Did you know that Amadeus manages the bookings of more than 1.3 million passengers per day?
Loyalty is one of the key drivers connected to the core passenger servicing business of any successful airline. Being able to offer this service allows us to not only increase the value of our Altéa proposition but also to broaden our IT portfolio to better serve existing and future customers.

Julia Sattel - Senior Vice President
Airline IT Amadeus IT Group

One of the most interesting concepts developing today is the ability to combine customer insights gained by personalisation together with the capacity to clearly display and differentiate the offer. This will move the travel industry forward as offers can be based on what individuals really want and the value therefore will become clearly identifiable.

Holger Taubmann - Senior Vice President
Distribution Amadeus IT Group
3. Amadeus business model and highlights 2013

Overview of Amadeus businesses

We operate two complementary businesses, Distribution and IT Solutions, which generate significant synergies. We act as a global network providing comprehensive real-time search, pricing, booking, ticketing and other processing solutions to travel providers and travel agencies through our Distribution business. Through our IT Solutions business, we offer travel providers an extensive portfolio of technology solutions which automate certain mission-critical business processes, such as reservations, ticketing, inventory management and departure control. In addition, we also provide e-commerce technologies for a variety of travel providers. Although our current IT Solutions product offering primarily addresses the airline market needs, we are gradually expanding into the provision of IT solutions to other travel providers, mainly airports, hotels and railway companies. In addition, we are increasing the scope of services that we currently provide in the payment, travel intelligence and new media businesses.

Amadeus operates under a transaction-based business model linked to global travel volumes, thus showing strong resilience and stability.
3.1. Distribution

Distribution – the traveller’s needs at the centre of our thinking

- The six key stages in the travel experience

**Needs**
- Pre-trip
- On-trip
- Post-trip
- Inspire
- Shop
- Book

**Solutions**
- Mobile
- Point of sale
- Self-booking tool
- Ticketing
- Payments
- Expense management
- Mid & back-office
- Advertising
- Search
- Social media
- e-commerce
- User-generated content
- Merchandising
- Business intelligence

**Content providers**
- Provider offices
- Tour operators
- Travel agencies
- Meta search
- Insurance
- Cruise
- Hotel
- Ferry
- Destination services

**Travel intermediaries**
- Amadeus distribution systems connect content provider, travel intermediaries and travellers

The six key stages in the travel experience

The range of solutions adapted to customer needs

Distribution – the traveller’s needs at the centre of our thinking
Business overview

Within the travel and tourism industry, Amadeus connects a large number of travel providers with a large number of travel agencies, through which corporations and end-consumers can make travel reservations and buy travel related products and services. As such, Amadeus creates value in the travel distribution chain for both travel providers and travel agencies:

- Amadeus creates value for travel providers by extending their sales distribution reach to countries and market segments they would not easily reach through other systems.

- At the same time, Amadeus creates value for travel agencies by aggregating travel related content from multiple travel suppliers into an integrated display and by offering enhanced functionalities, such as advanced search and booking engines, to enable them to efficiently access this wide travel content and sell a wide variety of choices, prices and itineraries to their customers.

The distribution business also encompasses a broad range of related services and IT solutions for both providers and travel agencies. This includes, for example, new functionalities in our distribution platform for airlines which maximise income and sell ancillary services\(^1\), as well as to facilitating the booking of other content such as hotel, car rental, rail or cruise, management solutions for corporate travel policies, and fare search engines for both traditional and online travel agencies.

Our pricing model for distribution is based on transaction fees, principally bookings. The pricing level depends on the place where the booking is made with respect to the home market of the provider, the type of technology access to our platform employed, and the level of functionality which the provider enjoys. The strategic thinking behind this model is to link the level of our booking fee to the value provided to the travel provider. Basically, our reasoning is that we provide more value in those cases where the travel provider is not able to access customers in a cost-effective manner through its own means.

Our revenue has proven to be highly resilient, as the booking fees we charge travel providers are driven by air travel agency booking volumes, which in turn are linked to air traffic evolution, and ultimately to Gross Domestic Product (GDP) growth.

We benefit from a high level of visibility in respect of our business going forward. Around 80% of our air travel agency bookings are made under content agreements with airlines, which also include agreed pricing, and are typically for a term of between three and five years. Additionally, on average our agreements with global travel agencies are for terms of between three and ten years. Our rate of customer retention is in the range of 95%, or more.

