amadeus

Acquisition of TravelClick
Creating a Hospitality leader

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August 2018

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Amadeus announces an **acquisition** in **Hospitality**

TravelClick®

Transaction overview

Founded in 1985 and based in New York, TravelClick is a **global hospitality solutions provider**.

- ✓ 2017 Revenue: $373m
- ✓ 2017 EBITDA[1]: $86m

Key terms

- ✓ Amadeus has agreed to acquire 100% of TravelClick, for $1,520 million.
- ✓ 100% debt-financed.
- ✓ Immediately accretive transaction.
- ✓ Transaction subject to customary regulatory approvals with expected closing in Q4 2018.

1. Amadeus' estimate of recurring EBITDA.

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Amadeus Hospitality strategy

In a journey to become the end-to-end IT solutions provider of reference to the hospitality industry

2013	2014	2015	2017	2018
18,200	20,100	22,300	26,000	53,000[1]

Estimated number of unique properties served

1. Includes 28,000 estimated unique properties served by Amadeus Hospitality and 25,000 by TravelClick (*directly contracted properties*, defined by TravelClick as properties to which TravelClick sells one or more services and with whom TravelClick has a direct relationship). There is customer overlap, which has not yet been quantified, so this figure may be revised. The customer overlap is limited and when there is overlap, the services provided by Amadeus and TravelClick are different.

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Transaction rationale

TravelClick®

Accelerates Amadeus Hospitality strategy

- ✓ Today, Amadeus mainly addresses the higher end of the market with an offer based on Central Reservations System (CRS), Property Management System (PMS), Sales & Catering (S&C), Service Optimization (SO) and Payments.
- ✓ TravelClick brings a complementary hospitality solutions portfolio: including a CRS and Guest Management Solutions (GMS) for the independent/mid-chain hotel segment, a leading, very modern hotel Business Intelligence (BI) platform and media solutions[1].
- ✓ TravelClick also brings brand recognition, a broad customer base and customer knowledge, as well as a strong team of experts in the hospitality industry.

Mid-term potential pivots around synergies from product and segment expansion

- ✓ Cross-sell Amadeus PMS, S&C, SO and Payments to TravelClick customers.
- ✓ Cross-sell TravelClick's solutions to Amadeus Hospitality customer base.
- ✓ Benefits from becoming an integrated provider for a variety of solutions to various customer segments.

Creates a leading hospitality solutions provider - serving c.53,000[2] properties - positioned to **serve the full spectrum of the market with a segmented offer**.

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1. See Appendix for details.
2. Includes 28,000 estimated unique properties served by Amadeus Hospitality and 25,000 by TravelClick (*directly contracted properties*, defined by TravelClick as properties to which TravelClick sells one or more services and with whom TravelClick has a direct relationship). There is customer overlap, which has not yet been quantified, so this figure may be revised. The customer overlap is limited and when there is overlap, the services provided by Amadeus and TravelClick are different.

TravelClick highlights

Seamlessly integrated portfolio of cloud-based SaaS solutions: CRS, GMS, BI and media solutions.

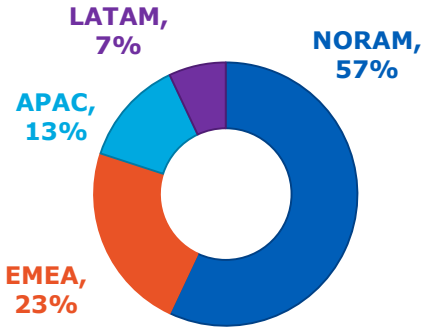
Global footprint with presence in over 176 countries - 1,100 employees, including team of sellers and account managers of 280.

Strong team of experts in hospitality.

Sizeable customer base serving c.25k properties[1] with customer relationships across segments from independent, mid-sized chains to top-end hotel groups.

Competitive landscape including Oracle, Sabre and regional players.

Revenue split by geography



1. *Directly contracted properties*, defined by TravelClick as properties to which TravelClick sells one or more services and with whom TravelClick has a direct relationship.

