Airline IT Amadeus
Total passengers boarded
growth 2014: 12.9%

Amadeus Distribution
Total bookings
growth 2014 4.6%
Business lines and highlights 2014

1. Distribution
2. IT Solutions
3. Diversification into new areas

71 Acquisitions in 2014:
- Newmarket
- UFIS
- i:FAO
- Amadeus Commercial Organisations
Overview of Amadeus businesses

Amadeus is a technology company dedicated to the global travel industry. Amadeus operates on a massive scale facilitating complex transactions between travel providers and travel sellers, as well as providing mission critical IT solutions for travel providers. Our solutions help our customers connect to the travel ecosystem, serve travellers and manage their businesses.

Inside this framework, Amadeus runs two complementary businesses that generate significant synergies:

Distribution
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.

IT Solutions
We offer travel providers an extensive portfolio of technology solutions that facilitate 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.

Connect  We help our customers connect to the travel ecosystem

Serve  We help our customers serve the traveller

Manage  We help our customers manage their travel business

Although our current offering primarily addresses the airline market’s needs, we are gradually expanding into the provision of IT solutions to other travel providers, mainly airports, hotels and railway companies. Furthermore, 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.
Amadeus business model

Travel providers available in Amadeus

- 705 airlines
- 235,000+ hotels properties
- 248 tour operators
- 44 car rental companies
- 51 cruise and ferry lines
- 90 rail operators
- 18 insurance provider groups (73 markets)

Amadeus Global Report 2014

1. Distribution
   Provision of indirect distribution services

2. IT Solutions
   Including direct distribution technology

3. Travel agencies
   Online and offline travel agencies

4. Travel buyers
   General public
   Corporate travel departments
3.1. Distribution

**Distribution - the traveller’s needs at the centre of our thinking**

The six key stages in the travel experience:
- Inspire
- Shop
- Book
- Pre-trip
- On-trip
- Post-trip

Amadeus distribution systems connect content providers, travel intermediaries and travellers.

**Travel content providers**
- Air
- Hotel
- Ferry
- Cruise
- Insurance
- Car
- Rail
- Destination services

**Travel intermediaries**
- Travel agencies
- Meta search
- Tour operators
- Provider offices
- Corporations

Range of Amadeus solutions adapted to customer needs:
- Business intelligence
- Merchandising
- User-generated content
- e-Commerce
- Social media
- Search
- Advertising
- Mid & back-office
- Expense management
- Payments
- Ticketing
- Self-booking tool
- Point of sale
- Mobile
The Distribution business also encompasses numerous related services and IT solutions for both providers and travel agencies. These include, for example, new functionalities in our distribution platform for airlines, which maximise income and sell ancillary services such as baggage fees or priority seating, as well as facilitate 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 offline and online travel agencies.

**Business overview**

Computer Reservation Systems (CRSs) provide a computer network connecting travel providers with travel agencies. CRSs deliver an integrated interface displaying a wide variety of choices, prices and itineraries available, through which corporations and end-travellers can access travel content. In addition to offering CRS technology, Global Distribution Systems (GDSs), like Amadeus, make broad geographical reach an important element of their value proposition. The ample range of travel content available in Amadeus creates a powerful network effect, attracting a large number of travel agents and airlines sales offices spread around the world.

**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 travel agencies to efficiently access such comprehensive travel content and sell an extensive variety of choices, prices and itineraries to their customers.

The Distribution business also encompasses numerous related services and IT solutions for both providers and travel agencies. These include, for example, new functionalities in our distribution platform for airlines, which maximise income and sell ancillary services such as baggage fees or priority seating, as well as facilitate 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 offline 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 prime market of the provider, the type of technology access to our platform, and the level of functionality that the provider enjoys. The model links the level of our booking fee to the value generated to the travel provider. The higher value is when we facilitate access for the travel provider to customers that otherwise would be difficult or not cost-effective to reach by other means.

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

Our business model also helps gaining visibility of our business going forward. Around 80% of our air travel agency bookings are made under content agreements with airlines. The term of these agreements vary between three to five years. Additionally, our agreements with global travel agencies typically range from three to ten years.
Amadeus Global Report 2014

Some of the core solutions* of our Distribution business

Amadeus Selling Platform is used as our main retailing application for travel professionals, and it provides a single access to schedules, availability and fares. To support travel agencies optimally, Amadeus is leading the way in offering the first intuitive catalogue of services integrated into a 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 for 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.

* For more information on Amadeus products and services, visit www.amadeus.com/taportfolioessentials/

Challenges and opportunities in the Distribution business

Some of the main challenges and opportunities Amadeus faces in the Distribution business include:

Increasing importance of direct distribution channels that connect the travel provider directly with the traveller, without any intermediary facilitator.

We believe that distribution through GDS platforms continues to be the most efficient means for airlines and other travel providers to reach and distribute their travel content. In countries where a travel provider has a reduced brand awareness (for example, outside its home markets), a GDS platform offers a cost-effective means of accessing the market. Additionally, as higher yield long-haul and corporate travel tickets and itineraries with additional booking complexity are channelled predominantly through a travel agency using a CRS platform, indirect distribution tends to provide higher yield tickets for airlines than direct channels. Disintermediation trends are today mostly driven by low-cost carriers (LCCs), which typically distribute a large proportion – or the total – of their content through their direct channels. LCCs typically adopt an indirect channel distribution strategy as they grow and become more mature, seeking to access higher yield customer segments.

Growth of emerging markets with strong local CRSs: the local CRSs, primarily in China, Japan and Russia, are nowadays benefiting from the high growth markets in which they operate. They are also generally favoured by exclusivity agreements on the indirect distribution of certain flag carriers’ domestic content or, in the particular case of China, by local regulation.

Amadeus is present in all four major distribution channels

Travel provider distribution channels

Offline - Direct
Ex: Airline airport office

Offline - Indirect
Ex: ‘brick and mortar’ travel agency

Online - Direct
Ex: Airline.com

Online - Indirect
Ex: Travelagency.com
Highlights 2014

_Content agreements with 35 full-service carriers, including leading airlines such as United Airlines, were renewed or signed throughout the year. This forms part of the ongoing commitment of Amadeus to provide our travel agency subscribers globally with the most comprehensive range of fares, schedules and availability.

_Breakthrough distribution agreement with Ryanair which brought a wide range of its fares and full ancillary services to Amadeus’ travel agency subscribers. Towards the end of the year, the LCC began distributing through Amadeus’ innovative light ticketing technology, with no surcharge for Amadeus’ travel agency subscribers and displayed fares available at parity with the Ryanair website. The agreement included Ryanair’s new Business Plus fares, offering business and corporate travellers a tailored package.

_Distribution agreements with 15 new hybrid and LCCs were also signed during the year and to date 79 LCCs have become Amadeus distribution partners. Bookings from travel agencies on LCCs were up by 16% year-on-year during 2014. Amadeus’ XML technology has enabled LCCs, since its introduction in 2007, to benefit from the reach and yield provided by distribution through travel agencies while removing the complexity of traditional ticketing processes.

_In September, Germanwings implemented its complete range of published fares and ancillary services to all Amadeus’ travel agency subscribers. Previously the Lufthansa subsidiary sold a limited range of its fares via Amadeus’ travel agency partners, using full e-ticketing. Now the airline has become the first in the world to make its full range of published fares bookable using light ticketing functionalities, making it the first carrier to offer both full and light ticketing to travel sellers.

