Q1 2020 Earnings Report

May 8, 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 "will," "position," "believe," "expect," "confident," "runway," "estimate," "appear," "suggest," "project," "uncertainty," "hope," "plan," "suspect," "may," "guidance," "trend," "potential," "intend," "continue," "anticipate," "preliminary," "should," "could," "would," "target" 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 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 or renewed agreements, 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, including related costs, and, as applicable, the closing and integration of these acquisitions, the effects of any litigation and regulatory reviews and investigations, including with respect to proposed and completed 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 effects 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 Form 8-K filed with the SEC on April 13, 2020 and 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.

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Today’s presenters

Sean Menke
President & CEO

Doug Barnett
EVP & CFO

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Today’s call

Sean

1. Discuss the impact of COVID-19 on the global travel industry and provide detail on the decline in booking and travel trends since its outbreak
2. Describe actions Sabre has taken in response to this challenge
3. Discuss the impact these actions will have on our technology investments
4. Describe why we believe Sabre is resilient and well-positioned for a post-crisis environment

Doug

1. Brief review of Q1 results
2. Discuss Sabre’s flexible cost structure
3. Provide detail on cost reduction actions and timing
4. Provide pro forma cash balance, monthly estimated cash burn rate and why we believe we have adequate liquidity to weather a prolonged adverse market environment

Severe impact to global travel industry from COVID-19

	GDS Industry Net Air Bookings YOY Growth / (Decline)				
	Global	Asia-Pacific	EMEA	North America	Latin America
January	(10%)	(21%)	(10%)	(1%)	(14%)
February	(25%)	(53%)	(22%)	(12%)	(18%)
March	(113%)	(119%)	(111%)	(117%)	(82%)
Q1 2020	**(49%)**	**(62%)**	**(47%)**	**(45%)**	**(38%)**

- Sabre's "new" air bookings declined by 8%, 17% and 70% in Jan, Feb, and Mar; Q1 2020 down 32%
- Sabre's net air bookings declined by 9%, 23%, 111% in Jan, Feb, and Mar due to cancellations; Q1 2020 down 47%

