Amadeus IT Group, S.A.

Auditor's Report,
Annual Accounts and
Directors' Report
for the year ended
December 31, 2017

Amadeus IT Group, S.A.

Auditor's Report
for the year ended
December 31, 2017

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails

INDEPENDENT AUDITOR'S REPORT ON ANNUAL ACCOUNTS

To the Shareholders of Amadeus IT Group, S.A.:

Report on the annual accounts

Opinion

We have audited the annual accounts of Amadeus IT Group, S.A. (the Company), which comprise the balance sheet as at 31 December 2017, and the income statement, statement of changes in equity, statement of cash flows and notes to the annual accounts for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2017, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.1 to the annual accounts) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the annual accounts in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of annual accounts and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Accuracy and completeness of transactional revenue

Description

Most of the Company's Revenue, which amount to a total of €4,304 million, correspond to the processing of distribution bookings and transactional sales of IT solutions, and depend on complex IT systems. The Company has processes and controls, many of them automated, to ensure that transactions are processed and recorded appropriately.

In this regard, in our audit we identified a significant risk relating to the possibility that transactional revenue could be misstated due to data processing errors. In particular, we considered the risk that a relevant system may not be configured properly, in such a way that fees and the related revenue are calculated incorrectly; the risk of data loss in transferring the output from the operational systems to the financial information systems; and the risk that unauthorized changes may be made to the systems, which may result in the misstatement of revenue figures.

Therefore, we considered this risk to be a key audit matter in our audit of the annual accounts for 2017.

Procedures applied in the audit

Our audit procedures to address this matter included, among others: testing relevant IT controls related to accesses to relevant applications and data, and changes and developments in relevant programs and systems, in order to mitigate the risk of unauthorized changes being made to the systems, with the involvement of our internal IT specialists.

Additionally, we tested the controls on the relevant IT applications and checked that the systems were adequately configured.

In addition, we performed tests on system interfaces including those between the billing systems and the accounting system.

We also tested the controls over proper customer set-up and changes to the customer master data, which are designed to ensure that prices are assigned correctly to each customer in the system based on the terms of the signed contracts.

In addition, we extracted data from the systems and recalculated revenue for a sample of transactions to verify the accuracy and completeness of revenue. Furthermore, substantive analytical procedures were performed on the revenue recognized.

Lastly, we evaluated the adequacy of the disclosures provided in relation to revenue in Notes 4.8 and 18.1 to the accompanying annual accounts.

Capitalization and valuation of Development Cost

Description

The intangible assets recognised in the "Development cost" caption are a combination of software and travel content that makes it possible to process bookings and, make travel information available to users through the Amadeus System, and they also includes the development costs of the IT solutions, marketed by the Company.

As indicated in Note 6 to the annual accounts, development costs capitalized in the year ended 31 December 2017 amounted to €82 million. The net book value of Development Costs assets amounted to €141 million as of 31 December 2017.

Capitalization of assets of this kind requires Management's judgement in order to evaluate whether the expenditure incurred qualifies for recognition as intangible asset in accordance with Recognition and measurement standard Nº5 and Nº6 included in the Spanish National Chart of Accounts and with the Company's accounting policies. The Company distinguish between research costs, which are recognized in the income statement as incurred, and development costs, which are capitalized by the Company provided that the technical feasibility of the project has been established, it can reasonably be expected that its costs will be recovered in future periods and the asset can be measured reliably.

Whenever there are indications of impairment, and at least once a year for projects that are not ready for use, the Company tests the Development Costs for impairment, considering the possible technological obsolescence of these assets and any changes in the factors assumptions, which permitted their capitalization initially.

Due to the high volume of capitalization and the assumptions required to be made by Management, the capitalization and valuation of Development Cost was

Procedures applied in the audit

Our audit procedures included the review of the relevant controls established by Management related to Development Cost capitalization and valuation.

Furthermore, we performed tests of details on a sample of capitalized projects in the current period and obtained evidence such as technical information and business plans in order to verify whether the cost capitalized qualify as development costs. We analyzed this evidence and evaluated whether it reflects the use of the assets for the Company and the Company's intention to complete the capitalized projects, and we have checked the reasonableness of the business plans provided by assessing the existence of a market and whether economic benefits are expected to be generated in the assets.

We also evaluated the assumptions and methodology used by the Company to test Development Cost for impairment.

Lastly, we assessed the adequacy of the disclosures included by the Company in this connection in the accompanying annual accounts. (Note 4.1 and Note 6).

Capitalization and valuation of Development Cost	
Description	**Procedures applied in the audit**
considered to be a key audit matter in the period.	

Other Information: Director's Report

The other information comprises only the directors' report for 2017, the preparation of which is the responsibility of the Company's directors and which does not form part of the annual accounts.

Our audit opinion on the annual accounts does not cover the directors' report. Our responsibility relating to the directors' report is defined in the applicable audit regulations, which establish two distinct levels of review:

a) A specific level that applies to the non-financial information statement, as well as to certain information included in the Corporate Governance Report, as defined in Article 35.2.b) of Spanish Audit Law 22/2015, which consists solely of checking that the aforementioned information has been provided in the directors' report and, if this is not the case, reporting this fact.

b) A general level applicable to the other information included in the directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the annual accounts, based on our knowledge of the Entity obtained in the audit of those annual accounts and excluding any information other than that obtained as evidence during the audit, as well as evaluating and reporting on whether the content and presentation of the directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described in the preceding paragraphs, we have checked that the specific information described in section a) above has been provided and that the other information in the directors' report is consistent with that contained in the annual accounts for 2017 and its content and presentation are in conformity with the applicable regulations.

Responsibilities of the Directors and of the Audit Committee for the annual accounts

The directors are responsible for preparing the accompanying annual accounts so that they present fairly the Company's equity, financial position and results in accordance with the regulatory financial reporting framework applicable to the Company in Spain, and for such internal control as the directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the process involved in the preparation and presentation of the annual accounts.

Auditor's Responsibilities for the Audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibilities in relation to the audit of the annual accounts is included in Annex 1 of this audit report. This description found on pages 6 and 7 is an integral part of our audit report.

Report on Other Legal and Regulatory Requirements

Additional Report to the Audit Committee

The opinion expressed in this report is consistent with the content of our additional report to the Audit Committee dated 27 February 2018.

Engagement Period

The Annual General Meeting held on 15 June 2017 appointed us as auditors for a period of one year from the year ended 31 December 2016.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the annual accounts uninterruptedly since the year ended 31 December 2005; and therefore, from the year ended 31 December 2010, year in which the Company became a Public Interest Entity.

DELOITTE, S.L.
Registered in ROAC under no. S0692

José Luis Daroca Vázquez
Registered in ROAC under no. 22.275

27 February 2018

Annex 1 of our Audit Report

In addition to what is included in our audit report, in this Annex we include our responsibilities regarding the audit of the annual accounts.

Auditor's Responsibilities for the Audit of the annual accounts

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's directors.

- Conclude on the appropriateness of the use by the Company's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the entity's Audit Committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the entity's Audit Committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

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Amadeus IT Group, S.A.

Annual Accounts
for the year ended
December 31, 2017

Balance sheet (millions of euros)

ASSETS	Note	31/12/2017	31/12/2016
NON-CURRENT ASSETS		4,544.2	4,652.3
Intangible assets	6	1,721.7	1,876.2
Brands & trademarks		205.2	230.9
Goodwill		1,110.6	1,249.4
Software		9.2	5.2
Development costs		140.9	67.4
Intangible rights		255.8	323.3
Tangible assets	7	6.8	6.3
Furniture, office, equipment and other tangible assets		6.8	6.3
Long-term investments in Group companies and joint ventures		2,616.0	2,615.0
Equity instruments	9.2 & 19.2	2,196.4	2,199.7
Loans to companies	19.2	419.6	415.3
Long-term financial investments	9.1	83.1	33.9
Equity instruments		8.2	7.6
Derivatives	11	8.7	2.5
Other financial assets		66.2	23.8
Deferred tax assets	16.1	116.4	120.4
Long-term prepaid expenses		0.2	0.5
CURRENT ASSETS		1,109.7	984.7
Trade debtors and other accounts receivable		339.4	365.4
Trade accounts receivable	10	192.5	192.1
Accounts receivable - Group companies and joint ventures	19.2	48.7	54.5
Other accounts receivable		58.6	79.1
Accounts receivable from Public Administrations	16.1	38.1	38.1
Employee receivable		0.9	1.0
Other accounts receivable from Public Administrations	16.1	0.6	0.6
Short-term investments in Group companies and joint ventures		325.0	257.4
Loans to companies	19.2	222.2	22.0
Other financial assets	19.2	102.8	235.4
Short-term financial investments	9.1	18.0	16.8
Derivatives	11	17.7	5.5
Other financial assets		0.3	11.3
Short-term prepaid expenses		10.6	8.8
Cash and cash equivalents		416.7	336.3
Cash		371.7	186.3
Cash equivalents		45.0	150.0
TOTAL ASSETS		5,653.9	5,637.0

Notes 1 to 22 and the appendix described in the attached annual accounts are part of the balance sheet at December 31, 2017

Balance sheet (millions of euros)

EQUITY AND LIABILITIES	Note	31/12/2017	31/12/2016
EQUITY	12	1,160.6	1,459.5
Shareholders' equity		1,151.9	1,482.8
Share capital		4.4	4.4
Additional paid-in capital		754.5	754.5
Reserves		512.4	211.4
Legal reserves		556.3	556.3
Other reserves		(43.9)	(344.9)
Treasury shares		(518.5)	(25.6)
Retained earnings		13.1	11.9
Net profit/(loss) for the year		596.1	701.1
Interim dividend		(210.1)	(174.9)
Other comprehensive income		8.7	(23.3)
Available-for-sale financial assets		0.1	0.1
Hedges		8.6	(24.1)
Cumulative translation adjustments		-	0.7
NON-CURRENT LIABILITIES		2,157.1	1,893.7
Long-term provisions	13	125.0	116.5
Long-term employee benefit obligations		0.1	0.1
Other provisions		124.9	116.4
Long-term liabilities		207.2	381.9
Long-term debts with financial institutions and third parties	14	189.7	353.8
Obligations under finance leases	8	0.8	1.0
Derivatives	11	1.1	8.9
Other financial liabilities		15.6	18.2
Long-term debts with Group companies and joint ventures	19.2	1,492.0	991.6
Deferred tax liabilities	16.1	47.3	95.6
Long-term deferred income	15	285.6	308.1
CURRENT LIABILITIES		2,336.2	2,283.8
Short-term provisions	13	2.5	3.3
Short-term liabilities		784.3	242.2
Short-term debts with financial institutions and third parties	14	66.1	51.3
Obligations under finance leases	8	0.5	0.4
Derivatives	11	7.2	14.9
Other financial liabilities	12.3 & 12.4	710.5	175.6
Short-term debts with Group companies and joint ventures	19.2	598.9	1,080.1
Trade creditors and other accounts payable		888.1	897.0
Trade accounts payable	10	404.3	363.5
Accounts payable – Group companies and joint ventures	19.2	461.0	508.9
Other accounts payable		2.0	2.1
Personnel related liabilities		16.6	17.0
Other accounts payable to Public Administrations	16.1	4.2	4.5
Advances received		-	1.0
Short-term deferred income	15	62.4	61.2
TOTAL EQUITY AND LIABILITIES		5,653.9	5,637.0

Notes 1 to 22 and the appendix described in the attached annual accounts are part of the balance sheet at December 31, 2017

Income statement (millions of euros)

CONTINUING OPERATIONS	Note	Year 2017	Year 2016
Trade revenue	18.1	4,303.5	3,955.8
Services rendered		4,303.5	3,955.8
Less charges to fixed assets		82.0	55.3
Other operating income		5.3	17.3
Personnel expenses	18.2	(110.5)	(103.7)
Salaries, wages and similar		(84.5)	(79.9)
Social benefits		(26.0)	(23.8)
Other operating expenses		(3,589.1)	(3,326.9)
External services		(65.9)	(49.9)
Taxes		(0.4)	(0.5)
Losses, impairment and variations in trading provisions		(8.2)	(8.4)
Other operating expenses	18.3	(3,514.6)	(3,268.1)
Depreciation and amortisation of non-current assets	6 & 7	(269.0)	(257.4)
Impairment and gains/(losses) on disposal of non-current assets		(1.5)	(0.2)
Impairment and losses	6	(1.5)	(0.1)
Gains/(losses) on disposal of financial instruments	7	-	(0.1)
OPERATING PROFIT/(LOSS)		420.7	340.2
Financial income	18.4	314.1	523.6
From equity instruments		306.1	515.0
Group companies and joint ventures		305.6	514.5
Third parties		0.5	0.5
From other financial instruments		8.0	8.6
Group companies and joint ventures		7.9	8.3
Third parties		0.1	0.3
Financial expenses	18.4	(33.4)	(70.1)
Debts with Group companies and joint ventures		(17.3)	(34.8)
Debts with third parties		(16.1)	(35.3)
Changes in fair value of financial instruments	11.2	(2.7)	-
Financial assets held for trading and others		(2.7)	-
Exchange rate differences	17	(19.9)	10.3
Impairment and gains/(losses) on disposal of financial instruments		(2.9)	36.4
Impairment and losses	9.2	(3.3)	33.7
Gains/(losses) on disposal of financial instruments		0.4	2.7
FINANCIAL PROFIT/(LOSS)	18.4	255.2	500.2
PROFIT/(LOSS) BEFORE TAX		675.9	840.4
Corporate Income Tax	16.4	(79.8)	(139.3)
NET PROFIT/(LOSS) FOR THE YEAR		596.1	701.1

Notes 1 to 22 and the appendix described in the attached annual accounts are part of the income statement for the year ended December 31, 2017

Statements of changes in equity (millions of euros)

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES

	Note	Year 2017	Year 2016
NET PROFIT/(LOSS) FOR THE YEAR		596.1	701.1
Income and expenses directly recognised in equity	12.5		
Merger		-	(0.9)
Cash flow hedge		52.9	(51.0)
Cumulative translation adjustments		(0.7)	0.1
Tax impact		(13.2)	12.8
TOTAL INCOME AND EXPENSES DIRECTLY RECOGNISED IN EQUITY		39.0	(39.0)
Transfers to the income statement	12.5		
Cash flow hedge		(9.3)	20.9
Tax impact		2.3	(5.2)
TOTAL TRANSFERS TO THE INCOME STATEMENT		(7.0)	15.7
TOTAL RECOGNISED INCOME AND EXPENSES		628.1	677.8

Statements of changes in equity (millions of euros)

B) STATEMENT OF TOTAL CHANGES IN EQUITY

	Share capital	Additional paid-in capital	Legal reserves	Other reserves	Merge reserve	Treasury Shares	Net profit/(loss) for the year	Interim dividend	Other comprehensive income	Total
BALANCE AT DECEMBER 31, 2015	4.4	754.5	0.9	(543.4)	-	(32.1)	344.8	(148.4)	-	380.7
Merger	-	-	486.0	-	190.7	-	-	-	(0.9)	675.8
Total recognised income/(expenses) for the year	-	-	-	-	-	-	701.1	-	(22.4)	678.7
Transactions with shareholders										
Dividends distribution	-	-	-	-	-	-	(190.1)	(174.9)	-	(365.0)
Other transactions with shareholders	-	-	-	16.3	-	9.7	-	-	-	26.0
Merger Exchange-Ratio	-	-	-	-	(12.3)	(3.2)	-	-	-	(15.5)
Other variations in equity										
Appropriation of results	-	-	69.4	6.3	-	-	(154.7)	148.4	-	69.4
Share-based payments	-	-	-	8.6	0.8	-	-	-	-	9.4
BALANCE AT DECEMBER 31, 2016	4.4	754.5	556.3	(512.2)	179.2	(25.6)	701.1	(174.9)	(23.3)	1,459.5
Total recognised income/(expenses) for the year	-	-	-	-	-	-	596.1	-	32.0	628.1
Transactions with shareholders										
Dividends distribution	-	-	-	-	-	-	(236.4)	(210.1)	-	(446.5)
Other transactions with shareholders	-	-	-	9.2	-	3.7	-	-	-	12.9
Merger Exchange-Ratio	-	-	-	-	(0.2)	0.2	-	-	-	-
Share Buy-Back Programme	-	-	-	-	-	(500.0)	-	-	-	(500.0)
Other variations in equity										
Appropriation of results	-	-	-	289.8	-	-	(464.7)	174.9	-	-
Share-based payments	-	-	-	3.4	-	3.2	-	-	-	6.6
BALANCE AT DECEMBER 31, 2017	4.4	754.5	556.3	(209.8)	179.0	(518.5)	596.1	(210.1)	8.7	1,160.6

Notes 1 to 22 and the appendix described in the attached annual accounts are part of the statements of changes in equity for the year ended December 31, 2017 amadeus

Statement of cash flows (millions of euros)

	Year 2017	Year 2016
CASH FLOWS FROM OPERATING ACTIVITIES	962.6	848.9
Profit/(loss) before income tax	675.9	840.4
Adjustments for profit/(loss)		
Asset amortisation	269.0	257.4
Impairment losses	8.2	8.4
Variation of provisions	2.3	3.5
Impairment and gains/losses from financial instruments	3.3	(33.7)
Impairment and gains/losses on disposal of non-current assets	1.5	0.2
Gains/(losses) on disposal of financial instruments	(0.4)	(2.7)
Financial income	(314.1)	(523.6)
Financial expenses	33.4	70.1
Exchange rate differences	19.9	(10.3)
Changes in fair value of financial instruments	2.7	-
Other revenue and expenses	6.7	8.1
Changes in working capital		
Trade debtors and other receivables	4.9	(22.9)
Other current assets	(1.8)	(0.7)
Trade creditors and other payables	(9.4)	118.7
Other current liabilities	1.3	41.7
Other non-current assets and liabilities	(41.6)	(46.3)
Other cash flows from operating activities		
Interests paid	(28.2)	(62.9)
Dividends received	438.7	318.0
Interest received	7.7	8.9
Corporate Income Tax received from Group companies	3.9	-
Corporate Income Tax paid to Public Administrations	(121.3)	(123.4)
CASH FLOWS FROM INVESTING ACTIVITIES	(162.6)	(886.5)
Payments due to investments		
Group companies and joint ventures	(41.6)	(789.6)
Fixed assets	(116.7)	(105.1)
Other financial assets	(44.2)	-
Proceeds from disposals		
Group companies and joint ventures	28.7	23.4
Other financial assets	11.2	(15.2)
CASH FLOWS FROM FINANCING ACTIVITIES	(719.6)	(254.3)
Receipts and payments relating to equity instruments		
Acquisition of treasury shares	-	(15.5)
Transfer of treasury shares	12.9	26.0
Receipts and payments relating to liability instruments		
Issue of debts with financial institutions	-	860.0
Issue of debts with Group companies and joint ventures	1,638.1	1,533.6
Repayment of debts with financial institutions	(150.0)	(790.0)
Repayment of debts with Group companies and joint ventures	(1,806.5)	(1,507.3)
Repayment of other financial liabilities	(2.8)	(22.4)
Dividends and equity instruments´ payments		
Dividends	(411.3)	(338.7)
NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS	80.4	(291.9)
Cash and cash equivalents at the beginning of year	336.3	0.2
Merger	-	628.0
Cash and cash equivalents at the beginning of year after merger	336.3	628.2
Cash and cash equivalents at year-end	416.7	336.3

Notes 1 to 22 and the appendix described in the attached annual accounts are part of the statement of cash flows for the year ended December 31, 2017

CONTENTS

1. GENERAL INFORMATION AND ACTIVITY

Amadeus IT Group, S.A. (hereinafter, 'the Company') was incorporated and registered at the Commercial Registry of Madrid on February 4, 2005. Its registered office is in Madrid, Salvador de Madariaga, 1.

As a consequence of the merger registered in the Commercial Registry on August 2, 2016, mentioned in Note 2.5, the Company, formerly known as Amadeus IT Holding, S.A. (Absorbing Company) took over Amadeus IT Group, S.A. (Absorbed Company), subsequently, adopting the Absorbed Company's registered name.

The Company's corporate purpose, as set out in article 2 of its corporate Bylaws, is the following:

(a) Transfer of data from and/or through computer reservation systems, including offers, reservations, tariffs, transport tickets and/or similar, as well as any other services, including information technology services, all of them mainly related to the transport and tourism industry, provision of computer services and data processing systems, management and consultancy related to information systems;

(b) Provision of services related to the supply and distribution of any type of product through computer means, including manufacture, sale and distribution of software, hardware and accessories of any type;

(c) Organisation and participation as partner or shareholder in associations, companies, entities and enterprises active in the development, marketing, commercialisation and distribution of services and products through computer reservation systems for, mainly, the transport or tourism industry, in any of its forms, in any country worldwide, as well as the subscription, administration, sale, assignment, disposal or transfer of participations, shares or interests in other companies or entities;

(d) Preparation of any type of economic, financial and commercial studies, as well as reports on real estate issues, including those related to management, administration, acquisition, merger and corporate concentration, as well as the provision of services related to the administration and processing of documentation;

(e) Acting as a holding company, for which purpose it may (i) incorporate or take holdings in other companies, as a partner or shareholder, whatever their nature or object, including associations and partnerships, by subscribing to or acquiring and holding shares or stock, without impinging upon the activities of collective investment schemes, securities dealers and brokers, or other companies governed by special laws, as well as (ii) establishing its objectives, strategies and priorities, coordinating subsidiaries' activities, defining financial objectives, controlling financial conduct and effectiveness and, in general, managing and controlling them.

The direct or, when applicable, indirect performance of all business activities that are reserved by special law is excluded. If professional titles, prior administrative authorizations, entries with public registers or other requirements are required by legal dispositions to perform an activity embraced in the corporate purpose, such activity shall not commence until the required professional or administrative requirements have been fulfilled. On the Company website, corporate Bylaws and other public information about the Company can be consulted (www.amadeus.com).

Amadeus IT Group, S.A. is the parent company of the Amadeus Group ('the Group'). The Group is a leading transaction processor for the global travel and tourism industry, and provides advanced technology solutions to travel providers and travel agency customers worldwide. The Group acts as an international network for the products and travel services distribution, providing to its customers comprehensive real-time search, pricing, booking and ticketing through its distribution services, and offers travel providers (principally airlines) an extensive portfolio of technology solutions which automate certain mission-critical business processes and strategic operations, such as sales and reservations, inventory management and other operational processes, through its IT solutions services.

Customers include providers of travel products and services such as airlines (network, domestic, low-cost and charter carriers), airports, hotels (independent properties and big chains), tour operators (mainstream, specialist and vertically integrated players), insurance companies, land and sea transport companies (car rental companies, railway companies, cruise lines and ferry lines), travel sellers and brokers (offline and online travel agencies) and travel buyers (corporations and individual travellers).

In accordance with the regulatory financial reporting framework applicable, this document only refers to the separate annual accounts of Amadeus IT Group, S.A. and does not represent the Group consolidated annual accounts. The Company is under an obligation to prepare consolidated annual accounts, which are presented separately in accordance with International Financial Reporting Standards as adopted by the European Union. The consolidated annual accounts of the Group for the year 2017 have been prepared by the Directors at the meeting held on February 27, 2018. The consolidated annual accounts of the Group for the year 2016 were approved at the Ordinary General Shareholders' Meeting held on June 15, 2017, and registered at the Commercial Registry of Madrid.

The equity of the consolidated Group as of December 31, 2017 and 2016 amounts to €2,649.0 and €2,761.5 million, respectively. The profit for the years 2017 and 2016 of the consolidated Group amounts to €1,004.7 and €826.3 million, respectively.

The Company's shares are traded on the Spanish electronic trading system ('Continuous Market') on the four Spanish Stock Exchanges (Madrid, Barcelona, Bilbao and Valencia) and form part of the IBEX 35 index [AMS].

2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

2.1 Regulatory financial reporting framework applicable to the Company

These annual accounts have been prepared by the Directors according to the legal framework of financial information applicable to the Company, which is established in:

- Commercial Code and the rest of the commercial law.

- Generally Accepted Accounting Principles in Spain approved by the Royal Decree 1514/2007, which has been modified by the Royal Decree 602/2016, and their sectorial adaptations.

- The mandatory rules approved by the Accounting and Auditing Institute in Spain (ICAC) in order to implement the Generally Accepted Accounting Principles in Spain and the relevant secondary legislation, including the mandatory rules approved by the National Commission of the Stock Exchange (CNMV).

- The rest of the applicable Spanish accounting standards.

2.2 True and fair view

The accompanying annual accounts have been obtained from the accounting records of the Company, and prepared in accordance with the regulatory financial reporting framework that results from the application described above and in particular, the principles and accounting criteria. Accordingly, these annual accounts show a true and fair view of the Company's equity, financial situation, results and cash flows for the year. These annual accounts, which have been prepared by the Directors of the Company, are subject to the approval of the Ordinary General Shareholders' Meeting, and are expected to be approved as they stand. The annual accounts for the year 2016 were approved at the Ordinary General Shareholders' Meeting held on June 15, 2017.

The balance sheet and the income statement of both Dubai and Cuba branches are fully consolidated in these annual accounts.

2.3 Non-obligatory accounting principles

For the preparation of these annual accounts, the Directors have taken into consideration all the mandatory accounting principles and standards with a significant impact on the annual accounts. Additionally, non-obligatory accounting principles have not been applied.

2.4 Critical aspects for the measurement and estimation of uncertainty

When preparing the accompanying annual accounts, estimates and assumptions, as made by the Directors of the Company, have been applied in order to measure certain assets, liabilities, expenses and income, and commitments as recognised therein. Those with a significant impact on the annual accounts are:

- Estimation of impairment losses;
- Useful life of tangible and intangible assets and goodwill;
- Market value of derivative financial instruments;
- Provisions valuation;
- Valuation of employee´s remuneration schemes.

Despite the fact that these estimates were prepared based on the most accurate available information at 2017 year-end, it is possible that future events may lead to a change in estimates for subsequent years. Under such circumstances, any changes will be made prospectively.

2.5 Business combinations

On August 1, 2016, the Company, formerly known as Amadeus IT Holding, S.A. (Absorbing Company), absorbed Amadeus IT Group S.A. (Absorbed Company). The merger was registered in the Commercial Registry of Madrid on August 2, 2016. As a consequence of the merger, the Absorbing and survivor Company from the merger process, Amadeus IT Holding, S.A. changed its corporate name to the Absorbed Company's name, Amadeus IT Group, S.A.

The merger consisted in absorbing and integrating the Absorbed Company into the Absorbing Company, where all of its equity elements will be passed on to the Absorbing Company, therefore the Absorbed Company disappeared without liquidating and all of its shares were transferred to the shareholders of the Absorbing Company.

In accordance with the article 86 of the Corporate Income Tax Act., the detail of the periods in which tangible and intangible assets were acquired by the Absorbed Company and transmitted to the Absorbing Company, and all the information required by the Spanish legislation in force, were included in the notes to the annual accounts for the year ended on December 31, 2016.

Likewise, in the year ended on July 31, 2006, the Company, formerly known as WAM Portfolio, S.A. Sociedad Unipersonal, took over Amadeus IT Group, S.A., subsequently adopting its company's corporate purpose and registered name. The equity elements of the companies involved in the merger process were measured by applying the market value thereto. All the information required by the Spanish legislation in force was included in the notes to the annual accounts for the year ended on July 31, 2006.

2.6 Changes in accounting principles

During 2017, there have not been any changes in the accounting principles applied by the Company.

2.7 Comparative information

For comparative information purposes, the Company presents together the balance sheet, the income statement, the statements of changes in equity, the statement of cash flows and the notes to the annual accounts for the years ended on December 31, 2017 and 2016.

The financial statements and the notes to the annual accounts are expressed in millions of euros (except the information which specifies a different unit).

The preparation, classification and aggregation of certain items in the annual accounts have been revised. Non-material reclassifications have been made accordingly so that the information can be comparable with the previous year and improves the comprehension of the annual accounts.

2.8 Aggregated captions

Certain items are presented in an aggregated format on the balance sheet, the income statement, the statement of changes in equity and the statement of cash flows, in order to facilitate their understanding. However, itemised information, when significant, has been included in the relevant notes.

Notes to the annual accounts (millions of euros)

2.9 Working capital

The Company presents negative working capital, which is a usual circumstance in the industry which the Company operates in and its financial structure. This situation does not present an obstacle for the normal development of its business.

2.10 Correction of errors

No significant errors have been detected during the preparation of the accompanying annual accounts, therefore, it has not been necessary to restate the amounts included in the annual accounts for the year 2016.

3. PROPOSED APPROPRIATION OF RESULTS

The Board of Directors will submit to the Ordinary General Shareholders´ Meeting for approval, a final gross dividend of €1.135 per share carrying dividend rights, against 2017 profit for the year. Based on the above, the proposed appropriation of the results for the year ended December 31, 2017, is as follows:

	Euros
Amount for appropriation:	
Net profit for the year	596,084,343.97
	596,084,343.97
Appropriation to:	
Other reserves	98,020,799.66
Dividends	498,063,544.31
	596,084,343.97

On December 14, 2017, the Board of Directors of the Company agreed to distribute an interim dividend of €0.48 per existing share with dividend rights against profit for the year 2017. The dividend has been paid in full on January 31, 2018, and therefore the complementary dividend to achieve the proposed final gross dividend amounts to €0.655 per share with dividends rights.

