging activities with derivatives and non-derivative instruments.

8.4.1 Foreign exchange rate risk

The reporting currency in the Group's consolidated annual accounts is the Euro (EUR). As a result of the multinational orientation of its business, the Group is subject to foreign exchange rate risks derived from the fluctuations of many currencies. The target of the Group's foreign exchange hedging strategy is to reduce the volatility of the Euro value of the consolidated foreign currency denominated cash flows. The instruments used to achieve this goal depend on the denomination currency of the operating cash flow to be hedged:

- The strategy for US Dollar (USD) exposures is based on the use of natural hedges and derivatives. This strategy aims at reducing the exposure created by the USD denominated operating cash inflows of the Group with the USD payments of principals of the USD denominated debt and with derivatives, although as of December 31, 2018, there was no USD denominated debt.
- Aside from the USD, the foreign currency exposures are expenditures denominated in a variety of foreign currencies. The most significant of these exposures are denominated in Sterling Pounds (GBP), Indian Rupees (INR), Australian Dollars (AUD) and Singapore Dollars (SGD). For these exposures, a natural hedge strategy is not possible. In order to hedge a significant portion of the aforementioned short exposures (net expenditures) the Group can engage into derivative contracts with banks: basically currency forwards, currency options and combinations of currency options.

Provided that the objective in relation with the foreign exchange rate risk is to reduce the volatility of the EUR value of the foreign currency denominated cash flows, the total exposure of the Group to changes in the foreign exchange rates is measured in terms of Cash-flow at Risk (CFaR). This risk measure provides an estimate of the potential EUR loss of the foreign currency denominated cash flows from the moment the estimation is calculated to the moment the cash flow is expected to take place. These estimates are made using a 95% confidence level.

The CFaR methodology is similar in many respects to the Value at Risk (VaR) methodology. However, whereas VaR is generally centered in the changes in the value of a portfolio of exposures in a given future interval of time, CFaR is focused on the changes in the value of the cash-flows of that portfolio from the calculation date to the moment in which these cash-flows are expected to effectively take place. In the case of Amadeus CFaR is a more adequate measure of the risk of the Group given that the goal of our risk management strategy with relation to foreign exchange risk is reducing the volatility of the EUR value of the foreign currency denominated cash-flows. An additional reason for focusing on cash-flows is that, eventually, the cash-flows of a company result in its level of liquidity which in the case of a non-financial corporation it is generally a scarce and valuable element.

The main limitations of the CFaR methodology are very similar to the ones of the VaR methodology:

- Firstly, its results are based on several of hypotheses on the future volatilities of the exchange rates and the future correlation among them which may correspond with the real evolution of the exchange rates or not[21]

[21] The volatilities implicit in the market prices of currency options and the historic correlations among the main currencies in which Amadeus has exposures are used as inputs to the model.

Directors' Report for the year ended December 31, 2018 (millions of euros)

- Additionally, the foreign exchange exposure estimates used as inputs to the model may deviate with respect to the exposures which will finally take place in the future[22].
- Finally, it is important to mention that given a level of CFaR calculated with a 95% confidence level, the losses which could take place in the remaining 5% of the cases may be significantly greater than the level of risk as measured with the CFaR methodology for a 95% confidence level.

The CFaR of the foreign exchange exposures of the Group calculated with a 95% confidence level is set forth in the table below:

December 31, 2018			December 31, 2017		
2019 CFaR	2020 CFaR	2021 CFaR	2018 CFaR	2019 CFaR	2020 CFaR
(10.3)	(38.1)	(90.0)	(5.6)	(24.4)	(53.9)

There are two main reasons for the increase in the CFaR levels of the Group for the next three years with respect to the CFaR levels outstanding at the end of 2017. On one side, the higher US Dollar exposure as a consequence of the increased underlying exposures. Additionally, foreign exchange implicit volatilities outstanding at the end of 2018 were higher than the ones used to make the calculation in the previous year.

As it can be observed in the table above, the level of risk measured in CFaR terms tends to increase for the periods which are further away. The reasons for this are: (1) the further away the future cash-flows are, more adverse the effect of foreign exchange fluctuations can be potentially; (2) the level of hedging is smaller for the later periods; and (3) in the later periods the size of the foreign exchange exposures tends to be greater.

8.4.2 Interest rate risk

The objective of the Group in terms of interest rate risk management is reducing the volatility of the net interest flows payable by the Group. In line with this goal as of December 2018 approximately 77% (86%, 2017) of the debt contracted by the Group was fixed rate debt. No interest rate hedges were hedging this debt as of December 2018 and December 2017.

