



# Acquisition of Newmarket International

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# Transaction overview

**Newmarket International: a leading provider of cloud-based IT solutions for the hotel industry**

- ✓ **Strong transaction rationale and clear strategic fit**
  - ▶ The acquisition accelerates our go-to-market strategy and growth plan
  - ▶ Strong presence in a highly attractive market segment for top and mid-size hotel chains globally
  - ▶ IT Solutions and development capabilities that complement the Amadeus portfolio and expertise
  - ▶ Proven and highly regarded management
  - ▶ Strong synergy potential and upside opportunities, expanding our reach within our addressable market
  
- ✓ **Successful business model and financial profile**
  - ▶ Recurring SaaS revenue base
  - ▶ Track record of growth, profitability and cash-flow conversion
  
- ✓ **Transaction details**
  - ▶ Total enterprise value of \$500 million
  - ▶ To be financed with debt (resulting consolidated proforma leverage of 1.3x)
  - ▶ Immediately earnings accretive
  - ▶ Transaction subject to customary regulatory approvals (expected by first quarter of 2014)

# The Amadeus Hotel Strategy

## Why hotel? The Opportunity

- ▶ Hotels are embedded within Amadeus' travel services marketplace
- ▶ Success in airline IT can be replicated with hotels: conditions to promote the Amadeus community model approach are now increasingly met
- ▶ Large market opportunity: largest diversification opportunity currently identified for Amadeus
- ▶ Significant upside opportunities for hotel distribution
- ▶ Pronounced interest in 'alternative' IT solutions: CRS<sup>1</sup>, PMS<sup>2</sup>, e-Commerce
- ▶ Amadeus is well positioned – both in Distribution and IT – to take advantage of the opportunity

## How? Our approach to market

- ▶ Establish credibility to attract customers
- ▶ Actively target hotel chain marketplace
- ▶ M&A activities

1. CRS: Central Reservations System  
2. PMS: Property Management System

# Strong transaction rationale and strategic fit

## Acquisition provides a solid platform for growth for the Amadeus hotel business

### 1 Expertise and deep understanding in the hotel industry with a proven track record of success and value creation

- ▶ Immediate credibility and expertise

### 2 Established relationships with key customers

- ▶ Opportunity to leverage Newmarket's global hotel client base and strong commercial force

### 3 Organisational and product synergies

- ▶ IT solutions and development capabilities complementary to Amadeus core competencies
- ▶ Opportunity to expand geographically, leveraging the combined global footprint of Amadeus and Newmarket to cross-sell products and services
- ▶ Potential to capture upsides beyond Hotel IT (e.g. Hotel Distribution, Business Intelligence & Event Management for other hospitality customers)

### 4 Proven success, profitable, financially accretive


- ▶ History of profitable growth since inception in 1985
- ▶ Over 15% annual revenue growth and continued margin expansion since 2009, with estimated revenues of \$110 million in 2013
- ▶ Strong cash-flow conversion





## Company highlights


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# NEWMARKET<sup>®</sup> highlights

 1 Proven, visionary management team

 2 World-class, global customer base

 3 Cloud-based solutions based on next generation technology platform with excellent strategic fit

 4 Compelling business model and financial profile

**Newmarket: a leading provider of cloud-based IT Solutions for the hotel industry, with almost 30 years of proven success and a long-established and credible management team**

# 1 Experienced, visionary management team

- ▶ Cohesive vision
- ▶ Strong track record of value creation
- ▶ Industry knowledge and relationships

## Management team



**Sean O'Neill**  
Chairman

- ▶ Strong hospitality and travel industry expertise having held senior positions across ITT Sheraton, Hilton Hotels Corporation, Grand Circle Travel and Aeronomics.