In accordance with article 277 of the Spanish Capital Companies Act, the following table shows the provisional statement issued by the Directors to substantiate the Company has sufficient liquidity at that time to distribute the interim dividend:

	Millions of euros
Net Income after tax from January 1, through October 31, 2017	**428.6**
Mandatory appropriation to reserves for period 2017	-
Distributable income	**428.6**
Cash and cash equivalents at October 31, 2017	**742.9**
Net cash generated until December 2017	(392.7)
Unused credit facilities	1,009.0
Net cash generated from January 2018 until December 2018	(263.8)
Net cash surplus at December 31, 2018	**1,095.4**
Proposed interim dividend (maximum amount)	(210.6)
Net cash surplus after interim dividend distribution	**884.8**

4. RECOGNITION AND MEASUREMENT STANDARDS

The main recognition and measurement accounting standards applied by the Company in the preparation of the annual accounts are as follows:

4.1 Intangible assets

Intangible assets are initially measured at their acquisition or production cost, which is subsequently adjusted by the related accumulated amortisation and, if applicable, by any impairment losses. The carrying amount is periodically reviewed and adjusted for any decrease in value, as described in Note 4.3. These assets are amortised during the course of their useful life. The assets included under this caption are the following:

- Brands and trademarks: This caption includes brands and trademarks acquired by means of either a business combination (Note 2.5) or in separate acquisitions, valued at their acquisition cost. They are tested for impairment on an annual basis, or when signs of impairment occur.

The Law 22/2015, dated July 20, on Accounts Auditing, establishes that intangible assets have a definite useful life, and when the useful life of these assets could not be reliably estimated, they will be amortized over a 10 years period, unless any other regulatory change establishes a different period. Although the Company considers that the registered brands and trademarks have indefinite useful life, since January 1, 2016, it began to amortise them applying the straight-line method over a period of 10 years.

- Goodwill: The goodwill is recognised as an asset when an onerous acquisition takes place within a business combination context. Goodwill is assigned to the cash-generating unit to which the expected profit of the business combination will be allocated. Instead, at least once per year, an impairment test is done on these cash-generating units according to the methodology described in Note 4.3, and the relevant value adjustment is recognised, if applicable.

The Law 22/2015, dated July 20, on Accounts Auditing, establishes that intangible assets, and therefore the goodwill, have a definite useful life and when the useful life of these assets could not be reliably estimated, they will be amortized over a 10 years period, unless any other regulatory change establishes a different period. Although the Company considers that the registered goodwill has indefinite useful life, since January 1, 2016, it began to amortise it applying the straight-line method over a period of 10 years.

Impairment losses included in the carrying amount of goodwill are not reversed in subsequent years.

- Software: This caption includes the acquisition cost or cost of the rights to use software, as well as the cost of developing software applications, as incurred by the Company. These assets are capitalised once technical feasibility is established, where it is reasonably anticipated that the cost will be recovered through future benefits and when the cost of the assets can be reliably measured. Software is amortised by applying the straight-line method over 3 to 5 years. Software maintenance costs are charged to expense as incurred and recognised in the income statement.

- Research and Development: Research expenditure, mainly related to research in connection with the evaluation and adoption of new technology, is recognised as an expense as incurred. Costs incurred on development projects, relating to the design and testing of new or improved products, are recognised as intangible assets when it is probable that the project will be a success, its commercial and technological feasibility being taken into consideration, and cost can be measured reliably and individually by project. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit for the Company.

- Intangible rights: Assets as included under this caption are as follows:

- Contractual relationships - This caption includes the contractual relationships with travel agencies and Amadeus system's users, as acquired through a business combination (Note 2.5), as well as capitalisable amounts related to travel agency incentives that can be recognised as an asset. These latter assets relate mainly to upfront payments made with the objective of increasing the number of clients, or to improve the loyalty of the customer portfolio. They are instrumented through agreements with a term that is always over a year, in which they commit to achieve certain economic objectives. The agreements include penalty clauses applicable if those objectives are not met.

  Their useful life is determined by taking into consideration the contractual-legal rights, the renewal period and the technological lock-in period for these intangible assets. They are amortised against the income statement by applying the straight-line method over an estimated useful life, between 2 and 15 years, and tested for impairment to adjust the carrying amount to the achievement of the committed objectives and within this category, those assets that were acquired through the business combination are amortised using a straight-line method over a period of between 8 and 15 years.

  The incentives, services or discounts paid to travel agencies or airlines, which do not meet the proper requirements to be recognised as intangible fixed assets, are considered as prepaid expenses recognised in the income statement according to the length of the contract.

- Technology and content - This caption includes assets which are a combination of software elements and travel content, the latter obtained by the Company through its relationship with travel providers acquired either through a business combination (Note 2.5) or in separate acquisitions, measured at their acquisition cost. This combination allows to process travel transactions (bookings) between supply (travel providers) and demand (travel agencies) and make travel information available to both users through the Amadeus system.

  These assets are amortised against the income statement by applying the straight-line method over an estimated useful life from 5 to 20 years. IT solution technology and content assets are amortised over an estimated useful life of 20 years considering that the IT solution industry model is for the very long run. The estimated useful life of the main components of the distribution technology is 15 years, considering the status of the Amadeus reservation system, and the technological gap perceived by the Company over its main competitors.

4.2 Tangible assets

Tangible assets are initially measured at their acquisition cost or production cost and subsequently adjusted by the related accumulated amortisation and, if any, by impairment losses. Their carrying amount is periodically reviewed and adjusted for any decrease in value as described in Note 4.3.

Repair and maintenance expenses concerning the different tangible fixed asset elements are recognised in the income statement for the year in which they are incurred. However, amounts invested to improve their capacity or efficiency, or to increase their useful life are added to the asset’s value.

The Company amortises the tangible assets by applying the straight-line method over the estimated useful life of the assets, as shown below:

	Years
Furniture and office equipment	5 – 10
Other tangible assets	2 – 15

4.3 Impairment of non-current assets

The carrying amount of significant non-current assets is reviewed periodically, to determine if there is any indication of impairment. If, as a result of this evaluation, the recoverable amount is lower than the net carrying amount, an impairment loss is recognised in the income statement, by reducing the carrying amount of the asset to its recoverable amount. The recoverable amount is the higher of the fair value less cost to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted at their present value using an appropriate risk adjusted discount rate.

4.4 Leases

Leases where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets are capitalised and a liability is recognised for an amount equivalent to the lower of their fair value and the present value of the minimum lease payments at the inception of the lease. The capitalised leased assets are amortised by applying the straight-line method over the periods of useful life.

Operating lease payments are recognised in the income statement as incurred throughout the term of the lease.

4.5 Financial instruments

4.5.1 Financial assets

Financial assets are initially measured at the fair value of the consideration given plus the directly attributable transaction costs.

Financial assets are classified in the balance sheet as current or non-current, depending on whether their maturity is less than, equal to or greater than twelve months.

The Company derecognises a financial asset when it expires or when the rights to receive the cash flows associated with the asset have been transferred, and under the terms of an agreement, the risks and rewards associated with the asset have also been substantially transferred. Examples of the latter are commercial credits in factoring transactions where the Company has not retained any significant credit or interest risk.

On the other hand, the Company does not derecognise a financial asset, and recognises a financial liability in the amount of the consideration received, when a financial asset is transferred that substantially retains the risks and rewards associated with the property of the asset.

Interests and dividends received from financial assets, as accrued subsequently to the date of acquisition, are recognised as financial income in the income statement. Interests are recognised by applying the effective interest method and dividends are recognised once it is announced that the shareholder has the right to receive them. If distributed, dividends related to earnings generated prior to the date of acquisition are recognised by reducing the carrying amount of the investment.

Financial assets as held by the Company are classified as follows:

- Loans and accounts receivable

Financial assets from the sale of goods and services within the Company’s trade or those that, lacking a commercial substance, are not equity instruments or derivatives, their collection is a fixed or determinable amount, and they are not quoted on an active market. After initial recognition, they are measured at amortised cost by applying the effective interest method.

Amortised cost is the acquisition cost of the financial asset or financial liability less principal repayments, and adjusted by the portion of the difference between the initial cost and the relevant repayment value at the due date as systematically charged to the income statement, following the effective interest method. In the case of financial assets, amortised cost also includes impairment value adjustments.

The effective interest method is the discount rate, which equals the value of a financial instrument to its total estimated cash flows for any concept throughout the remaining life of the asset.

Deposits and bonds are initially recognised at the amount paid to meet all contractual obligations.

If the maturity of these loans and accounts receivable is less than twelve months, these assets are recognised at their face value when the effect of not discounting the cash flows is not significant.

Impairment losses are allocated when, as a result of events occurred after initial recognition, a reduction or a delay in the estimated future cash flows could happen because of bad debt.

- Held to maturity investments

They are non-derivative financial assets with determinable payments and fixed maturity, traded on an active market, which the Company has the intention and capacity to hold to maturity. Upon initial recognition, they are also measured at amortised cost.

Impairment losses are allocated when, as a result of events occurred after its initial recognition, a reduction or a delay in the estimated future cash flows could happen because of bad debt.

- Financial assets held for trading

Financial assets held for trading are assets acquired to be sold in the short-term, or assets included in a portfolio with recent evidence of them being used for this purpose. This category includes financial derivatives which have not been designated as hedge. Financial assets held for trading are measured at fair value and the result of changes in fair value is recognised in the income statement.

- Investments in Group companies, associates and joint ventures

Group companies are the companies under the Company's control, and associates are the companies over which the Company has a significant influence. Additionally, joint ventures are the companies over which the control is shared between one or more partners.

Investments in Group companies, associates and joint ventures are measured at cost less any accumulated impairment losses, if applicable. These value adjustments are the differences between the carrying amount of the investment and the recoverable amount, which is the higher of the fair value less the cost to sell, and the discounted value of the estimated future cash flows of the investment.

Since January 1, 2010, all the costs, such as legal or other professional fees, associated to the acquisition of a Group company implying the control over the company, are registered as an expense in the income statement.

Value adjustments for impairment and, as the case may be, their reversal are registered as expense or income, respectively, in the income statement. The limit of impairment reversal is the initial book value of the investment.

- Available-for-sale financial assets

They are non-derivative financial assets or investments in equity instruments of other companies which have not been initially included in the previous categories. They are measured at fair value with gains and losses resulting from changes in the fair value recognised directly in equity, until the asset is derecognised or its value is impaired according to the Generally Accepted Accounting Principles in Spain. In such a case, any accumulated amounts registered in equity are then registered in the income statement.

The financial assets available for sale for which fair value cannot be determined with reliability are measured at cost less any accumulated impairment losses, if applicable.

4.5.2 Financial liabilities

The Company classifies its financial liabilities according to the agreed contractual obligations, provided that, according to their economic substance, they represent a direct or indirect contractual obligation for the Company.

The Company derecognises financial liabilities when the obligations which generated them cease to exist.

The financial liabilities are classified in the balance sheet as current or non-current, depending on whether their maturity is less than, equal to or greater than twelve months.

- Debits and accounts payable

The Company's debits and accounts payable from the purchase of goods and services within trade operations are considered financial liabilities, as well as those that lacking a commercial substance cannot be considered financial derivatives.

Debits and accounts payable are initially recognised at the fair value of the consideration received, adjusted by directly attributable transaction costs. Subsequently, these liabilities are measured at their amortised cost.

Notwithstanding the above, debits generated by trade operations with maturity within one year and without a contractual interest rate are measured at nominal value, provided that the effect of not discounting the cash flows is not significant.

In the case of the loans whose maturity is short-term, but whose long-term refinancing is assured if the Company decides so, and it is likely to happen through loan agreements available in the long-term, are classified as non-current liabilities.

4.5.3 Shareholders' equity instruments

A shareholders' equity instrument is any contract that evidences a residual share in the assets of the Company after all liabilities are deducted.

Equity instruments issued by the Company are recognised in equity by the amount received, net of transaction costs.

The shares and equity instruments are registered by reducing shareholders' equity for the value in consideration received in exchange, as well as the actual value of certain future commitments agreed during the current period. The result of buying, selling, issuing and cancelling shareholders' equity, is recognized directly in the caption 'Other reserves' in the equity, resulting in no effect, in the income statement, in any case.

4.5.4 Financial derivatives and hedge accounting

The Company uses derivative financial instruments to cover the risks derived from its activity, transactions and future cash flows. These risks are mainly linked to interest and exchange rate fluctuations.

For these financial instruments to be classified as hedge accounting, there is a formal designation and documentation of the hedging relationship. Likewise, the Company has to verify initially and periodically throughout their life, that the hedge relationship is highly effective in offsetting changes in the fair value or in the cash flows of the hedged amount (attributable to the hedged risk). That is, prospectively, an almost complete hedge and, retrospectively, a variation between 80% and 125% of the hedged item.

Derivatives are initially measured at the fair value of the given amount in the balance sheet and, subsequently, the necessary value adjustments are made so as to show their fair value each time. If the value adjustment is positive, it is registered under the caption 'Derivatives' in assets in the balance sheet, or in liabilities if it is negative. Gains or losses are recognised according to the type of hedge, as follows:

- Fair value hedges: Changes in the fair value of the hedging instrument and of the hedged asset or liability, as attributable to the hedged risk, are recognised in the income statement.

- Cash flow hedges: The effective portion of changes in the fair value of the hedging instrument is temporarily recognised in equity, in the income statement for the period in which the hedged element affects the result (profit or loss), except if the hedge relates to an expected transaction which leads to the recognition of a non-financial asset or liability, as well as equity instruments, in which case the amounts registered in equity will be included in the cost of the asset or liability at the time it is acquired or assumed. The portion considered ineffective is directly recognised in the income statement.

Hedge accounting is discontinued when the hedging instrument is due, sold, finished, exercised, or when it ceases to meet the conditions for hedge accounting. Then, any accrued gains or losses related to the hedging instrument and recognised in equity are held there until the expected transaction takes place.

When the hedged transaction is not expected to take place, the accumulated net gains or losses recognised in equity are transferred to the income statement for the year.

The Company uses the discount of the expected cash flows as the fair value of the registered derivative financial instruments, on both spot and forward market conditions at year-end.

4.6 Foreign currency transactions

The Company uses the euro as its functional currency. Foreign currency transactions are accounted for at the exchange rate prevailing at the transaction's date. Gains and losses resulting from the settlement of that transactions and from the valuation at year-end of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

4.7 Income taxes

Expense or income for Corporate Income Tax includes current tax expense or income and deferred tax expense or income.

Current tax is the amount that the Company satisfies as the result of profit tax settlements for a fiscal year. Tax deductions and other tax benefits, excluding withholding taxes and payments on account, and previous years' tax losses which can be offset against the current fiscal year, reduce the total amount of current tax.

Deferred tax expense or income relates to the recognition and cancelation of deferred tax assets and liabilities. These include temporary differences which are the amounts expected to be paid or recovered, as generated by the differences between the tax and book values of assets and liabilities, and the tax losses carried forward and the credits for tax deductions not fiscally applied. These amounts are recorded by applying to the temporary difference or tax credit, the tax rate at which they are expected to be recovered or settled.

As a general rule, deferred tax liabilities are recognised for all the taxable temporary differences. However, deferred tax assets are only registered if it is considered probable that the Company will obtain future tax profit to make them effective. At year-end, the deferred tax assets not registered in the balance sheet are measured, and they are recognised if they are likely to be recovered through future tax benefits. Likewise, deferred tax assets registered are reviewed, making the appropriate adjustments when there are doubts about their future recovery.

Deferred tax assets and liabilities, resulting from the transactions registered directly in equity, are also registered in equity. Value adjustments to deferred tax assets and liabilities due to changes in the tax rate are recognised according to their origin in the income statement or in equity.

4.8 Revenue and expenses recognition

Revenue and expenses are recognised according to the vesting principle, when the real flow of goods and services occurs, regardless of the time when the monetary or financial flow arising from them takes place. Income is measured at the fair value of the consideration received, less discounts and taxes.

The Company obtains distribution revenue for providing reservation services through its Amadeus system. Revenue from airline bookings is recognised based on the number of bookings done when the booking is made, net of cancellations made and provisions for future cancellations. Revenue from non-air bookings, mainly related to hotels and car rental, is recognised when the bookings are used by the final customer.

The Company generates, among others, revenue from direct sales made through certain airlines' direct sales offices, or web pages ('system users') connected to the Amadeus system. When the airlines receive payments related to their own inventory sales, they are registered as less revenue.

Additionally, the Company has certain content agreements and other marketing agreements with the airlines. As a result, the latter allows the Company to obtain information of routes, seats inventory and fares for flights that are sold within the territory covered by the agreements. The payments made to the airlines under these agreements are registered as less revenue.

Revenue derived from charges to customers on a transactional basis for the use of the IT solutions is recognised when the services are provided to the customers over the terms of the agreement. Users of these services have access to business services such as inventory management and passengers boarding.

Revenue obtained from customisation and implementation of IT solutions is recognised when the services are provided to the customers over the terms of the agreement.

Revenue for sales where the Company acts as an agent is recognised on a net basis, representing the amount of the commission received.

4.9 Provisions and contingencies

Provisions are recognised when there is a legal or implicit present obligation arising as a result of a past event, when the Company is likely to be required to settle the obligation and the amount of the obligation can be reliably estimated.

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control.

Amounts recognised as a provision relate to the best estimate of the non-settled obligation at the date of the balance sheet, with the risks and uncertainties related to the obligation being taken into account. Contingent liabilities are not recognised in the financial statements, but are rather disclosed, unless the possibility of an outflow in settlement is considered to be remote.

4.10 Equity elements of an environmental nature

Elements used permanently by the Company to minimise the impact on the environment and for environmental protection and improvement, including reduction and elimination of future pollution, are registered under this caption.

Due to its activity, the Company does not have a significant environmental impact.

4.11 Pension plans and other related obligations

The Company has pension commitments with its employees. These commitments are fulfilled through an external pension plan, defined contribution employment system, and collective life insurance contracts, for all of the Company's employees.

Contributions made to defined contribution plans are registered in the income statement for the year, as incurred.

4.12 Share-based payments

The Company has certain share-based reward schemes in place for employees, as consideration for services rendered by them. Compensation expenses for services received are calculated as the fair value of the company's shares and are registered in the income statement during the vesting period against the corresponding provision. The settlement of these equity settled share-based payments is accounted for as the purchase of an equity instrument. When the Company decides to settle the plans in cash, no additional compensation expense is recognised if the consideration paid equals the fair value of the instrument measured at the repurchase date.

4.13 Transactions with related parties

The Company considers as related parties subsidiaries, associates and joint ventures, key management personnel and members of the Board of Directors as well as their close family members. Additionally, the Company also considers as related parties the significant shareholders, and the companies controlled by them, in case they exist.

The Company considers as key management personnel the members of the Executive Committee and the Internal Audit Director.

The Company carries out all its operations with related parties at market value. Additionally, transfer prices are adequately supported, so the Directors of the Company believe that there is no significant risk on this matter that may lead into future liabilities.

4.14 Current and non-current items

Current assets are those related to the operating cycle of the Company, that usually is considered a year, and also other assets which maturity, disposal or realization is expected to occur in the short-term since the year closing date, the available-for-sale financial assets except the financial derivatives which maturity date is over a year, and the cash or other cash equivalents. The assets that do not meet these requirements are classified as non-current assets.

Similarly, current liabilities are those related to the operating cycle of the Company, and also the available-for-sale financial liabilities, except the financial derivatives which maturity date is over a year, and, in general every liability which maturity or extinction will take place in the short-term. Otherwise, they are classified as non-current liabilities.

4.15 Indemnities

In accordance with the legislation in force, the Company is obliged to pay a compensation to those employees with whom, under certain conditions, it terminates its labor relations. Therefore, the compensations for lay-off that can be reasonably quantified are recorded as an expense in the year in which the dismissal decision is made.

5. FINANCIAL RISK AND CAPITAL MANAGEMENT

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

5.1 Foreign exchange rate risk

The Company uses the Euro as its functional currency. As a result of the multinational orientation of its business, the Company is subject to foreign exchange rate risk derived from the fluctuations of different currencies. The Company's exchange rate hedging strategy aims to protect the EUR value of cash flows denominated in foreign currency. The instruments used to achieve this goal depend on the currency in which the operating cash flow to be hedged is denominated:

- The strategy used to cover US Dollar (USD) exposures is based on the use of a natural hedge and of derivatives. This strategy aims at reducing the exposure created by the USD denominated net operating cash inflows of the Company with the USD payment of principal of the USD denominated debt and with derivatives. Although as of December 31, 2017, there is USD denominated debt with Group companies, this debt has not been designated as hedge instrument.

- Aside from the USD, the main foreign currency exposures are expenditures denominated in a variety of foreign currencies. The most significant of these exposures are denominated in Sterling Pounds (GBP), Indian Rupees (INR), Australian Dollars (AUD) and Swedish Kronas (SEK). For these exposures, a natural hedge strategy is not possible. In order to hedge a portion of the aforementioned short exposures, the Company enters into derivative contracts with financial entities, basically currency forwards, currency options and combinations of currency options.

5.2 Interest rate risk

The objective of the Company in terms of interest rate risk management is to reduce the volatility of the net interest flows payable. At December 31, 2017 and 2016, approximately 77.8% and 70.8%, respectively, of the Company's borrowings were at fixed interest rate. Given the high proportion of fixed rate debt as of December 2017 and 2016, no interest rate hedges were hedging the oustanding debt as of these dates.

At December 31, 2016 the two outstanding interest rate derivatives were hedging future debt that was expected to be contracted during 2017 as part of this year new financing activity of the Company. These derivatives were cancelled in March 2017 since the expected financing to be hedged did not materialized.

Although the interest rate swaps fix the amount of interests to be paid in the coming years, their fair values are sensitive to changes in interest rates.

During 2017 there has been a decrease in the sensitivity of the EUR denominated debt to the movements of the interest rate curve with respect to the previous year. This decrease is due to the reduction in the duration of the outstanding fixed rate debt portfolio due to the issuance of a new two years bond in the Euromarket, by the Group company Amadeus Capital Markets, S.A., Sociedad Unipersonal, which funds where completely transferred to the Company. Although the future flows of this instrument are not sensitive to the changes in the level of interest rates, the fair value of the instrument is sensitive to these changes.

In the case of the floating interest rate debt, the spread payable on this debt is fixed and therefore its fair value is sensitive to changes in the level of interest rates.

5.3 Own shares price evolution risk

The Company has three different remuneration schemes for managers and employees which are referenced to Company's shares: the Performance Share Plan (PSP), the Restricted Share Plan (RSP) and the Share Match Plan (SMP).

According to the conditions of these plans, at their maturity, the beneficiaries will receive a number of shares, that for the plans granted, will depend on the achievement of certain performance conditions. The Company will use treasury shares to cover these remuneration schemes.

5.4 Credit risk

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

The cash and cash equivalents of the Company are deposited in major banks based on the diversification and the credit risk offered by the different available investment options.

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

5.5 Liquidity risk

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

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

- Cash pooling agreements with most of the subsidiaries located in the Euro area.
- Through bilateral treasury optimisation agreements between the Company and its subsidiaries.

The Company monitors the Group's cash position through rolling forecasts of expected cash flows. These forecasts are performed by all the companies of the Group and consolidated in order to examine both the liquidity situation and prospects of the Group.
Additionally, as described in Note 14, the Company has access to two 'Revolving Credit Facility'. Each of these two facilities has a notional of €500 million and can be used to cover working capital needs and general corporate purposes.

At December 31, 2017, these two facilities for a total amount of €1,000 million were fully unused. At December 31, 2016, €100 million of the outstanding Revolving Credit facilities were used and thus the unused part of these facilities amounted to €900 million.

5.6 Capital management

The Company manages its capital to ensure that the Group companies will be able to continue as a going concern while continuing to generate returns to shareholders and to benefit other stakeholders through the optimisation of the leverage ratio.

The Company bases its capital management decisions on the relationship between the earnings and free cash flows and its debt amount and debt service payments.

The credit rating granted by the agency Standard & Poor's Credit Market Service Europe Limited to the Company is 'BBB/A-2', with positive outlook. The credit rating granted to the Company by the agency Moody's Investors Service España, S.A. is 'Baa2', with stable outlook. The Company considers that the ratings awarded, would allow access to the markets, if necessary, on reasonable terms.

Notes to the annual accounts (millions of euros)

6. INTANGIBLE ASSETS

Balances and movements of the items included under the 'Intangible assets' caption, for the year 2017, are as follows:

	31/12/2016	Additions	Disposals	31/12/2017
Cost				
Brands and trademarks	318.3	-	-	318.3
Goodwill	1,388.2	-	-	1,388.2
Software	14.8	9.4	-	24.2
Development costs	74.1	82.0	-	156.1
Intangible rights	1,728.7	23.0	(528.0)	1,223.7
Total	**3,524.1**	**114.4**	**(528.0)**	**3,110.5**
Accumulated amortisation				
Brands and trademarks	(87.4)	(25.7)	-	(113.1)
Goodwill	(138.8)	(138.8)	-	(277.6)
Software	(9.6)	(5.4)	-	(15.0)
Development costs	(6.7)	(7.8)	-	(14.5)
Intangible rights	(1,405.3)	(89.7)	528.0	(967.0)
Total	**(1,647.8)**	**(267.4)**	**528.0**	**(1,387.2)**
Impairments				
Development costs	-	(0.7)	-	(0.7)
Intangible rights	(0.1)	(0.8)	-	(0.9)
Total	**(0.1)**	**(1.5)**	**-**	**(1.6)**
Net				
Brands and trademarks	230.9	(25.7)	-	205.2
Goodwill	1,249.4	(138.8)	-	1,110.6
Software	5.2	4.0	-	9.2
Development costs	67.4	73.5	-	140.9
Intangible rights	323.3	(67.5)	-	255.8
Total net intangible assets	**1,876.2**	**(154.5)**	**-**	**1,721.7**

Notes to the annual accounts (millions of euros)

Balances and movements of the items included under the 'Intangible assets' caption, for the year 2016, were as follows:

	31/12/2015	Merger	Additions	Disposals	31/12/2016
Cost					
Brands and trademarks	-	318,3	-	-	318,3
Goodwill	-	1.388,2	-	-	1.388,2
Software	-	13,6	1,2	-	14,8
Development costs	-	18,7	55,4	-	74,1
Intangible rights	-	1.703,2	47,2	(21,7)	1.728,7
Total	**-**	**3.442,0**	**103,8**	**(21,7)**	**3.524,1**
Amortización acumulada					
Brands and trademarks	-	(61,7)	(25,7)	-	(87,4)
Goodwill	-	-	(138,8)	-	(138,8)
Software	-	(5,8)	(3,8)	-	(9,6)
Development costs	-	(3,6)	(3,1)	-	(6,7)
Intangible rights	-	(1.342,6)	(84,4)	21,7	(1.405,3)
Total	**-**	**(1.413,7)**	**(255,8)**	**21,7**	**(1.647,8)**
Impairments					
Intangible rights	-	-	(0,1)	-	(0,1)
Total	**-**	**-**	**(0,1)**	**-**	**(0,1)**
Neto					
Brands and trademarks	-	256,6	(25,7)	-	230,9
Goodwill	-	1.388,2	(138,8)	-	1.249,4
Software	-	7,8	(2,6)	-	5,2
Development costs	-	15,1	52,3	-	67,4
Intangible rights	-	360,6	(37,3)	-	323,3
Total net intangible assets	-	**2.028,3**	**(152,1)**	**-**	**1.876,2**

Notes to the annual accounts (millions of euros)

The main intangible asset included under the 'Brands and Trademarks' caption is the 'Amadeus' brand. As it is explained in Note 4.1, since January 1, 2016, the Company began to amortise the brands applying the straight-line method over a period of 10 years.

Among others the Company has analysed the following relevant factors when determining the useful life of the 'Amadeus' brand:

- There are no expectations of the 'Amadeus' brand to be abandoned.

- There is certain stability within the distribution industry since it is composed of few players worldwide and Amadeus has a solid market position.

The brand is allocated for the purpose of impairment testing, based on 'Amadeus' organizational structure and operations, to the cash-generating units that is expected to benefit from the brand. The net book value of the brands per reportable segment is set forth in the table below:

	Distribution	IT solutions	Total
Balance at 31/12/2015	-	-	-
Merger additions	225.8	30.8	256.6
Amortisation	(22.6)	(3.1)	(25.7)
Balance at 31/12/2016	203.2	27.7	230.9
Amortisation	(22.6)	(3.1)	(25.7)
Balance at 31/12/2017	180.6	24.6	205.2

This intangible asset does not generate cash inflows that are independent from other assets, and it is therefore tested for impairment as part of the cash-generating units to which it is allocated. The key assumptions used for the impairment tests as well as the methodology followed are described in Note 4.3 and in the goodwill impairment tests described below.

Under the 'Intangible assets - Goodwill' caption, the Company recognised the goodwill generated by the merger dated in July 31, 2006 described in Note 2.5, related to the excess value registered by the Absorbing company at equity value of the Absorbed company, once the values assigned to the identified assets had been deducted. As it is explained in Note 4.1, since January 1, 2016, the Company began to amortise the goodwill applying the straight-line method over a period of 10 years.

Notes to the annual accounts (millions of euros)

The goodwill is allocated for the purpose of impairment testing, based on 'Amadeus' organizational structure and operations, to the cash-generating units that is expected to benefit from the goodwill. The net book value of the goodwill per reportable segment is set forth in the table below:

	Distribution	IT solutions	Total
Balance at 31/12/2015	-	-	-
Merger additions	1,304.9	83.3	1,388.2
Amortisation	(130.5)	(8.3)	(138.8)
Balance at 31/12/2016	**1,174.4**	**75.0**	**1,249.4**
Amortisation	(130.5)	(8.3)	(138.8)
Balance at 31/12/2017	**1,043.9**	**66.7**	**1,110.6**

The Company tests the net book value of the goodwill for impairment annually or more frequently if there is any indicator that suggests that the net book value of the goodwill might be impaired. The goodwill is tested for impairment together with the assets that can be reasonably allocated to the cash-generating unit to which the goodwill has been allocated to.

During the year 2017, neither the composition of these cash-generating units, nor the impairment testing exercise, has been modified.

Those assets include intangible assets with indefinite useful life, such as the 'Amadeus' brand, to the extent that they do not generate cash inflows that are separate from those of the cash-generating unit to which they have been allocated. The corporate assets that the Company operates are also taken into consideration when testing for impairment the cash-generating units.

