Sabre

Q4 and Full Year 2018 Earnings Report

February 12, 2019

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 "guidance," "outlook," "medium term," "expect," "anticipate," "believe," "prospects," "will," "progress," "momentum," "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" section in our Quarterly Report on Form 10-Q filed with the SEC on October 30, 2018, in the "Risk Factors" and "Forward Looking Statements" sections in our Annual Report on Form 10-K filed with the SEC on February 16, 2018 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 EBITDA Less Capitalized Software Development, Adjusted EPS, Free Cash Flow, and the ratios based on these financial measures. In addition, we provide certain forward guidance with respect to Adjusted EBITDA, Adjusted EBITDA Less Capitalized Software Development, Adjusted Operating Income, Adjusted Net Income, Adjusted EPS and Free Cash Flow. We are unable to provide this forward guidance on a GAAP basis without unreasonable effort; however, see "2019 Business Outlook and Financial Guidance" in the appendix for additional information including estimates of certain components of the non-GAAP adjustments contained in the guidance.

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.

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

2018: Continued progress

1. Solid financial and operational performance
2. Augmented leadership team with skilled technology executives
3. Evolved our go-to-market strategy
4. Strong progress on our technology evolution

FY 2018 Financial highlights

	Initial Guidance	Q1'18 Raise	Q3'18 Raise	2018 Reported Results
	$	$	$	$
Revenue	$3,685M - $3,765M *2% - 5%*	$3,760M - $3,840M *4% - 7%*	$3,850M - $3,880M *7% - 8%*	$3,867M *+7.5%*
Adjusted EBITDA	$1,055M - $1,095M *(2%) - 2%*	$1,075M - $1,115M *0% - 3%*	$1,110M - $1,130M *3% - 5%*	$1,124M *+4.2%*
Adjusted Operating Income	$650M - $690M *(8%) - (2%)*	$665M - $705M *(6%) - 0%*	$695M - $705M *(2%) - 0%*	$701M *(0.7%)*
Adjusted Net Income	$375M - $415M *(4%) - 6%*	$385M - $425M *(1%) - 9%*	$415M - $425M *6% - 9%*	$428M *+9.6%*
Adjusted EPS	$1.34 - $1.48 *(4%) - 6%*	$1.39 - $1.53 *(1%) - 9%*	$1.49 - $1.54 *6% - 10%*	$1.54 *+10.0%*
Free Cash Flow	~$390M *~8%*	~$425M *~18%*	~$425M *~18%*	$441M *+21.9%*