Since 2001



**Jeff Hiscox**  
President and CEO

- ▶ Held various senior and executive leadership roles at NMI and appointed President and CEO in 2010
- ▶ Brings over 15 years of senior and executive level management and leadership experience

Since 2004



**Shawn McGowan**  
Chief Operating Officer

- ▶ Has held senior and executive leadership roles at NMI, including Director of Managed Services, Vice President of Product Development, and Senior Vice President, Product Development and Support

Since 2003



**Steve Lambert**  
Managing Director, International

- ▶ Brings twenty five years of executive and leadership experience in hospitality technology and business services
- ▶ Previously Managing Director of Whitbread's Marriott Hotel

Since 2006



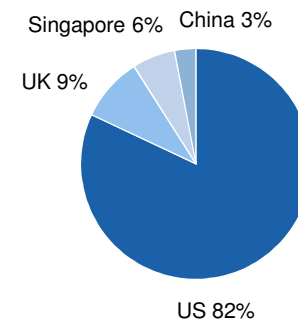
**Ken Smaha**  
Chief Financial Officer

- ▶ Previously COO for Safescience Products, and has held leadership / financial management positions at Webster Industries and General Electric

Since 2001

## Employees

- ▶ **Employees:** ~430 employees worldwide
- ▶ **Headquarters:** Portsmouth, New Hampshire



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# Newmarket has a large global customer base, comprising the top and mid-sized hotel chains worldwide

## Hotel customers



## Hospitality customers



- ▶ Group and event related booking represents **~\$100bn of revenues for Hotels worldwide<sup>1</sup> (~40% of revenues for a full-service hotel)**
  - ▶ 16 out of the top 20 hotel companies globally
  - ▶ Award winning customer support<sup>2</sup>

- ▶ Also serving other hospitality customers, such as casinos, restaurants and stadiums

Newmarket has established itself as the industry standard serving 22,000 unique properties across 154 countries

1. In 2011

2. Winners of 2012 MarketTools ACE Awards

# Combined Amadeus/Newmarket Portfolio Synergy

## Amadeus Enterprise Hotel Platform

### Property Solutions

Property Management Systems<sup>1</sup>

Revenue Management Systems<sup>2</sup>

Group/Event Management

Property Sales Systems

Room diagramming and  
interactive floor plans

Room Attendant Automation

Hotel Workflow Automation

Preventive Maintenance

### Central Solutions

Central Reservation Systems<sup>1</sup>

Web Services – eCommerce<sup>2</sup>

Call Center Applications<sup>1</sup>

Group Booking

Customer Relationship  
Management

Multi-Channel  
Marketing

Guest Loyalty Management

### Distribution Solutions

Hotel Content Management<sup>2</sup>

Distribution Channel  
Connectivity<sup>1</sup>

MeetingBroker  
Group Lead Distribution

DirectBook  
Direct booking access  
for event planners

Acquisition immediately brings extremely high value products with  
no overlap – seamless fit with Hotel IT strategy

Strong global commercial salesforce and award winning  
customer support and services

1. In operation (baseline system)

2. Installed and operating, continuing development

■ Amadeus portfolio  
■ Newmarket portfolio

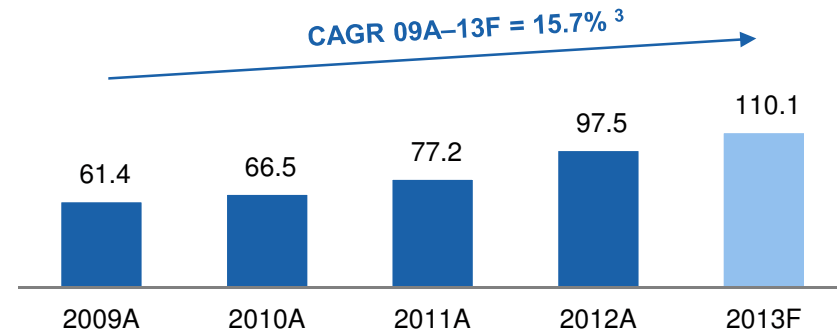
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## Business model: Financial highlights