Whenever the net book value of an asset exceeds its recoverable value, an impairment loss is recognised. This implies reducing the net book value of the asset to its recoverable amount, with the corresponding charge to the income statement in the 'Impairment and gains/(losses) on disposal of non-current assets' caption.

The goodwill recoverable amounts of the distribution and IT solutions cash-generating units is established from the fair value, which is calculated discounting future cash flows. In order to determine the fair value of each cash-generating unit, the following steps are followed:

— For the purpose of the impairment test exercise, specific forecasts are developed for each cash-generating unit, which imply performing a cost allocation exercise for some concepts. These forecasts are developed from the available financial budgets and financial projections approved by the Management. The forecast developed for each cash-generating unit takes into account the Company's market position, the market environment and the market growth forecast.
— Cash-flow forecast based on the above and discount rates are calculated after tax.
— The present value of estimated future cash flows is obtained using an after tax discount rate which takes into account the appropriate risk adjustments factors.

Notes to the annual accounts (millions of euros)

Regarding the 2017 impairment test exercise, the forecasts considered have been based on the Company's 2018-2020 Long Term Plan (LTP). Unallocated costs have been allocated between the two cash-generating units (distribution and IT solutions) and additional forecasts have been developed for 2021-2022. These internal forecasts are based on external assumptions such as Growth Domestic Product published by the International Monetary Fund or air traffic growth published by IATA, among others. The Company uses past experience average contribution margin for the estimation of the Company's internal forecasts. For both cash-generating units, the forecasted revenues compound annual growth rate (CAGR) used for the impairment exercise, which did not result in impairment in any case, are set forth in the table below:

	31/12/2017	31/12/2016
	2017 – 2022 period	2017 - 2021 period
Base case	4.07% - 9.21%	4.01% - 9.42%
Optimistic case	5.07% - 10.21%	5.01% - 10.43%
Pessimistic case	3.07% - 8.21%	3.01% - 8.42%

Management considers that any reasonable deterioration of the key assumptions considered, which are the bases to calculate the value in use, would not result in the recoverable amount being lower than the respective unit's net book value amount.

For both cash-generating units, distribution and IT solutions, the value in use exceeds the net book value of goodwill and assets allocated to the cash-generating unit in all scenarios of the sensitivity analysis performed. Considering for the years 2017 and 2016 a growth rate to perpetuity in the range between (1.0)% and 2.5%, and with a discount rate of 7.5%, with different scenarios that go from 6.5% to 9.5%, in line with market consensus, and not resulting in any case of impairment.

The Company has carried out a review of the recoverable amount of the significant intangible assets, resulting an impairment in the years 2017 and 2016 amounting to €1.5 million and €0.1 million, respectively.

During 2017, the Company has written off intangible rights for a total amount of €528.0 million whose net book value was nil and they were not expected to generate future economic profits.

At December 31, 2017 and 2016, there are fully amortised assets and still in use, amounting to €80.7 million and €52.1 million, respectively. Likewise, at December 31, 2017 and 2016 there are no significant intangible assets outside Spain.

Notes to the annual accounts (millions of euros)

7. TANGIBLE ASSETS

Balances and movements of the items included under the 'Tangible assets' caption, for year 2017, are as follows:

	31/12/2016	Additions	Valuation	31/12/2017
Cost				
Furniture and office equipment	1.2	0.4	(0.1)	1.5
Other tangible fixed assets	12.9	1.9	(0.1)	14.7
Total	**14.1**	**2.3**	**(0.2)**	**16.2**
Accumulated amortisation				
Furniture and office equipment	(0.5)	(0.1)	-	(0.6)
Other tangible fixed assets	(7.3)	(1.5)	-	(8.8)
Total	**(7.8)**	**(1.6)**	**-**	**(9.4)**
Net				
Furniture and office equipment	0.7	0.3	(0.1)	0.9
Other tangible fixed assets	5.6	0.4	(0.1)	5.9
Total net tangible asset	**6.3**	**0.7**	**(0.2)**	**6.8**

Balances and movements of the items included under the 'Tangible assets' caption, for year 2016, were as follows:

	31/12/2015	Merger	Additions	Disposals	31/12/2016
Cost					
Furniture and office equipment	-	1.5	-	(0.3)	1.2
Other tangible fixed assets	-	12.1	1.3	(0.5)	12.9
Total	**-**	**13.6**	**1.3**	**(0.8)**	**14.1**
Accumulated amortisation					
Furniture and office equipment	-	(0.7)	(0.1)	0.3	(0.5)
Other tangible fixed assets	-	(6.2)	(1.5)	0.4	(7.3)
Total	**-**	**(6.9)**	**(1.6)**	**0.7**	**(7.8)**
Net					
Furniture and office equipment	-	0.8	(0.1)	-	0.7
Other tangible fixed assets	-	5.9	(0.2)	(0.1)	5.6
Total net tangible asset	**-**	**6.7**	**(0.3)**	**(0.1)**	**6.3**

Notes to the annual accounts (millions of euros)

At December 31, 2017 and 2016 there are fully amortised assets and still in use, amounting to €3.8 million and €3.4 million, respectively. Likewise, at December 31, 2017 and 2016, total tangible assets outside Spain amounts to €1.8 million and €2 million, respectively, with an accumulated amortisation of €1.1 million and €1.1 million, respectively.

8. LEASES

8.1 Financial lease

The Company has entered into several finance lease contracts, mainly hardware equipment, through which it uses the assets and it has contracted the obligations detailed below. The contracts in force do not take into account the impact of common expenses, increases by CPI nor future updates of rents contractually agreed.

The fees paid during 2017 and 2016 corresponding to these contracts amounts to €0.6 million and €0.4 million, respectively. At December 31, 2017 and 2016, the financial lease fees, in accordance with the contracts in force, are the following:

	Year 2017		Year 2016	
	Gross	Fair Value	Gross	Fair Value
2017	-	-	0.4	0.4
2018	0.5	0.5	0.4	0.4
2019	0.4	0.4	0.4	0.4
2020	0.3	0.3	0.2	0.2
2021	0.1	0.1	-	-
Total	**1.3**	**1.3**	**1.4**	**1.4**

8.2 Operating lease

The Company has entered into some operating lease contracts, mainly corresponding to its facilities in the Madrid offices. At December 31, 2017 and 2016, the operating lease fees, in accordance with the contracts in force, are the following:

	Year 2017	Year 2016
Less than a year	3.5	3.3
Between one and five years	13.4	13.3
More than five years	25.6	28.0
Total	**42.5**	**44.6**

Notes to the annual accounts (millions of euros)

9. FINANCIAL INVESTMENTS

9.1 Financial investments

The detail of the items included under the 'Financial investments' caption, at December 31, 2017, is as follows:

	Available for sale financial assets	Hedge		Loans and accounts receivable		Total
	Non-current	Current	Non-current	Current	Non-current	
Equity instruments	8.2	-	-	-	-	8.2
Derivatives (Note 11)	-	17.7	8.7	-	-	26.4
Other financial assets	-	-	-	0.3	66.2	66.5
Total	**8.2**	**17.7**	**8.7**	**0.3**	**66.2**	**101.1**

Under the 'Loans and accounts receivable – Non-Current' caption, as of December 31, 2017 it is included the amount voluntary deposited by the Company regarding the litigation described in Note 16.5.

The detail of the items included under the 'Financial investments' caption, at December 31, 2016, was as follows:

	Available for sale financial assets	Hedge		Loans and accounts receivable		Total
	Non-current	Current	Non-current	Current	Non-current	
Equity instruments	7.6	-	-	-	-	7.6
Derivatives (Note 11)	-	5.5	2.5	-	-	8.0
Other financial assets	-	-	-	11.3	23.8	35.1
Total	**7.6**	**5.5**	**2.5**	**11.3**	**23.8**	**50.7**

The variations of the assets included under the 'Available-for-sale financial assets' caption during the years 2017 and 2016, are as follows:

	Valued at cost		
	Investments with a shareholding less of 20%	Certificates of deposits	Total
Balance at 31/12/2015	-	-	-
Merger additions	3.7	3.9	7.6
Balance at 31/12/2016	**3.7**	**3.9**	**7.6**
Additions	1.4	-	1.4
Disposals	(0.8)	-	(0.8)
Balance at 31/12/2017	**4.3**	**3.9**	**8.2**

Notes to the annual accounts (millions of euros)

At December 31, 2017 and 2016, included under the 'Available-for-sale financial assets' caption, the Company held 3,579,518 certificates of deposit in SITA Inc N.V., as issued by Stichting, 'SITA Information Networking Computing Foundation,' and representing 3,579,518 shares in SITA Inc. N.V., amounting to €3.9 million.

During the year 2017, the Company has acquired investments with a shareholding of less than 20% in different companies, amounting to €1.4 million. In addition, during the year 2017, certain investments with a shareholding less than 20%, that were valued by an amount of €0.8 million, have been sold generating a gain of €0.2 million, which was registered in the 'Gains/(losses) on disposal of financial instruments' (Note 18.4) caption in the income statement.

The breakdown by due date of the assets under the 'Loans and accounts receivable' caption, at December 31, 2017, is as follows:

	2018	2019	2020	2021	2022 and subsequent years	Total
Loans and accounts receivable	0.3	4.2	44.2	1.8	16.0	66.5
Total	**0.3**	**4.2**	**44.2**	**1.8**	**16.0**	**66.5**

The assets included under the caption 'Loans and accounts receivable' have not suffered any impairment during the year 2017.

9.2 Financial investments in Group companies and joint ventures

The Group companies and joint ventures' shares do not quote on the stock market.

On January 1, 2017, Traveltainment GmbH and Pixell online marketing GmbH were merged. The resulting company has been named Traveltainment GmbH.

On January 1, 2017, Yemen Airways lost the veto rights over the company Amadeus Yemen Limited, due to the impossibility of complying with its obligations, caused by the persistent situation of instability in Yemen. Therefore, from that date, the Company gained the control of Amadeus Yemen Limited which became Group company, previously considered joint venture.

On February 23, 2017, the Company created the company PT Amadeus Technology Indonesia, in which owns, directly and indirectly, the 100% of its share capital, by an amount of €1.5 million. Its main activity consists on marketing, sale and distribution of all products and information technology of Amadeus serving the travel and tourism industry, on the Indonesian market.

On December 21, 2017, the company Moneydirect Limited, in which the Company owned a share capital of 50%, was liquidated. The investment in this company amounted to €2.6 million and it was fully provisioned. This operation has not had any significant impact.

At December 31, 2017 and 2016, the Company performed an analysis of all the investments in the equity of Group companies and joint ventures in order to ascertain whether the recoverable amount of such investments is higher than the book value. For those investments where the fair value is below the net carrying amount, an impairment has been made in order to adjust the book value to its recoverable value.

To calculate the recoverable value of the Group companies and joint ventures, two different approaches have been considered, according to size and relevance of the companies subject to this analysis:

a) A detailed discounted cash flow analysis was performed for the main companies, based in detailed forecasts developed for each of them.

b) A multiple-based valuation was performed for all the other companies:

- Valuation multiples are derived from the separate valuation of the company taken as reference and then are applied to the other companies.

- In the cases where the value obtained for each company does not exceed 10% of the carrying amount, or if any contingency is detected, detailed forecasts are developed and discounted cash flow valuation is performed for such company.

At December 31, 2017, the Company registered accumulated value adjustments for impairment in investments in Group companies and joint ventures, amounting to €46.8 million.

Notes to the annual accounts (millions of euros)

The main information related to the investments in the Group companies and joint ventures at December 31, 2017, is as follows:

	% Shareholding		Share Capital	Net profit/ (loss) for the year	Rest of the equity	Total equity	Dividends received	Book value		
	Direct	Indirect						Cost	Impairment for the year	Accumulated impairment
Group companies										
Amadeus Airport IT GmbH	100%	-	-	2.8	(1.2)	1.6	-	4.7	-	-
Amadeus América S.A.	95%	5%	0.4	0.3	0.4	1.1	-	0.4	-	-
Amadeus Americas. Inc.	100%	-	26.3	59.9	364.3	450.5	-	405.5	(0.1)	(22.8)
Amadeus Argentina S.A.	95.50%	-	2.6	0.7	(2.7)	0.6	-	10.7	-	-
Amadeus Asia Limited	100%	-	1.0	1.9	13.2	16.1	-	1.0	-	-
Amadeus Austria Marketing GmbH	100%	-	2.8	0.5	0.3	3.6	-	3.0	-	-
Amadeus Benelux N.V.	100%	-	0.1	1.1	4.8	6.0	-	2.1	-	-
Amadeus Bilgi Teknolojisi Hizmetleri A.Ş.	100%	-	-	4.3	7.6	11.9	-	9.7	-	-
Amadeus Bolivia S.R.L	100%	-	0.3	-	0.1	0.4	-	0.3	-	-
Amadeus Bosna d.o.o. za marketing Sarajevo	100%	-	-	-	0.7	0.7	-	0.3	-	-
Amadeus Brasil Ltda.	83.51%	-	20.7	(0.3)	(21.3)	(0.9)	-	18.6	-	(18.6)
Amadeus Bulgaria EOOD	55.01%	-	0.1	0.2	-	0.3	-	0.4	-	-

Notes to the annual accounts (millions of euros)

	% Shareholding		Share Capital	Net profit/ (loss) for the year	Rest of the equity	Total equity	Dividends received	Book value		
	Direct	Indirect						Cost	Impairment for the year	Accumulated impairment
Amadeus Capital Markets, S.A., Sociedad Unipersonal	100%	-	0.3	-	-	0.3	-	0.2	-	-
Amadeus Central and West Africa S.A.	100%	-	1.6	0.2	(0.5)	1.3	-	2.4	-	-
Amadeus Content Sourcing, S.A., Sociedad Unipersonal	100%	-	1.0	-	(0.3)	0.7	-	1.0	-	-
Amadeus Corporate Business, AG	100%	-	0.1	1.2	(19.2)	(17.9)	-	0.1	-	-
Amadeus Customer Center Americas S.A.	100%	-	0.3	0.2	0.6	1.1	-	0.3	-	-
Amadeus Czech Republic and Slovakia s.r.o.	100%	-	-	0.3	1.4	1.7	-	0.6	-	-
Amadeus Eesti AS	100%	-	-	0.1	0.2	0.3	0.5	1.1	-	-
Amadeus Finance B.V.	100%	-	2.0	0.9	0.8	3.7	-	2.0	-	-
Amadeus France, S.A.	100%	-	-	2.4	0.5	2.9	2.0	134.1	-	-
Amadeus GDS LLP	100%	-	0.2	0.3	(1.6)	(1.1)	-	0.2	-	-
Amadeus GDS (Malaysia) Sdn. Bhd.	100%	-	0.2	0.1	1.0	1.3	-	0.2	-	-
Amadeus GDS Singapore Pte. Ltd.	100%	-	0.2	(2.4)	7.5	5.3	1.1	0.2	-	-
Amadeus Germany GmbH	100%	-	9.3	10.2	70.9	90.4	7.3	198.2	-	-
AMADEUSGLOBAL Ecuador S.A.	100%	-	0.4	-	0.1	0.5	-	-	-	-

Notes to the annual accounts (millions of euros)

	% Shareholding		Share Capital	Net profit/ (loss) for the year	Rest of the equity	Total equity	Dividends received	Book value		
	Direct	Indirect						Cost	Impairment for the year	Accumulated impairment
Amadeus Global Travel Distribution Ltd.	100%	-	0.7	0.9	1.4	3.0	-	0.7	-	-
Amadeus Global Travel Israel Ltd.	100%	-	1.9	0.3	1.5	3.7	-	1.9	-	-
Amadeus GTD (Malta) Limited	100%	-	0.1	-	0.1	0.2	-	0.1	-	-
Amadeus GTD Southern Africa Pty. Ltd.	100%	-	0.6	0.2	2.3	3.1	-	0.6	-	-
Amadeus Hellas, S.A.	100%	-	6.1	(0.8)	(0.2)	5.1	-	7.1	-	-
Amadeus Hong Kong Ltd.	100%	-	0.5	0.2	2.6	3.3	-	0.5	-	-
Amadeus Hospitality Netherlands B.V.	100%	-	-	(0.5)	-	(0.5)	-	50.2	-	-
Amadeus Information Technology LLC	100%	-	0.6	0.4	1.3	2.3	-	0.6	-	-
Amadeus Integrated Solutions Pty Ltd.	100%	-	0.4	-	0.1	0.5	-	0.4	-	-
Amadeus IT Group Colombia S.A.S.	100%	-	0.4	0.2	2.0	2.6	-	2.6	-	-
Amadeus IT Pacific Pty. Ltd.	100%	-	30.0	5.7	8.5	44.2	-	18.8	-	-
Amadeus IT Services UK Limited	100%	-	2.0	1.4	-	3.4	1.3	5.5	-	-
Amadeus Italia S.p.A.	100%	-	2.0	0.7	0.4	3.1	0.9	3.7	-	-
Amadeus Japan K.K.	100%	-	2.5	0.7	1.4	4.6	-	2.5	-	-

Notes to the annual accounts (millions of euros)

	% Shareholding		Share Capital	Net profit/ (loss) for the year	Rest of the equity	Total equity	Dividends received	Book value		
	Direct	Indirect						Cost	Impairment for the year	Accumulated impairment
Amadeus Korea, Ltd.	100%	-	0.1	0.3	0.6	1.0	-	0.1	-	-
Amadeus Lebanon S.A.R.L.	100%	-	0.1	(0.1)	0.3	0.3	-	0.1	-	-
Amadeus Magyaroszag Kft	100%	-	-	-	0.6	0.6	-	0.5	-	-
Amadeus Marketing (Ghana) Ltd.	100%	-	0.1	(0.3)	(0.1)	(0.3)	-	0.3	-	-
Amadeus Marketing Ireland Ltd.	100%	-	0.4	0.1	-	0.5	0.4	0.4	-	-
Amadeus Marketing Nigeria Ltd.	100%	-	0.6	-	(0.9)	(0.3)	-	0.6	-	-
Amadeus Marketing Phils Inc.	100%	-	1.9	0.5	1.0	3.4	-	1.9	-	-
Amadeus Marketing Romania S.R.L.	100%	-	0.5	0.1	0.4	1.0	-	0.5	-	-
Amadeus Marketing (Schweiz) A.G.	100%	-	0.1	0.8	0.3	1.2	0.6	0.1	-	-
Amadeus México, S.A. de C.V.	98%	2%	-	0.1	1.9	2.0	-	3.6	-	-
Amadeus Paraguay S.R.L.	100%	-	-	-	0.4	0.4	-	0.1	-	-
									-	-
Amadeus Perú S.A.	100%	-	5.2	-	(1.5)	3.7	-	7.2	-	-
Amadeus Polska Sp. z o.o.	100%	-	5.2	(0.1)	(2.8)	2.3	-	5.5	-	-
Amadeus Rezervasyon Dağıtım Sistemleri A.Ş.	100%	-	0.9	(0.2)	0.2	0.9	-	2.1	-	-
Amadeus S.A.S.	100%	-	23.0	324.8	952.7	1,300.5	178.1	7.7	-	-

Notes to the annual accounts (millions of euros)

	% Shareholding		Share Capital	Net profit/ (loss) for the year	Rest of the equity	Total equity	Dividends received	Book value		
	Direct	Indirect						Cost	Impairment for the year	Accumulated impairment
Amadeus Scandinavia AB	100%	-	2.2	3.5	59.0	64.7	1.8	132.6	-	-
Amadeus Services Ltd.	100%	-	0.1	3.4	1.9	5.4	4.4	0.1	-	-
Amadeus Slovenija. d.o.o.	100%	-	0.3	0.1	0.7	1.1	-	0.7	-	-
Amadeus Soluciones Tecnológicas, S.A., Sociedad Unipersonal	100%	-	0.3	5.4	0.2	5.9	7.9	102.1	-	-
Amadeus Taiwan Co. Ltd.	100%	-	0.3	0.3	0.7	1.3	-	0.3	-	-
Amadeus Verwaltungs GmbH	100%	-	-	113.3	(152.4)	(39.1)	96.0	217.2	-	-
Amadeus Yemen Limited	100%	-	-	0.2	-	0.2	-	-	-	-
Content Hellas Electronic Tourism Services S.A.	100%	-	0.4	-	(0.3)	0.1	-	0.4	-	(0.4)
CRS Amadeus America S.A.	100%	-	0.8	-	(0.1)	0.7	-	0.8	-	(0.1)
Enterprise Amadeus Ukraine	100%	-	0.5	(0.3)	1.6	1.8	-	0.5	-	-
Gestour S.A.S.	100%	-	0.1	0.9	0.4	1.4	-	3.3	-	-
Navitaire LLC	100%	-	-	54.3	425.6	479.9	-	760.3	-	-
Navitaire Philippines Inc.	100%	-	2.7	0.7	(0.2)	3.2	-	2.7	-	-
NMC d.o.o. Skopje	51%	-	-	0.1	-	0.1	-	-	-	-
NMC Tirana sh.p.k.	100%	-	-	-	0.3	0.3	-	0.2	-	-

Notes to the annual accounts (millions of euros)

	% Shareholding		Share Capital	Net profit/ (loss) for the year	Rest of the equity	Total equity	Dividends received	Book value		
	Direct	Indirect						Cost	Impairment for the year	Accumulated impairment
PT Amadeus Technology Indonesia	99%	1%	1.6	-	(0.2)	1.4	-	1.5	-	-
Pyton Communication Services B.V.	100%	-	-	(1.5)	1.3	(0.2)	-	8.5	-	-
SIA Amadeus Latvija	100%	-	-	1.0	0.6	1.6	0.5	0.9	-	-
Sistemas de Distribución Amadeus Chile, S.A.	100%	-	0.6	-	1.4	2.0	-	1.1	-	-
Sistemas de Reservaciones CRS de Venezuela, C.A.	100%	-	0.9	2.7	(1.3)	2.3	-	0.9	-	-
Traveltainment GmbH	100%	-	0.1	0.2	12.2	12.5	-	61.9	-	-
UAB Amadeus Lietuva	100%	-	-	(0.1)	0.4	0.3	-	1.3	-	-
UFIS Airport Solutions AS	100%	-	1.9	(1.8)	13.9	14.0	-	18.8	(3.2)	(4.9)
							302.8	2,239.3	(3.3)	(46.8)
Join ventures and associates										
Amadeus Algerie S.A.R.L.	40%	-	0.1	0.2	3.9	4.2	-	0.1	-	-
Amadeus Egypt Computerized Reservation Services S.A.E.	100%	-	0.1	0.7	0.4	1.2	1.2	0.3	-	-
Amadeus Gulf L.L.C.	49%	-	0.2	1.5	3.9	5.6	-	0.1	-	-
Amadeus Libya Technical Services JV	25%	-	0.6	0.1	0.3	1.0	-	0.1	-	-

Notes to the annual accounts (millions of euros)

	% Shareholding		Share Capital	Net profit/ (loss) for the year	Rest of the equity	Total equity	Dividends received	Book value		
	Direct	Indirect						Cost	Impairment for the year	Accumulated impairment
Amadeus Maroc S.A.S.	30%	-	0.6	0.1	0.5	1.2	-	0.2	-	-
Amadeus Qatar W.L.L.	40%	-	0.3	0.5	2.1	2.9	-	0.1	-	-
Amadeus Saudi Arabia Limited	95%	5%	0.4	0.9	5.2	6.5	-	0.4	-	-
Amadeus Sudani co. Ltd.	40%	-	-	(1.7)	1.3	(0.4)	-	0.1	-	-
Amadeus Syria Limited Liability	100%	-	-	-	0.7	0.7	-	0.2	-	-
Amadeus Tunisie S.A.	30%	-	0.2	6.6	0.5	7.3	1.5	0.1	-	-
Hiberus Travel IO Solutions, S.L.	24.88%	-	1.2	1.4	1.8	4.4	-	2.0	-	-
Jordanian National Touristic Marketing Private Shareholding Company	50%	-	0.4	0.3	-	0.7	0.1	0.2	-	-
							2.8	3.9	-	-
							305.6	2,243.2	(3.3)	(46.8)

10. TRADE ACCOUNTS RECEIVABLE AND PAYABLE

10.1 Doubtful debt provision, factoring and cancellation reserve

At December 31, 2017 and 2016, the Company has registered a value adjustment for possible impairment in accounts receivable from customers based on the risk involved in these receivables, amounting to €51.5 million and €51.6 million respectively.

As for credit risk, there is no significant concentration of this kind of risk related to customers.

Among other factors, the above mentioned credit risk is mitigated by the fact that most of the customers' accounts receivables and payables are settled through the clearing houses operated by International Air Transport Association (IATA) and Airlines Clearing House, Inc. (ACH). These two settlement systems ensure that cash inflows from customers will be settled at a certain fixed date, as well as credit risk is partially mitigated due to the fact that the members of the clearing houses are required to make deposits that would be used in the event of default.

The Company has several agreements signed with financial institutions to carry out non-recourse factoring transactions over a part of the accounts receivable resulting from its business. At December 31, 2017, the Company has transferred €35.0 million to financial institutions under these agreements. At December 31, 2016, the Company had not transferred any amount to the financial institutions under these agreements.

At December 31, 2017 and 2016, the Company has registered a provision against accounts receivable, for future estimated cancellations of airline bookings, amounting to €37.0 million and €35.7 million respectively. Likewise, at December 31, 2017 and 2016, the Company has registered a provision reducing the accounts payable for distribution costs associated with cancellations, amounting to €16.9 million and €15.7 million, respectively.

10.2 Information regarding the average payment term to trade payables

The information required by the Additional Third Clause according to Law 15/2010, dated on July, 5 (modified by the final Second Clause according to Law 31/2014, dated on December 3) prepared according to the Resolution of the Accounting and Auditing Institute in Spain (ICAC) dated on January 29, 2016, regarding the information to be included within the notes to the annual accounts in relation to the average payment term to trade payables, is as follows:

	Year 2017	Year 2016
	Days	Days
Average payment term to trade payables	31	25
Ratio of operations paid	32	25
Ratio of outstanding payments	18	27
	Millions of euros	Millions of euros
Total payments	1,216	941
Total outstanding payments	76	73

According to the same aforementioned Resolution, trade operations with suppliers of goods and services received since the initial date of the Law 31/2014, December 3, have been taken into consideration to calculate the average payment term to trade payables.

With the aim of presenting the information required by this Resolution it has been considered as accounts payable, those which by nature are trade payables with suppliers of goods and services and, therefore, are included under the 'Trade payables' caption in the current liabilities in the balance sheet and excluding trade payables with Group companies.

11. DERIVATIVE FINANCIAL INSTRUMENTS

The balances of derivatives financial instruments at December 31, 2017 and 2016, are as follows:

Type of derivative	31/12/2017				31/12/2016			
	Financial assets		Financial liabilities		Financial assets		Financial liabilities	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Exchange rate (11.1)	17.7	8.7	(7.2)	(1.1)	5.5	2.5	(14.9)	(5.9)
Interest rate (11.2)	-	-	-	-	-	-	-	(3.0)
Total	**17.7**	**8.7**	**(7.2)**	**(1.1)**	**5.5**	**2.5**	**(14.9)**	**(8.9)**

Notes to the annual accounts (millions of euros)

11.1 Exchange rate derivatives

The detail of the open foreign currency contracts held by the Company with financial institutions at December 31, 2017, is as follows:

Financial assets

Type	Financial instrument	Currency	Maturity	Notional	Fair value: Income statement	Fair value: Equity	Fair value: Total
Cash flow	Forward	USD	< 1 year	351.4	(0.8)	15.8	15.0
			> 1 year	146.8	(2.1)	9.6	7.5
		Other non USD	< 1 year	38.8	0.5	1.7	2.2
			> 1 year	64.3	-	1.2	1.2
Fair value	Forward	Other non USD	< 1 year	16.0	0.5	-	0.5
			Total		**(1.9)**	**28.3**	**26.4**
			Total non-current		**(2.1)**	**10.8**	**8.7**
			Total current		**0.2**	**17.5**	**17.7**

Financial liabilities

Type	Financial instrument	Currency	Maturity	Notional	Fair value: Income statement	Fair value: Equity	Fair value: Total
Cash flow	Forward	Other non USD	< 1 year	100.4	1.4	5.8	7.2
			> 1 year	57.0	-	1.1	1.1
Fair Value	Forward	Other non USD	< 1 year	2.0	-	-	-
			Total		**1.4**	**6.9**	**8.3**
			Total non-current		**-**	**1.1**	**1.1**
			Total current		**1.4**	**5.8**	**7.2**

Notes to the annual accounts (millions of euros)

The detail of the open foreign currency contracts held by the Company with financial institutions at December 31, 2016, was as follows:

Financial assets

					Fair value		
Type	Financial instrument	Currency	Maturity	Notional	Income statement	Equity	Total
Cash flow	Forward	Other non USD	< 1 year	51.0	0.5	1.8	2.3
			> 1 year	62.0	-	2.0	2.0
Fair value	Forward	Other non USD	< 1 year	47.9	3.2	-	3.2
			> 1 year	6.1	0.5	-	0.5
			Total		**4.2**	**3.8**	**8.0**
			Total non-current		**0.5**	**2.0**	**2.5**
			Total current		**3.7**	**1.8**	**5.5**

Financial liabilities

					Fair value		
Type	Financial instrument	Currency	Maturity	Notional	Income statement	Equity	Total
Cash Flow	Forward	USD	< 1 year	108.3	0.4	4.4	4.8
			> 1 year	16.6	-	0.2	0.2
		Other non USD	< 1 year	126.5	1.2	8.9	10.1
			> 1 year	73.1	0.3	5.4	5.7
Fair Value	Forward	Other non USD	< 1 year	0.5	-	-	-
			Total		**1.9**	**18.9**	**20.8**
			Total non-current		**0.3**	**5.6**	**5.9**
			Total current		**1.6**	**13.3**	**14.9**

Notes to the annual accounts (millions of euros)

11.2 Interest rate derivatives

At December 31, 2015, the Absorbed Company had an interest rate derivative suscribed with the purpose of hedging the risk of an increase in the interest rates of the debt that was contracted during 2016 as part of the refinancing of the Eurobond issued by the Group company Amadeus Capital Markets, S.A., Sociedad Unipersonal, with an amount of €750 million and due date in July 2016, which funds were fully transferred to the Company. The notional amount of this interest rate derivative was €300 million and would be reduced according to the future debt amortization schedule.

