Q2 2020 Earnings Report

7 August 2020

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," "believe," "confident," "position," "guidance," "outlook," estimate," "project," "anticipate," "will," "continue," "commit," "may," “should,” “would,” “intend," “potential,” "long-term," "growth," "results" 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, the severity, extent and duration of the global COVID-19 pandemic and its impact on our business and results of operations, financial condition and credit ratings, as well as on the travel industry and consumer spending more broadly, the actions taken to contain the disease or treat its impact, the effect of remote working arrangements on our operations and the speed and extent of the recovery across the broader travel ecosystem, dependency on transaction volumes in the global travel industry, particularly air travel transaction volumes, including from airlines' insolvency, suspension of service or aircraft groundings, the effect of cost savings initiatives, the timing, implementation and effects of the technology investment and other strategic initiatives, the completion and effects of travel platforms, travel suppliers' usage of alternative distribution models, exposure to pricing pressure in the Travel Network business, changes affecting travel supplier customers, maintenance of the integrity of our systems and infrastructure and the effect of any security breaches, failure to adapt to technological advancements, competition in the travel distribution market and solutions markets, implementation of software solutions, reliance on third parties to provide information technology services and the effects of these services, the finalization of an agreement to implement a full-service property management system, the execution, implementation and effects of new, amended or renewed agreements, including anticipated savings, dependence on establishing, maintaining and renewing contracts with customers and other counterparties and collecting amounts due to us under these agreements, dependence on relationships with travel buyers, our collection, processing, storage, use and transmission of personal data and risks associated with PCI compliance, our ability to recruit, train and retain employees, including our key executive officers and technical employees, the financial and business results and effects of acquisitions, the effects of any litigation and regulatory reviews and investigations, including with respect to these acquisitions, adverse global and regional economic and political conditions, including, but not limited to, economic conditions in countries or regions with traditionally high levels of exports to China or that have commodities-based economies and the effect of "Brexit" and uncertainty due to related negotiations, risks arising from global operations, reliance on the value of our brands, failure to comply with regulations, use of third-party distributor partners, the effects of the implementation of new accounting standards, and tax-related matters, including the effect of the Tax Cuts and Jobs Act. 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 Quarterly Report on Form 10-Q filed with the SEC on May 8, 2020, in our Annual Report on Form 10-K filed with the SEC on February 26, 2020 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 (Loss) Income, Adjusted Net (Loss) 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” in the appendix 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.

Industry Data/Certain Definitions

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.

This presentation and the related materials include references to “recurring revenue.” See the appendix for additional information.

Today's presenters

Sean Menke
President & CEO

Doug Barnett
EVP & CFO

Today's call

We have responded quickly and aggressively to COVID-19:

- Made significant cost cuts (incl. furloughs) and raised $1.1B+ in additional capital
- Aligned workforce with cost structure of smaller expected travel marketplace
- Accelerated strategic realignment of agency-focused and airline businesses
- Continued to win new customers, expand our footprint and sign key renewals
- Accelerated technology transformation and continued our transition to Google Cloud

We will provide updates on:

- Booking trends and status of COVID-19 impact,
- Our business realignment,
- Commercial activity,
- Tech transformation, and
- Strategic initiatives as we look to the future