The sensitivity of fair value of Amadeus debt to a 0.1% (10 bps) parallel shift of the interest rate curve as of December 31, 2018 and 2017, is set forth in the table below:

[22] In order to calculate the foreign currency exposures of the Group we take into account the estimated cash flows in each currency according to the last available forecast and the foreign currency hedges contracted as of the CFaR calculation date.

Directors' Report for the year ended December 31, 2018 (millions of euros)

	December 31, 2018		December 31, 2017	
	+10 bps	-10 bps	+10 bps	-10 bps
EUR denominated debt	10.5	(10.5)	4.2	(4.7)
EUR accounting hedges	-	-	-	-
Total	**10.5**	**(10.5)**	**4.2**	**(4.7)**

In 2018 there has been an increase in the sensitivity of the EUR denominated debt to the movements of the interest rate curve with respect to the previous year. This increase is basically due to the issuance of three new Eurobonds with a total notional of €1,500 million and maturities in 2022, 2023 and 2026. This new debt increases both the total amount of outstanding debt and the average time to maturity of the Amadeus' debt. Although the future flows of the fixed rate debt instruments are not sensitive to the changes in the level of interest rates, the fair value of the instruments is sensitive to these changes.

According to the table above a 10 bps drop in the level of interest rates would cause a loss in the fair value of the debt (an increase of the liability) and the derivatives in the Amadeus hedging portfolio amounting to €10.5 million at December 31, 2018 (€4.2 million, 2017). However, given that the changes in the fair value of the derivatives that qualify for hedge accounting are recognized directly in equity and the debt is measured at amortized cost, the impact of a 10 bps drop in the level of interest rates would imply no loss recognized in the profit for the year at December 31, 2018 and 2017.

8.4.3 Own shares price evolution risk

As of December 31, 2018, the Group has three different remuneration schemes outstanding which are settled with Amadeus shares; the Performance Share Plan (PSP), the Restricted Share Plan (RSP) and the Share Match Plan (SMP).

According to the rules of these plans, when they mature their beneficiaries will receive a number of Company's shares which for the outstanding plans will be (depending on the evolution of certain performance conditions) between a maximum of 1,565,000 shares and a minimum of 296,000 shares, approximately. It is Amadeus intention to make use of its 8,214,289 treasury shares to settle these plans at their maturity.

8.4.4 Credit risk

Credit risk is the risk that a counterparty to a financial asset will cause a loss for the Group by failing to discharge an obligation.

Amadeus' cash and cash equivalents are deposited in major banks on the basis of diversification and the credit risk of the available investment alternatives.

The credit risk of Amadeus' customer accounts receivable is mitigated by the fact that the majority are settled through the clearing houses operated by the International Air Transport Association ("IATA") and Airlines Clearing House, Inc. ("ACH"). These systems guarantee that the cash inflows from our customers will be settled at a certain fixed date, and mitigate the credit risk partially by the fact that the members of the clearing house are required to make deposits that would be used in the event of default. Moreover, our customer base is large and unrelated which results in a low concentration of our credit risk.

8.4.5 Liquidity risk

The Corporate Treasury is responsible for providing the cash needed by all the companies of the Group. In order to perform this task more efficiently, the Group concentrates the excess liquidity of the subsidiaries and channel it to the companies with cash needs.

This allocation of the cash position among the companies of the Group is mainly made through:

- A cash pooling agreement with most of the subsidiaries located in the Euro area.
- Through bilateral Treasury Optimization agreements between Amadeus IT Group, S.A. and its subsidiaries.

Corporate Treasury monitors the Group's cash position through rolling forecasts of expected cash flows. These forecasts are performed by the subsidiaries of the Group and later on consolidated in order to examine both the liquidity situation and prospects of the Group and its subsidiaries.

The detail of the contractual maturities of the Group's debt financing as of the end of the financial year 2018 is described in the note 17 "Current and non-current debt".

In addition to other smaller treasury lines agreed with several banks, the Group has access to a Revolving Credit facility as detailed in note 17. The facility has a notional of €1,000.0 million and can be used to cover working capital needs and general corporate purposes. As of December 31, 2018, this facility was fully unused and thus €1,000.0 million can be used to cover the liquidity needs of the Group (as of December 31, 2017, there wasn't any used amount either).

Finally, in August 2016, the notional of the Multi-Currency European Commercial Paper (ECP) program was increased from €500.0 million up to €750.0 million. This program can be used for raising short term financing. As of December 31, 2018, €330.0 million of this program were in use (€300.0 million, 2017).

8.5 Subsequent events

As of the date of issuance of this report no significant subsequent events have occurred after the reporting period which might affect the Group and that should be disclosed.

9 Non-financial information statement

See Annexe 2

10 Corporate Governance Information

The Annual Corporate Governance Report is part of the Directors' Report in accordance with the Spanish Capital Companies Act. The aforementioned report is submitted to the CNMV separately and it can be found on the website www.cnmv.es.