Amadeus IT Group, S.A. and Subsidiaries

Auditors' Report, Consolidated Annual Accounts and Directors' Report for the year ended December 31, 2017

Amadeus IT Group, S.A. and Subsidiaries

Auditors' Report
for the year ended
December 31, 2017

Deloitte.

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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 CONSOLIDATED ANNUAL ACCOUNTS

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

Report on the Consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Amadeus IT Group, S.A. ("the Parent") and its Subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated annual accounts for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2017, and its consolidated results and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs), and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

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 Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated 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 consolidated 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.

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Key Audit Matters

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

Accuracy and completeness of transactional revenue

Description	Procedures applied in the audit
Most of the Group's Revenue, which amount to a total of €4,853 million, correspond to the processing of distribution bookings and transactional sales of IT solutions, and depend on complex IT systems. The Group 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 relevant 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 consolidated annual accounts for 2017	Our audit procedures to address this matter included, amongst others, testing relevant IT controls related to the 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 systems. 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 4.2.14 and 6 to the accompanying consolidated annual accounts.

Capitalization and valuation of internally generated Technology and Content

Description	Procedures applied in the audit
The intangible assets recognized in the "Technology and Content" 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 include the development cost of the IT solutions marketed by the Group. As indicated in Note 4.2.20 to the consolidated annual accounts, development costs capitalized in the year ended 31 December 2017 amounted to €464 million. The net book value of Technology and Content assets amounted to €2,312 million as at 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 an asset in accordance with IAS 38 "Intangible Assets" and with the Group's accounting policies. The Group distinguishes between research costs, which are recognized in the statement of comprehensive income as incurred, and development costs, which are capitalized by the Group 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 Group tests the internally generated intangible assets for impairment, considering the possible technological obsolescence of these assets and any changes in the factors which permitted their capitalization initially. Due to the high volume of capitalizations and the assumptions required to be made by Group Management, the capitalization and valuation of internally generated	Our audit procedures included the review of the relevant controls established by Management related to the capitalization and valuation of Technology and Content assets. 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 costs capitalized qualify as development costs. We analyzed this evidence and evaluated whether it reflects the use of the asset for the Group and the Group'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 future. We also evaluated the assumptions and methodology used by the Group to test the internally generated intangible assets for impairment. Lastly, we assessed the adequacy of the disclosures included by the Group in this connection in the accompanying consolidated annual accounts. (Notes 4.2.20 and 8).

Capitalization and valuation of internally generated Technology and Content	
Description	**Procedures applied in the audit**
Technology and Content was considered to be a key audit matter in the period.	

Other Information: Consolidated Directors' Report

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

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

a) A specific level that applies to the consolidated 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 consolidated directors' report and, if this is not the case, reporting this fact.

b) A general level applicable to the other information included in the consolidated directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the consolidated annual accounts, based on our knowledge of the Group obtained in the audit of those consolidated financial statements 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 consolidated 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 consolidated directors' report is consistent with that contained in the consolidated financial statements for 2017 and its content and presentation are in conformity with the applicable regulations.

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

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

In preparing the consolidated annual accounts, the Parent's directors are responsible for assessing the Group'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 Parent's directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the process involved in the preparation and presentation of the consolidated annual accounts.

Auditor's Responsibilities for the Audit of the Consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated annual accounts.

A further description of our responsibilities for the audit of the consolidated annual accounts is included in Appendix 1 to this auditor's report. This description, which is on pages 6 and 7, is an integral part of our auditor's report.

Report on Other Legal and Regulatory Requirements

Additional Report to the Parent's Audit Committee

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

Engagement Period

The Annual General Meeting held on 15 June 2017 appointed us as auditors of the Group 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 consolidated annual accounts uninterruptedly since the year ended 31 December 2005; and therefore, since the year ended 31 December 2010, year in which the Parent 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

Appendix 1 to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated annual accounts.

Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 Group's internal control.

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

- Conclude on the appropriateness of the use by the Parent'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent'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 Parent'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 jeopardize our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's audit committee, we determine those matters that were of most significance in the audit of the consolidated 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.

Amadeus IT Group, S.A. and Subsidiaries

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

Consolidated statement of financial position (millions of euros)

ASSETS	Note	31/12/2017	31/12/2016
Goodwill	7	2,714.2	2,793.3
Patents, trademarks, licenses and others		334.5	327.9
Technology and content		2,311.5	2,232.8
Contractual relationships		558.3	649.6
Intangible assets	8	3,204.3	3,210.3
Land and buildings		147.9	151.8
Data processing hardware and software		238.0	216.8
Other property, plant and equipment		93.9	91.1
Property, plant and equipment	9	479.8	459.7
Investments accounted for using the equity method	10	17.5	17.9
Other non-current financial assets	11	91.1	38.7
Non-current derivative financial assets	11 and 20	8.7	2.0
Deferred tax assets	21	20.4	21.6
Other non-current assets	12	116.0	138.3
Total non-current assets		**6,652.0**	**6,681.8**
Trade account receivables	11 and 18	335.9	349.7
Income tax receivables	21	78.9	54.1
Other current financial assets	11	12.6	21.6
Current derivative financial assets	11 and 20	17.7	6.3
Other current assets	12	206.4	210.5
Cash and cash equivalents	11 and 24	579.5	450.1
Total current assets		**1,231.0**	**1,092.3**
TOTAL ASSETS		**7,883.0**	**7,774.1**

See the accompanying notes to the consolidated annual accounts

Consolidated statement of financial position (millions of euros)

EQUITY AND LIABILITIES	Note	31/12/2017	31/12/2016
Share Capital		4.4	4.4
Additional paid-in capital		624.1	616.5
Retained earnings and reserves		1,659.6	1,294.5
Treasury shares		(517.1)	(23.6)
Profit for the year attributable to owners of the parent		1,002.9	825.5
Unrealised gains / (losses) reserve		(137.9)	18.5
Equity attributable to owners of the parent		2,636.0	2,735.8
Non-controlling interests		13.0	25.7
Equity	**15**	**2,649.0**	**2,761.5**
Non-current provisions	17	29.4	28.3
Non-current debt	11 and 16	1,755.1	1,422.7
Non-current derivative financial liabilities	11 and 20	1.1	8.6
Other non-current financial liabilities	11	15.3	17.7
Deferred tax liabilities	21	625.6	680.0
Deferred revenue non-current	12	299.1	325.8
Other non-current liabilities	12	224.9	221.6
Total non-current liabilities		**2,950.5**	**2,704.7**
Current provisions	17	12.3	16.6
Current debt	11 and 16	396.1	969.5
Other current financial liabilities	11	506.8	10.8
Interim dividend payable	3, 11 and 15	210.1	175.3
Current derivative financial liabilities	11 and 20	7.2	15.5
Trade account payables	11 and 18	694.1	650.5
Income tax payables	21	16.9	32.2
Deferred revenue current	12	117.8	138.5
Other current liabilities	12	322.2	299.0
Total current liabilities		**2,283.5**	**2,307.9**
TOTAL EQUITY AND LIABILITIES		**7,883.0**	**7,774.1**

See the accompanying notes to the consolidated annual accounts

Consolidated statement of comprehensive income (millions of euros)

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CONTINUING OPERATIONS	Note	31/12/2017	31/12/2016
Revenue	6	4,852.7	4,472.9
Cost of revenue		(1,291.0)	(1,150.0)
Personnel and related expenses		(1,337.6)	(1,280.0)
Depreciation and amortization		(556.5)	(499.1)
Other operating expenses		(344.4)	(331.5)
Operating income	6	1,323.2	1,212.3
Financial income		1.3	1.7
Interest expense	23	(32.9)	(58.5)
Other financial expenses	23	(9.6)	(18.0)
Exchange gains / (losses)		(18.9)	3.2
Financial expense, net		(60.1)	(71.6)
Other income / (expense)		(0.6)	3.1
Profit before income taxes		1,262.5	1,143.8
Income tax expense	21	(262.0)	(322.9)
Profit after taxes		1,000.5	820.9
Share in profit of associates and joint ventures accounted for using the equity method	10	4.2	5.4
PROFIT FOR THE YEAR		**1,004.7**	**826.3**
Attributable to owners of the parent		1,002.9	825.5
Attributable to non-controlling interests		1.8	0.8
Earnings per share basic and diluted [in Euros]	22	2.29	1.89
Items that will not be reclassified to profit or loss:			
Actuarial gains / (losses)		(2.6)	(10.0)
Items that will be reclassified to profit or loss when specific conditions are met:			
Cash flow hedges		30.4	(29.1)
Exchange differences on translation of foreign operations		(184.2)	46.7
		(153.8)	17.6
Other comprehensive income / (expense) for the year, net of income tax		(156.4)	7.6
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**848.3**	**833.9**
Attributable to owners of the parent		846.5	833.1
Attributable to non-controlling interests		1.8	0.8

See the accompanying notes to the consolidated annual accounts

Consolidated statement of changes in equity (millions of euros)

	Note	Share Capital	Additional paid-in capital	Retained earnings and reserves	Treasury shares	Profit for the year attributable to owners of the parent	Unrealised gains/(losses) reserve	Non-controlling interests	Total
Carrying amount at December 31, 2015		**4.4**	**615.2**	**985.8**	**(29.3)**	**683.9**	**10.9**	**26.6**	**2,297.5**
Total comprehensive income for the year		-	-	-	-	825.5	7.6	0.8	833.9
Complementary dividend	15	-	-	(190.1)	-	-	-	-	(190.1)
Interim dividend payable	15	-	-	(174.9)	-	-	-	-	(174.9)
Treasury shares acquisition	15,19	-	-	-	(24.0)	-	-	-	(24.0)
Treasury shares disposal	15,19	-	(15.0)	(12.7)	29.7	-	-	-	2.0
Recognition of share-based payments	19	-	16.3	-	-	-	-	-	16.3
Transfer to retained earnings		-	-	683.9	-	(683.9)	-	-	-
Derecognition of non-controlling interest	15	-	-	0.7	-	-	-	(1.6)	(0.9)
Other changes in equity		-	-	1.8	-	-	-	(0.1)	1.7
Carrying amount at December 31, 2016		**4.4**	**616.5**	**1,294.5**	**(23.6)**	**825.5**	**18.5**	**25.7**	**2,761.5**
Total comprehensive income for the year		-	-	-	-	1,002.9	(156.4)	1.8	848.3
Complementary dividend	15	-	-	(236.3)	-	-	-	-	(236.3)
Interim dividend payable	15	-	-	(210.1)	-	-	-	-	(210.1)
Share buy-back Programme	15	-	-	-	(500.0)	-	-	-	(500.0)
Treasury shares acquisition	15,19	-	-	-	(7.7)	-	-	-	(7.7)
Treasury shares disposal	15,19	-	(11.5)	0.4	14.2	-	-	-	3.1
Recognition of share-based payments	19	-	19.0	-	-	-	-	-	19.0
Transfer to retained earnings		-	-	825.5	-	(825.5)	-	-	-
Derecognition of non-controlling interest	15	-	-	(14.5)	-	-	-	(14.5)	(29.0)
Other changes in equity		-	0.1	0.1	-	-	-	-	0.2
Carrying amount at December 31, 2017		**4.4**	**624.1**	**1,659.6**	**(517.1)**	**1,002.9**	**(137.9)**	**13.0**	**2,649.0**

See the accompanying notes to the consolidated annual accounts

Consolidated statement of cash flows (millions of euros)

	Note	31/12/2017	31/12/2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income		1,323.2	1,212.3
Adjustments for:			
Depreciation and amortization	8 and 9	556.5	499.1
Depreciation and amortization included in capitalization	6	(14.6)	(11.3)
Operating income before changes in working capital and taxes paid		1,865.1	1,700.1
Trade accounts receivable		16.1	17.7
Other current Assets		22.6	(96.3)
Trade accounts payable		38.6	24.1
Other current liabilities		3.0	60.8
Other non-current liabilities		(25.0)	87.4
Cash provided from operating activities		1,920.4	1793.8
Taxes paid		(363.4)	(300.8)
Net cash generated by operating activities		**1,557.0**	**1,493.0**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(116.4)	(105.1)
Payments for intangible assets		(495.7)	(490.0)
Net cash outflow on acquisition of subsidiaries		(2.5)	(760.8)
Interest received		0.6	0.1
Payments to acquire financial assets		(55.8)	(27.4)
Loans to third parties		(0.4)	-
Cash proceeds collected - derivative agreements		2.6	3.6
Cash proceeds paid - derivative agreements		(8.3)	(4.0)
Proceeds on sale of financial assets		3.8	0.9
Dividends received		3.0	1.6
Proceeds obtained from disposal of non-current assets		1.6	10.1
Net cash used in investing activities		**(667.5)**	**(1,371.0)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments to acquire non-controlling interests in subsidiaries		(28.9)	(1.1)
Proceeds from borrowings		1,782.6	2,388.2
Repayments of borrowings		(2,026.9)	(2,299.0)
Interest paid		(22.9)	(64.5)
Dividends paid to owners of the parent		(411.3)	(338.5)
Payments to acquire treasury shares	15	(7.7)	(24.0)
Cash paid - derivative agreements		(2.7)	(16.1)
Payments of finance lease liabilities and others		(33.6)	(31.8)
Net cash used in financing activities		**(751.4)**	**(386.8)**
Effect of exchange rate changes on cash and cash equivalents		(8.6)	2.8
Net increase / (decrease) in cash and cash equivalents		**129.5**	**(262.0)**
Cash and cash equivalents net at the beginning of year	24	449.6	711.6
Cash and cash equivalents net at the end of year	24	579.1	449.6

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1 GENERAL INFORMATION AND ACTIVITY

Amadeus IT Group, S.A. (hereinafter, "the Company") was incorporated and registered at the Companies Register 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 Companies Register on August 2, 2016, 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 object, as set out in article 2 of its by-laws, 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) organization 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; and

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 Spanish 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 object, such activity shall not commence until the required professional or administrative requirements have been fulfilled. The by-laws and other public information of the Company can be consulted on the website of the Company (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, providing advanced technology solutions to our travel provider and travel agency customers worldwide. The Group acts as an international network providing comprehensive real-time search, pricing, booking, ticketing and other processing solutions to travel providers and travel agencies through our Distribution segment, and we offer other travel providers (today, principally airlines) an extensive portfolio of technology solutions which automate certain mission-critical business processes, such as reservations, inventory management and departure control, through our IT Solutions segment.

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

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). The Company's shares form part of the Ibex 35 index [AMS].

2 BASIS OF PRESENTATION AND COMPARABILITY OF THE INFORMATION

2.1 Basis of presentation

2.1.1 General Information

The consolidated annual accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU"), which are effective as of December 31, 2017, and other provisions of the applicable financial reporting framework. The annual accounts were authorized for issue by the Board of Directors of the Company on February 27, 2018. The Directors expect that these consolidated annual accounts will be approved at the General Shareholders' Meeting without modification. The annual accounts for the year 2016 were approved at the General Shareholders' Meeting held on June 15, 2017.

The accompanying consolidated annual accounts were obtained from the accounting records of the Company and its subsidiaries, 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 consolidated annual accounts show the true and fair view of the Group's equity, financial position, results and cash flows for the year.

The presentation currency of the Group is the Euro. The consolidated statement of financial position is presented with a difference between current and non-current items, and the consolidated statement of comprehensive income is presented by nature of expense. The presentation by nature highlights better the different components of financial performance of the Group and enhances predictability of the business. The Group decided to prepare the consolidated statement of cash flows by applying the indirect method.

The Group presented negative working capital in the years ended as of December 31, 2017 and 2016, which given the industry in which the Group operates and its financial structure, is not an unusual circumstance, and does not present an impediment for the normal development of its business.

2.1.2 Use of estimates

Use of estimates and assumptions, as determined by Management, is required in the preparation of the consolidated annual accounts in accordance with IFRS-EU. The estimates and assumptions made by management affect the carrying amount of assets and liabilities. Those with a significant impact in the consolidated annual accounts are discussed in different sections of this document:

- Estimated recoverable amounts used for impairment testing purposes (notes 7, 8 and 9)

- Provisions (note 17)
- Pension and post-retirement benefits (note 12)
- Income tax liabilities (note 21)
- Cancellation reserve (note 11)
- Doubtful debt provision (note 11)
- Share-based payments (note 19)
- Business combinations (note 13)

The estimates and assumptions are based on the information available at the date of issuance of the consolidated annual accounts, past experience and other factors which are believed to be reasonable at that time. The actual results might differ from the estimates.

2.2 Comparison of information

For comparison purposes, the Group presents, together with the amounts included in the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows at and for the years ended December 31, 2017 and 2016, comparative information in the notes when it is relevant to understand the consolidated annual accounts for the current year. Except where indicated otherwise, the figures of the consolidated annual accounts are expressed in millions of euros.

The presentation and classification of certain line items in the notes of the consolidated annual accounts have been revised and comparative information has been reclassified accordingly.

2.3 Consolidation scope

The Appendix to these consolidated annual accounts lists the subsidiaries, associates and joint-ventures in which the Group has direct or indirect interests as of December 31, 2017 and 2016, as well as the consolidation method applied in each case.

Since January 1, 2017 the Group acquired control over Amadeus Yemen Limited and therefore started applying the consolidated method. Until December 31, 2016 the company was integrated following the equity method.

On February 23, 2017, the Group has established a fully owned entity named PT Amadeus Technology Indonesia (99% owned through Amadeus IT Group, S.A. and 1% through Amadeus Asia Ltd).

On January 26, 2016, the Group acquired, through Amadeus IT Group, S.A., 100% of the ownership interest of Navitaire, LLC, 100% of the ownership interest of Navitaire Philippines Inc. (Navitaire) and certain assets and assumed certain liabilities primarily related to Navitaire business.

On April 15, 2016, the Group acquired, through Amadeus IT Group, S.A., 95% additional interest of the share capital of Amadeus Slovenija, d.o.o. (“Slovenia”). As of December 31, 2017 and 2016, the Group owned 100% of the shares of this entity.

On April 15, 2016, the Group acquired, through Amadeus IT Group, S.A., 51% of the voting rights of NMC d.o.o. Skopje (“Macedonia”).

On April 15, 2016, the Group acquired, through Amadeus IT Group, S.A., 100% of the voting rights of NMC Tirana sh.p.k. ("Albania").

3 PROPOSED APPROPRIATION OF THE PARENT COMPANY´S RESULT

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 has 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 ACCOUNTING POLICIES

4.1 Adoption of new and revised International Financial Reporting Standards (IFRS)

4.1.1 New and revised standards and amendments adopted by the European Union (EU) effective and applicable for the year ended December 31, 2017

- "Amendments to IAS 7: Statement of Cash Flow: Disclosure Initiative". The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.
- "Amendments to IFRS 12: Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12 from Annual Improvements Cycle – 2014-2016". The amendments are effective for annual periods beginning on or after January 1, 2017.
- "Amendments to IAS 12: Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses". The amendments clarify that unrealised losses on debt instruments measured at fair value in the financial statements but at cost for tax purposes can give rise to deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.

The Group has adopted these amendments on January 1, 2017 and they had no material effect on the consolidated annual accounts of the Group.

4.1.2 Standards and amendments adopted by the European Union (EU) not yet effective for the year ended December 31, 2017

a) IFRS 9 Financial Instruments

The standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The standard is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets and liabilities for the following reasons:

- The debt instruments that are currently classified as available-for-sale (AfS) financial assets satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets.
- A FVOCI election is available for the equity instruments which are currently classified as AfS.
- Equity investments currently measured at fair value through profit or loss (FVPL) will continue to be measured on the same basis under IFRS 9.
- Debt instruments currently measured at amortised cost meet the conditions for classification at amortised cost under IFRS 9.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. The related expected increase of the bad debt provision will be limited at Amadeus due to the fact that the majority of our customers' accounts receivables and payables are settled through the clearing houses operated by the International Air Transport Association ("IATA") and Airlines Clearing House ("ACH"). These systems guarantee that the cash inflows from our customers will be settled at a certain fixed date, and mitigate the credit risk partially by the fact that the members of the clearing house are required to make deposits that would be used in the event of default. Therefore the initial impact of adopting IFRS 9 to its consolidated financial statements will not be significant (less than 3% of gross trade accounts receivable).

The new standard will require extensive new disclosures and changes in presentation, in particular about hedge accounting, credit risk and ECLs. The Group's assessment included an analysis to identify data gaps against current processes and the Group plans to implement the system and controls changes that it believes will be necessary to capture the required data.

b) IFRS 15 Revenue from contracts with customers

The standard establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue-Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

An entity shall apply this standard using one of the following two methods: retrospectively to each prior reporting period presented in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors or retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application. The Group will be adopting the standard on January 1, 2018, using the first method, retrospectively to each prior reporting period presented. The Group may use one or more practical expedients when applying this standard retrospectively:

- for completed contracts, an entity does not need to restate contracts that: (i) begin and end within the same annual reporting period or (ii) are completed contracts at the beginning of the earliest period presented;
- for completed contracts, that have variable consideration, an entity may use the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative reporting periods.

The Group does not expect significant differences in the timing of revenue recognition for its services. More than 91% of the revenues of Distribution and IT Solutions businesses are derived from contracts identified as "Software as a Service", not containing separately identifiable performance obligations and the current revenue recognition accounting policy is compliant with new IFRS 15 requirements.

Management has identified some non-booking revenues in Distribution (see note 4.2.14), representing less than 4% of the revenues for the Group, that should be reclassified under the cost of revenue to net the incentives granted to customers.

IFRS 15 incorporates specific criteria to determine which costs relating to a contract should be capitalized, and distinguishes between the costs associated with obtaining a contract and the costs associated with contract fulfilment. No significant costs to obtain and fulfilment costs (other than those under scope of IAS 38), have been identified in the Group.

The adoption of IFRS 15 will require new extensive disclosures in the financial statements.

c) IFRS 16 Leases

IFRS 16 includes requirements for the presentation of balances and transactions resulting from leases. The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. IFRS 16 Leases replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 also includes multiple requirements for disclosures, to be provided in a single note or separate section of the financial statements, intended to fulfil a general objective of providing sufficient information to provide a basis for assessing the effect that leases have on an entity's financial position, financial performance and cash flows.

The Group has performed an initial assessment of the potential impact on its consolidated financial statements. So far, the most significant impact identified is that the Group will recognise new assets and liabilities for its present operating leases of building rentals. In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The standard is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16. The Group will be adopting the standard on January 1, 2018.

An entity shall apply this standard using one of the following two methods: full retrospectively approach or a modified retrospective approach. The Group will choose the latter and will measure assets at an amount equal to liability at the date of initial application.

As indicated above, the intention of the Group is to early adopt IFRS 16 in 2018. In consequence, the Group undertook a project to prepare for adoption consisting of:

- the review of the different types of lease contracts
- the definition of accounting policies especially in matter related to determination of the lease term and discount rates
- capture of data from leases and performance of calculations

As at December 31, 2017 the Group has non-cancellable operating leases commitments amounting to €227.6 million (see note 14). The Group estimates that the vast majority of these leases relate to building rentals which will be eligible for recognition on the opening balance of 2018 as a right-of-use asset and a liability.

d) Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued.

The adoption of amendments as detailed above will not have any material effect on the consolidated annual accounts of the Group.

Notes (millions of euros)

e) Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 28 Investments in Associates and Joint Ventures

These amendments introduce minor changes to these two standards. For IFRS 1 the short-term exemptions in paragraphs E3–E7 of IFRS 1 are deleted because they have now served their intended purpose. As the Group is not a first time adopter, it will not be applicable to the future consolidated annual accounts of the Group. For IAS 28 it is clarified that the election to measure at fair value through profit or loss is available for each investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, on an investment-by-investment basis, upon initial recognition. Neither the Company nor its subsidiaries qualify as venture capital organizations and therefore the amendment is not expected to have an impact on the future consolidated annual accounts of the Group.

4.1.3 Standards, amendments and interpretations not yet adopted by the European Union (EU) and not yet effective for the year ended December 31, 2017

Standards	Proposed effective date
IFRS 17 Insurance Contracts	January 1, 2021

Amendments and interpretations	Proposed effective date
Amendments to IFRS 2: Classification and Measurement of Share-based Payments Transactions	January 1, 2018
IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration	January 1, 2018
Amendments to IAS 40: Transfers of Investment Property	January 1, 2018
IFRIC Interpretation 23: Uncertainty over Income Tax Treatments	January 1, 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	January 1, 2019
Amendments to IAS 28: Long-term interests in Associate and Joint Ventures	January 1, 2019
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	January 1, 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle	January 1, 2019

The adoption of the new and revised standards and amendments as detailed above are currently under analysis, and it is expected to have no material impact on the consolidated annual accounts of the Group; nevertheless it will result in more extensive disclosure on the consolidated annual accounts.

4.2 Significant accounting policies

The main accounting policies applied in the preparation of the consolidated annual accounts are as follows:

4.2.1 Principles of consolidation

The consolidated annual accounts include the Company and all its subsidiaries within the scope of consolidation. Subsidiaries are those entities over which the Company or one of our subsidiaries has control. Control is achieved when the Group has:

- Power over the investee,
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Subsidiaries are fully consolidated even when acquired with an intention of disposal.

Intercompany balances, transactions and gains and losses of the continuing operations are eliminated during the consolidation process. Transactions between continuing and discontinued operations that are expected to continue post sale are not eliminated from continuing operations in order to present the continuing operations on a basis consistent with the underlying trading.

Investments in associates, being those entities over which the Group has significant influence but which are not subsidiaries, and investments in joint-ventures, being investments jointly controlled with third parties, whereby the ventures have the rights to the net assets of the arrangement, are accounted for by using the equity method except when these investments meet the “held for sale” classification. Gains and losses arising from transactions between the Group, and associates and joint-ventures have been eliminated to the extent of the Group’s interests in the relevant entity. If the Group share of losses of an entity accounted for under the equity method exceeds its interest in the entity, the Group recognizes a provision for its share of the realized losses. The interest in an entity accounted for the equity method is the carrying amount of the investment in the entity together with any long-term interests that, in substance form part of the investor’s net investment in the entity.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group derecognizes all assets, liabilities and non-controlling interests at their carrying amount and recognizes the fair value of the consideration received. Any retained interest in the former subsidiary is recognized at its fair value at the date control is lost. The resulting difference is recognized as a gain or loss in the consolidated statement of comprehensive income within the “Other income / (expense)” caption.

Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing the control of the subsidiary are equity transactions.

The financial statements of all our subsidiaries, associates and joint ventures are prepared at the same financial year-end as the Company’s following their respective local general agreed accounting principles being converted into IFRS as adopted by the EU for consolidation purposes.

4.2.2 Foreign currency transactions

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation at year-end of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income in the "Exchange gains / (losses)" caption. All other exchange gains and losses are presented in the consolidated statement of comprehensive income as part of the "Operating income" caption.

The current economic situation of Venezuela is compliant with the definition of Hyperinflationary Economy stated in IAS 29 Financial Reporting in Hyperinflationary Economies. The Group maintains presence in Venezuela through its subsidiary Sistemas de Reservaciones CRS de Venezuela, C.A., being its remaining balances as of December 31, 2017, and 2016, and the volume of transactions during the years 2017 and 2016 not material. The rest of subsidiaries’ functional currencies do not correspond to hyperinflationary economies in accordance with IAS 29, therefore, no restatements have been performed in order to correct the financial statements of any subsidiary from the effects of inflation.

4.2.3 Currency translation

The stand-alone financial statements of each of the subsidiaries are prepared using each subsidiary's functional currency. As the consolidated annual accounts are presented using the Euro, the assets and liabilities for each subsidiary are translated into Euros at year-end closing rates; components of the profit or loss for the year are translated at average exchange rates for the year; and share capital, additional paid-in capital, and reserves are translated at historical rates. Any exchange differences arising as a result of this translation, for subsidiaries and investments in associates and joint-ventures, are shown together as a separate component of equity attributable to owners of the parent in the "Exchange differences on translation of foreign operations" caption in the consolidated statement of comprehensive income and in the "Unrealised gains / (losses) reserve" in the consolidated statement of financial position. In the case of translation differences related to non-controlling interests, these are included in the "Non-controlling interests" caption within equity.

4.2.4 Related parties

The Group considers the following as its related parties: its significant shareholders and controlled companies, subsidiaries, associates, joint-ventures and post-employment benefit plans, key management personnel, members of the Board of Directors and their close family members, as well as other entities where the member of the Board of Directors is also a related party, when significant influence exists. The Group considers as key management personnel all the members of its Executive Committee as well as the Internal Audit Director.

4.2.5 Cash equivalents

The Group classifies its short-term investments as cash equivalents when held for the purpose of meeting short-term cash commitments, the investments are highly liquid, readily convertible to known amounts of cash and subject only to an insignificant risk of changes in value. These short-term investments generally consist of certificates of deposit, time deposits, commercial paper, short-term government obligations and other money market instruments with maturity of three months or less. Such investments are stated at cost, which approximates fair value.

Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purposes of presenting the consolidated statement of cash flows.

In the event that cash or cash equivalents were restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period, these assets are classified as non-current on the consolidated statement of financial position.

4.2.6 Goodwill and cash-generating unit impairment testing

Goodwill is measured as the excess of the aggregate of:

- the consideration transferred;
- the amount of any non-controlling interests in the acquiree; and
- the acquisition-date fair value of previously held interests in the acquiree

over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured at fair value.

When settlement of the purchase consideration is deferred, the contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of the acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the date of acquisition. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss for the year.

The carrying amount of investments in associates includes the related goodwill on these investments.

The acquisition-related costs are accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred.

Negative goodwill is not recognised but charged to the consolidated statement of comprehensive income within the "Other income/ (expense)" caption once the fair value of net assets acquired is reassessed.

When goodwill has been allocated to a cash-generating unit and the Group has disposed of an operation within that unit, goodwill associated with the disposed operation, is measured on the basis of the relative value with regards to the portion of the cash-generating unit retained, unless there is some other method that better reflects the goodwill associated with the operation disposed of. The attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Goodwill is not amortized and is tested for impairment. Impairment testing is performed annually and whenever there is an indication that the carrying amount may not be fully recoverable. Impairment losses relating to goodwill cannot be reversed in future periods.

Goodwill is tested for impairment together with the assets corresponding to the cash-generating unit (or group of cash-generating units) that are expected to benefit from the synergies of the business combination. These assets will also include the intangible assets with indefinite useful life (such as the Amadeus Brand), to the extent that they do not generate separate cash inflows from other assets or group of assets. Thereby the carrying amount of the cash-generating unit is compared with the recoverable amount and any impairment loss is recognised in profit or loss.

The Group operates certain corporate assets, corresponding mainly to property plant and equipment, which do not generate cash inflows that are independent from other assets or groups of assets. Therefore the carrying amount of these assets cannot be allocated on a reasonable basis to the individual cash-generating units to which goodwill is allocated. The carrying amount of the corporate assets is excluded from the impairment test of the separate cash-generating units. As such, the Group reviews that there is no impairment by comparing the recoverable amount of the smallest group of cash-generating units that include the corporate assets (Distribution and IT Solutions), with the carrying amount of those cash-generating units (Distribution and IT Solutions) including the corporate assets.

4.2.7 Impairment of non-current assets

The carrying amounts of significant non-current assets are reviewed at each balance sheet date to determine if there is an indication of impairment. If such indication exists the recoverable amount is estimated. The recoverable amount is the greater of fair value less cost of disposal and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value, by applying an appropriate risk adjusted discount rate. As a result of this evaluation, an impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount, by reducing the carrying amount of the asset to its recoverable amount, with the corresponding charge to the consolidated statement of comprehensive income in the "Depreciation and amortization" caption. Future depreciation charges are adjusted for the new carrying amount for the asset's remaining useful life. A previously recognized impairment loss is reversed when new events or changes in circumstances indicate a change in the estimated recoverable amount. In such cases, the carrying amount of the asset is increased, not exceeding the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Impairment loss reversals are recognized in the consolidated statement of comprehensive income within the "Depreciation and amortization" caption. Future depreciation charges are adjusted to the revised carrying amount over the asset's remaining useful life.

4.2.8 Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment losses, and reviewed periodically and adjusted for any decrease in value as noted in paragraph 4.2.7.

These assets include the following:

- Patents, trademarks, licenses and others – This includes the net cost of acquiring brands and trademarks either by means of business combinations or in separate acquisitions. It also includes the net cost of acquiring software licenses developed outside the Group for Distribution and IT Solutions. When a brand is deemed to contribute to Group net cash inflows indefinitely, then it is treated as having an indefinite useful life. As such it would not be amortized until its useful life is determined to be finite. Impairment tests will be performed annually or whenever there are signs that suggest impairment. For the finite useful life of assets, the amortization period will range between 3 to 26 years, applying the straight line method for charging expense to the consolidated statement of comprehensive income within the "Depreciation and amortization" caption.

- Technology and content – This caption includes the net costs of acquiring technology and content by means of acquisitions through business combinations, through separate acquisitions, or internally generated. These assets are the combination of software elements and travel content, the latter being obtained by Amadeus through its relationships with travel providers. This combination allows the processing of travel transactions (bookings) between supply (travel providers) and demand (travel agencies), and it makes the travel information available to users through the Amadeus System. It also includes the development technology of the IT Solutions. Internally generated "Technology and content" includes software applications developed by the Group. These costs are recognized as an asset once technical feasibility is established, it is reasonably anticipated that the costs will be recovered through future activities or benefit in future periods, and the cost of the assets can be measured reliably (as detailed in paragraph 4.2.20).

  When the Group receives cash from customers to be used only to develop assets which the Group must then use to provide the customer with ongoing access to certain services, and if the Group determines that it controls the asset developed, the resulting asset is recognized as "Technology and content" in the consolidated statement of financial position at cost.

  These assets are amortized by applying the straight-line method over an estimated useful life from 3 to 20 years. Those associated to Amadeus IT technology are amortized in 20 years as the IT Industry model is for a very long period, and for the main components of the GDS technology the useful life estimated is 15 years due to the status of Amadeus reservation system and the technological gap perceived by the company over competitors. The customization of the software developed for certain airlines is amortized over an estimated useful life between 3 to 13 years.