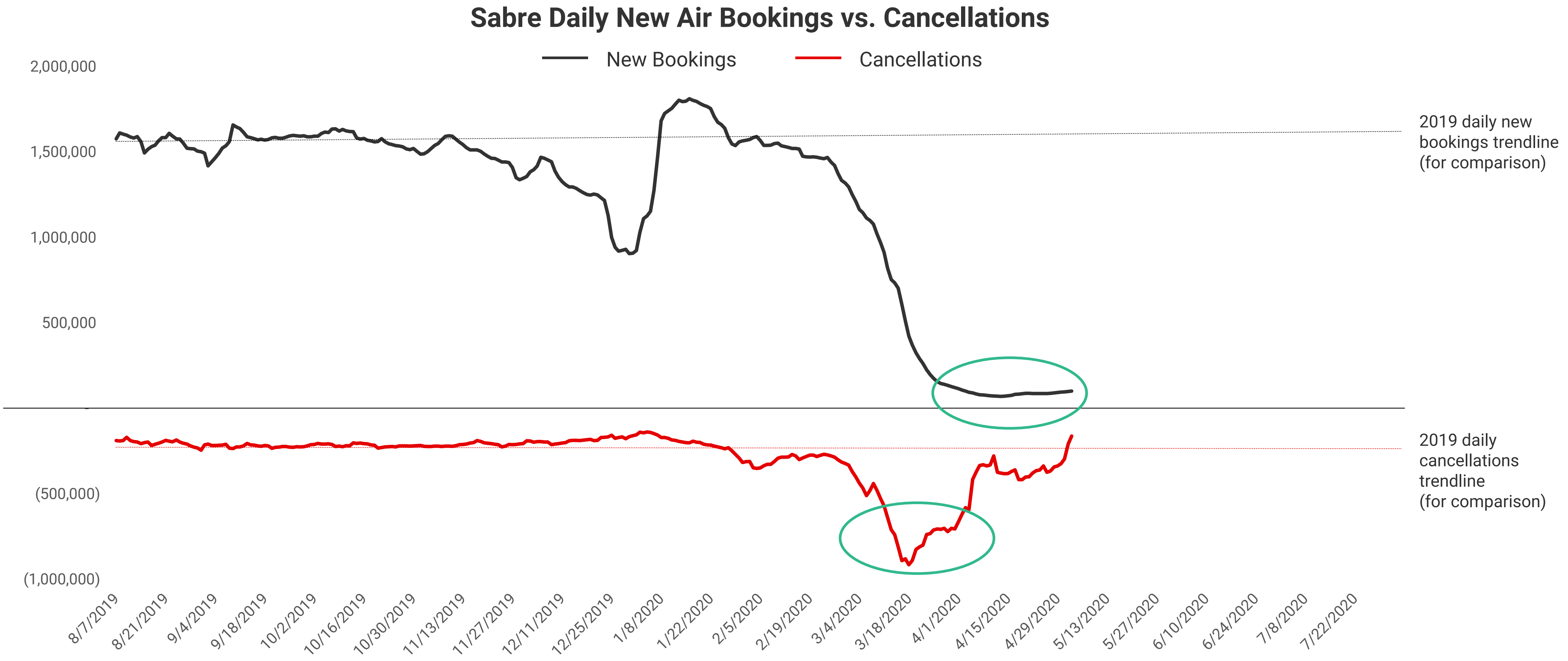
Source: MIDT

Decline peaked in late March across all regions

	GDS Industry Net Air Bookings YOY Growth / (Decline)				
	Global	Asia-Pacific	EMEA	North America	Latin America
January – Week 1	(7%)	(6%)	(12%)	1%	(16%)
January – Week 2	(7%)	(20%)	(5%)	3%	(14%)
January – Week 3	(6%)	(23%)	(5%)	5%	(7%)
January – Week 4	(20%)	(39%)	(15%)	(13%)	(18%)
February – Week 1	(20%)	(45%)	(18%)	(8%)	(14%)
February – Week 2	(23%)	(53%)	(17%)	(10%)	(10%)
February – Week 3	(23%)	(51%)	(17%)	(10%)	(15%)
February – Week 4	(41%)	(69%)	(41%)	(26%)	(35%)
March – Week 1	(63%)	(90%)	(63%)	(55%)	(21%)
March – Week 2	(100%)	(103%)	(94%)	(110%)	(68%)
March – Week 3	(138%)	(136%)	(136%)	(147%)	(111%)
March – Week 4	(141%)	(141%)	(141%)	(147%)	(109%)
March – Week 5	(137%)	(133%)	(137%)	(142%)	(123%)
April – Week 1	(119%)	(121%)	(122%)	(117%)	(114%)
April – Week 2	(128%)	(118%)	(125%)	(136%)	(124%)
April – Week 3	(120%)	(119%)	(122%)	(119%)	(127%)
April – Week 4	(115%)	(117%)	(118%)	(109%)	(125%)

