



Q1'26 Earnings Call Prepared Remarks

May 7, 2026

Slide 1 – Title Slide

Good morning and welcome to Sabre's first quarter 2026 earnings conference call. As a reminder, please note today's call is being recorded.

I will now turn the call over to the Vice President Investor Relations, Jim Mathias. Please go ahead, sir.

Slide 2 – Forward-looking statements

Jim Mathias Vice President Investor Relations

Good morning and welcome to our first quarter 2026 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 results of our growth strategies, our AI offerings and AI-related developments in the industry, transactions and bookings growth, expectations regarding the Middle East conflict and recovery, commercial and

strategic arrangements, the impact of geopolitical events, our financial guidance, outlook and expectations, pro forma financial information, free cash flow, 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-Q for the quarter ended March 31, 2026.

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, Normalized Adjusted EBITDA, Normalized Adjusted EBITDA Margin, and Adjusted Technology and Adjusted SG&A Expenses 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. Normalized amounts have been adjusted for estimated costs historically allocated to our Hospitality Solutions business, which was sold on July 3, 2025. We are also presenting certain financial information on a pro forma basis to give effect to the sale of the Hospitality Solutions business. Unless otherwise noted, results presented are based on continuing operations.

Effective this quarter, we have updated the terminology used to describe our revenue to better reflect our evolving brand identity and market positioning. Historically referred to as "Distribution" and "IT Solutions", these revenue streams have been renamed to "Marketplace" and "Airline Technology", respectively. The specific revenue from products, services, and underlying solutions offered within each category remain unchanged.

Slide 3 – Today's presenters

Participating with me today are Kurt Ekert, President and Chief Executive Officer, Mike Randolfi, Chief Financial Officer. Garry Wiseman, President, Product and Engineering, will be available for Q&A.

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

Kurt Ekert, President and CEO

Slide 4 – Strong Q1'26 growth

Thanks Jim.

Good morning and thank you for joining us. We are pleased with our first-quarter performance, as we delivered strong operating and financial results. Revenue grew 8% and Normalized Adjusted EBITDA grew 21% year-on-year to \$169 million dollars, significantly exceeding our expectations. We also achieved our highest rate of air distribution bookings growth in more than two years of 6%, and our data shows that this growth materially outpaced the industry.

We are encouraged by the continued momentum we are seeing from our growth strategies. Despite impacts from the conflict in the Middle East and higher fuel prices affecting Sabre and the broader travel industry, we performed well in the first quarter and remain confident in our ability to produce sustained growth.

Looking more closely at the Middle East, approximately 11% of Sabre's air distribution bookings either originate in or transit through the Middle East region. In March, these bookings declined by approximately 600 basis points. More specifically, flights that fly from, to, or through the region were down approximately 50%, while flights originating out of the Middle East declined approximately 70%. Additionally, we believe fuel supply and price dynamics, coupled with softening leisure travel demand, drove a roughly negative 100 basis point impact during the month. Taken together, we believe the combination of

these impacts resulted in an approximate 7 percentage point headwind to total air distribution bookings in the month of March.

Importantly, offsetting these headwinds, we saw strong performance in other regions. In March, the Americas delivered approximately 7% growth, and corporate volumes demonstrated steady performance and resilience throughout the first quarter.

Overall, air distribution bookings in March were roughly flat, reflecting the combined headwinds of the Middle East conflict and higher fuel prices, largely offset by solid performance in the Americas and the growth in corporate travel.

The trends we saw in March continued through April. Looking ahead, while the geopolitical and macroeconomic environment remains dynamic, our base assumption is that the conflict in the Middle East subsides during the second quarter with fuel prices gradually normalizing through the summer and fall. Based on these assumptions, we expect second quarter air distribution bookings to be near flat, followed by a phased improvement, with conditions returning to a more normalized environment by the fourth quarter. Accordingly, we anticipate positive air distribution bookings growth for the second half of 2026, though at a slightly more modest pace than we had previously expected.

Consistent with this view – and aligned with recent airline commentary around capacity reductions – we now anticipate full-year 2026 Air Distribution bookings and revenue to grow in the low-to-mid-single-digit range.

Given our outperformance in the first quarter, and our outlook for the remainder of the year, we are reaffirming our full-year 2026 guidance for Pro Forma Adjusted EBITDA and Free Cash Flow.

In summary, we are off to a strong start to the year. Solid execution, continued share gains, and our foundational role in enabling agentic AI -powered travel solutions should position us well to deliver sustained, long-term growth.

Slide 5 – Delivering on our strategic priorities

Now, turning to slide 5, and our strategic priorities.

We delivered strong quarterly revenue, with growth in both Marketplace, or distribution, and Airline Technology.

Revenue growth, combined with strong cost performance, resulted in quarterly Normalized Adjusted EBITDA that exceeded our expectations. In addition to reaffirming our outlook for both full-year Pro Forma Adjusted EBITDA and Free Cash Flow, we are confident in our ability to continue to drive solid top and bottom-line growth and generate positive Free Cash Flow in 2027.

Our financial performance combined with no large debt maturities for approximately three years, provides us with a foundation to continue investing in innovation, driving growth, and capitalizing on our leadership position in the emerging Agentic AI channel.