Some of the main products from our Distribution business are:

- **Amadeus Selling Platform** is used as our main retailing application for travel professionals, and it provides them with a single access to schedules, availability and fares. To support travel professionals optimally Amadeus is leading the way in offering the first intuitive catalogue of services integrated into a professional selling interface, allowing travel professionals to easily browse and sell ancillary services on top of the base fare.

- **Amadeus e-Travel Management** is the online corporate self-booking tool that gives corporations control over their travel programme and provides business travellers greater choice with their trips, while complying with corporate travel policies. Planning, booking and purchasing complete travel itineraries become simple. Corporations and travel agencies alike can integrate all elements of their global travel programmes (including travel policies, preferred suppliers and negotiated rates) into one easy-to-use website. This international corporate travel solution is fully integrated with the main Expense Management systems.

### Total bookings (in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Air bookings</th>
<th>Non-air bookings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>61</td>
<td>352</td>
</tr>
<tr>
<td>2010</td>
<td>61</td>
<td>382</td>
</tr>
<tr>
<td>2011</td>
<td>61</td>
<td>402</td>
</tr>
<tr>
<td>2012</td>
<td>61</td>
<td>417</td>
</tr>
<tr>
<td>2013</td>
<td>59</td>
<td>443</td>
</tr>
</tbody>
</table>

### Value-based pricing: based on origin of booking

- **Local**
  - Less value
  - Lowest fee
  - Bookings made in travel agencies based in airline’s home country

- **Regional**
  - Medium value
  - Medium fee
  - Intermediate between global and local

- **Global**
  - Most value
  - Highest fee
  - Provide access to difficult-to-reach customer (e.g. other continent)

\(^1\) Airline ancillary services can be defined as additional services provided to customers beyond the airline ticket. Typical examples include baggage fees, priority seating, catering on board, etc.
Airlines

During 2013, Amadeus signed content agreements with a number of airlines including Air France-KLM, Air India, Alaska Airlines, American Airlines, China Airlines, Eva Airways, IAG, Thai Airways and Turkish Airlines. These agreements guarantee access to a comprehensive range of schedules, availability and fares for travel agencies connected to Amadeus. Today, over 80% of Amadeus bookings worldwide are made on airlines with which we have a content agreement.

Amadeus implemented our Airline Ancillary Services solution for Lufthansa and Austrian Airlines in 2013. This will allow carriers to sell advanced seat reservations in Economy Class through the travel agency channel for travellers flying on domestic and European routes, as well as sell seats offering extra leg room both on continental and intercontinental routes. With these additions, a total of 23 airlines distribute their ancillary services through the Amadeus travel agency channel using the solution across 62 countries.

easyJet, the UK’s largest airline by passengers carried, was the first carrier to become a light ticketing airline in the Amadeus system, a solution that improves the way in which travel agencies access, book and provide services when selling low-cost carrier flights. This development is expected to increase low-cost carrier (LCCs) bookings with a new pricing, ticketing and booking functionality offering the same look and feel as traditional full service carriers.

Low-cost carriers continued to be an area of growth for Amadeus in 2013 with the addition of 10 new low-cost carriers to the platform and an increase in travel agency bookings of 21% during the year.

Rail

Thalys, the international high-speed rail operator connecting Paris and Brussels with Germany and the Netherlands, selected Amadeus to expand their distribution through the travel agency channel. Starting in Germany, its content will be available alongside airlines on selected routes in the Amadeus neutral booking display for travel agents and corporate bookers. Users of Amadeus Selling Platform and Amadeus e-Travel Management will have access to the full range of Thalys fares, including corporate negotiated fares, schedules and availability to effectively compare Thalys high-speed rail services with flights on specific routes.

Travel agencies

Asia-Pacific remained a key growth area for Amadeus. Travel Expert Limited, Hong Kong’s leading and most extensive retail travel network, successfully implemented the Amadeus suite of solutions across more than 60 retail sites in Hong Kong – making it the largest ever implementation for a Global Distribution System (GDS) in Hong Kong. Additionally, a full content partnership with Travel Boutique Online India, Asia’s leading B2B travel aggregator, was announced. This will give travel agencies unparalleled search, shopping and booking capabilities on a range of hotel content.