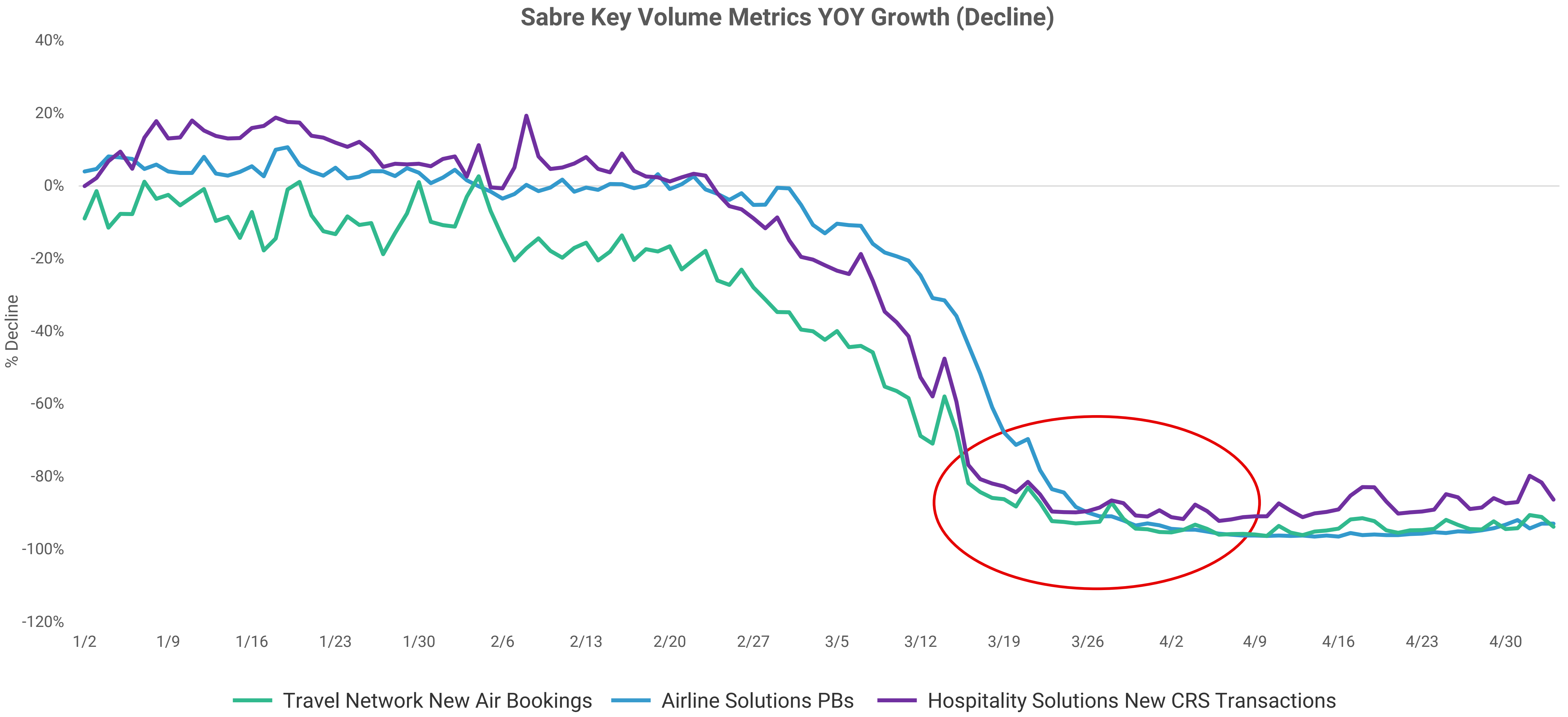
Source: MIDT; calendar shifted

Cancellations hit peak as bookings decline plateaued



Source: MIDT; calendar shifted.

Metrics converged at high 90% declines at end of Q1



Calendar shifted air bookings; work-day adjusted CRS transactions.

Focus is on liquidity and aligning costs to demand

Cost reduction actions

- $200 million in 2020 cost savings (March 20)
- Increased to $325 million (April 13)
- 2/3 of cost structure is variable, which provides protection and ability to implement further actions
- Still proceeding with technology transformation and transition to Google Cloud; delaying other initiatives

Liquidity actions

- Dividend and share buybacks suspended (March 16; effective after March 30, 2020 payment)
- $375 million revolver draw-down (March 17)
- $1.1 billion raised in senior secured and exchangeable notes (April 17)