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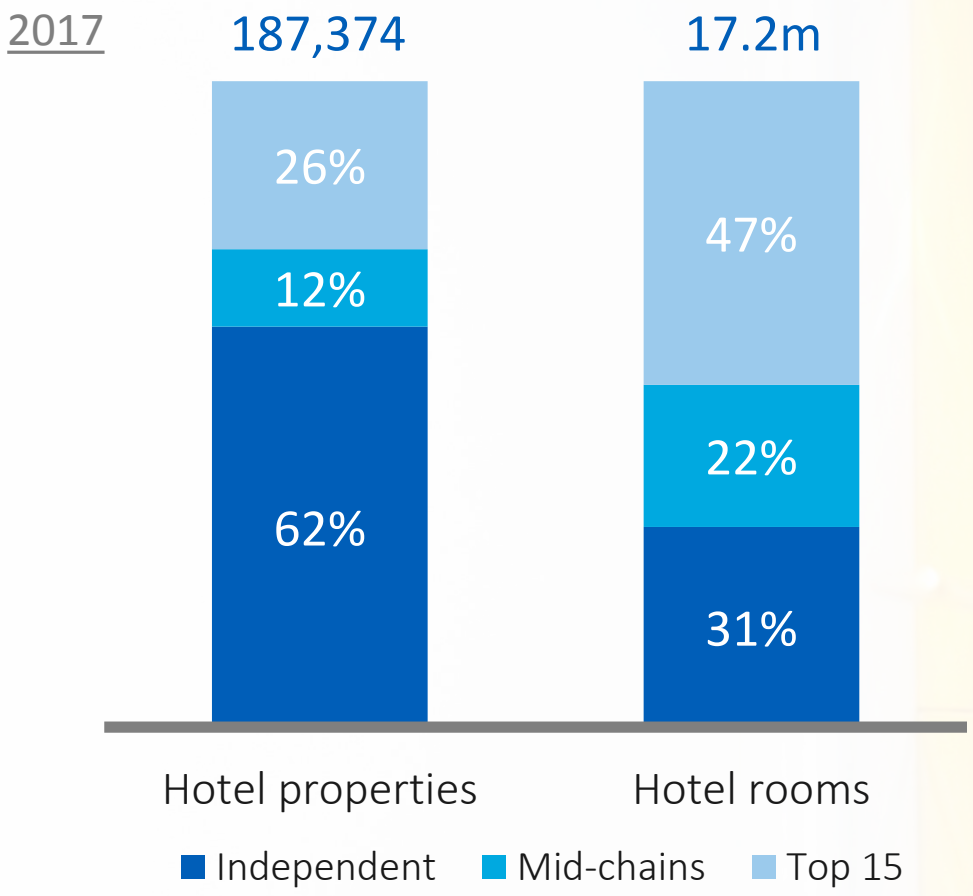
The Hospitality industry



- ✓ Through TravelClick, we acquire an immediate positioning in the independent segment and enhance our capabilities to grow in the middle chain segment.
- ✓ The middle chain and independent hotel segments together account for 74% and 53% of the addressable market by number of properties or number of rooms, respectively.

Sources: STR, Oliver Wyman and other third party research, as well as Amadeus internal estimates. Properties with more than 20 rooms in U.S. and 10 rooms in RoW.

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Amadeus Hospitality platform strategy

Fragmentation of technology creates an opportunity for an IT platform strategy. Our objective is to address the different needs of the various customer segments

- ✓ Single-instance, seamlessly integrated cloud platform, data and process consistency
- ✓ Microservices and guest-centric architecture
- ✓ Large chain customers to ''pick and choose'' capabilities *à la carte*
- ✓ Ind./Mid-chain "One-stop shop" value creation: integrated offering vs. customers sourcing from multiple providers

Search

Book

Check-in/out

Stay & services

Guest engagement

Reviews

Call center | Brand.com | OTAs | Meta | TA/TO | Event planner

Distribution & Marketing

- Amadeus: Marketing
- TravelClick: Media
- Amadeus: Global Distribution System (GDS)
- Amadeus: Content Management System (CMS)
- TravelClick: Internet Booking Engine (IBE)
- TravelClick: Channel manager
- Amadeus: Group & Event Distribution
- Amadeus: Central Reservation System (CRS) Top Chains
- TravelClick: CRS Mid-Chains & Independent

