Q4 2016 Earnings Report

Sabre Corporation

February 7, 2017

Forward-looking statements

Forward-looking Statements

Certain statements herein are forward-looking statements about trends, future events, uncertainties and our plans and expectations of what may happen in the future. Any statements that are not historical or current facts are forward-looking statements. In many cases, you can identify forward-looking statements by terms such as “outlook,” “guidance,” “forecast,” “expect,” “momentum,” “will,” “position,” “transition,” “intend,” “potential,” “objective,” “continue,” “anticipate,” “opportunity,” “believe,” “aim,” “may,” “should,” “would,” or the negative of these terms or other comparable terminology. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Sabre’s actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. The potential risks and uncertainties include, among others, exposure to pricing pressure in the Travel Network business, the implementation and effects of new or renewed agreements, travel suppliers' usage of alternative distribution models, our ability to maintain the integrity of our systems and infrastructure and the effect of any security breaches, competition in the travel distribution market and solutions markets, dependency on relationships with travel buyers, changes affecting travel supplier customers, dependency on transaction volumes in the global travel industry, particularly air travel transaction volumes, adverse global and regional economic and political conditions, risks arising from global operations, the availability and performance of information technology services provided by third parties, the financial and business effects of acquisitions, including integration of these acquisitions, dependence on maintaining and renewing contracts with customers and other counterparties and collecting amounts due to us under these agreements, our ability to recruit, train and retain employees, including our key executive officers and technical employees and the effects of litigation. More information about potential risks and uncertainties that could affect our business and results of operations is included in the “Risk Factors” section in our Quarterly Report on Form 10-Q filed with the SEC on November 2, 2016, in the "Risk Factors" and “Forward-Looking Statements” sections in our Annual Report on Form 10-K filed with the SEC on February 19, 2016 and in our other filings with the SEC. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future events, outlook, guidance, results, actions, levels of activity, performance or achievements. Readers are cautioned not to place undue reliance on these forward-looking statements. Unless required by law, Sabre undertakes no obligation to publicly update or revise any forward-looking statements to reflect circumstances or events after the date they are made.

Non-GAAP Financial Measures

This presentation includes unaudited non-GAAP financial measures, including Adjusted Net Income, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EPS, Free Cash Flow, and the ratios based on these financial measures. In addition, we provide certain forward guidance with respect to Adjusted EBITDA, Adjusted Net Income, Adjusted EPS and Free Cash Flow. We are unable to provide this forward guidance on a GAAP basis without unreasonable effort; however, see “Business Outlook and Financial Guidance” in the appendix for additional information including estimates of certain components of the non-GAAP adjustments contained in the guidance.

We present non-GAAP measures when our management believes that the additional information provides useful information about our operating performance. Non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similar measures presented by other companies. The presentation of non-GAAP financial measures is not intended to be a substitute for, and should not be considered in isolation from, the financial measures reported in accordance with GAAP. See “Non-GAAP Financial Measures” below for an explanation of the non-GAAP measures and “Tabular Reconciliations for Non-GAAP Measures” below for a reconciliation of the non-GAAP financial measures to the comparable GAAP measures.

Industry Data

This presentation and accompanying comments contain industry data, forecasts and other information that we obtained from industry publications and surveys, public filings and internal company sources, and there can be no assurance as to the accuracy or completeness of the included information. Statements as to our ranking, market position, bookings share and market estimates are based on independent industry publications, government publications, third-party forecasts and management’s estimates and assumptions about our markets and our internal research. We have not independently verified this third-party information nor have we ascertained the underlying economic assumptions relied upon in those sources, and we cannot assure you of the accuracy or completeness of this information.

Today's presenters

Sean Menke
President & CEO

Rick Simonson
EVP & CFO

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Q4 2016 highlights

- Travel Network bookings strength in all regions
  - October bookings strength continued through the quarter
- Strong Hospitality Solutions growth – organic and through recent acquisition
- Double-digit growth in SabreSonic and AirVision/AirCentre portfolios
- Overall Solutions growth slightly below expectations
  - Shortfall in discrete Airline Solutions professional services revenue

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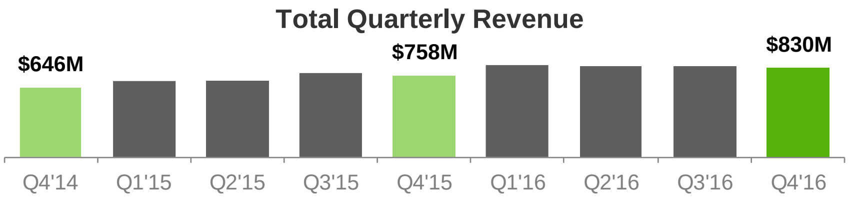
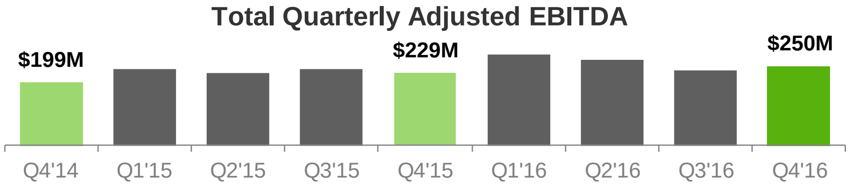
Q4 2016 financial highlights

- Acceleration in Travel Network growth
- Key implementations and new wins at Alitalia, Hainan Aviation Group, Wyndham and Carlson Rezidor
- Q4 Free Cash Flow of $193 million