Turning to the right side of the slide, our technology investments are driving positive results.

Our Marketplace delivers multisource travel content at incredible scale and we generated strong air distribution bookings growth in the quarter.

AI has been a core, systemic part of the Sabre technology stack for several years, and we continue to lean into that advantage, which I will discuss in more detail shortly.

Both our Payment Suite, and Lodging Expansion continue to grow, with Lodging Expansion recording the thirteenth consecutive quarter of year-on-year revenue growth.

And finally on NDC, we exited 2025 with NDC bookings representing 4% of total bookings. We saw growth during the first quarter and expect NDC bookings to continue to accelerate during 2026.

Slide 6 – Q1'26 Business and financial results

Moving to slide 6, and a review of first quarter results, which were positive across the board.

Revenue grew 8% year-on-year.

Normalized Adjusted EBITDA increased 21% year-on-year, and margin improved 235 basis points to 22%.

Driving these strong results, total Marketplace bookings grew 5% year-on-year, and air distribution bookings growth increased 6% year-on-year.

Hotel distribution bookings increased by over 5% in the quarter to approximately 11 million.

Our payment suite is one of the fastest growing areas at Sabre. In the first quarter, revenue increased by over 25% year-on-year to \$13 million dollars.

In Airline Technology, passengers boarded grew 3% year-on-year to 170 million, and we are pleased to have recently executed a seamless migration of bringing Hawaiian Airlines back onto our platform.

Slide 7 – Driving growth through innovation

Moving to slide 7.

Sabre is a cloud-native platform, and is a true super aggregator, providing the travel industry with the critical infrastructure necessary to shop, book and service travel. Built on decades of industry technology leadership – and supported by sustained investment of approximately 10% of revenue in product development and R&D – we believe we are well positioned to extend that leadership position into the rapidly emerging Agentic AI travel channel.

Our AI solutions help our customers compete and win in this emerging AI ecosystem and with continued innovation, we intend to extend our leadership position.

Sabre provides the foundational layer that is required for AI to transact in the complex environment of travel. Chatbots can generate itineraries, but to book and service travel at scale requires access to sophisticated, continuously evolving logic – and that is where Sabre plays a critical role.

Our modular platform enables partners to integrate seamlessly wherever travel is sold. We aggregate and normalize real-time flight content across hundreds of sources in sub-second response times, solving a significant technical challenge.

This capability is a key reason why partners are building on us, not around us.

We have recently gone live with our ChatGPT OpenAI plugin for Virgin Australia. This all-in-one generative AI chat solution puts both search and flight shopping into a widely used AI interface and is available to all of our travel supply partners globally.

We also recently launched the first phase of our MindTrip and PayPal partnership, with Sabre providing the core air booking layer. Sabre is bringing conversational commerce for flights to market for the first time, and we look forward to introducing additional enhancements over the next few quarters.

Demand for our agentic APIs and MCP server is strong, with well over 30 potential partners in various stages of pilot or production. Additionally, we are working with airlines to deploy an AI assistant that will sit on top of our Network Planning and Optimization product. Taken together, these are further proof-points that the infrastructure for agentic travel is being built on Sabre.

Moving to Airline Technology, we offer a growing suite of modular AI-driven solutions that meet customer demand and drive growth for Sabre. Building on the revenue growth we saw in the first quarter, we continue to expect positive Airline Technology revenue growth for 2026.

Our Marketplace provides a simple and single connection to industry-leading scaled content. Air Expansion growth has been driven by execution of our growth strategies including continued share gains, and growth in NDC and LCC bookings. We saw meaningful year-on-year acceleration in air distribution bookings growth in Q1 and expect positive air distribution bookings growth for the full-year.

Lodging Expansion continues to scale driven by a compelling value proposition in a large addressable market. Total hotel-related revenue increased 10% to over \$80 million dollars in the quarter, with annualized Gross Booking Value of hotel bookings exceeding \$20 billion dollars. Our hotel attach rate is consistently above 30%, and with more modernized connectivity, we see additional opportunity for expansion. Media revenue also grew at a double-digit rate year-on-year.

In Payment Suite, demand remains strong for solutions that simplify operations, increase payment flexibility, and automate risk and fraud management. First quarter gross spend on the platform reached nearly \$6 billion dollars, up more than 40%, while revenue grew over 25%. We are confident in our ability to continue to deliver strong performance in payments.

We are executing well against our strategic priorities and delivering strong financial performance, even in a dynamic operating environment. With that, I'll now hand the call over to Mike, who will discuss our first quarter results and our outlook in greater detail.

Slide 8 – EVP & CFO, Mike Randolfi

Mike Randolfi, CFO

Thanks Kurt, and good morning everyone.

Please turn to Slide 9.

Slide 9 – Q1 2026 financial highlights

Our first quarter financial results were solid and came in ahead of the guidance we provided on our fourth quarter call. The momentum we saw exiting the fourth quarter carried through the first two months of the year. As Kurt referenced, beginning in March, the conflict in the Middle East and the increase in fuel prices impacted air distribution bookings, and those pressures continued in April.