_Sales of merchandising solutions from Amadeus maintained momentum with 31 new airlines signing-up for the Amadeus Airline Ancillary Services solution during 2014. These included Etihad Airways, when it became the first airline in the United Arab Emirates to deploy the solution, and United Airlines, marking the industry’s first NDC-XML* solution in the travel agency channel in North America. Currently a total of 110 airlines have contracts for the Amadeus Airline Ancillary Services solution, which provides the capability to deploy ancillary services in over 100 markets worldwide.

_As part of its commitment to merchandising, Amadeus announced a partnership with Expedia, one of the world’s largest full service online travel sites, to begin offering customers branded fares through the Amadeus Fare Family solution from select airlines by mid-2015 – along with several more airlines by the end of the year. This allows participating airlines to seamlessly offer their travellers the possibility to select a fare with the attributes that matter most to them. Merchandising and retailing are vital for travel players to better meet traveller needs and unlock additional revenue in a rapidly changing market.

_New multi-year agreements were reached with the leading global online travel company Orbitz WorldWide – to support its brands in North America. – and with TUI Travel, one of the world’s leading leisure travel groups, operating in over 180 countries and with more than 30 million customers.

_A multi-year agreement was reached with Ctrip, China’s leading travel company in terms of market capitalisation, to include the provision of all air content for points of sale outside of mainland China. This initially includes Hong Kong, Taiwan, Korea and the US, with future plans to move into Canada, Australia, New Zealand, Japan and Thailand. Ctrip will implement Amadeus Master Pricer TravelBoard (including multi-merchant capability) as its low fare search engine, as well as Amadeus Mini Rules and Amadeus Ticket Changer, with the aim of adopting more of Amadeus’ powerful online search solutions in the near future.

_Corporate travel IT remained a priority as Amadeus made great strides in its growth strategy for the segment. During the year, Amadeus – through a tender offer process – completed the acquisition of i:FAO, Europe’s most widely used cloud service for planning, booking, managing, and expense reporting business travel.

* NDC: refers to ‘New Distribution Capability’. It is a program (NDC Program) launched by IATA for the development and market adoption of a new, XML-based data transmission standard (NDC Standard) between airlines and travel agencies.
Distribution business financial performance in 2014

Our Distribution business continued to grow during 2014, driven by an increase in our booking volumes, fuelled by market share gains, industry growth and an improvement in our average pricing.

Travel agency (TA) booking volumes

<table>
<thead>
<tr>
<th>Amadeus TA bookings, market share and industry growth</th>
<th>2013</th>
<th>2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air TA bookings (Figures in million)</td>
<td>443.4</td>
<td>466.5</td>
<td>5.2%</td>
</tr>
<tr>
<td>Non air TA bookings (Figures in million)</td>
<td>59.2</td>
<td>59.4</td>
<td>0.3%</td>
</tr>
<tr>
<td>Total TA bookings (Figures in million)</td>
<td>502.6</td>
<td>525.8</td>
<td>4.6%</td>
</tr>
<tr>
<td>Amadeus Air TA market share</td>
<td>40.1%</td>
<td>40.7%</td>
<td>0.7 p.p.</td>
</tr>
<tr>
<td>Air TA booking industry growth</td>
<td>2.0%</td>
<td>3.2%</td>
<td></td>
</tr>
</tbody>
</table>

During 2014, the volume of air bookings processed through travel agencies connected to Amadeus increased by 5.2%. In turn, the air travel agency booking industry grew by 3.2%. Our market share continued to grow, primarily driven by North America and by South Korea, and reached a global market share of 40.7% (an increase of 0.7 percentage points over the previous year). Some important factors affecting the industry in 2014 include:

- The volume decline in Latin America, due to the negative performance of some key countries in the region.
- _The impact from the geopolitical situation in Russia and Ukraine_, affecting the Central, Eastern and Southern European region.
- _The weak performance_ of certain countries in the Middle East and Africa, mainly driven by political unrest.
- _The Asia-Pacific region_ has benefited from the migration of travel agencies from Topas, in South Korea, to Amadeus.
- _Both Western Europe and North America_ recovered from their negative performance in 2013 and reported moderate industry growth rates.
3. Amadeus business lines and highlights 2014_Distribution

With regard to non-air distribution, bookings for 2014 increased by 0.3% to 59.4 million versus 59.2 million in 2013, with growth in hotel, car rental and insurance bookings, and a decline in rail bookings.

Revenue and contribution

| Revenue and contribution (figures in € million) |
|-----------------|-----------------|-----------------|-----------------|
|                 | 2013             | 2014 (excluding M&A)* | Change*        | Total 2014     |
| Revenue         | 2,317.8          | 2,447.7           | 5.6%           | 2,455.1        |
| Booking revenue | 1,979.0          | 2,113.5           | 6.8%           | n.a.           |
| Non-booking revenue | 338.9    | 334.2             | (1.4%)         | n.a.           |
| Contribution    | 1,035.9          | 1,080.3           | 4.3%           | 1,082.1        |

* Excluding 2014 acquisitions (Newmarket, UFIS and i:FAO) for comparability purposes.

In 2014, total Distribution revenue was 5.6% higher than in 2013:

- **Booking revenue**: 6.8% increase, driven by a combination of volume growth (4.6% increase in total bookings) and a positive pricing impact (2.1%), mainly driven by (i) positive mix in air bookings, as the weight of high-yield bookings (global and regional) over our total air booking volume increased, (ii) positive customer mix, (iii) positive product mix in the non-air volumes, as the contribution of rail bookings, with low unit booking fee, to the total non-air volumes decreased in the year in comparison to the previous year, and (iv) an overall increase in the unit booking fee in our non-air products.

- **Non-booking revenue**: 1.4% decline in 2014, mostly due to the negative effect from the evolution of the cancellation provision*.

* The cancellation provision corresponds to the estimated amount of booking fees that will be refunded to the airlines due to booking cancellations, and is included as a negative amount within non-booking revenue.

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, mainly related to distribution fees and incentives, and product development, marketing and commercial costs).

Operating costs, net of capitalisations, increased by 6.7% in the full year period. On a gross basis, operating costs in 2014 increased by 6.6%, as a result of:

- **The increase in our booking volumes** (4.6% growth in total travel agency bookings, and 5.2% increase in air bookings).

- **Growth in our unit distribution cost**, driven by (i) an increase in the contribution to booking volumes of countries where we operate through third-party distributors, in particular in the Middle East and North Africa region and India, where we pay distribution fees, and (ii) higher average unit incentive fee paid to travel agencies, driven by a combination of the competitive environment and the mix of travel agencies originating our bookings.
An increase in R&D expenditure, including development activities related to (i) new products for travel agencies, airlines and corporations to provide sophisticated booking and search engines, ancillary services, merchandising and retail capabilities and mobile functionality, and (ii) regionalisation efforts aiming to adapt our portfolio of solutions to local needs.

An increase in our commercial support, driven by the expansion of our product portfolio (e.g. new solutions for corporations and travel management companies and within the new businesses), customer base and geographic reach. Additionally, higher expenses were incurred relating to local taxes and building and facilities.

‘My most memorable moment of the year has to be the press conference we held in Cologne, Germany jointly with Ryanair’s CEO Michael O’Leary. Summing up the landmark decision to return to the Amadeus GDS, Michael told a journalist “I am the person who for 10 years said over my dead body will we go back on GDSs” and referred to it as “a sign of the change and evolution that’s going on”. In short, we were both thrilled and deeply grateful to have such public recognition from, and be working in partnership again with, one of the world’s most successful low fare airlines. The rest is history, literally. Soon after, Ryanair started using the Amadeus Ticketless Access technology incorporating light ticketing enhancements. Accessing the Amadeus system via an API to increase yield and merchandising capabilities, Ryanair now also has greater reach with its priority customer: business travellers – who already represent a quarter of travellers for the airline. As of 31 December 2014, close to 80 low-cost carriers have chosen Amadeus, as they recognise the superior potential of modern distribution platforms capable of handling ancillaries. Low-cost bookings via Amadeus increased by 16% during 2014 and we hope to see this growing for many years yet.’