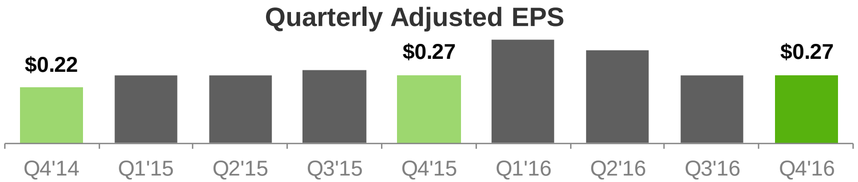
+9%

Q4 2016
YOY GROWTH



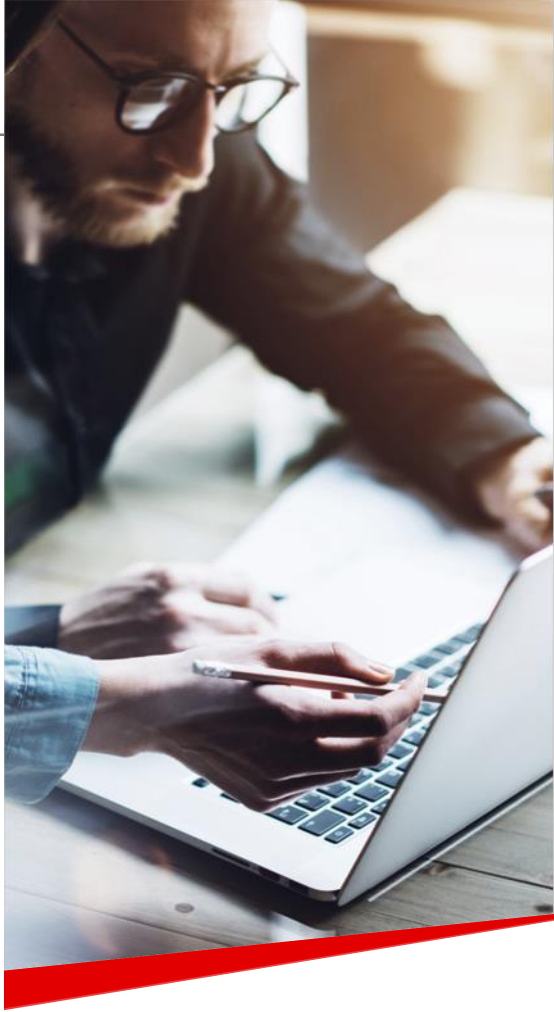
+9%

Q4 2016
YOY GROWTH



+0%

Q4 2016
YOY GROWTH



FY 2016 financial results

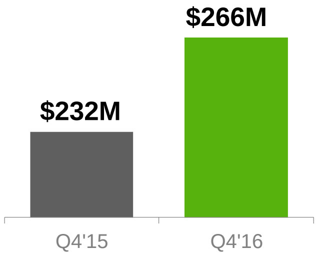
	FY 2016	Growth
Revenue	$3,373M	+14%
Adjusted EBITDA	$1,047M	+11%
Adjusted EPS	$1.31	+19%
Free Cash Flow	$372M	+53%

Q4 and FY 2016 Airline and Hospitality Solutions

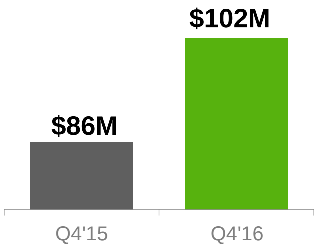
Revenue

Adjusted EBITDA

Q4 16



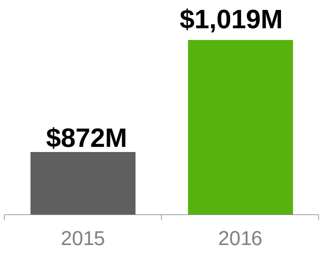
+15%
Q4'16 YOY GROWTH



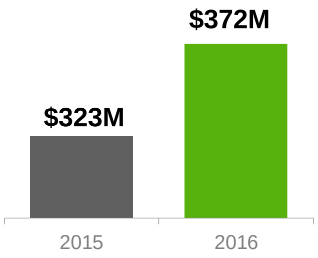
+19%
Q4'16 YOY GROWTH

38.3%
Q4'16 MARGIN

FY 16



+17%
FY'16 YOY GROWTH



+15%
FY'16 YOY GROWTH

36.5%
FY'16 MARGIN

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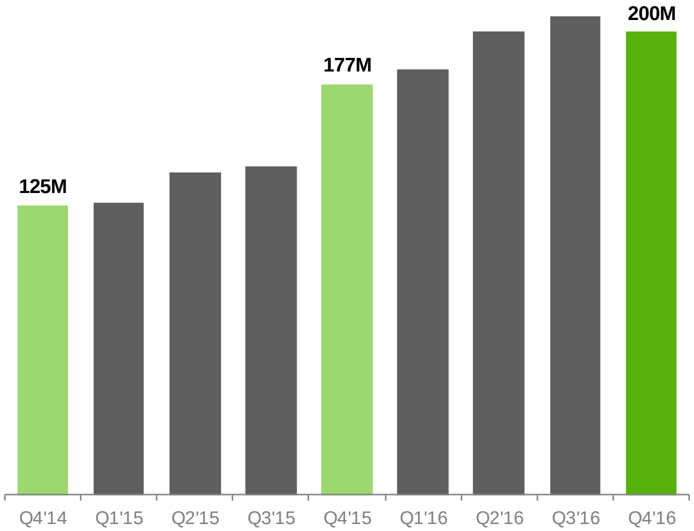
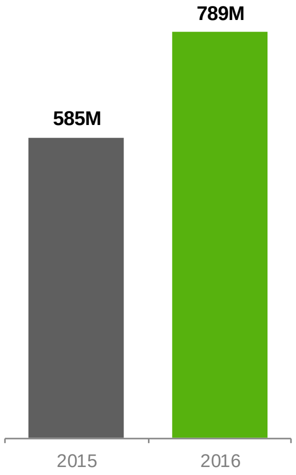
Total passengers boarded





