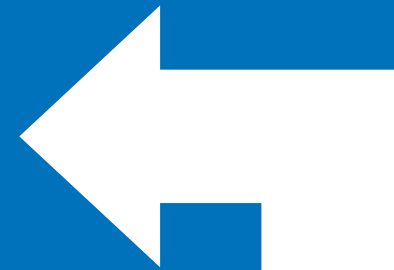


272 million jobs worldwide in
Travel & Tourism



1.1 billion international
tourist arrivals
in 2014



Travel industry overview and Amadeus industry relations



Travel & Tourism
represents

**9.6% of
world GDP**

Travel industry overview

Today, global travel and tourism is one of the world's largest industry segments, with an estimated total contribution to the 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 and includes induced, indirect and direct contribution generated by industry suppliers and intermediaries, comprising airlines, hotel chains, rail providers, travel agency locations, numerous international car rental and insurance companies, and global and regional tour, cruise and ferry operators.

Since the beginning of the global financial crisis the travel industry has faced significant challenges, many of which only began to recede in 2014. As the global economy emerges from the grip of recession, the time is right to reflect on what the next 10 years are likely to bring and, importantly, where opportunities for growth exist for our industry.

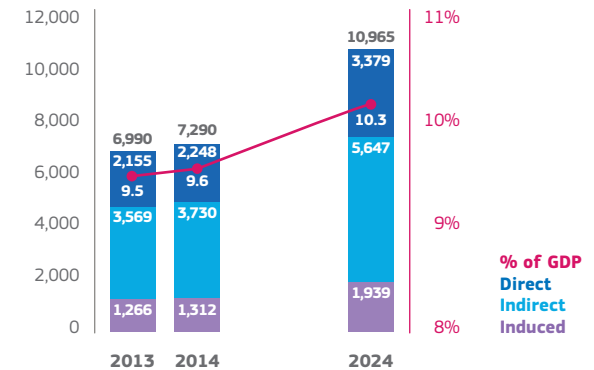
Research from Oxford Economics shows that global travel rebounded rapidly from the 2009 financial crisis and is forecast to grow robustly over the next decade.

Projected growth in global air travel
Domestic and international air passenger growth to 2017



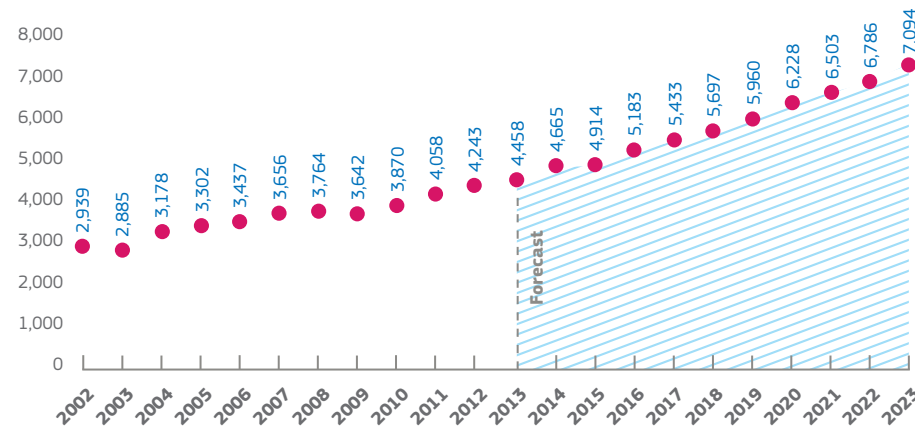
Source: IATA, airline industry forecast 2013-2017

Total contribution of travel and tourism to world's GDP
Figures in USD billion



Source: Travel and Tourism Economic impact 2014- World Travel and Tourism Council

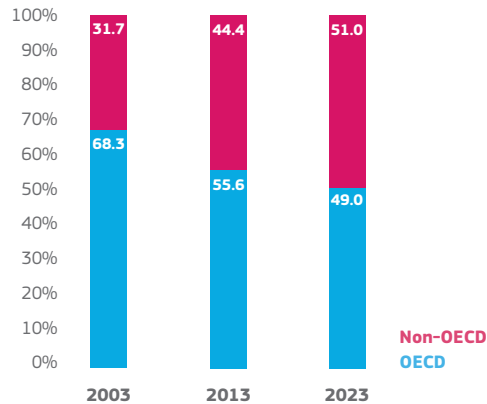
Global overnight visitor flows
(Figures in million)