**Holger Taubmann,**
Senior Vice President
Distribution, Amadeus
3.2 IT Solutions

**IT Solutions – the traveller’s needs at the centre of our thinking**

- **Needs**
  - The six key stages in the travel experience:
    - _Inspire_
    - _Shop_
    - _Book_
    - _Pre-trip_
    - _On-trip_
    - _Post-trip_

- **Our customers**
  - Our customers include a wide range of travel providers:
    - _Airlines_
    - _Hotels_
    - _Ground handlers_
    - _Airports_
    - _Railways_

- **Amadeus solutions**
  - Our business solutions enable our customers to deliver key services in an efficient manner.

**Business management solutions**
- _Offer management_
- _Business intelligence_
- _Services_
- _Flight sequence_
- _Optimisation_
- _Resource optimisation_
- _Passenger verification_
- _Contract & billing_
- _Weight & balance_
- _Merchandising_
- _Flight management_
- _Revenue management_
- _Revenue accounting_
- _Content management_

**Solutions to serve travellers**
- _Trip management_
- _Customer management_
- _Point of sale_
- _Distribution_
- _Baggage reconciliation_
- _Self-service bag drop_
- _Self-service check-in_
- _Loyalty_
- _e-Commerce_
- _Mobile_
- _Reservation_
- _Property management_
- _Payments_
**Business overview**

**IT solutions for airlines**
Amadeus develops state-of-the-art IT solutions and services to address airlines’ key operational requirements in the areas of reservation and ticketing, inventory management, departure control, retail sales and e-commerce, merchandising, revenue management and financial solutions.

With 133 airlines contracted for Amadeus Altéa Reservation and Amadeus Altéa Inventory, Amadeus is the market leader in Passenger Service Systems (PSSs). We have the largest portfolio of the world’s top airline alliances. Amadeus Altéa Suite is used by two thirds of Star Alliance members, three quarters of oneworld carriers and over half of the members of SkyTeam. The Amadeus Altéa Suite facilitates closer integration between partner airlines that need to share availability, fares, and customer and booking information, enabling a seamless customer experience across alliance members.

The Amadeus Altéa community embraces airlines from every part of the world and has a truly balanced customer base, enabling genuine experience sharing across regional boundaries. This common platform approach entails continuous upgrades, not only to incorporate new industry mandates, but also to fulfill emerging needs within an evolving market. We continue to expand and integrate new customers into this unique common platform, to reap the benefits of integration and seamless management of the full customer travel experience. Amadeus Altéa airline customers span all sizes and levels of sophistication, ranging from airlines carrying 70 million to below 1 million passengers annually, including both well-established airlines and start-ups.

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*Business overview diagram*

<table>
<thead>
<tr>
<th>From numerous legacy PSS...</th>
<th>...to Amadeus community PSS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providers of system outsourcing and application hosting</td>
<td>Core system: 5,000 man-years</td>
</tr>
<tr>
<td>In-house carriers systems</td>
<td></td>
</tr>
<tr>
<td>40,000 to 60,000 man-years cumulated effort</td>
<td>7,000 man-years cumulated effort</td>
</tr>
<tr>
<td>Staff one major carrier - 200 heads</td>
<td>Staff Airline IT Group approx. 2,300 heads</td>
</tr>
</tbody>
</table>

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*Community-based platform*
- High economies of scale: core platform designed to support multiple customers
- Customisation capability: individual customers identify functional requirements and contribute to the platform’s funding
- New customers are attracted by the functional richness of the platform
- Seamless integration with alliances and partners
- Automated, flexible, modular, easy to evolve
- Single data source: simplified processes and increased operating efficiency, improved customer service, significant revenue opportunities
3. Amadeus business lines and highlights 2014_IT Solutions

Transaction revenue accounts for 89% of the IT Solutions business revenue (excluding acquisitions in 2014). Most of the transactions billed are linked to air traffic volumes — for example, airline Passengers Boarded (PBs) in the case of Amadeus Altéa Suite, or Passenger Name Records (PNRs) in the case of our e-commerce solutions. By operating a transaction-based revenue model, our returns are not directly linked to the revenue of the airline, but rather to its operational volumes. In addition, by focusing our pricing on passengers for our portfolio of modular IT solutions, we are able to increase our unit transaction fees when our airline 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 Amadeus Altéa solutions, and (ii) consulting, system integration, application hosting and training, and other customer support services to airlines.

Our IT solutions business model helps gaining stability and visibility with respect to our business going forward. Based upon existing contracts, Amadeus estimates that by 2017 the number of annual passengers boarded processed by the Amadeus Altéa platform will be around one billion.

**Airline IT portfolio***

Our PSS Amadeus Altéa Suite delivers a new-generation set of passenger management solutions, which address airlines’ mission-critical operating functions: sales and reservations, inventory management, and departure control.

**Amadeus Altéa Reservation** enables our airline customers to manage all their bookings, fares and ticketing through a single interface, which is compatible with distribution via direct and indirect channels, both online and offline.

**Amadeus Altéa Inventory** allows airlines to create and manage schedules, seat capacity and associated fares on a flight-by-flight basis. This enables the airline to monitor and control availability and reassign passengers in real time. Amadeus Altéa Inventory also incorporates a seat-mapping functionality.

**Amadeus Altéa Departure Control (Altéa DC)** 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, Amadeus Altéa offers aircraft load control functionality so that airlines can evaluate and optimise fuel utilisation.

In addition to Amadeus Altéa Suite, we offer a range of IT solutions to support airlines in 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 these solutions has been designed to integrate fully with our Amadeus 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.

Moreover, Amadeus Airline Merchandising and Retailing systems include solutions that seek to improve the profitability and efficiency of an airline’s e-commerce sales and support processes. The solutions can be fully integrated, such as Amadeus Flex Pricer for pre-sales faring 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 2014, 110 airline clients were using our merchandising and retailing solutions, including more than 25 of the top 50 IATA airlines (measured in terms of total annual passenger numbers).

*For more information on Amadeus products and services, visit www.amadeus.com/airlineit*
Travel providers are experiencing competitive or cost pressures and are increasingly looking to replace in-house legacy systems. By outsourcing certain mission-critical processes to third-party vendors of standardised and scalable next generation technology platforms, such as Amadeus, customers are able to enhance the quality and functionality of their product and service offerings while reducing their risks and their spending on development and ongoing maintenance.

The IT solutions marketplace is highly fragmented, with several players focusing on specific subsectors and operating different business models. Providers of IT solutions typically operate under one of three distinct business models:

- **Community Platform Model.** The outsourcing partner provides, manages, customises and continually develops the technology system using a standardised solution that is shared by all customers connected to the IT solutions provider’s platform. Remuneration is typically on a per transaction basis.

- **‘One-to-One’ Application Hosting Model.** The outsourcing partner develops and deploys a system on a one-to-one basis with the customers, and hosts such a system on a third-party data centre. Remuneration is typically on a per transaction or licensing basis.

- **System Outsourcing Model.** The outsourcing partner operates and manages the customer systems through a simple application hosting environment. Customisations and further developments are undertaken by the travel providers. Remuneration is generally on a fixed-price or cost-plus basis.