+13%
Q4 2016
YOY GROWTH

+35%
FY 2016
YOY GROWTH

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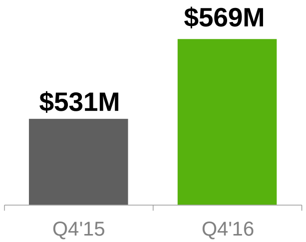
Q4 and FY 2016 Travel Network

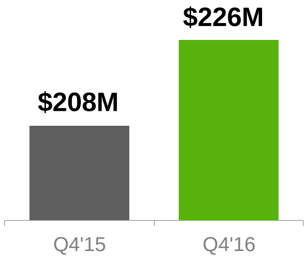
Revenue

Adjusted EBITDA

Q4 16



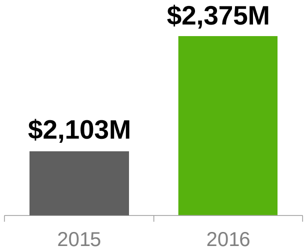
+7%
Q4'16 YOY GROWTH



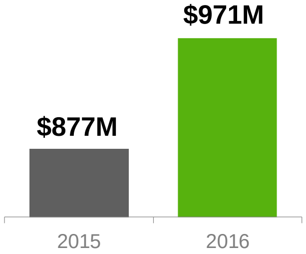
+9%
Q4'16 YOY GROWTH

+39.7%
Q4'16 MARGIN

FY 16



+13%
FY'16 YOY GROWTH



+11%
FY'16 YOY GROWTH

+40.9%
FY'16 MARGIN

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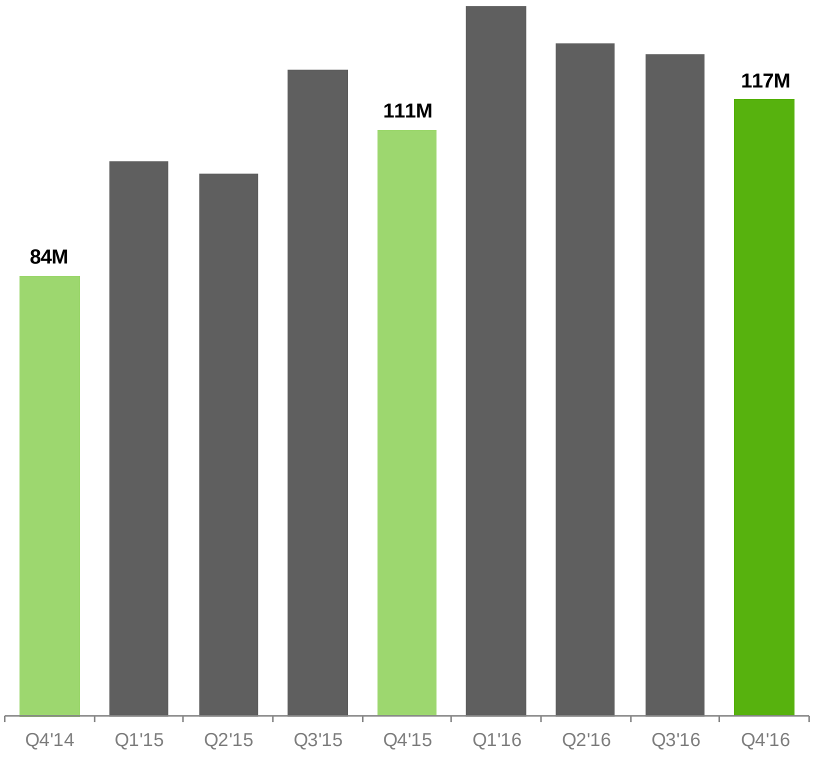
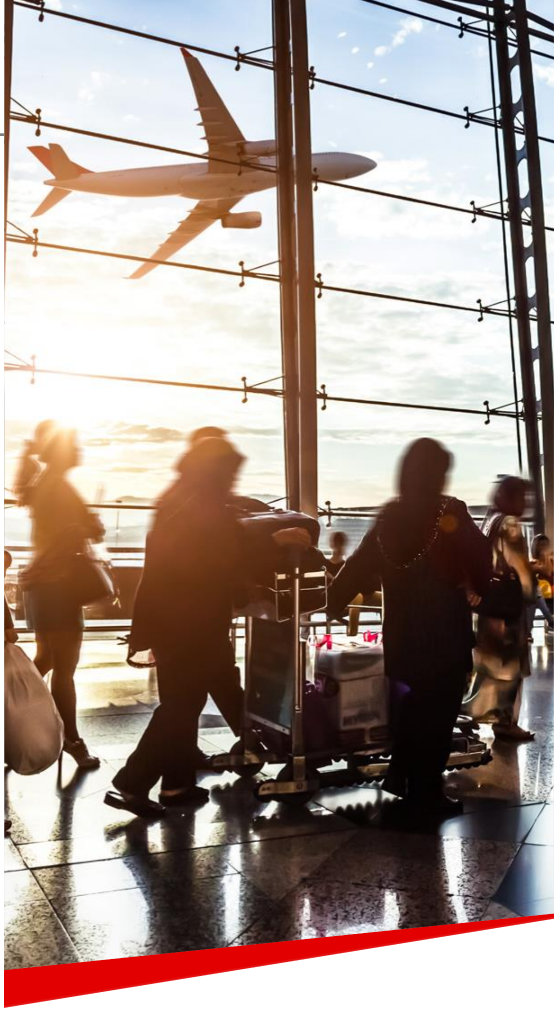
Total Travel Network quarterly bookings



