Sabre

# 2019 Annual Meeting of Stockholders

# Agenda

- Call to Order and Welcome
- Call of the Meeting and Presence of Quorum
- Proposals
  - Proposal 1. Election of Directors
  - Proposal 2. Ratification of Auditors
  - Proposal 3. Adoption of Fourth Amended and Restated Certificate of Incorporation
  - Proposal 4. Approval of 2019 Omnibus Incentive Compensation Plan
  - Proposal 5. Approval of 2019 Director Equity Compensation Plan
- CEO's Remarks
- Results of Voting
- Adjournment

# 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 “expect,” “anticipate,” “believe,” “will,” “plan,” “estimate,” “preliminary,” “project,” “may,” “should,” “would,” “intend,” “potential,” 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, dependency on transaction volumes in the global travel industry, particularly air travel transaction volumes, the closing, integration and effects of the acquisition of Farelogix and the financial performance of that company, exposure to pricing pressure in the Travel Network business, maintenance of the stability and integrity of our systems and infrastructure and the effect of any security incidents, the implementation and effects of new or renewed agreements, the effects of the implementation of new accounting standards, the effects of tax law changes, travel suppliers’ usage of alternative distribution models, competition in the travel distribution market and solutions markets, the implementation and results of our cost reduction and business alignment program, failure to adapt to technological developments, dependence on establishing, maintaining and renewing contracts with customers and other counterparties and collecting amounts due to us under these agreements, changes affecting travel supplier customers, use of third-party distributor partners, dependence on relationships with travel buyers, adverse global and regional economic and political conditions, including, but not limited to, economic conditions in countries or regions with traditionally high level of exports to China or that have commodities-based economies and the effect of “Brexit” and uncertainty due to related negotiations, risk arising from global operations, reliance on third parties to provide information technology services, compliance with regulatory and other requirements, including data privacy, our ability to recruit, train and retain employees, including our key executive officers and technical employees, and the affects of litigation and regulatory investigations. More information about potential risks and uncertainties that could affect our business and results of operations is included in the “Risk Factors” and “Forward Looking Statements” sections in our Annual Report on Form 10-K filed with the SEC on February 15, 2019 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 Gross Profit, Adjusted Operating Income (Loss), Adjusted Net Income, Adjusted Operating Income margin, Adjusted EBITDA, Adjusted EPS, Free Cash Flow, and the ratios based on these financial measures. 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” in the appendix for a reconciliation of the non-GAAP financial measures to the comparable GAAP measures.

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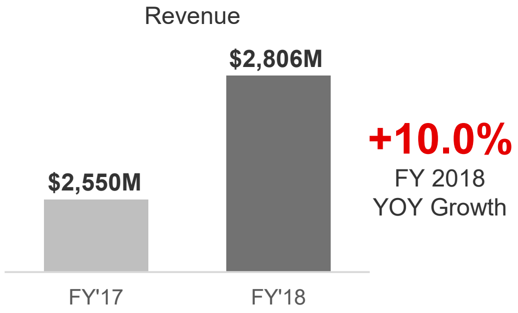
# 2019 Annual Meeting of Stockholders

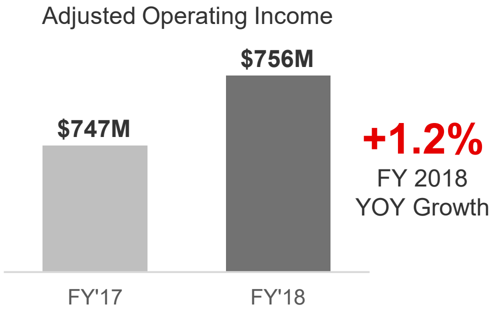
# 2018 Financial performance summary

| | FY 2018<br>($ MM, except EPS) | Change |
|---|---|---|
| **Total Revenue** | $3,867 | +7.5% |
| **Adjusted Operating Income** | $701 | (0.7%) |
| **Adjusted EPS** | $1.54 | +10.0% |
| **Free Cash Flow** | $441 | +21.9% |