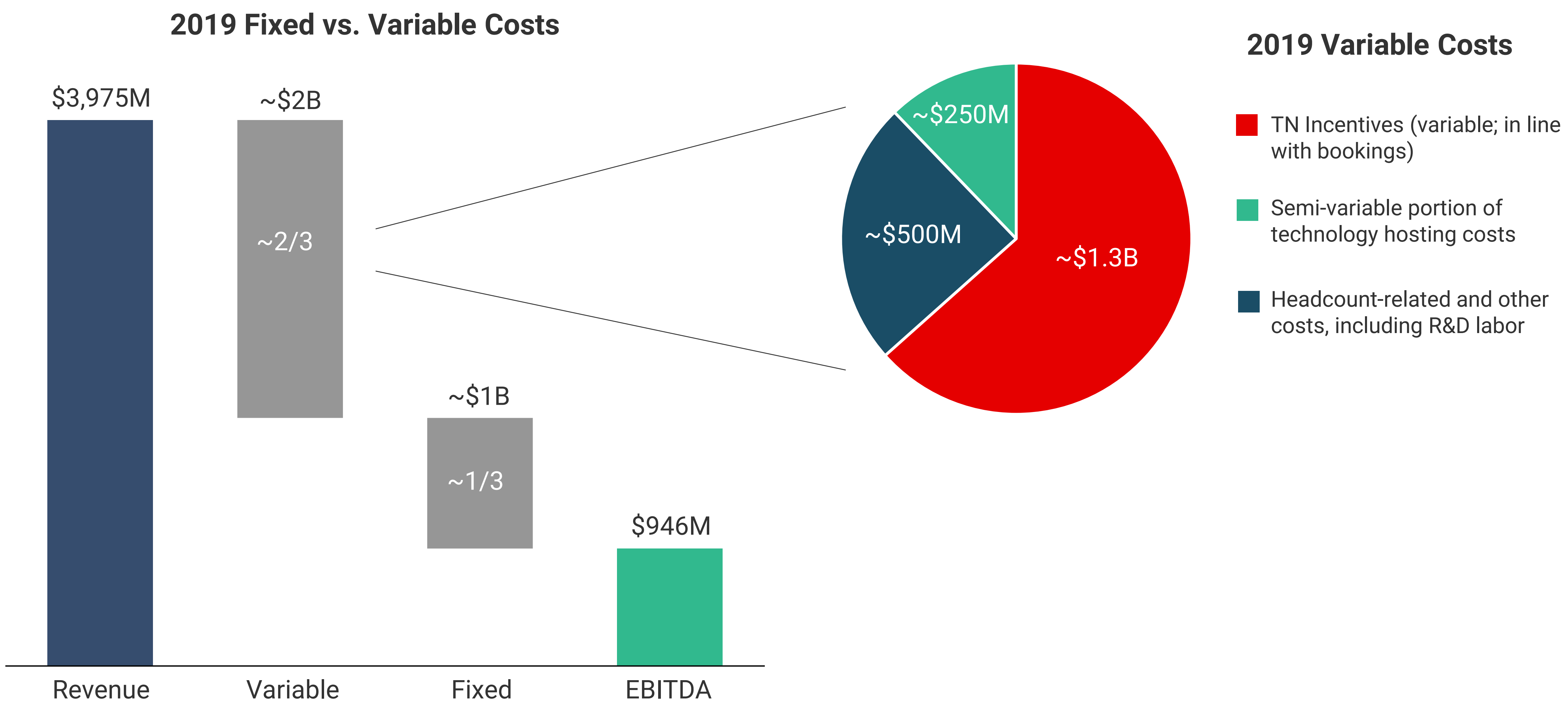
Effective May 1, 2020, Sabre and Farelogix agreed to terminate the Farelogix acquisition.

Confident the strength of our liquidity position, flexible cost structure, longstanding customer relationships and experienced management team will allow Sabre to endure this period of prolonged uncertainty