+5%

Q4 2016
YOY GROWTH



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Total Q4 2016 bookings growth by region

APAC

+6.8%

NAM

+4.4%

EMEA

+6.5%

LAC

+3.9%

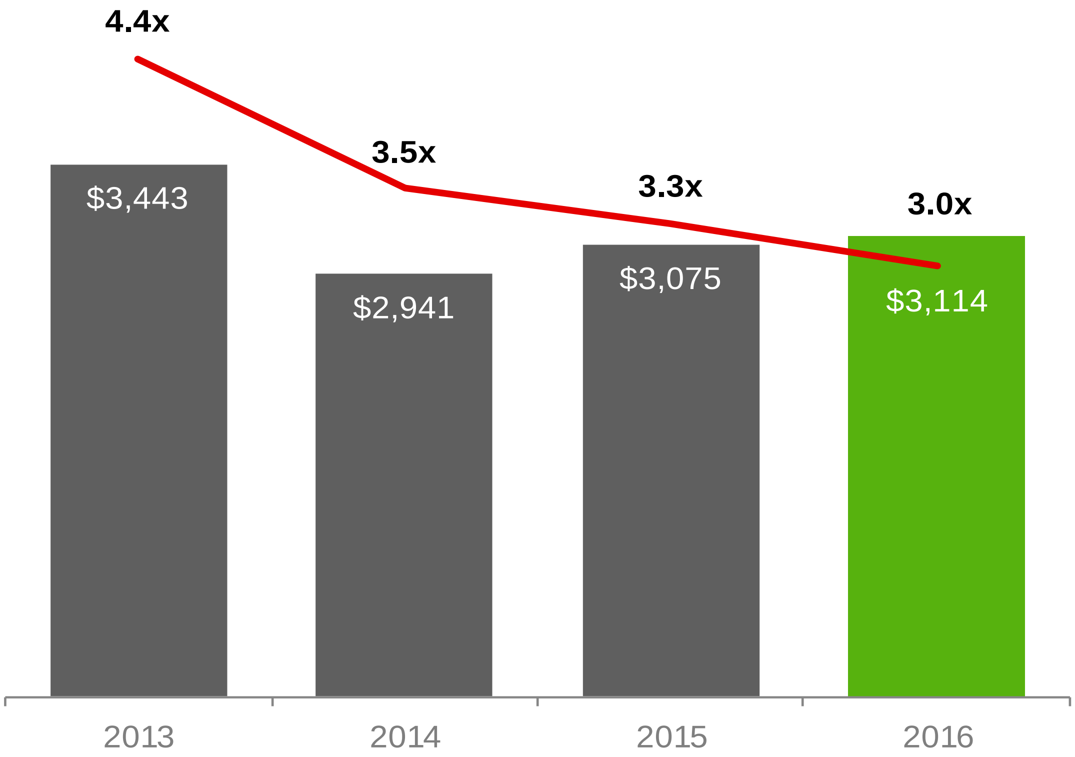
+36.8%

Q4 2016
GLOBAL AIR BOOKING SHARE

+37.1%

FY 2016
GLOBAL AIR BOOKING SHARE

Net Debt and Leverage[1]



$193M
Q4 2016
FREE CASH FLOW

$372M
FY 2016
FREE CASH FLOW

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[1]Net Debt/LTM Adjusted EBITDA.

CEO transition and outlook

Well positioned to win
Growing importance of technology and distribution needs and opportunities

Focused strategy & leadership in large, growing markets
Evolve and implement new products and capabilities that bridge today's needs with future demands

Maximize value delivered to our customers
Through accelerating products and capabilities in the marketplace

Increase the clock-speed of innovation
Further solidify our position at the forefront of the industry

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Sabre strategy

Hospitality Solutions

Extend leadership across multiple solutions and market segments

- Extend leadership in Central Reservations across small-midsize and enterprise chains
- Accelerate investment behind development of next-generation property management solution and expand solutions portfolio

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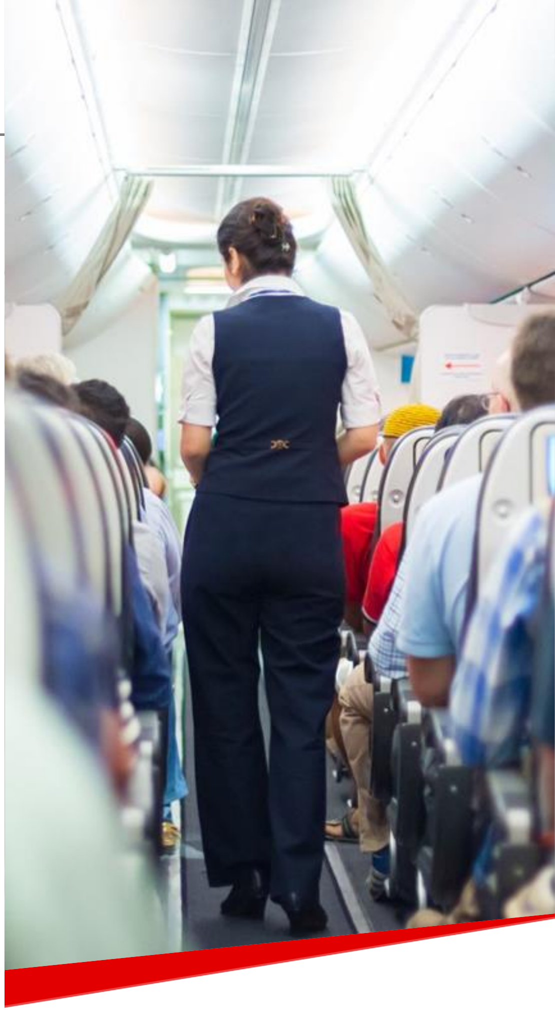
Airline Solutions