Source: 'Shaping the Future of Travel: Macro trends driving industry growth over the next decade', Oxford Economics (2014)

Non-OECD increasing share of global air traffic

% of total traffic

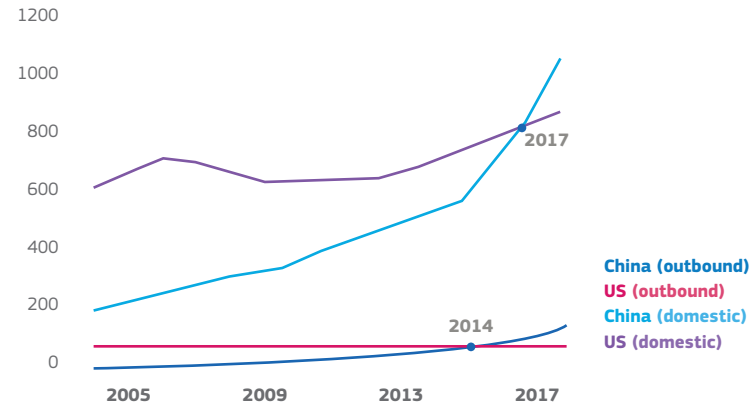


Source: 'Shaping the Future of Travel: Macro trends driving industry growth over the next decade', Oxford Economics (2014)

Global overnight visitor flows are expected to grow at 5.4% per annum over the next decade, significantly faster than GDP growth of 3.4% and more in line with the expected expansion in global trade flows of 5.8%. In terms of regional overnight visitor flows, it is expected that Asia-Pacific, the Middle East and Africa will be the fastest growing regions over the next 10 years, with Asia growing at nearly double the rate of the 2002-2012 period. Despite this, Europe's share of visitor flows will remain dominant until 2023. For outbound spending on travel, however, the Asia-Pacific region is expected to overtake Europe to dominate global travel by 2023. Interestingly, North East Asia alone will account for 42% of the growth in global outbound business travel expenditure over the next decade, with South East Asia accounting for a further 13%.

China overtakes US in travel spend

USD billion



Source: 'Shaping the Future of Travel: Macro trends driving industry growth over the next decade', Oxford Economics (2014)

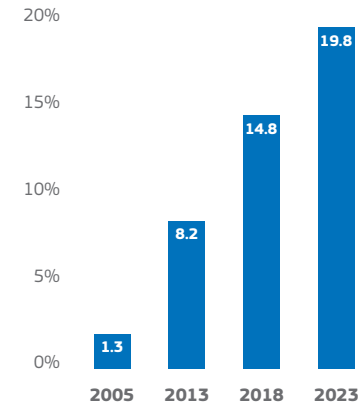
Non-OECD countries

Another interesting point to note is that non-OECD countries accounted for 44% of global air traffic in 2013 and research forecasts this to rise to 51% in the next 10 years, driven primarily by the expansion of large emerging markets, especially China. Non-OECD air traffic is increasingly independent of mature Western markets, with journeys between developing countries accounting for 40% of global air traffic in the past five years.

It has been suggested that China will soon overtake the US as the largest source of outbound travel spend in the world in 2014, with China's share of global outbound travel expenditure set to rise from 1% in 2005 to 20% in 2023. China may also surpass the US as the world's largest domestic travel market by 2017. In fact, the potential

China: Growing share of global business travel spend

% global total



Source: 'Shaping the Future of Travel: Macro trends driving industry growth over the next decade', Oxford Economics (2014)

market for outbound Chinese tourism could more than double to 220 million households in the next decade.