Overall, first quarter performance reflects strong commercial execution, and continued progress on our growth initiatives. Importantly, we are reaffirming our full-year guidance for Pro Forma Adjusted EBITDA and Free Cash Flow.

Turning to the financials, total revenue was \$760 million dollars, an increase of 8% year-on-year, exceeding our expectations of mid-single-digit growth.

Marketplace revenue grew \$49 million dollars, an increase of 9%, due to an approximate 5% increase in distribution bookings and an approximate 3% increase in average booking fee.

Airline Technology revenue came in at \$142 million dollars, up 7% year-on-year, and within the range of expectations we shared on our fourth quarter earnings call. We continue to expect full-year 2026 Airline Technology revenue growth.

Gross margin of 56.4% came in above our expectations, due primarily to higher average booking fees, attributable to a favorable mix of bookings.

First quarter 2026 Operating Income of \$116 million dollars increased 27% year-on-year, with Operating Margin expanding 220 basis points to 15%.

Normalized Adjusted EBITDA was \$169 million dollars, representing a 21% increase year-on-year, with margin expanding 235 basis points to 22.2%. This growth was driven primarily by an increase in distribution bookings, higher average booking fee, and lower than expected operating expense.

Free Cash Flow was negative \$155 million dollars for the first quarter. This lower Free Cash Flow generation as compared to negative \$81 million dollars from the first quarter of 2025 was driven by \$67 million dollars of additional interest payments in the first quarter of 2026, \$19 million dollars in severance related to our inflation offset program, \$4 million dollars of additional capex, and other items related to working capital timing. Importantly, our expectation for full-year Free Cash Flow remains the same at approximately negative \$70 million dollars, which is driven almost entirely by restructuring costs associated with our inflation offset program. If not for those restructuring costs, we would expect near-breakeven Free Cash Flow this year.

We ended the quarter with a cash balance of \$665 million dollars.

Slide 10 – Q1'26 actual results versus guidance

Moving to Slide 10.

Comparing our first quarter results to the guidance we outlined on our fourth quarter earnings call - air distribution bookings growth of 6% was in-line with our expectations of mid-single-digit year-on-year growth. Revenue growth of 8% exceeded our guidance for mid-single-digit year-on-year growth.

Our Normalized Adjusted EBITDA result of \$169 million dollars was favorable to our guide of approximately \$130 million dollars by \$39 million dollars. This outperformance was driven by \$10 million dollars of higher gross income attributable to higher gross margin from a favorable mix of bookings. Expenses were lower than expected by \$29 million dollars, split roughly evenly between Adjusted Technology and Adjusted SG&A expense. Our expectation for the total benefit related to our inflation offset program has not changed for the full-year. In the first quarter, we realized some expense favorability earlier than previously expected. We also had a \$6 million dollar favorable impact from the repeal of the Canadian Digital Service Tax.

All-in, we are very pleased with this quarter's results.

Slide 11 – Improving the balance sheet and deleveraging

Turning to slide 11.

Moving to our balance sheet, last year, we successfully completed two refinancings. The result of these refinancings is that we now have no large debt maturities until the spring of 2029 and over 90% of our debt matures in 2029 or later.

As a reminder, within the website financials available on our investor relations website, we provide a quarterly interest walk. This schedule provides our expected quarterly cash interest payments and shows we have higher cash interest payments in the first and third quarters of the year when compared to the second and fourth quarter.

Slide 12 – FY 2026 pro forma guidance

Moving to Slide 12, and our outlook for 2026.

We are reaffirming our full-year 2026 guidance for both Pro Forma Adjusted EBITDA and Free Cash Flow. While we now expect slightly lower air distribution bookings and revenue growth for the year, we expect our 2026 gross margin to be toward the higher end of our previous guidance range of 56% to 57% due to favorable mix trends. We expect this to result in similar expected gross income as compared to our February guidance. This gross income expectation, coupled with our operating expense outlook, which is consistent with our previous guidance, supports our expectation of approximately \$585 million dollars of Pro Forma Adjusted EBITDA and approximately negative \$70 million dollars of Free Cash Flow.

Slide 13 – Q2 2026 pro forma guidance

On to slide 13 and our expectations for the second quarter.

We anticipate second quarter year-on-year revenue growth to be flat to nominal. This revenue guidance assumes air distribution bookings growth to be near flat year-on-year, consistent with March trends that continued through April.

We expect second quarter gross margin to be at the higher-end of our expected annual range of 56% to 57%, primarily due to the favorable mix of bookings we mentioned previously.

We anticipate Adjusted Technology and Adjusted SG&A expenses to be roughly flat on a sequential basis throughout the remainder of the year. Overall, we expect second quarter Pro Forma Adjusted EBITDA to be approximately \$130 million dollars.

We reported strong results this quarter, highlighted by pro forma Adjusted EBITDA outperformance and the highest rate of air distribution bookings growth in over two years. We are encouraged by the momentum in the business and believe through continued execution of our growth strategies, as the operating environment normalizes, Sabre is well positioned to achieve higher revenue growth going forward. And with that Operator, please open the line for questions.

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