Focused investment on areas of highest return

Expand technology footprint across customer operations to help manage the legacy operational complexity

Targeted investments that emphasize areas of greatest customer need



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Sabre strategy

Travel Network

Optimize supplier distribution

Open new sources of revenue across the value chain through enhanced ancillary and cross-selling opportunities

Increase insights through data and analytics to help customers optimize all channels of distribution

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Sabre strategy

Product & Technology

Increase investment to modernize technology infrastructure

Accelerate modernization of our technology infrastructure and adoption of the cloud and common, open platforms

Speed time to market, improve stability and security, and deploy lower cost technologies

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2017 expectations

Expect a year of growth and investment

Travel Network

Expect continued momentum with strong share, revenue and Adjusted EBITDA growth

Hospitality Solutions

Expect continued strong revenue growth driven by small-to-midsize independent chains, full migration of Wyndham, growing relationship with Carlson, and more

Airline Solutions

Expect more modest growth reflecting solid AirCentre and AirVision growth and a SabreSonic implementation pipeline that has pushed out to late 2017 and 2018

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FY 2017 Guidance

	Guidance	Growth
Revenue	**$3,540M - $3,620M**	*5% - 7%*
Adjusted EBITDA	**$1,080M - $1,120M**	*3% - 7%*
Adjusted Net Income	**$370M - $410M**	*0% - 11%*
Adjusted EPS	**$1.31 - $1.45**	*0% - 11%*
Free Cash Flow	**Approximately $350M**	
GAAP Capital Expenditures	**$360M - $380M**	
Capitalized Implementation Costs	**$85M - $95M**	
Quarterly Dividend	**Increased to $0.14 per share**	
Share Repurchase	**Approval of multi-year $500M share repurchase program**	

The information presented here represents forward-looking statements and reflects expectations as of February 7, 2017. Sabre assumes no obligation to update these statements. Results may be materially different and are affected by many factors detailed in the accompanying release and in Sabre's third quarter 2016 10-Q and 2015 Form 10-K.

Thank you

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Appendix

Tabular reconciliations for Non-GAAP measures

Reconciliation of net income (loss) attributable to common shareholders to Adjusted Net Income and Adjusted EBITDA (in thousands, except per share amounts; unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Net income attributable to common stockholders	$ 24,561	$ 129,441	$ 242,562	$ 545,482
Net (income) loss from discontinued operations, net of tax	5,309	(100,909)	(5,549)	(314,408)
Net income attributable to noncontrolling interests[1]	1,150	980	4,377	3,481
Income from continuing operations	31,020	29,512	241,390	234,555
Adjustments:				
Acquisition-related amortization[2a]	35,847	31,851	143,425	108,121
Loss on extinguishment of debt	—	5,548	3,683	38,783
Other, net[4]	(23,100)	(3,057)	(27,617)	(91,377)
Restructuring and other costs[5]	16,463	368	18,286	9,256
Acquisition-related costs[6]	65	1,223	779	14,437
Litigation costs[7]	41,906	1,912	46,995	16,709
Stock-based compensation	12,512	6,643	48,524	29,971
Tax impact of net income adjustments	(37,830)	2,190	(104,528)	(52,383)
Adjusted Net Income from continuing operations	$ 76,883	$ 76,190	$ 370,937	$ 308,072
Adjusted Net Income from continuing operations per share	$ 0.27	$ 0.27	$ 1.31	$ 1.10
Diluted weighted-average common shares outstanding	282,455	281,150	282,752	280,067
Adjusted Net Income from continuing operations	$ 76,883	$ 76,190	$ 370,937	$ 308,072
Adjustments:				
Depreciation and amortization of property and equipment[2b]	65,153	56,366	233,303	213,520
Amortization of capitalized implementation costs[2c]	9,030	8,409	37,258	31,441
Amortization of upfront incentive consideration[3]	12,352	11,946	55,724	43,521
Interest expense, net	41,837	43,655	158,251	173,298
Remaining provision for income taxes	44,570	32,196	191,173	171,735
Adjusted EBITDA	$ 249,825	$ 228,762	$ 1,046,646	$ 941,587

Tabular reconciliations for Non-GAAP measures

Reconciliation of net income (loss) attributable to common shareholders to Adjusted Net Income and Adjusted EBITDA (in thousands, except per share amounts; unaudited)

	Three Months Ended December 31, 2015	Three Months Ended December 31, 2014
Net income attributable to common stockholders	$ 129,441	$ 46,400
Net (income) loss from discontinued operations, net of tax	(100,909)	(5,734)
Net income attributable to noncontrolling interests(1)	980	564
Income from continuing operations	29,512	41,230
Adjustments:		
Acquisition-related amortization(2a)	31,851	22,639
Loss on extinguishment of debt	5,548	—
Other, net(4)	(3,057)	63,021
Restructuring and other costs(5)	368	1,636
Acquisition-related costs(6)	1,223	—
Litigation costs(7)	1,912	2,775
Stock-based compensation	6,643	6,245
Tax impact of net income adjustments	2,190	(77,626)
Adjusted Net Income from continuing operations	$ 76,190	$ 59,920
Adjusted Net Income from continuing operations per share	$ 0.27	$ 0.22
Diluted weighted-average common shares outstanding	281,150	274,064
Adjusted Net Income from continuing operations	$ 76,190	$ 59,920
Adjustments:		
Depreciation and amortization of property and equipment(2b)	56,366	37,983
Amortization of capitalized implementation costs(2c)	8,409	8,790
Amortization of upfront incentive consideration(3)	11,946	12,181
Interest expense, net	43,655	51,545
Remaining provision for income taxes	32,196	28,255
Adjusted EBITDA	$ 228,762	$ 198,674