### Compelling business model

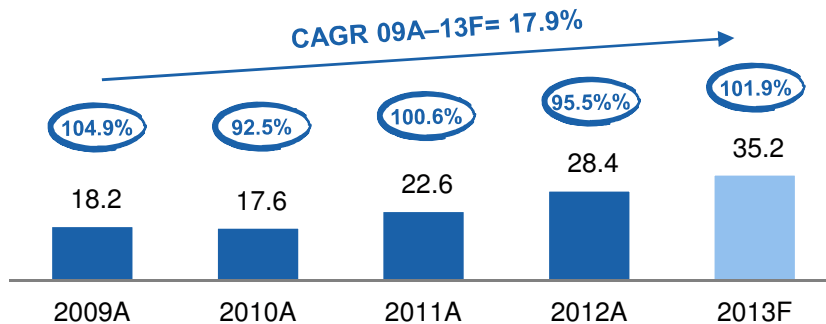
- ▶ **Successful business model** based on **SaaS** delivery
- ▶ **Highly scalable** proprietary software platform
- ▶ **70%+ recurring revenues** combined with **90%+ renewal rates**
- ▶ Strong revenue and EBITDA growth
- ▶ **Strong cash flow with high conversion** rate (102%)
- ▶ Demonstrated **operating leverage** and EBITDA margin expansion

### Revenue evolution 2009–13F (\$mm)



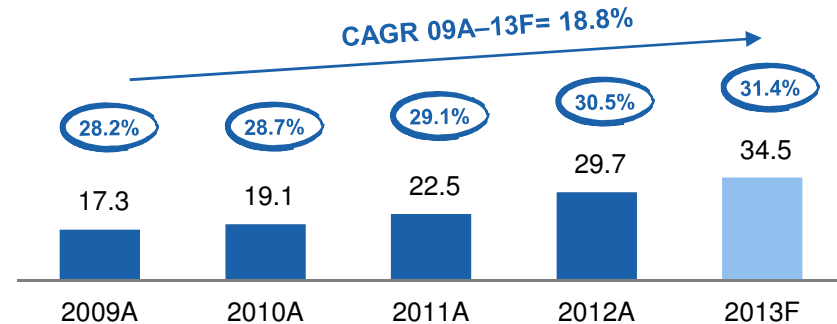
### Pre-tax Operating Cash flow<sup>1</sup> evolution 2009–13F (\$mm)

⊙ Pre-tax Operating Cash flow conversion rate<sup>2</sup>



### EBITDA evolution 2009–13F (\$mm)

⊙ EBITDA margin



Note: Newmarket's EBITDA has been adjusted to exclude non-recurring items

1. Pre-tax Operating Cash flow calculated as EBITDA less capital expenditure plus change in working capital







2. Conversion rate defined as Pre-tax Operating Cash flow / EBITDA

3. Includes acquisitions



## Valuation and financing details

# Combined P&L for Amadeus

Pre transaction – 2013F consensus estimates		Post transaction – 2013F combined highlights	
	<b>Revenues:</b> €3,083mm		<b>Revenues:</b> €3,164mm
	<b>EBITDA :</b> €1,186mm <i>% margin:</i> 38.5%		<b>EBITDA :</b> €1,211mm <i>% margin:</i> 38.3%
	<b>Adjusted EPS<sup>1</sup>:</b> €1.39		<b>Adjusted EPS<sup>1</sup>:</b> €1.40

Note: Amadeus' estimated 2013 results based on Bloomberg consensus as of 5 December 2013, Newmarket's 2013 results based on internal estimates, calculated using actual September 2013 results and assuming existing capital structure. Newmarket estimated results in USD converted to Euro using exchange rate EUR/USD of 1.35

<sup>1</sup>. Based on the definition of Adjusted EPS in the Amadeus financial report