In July, Amadeus launched Amadeus e-Power in the UK. This fully integrated booking engine is designed to help travel professionals accommodate the demands of internet-savvy consumers who want to research travel 24/7, yet who continue to value the personal service and specialist knowledge of small, medium-sized and niche travel sellers. Amadeus e-Power is built on Amadeus technology, which is used by many of the biggest players in online travel.
Financial performance in 2013

Our Distribution business continued to grow during 2013, driven by an improvement in our air booking volumes, fuelled by market share gains in the context of limited industry growth and an increase in non-booking revenue. Both positive effects were partially offset by a slight decline in our average pricing, caused mainly by the negative effect of US dollar depreciation against the Euro.

Distribution business - Key Performance Indicators

During 2013, the volume of air bookings processed through travel agencies connected to Amadeus increased by 6.5%. Our market share(2) continued to grow, most notably in North America, and reached a global market share of 40.1% (a gain of 1.5 percentage points vs. the previous year). In turn, the air travel agency booking industry grew by a modest 2.0%.

This market share gain was driven by our organic growth in the different markets, despite a negative region mix (as our bookings from Western Europe, which remain the most significant contributors to our total air bookings, were negatively impacted by the weakness in the industry, and in particular by the underperformance of certain countries in the region where Amadeus has a significant presence (such as Germany, Spain and France). Latin America, Central Eastern Southern Europe (CESE) and Asia-Pacific performed strongly in the year and increased their weighting. Our distribution business in North America increased significantly, driven by strong market share gains – despite the negative growth of the industry in the region. Finally, bookings in the Middle East and Africa were negatively impacted by the political unrest in some countries with strong weighting in our bookings in the region (in particular, Saudi Arabia and Egypt).

As mentioned above, for 2013, the industry increased by a modest 2.0%, supported by a weak first half of the year that was followed by a soft recovery during the second half, linked generally to the macro environment. More specifically, some important factors affecting the industry in 2013 include: (i) the volume decline experienced in North America and Western Europe, although both regions showed signs of recovery in the second half of the year, (ii) the negative impact from the difference in working days vs. the previous year (e.g. leap year in February 2012), (iii) the weak performance of certain countries in the Middle East and Africa, mainly driven by political unrest, and in Europe, with some countries highly impacted by negative macroeconomic conditions, (iv) higher levels of disintermediation experienced in some countries in Asia as a result of the success of certain LCCs, in particular in India, and (v) the weakness in corporate travel, the bulk of which is managed by travel agencies. These negative factors were partially offset by a strong performance in Latin America and Central, Eastern and Southern Europe.

With regard to non-air distribution, Amadeus bookings in 2013 decreased by 2.5% to 59.2 million vs. 60.7 million in 2012, mostly driven by the decrease in rail bookings and despite an increase in hotel bookings.

---

1 Figures adjusted to exclude extraordinary costs related to the IPO, in 2012.
2 Total volume of travel agency air bookings processed by the global or regional CRS. Excludes air bookings made through in-house or single country operators, primarily in China, Japan, South Korea and Russia. Our market share represents our share of the air travel agency booking industry, as defined in this note.

---

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Full year 2012 (1)</th>
<th>Full year 2013</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPI</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Air TA booking industry growth(2)</td>
<td>1.2%</td>
<td>2.0%</td>
<td></td>
</tr>
<tr>
<td>Air TA market share(2)</td>
<td>38.6%</td>
<td>40.1%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Air TA bookings (m)</td>
<td>416.5</td>
<td>443.4</td>
<td>6.5%</td>
</tr>
<tr>
<td>Non air bookings (m)</td>
<td>60.7</td>
<td>59.2</td>
<td>(2.5%)</td>
</tr>
<tr>
<td>Total bookings (m)</td>
<td>477.2</td>
<td>502.6</td>
<td>5.3%</td>
</tr>
<tr>
<td>Revenue (euro million)</td>
<td>2,201.0</td>
<td>2,317.8</td>
<td>5.3%</td>
</tr>
</tbody>
</table>

---

2 Market share is calculated based on the total volume of travel agency air bookings processed by the global or regional CRS. Excludes air bookings made directly through in-house airline systems or single country operators, the latter primarily in China, Japan, South Korea and Russia.
Revenue
Our Distribution revenue increased by 5.3% in 2013:

- Booking revenue: 5.0% increase, driven by a combination of volume growth (5.3% increase in total bookings) and a negative pricing impact (a decline of 0.3% in our unit booking fee due to negative foreign exchange impact). Excluding foreign exchange impact, pricing increased slightly vs. 2012, mainly due to (i) positive booking mix, as the weight of global bookings over our total air booking volume increased, and (ii) positive product mix in the non-air volumes.

