

H1 2020 financial results

Highlights

Amadeus' financial performance in first half severely impacted by COVID-19 travel shutdown

First half of the year highlights (six months ended June 30, 2020)

- Revenue contracted by 54.7%, to €1,281.2 million
- EBITDA decreased by 83.6%, to €194.1 million
- Adjusted profit¹ declined by 113.4%, to a loss of €89.2 million
- In Distribution, our travel agency bookings fell by 78.6%, to 65.9 million
- In IT Solutions, our passengers boarded contracted by 56.2%, to 415.2 million
- Free Cash Flow² reduced by 139.0%, to (€172.4) million
- Excluding the impact of cancellations and bad debt effects associated with the COVID-19 pandemic, as well as upfront financing fees in relation to new credit agreements, underlying revenue, EBITDA and adjusted profit growth³ fell by of 43.0%, 65.2% and 89.0%, respectively.

Luis Maroto, President & CEO of Amadeus, commented:

“The second quarter of the year marked a very difficult moment globally for the travel industry in relation to the COVID-19 pandemic. The large-scale lockdowns across regions had a severe impact on travel, flight scheduling, on air bookings (further worsened by cancellations), and passengers boarding aircraft. Consequently, our revenue, EBITDA and adjusted profit were considerably impacted during the quarter”.

“Since late May, we have begun to see an increasing number of flights being scheduled, and air traffic and bookings have been responding. However, the situation remains highly uncertain”.

“Despite this difficult background, we have remained highly active, supporting our customers closely to overcome this situation and adapt their operations.

“We continue to monitor the situation with the COVID-19 pandemic closely. To strengthen our business for the future and to offset the sustained effects of the pandemic, we have taken additional actions to increase our liquidity and at present we have liquidity available of €4 billion. We are also taking measures to improve the way we operate, the way we serve our customers, to foster innovation and most importantly, to protect our business. These include

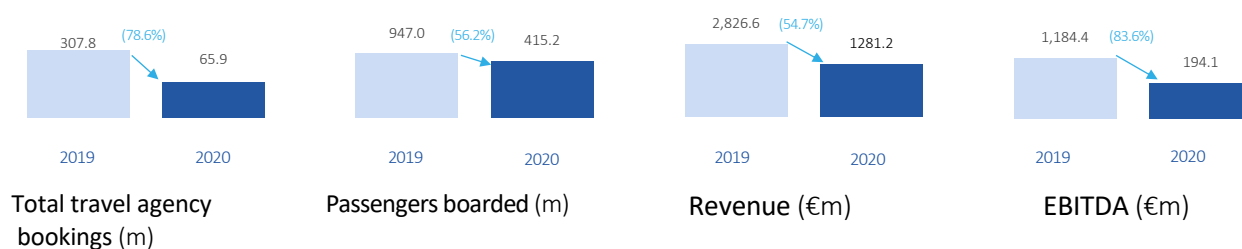
¹ Excluding after-tax impact of the following items: (i) accounting effects derived from PPA exercises and impairment losses, and (ii) non-operating exchange gains (losses).

² Defined as EBITDA, minus capex, plus changes in our operating working capital, minus taxes paid, minus interests and financial fees paid.

³ Adjusted to exclude cancellation and bad debt effects associated with the COVID-19 pandemic, as well as upfront financing fees in relation to the new credit agreements.

efficiency adjustments and also an organizational evolution to ensure that we are strongly positioned for the future”.

Operating and financial highlights (six months ended June 30, 2020)



Business evolution in the quarter

Distribution

In the second quarter of 2020, Amadeus travel agency air bookings were highly impacted by COVID-19 and contracted by 113.2% compared to the same period in 2019. Volumes reached a low in April and started to show improvement thereafter. Whilst volumes in April and May were still negative, as cancellations exceeded gross bookings, travel agency air bookings turned positive from approximately mid-June, as the higher level of cancellations in March, April and part of May started to slow down. Also, as more schedules were made available by airlines from late May, gross bookings generally responded.