Low-cost carriers

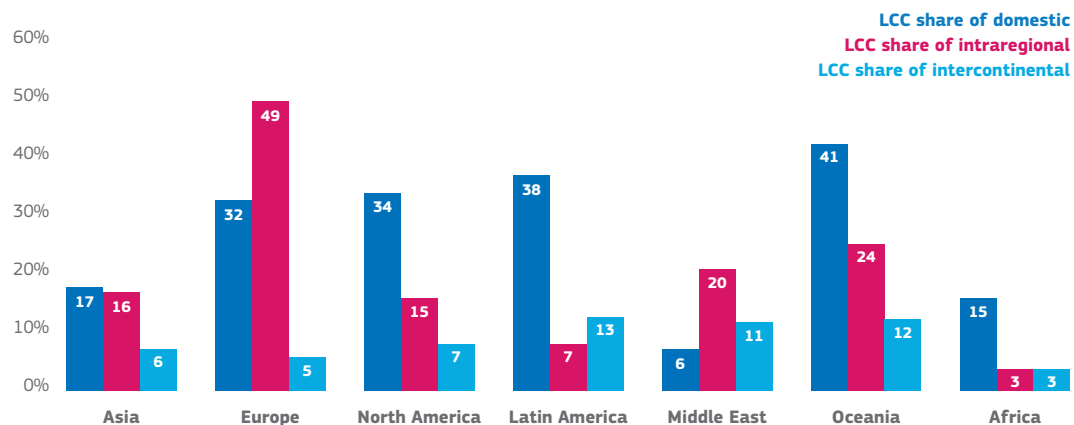
Meanwhile Western business travellers have been slow to recover old spending habits. North American and European short-haul markets are still yet to recover to 2008 levels, while premium air traffic data from IATA* shows that whereas long-haul (intercontinental) premium traffic recovered quickly and robustly from the financial crisis – particularly premium traffic that connects advanced to emerging markets – short-haul travel demand has been much more sluggish. Furthermore, the business models of low-cost carriers (LCCs) and traditional carriers have converged in recent years, but remain distinctive. Structural factors will continue to set the LCCs and traditional carriers

* IATA, Premium Traffic Monitor, November 2006 to November 2013.

2. Travel industry overview and Amadeus industry relations

Low-cost carriers market share around the world

% of total traffic



Source: Amadeus

apart and they will continue to compete along the familiar lines of their comparative advantages – price versus service.

The most important trend in the next decade is the further expansion of LCC market share. LCCs are outgrowing general traffic in every continent of the world. Europe remains the most active market for LCC business, with 250 million passengers per year. North America is the next largest with 173 million, but Asia is quickly catching up, recording over 117 million passengers on average in the past five years and growing more than 150% in that period. The introduction to the market of large numbers of new middle-class travellers from emerging economies in the next 10 years will present great opportunities for LCCs. They are, however, yet to demonstrate a viable model for capturing longer-haul market share. The more successful LCCs become the more likely they are to outgrow their original business model and be forced to adapt.

Seamless travel

Seamless – or better connected – travel is another key trend for the travel industry over the next decade, and it has two main aspects: technology and infrastructure. Infrastructure provides the different modalities of transportation, and technologies connect the different modes of transportation. Seamless travel exists in many forms, but an ‘ideal’ case would be booking a single ‘door to door’ service that took a traveller from their home to and then through an airport, onto and off a plane, and then to their destination hotel. In practice, much seamless travel currently exists in selective ‘bubbles’, because the businesses required to provide the infrastructure and the technology are very different and separate. In addition, there is a ‘market failure’ at work that makes the provision of truly global seamless travel solutions very difficult. The development of internet-based and mobile technologies would appear to provide more opportunity

than ever before for a potential facilitator, given that they might help overcome many of the past issues that hindered seamless travel. At present, however, because many providers appear to be focused on improving their own individual offerings, seamless travel is left unaddressed.

