



Leading the Charge
Capitalizing on the opportunities
presented by the return of
corporate travel

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Executive Letter

Leading the Charge



After two long and challenging years, business travel is poised to return to its pre-pandemic highs ahead of schedule. At UATP, we've always been bullish on the rebound of the business travel. We have never believed that our industry could be replaced with Zoom meetings or Teams calls. Business is best conducted face-to-face – that's just the best way to do it.

But we knew the pandemic would drive change, so we decided to lead the charge. As always, we are laser-focused on providing the best airline travel transaction the industry can offer. It's this dedication that powers the UATP Corporate Charge Card and ensures airlines and travel managers can build customer loyalty when they need it most, especially during disruptions. And it's this specialization and responsiveness that has allowed us to continue gaining market share, experience cardholder growth, and partner with seven new Issuers, despite the myriad of setbacks caused by the pandemic.

Conferences are back on, corporate travel is on the upswing, and momentum is in the air. At a recent investor conference held by J.P. Morgan, executives of American Airlines and Delta Air Lines reported record daily sales for corporate travel. Global business travel spending is expected to be back over \$1 trillion this year and surpass pre-pandemic spend by the end of 2024—one year earlier than expected.¹

With significant multi-year transaction growth on our Network, corporate travel surging and bookings increasing daily, UATP is back in the game and the sky is the limit.

Business is best
conducted face-to-face
– that's just the best
way to do it.

- Zach Ornelas

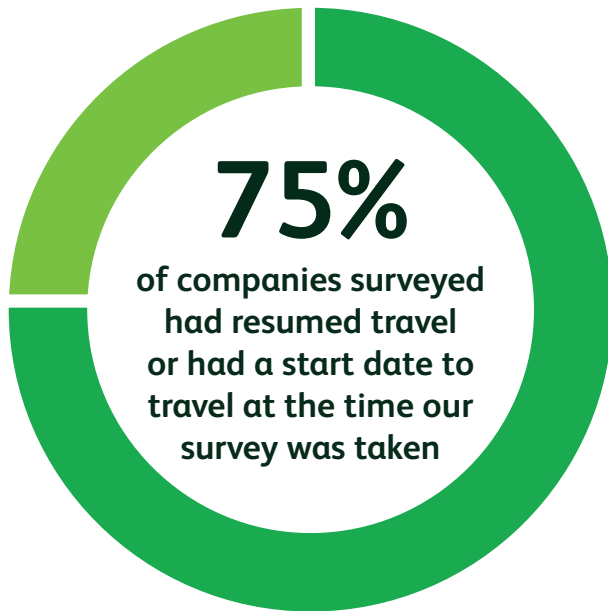


Zach Ornelas

Zach Ornelas,
Vice President,
Global Network Sales,
UATP

Recovery

Our Unused Ticket Credit Program had an 83% satisfaction rate among travel managers.



UATP, 2021

Taking Charge of Air Travel Recovery

The pandemic put the airline industry into crisis, causing air traffic and profits to plummet to unprecedented lows. Within less than a month of the onset of COVID-19, U.S. airlines were forced to cancel between 60-80% of flights² contributing to a 60.2% decrease in global passengers³ and an estimated \$137.7 billion⁴ in losses by the end of the year. Business travel fell a record 53.8%, leading to spending declines five times greater than the downturn following 9/11 and seven times steeper than the Great Recession.⁵

Retaining customers has always been key to the airline industry's survival. Between travel restrictions, event cancellations, and the continued closure of international travel, airlines were faced with a surplus of cancellations and steep profit losses. The need for a solution to manage and issue this massive amount of unused ticket credits became dire. With a global payment network and advanced infrastructure already in place, UATP came forward as the premier solution to safeguard customer loyalty and give airlines control of the entire credit process.

UATP's unused ticket credit solution takes the pressure off airlines by allowing them to issue unflown flight credits onto prepaid UATP cards. Through collaboration with airlines and travel management companies, UATP's sophisticated platform deploys the necessary logic for credits to be applied to future travel bookings. Instead of restricting flight credit to individual travelers, companies have the freedom to allocate credits corporate-wide, giving them the flexibility they needed to get their travel programs off the ground once their employees began to travel again.

The program also gave organizations insight into what is possible with UATP products. After gaining access to our unparalleled reporting and reconciliation tools and seeing the benefits of our Level III data, many companies made the switch from bank cards to the airline-issued UATP Corporate Charge Card.