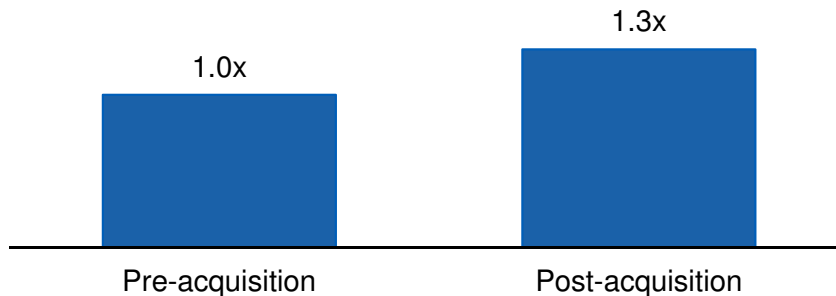
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# Valuation and financing details

## Valuation

- ▶ Enterprise value of \$500mm
- ▶ Compelling valuation multiples, below trading levels for vertically focused software and SaaS companies
  - ▶ A strong cash flow with high conversion rate leads to an attractive FCF<sup>1</sup> multiple (15.6x EV / FCF<sup>1</sup> 2013E)
  - ▶ Valuation supported by high visibility on future revenue growth (70%+ recurring revenues, 90%+ renewal rates)
  - ▶ Estimated synergies have not been included
- ▶ Earnings accretive from year 1

## Net debt / EBITDA



## Financing

- ▶ Credit facilities have been arranged to finance the acquisition
- ▶ Underwriters: Bank of Tokyo Mitsubishi and Royal Bank of Scotland
- ▶ Notional: \$500mm
- ▶ Maturity: 5 years

Note: Amadeus' estimated 2013 net debt / EBITDA based on Bloomberg consensus as of 5 December 2013, Newmarket's estimated 2013 results based on internal estimates, calculated using actual September 2013 results and assuming existing capital structure. Newmarket estimated results in USD converted to Euro using exchange rate EUR/USD of 1.35