On March 10, 2016, the Company cancelled this interest rate swap (IRS) contract and discontinued the hedging relationship for a total amount of €16.1 million, which was recognized temporarily in the equity and is charged to the income statement according to the hedged debt amortization schedule. The amount charged during the years 2017 and 2016 in the income statement has been €3.9 million, and €2.0 million, respectively.

The calendar of the realized impacts in the income statement of the remaining discontinued hedge instrument, is as follows:

2018	2019	2020	2021	Total
3.7	3.0	2.5	1.0	10.2

On March 2, 2017, the Company cancelled two IRS subscribed with financial institutions, for a total notional amount of €250 million each, generating a loss of €2.7 million which was registered in the ‘Changes in fair value of financial instruments’ caption in the income statement. The purpose of these agreements was to manage the risk that the Company could be exposed to under an eventual increase in the interest rates of the debt denominated in euros which would be issued in 2017 and finally has not been formalized.

12. EQUITY AND SHAREHOLDERS’ EQUITY

At December 31, 2017 and 2016, the Company’s share capital amounts to €4.4 million respectively, as represented by 438,822,506 ordinary shares with a nominal value of €0.01 per share, all of them of one single class, totally subscribed and paid.

The Company’s shares are traded on the Spanish electronic trading system (‘Continuous Market’) on the four Spanish Stock Exchanges (Madrid, Barcelona, Bilbao and Valencia) and form part of the IBEX 35 index [AMS].

Notes to the annual accounts (millions of euros)

At December 31, 2017 and 2016, the Company's shares are distributed as follows:

Shareholder	31/12/2017		31/12/2016	
	Shares	Voting rights	Shares	Voting rights
Free float (1)	437,296,273	99.65%	436,858,714	99.55%
Treasury shares (2)	1,069,252	0.24%	1,521,273	0.35%
Board of Directors (3)	456,981	0.11%	442,519	0.10%
Total	**438,822,506**	**100.00%**	**438,822,506**	**100.00%**

(1) Includes shareholders with significant equity stake on December 31, 2017 and 2016 reported to the National Commission of the Stock Exchange CNMV.
(2) Voting rights remain ineffective given they are treasury shares.
(3) It does not include voting rights that could be acquired through financial instruments.

12.1 Legal reserve

According to the Spanish Capital Companies Act, 10% of the annual profit has to be transferred to a legal reserve until this reserve reaches no less than 20% of the share capital. The legal reserve can be used to increase the share capital of the Company, but the value remaining in the reserve must not be lower than 10% of the increased capital. Except for the aforementioned purpose, and as long as it does not exceed 20% of the share capital, this reserve will only be used to offset losses, provided that no other reserves are available for this purpose.

At December 31, 2017 and 2016, the legal reserve is fully established, amounting to €0.9 million.

12.2 Goodwill reserve

Until January 1, 2016, when the Law 22/2015, on July 20, of Accounts Auditing, was approved, every year's appropriation of results must include an addition to an unavailable reserve, as a result of the goodwill shown in the assets on the balance sheet. Therefore, a portion of the profit, equivalent to no less than 5% of the goodwill amount, was allocated for this purpose. In the event of lack of profit, or if the profit were insufficient, free distributable reserves could be applied.

Additionally, the Final Clause 13 of the law 22/2015, establishes that for the periods beginning on January 1, 2016, the goodwill reserve will be reclassified as a voluntary reserve of the Company and will be distributable in the amount that surpasses the value accounted for goodwill in the balance sheet. As of December 31, 2017 and 2016, the company has not yet reclassified any amount of the goodwill reserve to the other reserves.

On December 31, 2017 and 2016, the goodwill reserve registered by the Company amounts to €555.4 million.

12.3 Dividends distribution

The Company's dividend policy is to reach a dividend pay-out up to a range of 40% to 50% of the consolidated net profit of the year. The amount of dividends the Company decides to pay, if any, and the future dividend policy will however depend on a number of factors, including earnings, financial conditions, debt service obligations, cash requirements, prospects or market conditions. The amount of dividends is proposed by the Board of Directors and determined by the shareholders at General Shareholders' Meeting.

The Company is able to distribute dividends whenever the amount of the reserves is greater than the net book value of the development costs registered in the balance sheet.

On June 15, 2017, the Ordinary General Shareholders' Meeting of the Company approved the distribution of a final gross dividend against 2016 profit for the year, amounting to €0.94 per share, out of which an interim dividend of €0.40 per share with dividend rights was paid on February 1, 2017, for a total amount of €174.9 million. The total dividend amounts to €411.3 million.

Additionally, on December 14, 2017, the Company's Board of Directors proposed a fixed dividend distribution of 2017 profit for the year of an equivalent 50% of the consolidated net profit, reaching the maximum percentage of the dividend distribution policy. Consequently, an interim dividend distribution was approved against 2017 profit for the year, amounting to €0.48 per share with dividend rights, effective on January 31, 2018, for a total amount of €210.1 million, which has been registered in the 'Other current financial liabilities' caption.

12.4 Treasury shares

Balances and movements during the years 2017 and 2016, are as follows:

	Treasury shares	Millions of euros
As of December 31, 2015	**2,214,916**	**32.1**
Additions for exchange ratio – merger	393,748	15.5
Disposals for exchange ratio – merger	(312,519)	(12.3)
Disposals	(774,872)	(9.7)
As of December 31, 2016	**1,521,273**	**25.6**
Disposals for exchange ratio – merger	(4,583)	(0.2)
Disposals	(447,438)	(6.9)
As of December 31, 2017	**1,069,252**	**18.5**
Outstanding share Buy-back programme	-	500.0
Total	**1,069,252**	**518.5**

During 2016, the Company acquired 393,748 shares to comply with the exchange ratio agreed in the merger described in Note 2.5.

During 2017, 4,583 shares have been exchanged, so, there still remain 76,646 shares pending to be exchanged by the former minority shareholders of the Absorbed Company.

In accordance with the legislation in force and the announcement of the exchange ratio, the shares of the Absorbed Company not presented in the exchange before the deadline, will be substituted by shares of the Absorbing Company and will be deposited for a three years period starting from the day of the deposit's constitution, all aforementioned complies with the exchange ratio foreseen in the article 117 of the Royal Decree 1/2010, July 2, by which the wording of the Spanish Capital Companies Act is approved and should act as proceeds.

Additionally, the Company has used the treasury shares portfolio held at December 31, 2016, to cover the remuneration schemes consisting in the delivery of shares to employees and/or managers, and also the other Group companies remuneration programs (Note 18.5). During 2017, the Company delivered 447,438 shares to cover the remuneration schemes aforementioned.

On December 14, 2017, the Board of Directors of the Company agreed on a Share buy-back programme for the purchase of ordinary shares of the Company subject to a capped maximum amount of aggregate total consideration of €1,000 million and a maximum of 25,000,000 shares, representing 5.69% of the share capital of the Company.

The execution of the programme is structured in a first non-cancellable tranche amounting €500 million, during 15 months (from January 1, 2018 to March 31, 2019) with a minimum purchase period of 9 months; and a second tranche amounting €500 million, during 12 months (from April 1, 2019 to March 31, 2020) cancellable under Company judgement if circumstances require it. In case of temporal suspension, the suspension period would be added to the maximum validation period.

The purpose of the acquisition of shares under that programme basis is to reduce the share capital of the Company, after the agreement of the General Shareholders' Meeting that will take place after the ending of each tranche of the programme.

As of December 31, 2017, the Company has not executed any share acquisition. The outstanding payment obligation of the Share buy-back programme is included in the 'Other current financial liabilities' caption, amounting to €500 million.

Notes to the annual accounts (millions of euros)

12.5 Other comprehensive income

The balances and movements of the items included under the caption 'Other comprehensive income' for the years 2017 and 2016, are as follows:

	Available-for-sale financial instruments	Cash flow hedge		Cumulative translation adjustments	Total
		Interest rate	Exchange rate		
Balance at 31/12/2015	-	-	-	-	-
Merger	0.1	(8.0)	6.4	0.6	(0.9)
Valuation	-	(8.4)	(29.9)	0.1	(38.2)
Valuation tax impact	-	2.1	7.5	-	9.6
Transfers to balance sheet	-	-	(12.7)	-	(12.7)
Transfers to balance sheet tax impact	-	-	3.2	-	3.2
Transfers to income statement	-	2.0	18.9	-	20.9
Transfers to income statement tax impact	-	(0.5)	(4.7)	-	(5.2)
Balance at 31/12/2016	0.1	(12.8)	(11.3)	0.7	(23.3)
Valuation	-	3.0	49.9	(0.7)	52.2
Valuation tax impact	-	(0.7)	(12.5)	-	(13.2)
Transfers to income statement	-	4.0	(13.3)	-	(9.3)
Transfers to income statement tax impact	-	(1.0)	3.3	-	2.3
Balance at 31/12/2017	0.1	(7.5)	16.1	-	8.7

Notes to the annual accounts (millions of euros)

13. PROVISIONS

Balances and movements of the items included under the 'Long-term provisions and Short-term provisions' captions, for the years 2017 and 2016, are as follows:

	Employees benefit obligations	Investments	Claims and litigations		Total
	Long-term	Long-term	Short-term	Long-term	
Balance at 31/12/2015	-	-	-		
Merger additions	0.3	0.6	11.5	41.4	53.8
Additions	-	-	-	74.4	74.4
Disposals	(0.2)	-	(8.2)	-	(8.4)
Balance at 31/12/2016	**0.1**	**0.6**	**3.3**	**115.8**	**119.8**
Additions	-	-	-	11.3	11.3
Disposals	-	-	(0.8)	(2.8)	(3.6)
Balance at 31/12/2017	**0.1**	**0.6**	**2.5**	**124.3**	**127.5**

The caption 'Employees benefit obligations' includes different remuneration schemes granted to employees by the Company.

The caption 'Investments' mainly includes restoration obligations of the office buildings under operating leases where the Company carries out its operations.

The caption 'Claims and litigations' includes provisions to comply with offsetting and fiscal obligations for operating in certain territories which at the year-end are undetermined regarding their amount and settlement date (Note 16.5).

Notes to the annual accounts (millions of euros)

14. FINANCIAL DEBT

The detail of the captions 'Debts with financial institutions' at December 31, 2017 and 2016, is as follows:

	31/12/2017	31/12/2016
Long-term debts with financial institutions	192.5	357.5
Deferred arrangement fees	(2.8)	(3.7)
Total long-term debts with financial institutions	**189.7**	**353.8**
Short-term debts with financial institutions	65.0	50.0
Deferred arrangement fees	(0.1)	(0.1)
Interest payable, financial institutions	1.0	1.2
Interest payable, other financial expenses	0.2	0.2
Total short-term debts with financial institutions	**66.1**	**51.3**
Total debts with financial institutions	**255.8**	**405.1**

The breakdown of the debts with financial institutions at December 31, 2017 and 2016 is as follows:

		31/12/2017		31/12/2016	
Loans	Maturity	Interest rate	Amount used	Interest rate	Amount used
Revolving Loan 2015					
Term A	March 2020	EURIBOR+0.55%	-	EURIBOR+0.55%	-
Revolving Loan 2016					
Revolving Loan (1)	July 2022	EURIBOR+0.60%	-	EURIBOR+0.60%	100.0
			-		100.0
European Investment Bank (EIB)					
Tranche A 2012	May 2021	2.936%	87.5	2.936%	112.5
Tranche B 2012	May 2021	3.237%	35.0	3.237%	45.0
Tranche A 2013	May 2022	2.038%	135.0	2.038%	150.0
			257.5		307.5
Total			257.5		407.5

(1) During the year 2017, the voluntary option to extend one year the maturity has been exercised (originally was July 2021).

The credit rating granted by the agency Standard & Poor's Credit Market Service Europe Limited to the Company is 'BBB/A-2', with positive outlook. The credit rating granted to the Company by the agency Moody's Investors Service España S.A. is 'Baa2', with stable outlook. Both agencies maintain the Company credit rating of 'Investment Grade'.

At December 31, 2017 and 2016, including the loans with Group companies, approximately 77.8% and 70.8%, respectively, of the Company's outstanding debt is at fixed interest rate.

The Company is obliged to meet certain financial covenants, such as the ratio of total net debt to Group EBITDA and the ratio of Group EBITDA to the total net payable interest. At December 31, 2017 and 2016, the Company is in compliance with the aforementioned financial covenants.

a) Revolving Loans Facilities

- Revolving Loan Facility 2015

On March 5, 2015, the Company signed a revolving loan facility amounting to €1,000 million in a single currency with two terms of €500 million each, with due date in March 2020 the Term A and in August 2017 the Term B. This facility was structured under a 'club deal' with several financial institutions with The Royal Bank of Scotland PLC as agent.

The Term A is used as working capital and no amount from Term B was used and was fully cancelled on April 25, 2016.

At December 31, 2017, the Company has not disposed any amount from the aforementioned revolving loan facility.

- Revolving Loan Facility 2016

On April 26, 2016, the Company signed a revolving loan facility for a total amount of €500 million, with a 5 year maturity date, extended for one additional year during the year 2017. This facility was structured under a 'club deal' with several financial institutions with The Royal Bank of Scotland PLC as agent. This revolving loan facility is used as working capital and for other corporate purposes, and substituted Term B of the Revolving Loan 2015. On July 14, 2016, the Company used an amount of €360 million of this revolving loan facility to repay the loan granted by the Group Company, Amadeus Capital Markets, S.A.U. The Company repaid €260 million from the initial amount disposed during the year 2016. On February 14, 2017 the Company repaid the remaining €100 million from the amount disposed. At December 31, 2017, there was no amount used from the revolving loan facility.

b) European Investment Bank (EIB)

On May 14, 2012, the European Investment Bank (EIB) granted to the Company, with an unsecured senior loan amounting to €200 million, with a 9 years maturity since May 24, 2012.

The principal from this loan was used to finance the Research & Development investment activities for a variety of projects in the IT solutions area between 2012 and 2014.

This loan from the EIB has two tranches; a first tranche with a notional value of €150 million with repayments every six months starting in 2015 and a second tranche with a notional value of €50 million with repayments every six months starting in 2016. During the year 2017, €25 million have been repaid of the first tranche and €10 million of the second tranche.

Notes to the annual accounts (millions of euros)

On April 29, 2013, the European Investment Bank (EIB) granted to Company with a second unsecured senior loan amounting to €150 million, with a 9 years maturity since May 17, 2013.

The principal from this loan was used to finance the Research & Development investment activities for a variety of projects in the distribution area between 2013 and 2015.

This second loan from the EIB has a single tranche with a notional value of €150 million with repayments every six months starting in 2017. During the year 2017, €15 million have been repaid of this loan.

The breakdown by due date of the debt with the European Investment Bank at December 31, 2017, is as follows:

Loans	2018	2019	2020	2021	2022	Total
Term A 2012	25.0	25.0	25.0	12.5	-	87.5
Term B 2012	10.0	10.0	10.0	5.0	-	35.0
Term A 2013	30.0	30.0	30.0	30.0	15.0	135.0
Total	**65.0**	**65.0**	**65.0**	**47.5**	**15.0**	**257.5**

c) Debt guaranteed by the Company

- Euro Medium Term Note Programme

In 2014, the Group company, Amadeus Finance B.V., signed up a debt instruments issuance programme, the `Euro Medium Term Note Programme’, by a maximum nominal amount of €2,400 million that can be issued in euros or any other currency. In 2015, the Group company, Amadeus Capital Markets, S.A.U., and in 2017 the Company, joined this programme.

The Base Prospectus of the programme was registered in the Financial Authority of Luxembourg, `Luxembourg Commission de Surveillance du Secteur Financier’, as the Luxembourg authority for admission to trading. Also, trading admission of the securities issuance under the Official List programme was requested and the quoting in the Luxemburg’s Stock Exchange.

- Euro-Commercial Paper Programme – ECP

Additionally, Amadeus Finance B.V., signed up in the year 2014 a short-term commercial paper issuance programme called ‘Euro-Commercial Paper Programme – ECP’. The programme was agreed by a maximum nominal amount of €500 million, on August 16, 2016 the programme was extended up to €750 million, it can be issued in euros or any other currency, with different maturity dates, always less than 365 days.

The commercial paper issued under this programme, will not be quoted in any securities market and will have ‘STEP label’, under the ‘STEP Convention’.

Notes to the annual accounts (millions of euros)

The Company, as parent company of the Group, has subscribed, as guarantor the commercial paper and debt instruments programmes. The structure of the securities listed on the secondary market guaranteed by the Company at December 31, 2017 and 2016, is as follows:

			31/12/2017		31/12/2016	
Debt	Value at issuance	Maturity	Interest rate	Amount used	Interest rate	Amount used
Bond issue						
December 2014 (2)	99.707%	December 2017	-	-	0.625%	400.0
November 2015 (1)	99.260%	November 2021	1.625%	500.0	1.625%	500.0
October 2016 (1)	99.785%	October 2020	0.125%	500.0	0.125%	500.0
May 2017 (1)	99.932%	May 2019	0.0%	500.0	-	-
Total value of securities				**1,500.0**		**1,400.0**
Commercial paper issue						
Commercial paper (2)		Under 365 days	(0.320-0.190%)	300.0	(0.250-0.050%)	485.0
Total Commercial paper				**300.0**		**485.0**
Total				**1,800.0**		**1,885.0**

(1) Debt issued by Amadeus Capital Markets, S.A.U.

(2) Debt issued by Amadeus Finance B.V.

The amounts obtained from these programmes, net of fees, were transferred to the Company through several loan contracts and were used to early repay other financial loans.

15. DEFERRED INCOME

Balances and movements of the 'Deferred income' captions during the years 2017 and 2016, are as follows:

	Current	Non-current	Total
Balance at 31/12/2015	-	-	-
Merger additions	52.9	308.9	361.8
Additions	10.2	67.8	78
Transfers to the income statement	(70.5)	-	(70.5)
Transfers	68.6	(68.6)	-
Balance at 31/12/2016	**61.2**	**308.1**	**369.3**
Additions	-	50.8	50.8
Transfers to the income statement	(72.1)	-	(72.1)
Transfers	73.3	(73.3)	-
Balance at 31/12/2017	**62.4**	**285.6**	**348.0**

Notes to the annual accounts (millions of euros)

The deferred income includes the portion of the cash received from customers for the implementation of 'Altéa Reservation', 'Altéa Departure Control' and 'e-commerce' units, and was not recognised as ordinary income during the period.

The Company starts the recognition of revenue in the income statement when the migration has been completed (cut-over) and recognises the revenue for these services during the period of the agreement.

16. PUBLIC ADMINISTRATIONS AND TAXATION

The Company pays Corporate Income Tax via the tax consolidation Regime (Tax Group 256/05), from which it is the parent company.

The Tax Consolidation Group is comprised of the following companies:

Parent company:

Amadeus IT Group, S.A.

Subsidiaries:

Amadeus Soluciones Tecnológicas, S.A., Sociedad Unipersonal
Amadeus Capital Markets, S.A., Sociedad Unipersonal
Amadeus Content Sourcing, S.A., Sociedad Unipersonal

In 2016 the Company was involved in a merger process, described in Note 2.5, which is under the Chapter VII of Special Regime, Law 27/2014, November 27, for Corporate Income Tax.

16.1 Deferred tax assets and liabilities and current balances with Public Administrations

The breakdown of the deferred tax assets and the current debtor balances with Public Administrations, at December 31, 2017 and 2016 is as follows:

	31/12/2017	31/12/2016
Deferred tax assets		
Temporary differences		
Share-based payments	2.3	2.1
Non-current asset amortisation	4.3	4.2
Doubtful debt provision	2.7	4.6
Cancellations provision	5.0	5.0
Cash flow hedge	4.2	9.0
Investment impairment adjustments	9.4	8.3
Other non-deductible expenses	5.4	6.1
Withholding tax and outstanding tax credits	83.1	81.1
Total deferred tax assets	**116.4**	**120.4**
Current debtors balances		
Tax Authorities, debtor for Corporate Income Tax	38.1	38.1
Tax Authorities of other countries, debtor for V.A.T.	0.6	0.6
Total current debtor balances	**38.7**	**38.7**
Total	**155.1**	**159.1**

Notes to the annual accounts (millions of euros)

The above mentioned deferred tax assets have been recognised in the balance sheet. The Directors of the Company consider that based on the estimated future benefits of the Tax Consolidation Group it is probable that these assets will be recovered.

The breakdown of the deferred tax liabilities and the current creditor balances with Public Administrations, at December 31, 2017 and 2016, is as follows:

	31/12/2017	31/12/2016
Deferred tax liabilities		
Purchase price allocation, amortisation	29.9	85.4
Cash flow hedge	7.1	1.0
Amortisation of goodwill from investments	10.2	9.1
Other deferred taxes liabilities	0.1	0.1
Total deferred tax liabilities	**47.3**	**95.6**
Current creditor balances		
Tax Authorities, creditor for V.A.T.	1.8	2.3
Tax Authorities, creditor for other concepts	1.3	1.2
Social Security Authorities, creditors	1.1	1.0
Total current creditor balances	**4.2**	**4.5**
Total	**51.5**	**100.1**

16.2 Reconciliation between the net result before tax and Corporate Income Tax base

The reconciliation between the net result before tax registered in the income statement and the Corporate Income Tax base for the year 2017, is as follows:

	Income statement		
	Increases	Decreases	Total
Net result before tax			675.9
Permanent differences	0.9	(310.5)	(309.6)
Exempt dividends received and other income	-	(305.9)	(305.9)
Amortisation of goodwill from investments	-	(4.6)	(4.6)
Others	0.9	-	0.9
Temporary differences	227.6	(10.0)	217.6
Arising in current year			
Doubtful debt provision	-	(7.6)	(7.6)
Share-based payments	-	(0.9)	(0.9)
Others	1.0	-	1.0
Arising in previous years			
Purchase price allocation amortisation	222.2	-	222.2
Investment impairment adjustments	4.4	-	4.4
Others	-	(1.5)	(1.5)
Tax base before compensations			583.9
Tax Consolidation Group negative tax base compensation			-
Company tax base			**583.9**

Notes to the annual accounts (millions of euros)

According to Royal Legislative Decree 3/2016, of December 2, the temporary difference for impairment of investments includes the reversal of the impairment loss that was tax deductible in previous years and whose amount has not been significant.

The reconciliation between the net result before tax registered in the income statement and the Corporate Income Tax base for the year 2016, was as follows:

	Income statement		
	Increases	Decreases	Total
Net result before tax			840.4
Permanent differences	1.3	(519.6)	(518.3)
Exempt dividends received and other income	-	(515.0)	(515.0)
Amortisation of goodwill from investments	-	(4.6)	(4.6)
Others	1.3	-	1.3
Temporary differences	223.3	(56.5)	166.8
Arising in current year			
Doubtful debt provision	-	(14.8)	(14.8)
Share-based payments	-	(9.1)	(9.1)
Others	2.7	-	2.7
Arising in previous years			
Purchase price allocation amortisation	220.6	-	220.6
Investment impairment adjustments	-	(29.3)	(29.3)
Others	-	(3.3)	(3.3)
Tax base before compensations			488.9
Tax Consolidation Group negative tax base compensation			(0.1)
Amadeus Capital Markets, S.A.U.			-
Amadeus Content Sourcing, S.A.U.			(0.1)
Amadeus Soluciones Tecnológicas, S.A.U.			-
Negative tax base from previous years			(21.2)
Company tax base			**467.6**

The reconciliation between the income and expenses directly recognised in equity and the Corporate Income Tax base, for the years 2017 and 2016, is as follows:

	Income and expenses directly recognised in equity			
	Year 2017		Year 2016	
	Decreases	Total	Increases	Total
Income and expenses recognised in equity		43.6		(30.1)
Temporary differences	(43.6)	(43.6)	30.1	30.1
Arising in current year				
Cash flow hedge	(43.6)	(43.6)	30.1	30.1
Corporate Income Tax Base in equity		-		-

Notes to the annual accounts (millions of euros)

16.3 Tax recognised in equity

The detail of taxes directly recognised in equity at December 31, 2017, is as follows:

	Increases	Decreases	Total
Deferred tax			
Arising in current year			
Cash flow hedge	2.3	(13.2)	(10.9)
Total deferred tax	2.3	(13.2)	(10.9)
Total tax recognised in equity			**(10.9)**

The detail of taxes directly recognised in equity at December 31, 2016, was as follows:

	Increases	Decreases	Total
Deferred tax			
Arising in current year			
Cash flow hedge	12.8	(5.2)	7.6
Total deferred tax	12.8	(5.2)	7.6
Total tax recognised in equity			**7.6**

16.4 Reconciliation between the net result before tax and Corporate Income Tax expense

Reconciliation between the net result before tax and the Corporate Income Tax expense, for the years 2017 and 2016, is as follows:

	Year 2017	Year 2016
Net result before tax	675.9	840.4
Tax rate 25%	(169.0)	(210.1)
Temporary differences	84.5	65.2
Tax credits	4.7	5.6
Total Corporate Income Tax expense recognised in the income statement	**(79.8)**	**(139.3)**
Current tax	(100.4)	(111.3)
Deferred tax	20.6	(28.0)

16.5 Periods open for tax audit and tax audit procedures

According to the current legislation, taxes cannot be considered definitively settled until the filed tax forms are audited by the Tax Authorities, or until the four year statute of limitations ends.

At the year-end 2017, the Company has opened for tax audit (including those of the Absorbed Company, that, as a consequence of the merger described in the Note 2.5, all rights and obligations have been transferred to the Absorbing Company) the last four years except for those taxes that have been subject to a partial or full audit which have concluded by signing the tax assessment under protest. The judicial appeal process has been initiated to the National Appellate Court.

The Directors of the Company consider that the mentioned taxes were properly settled, therefore, in the event of differences in the interpretation of the current tax regulations, regarding the fiscal treatment of the transactions, the potential resulting liabilities, should they materialise, will not significantly impact the accompanying annual accounts.

On December 2016, a statement of claim has been registered in the National Appellate Court, related to the tax assessments signed under protest for the Corporate Tax Income of the years from 2005 to 2007 and from 2008 to 2010. During 2017 the Company has submitted a statement of conclusions, pending execution at the year-end.

On June 2015, the Company received a final decision from the Central Administrative Court (TEAC) rejecting cumulatively the appeals with regards to the tax assessment signed under protest relating to the Non-residents Income Tax for the year 2007. In July 2015, judicial appeal process had been initiated in the same court considering the resolution was not in line with the Law, insomuch as the allegations and/or proof (evidence) presented before the court in November 2013 were declared inexistent by omission that could turn out to be essential for the resolution of the claim. In January 2017, a resolution from the TEAC was received, rejecting the allegations submitted by the Company before it. In February 2017, the Company initiated an appeal before the National Appellate Court. In September, after the disclosure of the file, a statement of claim has been registered to the National Appellate Court, and in November 2017 the statement of conclusions, pending execution at the year-end.

The Company has voluntarily deposited the amount required by the Tax Authorities until the resolution of this litigation (Note 9.1) and has registered the appropriate provisions in order to minimise its exposure in the event the final ruling from the Court does not result in its favour (Note 13). Therefore, and in any case, the resolution of this matter should not have any significant impact on the Company’s financial situation.

In July 2014, French, German and Spanish Tax Authorities signed an Advanced Pricing Agreement (APA), applicable to the Group companies Amadeus S.A.S., Amadeus Data Processing Gmbh and Amadeus IT Group, S.A., for the years from 2010 to 2015, both inclusive.

In 2015, a mutual agreement procedure was started within the context of the Double Taxation Agreement between France and Spain, which finished with an agreement between the Tax Authorities of both countries, effective in the same year.

Notes to the annual accounts (millions of euros)

The mutual agreement procedure between Spain and Germany, within the context of the APA for the year 2010, started in February 2015. On December 2016, a notification in relation with the execution of the mutual agreement procedure had been received, effective in the same year, ending the whole process started under APA procedure and related mutual agreements.

Since 1999, the Company has been engaged in disputes with the Indian tax authorities in relation to an allegation that the distribution activities in that country qualify as a permanent establishment in India. On this basis, the Indian tax authorities claim that a portion of the revenue generated in respect of bookings made by travel agencies located in India should be subject to Indian tax. There is a number of proceedings underway relating to the tax years between 1995 and 2014 at different procedural stages (ranging from initial inspection to appeal) before the Indian administrative authorities and before the Supreme Court. The resolution from the Delhi High Court dated on January 2010 concerning tax years from 1995 to 1998 concludes on the existence of permanent establishment, but without income liable to tax in India. This resolution was also extended to the fiscal years from 1998 to 2006 (both inclusive). These decisions are under dispute before the Supreme Court. The Company has been advised that there is no provision under Indian law for sanctions to be imposed as a result of the ongoing proceedings.

Additionally, since 2006, the Indian tax authorities are of the opinion that the IT service agreement executed between the Company and an airline (both non-resident) may give rise to royalty payments and fees for technical services in India. As a result of this interpretation, a new tax claim is under dispute.

The Company has registered the appropriate provisions in order to minimise its exposure in the event the final ruling from the Court does not result in its favour (Note 13).