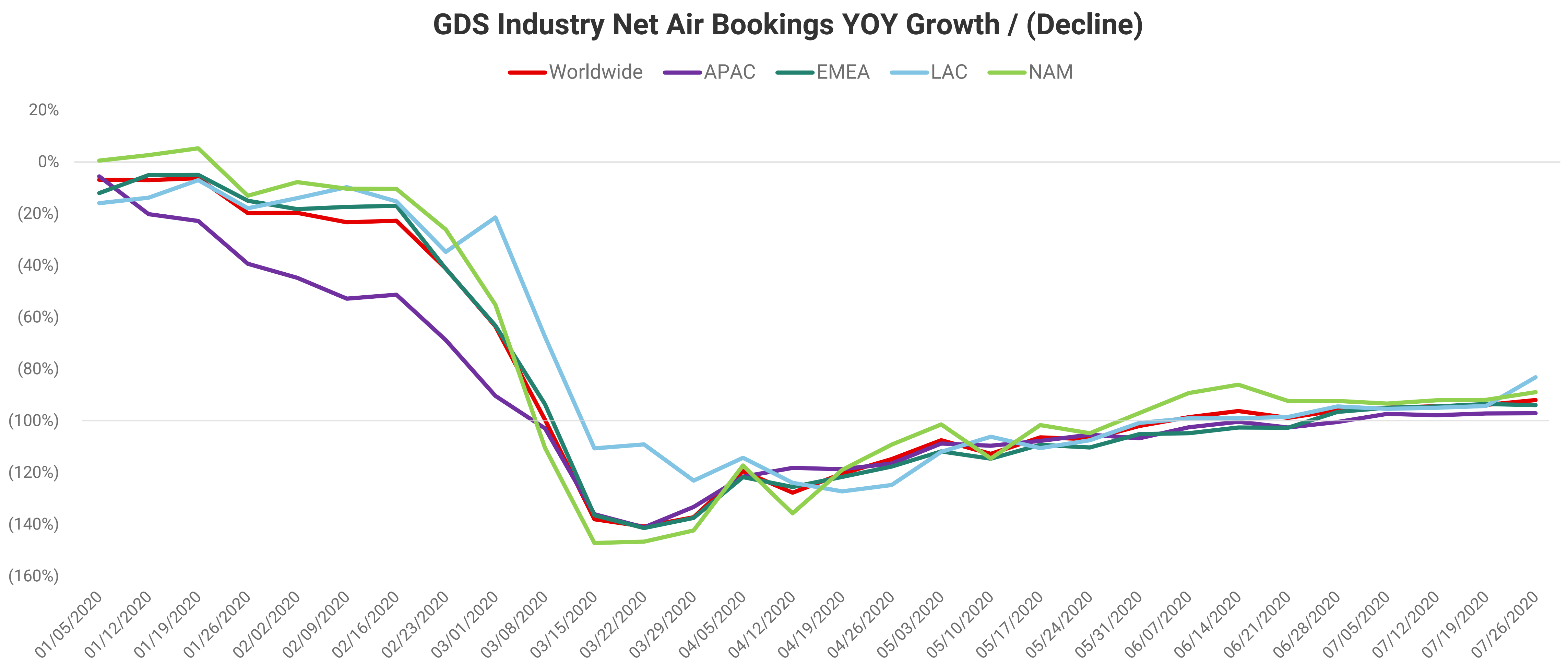
Q2 bookings significantly impacted by COVID-19

	GDS Industry Net Air Bookings YOY Growth / (Decline)				
	Global	Asia-Pacific	EMEA	North America	Latin America
April	(123%)	(121%)	(124%)	(125%)	(123%)
May	(107%)	(107%)	(111%)	(103%)	(108%)
June	(98%)	(103%)	(103%)	(91%)	(99%)
Q2 2020	**(110%)**	**(110%)**	**(113%)**	**(107%)**	**(110%)**

- Sabre's "new" air bookings declined by 95%, 91% and 86% in Apr, May and Jun; Q2 2020 down 91%
- Sabre's net air bookings declined by 120%, 104%, and 97% in Apr, May and Jun due to cancellations; Q2 2020 down 107%