<sup>1</sup>. FCF defined as EBITDA less capital expenditure

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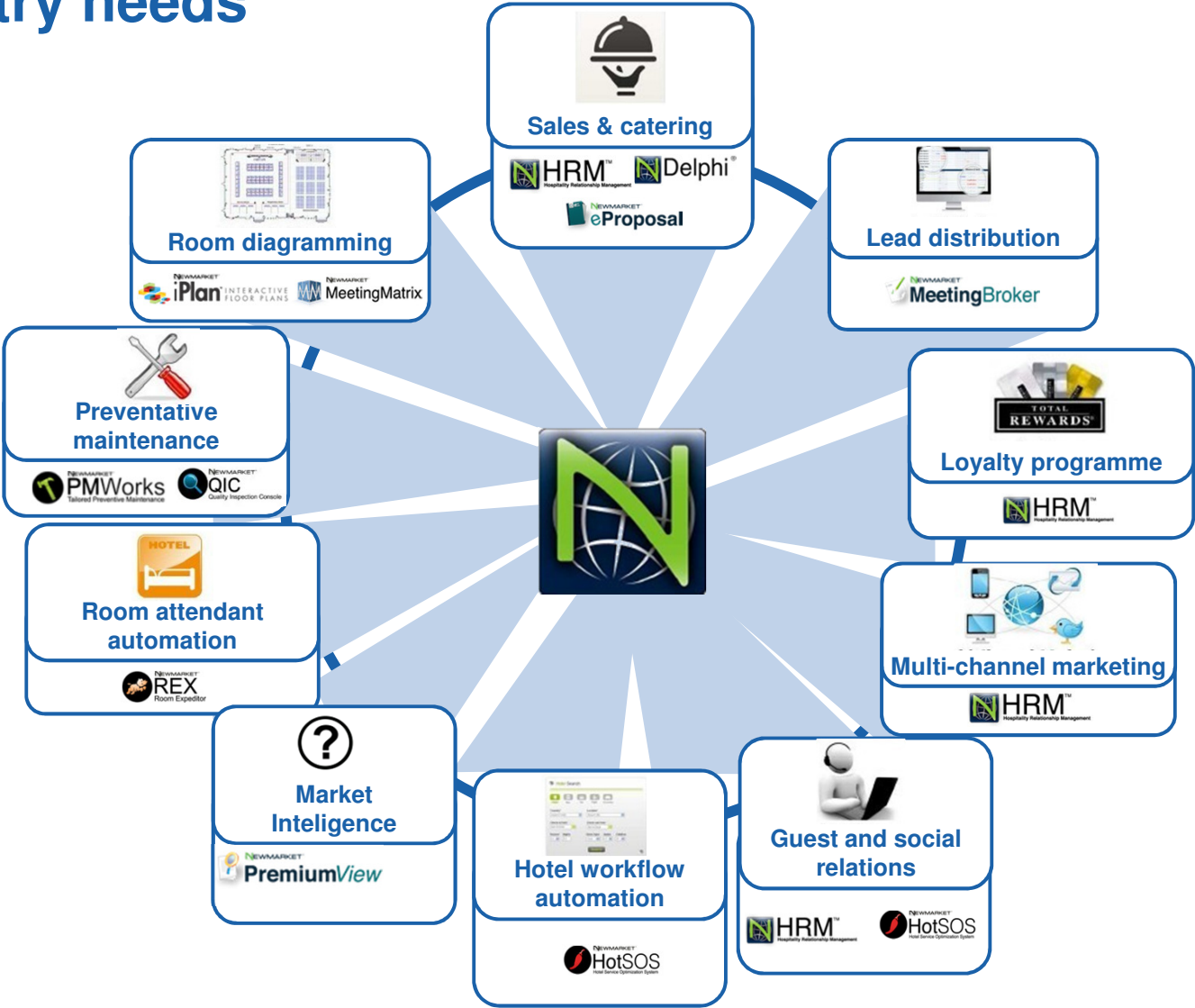


## Appendix

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# Newmarkets' best of breed solutions address critical industry needs



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# Delphi: the industry standard solution for sales and catering

- ▶ **Delphi** empowers hospitality companies to increase revenue and bookings, lower costs and deliver flawless events
  - ▶ Maintains contact with customers and prospects
  - ▶ Tracks critical property metrics
  - ▶ Maximizes use of space
  - ▶ Manages client requests
- ▶ Available on-premise or in the cloud, through a SaaS model
- ▶ Single property and multi-property deployment options
- ▶ Mobilisation with **N2GO** mobile app
- ▶ Built-in integration with social networks and leading third party vendors



