Q4 and FY 2023 Earnings Call Prepared Remarks

February 15, 2024

Slide 1 – Title Slide

Good morning and welcome to the Sabre fourth quarter and full-year 2023 earnings conference call. As a reminder, please note today's call is being recorded.

I will now turn the call over to the Sr. Vice President Investor Relations and Treasurer, Brian Evans. Please go ahead, sir.

Slide 2 – Forward-looking statements

Brian Evans, Sr. Vice President Investor Relations and Treasurer

Thank you, and good morning everyone. Welcome to Sabre's fourth quarter and full-year 2023 earnings call.

This morning we issued an earnings press release, which is available on our website at investors.sabre.com. A slide presentation, which accompanies today's prepared remarks, is also available during this call on the Sabre Investor Relations web page. A replay of today's call will be available on our website later this morning.

We advise you that our comments contain forward-looking statements that represent our beliefs or expectations about future events, including the effects of cost efficiencies and growth strategies, distribution volumes, benefits from our technology transformation, commercial and strategic arrangements, our financial guidance and targets, expected revenue, Adjusted EBITDA, free cash flow, interest, capital expenditures, margins and liquidity, among others. All forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from the statements made on today's conference call. More information on these risks and uncertainties is contained in our earnings release issued this morning and our SEC filings, including our Form 10-K for the year ended December 31, 2023.

Throughout today's call, we will also be presenting certain non-GAAP financial measures. References during today's call to Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EPS and Free Cash Flow have been adjusted to exclude certain items. The most directly comparable GAAP measures and reconciliations for non-GAAP measures are available in the earnings release and other documents posted on our website at investors.sabre.com.

Slide 3 – Today's presenters

Participating with me are Kurt Ekert, our President and CEO, and Mike Randolfi, our Chief Financial Officer. Scott Wilson, EVP and President of Hospitality Solutions, will be available for Q&A after the prepared remarks.

With that, I will turn the call over to Kurt.

Slide 4 – Agenda

Kurt Ekert, President and CEO

Thanks, Brian.

Good morning everyone and thank you for joining us today.

I'm pleased this morning to discuss the many accomplishments of the Sabre team. Earlier today, we reported our fourth quarter and full year 2023 results that included strong revenue growth, significant margin expansion, and substantial increases in both Adjusted EBITDA and operating cash flow, which allowed us to achieve our free cash flow objective for the year. In addition to reviewing our financial performance, I will also spend time highlighting the recent achievements in our technology transformation, our many commercial wins, and our product innovations that help position our portfolio for the future of travel, while helping to deliver sustainable growth.

Now let me walk through the agenda for today's call. On Slide 4, you can see an overview of the topics Mike and I will cover.

First, I will review our business highlights and accomplishments from 2023. Next, I'll provide a brief overview of how the GDS industry landscape is evolving. Finally, before handing it over to Mike, I'll close with a review of our growth strategies and how we believe they position Sabre for success.

Mike will then take you through the financial results for the fourth quarter and full-year 2023, and provide an update to our 2024 guidance and 2025 targets.

Slide 5 – Strong revenue and AEBITDA growth in 2023

Now let's turn to Slide 5.

2023 was a year of strong execution at Sabre. Our team members around the world delivered the commercial, operational, and product development success that drove the strong financial results depicted on this slide. We generated 15% top-line growth in 2023, improved our efficiency, and effectively contained costs. These achievements combined to drive significant margin expansion and growth in Adjusted EBITDA, with a $272 million year-on-year improvement. Importantly, our team achieved positive free cash flow excluding restructuring for full-year 2023, which was one of our primary financial priorities. These strong financial results supported our innovation and product development initiatives that are essential to achieving Sabre's long-term strategic priorities.

Slide 6 – 2023 Highlights: Delivering on our priorities

Turning to Slide 6.

As a reminder, we have four key strategic priorities that drive our long-term direction and form the foundation of our resource allocation and decision making. As I refer to each priority, I will briefly touch on some of the 2023 accomplishments listed on this slide.

First, generating positive free cash flow and de-levering the balance sheet remain important financial objectives. As mentioned, the significant improvement in our Adjusted EBITDA in 2023, in addition to our working capital initiatives, helped deliver positive free cash flow for the year, after excluding restructuring.