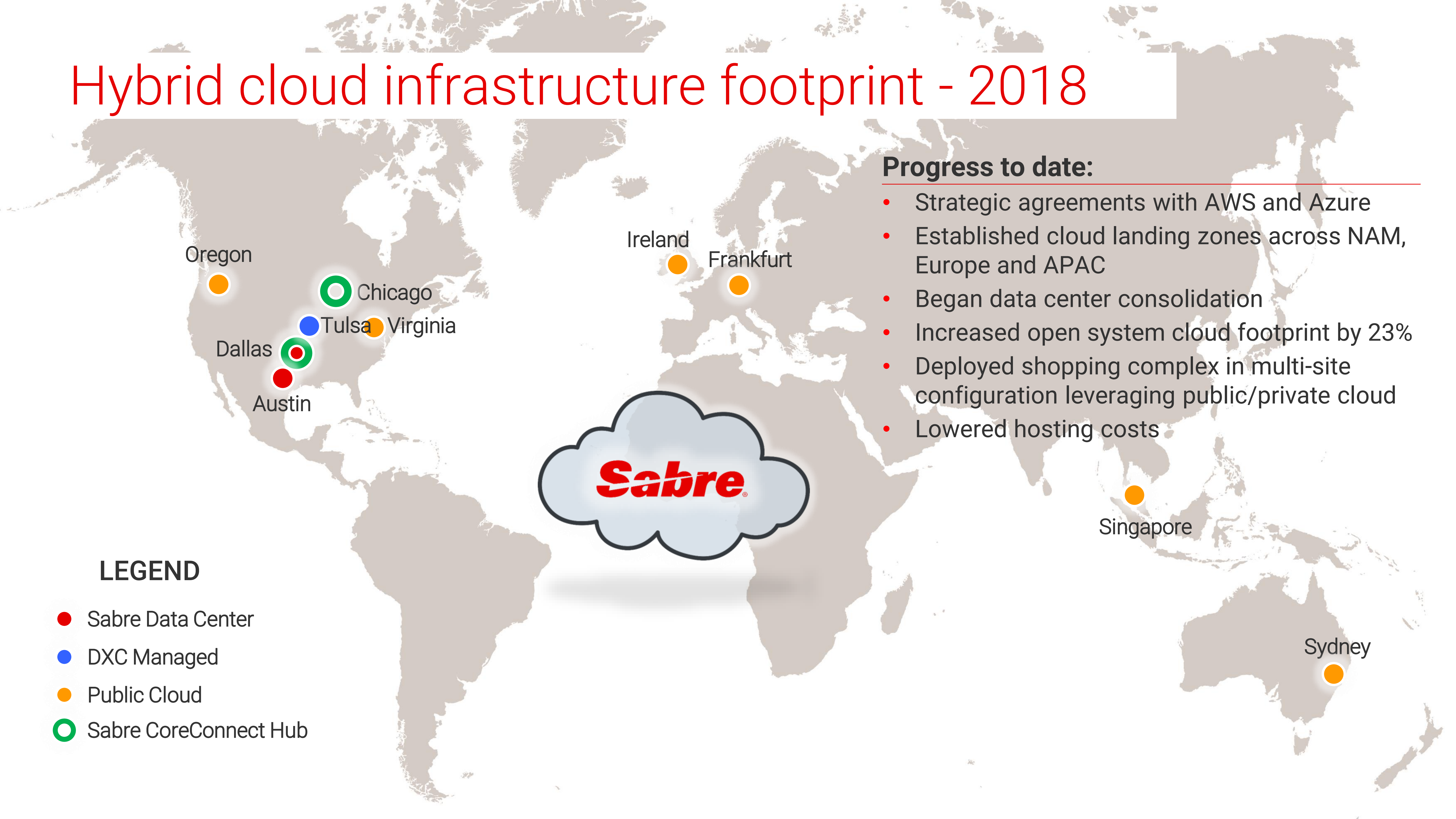
FY 2019 Expectations

	2019	Growth
Revenue	$4,005M - $4,085M	4% - 6%
Free Cash Flow	~$485M	~10%

Expectations for 2019 underlying business performance largely consistent with March 2018 Investor Day expectations

(excluding impact of lower capitalization mix and increased depreciation & amortization)