- Contractual relationships – This includes the net costs of contractual relationships with travel agencies users and with travel providers, acquired through business combinations. It also includes the capitalizable costs, related to payments made to travel agencies, which can be recognized 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 customer loyalty of the customer portfolio. They are instrumented through agreements with a term that is always over a year, in which the customer commits to achieve certain economic objectives. The agreements include short-fall clauses applicable if those objectives are not met. The useful life of contractual relationships has been determined by taking into consideration the contractual-legal rights, the renewal period and the technological lock-in period for these intangible assets. It has been determined to range over a period of 1 to 15 years. A straight-line method of amortization is applied, and tested for impairment to adjust the carrying amount to the achievement of the committed objectives (as indicated in paragraph 4.2.7). And within this category, those assets that were acquired through the business combination are amortized using a straight-line method over a period between 8 and 21 years.

Amortization expenses related to intangible assets are included in the "Depreciation and amortization" caption of the consolidated statement of comprehensive income.

The Group receives tax incentives in the form of reduced liability for taxes in relation to research and development costs incurred by the Group. These incentives are in substance government grants and are recognized when there is reasonable assurance that the Group will comply with the relevant conditions and the grant will be received. The incentives for the year are recognized as a lower research and development expenditure in the consolidated statement of comprehensive income. When the costs incurred first meet the intangible asset recognition criteria the incentive for the year which is attributable from this point onwards is recognized as a lower intangible asset cost.

When the Group receives government loans at a below-market rate of interest, the benefit is treated as a government grant. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan measured at fair value and the proceeds received. The benefit is accounted as lower research and development expenditure in the consolidated statement of comprehensive income within "Other operating expenses" caption.

Borrowing costs directly attributable to the development of qualifying intangible assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the intangible assets.

4.2.9 Property plant and equipment

Property plant and equipment assets are recognized at cost less accumulated depreciation and impairment losses. They are depreciated by applying the straight-line method over the estimated useful life of the assets:

	Useful life in years
Buildings	50
Data processing hardware and software	2 - 7
Other property, plant and equipment	2 - 20

Repairs and renewals are charged to the consolidated statement of comprehensive income within the "Other operating expenses" caption when the expenditure is incurred.

The cost of software licences acquired to be used by data processing hardware that needs the software to be capable of operating, are regarded as highly integrated with the data processing hardware and as a property plant and equipment.

The Amadeus data centres (e.g. in Erding) provides the systems and infrastructure necessary to conduct the Amadeus business. Both the hardware equipment (including servers and storage equipment) and software products (including operating system software, database software, monitoring software) function as a unit to provide the necessary production platforms to run all of Amadeus products, from flight bookings in the Distribution operating segment, to the IT Solutions operating segment mainly represented by Altéa suite.

4.2.10 Leases

Leases where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets are capitalized at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the lease, and a liability is recognised for such amount. Each lease payment is allocated between the liability and interest expense based on a constant rate of interest on the outstanding principal. The capitalized leased assets are depreciated by applying the straight-line method over the above-mentioned useful life.

Operating lease payments are charged to the consolidated statement of comprehensive income within the "Other operating expenses" caption as incurred over the term of the lease.

4.2.11 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal.

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is deemed to be met only when the asset or disposal group is available for immediate sale in its present condition and the sale is highly probable. A sale is considered highly probable when the appropriate level of management is committed to a plan to sell, the sale price marketed is reasonable in relation to the asset current fair value, an active program to locate a buyer and complete the sale plan must have been initiated, actions required to complete the plan indicate that it is unlikely that the plan will be significantly changed or withdrawn, and the plan is expected to qualify for recognition as a completed sale within one year from the date of classification except in certain limited circumstances.

Discontinued operations consist of operating segments and, disposal groups if they represent a major line of business or geographical area of operations, which have either been sold during the year or are classified as held for sale at year end. The financial performance and cash flows of discontinued operations shall be separately reported.

4.2.12 Pension and other post-retirement obligations

The Group operates a number of defined benefit and defined contribution pension plans. Liabilities of the Group arising from defined benefit obligations are determined by applying the projected unit credit method. Independent actuarial valuations are carried out annually for the largest plans and on a regular basis for other plans. The actuarial assumptions used to calculate the benefit obligations vary according to the economic conditions of the country in which the plan is located. Such plans are either externally funded, with the assets within the schemes held separately from those of the Group, or unfunded with the related liabilities carried in the consolidated statement of financial position.

For the funded defined benefit plans, the deficit or excess of the fair value of plan assets over the present value of the defined benefit obligation is recognised as a liability or an asset in the consolidated statement of financial position. However, excess assets are recognised only to the extent that they represent a future economic benefit available to the Group, for example in the form of refunds from the plan or reductions in future contributions.

Actuarial gains and losses arise mainly from changes in actuarial assumptions and differences between actuarial assumptions and what has actually occurred. Actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus, and are not reclassified to profit or loss in subsequent periods.

The defined benefit plans actuarial cost charged to the consolidated statement of comprehensive income within the "Personnel and related expenses" caption, consists of service cost, and within the "Other financial expenses" caption the net interest on the defined benefit liability.

Contributions made to defined contribution plans are charged to the consolidated statement of comprehensive income within the "Personnel and related expenses" caption as incurred. The same accounting policy is applied for defined benefit plans which are funded by multi-employer plans where sufficient information is not available to apply defined benefit plan accounting.

4.2.13 Capital issuance and listing costs

Expenses incurred in connection with the incorporation or increases in capital are applied as a reduction to the proceeds received in the "Additional paid-in capital" caption of the consolidated statement of financial position, net of any related income tax benefit. The portion of listing expenses that can reasonably be allocated to equity are also accounted through the "Additional paid-in capital" caption of the consolidated statement of financial position net of any related income tax benefit.

Expenses incurred in connection with the admission to listing are charged to the consolidated statement of comprehensive income as incurred.

4.2.14 Revenue recognition

In the distribution business (Distribution), the Group charges fees to travel providers for each booking made through our Amadeus GDS platform, and for other services that are closely related to the booking process (ticketing, revenue maximization products and other optional products). The pricing of the fee is dependent upon the usage and the level of functionality at which the provider participates.

Revenue from non-air bookings, mainly related to hotels and car rental, is recognised when the bookings are used by the final customer.

Revenue from travel provider bookings is recognized based on the number of bookings and when the booking is made, and for services in the month on which services are rendered. Airline bookings revenue is presented net of cancellations made and an allowance for future cancellations (as detailed in paragraph 4.2.15).

Another component of the distribution revenues are the non-booking revenues. This principally relates to subscriber services agreements entered by the Group, mainly with travel agents, which provide the user the tools and services that permit access to the Amadeus system. The customer is charged a fee and revenue is recognized when services are provided. Some of this customers are granted with incentives which are charged to expense as incurred.

Revenue derived from charges to customers on a transactional basis for the use of our IT Solutions is recognised when the reservation is used by the end customer. Users of these services (Altéa suite mainly) have access to a complete portfolio of technology solutions that automate business processes of travel providers (such as reservations, inventory management and departure control systems).

The Group also generates revenues from direct sales offices and web pages of certain airlines ("system users") which are connected directly to Amadeus system. The airline receives a payment from the group in connection with these own inventory sales, these payments are being accounted for as a deduction of revenue.

The Group has certain content and other agreements with airlines. Pursuant a content agreement the airlines will give the Group access to their schedule information, seat inventory and fares for flights for sale in the territories covered in the respective agreements. Payments made by the Group to airlines in the framework of these agreements are accounted for as a deduction of revenue.

The accounting treatment of content agreements and payments to system users, described above, is in accordance with ASC 605-50-45-2 Revenue Recognition—Customer Payments and Incentives.

Revenues obtained from customization and implementations of IT Solutions are recognised when services are provided to customers over the term of the agreement with those customers.

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

Other revenues within IT Solutions revenues are derived from licensing its software, from providing related professional services and support and from subscriptions of its offerings. Licensing revenue is recognised upon delivery to the customer. Services revenue consists of installation, training and consulting services, and is recognised as the services are performed. Support and maintenance revenue consists of telephone support and unspecified products and upgrades, and is recognized ratably over the term of the agreement. Revenues from subscriptions are proportionally recognised over the subscription or the agreement term. Revenue for all categories is recognized provided that there is persuasive evidence of an arrangement, delivery has occurred, fees are fixed or determinable and collectability is reasonably assured.

Amounts invoiced to customers in advance of revenue recognition are recorded as deferred revenue.

4.2.15 Cancellation reserve

Gross revenue from airline reservations, is recorded at the time that the booking is made. However, if the booking is cancelled in a later month, the corresponding booking fee must be refunded to the airline. At the same time the distribution fee and related commercial incentives ("distribution costs") payable to the third party distributors (travel agencies, airlines and Amadeus Commercial Organizations –ACOs which are not subsidiaries of the Group) are also cancelled.

Accordingly, revenues are recorded net of the cancellation reserve of booking fees, and costs of revenues are offset by the distribution costs derived from the cancelled booking fee. Accounts receivable are recorded net of a cancellation reserve, and accounts payable are recorded net of the reduction in distribution costs derived from cancellations. This reserve is calculated based on:

- The cancellation rate, which is estimated based on historical cancellation rates, is calculated dividing the number of cancellations net of re-bookings, during the reporting period by the inventory of unused bookings at the end of the previous reporting period. When estimating the cancellation rate, we assume that a significant percentage of cancellations are followed by an immediate re-booking without net loss of revenues; and
- The inventory of open bookings, which is the number of bookings made but not yet used by final customers and which may still be cancelled.

4.2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; when it is probable that the Group will be required to settle the obligation; and when a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, and the risks and uncertainties surrounding the obligation are taken into account. Where the effect of the time value of money is material, provisions are discounted.

4.2.17 Doubtful debt provision

As of each balance sheet date, we make an allowance for potentially uncollectible accounts receivable. Our management assesses credit risk for large customers (airlines) on a client-by-client basis taking into consideration, among other factors, that credit risk is mitigated by the fact that the majority of our customers' accounts receivables and payables are settled through the clearing houses operated by the International Air Transport Association ("IATA") and Airlines Clearing House ("ACH"). Through this system we guarantee that cash inflows from our customers will be settled at a certain fixed date, and we mitigate the credit risk partially by the fact that the members of the clearing house are required to make deposits that would be used in the event of default. For all other customers, we make a provision for credit risk based on the average length of time their total receivables are overdue.

4.2.18 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received there under. When this is the case, a provision is recognised for the lower cost of exiting the contract or continuing to fulfil it.

4.2.19 Employee share-based payments

The Group accounts for its employee share-based payment obligations as follows:

- Equity settled share-based payments: compensation expense for services received and the corresponding increase in equity are recognised as they are rendered by the employee during the vesting period by reference to the grant date fair value of the equity instruments granted to the employee. The compensation expense is recognised in the consolidated statement of comprehensive income for the year within the "Personnel and related expenses" caption. The settlement of equity settled share-based payments is accounted for as the repurchase of an equity instrument. In the event that the entity elects to settle in cash, no additional compensation expense is recognised if the consideration paid equals the fair value of the equity instrument measured at the repurchase date.
- Cash-settled share-based payments: compensation expense is recognised as it is rendered by the employee during the vesting period based on the fair value of the liability. The fair value of the liability is remeasured until settled with changes in fair value recognised in the consolidated statement of comprehensive income for the year within the "Personnel and related expenses" caption.

4.2.20 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. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. 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 Group (see note in paragraph 4.2.8). The research and development costs expensed for the years ended December 31, 2017 and 2016, amounted to €299.0 million and €291.9 million respectively. The development costs that have been capitalized (before deducting any incentives, as detailed in note 8 and 12) for the years ended December 31, 2017 and 2016, amounted to €464.0 million and €433.9 million respectively.

4.2.21 Financial instruments

Financial assets and financial liabilities are recognised initially at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets are classified on initial recognition into the following categories depending on the nature and purpose of the investment: “at fair value through profit or loss”, “held-to-maturity investments”, “available-for-sale financial assets” and “loans and receivables”. Held-to-maturity investments and loans and receivables are measured at amortised cost, by applying the effective interest method less impairment. The remaining categories are measured at fair value. Changes in fair value of available for sale financial assets are explained in b) below.

a) Currency, interest rate and own shares price evolution related derivatives

The Group uses derivative financial instruments to hedge certain currency, interest rate and own shares price evolution exposures. All these derivatives, whether designated as hedges or not, are measured at fair value, which is the market value for listed instruments or valuation based on option pricing models and discounted cash flow calculations for unlisted instruments. Net interests accrued for these derivatives which are either payable or receivable at the end of the reporting period, are reported according to their maturity under the current and non-current derivative financial assets captions if they are receivable, or under the current and non-current derivative financial liabilities captions if they are payable.

The accounting treatment of gains or losses resulting from changes in the fair value of the derivatives is as follows:

- Cash flow hedges: the portion of changes in the fair value of derivatives which are effective are accounted for, net of tax, directly through equity until the committed or forecasted transaction occurs, at which point these will be reclassified to the consolidated statement of comprehensive income within the “Financial expense, net” caption. The portion considered ineffective is recognized directly in the consolidated statement of comprehensive income within the “Financial expense, net” caption.
- Hedges of net investment in a foreign entity: the portion of changes in the fair value of derivatives which are effective are included, net of tax, within the “Exchange differences on translation of foreign operations” caption until the disposal of the foreign entity at which time these will be reclassified to the consolidated statement of comprehensive income within the “Exchange gains and losses” caption. The portion considered ineffective is recognized directly in the consolidated statement of comprehensive income within the “Exchange gains and losses” caption.
- No hedge accounting: gains and losses on derivatives neither designated nor qualifying for hedge accounting treatment are accounted for directly in the consolidated statement of comprehensive income within the “Financial expense, net” caption.

The Group also uses non derivative financial liabilities denominated in foreign currency to hedge the cash flow currency risk of its forecasted transactions. The functional currency translation difference of these hedging instruments are recognized directly in equity up until the forecasted transaction occurs, at which point these are reclassified to the consolidated statement of comprehensive income. Ineffective gains or losses are recorded directly in the consolidated statement of comprehensive income within the “Exchange gains and losses” caption.

b) Equity investments

Investments in companies over which the Group does not have significant influence, control or joint control are classified as available for sale financial assets and measured at their fair values. Fair value is measured by reference to the market value for the listed instrument or by using techniques such as market value for similar instruments, discounted cash flow analysis and option pricing models for unlisted instruments. Gains and losses arising from changes in fair value are recognised directly in equity, net of tax, up until the asset is derecognised at which point these are reclassified to the consolidated statement of comprehensive income within the “Financial expense, net” caption. When there is objective evidence that the asset is impaired the cumulate loss recognised in equity is removed from equity and recognised in the consolidated statement of comprehensive income. Foreign exchange gains and losses related to these items are recognized directly in the consolidated statement of comprehensive income within the “Financial expense, net” caption. When fair value cannot be reliably determined, these investments are measured at amortized cost.

c) Debt and other financial liabilities

Current and non-current debts are subsequently measured at amortised cost using the effective interest method. The amount at which they are to be repaid and any implicit interest paid included either in their face value or repayment value is recorded as a direct deduction from the debt face amount. Such interest is calculated applying a financial method over the life of the financial liability. When the debt is extinguished, the relevant liability amount is derecognised. Any difference between the liability carrying amount and the settlement amount is charged to the consolidated statement of comprehensive income within the “Financial expense, net” caption.

d) Derecognition of financial assets

Financial assets are derecognised from the consolidated statement of financial position when the rights to receive the cash flows associated with the asset have expired. When the Group retains the contractual right to receive the cash flows of a financial asset but has assumed a contractual obligation to pay said cash flows to a third party, the financial asset qualifies for derecognition if the assets have been transferred (the Group has an obligation to pay the cash flows only if collected and without material delay and the original asset cannot be sold or pledged) and under the terms of the agreement the Group has transferred substantially all risks and rewards associated with the asset.

e) Offsetting

The Group presents the amounts due from and payable to customers by their gross amounts in its consolidated statement of financial position, in the majority of instances. Amounts due from and payable to customers are, in most cases, legally separated in different agreements: i) the participating carrier agreement regulates the terms and conditions applicable to the amounts due from customers and ii) the content agreement or system user agreement, that set the terms and conditions applicable to the amounts payable to customers. Both agreements are independent and, although some exceptions exist, the amounts due cannot compensate the amounts payable because the Group does not have the legal right to set-off.

When the Group enters into agreements that permit offsetting the accounts receivable and accounts payable to customers, presents the net amount in the consolidated statement of financial position. This will be applicable when and only when:

- currently has a legally enforceable right to set-off the recognized amounts. The Group has the legal right to set-off when it can settle or otherwise eliminate all or a portion of an amount due to a creditor by applying against that amount an amount due from the creditor; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.2.22 Income taxes

Current income tax is recognised in the consolidated statement of comprehensive income within the “Income taxes” caption, except to the extent that it relates to items directly taken to equity, in which case it is recognised in equity.

Deferred taxes are determined under the liability method. Under this method, deferred tax assets and liabilities are recognized based on temporary differences between the financial statement and tax bases of assets and liabilities using tax rates that are expected to apply when the assets or liabilities are realized based on tax rates and laws that have been enacted by the balance sheet date.

Deferred taxes arising from movements in equity are charged or credited directly to equity. Deferred tax assets are recognized when the probability of realization is reasonably assured and are adjusted only to the extent that it is no longer probable that a benefit will be realized in the future. Deferred tax assets and liabilities related to the same tax jurisdiction are presented net in the consolidated statement of financial position.

Tax credits for investments in subsidiaries and associates are applied to reduce the amount of the investment when there is an increase in the percentage of ownership. In the case of capital increases that do not represent an increase in the percentage of ownership or for newly created companies, tax credits are recognized at the time that the capital contribution occurs.

4.2.23 Treasury shares

Treasury shares held by the Group are stated at cost and reported as a reduction in equity attributable to owners of the parent. The gain or loss on disposal of these shares is recorded in the "Additional paid-in capital" caption.

When the Group enters into a share buy-back programme, by means of an irrevocable forward contract, then the Group presents within "Treasury shares" caption the commitment to acquire the Company's shares, together with the corresponding financial liability within "Other current financial liabilities".

4.2.24 Non-controlling interests

Non-controlling interests represent the share of minority shareholders in the equity and income or loss for the year of fully consolidated Group companies.

The changes in ownership interests in the Group's subsidiaries that do not result in loss of control, are dealt with in equity, with no impact on goodwill or profit or loss for the period.

5 FINANCIAL RISK AND CAPITAL MANAGEMENT

The Group 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 Group is to identify measure and minimize 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 Group enters into hedging activities with derivatives and non-derivative instruments.

5.1 Foreign exchange rate risk

The reporting currency in the Group's consolidated annual accounts is the Euro (EUR). As a result of the multinational orientation of its business, the Group is subject to foreign exchange rate risks derived from the fluctuations of many currencies. The target of the Group's foreign exchange hedging strategy is to reduce the volatility of the Euro value of the consolidated foreign currency denominated cash flows. The instruments used to achieve this goal depend on the denomination currency of the operating cash flow to be hedged:

- The strategy for US Dollar (USD) exposures is based on the use of natural hedges and derivatives. This strategy aims at reducing the exposure created by the USD denominated operating cash inflows of the Group with the USD payments of principals of the USD denominated debt and with derivatives, although as of December 31, 2017, there was no USD denominated debt.

Notes (millions of euros)

- Aside from the USD, the 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 significant portion of the aforementioned short exposures (net expenditures) the Group can engage into derivative contracts with banks: basically currency forwards, currency options and combinations of currency options.

Provided that the objective in relation with the foreign exchange rate risk is to reduce the volatility of the EUR value of the foreign currency denominated cash flows, the total exposure of the Group to changes in the foreign exchange rates is measured in terms of Cash-flow at Risk (CFaR). This risk measure provides an estimate of the potential EUR loss of the foreign currency denominated cash flows from the moment the estimation is calculated to the moment the cash flow is expected to take place. These estimates are made using a 95% confidence level.

The CFaR methodology is similar in many respects to the Value at Risk (VaR) methodology. However, whereas VaR is generally centred in the changes in the value of a portfolio of exposures in a given future interval of time, CFaR is focused on the changes in the value of the cash-flows of that portfolio from the calculation date to the moment in which these cash-flows effectively take place. In the case of Amadeus CFaR is a more adequate measure of the risk of the Group given that the goal of our risk management strategy with relation to foreign exchange risk is reducing the volatility of the EUR value of the foreign currency denominated cash-flows. An additional reason for focusing on cash-flows is that, eventually, the cash-flows of a company result in its level of liquidity which in the case of a non-financial corporation it is generally a scarce and valuable element.

The main limitations of the CFaR methodology are very similar to the ones of the VaR methodology:

- Firstly, its results are based on several of hypotheses on the future volatilities of the exchange rates and the future correlation among them which may correspond with the real evolution of the exchange rates or not[1].
- Additionally, the foreign exchange exposure estimates used as inputs to the model may deviate with respect to the exposures which will finally take place in the future[2].
- Finally, it is important to mention that given a level of CFaR calculated with a 95% confidence level, the losses which could take place in the remaining 5% of the cases may be significantly greater than the level of risk as measured with the CFaR methodology for a 95% confidence level.

The CFaR of the foreign exchange exposures of the Group calculated with a 95% confidence level is set forth in the table below:

31/12/2017			31/12/2016		
2018 CFaR	2019 CFaR	2020 CFaR	2017 CFaR	2018 CFaR	2019 CFaR
(5.6)	(24.4)	(53.9)	(24.1)	(62.5)	(86.4)

[1] The volatilities implicit in the market prices of currency options and the historic correlations among the main currencies in which Amadeus has exposures are used as inputs to the model.

[2] In order to calculate the foreign currency exposures of the Group we take into account the estimated cash flows in each currency according to the last available forecast and the foreign currency hedges contracted as of the CFaR calculation date.

Notes (millions of euros)

There are two main reasons for the decrease in the CFaR levels of the Group for the next three years with respect to the CFaR levels outstanding at the end of 2016. On one side, the smaller US Dollar exposure as a consequence of the larger amount of hedges outstanding. Additionally, foreign exchange implicit volatilities outstanding at the end of 2017 were lower than the ones used to make the calculation in the previous year.

As it can be observed in the table above, the level of risk measured in CFaR terms tends to increase for the periods which are further away. The reasons for this are: (1) the further away the future cash-flows are, more adverse the effect of foreign exchange fluctuations can be potentially; (2) the level of hedging is smaller for the later periods; and (3) in the later periods the size of the foreign exchange exposures tends to be greater.

5.2 Interest rate risk

The objective of the Group in terms of interest rate risk management is reducing the volatility of the net interest flows payable by the Group. In line with this goal as of December 2017 approximately 86% (76% as of December 2016) of the debt contracted by the Group was fixed rate debt. No interest rate hedges were hedging this debt as of December 2017 and December 2016.

As of December 2016 the only outstanding interest rate derivatives were hedging future debt that it was expected to be contracted during 2017. These derivatives were cancelled in March 2017 since the expected financing to be hedged did not materialized.

Although the interest rate hedge mentioned above fixes the amount of interests to be paid by Amadeus in future years, its fair value is sensitive to changes in the level of interest rates. The sensitivity of fair value to a 0.1% (10 bps) parallel shift of the interest rate curve as of December 31, 2017 and 2016 is set forth in the table below:

	31/12/2017		31/12/2016	
	+10 bps	-10 bps	+10 bps	-10 bps
EUR denominated debt	4.2	(4.7)	5.7	(5.8)
EUR accounting hedges	-	-	2.5	(2.5)
Total	4.2	(4.7)	8.2	(8.3)

In 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 basically due to the reduction in the average time to maturity of the outstanding debt. Although the future flows of the fixed rate debt instruments are not sensitive to the changes in the level of interest rates, the fair value of the instruments is sensitive to these changes.

According to the table above a 10 bps drop in the level of interest rates would cause a loss in the fair value of the debt (an increase of the liability) and the derivatives in the Amadeus hedging portfolio amounting to €4.2 million at December 31, 2017, and €8.3 million at December 31, 2016 respectively. However, given that the changes in the fair value of the derivatives that qualify for hedge accounting are recognized directly in equity and the debt is measured at amortized cost, the impact of a 10 bps drop in the level of interest rates would imply no loss recognized in the profit for the year at December 31, 2017 and 2016, since the derivatives in the interest rate portfolio of the Group as of December 31, 2016 were accounted as a cash-flow hedges.

In cash flow terms, in the case of a parallel drop (or rise) in the level of interest rates the lower (or higher) interests payable for the debt which was hedged in 2017, would be compensated by a similar amount of higher (or lower) debt interests to be paid during the life of the hedges (cash flow hedge concept).

5.3 Own shares price evolution risk

As of December 31, 2017, the Group has three different remuneration schemes outstanding which are settled with Amadeus shares; the Performance Share Plan (PSP), the Restricted Share Plan (RSP) and the Share Match Plan (SMP).

According to the rules of these plans, when they mature their beneficiaries will receive a number of Company's shares which for the outstanding plans will be (depending on the evolution of certain performance conditions) between a maximum of 1,722,000 shares and a minimum of 318,000 shares, approximately. It is Amadeus intention to make use of its 1,069,252 treasury shares to settle these plans at their maturity.

5.4 Credit risk

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

Amadeus' cash and cash equivalents are deposited in major banks on the basis of diversification and the credit risk of the available investment alternatives.

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

5.5 Liquidity risk

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

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

- A cash pooling agreement with most of the subsidiaries located in the Euro area.
- Through bilateral Treasury Optimization agreements between Amadeus IT Group, S.A. and its subsidiaries.

Corporate Treasury monitors the Group's cash position through rolling forecasts of expected cash flows. These forecasts are performed by the subsidiaries of the Group and later on consolidated in order to examine both the liquidity situation and prospects of the Group and its subsidiaries.

The detail of the contractual maturities of the Group's debt financing as of the end of the financial year 2017 is described in the note 16 "Current and non-current debt".

In addition to other smaller treasury lines agreed with several banks, the Group has access to two Revolving Credit facilities as detailed in note 16. Each of these two facilities has a notional of €500.0 million and can be used to cover working capital needs and general corporate purposes. As of December 31, 2017 these two facilities were fully unused and thus €1,000.0 million can be used to cover the liquidity needs of the Group (as of December 31, 2016, the used amount was €100.0 million and thus the unused part of these facilities amounted to €900.0 million).

Notes (millions of euros)

Finally, in August 2016, the notional of the Multi-Currency European Commercial Paper (ECP) program was increased from €500.0 million up to €750.0 million. This program can be used for raising short term financing. As of December 31, 2017 €300.0 million of this program were in use (€485.0 million as of December 31, 2016).

5.6 Capital management

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

The Group bases its capital management decisions on the relationship between the Group's earnings and free cash flows and its debt amount and debt service payments. The capital structure of the Group consists of net debt and the equity of the Group.

The net financial debt as of December 31, 2017 and 2016, is set forth in the table below:

	31/12/2017	31/12/2016
Total non-current debt	1,755.1	1,422.7
Total current debt	396.1	969.5
Total debt	**2,151.2**	**2,392.2**
(-) Cash and cash equivalents	(579.5)	(450.1)
Total net financial debt (non-GAAP)	**1,571.7**	**1,942.1**

The Group's debt is rated by Standard & Poor's and Moody's as Investment Grade ("BBB/A-2" and "Baa2", respectively, with positive outlook for Standard & Poor's and stable outlook for Moody's). Both agencies keep a credit rating of the debt as "Investment Grade". The Group considers that the ratings awarded would allow access to the markets, if necessary, on reasonable terms.

With regard to the dividend policy, the Board of Directors of Amadeus IT Group, S.A resolved to extend the 2014 dividend policy to the period of 2015 and onwards, which consists on a pay-out ratio of between 40% and 50% of the reported profit for the year (excluding extraordinary items). The amount of future dividends the Company decides to pay, if any, and the future dividend policy will however depend on a number of factors, such as market conditions and prospects, including financial conditions, as well as the evolution of the Company's operations, its cash requirements and debt service obligations, in which case the Company would undertake the appropriate communications to ensure that the change is made public. The amount of dividends is proposed by the Board of Directors and approved by the shareholders at General Shareholders' Meetings.

The dividend policy, also establishes the approval, within the last quarter of the year, of an interim dividend related to the results of each financial period, to be paid in the following month of January.

Notes (millions of euros)

6 SEGMENT REPORTING

The segment information has been prepared in accordance with the "management approach", which requires presentation of the segments on the basis of the internal reports about components of the entity which are regularly reviewed by the chief operating decision maker in order to allocate resources to a segment and to assess its performance.

The Group is organized into two operating segments on the basis of the different services offered by the Group:

- Distribution, where the primary offering is our GDS platform. It generates revenues mainly from booking fees the Group charges to travel providers for bookings made, as well as other non–booking revenues; and
- IT Solutions, where we offer 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 operating segments identified, the composition of those operating segments, and the accounting policies used in the measurement of the operating segments profit or loss, are consistent with those used and applied in the year ended December 31, 2016.

The Group applies the same accounting policies for the measurement of the profit or loss of its operating segments as those described in note 4. However, management when evaluating the performance of each operating segment uses Contribution as a performance measure. Contribution is defined as the revenue for the relevant operating segment less operating direct costs plus direct capitalizations and research incentives. The operating expenses (excluding capitalized expenses and those incentives associated to those capitalizations) of the Group are allocated either to operating direct costs or to indirect costs; operating direct costs are those direct costs that can be assigned to an operating segment.

Additionally, the Group manages its borrowing activities and taxes centrally and they are not followed up per segment.

Information regarding the Group's operating segments and the reconciliation of the measure of profit or loss to the consolidated statement of comprehensive income as of December 31, 2017, and 2016, are set forth in the table below:

	31/12/2017			31/12/2016		
	Distribution	IT Solutions	Total	Distribution	IT Solutions	Total
Revenue	3,137.6	1,715.1	4,852.7	2,925.0	1,547.9	4,472.9
Contribution	1,306.0	1,177.0	2,483.0	1,223.0	1,040.7	2,263.7

Notes (millions of euros)

The main reconciling items correspond to:

	31/12/2017	31/12/2016
Revenue	4,852.7	4,472.9
Contribution	2,483.0	2,263.7
Net indirect cost [(1)]	(617.9)	(563.6)
Depreciation and amortization [(2)]	(541.9)	(487.8)
Operating income	**1,323.2**	**1,212.3**

(1) Principally comprises indirect costs that are shared between the Distribution and IT Solutions operating segments, such as: (i) costs associated with our technology systems, including our processing of multiple transactions, and (ii) corporate support, including various corporate functions such as finance, legal, human resources, internal information systems, etc. Additionally it includes capitalization of expenses and incentives received from the French government in respect of certain IT Solutions / Distribution product development activities in Nice and which have not been allocated to an operating segment.

(2) Includes the capitalization of certain depreciation and amortization costs in the amount of €14.6 million and €11.3 million, in the period ended December 31, 2017 and 2016, respectively.

The Group operates in the travel industry and, accordingly, events that significantly affect the industry could also affect the Group's operations and financial position.

Amadeus IT Group, S.A. is based in Spain and is the counterparty to all key contractual arrangements with airlines and other travel providers for Distribution and IT Solutions operating segments.

The table below represents a good measure of how the revenue of the Group is geographically distributed based on, where the travel agent in which bookings are reserved is located (for the Distribution operating segment), and attending to where the airline receiving the services is registered (for the IT Solutions operating segment):

	31/12/2017	31/12/2016
Western Europe [(1)]	1,975.8	1,893.9
Asia & Pacific	917.9	817.7
North America	844.0	712.4
Middle East and Africa	554.5	525.8
Central, Eastern and Southern Europe	327.6	294.6
Latin America	232.9	228.5
Revenue	**4,852.7**	**4,472.9**

(1) Includes Spain revenue by an amount of €240.9 million and €223.3 million for the periods ended December 31, 2017 and 2016, respectively.

Notes (millions of euros)

Non-current assets by geographic area for the year ended December 31, 2017 and 2016, are set forth in the table below:

31/12/2017	Europe				Other		PPA Assets	Total
	Spain	France	Germany	Other	North America	Rest of the world		
Intangible Assets	244.6	1,594.3	100.1	8.2	615.0	37.4	604.7	3,204.3
PP&E	11.9	99.7	310.9	8.3	23.6	25.4	-	479.8
Investments in Associates	2.6	-	-	-	-	14.9	-	17.5
Total	**259.1**	**1,694.0**	**411.0**	**16.5**	**638.6**	**77.7**	**604.7**	**3,701.6**

31/12/2016	Europe				Other		PPA Assets	Total
	Spain	France	Germany	Other	North America	Rest of the world		
Intangible Assets	166.3	1,503.1	90.1	5.7	734.8	32.2	678.1	3,210.3
PP&E	13.3	94.3	294.9	7.9	26.6	23.8	(1.1)	459.7
Investments in Associates	2.4	-	-	-	-	15.5	-	17.9
Total	**182.0**	**1,597.4**	**385.0**	**13.6**	**761.4**	**71.5**	**677.0**	**3,687.9**

The PPA Assets caption corresponds to the carrying value of the assets identified during the Purchase Price Allocation exercise (PPA) performed as a result of the business combination (Leverage Buy-Out) between Amadeus Group and the Company in July 2005.

7 GOODWILL

The reconciliation of the carrying amount of goodwill for the years ended as of December 31, 2017 and 2016, is set forth in the table below:

	31/12/2017	31/12/2016
Carrying amount at the beginning of the year	**2,793.3**	**2,478.9**
Additions due to acquisitions of subsidiaries (note 13)	-	733.0
Retirements	-	(5.0)
Transfers (note 13)	-	(456.4)
Exchange rate adjustments	(79.1)	42.8
Carrying amount at the end of the year	**2,714.2**	**2,793.3**

The “Exchange rate adjustments” caption for the year ended December 31, 2017 and 2016, mainly relates to the USD/EUR evolution.

The “Retirements” caption reflects the goodwill associated with the divestment of non-core Meeting Intelligence business by Amadeus Hospitality Americas, Inc. during the year ended December 31, 2016.

Notes (millions of euros)

Goodwill derived from any acquisition is allocated for the purpose of impairment testing, based on Amadeus' organizational structure and operations, to the cash-generating unit that is expected to benefit from the acquisition that originated the goodwill.

The following reportable segments are the lowest level within the Group at which goodwill is monitored for internal management purposes. The carrying amount of goodwill per reportable segment is set forth in the table below:

	31/12/2017	31/12/2016
Distribution	1,992.5	1,992.4
IT Solutions	721.7	800.9
Carrying amount	**2,714.2**	**2,793.3**

The variations in the carrying amount of goodwill per segment are due to the "Exchange rate adjustments". This caption is assigned to the corresponding segment based on the originating entity. For the years ended December 31, 2017 and 2016, it mainly relates to the goodwill arisen from the acquisition of Navitaire, Air IT, Hotel Systems Pro and Amadeus Hospitality Americas, Inc.