On our second priority, achieving sustainable long-term growth, I am pleased to announce that we continued to grow our share of GDS industry bookings, which I will touch on in a moment. We are encouraged by the momentum we are seeing with our carrier and agency customers and believe we will achieve further GDS market share growth ahead.

Turning to Hospitality Solutions, our team delivered strong financial results in 2023 that exceeded our initial forecasts for growth and profitability. We expect this momentum to continue in 2024, including from our Hyatt enterprise implementation and a number of additional business wins.

On our third strategic priority, which is to drive innovation and enhance our value proposition, we've reached an important next step in our strategic partnership with Google. As I mentioned last quarter, Sabre engineering teams are now developing products and solutions that harness Google's cutting-edge AI capabilities, which translated into several successful product launches earlier in 2023, for example Upgrade IQ, which optimizes airlines' premium cabin inventory. We believe this important partnership is essential to providing our customers with intelligent retailing solutions and modern distribution technology.

As another area of excellence in execution by our team, our technology transformation to the cloud continues on schedule and we expect to achieve our stated goals by the end of 2024. In addition to the cost and operating efficiency gains we are already seeing, our migration to the cloud provides a more powerful launch pad on which to create, develop, and distribute future product innovations.

Before I move on, I want to take a moment to say thank you to our team members around the world for delivering these results, for consistently providing superior service to our customers, and for providing the exciting new technology that makes me so proud to be a member of the

Sabre team. It is this collective commitment to continuous innovation and service to our customers that personifies our culture.

Slide 7 – Travel Solutions improving financials and industry share

Turning to Slide 7.

As you can see, Travel Solutions delivered impressive financial results in 2023 across many key metrics. Strong GDS bookings growth and continued improvement in the average fee from a richer booking mix helped drive a year-on-year double-digit increase in Travel Solutions' revenue and gross income.

Sabre achieved steady GDS industry share growth through 2023, as well as 16% overall volume growth in GDS bookings, and 27% growth in distribution lodging, ground and sea bookings, highlighting our growth opportunity in hotel distribution. In IT Solutions, our passengers boarded increased by 8% versus 2022.

Slide 8 – Faster GDS industry bookings growth vs broader industry

Turning to Slide 8.

As we highlighted throughout the past year, Sabre is growing its share of GDS industry bookings. As you can see, our share in Q4'23 again expanded on a year-on-year basis for the fourth consecutive quarter. In addition, we achieved GDS industry share of 33.8% for full-year 2023, a 1.2 percentage point improvement versus 2022.

In the fourth quarter, our share of the GDS industry bookings was up year-on-year, but declined slightly sequentially from the third quarter. This is due largely to the temporary slowdown in corporate travel and natural seasonal decline in corporate bookings during the quarter, as corporate travel comprises a larger proportion of our client footprint and bookings relative to the GDS industry. Importantly, as Mike will explain, we have seen a rebound in corporate bookings and resultant strong GDS market share performance trends as we start 2024.

We are pleased with these results and believe our compelling distribution offering, as well as signed but not yet implemented business and our robust pipeline of distribution deals position us well for continued GDS industry market share expansion.

Slide 9 – Strengthening Hospitality Solutions performance

Turning to Slide 9.

Our Hospitality Solutions team delivered excellent results in 2023. Total revenue was up 19% in 2023 versus 2022 on a significant jump in both CRS transactions and rate per transaction. Adjusted EBITDA reported for the year was well above our initial expectation for break-even results, and represented more than a $40 million dollar improvement versus 2022.

Additionally, the SaaS operating model inherent in our Hospitality Solutions business generates high recurring revenue. Consistent double-digit revenue growth, 79% recurring revenue, and a strong margin expansion trend, provide markers in the value trajectory of this business.

Slide 10 – Technology transformation remains on track

Please turn to slide 10.

Our technology transformation remains on course to achieve our cost savings targets and technology goals by year-end 2024.

As you can see, the efficiency with which Sabre conducts its business today is substantially improved. In the fourth quarter, our unit cost of compute declined by nearly 20% from the year ago period, and was down approximately 50% vs. 2019.

In addition, our focus on investing in offer and order capabilities is a pivotal aspect of our future product portfolio. We are actively developing our offer and order platform within the Google Cloud environment, and we recently completed a successful pilot program with a major airline partner. This successful program validated our ability to efficiently integrate shopping and ordering functionalities within the platform.