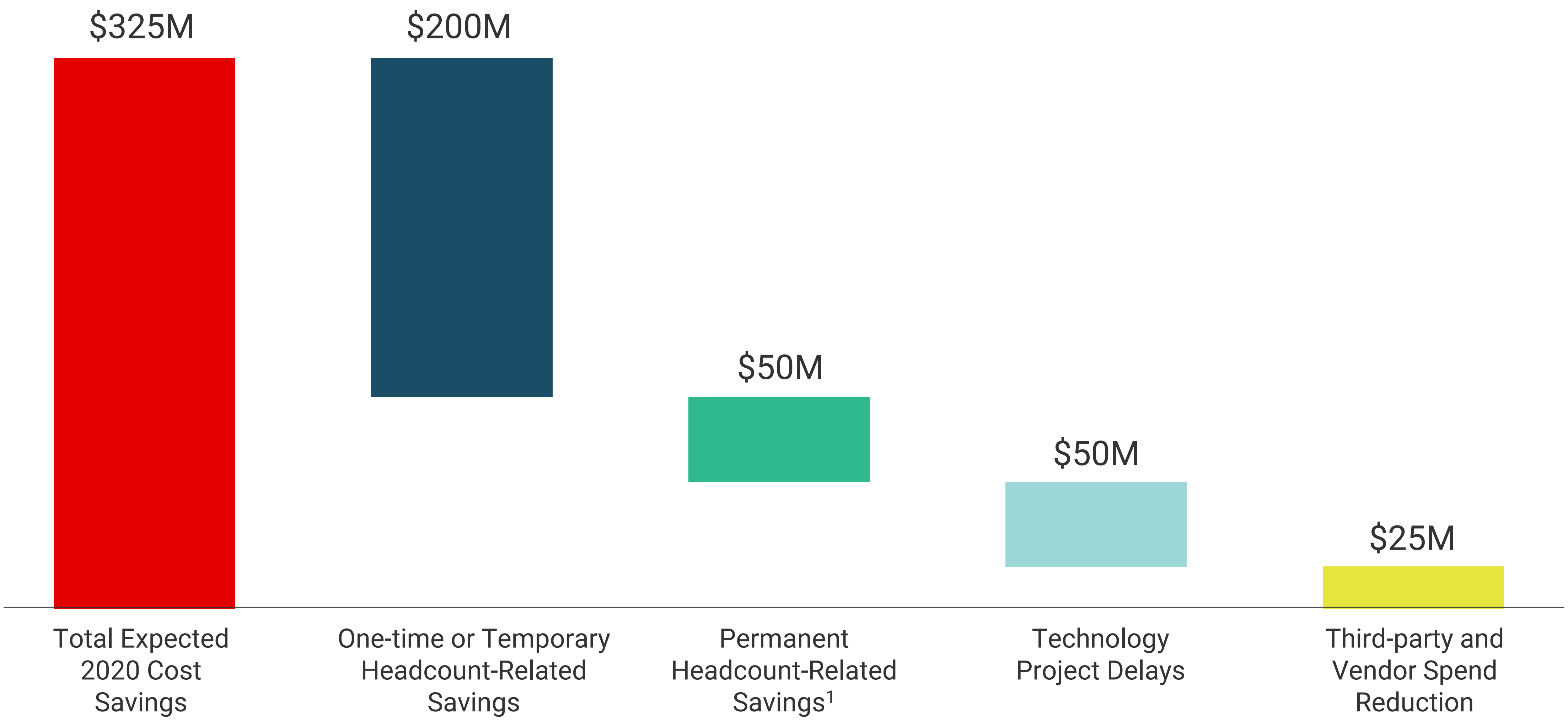
Q1 results significantly impacted by COVID-19

- Revenue down 37%
- Travel Network bookings down 45%
  - New air bookings down 32%; significant impact from cancellations
  - $105M revenue from bookings not yet departed + cancellation reserve of $44M as of Q1 end
- Positive EBITDA
- Operating loss and negative EPS
- Free Cash Flow generation of $12M

Largely variable cost base and levers to manage



$325M in expected 2020 cost savings; ability to increase



[1] 2020 expected savings; not annual run-rate

Significant liquidity to withstand prolonged downturn

1. Suspended dividend and share repurchases
2. Announced $325 million in expected cost savings
3. Drew down on revolver for $375 million
4. Raised $1.1 billion from issuance of senior secured and exchangeable notes
5. No significant near-term liquidity needs
6. Although in compliance with leverage ratio requirement as of 3/31, believe Material Travel Event Disruption has occurred and therefore expect leverage ratio covenant under Amended and Restated Credit Agreement will be suspended
7. Effective May 1, 2020, Sabre and Farelogix agreed to terminate the acquisition agreement.

1.5+ Years of liquidity in a zero bookings environment

Liquidity Position

3/31/2020 Cash	$684M
(-) Refunds owed to airlines for Q1 cancellations	($30M)
(-) Incentive payments delayed from Q1	($52M)
(-) Cancellation reserve	($44M)
(-) Farelogix termination fees	($21M)
(+) Proceeds from senior secured and exchangeable notes offering	$1.1B
= Pro forma cash balance	**~$1.7B**
(-) Minimum Cash to Operate Business	($150M)
= Total Liquidity	**~$1.5B**

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Estimated Monthly Cash Burn in Zero Booking Environment

Revenue	$50M
(-) Fixed costs	($80M)
(-) Variable costs	($20M)
(-) Other cash expenditures	($30M)
= Estimated cash burn	**($80M)**

=

Liquidity Runway

~ 18 months

At this time, we do not expect to participate in the CARES Act loan program for the aviation industry

THANK YOU

Thank you to our Sabre teammates around the world for their dedication to serving our customers, shareholders and each other during this difficult time.