² "U.S. Airlines Sitting on \$10 Billion Owed to Consumers for Canceled Flights, Lawmakers Say." Reuters, April 2020

³ "Airline Industry Statistics Confirm 2020 Was Worst Year on Record." IATA, August 2021

⁴ "Losses Reduce but Challenges Continue - Cumulative \$201 Billion Losses for 2020-2022." IATA, October 2021

⁵ "2021 BTI Outlook Annual Global Report & Forecast: Prospects for Global Business Travel 2021-2025." Global Business Travel Association, November 2021

Rebound

Capitalizing on the Rebound of Corporate Travel

The most resilient organizations took the past two years to re-evaluate their internal processes, upgrade their technology and operations—and bounce back stronger. Airlines accelerated their digital transformations, creating more contactless experiences and expanding adoption of cloud technologies. Other airlines doubled down on consumer-facing technology, developing “super” apps that incorporate expansive e-commerce features and reinforce ancillary revenue streams.

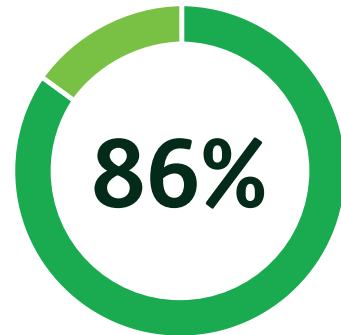
At UATP, we also seized opportunities during the past two years, and with corporate travel spend set to soon surpass pre-pandemic levels, our dedicated global payment Network is primed for business. We staked a flag in the ground to ensure that our own technology would enable our customers to capitalize on new opportunities and pent-up demand, whether through automation and APIs, business intelligence tools, or more flexible solutions for Issuers and Corporate Account Holders.

As a result, we gained seven new Issuers in 2020 and 2021, demonstrating that our solutions are reliable, highly regarded, and essential to airlines and corporate travel managers worldwide.

Global business travel spend forecast⁵

\$1 trillion by 2022 | \$1.48 trillion by 2024 | \$1.5 trillion by 2025

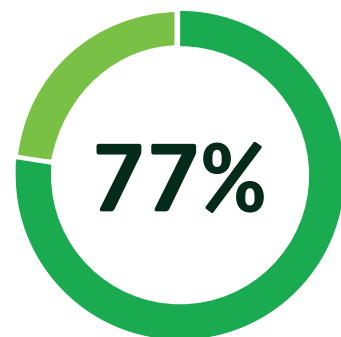
By 2024, the industry is forecast to exceed the 2019 pre-pandemic spend of \$1.4 trillion.



of professionals polled say they need to travel to accomplish their goals⁵

Top return-on-investment reasons for business travel, according to CFOs⁵

68% Sales & business development	50% Internal business planning & strategy
48% Client account management	48% Employee training and development



of business travelers agree it is more important than ever to bring back business travel⁶

⁵ “Monthly Travel Data Report.” U.S. Travel Association, March 2022

Corporate Opportunities

Looking Forward: For Corporate Travel, The Sky is the Limit

The resurgence in corporate travel is a welcome and long-awaited boost for companies that count on this customer segment for a significant percentage of their revenue. But resuming corporate travel also means resurfacing challenges for companies that send their employees and teams on business trips.

First among those challenges is keeping costs in check, as business travel can often approach 10% of a company's total sales. There is also an imperative to streamline processes that can become unruly at higher volumes without adequate systems or data flows, like reimbursement, reporting and reconciliation. And in a post-pandemic world, companies have a renewed focus on duty of care to their traveling employees.

As the dollars spent on business travel begin to return to pre-pandemic volumes, will the corporate processes and business traveler experience be the same? In UATP's opinion, we are moving towards a "new normal."

To navigate this new normal, corporations need a flexible form of payment to accurately book travel, need to have the data necessary for running a travel program cost-effectively, and must be able to provide duty of care. This is what UATP's Corporate Charge Card product provides – a convenient payment method travelers prefer that also offers Level III data and advanced reporting tools that are essential for corporate travel managers to keep their costs in line, and their travel budgets under control.

1. Corporations, first and foremost, need to control their travel budgets

On average, companies spend \$111.7 billion on domestic corporate travel each year, and another \$31.6 billion on international travel. Of that spending, accommodations, car rental agencies, restaurants, gas stations, and airfare were the top five expense categories in both the first and second quarters of 2021. Those expenses are rising; overall corporate travel spending is forecast to rise by 37%⁷ this year, and 33.7%⁸ of small businesses expect to spend more on travel in the next six months.

In this environment, sustainable cost savings are critical. Shaving even a few basis points off of transaction rates can have a substantial impact on travel budgets and ultimately a company's bottom line. The right corporate card can deliver those savings.

With a deep focus on airline-related transactions, UATP has unrivalled economies of scale that enable us to offer consistent transaction costs across all geographies. As a result, our rates are typically around 100 basis points less than the other card brands.