The Group tests the carrying amount of goodwill for impairment annually or more frequently if there is any indicator that suggests that the carrying amount 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, 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, see note 8), 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 Group operates are also taken into consideration when testing for impairment the Group's cash-generating units.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. This implies reducing the carrying amount of the asset to its recoverable amount, with the corresponding charge to the consolidated statement of comprehensive income in the "Depreciation and Amortization" caption.

The goodwill recoverable amounts for the Distribution and IT Solutions cash-generating units are based on a "value in use" assessment. In order to determine the "value in use" of each cash-generating unit the following steps are followed:

- Individual forecast are developed for each cash-generating unit, performing a cost allocation exercise for some cost items. These forecasts are based in the available financial budgets and financial projections approved by the Group management. The forecasts take into account the market environment, the market growth forecasts as well as the Group's market position.
- Cash-flow forecasts based on the above and discount rates are calculated after tax.
- The present value is obtained, using specific discount rates that take into account the appropriate risk adjustment factors.

Regarding the 2017 Impairment Test exercise, the forecasts considered have been based on the Group's 2018-2020 Long Term Plan (LTP). Unallocated costs have been allocated between the 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, air traffic growth published by IATA, among others. The Group uses past experience average contribution margin for the estimation of the Group'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 any case of impairment, are set forth in the table below:

Notes (millions of euros)

	31/12/2017	31/12/2016
	2018-2022 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 believes that any reasonable deterioration of the key assumptions considered, which are the basis to calculate the value in use, would not result in the recoverable amount being lower than the respective unit's carrying amount.

For Distribution cash-generating unit, the value in use exceeds the carrying amount of goodwill and assets allocated to the cash-generating unit in all the scenarios of the sensitivity analysis performed, considering a growth rate to perpetuity in the range between (1.0)% and 2.5% (same range for the year 2016), and with a discount rate of 7.5% (7.5% in 2016), with different scenarios that range from 6.5% to 9.5%, in line with market consensus, and not resulting in any case of impairment.

For IT Solutions cash-generating unit, the value in use exceeds the carrying amount of goodwill and assets allocated to the cash-generating unit in all the scenarios of the sensitivity analysis performed, considering a growth rate to perpetuity in the range between (1.0)% and 2.5% (same range for the year 2016), and with a discount rate of 7.5% (7.5% in 2016), with different scenarios that range from 6.5% to 9.5%, in line with market consensus and not resulting in any case of impairment.

Notes (millions of euros)

8 INTANGIBLE ASSETS

The reconciliation of the carrying amounts for the years ended December 31, 2017 and 2016, of the items included under intangible assets caption is set forth in the table below:

	Patents, trademarks, licenses and others	Technology and content	Contractual relationships	Total
Carrying amount at December 31, 2015	**330.0**	**1,895.7**	**386.6**	**2,612.3**
Additions	9.5	0.5	65.6	75.6
Additions of Software internally developed	-	422.0	-	422.0
Retirements and disposals	-	(1.2)	(3.1)	(4.3)
Transfers	8.6	198.0	259.0	465.6
Additions due to acquisitions	-	7.0	-	7.0
Impairment losses charged to profit or loss	(8.6)	(18.2)	(0.2)	(27.0)
Amortization charge	(11.6)	(272.1)	(66.5)	(350.2)
Exchange rate adjustments		1.1	8.2	9.3
Carrying amount at December 31, 2016	**327.9**	**2,232.8**	**649.6**	**3,210.3**
Additions	21.8	-	41.4	63.2
Additions of Software internally developed	-	451.4	-	451.4
Retirements and disposals	-	-	(0.3)	(0.3)
Impairment losses charged to profit or loss	-	(31.5)	(0.8)	(32.3)
Amortization charge	(13.6)	(311.2)	(72.0)	(396.8)
Exchange rate adjustments	(1.6)	(30.0)	(59.6)	(91.2)
Carrying amount at December 31, 2017	**334.5**	**2,311.5**	**558.3**	**3,204.3**

The carrying amount of intangible assets with indefinite useful life amounts to €293.2 million as of December 31, 2017 and 2016, and it is classified under the "Patents, trademarks, licenses and others" caption and it relates mainly to the Amadeus brand. The Amadeus brand is estimated that will contribute to the Group net cash inflows indefinitely. Among the different factors considered in reaching this decision, the following matters should be highlighted:

- There are no expectations of the Amadeus brand to be abandoned; and
- There is certain stability within the GDS industry since it is composed of few players worldwide and Amadeus has a strong positioning.

Thereby, the Group does not see any fact or circumstance driving it to estimate a definite useful life for the Amadeus brand, thus, qualifying the asset as an indefinite useful life intangible asset. The Amadeus brand carrying amount is allocated to the cash-generating units of Distribution by €257.8 million and IT Solutions by €35.4 million (same amounts for the year 2016). This intangible asset does not generate cash inflows that are independent from other assets and 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 is described in note 7.

During the year ended December 31, 2017, total additions to intangible assets amounted to €514.6 million (€497.6 million in 2016), €63.2 million (€75.6 million in 2016) of which were acquired separately and €451.4 million (€422.0 million in 2016) were internally developed.

Significant additions during the years ended as of December 31, 2017 and 2016, include software internally developed, which consists of expenditure incurred in products, projects and implementation of new customers, that qualifies for recognition as an intangible asset, as well as contractual relationships, which mainly relate to the payments made to travel agents and providers that meet the requirements to be recognised as an intangible asset.

Additions of software internally developed are presented once the portion of government grants received from the French Tax Authorities (Research Tax Credit) that are attributable to these assets is deducted, by an amount of €12.6 million and €11.9 million, for the years ended December 31, 2017 and 2016, respectively. The total amount of government grants received from the French Tax Authorities is €18.8 million and €19.4 million for the years ended December 31, 2017 and 2016, respectively. The portion of the government grant that is not attributable to the software internally developed is reported under the "Other operating expenses" caption on the consolidated statement of comprehensive income.

The Group has estimated the recoverable amount of the significant intangible assets for which it has been determined that an indication of impairment exists. As a result, the Group has recognised impairment losses of intangible assets by an amount of €32.3 million and €27.0 million, for the years ended December 31, 2017 and 2016, respectively. During 2017 and 2016 the Group reported certain impairment losses in relation to products that will not deliver the expected economic benefits, due to either unforeseen efforts required to deliver the customer's needs, or a reassessment of the expected demand downwards. Additionally in 2016 the Group recognised an impairment loss related to the write-off of the brand "Newmarket International", amounting to €8.6 million, as it has been abandoned and will be replaced by the global Amadeus brand. From the total impairment expense for the year ended December 31, 2017, €13.5 million (€25.5 million in 2016) corresponds to the IT Solutions operating segment and €18.8 million (€1.5 million in 2016) to the Distribution operating segment.

The transfers to the "Patents, trademarks, licenses and others", "Technology and content" and "Contractual Relationships" captions for the year ended December 31, 2016, mainly relate to the completion of the purchase price allocation exercise for the business combination with Navitaire, Itesso BV (now Amadeus Hospitality Netherlands BV) and Pyton by an amount of €428.9 million, €32.3 million and €4.4 million respectively.

In the year ended December 31, 2016, the additions due to acquisitions mainly relate to the assets of Navitaire, as detailed in note 13.

Notes (millions of euros)

9 PROPERTY, PLANT AND EQUIPMENT

The reconciliation of the carrying amounts for the years ended December 31, 2017 and 2016, of the items included under the caption property, plant and equipment is set forth in the table below:

	Land & buildings	Data processing hardware & software	Other property, plant and equipment	Total
Carrying amount at December 31, 2015	**155.6**	**204.6**	**87.8**	**448.0**
Additions	0.2	109.2	25.3	134.7
Additions due to acquisitions	0.4	0.1	0.3	0.8
Retirements and disposals	-	(0.6)	(2.0)	(2.6)
Transfers	0.4	-	(0.4)	-
Depreciation charge	(4.8)	(97.1)	(20.0)	(121.9)
Exchange rate adjustments	-	0.6	0.1	0.7
Carrying amount as of December 31, 2016	**151.8**	**216.8**	**91.1**	**459.7**
Additions	0.7	128.0	26.0	154.7
Retirements and disposals	-	(0.5)	(0.6)	(1.1)
Depreciation charge	(4.6)	(103.0)	(19.8)	(127.4)
Exchange rate adjustments	-	(3.3)	(2.8)	(6.1)
Carrying amount as of December 31, 2017	**147.9**	**238.0**	**93.9**	**479.8**

Additions to the “Data processing hardware & software” caption for the years ended December 31, 2017 and 2016, mainly relate to the data processing hardware and software acquired for the data processing center in Erding (Germany) amounting to €89.1 million and €69.2 million, respectively.

The “Other property, plant and equipment” caption includes building installations, furniture and fittings, and miscellaneous. The additions related to this caption as of December 2016 and 2017, are related to the renewals that some companies of the Group are doing of furniture and building installations.

During the year ended December 31, 2016, the additions due to acquisitions mainly relate to the assets of Slovenia, Macedonia, Albania and Navitaire, as detailed in note 13.

Retirements during the years ended December 31, 2017 and 2016, include write-offs by a gross amount of €159.8 million and €20.4 million respectively. The Group has derecognized these assets as they were not expected to generate future economic benefits. The equipment was already fully depreciated at the time it was written off.

The amount of expenditure in assets under construction recognised in the carrying amount of property, plant and equipment for the year ended December 31, 2017, is €3.6 million (€4.3 million for the year ended December 31, 2016).

The Group’s contractual commitments for the acquisition of property, plant and equipment as of December 31, 2017, amounts to €10.3 million (€12.5 million as of December 31, 2016).

The carrying amount of property, plant and equipment under finance lease is set forth in the table below:

Notes (millions of euros)

	31/12/2017	31/12/2016
Land & buildings	74.3	76.2
Data processing hardware & software	23.0	19.6
Other property, plant and equipment	3.7	4.5
Total	**101.0**	**100.3**

The depreciation charge related to assets acquired under finance leases, for the year ended December 31, 2017 and 2016, was €13.5 million and €12.5 million, respectively. The acquisitions of property, plant and equipment under finance leases were €14.3 million for the year ended December 31, 2017, and €13.0 million for the year ended December 31, 2016.

10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The investments accounted for using the equity method are not considered material for the Group as of December 31, 2017 and 2016.

The reconciliation of the carrying amount for the years ended December 31, 2017 and 2016, of the items included under the caption investments accounted for using the equity method is set forth in the table below:

	Investments accounted for using the equity method
Carrying amount at December 31, 2015	**12.7**
Share in profit of associates and joint ventures accounted for using the equity method	5.4
Distribution of dividends	0.1
Exchange rate adjustments	(0.3)
Carrying amount at December 31, 2016	**17.9**
Share in profit of associates and joint ventures accounted for using the equity method	4.2
Distribution of dividends	(2.8)
Exchange rate adjustments	(1.8)
Carrying amount at December 31, 2017	**17.5**

The entities consolidated by the Group under the equity method are not quoted in any organized stock market.

The “Share in profit of associates and joint ventures accounted for using the equity method” caption excludes the impact of tax payable at the respective shareholder level.

Notes (millions of euros)

The financial information of the Group's associates and joint ventures is set forth in the table below:

	31/12/2017	31/12/2016
Total assets	101.9	98.6
Total liabilities	69.4	66.8
Net assets	32.5	31.8
Investments accounted for using the equity method	**17.5**	**17.9**
Total revenue	128.0	125.4
Profit for the year	10.4	10.3
Share in profit of associates and joint ventures accounted for using the equity method	**4.2**	**5.4**

11 FINANCIAL ASSETS AND LIABILITIES AND FAIR VALUE MEASUREMENTS

The Group's classification of financial assets and liabilities as of December 31, 2017, is set forth in the table below:

	Note	Fair value through profit or loss	Available for sale	Loans and Receivables	Amortized Cost	Hedges	Total
Other non-current financial assets		-	8.2	82.9	-	-	91.1
Non-current derivative financial assets	20	-	-	-	-	8.7	8.7
Total non-current financial assets		**-**	**8.2**	**82.9**	**-**	**8.7**	**99.8**
Trade account receivable		-	-	335.9	-	-	335.9
Other current financial assets		-	-	12.6	-	-	12.6
Current derivative financial assets	20	0.1	-	-	-	17.6	17.7
Cash and cash equivalents	24	-	-	579.5	-	-	579.5
Total current financial assets		**0.1**	**-**	**928.0**	**-**	**17.6**	**945.7**
Non-current debt	16 and 24	-	-	-	1,755.1	-	1,755.1
Non-current derivative financial liabilities	20 and 24	-	-	-	-	1.1	1.1
Other non-current financial liabilities		15.3	-	-	-	-	15.3
Total non-current financial liabilities		**15.3**	**-**	**-**	**1,755.1**	**1.1**	**1, 771.5**
Current debt	16 and 24	-	-	-	396.1	-	396.1
Other current financial liabilities		-	-	-	506.8	-	506.8
Interim dividend payable	3 and 15	-	-	-	210.1	-	210.1
Current derivative financial liabilities	20 and 24	-	-	-	-	7.2	7.2
Trade account payables		-	-	-	694.1	-	694.1
Total current financial liabilities		**-**	**-**	**-**	**1,807.1**	**7.2**	**1,814.3**

"Other current financial liabilities" includes the outstanding amount of the Share buy-back agreement as disclosed in note 15 (€500 million).

Notes (millions of euros)

The Group's classification of financial assets and liabilities as of December 31, 2016, is set forth in the table below:

	Note	Fair value through profit or loss	Available for sale	Loans and Receivables	Amortized Cost	Hedges	Total
Other non-current financial assets		-	7.7	31.0	-	-	38.7
Non-current derivative financial assets	20	-	-	-	-	2.0	2.0
Total non-current financial assets		**-**	**7.7**	**31.0**	**-**	**2.0**	**40.7**
Trade account receivable		-		349.7	-	-	349.7
Other current financial assets		-	-	21.6	-	-	21.6
Current derivative financial assets	20	0.4	-	-	-	5.9	6.3
Cash and cash equivalents	24	-	-	450.1	-	-	450.1
Total current financial assets		**0.4**	**-**	**821.4**	**-**	**5.9**	**827.7**
Non-current debt	16 and 24	-	-	-	1,422.7	-	1,422.7
Non-current derivative financial liabilities	20 and 24	-	-	-	-	8.6	8.6
Other non-current financial liabilities		17.7	-	-	-	-	17.7
Total non-current financial liabilities		**17.7**	**-**	**-**	**1,422.7**	**8.6**	**1, 449.0**
Current debt	16 and 24	-	-	-	969.5	-	969.5
Other current financial liabilities		-	-	-	10.8	-	10.8
Interim dividend payable	3 and 15	-	-	-	175.3	-	175.3
Current derivative financial liabilities	20 and 24	-	-	-	-	15.5	15.5
Trade account payables		-	-	-	650.5	-	650.5
Total current financial liabilities		**-**	**-**	**-**	**1,806.1**	**15.5**	**1,821.6**

Within the "Other non-current financial assets" caption the Group includes certain loans which are impaired in full because they are deemed irrecoverable as of December 31, 2017 and 2016, by an amount of €1.3 million and €11.4 million, respectively.

Under "Other current financial assets" caption the Group includes loans which are not recoverable by an amount of €2.1 million as of December 31, 2017 and 2016, which are impaired in full.

Notes (millions of euros)

11.1 Fair value measurements disclosures

The assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the consolidated statement of financial position are set forth in the table below. These fair value measurements are categorized into different levels of fair value hierarchy based on the inputs to valuation techniques used.

	Note	31/12/2017		31/12/2016	
		Level 2	Level 3	Level 2	Level 3
Foreign currency forward		8.7	-	2.0	-
Non-current derivative financial assets	20	**8.7**	**-**	**2.0**	**-**
Foreign currency forward		17.6	-	5.9	-
Foreign currency forward and options held for trading		0.1	-	0.4	-
Current derivative financial assets	20	**17.7**	**-**	**6.3**	**-**
Interest rate swaps		-	-	3.0	-
Foreign currency forward		1.1	-	5.6	-
Non-current derivative financial liabilities	20	**1.1**	**-**	**8.6**	**-**
Foreign currency forward		7.2	-	15.5	-
Current derivative financial liabilities	20	**7.2**	**-**	**15.5**	**-**
Contingent consideration at fair value	13	**-**	**15.3**	**-**	**17.7**

The fair values of financial assets or liabilities traded on active liquid markets are fixed according to the prices quoted in those markets. If the market for a financial asset is not active or no market price is available, fair values are determined in accordance with generally accepted pricing valuation techniques which include discounted cash flows, standard valuation models based on market parameters, dealer quotes and use of comparable arm's length transactions.

The Group's foreign currency forward contracts are measured using quoted forward exchange rates. Interest rate swaps (IRS) are measured discounting the cash flows estimated based on the applicable interest rate curves derived from quoted interest rates. As such, the financial assets or liabilities in our consolidated statement of financial position resulting from these derivative financial instruments that are measured at fair value, would fall within the level 2 category of the fair value hierarchy. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Group entity and counterparty when appropriate. The Group does not hold IRS as of December 31, 2017.

The Group recognises transfers between levels of fair value hierarchy as of the end of the reporting period in which the transfer has occurred. There were no transfers between levels of fair value hierarchy during the years ended December 31, 2017 and 2016.

The fair value of the contingent consideration is determined considering the expected payment using probability weighted average of pay-outs associated with each possible scenario. This method requires taking into account the range of possible outcomes, the pay-out associated with each possible outcome and the probability of each outcome arising.

Notes (millions of euros)

The fair value categorized as level 3 for the year ended December 31, 2017 and 2016, arose mainly from the consideration transferred in the acquisition of Itesso BV (now Amadeus Hospitality Netherlands BV). This fair value measurement is considered as recurring fair value measurement.

The main unobservable input for Itesso BV (now Amadeus Hospitality Netherlands BV) corresponds to the forecasted installed rooms in hotels for the years 2017 to 2020 effectively using the acquiree lodging systems and their average selling price. The estimated fair value of the deferred consideration would increase if the forecasted installed rooms in hotels and/or the average selling price were higher.

Changing the significant unobservable input used to estimate the fair value of the contingent consideration, to reflect reasonably possible alternative assumptions, would have the effects shown in the table below. These effects have been calculated by recalibrating the values from the valuation technique using alternative estimates of unobservable input that might reasonably have been considered by a market participant to price the contingent consideration.

	Increase / (decrease) in unobservable inputs	Favourable / (unfavourable) impact in profit or loss
Forecasted installed rooms in hotels and/or the average selling price	5% (5%)	- €1.5 million

The Group estimates that the carrying amount of its financial assets and liabilities is a reasonable approximation of their fair value as of December 31, 2017, and 2016, except for the following financial liabilities:

	31/12/2017			31/12/2016		
	Carrying amount	Fair Value	% of face value	Carrying amount	Fair Value	% of face value
Bonds	1,500.0	1,525.8	101.72%	1,400.0	1,430.7	102.19%
European Investment Bank	254.1	268.2	105.55%	302.3	325.3	107.61%

The fair value measurement of the bonds and the European Investment Bank unsecured senior loan are categorised within the level 1 and level 2 in the fair value hierarchy, respectively.

11.2 Doubtful debt provision, factoring and cancellation reserve

The Group's doubtful debt provision as of December 31, 2017, amounted to €70.3 million (€72.3 million for the financial year ended December 31, 2016). The doubtful debt provision is presented as a reduction of the "Trade account receivables" caption. The movement in the doubtful debt provision is set forth in the table below:

	31/12/2017	31/12/2016
Carrying amount at the beginning of the year	**72.3**	**70.7**
Additions due to acquisitions	-	0.4
Additional amounts through income and expense	38.6	30.0
Write-off amounts	(11.0)	(14.3)
Unused reversed amounts through income and expense	(27.3)	(14.7)
Translation changes	(2.3)	0.2
Carrying amount at the end of the year	**70.3**	**72.3**

Notes (millions of euros)

Trade receivables of the Group include amounts which were past their due date at 2017 and 2016 year-end, but against which the Group has not recognized doubtful debt provision because there has not been a significant change in credit quality and the amounts are still considered recoverable.

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

The analysis of the age of amounts to be recovered from customers that are past due but not provisioned, for the years ended December 31, 2017 and 2016, is set forth in the table below:

	31/12/2017	31/12/2016
Up to 3 months	88.2	52.6
From 3 to 6 months	16.2	14.8
From 6 to 12 months	13.0	10.5
Over 12 months	4.8	2.9
Carrying amount at the end of the year	122.2	80.8

The Management estimates that the credit risk arising from its amounts receivable is adequately covered by the existing doubtful debt provision. Moreover, the Group's customer base is large and unrelated which results on a low concentration of the credit risk.

The Group has agreements with financial institutions to carry out non-recourse factoring transactions over a part of the accounts receivable resulting from its business. As of December 31, 2017, the Group has transferred €35.0 million to financial institution under these agreements. The average interest rates for these transactions were 0.68% for the year ended December 31, 2017. As of December 31, 2016, the Group had not transferred any amount to the financial institution under these agreements.

The Group recorded a provision against accounts receivable for estimated cancellations of airline bookings for the years ended December 31, 2017 and 2016, of €36.9 million and €35.7 million, respectively; consequently the Group has reserved for the related reduction in accounts payable for distribution fees €16.9 million and €15.7 million, respectively.

11.3 Trade payables Directive

Pursuant to the Spanish legislation in force, the disclosures related to the Directive on trade payables as of December 31, 2017 and 2016 for the Spanish subsidiaries is set forth in the table below:

	31/12/2017	31/12/2016
	Days	Days
Average payment term to trade payables	32	26
Ratio of operations paid	32	26
Ratio of outstanding payments	33	27
	Millions of euros	Millions of euros
Total payments	1,238.8	941.9
Total outstanding payments	76.3	72.9

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.

The trade payables considered as accounts payable eligible to be disclosed in the consolidated financial statements are 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 consolidated statement of financial position.

Notes (millions of euros)

12 DEFERRED REVENUE AND OTHER ASSETS AND LIABILITIES

12.1 Deferred revenue

The breakdown of the deferred revenue for the years ended December 31, 2017 and 2016, is set forth in the table below:

	Deferred revenue non-current	Deferred revenue current	Total
Carrying amount at December 31, 2015	310.2	119.2	429.4
Additions	77.1	172.5	249.6
Additions due to acquisitions	5.6	6.1	11.7
Retirements through income statement	(1.2)	(228.5)	(229.7)
Transfers	(66.4)	66.6	0.2
Translation changes	0.5	2.6	3.1
Carrying amount at December 31, 2016	325.8	138.5	464.3
Additions	54.9	211.0	265.9
Retirements through income statement	(0.7)	(303.1)	(303.8)
Transfers	(78.9)	78.9	0.0
Translation changes	(2)	(7.5)	(9.5)
Carrying amount at December 31, 2017	299.1	117.8	416.9

The deferred revenue includes the portion of the cash received from customers which has not yet been taken to profit or loss at the end of the reporting period by €299.1 million (€325.8 million in 2016) and €117.8 million (€138.5 million in 2016) presented as non-current and current, respectively. The Group receives cash from customers mainly in relation to set-up services of our Altéa IT solution. The costs incurred on the implementation resulted in capitalised software assets which are controlled by the Group but that will be used by that customer to access our platform. The Group recognises the revenue for these services over the term of the agreement with the customer. The Group starts the recognition of revenues when the migration of the customer has been completed (cut-over).

The “Additions due to acquisitions” caption for the year ended December 31, 2016, is mainly due to the acquisition of Navitaire in relation to the amounts invoiced to our customers in advance of the revenue recognition.

Notes (millions of euros)

12.2 Other assets and liabilities

The breakdown of other assets as of December 31, 2017 and 2016, is set forth in the table below:

	31/12/2017	31/12/2016
Taxes receivable – non income tax (note 21)	94.7	105.4
Other	21.3	32.9
Other non-current assets	**116.0**	**138.3**
Prepaid expenses	85.4	75.1
Taxes receivable – non income tax (note 21)	44.4	45.9
Advance payments to travel agencies	74.2	86.2
Other	2.4	3.3
Other current assets	**206.4**	**210.5**
Total other assets	**322.4**	**348.8**

The “Prepaid expenses” caption represents mainly payments made in advance for which services have not been received yet. Within those the most significant amounts are €10.6 million and €8.8 million in 2017 and 2016 respectively, paid by the Group as prepayments to vendors according to the terms of its agreements. Also these prepaid expenses include €28.1 million in 2017 and €23.9 million in 2016 mainly related to prepayments for maintenance contracts, mostly for hardware and software.

The “Taxes receivable – non income tax” caption includes VAT receivables and other tax receivables (as detailed in note 21).

The Group presents in the “Advance payments to travel agencies” caption mainly payments made in advance for which services have not been received yet.

The breakdown of other liabilities as of December 31, 2017 and 2016, is set forth in the table below:

	31/12/2017	31/12/2016
Defined benefit plan liabilities	79.6	86.9
Other non-current liabilities	145.3	134.7
Total other non-current liabilities	**224.9**	**221.6**
Taxes payable – non income tax (note 21)	25.2	25.4
Other public institutions payable	57.8	42.1
Employee related accrual and others	239.2	231.5
Total other current liabilities	**322.2**	**299.0**
Total other liabilities	**547.1**	**520.6**

The “Taxes payable - non income tax” caption includes VAT payables and other tax payables (as detailed in note 21).

The “Other public institutions payable” caption includes mainly social costs payable.

Notes (millions of euros)

The increase in "Employee related accrual and others" caption includes amounts payable to the Group's employees, mainly for variable remuneration and accruals for holidays, is partly derived from the increase in the number of employees (as detailed in note 23).

12.3 Pension and post-retirement benefits

Certain Group companies operate defined benefit plans. Depending on the country, these plans are offered on a voluntary basis or are mandatory as a result of the respective legal or Collective Agreement requirements. The benefits consist mainly of a life-long annuity or lump sum payable at retirement, death, disability or early retirement when certain conditions are met. Some of the plans provide death and retirement benefits to spouses subject to member contributions at higher rates. The Group provides for post-retirement medical plan and post-retirement life insurance benefits to a group of beneficiaries in the U.S.A. Most of the obligations under defined benefit plans are voluntary based and operate on a funded basis with plan assets covering the obligations whilst mandatory plans are generally unfunded and book reserved.

The amounts related to defined benefit plans recognized in the consolidated statement of financial position as of December 31, 2017 and 2016, are set forth in the table below:

	31/12/2017	31/12/2016
Present value of Funded Defined Benefit Obligation	96.0	116.4
Fair value of plan assets	(68.5)	(77.8)
Funded Status	**27.5**	**38.6**
Present value of Unfunded Defined Benefit Obligation	52.1	48.3
Net liability in the consolidated statement of financial position	**79.6**	**86.9**

The Group recognises in equity all actuarial gains and losses in the period in which they occur. As a result in 2017, actuarial gains of €3.5 million (pre-tax €4.5 million) offset by an amount of €6.1 million losses due to changes in tax rates were recognised directly through the consolidated statement of comprehensive income. In 2016 actuarial losses of €10.0 million (pre-tax €14.4 million) were recognised directly through the consolidated statement of comprehensive income, net of tax. See details in note 15.

Notes (millions of euros)

The defined benefit plan amounts recognized in the consolidated statement of comprehensive income at December 31, 2017 and 2016, are set forth in the table below:

	31/12/2017	31/12/2016
Service cost	5.6	6.6
Net interest on the net defined benefit liability (note 23)	2.1	2.3
Immediate recognition of loss arising during the year	(0.3)	0.3
Administration expenses	0.9	0.7
Total charge recognised in profit or loss	**8.3**	**9.9**
(Gain) / loss due to demographic assumptions	(2.1)	(0.2)
(Gain) / loss due to financial assumptions	3.8	19.2
(Gain) / loss due to experience	(0.1)	(0.2)
Assets (gain) / loss on plan assets	(6.1)	(4.4)
Total re-measurements recognised in other comprehensive income	**(4.5)**	**14.4**
Total	**3.8**	**24.3**

As of December 31, 2017 and 2016, balances and movements of the items included under defined benefit plan liability are set forth in the table below:

	31/12/2017	31/12/2016
Carrying amount at the beginning of the year	**86.9**	**69.4**
Employer contributions	(8.0)	(10.8)
Total charge recognised in profit and loss	8.3	9.9
Total re-measurements recognised in other comprehensive income	(4.5)	14.4
Exchange rate (gain) / loss	(3.7)	0.9
Other events recognised in other comprehensive income	0.6	3.1
Carrying amount at the end of the year	**79.6**	**86.9**

Notes (millions of euros)

The reconciliation of the present value of the defined benefit obligation is set forth in the table below:

	31/12/2017	31/12/2016
Defined benefit obligation at beginning of the year	**164.7**	**137.1**
Net current service cost	5.5	6.6
Interest cost	4.6	5.0
Net benefit paid	(8.0)	(4.9)
Actual taxes paid	0.9	0.7
(Gain) / loss due to demographic assumptions	(2.0)	(0.2)
(Gain) / loss due to financial assumptions	3.8	19.4
(Gain) / loss due to experience	(0.3)	(0.1)
(Gain) / loss due to exchange rate changes	(10.3)	(1.7)
Liabilities extinguished on settlements	(11.5)	(0.3)
Other restructuring events	0.7	3.1
Defined benefit obligation at end of the year	**148.1**	**164.7**

The reconciliation of the fair value of plan assets is set forth in the table below:

	31/12/2017	31/12/2016
Fair value of plan assets at beginning of the year	**77.8**	**67.7**
Employer contributions	8.0	10.8
Interest income on plan assets	2.5	2.7
Net benefits paid	(8.0)	(4.9)
Actuarial gain / (loss) on plan assets	6.1	4.4
Gain / (loss) due to exchange rate changes	(6.3)	(2.6)
Assets distributed on settlements	(11.7)	(0.3)
Other restructuring events	0.1	-
Fair value of plan assets at end of the year	**68.5**	**77.8**

The best estimate of contributions expected to be paid into the defined benefit plan in the next annual financial year is €5.2 million.

Notes (millions of euros)

As of December 31, 2017, the weighted average asset allocation per pension plan and by asset category is set forth in the table below:

	France Pension Plan	France Ret. Indemnity	U.K.	U.S.A.	India Gratuity	Philippines	Navitaire Philippines	Taiwan Pension Plan
Cash and cash equivalents	-	-	-	-	-	7%	8%	-
Equity Securities	-	-	25%	39%	-	11%	58%	51%
Debt Securities	-	-	36%	44%	100%	82%	34%	28%
Real Estate	-	-	-	6%	-	-	-	-
Asset held by insurance company	100%	100%	-	-	-	-	-	-
Other	-	-	39%	11%	-	-	-	21%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

As of December 31, 2016, the weighted average asset allocation per pension plan and by asset category is set forth in the table below:

	France Pension Plan	France Ret. Indemnity	Norway	U.K.	U.S.A.	India Gratuity	Philippines	Navitaire Philippines
Cash and cash equivalents	-	-	-	-	-	-	24%	18%
Equity Securities	-	-	-	27%	35%	-	19%	41%
Debt Securities	-	-	-	36%	41%	100%	54%	41%
Real Estate	-	-	-	-	5%	-	-	-
Asset held by insurance company	100%	100%	100%	-	-	-	-	-
Other	-	-	-	37%	19%	-	2%	-
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

The nature of the benefits provided by the defined benefit plans in the Group varies from pension plans, long service and seniority awards, to gratuity plans, among others. These plans are structured and governed by local legislations (e.g. labour law). There are plans that do not report risks to the Group since are 100% covered by insurance policies, while in others the main risks associated with the plans are fluctuations in the financial and actuarial assumptions (e.g. discount rate, inflation, salary increase, life expectancy, etc.), past experience (in the collective or asset linked to the plans) or legislation evolution.

The principal actuarial assumptions applied in the preparation of the consolidated statement of financial position are set forth in the table below:

	31/12/2017	31/12/2016
Use to determine the defined benefit obligation at end of the year and profit and loss charge for new financial year:		
Discount rate	2.78%	3.01%
Underlying consumer price inflation	2.11%	2.11%
Rate of future compensation increases	3.22%	3.19%
Rate of pension increases	2.21%	1.93%
Use to determine profit and loss charge for the current financial year:		
Discount rate	3.01%	3.72%
Underlying consumer price inflation	2.11%	2.03%
Rate of future compensation increases	3.19%	3.02%
Rate of pension increases	1.93%	1.26%

The above summary is a weighted average based on the defined benefit obligation of each country.

The sensitivity of the overall pension plan liability to changes in the weighted principal assumptions is:

	Millions of euros	
	Increase 25bps	Decrease 25bps
Discount rate for Obligations	(5.9)	6.1
Salary rate	2.8	(2.8)

The expense for defined contribution plans amounted to €49.6 million and €49.1 million for the years ended December 31, 2017 and 2016, respectively.

13 BUSINESS COMBINATIONS

During the year ended December 31, 2017, the Group has not carried out any business combination.

In relation to prior period's transactions, in October 2017, the Group has paid €2.5 million as part of the contingent consideration of the Amadeus Hospitality Netherlands BV (formerly named Itesso BV) and its group of companies acquired on July 31, 2015. As of December 31, 2017, the outstanding amount of the contingent consideration at fair value is €15.0 million.

Notes (millions of euros)

The main impacts of business combinations on the consolidated statement of financial position as of December 31, 2016 are set forth in the table below:

	31/12/2016
Cash paid	761.2
Non-controlling interests	0.1
Recognized amounts of identifiable assets acquired and liabilities assumed	(28.3)
Net excess purchase price from currents transactions	**733.0**
Excess purchase price from current transactions (note 7)	733.0
Allocation of fair value of net assets acquired (note 7)	(456.4)
Net additions to Goodwill at acquisition date	**276.6**

The reconciliation between the cash paid for current acquisitions and the net cash invested in subsidiaries as of December 31, 2016 is set forth in the table below:

	31/12/2016
Cash paid for current transactions	761.2
Cash acquired as a result of current acquisition	(2.4)
Net cash invested in subsidiaries	**758.8**

The acquisition-related costs recognized as an expense under the "Other operating expenses" caption of the consolidated statement of comprehensive income for the year ended December 31, 2016, are set forth in the table below:

	31/12/2016	
	Navitaire (1)	Albania, Macedonia & Slovenia
Acquisition-related costs	4.6	0.1

(1) Navitaire acquisition was effective as of January 26, 2016.