Amadeus TA air bookings

	Change Apr-Jun 2020	Change Jan-Jun 2020
● Western Europe	(118.1%)	(79.1%)
● North America	(115.0%)	(77.5%)
● Middle East & Africa	(106.6%)	(73.0%)
● Central, Eastern & Southern Europe	(106.0%)	(70.8%)
● Asia Pacific	(110.5%)	(88.1%)
● Latin America	(112.8%)	(74.5%)
Total TA air bookings	(113.2%)	(78.6%)

As a consequence of this, revenue in our Distribution segment declined by 102.0% in the second quarter, and 73.0% overall for the six first months of the year. Excluding the impact from higher than usual cancellations and the cancellation provision, the underlying Distribution revenue declined by 82.4% in the second quarter, and by 52.9% in the first half of 2020 compared to 2019.

Despite this difficult backdrop, we remained active commercially. During the second quarter of 2020, we signed 9 new contracts or renewals of distribution agreements with airlines, including Air New Zealand and Fiji Airways. This allowed us to reach a total of 32 contracts agreed in the first half of the year.

We continued to make progress with our NDC program. American Airlines implemented Amadeus Ancillary Services via NDC so that it can now offer seat selection and other ancillary content on the travel agency channel. Two other large airlines have in addition connected to the Amadeus Travel Platform, one through our solution Altéa NDC and will start piloting our NDC technology for offering ancillary content through the travel agency channel.

Our customer base for Amadeus merchandizing solutions for the travel agency channel also expanded. During the second quarter, two airlines signed up for Amadeus Fare Families, four airlines contracted Amadeus Airline Ancillary Services, and one airline, Air Greenland, implemented it.

IT Solutions

In the second quarter of 2020, IT Solutions revenue decreased by 55.8% compared to the same period of 2019, increasing the first half revenue contraction to 29.4%. The revenue decline was driven by the low airline passengers boarded volumes, impacted by the COVID-19 pandemic. These were partially offset by a softer rate of contraction in revenue from our new businesses (partly due to subscription or license-based revenues which are less impacted by the COVID-19 disruption but also due to the impact from new customer implementations across businesses) and growth in airline services revenue.

IT Solutions – Airline IT

In the second quarter of 2020, Amadeus' passengers boarded decreased by 93.9% to 31.3 million. Organic passengers boarded declined by 93.9%, with contractions reported across all regions. After reaching the lowest point of the year to date in April, organic volumes started to improve modestly from May, worldwide, and most notably in North America.

More broadly and looking beyond COVID-19, our passengers boarded benefitted from customer implementations, including Philippine Airlines, Bangkok Airways, Air Canada, Air Europa and FlyOne, in 2019, and Azerbaijan Airlines, Mauritania Airlines, STARLUX Airlines, Air Tahiti, JSX and TAAG Angola, in 2020. On the other hand, we were negatively impacted by airline customers ceasing or suspending operations, including, in 2019, Germania and bmi Regional (both in February), Avianca Brasil (in May), Avianca Argentina (in June), and Thomas Cook UK, Aigle Azur, Adria Airways and XL Airways France (all in September), and Flybe, in March 2020.

In the first half of 2020, Amadeus passengers boarded contracted by 56.2%, as the negative impact from COVID-19 from February offset the good performance

of Amadeus organic volumes at the beginning of the year, as well as the contribution from the new customers since 2019.

Total passengers boarded

	Change Apr-Jun 2020	Change Jan-Jun 2020
● Asia Pacific	(94.0%)	(56.7%)
● Western Europe	(97.2%)	(63.3%)
● North America	(85.8%)	(41.2%)
● Middle East & Africa	(96.0%)	(54.6%)
● Latin America	(93.1%)	(51.7%)
● Central, Eastern & Southern	(90.9%)	(54.9%)
Total passengers boarded	(93.9%)	(56.2%)

As for the commercial activity in this segment, despite the on-going crisis we were able to maintain a positive flow of deals and prospects. At the close of June, 212 customers had contracted either of the Amadeus Passenger Service Systems (Altéa or New Skies) and 203 customers had implemented one of them.