APPENDIX

Q1 2020 Performance

Total Revenue

$659M

Decline of 37%

91% recurring revenue

Business Segment Revenue

Travel Network

$428M

Airline Solutions

$180M

Hospitality Solutions

$59M

Adjusted EBITDA

$24M

91% decline

Adjusted Operating Loss

$73M

147% decline

Adjusted EPS

($0.29)

185% decline

Cash Position

$684M

Pro Forma Cash Position*

~$1.7B

Amounts are compared to Q1 2019.

*Pro Forma cash position includes cash at the end of Q1 2020 as well as $1.1B from April senior secured notes and exchangeable notes offerings, $30M in refunds owed to airlines for Q1 cancellations, $52M in incentive payment delays from Q1, $44M in cancellation reserve and $21M Farelogix termination fees.

Q1 2020 Performance: Travel Network

Total Revenue
$428M
Decline of 45%

Global Air Bookings Share
39.3%
Growth of 100bp

Air Bookings
47%

LGS Bookings
21%

Total Bookings
86M
Decline of 45%

Regional Bookings
North America
Decline of 39%

EMEA
Decline of 42%

Latin America
Decline of 39%

Asia-Pacific
Decline of 63%

Average Booking Fee
Decline of 4pts

High single digit decline in incentive fee per booking

Note: average booking fee and incentive fee impacted by significant cancellation activity

Adjusted Operating Income
$22M
89% decline

Adjusted Operating Margin
5.1%

Amounts are compared to Q1 2019.

Q1 2020 Performance: Airline Solutions

Total Revenue

$180M ⇩ 16% decline

Product Line Revenue

Reservations Revenue

⇩ 17%

Commercial & Operations Revenue

⇩ 13%

Passengers Boarded

167M ⇩ 10% decline

⇩ 15% decline excluding Radixx

Operating Loss

$33M ⇩ 311% decline

Amounts are compared to Q1 2019.

Q1 2020 Performance: Hospitality Solutions

Total Revenues

$59M

Decline of 19%

SynXis Software and Services

Revenue

21%

Central Reservation System Transactions

21M

Decline of 9%

Operating Loss

$16M

vs. $6M loss in Q1 2019

Amounts are compared to Q1 2019.

Q1 2020 Technology expenditures

Total technology spend

$255M

Decrease of $6M, or 2%

Capitalized software development

$15M

Decrease of $12M, or 76%

Capitalization mix

6%

Decrease of 4pts

Amortization of previous capitalization

$65M

Decrease of $8M, or 12%

Net technology operating expense impacting operating results

$305M

Decrease of $2M, or 1%

Amounts are compared to Q1 2019. Total technology spend includes research and development, hosting and third-party software. Total technology spend and capitalized software development exclude certain additions to property, plant and equipment.

Q1 2020 Net debt, leverage and cash flow

Free Cash Flow

$12M

90% decline

Leverage

Net Debt

$3,034M

Leverage Ratio (Net Debt / LTM Adj. EBITDA)

4.3x

Cash from Operations

$40M

73% decline

Quarterly Dividend

$39M

CapEx

$28M

25% decline

Cash Position

$684M

Pro Forma Cash Position*

~$1.7B

Amounts are compared to Q1 2019.

*Pro Forma cash position includes cash at the end of Q1 2020 as well as $1.1B from April senior secured notes and exchangeable notes offerings, $30M in refunds owed to airlines for Q1 cancellations, $52M in incentive payment delays from Q1, $44M in cancellation reserve and $21M Farelogix termination fees.