The amount of revenue and profit that the business combinations have contributed to the Group since acquisition and is included in the consolidated statement of comprehensive income for the year ended December 31, 2016, is set forth in the table below:

	Navitaire
Revenue	185.3
Profit for the year	29.5

If the business combinations had been consolidated as of January 1, 2016, the pro-forma Group's consolidated statement of comprehensive income for the reporting period would show additional revenue and profit/(loss) for the period as set forth in the table below:

	Amadeus Pro-forma	Navitaire
Revenue	4,489.8	16.9
Profit net of taxes	829.0	2.7

Notes (millions of euros)

These amounts are calculated without adjusting the results to reflect additional depreciation and amortization that would have been charged assuming a fair value adjustment to intangible assets, interest expense for the debt levels of the Group after the business combinations, other homogenization adjustments, and any related tax effects.

During the year ended December 31, 2016, the main transaction carried out by the Group was Navitaire business combination detailed below.

On January 26, 2016, after receiving all the necessary regulatory approvals, the Group acquired 100% of the ownership interest of Navitaire, LLC and certain assets and assumed certain liabilities primarily related to the Navitaire business, including 100% of the ownership interest of Navitaire Philippines Inc. ("Navitaire"). The transaction was structured as a carve-out from the previous owner as the Navitaire business was embedded within the Accenture Group. About 590 employees, including the senior management team has joined Amadeus.

As of December 31, 2016, the purchase accounting for the business combination of Navitaire was completed. The table below sets forth the assets and liabilities recognized at the acquisition date, and those identified after the measurement period finalized, together with the resulting goodwill. The Group expects that the whole investment amount will be deductible for income tax purposes, and, therefore, no deferred tax liability has been registered.

	Navitaire		
	Carrying amounts at acquisition date	Fair Value adjustments to purchase value	Fair value of net assets acquired
Goodwill	6.9	(6.9)	-
Intangible assets	7.0	410.3	417.3
Property, plant and equipment	0.3	-	0.3
Other non-current assets	0.2	-	0.2
Total non-current assets	**14.4**	**403.4**	**417.8**
Trade and other receivables	36.9	-	36.9
Other current assets	0.3	-	0.3
Cash and cash equivalents	1.6	-	1.6
Total current assets	**38.8**	**-**	**38.8**
Deferred revenue non-current	8.8	(3.2)	5.6
Other non-current liabilities	4.1	-	4.1
Total non-current liabilities	**12.9**	**(3.2)**	**9.7**
Trade and other payables	0.3	-	0.3
Deferred revenue current	6.1	-	6.1
Other current financial liabilities	0.1	-	0.1
Other current liabilities	3.8	-	3.8
Total current liabilities	**10.3**	**-**	**10.3**
Net identifiable assets acquired	**30.0**	**406.6**	**436.6**
Consideration transferred	760.1		760.1
Goodwill resulting from the acquisition	**730.1**		**323.5**

The intangible assets identified in the acquisition of Navitaire were customer relationships, technology and trade-name. Navitaire's Technology integrates internet booking, call center reservation, inter-airline / alliance codeshare itineraries, real-time reporting, ancillary revenue generation and departure control capabilities.

Notes (millions of euros)

The fair value adjustments linked to the "Deferred revenue non-current" caption derived from the long term contracts signed paid upfront by the customers.

The fair value of trade receivables acquired were estimated as set forth in the table below:

	Navitaire
Gross carrying amount	38.0
Allowance for doubtful accounts	(1.1)
Fair value of receivables	**36.9**

14 COMMITMENTS

14.1 Finance and operating leases

The Group leases certain facilities and equipment under operating and finance leases.

Finance lease payments for all the entities within the Group consisted of principal plus interest at an average of 2.1% during the year ended 2017 and 2.2 % during the year ended December 31, 2016.

The future minimum lease payments for finance leases as of December 31, 2017 and 2016, are set forth in the table below:

	31/12/2017		31/12/2016	
Year(s) due	Gross value	Net present value	Gross value	Net present value
Not later than one year	17.6	15.9	16.4	14.7
Later than one year and not later than five years	34.4	29.9	34.0	29.0
Later than five years	54.7	46.3	59.4	50.2
Total minimum lease payments	106.7	92.1	109.8	93.9
Less amount representing interest	14.6	-	15.9	-
Obligations under finance leases (note 16)	**92.1**	**92.1**	**93.9**	**93.9**
Current portion (note 16)	15.9		14.6	
Non-current portion (note 16)	76.2		79.3	
	92.1		93.9	

Since April, 2015, the lease for the office building in Bad Homburg, where Amadeus Germany GmbH is based, has become a finance lease, as the terms renegotiated in 2013 have been met. This finance lease agreement amounted to €56.7 million and the lease term is 27 years, until March 2042. There are three purchase options to be executed, and there are monthly payments, as detailed in note 16. The outstanding amount as of December 31, 2017, is €49.5 million (€52.0 million as of December 31, 2016).

In March 2014, the subsidiary Amadeus S.A.S. entered into a finance lease agreement for an office building in Sophia Antipolis. The lease term is 12 years, with no renewal options, and a €1 purchase option to be executed after the lease term. The cost of the property lease is €23.3 million.

Notes (millions of euros)

Additionally, on December 2017, Amadeus S.A.S. has entered into a data processing hardware finance lease agreement. The lease term is 3 years with a 1% purchase option to be executed after the lease term. The cost of the new property lease is €6.7 million.

The future minimum lease payments for operating leases as of December 31, 2017, and 2016, are as set forth in the table below:

Year(s) due	31/12/2017	31/12/2016
Not later than one year	36.0	36.6
Later than one year and not later than five years	101.3	97.5
Later than five years	90.3	61.4
Total payments	**227.6**	**195.5**

For the years ended December 31, 2017 and 2016, the rental expense for operating leases were €31.9 million and €34.5 million, respectively.

During November 2017, the subsidiary Amadeus Marketing (UK) Ltd. (now renamed Amadeus IT Services UK Ltd.) renegotiated a new 15 years' operating lease agreement referred to Heathrow building with no renewal options specified. The total minimum lease payments for this operating lease amounts to €33.0 million as of December 31, 2017. Additionally, in January 2017, this subsidiary negotiated a new 6 years and 5 months' operating lease agreement referred to Gatwick offices and there are no renewal options specified. The total minimum lease payments for this lease amounted to €1.4 million as of December 31, 2017.

During June 2017, the subsidiary Amadeus North America, Inc. signed a 5 years 'extension of the operating lease contract for the Miami office including a new office with a renewal option of two additional terms of 5 years each. The total minimum lease payments for this operating lease amounts to €11.0 million as of December 31, 2017.

In January 2016 Amadeus IT Group, S.A. renewed the operating lease agreement for the use of Madrid building premises with no renewal options specified. The lease term is 15 years and the total minimum lease payments for this operating lease amounts to €46.0 million as of December 31, 2017 (€49.5 million as of December 31, 2016).

During November 2015, the subsidiary Amadeus Hospitality Americas, Inc. renegotiated a new 6 years' operating lease agreement referred to Portsmouth office. The total minimum lease payments for this operating lease amounts to €11.3 million as of December 31, 2017 (€13.2 million as of December 31, 2016) and there are no renewal options specified. Additionally, there are two leases incorporated to the subsidiary Amadeus Global Operations Americas, Inc., based in California and Virginia. The lease term is 5 years, starting in June, 2015 until June, 2020. The total minimum lease payments for these operating leases amounted to €0.7 million and €0.6 million respectively as of December 31, 2017, with two renewal options of two years each (€1.0 million and €0.9 million respectively as of December 31, 2016).

During 2014, most of the operating leases of the Group's subsidiary Amadeus S.A.S. (approximately 15 rental properties in different buildings) were not renewed or their termination dates were renegotiated and changed to allow for earlier termination, in consideration of the new office building available and accounted under finance lease according to the agreement signed in March 2014.

In January 2014 our subsidiary Amadeus IT Pacific Pty. Ltd. signed a 10 year operating lease agreement referred to Sydney office, commencing in January 2015, until December 2024. The total minimum lease payments of this operating lease amounts to €13.8 million as of December 31, 2017 (€ 16.8 million as of December 31, 2016).

Notes (millions of euros)

Finally, the increase in Operating Leases due to this year office's new rental agreements and renewal described above has been partially offset by the settlement of 2017 outstanding amounts.

14.2 Guarantees and commitments for the acquisition of property, plant and equipment

The Group guarantees as of December 31, 2017, and December 31, 2016, are set forth in the table below:

	31/12/2017	31/12/2016
Other Guarantees and bank guarantees	23.7	74.1
Guarantees over Office buildings and equipment	11.8	125.9
Bank guarantees on commercial contracts	5.0	5.9
Total	**40.5**	**205.9**

As of December 31, 2017, the Group has short-term commitments to acquire property, plant and equipment for €10.3 million (€12.5 as of December 31, 2016).

As of December 31, 2016 the caption Guarantees over Office buildings and equipment included a guarantee amounting to €62.0 million over a mortgage loan for the same amount. As described in note 16, the mortgage loan has been fully repaid as of December 31, 2017. Consequently, the Group has formally cancelled the said guarantee.

15 EQUITY

15.1 Share Capital

As of December 31, 2017 and 2016, the Company's share capital amounts to €4.4 million, 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). The Company's shares form part of the Ibex 35 index [AMS].

Notes (millions of euros)

As of December 31, 2017, and 2016, the Company's shares were held as set forth in the table below:

Shareholder	31/12/2017		31/12/2016	
	Shares	%	Shares	%
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 %**	**438,822,506**	**100 %**

(1) Includes shareholders with significant equity stake on December 31, 2017 and 2016 reported to the National Commission of the Stock Exchange Market (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.

On March 11, 2016, the Board of Directors of Amadeus IT Holding, S.A. and that of Amadeus IT Group, S.A. approved a plan in relation to the merger of both companies (being Amadeus IT Holding, S.A. the surviving entity), subject to the approval of their General Shareholders' Meetings on June 23 and 24, 2016 respectively. The exchange ratio for the shares of the companies participating in the merger, determined on the basis of a market valuation of the equity of both companies, was 1 share of Amadeus IT Holding, S.A. for every 11.31 shares of Amadeus IT Group, S.A. This exchange ratio was driven by the different number of shares of the two companies and a discount for illiquidity of Amadeus IT Group, S.A. shares. The acquisition of treasury shares by Amadeus IT Holding, S.A. to cover the exchange ratio started on April 7, 2016 and finalized on May 17, 2016, achieving the maximum number of shares planned. The corresponding 393,748 shares form part of the 2016 weighted average treasury shares. Upon registration of the merger public deed with the Commercial Registry of Madrid and the fulfilment of legal formalities, those shares were delivered in exchange of the Amadeus IT Group, S.A. shares in accordance with the exchange ratio mentioned above.

15.2 Additional paid-in capital

The balance on the "Additional paid-in capital" caption represents the amounts received in excess of the nominal value of the ordinary shares ("share premium"), net of issuance and listing costs and taxes. Within this account the Group also recognizes the cumulative amounts charged to the consolidated statement of comprehensive income in respect to employee share-based payments and the gains or losses resulting from transactions with its own shares.

15.3 Retained earnings and reserves

The balance on these accounts represents the accumulated retained earnings of the Group before the profit for the year and after the dividend distribution, as well as reserves that are statutorily required.

15.4 Dividends

On June 15, 2017, the Ordinary General Shareholders' Meeting of the Company approved the distribution of a final dividend against 2016 profit for the year, amounting to €0.94 per ordinary share, out of which an interim dividend of €0.40 per share 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, this way reaching the maximum percentage of the dividend distribution policy of the Company. Consequently, an interim dividend distribution has been approved against 2017 profit of the year, amounting to €0.48 per share with dividend rights, payable on January 31, 2018, for a total amount of €210.1 million.

The Parent 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 consolidated statement of financial position.

15.5 Treasury Shares

The reconciliation of the carrying amounts for the years ended December 31, 2017 and 2016, of the treasury shares is set forth in the table below:

	Treasury Shares	Millions of euros
Carrying amount at December 31, 2015	**2,214,916**	**29.3**
Acquisitions	616,111	24.0
Retirement	(1,309,754)	(29.7)
Carrying amount at December 31, 2016	**1,521,273**	**23.6**
Acquisitions	147,562	7.7
Retirement	(599,583)	(14.2)
Share buy-back programme	-	500.0
Carrying amount at December 31, 2017	**1,069,252**	**517.1**

During the year 2017, the Group has acquired 147,562 shares for the settlements of the PSP, SMP and RSP.

During the year 2017, the Group has settled employee share-based plans and therefore transferred 594,755 shares to employees, and has delivered 4,583 shares to the former Amadeus IT Group, S.A. minority shareholders in relation to the exchange ratio established in the Merger Plan mentioned above. The remaining 245 shares were disposed.

During the year 2016, the Group acquired 616,111 shares from which 393,748 were acquired under the Joint plan for the merger, and the rest 222,363 were acquired for the settlements of the PSP and SMP.

During the year 2016, the Group settled employee share-based plans and therefore transferred 994,251 shares to the employees and delivered 312,519 of its shares to the former Amadeus IT Group, S.A. minority shareholders, in relation to the exchange ratio established for the Merger Plan. The remaining 2,984 shares were disposed.

The historical cost for treasury shares retired (primarily for the settlement of the RSP and SMP, as detailed in note 19, is deducted from the "Additional paid-in capital" caption of the consolidated statement of financial position.

The Group holds treasury shares for the future specific share delivery commitments with the Group employees and management.

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.

Notes (millions of euros)

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 of the accompanying consolidated statement of financial position, amounting to €500 million (note 11).

15.6 Unrealised gains / (losses) reserve

The reconciliation of the carrying amount for the years ended as of December 31, 2017 and 2016, of components of the unrealised gains/(losses) reserve are set forth in the table below:

	Cash-flow hedges		Actuarial gains and losses	Exchange differences on translation of foreign operations	Total
	Exchange rates hedges	Interest rate swaps			
Carrying amount at December 31, 2015	**15.2**	**(8.0)**	**(20.8)**	**24.5**	**10.9**
Changes in fair value	(25.2)	(8.4)	(14.4)	46.7	(1.3)
Tax effect of changes in fair value	6.3	2.1	4.4	-	12.8
Transfers to consolidated statement of financial position	(12.7)	-	-	-	(12.7)
Tax effect of transfers to consolidated statement of financial position	3.2	-	-	-	3.2
Transfers to income and expense	4.7	2.0	-	-	6.7
Tax effect of transfers to income and expense	(1.2)	(0.5)	-	-	(1.7)
Changes in tax rate	0.6	-	-	-	0.6
Carrying amount at December 31, 2016	**(9.1)**	**(12.8)**	**(30.8)**	**71.2**	**18.5**
Changes in fair value	50.4	3.0	4.5	(184.2)	(126.3)
Tax effect of changes in fair value	(12.5)	(0.7)	(1.0)	-	(14.2)
Transfers to income and expense	(16.8)	3.9	-	-	(12.9)
Tax effect of transfers to income and expense	4.2	(1.1)	-	-	3.1
Changes in tax rate	-	-	(6.1)	-	(6.1)
Carrying amount at December 31, 2017	**16.2**	**(7.7)**	**(33.4)**	**(113.0)**	**(137.9)**

The "Cash-flow hedges" corresponds to a reserve used to recognize the changes in fair value, net of taxes, of certain effective hedge instruments held by the Group in order to cover foreign exchange and interest rate risks, as detailed in note 20.

The "Actuarial gains and losses" corresponds to a reserve used to recognize all of the actuarial gains and losses for the period of all the Group defined benefit plans. The actuarial gains and losses comprise mainly the effects of the changes in actuarial assumptions as detailed in note 12.

The "Exchange differences on translation of foreign operations" corresponds to a reserve used to record the exchange differences arising from the translation of the financial statements of foreign operations, when their currency is different from the Euro.

15.7 Non-controlling interests

During the year 2017, the Group has acquired indirectly through its subsidiary Amadeus Corporate Business AG, additional 18.17% shares of i:FAO AG and its group of companies ("i:FAO"), through a public offer process in accordance with German law. The Group has derecognised the non-controlling interest at fair value, based on the price paid for the shares acquired amounting to €29.0 million. As of December 31, 2017, the Group owns 88.89% of the shares of the entity (70.72% as of December 31, 2016).

As a consequence of the merge plan described above, registered with the Commercial Registry of Madrid on August 2, 2016, and effective retroactively to January 1, 2016, the former minority shareholders of Amadeus IT Group, S.A. were converted into shareholders of the holding company according to an exchange ratio established for the Merger Plan. Consequently, the Group derecognised the non-controlling interests in 2016 by €1.1 million.

As of December 31, 2017, the "Profit of the year attributable to minority interest" derived mainly from i:FAO, amounting to €1.7 million (€0.9 million as of December 31, 2016).

As of December 31, 2017, the main component of the non-controlling interest came from the participation held in i:FAO amounted to €12.8 million (€25.5 million as of December 31, 2016).

Notes (millions of euros)

16 CURRENT AND NON-CURRENT DEBT

The breakdown of carrying amounts of debt with financial institutions as of December 31, 2017 and 2016, is set forth in the table below:

	31/12/2017	31/12/2016
Bonds	1,500.0	1,000.0
Deferred financing fees on Bonds	(7.5)	(7.8)
European Investment Bank (EIB)	189.1	252.3
Deferred financing fees on European Investment Bank	(0.1)	(0.2)
Revolving loan facility	-	100.0
Deferred financing fees on Revolving loan facility	(2.6)	(3.5)
Other debt with financial institutions	-	2.6
Obligations under finance leases	76.2	79.3
Total non-current debt	**1,755.1**	**1,422.7**
Bonds	-	400.0
European Investment Bank (EIB)	65.0	50.0
European Commercial Paper	300.0	485.0
Other deferred financing fees	(0.1)	(1.0)
Accrued interest	2.1	2.5
Other debt with financial institutions	13.2	18.4
Obligations under finance leases	15.9	14.6
Total current debt	**396.1**	**969.5**
Total debt	**2,151.2**	**2,392.2**

As of December 31, 2017, after taking into account the effect of interest rate swaps, approximately 86% (76% in December 31, 2016) of the Groups' outstanding debt is at fixed rate of interest. The increase in the ratio of debt at fixed rate compared to previous year, mostly relates both to the repayment of the disposals of the revolving loan facility and the lower volume of the Euro-Commercial Paper programme (ECP) outstanding.

The Group is required to meet two financial covenants, for the European Investment Bank senior loans and the Revolving loan facilities, calculated on the basis of (i) the ratio of total Net Debt (Net Debt includes net financial debt, as disclosed in note 5, plus interest payable plus deferred financing fees and plus Share buy-back liabilities) to EBITDA (Earnings before Interests, Taxes, Depreciation and Amortization), and (ii) the ratio of EBITDA to Net Interest Payable. As of December 31, 2017 and 2016, the Group is compliant with the financial covenants.

Notes (millions of euros)

16.1 Bonds

The movement in the Group issuances for the years ended December 31, 2017 and 2016, is set forth in the table below:

	31/12/2017		31/12/2016	
	Current	Non-current	Current	Non-current
Carrying amount at the beginning of the year	400.0	1,000.0	750.0	900.0
New issues	-	500.0	-	500.0
Transfers	-	-	400.0	(400.0)
Repayments	(400.0)	-	(750.0)	-
Carrying amount at the end of the year	-	1,500.0	400.0	1,000.0

On December 1, 2017, the Group has repaid the bond under the denominated “Senior Fixed Rate Instruments” issued on December 2, 2014, through its subsidiary Amadeus Finance B.V. amounting to €400.0 million, classified as current debt as of December 31, 2016.

On May 12, 2017, Amadeus Capital Markets, S.A., Sociedad Unipersonal has carried out an issuance of a new bond under the denominated “Senior Fixed Rate Instruments” for a value of €500.0 million admitted to trading on the Luxembourg Stock Exchange. The issuance has a maturity of two years (May 2019), and has no annual coupon and an issue price of 99.932% of its nominal value. This bond will be used to repay existing financial indebtedness of the Group (European Commercial Paper).

On September 29, 2016, Amadeus Capital Markets, S.A., Sociedad Unipersonal carried out an issuance of Eurobonds (Euro Medium Term Note Programme) for a value of €500.0 million admitted to trading on the Luxembourg Stock Exchange. The issuance has a maturity of four years (October 2020), an annual coupon of 0.125%, and an issue price of 99.785% of its nominal value. The purpose of this facility was to repay existing financial indebtedness of the Group.

On November 10, 2015, the Group, through its subsidiary Amadeus Capital Markets, S.A. Sociedad Unipersonal, issued new bonds in the Luxembourg Stock Exchange’s Regulated Market for a value of €500.0 million. The issuance has a maturity of six years (November 2021), a fixed annual coupon of 1.625% and an issue price of 99.260% of its nominal value. The purpose of this facility was to partially finance the acquisition of Navitaire.

On July 15, 2016, the Group repaid the bonds issued on June 24, 2011, amounting to €750.0 million.

16.2 Revolving Loan Facility

On February 14, 2017, the Group has repaid €100.0 million of the Revolving Loan Facility amounting to €500.0 million issued on April 26, 2016, which had a maturity of five years. The Group has extended the maturity of this Revolving Loan Facility up to six years. As of December 31, 2017, the Group does not have any amount disposed.

On March 5, 2015, the Group entered into a €1,000.0 million Dual Tranche Revolving Loan Facility (each Tranche amounting to €500.0 million). During 2017 Tranche A has not been disposed and Tranche B was cancelled on April 26, 2016.

16.3 European Investment Bank (EIB)

On April 29, 2013, the European Investment Bank granted to the Group an unsecured senior loan (EIB loan 2013) for an amount of €150.0 million. The loan was drawn on May 17, 2013 and it is structured in a single tranche amounting to €150.0 million with scheduled payments every six months starting on November 2017. The loan proceeds have to be used to undertake investments on research and development activities in the area of Distribution business line.

On May 14, 2012, the European Investment Bank granted to the Group an unsecured senior loan (EIB loan 2012) for an amount of €200.0 million. The loan was drawn on May 24, 2012, and it is structured in two separate tranches, a first tranche amounting to €150.0 million with scheduled payments every six months starting on November 2015, and a second tranche amounting to €50.0 million with scheduled payments every six months starting on November 2016. The loan proceeds have to be used to undertake investments on research and development activities in the area of IT Solutions for the Group's passenger service systems.

During 2017, the Group has repaid €50.0 million of the European Investment Banks loans, €35.0 million of the EIB loan 2012 (€25.0 million from the tranche A and €10.0 million from the tranche B) and €15.0 million of the EIB loan 2013. During 2016, the Group repaid €30.0 million of the EIB loan 2012 (€25.0 million from the tranche A and €5.0 million from the tranche B). The carrying amount as of December 31, 2017 of the EIB loan 2012 amounts to €122.5 million and of the EIB 2013 to €135.0 million (€157.5 million and €150.0 million as of December 31, 2016, respectively).

The difference between the carrying amount of the loans initially measured at fair value and the proceeds received, amounting at inception to €10.8 million (EIB loan 2012) and to €3.8 million (EIB loan 2013), has been accounted for as a government grant under "Deferred revenue non-current" caption. The cash flows resulting from the loans have been discounted at the market interest rate, determined by reference to the market conditions that existed as the origination date of the loans, and interest rates charged for similar debt instruments. This fair value measurement is categorized within level 2.

16.4 Euro-Commercial Paper programme (ECP)

The Group, through its subsidiary Amadeus Finance B.V. and guaranteed by Amadeus IT Group, S.A., established a programme for the issuance of short term commercial paper (Euro-Commercial Paper programme -ECP), currently for a maximum of €750.0 million. The notes issued under the programme have the following basic characteristics, among others, depending on each issue: a) issued in euro or any other currency and with different maturities (no greater than 364 days), b) interest-bearing at a fixed or variable rate; and c) Governed by English law.

During the year 2017, the Group has issued Euro Commercial Paper (ECP) net of interests by a total amount of €1,190.8 million. The total commercial paper repaid during the year amounts to €1,375.7 million. Additionally, Amadeus Finance BV has issued ECP in USD by an amount of $99.6 million, which has been fully repaid.

16.5 Obligations under financial leases

This caption includes payments in 2017 due for finance leasing agreements mainly in Amadeus Germany GmbH €50.0 million (€52.4 million in 2016) and Amadeus S.A.S. €33.1 million (€29.9 million in 2016).

Notes (millions of euros)

16.6 Other debt with financial institutions

The Group agreed a mortgage loan amounting to €62.0 million to cancel the outstanding finance lease obligation over its data processing centre in Erding in August 2012. The mortgage loan was secured by a first-ranking charge on the land and the building facilities of Amadeus Data Processing GmbH in the amount of the nominal of the loan. This loan was contracted by Amadeus Data Processing GmbH and has a 3.04% nominal interest rate and quarterly instalment repayments from March 31, 2013 to December 31, 2017. As of December 31, 2017, the mortgage loan has been fully repaid (€12.4 million outstanding amount as of December 31, 2016).

The Group's debt payable by maturity and currency as of December 31, 2017 is set in the table below:

		Maturity					
		Current	Non-current				
	31/12/2017	2018	2019	2020	2021	2022 and beyond	Total
Bonds	1,500.0	-	500.0	500.0	500.0	-	1,500.0
EIB	257.5	65.0	65.0	65.0	47.5	15.0	192.5
ECP	300.0	300.0	-	-	-	-	-
Accrued interests	2.1	2.1	-	-	-	-	-
Other debt with financial institutions	13.2	13.2	-	-	-	-	-
Financial leases	92.1	15.9	13.3	8.3	4.3	50.3	76.2
Total Debt payable	2,164.9	396.2	578.3	573.3	551.8	65.3	1,768.7
Non-current Deferred financing fees	(10.2)						
Current Deferred financing fees	(0.1)						
Remaining fair value adjustment on EIB loan	(3.4)						
Total Debt	**2,151.2**						

Notes (millions of euros)

The Group's debt payable by maturity and currency as of December 31, 2016 is set in the table below:

		Maturity					
		Current	Non-current				
	31/12/2016	2017	2018	2019	2020	2021 and beyond	Total
Bonds	1,400.0	400.0	-	-	500.0	500.0	1,000.0
EIB	307.5	50.0	65.0	65.0	65.0	62.5	257.5
Revolving credit facility	100.0	-	-	-	-	100.0	100.0
ECP	485.0	485.0	-	-	-	-	-
Accrued interests	2.5	2.5	-	-	-	-	-
Other debt with financial institutions	21.0	18.4	2.6	-	-	-	2.6
Financial leases	93.9	14.6	11.7	8.5	4.5	54.6	79.3
Total Debt payable	2,409.9	970.5	79.3	73.5	569.5	717.1	1,439.4
Non-current Deferred financing fees	(11.5)						
Current Deferred financing fees	(1.0)						
Remaining fair value adjustment on EIB loan	(5.2)						
Total Debt	2,392.2						

17 PROVISIONS

The reconciliation of the carrying amounts for the years ended December 31, 2017 and 2016, of the items included under the "Non-current provisions" caption are set forth in the table below:

	Employee liability	Claims and litigations	Other provisions	Total
Carrying amount at December 31, 2015	**2.0**	**22.6**	**2.5**	**27.1**
Additional amounts through income and expense	0.2	1.3	0.1	1.6
Payments	(0.2)	(0.6)	-	(0.8)
Unused reversed amounts	-	(0.1)	-	(0.1)
Transfers	(1.2)	0.7	-	(0.5)
Translation changes	-	1.0	-	1.0
Carrying amount at December 31, 2016	**0.8**	**24.9**	**2.6**	**28.3**
Additional amounts through income and expense	0.3	3.9	0.1	4.3
Payments	(0.1)	(1.3)	(0.1)	(1.5)
Unused reversed amounts	-	(0.3)	(0.1)	(0.4)
Translation changes	0.1	(1.3)	(0.1)	(1.3)
Carrying amount at December 31, 2017	**1.1**	**25.9**	**2.4**	**29.4**

The obligations covered by claims and litigations provision relates to the best estimate of the final compensation that would be required to settle claims with third parties and provisions to fulfil certain offsetting obligations in territories where the Group operates.

The "Other provisions" caption is mainly related to the restoration obligations of office buildings under operating leases where the Group carries out its operations. The timing of the outflows is expected to occur in the long term and up to the amounts the obligations are provided for.

The reconciliation of the carrying amounts for the years ended December 31, 2017 and 2016, of "Current provisions" caption is set in the table below:

	Millions of euros
Carrying amount at December 31, 2015	**14.7**
Additional amounts through income statement	8.1
Payments	(2.9)
Unused reversed amounts	(2.7)
Transfers	(0.7)
Translation changes	0.1
Carrying amount at December 31, 2016	**16.6**
Additional amounts through income statement	1.7
Payments	(2.3)
Unused reversed amounts	(2.8)
Transfers	(0.9)
Carrying amount at December 31, 2017	**12.3**

Within "Current provisions" caption, it is included a provision amounted to €6.8 million, for amounts which could become payable to a bank, in accordance with a comfort letter, in connection with loans granted by this bank to Qivive GmbH, an associate company.

The additional amounts through income and expense during the year ended December 31, 2017 and 2016, mainly relates to employee compensations.

18 RELATED PARTIES BALANCES AND TRANSACTIONS

The summary of significant operations and transactions with related parties of the Company and its Group is set forth below. All transactions with related parties are carried out on an arm's length basis.

18.1 Subsidiaries

Transactions between the Group and its subsidiaries, which are related parties of the Company, were eliminated on consolidation. Accordingly they are not disclosed in this note.

18.2 Shareholders and significant influence

As of December 31, 2017 and 2016, there are neither shareholders nor significant influence considered related parties.

18.3 Board of Directors

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

The remuneration to which the Executive Director may be entitled despite of his/her 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 that the General Shareholders' Meeting held on June 25, 2015 approved for a period of three years.

At the meetings held 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 January to December 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 (in thousands of euros) received by the members of the Board of Directors in 2017 and 2016 is set forth in the table below:

		Year 2017		Year 2016	
Board Members		Payment in cash	Payment in kind	Payment in cash	Payment in kind
José Antonio Tazón García	President	303	2	299	2
Guillermo de la Dehesa Romero	Vice-Chairman	152	-	147	-
Luis Maroto Camino	Executive Director	35	-	35	-
Clara Furse	Director	136	-	154	-
David Webster	Director	158	-	143	-
Francesco Loredan	Director	120	-	113	-
Roland Busch	Director	113	-	111	-
Pierre–Henri Gourgeon	Director	113	-	111	-
Stuart Anderson McAlpine	Director	86	-	89	-
Marc Verspyck	Director	113	-	111	-
Nicolas Huss	Director	49	-	-	-
Pilar García	Director	4	-	-	-
Total		1,382	2	1,313	2

Notes (millions of euros)

At December 31, 2017 and 2016, investment held by the members of the Board of Directors in the share capital of the Company is set forth in the table below:

	31/12/2017	31/12/2016
Name	Shares	Shares
José Antonio Tazón García	255,000	255,000
Luis Maroto Camino	201,480	187,018
Roland Busch	100	100
Pierre–Henri Gourgeon	400	400
David Webster	1	1

At 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 conflict situation with the interest of the Company.

During the year ended December 31, 2017, the amounts accrued to the Chief Executive Officer (Consejero Delegado) for his executive functions in respect of compensation in cash (base salary and bonus accrued), compensation in kind, contributions to pension plan, collective life insurance policies and share based payments amounted to €2,018 thousand, €104 thousand, €176 thousand and €2,728 thousand (€2,033 thousand, €109 thousand, €173 thousand and 2,852 thousand respectively, for the year ended December 31, 2016).

18.4 Key Management Compensation

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 €8,921 thousand, €510 thousand, €600 thousand and €7,061 thousand (€8,442 thousand, €356 thousand, €848 thousand and €12,098 thousand respectively, for the year ended December 31, 2016).

Key management personnel include 14 members for the year ended December 31, 2017 (10 members for the year ended December 31, 2016).

The reconciliation of the number of shares held by the Group Management at December 31, 2017 and 2016, is set forth in the table below:

	Shares
December 31, 2015	**208,271**
Additions	202,018
Retirements	(124,490)
December 31, 2016 (*)	**285,799**
Additions	147,471
Retirements	(45,990)
December 31, 2017 (**)	**387,280**

(*) Key management personnel include 9 members at December 31, 2016

(**) Key management personnel include 11 members at December 31, 2017

18.5 Other related parties

Other related parties are linked to the transactions between the Group and its associates and joint-ventures.

The Group's transactions and balances with the related parties (in thousands of euros) that are described in sections 18.1 to 18.5 above as of December 31, 2017 is set forth in the tables below:

	31/12/2017			
Consolidated statement of comprehensive income	Shareholders and significant influence	Board members and key management	Other related parties	Total
Cost of revenue and other operating expenses	-	-	104,606	104,606
Personnel and related expenses	-	23,502		23,502
Total expenses	**-**	**23,502**	**104,606**	**128,108**
Share in profit of associates and joint ventures accounted for using the equity method	-	-	2,829	2,829
Revenue	-	-	20,043	20,043
Total income	**-**	**-**	**22,872**	**22,872**

	31/12/2017			
Consolidated statement of financial position	Shareholders and significant influence	Board members and key management	Other related parties	Total
Dividends Receivable - Other current financial assets	-	-	85	85
Trade accounts receivable	-	-	8,174	8,174
Interim dividend payable [(1)]	-	405	-	405
Trade accounts payable	-	-	25,992	25,992

[(1)] During the year 2017 the dividends paid to Board members and key management amounted to €767 thousand.

The Group's transactions and balances with the related parties (in thousands of euros) that are described in sections 18.1 to 18.5 above as of December 31, 2016, are set forth in the tables below:

	31/12/2016			
Consolidated statement of comprehensive income	Shareholders and significant influence	Board members and key management	Other related parties	Total
Cost of revenue and other operating expenses	-	-	113,041	113,041
Personnel and related expenses	-	28,226	-	28,226
Total expenses	**-**	**28,226**	**113,041**	**141,267**
Interest income	-	-	4	4
Share in profit of associates and joint ventures accounted for using the equity method	-	-	98	98
Revenue	-	-	16,695	16,695
Total income	**-**	**-**	**16,797**	**16,797**

	31/12/2016			
Consolidated statement of financial position	Shareholders and significant influence	Board members and key management	Other related parties	Total
Dividends Receivable - Other current financial assets	-	-	185	185
Trade accounts receivable	-	-	6,381	6,381
Interim dividend payable [(1)]	-	291	-	291
Trade accounts payable	-	-	32,607	32,607
Loans receivable – Other current/non-current financial assets	-	-	229	229

[(1)] During the year 2016 the dividends paid to Board members and key management amounted to €557 thousand.