Overall, we believe our technology transformation and commitment to innovation will continue to help us deliver modern technology solutions and execute on our strategic priorities.

Slide 11 – Recent commercial wins driving sustainable growth

Please turn to slide 11.

In addition to the significant customer announcements we highlighted earlier in 2023, I am pleased to review a number of more recent business wins that highlight Sabre is consistently being selected as a partner of choice by leading global travel suppliers seeking modern distribution and retailing technology.

We continue to see momentum in Hospitality Solutions. Our implementation work with Hyatt to provide them with our SynXis central reservation system technology continues and we are on track for initial go-live in the first half of 2024. We also recently announced a new agreement with

Frasers Hospitality, a luxury management company in APAC, which selected our Retail Studio software to provide its guests with greater personalization.

Earlier this week, we announced a key partnership with Riyadh Air, the new national airline of the Kingdom of Saudi Arabia, to utilize our Network Planning and Optimization solutions, where the airline will be using our advanced data analytic and intelligent decision-making capabilities to improve data efficiency and help optimize flight times for incremental revenue gains.

In Distribution, we continue to expand our relationship with Air India, and as of January 1, 2024, travel agencies in India now have access to that carrier's expansive domestic content through Sabre.

We were also pleased to sign a new multi-year agreement with International Airlines Group (IAG) that will allow Sabre-connected buyers and agencies to sell edifact and NDC content.

Furthermore, we are accelerating our investment to offer more robust NDC functionality. Our recent agreements for NDC content with Hawaiian, Malaysian Airlines, and LOT Polish Airlines highlight that customers seeking modern distribution technologies consistently choose Sabre to meet their evolving needs.

We also had a number of meaningful agency wins including, one of the leading providers of online travel, Priceline.

In summary, our team achieved a number of commercial wins during the fourth quarter and we are confident that our modern technology solutions and pipeline of business will help us execute on our strategic priorities.

Slide 12 – Solid air industry travel demand

Now on to Slide 12.

I will take a few moments now to look forward and discuss the latest trends in global air travel, how the travel marketplace is evolving, and how we believe we are positioned for success in this environment.

This chart depicts the long-run upward forecasted trend in air travel demand and the expected resilience of global air passenger growth. As you can see in the chart, industry forecasts suggest healthy growth in passenger traffic will continue and approach nearly 7% per year over the next five years. Looking forward, we see a number of reasons to be optimistic that broader industry volume growth will continue such as moderating air fares, solid capacity growth driven by robust international demand, and less acute industry supply constraints.

Sabre and the GDS industry experienced significant growth in recent years as global travel recovered, however, overall air travel rebounded at a faster pace over this period. We believe the GDS industry has recovered at a slower rate for several reasons.

First, the GDS industry has historically been comprised of about 50 percent corporate and 50 percent leisure, generally over-indexing to longer-haul international segments, which is more complex in nature. As discussed in the marketplace, global corporate travel has recovered to about 75%, on a unit basis, of its pre-Covid levels. Note that with air and hotel yields much higher in 2023 than pre-Covid, the dollar recovery often cited by suppliers is higher than this unit percentage. And, as I mentioned earlier, a greater proportion of our business is corporate or TMC business as compared to our competitors. While there may be a structural element to this, in that corporate travel today is smaller than it was historically, we believe this is an opportunity for Sabre as we are well positioned to grow volumes and share as corporate travel grows prospectively.

Second, longer-haul international capacity has generally returned more slowly than shorter-haul and domestic capacity. Given that shorter-haul and domestic capacity generally accrues more to airline direct than to the GDS channel, this has slowed GDS industry recovery. This has had the effect of reducing the proportion of overall bookings going through the GDS channel as compared to airline direct. We believe that this is not a long-term issue for the industry.

Third, NDC volumes today comprise only about 1% of total volumes for TMCs and brick and mortar agencies, and we believe the NDC volumes of these buyers are flowing almost entirely through Sabre and other GDSs. However, while not a new construct, we have seen over the Covid period an increase in airline direct connect volumes with OTAs, some of which may be characterized as NDC. While a generally lower margin business, OTA volumes remain a very meaningful contributor to the GDS industry, and this OTA dynamic is a negative volume impact to GDSs. Looking ahead, as OTAs are now seeking our help with automation, shopping and caching solutions to deal with their content, retailing and operational needs, there may be opportunity to recapture volume as well as provide additional services.