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Tabular reconciliations for Non-GAAP measures

Reconciliation of net income (loss) attributable to common shareholders to Adjusted Net Income and Adjusted EBITDA (in thousands, except per share amounts; unaudited)

	Three Months Ended				
	3/31/2016	6/30/2016	9/30/2016	12/31/2016	LTM
Net income attributable to common stockholders	$ 105,167	$ 72,019	$ 40,815	$ 24,561	$ 242,562
Net (income) loss from discontinued operations, net of tax	(13,350)	2,098	394	5,309	(5,549)
Net income attributable to noncontrolling interests[1]	1,102	1,078	1,047	1,150	4,377
Income from continuing operations	92,919	75,195	42,256	31,020	241,390
Adjustments:					
Acquisition-related amortization[2a]	34,130	34,018	39,430	35,847	143,425
Loss on extinguishment of debt	—	—	3,683	—	3,683
Other, net [4]	(3,360)	(876)	(281)	(23,100)	(27,617)
Restructuring and other costs [5]	124	1,116	583	16,463	18,286
Acquisition-related costs[6]	108	516	90	65	779
Litigation costs, net[7]	(3,846)	1,901	7,034	41,906	46,995
Stock-based compensation	10,289	12,810	12,913	12,512	48,524
Depreciation and amortization of property and equipment[2b]	53,665	56,214	58,271	65,153	233,303
Amortization of capitalized implementation costs[2c]	8,488	8,211	11,529	9,030	37,258
Amortization of upfront incentive consideration[3]	12,337	13,896	17,139	12,352	55,724
Interest expense, net	41,202	37,210	38,002	41,837	158,251
Provision for income taxes	41,424	31,273	7,208	6,740	86,645
Adjusted EBITDA	$ 287,480	$ 271,484	$ 237,857	$ 249,825	$ 1,046,646
Net Debt (total debt, less cash)					$ 3,114,381
Net Debt / LTM Adjusted EBITDA					3.0x

Please reference SABR HISTORICAL Excel spreadsheet at investors.sabre.com for reconciliation of Net Debt / LTM Adjusted EBITDA for twelve months ended 12/31/2016, 12/31/2015, 12/31/2014, and 12/31/2013.

Reconciliation of Free Cash Flow

(in thousands; unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Cash provided by operating activities	266,866	139,497	699,400	529,207
Cash used in investing activities	(27,095)	(84,536)	(445,808)	(729,041)
Cash used in financing activities	(143,378)	132,399	(190,025)	93,144

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Cash provided by operating activities	$ 266,866	$ 139,497	$ 699,400	$ 529,207
Additions to property and equipment	(73,415)	(83,626)	(327,647)	(286,697)
Free Cash Flow	193,451	55,871	371,753	242,510

Reconciliation of Adjusted EBITDA and Adjusted EBITDA margin by segment

(in thousands; unaudited)

	Three Months Ended December 31, 2016			
	Travel Network	Airline and Hospitality Solutions	Corporate	Total
Operating income (loss)	$ 193,963	$ 61,756	$ (199,758)	$ 55,961
Add back:				
Selling, general and administrative	28,836	17,277	144,116	190,229
Cost of revenue adjustments:				
Depreciation and amortization[2]	17,911	40,006	20,160	78,077
Restructuring and other costs [6]	—	—	12,660	12,660
Amortization of upfront incentive consideration[3]	12,352	—	—	12,352
Stock-based compensation	—	—	4,954	4,954
Adjusted Gross Profit	253,062	119,039	(17,868)	354,233
Selling, general and administrative	(28,836)	(17,277)	(144,116)	(190,229)
Joint venture equity income	536	—	—	536
Selling, general and administrative adjustments:				
Depreciation and amortization[2]	1,300	346	30,307	31,953
Restructuring and other costs[5]	—	—	3,803	3,803
Acquisition-related costs[6]	—	—	65	65
Litigation costs[7]	—	—	41,906	41,906
Stock-based compensation	—	—	7,558	7,558
Adjusted EBITDA	$ 226,062	$ 102,108	$ (78,345)	$ 249,825
Operating income margin	34.1%	23.2%	NM	6.7%
Adjusted EBITDA margin	39.7%	38.3%	NM	30.1%

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Reconciliation of Adjusted EBITDA and Adjusted EBITDA margin by segment

(in thousands; unaudited)

	Three Months Ended December 31, 2015			
	Travel Network	Airline and Hospitality Solutions	Corporate	Total
Operating income (loss)	$ 175,218	$ 49,970	$ (115,788)	$ 109,400
Add back:				
Selling, general and administrative	33,769	14,945	96,321	145,035
Cost of revenue adjustments:				
Depreciation and amortization(2)	19,204	35,535	12,716	67,455
Amortization of upfront incentive consideration(3)	11,946	—	—	11,946
Stock-based compensation	—	—	2,630	2,630
Adjusted Gross Profit	240,137	100,450	(4,121)	336,466
Selling, general and administrative	(33,769)	(14,945)	(96,321)	(145,035)
Joint venture equity income	644	—	—	644
Joint venture intangible amortization(2a)				
Selling, general and administrative adjustments:				
Depreciation and amortization(2)	990	208	27,973	29,171
Restructuring and other costs(5)	—	—	368	368
Acquisition-related costs(6)	—	—	1,223	1,223
Litigation costs(7)	—	—	1,912	1,912
Stock-based compensation	—	—	4,013	4,013
Adjusted EBITDA	$ 208,002	$ 85,713	$ (64,953)	$ 228,762
Operating income margin	33.0%	21.6%	NM	14.4%
Adjusted EBITDA margin	39.2%	37.0%	NM	30.2%