2. Increasing ROI and improving traveler experiences

According to a recent report by Deloitte, nearly half of companies hope to control travel costs by funneling more bookings to managed channels and requiring stricter travel policy compliance. Those findings are echoed by a survey conducted on behalf of Business Travel News, in which 68% of business travelers said their corporate travel program has become far more complex due to travel restrictions, reporting, and other processes. Another 70% say their travel program is forever changed because of COVID-19.

This highlights the need for advanced data solutions to accompany any corporate payment methodology. Unfortunately, most corporate card options do not offer the depth and breadth of transaction data necessary to drive real savings or process streamlining.

⁷ "Holiday Season Is on the Way but Travel Stocks Are Already Benefiting From Brighter Forecasts." Nasdaq.com, May 2022

⁸ "Business Travel Lives Again, as Many Are Hitting the Road." Wall Street Journal, March 2022



Richer data insights

Capturing more data than any card in the industry, UATP is the only solution on the market that enables Level III data exchange. Level III data is the highest and most comprehensive level of data provided with a credit card transaction, including order numbers, item descriptions, and a variety of other coded information.

By offering Level III data exchange, we can provide itinerary-level data on each transaction, improving accuracy and detail regardless of point-of-sale, currency, or geography. It also enables transactions on our corporate card to qualify for reduced interchange rates, another benefit enjoyed by our Issuers and Users.

With richer data comes increased visibility. By accessing UATP's transaction portal, DataMine®, companies using the UATP corporate card can generate reports based on up to 36 months of Level III data, customized to specific needs. DataMine® gives users real-time access to credit limits, balances and available funds for all UATP account types, supplemented by graphical visualizations to aid analysis.

What does Level III data capture?

Data Element	Level I	Level II	Level III
Merchant Name	✓	✓	✓
Transaction Amount	✓	✓	✓
Transaction Date	✓	✓	✓
Customer Code		✓	✓
Total Tax Amount		✓	✓
Currency Type			✓
IATA Number			✓
Ticket Number			✓
Date Ticket Issued			✓
Point-of-Sale Name			✓
Place of Issue			✓
Passenger Name			✓
Customer File Reference			✓
Flight Segments			✓
Flight Date		✓	✓

Smarter business intelligence platforms

These kinds of centralized billing and reporting tools make it simple for corporations to reconcile corporate expenses, measure the performance of their travel strategy, and optimize travel costs, rebates, special fares, and incentives. Equipped with these tools, organizations can make smart decisions when they matter most, identify preferred airline partners, set credit limits, and reduce T&E spend through better compliance policies.

UATP helps corporations control their travel spend:

- ✓ Reduce T&E spending through better compliance policies
- ✓ No application, annual, or foreign exchange fees
- ✓ Easy billing reconciliation saves time and money
- ✓ Manage corporate spend in less time

3. Placing greater importance of duty of care

Cost and efficiency are not the only challenges facing companies as corporate travel surges again. The pandemic and the recent geopolitical instability have heightened the need for airlines and companies to provide greater duty of care when they send employees on business travel. What might have been a lesser concern with fewer teams in the field is now an imperative for organizations who are sending people abroad on official business.

To effectively meet their duty of care, companies need visibility into their employees' activity and whereabouts. And to do this, they need data.

Streamlined network tracking

UATP's real-time payment analytics allow organizations to provide the duty of care required to meet the demands of the current travel climate. From our digital dashboard DataView®, managers will be able to locate hundreds of employees around the world and ensure that they are safe in the event of an emergency.

By offering Level III data exchange, we can provide itinerary-level data on each transaction, improving accuracy and detail regardless of point-of-sale, currency, or geography.

Airline Opportunities

Friendly Skies: Airlines Strive for Stable Relationships

1. Finding new forms of financial stability

The pandemic and the looming threat of variants and restrictions have created a climate of uncertainty and a significant amount of market volatility. Airline profit margins have always been vulnerable to multiple factors, including demand, oil prices, geopolitical unrest, or weather disruptions.

Even in the best conditions, airlines balance operations between profitable and unprofitable routes, which drag average annual margins down. Although the International Air Transport Association projects airlines will return to profitability this year, rising oil prices and recent geopolitical instability will force airlines to seek out every cost-saving measure available.

Lowering the cost of payment within the travel industry

UATP's mission is to lower the cost of payment within the travel industry. We offer a single global rate, providing stability in every part of the world and helping airlines control their costs.

2. Safeguarding the airline-customer relationship

For airlines, it has never been more imperative to forge strong relationships with their customers. Loyal customers often drive an outsized percentage of total revenue compared to infrequent passengers. For instance, in 2020, American Airlines estimated that 45%⁹ of its annual revenue came from frequent fliers representing just 38% of all passengers. And that's not counting the raw value and revenue-generating potential of formal airline frequent flier programs (FFPs). When United Airlines applied for lending at the beginning of the pandemic, its MileagePlus program was valued at \$22 billion.¹⁰

These programs would not be as valuable as they are if customer loyalty wasn't critically important—especially in turbulent times.