# Strong business growth

## Travel Network

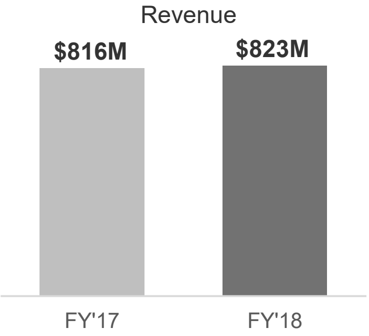


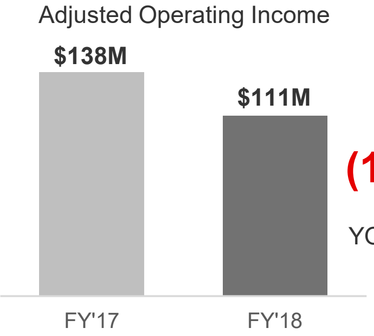

- Strong global share gain driven by completion of Flight Centre implementation, increased share of wallet at large, global travel management companies, including CWT, and other new agency conversions
- Global rollout of Sabre Red 360 – improvements in agent productivity, conversions and commissions
- Designated NDC-Certified Level 3 and kicked off Beyond NDC partner program
- New lodging innovations and Booking.com partnership

# Strong business growth

## Airline Solutions



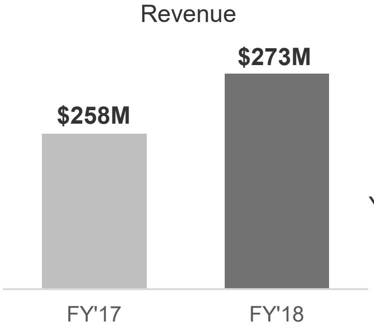

**+0.8%**
FY 2018
YOY Growth



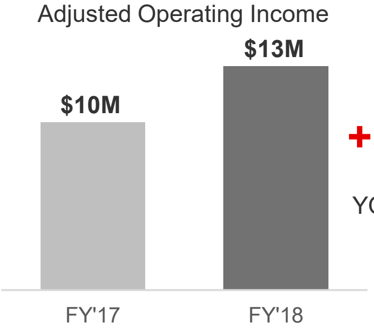

**(19.4%)**
FY 2018
YOY Change

- 5% passengers boarded growth on a consistent carrier basis
- Progress in driving strong product health and customer relationships led to a high rate of renewals and new implementations, including the implementation of SabreSonic at LATAM
- Introduced and began rollout of the Sabre Commercial Platform

## Hospitality Solutions




**+5.7%**
FY 2018
YOY Growth




**+33.2%**
FY 2018
YOY Growth

- Strong growth in central reservation system transactions drove double-digit growth in recurring SynXis Software and Services revenue
- Signed new wins, key renewals and increased share of wallet at hoteliers around the world
- Announced completion of the Wyndham central reservation system implementation

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# 2019 Annual Meeting of Stockholders