17. FOREIGN CURRENCIES

The detail of the main balances and transactions in foreign currency, valuated at the year-end exchange rate and at the average exchange rate as of December 31, 2017 and 2016, respectively, is as follows:

	31/12/2017	31/12/2016
Assets		
Accounts receivable	184.3	184.8
Loans given	132.2	149.5
Other assets	112.5	106.3
Cash and cash equivalents	17.8	9.3
Liabilities		
Accounts payable	(322.4)	(281.0)
Loans received	(180.4)	(99.3)
Other liabilities	(21.4)	(12.8)
	2017	**2016**
Income statement		
Services rendered	1,303.2	1,144.3
Services received	(865.8)	(767.5)

Notes to the annual accounts (millions of euros)

The amount of exchange rate differences by financial instrument recognised in the income statement for the year 2017, is as follows:

	Transactions settled in the year	Outstanding balances	Total
Financial assets			
Loans to Group companies and joint ventures	(7.8)	(13.0)	(20.8)
Derivatives	6.3	(2.3)	4.0
Other financial assets	(1.0)	(9.5)	(10.5)
Total financial assets	**(2.5)**	**(24.8)**	**(27.3)**
Financial liabilities			
Debts with Group companies and joint ventures	0.8	11.0	11.8
Derivatives	(2.8)	(4.7)	(7.5)
Other financial liabilities	-	3.1	3.1
Total financial liabilities	**(2.0)**	**9.4**	**7.4**
Total	**(4.5)**	**(15.4)**	**(19.9)**

The amount of exchange rate differences by financial instrument recognised in the income statement for the year 2016, was as follows:

	Transactions settled in the year	Outstanding balances	Total
Financial assets			
Loans to Group companies and joint ventures	(4.1)	10.8	6.7
Derivatives	2.7	2.7	5.4
Other financial assets	(3.1)	2.8	(0.3)
Total financial assets	**(4.5)**	**16.3**	**11.8**
Financial liabilities			
Debts with financial institutions	12.1	(12.1)	-
Debts with Group companies and joint ventures	1.6	(2.1)	(0.5)
Derivatives	(1.2)	(0.1)	(1.3)
Other financial liabilities	-	0.3	0.3
Total financial liabilities	**12.5**	**(14.0)**	**(1.5)**
Total	**8.0**	**2.3**	**10.3**

Notes to the annual accounts (millions of euros)

18. REVENUES AND EXPENSES

18.1 Trade revenue

The Company operates in the travel industry and thus, events that may affect the industry could also have an impact on both the Company's operations and its financial position.

The segment information has been prepared in accordance how the segments are regularly reviewed by the chief operating decision maker in order to allocate resources to a segment and to assess its performance. The Company is organized into two operating segments on the basis of the different services offered:

— Distribution, where the primary offering is the GDS platform. It generates revenues mainly from booking fees the Company charges to travel providers for bookings made, as well as other non–booking revenues; and

— IT solutions, where the Company offers a portfolio of technology solutions (primarily Altéa PSS) that automate mission-critical processes for travel providers. This segment generates revenues from the transactions processed in our platform, as well as from other non-transactional services.

The information regarding the operating segments during 2017 and 2016, is as follows:

Operating segment	Year 2017	Year 2016
Distribution	3,123.9	2,905.5
IT solutions	1,179.6	1,050.3
Total	**4,303.5**	**3,955.8**

The processing of bookings and sales of transactional IT solutions depends on complex IT systems, and on billions of transactions processed during each year. The classification of the trade revenues between transactional and non-transactional during 2017 and 2016, is as follows:

	Year 2017	Year 2016
Transactional revenue	3,742.0	3,467.9
Non-transactional revenue	561.5	487.9
Total	**4,303.5**	**3,955.8**

Notes to the annual accounts (millions of euros)

The following geographical distribution of the services provided during the year 2017 and 2016, is primarily based on the country where bookings were made. Regarding those bookings directly made by the offices and the airline websites that are directly connected to the Amadeus system, as well as the IT solutions services, the home country of the customers is the criterion applied.

Geographical market	Year 2017	Year 2016
Spain	227.0	197.0
European Union	1,545.7	1,495.9
O.E.C.D.	1,282.4	1,127.7
Rest of the world	1,248.4	1,135.2
Total	4,303.5	3,955.8

18.2 Personnel expenses

The breakdown of the 'Personnel expenses' for the years 2017 and 2016, is as follows:

	Year 2017	Year 2016
Salaries, wages and similar	84.5	79.9
Social benefits		
Pension plan contributions	2.4	2.3
Other social costs	23.6	21.5
Total	110.5	103.7

18.3 Other operating expenses

The breakdown of the ´Other operating expenses´ caption includes distribution, product development, data processing, communications and administration expenses. The detail for the years 2017 and 2016, is as follows:

	Year 2017	Year 2016
Group companies	2,596.4	2,515.1
Joint ventures	123.2	123.9
Third parties	795.0	629.1
Total	3,514.6	3,268.1

Notes to the annual accounts (millions of euros)

18.4 Financial results

The detail of the financial income and expenses for the years 2017 and 2016, is as follows:

	Note	Year 2017	Year 2016
Financial income		**314.1**	**523.6**
From equity instruments		306.1	515.0
Dividends received from Group companies and joint ventures	9.2 & 19.1	305.6	514.5
Dividends received from third parties		0.5	0.5
From securities and other financial instruments		8.0	8.6
Loans to Group companies and joint ventures	19.1	7.9	8.3
Other financial income		0.1	0.3
Financial expenses		**(33.4)**	**(70.1)**
Debts with Group companies and joint ventures	19.1	(17.3)	(34.8)
Interest from debts		(16.0)	(33.9)
Arrangement fees amortisation		(1.3)	(0.9)
Debts with third parties		(16.1)	(35.3)
Interest from debts with financial institutions		(7.5)	(11.9)
Interest from derivatives financial instruments – hedge		(3.9)	(2.0)
Arrangement fees amortisation		(1.0)	(3.8)
Other financial expenses		(3.7)	(17.6)
Changes in fair value of financial instruments	11.2	**(2.7)**	**-**
Financial instruments held for trading and others		(2.7)	-
Exchange rate differences	17	**(19.9)**	**10.3**
Impairment and gains/ losses on disposal of financial instruments		**(2.9)**	**36.4**
Impairment and losses	9.2	(3.3)	33.7
Gains / (losses) on disposal of financial instruments		0.4	2.7
Financial profit / (loss)		**255.2**	**500.2**

The financial income and expenses measured in application of the effective interest method, mainly relate to the financial income from securities and other financial instruments and to the financial expenses from debts with Group companies and joint ventures and financial institutions.

Notes to the annual accounts (millions of euros)

18.5 Share-based payments

The Company has the following reward schemes in place for managers and employees:

18.5.1 Performance Share Plan

The Performance Share Plan (PSP) consists of a contingent award of shares of the Company to certain management. The final delivery of the shares at the end of the vesting period depends on the achievement of predetermined performance objectives that relate to value creation in Amadeus as well as employee service requirements. The performance objectives relate to the relative shareholder return (TSR) and the adjusted basic earnings per share (EPS) growth. The vesting period of each independent cycle is 3 years and no holding period applies.

This plan is considered as equity-settled and, accordingly, the fair value of the services received during the years ended as of December 31, 2017 and 2016, as consideration for the equity instruments granted, is presented in the income statement under the 'Personnel and related expenses' caption by an amount of €5.3 million and €8.3 million, respectively.

The detail of the shares allotted and fair value at grant date of the last four cycles of the PSP is set forth in the table below:

	PSP 2014	PSP 2015	PSP 2016	PSP 2017
Total shares allotted at grant date (1)	121,342	98,814	111,880	99,695
Fair value of those instruments at grant date (€)	30.45	34.74	37.73	49.49
Dividend yield	1.55%	1.41%	1.59%	1.47%
Expected volatility	23.00%	20.06%	22.37%	21.23%
Risk free interest rate	1.00%	0.56%	0.00%	0.00%

(1) This number of shares could increase up to double if all performance objectives are extraordinary.

During the year 2017, the PSP 2014 has been settled at the vesting date, implying that the Company transferred to the eligible employees 214,341 shares, due to the achievement of the performance objectives (187.00%), at a weighted average price of €53.70 per share. The Company used treasury shares to settle this share-based payments (Note 12.4).

During the year 2016, the PSP 2013 was settled at the vesting date, implying that the Company transferred to the eligible employees 477,020 shares, due to the achievement of the performance objectives (200.00%), at a weighted average price of €38.10 per share. The Company used treasury shares to settle this share-based payments (Note 12.4).

18.5.2 Restricted Share Plan

The Restricted Share Plan (RSP) consists on the delivery of a given number of shares of the Company to certain employees on a non-recurring basis, after predetermined services requirements are met. The RSP beneficiaries must remain employed in a Group company during a determined period of time, which oscillates between 2 and 5 years.

This plan is considered as equity-settled. The fair value of the services received as consideration for the equity instruments granted, 6,959 and 15,107 shares during the years 2017 and 2016 is presented in the income statement under the 'Personnel and related expenses' caption by an amount of €0 million and €0.1 million, respectively.

During the year 2017, certain RSP awards have been settled at vesting date, implying that the Company transferred to the eligible employees 500 shares in April at a weighted average price of €47.01 per share and 1,606 shares in November at a weighted average price of €59.90 per share. The Company used treasury shares to settle these share-based payments (Note 12.4).

During the year 2016, certain RSP awards were settled at vesting date, implying that the Company transferred to the eligible employees 237 shares in April at a weighted average price of €38.32 per share and 2,204 shares in November at a weighted average price of €40.30 per share. The Company used treasury shares to settle these share-based payments (Note 12.4).

18.5.3 Share Match Plan

The Share Match Plan (SMP) consists of a contingent award of shares of the Company to employees that voluntarily decided to participate in the plan. The final delivery of the shares at the end of the vesting period depends on the achievement of predetermined vesting conditions that relate to the purchase and holding of the shares, as well as the participant must remain employed in a Group company until the end of the cycle.

Under the terms of the SMP, the Company will grant the participants an additional share for every two purchased, provided if they hold the shares for a year after the purchase period has ended.

This plan is considered as equity-settled. The fair value of the services received as consideration for the equity instruments granted, 24,201 and 19,132 shares during the years 2017 and 2016, respectively, is presented in the income statement under the 'Personnel and related expenses' caption by an amount of €0.4 million and €0.3 million, respectively.

During the year 2017, the SMP 2015 has been settled according to the terms of the plan, implying that the Company transferred to the participants 5,741 shares, at a weighted average price of €54.04 per share. The Company used treasury shares to settle this share-based payments (Note 12.4).

During the year 2016, the SMP 2014 was settled according to the terms of the plan, implying that the Company transferred to the participants 7,586 shares, at a weighted average price of €39.07 per share. The Company used treasury shares to settle this share-based payments (Note 12.4).

Notes to the annual accounts (millions of euros)

19. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

19.1 Transactions with related parties

The breakdown of transactions with related parties for the year 2017, is as follows:

	Group companies	Joint ventures	Other related parties	Total
Services rendered	207.3	20.1	-	227.4
Other operating expenses	(2,596.4)	(123.2)	-	(2,719.6)
Interests from loans	7.9	-	-	7.9
Debt expenses	(17.3)	-	-	(17.3)
Dividends received	302.8	2.8	-	305.6
Dividends distributed	-	-	(0.7)	(0.7)
Remuneration	-	-	(19.2)	(19.2)
Total	**(2,095.7)**	**(100.3)**	**(19.9)**	**(2,215.9)**

The breakdown of transactions with related parties for the year 2016, was as follows:

	Group companies	Joint ventures	Other related parties	Total
Services rendered	188.3	16.7	-	205.0
Other operating expenses	(2,515.1)	(123.9)	-	(2,639.0)
Interests from loans	8.3	-	-	8.3
Debt expenses	(34.8)	-	-	(34.8)
Dividends received	514.6	(0.1)	-	514.5
Dividends distributed	-	-	(0.5)	(0.5)
Remuneration	-	-	(21.8)	(21.8)
Total	**(1,838.7)**	**(107.3)**	**(22.3)**	**(1,968.3)**

Notes to the annual accounts (millions of euros)

19.2 Balances with related parties

The breakdown of balances with related parties at December 31, 2017, is as follows:

	Group companies	Joint ventures	Other related parties	Total
Long-term investments				
Equity instruments	2,192.5	3.9	-	2,196.4
Loans to companies	419.6	-	-	419.6
Trade debtors	40.5	8.2	-	48.7
Short-term investments				
Loans to companies	14.2	-	-	14.2
Interests from loans to companies	1.7	-	-	1.7
Cash-pooling	206.3	-	-	206.3
Dividends	102.7	0.1	-	102.8
Long-term debts	(1,492.0)	-	-	(1,492.0)
Short-term debts				
Debts with companies	(498.4)	-	-	(498.4)
Interests from debts with companies	(1.8)	-	-	(1.8)
Cash-pooling	(98.7)	-	-	(98.7)
Dividends	-	-	(0.4)	(0.4)
Trade creditors	(435.0)	(26.0)	-	(461.0)
Total	**451.6**	**(13.8)**	**(0.4)**	**437.4**

Notes to the annual accounts (millions of euros)

The breakdown of balances with related parties at December 31, 2016, was as follows:

	Group companies	Joint ventures	Other related parties	Total
Long-term investments				
Equity instruments	2,195.8	3.9	-	2,199.7
Loans to companies	415.3	-	-	415.3
Trade debtors	48.1	6.4	-	54.5
Short-term investments				
Loans to companies	5.5	0.2	-	5.7
Interests from loans to companies	1.4	-	-	1.4
Cash-pooling	14.9	-	-	14.9
Dividends	235.2	0.2	-	235.4
Long-term debts	(991.6)	-	-	(991.6)
Short-term debts				
Debts with companies	(1,000.7)	-	-	(1,000.7)
Interests from debts with companies	(1.9)	-	-	(1.9)
Cash-pooling	(77.5)	-	-	(77.5)
Dividends	-	-	(0.3)	(0.3)
Trade creditors	(476.3)	(32.6)	-	(508.9)
Total	**368.2**	**(21.9)**	**(0.3)**	**346.0**

19.2.1 Trade debtors and creditors

The breakdown of the Trade debtors and Trade creditors as of December 31, 2017 and 2016, is as follows:

	31/12/2017	31/12/2016
Debtors		
For taxes	1.9	3.9
For other concepts	46.8	50.6
Total	**48.7**	**54.5**
Creditors		
For taxes	(0.1)	(0.1)
For other concepts	(460.9)	(508.8)
Total	**(461.0)**	**(508.9)**

As of December 31, 2017 and 2016, the captions ‘Group companies, debtor for taxes’ and ‘Group companies, creditors for taxes‘ include the estimated credit and debit that the Company has with the companies included in the Tax Consolidation Group, related to the Corporate Income Tax.

As of December 31, 2017 and 2016, the captions ‘Group companies, debtor for other concepts’ and ‘Group companies, creditors for other concepts‘ include the different transactions that the Company has with the companies that form the Amadeus Group for agreements in application of the transfer pricing policies.

19.2.2 Loans to Group companies

The detail of loans to Group companies at December 31, 2017, is as follows:

Group companies	Currency	Millions of euros	Reference interest	Due date
Amadeus Verwaltungs GmbH	EUR	168.3	1.13%	11/11/2019
Amadeus Hellas S.A.	EUR	36.6	0.73%	15/10/2019
Amadeus Central and West Africa S.A.	EUR	1.0	0.41%	20/06/2020
Content Hellas Electronic Tourism Services S.A.	EUR	0.2	0.73%	05/11/2019
Amadeus Corporate Business, AG	EUR	90.4	1.33%	08/04/2019
Amadeus Rezervasyon Dağıtım Sistemleri A.Ş.	EUR	3.0	0.41%	01/12/2020
Amadeus Polska Sp. z o.o.	EUR	0.6	1.87%	05/10/2018
Amadeus Hospitality Netherlands B.V.	EUR	2.5	0.59%	22/07/2018
Amadeus Albania sh.p.k	EUR	0.1	0.74%	15/01/2020
UFIS Airport Solutions (Thailand) Ltd.	USD	2.1	3.01%	14/04/2018
Amadeus Bolivia S.R.L.	USD	0.8	3.06%	18/04/2019
Amadeus GDS LLP	USD	0.9	3.27%	01/03/2019
Amadeus Global Travel Israel Ltd.	USD	2.7	3.74%	05/05/2018
Amadeus Lebanon S.A.R.L.	USD	0.2	2.49%	02/03/2020
Amadeus GDS Singapore Pte. Ltd.	USD	9.3	3.08%	01/02/2019
Amadeus Americas, Inc.	USD	103.1	2.76%	05/02/2019
Amadeus Argentina S.A., Uruguay branch	USD	1.8	2.92%	06/05/2020
Amadeus Perú S.A.	USD	0.6	3.63%	14/12/2018
Amadeus Perú S.A.	USD	2.9	0.00%	02/10/2018
Amadeus Marketing (Ghana) Ltd.	USD	0.4	3.05%	21/01/2019
Amadeus Marketing Nigeria Ltd.	USD	0.8	3.14%	28/11/2019
Amadeus Global Travel Distribution Ltd.	USD	0.8	2.56%	11/11/2019
Amadeus Marketing Phils Inc.	USD	2.8	3.85%	01/11/2018
Amadeus GTD Southern Africa Pty. Ltd.	USD	1.3	3.07%	20/07/2019
Amadeus Integrated Solutions Pty Ltd.	USD	0.6	2.49%	01/03/2020
Total		**433.8**		

19.2.3 Debts with Group companies

The detail of debts with Group companies at December 31, 2017, is as follows:

Group companies	Currency	Millions of euros	Reference interest	Due date
Amadeus Finance B.V.	EUR	300.3	(0.05)%	31/12/2018
Amadeus Capital Markets, S.A.U.	EUR	498.6	0.08%	19/05/2019
Amadeus Capital Markets, S.A.U.	EUR	497.6	0.25%	06/10/2020
Amadeus Capital Markets, S.A.U.	EUR	495.8	1.81%	17/11/2021
Amadeus Capital Markets, S.A.U.	EUR	0.2	0.00%	15/01/2018
UFIS Airport Solutions AS	EUR	16.9	0.00%	25/05/2018
Gestour S.A.S	EUR	0.3	0.00%	13/10/2018
Amadeus Slovenija, d.o.o.	EUR	0.6	0.00%	24/05/2018
Amadeus North America Inc.	USD	25.0	1.51%	02/01/2018
Navitaire LLC	USD	111.2	1.27%	25/01/2018
Amadeus IT Pacific Pty. Ltd.	AUD	29.6	1.80%	09/01/2018
Amadeus Scandinavia AB	SEK	11.9	0.00%	04/01/2018
Amadeus Norway AS	NOK	1.0	0.50%	04/01/2018
Amadeus Denmark A/S	DKK	1.4	0.00%	04/01/2018
Total		**1,990.4**		

On December 2, 2014, the Group company, Amadeus Finance B.V., under the debt instrument issuance programme Euro Medium Term Note Programme, issued bonds in the Euromarket for an amount of €400 million. The Company signed the agreement as the guarantor. Additionally, Amadeus Finance B.V. transferred the amount received in the issuance, net of related expenses, to the Company through a loan contract. The contract is registered under the ‘Short-term debts with Group companies’ caption. On December 2, 2017 the loan has been fully repaid.

Additionally, during 2015, the Group company Amadeus Finance B.V., made several issuances of commercial paper in the Euromarket. At December 31, 2017 and 2016, Amadeus Finance B.V. had outstanding commercial paper by an amount of €300.3 million and €485.2 million, respectively. The Company subscribed these agreements as guarantor. Amadeus Finance B.V. transferred the amount received in the issuances, net of related expenses, to the Company through a loan contract. The contract is registered under the ‘Short-term debts with Group companies’ caption.

Financial expenses for the years 2017 and 2016 derived from the aforementioned loans, amounting to €4.6 million and €4.5 million, respectively, are included in the income statement under ‘Interest from debts with Group companies’ caption.

On November 10, 2015, the Group company Amadeus Capital Markets, S.A., Sociedad Unipersonal, under the debt issuance Euro Medium Term Note Programme, issued bonds in the Euromarket for a total of €500 million. This company transferred the amount received, net of related expenses, to the Company, through a loan contract.

As of December 31, 2017, the amortised cost of this loan amounts €495.8 million, including the principal of €496.6 million and the arrangement fees of €0.8 million. This loan has a yearly interest rate of 1.64187% payable annually. Additionally, it includes an implicit interest rate of 0.17228% to be capitalised annually. This loan is registered under the 'Long-term debts with Group companies' caption.

On September 29, 2016, the Group company Amadeus Capital Markets, S.A., Sociedad Unipersonal, issued bonds in the Euromarket for a total of €500 million. This company transferred the amount received, net of related expenses, to the Company, through a loan contract.

As of December 31, 2017, the amortised cost of this loan amounts €497.6 million, including the principal of €498.2 million and the arrangement fees of €0.6 million. This loan has a yearly interest rate of 0.12559% payable annually. Additionally, it includes an implicit interest rate of 0.11973% to be capitalised annually. This loan is registered under the 'Long-term debts with Group companies' caption.

As of May 12, 2017 the Group company Amadeus Capital Markets, S.A., Sociedad Unipersonal, issued bonds in the Euromarket for a total of €500 million. This company transferred the amount received, net of related expenses, to the Company, through a loan contract.

As of December 31, 2017, the amortised cost of this loan amounts €498.6 million, including the principal of €499.2 million and the arrangement fees of €0.6 million. This loan has an implicit interest rate of 0.08411% to be capitalised annually. This loan is registered under the 'Long-term debts with Group companies' caption.

Financial expenses for the years 2017 and 2016 derived from the aforementioned loans with Amadeus Capital Markets, S.A., Sociedad Unipersonal, amounting to €11.2 million and €29.8 million, respectively, are registered in the income statement under the 'Interest from debts with Group companies' caption.

19.3 Board of Directors and Key Management remuneration

The position of Member of the Board of Directors is remunerated in accordance with the Company's Bylaws. The remuneration consists of a fixed remuneration to be determined by the General Shareholders' Meeting before the relevant financial year ends.

The remuneration to which the Chief Executive Officer may be entitled despite of their functions as Director, consists of salary (in cash and in kind), yearly and/or multiannual bonus, subject to the objectives fulfilment, share-based plans and any other compensation decided by the General Shareholders' Meeting held on June 25, 2015, for a period of 3 years.

On June 15, 2017 and June 24, 2016, the Ordinary General Shareholders' Meeting agreed a fixed remuneration for said functions, in cash or in kind, for the period January to December 2017 and 2016, with a limit of €1,426 thousand and €1,405 thousand, respectively, and it vested the Board of Directors with the authority to resolve on how said remuneration was to be distributed among the members of the Board, following article 36 of the Company's Bylaws. The Board of Directors of the Company may agree an unequal remuneration scheme distribution. No loans, advances or stock options have been granted to the members of the Board of Directors.

The breakdown by type of payment received by the members of the Board of Directors in 2017 and 2016, is as follows:

In thousands of euros	Year 2017		Year 2016	
Board members	Cash	In kind	Cash	In kind
José Antonio Tazón García	303	2	299	2
Guillermo de la Dehesa Romero	152	-	147	-
Luis Maroto Camino	35	-	35	-
Stuart Anderson McAlpine	86	-	89	-
Francesco Loredan	120	-	113	-
Clara Furse	136	-	154	-
David Webster	158	-	143	-
Pierre–Henri Gourgeon	113	-	111	-
Roland Busch	113	-	111	-
Marc Verspyck	113	-	111	-
Nicolas Huss	49	-	-	-
Pilar García Ceballos-Zúñiga	4	-	-	-
Total	1,382	2	1,313	2

As of December 31, 2017 and 2016, the Key Management personnel includes 11 and 9 members, respectively.

During the year ended December 31, 2017, the amounts accrued to the Key Management in respect of compensation in cash (base salary and bonus accrued), compensation in kind, contributions to pension plan and collective life insurance policies and share-based payments amounted to €7,161 thousand, €305 thousand, €452 thousand and €4,858 thousand, respectively (€5,254 thousand, €291 thousand, €499 thousand and €9,278 thousand, respectively, during the year ended December 31, 2016).

Additionally, the amounts accrued to the Chief Executive Officer in respect of compensation in cash (base salary and bonus accrued), compensation in kind, contributions to pension plan and collective life insurance policies and share based payments amounted to €2,018 thousand, €104 thousand, €176 thousand and €2,728 thousand, respectively (€2,033 thousand, €109 thousand, €173 thousand and €2,852 thousand respectively for the year ended December 31, 2016).

Notes to the annual accounts (millions of euros)

19.4 Directors' information regarding situations of conflict of interests

As of December 31, 2017, neither any of the members of the Board of Directors nor any other person related to them, in accordance with the Spanish Capital Companies Act, have reported to the Board of Directors any direct or indirect conflicting situation with the interests of the Company.

19.5 Other information related to the Board of Directors and Key Management

As of December 31, 2017 and 2016, investment held by the members of the Board of Directors in the share capital of the Company, is as follows:

Board members	Shares	
	31/12/2017	31/12/2016
José Antonio Tazón García	255,000	255,000
Luis Maroto Camino	201,480	187,018
David Webster	1	1
Pierre–Henri Gourgeon	400	400
Roland Busch	100	100
Total	**456,981**	**442,519**
Voting rights	**0.10414%**	**0.10084%**

The number of shares in the capital of the Company held by the members of the Key Management at December 31, 2017 is 273,128 shares. The number of shares in the capital of the Company held by the members of the Key Management at December 31, 2016 was 266,986 shares.

19.6 Financial structure

As mentioned in Note 1, the Company belongs to the Amadeus Group. Companies belonging to the Group, at December 31, 2017 and 2016, are detailed in the appendix attached to these annual accounts.

20. OTHER INFORMATION

20.1 Auditors' fees

The fees for the annual accounts auditing services in thousands of euros and other services rendered by the auditor's firm Deloitte, S.L. and other firms related thereto, for the years 2017 and 2016, are as follows:

In thousands of euros	Year 2017	Year 2016
Auditing	662	606
Other audit related services	723	664
Total auditing and related services	**1,385**	**1,270**
Tax advice	195	200
Other services	176	335
Total professional services	**371**	**535**
Total	**1,756**	**1,805**

20.2 Number of employees

The average number of employees and Board of Directors members of the Company during 2017 and 2016, is 982 and 855, respectively. Distribution by category and gender, is as follows:

	Year 2017		Year 2016	
	Female	Male	Female	Male
Board of Directors	2	9	1	7
Key Management and Vice Presidents	3	8	3	10
Directors	11	34	10	32
Managers	192	214	170	197
Disabled managers	1	-	1	-
Rest of personnel	296	206	244	176
Rest of disabled personnel	5	1	3	1

Notes to the annual accounts (millions of euros)

The number of employees and Board of Directors members of the Company as of December 31, 2017 and 2016, is 1,039 and 921, respectively. Distribution by category and gender, is as follows:

	31/12/17		31/12/16	
	Female	Male	Female	Male
Board of Directors	2	9	1	9
Key Management and Vice Presidents	3	7	3	9
Directors	10	31	11	37
Managers	202	232	182	195
Disabled managers	1	-	1	-
Rest of personnel	318	219	274	193
Rest of disabled personnel	5	-	5	1

20.3 Off–balance sheet commitments

At December 31, 2017 and 2016, the Company has guarantees issued to cover certain obligations entered into by Group companies and received from third parties, as per the following detail:

	31/12/2017	31/12/2016
Other guarantees and bank guarantees	22.1	124.2
Guarantees over office buildings and equipment	11.8	74.1
Bank guarantees on commercial contracts	5.0	5.9
Total	**38.9**	**204.2**

As of December 31, 2016 under the ‘Guarantees over office buildings and equipment’ caption, a guarantee was included amounting to €62.0 million over a mortage loan for the same amount. The mortage loan has been fully repaid as of December 31, 2017. Consequently, the Company has formally cancelled the said guarantee.

At December 31, 2017 and 2016 the guarantees undertaken by the Company, in the form of comfort letters, amount to €1.7 and €0.3 million, respectively.

21. ENVIRONMENTAL INFORMATION

Given its activity, the Company has no responsibilities, expenses, assets, liabilities or contingencies of an environmental nature that may have a significant impact on its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in the current notes to the annual accounts.

22. SUBSEQUENT EVENTS

On February 16, 2018, the treasury shares of the Company amount to 2,349,107 shares, that represents 0.5353% of its share capital, which will increase in the coming months with subsequent acquisitions as per the Share Buy-Back Programme (Note 12.4).