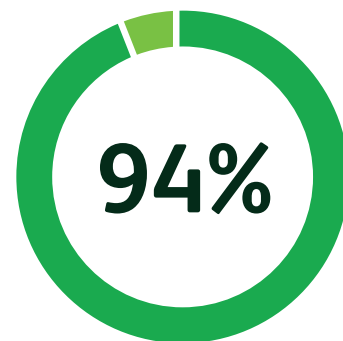
Airlines and travel intermediaries want to have a direct relationship with their passengers—a relationship that they can nurture over time to maximize customer lifetime value. If their business flyers are booking via a corporate credit card, however, the airline may never “meet” that passenger. Instead, the bank or credit card brand gets the privilege of offering rebates, discounts, and perks to that passenger.

Keeping loyalty in the airline's hands

Corporate cards are business travelers' preferred way to pay when they're on the road. According to a recent industry survey, 94% of business travelers choose corporate cards to settle their travel costs, followed by central billing accounts, invoices, and virtual cards. Airlines and other travel companies should have a more direct role in this payment methodology.

Because UATP has the lowest transaction cost, airlines can allocate those savings toward other critical aspects of their operations, like their loyalty programs. The UATP Corporate Charge Cards keep loyalty with airlines, rather than outsourcing control to a bank or credit card brand. Issuers and Merchants receive access to a global payment network and robust reconciliation tools dedicated to airline travel spend. By taking banks out of the middle of the relationship, airlines are able to offer customers smarter rebates and rewards and maintain a direct relationship with each and every traveler.

Our platform is tailored to help airlines lower distribution costs, expand corporate market share, boost sales, and provide value to their partners.



of business travelers choose
corporate cards to settle
their travel costs

⁹ "New Data: Are Frequent Flyers Moving Away From American Airlines?" View From the Wing, March 2020

¹⁰ "How Loyalty Programs Are Saving Airlines." Harvard Business Review, April 2021

Summary

Corporate travel is finally returning after two long years of pandemic-dampened activity. That's good news for corporate travelers who have been anxious to get on the road and conduct the face-to-face business experiences Zoom could never quite replicate. And it's good news for the airlines and travel companies that rely on and cater to this segment of travelers. We may be entering a new normal, but with business travelers back in the airports and hotels, at least it looks familiar.

With increased activity comes increased challenges – and opportunities. A boom in business travel means a boom in expenses for companies sending their teams on trips. More trips mean more itineraries, reports, reconciliation, and a broader duty of care. For airlines, more customers lead to more transactions and higher fees, and a risk of becoming anonymous providers rather than trusted brands.

The right corporate card may not solve all the challenges presented by the resurgence of business travel. But it can help you take advantage of many of the opportunities.

The UATP Corporate Charge Card is dedicated to travel spend, with airlines as Issuers instead of banks. Which makes it perfect for corporate travel, offering not only budget-saving rates but also advanced data tools, easy reconciliation, sophisticated fraud mitigation and global acceptance. For corporate travel managers and buyers, the UATP Corporate Charge Card offers flexibility and a variety of ways to manage travel spend more efficiently. Airlines and travel providers enjoy lower fees and distribution costs, new revenue streams, and the ability to build stronger relationships with their clients.

UATP is the only global corporate travel payment solution owned and operated by the world's airlines. Our focus on providing the best airline transaction the travel industry can offer means we are dedicated to lowering the cost of payment while providing the richest data reporting and lowest fraud rate in the industry.

Today, the UATP Corporate Charge Card is accepted by more than 340 Merchants consisting of airlines and rail carriers, as well as more than 30,000 ARC-accredited travel agencies in the US and more than 56,000 IATA travel agencies worldwide.

Will your company be next to capitalize on the corporate travel rebound?

The UATP Difference:

- ✓ Typically around 100 basis points less than other cards
- ✓ Lowest fraud rate in the industry
- ✓ Best-in-class business intelligence with Level III data
- ✓ Secure global closed-loop payment network
- ✓ Centralized reconciliation and reporting
- ✓ Accepted worldwide as a form of payment by participating Merchants

Learn more:

Visit uatp.com to learn more or contact marketing@uatp.com.



The UATP Advantage

We've been laser-focused on delivering high-performance payment solutions to the airline industry for many years. Our proven reputation, combined with our extensive industry expertise, enables us to design, create, and implement specific solutions for the travel industry.

Supported by company ownership of the airlines that we serve as customers, we bring you the most reliable airline transaction network in the world at a competitive cost, without sacrificing quality of service.



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