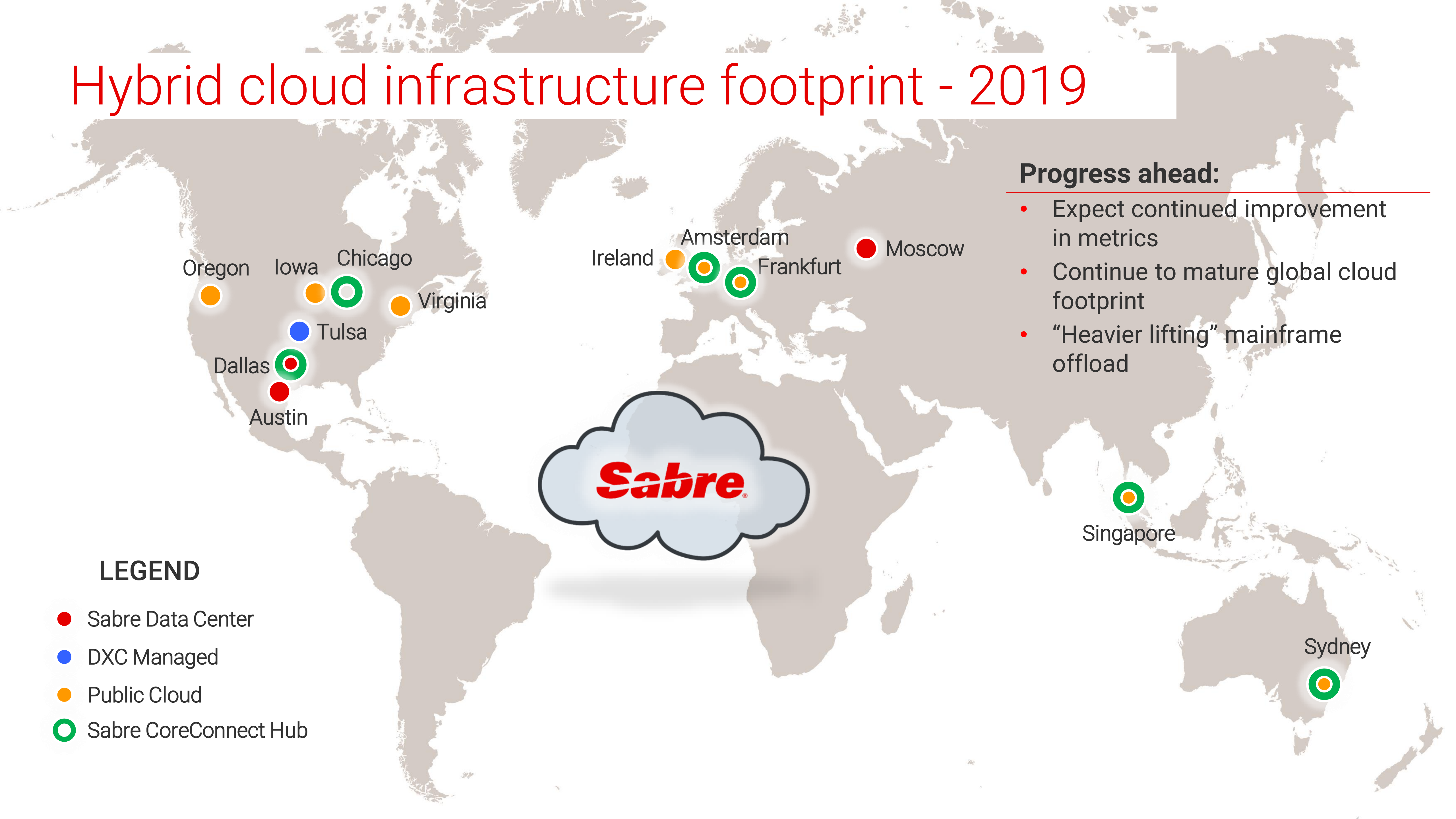
Hybrid cloud infrastructure footprint - 2018



Progress to date:

- Strategic agreements with AWS and Azure
- Established cloud landing zones across NAM, Europe and APAC
- Began data center consolidation
- Increased open system cloud footprint by 23%
- Deployed shopping complex in multi-site configuration leveraging public/private cloud
- Lowered hosting costs

Hybrid cloud infrastructure footprint - 2019



Progress ahead:

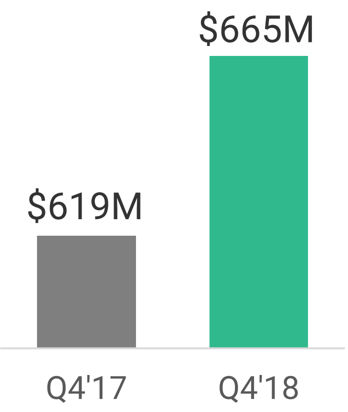
- Expect continued improvement in metrics
- Continue to mature global cloud footprint
- “Heavier lifting” mainframe offload

Q4'18 Financial highlights

	Q4 2018	Growth
Revenue	$924M	+5%
% Recurring Revenue	*93%*	
Adjusted EBITDA	$268M	+4%
Adjusted Op Income	$158M	+2%
Adjusted EPS	$0.34	+6%
Free Cash Flow	$110M	(26%)