We believe that the **Community Platform Model** is the most cost-efficient IT business model because:

- Customers benefit from common development costs.

- Its transaction-based pricing model allows customers to transform what would otherwise be a fixed cost to a variable cost linked to transaction volumes.

- Continuous development by the IT provider guarantees that the customer will always enjoy a state-of-the-art and modern solution, reducing the risks associated with large IT infrastructure fixed costs.

- The Amadeus Altéa Suite is offered as a Software-as-a-Service (SaaS) delivery model, reducing IT infrastructure and support costs to our customers.

- We expect an increasing number of travel providers to choose to externalise their systems as they make investment decisions on next-generation technology systems.

Challenges and opportunities in the IT Solutions business
In July, the first-ever scheduled international flight flown by Southwest Airlines took off heading to the Caribbean, also marking the successful full implementation of Amadeus Altéa Suite. This followed the announcement in May that Southwest had signed a contract for Amadeus Altéa Suite to support the carrier’s US domestic operations. Southwest and Amadeus will work together to fully migrate the carrier to the Amadeus Altéa platform for both international and domestic flights in the coming years.

Also during the year, Thai Airways, SriLankan Airlines, Vistara and Cape Air successfully completed their migration to Amadeus Altéa.

Thomas Cook Group airlines became the first leisure carrier to adopt Amadeus’ complete suite of Altéa solutions. The agreement incorporates dynamic pricing for ancillary services to support the airlines’ multi-channel merchandising strategy. Four of the Thomas Cook Group airlines based in Germany, the UK, Scandinavia and Belgium will adopt Amadeus’ Altéa Suite as a single platform to manage reservations, inventory and departure control.

Further Amadeus Altéa contracts were also signed with many other leading airlines throughout the year, amongst others Japan Airlines and Swiss International Airlines.

South African Airways announced in September its plans to migrate to Amadeus Revenue Accounting, becoming the first Star Alliance member to select this solution.

Lufthansa chose Amadeus to power the airline’s brand new shopping, booking and re-booking webpages. Lufthansa.com, which receives over 210 million visitors per annum, launched a completely revamped shopping and booking flow that will streamline the purchasing experience for travellers by improved navigation and transparent pricing information. The new site has been designed to significantly enhance the airline’s merchandising capabilities across both its domestic and international business.

Hainan Airlines, the largest private carrier in China, announced that it would continue to power its online ‘looking and booking’ experience with next generation e-commerce solutions from Amadeus, including Amadeus e-Retail Engine and Amadeus Award Shopper, enabling travellers to redeem their frequent flyer miles online and also buy tickets using a combination of miles and cash. The airline also deployed Amadeus e-Personalise so the Hainan Airlines site is unique to each individual visitor.

Highlights 2014

2014 was a year where the needle really shifted towards Amadeus in Asia-Pacific. After years of collaboration and hard work by Korean Air, TOPAS and Amadeus teams in Asia-Pacific and across the globe, we marked a major milestone in the end of the third quarter, when Korean Air migrated to the Amadeus Altéa Suite.

The second milestone was reached when the first Amadeus Passenger Name Record (PNR) in Korea was made using TOPAS SellConnect, a Korea-specific version of Amadeus Selling Platform Connect. Now, TOPAS SellConnect is rolled out to more than 15,000 travel agents in Korea.

Since Korea is one of the fastest-growing travel markets in Asia for both domestic and international routes, the addition of bookings from TOPAS will provide a healthy boost to our overall position in Asia-Pacific and globally.

The Korea project has been one of the most complex ever undertaken by Amadeus globally, as it included the simultaneous migration of the airline and the entire travel agency market, and we were very proud to reach this milestone.

Ángel Gallego
President, Amadeus Asia
During the full year 2014, the number of PBs reached 695.4 million, 12.9% higher than in 2013, driven by the Altéa migrations and organic growth (+3.5%).

As of 31 December 2014, 45.8% of our total PBs were generated by Western European airlines, a decrease over the same period in 2013, given the increase in the weight of our PB volumes in Asia-Pacific.

The increase in Asia-Pacific has been driven by the contribution of Asian airlines added to our platform, such as Singapore Airlines, EVA Airways, Garuda Indonesia, Thai Airways, Asiana Airlines and Korean Air. This shift towards Asia-Pacific will continue, as we have a number of migrations of Asian carriers scheduled for the coming years (such as All Nippon Airways – the international passengers business - and Japan Airlines). Similarly, our exposure to the North American region will increase as we migrate Southwest - the domestic passengers business - over the next few years. The migrations of Southwest – the international passengers business – and SeaPort Airlines in the year have already started contributing to this region. In turn, the Middle East, Africa and the Central, Eastern and Southern European regions have been negatively impacted by the political unrest in some countries of the Middle East and North Africa, and by airlines that are no longer using the Amadeus Altéa platform.

### IT Solutions financial performance in 2014

Our IT Solutions business continued posting significant growth in 2014. Revenue grew by 12.9% in the year, helped by the increase in both IT Transactional revenue, fuelled by growth in Passengers Boarded (PBs) volumes and a higher average unit fee, and non-transactional revenue. In turn, contribution increased by 13.8% to €627 million.

### Amadeus passengers boarded and airlines migrated

| Amadeus passengers boarded by region (figures in million) and airlines migrated to Altéa |
|---------------------------------|------------------|-----------------|--------|
| Western Europe                 | 308.6            | 318.7           | 3.3%   |
| Asia-Pacific                   | 109.2            | 166.6           | 52.6%  |
| North America                  | -                | 0.8             | n.a    |
| Middle East and Africa         | 96.3             | 100.5           | 4.4%   |
| Central, Eastern and Southern Europe | 35.1            | 35.6           | 1.4%   |
| Latin America                  | 66.6             | 73.2            | 10.0%  |
| **Total passengers boarded**   | **615.7**        | **695.4**       | **12.9%** |
| **Airlines migrated (as of December)** | **112** | **124** | - |

* Airlines migrated to at least the Amadeus Altéa inventory module, in addition to the Amadeus Reservations module.

**Two airlines that have ceased operations have been removed from December 2013 figures.
3. Amadeus business lines and highlights 2014_IT Solutions

Revenue and contribution

In 2014, the IT Solutions revenue increased by 12.9%. Group revenue was fuelled by growth in both IT transactional and non-transactional revenue.

**Transactional revenue**

IT Transactional revenue increased by 16.0% in 2014, to €684.7 million. This increase was supported by strong growth in all main revenue lines:

*Amadeus Altéa*: significant increase driven by the volume growth, both in relation to new migrations that took place in the year and the full year impact of the 2013 migrations, as well as an increase in the Amadeus Altéa average unit fee, driven by the Amadeus Altéa DC migrations implemented in the year and in 2013. In addition, positive contribution came from the cross-selling activity with e-commerce and stand-alone solutions.

*e-Commerce*: significant increase in Passenger Name Records (PNRs) volumes, partly driven by an increase in the number of customers. In addition, positive contribution from up-selling activities.

*Stand-alone IT solutions*: continued strong performance based on the success of several products, such as Amadeus Ticket Changer, self-service solutions, ancillary services, web services and loyalty. As in the case of Amadeus Altéa, growth is driven by existing customers, as well as by new implemented customers; and, as mentioned above, by cross-selling with other products.

*New business*: increasing, albeit still small, contribution of the new businesses such as Airport IT and Payments.