- Non-booking revenue: 7.5% increase in 2013, related to higher revenues from travel agencies (growth in products and services sold to travel agencies, such as availability and shopping tools, web services, or our corporate booking tool, Amadeus eTravel Management), a positive performance of our subsidiary Traveltainment in the leisure business, and the positive contribution of the contract signed with Kayak in the US. In addition, non-booking revenue benefitted from positive results from the booking cancellation provision and the hedging activity.

Contribution
The contribution of our Distribution business is calculated after deducting from our revenue those operating costs, which can be directly allocated to the business (variable costs, and product development, and marketing and commercial costs, which are directly attributable to the business).

The contribution of our Distribution business increased by 5.5% for 2013, leading to a total of €1,035.9 million in 2013 vs. €982.3 million in 2012.

Operating costs, net of capitalisations, increased by 5.2% in the full year period. On a gross basis, operating costs in 2013 increased by 5.4%, as a result of:

- The increase in our booking volumes.

- The increase in our average unit incentive fees, paid to travel agencies, driven by a combination of the competitive environment and the mix of travel agencies originating our bookings.

- Significant development activities in the distribution business, such as: (a) new products and applications for travel agencies, airlines and corporations to provide sophisticated booking and search engines (e.g. Air Extreme, Amadeus Affinity Shopper), our e-Travel management self-booking tool for corporations (e.g.: launch of the mobile booking app, Amadeus e-Travel Management Mobile), and the creation of Total Travel (containing all traveller information with cross-sell, cross-channel, multi-GDS data and related customer management functionalities), (b) regionalisation efforts, and (c) increased investment in relation to the new businesses: hotel and rail distribution (e.g.: Rail Display, a new rail-based search solution designed exclusively for rail services or the Air-Rail Display functionality), as well as in payments, travel intelligence, mobile and social media.

- Annual salary reviews.

- The effects explained above were partially offset by the positive impact of efficiencies gained in our sales and commercial costs.
3.2. IT Solutions

The 6 key stages in the travel experience

Needs

Our solutions enable our customers to deliver key services in an efficient manner

Our customers include a wide range of travel providers

Solutions to serve travellers

Solutions to manage your business

IT Solutions

Our customers

Railways

Hotels

Airlines

Ground handlers

IT Solutions

The 6 key stages in the travel experience

Needs

Our solutions enable our customers to deliver key services in an efficient manner

Our customers include a wide range of travel providers

Solutions to serve travellers

Solutions to manage your business
Business overview

IT solutions refers to the development and provision of IT solutions and consulting, bespoke system integration and migration services, application hosting, training, and other services to travel providers, mainly airlines.

The revenue of IT Solutions is predominantly transaction-based, with transactional revenue accounting for 88% of business revenue in 2013. Most of the transactions billed are directly or indirectly linked to air traffic volumes (for example, airline Passengers Boarded (PB) in the case of Altéa Passenger Service System (PSS), or Passenger Name Record (PNR) in the case of our e-commerce solution). By operating a transaction-based revenue model, our revenue is not directly linked to our Altéa Suite customers’ own revenue, but rather to their operational volumes. In addition, by focusing our pricing on passengers for our Altéa Suite of modular IT solutions, we are able to increase our unit transaction fees when our Altéa Suite customers incorporate additional modules or functionalities into their PSS.

Our non-transactional revenue comprises (i) customisation and implementation revenue derived principally from services to support the migration of airline customers to our Altéa PSS solutions, and (ii) consulting, system integration, application hosting and training, and other customer support services to airlines.

We benefit from a level of security and visibility in respect of our business going forward. As of the close of 2013, a total number of 125 airlines were contracted for both Altéa Reservation and Altéa Inventory, 104 of which were contracted to use the full Altéa Suite. Based upon these contracts, Amadeus estimates that by 2015 the number of Passengers Boarded will be around 800 million. Our Altéa Suite contract terms with airlines typically range from 5 to 10 years.