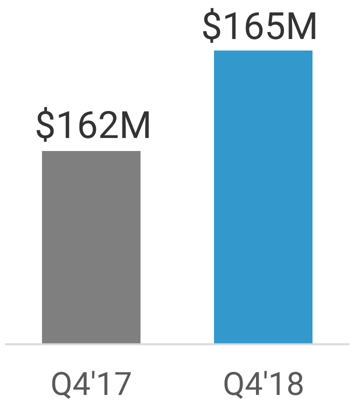
Q4 & FY‘18 Travel Network

Q4’18 Revenue



+7.5%

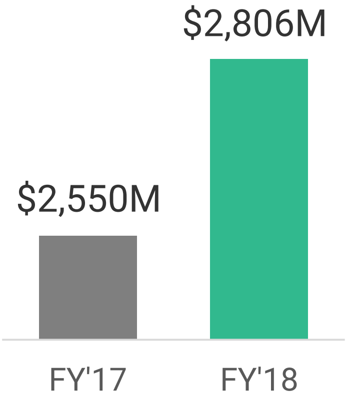
Q4’18 Adjusted Operating Income



+2.0%

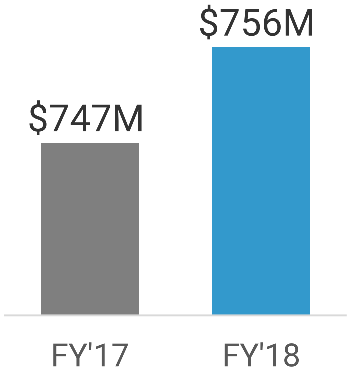
24.9%
Margin

FY’18 Revenue



+10.0%

FY’18 Adjusted Operating Income

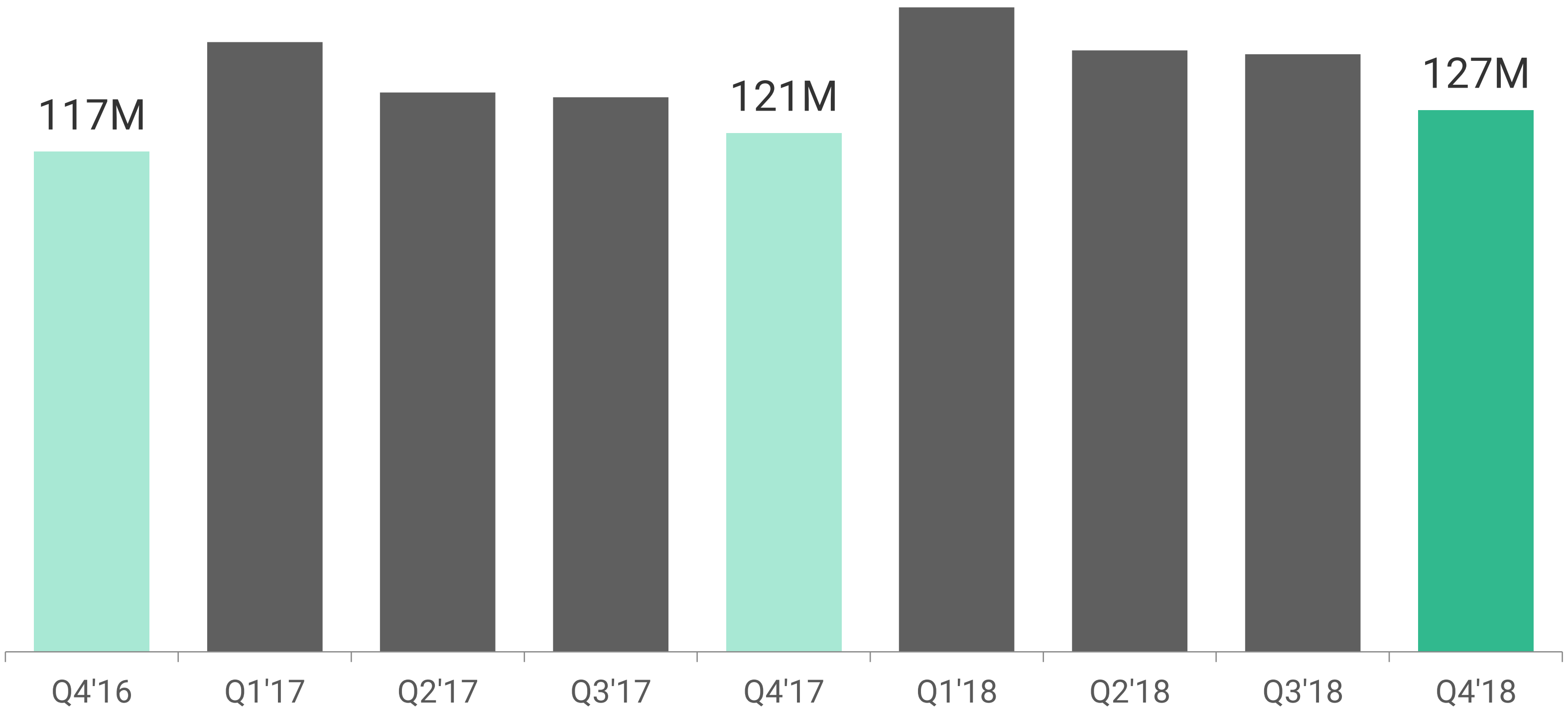


+1.2%

26.9%
Margin

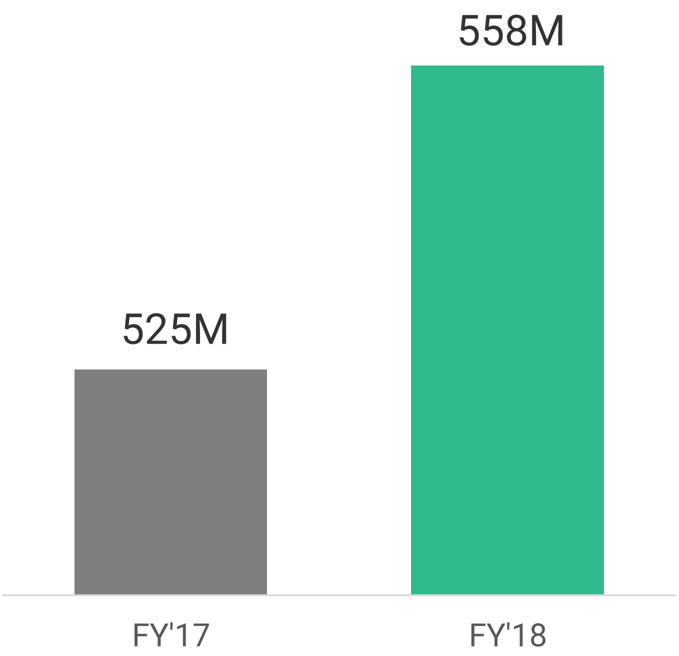
Total bookings

Quarterly Bookings



+4.4%
Q4’18

Annual Bookings



+6.4%
FY’18