Hotels



Gaming



Restaurants



Stadiums



Events and  
Banquet

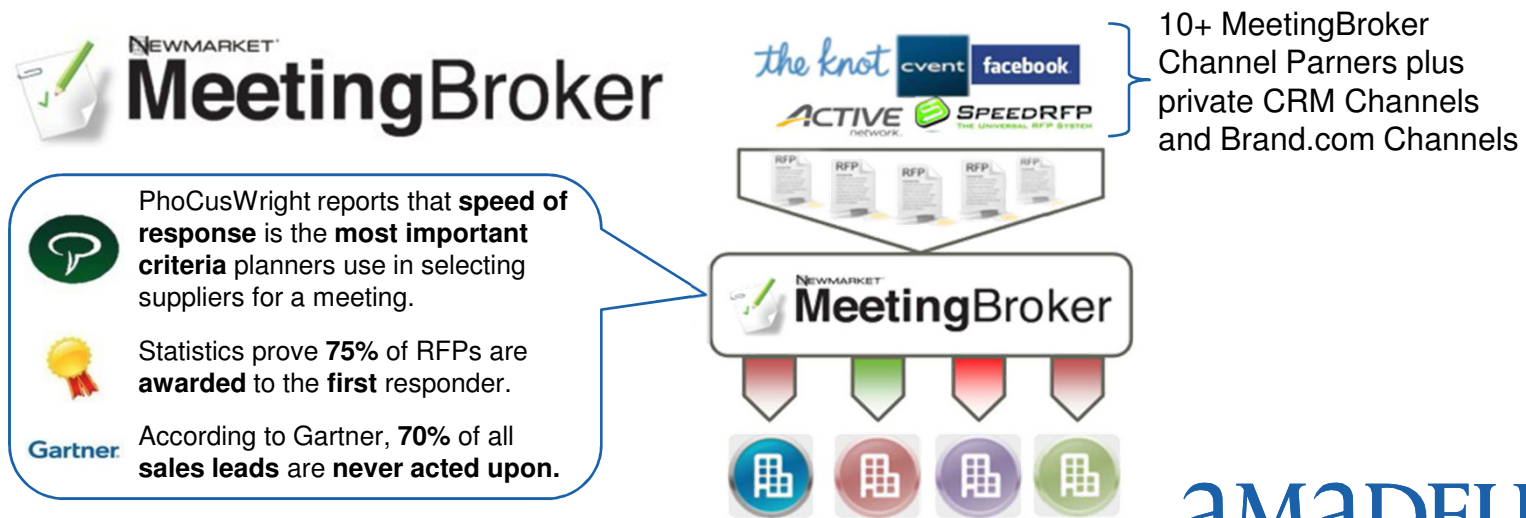
# Hospitality Relationship Management (HRM)

- ▶ **HRM** provides a complete 360° view of each customer
  - ▶ Designed as a single or multi-property solution , account and contact data is collected and synchronised with various hospitality management systems, such as PMS, CRS, POS, SPA, etc.
  - ▶ Provides an integrated solution to manage company history, travel agency history, sales masters, guest history, and booker profiles across the entire organisation
  - ▶ Integrates with social media networks
  - ▶ Based on Force.com platform, provided as SaaS



# MeetingBroker

- ▶ **MeetingBroker** is the leading SaaS group lead distribution and management platform serving the hospitality industry
- ▶ Enables venues of any size and complexity to capture and win new business from multiple channels, including above property sales, affiliated properties, and public online lead channels
- ▶ Eliminates sales bottlenecks, prioritises responses to preferred accounts, and optimises customer communications, resulting in increased bookings and revenue while delivering exceptional service



# MeetingMatrix

- ▶ **MeetingMatrix** is the most advanced room diagramming solution available for both venues and planners
  - ▶ Improves communications
  - ▶ Eliminates guesswork
  - ▶ Guarantees professional event execution
  - ▶ 170 million ft<sup>2</sup> of meeting space mapped



## MeetingMatrix venue edition

- ▶ Quickly creates accurate event diagrams and easily communicates with customers
- ▶ Simplifies collaboration and information sharing
- ▶ Enhances event planning coordination



**Pre-designed event diagrams**



**Seating Wizard™**

## MeetingMatrix planner edition

- ▶ Provides event planners access to over 80,000 existing interactive venue diagrams and enables them to create their own
- ▶ Sets up and manages events in multiple rooms for clients
- ▶ Communicates with venues' banquet and catering teams



**MeetingMatrix Certified Room Diagrams** are measured accurate to within 1/4"

- ▶ Every wall is measured with accurate door and window placement, as are all permanent objects in the rooms
- ▶ Details are added such as electrical outlet locations and ceiling measurements to any diagram
- ▶ Providing this level of accuracy to the sales team and planners streamlines event planning and execution

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# HotSOS, REX, QIC , PMWorks

- With effective service optimisation , hospitality organisations can work smarter, provide better service, and produce excellent results
- From helping housekeeping run more effectively to improving workflows and increasing accountability, solutions such as **HotSOS, REX, QIC** and **PMWorks** optimise hotel services, increase staff productivity, and reduce cost while creating better guest experiences and loyal customers



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