Notes to the annual accounts (millions of euros)

APPENDIX

The subsidiaries of the Company as of December 31, 2017 and 2016 are:

Name	Type of company	Country	Registered Address	Activity	Investment 31/12/2017 (%) (1) (2)	Investment 31/12/2016 (%) (1) (2)	Date of acquisition or creation (3)
Group companies							
Amadeus Airport IT Americas, Inc. (4)	Inc.	U.S.A.	5950 Hazeltine National Drive, Suite 210. Orlando, Florida. 32822.	Software development	100%	100%	21.04.15
Amadeus Airport IT GmbH	GmbH	Germany	Berghamer Str. 6 85435,Erding-Aufhasen.	Software development	100%	100%	11.06.12
Amadeus América S.A. (5)	Sociedad Anónima	Argentina	Ingeniero Enrique Butty 240 4° piso. Caba CP 1001.	Regional support	100%	100%	28.04.00
Amadeus Americas, Inc.	Inc.	U.S.A.	3470 NW 82nd Avenue Suite 1000 Miami, Florida 33122.	Regional support	100%	100%	17.04.95
Amadeus Argentina S.A.	Sociedad Anónima	Argentina	Ingeniero Enrique Butty 240 4° piso. Caba CP 1001.	Distribution	95.50%	95.50%	06.10.97
Amadeus Asia Limited	Limited	Thailand	21st, 23rd and 27th Floor, Capital Tower. 87/1 All Season Place. Wireless Road, Lumpini, Pathumwan. 10330 Bangkok.	Regional support	100%	100%	24.11.95
Amadeus Austria Marketing GmbH	GmbH	Austria	Dresdnerstrasse 91/C1/4, 1200 Wien.	Distribution	100%	100%	13.02.88
Amadeus Benelux N.V.	N.V.	Belgium	Medialaan, 30. Vilvoorde 1800.	Distribution	100%	100%	11.07.89
Amadeus Bilgi Teknolojisi Hizmetleri A.Ş.	Anonim Şirketi	Turkey	İstanbul Havalımanı Serbest Bölgesi, Plaza Ofis No: 1401 Kat: 14 34830 Yeşilköy, İstanbul.	Software development	100%	100%	03.04.13
Amadeus Bolivia S.R.L.	S.R.L	Bolivia	Equipetrol Norte. Calle J. Edificio "Rolea Center" Piso 1. Oficinas E & D. Santa Cruz.	Distribution	100%	100%	14.03.02
Amadeus Bosna d.o.o. za marketing Sarajevo	d.o.o.	Bosnia and Herzegovina	Midhat Karic Mitke 1, 71000 Sarajevo.	Distribution	100%	100%	01.06.01

Notes to the annual accounts (millions of euros)

Name	Type of company	Country	Registered Address	Activity	Investment 31/12/2017 (%) (1) (2)	Investment 31/12/2016 (%) (1) (2)	Date of acquisition or creation (3)
Amadeus Brasil Ltda.	Limited	Brazil	Rua das Olimpiadas 205 – 5 andar, Sao Paulo 04551-000.	Distribution	83.51%	83.51%	30.06.99
Amadeus Bulgaria EOOD	Limited	Bulgaria	1, Bulgaria Square, 16th Floor. Triaditza Region. 1463 Sofia.	Distribution	55.01%	55.01%	17.11.98
Amadeus Capital Markets, S.A., Sociedad Unipersonal	Sociedad Anónima Unipersonal	Spain	Calle Salvador de Madariaga 1, 28027, Madrid.	Financial activities	100%	100%	28.04.08
Amadeus Central and West Africa S.A.	S.A.	Ivory Coast	7, Avenue Nogues 08 BPV 228 Abidjan 01.	Distribution	100%	100%	03.10.01
Amadeus Content Sourcing, S.A., Sociedad Unipersonal	Sociedad Anónima Unipersonal	Spain	Calle Salvador de Madariaga 1, 28027, Madrid.	Intermediation	100%	100%	11.06.14
Amadeus Corporate Business, AG	AG	Germany	Marienbader Platz 1, 61348, Bad Homburg, v.d. Hohe, Frankfurt am Main.	Holding of shares	100%	100%	01.04.14
Amadeus Customer Center Americas S.A.	Sociedad Anónima	Costa Rica	Oficentro La Virgen II. Torre Prisma, Piso 5, Pavas, San José.	Regional support	100%	100%	29.06.09
Amadeus Czech Republic and Slovakia s.r.o.	s.r.o.	Czech Rep	Meteor Centre Office Park Sokolovská 100 / 94 Praha 8 – Karlin 186 00.	Distribution	100%	100%	19.09.97
Amadeus Data Processing GmbH (6)	GmbH	Germany	Berghamer Strasse 6. D-85435. Erding. Munich.	Data processing	100%	100%	15.04.88
Amadeus Denmark A/S (7)	A/S	Denmark	Oldenburg Allé 3,1.tv. DK-2630 Taastrup.	Distribution	100%	100%	31.08.02
Amadeus Eesti AS	AS	Estonia	Tuukri 19. 10152 Tallinn.	Distribution	100%	100%	27.12.13
Amadeus Finance B.V.	B.V.	The Netherlands	De Entrée 99, 1101 HE Amsterdam.	Financial activities	100%	100%	23.10.14
Amadeus France, S.A.	S.A.	France	Le Seine Saint Germain Bâtiment C, 2-8 Ave. Du Bas-Meudon. F-92445 Issy-Les-Moulineaux Cedex.	Distribution	100%	100%	27.04.98
Amadeus GDS LLP	LLP	Kazakhstan	48, Auezov Str., 4th floor, 050008, Almaty.	Distribution	100%	100%	08.01.02

Notes to the annual accounts (millions of euros)

Name	Type of company	Country	Registered Address	Activity	Investment 31/12/2017 (%) (1) (2)	Investment 31/12/2016 (%) (1) (2)	Date of acquisition or creation (3)
Amadeus GDS (Malaysia) Sdn. Bhd.	Sdn. Bhd.	Malaysia	Suite 1005, 10th Floor. Wisma Hamzah-kwong Hing. nº 1 Leboh Ampang. Kuala Lumpur 50100.	Distribution	100%	100%	02.10.98
Amadeus GDS Singapore Pte. Ltd.	Pte. Ltd.	Singapore	1 Wallich Street #27-00 Guoco Tower, Singapore 078881.	Distribution	100%	100%	25.02.98
Amadeus Germany GmbH	GmbH	Germany	Zentrale Finanzen SiemensstaBe 1, 61352. Bad Homburg.	Distribution	100%	100%	07.08.99
AMADEUSGLOBAL Ecuador S.A.	Sociedad Anónima	Ecuador	República del Salvador N35- 126 y Portugal, Edificio Zanté; piso 2 oficina 206, Quito.	Distribution	100%	100%	12.01.96
Amadeus Global Operations Americas, Inc. (4)	Inc.	U.S.A.	Corporate creations, Network Inc, 3411 Silverside Road #104 Rodney building, Wilmington, Delaware 19810. New Castle County.	Data processing	100%	100%	10.02.15
Amadeus Global Travel Distribution Ltd.	Limited	Kenya	P.O. Box 6680-00100, 14, Riverside off Riverside Drive, Grosvenor suite 4A, 4th Floor, Nairobi.	Distribution	100%	100%	03.07.03
Amadeus Global Travel Israel Ltd.	Limited	Israel	14 Ben Yehuda St. 61264, Tel Aviv.	Distribution	100%	100%	23.03.00
Amadeus GTD (Malta) Limited	Limited	Malta	Birkirkara Road. San Gwann. SGN 08.	Distribution	100%	100%	17.02.04
Amadeus GTD Southern Africa Pty. Ltd.	Pty. Ltd.	South Africa	Turnberry Office Park. 48 Grosvenor Road, Bryanston 2021 Johannesburg.	Distribution	100%	100%	01.01.03
Amadeus Hellas, S.A.	S.A.	Greece	Sygrou Ave. 157. 17121 N. Smyrni -Athens.	Distribution	100%	100%	02.02.93
Amadeus Honduras, S.A. (4)	Sociedad Anónima	Honduras	Edificio El Ahorro Hondureño. Cía. de Seguros, S.A. 4to Nivel - Local B. Av. Circunvalación. San Pedro Sula.	Distribution	100%	100%	17.03.98
Amadeus Hong Kong Ltd.	Limited	China	3/F, Henley Building nº 5, Queen's Road. Central Hong Kong.	Distribution	100%	100%	21.08.03

Notes to the annual accounts (millions of euros)

Name	Type of company	Country	Registered Address	Activity	Investment 31/12/2017 (%) (1) (2)	Investment 31/12/2016 (%) (1) (2)	Date of acquisition or creation (3)
Amadeus Hospitality Americas, Inc. (4)	Inc.	U.S.A.	75 New Hampshire Ave, Portsmouth NH 03801.	Distribution and Software development	100%	100%	05.02.14
Amadeus Hospitality Asia Pacific Pte. Ltd. (4)	Limited	Singapore	600 North Bridge Road, #14-02 Parkview Square, Singapore 188778.	Distribution and Software development	100%	100%	05.02.14
Amadeus Hospitality Netherlands B.V.	B.V.	The Netherlands	Chasséveld 15-G 4811 DH Breda.	Distribution and Software development	100%	100%	21.07.15
Amadeus Hospitality UK Limited (4)	Limited	U.K.	Fourth Floor Drapers Court, Kingston Hall Road, Kingston-upon-Thames, Surrey KT1 2BQ.	Distribution and Software development	100%	100%	05.02.14
Amadeus Information Technology LLC	Limited Liability	Russia	M. Golovin line 5, 2nd floor, 107045, Moscow.	Distribution	100%	100%	28.03.08
Amadeus Integrated Solutions Pty Ltd.	Limited	South Africa	Turnberry Office Park, 48 Grosvenor Road, Bryanston, Johannesburg.	Distribution	100%	100%	30.08.11
Amadeus IT Group Colombia S.A.S	Limitada	Colombia	Carrera 11 No. 84 - 09 6° piso Edificio Torre Amadeus, Bogotá.	Distribution	100%	100%	25.07.02
Amadeus IT Pacific Pty. Ltd.	Pty. Limited	Australia	Level 7 180 Thomas Street 2000 Haymarket, Sydney.	Distribution	100%	100%	18.11.97
Amadeus IT Services UK Limited	Limited	U.K.	3rd Floor First Point, Buckingham Gate, Gatwick, West Sussex RH6 0NT.	Distribution and Software development	100%	100%	13.07.88
Amadeus Italia S.p.A.	Societá per Azioni	Italy	Via Morimondo, 26. 20143 Milano.	Distribution	100%	100%	18.12.92
Amadeus Japan K.K.	K.K.	Japan	SPP Ginza Building 5F, 2-4-9 Ginza, Chuo-Ku, Tokio 104-0061.	Distribution	100%	100%	01.01.05

Notes to the annual accounts (millions of euros)

Name	Type of company	Country	Registered Address	Activity	Investment 31/12/2017 (%) (1) (2)	Investment 31/12/2016 (%) (1) (2)	Date of acquisition or creation (3)
Amadeus Korea, Ltd	Limited	Republic of Korea	Kyobo Securities Building-Youldo 10F, Bldg. 26-4 Youido-dong, Yongdungpo-gu, Seoul 150-737.	Software development and software definition	100%	100%	14.11.11
Amadeus Lebanon S.A.R.L.	S.A.R.L.	Lebanon	Gefinor Centre P.O. Box 113-5693 Beirut.	Distribution	100%	100%	07.05.09
Amadeus Magyaroszag Kft	Korlatolf Felelossegu Tarsasag	Hungary	1075 Budapest. Madách Imre út 13-14. Budapest.	Distribution	100%	100%	13.10.93
Amadeus Marketing (Ghana) Ltd.	Limited	Ghana	12 Quarcoo Lane, West Airport Residential Area, Accra.	Distribution	100%	100%	14.11.00
Amadeus Marketing Ireland Ltd.	Limited	Ireland	65 Charlemont Street Dublin 2.	Distribution	100%	100%	20.06.01
Amadeus Marketing Nigeria Ltd.	Limited	Nigeria	26, Ladipo Bateye Street, G.R.A., Ikeja, Lagos.	Distribution	100%	100%	18.05.01
Amadeus Marketing Phils Inc.	Inc.	Philippines	36th Floor, LKG Tower Ayala Avenue, Makati City.	Distribution	100%	100%	09.06.97
Amadeus Marketing Romania S.R.L.	S.R.L.	Romania	246C Calea Floreasca, Sky Tower Building, 19th floor, 014476, Bucharest.	Distribution	100%	100%	22.01.03
Amadeus Marketing (Schweiz) A.G.	A.G.	Switzerland	Pfingstweidstrasse 60. Zurich CH 8005.	Distribution	100%	100%	14.06.94
Amadeus México, S.A. de C.V. (8)	Sociedad Anónima	Mexico	Pº de la Reforma nº 265, Piso 11. Col. Cuauhtemoc 06500 México D.F.	Distribution	100%	100%	13.02.95
Amadeus North America Inc. (4)	Inc.	U.S.A.	3470 NW 82nd Avenue Suite 1000 Miami, Florida 33122.	Distribution	100%	100%	28.04.95
Amadeus Norway AS (7)	AS	Norway	Post boks 6645, St Olavs Plass, NO-0129 Oslo.	Distribution	100%	100%	31.08.02
Amadeus Paraguay S.R.L.	S.R.L.	Paraguay	Luis Alberto de Herrera 195 esquina Fulgencio Yegros. Edificio Inter Express - Piso 2, Oficina 202, Asunción.	Distribution	100%	100%	13.03.95

Notes to the annual accounts (millions of euros)

Name	Type of company	Country	Registered Address	Activity	Investment 31/12/2017 (%) (1) (2)	Investment 31/12/2016 (%) (1) (2)	Date of acquisition or creation (3)
Amadeus Perú S.A.	Sociedad Anónima	Peru	Víctor Andrés Belaunde, 147. Edificio Real 5, Oficina 902. San Isidro, Lima.	Distribution	100%	100%	12.10.95
Amadeus Polska Sp. z o.o.	Sp. z o.o.	Poland	ul. Domaniewska 49, Warsaw 26-672.	Distribution	100%	100%	17.12.92
Amadeus Revenue Integrity Inc. (4)	Inc.	U.S.A.	3530 E. Campo Abierto, Suite 200, Tucson, AZ – 85718.	Information technology	100%	100%	07.11.03
Amadeus Rezervasyon Dağıtım Sistemleri A.Ş.	Anonim Şirketi	Turkey	Barbaros Plaza İş Merkezi. Dikilitaş Mah. Emirhan Cad. No:113 Kat:18 34349 Istanbul	Distribution	100%	100%	11.05.94
Amadeus S.A.S.	Société par Actions Simplifiée	France	Les Bouillides, 485 Route du Pin Montard. Boite Postale 69. F-06902 Sophia Antipolis Cedex.	Software development and software definition	100%	100%	02.05.88
Amadeus Scandinavia AB	Limited	Sweden	Hälsingegatan 49 6tr, Box 660 SE-113 84 Stockholm.	Distribution	100%	100%	31.08.02
Amadeus Services Ltd.	Limited	U.K.	World Business Centre 3. 1208 Newall Road. Heathrow Airport. Hounslow TW6 2RB Middlesex.	Software development	100%	100%	20.07.00
Amadeus Slovenija, d.o.o.	d.o.o	Slovenia	Dunajska 122, 1000 Ljubljana.	Distribution	100%	100%	15.04.16
Amadeus Software Labs India Private Limited (9)	Limited	India	6th Floor, Etamin Block, Prestige Technology Park-II, Marathahalli-Srajapur Outer Ring Road, 560103 Bangalore.	Software development and software definition	100%	100%	21.02.12
Amadeus Software Technology (Shanghai) CO., Ltd (4)	Limited	China	1709 You You International Plaza, No.76 Pujian Road, Pudong New Area 200127 Shanghai.	Distribution and Software development	100%	100%	05.02.14
Amadeus Soluciones Tecnológicas, S.A., Sociedad Unipersonal	Sociedad Anónima Unipersonal	Spain	Edificio Iris, Ribera del Loira 4-6, 28042, Madrid.	Distribution	100%	100%	23.09.98
Amadeus Taiwan Co. Ltd.	Limited	Limited by shares	12F, No. 77 Sec.3, Nan-Jing E. Rd. Taipei City.	Distribution	100%	100%	10.07.08

Notes to the annual accounts (millions of euros)

Name	Type of company	Country	Registered Address	Activity	Investment 31/12/2017 (%) (1) (2)	Investment 31/12/2016 (%) (1) (2)	Date of acquisition or creation (3)
Amadeus Verwaltungs GmbH	GmbH	Germany	Unterreut 6. 76135 Karlsruhe.	Holding of shares	100%	100%	21.06.05
Amadeus Yemen Limited (10)	Limited	Yemen	Al-Zubairi Street. Aman Tower Building – 6th Floor. Sana'a.	Distribution	100%	100%	31.10.08
Content Hellas Electronic Tourism Services S.A.	Limited Liability Company	Greece	157, Syngrou Av., 3rd floor, N. Smyrni, 17121 Athens.	Distribution	100%	100%	14.09.09
CRS Amadeus America S.A. (11)	Sociedad Anónima	Uruguay	Av. 18 de Julio 841. Montevideo 11100.	Regional support	100%	100%	22.07.93
Enterprise Amadeus Ukraine	Limited Liability Company	Ukraine	Podil Plaza business center 30, Spasska street. 04070 Kyiv.	Distribution	100%	100%	22.10.04
Gestour S.A.S.	Société par Actions Simplifiée	France	16, Avenue de l'Europe, 67300 Schiltigheim.	Software development	100%	100%	01.06.10
i:FAO AG (12)	AG	Germany	Clemensstrasse 9 60487 Frankfurt am Main.	Holding of shares	88.89%	70.72%	25.06.14
i:FAO Bulgaria EOOD (12)	EOOD	Bulgaria	Antim Tower, Level 15, 2 Kukush Street, 1309 Sofia.	Software development	88.89%	70.72%	25.06.14
i:FAO Group GmbH (12)	GmbH	Germany	Clemensstrasse 9 60487 Frankfurt am Main.	Distribution and Software development	88.89%	70.72%	25.06.14
Latinoamérica Soluciones Tecnológicas SPA (13)	SPA	Chile	Isidora Goyenechea 2939 P/10, Las Condes, Santiago.	Distribution	100%	100%	21.02.14
Navitaire LLC	LLC	U.S.A.	333 South Seventh Street Suite 1800, 55402 Minneapolis.	Software development	100%	100%	26.01.16
Navitaire Philippines Inc.	Inc.	Philippines	8767 Paseo De Roxas, Metro Manila, 16F Philamlife Tower, 1200, Makati City, Manila.	Software development	100%	100%	26.01.16
NMC d.o.o. Skopje	d.o.o	Macedonia	Gradski Zid, Blok 4/8, 1000 Skopje.	Distribution	51%	51%	15.04.16
NMC Tirana sh.p.k.	sh.p.k.	Albania	Bulevardi Deshmoret e Kombit, Tirana.	Distribution	100%	100%	15.04.16

Notes to the annual accounts (millions of euros)

Name	Type of company	Country	Registered Address	Activity	Investment 31/12/2017 (%) (1) (2)	Investment 31/12/2016 (%) (1) (2)	Date of acquisition or creation (3)
NMTI Holdings, Inc. (4)	Inc.	U.S.A.	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Registry of Delaware 19801 - Delaware 4326008.	Holding of shares	100%	100%	05.02.14
Pixell online marketing GmbH (14)	GmbH	Germany	Mozartstr. 4bD-53115 Bonn.	Distribution and Software development	-	100%	09.03.10
Private Enterprise 'Content Ukraine' (15)	Limited Liability Company	Ukraine	Podil Plaza business center 30, Spasska street. 04070 Kyiv.	Distribution	100%	100%	23.08.06
PT Amadeus Technology Indonesia (16)	Limited Liability Company	Indonesia	UOB Plaza Floor 39, Unit 2, Jl. M.H. Thamrin No. 10, Jakarta 10230.	Distribution	100%	-	23.02.17
Pyton Communication Services B.V.	B.V.	The Netherlands	Schatbeurderlaan 10, Postbus 116 6002 AC Weert.	Distribution and Software development	100%	100%	30.06.98
Pyton Communication Services Deutschland GmbH (17)	GmbH	Germany	Kölner Straße 7A D - 51789 Lindlar.	Software development	100%	100%	21.08.15
SIA Amadeus Latvija	SIA	Latvia	8 Audeju Street, LV-1050 Riga.	Distribution	100%	100%	31.08.02
Sistemas de Distribución Amadeus Chile, S.A.	Sociedad Anónima	Chile	Marchant Pereira No 221, piso 11. Comuna de Providencia, Santiago.	Distribution	100%	100%	06.05.08
Sistemas de Reservaciones CRS de Venezuela, C.A.	C.A.	Venezuela	Av. Francisco de Miranda, Edif. Parque Cristal, Torre Este, Piso 3, Ofic 3 - 7A, Urb. Los Palos Grandes, Cod. Postal 1060, Caracas.	Distribution	100%	100%	14.11.95
Travel Audience, GmbH (18)	GmbH	Germany	Elsenstraße 106 12435 Berlin.	E-Commerce	100%	100%	23.11.11
Traveltainment GmbH (14)	GmbH	Germany	Carlo-Schmid-Straße 12 52146 Würselen/Aachen.	Software development	100%	100%	27.09.06
Traveltainment UK Ltd. (18) (11)	Limited	U.K.	Unit 102 Culley Court, Orton Southgate, Peterborough, PE2 6WA.	Software development	100%	100%	27.09.06

Notes to the annual accounts (millions of euros)

Name	Type of company	Country	Registered Address	Activity	Investment 31/12/2017 (%) (1) (2)	Investment 31/12/2016 (%) (1) (2)	Date of acquisition or creation (3)
Tshire Travel Solutions and Services (PTY) Ltd. (19)	Pty Ltd.	South Africa	Turnberry Office Park. 48 Grosvenor Road, Bryanston. 2021 Johannesburg.	Distribution	-	-	01.07.11
UAB Amadeus Lietuva	UAB	Lithuania	Olimpieciu 1A-9B, LT-09200, Vilnius.	Distribution	100%	100%	31.08.02
UFIS Airport Solutions AS	AS	Norway	Cort Adelers gate 17, 0254 Oslo.	Holding of shares	100%	100%	24.01.14
UFIS Airport Solution Holding Ltd. (20) (21)	Limited	Thailand	Suvarnabhumi Airport Operation Building, 999 Moo 1, Suite Z4-007, Bangna-Trad KM 15 Road, Nong Prue, Bang Phli, Samutprakarn 10540.	Holding of shares	49%	49%	24.01.14
UFIS Airport Solutions (Thailand) Ltd. (20) (22)	Limited	Thailand	Suvarnabhumi Airport Operation Building, 999 Moo 1, Suite Z4-007, Bangna-Trad KM 15 Road, Nong Prue, Bang Phli, Samutprakarn 10540.	Software development	74%	74%	24.01.14
UFIS Airport Solutions Pte Ltd (11) (23)	Limited	Singapore	300 Beach Road #14-06, The Concourse, Singapore 199555.	Software development	100%	100%	24.01.14
<u>Joint ventures and associates</u>							
Amadeus Algerie S.A.R.L.	S.A.R.L.	Algeria	06, Rue Ahcéne Outaleb ‘les Mimosas’ Ben Aknoun.	Distribution	40%	40%	27.08.02
Amadeus Egypt Computerized Reservation Services S.A.E. (24)	S.A.E.	Egypt	Units 81/82/83 Tower A2 at Citystars. Cairo.	Distribution	100%	100%	28.03.05
Amadeus Gulf L.L.C.	Limited Liability Company	United Arab Emirates	7th Floor, Al Kazna Insurance Building, Banyas Street. P.O. Box 46969. Abu Dhabi.	Distribution	49%	49%	27.12.03
Amadeus Libya Technical Services JV	Limited Liability Company	Libya	Abu Kmayshah st. Alnofleen Area, Tripoli.	Distribution	25%	25%	08.10.09
Amadeus Maroc S.A.S.	S.A.S.	Morocco	Route du Complexe Administratif. Aéroport Casa Anfa. BP 8929, Hay Oulfa. Casablanca 20202.	Distribution	30%	30%	30.06.98

Notes to the annual accounts (millions of euros)

Name	Type of company	Country	Registered Address	Activity	Investment 31/12/2017 (%) (1) (2)	Investment 31/12/2016 (%) (1) (2)	Date of acquisition or creation (3)
Amadeus Qatar W.L.L.	W.L.L.	Qatar	Al Darwish Engineering W.W.L. Building nº 94 'D' Ring road 250. Hassan Bin Thabit – Street 960. Doha.	Distribution	40%	40%	03.07.01
Amadeus Saudi Arabia Limited (24) (25)	Limited	Saudi Arabia	3rd Floor, Diner's Square Center, King Abdulaziz Road P.O. Box no. 16196 Jeddah 21464.	Distribution	100%	100%	06.05.04
Amadeus Sudani co. Ltd.	Limited	Sudan	Street 3, House 7, Amarat. Khartoum 11106.	Distribution	40%	40%	21.09.02
Amadeus Syria Limited Liability (24)	Limited	Syria	Shakeeb Arslan Street Diab Building, Ground Floor. Abu Roumaneh, Damascus.	Distribution	100%	100%	04.12.08
Amadeus Tunisie S.A.	Société Anonyme	Tunisia	41 bis. Avenue Louis Braille. 1002 Tunis – Le Belvedere.	Distribution	30%	30%	06.09.99
Hiberus Travel IO Solutions, S.L.	S.L.	Spain	Parque Empresarial Plaza, Calle Bari, 25 Duplicado, 50197, Zaragoza.	Software development	24.88%	24.88%	14.05.15
Jordanian National Touristic Marketing Private Shareholding Company	Limited	Jordan	Second Floor, nº 2155, Abdul Hameed Shraf Street Shmaisani. Amman.	Distribution	50%	50%	19.05.04
Moneydirect Limited (26)	Limited Liability Company	Ireland	First Floor, Fitzwilton House, Wilton Place, Dublin.	Electronic payment services	-	50%	20.12.07
Qivive GmbH (11) (27)	GmbH	Germany	c/o Rechtsanwälte Amend Minnholzweg 2b. 61476 Kronberg im Taunus.	Information technology	33.33%	33.33%	26.02.03

(1) In certain cases, companies are considered to be wholly-owned subsidiaries, even though local statutory obligations require them to have more than one shareholder or a specific percentage of the capital stock owned by citizens and/or legal entities of the country concerned. These shareholders are not entitled to any economic right.
(2) Unless otherwise stated, all share percentages are direct.
(3) In the case of various investments or capital increases, the date of acquisition or creation refers to the first one.
(4) The share percentage in these companies is held through Amadeus Americas, Inc.
(5) The share percentage in this company is 95% direct and 5% indirect, through Amadeus Soluciones Tecnológicas, S.A., Sociedad Unipersonal.
(6) The share percentage in this company is held through Amadeus Verwaltungs GmbH.
(7) The share percentage in these companies is held through Amadeus Scandinavia AB.
(8) The share percentage in this company is 98% direct and 2% indirect, through Amadeus Soluciones Tecnológicas, S.A., Sociedad Unipersonal.
(9) The share percentage in this company is 99.99 % indirect, through Amadeus S.A.S. and 0.01% through Amadeus Asia Limited.
(10) On January 1, 2017, the company Amadeus Yemen Limited became Group company, previously considered joint venture.
(11) These companies are in the process of being liquidated.
(12) The share percentage in these companies is held through Amadeus Corporate Business, AG.
(13) The share percentage in this company is held through Sistemas de Distribución Amadeus Chile, S.A.
(14) On January 1, 2017, the companies Traveltainment GmbH and Pixell online marketing GmbH were merged. The resulting company was named Traveltainment GmbH.
(15) The share percentage in this company is held through Enterprise Amadeus Ukraine.
(16) The share percentage in this company is 99% direct and 1% indirect, through Amadeus Asia Limited.
(17) The share percentage in this company is held through Pyton Communication Services B.V.
(18) The share percentage in these companies is held through Traveltainment AG.
(19) The control of this company was held through Amadeus Integrated Solutions Pty Ltd at December 31, 2016.
(20) The control of this companies is held through Amadeus Asia Limited.
(21) The Company controls 79.35% of the voting rights of this company.
(22) The share percentage in this company is 49% indirect, through Amadeus Asia Limited and 25% indirect, through UFIS Airport Solutions Holding Ltd. The Company controls 89.47% of the voting rights of this company.
(23) The share percentage in this company is held through UFIS Airport Solutions AS.
(24) These companies are considered joint ventures, as the Company does not have control over them according to contractual agreements. There are no restrictions for transferring funds.
(25) The share percentage in this company is 95% direct and 5% indirect, through Pyton Communication Services, B.V.
(26) This company has been liquidated during 2017.
(27) The share percentage in this company is held through Amadeus Germany GmbH.

Amadeus IT Group, S.A.

Directors' Report
for the year ended
December 31, 2017

DIRECTORS' REPORT OF AMADEUS IT GROUP, S.A.

Given the structure and operative processes of Amadeus Group, the Management considers that the Group Directors' Report shows a more adequate overview of the Group activity than the standalone financial information of Amadeus IT Group, S.A. The aforementioned report is part of the consolidated annual accounts.

1. INTRODUCTION

The management team continued its focus on strengthening the value proposition for our clients. On one side, securing the most comprehensive content for our travel agency subscribers and on the other, widening our global reach via market share gains and building our product portfolio and functionalities, both in the distribution and the IT solutions businesses. We continue to invest in order to maintain our technology leadership position and our competitive edge, and aim to strengthen our leadership position in all of our businesses whilst expanding our reach, particularly in our new initiatives in the IT solutions businesses.

The following are some selected business highlights for 2017:

Distribution

Airline distribution

During 2017, we have signed 55 new contracts or renewals of content agreements with airlines, including TUI fly, Air Canada, Westjet Airlines, Korean Air, Delta Airlines, El Al and Avianca Argentina and 12 low cost carriers (LCC).

Subscribers to Amadeus' inventory can now access over 110 LCC and hybrid carriers' content worldwide, including Eurowings, which signed up for Amadeus Light Ticketing in September. Thanks to this XML connectivity, travel agents connected to Amadeus can book all the Eurowings' published fares and add ancillaries to the booking. LCC and hybrid carriers' bookings grew 9% in 2017 compared to the previous year.

Our customers have continued to show interest for our merchandising solutions throughout 2017. At the close of the year, 143 airlines had signed up to Amadeus Airline Ancillary Services, including Air Canada, Malaysia Airlines and All Nippon Airways, and 115 had implemented the solution. A total of 66 carriers had contracted Amadeus Fare Families, which allows airlines to distribute branded fares, with 50 of them already implemented. Emirates signed up and implemented both Amadeus Airline Ancillary Services and Amadeus Fare Families during the first quarter. In 2017, c.70% of the global air bookings processed through the Amadeus GDS system were eligible to carry an attached ancillary service.

We achieved New Distribution Capability (NDC) Level 1 certification as an aggregator from IATA in October. This certification follows on from Amadeus becoming one of the first technology companies to receive NDC Level 3 certification as an IT provider, the highest level of certification, in June 2016. Our aim is to become NDC Level 3 certified as aggregator in 2018.