Guest interaction

- TravelClick: Guest Management Solutions (GMS)
- TravelClick: Merchandizing
- In-room interaction
- TravelClick: Reputation Management

Operations

- Amadeus: Property Management System (PMS)
- Point of Sale (POS)
- Revenue Management System (RMS)
- TravelClick: Loyalty
- Amadeus: Sales & Catering (S&C)
- Amadeus: Service Optimizer (SO)
- TravelClick: Bus. Intelligence (BI)

Admin

- Amadeus: Payment processing
- ERP / Finance / HR

Amadeus solution | TravelClick solution | TravelClick early-stage solution | Non Amadeus/TravelClick solution

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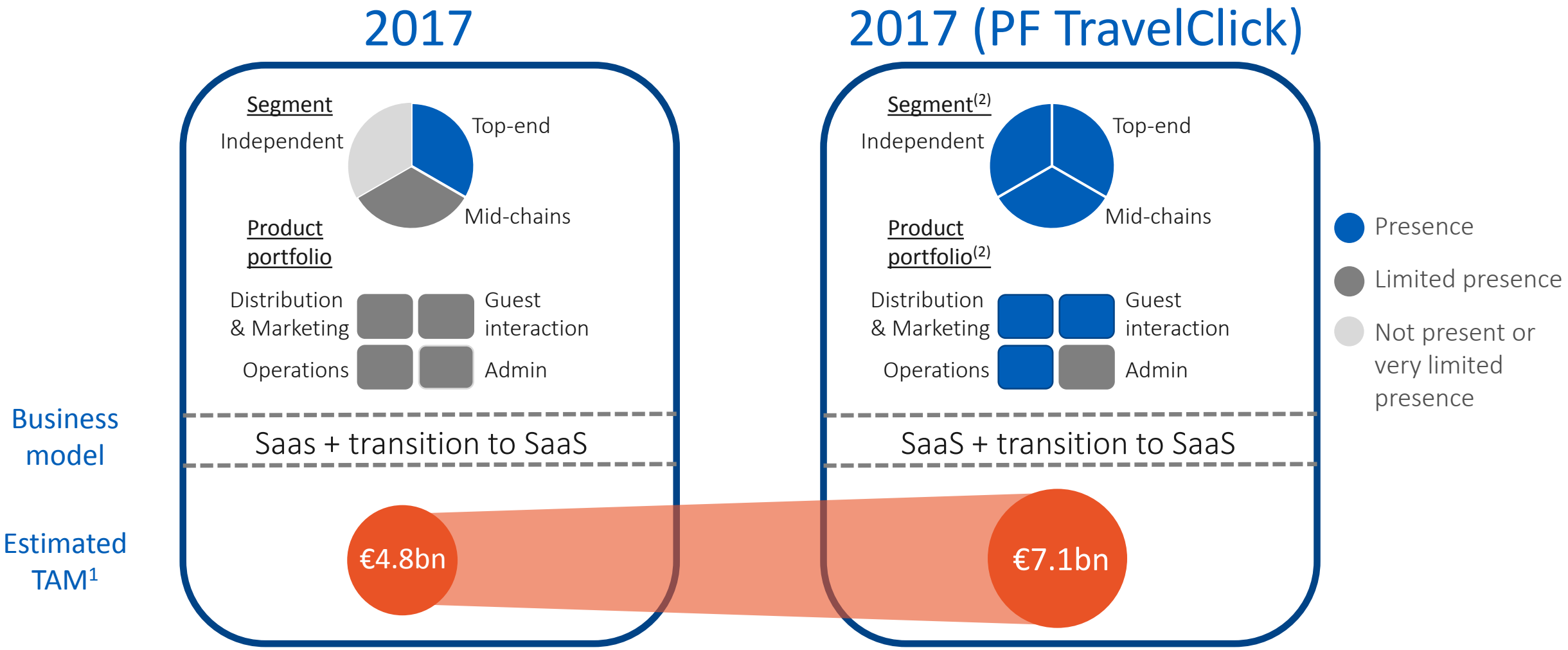
Amadeus Hospitality addressable market opportunity



1. Target Addressable Market calculated based on third party research and internal estimates.
2. The segment presence and the product portfolio presence to be viewed independently from each other.