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Reconciliation of Adjusted EBITDA and Adjusted EBITDA margin by segment

(in thousands; unaudited)

	Year Ended December 31, 2016			
	Travel Network	Airline and Hospitality Solutions	Corporate	Total
Operating income (loss)	$ 835,248	$ 217,631	$ (593,307)	$ 459,572
Add back:				
Selling, general and administrative	132,537	71,685	421,931	626,153
Cost of revenue adjustments:				
Depreciation and amortization(2)	72,110	153,204	62,039	287,353
Restructuring and other costs(5)			12,660	12,660
Amortization of upfront incentive consideration(3)	55,724	—	—	55,724
Stock-based compensation	—	—	19,213	19,213
Adjusted Gross Profit	1,095,619	442,520	(77,464)	1,460,675
Selling, general and administrative	(132,537)	(71,685)	(421,931)	(626,153)
Joint venture equity income	2,780	—	—	2,780
Selling, general and administrative adjustments:				
Depreciation and amortization(2)	4,826	1,228	120,579	126,633
Restructuring and other costs(5)	—	—	5,626	5,626
Acquisition-related costs(6)	—	—	779	779
Litigation costs(7)	—	—	46,995	46,995
Stock-based compensation	—	—	29,311	29,311
Adjusted EBITDA	$ 970,688	$ 372,063	$ (296,105)	$ 1,046,646
Operating income margin	35.2%	21.4%	NM	13.6%
Adjusted EBITDA margin	40.9%	36.5%	NM	31.0%

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Reconciliation of Adjusted EBITDA and Adjusted EBITDA margin by segment

(in thousands; unaudited)

	Year Ended December 31, 2015			
	Travel Network	Airline and Hospitality Solutions	Corporate	Total
Operating income (loss)	$ 751,546	$ 180,448	$ (472,225)	$ 459,769
Add back:				
Selling, general and administrative	116,511	62,247	378,319	557,077
Cost of revenue adjustments:				
Depreciation and amortization(2)	62,337	142,109	40,089	244,535
Amortization of upfront incentive consideration(4)	43,521	—	—	43,521
Stock-based compensation	—	—	11,918	11,918
Adjusted Gross Profit	973,915	384,804	(41,899)	1,316,820
Selling, general and administrative	(116,511)	(62,247)	(378,319)	(557,077)
Joint venture equity income	14,842	—	—	14,842
Joint venture intangible amortization(2a)	1,602	—	—	1,602
Selling, general and administrative adjustments:				
Depreciation and amortization(2)	3,428	904	102,613	106,945
Restructuring and other costs(5)	—	—	9,256	9,256
Acquisition-related costs(6)			14,437	14,437
Litigation costs(7)	—	—	16,709	16,709
Stock-based compensation	—	—	18,053	18,053
Adjusted EBITDA	$ 877,276	$ 323,461	$ (259,150)	$ 941,587
Operating income margin	35.7%	20.7%		15.5%
Adjusted EBITDA margin	41.7%	37.1%		31.8%

2017 Business outlook and financial guidance

With respect to the guidance provided, full-year Adjusted Net Income guidance consists of full-year expected net income attributable to common stockholders less the estimated impact of loss from discontinued operations, net of tax, of approximately $5 million; net income attributable to noncontrolling interests of approximately $5 million; acquisition-related amortization of approximately $100 million; stock-based compensation expense of approximately $50 million; other items (primarily consisting of litigation and other costs) of approximately $40 million; and the tax benefit of these adjustments of approximately $60 million. Full-year Adjusted EPS guidance consists of Adjusted Net Income divided by our projected weighted-average diluted common share count for the full year of approximately 283 million.

Full-year Adjusted EBITDA guidance consists of Adjusted Net Income guidance less the impact of depreciation and amortization of property and equipment, amortization of capitalized implementation costs and amortization of upfront incentive consideration of approximately $370 million; interest expense, net of approximately $160 million; and provision for income taxes less tax impact of net income adjustments of approximately $180 million.

Full-year Free Cash Flow guidance consists of expected full-year cash provided by operating activities of $710 million to $730 million less additions to property and equipment of $360 million to $380 million.

Non-GAAP financial measures

We have included both financial measures compiled in accordance with GAAP and certain non-GAAP financial measures, including Adjusted Net Income, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income from continuing operations per share (Adjusted EPS), Free Cash Flow and ratios based on these financial measures.

We define Adjusted Net Income as net income attributable to common stockholders adjusted for income (loss) from discontinued operations, net of tax, net income attributable to noncontrolling interests, acquisition-related amortization, loss on extinguishment of debt, other, net, restructuring and other costs, acquisition-related costs, litigation costs (reimbursements), net, stock-based compensation and the tax impact of net income adjustments.

We define Adjusted EBITDA as Adjusted Net Income adjusted for depreciation and amortization of property and equipment, amortization of capitalized implementation costs, amortization of upfront incentive consideration, interest expense, net, and remaining provision (benefit) for income taxes.

We define Adjusted EPS as Adjusted Net Income divided by the applicable share count.