Hotel distribution

In December, we signed a deal with Expedia Affiliate Network (EAN) that will allow travel sellers worldwide to book EAN's rates and availabilities at more than 350,000 hotels worldwide through Amadeus. The agreement includes full-service hotel brands, boutique hotels, and serviced apartments.

IT solutions

Corporate IT

We have continued to strengthen our corporate customer portfolio during 2017. In July, we launched a new mobile application for Salesforce. Amadeus cytric Travel & Expense is now available to all corporations using Salesforce and will allow them to calculate the return on investment of every business trip, as the solution provides a complete view of travel spend as its connects Salesforce opportunities with the cost of each business trip. It will also offer a smooth travel booking experience for frequent business travellers.

Airline IT

At the end of the year, 199 customers had contracted either of the Amadeus Passenger Service Systems and 195 had implemented them.

Air Canada contracted the full Amadeus Altéa Suite in October. In addition to this, the airline also signed up for a range of other Amadeus airline IT and payments solutions, including Anytime Merchandising, Revenue Integrity and Passenger Recovery. This contract further reinforces our partnership with Air Canada, following the launch of the new aircanada.com in March. Powered by Amadeus' technology, the website offers a new booking and shopping experience to the carriers' customers, while bringing new selling opportunities for the airline.

Flybe, Europe's largest regional airline, signed up for the full Altéa Suite in November. Thanks to the Altéa Suite, Flybe's passengers will benefit from an enhanced digital experience including personalized offers, tailored pricing and mobile disruption management. Additionally, Flybe contracted Amadeus e-Retail, Amadeus Anytime Merchandising, and Amadeus Customer Experience Management.

Also, Boliviana de Aviación, MIAT Mongolian Airlines, Air Algerie and Germania contracted Altéa PSS.

In terms of implementation we have had an intense activity. Southwest Airlines migrated its domestic flights to Altéa in May. Southwest's new reservation system brings an array of features designed to allow Southwest to: optimize its flight schedule, more easily manage inventory between any given origin and destination, govern the value of potential ancillary services, and automate rebookings during flight disruptions. The carrier began operating its international flights through Altéa in July 2014.

Malaysia Airlines and Kuwait Airways also implemented Altéa.

Our upselling efforts for our airline IT portfolio continued in 2017. In March, Finnair and Amadeus launched the Amadeus Altéa NDC solution. This new NDC API offers an additional distribution option for travel retailers to integrate Finnair's flights, seats and ancillaries. Finnair is piloting the solution with Skyscanner and now travellers purchasing Finnair flights from Skyscanner can complete their purchase without leaving the Skyscanner platform. Later in the year we also signed with Finnair Amadeus Digital API to make its booking process easier and more flexible.

We also strengthened our relationship with FlyDubai with the launch of OPEN, the airline's unique loyalty programme, which uses Amadeus Loyalty Management. Singapore Airlines implemented Altéa Revenue Management solutions during the first quarter of 2017, whilst Swiss International Air Lines, launch partner of Amadeus Passenger Recovery, started using the solution in March.

In Latin America, LATAM contracted Altéa DCS Flight Management, and GOL contracted Altéa DCS Customer Management, as well as Amadeus Revenue Integrity, Amadeus Flex Pricer and Altéa Reservation Gateway.

Other upselling deals included Flyadeal, which contracted and implemented Altéa DCS Flight Management, All Nippon Airways, which contracted Airline Cloud Availability, and SmartWings, which signed up and implemented for Altéa DCS Customer Management.

Airport IT

Our portfolio of Airport IT customers continued to expand its international footprint in 2017. Adelaide Airport announced in March that it will implement Australasia's first fully automated and cloud-based airport management system. The airport will implement three Amadeus airport solutions: Airport Operational Database (AODB), Airport Fixed Resource Management Solution (RMS) and Flight Innovation Display System. Velana International Airport, the main international airport in the Maldives, deployed Amadeus' airport management solutions in November. The airport implemented Amadeus Airport Operational Database and Amadeus Airport Fixed Resource Management Solution. In December, Biarritz Airport contracted Amadeus Airport Common Use Service (ACUS) to increase agility and flexibility of operations to airlines, ground handlers and passengers.

We made strong progress in our airport IT business across the CIS region in 2017. We signed new contracts with Aktau International Airport, which signed up for Amadeus Airport Common Use Service (ACUS); and Heydar Aliyev International Airport, that contracted the Amadeus' full suite of airport solutions including Amadeus Common Use Service (ACUS), Baggage Reconciliation System (BRS), Airport Operational Database (AODB). Almaty International Airport successfully implemented ACUS and BRS in December.

We also strengthened our airport IT footprint in the North American market, with a number of new customers including Louis Armstrong New Orleans International Airport, which contracted the Extended Airline System Environment (EASE); Pittsburgh International Airport, that signed up for AODB and RMS; Calgary International Airport and Pittsburgh International Airport which contracted our Airport Operational Database (AODB) and Resource Management System (RMS) solutions and Fort Lauderdale-Hollywood International Airport, which signed up for the Amadeus' Virtual Ramp Control.

Hong Kong International Airport and Amadeus announced an agreement to deploy the world's first hot-swappable battery powered movable check-in kiosks with both self-service and full-service mode. The versatile kiosks are powered by Amadeus' common use technology and can be rapidly deployed and relocated for use by the traveller to check-in themselves or the airport staff to provide full-service operations. Finally, we also announced a partnership with Off Airport Check-In Solutions (OACIS) to launch the world's first 'pop up' check-in service. Using Amadeus' Airport Common Use Service (ACUS) cloud technology, OACIS can provide travellers with an off-airport, fully mobile check-in service that can be set up at any location. OACIS checks-in the traveller and their luggage, securely transports their bags to the airport and injects them directly into the airport baggage system. Virgin Australia is the first airline to adopt the service and has already piloted it at the Sydney overseas passenger terminal for cruise ships and ocean liners.

Hospitality

In November, Premier Inn announced that it had signed up for two key capabilities of our Hospitality platform: the Central Reservation System (CRS) and the Property Management System (PMS). Together, both solutions will offer the hotel chain a 360° view of all its properties and will allow the company to better personalize its offering. Premier Inn also became the first hotel chain to adopt the Amadeus Payment solutions.

We continued to advance with InterContinental Hotels Group and together we have initiated the planned Guest Reservation System roll-out in the fourth quarter of 2017, with full deployment expected by late 2018/early 2019.

Payments

We partnered with Ingenico to launch Amadeus Airport Pay in June. Thanks to this payment solution, carriers and ground handlers can take payments anywhere in the airport as the solution is independent from airport technology. Lufthansa Group, as launch partner, has already started the roll-out of the solution, to be deployed at check-in desks and ticket offices in over 170 airports worldwide.

Rail

In March, we unveiled a new business model for railways, which will enable railways to reach new travellers in new markets. This merchant model provides travel agencies around the world with one link to sell multiple railways. The new model currently includes the full offers of DB (German), RENFE (Spain), SNCF (French, available in Central, Eastern and Southern Europe only), Trenitalia (Italy) selected eastern European rail operators.

Travel Intelligence

In May, we launched Amadeus Destination Insight. This solution uses advanced data analytics to offer Destination Marketing Organisations timely insights into traveller intentions and competing destinations.

In March, we launched Productivity Tracker. This solution, part of the Amadeus Agency Insight Suite, uses data analytics to identify areas for operational improvement and empower agencies of all sizes to make more effective decisions.

Technology

In June, we retired our last TPF mainframe and our core systems now run exclusively on open systems. This achievement allows us to drive further evolution in specific areas such as Cloud, NDC, merchandising and data analytics, as well as the adoption of new technologies such as artificial intelligence and machine learning.

Additional news for 2017

In June, Decius Valmorbida was appointed Senior Vice President, Travel Channels, and became a member of Amadeus' Executive Committee.

Amadeus' Ordinary General Shareholders' Meeting, held in June 15, approved the appointment of Mr. Nicolas Huss as independent Director to the Board for a period of three years. Mr. Huss has over twenty years experience in the financial service industry. He has held a variety of CEO roles for Apollo Global Management, Bank of America and General Electric in different European and Latin American countries, and he was the CEO of Visa Europe until March 2017. Currently he is Executive Vice-President of the Retail Business Unit at Ingenico Group, a global leader in seamless payment.

Effective December 15, 2017, the Board of Directors appointed Mrs. Pilar García Ceballos-Zúñiga, as independent Director. Mrs. Pilar García Ceballos-Zúñiga has vast experience in technology. Prior to her appointment as independent Director to Amadeus' Board of Directors, she was Executive Vice President of IBM Global Digital Services, Cloud and Security. Mrs. Pilar García Ceballos-Zúñiga takes over from Mr. Stuart McAlpine, who resigned as Director of the Company. The Board of Directors expressed its gratitude to Mr. Stuart McAlpine for his contribution and dedication to Amadeus and welcomed Mrs. Pilar García to her new position.

Standard and Poor's affirmed its 'BBB/A-2' Credit Rating and positive outlook and Moody's confirmed its 'Baa2' rating with stable outlook.

In September, for the sixth consecutive year, Amadeus was included in the Dow Jones Sustainability Indexes (both the DJSI World and the DJSI Europe). This year, Amadeus was recognised as global leader in the Software & Services industry space.

2. ECONOMIC RESULTS

2.1 Results of operations

2.1.1 Operating revenue

Trade revenue for the year ended December 31, 2017 was €4,303.5 million, while for the same twelve-month period ended December 31, 2016 was €3,955.8 million , which represents an increase of 8.8%.

The Company's revenue comes mainly from the distribution and IT solutions areas.

Revenue from the distribution area was €3,123.9 million for the year ended December 31, 2017 which represents a 72.6% of the total trade revenue. The amount of this kind of revenue registered in the same twelve-month period ended December 31, 2016 amounted to €2,905.5 million, with an increase of 7.5%.

Revenue from the IT solutions area was €1,179.6 million for the year ended December 31, 2017 which represents a 27.4% of the total trade revenue. The amount of this kind of revenue registered in the same twelve-month period ended December 31, 2016 amounted to €1,050.3 million, with an increase of 12.3%.

The total air travel agency bookings net of cancellations registered in the year ended December 31, 2017 was 568.4 versus 534.9 million bookings registered the same twelve-month period ended December 31, 2016, with an increase of 6.3%.

2.1.2 Operating expenses

Operating expenses for the year ended December 31, 2017 amounted to €3,968.6 million, while for the same twelve-month period ended December 31, 2016 were €3,688.0 million, which represents an increase of 7.6%.

The most significant operating expenses are the distribution fees paid to Amadeus Commercial Organisations (hereafter ACOs), travel agencies and airlines. During the year ended December 31, 2017 the distribution fees amounted to €901.1 million, whereas for the same period ended December 31, 2016 were €912.5 million.

Operating expenses, other than distribution fees, include mainly the following concepts:

- Data processing fees, which amounted to €435.4 million for the year ended December 31, 2017, registering a decrease of 4.4% in comparison to the same twelve-month period ended December 31, 2016, when these costs amounted to €455.5 million.

- Personnel expenses (salaries and social costs), that for the year ended December 31, 2017 amounted to €110.5 million, whereas for the same twelve-month period ended December 31, 2016 amounted to €103.7 million, registering an increase of 6.6%.

- Amortisation expenses, which passed from €257.4 million for the year ended December 31, 2016 to €269.0 million for the year ended December 31, 2017, registering an increase of 4.5%.

- External services expenses, which include, among others, general and administrative expenses, central activities of publicity, public relations and conventions, as well as consultancy services. External services expenses for the year ended December 31, 2017 amounted to €65.9 million whereas for the same twelve-month period ended December 31, 2016 were €49.9 million.

2.1.3 Operating profits and net results

Operating profit increased from €340.2 million for the twelve-month period ended December 31, 2016, to €420.7 million for the same period ended December 31, 2017, registering an increase of 23.7%.

Finally, during financial year ended December 31, 2017 the Company has registered a net profit after taxes amounting to €596.1 million, whereas for same twelve-month period ended December 31, 2016, the net profit after taxes amounted to €701.1 million.

Headcount

From a year-end perspective, the Amadeus staff as at December 31, 2017 amounted to 1,039 FTEs, whereas for 2016 amounted to 921 FTEs. The average FTEs during 2017 amounted to 982, while for 2016 amounted to 855, registering an increase of 14.9%.

3. FINANCIAL RISK AND CAPITAL MANAGEMENT

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

3.1 Foreign exchange rate risk

The Company uses the Euro as its functional currency. As a result of the multinational orientation of its business, the Company is subject to foreign exchange rate risk derived from the fluctuations of different currencies. The Company's exchange rate hedging strategy aims to protect the EUR value of cash flows denominated in foreign currency. The instruments used to achieve this goal depend on the currency in which the operating cash flow to be hedged is denominated:

- The strategy used to cover US Dollar (USD) exposures is based on the use of a natural hedge and of derivatives. This strategy aims at reducing the exposure created by the USD denominated net operating cash inflows of the Company with the USD payment of principal of the USD denominated debt and with derivatives. Although as of December 31, 2017, there is USD denominated debt with Group companies, this one has not been designated as hedge instrument.

- Aside from the USD, the main foreign currency exposures are expenditures denominated in a variety of foreign currencies. The most significant of these exposures are denominated in Sterling Pounds (GBP), Indian Rupees (INR), Australian Dollars (AUD) and Swedish Kronas (SEK). For these exposures, a natural hedge strategy is not possible. In order to hedge a portion of the aforementioned short exposures, the Company enters into derivative contracts with financial entities, basically currency forwards, currency options and combinations of currency options.

3.2 Interest rate risk

The objective of the Company in terms of interest rate risk management is to reduce the volatility of the net interest flows payable. At December 31, 2017 and 2016, approximately 77.8% and 70.8%, respectively, of the Company's borrowings were at fixed interest rate. Given the high proportion of fixed rate debt as of December 2017 and 2016, no interest rate hedges were hedging the outstanding debt as of these dates.

At December 31, 2016 the two outstanding interest rate derivatives were hedging future debt that was expected to be contracted during 2017 as part of this year financing activity of the Company. These derivatives were cancelled in March 2017 since the expected financing to be hedged did not materialized.

Although the interest rate swaps fix the amount of interests to be paid in the coming years, their fair values are sensitive to changes in interest rates.

During 2017 there has been a decrease in the sensitivity of the EUR denominated debt to the movements of the interest rate curve with respect to the previous year. This decrease is due to the reduction in the duration of the outstanding fixed rate debt portfolio due to the issuance of a new two years bond in the Euromarket, by the Group company Amadeus Capital Markets, S.A., Sociedad Unipersonal, which funds where completely transferred to the Company. Although the future flows of this instrument are not sensitive to the changes in the level of interest rates, the fair value of the instrument is sensitive to these changes.

In the case of the floating interest rate debt, the spread payable on this debt is fixed and therefore its fair value is sensitive to changes in the level of interest rates.

3.3 Own shares price evolution risk

The Company has three different remuneration schemes for managers and employees which are referenced to Company's shares: the Performance Share Plan (PSP), the Restricted Share Plan (RSP) and the Share Match Plan (SMP).

According to the conditions of these plans, at their maturity, the beneficiaries will receive a number of shares, that for the plans granted, will depend on the achievement of certain performance conditions. The Company will use treasury shares to cover this remuneration schemes.

3.4 Credit risk

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

The cash and cash equivalents of the Company are deposited in major banks based on the diversification and the credit risk offered by the different available investment options.

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

3.5 Liquidity risk

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

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

- Cash pooling agreements with most of the subsidiaries located in the Euro area.
- Through bilateral treasury optimisation agreements between the Company and its subsidiaries.

The Company monitors the Group's cash position through rolling forecasts of expected cash flows. These forecasts are performed by all the companies of the Group and consolidated in order to examine both the liquidity situation and prospects of the Group.

Additionally, the Company has access to two 'Revolving Credit Facility'. Each of these two facilities has a notional of €500 million and can be used to cover working capital needs and general corporate purposes.

At December 31, 2017, these two facilities for a total amount of €1,000 million were fully unused. At December 31, 2016, €100 million of the outstanding Revolving Credit facilities were used and thus the unused part of these facilities amounted to €900 million.

3.6 Capital management

The Company manages its capital to ensure that the Group companies will be able to continue as a going concern while continuing to generate returns to shareholders and to benefit other stakeholders through the optimisation of the leverage ratio.

The Company bases its capital management decisions on the relationship between the earnings and free cash flows and its debt amount and debt service payments.

The credit rating granted by the agency Standard & Poor's Credit Market Service Europe Limited to the Company is 'BBB/A-2', with positive outlook. The credit rating granted to the Company by the agency Moody's Investors Service España, S.A. is 'Baa2', with stable outlook. The Company considers that the ratings awarded, would allow access to the markets, if necessary, on reasonable terms.

4. EXPECTED BUSINESS EVOLUTION

Macroeconomic environment

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

In January 2018, the IMF updated its World Economic Outlook, reporting expected 2018 global economy growth of 3.9%, an acceleration vs. 3.7% growth in 2017.

- Advanced economies are projected to grow by 2.3% in 2018 (compared to a flat performance in 2017). This is the result of: (i) moderate growth in the Euro Area (2.2% in 2018, vs. 2.4% in 2017) and the United Kingdom (1.5% in 2018, vs. 1.7% in 2017); (ii) a deceleration in growth in Japan (1.2% in 2018 vs. 1.8% in 2017) and Canada (2.3% in 2018 vs. 3.0% in 2017), and (iii) an acceleration in the United States economy growth (2.7% in 2018, vs. 2.3% in 2017).

- Emerging markets and developing economies are expected to accelerate growth, from 4.7% in 2017, to 4.9% in 2018, reflecting normalization in countries which suffered from economic strains (e.g. Saudi Arabia and Brazil).

In light of the expected improvement in the global economy, IATA forecasts another robust year for air traffic growth, albeit at a softer rate than in 2017, due to increasing fuel prices. The 6.0% forecasted air traffic growth in 2018 (vs. 7.5% in 2017) is the result of positive performances in all regions. Africa and Latin America are expected to be the fastest growing regions (+8.0% each), followed by Middle East and Asia Pacific (+7.0%). Europe and North America are estimated to grow by 6.0% and 3.5%, respectively.

Amadeus strategic priorities and expected business evolution in 2018

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

In distribution, we see growth coming from adding travel providers and travel agencies to our network, as well as from expanding the content offering distributed through Amadeus. In airline IT, future growth will be driven by (i) implementing new customers to our current solutions, (ii) increasing the penetration of our solutions within our current customer base, and (iii) expanding our portfolio of solutions to address customer needs. Additionally, we expect growth to come from our new businesses, including hospitality, airport IT, payments, rail and travel intelligence, as we progress in each of them, and as we materialize the synergies between the different verticals.

In 2018, we expect to continue evolving positively. In distribution, we expect to maintain our leadership position, supported by our sustained investment in R&D and focus on innovation, global footprint, local market understanding and industry expertise. In airline IT, our PSS business will continue to expand, as we implement our contracted upcoming migrations, such as Flybe. Also, volumes will benefit from the full-year impact from the 2017 customer implementations, most notably Southwest Airlines and Japan Airlines. Beyond the PSS business, we continue to invest on enhancing and expanding our solutions portfolio in order to sustain our upselling activity, with particular focus on the areas of merchandising, personalization, revenue optimization, digitalization and disruption management. Within our hospitality IT business, with InterContinental Hotels Group, we are progressing in the roll-out of the Guest Reservation System, with full deployment expected by late 2018/early 2019. We also continue with the developments related to our new-generation Property Management System.

Investing in technology is a key pillar to our success. In 2018, Amadeus will continue to invest in R&D to support long term growth through new customer implementations, product evolution, portfolio expansion (including non-air IT diversification) and cross-area technological projects. We will continue investing for our NDC vision, which is to develop an integrated solution that can be widely adopted by both travel agencies and airlines to deliver sustainable results on a scale that matters. Also, we will progress on our shift to next-generation technologies and cloud services, as well as the application of new technologies, such as artificial intelligence and machine learning.

Amadeus has a proven track record of operating a solid and resilient business model that results in strong cash generation, allowing for sustained investment in R&D and innovation, as well as for shareholder remuneration, while maintaining a flexible capital structure. Ordinary dividends paid have grown consistently every year since our IPO, at an average annual rate of 23% and we have complemented this with share repurchases.

In December 2017, the Amadeus Board of Directors proposed a 50% 2017 dividend pay-out target ratio. Accordingly, our Board of Directors will submit a final gross dividend of €1.135 per share - representing an increase of 20.7% over 2016 - for approval to our General Shareholders' Meeting in June 2018. Our Board of Directors also agreed to undertake a Share buy-back programme for the redemption of shares (reduction subject to agreement at General Shareholders' Meeting). The agreed maximum investment amount will be €1,000 million, not exceeding 25,000,000 shares (5.69% of share capital). The program will be carried out in two tranches. An up to €500 million non-cancellable tranche, from January 1, 2018 to March 31, 2019. Additionally, an up to €500 million tranche, from April 1, 2019 to March 31, 2020, cancellable at Amadeus' discretion.

5. RESEARCH AND DEVELOPMENT ACTIVITIES

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

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

During the year ended December 31, 2017, the Group expensed €299.0 million for R&D activities and capitalized €464.0 million (before deducting any incentives), which compares to €291.9 million and €433.9 million, respectively, in 2016.

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

6. TREASURY SHARES

During 2016, the Company acquired 393,748 shares to comply with the exchange ratio agreed in the merger of the Company with the Absorbed Company Amadeus IT Group, S.A.

During 2017, 4,583 shares have been exchanged, so, there still remain 76,646 shares pending to be exchanged by the former minority shareholders of the Absorbed Company.

In accordance with the legislation in force and the announcement of the exchange ratio, the shares of the Absorbed Company not presented in the exchange before the deadline, will be substituted by shares of the Absorbing Company and will be deposited for a three years period starting from the day of the deposit's constitution, all aforementioned complies with the exchange ratio foreseen in the article 117 of the Royal Decree 1/2010, July 2, by which the wording of the Spanish Capital Companies Act is approved and should act as proceeds.

Additionally, the Company has used the treasury shares portfolio held at December 31, 2016, to cover the remuneration schemes consisting in the delivery of shares to employees and/or managers. During 2017, the Company delivered 447,438 shares to cover the remuneration schemes aforementioned.

On December 14, 2017, the Board of Directors of the Company agreed a Share buy-back programme for the purchase of ordinary shares of the Company subject to a capped maximum amount of aggregate total consideration of €1,000 million and a maximum of 25,000,000 shares, representing 5.69% of the share capital of the Company.

The execution of the programme is structured in a first non-cancellable tranche amounting €500 million, during 15 months (from January 1, 2018 to March 31, 2019) with a minimum purchase period of 9 months; and a second tranche amounting €500 million, during 12 months (from April 1, 2019 to March 31, 2020) cancellable under Company judgement if circumstances require it. In case of temporal suspension, the suspension period would be added to the maximum validation period.

The purpose of the acquisition of shares under that programme basis is to reduce the share capital of the Company, after the agreement of the General Shareholders' Meeting that will take place after the ending of each tranche of the programme.

As of December 31, 2017, the Company has not executed any share acquisition. The outstanding payment obligation of the Share buy-back programme is included in the 'Other current financial liabilities' caption, amounting to €500 million.

7. SUBSEQUENT EVENTS

On February 16, 2018, the treasury shares of the Company amount to 2,349,107 shares, that represents 0.5353% of its share capital, which will increase in the coming months with subsequent acquisitions as per the Share-Buy Back Programme.

8. NON-FINANCIAL AND DIVERSITY INFORMATION

Given the structure and operative processes of Amadeus Group, the Management considers that the Group non-financial and diversity information shows a more adequate overview of the Group activity than the standalone non-financial and diversity information of Amadeus IT Group, S.A. The aforementioned report is part of the consolidated annual accounts.

8.1 A quick look at Amadeus' history

Amadeus is a leading provider of technology solutions and services for the travel industry: airlines, airports, ground handlers, car rental agencies, corporations, cruise and ferry operators, hotels and event venues, insurance providers, travel sellers, tourism boards, travelers themselves and more. Amadeus facilitates complex transactions between travel providers and travel sellers, and provides mission critical IT solutions for travel providers. Amadeus operates in more than 190 countries with more than 70 commercial offices worldwide.

Amadeus was founded in 1987 to develop a standard system for connecting airlines with travel agencies. We created the world's leading Global Distribution System, offering unmatched search, pricing, booking, ticketing, and servicing capabilities.

In the year 2000, we pioneered the development of a revolutionary reservation technology that provided airlines and travel agencies with a shared view of travelers and allowed for truly seamless reservation servicing across direct and indirect channels to create a state-of-the art airline Passenger Service System. Building on this success, we have continued to expand our IT portfolio to include a variety of other applications.

Additionally, at the beginning of 2016 Amadeus made the largest acquisition in its history, purchasing the US-based company Navitaire, allowing us to broaden the scope of our services, particularly for low-cost carriers. We are a publicly listed company and part of the IBEX 35, as well as stock indices worldwide. Amadeus has more than 99% of its equity in free float as at 31 December 2017.

Today, we are exploring the potential of artificial intelligence, augmented and virtual reality, the Internet of Things and other emerging technologies to add value to the business and experience of travel. After 30 years of providing solutions to the travel industry, we believe that innovation has been, is and will be key to our growth, and to helping our customers and partners thrive for years to come.

8.2 Amadeus business lines

Amadeus is in a unique position to add value to customers and providers and to diversify into related solutions for the travel industry. Amadeus powers commerce and mission-critical operations for the entire travel ecosystem through its highly synergistic business lines.

Distribution

Through our Distribution business area, we act as a global network providing comprehensive real-time search, pricing, booking, ticketing and other processing solutions to our travel providers and travel agency customers.

Amadeus offers a full range of commercial services and complementary technologies that:

- Connect sellers, buyers and partners across the global travel industry and beyond.
- Create opportunities to increase revenue by maximizing existing and new sales channels.
- Provide economies of scale and unparalleled efficiency in delivering higher-margin bookings.

Airline IT

Through our IT Solutions business area, we offer travel providers an extensive portfolio of technology solutions which facilitate certain mission-critical business processes, such as reservations, ticketing, inventory management and departure control. Amadeus offers airlines integrated Passenger Service System (PSS), standalone software, analytics and consulting solutions that:

- Grow revenues by helping travel businesses reach more potential customers more profitably through direct sales and merchandising.
- Optimize costs by streamlining marketing, sales and business operations.
- Increase customer loyalty with better brand differentiation and data-driven personalization.

Strategic Growth Businesses

Complementing our offer in the travel industry, we diversified our business, providing cutting-edge technology to other key sectors in the industry like airports, hospitality and railways, as well as to transversal segments that are relevant to all travel industry players such as payment systems or mobile solutions.

8.3 Amadeus Global Report

Amadeus strives to offer transparent reporting. That is why every year we produce the Amadeus Global Report. The principal objective of the Global Report is to provide a comprehensive and transparent view of Amadeus' activities, operations and performance from a commercial, financial and sustainability perspective. The Report contains a basic explanation of our business lines for any internal or external audience, as well as a summary of our financial results and management review of the year. A significant portion of the report is dedicated to environmental, social and governance matters (ESG), in addition to a description of our activities in the areas of industry relations and corporate risk management.

The Amadeus Global Report is verified by an external firm, and it follows the Global Reporting Initiative (GRI) international reporting guidelines (G4) for the reporting of non-financial information.

The Amadeus Global Report is published every year at the beginning of May.

8.4 Amadeus' environmental sustainability strategy

The increasing number of travelers prompts a growing pressure on the environmental, making it clear the need to prioritize environmental sustainability as a key objective.

Amadeus' sustainability strategy is based on the premise that active involvement in improving environmental performance is fundamental to (among others):

- Achieving travel industry sustainability over the long term
- Improving the value proposition both for Amadeus and for its providers and customers
- Improving the operational efficiency of the industry by capitalizing on common economic and environmental objectives

In accordance with the above, Amadeus' environmental sustainability strategy includes three pillars:

1. Environmental efficiency of Amadeus operations

We measure the environmental impact of our operations, identify areas for improvement, implement solutions and continue to monitor our performance for achieving continuous improvement in environmental efficiency.

2. Identification and fostering of the environmental benefits of Amadeus solutions

We help our customers achieve their environmental objectives, delivering IT solutions that continually improve customers' operational and environmental efficiency.

3. Participation in joint industry environmental initiatives

We work in partnership with other industry stakeholders on projects to improve travel industry sustainability.

Amadeus Environmental Management System (EMS)

The environmental reporting at Amadeus is governed by the Amadeus Environmental Management System (EMS). The EMS was designed and created as the tool we use at Amadeus to measure, monitor, identify best practices, and to continuously improve the environmental performance of our operations at office buildings and at the Data Center.

EMS material aspects

The EMS helps to manage the five principal elements related to the environmental impact of Amadeus' operations. These aspects were identified in a materiality exercise in which we consulted our own internal experts, and benchmarked with other companies in similar economic sectors. The five elements included in Amadeus EMS are: electricity consumption, CO_2 emissions, paper consumption, water use and waste generation.

- Energy consumption: The most important component of our energy consumption is electricity. We measure electricity consumption at our Data Center and at our office buildings separately. We also report natural gas consumption, which is normally used for heating some of our buildings, as well as diesel, used mainly at our Data Center for a guaranteed uninterrupted power supply.

- CO_2 emissions: In order to measure CO_2 emissions, we follow the Greenhouse Gas Protocol (GHGP) standards:

- In Scope 1, we include emissions from natural gas and diesel.
- In Scope 2, we include emissions linked to the use of electricity at our office buildings worldwide and at the Data Center.
- In Scope 3, we include emissions from paper consumption and from business travel. We gather information about business trips from our travel agency provider and we use the International Civil Aviation Organization (ICAO) carbon calculator to estimate emissions per passenger. Emissions are therefore calculated for each individual trip.

- Paper consumption: We report paper consumption at our premises worldwide either by summing up the amount of paper bought during the year or, when available, through automated badge-based printing systems. These automated systems permit a more precise monitoring and facilitate the identification of areas for improvement.