# Appendix

# Tabular reconciliations for Non-GAAP measures

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

| | Year Ended December 31, 2018 | Year Ended December 31, 2017 |
|---|---|---|
| Net income attributable to common stockholders | $ 337,531 | $ 242,531 |
| Loss (income) from discontinued operations, net of tax | (1,739) | 1,932 |
| Net income attributable to noncontrolling interests(1) | 5,129 | 5,113 |
| Income from continuing operations | 340,921 | 249,576 |
| Adjustments: | | |
| Impairment and related charges(2) | — | 81,112 |
| Acquisition-related amortization(3a) | 68,008 | 95,860 |
| Loss on extinguishment of debt | 633 | 1,012 |
| Other, net(5) | 8,509 | (36,530) |
| Restructuring and other costs(6) | — | 23,975 |
| Acquisition-related costs(7) | 3,266 | — |
| Litigation costs (reimbursements)(8) | 8,323 | (35,507) |
| Stock-based compensation | 57,263 | 44,689 |
| Tax impact of net income adjustments(9) | (59,353) | (34,069) |
| Adjusted Net Income from continuing operations | $ 427,570 | $ 390,118 |
| Adjusted Net Income from continuing operations per share | $ 1.54 | $ 1.40 |
| Diluted weighted-average common shares outstanding | 277,518 | 278,320 |
| | | |
| Adjusted Net Income from continuing operations | $ 427,570 | $ 390,118 |
| Adjustments: | | |
| Depreciation and amortization of property and equipment(3b) | 303,612 | 264,880 |
| Amortization of capitalized implementation costs(3c) | 41,724 | 40,131 |
| Amortization of upfront incentive consideration(4) | 77,622 | 67,411 |
| Interest expense, net | 157,017 | 153,925 |
| Remaining provision for income taxes | 116,845 | 162,106 |
| Adjusted EBITDA | 1,124,390 | 1,078,571 |
| Less: | | |
| Depreciation and amortization(3) | 413,344 | 400,871 |
| Amortization of upfront incentive consideration(4) | 77,622 | 67,411 |
| Acquisition-related amortization(3a) | (68,008) | (95,860) |
| Adjusted Operating Income | $ 701,432 | $ 706,149 |

# Tabular reconciliations for Non-GAAP measures

Reconciliation of Free Cash Flow
(in thousands; unaudited)

| | Year Ended December 31, | |
|---|---|---|
| | 2018 | 2017 |
| Cash provided by operating activities | $ 724,797 | $ 678,033 |
| Cash used in investing activities | (275,259) | (317,525) |
| Cash used in financing activities | (306,506) | (356,780) |

| | Year Ended December 31, | |
|---|---|---|
| | 2018 | 2017 |
| Cash provided by operating activities | $ 724,797 | $ 678,033 |
| Additions to property and equipment | (283,940) | (316,436) |
| Free Cash Flow | $ 440,857 | $ 361,597 |

# Tabular reconciliations for Non-GAAP measures

Reconciliation of operating income (loss) to Adjusted Gross Profit, Adjusted EBITDA, Adjusted Operating Income (Loss) and Adjusted Operating Income margin by business segment
(in thousands; unaudited)

| | Year Ended December 31, 2018 | | | | |
|---|---|---|---|---|---|
| | Travel Network | Airline Solutions | Hospitality Solutions | Corporate | Total |
| Operating income (loss) | $ 753,255 | $ 111,146 | $ 12,881 | $ (315,266) | $ 562,016 |
| Add back: | | | | | |
| Selling, general and administrative | 160,298 | 73,675 | 33,626 | 245,927 | 513,526 |
| Cost of revenue adjustments: | | | | | |
| Depreciation and amortization[3] | 106,877 | 170,258 | 36,826 | 27,692 | 341,653 |
| Amortization of upfront incentive consideration[4] | 77,622 | — | — | — | 77,622 |
| Stock-based compensation | — | — | — | 26,591 | 26,591 |
| Adjusted Gross Profit | 1,098,052 | 355,079 | 83,333 | (15,056) | 1,521,408 |
| Selling, general and administrative | (160,298) | (73,675) | (33,626) | (245,927) | (513,526) |
| Joint venture equity income | 2,556 | — | — | — | 2,556 |
| Selling, general and administrative adjustments: | | | | | |
| Depreciation and amortization[3] | 11,399 | 12,173 | 3,117 | 45,002 | 71,691 |
| Acquisition-related costs[7] | — | — | — | 3,266 | 3,266 |
| Litigation reimbursements[8] | — | — | — | 8,323 | 8,323 |
| Stock-based compensation | — | — | — | 30,672 | 30,672 |
| Adjusted EBITDA | 951,709 | 293,577 | 52,824 | (173,720) | 1,124,390 |
| Less: | | | | | |
| Depreciation and amortization[3] | 118,276 | 182,431 | 39,943 | 72,694 | 413,344 |
| Amortization of upfront incentive consideration[4] | 77,622 | — | — | — | 77,622 |
| Acquisition-related amortization[3a] | — | — | — | (68,008) | (68,008) |
| Adjusted Operating Income (Loss) | $ 755,811 | $ 111,146 | $ 12,881 | $ (178,406) | $ 701,432 |
| | | | | | |
| Operating income margin | 26.8 % | 13.5 % | 4.7 % | NM | 14.5 % |
| Adjusted Operating Income Margin | 26.9 % | 13.5 % | 4.7 % | NM | 18.1 % |