Between April and June, both an undisclosed carrier and a small African carrier, contracted for the Altéa PSS, and TAAG Angola implemented Altéa.

We also made progress in our upselling strategy. Korean Air renewed its Altéa contract during the second quarter and signed up for the Amadeus Digital Experience Suite. Thanks to these new tools, the airline will have greater flexibility to work with third-party partners and developers, in order to fast-track innovation.

Other implementations included Air Tahiti and Tarom, who migrated to Altéa Departure Control (Customer Management and Flight Management modules). Tarom also implemented Amadeus Segment Revenue Management. Qantas successfully implemented Personalized Merchandizing and Personalized Servicing as part of its migration to Amadeus Customer Experience Management. Ural Airlines implemented Altéa NDC and can now offer its fares and additional services through the channel of its choosing providing a consistent experience to all customers, regardless of the channel. Finally, Fiji Airways implemented Amadeus Single PNR.

In July, Navitaire was certified as a capable Order Management System by the International Air Transport Association (IATA), building on its previous certification as an Accounting Provider last year. This means Navitaire now joins the Order Management System certification, which Amadeus achieved last year. The ONE Order certification reinforces Amadeus' commitment to industry standards, such as ONE Order and NDC, in order to improve efficiencies and business capabilities in the travel industry.

Hospitality

We signed a number of successful agreements in our Hospitality business, including the renewal of TravelClick's business intelligence technology with Aimbridge Hospitality Holdings across its more than 230 properties, as well as Hyatt's Select Service Hotels across close to 500 properties.

We also renewed our contract with Hotel Angeleno for a selected number of solutions from the Travel Click portfolio including iHotelier, Guest Management solution and business intelligence solutions, whilst Bastion Hotels renewed its contract for TravelClick Rez Exchange.

We signed a new deal with Grupo Posadas to implement our web services solution across 33 of its properties. Finally, in the Sales and Catering space, we have signed a multi-year agreement with Grand Lisboa Palace to implement our Amadeus Sales & Event Management solution.

New Businesses – Airport IT

Our Airport IT customer base continued to expand, and we saw particular interest from customers regarding our touchless technology. In July, we announced that Avinor, the firm operating Norway's 44 state-owned airports, contracted touchless check-in and bag drop technology from the ICM Amadeus portfolio for a number of its properties. Thanks to these technologies, passengers travelling from Norway can now check-in, drop their bags, pass through security, and board the aircraft without interpersonal contact. This will allow Norwegian airports to adapt to the new and evolving social distancing processes and requirements.

Also in July, Queen Alia International Airport in Amman deployed our full suite of airport solutions. The technology allows the airport to deliver innovative and automated new passenger services by making check-in and other key functions mobile so they can be completed at any point within the terminal to avoid passenger congestion and ensure social distancing.

Fort Lauderdale-Hollywood International Airport, already a customer of our airport suite, also contracted for Amadeus Biometric Boarding.

Liquidity enhancement and plans to strengthen Amadeus for the future

Since the outbreak of the pandemic, we have announced several measures to reinforce our financial position to face this crisis with confidence. Further to the financing and efficiency measures announced between March and April, in May we enhanced our available liquidity and pushed out our debt maturities by issuing two bonds amounting to a total of €1,000 million. The first bond, for €500 million will mature in May 2024, with a coupon of 2.526% and an issue price of 99.902% of its nominal value. The second, also for €500 million, has maturity in May 2027, a 2.892% coupon and an issue price of 99.894% of its nominal value.

Following this, Amadeus cancelled half (€500 million) of its undrawn €1,000 million bridge to bond loan executed on March 25, 2020.

