

Financial review with the Chief Financial Officer Bernard Bot

A diverse value proposition



Our Travel Commerce Platform has a distinct set of financial attributes which we believe make it a highly attractive proposition.

Highly attractive financial profile

Travelport's unique Platform model is the most flexible and diversified in the industry, generating revenue in a number of different ways. Travelport benefits from a transaction fee model with good visibility of performance, giving the business resilience in all market conditions. Travelport's unmatched geographic diversity - with 71% of revenues coming from International regions in 2015 (i.e. outside the US) - ensures continued growth as we capitalize on the globalization of travel growth in regions like Asia Pacific, Africa and Latin America.

Building performance momentum

Building on these fundamental strengths, we have delivered a year of strong results as we enter 2016 with impressive momentum. Travelport delivered on its revenue and profit promises, despite the impact of two renegotiated legacy contracts in 2015. In addition, Travelport continues to benefit from a capital structure transformation in 2014, which has provided a strong foundation to further enhance and improve the company's free cash flow generation.

Growth across all channels

Travelport generates revenue from its industry-leading Travel Commerce Platform - comprised of Air and Beyond Air - and from Technology Services, which provides essential IT services to companies like Delta and Emirates.

Air revenue in 2015 was flat despite legacy contract-related headwinds. Our underlying performance was in part driven by continued growth in higher value 'Away' bookings, which now make up 65% of Air booking revenue. In addition, our leading airline merchandising solutions - including Rich Content and Branding, and tailored offers for corporations - drove strong performance particularly in the second half of 2015.

In Beyond Air, which covers hotel and car rental distribution as well as our payment and mobile solutions, Travelport's investments secured growth of 16% in revenue year over year. Our hospitality attachment rate (i.e. hospitality segments sold per 100 airline tickets issued) reached 47 in 2015, hitting a record high of 50 in the fourth quarter of 2015.

Travelport's Platform approach drives value creation

Our evolution from a traditional GDS involved expanding what was a narrow focus on simple distribution of air and chain hotel segments to

a much wider focus on value creation across the global travel ecosystem. Our Platform approach to travel commerce is designed to generate higher revenue per booking by focusing on higher value customer groups and geographies, the attachment of added-value to air bookings - such as a hotel stay, car rental or airline ancillary - and by facilitating the corresponding payments by the travel agency to the travel providers.

Metrics used by traditional GDSs such as air market share do not, in isolation, adequately capture the full spectrum of value created by Travelport's Platform. Our success in this regard is measured through RevPas - the average revenue we generate per available segment from air, hotel and car bookings, as well as merchandising, payments and mobile.

Growing RevPas

The strength in Travelport's holistic approach to travel commerce is evident in our steadily growing RevPas - which grew by 8% in 2015. This demonstrates the value in our calculated focus on capturing higher value bookings - from corporate, high-end leisure and Away/International markets - and delivering added-value to all aspects of the travel commerce ecosystem. In short, Travelport aims to generate more revenue per segment through our unique Travel Commerce Platform offering - and we are doing just that.

Key financials

	Year ended December 31,			
	2015	2014	2013	2012
Net revenue (\$m, unless otherwise stated)				
Air	1,603	1,607	1,588	1,548
Beyond Air	492	424	371	326
Travel Commerce Platform	2,095	2,031	1,959	1,874
Technology Services	126	117	117	128
Net revenue	2,221	2,148	2,076	2,002
<i>Travel Commerce Platform revenue as a % of Net revenue</i>				
	94%	95%	94%	94%
<i>% of Air segment revenue from Away bookings</i>				
	65%	62%	62%	60%
<i>Beyond Air revenue as a % of Travel Commerce Platform revenue</i>				
	23%	21%	19%	17%
<i>Hospitality segments per 100 airline tickets issued</i>				
	47	43	41	40
<i>International revenue as a % of Travel Commerce Platform revenue</i>				
	71%	68%	68%	66%
<i>eNett revenue</i>				
	92	67	45	19
Travel Commerce Platform Reported Segments and RevPas				
Reported Segments (millions)				
International RevPas	\$7.40	\$6.98	\$6.81	\$6.55
United States RevPas	\$4.34	\$4.10	\$4.07	\$4.03
Travel Commerce Platform RevPas	\$6.13	\$5.70	\$5.60	\$5.40
Other key metrics (\$m)				
Adjusted EBITDA	535	540	517	494
Adjusted Net Income/(Loss)	122	(11)	(48)	(80)
Capital Expenditure	142	144	127	108
Adjusted Free Cash Flow	134	(39)	20	104