# Tabular reconciliations for Non-GAAP measures

Reconciliation of operating income (loss) to Adjusted Gross Profit, Adjusted EBITDA, Adjusted Operating Income (Loss) and Adjusted Operating Income margin by business segment
(in thousands; unaudited)

| | Year Ended December 31, 2017 | | | | |
|---|---|---|---|---|---|
| | Travel Network | Airline Solutions | Hospitality Solutions | Corporate | Total |
| Operating income (loss) | $ 744,045 | $ 137,932 | $ 9,670 | $ (398,207) | $ 493,440 |
| Add back: | | | | | |
| Selling, general and administrative | 162,997 | 78,638 | 47,121 | 221,319 | 510,075 |
| Impairment and related charges(2) | — | — | — | 81,112 | 81,112 |
| Cost of revenue adjustments: | | | | | |
| Depreciation and amortization(3) | 96,796 | 149,685 | 31,686 | 39,645 | 317,812 |
| Restructuring and other costs(6) | — | — | — | 12,604 | 12,604 |
| Amortization of upfront incentive consideration(4) | 67,411 | — | — | — | 67,411 |
| Stock-based compensation | — | — | — | 17,732 | 17,732 |
| Adjusted Gross Profit | 1,071,249 | 366,255 | 88,477 | (25,795) | 1,500,186 |
| Selling, general and administrative | (162,997) | (78,638) | (47,121) | (221,319) | (510,075) |
| Joint venture equity income | 2,580 | — | — | — | 2,580 |
| Selling, general and administrative adjustments: | | | | | |
| Depreciation and amortization(3) | 12,783 | 8,820 | 1,428 | 60,028 | 83,059 |
| Restructuring and other costs(6) | — | — | — | 11,371 | 11,371 |
| Litigation reimbursements(8) | — | — | — | (35,507) | (35,507) |
| Stock-based compensation | — | — | — | 26,957 | 26,957 |
| Adjusted EBITDA | 923,615 | 296,437 | 42,784 | (184,265) | 1,078,571 |
| Less: | | | | | |
| Depreciation and amortization(3) | 109,579 | 158,505 | 33,114 | 99,673 | 400,871 |
| Amortization of upfront incentive consideration(4) | 67,411 | — | — | — | 67,411 |
| Acquisition-related amortization(3a) | — | — | — | (95,860) | (95,860) |
| Adjusted Operating Income (Loss) | $ 746,625 | $ 137,932 | $ 9,670 | $ (188,078) | $ 706,149 |
| Operating income margin | 29.2 % | 16.9 % | 3.7 % | NM | 13.7 % |
| Adjusted Operating Income Margin | 29.3 % | 16.9 % | 3.7 % | NM | 19.6 % |

# Non-GAAP financial measures

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

We define Adjusted Gross Profit as operating income (loss) adjusted for selling, general and administrative expenses, impairment and related charges, the cost of revenue portion of depreciation and amortization, amortization of upfront incentive consideration, restructuring and other costs, and stock-based compensation included in cost of revenue.

We define Adjusted Operating Income (Loss) as operating income (loss) adjusted for joint venture equity income, impairment and related charges, acquisition-related amortization, restructuring and other costs, acquisition-related costs, litigation costs (reimbursements), net, and stock-based compensation.