Notes (millions of euros)

19 SHARE-BASED PAYMENTS

The Group has the following reward schemes in place for management and employees:

19.1 Performance Share Plan (PSP)

The Performance Share Plan (PSP) consists of a contingent award of shares to certain members of the Amadeus Group's 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 Group 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 duration (vesting period) of each independent cycle is three years each and no holding period applies except in France.

This plan is considered as equity-settled under IFRS 2 and, accordingly, the fair value of services received during the years ended as of December 31, 2017 and 2016, as consideration for the equity instruments granted, is presented in the consolidated statement of comprehensive income under the "Personnel and related expenses" caption by an amount of €14.5 million and €12.6 million, respectively.

The fair value of the equity instruments granted has been determined using a scholastic valuation model (Monte-Carlo) for the tranche that involves market conditions, and an estimation of expected performance for the tranche that involve non-market conditions. The fair value of the equity instruments at grant date is adjusted to incorporate the market conditions to which the performance of the plan is linked.

The detail of the shares allotted and fair value at grant date in the Group's PSP, is set forth in the table below:

	PSP 2014	PSP 2015	PSP 2016	PSP 2017
Total shares allotted at grant date (1)	300,726	244,307	277,785	259,200
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%	-	-

(1) This number of shares could increase up to double if Amadeus' performance in all performance objectives is extraordinary.

During the year 2017, the PSP 2014 was settled after the vesting date, implying that the Group transferred to the eligible employees 501,969 shares, due to the achievement of the performance objectives (187%), at a weighted average price of €53.56 per share, and implying an impact of €(9.2) million on the "Additional Paid in capital" caption due to the settlement. The Group used treasury shares to settle this share-based payments (as detailed in note 15).

During the year 2016, the PSP 2013 was settled after the vesting date, implying that the Group transferred to the eligible employees 881,049 shares (additional 156 shares were extraordinarily settled in 2016 related to the PSP 2014), due to the achievement of the performance objectives (200%), at a weighted average price of €38.10 per share, and implying an impact of € (12.6) million on the "Additional Paid in capital" caption due to the settlement. The Group used treasury shares to settle this share-based payments (as detailed in note 15).

Notes (millions of euros)

The detail of the changes in the Group's PSP for the years 2017 and 2016, is set forth in the table below:

	31/12/2017				
	PSP 2014	PSP 2015	PSP 2016	PSP 2017	Total (1)
Number of shares allotted at beginning of the year	273,242	226,270	275,783	-	775,295
Shares allotted during the period	-	-	-	259,200	259,200
Forfeiture during the period	(2,809)	(20,648)	(26,536)	(11,905)	(61,898)
Settlement of plan at vesting date	(270,433)	-	-	-	(270,433)
Number of shares allotted at end of the year	-	205,622	249,247	247,295	702,164

	31/12/2016				
	PSP 2013	PSP 2014	PSP 2015	PSP 2016	Total (1)
Number of shares allotted at beginning of the year	445,295	285,002	240,927	-	971,224
Shares allotted during the period	-	-	-	277,785	277,785
Forfeiture during the period	(4,772)	(11,604)	(14,657)	(2,002)	(33,035)
Settlement of plan at vesting date	(440,523)	(156)(2)	-	-	(440,679)
Number of shares allotted at end of the year	-	273,242	226,270	275,783	775,295

(1) This number of shares could increase up to double if Amadeus' performance in all performance objectives is extraordinary.
(2) Shares settled before the vesting date at Amadeus France S.A.

19.2 Restricted Share Plan (RSP)

The Restricted Share Plan (RSP) consists of the delivery of a given number of Amadeus shares 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 two and five years.

This plan is considered as equity-settled under IFRS 2. The fair value of services received during the years ended as of December 31, 2017 and 2016, as consideration for the equity instruments granted (amounting to 59,567 in 2017 and 67,022 in 2016 Restricted Share Units awarded), is presented in the consolidated statement of comprehensive income under the "Personnel and related expenses" caption by an amount of €0.5 million and €0.6 million, respectively.

During the year 2017, certain RSP awards were settled at vesting date, implying that the Group transferred to the eligible employees 12,649 shares, at a weighted average price of €53.84 per share, and implying an impact of €(0.2) million on the "Additional Paid in capital" caption due to the settlement. The Group used treasury shares to settle these share-based payments (as detailed in note 15).

During the year 2016, certain RSP awards were settled at vesting date, implying that the Group transferred to the eligible employees 21,325 shares, at a weighted average price of €38.84 per share, and implying an impact of €(0.7) million on the "Additional Paid in capital" caption due to the settlement. The Group used treasury shares to settle these share-based payments (as detailed in note 15).

19.3 Share Match Plan (SMP)

The Share Match Plan (SMP) consists of a contingent award of shares to Amadeus 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 Amadeus IT Group, S.A. shares, as well as to the participant remaining employed by Amadeus until the end of the cycle.

Under the terms of the Share Match Plan, Amadeus will grant the participants an additional Amadeus IT Group, S.A. share for every two purchased, provided if they hold the shares for a year after the purchase period has ended. Extraordinarily, only for the Share Match Plan 2013, Amadeus transferred 25 Amadeus IT Group, S.A (former Amadeus IT Holding, S.A.) shares to each participant after the end of the purchase period.

These plans are considered as equity-settled under IFRS 2. The fair value of services received during the year ended as of December 31, 2017 and 2016, as consideration for the equity instruments granted, amounting to 258,081 shares and 212,465 shares, respectively, is presented in the consolidated statement of comprehensive income under the "Personnel and related expenses" caption by an amount of €4.0 million as of December 31, 2017 and €3.1 million as of December 31, 2016.

During the year 2017, the Share Match Plan 2015 has been settled according to the terms of the plan, implying that the Group transferred to the participants 80,137 shares, at a weighted average price of €54.04 per share, and implying an impact of €(2.1) million on the "Additional Paid in capital" caption due to the settlement. The Group used treasury shares to settle this share-based payments (as detailed in note 15).

During the year 2016, the Share Match Plan 2014 was settled according to the terms of the plan, implying that the Group transferred to the participants 91,721 shares, at a weighted average price of €39.07 per share, and implying an impact of €(2.1) million on the "Additional Paid in capital" caption due to the settlement. The Group used treasury shares to settle this share-based payments (as detailed in note 15).

20 DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business the Group enters into derivative financial instruments to manage the financial risks exposures which it is subject to. An outline of the Group's financial risks, the objectives and policies pursued in relation to those risks are described in note 5.

IAS 39 prescribes strict criteria for hedge accounting. Although all the derivatives the Group enters into are contracted for hedging purposes in economic terms, there might be instances when a derivative is not an effective hedge from an accounting perspective. In these situations, the derivative is classified as held for trading, and the gains and losses from changes in the fair value are accounted for in profit and loss, and presented in the consolidated statement of comprehensive income within "Financial expense, net". If the derivative financial instrument is designated as a cash flow hedge for accounting purposes, the changes in the fair value of the instrument are accounted for through other comprehensive income presented within "Cash flow hedges", and through profit or loss when the hedged flow takes place.

At the inception of a hedge relationship, the Group formally documents the hedge relationship to which the Group wishes to apply hedge accounting. Such hedges are expected to be highly effective in achieving offsetting changes in the fair value and cash flows, and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting period for which they were designated.

Notes (millions of euros)

The ideal hypothetical derivative method is used to measure ineffectiveness of a hedge relationship in which the hedging instrument is a derivative. The ideal hypothetical derivative method compares the change in fair value of the actual derivative designated as the hedging instrument and the change in fair value of an "ideal hypothetical derivative" that would result in perfect hedge effectiveness for the designated hedged item.

In the case of the foreign exchange natural hedge, as it is explained in the documentation of the hedge relationship, the dual spot method is used. This means that the Group compares the spot-to-spot movement of the hedged item with the spot-to-spot movement of the hedging instrument in order to calculate hedge effectiveness.

As of December 31, 2017 and 2016, the fair values of assets and liabilities of derivative financial instruments are set forth in the table below:

	31/12/2017				31/12/2016			
	Assets		Liabilities		Assets		Liabilities	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Interest rate swaps	-	-	-	-	-	-	-	3.0
Cash flow hedges of interest rates	-	-	-	-	-	-	-	3.0
Foreign currency forward	17.6	8.7	5.8	1.1	5.9	2.0	15.2	4.7
Foreign currency option	-	-	1.4	-	-	-	0.3	0.9
Cash flow hedges of exchange rates	17.6	8.7	7.2	1.1	5.9	2.0	15.5	5.6
Total derivative financial instruments designated as hedge	**17.6**	**8.7**	**7.2**	**1.1**	**5.9**	**2.0**	**15.5**	**8.6**
Foreign currency forward	0.1	-	-	-	0.2	-	-	-
Foreign currency option	-	-	-	-	0.2	-	-	-
Total derivative instruments held for trading	**0.1**	**-**	**-**	**-**	**0.4**	**-**	**-**	**-**
Total	**17.7**	**8.7**	**7.2**	**1.1**	**6.3**	**2.0**	**15.5**	**8.6**

Notes (millions of euros)

As of December 31, 2017 and 2016, the maturity of the notional amount of the Group's derivative financial assets and liabilities is set forth in the table below:

	31/12/2017				31/12/2016			
	2018	2019	2020 and beyond	Total	2017	2018	2019 and beyond	Total
Interest rate swaps	-	-	-	-	-	-	500.0	500.0
Cash flow hedges of interest rates	-	-	-	-	-	-	500.0	500.0
Foreign currency forward	475.7	236.1	32.1	743.9	285.7	94.3	36.4	416.4
Foreign currency option	-	21.0	-	21.0	-	21.0	-	21.0
Cash flow hedges of exchange rates	475.7	257.1	32.1	764.9	285.7	115.3	36.4	437.4
Total derivative financial instruments designated as hedge	**475.7**	**257.1**	**32.1**	**764.9**	**285.7**	**115.3**	**536.4**	**937.4**
Foreign currency forward	9.8	-	-	9.8	9.7	-	-	9.7
Foreign currency option	-	-	-	-	0.8	-	-	0.8
Total derivative instruments held for trading	**9.8**	**-**	**-**	**9.8**	**10.5**	**-**	**-**	**10.5**
Total	**485.5**	**257.1**	**32.1**	**774.7**	**296.2**	**115.3**	**536.4**	**947.9**

20.1 Cash flow hedges of interest rates

During 2017 and 2016, the Group has had derivatives contracted with external counterparties, interest rate swaps (IRS), to hedge the Group's exposure to interest rate changes by fixing most of the interest amounts to be paid in coming years.

On March 2, 2017 the Group has cancelled two IRS contracts and discontinued the pre-hedging relationship for a notional amount of €500.0 million with an impact in Interest Expense of €2.7 million. The pre-tax impact of the IRS in OCI in 2017 amounts to €3.0 million.

On March 10, 2016 the Group cancelled an IRS contract and discontinued the hedging relationship for an amount of €16.1 million. Accordingly, the pre-tax impact of the IRS in OCI of €16.1 million will be transferred to the consolidated statement of comprehensive income in line with the maturity calendar of the debt that was being hedged. The amount transferred in 2017 amounted to €3.9 million (€2.0 million transferred in 2016).

20.2 Cash flow hedges of exchange rates

The Group is exposed to risks associated with fluctuations of exchange rates in currencies different than the Euro. The Group uses currency derivatives, mainly currency forward contracts to hedge the exposure to foreign currencies, and a natural hedge of US dollar-denominated net operating cash inflows with payments of principal on US dollar-denominated debt, to hedge the exposure to US dollar. As of the date of issuance of the consolidated annual accounts, the Group does not hold any debt denominated in US dollar.

Regarding currency derivatives held, for the year ended December 31, 2017, a loss of €50.4 million (€37.9 million net of taxes) has been charged to other comprehensive income. A loss of €25.2 million (€18.9 million net of taxes) was charged to other comprehensive income for the year ended December 31, 2016.

The FX contract agreements signed by the Group in 2015 to hedge the total amount of the Navitaire LLC acquisition against the USD/EUR exchange rate fluctuation generated a gain of €12.7 million (€9.5 million net of taxes) when the acquisition was finally completed on January 26, 2016. Those gains were booked against the hedged item, which was the investment in Navitaire, LLC.

21 TAXATION

The companies that make up the Group are all individually responsible for their own tax assessments in their countries of residence, without any worldwide Group tax consolidation. The statute of limitations varies from one company to another, according to local tax laws in each case. Tax returns are not considered definitive until the statute of limitations expires or they are accepted by the Tax Authorities. Independently that the fiscal legislation is open to different interpretations, it is estimated that any additional fiscal liability, as may arise from a possible tax audit, will not have a significant impact on the consolidated annual accounts taken as a whole.

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 1, 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 to 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 to 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, accounted under the caption "Other non-current financial assets" (note 11), until the resolution of this litigation and has registered the appropriate liability in order to minimize its exposure in the event the final ruling from the Court does not result in its favour. 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 to the Tax Authorities of both countries, effective in the same year.

The mutual agreement procedure between Spain and Germany, within the context of the APV 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 APV procedure and mutual agreements related.

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 are 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.

The Group has paid corporate income tax surcharge in France related to dividend distributions in 2013, 2015 and 2016 as provided under article 235 ter ZCA of the Code Général des Impôts (French Tax Code).

The Group initiated the refund claims in relation to such surcharge paid for the aforementioned years.

On February 26, 2015, the European Commission initiated infringement proceedings against France with respect to this corporate income tax surcharge, as it could be in breach of the Parent-Subsidiary Directive as well as against the freedom of establishment guaranteed by the Treaty of the Functioning of the European Union.

In July 2017, the French Constitutional Court declared that the surcharge is contrary to the Constitution. The French Tax Authorities are processing the claims and the Group expects that a favourable decision along 2018, following the decision from the Constitutional Court. As a consequence, the Group expects the refund of €12 million corresponding to the undue surcharge paid and the delay interests associated.

Amadeus IT Group, S.A. pays Corporate Income Tax via the Tax consolidation regime (Tax Group 256/05), from which it is the dominant company.

In accordance with the Royal Decree 3/2016, of December 2, the temporary difference corresponding to the investment's impairment adjustments include the reversal of the losses from impairments that were tax deductible in previous years, without any significant impact.

Notes (millions of euros)

Spanish Tax Consolidation Group is formed by 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

The merger between Amadeus IT Group, S.A. and Amadeus IT Holding, S.A. (as detailed in note 1) is under the special tax regime of Chapter VII of the Corporate Income Tax (Law 27/2014 of November 27, 2014).

The Income tax expense for the years ended on December 31, 2017 and 2016, is set forth in the table below:

	31/12/2017	31/12/2016
Current	325.8	377.3
Deferred	(63.8)	(54.4)
Total Income taxes	**262.0**	**322.9**

The reconciliation between the statutory income tax rate in Spain and the effective income tax rate applicable to the Group as of December 31, 2017 and 2016, is set forth in the table below:

	31/12/2017	31/12/2016
	%	%
Statutory income tax rate in Spain	25.0	25.0
Effect of different tax rates	4.0	4.4
Tax Credits	(1.4)	(1.3)
Other permanent differences	(5.9)	(2.0)
Subtotal	21.7	26.1
Purchase price allocation impact	(0.9)	(0.4)
Tax Claim	-	2.5
Effective income tax rate	**20.8**	**28.2**

As of December 31, 2017, the main difference between the statutory income tax rate in Spain and the effective income tax rate is explained by the effect of different tax rates within the Group, together with the recognition in Amadeus S.A.S. and the entities in U.S.A. of a reduction in the Corporate Income Tax impacting €27.8 million and €25.5 million, respectively (these impacts are mainly due to the deferred tax for the Derogatory amortization and the deferred tax over the Purchase Price Allocation of Amadeus Hospitality Americas business combination). The remaining differences relate to certain operating expenses considered as non-deductible for tax purposes and certain operating income considered as non-taxable for tax purposes in the Group.

As of December 31, 2016, the main difference between the statutory income tax rate in Spain and the effective income tax rate is explained by the effect of different tax rates within the Group, together with the above mentioned tax resolution from the TEAC included within tax claims.

Notes (millions of euros)

The detail of tax receivables and payables as of December 31, 2017 and 2016, is set forth in the table below:

	31/12/2017	31/12/2016
Tax receivable current and non-current		
Income tax receivable	78.9	54.1
VAT (note 12)	54.7	68.1
Others taxes receivable (note 12)	84.4	83.2
Total	**218.0**	**205.4**
Tax payable current and non-current		
Income tax payable	16.9	32.2
VAT (note 12)	4.4	5.9
Other taxes payable (note 12)	20.8	64.5
Total	**42.1**	**102.1**

Notes (millions of euros)

The Group's deferred tax balances as of December 31, 2017, are set forth in the table below:

Assets	1/1/2017	Net charged to income statement	Charged to equity	Transfers	Translation changes	31/12/2017
Unused tax losses	2.2	2.3	-	-	(0.1)	4.4
Unused investment tax credits	2.2	-	-	-	-	2.2
Finance leases	0.3	-	-	-	-	0.3
Net cancellation reserve	5.9	-	-	-	-	5.9
Depreciation and amortization	0.2	(0.7)	-	-	0.3	(0.2)
Bad debt provision	6.2	(1.0)	-	-	(0.2)	5.0
Hedge accounting	7.5	-	(4.1)	-	-	3.4
Employees benefits	38.9	(0.8)	(7.1)	-	(1.1)	29.9
Dividends tax credits	0.8	-	-	-	-	0.8
Tax audit	10.6	-	-	-	-	10.6
Offsetting obligations	2.0	0.4	-	-	-	2.4
Other	14.8	(3.9)	-	-	(3.1)	7.8
	91.6	(3.7)	(11.2)	-	(4.2)	72.5
Netting	(70.0)	-	-	17.9	-	(52.1)
Total	**21.6**	**(3.7)**	**(11.2)**	**17.9**	**(4.2)**	**20.4**

Liabilities	1/1/2017	Net charged to income statement	Charged to equity	Transfers	Translation changes	31/12/2017
Unrealized gains - foreign currency and financial instruments	(2.0)	1.0	-	-	(1.1)	(2.1)
Provision for decline in value of investments	10.5	-	-	-	-	10.5
Depreciation and amortization	418.3	(50.5)	-	-	(8.3)	359.5
Capitalization of Software Internally Developed	10.6	1.6	-	-	(1.1)	11.1
Purchase Price Allocation	312.3	(21.9)	-	-	(0.6)	289.8
Hedge accounting	3.0	-	6.1	-	-	9.1
Finance leases	3.1	(0.3)	-	-	-	2.8
Other	(5.8)	2.6	-	-	0.2	(3.0)
	750.0	(67.5)	6.1	-	(10.9)	677.7
Netting	(70.0)	-	-	17.9	-	(52.1)
Total	**680.0**	**(67.5)**	**6.1**	**17.9**	**(10.9)**	**625.6**

Notes (millions of euros)

The Group's deferred tax balances as of December 31, 2016, are set forth in the table below:

Assets	1/1/2016	Net charged to income statement	Charged to equity	Transfers	Translation changes	31/12/2016
Unused tax losses	0.6	1.5	-	-	0.1	2.2
Unused investment tax credits	2.2	-	-	-	-	2.2
Finance leases	0.3	-	-	-	-	0.3
Net cancellation reserve	5.9	-	-	-	-	5.9
Depreciation and amortization	4.9	(4.8)	-	-	0.1	0.2
Bad debt provision	9.9	(3.7)	-	-	-	6.2
Hedge accounting	4.9	-	2.6	-	-	7.5
Employees benefits	30.1	8.8	-	-	-	38.9
Dividends tax credits	0.8	-	-	-	-	0.8
Tax audit	10.6	-	-	-	-	10.6
Offsetting obligations	2.0	-	-	-	-	2.0
Other	13.4	2.6	(3.3)	-	2.1	14.8
	85.6	4.4	(0.7)	-	2.3	91.6
Netting	(72.4)	-	-	2.4	-	(70.0)
Total	**13.2**	**4.4**	**(0.7)**	**2.4**	**2.3**	**21.6**

Liabilities	1/1/2016	Net charged to income statement	Charged to equity	Transfers	Translation changes	31/12/2016
Unrealized gains - foreign currency and financial instruments	0.3	(0.5)	(1.8)	-	-	(2.0)
Provision for decline in value of investments	10.5	-	-	-	-	10.5
Depreciation and amortization	419.2	(1.1)	-	-	0.2	418.3
Capitalization of Software Internally Developed	8.4	1.9	-	-	0.3	10.6
Purchase Price Allocation	332.0	(31.5)	-	9.2	2.6	312.3
Hedge accounting	3.9	-	(0.9)	-	-	3.0
Finance leases	3.8	(0.7)	-	-	-	3.1
Other	19.6	(18.1)	(6.6)	-	(0.7)	(5.8)
	797.7	(50.0)	(9.3)	9.2	2.4	750.0
Netting	(72.4)	-	-	2.4	-	(70.0)
Total	**725.3**	**(50.0)**	**(9.3)**	**11.6**	**2.4**	**680.0**

The expiration date of unused tax losses and credits for which no deferred tax asset has been recognized in the consolidated annual accounts, mainly due to the uncertainty of their recoverability as of December 31, 2017 and 2016, is set forth in the table below:

Year(s) of expiration	31/12/2017	31/12/2016
From 1 to 5 years	1.1	1.0
Unlimited	17.0	11.8
Total	18.1	12.8

22 EARNINGS PER SHARE

The reconciliation of the weighted average number of shares and diluted weighted average number of outstanding shares as of December 31, 2017 and 2016 is set forth in the table below:

	31/12/2017		31/12/2016	
	Ordinary shares	Weighted average number of ordinary shares	Ordinary shares	Weighted average number of ordinary shares
Total shares issued	438,822,506	438,822,506	438,822,506	438,822,506
Treasury shares	(1,069,252)	(1,673,921)	(1,521,273)	(2,002,726)
Total shares outstanding	437,753,254	437,148,585	437,301,233	436,819,780

The basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares issued during the year, excluding ordinary shares purchased by the Group and held as treasury shares. The dilutive earnings per share is calculated including the ordinary shares outstanding to assume conversion of a potentially dilutive ordinary shares.

For the year ended December 31, 2017, the Group has included in the weighted average number of ordinary shares all the shares that would be potentially acquired by means of the Share buy-back programme (see note 15) as if they were acquired since the inception of agreement. This calculation is consistent with the presentation of the forward contract in the consolidated statement of financial position. For the years ended December 31, 2017 and December 31, 2016, there were no operations with potentially dilutive ordinary shares in the Group.

The calculation of basic and diluted earnings per share (rounded to two digits) for the year ended December 31, 2017 and 2016 is set forth in the table below:

Basic and diluted earnings per share			
31/12/2017		31/12/2016	
Profit attributable to the owners of the parent (millions of euros)	Earnings per share (Euros)	Profit attributable to the owners of the parent (millions of euros)	Earnings per share (Euros)
1,002.9	2.29	825.5	1.89

Notes (millions of euros)

23 ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

23.1 Interest expense and other financial expenses

The "Interest expense" as of December 31, 2017 and 2016, mainly corresponds to the borrowings detailed in note 16. The breakdown of the "Interest expense" is set forth in the table below:

	31/12/2017	31/12/2016
Bonds	11.0	30.4
European Investment Bank	9.2	10.6
Revolving Loan Facility	0.1	3.4
European Commercial Paper	(0.5)	(0.2)
Interest from derivative instruments	3.9	2.0
Other debt with financial institutions	0.3	0.6
Obligations under finance leases	1.9	2.1
Subtotal	25.9	48.9
Deferred financing fees	4.7	7.0
Bank commissions, fees and other expenses	2.3	2.6
Interest expense	**32.9**	**58.5**

The breakdown of "Other financial expenses" as of December 31, 2017 and 2016 is set forth in the table below:

	31/12/2017	31/12/2016
Net interest on the Net Defined Benefit liability (note 12)	2.1	2.3
Interest expense on Tax	2.8	14.4
Cancellation from derivative instruments	2.7	-
Others	2.0	1.3
Other financial expenses	**9.6**	**18.0**

23.2 Employee distribution

The employee distribution by category and gender for the year ended December 31, 2017 and 2016, is set forth in the table below:

	31/12/2017		31/12/2016	
	Female	Male	Female	Male
CEO/SVP/VP	4	26	4	31
Amadeus Group Directors	29	133	25	136
Managers	1,132	2,349	1,034	2,205
Disabled managers	1	-	1	-
Staff	4,564	6,720	4,273	6,165
Disabled Staff	5	-	6	1

As of December 31, 2017 and 2016, the total number of employees is 14,963 and 13,881 respectively.

Notes (millions of euros)

24 ADDITIONAL CONSOLIDATED STATEMENT OF CASH FLOWS RELATED DISCLOSURE

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks and in short-term money market investments, net of outstanding bank overdrafts.

The reconciliation of the "Cash and cash equivalents net" caption of the consolidated statement of cash flows and the "Cash and cash equivalents" caption of the consolidated statement of financial position as of December 31, 2017 and 2016, is set forth in the table below:

	31/12/2017	31/12/2016
Cash on hand and balances with banks	524.5	280.0
Short-term investments	55.0	170.0
Cash and cash equivalents	579.5	450.0
Bank overdrafts	(0.4)	(0.4)
Cash and cash equivalents net	**579.1**	**449.6**

As of December 31, 2017 and 2016, the Group maintained short-term money market investments with an average yield rate of nil and 0.01%, respectively for EUR investments; and 0.43% and 0.44%, respectively, for USD investments. Additionally, AUD investments as of December 31, 2017 had an average yield rate of 1.65% (no short-term money market investments in AUD as of December 31, 2016). The Group held no short-term money market investment in GBP as of December 31, 2017 (GBP investments as of December 31, 2016 had an average yield rate of 0.35%).

These investments are readily convertible to a certain amount of cash and do not have an appreciable risk of change in value.

The table below details changes in the Group's financial liabilities arising from financing activities, including both cash and non-cash changes during the year ended December 31, 2017:

	31/12/2016	Cash Flows from financing activities	Non-cash changes				Other changes	31/12/2017
			Trans fers	New finance leases and others (note 16)	Fair value adjust-ments (note 20)	Accrued interest		
Non-current debt	1,422.7	397.5	(81.1)	13.9	-	-	2.1	1,755.1
Non-current derivative financial liabilities	8.6	-	-	-	(7.5)	-	-	1.1
Current debt	969.5	(698.3)	81.1	22.9	-	18.8	2.1	396.1
Current derivative financial liabilities	15.5	-	-	-	(3.3)	-	-	12.2
Total	**2,416.3**	**(300.8)**	**-**	**36.8**	**(10.8)**	**18.8**	**4.2**	**2,164.5**

25 AUDITING SERVICES

The fees for annual accounts auditing services and other services (in thousands of euros) rendered by the auditor's firm Deloitte, S.L. and other firms related thereto, for the years ended December 31, 2017 and 2016, are set forth in the table below:

	31/12/2017		31/12/2016	
	Company	Group	Company	Group
Auditing	662	2,377	606	2,361
Other assurance services	723	814	664	785
Tax advice	195	1,012	200	772
Other services	176	187	335	363
Total	1,756	4,390	1,805	4,281

26 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 as detailed in note 15.

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Fully Consolidated Companies	Registered Address	Country	Activity	Investment 31/12/2017 (%) (1) (2)	Investment 31/12/2016 (%) (1) (2)
Amadeus Airport IT Americas, Inc. (3)	5950 Hazeltine National Drive, Suite 210. Orlando, Florida. 32822.	U.S.A.	Software development	100%	100%
Amadeus Airport IT GmbH	Berghamer Str. 6 85435, Erding-Aufhasen.	Germany	Software development	100%	100%
Amadeus América S.A. (4)	Ingeniero Enrique Butty 240 4th floor. Caba CP 1001.	Argentina	Regional support	100%	100%
Amadeus Americas, Inc.	3470 NW 82nd Avenue Suite 1000 Miami, Florida 33122.	U.S.A.	Regional support	100%	100%
Amadeus Argentina S.A.	Ingeniero Enrique Butty 240 4th floor. Caba CP 1001.	Argentina	Distribution	95.50%	95.50%
Amadeus Asia Limited	21st, 23rd and 27th Floor, Capital Tower. 87/1 All Season Place. Wireless Road, Lumpini, Pathumwan. 10330 Bangkok.	Thailand	Regional support	100%	100%
Amadeus Austria Marketing GmbH	Dresdnerstrasse 91/C1/4, 1200 Wien.	Austria	Distribution	100%	100%
Amadeus Benelux N.V.	Medialaan, 30. Vilvoorde 1800.	Belgium	Distribution	100%	100%
Amadeus Bilgi Teknolojisi Hizmetleri A.Ş	İstanbul Havalımanı Serbest Bölgesi Plaza Ofis No: 1401 Kat: 14 34830 Yesilköy, İstanbul.	Turkey	Software development	100%	100%
Amadeus Bolivia S.R.L.	Equipetrol North. J Street. Building “Rolea Center” 1st floor. Suites E&D. Santa Cruz.	Bolivia	Distribution	100%	100%
Amadeus Bosna d.o.o. za marketing Sarajevo	Midhat Karic Mitke 1, 71000 Sarajevo.	Bosnia and Herzegovina	Distribution	100%	100%
Amadeus Brasil Ltda.	Rua das Olimpiadas 205 – 5 andar, Sao Paulo 04551-000.	Brazil	Distribution	83.51%	83.51%
Amadeus Bulgaria EOOD	1, Bulgaria Square, 16th Floor. Triaditza Region. 1463 Sofia.	Bulgary	Distribution	55.01%	55.01%
Amadeus Capital Markets, S.A., Sociedad Unipersonal	Salvador de Madariaga, 1. 28027 Madrid.	Spain	Financial activities	100%	100%
Amadeus Central and West Africa S.A.	7, Avenue Nogues 08 BPV 228 Abidjan 01.	Ivory Coast	Distribution	100%	100%
Amadeus Content Sourcing, S.A., Sociedad Unipersonal	Salvador de Madariaga 1, 28027, Madrid.	Spain	Intermediation	100%	100%
Amadeus Corporate Business, AG	Marienbader Platz 1, 61348, Bad Homburg, v.d. Hohe, Frankfurt am Main.	Germany	Holding of shares	100%	100%

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	Registered Address	Country	Activity	Investment 31/12/2017 (%) (1) (2)	Investment 31/12/2016 (%) (1) (2)
Amadeus Customer Center Americas S.A.	Oficentro La Virgen II. Torre Prisma, Piso 5, Pavas, San José.	Costa Rica	Regional support	100%	100%
Amadeus Czech Republic and Slovakia s.r.o.	Meteor Centre Office Park. Sokolovská 100 / 94 Praha 8 – Karlin 186 00.	Czech Republic	Distribution	100%	100%
Amadeus Data Processing GmbH (5)	Berghamer Strasse 6. D-85435. Erding. Munich.	Germany	Data processing	100%	100%
Amadeus Denmark A/S (6)	Oldenburg Allé 3, 1.tv. DK-2630 Taastrup.	Denmark	Distribution	100%	100%
Amadeus Eesti AS	Tuukri 19. 10152 Talinn.	Estonia	Distribution	100%	100%
Amadeus Finance B.V.	De Entrée 99 1101 HE Amsterdam.	The Netherlands	Financial activities	100%	100%
Amadeus France S.A.	Le Seine Saint Germain Bâtiment C, 2-8 Ave. Du Bas-Meudon. F-92445 Issy-Les-Moulineaux Cedex.	France	Distribution	100%	100%
Amadeus GDS LLP	48 Auezov Str,m 4th floor, 050008, Almaty.	Kazakhstan	Distribution	100%	100%
Amadeus GDS (Malaysia) Sdn. Bhd.	Suite 1005, 10th Floor. Wisma Hamzah-kwong Hing. nº 1 Leboh Ampang. Kuala Lumpur 50100.	Malaysia	Distribution	100%	100%
Amadeus GDS Singapore Pte. Ltd.	1 Wallich Street #27-00 Guoco Tower Singapore 078881	Singapore	Distribution	100%	100%
Amadeus Germany GmbH	Zentrale Finanzen SiemensstaBe 1, 61352. Bad Homburg.	Germany	Distribution	100%	100%
Amadeus Global Ecuador S.A.	República del Salvador N35- 126 and Portugal, Zanté Building; 2nd floor Suite 206, Quito.	Ecuador	Distribution	100%	100%
Amadeus Global Operations Americas Inc. (3)	Corporate creations, Network Inc, 3411 Silverside Road #104 Rodney building, Wilmington, Delaware 19810. New Castle County.	U.S.A.	Data processing	100%	100%
Amadeus Global Travel Distribution Ltd.	P.O. Box 6680-00100 14,Riverside off Riverside Drive Grosvenor suite 4A, 4th Floor, Nairobi.	Kenya	Distribution	100%	100%
Amadeus Global Travel Israel Ltd.	14 Ben Yehuda St. 61264 Tel Aviv.	Israel	Distribution	100%	100%