We define Free Cash Flow as cash provided by operating activities less cash used in additions to property and equipment.

Non-GAAP financial measures

These non-GAAP financial measures are key metrics used by management and our board of directors to monitor our ongoing core operations because historical results have been significantly impacted by events that are unrelated to our core operations as a result of changes to our business and the regulatory environment. We believe that these non-GAAP financial measures are used by investors, analysts and other interested parties as measures of financial performance and to evaluate our ability to service debt obligations, fund capital expenditures and meet working capital requirements. We also believe that Adjusted Net Income, Adjusted EBITDA, Adjusted EBITDA margin, and Adjusted EPS assist investors in company-to-company and period-to-period comparisons by excluding differences caused by variations in capital structures (affecting interest expense), tax positions and the impact of depreciation and amortization expense. In addition, amounts derived from Adjusted EBITDA are a primary component of certain covenants under our senior secured credit facilities.

Adjusted Net Income, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EPS, Free Cash Flow, and ratios based on these financial measures are not recognized terms under GAAP. These non-GAAP financial measures and ratios based on them have important limitations as analytical tools, and should not be viewed in isolation and do not purport to be alternatives to net income as indicators of operating performance or cash flows from operating activities as measures of liquidity. These non-GAAP financial measures and ratios based on them exclude some, but not all, items that affect net income or cash flows from operating activities and these measures may vary among companies. Our use of these measures has limitations as an analytical tool, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Some of these limitations are:

- these non-GAAP financial measures exclude certain recurring, non-cash charges such as stock-based compensation expense and amortization of acquired intangible assets;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash requirements for such replacements;
- Adjusted Net Income and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our indebtedness;
- Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us;
- Free Cash Flow removes the impact of accrual-basis accounting on asset accounts and non-debt liability accounts, and does not reflect the cash requirements necessary to service the principal payments on our indebtedness; and
- Other companies, including companies in our industry, may calculate Adjusted Net Income, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EPS or Free Cash Flow differently, which reduces their usefulness as comparative measures.

Non-GAAP footnotes

1) Net income (loss) attributable to non-controlling interests represents an adjustment to include earnings allocated to non-controlling interest held in (i) Sabre Travel Network Middle East of 40% for all periods presented, (ii) Sabre Seyahat Dagitim Sistemleri A.S. of 40% beginning in April 2014, and (iii) Abacus International Lanka Pte Ltd of 40% beginning in July 2015.

2) Depreciation and amortization expenses:
   a) Acquisition-related amortization represents amortization of intangible assets from the take-private transaction in 2007 as well as intangibles associated with acquisitions since that date. Also includes amortization of the excess basis in our underlying equity interest in SAPPL's net assets prior to our acquisition of SAPPL on July 1, 2015.
   b) Depreciation and amortization of property and equipment includes software developed for internal use.
   c) Amortization of capitalized implementation costs represents amortization of upfront costs to implement new customer contracts under our SaaS and hosted revenue model.

3) Our Travel Network business at times provides upfront incentive consideration to travel agency subscribers at the inception or modification of a service contract, which are capitalized and amortized to cost of revenue over an average expected life of the service contract, generally over three to five years. Such consideration is made with the objective of increasing the number of clients or to ensure or improve customer loyalty. Such service contract terms are established such that the supplier and other fees generated over the life of the contract will exceed the cost of the incentive consideration provided upfront. Such service contracts with travel agency subscribers require that the customer commit to achieving certain economic objectives and generally have terms requiring repayment of the upfront incentive consideration if those objectives are not met.

4) In 2016, other, net primarily includes a gain of $15 million in the fourth quarter from the sale of our available-for-sale marketable securities and $6 million gain from the first quarter, associated with the receipt of an earn-out payment related to the sale of a business in 2013. In 2015, we recognized a gain of $78 million associated with the remeasurement of our previously-held 35% investment in SAPPL to its fair value and a gain of $12 million related to the settlement of pre-existing agreements between us and SAPPL. In 2014, other, net primarily includes a fourth quarter charge of $66 million as a result of an increase to our tax receivable agreement (“TRA”) liability. The increase in our TRA liability is due to a reduction in a valuation allowance maintained against our deferred tax assets. This charge is fully offset by an income tax benefit recognized in the fourth quarter of 2014 from the reduction in the valuation allowance which is included in tax impacts of net income adjustments. In addition, all periods presented include foreign exchange gains and losses related to the remeasurement of foreign currency denominated balances included in our consolidated balance sheets into the relevant functional currency.

5) Restructuring and other costs represents charges associated with business restructuring and associated changes implemented which resulted in severance benefits related to employee terminations, integration and facility opening or closing costs and other business reorganization costs. In 2016, we recognized a $20 million charge to implement a plan to restructure a portion of our global workforce in support of funding our efforts to modernize our technology infrastructure, as well as to align and improve our operational efficiency to reflect expected changes by customers on implementation schedules for certain of Sabre Airline Solutions products. In 2015, we recognized a restructuring charge of $9 million associated with the integration of Abacus, of which $2 million was paid as of December 31, 2016 and $4 million was adjusted as a result of the reevaluation of our plan derived from shift in timing and strategy of originally contemplated actions in Q4 2016.

6) Acquisition-related costs represent fees and expenses incurred associated with the acquisition of Abacus, the Trust Group and Airpas Aviation.

7) Litigation costs (reimbursements), net represent charges and legal fee reimbursements associated with antitrust litigation, including an accrual of $32 million as of December 31, 2016, representing the trebling of the jury award plus our estimate of attorneys’ fees, expenses and costs which we would be required to pay pursuant to the Sherman Act.

Sabre