Altéa Suite

The principal service of this business area is the Altéa Suite, a new-generation set of passenger management solutions which address airlines’ mission-critical operating functions: sales and reservations, inventory management, and departure control.

Altéa within Amadeus Airline IT offer

**Altéa within Amadeus Airline IT offer**

<table>
<thead>
<tr>
<th>Amadeus Altéa Suite</th>
</tr>
</thead>
<tbody>
<tr>
<td>Altéa reservation</td>
</tr>
<tr>
<td>Altéa inventory</td>
</tr>
<tr>
<td>Altéa departure control</td>
</tr>
</tbody>
</table>

**Sales & ticketing**

**Merchandising**

**Revenue integrity**

**Inventory**

**Customer management**

**Flight management**

Stand-alone IT solutions

- e-Commerce
- Mobile
- Revenue management
- Revenue accounting
- Payment
- Loyalty solutions

**Partnerships • Customer experience • IT & infrastructure**

- Altéa Inventory allows airlines to create and manage schedules, seat capacity and associated fares on a flight-by-flight basis. This allows the airline to monitor and control availability and reassign passengers in real time. Altéa Inventory also incorporates a seat-mapping functionality. Since we introduced Altéa in 2000 with British Airways and Qantas, we have successfully migrated 114 airlines (as of 31 December 2013).

- Altéa Departure Control System (DCS) covers many aspects of flight departure, including check-in, issuance of boarding passes, gate control, and other functions related to passenger flight boarding, while enabling airlines to manage flight events efficiently. In addition, Altéa Departure Control offers aircraft load control functionality, which enables airlines to evaluate and optimise fuel utilisation. As of 31 December 2013, 78 airlines were using our Altéa Departure Control solution.

According to the Altéa Suite, the number of passengers handled by Amadeus in 2013 was more than 1.6 million per day.

Did you know that more than 1.6 million passengers per day are handled by Amadeus Altéa Passenger Service System?
Unlike legacy IT systems, which use different technologies, the Altéa platform is based on common technical infrastructure and software. With Altéa, airlines outsource their operations onto a Community Platform which delivers superior operational efficiency and allows them to share information with both airline alliance code sharing and interline partners.

The Altéa Suite offers a high degree of flexibility through standardised, modular products that can be selected by airlines to suit their specific needs. With 125 airlines contracted for Altéa Reservation and Inventory, and 114 airlines using it, of these, 104 also contracted DCS and 78 are using it. Amadeus is now the market leader in passenger service systems. New clients continue to join this unique common platform to reap the benefits of the integration and seamless management of the full customer travel experience. Amadeus Altéa airlines span all sizes and levels of sophistication, ranging from 70 million to below 1 million passengers, and from well-established airlines to start-ups. This common platform approach entails upgrading the platform continuously, not only to incorporate new industry mandates, but also to fulfil emerging needs within an evolving market.

Amadeus stand-alone IT solutions for airlines
In addition to our core Altéa Suite, we offer a range of stand-alone IT solutions to support airlines in certain critical customer-related processes, including Amadeus Ticketing Platform, Revenue Integrity, Payment Solutions, Revenue Management, Ticket Changer, Airline Ancillary Services, Electronic Miscellaneous Document Server, Passenger Revenue Accounting and Loyalty, among others.

Each of our stand-alone IT solutions has been designed to integrate fully with our Altéa solutions to take advantage of their customer-centric features, but they can also be used on a stand-alone basis with other in-house or third-party systems.

Amadeus Airline e-Commerce Suite is a set of solutions that seeks to improve the profitability and efficiency of an airline e-commerce sales and support process. The suite comprises solutions that can be fully integrated, such as Amadeus Flex Pricer for pre-sales fairing and multi-currency online shopping, or Amadeus e-Retail, a sophisticated booking solution for websites and for post-sales servicing solutions, including online award redemptions and online ticket changes.

As of 31 December 2013, around 100 airline clients were using our e-commerce solutions, including more than 25 of the top 50 IATA airlines (measured in terms of total annual passenger numbers), and our airline e-Commerce Suite is available in 28 languages.