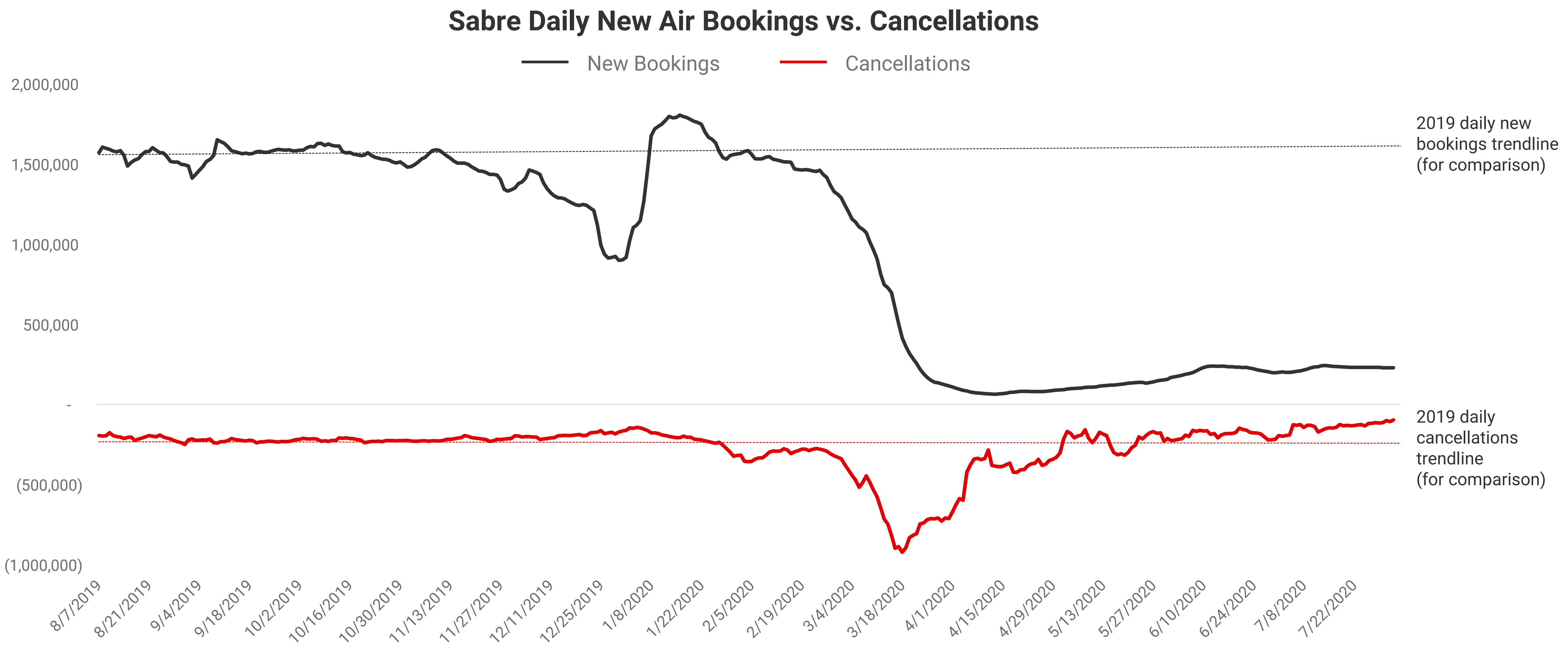
Source: MIDT

Net bookings positive across all regions in July



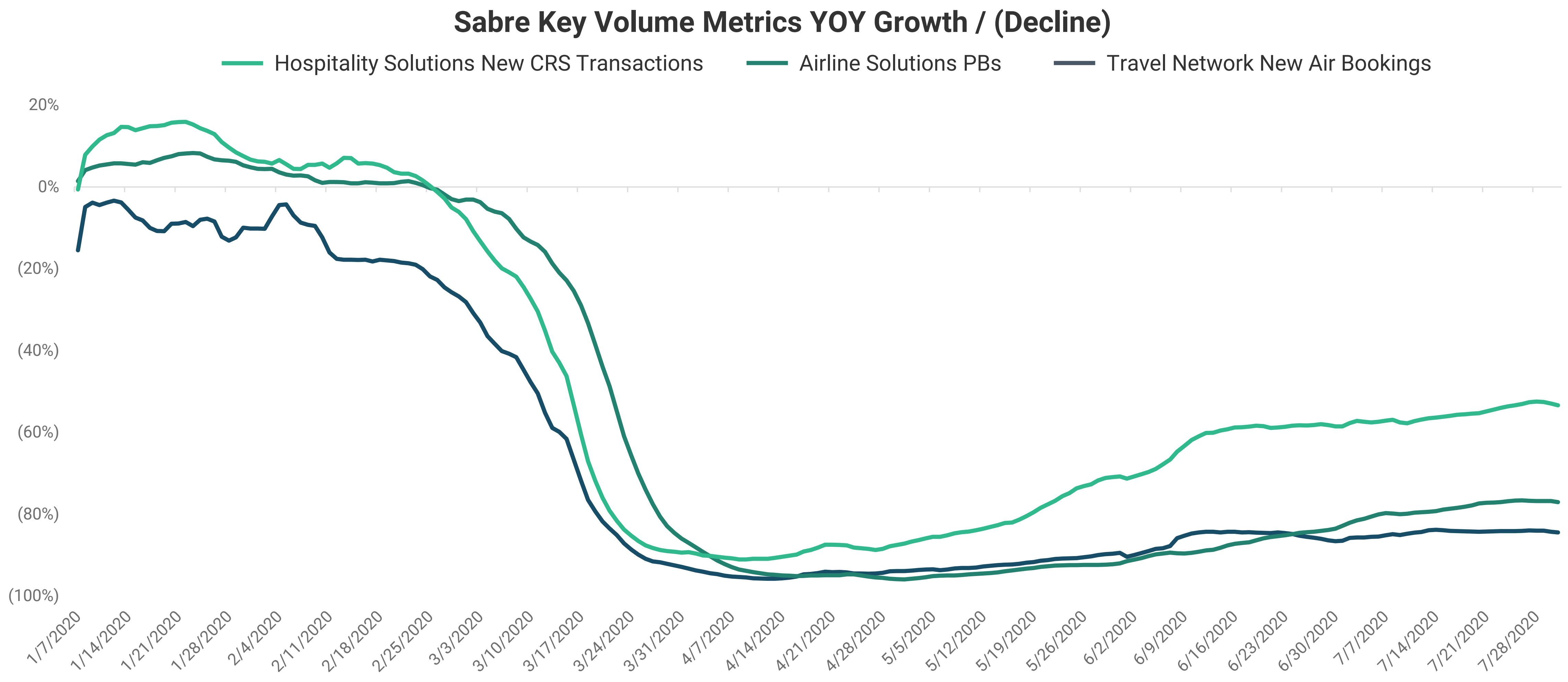
Source: MIDT; calendar-shifted

Significant cancellations, but trend stabilized mid-Q2



Source: MIDT; calendar-shifted

Most significant improvement in Hospitality



7-day moving average; calendar-shifted

Business realignment provides better customer experience and cost efficiencies

Travel Solutions

New functional alignment is more consistent with other best-in-class technology companies

Product Management & Marketing

Global Product Development

Agency & Airline Sales & Account Management

Professional Services, Consulting & Support

- Announced updated leadership team reporting to Dave Shirk
- Additionally, right-sized global organization with 15% reduction in workforce

Commercial update

Distribution	Reservations	Airline IT	Hospitality IT

Technology update & strategic initiatives

Progress on cloud migration

- Dynamically scaled down processing capacity in response to reduced volumes
- Resulted in expense reduction

Taking advantage of low volumes

- Accelerating some aspects of tech transformation
- Session management & security modules largely complete ahead of revised schedule

Google Cloud

Great progress on Google partnership

- Completed technical integration of Sabre infrastructure
- Expect to begin migrating applications in H2’20
- Delivered 1st phase of Google Flight Search Availability