Total Q4‘18 bookings growth by region

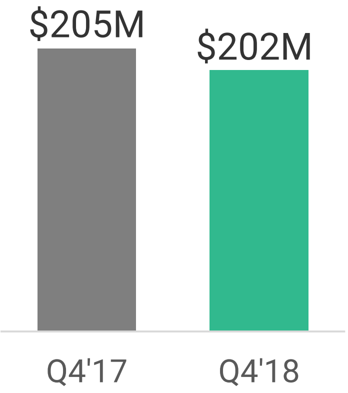
	APAC	NAM	EMEA	LAC
				
Q4’18:	+9.0%	+6.0%	+1.8%	(8.6%)
FY’18:	+17.4%	+5.4%	+3.1%	(3.9%)

37.1%
Q4’18 Global Air Bookings Share
+110 basis points YOY

37.5%
FY’18 Global Air Bookings Share
+120 basis points YOY

Q4 & FY‘18 Airline Solutions

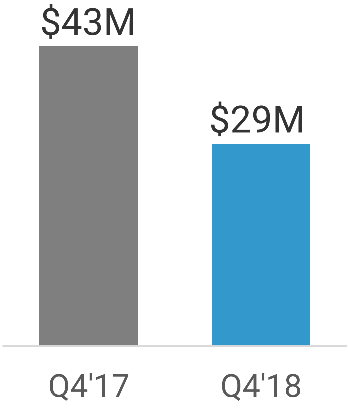
Q4’18 Revenue



(1.7%)

+1.7% excluding the impact of ASC 606

Q4’18 Adjusted Operating Income



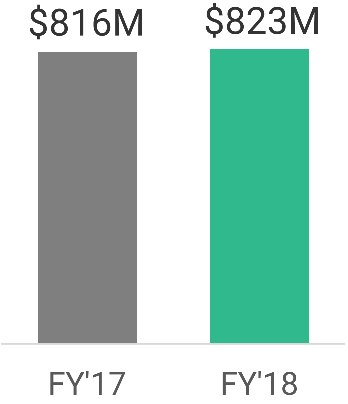
(32.9%)