Mobile technologies

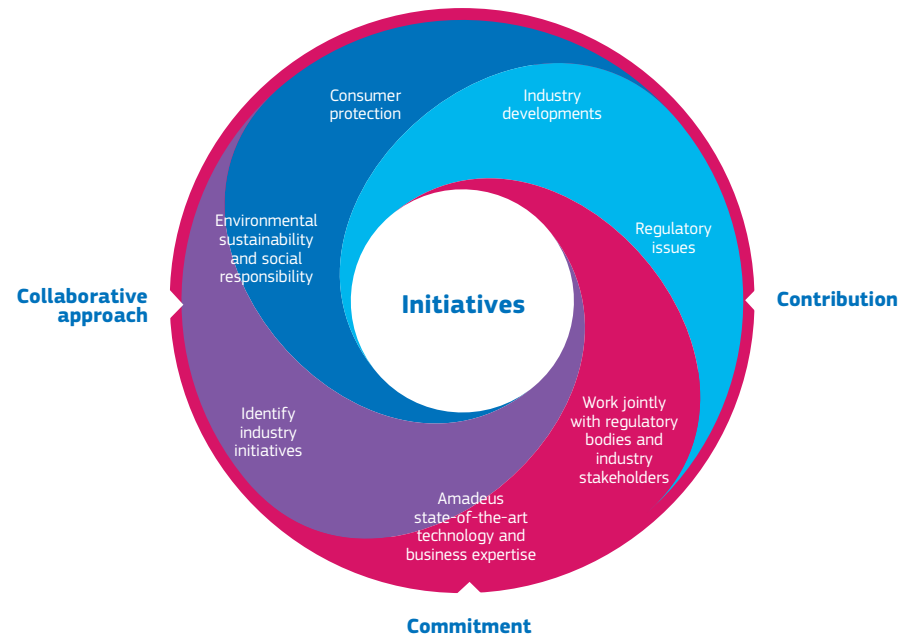
Mobile will be another key driver of both growth and opportunities in the coming years. As the world’s mobile users have increased, so have the applications and uses of mobiles for travel. The number of mobile device users in developing countries has been rapidly increasing since 2005, with an average annual growth rate of 36.8% over the 2005-2013 period, meaning they now by far outnumber users in developed countries. Mobile broadband user numbers in developing countries have also been growing at a rapid rate and already eclipse user numbers in developed countries, reaching 1.2 billion users in 2013. As a direct result of this growing trend of using mobile devices for travel, providers in the travel industry are developing applications to further facilitate information provision, reservations, and payments. It is likely that the spread of mobile technologies will produce major changes in the travel industry – as well as major financial opportunities. However these may take many years to fully develop and their form is difficult to predict.

Amadeus industry relations

Over the years, Amadeus has become a relevant industry player and we have a responsibility to work together with other industry stakeholders to shape the future of travel.

Amadeus systematically engages with key stakeholders such as governments, public entities, trade industry associations and academia to improve our position, profile, and reputation. The graphic on this page illustrates our approach to industry relations.

Our role in shaping the future of travel - efficiency and sustainability



The strategic approach that guides the activities of industry affairs is established around the following key principles:

- _Contribution to shaping the future of travel by working jointly with regulatory bodies and relevant industry stakeholders.
- _Amadeus' commitment to making the travel and tourism industry more efficient and sustainable.
- _The collaborative approach we subscribe to in working together with industry partners to find good and sustainable solutions that take into account the needs and requirements of all industry stakeholders.

We engage with industry initiatives that may cover relevant aspects of Amadeus' business as follows:

- _Regulatory aspects of our business in which we provide information, knowledge or advice to the regulator to improve legislation.
- _Relevant industry developments, such as the current initiative to enable a European intermodal transport environment.
- _Consumer protection, for example to safeguard the right to fare information or data privacy.
- _Environmental sustainability and social responsibility.



Working with governments and trade organisations towards sustainable travel

The travel and tourism industry is becoming a strategic sector for the economies of many countries 🌐. National and regional governments have a growing interest in making the tourism sector robust and attractive enough to bring a growing number of tourists to their destination.

Amadeus works with relevant regulatory bodies around the world, including the European Commission, the European Parliament and the US Department of Transportation, as well as with the main industry trade associations and consumer organisations.

Amadeus currently serves as the Chair of ET TSA (European Technology and Travel Services Association) and is a founding member of TTA (The Travel Technology Association, formerly ITSA). We have an allied membership with ECTAA (European Travel Agencies' and Tour Operators' Association), and also work very closely with ASTA (American Society of Travel Agents) and its global organisation WTAAA (World Travel Agents Association Alliance). We are a member of OAAT (Open Allies for Airfare Transparency). In Asia, we are a long-standing member of PATA (Pacific Asia Travel Association).

Amadeus is a strategic partner of IATA (International Air Transport Association), and we support the efforts of ICAO (International Civil Aviation Organisation) promoting industry standards for aviation carbon calculators in the airline industry 🌐. We are a global partner of UNICEF (United Nations Children's Fund) countries 🌐 and an affiliate member of the UNWTO (United Nations World Tourism Organisation) and the WTTC (World Travel and Tourism Council).

We work with IATA, AEA (Association of European Airlines) and A4A (Airlines for America) with the aim to build a common industry agenda for the sustainable growth of the airline industry, while ensuring that the requirements of all industry stakeholders are taken into consideration.