Average IT transactional revenue per PB for the year increased by 2.7%. The main reasons for this increase are:

*A higher Amadeus Altéa unit fee*, driven by the migrations to the Amadeus Altéa DC module

*The positive results from cross-selling and up-selling*

*The higher contribution of the new initiatives*, such as Airport IT and Payments

**Non-transactional revenue**

Non-transactional revenue increased by 6.7% in 2014, mainly as a result of higher revenue from services (for example, consulting and bespoke services related to e-commerce). In addition, revenue linked to development gaps and implementations continued growing, mostly driven by deferred revenues starting to be recognised after the customer migration cutover.

<table>
<thead>
<tr>
<th>Revenue and contribution (Figures in € million)</th>
<th>2013</th>
<th>2014 (excluding M&amp;A)*</th>
<th>Change*</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>785.9</td>
<td>887.3</td>
<td>12.9%</td>
<td>962.6</td>
</tr>
<tr>
<td>Transactional revenue</td>
<td>694.0</td>
<td>789.3</td>
<td>13.7%</td>
<td>n.a.</td>
</tr>
<tr>
<td>IT transactional revenue</td>
<td>590.5</td>
<td>684.7</td>
<td>16.0%</td>
<td>n.a.</td>
</tr>
<tr>
<td>Direct distribution revenue</td>
<td>103.5</td>
<td>104.7</td>
<td>1.1%</td>
<td>n.a.</td>
</tr>
<tr>
<td>Non-transactional revenue</td>
<td>91.9</td>
<td>98.0</td>
<td>6.7%</td>
<td>n.a.</td>
</tr>
<tr>
<td>Contribution</td>
<td>550.7</td>
<td>627.0</td>
<td>13.8%</td>
<td>651.0</td>
</tr>
</tbody>
</table>

* Excluding 2014 acquisitions (Newmarket, UFIS and i:FAO) for comparability purposes.
Without a doubt, for me the two most fulfilling moments of 2014 came out of our ground breaking partnership with Southwest Airlines. Firstly, together we shared a historic corporate moment: Southwest’s first ever international flight was also the first ever departure for the airline using the Amadeus Altéa Suite. This marked the exciting culmination of two years of tireless behind-the-scenes IT collaboration and systems re-engineering between our teams. Implementing the full Amadeus Altéa Suite had been a truly global effort, with teams working 24/7 across three US sites as well as Sydney (Australia), Bangkok (Thailand), London (UK), Nice (France), Erding (Germany) and Bangalore (India).

Secondly, this milestone was made all the more momentous by news, shortly before, of Southwest also contracting our full Amadeus Altéa Suite as Southwest’s future single reservations solution for both domestic and international reservations. We are very proud to be working with the largest carrier in the US by domestic passengers boarded*, with more than 100 million customers annually. Our successful collaboration to date is due in no small part to the complementary cultures of our two organisations, both relentlessly focusing on execution and delivery. Together we are looking forward to shaping the future of travel with every reservation, check-in and take-off.

Julia Sattel,
Senior Vice President
Airline IT, Amadeus

* As measured by the DOT O&D Survey for the 12 months ended on 30 September 2014 based on originating passengers boarded.

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.

The 13.8% increase in the contribution of our IT Solutions business in 2014 was driven by an increase of 12.9% in revenue and of 10.7% in net operating costs (as a combination of gross operating cost growing by 2.8% and capitalisations declining by 7.9%).

Growth in operating costs on a gross basis was mainly due to:

- An increase in our development costs associated with product development in our Airline IT portfolio of solutions (e.g. revenue accounting, revenue management, merchandising and e-commerce) and across the new business initiatives (Airport, Rail, Hotel, Payments), most of which are subject to capitalisation.

- Contained growth in commercial costs, as a result of the combination of an increase in commercial support in the new businesses, driven by the expansion of the offering and the intense commercial activity undertaken during the period, and cost efficiencies achieved in the Airline IT business.
3.3 Diversification into new areas

In addition to our airline IT portfolio of solutions, we are gradually expanding into the provision of IT solutions to other travel industry players. Building on our unique experience in delivering mission-critical systems for airlines, Amadeus is working in partnership with other providers to develop next-generation solutions for them. We intend to leverage our technology base, shared community IT platform and expertise in the travel industry to expand our portfolio to new business areas:

_Airport IT
_Rail and ground travel
_Hotels
_Travel Intelligence
_Payments
_Mobile

‘One of my highlights of the year was London Gatwick Airport (LGW) becoming the first airport to implement our cloud-based A-CDM Portal (Airport-Collaborative Decision Making). Sharing in the ambitious plans of LGW, the platform was rolled out to 300 users across 30 different airlines, ground handlers and airport service providers in just eight weeks, an enormously complex but exciting challenge against the clock. It was then very satisfying to see that this quickly led to fewer delays and increased capacity. Even more rewarding was hearing of the “extremely positive user feedback” and the CIO of LGW, Michael Ibbitson, calling the portal “a game changer”. LGW now estimates that in one year, our solution will contribute to increase runway capacity to 55 flights per hour and serve 40 million passengers annually on a single runway.

Elsewhere, communication gaps still prevail in the airport ecosystem: disruptions, flight information, baggage loads, and passengers in transit. Our belief is that a more collaborative approach is necessary to smooth the airport experience. Therefore, the LGW portal represents a milestone in our commitment to improving the passenger experience by working in partnership with airports and their stakeholders. We look forward to announcing further airports following in Gatwick’s steps during 2015.’

John Jarrell,
Head of Airport IT, Amadeus
Amadeus officially launched its Airport IT business in 2013, with plans to build an integrated suite of solutions for airport operations. The business has grown quickly: Munich Airport, Copenhagen Airport and MAP Handling were the launch customers. Amadeus is investing heavily to build a comprehensive airport IT portfolio.

In addition to the acquisition of UFIS, the Airport IT business unit continued to progress with its growth plans and diversification strategy into new IT areas - passenger processing and baggage handling - with the launch of two new products, fully developed by Amadeus: the Airport Common Use Service and the Baggage Reconciliation System (BRS).

**UFIS acquisition**
Amadeus opted for an acquisition strategy and in 2014, purchased UFIS Airport Solutions. UFIS has been a leading player in the airport IT business for the last 20 years, during which time the company has won the trust of major airports across the world. Enhancing and integrating the UFIS portfolio with the components that Amadeus had already built resulted in Amadeus creating a complete portfolio of airport IT solutions in a very short time.

The acquisition accelerated Amadeus’ move into the airport IT arena: UFIS brought to Amadeus a complementary set of products and services, as well as ample expertise in providing integrated solutions for airport operations. As a result, Amadeus now offers a fully managed IT service to airport operators and stakeholders bringing them closer to other players in the travel ecosystem. The acquisition of UFIS also represents a major step towards the goal of answering the many challenges and problems airport stakeholders face today by bringing together two leading companies that share the same ambition of revolutionising the airport business.
3. Amadeus business lines and highlights 2014_Diversification into new areas
Launch of Amadeus Airport Common Use Service (ACUS)

Amadeus ACUS was presented to the industry in March 2014 at the world's largest airport technology event, the Passenger Terminal Expo in Barcelona. Amadeus ACUS is a cloud-based Software-as-a-Service (SaaS) platform that helps airlines and ground handlers eliminate the burdens of hosting and development at the airport. Amadeus ACUS is centrally hosted in the Amadeus data centre (‘in the cloud’), and accessed via internet.

Cloud computing represents a fundamental shift in the way IT is provided to airports. By hosting applications in the cloud, updates to software applications can be made ‘centrally’ and then rolled out to all airports in the network, removing the need to make changes at each individual airport. Airlines have already chosen cloud technology to run many critical applications that are centrally hosted, and the airport business can derive huge efficiencies from moving towards a cloud-based Common Use service with ACUS.