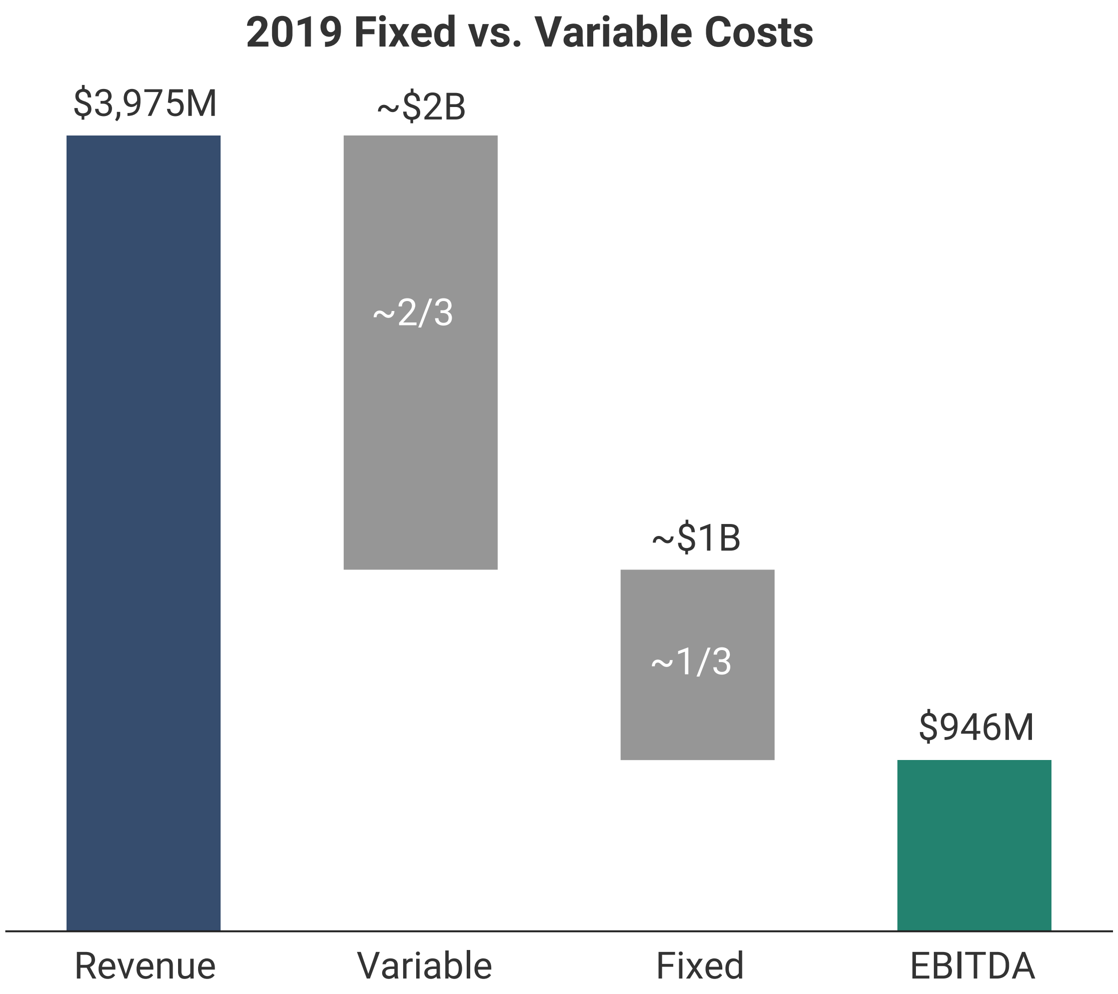
Q2 results significantly impacted by COVID-19

- Revenue down 92%
- Travel Network bookings down 105%
  - Booking trends in line with updates provided throughout the quarter
  - Recognized $27M revenue from bookings not yet departed + cancellation reserve of $60M

Travel Network Bookings	April	May	June	Q2 2020
Gross Air Bookings	(95%)	(91%)	(86%)	(91%)
Total Net Bookings	Negative	Negative	Positive	Negative

- Year-over-year decline in total revenue was partially offset by a decline in:
  - Incentives expense
  - Headcount expenses due to cost savings initiatives
  - Technology expenses due to lower transaction volume environment
- Free Cash Flow was negative in the quarter

Variable cost base helped offset COVID-19 impact



Q2 2020 Cost Benefits:

- Incentives down $366M vs. prior year quarter
- Total tech costs down $53M vs. prior year quarter
  - Cloud costs reduced by ~$2M/month
  - Mainframe costs down 35%
- Recognized headcount savings due to cost actions
  - Workforce down ~15% vs. 2019 year-end
  - Headcount costs down 20-25% vs. 3.5 years ago

Expected Cost Savings:

- Continue to expect ~$275M cost savings in 2020
- On annual run-rate basis, expect ~$200M savings vs. 2019

$1.3B cash balance

Quickly took action to strengthen liquidity:

- $275M in expected 2020 cost savings
- Renegotiated multi-year contract with DXC
- Suspended dividends & share repurchases
- Drew down on our revolver
- Raised $1.1B additional capital
- Leverage ratio covenant has been temporarily suspended

Q2 FCF impacted by:

- $240M cash burn in a zero bookings environment
- $67M lower revenue than zero bookings expectations because bookings were negative
- Previously disclosed items:
  - $30M refunds owed to airlines for Q1 cancellations
  - $52M incentive payments delayed from Q1
  - $21M Farelogix termination fees
- $13M severance
- $23M other working capital

Thank you

Appendix

Q2 2020 Performance

Total Revenue	Business Segment Revenue		
$83M	**($33M)**	**$90M**	**$29M**
Vs. $1B in Q2 2019	Travel Network	Airline Solutions	Hospitality Solutions

Adjusted EBITDA	Adjusted OpInc	Adjusted EPS	Cash Balance
($210M)	**($307M)**	**($1.30)**	**$1.3B**
Vs. $236M in Q2 2019	Vs. $127M in Q2 2019	Vs. $0.24 in Q2 2019	

Q2 2020 Performance: Travel Network

Total Revenue	Total Bookings	Air Bookings	LGS Bookings
($33M)	**(7M)**	**(9M)**	**2M**
Decline of 105%	Decline of 105%	Decline of 107%	Decline of 91%

North America Bookings	EMEA Bookings	Latin America Bookings	APAC Bookings
(102%)	**(107%)**	**(108%)**	**(111%)**

Adjusted OpInc

($183M)

Vs. $160M in Q2 2019

Amounts are compared to Q2 2019.