	Registered Address	Country	Activity	Investment 31/12/2017 (%) (1) (2)	Investment 31/12/2016 (%) (1) (2)
Amadeus GTD (Malta) Limited	Birkirkara Road. San Gwann. SGN 08.	Malta	Distribution	100%	100%
Amadeus GTD Southern Africa Pty Ltd.	Turnberry Office Park. 48 Grosvenor Road, Bryanston. 2021 Johannesburg.	South Africa	Distribution	100%	100%
Amadeus Hellas S.A.	Sygrou Ave. 157. 17121 N. Smyrni Athens.	Greece	Distribution	100%	100%
Amadeus Honduras, S.A. (3)	Building El Ahorro Hondureño. Cía. de Seguros, S.A. 4to Nivel Local B. Av. Circunvalación. San Pedro Sula.	Honduras	Distribution	100%	100%
Amadeus Hong Kong Ltd.	3/F, Henley Building nº 5 Queens' Road. Central Hong Kong.	China	Distribution	100%	100%
Amadeus Hospitality Americas, Inc (3)	75 New Hampshire Ave, Portsmouth NH 03801.	U.S.A.	Distribution and software development	100%	100%
Amadeus Hospitality Asia Pacific Pte. Ltd (3)	600 North Bridge Road, #14-02 Parkview Square, Singapore 188778.	Singapore	Distribution and software development	100%	100%
Amadeus Hospitality Netherlands B.V.	Chasséveld 15G 4811 DH Breda.	The Netherlands	Distribution and software development	100%	100%
Amadeus Hospitality UK Ltd. (3)	Fourth Floor Drapers Court, Kingston Hall Road, Kingston-upon-Thames, Surrey KT1 2BQ.	U.K.	Distribution and software development	100%	100%
Amadeus Information Technology LLC	M. Golovin line 5, 2nd floor 107045, Moscow.	Russia	Distribution	100%	100%
Amadeus Integrated Solutions Pty Ltd.	Turnberry Office Park, 48 Grosvenor Road, Bryanston, Johannesburg.	South Africa	Distribution	100%	100%
Amadeus IT Group Colombia S.A.S.	Carrera 11 No. 84 - 09 6° floor Building Amadeus Tower, Bogotá.	Colombia	Distribution	100%	100%
Amadeus IT Pacific Pty. Ltd.	Level 7 180 Thomas Street 2000 Haymarket, Sydney.	Australia	Distribution	100%	100%
Amadeus IT Services UK Limited	3rd Floor First Point, Buckingham Gate, Gatwick, West Sussex RH6 0NT.	U.K.	Distribution and software development	100%	100%
Amadeus Italia S.P.A.	Via Morimondo, 26, 20143 Milano.	Italy	Distribution	100%	100%
Amadeus Japan K.K.	SPP Ginza Building 5F, 2-4-9 Ginza, Chuo-Ku, Tokio 104-0061.	Japan	Distribution	100%	100%

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	Registered Address	Country	Activity	Investment 31/12/2017 (%) (1) (2)	Investment 31/12/2016 (%) (1) (2)
Amadeus Korea, Ltd	Kyobo Securities Building-Youldo 10F, Bldg. 26-4 Youido-dong, Yongdungpo-gu, Seoul 150-737.	South Korea	Software development and product definition	100%	100%
Amadeus Lebanon S.A.R.L.	Gefinor Centre P.O. Box 113-5693 Beirut.	Lebanon	Distribution	100%	100%
Amadeus Magyaroszag Kft	1075 Budapest. Madách Imre út 13-14. Budapest.	Hungary	Distribution	100%	100%
Amadeus Marketing (Ghana) Ltd.	12 Quarcoo Lane, West Airport Residential Area. Accra.	Ghana	Distribution	100%	100%
Amadeus Marketing Ireland Ltd.	65 Charlemont Street Dublin 2.	Ireland	Distribution	100%	100%
Amadeus Marketing Nigeria Ltd.	26, Ladipo Bateye Street. G.R.A., Ikeja, Lagos.	Nigeria	Distribution	100%	100%
Amadeus Marketing Phils Inc.	36th Floor, LKG Tower Ayala Avenue, Makati City.	Philippines	Distribution	100%	100%
Amadeus Marketing Romania S.R.L.	246C Calea Floreasca, Sky Tower Building, 19th floor, 014476, Bucharest.	Romania	Distribution	100%	100%
Amadeus Marketing (Schweiz) AG	Pfingstweidstrasse 60. Zurich CH 8005.	Switzerland	Distribution	100%	100%
Amadeus México, S.A. de C.V. (7)	Pº de la Reforma nº 265, 11th floor. Col. Cuauhtemoc 06500 México D.F.	Mexico	Distribution	100%	100%
Amadeus North America Inc. (3)	3470 Northwest 82 Ave., Suite 1000, Miami, Florida 33122.	U.S.A.	Distribution	100%	100%
Amadeus Norway AS (6)	Post boks 6645, St Olavs Plass, No-0129 Oslo.	Norway	Distribution	100%	100%
Amadeus Paraguay S.R.L.	Luis Alberto de Herrera 195 esquina Fulgencio Yegros Inter Express Building- 2nd floor, Suite 202, Asunción.	Paraguay	Distribution	100%	100%
Amadeus Perú S.A.	Víctor Andrés Belaunde, 147. Real 5 Building, Suite 902. San Isidro, Lima.	Peru	Distribution	100%	100%
Amadeus Polska Sp. z o.o.	ul. Domaniewska 49, Warsaw 26-672.	Poland	Distribution	100%	100%
Amadeus Revenue Integrity Inc. (3)	3530 E. Campo Abierto, Suite 200, Tucson, AZ - 85718.	U.S.A.	Information technology	100%	100%
Amadeus Rezervasyon Dağıtım Sistemleri A.Ş	Barbados Square Iş Merkezi.Dikilitaş Mah. Emirhan Cad. No: 113 Kat:18 34349 Istanbul.	Turkey	Distribution	100%	100%

	Registered Address	Country	Activity	Investment 31/12/2017 (%) (1) (2)	Investment 31/12/2016 (%) (1) (2)
Amadeus S.A.S.	Les Bouillides, 485 Route du Pin Montard. Boite Postale 69. F-06902 Sophia Antipolis Cedex.	France	Software development & software definition	100%	100%
Amadeus Scandinavia AB	Hälsingegatan 49 6tr, Box 6602, SE-113 84 Stockholm.	Sweden	Distribution	100%	100%
Amadeus Services Ltd.	World Business Centre 3. 1208 Newall Road. Heathrow Airport. Hounslow TW6 2RB Middlesex.	U.K.	Software development	100%	100%
Amadeus Slovenija, d.o.o.	Dunajska 122, 1000 Ljubljana.	Slovenia	Distribution	100%	100%
Amadeus Software Labs India Private Limited (8)	6th Floor, Etamin Block, Prestige Technology Park-II, Marathahalli-Srajapur Outer Ring Road, 560103 Bangalore.	India	Software development & software definition	100%	100%
Amadeus Software Technology (Shangai) CO., Ltd (3)	1709 You You International Plaza, No. 76 Pujian Road, Pudong New Area 200127 Shanghai.	China	Distribution and software development	100%	100%
Amadeus Soluciones Tecnológicas, S.A., Sociedad Unipersonal	Iris Building, Ribera del Loira 4-6 28042, Madrid.	Spain	Distribution	100%	100%
Amadeus Taiwan Co. Ltd.	12F, No. 77 Sec.3, Nan-Jing E. Rd. Taipei City.	Taiwan	Distribution	100%	100%
Amadeus Verwaltungs GmbH	Unterreut 6. 76135 Karlsruhe.	Germany	Holding of shares	100%	100%
Amadeus Yemen Limited (9)	Al-Zubariri Street. Aman Tower Building 6th floor. Sana'a.	Yemen	Distribution	100%	100%
Content Hellas Electronic Tourism Services S.A.	157, Syngrou Av., 3rd floor, N. Smyrni, 17121 Athens.	Greece	Distribution	100%	100%
CRS Amadeus América S.A. (10)	Av. 18 de Julio 841. Montevideo 11100.	Uruguay	Regional support	100%	100%
Enterprise Amadeus Ukraine	Podil Square business center 30, Spasska street. 04070 Kyiv.	Ukraine	Distribution	100%	100%
Gestour S.A.S.	16, Avenue de l'Europe, 67300 Schiltigheim.	France	Software development	100%	100%
i:FAO AG (11)	Clemensstrasse 9 60487 Frankfurt am Main.	Germany	Holding of shares	88.89%	70.72%
i:FAO Bulgaria EOOD (11)	Antim Tower, Level 15 2 Kukush Street, 1309 Sofia.	Bulgaria	Software development	88.89%	70.72%
i:FAO Group GmbH (11)	Clemensstrasse 9 60487 Frankfurt am Main.	Germany	Distribution and software development	88.89%	70.72%

	Registered Address	Country	Activity	Investment 31/12/2017 (%) (1) (2)	Investment 31/12/2016 (%) (1) (2)
i:FAO Bulgaria EOOD (11)	Antim Tower, Level 15 2 Kukush Street, 1309 Sofia.	Bulgaria	Software development	88.89%	70.72%
i:FAO Group GmbH (11)	Clemensstrasse 9 60487 Frankfurt am Main.	Germany	Distribution and software development	88.89%	70.72%
Latinoamérica Soluciones Tecnológicas SPA (12)	Isidora Goyenechea 2939 P/10, Las Condes, Santiago.	Chile	Distribution	100%	100%
Navitaire LLC	333 South Seventh Street Suite 1800, 55402 Minneapolis.	U.S.A.	Software development	100%	100%
Navitaire Philippines Inc.	8767 Paseo De Roxas, Metro Manila, 16F Philamlife Tower, 1200, Makati City, Manila	Philippines	Software development	100%	100%
NMC d.o.o. Skopje	Gradski Zid, Blok 4/8, 1000 Skopje.	Macedonia	Distribution	51%	51%
NMC Tirana sh.p.k.	Bulevardi Deshmoret e Kombit, Tirana.	Albania	Distribution	100%	100%
NMTI Holdings, Inc. (3)	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Registry of Delaware 19801 - Delaware 4326008.	U.S.A	Holding of shares	100%	100%
Pixell online marketing GmbH (13)	Mozartstr. 4bD-53115 Bonn.	Germany	Distribution and software development	100%-	100%
Private Enterprise "Content Ukraine" (14)	Podil Square business center 30, Spasska street. 04070 Kyiv.	Ukraine	Distribution	100%	100%
PT Amadeus Technology Indonesia (15)	UOB Square floor 39, Unit 2, Jl. M. H. Thamrin No. 10, Jakarta 10230.	Indonesia	Distribution	100%	-
Pyton Communication Services B.V.	Schatbeurderlaan 10, Postbus 6002 AC Weert,	The Netherlands	Distribution and software development	100%	100%
Pyton Communication Services Deutschland GmbH (16)	Kölner Straße 7A D - 51789 Lindlar.	Germany	Software development	100%	100%

	Registered Address	Country	Activity	Investment 31/12/2017 (%) (1) (2)	Investment 31/12/2016 (%) (1) (2)
SIA Amadeus Latvija	8 Audeju Street, LV-1050 Riga.	Latvia	Distribution	100%	100%
Sistemas de Distribución Amadeus Chile, S.A.	Marchant Pereira No 221, 11th floor. Comuna de Providencia, Santiago de Chile.	Chile	Distribution	100%	100%
Sistemas de Reservaciones CRS de Venezuela, C.A.	Av. Francisco de Miranda, Parque Cristal Building, East Tower, Floor 3, Suite 3 - 7A, Urb. Los Palos Grandes, 1060, Caracas.	Venezuela	Distribution	100%	100%
Travel Audience, GmbH (17)	Elsenstraße 106 12435 Berlin.	Germany	E-commerce	100%	100%
Traveltainment GmbH (13)	Carlo-Schmid-Straße 12 52146 Würselen/Aachen.	Germany	Software development	100%	100%
Traveltainment UK Ltd. (17) (10)	Unit 102 Culley Court, Orton Southgate, Peterborough, PE2 6WA.	U.K.	Software development	100%	100%
Tshire Travel Solutions and Services (PTY) Ltd. (18)	Turnberry Office Park. 48 Grosvenor Road, Bryanston. 2021 Johannesburg.	South Africa	Distribution	-	-
UAB Amadeus Lietuva	Olimpieciu 1A-9B, LT-09200, Vilnius.	Lithuania	Distribution	100%	100%
UFIS Airport Solutions AS	Cort Adelers gate 17, 0254 Oslo.	Norway	Holding of shares	100%	100%
UFIS Airport Solution Holding Ltd. (19) (20)	Suvarnabhumi Airport Operation Building, 999 Moo 1, Suite Z4-007, Bangna-Trad KM 15 Road, Nong Prue, Bang Phli, Samutprakarn 10540.	Thailand	Holding of shares	49%	49%
UFIS Airport Solutions (Thailand) Ltd. (19) (21)	Suvarnabhumi Airport Operation Building, 999 Moo 1, Suite Z4-007, Bangna-Trad KM 15 Road, Nong Prue, Bang Phli, Samutprakarn 10540.	Thailand	Software development	74%	74%
UFIS Airport Solutions Pte Ltd (10) (21)	300 Beach Road #14-06, The Concourse, Singapore 199555.	Singapore	Software development	100%	100%

Joint ventures companies and Associates	Registered Address	Country	Activity	Investment 31/12/2017 (%) (1) (2)	Investment 31/12/2016 (%) (1) (2)
Amadeus Algerie S.A.R.L	06, Rue Ahcéne Outaleb « les Mimosas »Ben. Aknoun.	Algerie	Distribution	40%	40%
Amadeus Egypt Computerized Reservation Services S.A.E. (22)	Units 81/82/83 Tower A2 at Citystars. Cairo.	Egypt	Distribution	100%	100%
Amadeus Gulf L.L.C.	7th Floor, Al Kazna Insurance Building, Banyas Street. P.O. Box 46969. Abu Dhabi.	United Arabian Emirates	Distribution	49%	49%
Amadeus Libya Technical Services JV	Abu Kmayshah st. Alnofleen Area, Tripoli.	Libya	Distribution	25%	25%
Amadeus Maroc S.A.S.	Route du Complexe Administratif. Aéroport Casa Anfa. BP 8929, Hay Oulfa. Casablanca 20202.	Morocco	Distribution	30%	30%
Amadeus Qatar W.L.L.	Al Darwish Engineering W.W.L. Building nº 94 “D” Ring road 250. Hassan Bin Thabit – Street 960. Doha.	Qatar	Distribution	40%	40%
Amadeus Saudi Arabia Limited (22) (23)	3rd Floor, Diner’s Square Center, King Abdulaziz Road P.O. Box no. 16196 Jeddah 21464.	Saudi Arabia	Distribution	100%	100%
Amadeus Sudani co. Ltd.	Street 3, House 7, Amarat. Khartoum 11106.	Sudan	Distribution	40%	40%
Amadeus Syria Limited Liability (22)	Shakeeb Arslan Street Diab Building, Ground Floor Abu Roumaneh, Damascus.	Syria	Distribution	100%	100%
Amadeus Tunisie S.A.	41 bis. Avenue Louis Braille. 1002 Tunis – Le Belvedere.	Tunisia	Distribution	30%	30%
Hiberus Travel IO Solutions, S.L.	Parque Empresarial Plaza Calle Bari, 25 Duplicado, 50197, Zaragoza.	Spain	Software development	24.88%	24.88%
Jordanian National Touristic Marketing Private Shareholding Company	Second Floor, nº2155, Abdul Hameed Shraf Street Shmaisani. Aman.	Jordan	Distribution	50%	50%
Moneydirect Limited (24)	First Floor, Fitzwilton House, Wilton Place, Dublin.	Ireland	Electronic payment services	-	50%
Qivive GmbH (10) (25)	c/o Rechtsanwälte Amend Minnholzweg 2b. 61476 Kronberg im Taunus.	Germany	Information technology	33.33%	33.33%

(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 participations are direct.
(3) The participation in these companies is held through Amadeus Americas, Inc.
(4) The share percentage in this company is 95% direct and 5% indirect, through Amadeus Soluciones Tecnológicas, S.A. Sociedad Unipersonal.
(5) The participation in this company is held through Amadeus Verwaltungs GmbH.
(6) The participation in these companies is held through Amadeus Scandinavia AB.
(7) The share percentage in this company is 98% direct and 2% indirect, through Amadeus Soluciones Tecnológicas, S.A. Sociedad Unipersonal.
(8) The share percentage in this company is 99.99 % indirect, through Amadeus S.A.S. and 0.01% through Amadeus Asia Limited.
(9) Since January 1, 2017 Amadeus Yemen Limited is considered as a fully-owned company, previously associate company. No control over this company in year 2016
(10) These companies are in the process of being liquidated.
(11) The participation in these companies is held through Amadeus Corporate Business, AG.
(12) The participation in this company is held through Sistemas de Distribution Amadeus Chile, S.A.
(13) On January 1, 2017 the companies Traveltainment GmbH and Pixell online marketing GmbH were merged. The resulting company is called Traveltainment GmbH.
(14) The participation in this company is held through Enterprise Amadeus Ukraine.
(15) The participation in this company is 99% direct and 1% indirect through Amadeus Asia Limited.
(16) The participation in this company is held through Pyton Communication Services B.V.
(17) The participation in these companies is held through Traveltainment AG.
(18) The control of this company is held through Amadeus Integrated Solutions Pty Ltd as of December 31, 2016. As at December 31, 2017, there is no control over this company
(19) The control of these companies is held through Amadeus Asia Limited.
(20) The Company controls 79.35% of the voting rights of this company.
(21) The participation in this company is held through UFIS Airport Solutions AS.
(22) 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.
(23) The share percentage in this company is 95% direct and 5% indirect, through Pyton Communication Services, B.V.
(24) This company has been liquidated during 2017.
(25) The participation in this company is held through Amadeus Germany GmbH

Amadeus IT Group, S.A. and Subsidiaries

Directors' Report for the year ended

December 31, 2017

1 Summary

1.1 Introduction

Full Year 2017 highlights (year ended December 31, 2017)

In Distribution, our travel agency air bookings grew 6.3%, to 568.4 million
In IT Solutions, our passengers boarded increased 19.8%, to 1,656.5 million
Revenue expanded by 8.5%, to €4,852.7 million
EBITDA increased by 9.7%, to €1,865.1 million
Adjusted profit[1] grew 22.5%, to €1,116.1 million
Free Cash Flow[2] amounted to €917.6 million, representing growth of 13.1%
Covenant net financial debt[3] was €2,083.3 million at December 31, 2017 (1.12 times last-twelve-month covenant EBITDA)

Amadeus ended the year with a positive evolution through the fourth quarter, delivering 2017 Revenue, EBITDA and Adjusted Profit growth of 8.5%, 9.7% and 22.5%, respectively. Our profitable expansion in 2017 was driven by the strong operating performances of our segments, Distribution and IT Solutions, as well as a Navitaire consolidation effect (acquired late January 2016). Foreign exchange fluctuations had a negative impact on revenues, although a positive effect on EBITDA. Excluding foreign exchange effects, both revenue and EBITDA grew at a high single-digit growth rate.

In Distribution, we successfully renewed or signed content agreements with 26 carriers in the quarter-including Delta Airlines and El Al - amounting to a total of 55 during 2017, as we continue to secure and expand content for our subscribers. Our air volumes continued to grow at a strong pace, driven by a 0.9 p.p. improvement of our competitive position[4] in the quarter (0.6 p.p. in the year), further increasing our relevance to travel providers. Over the year, Asia Pacific and Latin America were our fastest-growing regions, expanding at double-digit growth rates. In 2017, our TA air bookings increased by 6.3% and Distribution Revenue grew 7.3%.

IT Solutions revenue grew 10.8% in 2017. This expansion was driven by (i) underlying growth in Airline IT solutions, (ii) continued expansion in our new businesses and (iii) the consolidation of Navitaire. In Airline IT, Passengers Boarded increased by 19.8% in 2017, resulting from (i) organic Passengers Boarded growth of 7.6%, (ii) 2016 through 2017 new customer migrations, and (iii) the full year impact from Navitaire's Passengers Boarded (since late January 2016).

Our Airline IT customer base continued to expand in the fourth quarter of 2017. We had new signatures for PSS, such as Germania, Germania Swiss, Norwegian Air Argentina or Flybe, Europe's largest regional airline, who also contracted for a number of solutions including Amadeus Anytime Merchandising and Amadeus Customer Experience Management. Our Airline IT upselling activity continued to progress well with new signings in the quarter, including All Nippon Airways, which contracted Airline Cloud Availability, LATAM, which took Altéa DCS Flight Management or Malaysia Airlines, who contracted Amadeus Customer Experience Management, among others.

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[1] Excluding after-tax impact of the following items: (i) accounting effects derived from PPA exercises and impairment losses, (ii) non-operating exchange gains (losses) and (iii) other non-recurring items.

[2] Defined as EBITDA, minus capex, plus changes in our operating working capital, minus taxes paid, minus interests and financial fees paid.

[3] Based on the definition included in the senior credit agreements.

[4] Competitive position as defined in section 3.

We also had intense customer implementation activity in the quarter, including Japan Airlines.

We continued to advance well in our new businesses. 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 signed new Airport IT customers in the fourth quarter, including Velana International Airport, Biarritz Airport or Aktau International Airport.

We remain highly focused on our technology which is fundamental to our success. Our investment in R&D amounted to 15.3% of revenue in the year. It was dedicated to support our mid to long-term growth, through product evolution, portfolio expansion, new customer implementations, system performance optimization and the full decommissioning of our TPF-based operating systems. We are now shifting to next-generation technologies and cloud services.

Our Adjusted profit increased strongly in the year, by 22.5%, resulting from our positive operating performance, a decrease in financial expenses and a reduction in tax expense. The income tax rate for 2017 was 20.8% (vs. the 28.2% rate reported in 2016). The rate was highly impacted by adjustments to deferred tax liabilities in France and the U.S. due to lower corporate tax rates starting in 2018, in accordance with government regulatory changes.

In 2017, our Free Cash Flow grew 13.1% to €917.6 million. At year-end, our consolidated covenant net financial debt stood at €2,083.3 million, representing 1.12 times last-twelve-month covenant EBITDA.

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. An interim gross dividend of €0.48 per share was paid on January 31, 2018. The complementary dividend of €0.655 per share will be paid after the General Shareholders' Meeting approval.

Our Board of Directors also agreed to undertake a share repurchase program for the redemption of shares (reduction subject to agreement at our General Shareholders' Meeting). The agreed maximum investment amount will be €1,000 million (not exceeding 25,000,000 shares or 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.

1.2 Summary of operating and financial information

	Summary of KPI (figures in million euros)		
	Full year 2017	Full year 2016	% Change
Operating KPI			
TA air competitive position[1]	**43.9%**	**43.2%**	**0.6 p.p.**
TA air bookings (m)	568.4	534.9	6.3%
Non air bookings (m)	64.0	60.4	5.9%
Total bookings (m)	**632.3**	**595.3**	**6.2%**
Passengers boarded (m)	**1,656.5**	**1,382.5**	**19.8%**
Financial results			
Distribution revenue	3,137.6	2,925.0	7.3%
IT Solutions revenue	1,715.1	1,547.9	10.8%
Revenue	**4,852.7**	**4,472.9**	**8.5%**
Distribution contribution	1,306.0	1,223.0	6.8%
IT Solutions contribution	1,177.0	1,040.7	13.1%
Contribution	**2,483.0**	**2,263.7**	**9.7%**
EBITDA	**1,865.1**	**1,700.1**	**9.7%**
EBITDA margin (%)	38.4%	38.0%	0.4 p.p.
Adjusted profit[2]	**1,116.1**	**911.0**	**22.5%**
Adjusted EPS (euros)[3]	**2.55**	**2.08**	**22.3%**
Cash flow			
Capital expenditure	612.1	595.1	2.9%
Free cash flow[4]	917.6	811.4	13.1%
	31/12/2017	31/12/2016	% Change
Indebtedness[5]			
Covenant Net Financial Debt	**2,083.3**	**1,957.5**	**6.4%**
Covenant Net Financial Debt / LTM Covenant EBITDA	1.12x	1.14x	

1. Competitive position as defined in section 3.
2. Excluding after-tax impact of the following items: (i) accounting effects derived from PPA exercises and impairment losses, (ii) non-operating exchange gains (losses) and (iii) other non-recurring items.
3. EPS corresponding to the Adjusted profit attributable to the parent company. Calculated based on weighted average outstanding shares of the period.
4. Calculated as EBITDA minus capital expenditure plus changes in our operating working capital minus taxes paid minus interests and financial fees paid.
5. Based on the definition included in the senior credit agreement covenants.

2 Operating Review

2.1 Recent business highlights

Airline Distribution

- During 2017, we 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.
- 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 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.

Corporate IT

- We 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 December, 199 customers had contracted either of the Amadeus Passenger Service Systems (Altéa or New Skies) 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 Mer-

chandising, 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 while Swoop, West Jet's new ultra-low cost carrier and flyadeal, Saudia Airlines'new low cost subsidiary, contracted New Skies.
- In terms of implementation we 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, while Go Air, Viva Air Peru, Andes Líneas Aéreas, JetSMART and TUY fly Belgium were among the carriers that implemented New Skies.
- 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

- In June, Decius Valmorbida was appointed Senior Vice President, Travel Channels, and became a member of Amadeus' Executive Committee.
- Amadeus' Shareholders' Annual Meeting, held in June 15, approved the appointment of Mr. Nicolas Huss as independent Director to the Board for a term 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.
- In December, the Board of Directors appointed Mrs. Pilar García Ceballos-Zúñiga, effective December 15, 2017 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.

- During the second half of the year, 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.

2.2 Key ongoing R&D projects

As a leading technology provider for the travel industry, Amadeus undertakes significant R&D activities. In 2017, Amadeus devoted 15.3% of its Group revenue to R&D, which focused on:

Product evolution and portfolio expansion:

Ongoing efforts to contribute to the NDC industrialization. Investments related to the development of a travel platform that will combine content from different sources (existing technology, NDC and content from aggregators and other sources) ensuring easy adoption in the marketplace with minimal disruption.
For airlines: investment in merchandising and personalization solutions (including Amadeus Anytime Merchandising, Customer Experience Management, Amadeus Ancillary Services and Amadeus Fare Families), as well as enhanced shopping and retailing solutions. Also, solutions related to cloud availability, revenue optimization and financial suites, as well as disruption management solutions.
For travel agencies, meta-search engines and corporations: efforts linked to our cloud-based new-generation selling platform, search engines and our self-booking and travel expense management tool.
For the hospitality industry: investment to develop and implement our new-generation Central Reservation System and developments related to our new-generation Property Management System.
Continued development and evolution of our Airport IT, Payments, Travel Intelligence and Rail IT portfolios.
Resources devoted to enhance distribution capabilities for Hospitality and Rail.

Customer implementations and services:

Implementation efforts related to recently completed or upcoming PSS implementations (including Southwest Airlines, Japan Airlines, Malaysia Airlines and Air Canada), as well as to our upselling activity (such as Revenue Management, Revenue Accounting, Anytime Merchandising, Passenger Recovery or e-Commerce, among others).
Implementation of Distribution solutions for airlines, travel agencies, and corporations, including the expansion of our customer base in merchandising solutions and the migration of corporations to our self-booking and travel expense management tools.
Works to advance with the IHG Guest Reservation System roll-out.
Implementation of customers to our Airport IT, Payments and Travel Intelligence portfolio of solutions.

Cross-area technology investment:

Completion of our TPF-based operating systems decommissioning and continued shift to next-generation technologies and cloud services, which provides a flexible and powerful framework for massive deployment and distributed operations of very large transactional and data traffic.
The application of new technologies, such as artificial intelligence and machine learning, to our product portfolio.
System performance projects to deliver the highest possible reliability, availability, as well as service and security levels to our customer base.
Projects related to our overall infrastructure and processes to improve efficiency and flexibility.

3 Presentation of financial information

The audited consolidated financial statements of Amadeus IT Group, S.A. and subsidiaries are the source to the financial information included in this document and have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Certain amounts and figures included in this report have been subject to rounding adjustments. Any discrepancies in any tables between the totals and the sums of the amounts listed are due to rounding.

This document includes unaudited Alternative Performance Measures such as EBITDA, operating income, covenant net financial debt and adjusted profit, and its corresponding ratios. These Alternative Performance Measures have been prepared in accordance with the Guidelines issued by the European Securities and Markets Authority for regulated information published on or after July 3, 2016.

EBITDA corresponds to segment contributions less net indirect costs as defined in note 6 'Segment Reporting' of the Consolidated annual financial statements for the year ended December 31, 2017.
Covenant net financial debt is defined as current and non-current debt, less cash and cash equivalents, adjusted for non-debt items (such as deferred financing fees, accrued interest and fair value adjustments to an EIB loan). A reconciliation to the financial statements is included in section 6.2.5.
Adjusted profit corresponds to reported profit for the period, after adjusting for: (i) accounting effects derived from PPA exercises and impairment losses, (ii) non-operating exchange gains (losses), and (iii) other non-recurring items, as detailed in section 6.1.8.

We believe that these measures provide useful and relevant information to facilitate a better understanding of the performance of Amadeus and its economic position. These measures are not standard and therefore may not be comparable to those presented by other companies.

When we refer to our competitive position, we take into account our travel agency air bookings in relation to the travel agency air booking industry, defined as the total volume of travel agency air bookings processed by the global CRS. It excludes air bookings made directly through in-house airline systems and single country operators (primarily in China, Japan and Russia), which together combined represent an important part of the industry.

3.1 Corporate transactions

i:FAO

On January 13, 2017, Amadeus announced the closing of the acceptance period for the tender offer it had launched on October 21, 2016 for outstanding i:FAO shares Amadeus did not already own (29.74%). As of December 31, 2017, Amadeus had increased its shareholding in i:FAO to 88.89%. The total amount paid for the 963,439 shares acquired in the past months was €29.0 million (€30.0 per share). i:FAO was delisted from the Frankfurt Stock Exchange on December 23, 2016.

Navitaire

On July 1, 2015, Amadeus announced its agreement to acquire Navitaire, a U.S-based provider of technology and business solutions to the airline industry. Amadeus received all the necessary regulatory approvals and the closing took place on January 26, 2016. The cash consideration in relation to this acquisition amounted to €760.1 million. The results of Navitaire were consolidated into Amadeus' books from January 26, 2016.

A purchase price allocation exercise in relation to the consolidation of Navitaire into Amadeus' books was carried out in the fourth quarter of 2016.

Meeting Intelligence business

On July 21, 2016, Amadeus Hospitality Americas Inc. (formerly Newmarket International) divested its non-core Meeting Intelligence business, which provides meetings market intelligence for the hospitality industry. The total net consideration of the transaction was €11.3 million.

4 Main financial risks and hedging policy

4.1 Foreign exchange rate risk

Our reporting currency is the Euro. However, as a result of Amadeus' global activity and presence, part of our results are generated in currencies different from the Euro and therefore are impacted by foreign exchange fluctuations. Similarly, part of our cash inflows and outflows are denominated in non-Euro currencies. As a consequence, both our results and our cash flows are impacted, either positively or negatively, by foreign exchange fluctuations.

Exposure to foreign currencies

Our revenue is almost entirely generated either in Euro or in US Dollar (the latter representing 30%-40% of our total revenue). Revenue generated in currencies other than the Euro or US Dollar is negligible.

In turn, 45%-55% of our operating costs[5] are denominated in many currencies different from the Euro, including the US Dollar which represents 25%-35% of our operating costs. The rest of the foreign currency operating expenses are denominated in a variety of currencies, GBP, AUD, INR, SGD and THB being the most significant. A number of these currencies may fluctuate vs. the Euro similarly to the US Dollar - Euro fluctuations, and the degree of this correlation may vary with time.

[5] Including Cost of revenue, Personnel expenses and Other operating expenses. Excludes Depreciation and amortization.

Directors' Report for the year ended December 31, 2017 (millions of euros)

Hedging policy

Amadeus' target is to reduce the volatility generated by foreign exchange fluctuations on its non-Euro denominated net cash flows. Our hedging strategy is as follows:

- To manage our exposure to the US Dollar, we have a natural hedge to our net operating cash flow generated in US Dollar or US Dollar-correlated currencies through, among others, payments of USD-denominated debt (when applicable) and taxes paid in the US. We enter into derivative arrangements when this natural hedge is not sufficient to cover our outstanding exposure.
- We also hedge a number of currencies, including the GBP, AUD, INR and SEK, for which we enter into foreign exchange derivatives with banks.

When the hedges in place qualify for hedge accounting under IFRS, profits and losses are recognized within the revenue caption. Our hedging arrangements typically qualify for hedge accounting under IFRS.

Given that 20-30% of our net free cash flow is generated in USD or currencies that fluctuate vs. the Euro similarly to the US Dollar-Euro fluctuations, and that our hedging policy targets to reduce cash volatility, our hedging results are generally insufficient to mitigate the impacts from foreign exchange fluctuations on our operating results.

2017 foreign exchange impacts

In 2017, the USD-Euro exchange rate fluctuations had a significant impact on the evolution of our results throughout the year. The USD, which had appreciated vs. the Euro in the first quarter of the year, started depreciating vs. the Euro during the second quarter (compared to same periods of previous year). Such depreciation accelerated during the second half of the year and was particularly relevant in the fourth quarter of the year. See below a table showing the exchange rates evolution during 2017 vs. 2016:

Average USD-Euro FX rate[1]	*2017*	*2016*	*USD depreciation /(appreciation)*
Jan-Mar	1.068	1.106	(3.5%)
Apr-Jun	1.119	1.122	(0.3%)
Jul-Sep	1.179	1.114	5.8%
Oct-Dec	1.183	1.071	10.5%

1. Calculated as the average of the month-end FX rates in the quarter (official ECB USD-Euro exchange rates).

Revenue, which had been positively impacted by foreign exchange effects in the first half of 2017, was negatively impacted by foreign exchange effects in the second half of the year, particularly in the fourth quarter. As a consequence, full-year revenue was negatively impacted by foreign exchange effects.

As explained above, operating costs are impacted by foreign exchange fluctuations between the Euro and many different currencies. Operating costs, which were negatively impacted by foreign exchange effects in the first quarter of the year, were positively impacted by foreign exchange effects from the second quarter to the end of the year. As a result, full-year operating costs were positively impacted by foreign exchange effects.

As a combination of the above, EBITDA was impacted by positive foreign exchange effects across the year. In turn, foreign exchange effects had a negative impact in the first quarter of the year, and a positive impact from the second quarter to the end of the year, on EBITDA margin.

Excluding the foreign exchange effects described above, in 2017, revenue and EBITDA increased at a high single-digit growth rate and EBITDA margin was broadly stable.

4.2 Interest rate risk

Our target is to reduce volatility in net interest flows. In order to achieve this objective, Amadeus may enter into interest rate hedging agreements (interest rate swaps, caps, collars) to cover the floating rate debt.

At December 31, 2017, 13.9% of our total covenant financial debt (related to the European Commercial Paper Program) was subject to floating interest rates, indexed to the EURIBOR. As of this date no interest rate hedges were in place.

4.3 Own shares price evolution risk

Amadeus has three different staff remuneration schemes which are settled with Amadeus' shares.

According to the rules of these plans, when they mature all beneficiaries will receive a number of Amadeus shares which for the outstanding plans amount to (depending on the evolution of certain performance conditions), between a minimum of 318,000 shares and a maximum of 1,722,000 shares, approximately. It is Amadeus' intention to make use of its treasury shares to settle these plans at their maturity.