On the other hand, collaboration among industry stakeholders is key to the sustainability of the global travel and tourism industry over the long term. Amadeus engages constructively with industry stakeholders to agree upon principles and ambitions for sustainability. We fundamentally believe that the stakeholders across the travel industry – whether airlines, railways, travel agencies, travel buyers or passengers – need to come together to agree on a common industry agenda for sustainability that builds on principles of transparency, fair competition and respect for the environment in which we operate. We remain firmly committed to working with our industry partners to achieve this.

🌐 See 'Travel industry overview' p. 17

🌐 See 'Amadeus participation in joint industry initiatives', p. 90

🌐 See 'Amadeus Technology for Good Programme', p. 97



From Amadeus Industry Affairs, we are actively cooperating with public and trade industry stakeholders to make this sector far more sustainable and competitive in three ways:

Advocacy before governments and public stakeholders

We engage with governments and other relevant private stakeholders about key industry issues that affect sustainability such as the facilitation of visas, policies to promote competition, the digitalisation of travel/passenger transportation and shaping the way tourism will look in the future. Currently we are working with WTTC and UNWTO to raise awareness about some of the above mentioned issues and the strategic importance of this sector.

Partnering with selected relevant public and trade industry tourism stakeholders

As an example, Amadeus partnered with the European Travel Commission (ETC) in their mandate from the European Commission to promote European tourism destinations, with relevant projects and activities in three areas where our assets are very valuable: technology, research and education. A flagship project of this successful partnership has been the

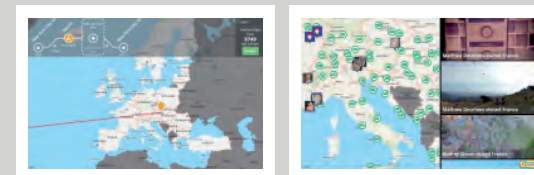
development of the VisitEurope web and mobile app, which helps the ETC promote Europe as a tourism destination through new digital channels that target strategic growth markets.

In addition, Amadeus also partners with major railway bodies in Europe, including SNCF, DeutscheBahn and ATOC, as well as other members of ETTSA, ECTAA and the European Commission's European Rail Agency (ERA) in the execution of the European Commission's TAPTSI* implementation project. The project is designed to implement minimum standards for the exchange of schedule, fare, booking and ticketing data across the EU's rail industry with respect to cross border rail travel (currently in its pre-deployment developmental phase).

Supporting national governments' efforts in their tourism projects

Technology and industry knowledge are two important assets that are also allowing us to engage in a collaborative way with some governments to make their tourism activity much more sustainable and competitive. Some public tourism entities are monitoring, tracking and predicting tourism flows via our Travel Intelligence solutions and others are using our advertising tools to better market their services.

* Telematics Applications for Passengers Service Technical Specifications for Interoperability (TAPTSI) which came into force on 31 May 2011 as the Commission Regulation (EU) No 454/2011.



VisitEurope app

Amadeus developed the VisitEurope app in partnership with the European Travel Commission (ETC). This mobile tool guides travellers through the entire experience of the trip: from inspiration, search and planning to sharing. The VisitEurope app is also the pillar of the new VisitEurope.com website. Having a mobile-first approach, the ETC chose Amadeus to design and develop a solution first for mobile devices and then adapting it for other interfaces.





As part of these collaborative efforts, Amadeus participates very actively in relevant industry events to foster the debate around key sectorial issues. Relevant examples of these events are as follows:

Global Travel and Tourism Partnership (GTPP) Annual Student and Teacher Awards

Students from around the globe proved the future is bright for the travel industry at this GTPP event.

Multimodal rail travel discussed at European Passengers' Federation event

Connected rail travel as well as a seamless multimodal transport system in Europe are two key objectives that have been set up by the European Union. This event was an opportunity to exchange ideas and views about best policies and technologies to support that objective. Amadeus presented technology solutions that enable the integration of air and rail in the distribution process and shared the ongoing EU projects where we participate relating to the future multimodal transport information system.

- See 'Amadeus Knowledge and Skills Transfer Programme', p. 99
- See 'Amadeus leads in the multimodal travel space' p. 26



Brisbane Global Café conversation about the future of global travel

There was a very vibrant and thought-provoking discussion among global tourism leaders, including Amadeus, about 'Tourism's New Frontiers' in this event.