Q2 2020 Performance: Airline Solutions

Total Revenue

$90M

Decline of 58%

Product Line Revenue (Decline) / Growth

(75%)

Reservations Revenue

(32%)

Commercial & Operations Revenue

Passengers Boarded

20M

Decline of 89%

Adjusted OpInc

($68M)

Vs. $23M in Q2’19

Amounts are compared to Q2 2019.

Q2 2020 Performance: Hospitality Solutions

Total Revenue

$29M

Decline of 61%

SynXis Software and Services

59%

Revenue decline

11M

Central Reservation System Transactions

Adjusted OpInc

($19M)

Vs. ($6M) in Q2 2019

Amounts are compared to Q2 2019.

Q2 2020 Technology expenditures

Total technology spend

$203M

Decline of $53M or 26%

Capitalized software development

$9M

Decline of $15M or 177%

Amortization of previous capitalization

$63M

Decline of $12M or 19%

Net technology operating expense impacting operating results

$257M

Decline of $50M or 20%

Amounts are compared to Q2 2019.

Q2 2020 Net debt, leverage and cash flow

Free Cash Flow **($446M)** Vs. $76M in Q2 2019	Cash from Operations **($435M)** Vs. $106M in Q2 2019	CapEx **$11M** Decline of 63%
Net Debt **$3,511M**	Leverage Ratio **13.4x** (Net Debt / LTM Adj. EBITDA)	Cash Position **$1.3B** As of Q2 2020 quarter end

Amounts are compared to Q2 2019.

Tabular reconciliations for Non-GAAP measures

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net (loss) income attributable to common stockholders	$ (444,131)	$ 27,838	$ (656,811)	$ 84,688
Loss (income) from discontinued operations, net of tax	672	(1,350)	2,798	102
Net (loss) income attributable to non-controlling interests[(1)]	(71)	1,606	712	2,518
(Loss) income from continuing operations	(443,530)	28,094	(653,301)	87,308
Adjustments:				
Acquisition-related amortization[(2a)]	16,509	16,011	33,310	31,995
Restructuring and other costs[(8)]	48,001	—	73,282	—
Other, net[(4)]	6,098	2,479	53,584	4,349
Acquisition-related costs[(6)]	4,373	8,935	22,200	20,641
Litigation costs, net[(5)]	115	1,386	1,856	2,824
Stock-based compensation	8,762	18,295	26,339	33,989
Tax impact of adjustments[(7)]	1,669	(7,746)	4,751	(19,453)
Adjusted Net (Loss) Income from continuing operations	$ (358,003)	$ 67,454	$ (437,979)	$ 161,653
Adjusted Net (Loss) Income from continuing operations per share	$ (1.30)	$ 0.24	$ (1.59)	$ 0.58
Diluted weighted-average common shares outstanding	275,693	275,483	274,865	276,596
Adjusted Net (Loss) Income from continuing operations	$ (358,003)	$ 67,454	$ (437,979)	$ 161,653
Adjustments:				
Depreciation and amortization of property and equipment[(2b)]	68,028	79,209	137,541	154,557
Amortization of capitalized implementation costs[(2c)]	9,417	9,627	18,964	21,738
Amortization of upfront incentive consideration[(3)]	19,076	19,846	37,289	38,974
Interest expense, net	58,581	39,608	96,023	77,621
Remaining provision for income taxes	(7,387)	19,891	(37,723)	43,441
Adjusted EBITDA	$ (210,288)	$ 235,635	$ (185,885)	$ 497,984
Less:				
Depreciation and amortization[(2)]	93,954	104,847	189,815	208,290
Amortization of upfront incentive consideration[(3)]	19,076	19,846	37,289	38,974
Acquisition-related amortization[(2a)]	(16,509)	(16,011)	(33,310)	(31,995)
Adjusted Operating (Loss) Income	$ (306,809)	$ 126,953	$ (379,679)	$ 282,715