(4.3%) excluding the impacts of ASC 606 and lower third-party service credits

14.4%

Margin

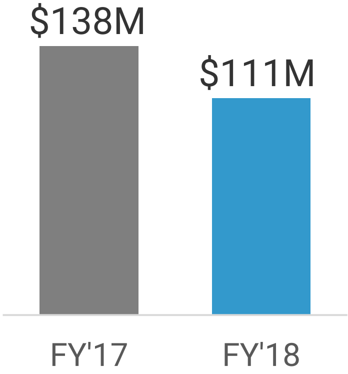
FY’18 Revenue



+0.8%

+5.4% excluding the impacts of Southwest and ASC 606

FY’18 Adjusted Operating Income



(19.4%)

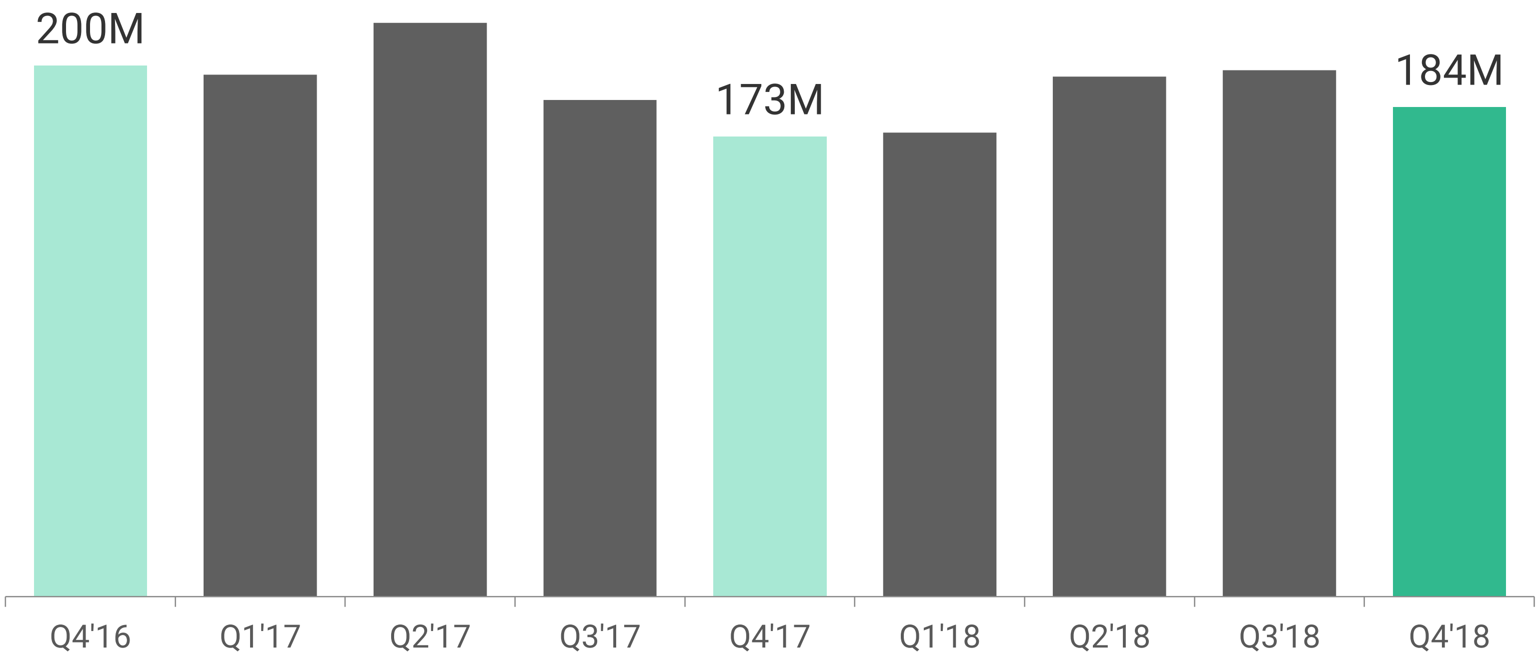
+9.5% excluding the impact of ASC 606 and lower third-party service credits