And last, low cost carriers have traditionally outgrown full service carriers, and we and other GDSs have been a smaller part of the LCC distribution footprint given their general short-haul and leisure focus. Prospectively, we believe this is a largely untapped opportunity for Sabre.

In addition, there have been a number of recent positive comments from large airlines and industry experts around corporate and international travel demand growth in 2024, which should be supportive of the industry volume scenarios that Mike will discuss shortly.

Slide 13 – Growth Strategies

On to Slide 13.

Looking at the future of travel and the evolving marketplace, our growth strategies are designed to deliver modern distribution and retailing technology.

Our multi-source content platform strategy is designed to efficiently increase agency and buyer access to relevant air content from a wide array of airline products, including edifact, NDC, and low-cost carrier content, through all channels and points of sale and with leading shopping, retailing and automation capabilities. Agencies and other buyers consistently tell us that we have one of the leading NDC solutions in the world to support their businesses.

Next, our distribution expansion strategy consists of targeted resource and product investments to help drive growth in specific geographies and marketplace segments, including countries and segments in which we are under-indexed today. We expect to realize continued strong share growth in the months and years ahead as existing and new agencies and other buyers see us as their preferred technology partner.

In hotel distribution, we believe Sabre can become the premier business-to-business intermediary lodging platform globally by investing to enhance our current product suite, tapping more deeply into our existing distribution customer base, and increasing the attachment of hotel bookings to our GDS market offering.

In payments, we are excited about the long-term opportunity and believe our Conferma platform can become a leader in virtual cards. Market penetration of virtual cards for commercial payments remains in the early stages, but adoption is accelerating. Overall, our payments solutions experienced 25%+ growth in spend volume in 2023 versus 2022, as businesses increasingly seek more efficient payment methods. With $14 billion in spend volume already flowing through the payment gateway, we see Conferma as an important contributor to the future of our business.

Sabre's core capabilities in airline IT address the changing needs of global carriers that are demanding greater personalization and flexible technologies. We plan to grow our airline IT business with intelligent retailing solutions, built on a modular platform with offer/order technology at the core. These products and solutions are already gaining traction with customers.

In our Hospitality Solutions business, we have a strong revenue pipeline of new customer wins in our core CRS business, and our Retail Studio suite of solutions. This offering brings the power of personalization to our hotelier customers to significantly expand their revenue opportunities beyond the standard booking process, improving the overall guest experience.

In summary, we are committed to focused investments in these strategies to deliver winning modern retailing and distribution technologies and deliver sustainable growth

I again commend our team members globally for their hard work, and I am confident that we have the right strategies in place to continue delivering on our priorities.

I will now hand the call over to Mike to walk you through our financial performance and forward outlook.

Slide 14 – 2023 financial highlights

Mike Randolfi, CFO
Thanks Kurt, and good morning everyone.

Please turn to Slide 14.

I am pleased to share our 2023 accomplishments that highlight the dedication and hard work of our Sabre team members.

As Kurt mentioned previously, we achieved our free cash flow objective for the year on solid revenue growth, effective cost management that led to significant margin expansion, and working capital initiatives that delivered meaningful cash flow benefits. With the actions we have taken, we have developed significant operating leverage in our business that is allowing strong flow-through of top line revenue to the bottom line. To illustrate this increase in operating leverage, note that in the fourth quarter and in the second half of 2023 we saw Adjusted EBITDA grow at a meaningfully greater rate than revenue. For the year, Sabre generated a substantial improvement in both cash from operations and free cash flow.

Our Distribution business generated a 27% year-on-year increase in revenue on 18% more bookings and solid improvement in our average booking fee. Hospitality Solutions achieved better financial results faster than we had anticipated on strong growth in CRS transactions and higher average revenue per transaction, driven by strong growth in ancillary sales. This led to an approximate $40 million improvement in Adjusted EBITDA in 2023 vs. 2022. In addition, we are pleased to have also refinanced the vast majority of our 2025 debt maturities.

Slide 15 – Fourth quarter and Full year 2023 financial results

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Please turn to Slide 15.

I will now briefly review recent GDS industry booking trends. During the fourth quarter we experienced softness of GDS bookings late in the year, below our expectations. We believe this is largely attributable to the slowdown in corporate travel in Q4 as Kurt mentioned earlier.

Despite this, I am pleased to share that we are seeing significant improvement in GDS volumes and GDS market share performance year-to-date.