Key business highlights
- Thirteen new customers signed IT services agreements for the Altéa Reservation and Inventory modules, among them Condor, Luxair, SeaPort Airlines and SriLankan Airlines, with the latest three also signing for the Departure Control System module.
- A landmark deal with Scandinavian Airlines (SAS), the region’s leading airline and the flag carrier of Denmark, Norway and Sweden, created a long-term, strategic partnership that will see SAS migrate to Altéa Revenue Management Solution. French airline Aigle Azur also signed for the Revenue Management module.
- Saudi Arabian Airlines (Saudia) became the first airline worldwide to deploy the Amadeus Passenger Revenue Accounting solution. This will enable the airline to increase productivity, reduce costs and accelerate revenue identification through access to real-time and complete revenue information.
- A significant number of contracted airlines migrated onto the Altéa Departure Control System, including Aigle Azur, Air Astana, Air Corsica, Air Greenland, Bulgaria Air, Scandinavian Airlines (SAS), and Ural Airlines. Air Europa contracted the Altéa Departure Control System, plus Amadeus Self-Service Check-in.
- Amadeus continued its effort to upsell and renew contracts for the e-commerce and stand-alone IT solutions portfolio. Corsair signed for Amadeus Mobile Solutions, which enable travellers to book flights through mobile devices. Air Caraibes signed a contract for the Amadeus Revenue Integrity solution, which helps airlines optimise revenues and minimise revenue leakage from purchasing to post-travel. Croatia Airlines, Kenya Airways, Libyan Airlines and Qatar Airways signed up for the Amadeus Ticket Changer Suite, which simplifies the airline reissuing process. Brazilian airline TAM signed for the Amadeus Altéa Automated Check-in. Adriana Airways, Norwegian and SATA Group signed for the electronic messaging standard Electronic Miscellaneous Document (EMD). Air France–KLM, Garuda Indonesia and SeaPort contracted the e-commerce solution.

During the year, we continued investing significantly, not only in preparation for the migrations of the next two years, but also in new businesses, with the aim of enlarging our total addressable market beyond airline IT.

IT solutions business – Key Performance Indicators
In 2013 the number of passengers boarded (PB) reached 615.7 million, 9.2% higher than in 2012, fuelled by the migrations implemented in the year (most notably EVA Airways, Ural Airlines, Garuda Indonesia, Thai Airways, Asiana Airlines and Sri Lankan Airlines), as well as the full-year impact of those implemented in 2012 (Cathay Pacific, Scandinavian Airlines, Singapore Airlines, Norwegian Air Shuttle and Czech Airlines) and the organic growth of our existing customers in different markets.

<table>
<thead>
<tr>
<th>IT solutions</th>
<th>Full year 2012(1)</th>
<th>Full year 2013(2)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPI</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passengers boarded (PB) (m)</td>
<td>563.8</td>
<td>615.7</td>
<td>9.2%</td>
</tr>
<tr>
<td>Airlines migrated (as of 31 December)</td>
<td>109</td>
<td>114</td>
<td>4.6%</td>
</tr>
<tr>
<td>Revenue (euro million)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transactional revenue</td>
<td>638.8</td>
<td>694.0</td>
<td>8.6%</td>
</tr>
<tr>
<td>IT transactional revenue</td>
<td>519.2</td>
<td>590.5</td>
<td>13.7%</td>
</tr>
<tr>
<td>Direct distribution revenue</td>
<td>119.6</td>
<td>103.5</td>
<td>(13.4%)</td>
</tr>
<tr>
<td>Non-transactional revenue</td>
<td>70.6</td>
<td>91.9</td>
<td>30.2%</td>
</tr>
<tr>
<td>Revenue</td>
<td>709.4</td>
<td>785.9</td>
<td>10.8%</td>
</tr>
</tbody>
</table>

1 Figures adjusted to exclude extraordinary costs related to the IPO, in 2012.
2 For purposes of comparability, the operating costs, net operating costs and contribution captions in 2013 have been adjusted to exclude extraordinary costs of €4.9 million associated to the acquisition of Newmarket. The contribution margin, as a percentage of revenue in 2013, shown in the table above, is also impacted by this adjustment.

Amadeus entered the airline customer loyalty arena with the acquisition of Hitit Loyalty, acquiring the CRM and loyalty solutions division of Turkey-based Hitit Computer Services. Hitit Loyalty is the market leader in the airline loyalty space, in terms of customers.