Collaboration and passenger experience at IATA's World Passengers Symposium

Amadeus was invited to participate in the session 'A Revolution in Distribution', which took place in a busy hall and was attended by a number of airlines and technology providers.

OUI Innov - Working hand-in-hand with the French government to support innovation

Amadeus supported the French Embassy and Invest in France in the Oui Innov event. It was held in Madrid aiming to promote innovation and entrepreneurship among the Spanish and French communities.

European Tourism Forum

Innovative actions for jobs and economic growth were discussed in this forum. Amadeus shared views and information on key industry trends around the new travel ecosystem, personalisation technologies and the future of travel.

Airport Regions Conference - 'Getting dAIR: clean airports. Decarbonised regions'

dAIR is an EU funded project where local governments, together with airport operators, work on converting airports into ecological and sustainable transport hubs.

Conseil de Coopération Economique - high-level task force on international climate negotiations

The Conseil de Coopération Economique has created this task force to present a set of recommendations to the European Council and the EU Commissioner for Climate and Energy with the occasion of the UN Climate Conference in Paris in December 2015.

Green Growth Group

The Green Growth Group consists of ministries, business, and Members of the European Parliament. The Ministerial group is made up of Energy, Climate and Environment Ministers from fifteen European countries. They seek to explore, promote and pursue the economic opportunities that the EU low carbon ambition can offer.



Working with industry peers towards airfare transparency

IATA Resolution 787 – submission for US DOT approval

On March 2013, the International Air Transport Association (IATA) formally filed with the US Department of Transportation (DOT) an application for approval of Resolution 787 (Enhanced Airline Distribution) that was adopted by the Passenger Services Conference during its 18-19 October meeting in 2012. The intended effective date for Resolution 787, also referenced by IATA as a New Distribution Capability (NDC), was 1 June 2013. Upon careful review of the IATA Resolution, numerous industry stakeholders, including Amadeus, expressed serious concerns over several elements of the Resolution and their potential implications. The Resolution proposed new and open technical standards for the exchange of data based on XML, a more effective and efficient method of communication than other protocols currently used across the industry. The Resolution also raised several commercial and regulatory concerns including mandatory aspects, data privacy and customer authentication issues, data ownership and backward compatibility. Hundreds of filings were formally submitted to the DOT and significant public debate ensued over the Resolution and IATA's intent.

In December 2013, Open Allies for Airfare Transparency (OAAT) and IATA engaged in bilateral discussions on Resolution 787 in the interest of finding common ground and moving forward. After several meetings in Washington, D.C. attended by OAAT members, IATA and other key industry stakeholders, the parties mutually agreed on a set of conditions jointly proposed to the DOT for their consideration and ultimate approval. The

joint motion filed in January 2014 addressed all the key concerns raised by the industry and limited the scope of Resolution 787 strictly to the XML communication standard being proposed by IATA, purely on an optional basis for members to adopt as they saw fit. In May, the DOT issued a Show Cause Order proposing to approve Resolution 787 subject to all of the agreed IATA / OAAT conditions, which were adopted word-for-word and supplemented to make clear two additional and important points: individual airlines cannot require personal information as a predicate for presenting a fare offer, and anonymous shopping cannot be impeded by any new standard. In August 2014, the DOT issued its final order approving Resolution 787 with all conditions for approval adopted. Although the DOT's jurisdiction is limited to the US, IATA has acknowledged and formally confirmed that Resolution 787 as approved by the DOT (with all conditions) will apply globally to all IATA members.

These proceedings and their final outcome represented a significant and positive development within the industry, encouraging broader and more proactive collaboration among key industry stakeholders.

Amadeus played a deciding role in the process leading to this historical industry agreement and platform for improved collaboration across the whole industry.

OAAT and IATA – Airline Distribution Stakeholder Forum

The Airline Distribution Stakeholder Forum was set up as a direct result of the bilateral discussions between

OAAT and IATA regarding Resolution 787. The objectives mutually established by the group were to create a forum for open and transparent dialogue regarding air distribution. The forum, made up of key industry stakeholders, would contribute and be part of the ongoing conversation regarding the evolution of the industry. The initial meeting was hosted by Amadeus in Miami. It included representation from ASTA, ECTAA, ETTSA, GBTA, IATA, OAAT, Travel Tech, and WTAAA (represented by ACTA, AFTA, ABAV, and ASATA). The group has established terms of reference to govern the forum covering mission, membership, forum procedures and communications.