Tabular reconciliations for Non-GAAP measures

Reconciliation of net (loss) income attributable to common shareholders to Last Twelve Months' (LTM) Adjusted EBITDA (for Net Debt Ratio)
(in thousands, except per share amounts; unaudited)

	Three Months Ended				
	Sep 30, 2019	**Dec 31, 2019**	**Mar 31, 2020**	**Jun 30, 2020**	**LTM**
Net income (loss) attributable to common stockholders	$ 63,813	$ 10,091	$ (212,680)	$ (444,131)	$ (582,907)
Loss from discontinued operations, net of tax	596	1,068	2,126	672	4,462
Net income (loss) attributable to non-controlling interests[1]	771	665	783	(71)	2,148
Income (loss) from continuing operations	65,180	11,824	(209,771)	(443,530)	(576,297)
Adjustments:					
Acquisition-related amortization[2a]	15,976	16,633	16,801	16,509	65,919
Restructuring and other costs[8]	—	—	25,281	48,001	73,282
Other, net[4]	1,769	3,314	47,486	6,098	58,667
Acquisition-related costs[6]	9,696	10,700	17,827	4,373	42,596
Litigation costs, net[5]	(24,179)	(3,224)	1,741	115	(25,547)
Stock-based compensation	17,094	15,802	17,577	8,762	59,235
Depreciation and amortization of property and equipment[2b]	78,060	77,956	69,513	68,028	293,557
Amortization of capitalized implementation costs[2c]	9,579	8,127	9,547	9,417	36,670
Amortization of upfront incentive consideration[3]	20,851	23,110	18,213	19,076	81,250
Interest expense, net	39,743	39,027	37,442	58,581	174,793
Provision for income taxes	7,795	3,543	(27,254)	(5,718)	(21,634)
Adjusted EBITDA	$ 241,564	$ 206,812	$ 24,403	$ (210,288)	$ 262,491
Net Debt (total debt, less cash)					$ 3,510,798
Net Debt / LTM Adjusted EBITDA					13.4x

Tabular reconciliations for Non-GAAP measures

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

	Three Months Ended June 30, 2020				
	Travel Network	Airline Solutions	Hospitality Solutions	Corporate	Total
Operating loss	$ (182,832)	$ (68,309)	$ (19,409)	$ (113,520)	$ (384,070)
Add back:					
Selling, general and administrative	31,613	20,148	8,407	56,395	116,563
Cost of revenue adjustments:					
Depreciation and amortization(2)	21,269	37,144	10,234	6,346	74,993
Restructuring and other costs(8)	—	—	—	40,752	40,752
Amortization of upfront incentive consideration(3)	19,076	—	—	—	19,076
Stock-based compensation	—	—	—	3,686	3,686
Adjusted Gross Profit	(110,874)	(11,017)	(768)	(6,341)	(129,000)
Selling, general and administrative	(31,613)	(20,148)	(8,407)	(56,395)	(116,563)
Equity method loss	(499)	—	—	—	(499)
Selling, general and administrative adjustments:					
Depreciation and amortization(2)	3,365	2,748	1,124	11,724	18,961
Restructuring and other costs(8)	—	—	—	7,249	7,249
Acquisition-related costs(6)	—	—	—	4,373	4,373
Litigation costs, net(5)	—	—	—	115	115
Stock-based compensation	—	—	—	5,076	5,076
Adjusted EBITDA	$ (139,621)	$ (28,417)	$ (8,051)	$ (34,199)	$ (210,288)
Less:					
Depreciation and amortization(2)	24,634	39,892	11,358	18,070	93,954
Amortization of upfront incentive consideration(3)	19,076	—	—	—	19,076
Acquisition-related amortization(2a)	—	—	—	(16,509)	(16,509)
Adjusted Operating Loss	$ (183,331)	$ (68,309)	$ (19,409)	$ (35,760)	$ (306,809)
Operating income margin	NM	NM	NM	NM	NM
Adjusted Operating Income Margin	NM	NM	NM	NM	NM