At present, our liquidity available amounts to around €4.1 billion, represented by cash (€2,379.9 million as of June 30, 2020), an undrawn revolving facility (€1,000 million), an undrawn bridge to bond loan (€500 million) and an undrawn covenant-free new EIB loan (€200m) announced on June.

Furthermore, Amadeus has developed and initiated a comprehensive plan to strengthen its capabilities for the future. This plan involves actions to improve the way we operate, the way we serve our customers and to enhance innovation, which will bring a fixed cost reduction of €250 million on an annual basis. These savings are incremental to the €300 million cost savings plan announced in March 2020.

As for our operations, we are simplifying our business and customer unit structure by bringing together our Distribution and Airline IT businesses in a wider transversal and platform-led customer unit under the single leadership of Decius Valmorbida, who was previously leading the Distribution unit.

At the same time, we are also reframing and consolidating our technology and operational resources, simplifying how these are managed under a single Chief Technology Officer, Christophe Bousquet, who will be adding this role to his current one of Head of Airlines R&D.

Summary of operating and financial information

Summary of KPI (€millions)	Jan-Jun 2020	Jan-Jun 2019	Change	<i>Underlying financial performance¹</i>
Operating KPI				
TA air bookings (m)	65.9	307.8	(78.6%)	
Non air bookings (m)	17.0	33.9	(49.8%)	
Total bookings (m)	82.9	341.6	(75.7%)	
Passengers boarded (m)	415.2	947.0	(56.2%)	
Financial results				
Distribution revenue	441.6	1,637.0	(73.0%)	(52.9%)
IT Solutions revenue	839.6	1,189.6	(29.4%)	(29.4%)
Revenue	1,281.2	2,826.6	(54.7%)	(43.0%)
EBITDA	194.1	1,184.4	(83.6%)	(65.2%)
Profit (Loss) for the period	(196.9)	594.4	(133.1%)	(97.8%)
Adjusted profit ²	(89.2)	664.0	(113.4%)	(89.0%)
Adjusted EPS (euros) ³	(0.20)	1.54	(113.1%)	(89.2%)
Cash flow				
Capital expenditure	(264.5)	(369.9)	(28.5%)	
Free cash flow ⁴	(172.4)	442.2	(139.0%)	
Indebtedness⁵				
	Jun 30, 2020	Dec 31, 2019	Change	
Net financial debt	2,573.1	2,758.4	(185.3)	
Net financial debt/LTM	2.07x	1.23x		

¹ Adjusted to exclude cancellation, bad debt and impairment effects associated with the COVID-19 pandemic, as well as upfront financing fees in relation to the new credit agreements.

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

³ EPS corresponding to the Adjusted profit attributable to the parent company.

⁴ Defined as EBITDA, minus capex, plus changes in our operating working capital, minus taxes paid, minus interests and financial fees paid.

⁵ Based on our credit facility agreements' definition.

Notes to editors:

Travel powers progress. Amadeus powers travel. Amadeus' solutions connect travelers to the journeys they want through travel agents, search engines, tour operators, airlines, airports, hotels, cars and railways.

We have developed our technology in partnership with the travel industry for over 30 years. We combine a deep understanding of how people travel with the ability to design and deliver the most complex, trusted, critical systems our customers need. We help connect over 1.6 billion people a year to local travel providers in over 190 countries.

We are one company, with 19,000 employees across 70 offices. We have a global mindset and a local presence wherever our customers need us.

Our purpose is to shape the future of travel. We are passionate in our pursuit of better technology that makes better journeys.

Amadeus is an IBEX 35 company, listed on the Spanish Stock Exchange under AMS.MC. The company is also part of the EuroStoxx50 and has been recognized by the Dow Jones Sustainability Index for the last eight years.

To find out more about Amadeus, visit www.amadeus.com.

Follow us on: 

Contact details

Alba Redondo, Amadeus, Corporate Communications

T: +34 686747619

E: alba.redondo@amadeus.com