The Airline Distribution Stakeholder Forum has met on three different occasions during 2014: in Miami, in Washington, D.C. and in San Diego (in conjunction with IATA's World Passenger Symposium event). During the most recent meeting in San Diego, in an effort to ensure that the forum represents the broadest set of industry stakeholders, two additional organisations, Airlines for America and US Tour Operators Association were invited to join the group. In addition, the next Airline Distribution Stakeholder Forum is being planned in Europe to ensure that the group operates at a global level and takes regional issues into consideration.

The formation of the Airline Distribution Stakeholder Forum is a good example of the industry coming together to openly discuss industry challenges and work in a collaborative way to find solutions that work for all parties involved. Amadeus is proud to have played an instrumental role in its formation and ongoing evolution.

Amadeus leads in the multimodal travel space

Responding to the door-to-door mobility requirements of European citizens and visitors, the vision of a single multimodal travel market in Europe was laid out in the European Commission's White Paper on Transport: Roadmap to a Single European Transport Area (2011).

As Europe's most successful travel provider - in terms of both EU member state coverage and airline sector distribution - it was only natural that Amadeus should be one of the leaders in the evolving multimodal travel space, and take a strategic role in this process.



Feasibility of a single multimodal travel market in Europe - All Ways Travelling (AWT)

Amadeus and its All Ways Travelling consortium, comprising partners Thales, BeneRail, IATA, UNIFE and Zeppelin University, were contracted by the European Commission to deliver a Study and Proofs of Concept concerning the feasibility of a single multimodal travel market in Europe.

In 2014, the AWT Study was delivered (available at www.allwaystravelling.eu). It covers the feasibility of the emergence of multimodal information and ticketing services in the European marketplace.

The second phase, the Proof of Concept, is focused on the technological challenges and overall feasibility of the development of relevant IT services. Amadeus and its AWT partners are keen to demonstrate the possibilities, but also the constraints, of adapting systems and standards in order to provide one-stop-shop multimodal information and ticketing services. The Proofs

of Concept are planned in 2015 for multimodal (air-rail-urban transit) planning and ticketing, from shopping to settlement including the integration of card centric and back-office centric solutions for urban transit. A multimodal trip tracking service will also be demonstrated, which keeps the passenger informed of the impact of any en-route service disruptions on their overall multimodal itinerary.

In early 2016, AWT will deliver a final report highlighting the relevant points, from both the Study and Proof of Concepts, which will assist with the formulation of recommendations to the European Commission for policy evaluation as well as provide important inputs into other European Commission multimodal initiatives.





Multimodal passenger IT services - Shift2Rail Joint Undertaking

Amadeus played a key role together with other industry stakeholders, in defining the proposition for multimodal passenger IT services, which was called the Innovation Programme 4, of the Shift2Rail (S2R) Joint Technology Initiative. In 2014, the European Council adopted the legislation drafted by the European Commission enabling the creation of the S2R Joint Undertaking*. The S2R Joint Undertaking is evaluating the stage one applications for Associate Members and is planned to start before the end of 2015.

* Council Regulation (EU) No 642/2014d EU of 16 June 2014.

Towards an innovatory interoperability framework - IT2Rail Consortium

In the meantime, the European Commission published the Horizon2020 call: Mobility for Growth 2.2 – ‘Smart Rail Services’. It was designed to initiate Innovation Programme 4 of S2R, and provide some early results in 2017. Amadeus and a core team of the companies that had worked on the original Innovation Programme 4 proposal, formed the IT2Rail consortium and successfully tendered for the call. The project is intended to start in May 2015 and aims to deliver early results in the second half of 2017 to initiate the innovatory interoperability framework and a functionally de-scoped version of the robust business application ecosystem.

The IT2Rail and the Innovation Programme 4 of the Shift2Rail work represent a bold and ground-breaking set of collaborative activities, designed to transform the series of silo transport sector markets into a single integrated multimodal market across the EU Member State geography. In particular, Amadeus is participating in a bold experiment to deploy the solution for transcending the costly fragmentation of Europe’s transport industry. If successful, the shape of European travel will be irrevocably transformed.