Financial performance in 2013

See ‘Challenges and opportunities in the IT business’, p. 20
As of 31 December 2013, 50.1% of our total PB were generated by Western European airlines, a decrease versus the same period in 2012, given the increase in the weight of our PB volumes in Asia-Pacific. This increase has been driven by the contribution of Asian airlines added to our platform over the last 12 months such as Singapore Airlines, EVA Airways, Garuda Indonesia, Thai Airways and Asiana Airlines. This shift towards Asia-Pacific will continue, as we have a number of migrations of Asian carriers scheduled for the coming months, such as Korean Air in 2014 and All Nippon Airways (the international passengers business only) in 2015.

In turn, the Middle East & Africa and Latin America regions have been negatively impacted by:

- The slowdown of air traffic in certain Latin American countries, in particular Brazil.
- The political unrest in some countries of the Middle East & North Africa region.
- Airlines that are no longer using the Altéa platform.

**Revenue**

In 2013, the IT Solutions revenue grew by 10.8%. As detailed in the table on the previous page, group revenue was fuelled by growth in both IT transactional and non-transactional revenues – despite the expected decrease in direct distribution revenue.

**Transactional revenue**

- **IT transactional revenue**

  IT transactional revenue increased by 13.7% in 2013 to €590.5 million. This increase was supported by strong growth in all main revenue lines:

  - **Altéa Suite**: significant increase driven by volume growth, both in relation to new migrations that took place in the year and the full-year impact of the 2012 migrations; an increase in the Altéa unit fee, driven by the DCS migrations implemented in the year; and the up-selling to higher functionalities.

  - **Stand-alone IT solutions**: continued strong performance based on the success of many products, such as Amadeus Ticket Changer, Amadeus Self-Service Check-in, Ancillary Services, Web Services, and Loyalty. As in the case of Altéa, growth was driven both by organic growth from existing customers as well as new clients implemented.

- **e-Commerce**: significant increase in Passenger Name Record volumes. In addition, positive contribution from up-selling activities (e.g. mobile solutions).

- **New businesses**: small contribution from new businesses, in particular airport IT and payments.

- **Direct distribution revenue**

  Revenue from direct distribution fell by 13.4% in 2013 compared to 2012. This decrease in revenue was mostly driven by a drop in bookings as a consequence of the migration of some of our existing users of our Reservations module (notably Scandinavian Airlines, Czech Airlines and Thai Airways) to the Inventory module of our Altéa Suite in 2013. Once migrated onto the Altéa platform, these clients pay a fee per PB, and revenue is accounted for under IT transactional revenue, rather than in direct distribution. In addition, revenue growth was negatively affected by the de-migration of LAN in the second half of 2012.

**Non-transactional revenue**

Non-transactional revenue increased by a remarkable 30.2% in 2013, mainly as a result of higher revenue from customised developments and implementations. The significant growth in revenue from gaps and implementations was mostly driven by deferred revenues starting to be recognised after the customer migration cutover, in particular in relation to the migrations implemented in 2013, and certain implementation costs billed to customers which, based on IFRS\(^6\) rules, were recognised in revenue and not deferred in the balance sheet.

**R&D**

An increase in our development costs associated with client implementations (migrations that took place in 2013 as well as those scheduled for the coming years), as well as increased efforts in new functionality (such as revenue management).

**Intense commercial and development activity in the new businesses, in particular airport IT, in relation to the new contracts signed during the year, but also in hotel, rail and payments.**

- **The annual salary reviews.**

**Contribution**

The contribution of our IT Solutions business is calculated after deducting from our revenue those operating costs which can be directly allocated to this business (variable costs, including certain distribution fees, and those product development, marketing and commercial costs which are directly attributable to this business).

Excluding extraordinary costs associated to the acquisition of Newmarket (see Hotel IT section), the contribution of the IT Solutions business grew by €40.7 million to €550.7 million in 2013. As a percentage of revenue, the contribution margin remained stable at 70.1%.

The 10.8% increase in the contribution of our IT Solutions business in 2013 was driven by a 10.8% increase in both revenues and net operating costs. On a gross basis, operating costs grew by 16.0%, mainly driven by activities which were subject to capitalisation, as they were related to investment in R&D:

- An increase in our development costs associated with client implementations (migrations that took place in 2013 as well as those scheduled for the coming years), as well as increased efforts in new functionality (such as revenue management).

- Intense commercial and development activity in the new businesses, in particular airport IT, in relation to the new contracts signed during the year, but also in hotel, rail and payments.

- The annual salary reviews.

\(^6\) International Financial Reporting Standards.