5 Operating and financial performance by segment

	Segment Reporting (figures in million euros)		
	Full year 2017	*Full year 2016*	*% Change*
Distribution revenue	3,137.6	2,925.0	7.3%
IT Solutions revenue	1,715.1	1,547.9	10.8%
Group Revenue	**4,852.7**	**4,472.9**	**8.5%**
Distribution contribution	1,306.0	1,223.0	6.8%
IT Solutions contribution	1,177.0	1,040.7	13.1%
Total Contribution	**2,483.0**	**2,263.7**	**9.7%**
Net indirect costs	(617.9)	(563.6)	9.6%
EBITDA	**1,865.1**	**1,700.1**	**9.7%**
EBITDA Margin (%)	38.4%	38.0%	0.4 p.p.

In 2017, revenue increased by 8.5%, negatively impacted by foreign exchange effects. This revenue increase was supported by the positive evolution of our segments:

In Distribution, revenue grew by 7.3%, driven by booking growth, on the back of a 0.6 p.p. enhancement in our competitive position[6], expansive average pricing and an increase in non-booking revenue.
In IT Solutions, revenue increased by 10.8%, driven by the positive evolution of Airline IT and our new businesses, as well as the Navitaire consolidation impact.

EBITDA expanded 9.7% in 2017, as a result of growing contributions in both Distribution (6.8%) and IT Solutions (13.1%), partly offset by an increase in net indirect costs (9.6%). EBITDA margin expanded 0.4 p.p. to 38.4% of revenue. Both EBITDA and EBITDA margin were positively impacted by foreign exchange effects in the year.

Excluding foreign exchange effects, both revenue and EBITDA increased at a high single-digit growth rate and EBITDA margin was broadly stable.

5.1 Distribution

	Distribution (figures in million euros)		
	Full year 2017	*Full year 2016*	*% Change*
Operating KPI			
TA air competitive position[1]	43.9%	43.2%	0.6 p.p.
Total bookings (m)	632.3	595.3	6.2%
Financial results			
Revenue	**3,137.6**	**2,925.0**	**7.3%**
Operating costs	(1,906.8)	(1,769.0)	7.8%
Capitalizations	75.2	67.0	12.3%
Net Operating costs	**(1,831.5)**	**(1,702.0)**	**7.6%**
Contribution	**1,306.0**	**1,223.0**	**6.8%**
As % of Revenue	**41.6%**	**41.8%**	**(0.2 p.p.)**

1. Competitive position as defined in section 3.

In 2017, Distribution revenue increased 7.3% to €3,137.6 million, supported by volume growth, expansive average pricing and growing non-booking revenue. Contribution grew by 6.8%, to €1,306.0 million. As a percentage of revenue, Distribution contribution margin declined by 0.2 p.p. to 41.6%.

[6] Competitive position as defined in section 3.

Directors' Report for the year ended December 31, 2017 (millions of euros)

5.1.1 Evolution of Amadeus bookings

	Oct-Dec 2017	Oct-Dec 2016	% Change	Full year 2017	Full year 2016	% Change
						Operating KPI
TA air booking industry growth	**4.6%**	**5.6%**		**4.5%**	**3.1%**	
TA air competitive position[1]	**44.8%**	**43.9%**	**0.9 p.p.**	**43.9%**	**43.2%**	**0.6 p.p.**
TA air bookings (m)	134.0	125.1	7.1%	568.4	534.9	6.3%
Non air bookings (m)	16.4	15.2	7.6%	64.0	60.4	5.9%
Total bookings (m)	**150.4**	**140.3**	**7.2%**	**632.3**	**595.3**	**6.2%**

1. Competitive position as defined in section 3.

Travel agency air booking industry

Industry travel agency air bookings increased by 4.6% in the fourth quarter of 2017, broadly in line with growth seen in the first nine months of the year. For the full year, industry grew by 4.5%, outperforming growth of 3.1% in 2016.

In the fourth quarter, Central, Eastern and Southern Europe and Asia Pacific continued to be the industry's fastest growing regions, albeit at softer growth rates than in the first nine months of the year. Comparatively, Middle East and Africa, North America and Western Europe reported more limited growth.

During the full year 2017, all regions performed positively. Central, Eastern and Southern Europe and Asia Pacific were the best performing regions, supported by robust growth reported by their largest markets (Russia and India, respectively). In comparison, Middle East and Africa, North America and Western Europe delivered slower growth rates in the year. Latin America, which showed a volatile performance during the year, delivered healthy growth, mainly driven by Argentina and Brazil.

Amadeus bookings

Amadeus travel agency air bookings accelerated to 7.1% in the fourth quarter of 2017, outperforming the industry thanks to a competitive position enhancement of 0.9 p.p. North America and Central, Eastern and Southern Europe were our fastest growing regions in the quarter.

In the full year 2017, Amadeus' travel agency air bookings increased by 6.3%, supported by industry growth and a 0.6 p.p. enhancement of our competitive position. Asia and Pacific (particularly India and South Korea), Latin America and Central, Eastern and Southern Europe, which benefitted from robust industry growth, as well as North America, were our best performing regions. Middle East and Africa delivered a sustained growth rate, whilst Western Europe delivered slower growth.

	Amadeus TA air bookings (figures in millions)				
	Full year 2017	% of Total	Full year 2016	% of Total	% Change
Western Europe	206.0	36.2%	202.1	37.8%	2.0%
Asia and Pacific	108.6	19.1%	97.4	18.2%	11.4%
North America	99.0	17.4%	90.8	17.0%	9.0%
Middle East and Africa	69.3	12.2%	65.9	12.3%	5.1%
Central, Eastern and Southern Europe	48.1	8.5%	44.5	8.3%	7.9%
Latin America	37.5	6.6%	34.1	6.4%	10.0%
Total TA air bookings	**568.4**	**100.0%**	**534.9**	**100.0%**	**6.3%**

Amadeus' non air bookings increased by 7.6% in the fourth quarter of 2017 vs. prior year, driving full year growth to 5.9%. This positive performance was mostly due to the positive performance of rail and hotel bookings.

5.1.2 Revenue

	Distribution Revenue (figures in million euros)					
	Oct-Dec 2017	Oct-Dec 2016	% Change	Full year 2017	Full year 2016	% Change
Revenue	755.6	705.1	7.2%	3,137.6	2,925.0	7.3%

Distribution delivered 7.2% revenue growth in the fourth quarter of 2017, highly impacted by negative foreign exchange effects. Underlying growth in the quarter was driven by a healthy volume evolution, an average pricing increase and non-booking revenue growth.

For the full year, revenue increased by 7.3% vs. 2016, also negatively impacted by foreign exchange effects. The positive performance in the year was the result of an increase in both booking and non-booking revenue:

Booking revenue expanded 6.9%, resulting from a 6.2% increase in bookings coupled with a 0.6% growth in average revenue per booking. Average unitary booking revenue expansion was supported by booking mix, as the weight of global bookings over our total bookings increased in the period, as well as, customer mix and positive impacts from contract renegotiations.
Non booking revenue increased 9.9% in 2017 vs. prior year, driven by higher revenue from (i) search solutions provided to metasearch engines and online travel agencies, (ii) enhanced functionalities provided to travel agencies, (iii) tools for corporations (including i:FAO), (iv) advertising solutions and (v) our payment offering for travel agencies.

	Distribution Revenue (figures in million euros)		
	Full year 2017	Full year 2016	% Change
Booking revenue	2,737.7	2,561.2	6.9%
Non booking revenue	399.9	363.7	9.9%
Revenue	**3,137.6**	**2,925.0**	**7.3%**
Average fee per booking (€)[1]	**4.33**	**4.30**	**0.6%**

1. Represents our booking revenue divided by the total number of air and non-air bookings.

5.1.3 Contribution

Contribution increased by 6.8%, amounting to €1,306.0 million, in 2017. As a percentage of revenue, contribution was 41.6%, 0.2 p.p. lower than in 2016. Both contribution and contribution margin benefitted from positive foreign exchange impacts.

Contribution growth was supported by an increase in revenue of 7.3%, as explained in section 5.1.2 above, partly offset by 7.6% growth in net operating costs, driven by:

An increase in variable costs, due to higher volumes and a unitary distribution cost expansion, as expected, due to competitive pressure and a negative customer mix on incentives paid to travel agencies.
A net fixed cost contention which mainly resulted from (i) annual salary and variable remuneration reviews and (ii) the expansion of our commercial teams devoted to corporate IT and non-air distribution solutions, offset by (iii) an increase in the capitalization ratio in the year vs. prior year.
A positive foreign exchange impact.

5.2 IT Solutions

	IT Solutions (figures in million euros)		
	Full year 2017	Full year 2016	% Change
Operating KPI			
Passengers boarded (m)	1,656.5	1,382.5	19.8%
Financial results			
Revenue	**1,715.1**	**1,547.9**	**10.8%**
Operating costs	(757.1)	(712.4)	6.3%
Direct capitalizations	219.0	205.2	6.7%
Net operating costs	**(538.1)**	**(507.2)**	**6.1%**
Contribution	**1,177.0**	**1,040.7**	**13.1%**
As % of Revenue	**68.6%**	**67.2%**	**1.4 p.p.**

IT Solutions revenue increased 10.8% in 2017, supported by the positive performance of Airline IT and our new businesses, as well as, the consolidation of Navitaire (from January 26, 2016). Contribution grew by 13.1%, to €1,177.0 million. As a percentage of revenue, IT Solutions contribution margin increased by 1.4 p.p. to 68.6%.

5.2.1 Evolution of Amadeus passengers boarded

Amadeus passengers boarded grew by 21.0% to 428.4 million in the fourth quarter of 2017, driving growth for the full year to 19.8%.

In 2017, passengers boarded increased at a double-digit growth rate, fueled by (i) 7.6% organic growth (resulting from a mid single-digit Altéa PB growth and Navitaire's double-digit growth) and (ii) carrier implementations on our PSS platforms, both in 2017 (including Southwest Airlines, Japan Airlines, Malaysia Airlines, Kuwait Airways, Boliviana de Aviación, SmartWings, Germania, Norwegian Air Argentina, Air Algerie and MIAT - Mongolian Airlines on Altéa, as well as, GoAir, Viva Air Peru, Andes Líneas Aéreas, JetSMART and flyadeal on New Skies) and in 2016 (including Swiss International Air Lines, Brussels Airlines, China Airlines and Ukraine International Airlines on Altéa and Viva Group on New Skies). The Navitaire consolidation impact also contributed, to a lesser extent, to the PB volume growth.

	Total passengers boarded (figures in million)					
	Oct-Dec 2017	Oct-Dec 2016	% Change	Full year 2017	Full year 2016	% Change
Organic growth[1]	352.8	329.7	7.0%	1,395.1	1,296.3	7.6%
Non organic growth	75.6	24.3	n.m.	261.4	86.1	n.m.
Total passengers boarded	**428.4**	**354.0**	**21.0%**	**1,656.5**	**1,382.5**	**19.8%**

1. Calculated based on passengers boarded adjusted to reflect growth of comparable airlines on the Altéa and New Skies platforms during both periods. Excludes Air Berlin and January 2017 Navitaire New Skies passengers boarded.

In 2017, 57.7% of our passengers boarded were generated outside of Europe. Our international footprint has continued to expand, particularly in Asia and Pacific and in North America, supported by the acquisition of Navitaire and the implementations of Southwest Airlines, Japan Airlines and Malaysia Airlines, among others, in 2017.

	Total passengers boarded (figures in million)				
	Full year 2017	% of Total	Full year 2016	% of Total	% Change
Western Europe	611.2	36.9%	562.4	40.7%	8.7%
Asia and Pacific	502.8	30.4%	428.5	31.0%	17.3%
North America	176.5	10.7%	64.9	4.7%	171.9%
Latin America	149.2	9.0%	134.9	9.8%	10.5%
Middle East and Africa	127.2	7.7%	119.7	8.7%	6.2%
Central, Eastern and Southern Europe	89.6	5.4%	72.0	5.2%	24.5%
Total passengers boarded	**1,656.5**	**100.0%**	**1,382.5**	**100.0%**	**19.8%**

5.2.2 Revenue

	IT Solutions Revenue (figures in million euros)					
	Oct-Dec 2017	Oct-Dec 2016	% Change	Full year 2017	Full year 2016	% Change
Revenue	410.5	381.2	7.7%	1,715.1	1,547.9	10.8%

IT Solutions revenue increased by 7.7% in the fourth quarter of the year, highly impacted by negative foreign exchange effects. Excluding foreign exchange effects, revenue in the quarter increased at a double-digit growth rate, resulting from growth delivered by Airline IT and our new businesses.

For the full year, revenue grew by 10.8%, supported by the performances of Airline IT and our new businesses, as well as, the consolidation of Navitaire. Full-year revenue was negatively impacted by foreign exchange effects and the divestment of a non-core business by Hospitality IT in July 21, 2016 (see section 3.1 for further details).

	IT Solutions Revenue (figures in million euros)		
	Full year 2017	*Full year 2016*	*% Change*
IT transactional revenue	*1,282.4*	*1,142.1*	*12.3%*
Direct distribution revenue	*118.4*	*120.8*	*(2.0%)*
Transactional revenue	1,400.8	1,262.9	10.9%
Non transactional revenue	314.3	285.0	10.3%
Revenue	**1,715.1**	**1,547.9**	**10.8%**

Transactional Revenue

IT Transactional Revenue

In this category we include revenues from (i) our PSS offering for airlines, (ii) our e-commerce solutions, which provide online shopping and booking engines for airline websites, along with related functionalities, (iii) our range of standalone IT solutions (in the areas of merchandising, personalization, revenue optimization and disruption management, among others), which are complementary to, and fully compatible with, our Altéa solutions, and (iv) other revenue from our Airport IT and Payments (the Merchant Hub offering) businesses.

IT Transactional revenue increased by 12.3% in 2017, driven by:

Volume expansion, resulting from organic growth and customer implementations, as explained in section 5.2.1, coupled with dilutive PSS average pricing, as a consequence of customer mix (given the increasing weight of low-cost and hybrid carriers' volumes).
An increase in revenue from our airline IT portfolio of solutions, including e-commerce, merchandising and personalization tools, revenue management systems and Airline Cloud Availability, among others, supported by customer implementations and organic volume growth.
A healthy performance of our Airport IT business, most notably in the passenger processing area, and of our Payments Merchant Hub, through which we help travel merchants receive payments.

Direct Distribution Transactional Revenue

Direct distribution revenue includes (i) fees charged for bookings made through the direct sales channel of an airline using our Altéa Reservation solution and for certain types of air bookings made through the direct sales channel of Altéa customers for which we charge a booking fee, not a PB fee, and (ii) fees charged to airlines using our Altéa Reservation solution for complementary functionalities that are closely related to the booking process.

Revenue from Direct Distribution declined by 2.0% in 2017, impacted by non-recurring items. Excluding these items, Direct Distribution revenue increased, supported by organic booking growth.

Non Transactional Revenue

Non-transactional revenue comprises among others, (i) the recognition of deferred customization and implementation fees of our solutions, (ii) the provision of bespoke and consulting services, and (iii) revenues related to our Hospitality IT solutions.

Non transactional revenue increased by 10.3% in 2017, as a combination of:

An increase in airline IT revenue from bespoke IT and consulting services.
The positive evolution of Hospitality IT, mainly in the Sales & Catering business, supported by organic growth and customer implementations. Hospitality IT revenue growth was negatively impacted by the divestment of a non-core Meeting Intelligence business in July 2016, as explained in section 3.1.

5.2.3 Contribution

IT Solutions contribution amounted to €1,177.0 million in 2017, 13.1% higher than in 2016. As a percentage of revenue, contribution margin increased by 1.4 p.p. to 68.6%.

Foreign exchange effects had a negative impact on revenue and a neutral impact on contribution, resulting in a positive impact on contribution margin. Excluding these effects, revenue increased at a low double-digit rate and the contribution margin expanded.

The increase in contribution was the result of 10.8% revenue growth, explained in section 5.2.2, and a 6.1% increase in net operating costs, driven by:

Annual salary and variable remuneration reviews.
Reinforcement of our commercial teams to better support the expansion of our product offering and customer base.
Increased R&D expenditure (most of which is capitalized) dedicated to our Airline IT portfolio evolution and expansion (including enhanced merchandising, personalization and shopping functionalities) and our new businesses, partly offset by lower resources required to implement new carriers to our core Altéa platform.
An increase in the capitalization ratio.
The consolidation of Navitaire since January 26, 2016.
A positive foreign exchange impact.

5.3 EBITDA

In the fourth quarter of 2017, EBITDA increased by 8.4% to €398.8 million. As a percentage of revenue, EBITDA margin expanded by 0.3 p.p. to 34.2%. Both EBITDA and EBITDA margin were positively impacted by foreign exchange effects in the quarter.

In 2017, EBITDA increased 9.7% to €1,865.1 million, driven by the positive performances of Distribution and IT Solutions, as well as, the contribution of Navitaire, consolidated since January 26, 2016. EBITDA margin represented 38.4% of revenue, an expansion of 0.4 p.p. vs. prior year.

In 2017, EBITDA and EBITDA margin were positively impacted by foreign exchange effects (see section 4.1 for details on the exposure of our operating results to foreign exchange fluctuations). Excluding foreign exchange impacts, EBITDA grew at a high single-digit growth rate and EBITDA margin was broadly stable.

The expansion in Distribution and IT Solutions contributions was partly offset by higher net indirect costs, which increased by 9.6% in 2017 vs. 2016, resulting from:

Annual salary and variable remuneration reviews.
Increased resources in our corporate functions to support our business expansion.
The consolidation of Navitaire central costs, from January 26, 2016.
A decrease in the capitalization ratio, impacted by the mix of projects undertaken in the period.
A small positive foreign exchange impact.

	Indirect costs (figures in million euros)		
	Full year 2017	*Full year 2016*	*% Change*
Indirect costs	(779.4)	(721.6)	8.0%
Indirect capitalizations & RTC[1]	161.5	158.0	2.2%
Net indirect costs	**(617.9)**	**(563.6)**	**9.6%**

1. Includes the Research Tax Credit (RTC).

6 Consolidated financial statements

6.1 Group income statement

	Income Statement (figures in million euros)					
	Oct-Dec 2017	Oct-Dec 2016	% Change	Full year 2017	Full year 2016	% Change
Revenue	**1,166.1**	**1,086.4**	**7.3%**	**4,852.7**	**4,472.9**	**8.5%**
Cost of revenue	(317.0)	(286.1)	10.8%	(1,291.0)	(1,150.0)	12.3%
Personnel and related expenses	(341.1)	(326.7)	4.4%	(1,337.6)	(1,280.0)	4.5%
Other operating expenses	(105.1)	(103.0)	2.1%	(344.4)	(331.5)	3.9%
Depreciation and amortization	(163.1)	(136.6)	19.4%	(556.5)	(499.1)	11.5%
Operating income	**239.8**	**234.0**	**2.5%**	**1,323.2**	**1,212.3**	**9.1%**
Net financial expense	(14.4)	(15.7)	(8.0%)	(60.1)	(71.6)	(16.1%)
Other income (expense)	0.7	(0.9)	n.m.	(0.6)	3.1	n.m.
Profit before income taxes	**226.1**	**217.5**	**4.0%**	**1,262.5**	**1,143.8**	**10.4%**
Income taxes	2.3	(63.5)	n.m.	(262.0)	(322.9)	(18.9%)
Profit after taxes	**228.4**	**154.0**	**48.4%**	**1,000.5**	**820.9**	**21.9%**
Share in profit from associates and JVs	0.0	2.6	n.m.	4.2	5.4	(22.6%)
Profit for the period	**228.4**	**156.6**	**45.9%**	**1,004.7**	**826.3**	**21.6%**
Key financial metrics						
EBITDA	**398.8**	**368.0**	**8.4%**	**1,865.1**	**1,700.1**	**9.7%**
EBITDA margin (%)	34.2%	33.9%	0.3 p.p.	38.4%	38.0%	0.4 p.p.
Adjusted profit[1]	**269.4**	**172.9**	**55.8%**	**1,116.1**	**911.0**	**22.5%**
Adjusted EPS (euros)[2]	**0.62**	**0.40**	**55.7%**	**2.55**	**2.08**	**22.3%**

1. Excluding after-tax impact of the following items: (i) accounting effects derived from PPA exercises and impairment losses, (ii) non-operating exchange gains (losses) and (iii) other non-recurring items.
2. EPS corresponding to the Adjusted profit attributable to the parent company. Calculated based on weighted average outstanding shares of the period.

6.1.1 Revenue

In the fourth quarter of 2017, revenue amounted to €1,166.1 million, growing 7.3% vs. prior year. Revenue in the quarter was highly impacted by negative foreign exchange effects, excluding which, revenue grew at a low double-digit growth rate.

For the full year 2017, revenue increased by 8.5% to €4,852.7 million, supported by:

An increase of 7.2% in Distribution revenue in the fourth quarter, driving full-year growth to 7.3%.
7.7% revenue growth from IT Solutions in the fourth quarter of 2017, or 10.8% in the year (favored by the Navitaire consolidation from January 26, 2016).
A negative foreign exchange effect.

See sections 5.1.2. and 5.2.2. for more details on revenue growth in Distribution and IT Solutions.

	Revenue (figures in million euros)					
	Oct-Dec 2017	Oct-Dec 2016	% Change	Full year 2017	Full year 2016	% Change
Distribution	755.6	705.1	7.2%	3,137.6	2,925.0	7.3%
IT Solutions	410.5	381.2	7.7%	1,715.1	1,547.9	10.8%
Revenue	**1,166.1**	**1,086.4**	**7.3%**	**4,852.7**	**4,472.9**	**8.5%**

6.1.2 Cost of revenue

These costs are mainly related to: (i) incentive fees paid to travel agencies, (ii) distribution fees paid to local commercial organizations which act as a local distributor (mainly in the Middle East, North Africa, India, and South Korea) and (iii) data communication expenses related to the maintenance of our computer network, including connection charges.

Cost of revenue amounted to €317.0 million in the fourth quarter of 2017, 10.8% higher than in the same period of 2016, driving full-year growth to 12.3%. The increase during the year was driven by (i) travel agency air booking growth along with a higher unitary distribution cost, mainly resulting from competitive pressure and a negative customer mix on incentives paid to travel agencies and (ii) an increase in data communication expenses. Cost of revenue was positively impacted by foreign exchange effects in 2017.

6.1.3 Personnel and related expenses and other operating expenses

A large number of Amadeus' employees are software engineers. Amadeus also hires contractors to support development activity, complementing permanent staff. The overall ratio of permanent staff vs. contractors devoted to R&D may fluctuate depending on business needs and project mix, therefore impacting the evolution of both "Personnel expenses" and "Other operating expenses" captions in our income statement.

Our combined operating expenses cost line, including both Personnel expenses and Other operating expenses, increased by 3.8% in the fourth quarter of 2017 vs. prior year, or 4.4% in 2017.

Growth in fixed operating expenses in the year resulted from:

An increase of 4% in average FTEs (permanent staff and contractors), due to:

Higher headcount in R&D dedicated to product evolution and portfolio expansion (see further details in sections 2.2 and 6.3.2).
An expansion in the development and commercial teams dedicated to the new businesses, to support the ongoing customer implementations and commercial activities.
The reinforcement of our corporate, technical and commercial teams reflecting our business growth, to better support and serve our customers, both centrally and locally.
The consolidation of Navitaire since January 26, 2016.

Global salary and variable remuneration reviews, partly offset by efficiencies reached due to a positive country mix.
Growth in non-personnel related expenses, to support the overall business and geographical expansion.
An increase in the overall capitalization ratio, impacted by the mix of projects undertaken.

A positive foreign exchange impact.

	Personnel expenses + Other operating expenses (figures in million euros)					
	Oct-Dec 2017	Oct-Dec 2016	% Change	Full year 2017	Full year 2016	% Change
Personnel expenses + Other operating expenses	**(446.2)**	**(429.7)**	**3.8%**	**(1,682.0)**	**(1,611.5)**	**4.4%**

6.1.4 Depreciation and amortization

Depreciation and amortization (including capitalized D&A) was 18.7% higher in the fourth quarter of 2017 vs. the same period in 2016, driving full year growth to 11.1%.

Ordinary D&A grew by 14.3% in 2017 vs. prior year, mainly driven by higher amortization of intangible assets, as capitalized development expenses on our balance sheet started being amortized in parallel with the associated project or contract revenue recognition. The depreciation expense (related to hardware and software acquired for our data processing center in Erding) and the consolidation impact of Navitaire, also contributed to the overall increase.

In compliance with IFRS, impairment tests are carried out annually, typically during the third and fourth quarters of the year. During 2016 and 2017 we reported certain impairment losses in relation to products that we estimated would not deliver the expected economic benefits, due to either unforeseen efforts required to deliver the customer's needs, or a reassessment downwards of expected demand.

	Depreciation and Amortization (figures in million euros)					
	Oct-Dec 2017	Oct-Dec 2016	% Change	Full year 2017	Full year 2016	% Change
Ordinary depreciation and amortization	(117.4)	(104.1)	12.7%	(428.3)	(374.7)	14.3%
Amortization derived from PPA	(22.3)	(24.1)	(7.5%)	(95.9)	(97.5)	(1.6%)
Impairments	(23.4)	(8.4)	n.m.	(32.3)	(27.0)	19.9%
Depreciation and amortization	**(163.1)**	**(136.6)**	**19.4%**	**(556.5)**	**(499.1)**	**11.5%**
Capitalized depreciation and amortization[1]	4.1	2.7	53.9%	14.6	11.3	29.1%
Depreciation and amortization post-capitalizations	**(159.0)**	**(134.0)**	**18.7%**	**(541.9)**	**(487.8)**	**11.1%**

1. Included within the Other operating expenses caption in the Group income statement.

6.1.5 EBITDA and Operating income

EBITDA increased by 8.4% in the fourth quarter of 2017 and by 9.7% to €1,865.1 million in 2017 vs. prior year, positively impacted by foreign exchange effects (see section 4.1 for details on the exposure of our operating results to foreign exchange fluctuations). Excluding foreign exchange effects, EBITDA grew at a high single-digit growth rate in the year, supported by the positive performances of Distribution and IT Solutions, as well as, the contribution of Navitaire, consolidated since January 26, 2016.

Operating Income in the fourth quarter of 2017 grew by 2.5%, or 9.1% to €1,323.2 million in the year, as a result of EBITDA expansion offset by higher D&A charges.

	Operating income – EBITDA (figures in million euros)					
	Oct-Dec 2017	*Oct-Dec 2016*	*% Change*	*Full year 2017*	*Full year 2016*	*% Change*
Operating income	**239.8**	**234.0**	**2.5%**	**1,323.2**	**1,212.3**	**9.1%**
Depreciation and amortization	163.1	136.6	19.4%	556.5	499.1	11.5%
Capitalised depreciation and amortization	(4.1)	(2.7)	53.9%	(14.6)	(11.3)	29.1%
EBITDA	**398.8**	**368.0**	**8.4%**	**1,865.1**	**1,700.1**	**9.7%**
EBITDA margin (%)	34.2%	33.9%	0.3 p.p.	38.4%	38.0%	0.4 p.p.

6.1.6 Net financial expense

Net financial expense decreased by 16.1% in 2017 vs. prior year. Interest expense declined by 43.7% in 2017, as a consequence of a lower average cost of debt (mainly due to the refinancing of €750 million notes in July 2016) and a lower amount of average gross debt outstanding.

Exchange losses amounted to €18.9 million in 2017, compared to €3.2 million gains in 2016. 2017 exchange losses were mostly driven by the adjustment of non-operating assets and liabilities denominated in foreign currencies (mainly USD) to year-end FX rates (vs. FX rates at Dec 31, 2016).

	Net financial expense (figures in million euros)					
	Oct-Dec 2017	*Oct-Dec 2016*	*% Change*	*Full year 2017*	*Full year 2016*	*% Change*
Financial income	(0.2)	0.4	n.m.	1.3	1.7	(23.5%)
Interest expense	(7.6)	(10.6)	(28.2%)	(32.9)	(58.5)	(43.7%)
Other financial expenses	(3.5)	(15.4)	(77.3%)	(9.6)	(18.0)	(46.5%)
Exchange gains (losses)	(3.1)	9.9	n.m.	(18.9)	3.2	n.m.
Net financial expense	**(14.4)**	**(15.7)**	**(8.0%)**	**(60.1)**	**(71.6)**	**(16.1%)**

6.1.7 Income taxes

Income taxes amounted to €262.0 million in 2017, 18.9% lower than in 2016. The income tax rate for 2017 was 20.8%, lower than the 28.2% rate reported in 2016. The decline in income tax rate was driven by a number of factors, including (i) a reduction in the 2017 corporate tax rate in France, as well as, adjustments to deferred tax liabilities in France and the U.S. due to lower corporate tax rates starting in 2018, in accordance with government regulatory changes, (ii) tax deductions related to non-recurring transactions, and (iii) the application of a reduced tax rate regime over certain research and development costs in France.

6.1.8 Profit for the period. Adjusted profit

Reported profit amounted to €1,004.7 million in 2017, a 21.6% increase vs. 2016. After adjusting for (i) accounting effects derived from PPA exercises and impairment losses, (ii) non-operating exchange gains (losses), and (iii) other non-recurring items, adjusted profit increased by 22.5% to €1,116.1 million in 2017.

	Adjusted profit (figures in million euros)					
	Oct-Dec 2017	Oct-Dec 2016	% Change	Full year 2017	Full year 2016	% Change
Reported profit	**228.4**	**156.6**	**45.9%**	**1,004.7**	**826.3**	**21.6%**
Adjustments						
Impact of PPA[1]	20.1	16.4	23.1%	71.5	67.8	5.6%
Non-operating FX results[2]	2.7	(6.9)	n.m.	11.8	(2.3)	n.m.
Non-recurring items	(0.4)	1.8	n.m.	2.6	(0.6)	n.m.
Impairments	18.5	5.2	n.m.	25.4	19.8	28.6%
Adjusted profit	**269.4**	**172.9**	**55.8%**	**1,116.1**	**911.0**	**22.5%**

1. After tax impact of accounting effects derived from purchase price allocation exercises.
2. After tax impact of non-operating exchange gains (losses).

6.1.9 Earnings per share (EPS)

The table below shows EPS for the period, based on the profit attributable to the parent company (after minority interests), both on a reported basis and on an adjusted basis (adjusted profit as detailed in section 6.1.8). In 2017, our reported EPS increased by 21.4% to €2.29 and our adjusted EPS by 22.3% to €2.55.

	Earnings per share					
	Oct-Dec 2017	Oct-Dec 2016	% Change	Full year 2017	Full year 2016	% Change
Weighted average issued shares (m)	438.8	438.8		438.8	438.8	
Weighted average treasury shares(m)	(2.6)	(1.5)		(1.7)	(2.0)	
Outstanding shares (m)	**436.2**	**437.3**		**437.1**	**436.8**	
EPS (euros)[1]	**0.52**	**0.36**	**45.6%**	**2.29**	**1.89**	**21.4%**
Adjusted EPS (euros)[2]	**0.62**	**0.40**	**55.7%**	**2.55**	**2.08**	**22.3%**

1. EPS corresponding to the Profit attributable to the parent company. Calculated based on weighted average outstanding shares of the period.
2. EPS corresponding to the Adjusted profit attributable to the parent company. Calculated based on weighted average outstanding shares of the period.

6.2 Statement of financial position (condensed)

Statement of Financial Position (figures in million euros)	31/12/2017	31/12/2016
Property, plant and equipment	479.8	459.7
Intangible assets	3,204.3	3,210.3
Goodwill	2,714.2	2,793.3
Other non-current assets	253.7	218.4
Non-current assets	6,652.0	6,681.8
Current assets	651.5	642.3
Cash and equivalents	579.5	450.1
Total assets	**7,883.0**	**7,774.1**
Equity	2,649.0	2,761.5
Non-current debt	1,755.1	1,422.7
Other non-current liabilities	1,195.4	1,282.0
Non-current liabilities	2,950.5	2,704.7
Current debt	396.1	969.5
Other current liabilities	1,887.4	1,338.5
Current liabilities	2,283.5	2,307.9
Total liabilities and equity	**7,883.0**	**7,774.1**
Net financial debt (as per financial statements)	**1,571.7**	**1,942.1**

6.2.1 Property, plant and equipment (PP&E)

This caption principally includes land and buildings, data processing hardware and software, and other PP&E assets such as building installations, furniture and fittings and miscellaneous.

PP&E increased by €20.1 million in 2017. This increase was mainly the result of the combination of the following effects: (i) additions (+€154.7 million), mostly related to data processing hardware and software acquired for our data processing center in Erding (Germany), (ii) depreciation charges (-€127.4 million) and (iii) foreign exchange effects (-€6.1 million).

6.2.2 Intangible assets

This caption principally includes (i) the net cost of acquisition or development and (ii) the excess purchase price, allocated to patents, trademarks and licenses[7], technology and content[8] and contractual relationships[9]. In particular, it includes the excess purchase price derived from the business

[7] Net cost of acquiring brands and trademarks (either by means of business combinations or in separate acquisitions) as well as the net cost of acquiring software licenses developed outside the Group for Distribution and IT Solutions.

[8] Net cost of acquiring technology software and travel content either by means of acquisitions through business combinations/separate acquisitions or internally generated (software applications developed by the Group, including the development technology of the IT solutions business). Travel content is obtained by Amadeus through its relationships with travel providers.

[9] Net cost of contractual relationships with travel agencies, as acquired through business combinations, as well as costs subject to capitalizations, related to travel agency incentives, that can be recognized as an asset.

combination (acquisition) between Amadeus IT Group, S.A. (the former listed company in 2005) and Amadeus IT Group, S.A. (the currently listed company, formerly known as Amadeus IT Holding, S.A. or WAM Acquisition, S.A.) in 2005.

Intangible assets decreased by €6.0 million in 2017. This decrease was mainly the result of the combination of the following effects: (i) additions of internally developed software (+€451.4 million) and acquired assets (+€63.2 million), (ii) amortisation charges and impairment losses (-€429.1 million) and (iii) foreign exchange effects (-€91.2 million).

6.2.3 Goodwill

Goodwill amounted €2,714.2 million as of December 31, 2017. Goodwill mainly relates to the unallocated amount of the excess purchase price derived from (i) the business combination (acquisition) between Amadeus IT Group, S.A. (the currently listed company, formerly named Amadeus IT Holding, S.A. or WAM Acquisition, S.A.) and Amadeus IT Group, S.A. (the former listed company in 2005) in 2005, and (ii) acquisitions, most of them completed in 2014, 2015 and 2016. Goodwill decreased by €79.1 million in 2017, due to foreign exchange effects.