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Amadeus Hospitality recap and outlook

Plan to integrate TravelClick into Amadeus Hospitality

Accelerate Amadeus Hospitality strategy

Revenue synergies from new customer segments and product categories

TravelClick low double-digit EBITDA 2013-17 CAGR

We expect Amadeus Hospitality to continue to support NBU double-digit growth rates in the mid-term

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Valuation and proforma combined P&L

TravelClick Valuation

- ✓ Enterprise value of $1,520 million.
- ✓ Valuation multiples:
  - 23.6x 2017 FCF[1]
  - 17.6x 2017 EBITDA[2]

PF combined P&L	AMADEUS H1 2018 LTM[3]	TravelClick 2017	AMADEUS + TravelClick[4]
Revenue	€4,739m	$373m	€5,059m
EBITDA	€1,942m	$86m[2]	€2,016m
EBITDA margin	41%	23%	40%
Adjusted EPS[3]	2.64		2.71

1. FCF - Free Cash Flow defined as EBITDA less Capex.
2. Amadeus' estimate of TravelClick recurring EBITDA. TravelClick figures may vary as we undertake a PPA exercise and as they are transitioned from US GAAP to IFRS accounting.
3. Amadeus H1 2018 LTM figures, calculated based on Amadeus 2017 restated figures.
4. Translated to Euro using a USD/€ exchange rate of 1.1658 (source: ECB June 30, 2018).

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Financing and leverage

- ✓ **100% debt-financed transaction.**
- ✓ Amadeus' acquisition of TravelClick will result in proforma leverage for Amadeus of 1.7x H1 2018 LTM EBITDA[1].
- ✓ Amadeus expects to be close to or within its targeted leverage range of 1.0x-1.5x by the end of the year.

Financials	Amadeus H1 2018[1]	TravelClick Acquisition	Proforma combined[3]
EBITDA	€1,942m	$86m[2]	€2,016m
Net debt	€2,129m	$1,520m	€3,432m
Net debt / EBITDA	1.1x		1.7x

1. Amadeus H1 2018 LTM figures, calculated based on Amadeus 2017 restated figures.
2. Amadeus' estimate of TravelClick estimated recurring EBITDA. TravelClick figures may vary as we undertake a PPA exercise and as they are transitioned from US GAAP to IFRS accounting.
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Appendix

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TravelClick offers a wide range of Hospitality solutions

TravelClick®

CRS / GMS

SaaS reservations distribution platform enabling hotels bookings through:

- ✓ OTAs
- ✓ TAs
- ✓ Consortia
- ✓ Metasearch (IBE)
- ✓ Direct bookings

Tools to identify, rank & create personalized engagements with guests across the traveller journey: acquisition, pre-stay, stay, post-stay

- ✓ Engage guests throughout the trip
- ✓ Provides hoteliers with a single view of their guests

Media solutions

Media solutions generate customer booking demand for hotels

- ✓ Build and distribute text and graphical adverts to TA points of sale to influence buyers and generate bookings
- ✓ Maximize value for properties/small groups

BI solutions

Hotels require BI reports for decision making

- ✓ Helps hotels understand share of bookings, pricing, etc. across channels and against a competitive set
- ✓ Historical and forward looking rate data to improve pricing strategy
- ✓ Based on various data sources from across the hotel ecosystem

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Glossary

- BI: Business Intelligence
- CAGR: Compound Annual Growth Rate
- CMS: Content Management System
- CRS: Central Reservation System
- ECB: European Central Bank
- ERP: Enterprise Resource Planning
- GAAP: Generally Accepted Accounting Principles
- GDS: Global Distribution System
- GMS: Guest Management Solutions
- HR: Human Resources
- IBE: Internet Booking Engine
- IFRS: International Financial Reporting Standards
- Ind./Mid Chain: Independents – Mid-sized chains
- Meta: Metasearch engine
- NBU: New Business Units
- OTA: Online Travel Agency
- POS: Point Of Sale
- PMS: Property Management Solutions
- RMS: Revenue Management System
- S&C: Sales and Catering
- SaaS: Software as a service
- SGB: Strategic Growth Businesses
- SO: Service Optimization
- TA/TO: Travel agent / Tour operator

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Thank you!

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