The launch of ACUS, supported by the publication of Amadeus’ White Paper ‘Making the case for the cloud in Common Use airport technology’, has opened debate in the market about how future cloud-based technology can improve operational and commercial performance within the air travel industry.

Collaboration with Icelandair - Amadeus Airport Baggage Reconciliation System (BRS)

Amadeus, in collaboration with Icelandair and their ground handling company, IGS, documented the requirements for the Amadeus BRS solution. The product was developed entirely by Amadeus, focusing on unique benefits to complement the services Amadeus already offers to airlines, ground handlers and airports worldwide. Amadeus Airport BRS was officially launched at Iceland’s Keflavik International Airport in May 2014.

Our main goal was to create a unique product that could not only offer our customers true reconciliation, operational improvements and cost reduction alternatives, but could also be developed quickly so that our customers could immediately benefit from the strategic advantages of our BRS solution. Amadeus BRS is the only baggage reconciliation solution that is truly integrated, as baggage is an add-on module to the Amadeus Altéa Suite, which works seamlessly with our Departure Control System (DCS), inventory and load planning applications. Another key differentiator is that Amadeus Airport BRS removes end-user reliance on costly teletype baggage messages within the Amadeus Altéa Suite.

Ground handling

The area of ground handling continued to show impressive growth throughout 2014. This can be accounted for by our upselling strategy and the evolution of our portfolio, which has been developed to anticipate and meet customer needs.

In 2014, the Amadeus Altéa Ground Handler Departure Control Suite contracted 19 new ground handlers, bringing the total customer base to 84. These cover a wide geographical area including: Europe, Asia, America, the Middle East and Africa.

Airport operators

On the airport side, Amadeus has gained a foothold in Australia through an agreement with Perth Airport for ACUS.

Moreover, for the first time in the travel distribution industry, airports will now be able to offer parking space through the Amadeus network of travel retailers in Scandinavia. Swedavia, the group that owns and operates 10 airports across Sweden managing over 33 million passengers annually, signed for Amadeus Indirect Distribution. Travellers will be able to book parking at the same time as they purchase their flights.

On the other hand, Amadeus Sequence Manager was developed in collaboration with Munich International Airport. The airport has benefited from a more streamlined flight sequence, especially during adverse winter conditions when aircraft require de-icing services.

Additionally, London Gatwick Airport became the first airport to implement the Amadeus Airport A-CDM Portal, a cloud based tool that lets the airport display the real time status of all flights, whether in the air or on the ground, to all workers at the airports. The European-wide A-CDM standard brings the entire airport ecosystem (airport operators, airlines, ground handlers and air traffic management) together for more efficiency and transparency, sharing timely and accurate information.

More recently, Innsbruck became the first airport to contract the Amadeus Airport Passenger Verification solution, which facilitates smoother security control processes. It is also the first airport to deploy Amadeus ACUS. In addition, the airport is implementing Amadeus BRS.

“We are committed to optimising airport operations and the overall experience for passengers, and are delighted to be working with Amadeus to make this a reality... Sharing IT resources and using cloud technology will also free up revenue and physical space.”

Michael Herrmann, Director Airport Operations and Head of IT, Innsbruck Airport

See ‘White papers’ p. 69

See ‘Environmental benefits of Amadeus solutions’, p. 87
Rail and ground travel

Amadeus is committed to helping rail, coach and bus companies connect with travel sellers, corporations and travellers to serve their customers better and to efficiently manage their businesses*. Amadeus Rail and Ground Travel is the business arm dedicated to serving the needs of over 90 railways around the world while investigating how bus, coach and other ground travel providers could benefit from our technology and expertise. Finally, we provide rail and ground travel content to our global network of travel sellers, including business and leisure, online and offline travel agencies, corporations, and railway companies themselves.

The rail industry is in an expansionary phase:

- As a result of liberalisation in Europe, high-speed rail networks are expanding.
- Consumer appetite for rail travel is growing.
- Rail is taking centre stage as the global travel industry seeks to achieve a seamless journey for the traveller.

‘We value Amadeus willingness to invest in the customer, to invest in innovation and also to be very close to us as their customer.’

Thomas Silbersky,
Head of Sales and Marketing, SJ Group

Amadeus Total Rail is our suite of solutions for rail and ground travel. They are multi-channel and multi-railway and provide availability, booking and ticketing capabilities to both travel sellers (travel agencies, online travel agencies and corporations) and railway and ground travel direct sales channels. Examples of the solutions that we have developed are:

- _Amadeus Web Services_ - a toolkit that enables railways and online travel agencies to build their own web interface, selecting the train services, fares and inventory they wish to sell online.
- _Amadeus Rail Display_ - a unique, dedicated rail booking solution available in the Amadeus Selling Platform to our global network of travel sellers. Fully integrated into travel agencies’ tools and processes (profiles, Passenger Name Records, mid and back-office feeds) and with a user-friendly graphical interface, it can reduce the overall booking time by half. Amadeus Rail Display earned recognition for ‘Best European Integration’ at the European Rail Congress Awards – which ‘rewards and encourages European railway excellence and innovation’.
- _Amadeus Air–Rail Display:_ an industry-first solution that allows air-rail comparison and the option of booking rail services from the same screen as flights, enabling railways to be sold as an alternative mode of transport at the booking stage. It has been adopted by Trenitalia, Thalys and Eurostar. The Amadeus Air–Rail Display makes the possibility of interlining between railways and airlines a reality, maximising the business opportunities for both (see case study ‘Thalys partners with Amadeus to sell Rail on a combined Air–Rail Display’ at www.amadeusrail.net/case-studies).

‘Amadeus Rail Display has reduced our booking times by over a half. A very intuitive and easy to use tool.’

Angela Isherwood,
Senior Product Manager
Key Travel

* For more information on Amadeus portfolio, visit www.amadeusrail.net

See ‘Amadeus leads in the multimodal travel space’ p. 26
BeNe Rail: launch customer for the first Rail IT community platform

BeNe Rail International is a technology joint venture between the Belgian national railway company SNCB/NMBS and Nederlandse Spoorwegen of the Netherlands, which was formed to develop the ticket sales and distribution platform for international and high-speed train services. With a pressing competitive need to take customer service and distribution to a new level, BeNe has partnered with Amadeus to develop a unique ‘next generation’ community-developed IT platform that will provide railways with all of the joined-up, end-to-end processes they need to please their customers, lower their costs and grow their business.

‘The Amadeus rail community IT platform will open new horizons for us as we strive to strengthen our multi-channel and multi-carrier distribution with bolstered rail content provided by our partner carriers. Our customers will be able to rely on a single convenient rail solution to answer all their needs. This will also enable us to fine-tune our service offering with dedicated resources and in turn improve the satisfaction of travellers.’

Arnold De Brauwer,
President, BeNe Rail International
3. Amadeus business lines and highlights 2014_Diversification into new areas

**Amadeus Hotel IT**

Amadeus is building next-generation hotel management solutions to enable hotel business and brand transformation. Delivered via a community model for the hotel industry, they are based on open technology and offered as a Software-as-a-Service (SaaS). This will allow hoteliers to be more agile in delivering innovative guest services, generating new revenue and responding to market changes. Accessing shared knowledge will enable faster responses to the increasingly diverse needs of hotel guests.

**Amadeus next-generation hotel IT systems**

Central Reservation and Property Management Systems* in the hotel industry are traditionally two completely different solutions written in different code bases and deployed as mainframe or client/server solutions.