We define Adjusted Net Income as net income (loss) attributable to common stockholders adjusted for income (loss) from discontinued operations, net of tax, net income attributable to noncontrolling interests, impairment and related charges, 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 for income taxes.

We define Adjusted EPS as Adjusted Net Income divided by diluted weighted-average common shares outstanding.

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 Gross Profit, Adjusted Operating Income (Loss), Adjusted Net Income, Adjusted EBITDA 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 Gross Profit, Adjusted Operating Income (Loss), Adjusted Net Income, Adjusted EBITDA, 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 Gross Profit and Adjusted EBITDA do not reflect cash requirements for such replacements;
- Adjusted Operating Income (Loss), 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 Gross Profit, Adjusted Operating Income (Loss), Adjusted Net Income, Adjusted EBITDA, Adjusted EPS or Free Cash Flow differently, which reduces their usefulness as comparative measures.

# Non-GAAP footnotes

1. Net income 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%, (ii) Sabre Seyahat Dagitim Sistemleri A.S. of 40%, (iii) Abacus International Lanka Pte Ltd of 40%, and (iv) Sabre Bulgaria of 40% beginning in November 2017.
2. Impairment and related charges represents an $81 million charge in 2017 associated with net capitalized contract costs related to an Airline Solutions' customer based on our analysis of the recoverability of such amounts.
3. 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.
    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.
4. 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. This consideration is made with the objective of increasing the number of clients or to ensure or improve customer loyalty. These 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 up front. These 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.
5. In 2018, Other, net, includes an expense of $5 million related to our liability under the Tax Receivable Agreement ("TRA") offset by a gain of $8 million on the sale of an investment. In 2017, we recognized a benefit of $60 million due to a reduction to our liability under the TRA primarily due to a provisional adjustment resulting from the enactment of TCJA which reduced the U.S. corporate income tax rate, offset by a loss of $15 million related to debt modification costs associated with a debt refinancing. In 2016, we recognized a gain of $15 million from the sale of our available-for-sale marketable securities, and a $6 million gain associated with the receipt of an earn-out payment from the sale of a business in 2013. 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.
6. 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. We recorded $25 million and $20 million in charges associated with an announced action to reduce our workforce in 2017 and 2016, respectively. These reductions aligned our operations with business needs and implemented an ongoing cost and organizational structure consistent with our expected growth needs and opportunities. In 2015, we recognized a restructuring charge of $9 million associated with the integration of Abacus, and reduced that estimate by $4 million in 2016, as a result of the reevaluation of our plan derived from a shift in timing and strategy of originally contemplated actions. As of December 31, 2018, our actions under this plan have been substantially completed and payments under the plan have been made.
7. Acquisition-related costs represent fees and expenses incurred associated with the 2018 agreement to acquire Farelogix, which is anticipated to close in 2019, and in 2016, the acquisition of the Trust Group and Airpas Aviation.
8. Litigation costs (reimbursements), net represent charges associated with antitrust and other foreign non-income tax contingency matters. In 2018, we recorded non-income tax expense of $5 million for tax, penalties and interest associated with certain non-income tax claims for historical periods regarding permanent establishment in a foreign jurisdiction. In 2017, we recorded a $43 million reimbursement, net of accrued legal and related expenses, from a settlement with our insurance carriers with respect to the American Airlines litigation. In 2016, we recorded an accrual of $32 million representing the trebling of the jury award plus our estimate of attorneys' fees, expenses and costs in the US Airways litigation.
9. The tax impact on net income adjustments includes the tax effect of each separate Adjustment based on the statutory tax rate for the jurisdiction(s) in which the Adjustment was taxable or deductible, and the tax effect of items that relate to tax specific financial transactions, tax law changes, uncertain tax positions and other items. In 2018, the provision for income taxes includes a benefit of $27 million related to the enactment of the TCJA for deferred taxes and foreign tax effects. In 2017, provision for income taxes includes a provisional impact of $47 million recognized as a result of the enactment of the TCJA in December 2017.