Now moving to the table. As I highlighted earlier, we reported substantial year-over-year increases in each of our key financial metrics in both the fourth quarter and for the full year 2023, with significant improvements in both revenue generation and Adjusted EBITDA. We also achieved positive free cash flow for the year after excluding restructuring, which was, once again, one of our primary financial objectives for 2023. Furthermore, the fourth quarter's $77 million dollars in free cash flow generation was the highest in four years.

Slide 16 – Significant YOY financial improvement in Q4'23

Turning to slide 16.

Total Q4 revenue was $687 million, an increase of $56 million dollars, or 9% vs. last year.

Distribution revenue totaled $476 million, a $59 million dollar, or 14% increase compared to $417 million in Q4 2022. Our Distribution bookings totaled 78 million in the quarter, a 3% increase compared to 76 million in Q4 2022. Our average booking fee was $6.09 in the fourth quarter, up 11% from Q4 2022, as we continue to realize favorable mix into higher rate regions and types of travel.

IT Solutions revenue totaled $146 million in the quarter. This was an $11 million dollar decline versus revenue of $157 million in the prior year, driven by de-migrations, a large portion of which is the result of changes in Russian law in October 2022.

Hospitality Solutions Q4 2023 revenue totaled $75 million, a $10 million dollar, or 16% improvement versus revenue of $65 million in Q4 2022. The 16 points of revenue growth was driven by 5pts of Central reservation system transactions growth, and 11pts of higher rate per transaction. Hospitality Solutions generated $5 million of Adjusted EBITDA in the fourth quarter and $13 million dollars in 2023, representing an approximate $40 million dollar improvement in 2023 versus 2022. And as a reminder, we believe that our recently announced CRS agreement with Hyatt will contribute to the momentum we are already seeing in Hospitality Solutions.

Sabre's Adjusted EBITDA of $96 million in Q4 2023 vs. $1 million in Q4 2022 represented a $94 million improvement year-over-year. Before I move on, I want to highlight the significant impact that our cost reduction program continues to have on our financial performance. While our total revenue was up $56 million year-over-year in the fourth quarter, our Adjusted EBITDA increased by $94 million dollars over the same period.

Free Cash Flow was $77 million in the fourth quarter including the impact of restructuring, as improving margins and our working capital initiatives delivered strong results.

We ended the fourth quarter with a cash balance of $669 million.

Slide 17 – 2024 guidance and 2025 targets

Turning to slide 17.

Regarding guidance, we expect first quarter 2024 revenue of approximately $750 million dollars, and Adjusted EBITDA of approximately $115 million dollars. As a reminder, we typically experience higher working capital and cash outflows in the first quarter, due to the seasonality of our business. Therefore, it is typically our weakest quarter of the year from a free cash flow perspective. This seasonality is driven primarily by timing of when we receive airline partners receipts in the fourth quarter, versus when we make agency payments in the first quarter.

Additionally, during the first quarter, we pay our annual incentive compensation payments, and we will also begin to lap the benefits of some of our working capital initiatives in 2023 that are not expected to provide additional benefits to 2024 cash flow.

For full year 2024, we expect revenue of approximately $3.0 billion dollars, and Adjusted EBITDA of greater than $500 million dollars, or an approximate 50% increase compared to 2023, with additional upside to this outcome based on potential GDS market growth. As you can see in this guidance, we continue to expect strong operating leverage from our cost reduction efforts, and we expect flow-through of incremental revenue growth to Adjusted EBITDA to remain above 100% for full year 2024.

In addition, in 2024, we also expect cash interest of about $350 million dollars, which includes the impact of payment-in-kind on a portion of our debt and capital expenditures of $100 million dollars. In 2024, we once again expect to generate positive free cash flow. Notably, we have increased our capex assumption moving forward to support the growth strategies that Kurt outlined earlier.

Now on to our 2025 targets. As a quick reminder, our previous targets for Adjusted EBITDA and free cash flow included an assumption for GDS industry market growth of 1-2 points sequentially per quarter. And as we mentioned in our Q3 earnings call in November, we have seen GDS industry market growth come in below these levels.

Given flatter trends in GDS industry volumes, we are now targeting 2025 Adjusted EBITDA to be greater than $700 million dollars, and free cash flow of greater than $200 million dollars, with upside to these figures based on potential GDS industry market growth.