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 March 31,	
	2020	2019
Net (loss) income attributable to common stockholders	$ (212,680)	$ 56,850
Loss from discontinued operations, net of tax	2,126	1,452
Net income attributable to non-controlling interests[1]	783	912
(Loss) Income from continuing operations	(209,771)	59,214
Adjustments:		
Acquisition-related amortization[2a]	16,801	15,984
Restructuring and other costs[8]	25,281	—
Other, net[4]	47,486	1,870
Acquisition-related costs[6]	17,827	11,706
Litigation costs, net[5]	1,741	1,438
Stock-based compensation	17,577	15,694
Tax impact of adjustments[7]	3,082	(11,707)
Adjusted Net (Loss) Income from continuing operations	$ (79,976)	$ 94,199
Adjusted Net (Loss) Income from continuing operations per share	$ (0.29)	$ 0.34
Diluted weighted-average common shares outstanding	274,037	277,605
Adjusted Net (Loss) Income from continuing operations	$ (79,976)	$ 94,199
Adjustments:		
Depreciation and amortization of property and equipment[2b]	69,513	75,348
Amortization of capitalized implementation costs[2c]	9,547	12,111
Amortization of upfront incentive consideration[3]	18,213	19,128
Interest expense, net	37,442	38,013
Remaining provision for income taxes	(30,336)	23,550
Adjusted EBITDA	$ 24,403	$ 262,349
Less:		
Depreciation and amortization[2]	95,861	103,443
Amortization of upfront incentive consideration[3]	18,213	19,128
Acquisition-related amortization[2a]	(16,801)	(15,984)
Adjusted Operating (Loss) Income	$ (72,870)	$ 155,762

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				
	Jun 30, 2019	**Sep 30, 2019**	**Dec 31, 2019**	**Mar 31, 2020**	**LTM**
Net (loss) income attributable to common stockholders	$ 27,838	$ 63,813	$ 10,091	$ (212,680)	$ (110,938)
Loss (Income) from discontinued operations, net of tax	(1,350)	596	1,068	2,126	2,440
Net income attributable to non-controlling interests[1]	1,606	771	665	783	3,825
(Loss) Income from continuing operations	28,094	65,180	11,824	(209,771)	(104,673)
Adjustments:					
Acquisition-related amortization[2a]	16,011	15,976	16,633	16,801	65,421
Restructuring and other costs[8]	—	—	—	25,281	25,281
Other, net[4]	2,479	1,769	3,314	47,486	55,048
Acquisition-related costs[6]	8,935	9,696	10,700	17,827	47,158
Litigation costs, net[5]	1,386	(24,179)	(3,224)	1,741	(24,276)
Stock-based compensation	18,295	17,094	15,802	17,577	68,768
Depreciation and amortization of property and equipment[2b]	79,209	78,060	77,956	69,513	304,738
Amortization of capitalized implementation costs[2c]	9,627	9,579	8,127	9,547	36,880
Amortization of upfront incentive consideration[3]	19,846	20,851	23,110	18,213	82,020
Interest expense, net	39,608	39,743	39,027	37,442	155,820
Provision for income taxes	12,145	7,795	3,543	(27,254)	(3,771)
Adjusted EBITDA	$ 235,635	$ 241,564	$ 206,812	$ 24,403	$ 708,414
Net Debt (total debt, less cash)					$ 3,033,589
Net Debt / LTM Adjusted EBITDA					4.3x

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 March 31, 2020				
	Travel Network	Airline Solutions	Hospitality Solutions	Corporate	Total
Operating (loss) income	$ 22,658	$ (32,579)	$ (16,457)	$ (125,033)	$ (151,411)
Add back:					
Selling, general and administrative	48,969	46,519	11,685	91,700	198,873
Cost of revenue adjustments:					
Depreciation and amortization[(2)]	22,329	38,087	10,466	6,491	77,373
Restructuring and other costs[(8)]	—	—	—	16,695	16,695
Amortization of upfront incentive consideration[(3)]	18,213	—	—	—	18,213
Stock-based compensation	—	—	—	7,357	7,357
Adjusted Gross Profit	112,169	52,027	5,694	(2,790)	167,100
Selling, general and administrative	(48,969)	(46,519)	(11,685)	(91,700)	(198,873)
Equity method loss	(686)	—	—	—	(686)
Selling, general and administrative adjustments:					
Depreciation and amortization[(2)]	2,938	2,861	1,136	11,553	18,488
Restructuring and other costs[(8)]	—	—	—	8,586	8,586
Acquisition-related costs[(6)]	—	—	—	17,827	17,827
Litigation costs, net[(5)]	—	—	—	1,741	1,741
Stock-based compensation	—	—	—	10,220	10,220
Adjusted EBITDA	$ 65,452	$ 8,369	$ (4,855)	$ (44,563)	$ 24,403
Less:					
Depreciation and amortization[(2)]	25,267	40,948	11,602	18,044	95,861
Amortization of upfront incentive consideration[(3)]	18,213	—	—	—	18,213
Acquisition-related amortization[(2a)]	—	—	—	(16,801)	(16,801)
Adjusted Operating (Loss) Income	$ 21,972	$ (32,579)	$ (16,457)	$ (45,806)	$ (72,870)
Operating income margin	5.3 %	NM	NM	NM	NM
Adjusted Operating Income Margin	5.1 %	NM	NM	NM	NM