Amadeus' next-generation solutions are cloud-based applications utilising the proven Amadeus Altéa transaction engine, which provides hotels with a highly efficient processing solution. All solutions are based on a single platform and share data and information seamlessly. This fundamental strength enables hotels to manage their business and optimise how they target their distribution. We are building all systems to take full advantage of social and mobile capabilities, so the critical relationship with guests can be optimised**. By offering open technology, we connect often diverse hotel IT systems together, and create an ecosystem that delivers the best guest experiences.

* In the context of the hotel industry, a Central Reservation System (CRS) enables hotels to manage marketing and sales, allowing them to upload their rates and availabilities onto the sales channels employing the CRS. Property Management Systems are software applications used to cover basic objectives at the hotel property, such as coordinating the operational functions of front-office, sales and planning – check-in, check-out, guest billing, etc.

** For more information on Amadeus products and services for hotels, visit [www.amadeus.com/hotels/](http://www.amadeus.com/hotels/)

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**The Newmarket story: from leading hotel chains, casinos and resorts to hotel properties**

Amadeus reinforced its vision and position in 2014 with the acquisition of Newmarket, a leading provider of cloud-based IT solutions for the hotel industry. The addition of Newmarket, based in Portsmouth, New Hampshire (US), brought a strong management team and talented workforce to Amadeus that is significantly strengthening our knowledge and experience in the sector. This positions Amadeus uniquely as an end-to-end hotel IT solutions provider. The combination of Amadeus’ global scale, reach and expertise in core IT areas and Newmarket’s know-how in complementary hotel solutions represents a compelling ‘one-stop shop’ alternative for hotels at both enterprise and property level across critical areas of their business.

In 2014, Newmarket continued its strong history of delivering industry-leading solutions that keep hospitality organisations productive, flourishing, and successful. Over the year, it grew its customer base from enterprise level agreements with leading hotel chains, casinos and resorts to hundreds of new hotel properties that have opted for Newmarket solutions to drive their business.
Amadeus Hotel Distribution
Via our extended hotels marketplace, we connect some of the world’s leading hotel providers – chains, representation companies and hotel aggregators – and thousands of independent hotels with our global community of travel agencies. In addition, we offer high-value marketing and promotional solutions for hotel providers to reach the right booker with the right offer at the right time*. We give our booking customers access to 800,000+ shopping options across 235,000 unique hotel properties, via custom-built reservation applications that are efficient, effective and tailored to the way our business partners operate.

Amadeus Hotels Plus
Professional travel bookers have access to Amadeus’ vast hotel content via the new-look Amadeus Hotels Plus released in December 2014. This intuitive solution gives travel professionals access to a vast world of hotel content via a single screen. This brings dramatic productivity benefits to busy travel agencies.

Merchandising and business intelligence solutions
We channel billions of euros in hotel revenue for hundreds of hotel partners through our solutions each year. To facilitate business development we offer intuitive business intelligence solutions to allow hotel partners to track performance and growth opportunities for their business on Amadeus.

* For more information on Amadeus products and services for hotels, visit www.amadeus.com/hotels

InterContinental Hotels Group (IHG)
‘IHG is a brand and consumer driven company. We use insight to anticipate consumer trends and behaviour. We also have a long track record of investing in relevant technologies to support our brand promise and build a closer relationship with our guests. Partnering with Amadeus will help us continue to do just that.’

Eric Pearson,
CIO, InterContinental Hotels Group

In early 2014 IHG, one of the world’s leading hotel companies, announced a strategic technology relationship with Amadeus. IHG has a wealth of subject matter expertise: renowned for offering the most innovative and efficient technological solutions at all stages of the Guest Journey (dream, plan, book, travel and share) to enhance their guests’ experience, IHG has sound ideas about what next-generation systems for the hotel industry should look like.

The initial phase of the strategic relationship between IHG and Amadeus is focused on planning and development. This involves scoping out and creating a roadmap for potential technologies and solutions that will drive innovation in the industry.

The marriage of IHG’s unique insight and world class guest care with Amadeus’ technology vision and infrastructure capabilities has the potential to deliver a step change in hotel solutions. While a ‘community model’ is a new concept for the highly fragmented hotel industry we see significant interest and, as we progress with partners like IHG, we look forward to truly shaping the future of hotels.

Amadeus LinkHotel
Amadeus LinkHotel gives any hotel anywhere in the world the ability to distribute, market and sell its rooms to a global audience. Through Amadeus LinkHotel, we connect independent hotel properties and smaller chains to the Global Distribution Systems (GDSs) and online travel community.

‘We became a member of LinkHotel at the beginning of the year and to be honest, we couldn’t be happier! The migration went very smoothly, the team has been great to work with and when we announced our switch using the Amadeus GDS media products, we saw our bookings increase by 10%! ’

Diego Buendía,
Corporate and Public Institutions Sales Executive,
Hotel Miguel Angel, Madrid (Spain)

‘I would actually go as far as to say that it is the nicest tool to look at, use and play around with based on what I have seen in the marketplace. If I had to sum it up in two words, I would say informative and user-friendly.’

Nick Thomas,
Sales System Support Team Leader,
Travelodge United Kingdom

Amadeus Global Report 2014
Data has always been a key asset to travel providers. Understanding and leveraging the myriad of new available data has now become the most powerful ingredient for competitive differentiation and personalisation. New technologies and the abundance of digital data generated through mobile phones, the internet and social media are opening a new world of business intelligence. Amadeus is replacing the painful, rigid and costly legacy business intelligence technologies with open, flexible, and scalable capabilities, bringing brand new opportunities for the travel industry.

**Travel Intelligence**

**Leveraging big data technologies**

More data is generated across the internet every second today than was stored on the entire internet just 20 years ago. These massive amounts of data are produced by a global internet population that now represents almost 3 billion people. Smartphones, websites, business applications and individual users are creating more than 2.5 exabytes* of data each day. This amount of digital information generated is referred to as ‘big data’. Every 24 months global data volumes double. Big data is about processing large volumes of data in almost real time to create immediate value.

Big data can represent a fantastic asset for any business to:

- Have **in-depth understanding** of their markets to make effective decisions quicker and with more precision
- **Make better predictions** to anticipate market trends and travel intentions of customers
- Access enriched analyses to dynamically propose **personalised travel experiences** across the entire travel cycle

* One exabyte is equal to $10^{18}$ bytes of digital information. This is equivalent to approximately 21 million tablets with a capacity of 128 gigabytes each.
Big data has the potential to significantly reshape the travel business and overall travel experience. But the real value - what we can really do with it - is still underestimated in the travel industry today. With 526 million travel agency bookings and 695 million passengers boarded in 2014, Amadeus has always been in the business of big data. Amadeus launched the Travel Intelligence business unit to help our customers leverage advances in technology and analytics to transform big data into meaningful, useful and actionable information.

### Destination Marketing Organisations

**A new approach for business intelligence infrastructure**

New technologies are making it possible to energise data and empower the processing capabilities, delivering innovative insights into customers’ own businesses, into the market, into the traveller and beyond, for quicker and more accurate decisions.

As the second company to join the Amadeus Venture Fund portfolio, we have followed Cabify’s every step closely. Watching its rapid growth and development has been a rewarding and exciting aspect of 2014. Cabify innovatively disrupts the traditional car rental service, allowing passengers to book high-end vehicles with drivers via smartphone. Such start-up ideas are just what the Amadeus Venture Fund thrives on: shaping the future of travel – just as Amadeus does on a larger scale, for example with Amadeus Altéa for airlines or our IT Solutions for airports. Most importantly, the Cabify vision is aligned with ours: the future of travel should be more personalised, connected, sustainable, simple – and a door-to-door experience for travellers everywhere.