6.2.4 Equity, Share capital

As of December 31, 2017 the share capital of our Company was represented by 438,822,506 shares with a nominal value of €0.01 per share.

6.2.5 Financial indebtedness

	Indebtedness (figures in million euros)	
	31/12/2017	31/12/2016
Covenants definition[1]		
Long term bonds	1,500.0	1,000.0
Short term bonds	0.0	400.0
European Commercial Paper	300.0	485.0
EIB loan	257.5	307.5
Revolving credit facilities	0.0	100.0
Other debt with financial institutions	13.2	21.0
Obligations under finance leases	92.1	93.9
Share repurchase program	500.0	0.0
Covenant Financial Debt	**2,662.8**	**2,407.5**
Cash and cash equivalents	(579.5)	(450.1)
Covenant Net Financial Debt	**2,083.3**	**1,957.5**
Covenant Net Financial Debt / LTM Covenant EBITDA	**1.12x**	**1.14x**
Reconciliation with financial statements		
Net financial debt (as per financial statements)	**1,571.7**	**1,942.1**
Interest payable	(2.1)	(2.5)
Deferred financing fees	10.3	12.6
EIB loan adjustment	3.4	5.2
Share repurchase program	500.0	0.0
Covenant Net Financial Debt	**2,083.3**	**1,957.5**

1. Based on the definition included in the senior credit agreements.

Net financial debt as per our financial covenants' terms amounted to €2,083.3 million at December 31, 2017 (1.12 times last-twelve-month covenant EBITDA). The main changes affecting our debt structure during 2017 were:

A €500 million Eurobond issue in May 2017 (under our Euro Medium Term Note Program), with a two year maturity, an annual coupon of 0.0%, and an issue price of 99.932% of nominal value.
The amortization of €400 million bonds issued in December 2014 which reached maturity in December 2017.
A €185.0 million net repayment related to our Multi-Currency European Commercial Paper Program, to reach a total nominal amount of €300.0 million at the end of December 2017.
The repayment of €50.0 million related to our European Investment Bank loan.
The full repayment of €100 million related to our revolving credit facilities.
As explained in section 7.3.2, Amadeus announced a share repurchase program on December 14, 2017. The maximum investment will be €1,000 million, not exceeding 25,000,000 shares (or 5.69% of the share capital of the Company). The program will be executed through two tranches (of up to €500 million investment each): the first tranche (non-cancellable) from January 1, 2018 to March 31, 2019 and the second tranche (cancellable at Company's discretion) from April 1, 2019 to March 31, 2020. The future payments under the first, non-cancellable tranche of the share repurchase program,

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amounting to €500 million, were included in the "Other current liabilities" caption in the statement of financial position, as well as in covenant net financial debt as of December 31, 2017.

Reconciliation with net financial debt as per our financial statements

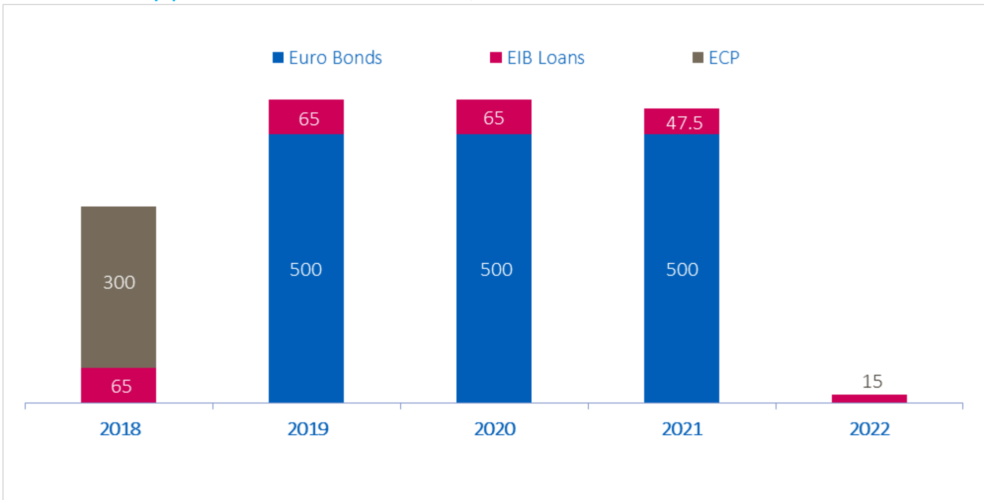
Under the covenant terms, Covenant Financial Debt (i) does not include the accrued interest payable (€2.1 million at December 31, 2017) which is treated as debt in our financial statements, (ii) is calculated based on its nominal value, while in our financial statements our financial debt is measured at amortized cost, i.e., after deducting the deferred financing fees (that mainly correspond to fees paid upfront in connection with the set-up of new credit agreements and amount to €10.3 million at December 31, 2017), (iii) does not include an adjustment for the difference between the nominal value of the loan granted by the EIB at below-market interest rate and its fair value (€3.4 million at December 31, 2017), and (iv) includes the outstanding payment of the first tranche of the share repurchase program at December 31, 2017 (€500 million), as explained above, which has been included in the "Other current liabilities" caption in the statement of financial position.

Debt structure as of December 31, 2017

	Description	*Amount*	*Maturity*
Capital markets financing	Euro Bond	€500m €500m €500m	May 2019 Oct 2020 Nov 2021
EIB Loans	Development Loan	€122.5m €135m	May 2021 May 2022
ECP	European Commercial Paper	€300m	Max 364 days
Revolving Credit Facilities	Revolving[1]	€500m €500m	Mar 2020 Jul 2021

1. As of December 31, 2017 the revolving credit facilities were undrawn.

Debt maturity profile as of December 31, 2017



6.3 Group cash flow

	Consolidated Statement of Cash Flows (figures in million euros)					
	Oct-Dec 2017	Oct-Dec 2016	% Change	Full year 2017	Full year 2016	% Change
EBITDA	398.8	368.0	8.4%	1,865.1	1,700.1	9.7%
Change in working capital	77.9	89.2	(12.6%)	55.3	93.8	(41.0%)
Capital expenditure	(173.8)	(165.7)	4.9%	(612.1)	(595.1)	2.9%
Pre-tax operating cash flow	**302.9**	**291.5**	**3.9%**	**1,308.2**	**1,198.7**	**9.1%**
Taxes	(159.3)	(151.1)	5.4%	(363.4)	(300.8)	20.8%
Interest and financial fees paid	(14.5)	(17.5)	(17.2%)	(27.2)	(86.5)	(68.6%)
Free cash flow	**129.1**	**122.9**	**5.1%**	**917.6**	**811.4**	**13.1%**
Equity investment	(2.5)	(0.7)	n.m.	(31.4)	(761.9)	n.m.
Cash flow from extraordinary items	(5.8)	(22.1)	n.m.	(62.0)	(12.5)	n.m.
Debt payment	(442.5)	(127.5)	n.m.	(275.7)	63.6	n.m.
Cash to shareholders	0.0	0.0	n.m.	(419.0)	(362.5)	15.6%
Change in cash	**(321.7)**	**(27.3)**	**n.m.**	**129.5**	**(261.9)**	**n.m.**
Cash and cash equivalents, net[1]						
Opening balance	900.9	477.0		449.6	711.6	
Closing balance	579.1	449.6		579.1	449.6	

1. Cash and cash equivalents are presented net of overdraft bank accounts.

6.3.1 Change in working capital

Working capital inflow decreased by €38.5 million in 2017 mostly driven by (i) the recognition of previously deferred revenue, with no cash impact in the period (as related collections were received in previous years), and (ii) higher personnel-related payments.

6.3.2 Capital expenditure, R&D investment

Capital expenditure

The table below details the capital expenditure in the period, both in relation to property, plant and equipment ("PP&E") and to intangible assets. Based on the nature of our investments in PP&E, the figures may show variations on a quarterly basis, depending on the timing of certain investments. The same applies to our investments in contractual relationships where payments to travel agencies may take place in different periods, based on the timing of the negotiations. In turn, our capitalized R&D investment may fluctuate depending on the level of capitalization ratio, which is impacted by the intensity of the development activity, the mix of projects undertaken and the different stages of the various projects.

Capex increased by 4.9% in the fourth quarter of 2017 and by 2.9% in the full year period vs. 2016. As a percentage of revenue, capex declined 0.7 p.p. to 12.6% in the year.

The growth in capex in 2017 was driven by:

An increase of €11.4 million in capex in property, plant and equipment, mostly resulting from higher hardware and software purchases and equipment for new office buildings in Europe and the Americas.

A €5.7 million increase in capex in intangible assets, due to higher capitalizations from software development (as a consequence of both an increase in R&D investment, as explained below, and a higher capitalization ratio, due to the mix of projects undertaken and the different stages in which they are vs. prior year). Capex related to signing bonuses paid to travel agencies in the year declined vs. 2016.

It is important to note that a large part of our investments do not have any revenue associated at this stage (particularly in the case of new diversification initiatives), or are investments for projects that will produce revenue during the life of the contracts, on average 10 to 15 years in Airline IT and 3 to 5 in Distribution, thereby affecting the capex as a percentage of revenue ratio. It is also important to note that a large part of our investments related to the migration of our clients is paid by the customer, although not recognized as revenue but deferred in the balance sheet. It is therefore capex which does not have a negative cash impact and where revenue does not get recognized as such, making the ratio of capex to revenue less relevant.

Capital Expenditure (figures in million euros)						
	Oct-Dec 2017	*Oct-Dec 2016*	*% Change*	*Full year 2017*	*Full year 2016*	*% Change*
Capital Expenditure in PP&E	32.2	32.7	(1.5%)	116.4	105.1	10.8%
Capital Expenditure in intangible assets	141.6	132.9	6.5%	495.7	490.0	1.2%
Capital Expenditure	**173.8**	**165.7**	**4.9%**	**612.1**	**595.1**	**2.9%**
As % of Revenue	14.9%	15.2%	(0.3 p.p.)	12.6%	13.3%	(0.7 p.p.)

R&D investment

R&D expenditure (including both capitalized and non-capitalized expense) increased by 5.3% in 2017 vs. prior year. As a percentage of revenue, R&D investment amounted to 15.3%. Growth in R&D investment in the year resulted from:

Increased resources to enhance and expand our product portfolio (including efforts related to NDC, merchandising, shopping and personalization solutions, corporate IT, Cloud solutions for airlines and travel agencies, etc.) and to implement solutions associated with our Airline IT upselling activity, combined with lower efforts devoted to implementing new carriers to our core Altéa platform.
Higher efforts dedicated to our new businesses: Hospitality, Airport IT, Payments, Rail and Travel Intelligence.
A decline in the level of investment devoted to transversal projects driven by the completion of the full decommissioning of our TPF-based operating systems. Now that our systems are run exclusively on open systems, our investments focus on cloud services and continued enhancement of our overall infrastructure and processes to enhance efficiency, flexibility, availability and security.

It should be noted that a significant part of our research and development costs are linked to activities which are subject to capitalization. The intensity of the development activity and the different stages in the ongoing projects have an effect on the capitalization ratio in any given quarter, thereby impacting the level of operating expenses that are capitalized on our balance sheet.

	R&D investment (figures in million euros)					
	Oct-Dec 2017	Oct-Dec 2016	% Change	Full year 2017	Full year 2016	% Change
R&D investment[1]	**199.7**	**184.7**	**8.1%**	**744.2**	**706.5**	**5.3%**
As % of Revenue	17.1%	17.0%	0.1 p.p	15.3%	15.8%	(0.5 p.p)

1. Net of Research Tax Credit.

6.3.3 Taxes paid

Cash taxes increased by €62.6 million in 2017, driven by a number of effects including, most importantly, (i) regularizations taking place in the second quarter of 2017 in various regions, due to higher than expected 2016 results, as well as (ii) a regulatory increase in the percentage of corporate taxes to be prepaid in Spain.

6.3.4 Interest and financial fees paid

Interest payments under our debt arrangements amounted to €27.2 million in 2017, €59.3 million lower than in 2016. The decrease mainly resulted from (i) a combination of a lower average gross debt and a lower average cost of debt, (ii) the payment in 2016 of the annual coupon of the €750 million notes, part of the Euro Medium Term Note Program, which matured on July 15, 2016, and (iii) a non-recurring fee from the cancellation of an interest rate swap in 2016.

6.3.5 Free cash flow

Free cash flow increased by €6.2 million or 5.1% in the fourth quarter of 2017. For the full year 2017 free cash flow amounted to €917.6 million, a 13.1% increase vs. 2016. This increase was the result of EBITDA expansion and lower interest and financial fees paid, partly offset by a lower cash inflow from working capital, growth in capex and higher taxes paid in the period.

6.3.6 Equity investments

Equity investments amounted to €31.4 million in 2017. This cash outflow mainly relates to the acquisition of i:FAO shares. Equity investments in 2016 (€761.9 million) mostly correspond to the acquisition of Navitaire. See section 3.1 for more details.

6.3.7 Cash flow from extraordinary items

Cash outflow from extraordinary items amounted to €62.0 million in 2017, and mostly related to (i) a payment of a deposit in relation to a tax contingency, and (ii) exchange differences related to non-operating assets and liabilities.

6.3.8 Cash to shareholders

In 2017, the cash outflow to shareholders, amounting to €419.0 million, corresponds to (i) a payment of €411.3 million related to the ordinary dividend of €0.94 per share (gross) on the 2016 profit, and (ii) €7.7 million related to the acquisition of treasury shares in the year to cover the staff shared-based remuneration schemes (see section 4.3).

7 Investor information

7.1 Capital stock. Share ownership structure

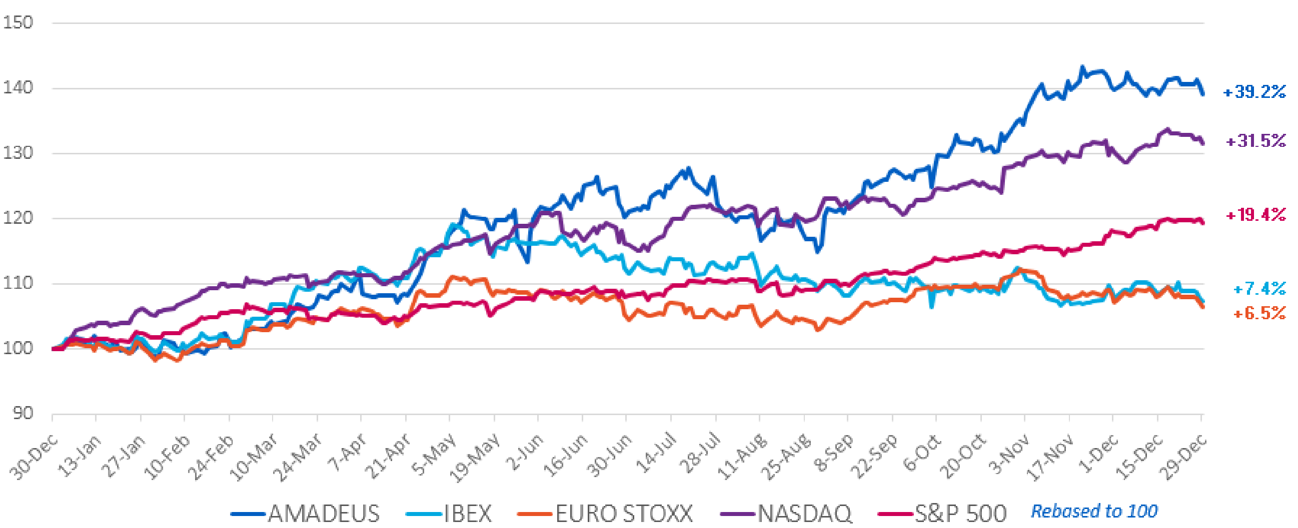
As of December 31, 2017, the capital stock of our company is €4,388,225.06 represented by 438,822,506 shares with a nominal value of €0.01 per share, all belonging to the same class, fully subscribed and paid in.

The shareholding structure as of December 31, 2017 is as described in the table below:

	Shareholders	
	Shares	*% Ownership*
Free float	437,296,273	99.65%
Treasury shares[1]	1,069,252	0.24%
Board members	456,981	0.11%
Total	**438,822,506**	**100.00%**

1. Voting rights suspended for as long as the shares are held by the company. Includes treasury shares acquired to cover the exchange ratio related to the merger of Amadeus IT Holding, S.A. and Amadeus IT Group, S.A. not yet delivered.

7.2 Share price performance in 2017



	Key trading data
Number of publicly traded shares (# shares)	438,822,506
Share price at December 31, 2017 (in €)	60.11
Maximum share price in Jan - Dec 2017 (in €) (November 21, 2017)	61.95
Minimum share price in Jan - Dec 2017 (in €) (February 1, 2017)	42.58
Market capitalization at December 31, 2017 (in € million)	26,378
Weighted average share price in Jan - Dec 2017 (in €)[1]	51.75
Average Daily Volume in Jan - Dec 2017 (# shares)	1,369,088

1. Excluding cross trade

7.3 Shareholder remuneration

7.3.1 Dividend payments and dividend policy

At the General Shareholders' Meeting held on June 15, 2017, our shareholders approved the annual gross dividend from the 2016 profit. The total value of the dividend increased 21.3% vs. prior year to €412.5 million, representing a pay-out of 50% of the 2016 reported profit for the year, or €0.94 per share (gross). An interim amount of €0.40 per share (gross) was paid on February 1, 2017 and the complementary dividend of €0.54 per share (gross) was paid on June 30, 2017.

On December 14, 2017 the Board of Directors of Amadeus proposed a 50% pay-out ratio for the 2017 dividend.

In June 2018, the Board of directors will submit to the General Shareholders' Meeting for approval a final gross dividend of €1.135 per share, representing a 20.7% increase vs. the 2016 dividend. An interim dividend of €0.48 per share (gross) was paid in full on January 31, 2018. Based on this, the proposed appropriation of the 2017 results included in our 2017 audited consolidated financial statements includes a total amount of €498.1 million corresponding to dividends pertaining to the financial year 2017.

7.3.2 Share repurchase program

On December 14, 2017 the Board of Directors of Amadeus agreed to undertake a share repurchase program, in accordance with the authorization granted by the General Shareholders' Meeting held on June 20, 2013. The purpose of the share repurchase program is for the redemption of shares (subject to our General Shareholders' Meeting approval). The maximum investment will be €1,000 million, not exceeding 25,000,000 shares (or 5.69% of share capital), and will be carried out in two tranches:

Tranche 1: up to €500 million (non-cancellable), from January 1, 2018 to March 31, 2019.
Tranche 2: up to €500 million (cancellable at Company's discretion), from April 1, 2019 to March 31, 2020.

As of December 31, 2017, the Company had not acquired any shares under the repurchase program. The future payments under the first, non-cancellable tranche of the program, amounting to €500 million, were included in the "Other current liabilities" caption in the statement of financial position, as well as in covenant net financial debt, as of December 31, 2017.

8 Other additional information

8.1 Expected Business Evolution

8.1.1 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%[10] 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.

8.1.2 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

[10] IATA Airline Industry Economic Performance-December , 2017

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 repurchase program 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 or 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.

8.2 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, Amadeus 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.

8.3 Treasury Shares

The reconciliation of the carrying amounts for the years ended December 31, 2017 and 2016, of the treasury shares is set forth in the table below:

	Treasury Shares	Millions of euros
Carrying amount at December 31, 2015	2,214,916	29.3
Acquisitions	616,111	24.0
Retirement	(1,309,754)	(29.7)
Carrying amount at December 31, 2016	1,521,273	23.6
Acquisitions	147,562	7.7
Retirement	(599,583)	(14.2)
Share buy-back programme	-	500.0
Carrying amount at December 31, 2017	1,069,252	517.1

The Group holds treasury shares for the future specific share delivery commitments with the Group employees and management.

8.4 Financial Risks

The Group 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 Group is to identify measure and minimize 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 Group enters into hedging activities with derivatives and non-derivative instruments.

8.4.1 Foreign exchange rate risk

The reporting currency in the Group's consolidated annual accounts is the Euro (EUR). As a result of the multinational orientation of its business, the Group is subject to foreign exchange rate risks derived from the fluctuations of many currencies. The target of the Group's foreign exchange hedging strategy is to reduce the volatility of the Euro value of the consolidated foreign currency denominated cash flows. The instruments used to achieve this goal depend on the denomination currency of the operating cash flow to be hedged:

- The strategy for US Dollar (USD) exposures is based on the use of natural hedges and of derivatives. This strategy aims at reducing the exposure created by the USD denominated operating cash inflows of the Group with the USD payments of principals of the USD denominated debt and with derivatives, although as of December 31, 2017, there was no USD denominated debt.
- Aside from the USD, the 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 significant portion of the aforementioned short exposures (net expenditures) the Group can engage into derivative contracts with banks: basically currency forwards, currency options and combinations of currency options.

Provided that the objective in relation with the foreign exchange rate risk is to reduce the volatility of the EUR value of the foreign currency denominated cash flows, the total exposure of the Group to changes in the foreign exchange rates is measured in terms of Cash-flow at Risk (CFaR). This risk measure provides an estimate of the potential EUR loss of the foreign currency denominated cash flows from the moment the estimation is calculated to the moment the cash flow is expected to take place. These estimates are made using a 95% confidence level.

Directors' Report for the year ended December 31, 2017 (millions of euros)

The CFaR methodology is similar in many respects to the Value at Risk (VaR) methodology. However, whereas VaR is generally centred in the changes in the value of a portfolio of exposures in a given future interval of time, CFaR is focused on the changes in the value of the cash-flows of that portfolio from the calculation date to the moment in which these cash-flows effectively take place. In the case of Amadeus CFaR is a more adequate measure of the risk of the Group given that the goal of our risk management strategy with relation to foreign exchange risk is reducing the volatility of the EUR value of the foreign currency denominated cash-flows. An additional reason for focusing on cash-flows is that, eventually, the cash-flows of a company result in its level of liquidity which in the case of a non-financial corporation it is generally a scarce and valuable element.

The main limitations of the CFaR methodology are very similar to the ones of the VaR methodology:

— Firstly, its results are based on several of hypotheses on the future volatilities of the exchange rates and the future correlation among them which may correspond with the real evolution of the exchange rates or not[11].

— Additionally, the foreign exchange exposure estimates used as inputs to the model may deviate with respect to the exposures which will finally take place in the future[12].

— Finally, it is important to mention that given a level of CFaR calculated with a 95% confidence level, the losses which could take place in the remaining 5% of the cases may be significantly greater than the level of risk as measured with the CFaR methodology for a 95% confidence level.

The CFaR of the foreign exchange exposures of the Group calculated with a 95% confidence level is set forth in the table below:

31/12/2017			31/12/2016		
2018 CFaR	2019 CFaR	2020 CFaR	2017 CFaR	2018 CFaR	2019 CFaR
(5.6)	(24.4)	(53.9)	(24.1)	(62.5)	(86.4)

There are two main reasons for the decrease in the CFaR levels of the Group for the next three years with respect to the CFaR levels outstanding at the end of 2016. On one side, the smaller US Dollar exposure as a consequence of the larger amount of hedges outstanding. Additionally, foreing exchange implicit volatilities outstanding at the end of 2017 were lower than the ones used to make the calculation in the previous year.

As it can be observed in the table above, the level of risk measured in CFaR terms tends to increase for the periods which are further away. The reasons for this are: (1) the further away the future cash-flows are, more adverse the effect of foreign exchange fluctuations can be potentially; (2) the level of hedging

[11] The volatilities implicit in the market prices of currency options and the historic correlations among the main currencies in which Amadeus has exposures are used as inputs to the model.

[12] In order to calculate the foreign currency exposures of the Group we take into account the estimated cash flows in each currency according to the last available forecast and the foreign currency hedges contracted as of the CFaR calculation date.

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is smaller for the later periods; (3) in the later periods the size of the foreign exchange exposures tends to be greater.

8.4.2 Interest rate risk

The objective of the Group in terms of interest rate risk management is reducing the volatility of the net interest flows payable by the Group. In line with this goal as of December 2017 approximately 86% (76% as of December 2016) of the debt contracted by the Group was fixed rate debt. No interest rate hedges were hedging this debt as of December 2017 (as of December 2016 there was no interest rate hedges hedging floating rate debt either).

As of December 2016 the only outstanding interest rate derivatives were hedging future debt that it was expected to be contracted during 2017. These derivatives were cancelled in March 2017 since the expected financing to be hedged did not materialized.

Although the interest rate hedge mentioned above fixes the amount of interests to be paid by Amadeus in future years, its fair value is sensitive to changes in the level of interest rates. The sensitivity of fair value to a 0.1% (10 bps) parallel shift of the interest rate curve as of December 31, 2017 and 2016 is set forth in the table below:

	31/12/2017		31/12/2016	
	+10 bps	-10 bps	+10 bps	-10 bps
EUR denominated debt	4.2	(4.7)	5.7	(5.8)
EUR accounting hedges	-	-	2.5	(2.5)
Total	**4.2**	**(4.7)**	**8.2**	**(8.3)**

In 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 basically due to the reduction in the average time to maturity of the outstanding debt. Although the future flows of the fixed rate debt instruments are not sensitive to the changes in the level of interest rates, the fair value of the instruments is sensitive to these changes.

According to the table above a 10 bps drop in the level of interest rates would cause a loss in the fair value of the debt (an increase of the liability) and the derivatives in the Amadeus hedging portfolio amounting to €4.2 million at December 31, 2017, and €8.3 million at December 31, 2016 respectively. However, given that the changes in the fair value of the derivatives that qualify for hedge accounting are recognized directly in equity and the debt is measured at amortized cost, the impact of a 10 bps drop in the level of interest rates would imply no loss recognized in the profit for the year at December 31, 2017 and 2016, since the derivatives in the interest rate portfolio of the Group as of December 31, 2016 were accounted as a cash-flow hedges.

In cash flow terms, in the case of a parallel drop (or rise) in the level of interest rates the lower (or higher) interests payable for the debt which was hedged in 2017, would be compensated by a similar amount of higher (or lower) debt interests to be paid during the life of the hedges (cash flow hedge concept).

8.4.3 Own shares price evolution risk

As of December 31, 2017, the Group has three different remuneration schemes outstanding which are settled with Amadeus shares; the Performance Share Plan (PSP), the Restricted Share Plan (RSP) and the Share Match Plan.

According to the rules of these plans, when they mature their beneficiaries will receive a number of Company's shares which for the outstanding plans will be (depending on the evolution of certain performance conditions) between a maximum of 1,722,000 shares and a minimum of 318,000 shares, approximately. It is Amadeus intention to make use of its 1,069,252 treasury shares to settle these plans at their maturity.

8.4.4 Credit risk

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

Amadeus' cash and cash equivalents are deposited in major banks on the basis of diversification and the credit risk of the available investment alternatives.

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

8.4.5 Liquidity risk

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

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

- A cash pooling agreement with most of the subsidiaries located in the Euro area.
- Through bilateral Treasury Optimization agreements between Amadeus IT Group, S.A. and its subsidiaries.

Corporate Treasury monitors the Group's cash position through rolling forecasts of expected cash flows. These forecasts are performed by the subsidiaries of the Group and later on consolidated in order to examine both the liquidity situation and prospects of the Group and its subsidiaries.

The detail of the contractual maturities of the Group's debt financing as of the end of the financial year 2017 is described in the note 16 "Current and non-current debt".

In addition to other smaller treasury lines agreed with several banks, the Group has access to two Revolving Credit facilities as detailed in note 16. Each of these two facilities has a notional of €500.0 million and can be used to cover working capital needs and general corporate purposes. As of December 31, 2017 these two facilities were fully unused and thus €1,000.0 million can be used to cover the liquidity needs of the Group (as of December 31, 2016, the used amount was €100.0 million and thus the unused part of these facilities amounted to €900.0 million).

Finally, in August 2016, the notional of the Multi-Currency European Commercial Paper (ECP) program was increased from €500.0 million up to €750.0 million. This program can be used for raising short term financing. As of December 31, 2017 €300.0 million of this program were in use (€485.0 million as of December 31, 2016).

8.5 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 as detailed in note 15.

9 Non-financial and diversity information

9.1 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.

9.2 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.

9.2.1 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

9.2.2 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

9.2.3 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.

9.3 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.

9.4 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.

9.4.1 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:[13]
  - In Scope 1, we include emissions from natural gas and diesel.
  - In Scope 2, we include emissions linked to the use of electricity[14] at our office buildings worldwide and at the Data Center.

[13] The Greenhouse Gas Protocol (GHGP) is the most widely used international accounting tool for government and business leaders to understand, quantify and manage greenhouse gas emissions. The GHGP classifies emissions into three scopes. Scope 1: direct GHG emissions from sources owned by the company; Scope 2: indirect GHG emissions produced as a consequence of the company's operations; and Scope 3: other indirect GHG emissions, such as emissions from travel providers for business travel.

[14] The conversion factors applied, i.e. the amount of CO_2 emitted per kWh used, are taken from the latest updated averages for each country, published by the International Energy Agency (IEA) in their publication: CO_2 Emissions from Fuel Combustion – 2016 edition. Paris, IEA Publications, pages 123–125.

  - 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[15] 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.

9.4.2 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).[16] 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

[15] PUE stands for Power Usage Effectiveness and is a common metric used to measure the energy efficiency of data centers. The closer to 1 the PUE, the more efficient the data center is.
[16] IPCC (2014). Climate Change 2014 Synthesis Report – Summary for Policymakers. Geneva, IPCC.

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,[17] 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.

[17] Decree No. 2011 – 1336 (France), 24 October 2011.

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)[18] and the CDP,[19] 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

[18] The Dow Jones Sustainability Indices (DJSI), launched in 1999, are a family of indices evaluating the sustainability performance of the largest 2,500 companies listed on the Dow Jones Global Total Stock Market Index.

[19] The CDP (formerly Carbon Disclosure Project) is an international, not-for-profit organization providing the only global system for companies and cities to measure, disclose, manage and share environmental information. CDP is recognized as the main international standard for climate change reporting and management for corporations.

and efficiently to disruptions to their operations caused by events such as bad weather and air traffic congestion.

9.5 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.

9.5.1 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.

9.5.2 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.

9.5.3 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.

9.6 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.

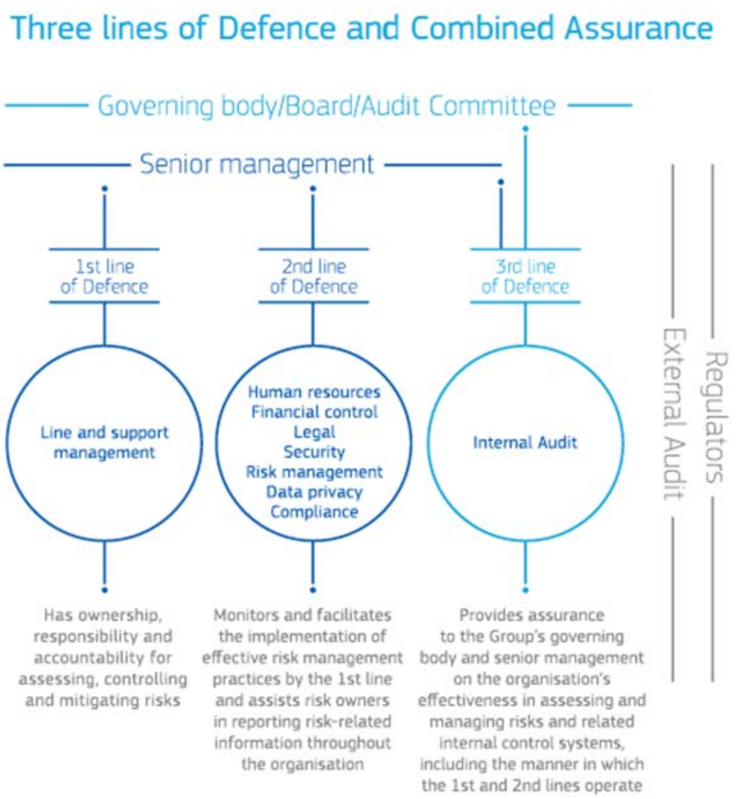
Under this program, Amadeus staff funds the work of around 100 non-profit organizations. Through sports for charity, fundraising and cash donations, our people found creative ways to help in their local communities. Amadeus staff also dedicated over 10,000 hours to volunteering per year.

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.

9.7 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.



9.7.1 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

9.7.2 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,[20] 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

[20] World Economic Forum (2017). Global Risks Report 2017, 12th Edition

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.

9.7.3 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.

10 Corporate Governance 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.

Annexe 1: Key terms

"CRS": refers to "Computerised Reservation System"
"D&A": refers to "Depreciation and Amortization"
"DCS": refers to "Departure Control System"
"ECP": refers to "European Commercial Paper"
"EIB": refers to "European Investment Bank"
"EPS": refers to "Earnings Per Share"
"FTE": refers to "full-time equivalent" employee
"GDS": refers to a "global distribution system", i.e. a worldwide computerised reservation system (CRS) used as a single point of access for reserving airline seats, hotel rooms and other travel-related items by travel agencies and large travel management corporations
"IFRS": refers to "International Financial Reporting Standards"
"JV": refers to "Joint Venture"
"KPI": refers to "key performance indicators"
"LCC": refers to "Low-Cost Carrier"
"LTM": refers to "last twelve months"
"NDC": refers to "New Distribution Capability"
"n.m.": refers to "not meaningful"
"PB": refers to "passengers boarded", i.e. actual passengers boarded onto flights operated by airlines using at least our Amadeus Altéa Reservation and Inventory modules or Navitaire New Skies
"p.p.": refers to "percentage point"
"PPA": refers to "purchase price allocation"
"PP&E": refers to "Property, Plant and Equipment"
"PSS": refers to "Passenger Service System"
"R&D": refers to "Research and Development"
"RTC": refers to "Research Tax Credit"
"TA": refers to "travel agencies"
"TA air bookings": air bookings processed by travel agencies using our distribution platform
"TA air booking industry": defined as the total volume of travel agency air bookings processed by the global CRS. It excludes air bookings made directly through in-house airline systems or single country operators, the latter primarily in China, Japan and Russia, which together combined represent an important part of the industry
"TPF": refers to Transaction Processing Facility
"XML": refers to "eXtensible Markup Language"

BOARD OF DIRECTORS

Members of the Board of Directors on the date when the consolidated 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