- Water use: The use of water at Amadeus is divided into three categories:

- Office buildings (kitchens, toilets, etc).
- Irrigation, in cases where we have gardens and the means of separately measuring irrigation-related consumption.
- Cooling of servers, principally at the Data Center.

- Waste generation: This concerns waste generated at our premises from kitchens and from general office use. Waste is difficult to measure, since in some cases we do not have the means or documentation to report part of the waste. The principal sources of information to report waste at Amadeus are the recycling companies that provide their services to Amadeus, since they can report the amount of waste collected for recycling, as this is the basis for their invoices. On the other hand, waste generated by extraordinary activities, like works done in buildings, is generally measured, but for comparability reasons it is reported separately from regular waste.

EMS geographical scope

The EMS includes the environmental reporting of some of the largest Amadeus sites by number of employees:

1. Nice, France
2. Bangalore, India
3. Miami, US
4. Erding, Germany
5. Madrid, Spain (headquarters)
6. London, United Kingdom
7. Bad Homburg, Germany
8. Bangkok, Thailand
9. Sydney, Australia
10. Paris, France
11. Madrid, Spain (Amadeus Commercial Organization)
12. Waltham, US
13. Singapore

The scope of the Amadeus EMS reaches 13 of our largest sites across the world, which account for close to 80% of all Amadeus employees and approximately 90% of the total estimated Amadeus resource consumption worldwide (considering that our Data Center in Germany is by far the largest energy consumer in the Amadeus Group).

In this respect, our Data Center located in Germany is included in the EMS and accounts for almost 50% of the overall estimated environmental impact and more than 70% of scopes 1 and 2 emissions.

The scope of the Amadeus EMS is regularly reviewed and adapted to the changing circumstances of Amadeus and of our business environment. For example, in 2013 we expanded the scope of the EMS with the inclusion of our R&D Center in Bangalore, which in only three years has become the second largest Amadeus site by number of employees, with a headcount of more than 1,600 by end of 2017. Moreover, during 2017 we included in the EMS our sites in Singapore and Waltham (US).

In order to make sure that the EMS remains an efficient tool to provide visibility of Amadeus operations' environmental impact and that it also allows the proper monitoring by comparing performance from one year to the next, every year the scope of the EMS is reviewed; and when new additions are included, we provide proper comparisons including and excluding the new additions, so that internal and external audiences can easily understand the information and the performance. At the same time, all the 13 sites included in the EMS have remained operational since their inclusion in the EMS so, we haven't had the need to remove any of the sites from the EMS.

We have prioritized those elements in the EMS that are quantitatively more relevant for Amadeus global performance and those where we have room for improvement and management. Following this reasoning, for example electricity gets a higher weight in our objectives than waste generation, since our electricity consumption is more important in absolute terms than the waste generated and also because, arguably, we have more capacity to manage our electricity consumption than the waste generated through our operations.

Environmental performance at office buildings

We have introduced a number of environmentally friendly measures that helped to improve efficiency in the use of resources. Some examples of best practices:

- Replace incandescent lights by LEDs
- Thorough planning of areas covered by specific light switches
- Maximize the use of natural light
- Connect light switches to movement-detection devices
- Automatically switch off lights at certain hours
- Adapt room temperature to weather
- Purchase carbon-neutral paper
- Implement badge-based printing systems
- Set printers by default to black-and-white double-sided printing
- Raise awareness of the environmental impact of printing

Regarding renewable energy, our two main buildings in Nice are working on the potential installation of photovoltaic panels on the roofs of our buildings both at the Bel Air and Sophia locations. This system is expected to deliver between 7% and 8% of the total energy consumption of the buildings, reducing energy costs and CO_2 emissions.

Environmental performance at the Amadeus Data Center

Energy efficiency at the Amadeus Data Center remains a priority. In the last four years, we have reduced the PUE from 1.39 to 1.32.

The number of transactions and queries processed at the Data Center (hits in the system) has increased dramatically over recent years, due to the increasing number of online devices that can connect and trigger queries: broad use of the internet, increase of ancillary and customized services to travelers, ability to change travel plans using different means, etc. One of the consequences of this increase in hits in the Amadeus system is that the energy required to process the increasing number of transactions also continues to increase despite the improvements in energy efficiency. As a way to counteract this trend in energy consumption and greenhouse gas emissions, and following our initiative implemented in 2015, the Data Center offsets the increased emissions released at its site compared to 2014 levels.

To this end, we have been working with the UNFCCC (United Nations Framework Convention on Climate Change) to invest in Clean Development Mechanism projects in India.

Climate change-related risks and opportunities

Background

Greenhouse gas emissions and climate change are a principal concern for the travel industry, due to the high-energy intensity of different modes of transportation. Climate change is one of the main risks our planet faces today, the effects of which are predicted to intensify in the following decades, as illustrated by the Intergovernmental Panel on Climate Change (IPCC). Moreover, some of the places most vulnerable to climate change are tourist destinations in developing countries, whose economies depend greatly on the jobs and income generated by tourism.

Most travel industry associations and organizations are addressing climate change as a matter of priority. For example, the International Air Transport Association (IATA), the World Travel and Tourism Council (WTTC) and the International Civil Aviation Organization (ICAO) have put into place specific plans and targets for the reduction of emissions over the mid and long term. The actions required for the achievement of these targets mean, among other things, that the foundations of the travel industry as we know it today will need to change.

Amadeus is involved in the travel experience of more than 2 million passengers daily. We are an important player in the travel and tourism industry and we acknowledge our responsibility to contribute to the fight against climate change.

Risks and opportunities

The climate change-related risks faced by Amadeus can be classified into the following categories:

Physical risks

- Physical risks affecting the communities in which we operate

Amadeus operates in over 190 countries. The risk of climate change impact and/or extreme weather events affecting any of these communities is therefore very high. As part of our social responsibility efforts, we have built a global team of more than 80 social responsibility representatives who, among other things, coordinates emergency responses in the event of natural calamities occurring in the markets we serve.

- Physical risks affecting our travel providers and/or customers

Risk of exposure in this case is limited, and the impacts tend to be local. As a mitigation measure, our 24-hour follow-the-sun customer service network is set up to provide extra support in case of need.

- Physical risks affecting Amadeus' operations

Amadeus' operations rely on two basic kinds of infrastructure: (1) commercial and support organizations, with offices across all continents; and (2) the Amadeus Data Center. The probability of a severe weather event affecting any of our numerous offices worldwide is relatively high, but fortunately the adverse impact of such events is mitigated by communications technology that allows for uninterrupted customer service in most cases. Moreover, our Risk and Compliance Office directly manages all infrastructure-related risks for the Data Center, where strict prevention measures are implemented.

Regulatory risks

Climate-related discussions and initiatives at local, national and international level continue to increase, and we expect they will continue to gain momentum over the mid-term. Accordingly, many countries have introduced climate change-related regulations. A principal focus of these regulations is the reduction of greenhouse gas emissions, particularly of CO2, as well as the promotion of renewable sources of energy.

At the moment we identify two kinds of environmental regulations that may present an opportunity or a risk to Amadeus:

— Carbon reporting regulations

Some countries like France have already passed legislation mandating corporations to build and report carbon footprint inventories. In the specific sector of transport, travel providers are requested to inform travelers about emissions produced on their trips. Amadeus can help corporations gather the data required for this kind of reporting.

However, there is also the risk that these regulations will become too complex or heterogeneous, making it costly for Amadeus to help corporations report emissions. The Amadeus Industry Affairs team is working with several stakeholders, including the European Union and ICAO, to promote an industry-standard methodology to estimate emissions related to travel.

— Regulations that impose charges on emissions and/or impose emissions reductions

An example of such a regulation is the EU Emissions Trading Scheme (ETS). The ETS was first implemented in 2005, and extended to the aviation sector in 2012. The presence of a regional emissions market in a global sector like aviation may create competitive and political disruptions, leading to increased uncertainty in the travel industry and the additional costs that this implies, at least in the short term.

At the moment we do not expect these regulations to have a significant impact on Amadeus, given the relatively low cost of compliance with the scheme (which is unlikely to reduce travel demand) as well as the geographical spread of Amadeus' operations.

In addition, any IT solution that includes in its value proposition a reduction of fuel consumption and emissions becomes instantly more attractive to customers.

Reputational risks

Travelers and the general public are increasingly aware of climate change risks and expect environmentally responsible operations from companies. Even though Amadeus' exposure to the general public is limited, we need to prioritize compliance with industry environmental standards, making sure our performance in this field excels.

The Amadeus Environmental Management System provides a solid record of our performance evolution and permits the easy identification of areas for improvement. Additionally, Amadeus has been included in external sustainability indices like the Dow Jones Sustainability Index (DJSI) and the CDP, which provide recognition of commitment to sustainability.

The opportunities for Amadeus relating to climate change are divided into two categories:

— Opportunities for new products and services

As mentioned above, corporations are becoming increasingly involved in the reporting of greenhouse gas emissions associated with their operations, including emissions linked to the business travel of employees. Taking advantage of the data and information processed by Amadeus, we can offer solutions that:

- Display emissions during the booking process
- Compare emissions released on different alternative itineraries
- Provide post-trip reports to corporations so they can measure, report and follow up on their environmental impact relating to business travel
- Facilitate mitigation measures, such as carbon offsetting programs

— Opportunities for enhanced value proposition

Amadeus designs IT solutions to improve operational efficiencies for our customers. These operational efficiencies are linked in many cases to better environmental performance, particularly in relation to reduced fuel consumption and emissions for travel provider customers. Examples of these Amadeus solutions include Amadeus Altéa Departure Control-Flight Management, implemented for airlines and ground handlers; Airport IT solutions such as Sequence Manager, which reduces the amount of time spent by ground movements and queuing of aircraft; Amadeus Airport Common Use Service, which helps airports reduce energy costs; and Amadeus Schedule Recovery, which helps airlines react quickly and efficiently to disruptions to their operations caused by events such as bad weather and air traffic congestion.

8.5 Amadeus workforce

The Amadeus team is formed by a workforce of more than 15,000 serving in more than 190 countries. At Amadeus we believe that a diverse and inclusive workforce is critical to the success of our company, our customers, our employees, our shareholders, our suppliers and more generally all the communities in which we operate.

Diversity and inclusion

Following the appointment of our Chief Diversity Officer in 2015 we have worked to ensure that we have a robust framework and processes to help us deliver on our diversity and inclusion strategy.

We have reinforced our corporate culture and environment to continue to provide a workplace where everybody fits in, promoting respect, fairness, equality of opportunity and dignity for every employee. Our commitment towards diversity and inclusion is clearly reflected in our recruitment, promotion, retention, non-discrimination and other policies and practices.

As a company where multiculturalism is the cornerstone of our culture and values, and inherent in the way we work together and operate, we see diversity and inclusion as a business imperative and we strive relentlessly towards this objective. Cultural sensitivity is a core leadership competency and a must in our company. It allows our cross-cultural groups to work together effectively and professionally and capitalize on our multicultural strengths. We are a culturally competent organization that brings together the knowledge of our different groups of people and catalyzes it into expertise and know-how.

At Amadeus, valuing diversity and inclusion means accepting and respecting differences between and within cultures, while acknowledging and endorsing differences based on gender, age, race, ethnicity, beliefs, sexual orientation and disabilities.

In 2017, we have been very active in showcasing our diversity and inclusion through a series of internal and external initiatives that help illustrate how we recognize, respect and value all differences.

Diversity at Board level

The Directors' Selection Policy approved by the Board of Directors in the session held on April 21, 2016, establishes that each Director Selection Process will start with an analysis of the Board's needs, bearing in mind several factors, among others, the diversity of the Board, in particular, but not restricted to, diversity of gender.

Amadeus recognizes and embraces the benefits of having a diverse Board, and sees increasing diversity of knowledge, experience and gender at Board level as an essential element in continually improving the Board's effectiveness. A truly diverse Board includes and makes good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between Directors. These differences are considered in determining the optimum composition of the Board and when possible are balanced appropriately. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.
In accordance with the recommendations of the Good Governance Code of listed Companies, the Directors' Selection Policy has a stated objective of having at least 30% of total Amadeus Board places occupied by women directors by the year 2020.

To ensure that Directors' selection processes are free of any implicit bias or any kind of discrimination and specifically discrimination against female candidates form part of the Policy endorsed by the Nominations and Remuneration Committee.

A direct consequence of the Directors' Selection Policy is Mrs. Pilar García's recent appointment, who contributes not only to gender diversity, but also complements the professional area of knowledge of the Board of Directors, due to her expertise in the technology arena.

Her appointment increases up to 18.18% the proportion of women in the Board of Directors, bearing in mind that the size of the Board has been increased from 10 to 11 members.

Gender diversity

Amadeus' recruitment policies are based on skills and professional background and its job offers are gender-neutral, ensuring a bias-free selection.

Our salary systems and processes are designed to avoid discrimination based on gender, and equal pay is an area that we monitor closely.

Acknowledging the challenges of recruiting and retaining women for STEM roles, we are working on programs to raise awareness and encourage young school girls and female university students to pursue Computer Science studies (or any IT), and have also celebrated the international Girls in ICT Day.

Human Rights Policy

Amadeus is committed to developing an organizational culture and structure that supports human rights policies all around the world. Amadeus aims to clearly set out its views on potential issues surrounding human rights such as fair wages and compensation, freedom of association and collective bargaining, health and safety, migrant workers, and non-discrimination of the workforce.

Amadeus, and its global group of companies worldwide, is committed to developing an organizational culture and structure based upon the principles set forth in The Universal Declaration of Human Rights, The International Covenant on Civil and Political Rights, The International Covenant on Economic, Social and Cultural Rights and The International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

We seek to establish relationships with entities and organizations that share the same principles and values as Amadeus. It is expected from our partners to respect and not infringe upon human rights. Within our company, should any employee believe that someone is violating the Human Rights Policy or the legislation, they are asked to immediately report it to their manager, to the Human Resources department or to the Ethics Committee.

Our senior management has the responsibility for ensuring adherence to these commitments as well as for overseeing their implementation and guaranteeing that any breaches are investigated.

Amadeus adheres to national law and regulation in each market in which it operates. In situations where Amadeus faces conflicts between internationally recognized human rights and national regulations, the company will follow processes that seek ways to honor the principles of international human rights.

In addition to working within the respect for human rights, we also pursue opportunities to support human rights in areas where we can make a positive impact, in local communities, through our CSR initiatives.

Child labor

There is no child labor in Amadeus, therefore it is excluded from any recruitment activity. This statement uses the applicable local legislation to determine the definition of a child.

Fair wages/compensation

Every Amadeus employee has the right to a fair compensation for his/her work. The company is committed to remunerating employees in line with the labor market best practices and local legislation.

Freedom of association/collective bargaining

Amadeus reaffirms its support to the freedom of association and the right to collective bargaining. In that regard, the company is committed to complying with the ILO Conventions with respect to freedom of association and trade union rights, fully acknowledging the right to organize and the right of unions to represent and negotiate on behalf of the employees, without prejudice to existing local legislation.

Health and safety

Amadeus is firmly committed to a work environment where all activities are carried out safely, and with all possible measures taken to remove (or at least reduce) risks to the health, safety and welfare of employees, contractors, authorized visitors, and anyone else who may be affected by our operations. Amadeus' Health and Safety policy requires that each of its companies or legal entities develops and approves a Health and Safety Policy. Programs and procedures in line with this policy are developed and implemented at local level following the approval of the General Manager/Site Manager.

Migrant workers

All of Amadeus employees, including migrant workers, are provided wages, benefits and working conditions that are fair and in accordance with local legislations. We do not condone holding workers' passports to keep them from leaving, charging any type of fee or deposit for employment, or any other unfair practice. Amadeus repudiates human trafficking.

Non-discrimination

At Amadeus, we value and respect the differences of our workforce. We are committed to ensuring that every single employee is treated with respect, dignity and fairness and that he/she is given equal opportunity. This means that throughout all our HR processes - recruitment, compensation and benefits, training, development, promotion, transfer, mobility and termination -, individuals are solely assessed based on their merit and their ability to meet the requirements and standards of the role and that they are not discriminated against. For our company, valuing diversity and inclusion means accepting and respecting differences between and within cultures, while acknowledging and endorsing differences based on gender, age, race, ethnicity, beliefs, sexual orientation and disabilities. We respect everybody's rights and we have a zero tolerance policy to discrimination.

Amadeus reserves the right to amend this policy at any time. This Human Rights Policy Statement consolidates our commitment so its principles can be implemented across the Company.

Non Compliance with Policy and consequences

Non-compliance with this policy will not only violate Amadeus values, but it may also have a wider socio-economic impact on the Amadeus company as a whole. Negative press and links with human rights violations can be very damaging to a company's reputation and can lead to loss of customer trust and engagement.

Reporting violations will be treated as highly confidential and will be recorded anonymously. All reports will be taken seriously and will be treated on a case by case basis, with adequate escalation to relevant governing bodies if needed.

8.6 Social commitment

Our goal in relation to social responsibility is to improve our contribution to society by engaging the unique resources that Amadeus has to make a real difference in the countries where we operate.

Amadeus' Community Support program aims to improve the living standards of disadvantaged people through initiatives with non-profit organizations and local authorities across the markets we serve.

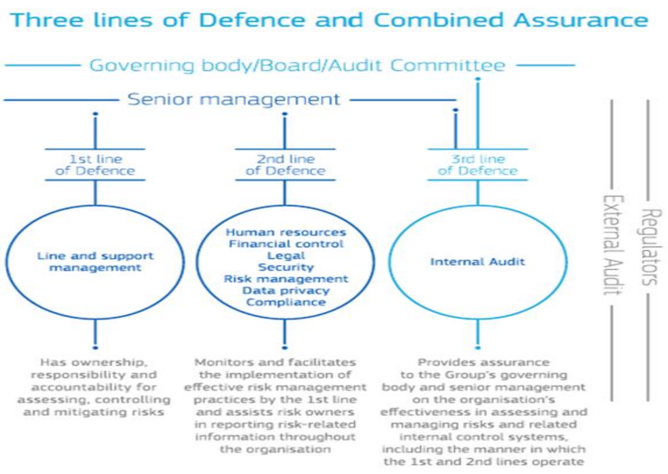
Under this program, Amadeus staff funds the work of around 100 non-profit organizations. Through sports for charity, fundraising and cash donations, our people found creative ways to help in their local communities. Amadeus staff also dedicated over 10,000 hours to volunteering per year.

In addition, Amadeus business teams found ways to include a responsible component in their activities: volunteering in the local community as part of leadership development and team-building activities; using donations to incentivize survey and campaign responses; rewarding competition winners with donations to a charitable cause; and dedicating their customer Christmas present budget to a non-profit. The funds raised this way grow continuously, reflecting staff's enthusiasm to make a difference.

8.7 Corporate risk management

In 2015, with the endorsement of the Board of Directors and the Executive Committee, Amadeus formally adopted the Three Lines of Defense Model – a model for integrating, coordinating and aligning all support and assurance functions within the entity, ensuring the effective management of risks across the company.

Since its adoption, the Three Lines of Defense Model has fostered effective risk management across the Amadeus Group. In 2016, we refined the Three Lines of Defense Model through the adoption of a Combined Assurance concept.



First Line of Defense: executive management, management and staff

Amadeus' commitment to integrity and transparency begins with its own staff. Amadeus employees adhere to the ethical standards set forth in the Amadeus Code of Ethics & Business Conduct and related policies. We do not see this code and our core policies purely as a 'rule book', but as a mutual agreement across the company to promote positive behaviors that will add value to our business and ensure the highest standards of integrity at all times. The areas covered in the Code are as follows:

- Commitment to the environment
- Avoiding conflicts of interest
- Protecting personal data and confidentiality
- Handling relations with third parties and the media in a sensitive manner
- Handling company property, equipment and installations with care

We also respect and promote international human rights, and expect all our suppliers and business partners to uphold internationally recognized standards regarding working conditions and the dignified treatment of employees.

Human rights form part of Amadeus' risk analysis. The company evaluates the risks of infringing on the following rights: non-discrimination, collective bargaining, freedom of association, fair wages, no child labor or forced labor and adequate health and safety working conditions. Although such risks fall very low on our risk map, we have a series of mitigating and monitoring actions to manage them, both internally and with our suppliers and business partners.

Our mergers and acquisitions procedures also include due diligence on human rights-related risks. Our Integration team ensures that the company's policies are effectively implemented into newly integrated companies. Furthermore, our Speak Up Policy encourages employees to report any breach of the Code of Ethics & Business Conduct and possible resulting human rights violations.

The Amadeus core policies listed on the right are supported by processes that, as with any other processes at Amadeus, undergo regular internal and external quality reviews to ensure regulatory compliance and application of best practice.

Amadeus policies

Risk and compliance policies

- Code of Ethics & Business Conduct
- Speak Up Policy
- Anti-Fraud Policy
- Anti-Bribery Policy
- Entertainment & Gifts Policies

Corporate and commercial legal policies

- Powers of Attorney
- Banking Powers
- Antitrust & Competition Law – Compliance Manual
- On-Site Investigation Policy
- Data Privacy Manual
- Security & Privacy Handbook
- External Legal Counsel Policy

Other core Group policies

- Information Security Policy
- Sales Manual
- Corporate Purchasing Policy
- Health & Safety Policy
- Environmental Policy
- Charitable Contributions Policy
- Political Contributions & Lobbying Policy

Second Line of Defense: internal governance functions

Control activities are embedded in all areas of the company. Major control activities are carried out from departments such as Risk & Compliance, Security, Privacy, Legal, Finance, Human Resources and others.

Risk management and controls

Risk & Compliance is responsible for centralizing the continuous monitoring of major risk and compliance issues within Amadeus and also leads a transversal Combined Assurance program involving the Risk & Compliance Office, the Group Privacy Unit and the Information Security Office. Through this Combined Assurance program, we have expanded the coordinated management of oversight control activities and the sharing of results.

Risk & Compliance develops the Corporate Risk Map and establishes control and monitoring procedures for each of the identified risks, in conjunction with the 'owner' responsible for each risk. The risks ascertained from analysis as well as monitoring measures are reported on a regular basis to the Risk Steering Committee and the Audit Committee, as well as to the Executive Committee and the Board of Directors.

We continually monitor the most significant risks that could affect Amadeus and the companies that make up the Group, as well as Amadeus' own activities and objectives.

Amadeus' general policy regarding risk management and monitoring focuses on:

- Achieving its long-term objectives as per its established strategic plan
- Contributing the maximum level of guarantees to shareholders and defending their interests
- Protecting the company's earnings
- Protecting the company's image and reputation
- Contributing the maximum level of guarantees to customers and defending their interests
- Guaranteeing corporate stability and financial strength over time.

The ultimate aim of the Corporate Risk Map is to provide visibility on significant risks and facilitate effective risk management. Risk analysis is a fundamental element of the company's decision-making processes, both within the governing bodies and in the management of the business as a whole.

The Corporate Risk Map also takes into account the global risks identified each year by the World Economic Forum, such as economic, environmental, geopolitical, societal and technological risks.

Amadeus is concerned about immediate risks – and emerging risks. Newly developing or changing risks that are difficult to quantify and could have a major impact on society and the industry are considered in the exercise.

The latest version of the Corporate Risk Map defines the most critical risks relating to Amadeus' operations and objectives, among which the following are highlighted: technological risks, operational risks that could affect the efficiency of business processes and services, commercial risks that could affect customer satisfaction, reputational risks, security and compliance risks, the macro-economic and geopolitical environment, and trends in the travel and tourism industry. Some of these risks have evolved from the previous Corporate Risk Map while others have been newly identified.

These highlighted risks are assigned to risk owners at the highest level of the company, who are given the duty to propose the risk response. Progress with mitigation and evolution of key risks is submitted to the Risk Steering Committee for review and consideration, together with proposed action plans, when required, to take any necessary measures or further actions.

Due to its transversal and dynamic character, the process described above identifies new risks that affect the Group arising as a result of changes in the environment, or as a consequence of the revision of objectives and strategies.

In the current business environment, which is characterized by increasing stakeholder demand for transparency, ethics and social responsibility, reputational risk management is becoming increasingly relevant. The Amadeus Reputational Risk Map is fully integrated with the overall Corporate Risk Map of the company. Therefore, assessing the reputational impact of a particular risk is embedded into our methodology.

In addition to managing risks, Amadeus is very focused on ensuring compliance with emerging initiatives such as the General Data Protection Regulation (GDPR) of the EU as well as existing control standards such as PCI-DSS (credit cards), SSAE 16 (computer controls) and ISO 27001 (security).

Also, through the training and awareness plan under coordination of the Risk & Compliance unit, we try to ensure that all employees understand and apply best practices on ethical as well as security and privacy principles.

The Risk & Compliance Office chairs the following committees:

Ethics Committee

The Ethics Committee provides guidance on ethical behavior and compliance issues. This committee also addresses any concerns that employees may have and simultaneously assists in the implementation of the Code of Ethics & Business Conduct throughout the Amadeus Group. We attach great importance to promoting integrity, transparency and ethical conduct in all our operations, and we are committed to applying a zero-tolerance approach regarding prohibited practices, both in our internal affairs and external operations.

Risk Steering Committee

The Risk Steering Committee is a decision-making body empowered by the Executive Committee to provide oversight and guidance on risk management activities and issues across the Group, including risk assessment and prioritization, risk mitigation strategies and crisis responses.

Both the Ethics Committee and the Risk Steering Committee meet on a regular basis.

Code of Ethics and Business Conduct

The Amadeus Code of Ethics and Business Conduct (CEBC) sets forth the commitment of the company to conduct business pursuant to the highest ethical standards.

This Code of Ethics and Business Conduct (the "CEBC") is based on the following values: Customers First, Working Together, Taking Responsibility and Aiming for Excellence. The CEBC reflects who we are and how we conduct our business. Our guiding principle is integrity – the personal integrity of each and every member of the Amadeus community and our professional integrity as a business organization.

Anti-Bribery Policy

Amadeus is committed to winning business through fair and honest competition in the marketplace. We are committed to the highest standards of ethics, as outlined in the Amadeus Code of Ethics and Business Conduct. This includes complying with obligations under international anti-corruption laws, including but not limited to: Law 10/1995 of the Criminal Code of Spain, The Anti-Corruption Act 2007 of France, the Criminal Code and the Act on Combating International Bribery 1997 of Germany, the Bribery Act 2010 of the UK and the Foreign Corrupt Practices Act ("FCPA") of the U.S.A.

Specifically, we will abide by the letter and spirit of applicable international anti-corruption laws in conducting our business. Promising, authorizing, offering, giving, accepting or soliciting anything of value, or any advantage, to anyone, with the intention or appearance of improperly influencing his or her decisions or conduct, or as reward for improper performance, is strictly prohibited.

As well as reading and understanding the Amadeus Anti-Bribery Policy, all Amadeus employees must also read and comply with the Amadeus Code of Ethics and Business Conduct, the Charitable Contributions Policy and the Political Contributions Policy.

This Policy applies to all Amadeus Group employees, agents, intermediaries, consultants, sub-contractors, suppliers and Joint Venture partners working on behalf of Amadeus worldwide.

The owner of this Policy is Risk & Compliance. Risk & Compliance shall oversee and administer the Policy, develop and maintain procedures and guidelines to support the Policy and work with key stakeholders to ensure Amadeus' officers, employees and contingent staff affected by the Policy receive adequate communication and training.

Anti-Fraud Policy

Amadeus has no tolerance for fraud, and thus fraudulent practices of any kind are prohibited at Amadeus. All Covered Individuals are accountable for complying with appropriate procedures, controls and monitoring activities to protect Amadeus against the commission of fraud. Where there are reasonable grounds to indicate that a fraud may have occurred, senior management has a duty to ensure a fair and respectful clarification of facts and prompt action to resolve the issue.

In the event that a fraud has been committed, Amadeus will promptly take such action as is appropriate to remedy the situation, clarify individual responsibilities, take appropriate disciplinary and legal actions, and leverage lessons learned in order to improve the internal controls wherever needed.

Third Line of Defense: Group Internal Audit

The Group Internal Audit function provides independent and objective assurance and consulting services designed to improve Amadeus' operations. It helps the company accomplish its goals by using a systematic approach to evaluate the effectiveness of risk management, control and governance processes.

Group Internal Audit encompasses all the Amadeus companies, businesses and processes. Every year, Group Internal Audit performs a thorough background and risk assessment exercise in order to identify audit priorities. This background and risk assessment exercise considers, namely but not exclusively, elements such as strategic objectives and projects, the Corporate Risk Map, interviews with senior management and major control functions, business magnitudes and audit cycles. The output, together with the priorities agreed upon by top management and the Audit Committee, leads to the formalization and approval, by the Audit Committee, of a yearly Internal Audit plan.

The reviews performed by Group Internal Audit are designed to evaluate the effectiveness of the internal control framework across Amadeus' companies, businesses and processes, including the effectiveness of internal controls against fraud and corruption.

The coordination streams in place between Group Internal Audit and the main control, business and technology units ensure a continuous and optimum complement to Internal Audit's independent and objective assurance activities.

9. CORPORATE GOVERNANCE ANNUAL REPORT AND COMPLEMENTARY INFORMATION

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

BOARD OF DIRECTORS

Members of the Board of Directors on the date when the annual accounts and the Directors' Report were prepared.

CHAIRMAN

José Antonio Tazón García

VICE-CHAIRMAN

Guillermo de la Dehesa Romero

EXECUTIVE DIRECTOR

Luis Maroto Camino

DIRECTORS

Francesco Loredan
Clara Furse
David Webster
Pierre-Henri Gourgeon
Roland Busch
Marc Verspyck
Nicolas Huss
Pilar García Ceballos-Zúñiga

SECRETARY (non-Director)

Tomás López Fernebrand

VICE-SECRETARY (non-Director)

Jacinto Esclapés Díaz

Madrid, February 27, 2018