We also have diversification through our fast growing Beyond Air portfolio, which represents nearly one-quarter of Travel Commerce Platform revenue. Our innovations and leadership in hospitality, payments and mobile commerce position us strongly for the evolution in travel commerce.

With these features which all translate into sustainable volume and RevPas growth, we are well placed to deliver attractive revenue, profit and free cash flow growth in both the near and longer term.

Q - What are your priorities for Travelport?

A - It is important that we build on our successes from last year by continuing to deliver on our promises.

This means that we must continue to drive strong growth across our Air and Beyond Air portfolios. This means, amongst others, maintaining our technology lead, and making sure we integrate and benefit from our acquisitions. Another priority is ensuring a strong cash flow, through efficient processes and disciplined investments in high return areas.

Q - And what are your priorities for capital allocation?

A - I believe that we can achieve our business objectives while continuing to build on our track record of balanced and disciplined capital allocation.

Our capital allocation strategy centers around debt reduction with a view to reducing our net leverage to around three times Adjusted EBITDA by the end of 2018. Obviously this shouldn't impede investing in the profitable growth of the Company, but should be central in our decision-making. Pre-empting a question investors may have: we intend to maintain our dividend policy at the current level until our net leverage target is achieved. We may also pursue strategic 'tuck-in' acquisitions that meet our stringent investment criteria, should the opportunity or need arise.

Q - What type of relationship are you looking to build with Travelport's stakeholders?

A - Communication is absolutely key to ensuring investors fully understand what we do, how we are differentiated, and what growth opportunities we are capitalizing on. Travelport has a fantastic story to tell; not only in terms of the financial returns we can generate but more widely in terms of our leadership in innovation and travel content. I look forward to getting out on the road and meeting with investors to share our growth story.

Q&A

Bernard Bot, our CFO, answers some frequently asked questions

Q - Can you tell us about your background and what attracted you to Travelport?

A - Having been active in the travel, transport and logistics industry for over 20 years in a combination of consulting and finance roles, I am truly invested in the sector and see strong growth ahead for global travel. I am very pleased to have joined Travelport, whose differentiated approach to travel commerce was a big draw for me. The Company has positioned itself very well to capitalize on the trends driving growth in this industry.

Q - What has impressed you so far in your time at Travelport?

A - The most impressive aspect is that we keep travel commerce needs at the center of everything we do. We are completely focused on developing solutions that serve the travel industry in a rapidly changing environment. We have built a strong track record of early investment in, and adoption of, cutting-edge technologies - for example in payments, mobile and digital commerce - while continuing to invest and build more advanced capabilities across our core Platform.

Q - What do you think investors will find attractive about Travelport?

A - One of the most attractive features of our business is that the core travel distribution model is resilient, recurring, transaction-based and highly cash-generative. Relative to our peers it is also fairly capital-light, given our focus on 'front-end' value creation rather than 'back-end' IT solutions.

Another attractive feature is that we operate within a structural growth industry, especially in International (or non-US) regions. For example, International GDS air volumes have grown at a CAGR of 3.8% since 2011 (compared to 1.2% for the US over the same period). Our air share in International markets has been very stable over the last four years, which is key, also because International markets are higher yielding as well as faster growing.