The atmosphere of inspiration and ambition is contagious with such young startups. Already the team has rolled out services across much of Spain and many large Latin American cities too, with the ultimate goal of going global. Feedback is that customers love the service, and importantly, already many drivers recognise the value.

As smartphone use for booking all kinds of services increases, we are both excited and optimistic about Cabify’s prospects for shaping the future of travel in 2015 and beyond.

Alex Luzárraga,
Vice President
Corporate Strategy, Amadeus
Amadeus Travel Intelligence portfolio
Understanding today’s traveller is key. The industry is moving beyond traditional leisure/business segmentation towards personalised marketing, for a single view of the customer. Targeting, selling and servicing can only be done with real customer understanding, drawn from multiple sources that exist at a company, industry and global level. By harnessing multiple data sources, travel companies will be in a position to better predict travel intentions and personalise their offer based on contextual information.

With Amadeus Travel Intelligence, the traveller is at the centre of the ecosystem. Leveraging Amadeus generated data, customer generated data (treated as private) and industry generated data, we can help travel industry players to better understand today’s traveller and more intelligently merchandise and personalise their products, define their strategy and increase their operational efficiency.

Our regional sales staff and Business Intelligence business model mirrors the needs of our customers, and our data scientists deliver personalised services and consulting to support players in the travel industry and beyond.

A new generation of business intelligence solutions, products and services provided as Software-as-a-Service
Data protection
Data protection is a key element that has to be considered when delivering any business intelligence solution. Amadeus strives to continuously improve data quality and ensure compliance with external regulations and data privacy regulations. To meet compliance requirements, Amadeus has established a series of business processes and controls to manage the data subject to these regulations.

The payments challenge
Global travel and tourism is one of the world’s largest industry segments, with an estimated total contribution to global Gross Domestic Product (GDP) of USD 7.2 trillion according to the World Travel and Tourism Council (WTTC). This is equivalent to 9.6% of the global GDP. Payment processing ensures that these trillions of dollars are managed efficiently and securely.

Payment processing is undergoing a transformation. What once was a necessary cost of doing business has been altered by the growth of e-commerce and the entrance of new players. It is fast becoming an enabler of new revenue. As companies push into new markets they must enable customers in those markets to pay for their products. This involves considerable complexity: you cannot sell in a country without being connected to a bank that accepts the most common forms of payment in that country. Add to that the rise of alternative methods of payment, not to mention other types of ‘pseudo-currency’ such as vouchers or gift cards.

Connecting to every bank, alternative payment start-up and crypto-currency have a cost. The challenge for travel companies is to decide whether it is worth committing precious IT resources to building an Application Programming Interface (API) into a new payment provider or whether it would be better to commit those resources to delivering an IT upgrade to their core business.

Amadeus Payments

_A team of dedicated payment experts
_Processing travel payments since 1992
_Payments authorised in 200 countries
_We connect travel companies to close to 300 acquiring banks around the world

In 2012, Amadeus set up a dedicated Travel Payments business unit because we believe our knowledge of travel processes and technology adds unique value to payments processing in the travel industry. Amadeus developed and implemented the mission-critical IT systems with which payment processing needs to interact. This puts us in a unique position to improve many payment services by integrating them into the travel reservation process, including additional travel-related information. Amadeus’ team of travel payment technology specialists have joined us from the payment industry, building on the knowledge that Amadeus has developed regarding travel-specific payments as a result of processing payments for the travel industry since 1992.
Amadeus Travel Payments Portfolio

Amadeus has built a complete portfolio of travel payment products designed to help travel companies with all of their payment processing requirements. The Travel Payments Portfolio enables travel companies to perform all the processes they need to receive payments from travellers around the world, and make business-to-business payments to suppliers.

To deliver this portfolio of products, Amadeus combines its own payment technology with those of our partners, who provide a range of solutions from payment services to fraud management and currency exchange. All these home-grown and partner-provided functionalities are housed on a single technical architecture, developed, built and hosted by Amadeus, and called the Amadeus Payment Platform.

Highlights 2014

2014 was a watershed year for Amadeus Travel Payments:

_In June, we announced a major new partnership with Cybersource to provide a fraud management check integrated with the reservation process. Driven in part by this agreement, as well as strong growth with our existing partner, Retail Decisions, during the year the number of transactions processed using the Amadeus Fraud Management solution tripled as more airlines signed for the service – which provides additional credit card fraud safeguards on behalf of airlines.

_Debit and credit cards from UnionPay, the largest card scheme worldwide with over 2.3 billion cards in circulation, were integrated into the Amadeus Payment Platform following an agreement reached with UnionPay International, a subsidiary of China UnionPay. Amadeus travel providers, including airlines and online travel agencies worldwide, now offer UnionPay cards as an online payment option across over 92 countries where UnionPay is accepted. This development makes it easier for many Chinese travellers to travel overseas, due to the fact that 80% of outbound Chinese tourists in 2013 paid for their travel via UnionPay’s network.

_Further expanding the capacity of Amadeus travel customers to accept more payment forms from travellers in more countries and in more currencies, a global agreement was reached to integrate into the Amadeus Payment Platform (APP) the extensive payment services of WorldPay, the global leader in payment processing, risk management and alternative payments.
Mobile

Recent years have seen the rise of mobile technology. The mobile revolution is impacting how companies in the travel industry serve their customers.

Ensuring that travellers have the right information at the right time is paramount, as their needs and expectations for personalised services during their trips rise. They also expect their experience to be easy and seamless across various devices, while staying connected throughout their journey.

Amadeus is embracing the mobile revolution by providing mobile-driven solutions that cover the needs of our customers today and in the future. For more than a decade, we have partnered with important providers in the technology arena and developed various stand-alone products to offer leading mobile solutions for our customers across various segments and through different mobile channels.

We know that mobile is here to stay. And at Amadeus, we are committed to helping our customers serve their own customers better throughout the entire journey. We are delivering mobile solutions that enrich the travel ecosystem, and continue to make investments in mobile technology that shapes the future of travel.

Amadeus Mobile portfolio

Today, our airline IT e-Retail customers can integrate their existing online services seamlessly with Amadeus Mobile Solutions to ensure consistency and accuracy between online and mobile solutions. They can remain in contact with travellers on the go with real-time and relevant alerts and through services such as booking, check-in, voluntary rebooking and ancillary services. This solution includes responsive design, adapting how information is displayed on a wide range of devices – from a smartwatch to a smartphone or tablet.

Our distribution customers can choose from various mobile solutions according to their business model and their needs. For example, the Amadeus e-Travel Management Mobile app, launched in 2012 with corporations in mind, lets corporate travellers make new air, rail and hotel bookings via their mobile devices, ensuring efficiency and continuity of service for travellers on the road. And it also lets travel approvers approve travel easily from their mobile device.

Travel managers and travel agents can assess risks and communicate efficiently with their travellers thanks to the dedicated mobile application Amadeus Mobile Messenger. It delivers fast and efficient incident management in a single tool and with all the information travel professionals need to identify, analyse and assist their travellers without delay.

Various regional solutions are also available for our travel agency customers in Europe, Africa and the Middle East.

In 2014 we unveiled the Amadeus Personal Disruption Companion, the industry’s first mobile solution for handling flight disruptions based on personalised and intelligent re-accommodation options, putting the traveller in control so they can better manage delayed and cancelled flights. This unique white-label solution was presented for the first time at PhoCusWright’s Travel Innovation Summit, where it was runner-up in the Established Companies awards.