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)

	Three Months Ended March 31, 2019				
	Travel Network	Airline Solutions	Hospitality Solutions	Corporate	Total
Operating income (loss)	$ 192,639	$ 15,424	$ (5,717)	$ (91,939)	$ 110,407
Add back:					
Selling, general and administrative	43,460	22,677	9,960	75,294	151,391
Cost of revenue adjustments:					
Depreciation and amortization(2)	27,453	40,030	11,467	5,970	84,920
Amortization of upfront incentive consideration(3)	19,128	—	—	—	19,128
Stock-based compensation	—	—	—	7,244	7,244
Adjusted Gross Profit	282,680	78,131	15,710	(3,431)	373,090
Selling, general and administrative	(43,460)	(22,677)	(9,960)	(75,294)	(151,391)
Equity method income	533	—	—	—	533
Selling, general and administrative adjustments:					
Depreciation and amortization(2)	3,102	2,940	1,255	11,226	18,523
Acquisition-related costs(6)	—	—	—	11,706	11,706
Litigation costs, net(5)	—	—	—	1,438	1,438
Stock-based compensation	—	—	—	8,450	8,450
Adjusted EBITDA	$ 242,855	$ 58,394	$ 7,005	$ (45,905)	$ 262,349
Less:					
Depreciation and amortization(2)	30,555	42,970	12,722	17,196	103,443
Amortization of upfront incentive consideration(3)	19,128	—	—	—	19,128
Acquisition-related amortization(2a)	—	—	—	(15,984)	(15,984)
Adjusted Operating Income (Loss)	$ 193,172	$ 15,424	$ (5,717)	$ (47,117)	$ 155,762
Operating income margin	24.9 %	7.2 %	NM	NM	10.5 %
Adjusted Operating Income Margin	25.0 %	7.2 %	NM	NM	14.8 %

Tabular reconciliations for Non-GAAP measures

Reconciliation of Free Cash Flow
(in thousands; unaudited)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Cash provided by operating activities	$ 40,431	$ 152,000
Cash used in investing activities	(32,850)	(37,864)
Cash provided by (used in) financing activities	238,146	(164,314)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Cash provided by operating activities	$ 40,431	$ 152,000
Additions to property and equipment	(28,437)	(37,864)
Free Cash Flow	$ 11,994	$ 114,136

Definitions

The “recurring revenue” figures for our:

- (i) Travel Network business is comprised of transaction, subscription and other revenue that is of a recurring nature from travel suppliers and travel buyers, and excludes revenue of a non-recurring nature, such as set-up fees;
- (ii) Airline Solutions business is comprised of volume-based and subscription fees and other revenue that is of a recurring nature associated with various solutions, and excludes revenue of a non-recurring nature, such as license fees and consulting fees; and
- (iii) Hospitality Solutions business is comprised of volume-based and subscription fees and other revenue that is of a recurring nature associated with various solutions, and excludes revenue of a non-recurring nature, such as set-up fees and website development fees.

Transaction revenues in (i), (ii) and (iii) are tied to a travel suppliers’ transaction volumes rather than unit pricing for airplane tickets, hotel rooms or other travel products. However, this revenue is not generally contractually committed to recur annually under our agreements with our travel suppliers. As a result, our recurring revenue is highly dependent on the global travel industry and directly correlates with global travel, tourism and transportation transaction volumes.

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 EPS as Adjusted Net (Loss) 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.

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.

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 primarily includes a $46 million charge 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 and other items.

8) Restructuring and other costs represent charges associated with business restructuring and associated changes implemented which resulted in severance benefits related to employee terminations. In the first quarter of 2020, we recorded a $25 million charge associated with an announced action to reduce our workforce in connection with cost savings measures as a result of the market conditions caused by COVID-19.