Tabular reconciliations for Non-GAAP measures

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

	Three Months Ended June 30, 2019				
	Travel Network	Airline Solutions	Hospitality Solutions	Corporate	Total
Operating income (loss)	$ 159,384	$ 22,660	$ (5,746)	$ (94,385)	$ 81,913
Add back:					
Selling, general and administrative	45,482	22,442	10,171	76,610	154,705
Cost of revenue adjustments:					
Depreciation and amortization[2]	27,581	40,699	12,342	5,971	86,593
Amortization of upfront incentive consideration[3]	19,846	—	—	—	19,846
Stock-based compensation	—	—	—	7,381	7,381
Adjusted Gross Profit	252,293	85,801	16,767	(4,423)	350,438
Selling, general and administrative	(45,482)	(22,442)	(10,171)	(76,610)	(154,705)
Equity method income	413	—	—	—	413
Selling, general and administrative adjustments:					
Depreciation and amortization[2]	3,140	2,586	1,278	11,250	18,254
Acquisition-related costs[6]	—	—	—	8,935	8,935
Litigation costs, net[5]	—	—	—	1,386	1,386
Stock-based compensation	—	—	—	10,914	10,914
Adjusted EBITDA	$ 210,364	$ 65,945	$ 7,874	$ (48,548)	$ 235,635
Less:					
Depreciation and amortization[2]	30,721	43,285	13,620	17,221	104,847
Amortization of upfront incentive consideration[3]	19,846	—	—	—	19,846
Acquisition-related amortization[2a]	—	—	—	(16,011)	(16,011)
Adjusted Operating Income (Loss)	$ 159,797	$ 22,660	$ (5,746)	$ (49,758)	$ 126,953
Operating income margin	22.0 %	10.7 %	NM	NM	8.2 %
Adjusted Operating Income Margin	22.1 %	10.7 %	NM	NM	12.7 %

Tabular reconciliations for Non-GAAP measures

Reconciliation of Free Cash Flow
(in thousands; unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Cash (used in) provided by operating activities	$ (435,467)	$ 105,661	$ (395,036)	$ 257,661
Cash used in investing activities	(10,896)	(38,299)	(43,746)	(76,163)
Cash provided by (used in) financing activities	1,070,047	(128,661)	1,308,193	(292,975)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Cash (used in) provided by operating activities	$ (435,467)	$ 105,661	$ (395,036)	$ 257,661
Additions to property and equipment	(10,896)	(29,332)	(39,333)	(67,196)
Free Cash Flow	$ (446,363)	$ 76,329	$ (434,369)	$ 190,465

Non-GAAP financial measures

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

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

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

We define Adjusted Net (Loss) Income as net (loss) income attributable to common stockholders adjusted for loss (income) 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, net, stock-based compensation, and the tax impact of adjustments.

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

We define Adjusted Net (Loss) Income from continuing operations per share (EPS) as Adjusted Net (Loss) Income divided by diluted weighted-average common shares outstanding.

We define Free Cash Flow as cash (used in) 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 (Loss) Income, Adjusted Net (Loss) 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 (Loss) Income, Adjusted Net (Loss) 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 are unaudited and 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 (Loss) Income, Adjusted Net (Loss) 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 (Loss) Income, Adjusted Net (Loss) 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 interests held in (i) Sabre Travel Network Middle East of 40%, (ii) Sabre Seyahat Dagitim Sistemleri A.S. of 40%, (iii) Sabre Travel Network Lanka (Pte) Ltd of 40%, and (iv) Sabre Bulgaria of 40%.

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.
   (b) Depreciation and amortization of property and equipment includes software developed for internal use as well as amortization of contract acquisition costs.
   (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 ten 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.

4) Other, net includes a $46 million charge related to termination payments incurred in the first quarter of 2020 in connection with our proposed acquisition of Farelogix, as well as 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) Litigation costs, net represent charges associated with antitrust litigation and other foreign non-income tax contingency matters.

6) Acquisition-related costs represent fees and expenses incurred associated with the 2018 agreement to acquire Farelogix.

7) The tax impact of 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, valuation allowance assessments and other items.

8) Restructuring and other costs represent charges associated with business restructuring and associated changes, including a strategic realignment of our airline and agency-focused businesses, as well as other measures to support the new organizational structure and to respond to the impacts of the COVID-19 pandemic on our business and cost structure.