Slide 18 – Targeting >$700M of AEBITDA in 2025

Turning to slide 18.

Now I will walk you through how we expect our 2023 Adjusted EBITDA to build toward our 2025 target of greater than $700 million, and the illustrative impact of GDS industry volume growth to our Adjusted EBITDA baseline assumption.

Due to the early achievement of cost savings, we expect the combined cost savings from our technology transformation and expense reduction efforts announced last year to drive approximately $250 million dollars in Adjusted EBITDA growth by 2025. As you can see on the page, we expect two-thirds of the improvement in Adjusted EBITDA from 2023 to 2025 to be driven by lower costs.

We expect that the growth strategies that Kurt highlighted earlier on today's call will generate approximately $115 million dollars towards our 2025 Adjusted EBITDA target. We expect Hospitality Solutions to provide nearly half of the $115 million dollars in improvement given the strong momentum we have seen in 2023, and the robust pipeline of additional business, including from our recent Hyatt agreement. We believe our other growth strategies, led by our distribution expansion initiative, will provide the remainder of the $115 million dollars improvement by 2025.

This Adjusted EBITDA benefit from our growth strategies is lower than our prior $150 million dollar target, primarily from earlier achievement in 2023, specifically from Hospitality Solutions, and the lower GDS market growth during 2023 and assumed prospectively.

Moving to GDS industry volumes. The greater than $700M baseline target assumes only flat to nominal GDS industry growth which we believe is the low end of potential market growth outcomes. As you can see from the chart, we have illustrated a range of potential outcomes for the GDS industry market, up to 4 points of annual growth above our baseline assumption. Note that four points of potential annual market growth improvement is not meant as a ceiling. If we see as illustrated 4 points of annual GDS market growth over 2024 and 2025, then we would expect to achieve approximately $800M of Adjusted EBITDA in 2025. To provide more color on the potential benefit from stronger GDS market growth, we estimate that each point of additional growth is worth approximately $13 million dollars of Adjusted EBITDA per year. Note that GDS market share growth is separate from these volume figures and included in our aforementioned growth strategy projections.

As Kurt and I stated earlier, we believe there are reasons for optimism that industry volume growth will exceed our baseline assumption. Looking forward, IATA has projected high single digit capacity growth over the next several years, many of the largest global airlines have articulated continued capacity increases skewed toward long-haul international, and business travel surveys have indicated strong growth in corporate travel spend.

Slide 19 – Targeting >$500M of AEBITDA in 2024

Turning to slide 19.

This chart provides the path for how we plan to achieve our 2024 Adjusted EBITDA guidance for greater than $500 million dollars.

We expect the vast majority of our Adjusted EBITDA gains in 2024 to come from greater cost efficiency. Both our technology transformation and cost reduction program announced last May remain on track to deliver the expense savings that we have previously communicated. It is important to note that our baseline guidance of greater than $500 million dollars in 2024 and baseline target of greater than $700 million dollars in 2025 does not include meaningful benefits from GDS market growth, even though we are optimistic based on positive external commentary and data points that we have referenced.

We believe our growth strategies, primarily driven by further gains in Hospitality Solutions, will provide approximately $30 million dollars toward our 2024 Adjusted EBITDA target. Please note that the expected gross benefit from our growth strategies is substantially above this level, and that the $30 million dollars represents a net amount. The investments we are making this year will drive future growth.

With positive GDS industry market growth, we would expect to realize upside to these baseline targets, and as illustrated, we expect that 4 points of annual GDS market growth would drive targeted Adjusted EBITDA outcomes of $550M in 2024 and $800M in 2025.

In closing, we are targeting to more than double Adjusted EBITDA between now and 2025, with upside potential based on GDS industry growth. While this would be a strong outcome, we understand that this new target is below what we articulated last year; this is due to external GDS market conditions that evolved during 2023 and the likelihood of slower prospective GDS market growth lower than the 6 points of annual GDS market growth that we assumed when we provided earlier guidance.

We delivered strong 2023 results from our team's excellent execution and we remain keenly focused on continuing to run the business to deliver on our strategic priorities, which are to generate free cash flow and de-lever the balance sheet, deliver sustainable growth, drive innovation, and to reduce our cost structure. We believe the outlook we have outlined here today will enable us to accomplish those objectives.

And with that Operator, please open the line for questions.

END