13.5%

Margin

Total passengers boarded

Quarterly Passengers Boarded

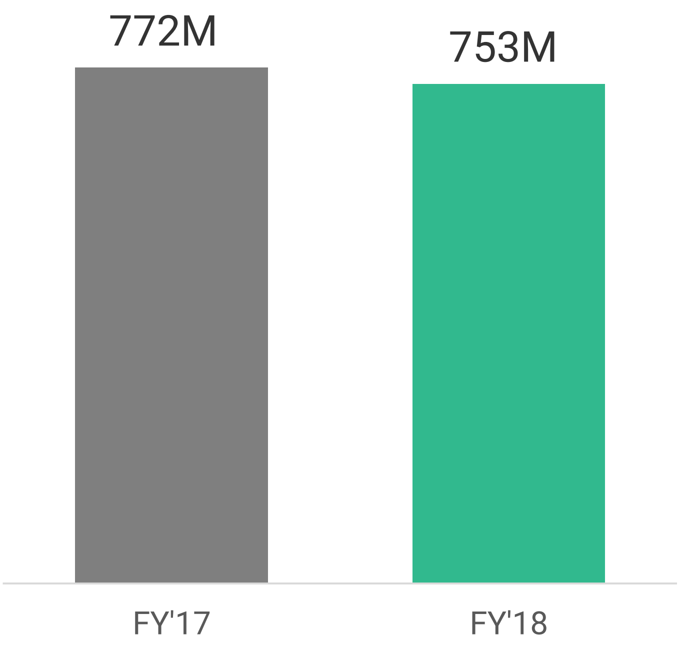


+6.4%

Q4’18

+2.9% consistent carrier growth

Annual Bookings



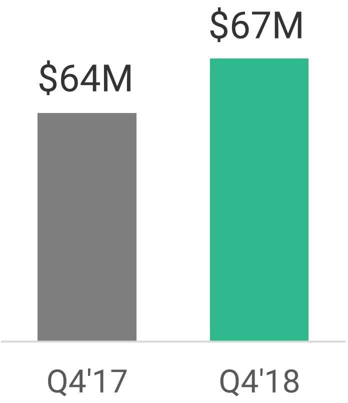
(2.5%)

FY’18

+5.4% consistent carrier growth;
8.2% growth excluding impact of Southwest Airlines

Q4 & FY‘18 Hospitality Solutions

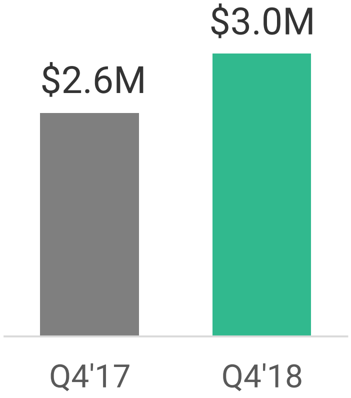
Q4’18 Revenue



+3.8%

+8.3% SynXis Software and Services growth

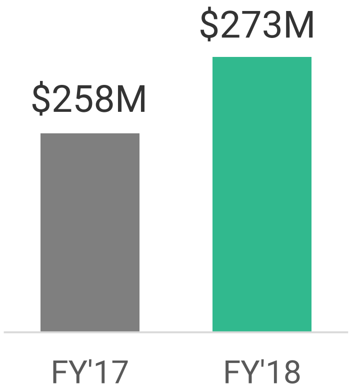
Q4’18 Adjusted Operating Income



+11.5%

4.4%
Margin

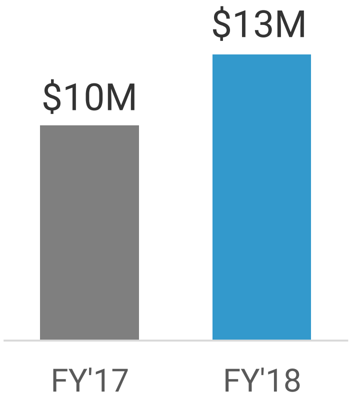
FY’18 Revenue



+5.7%

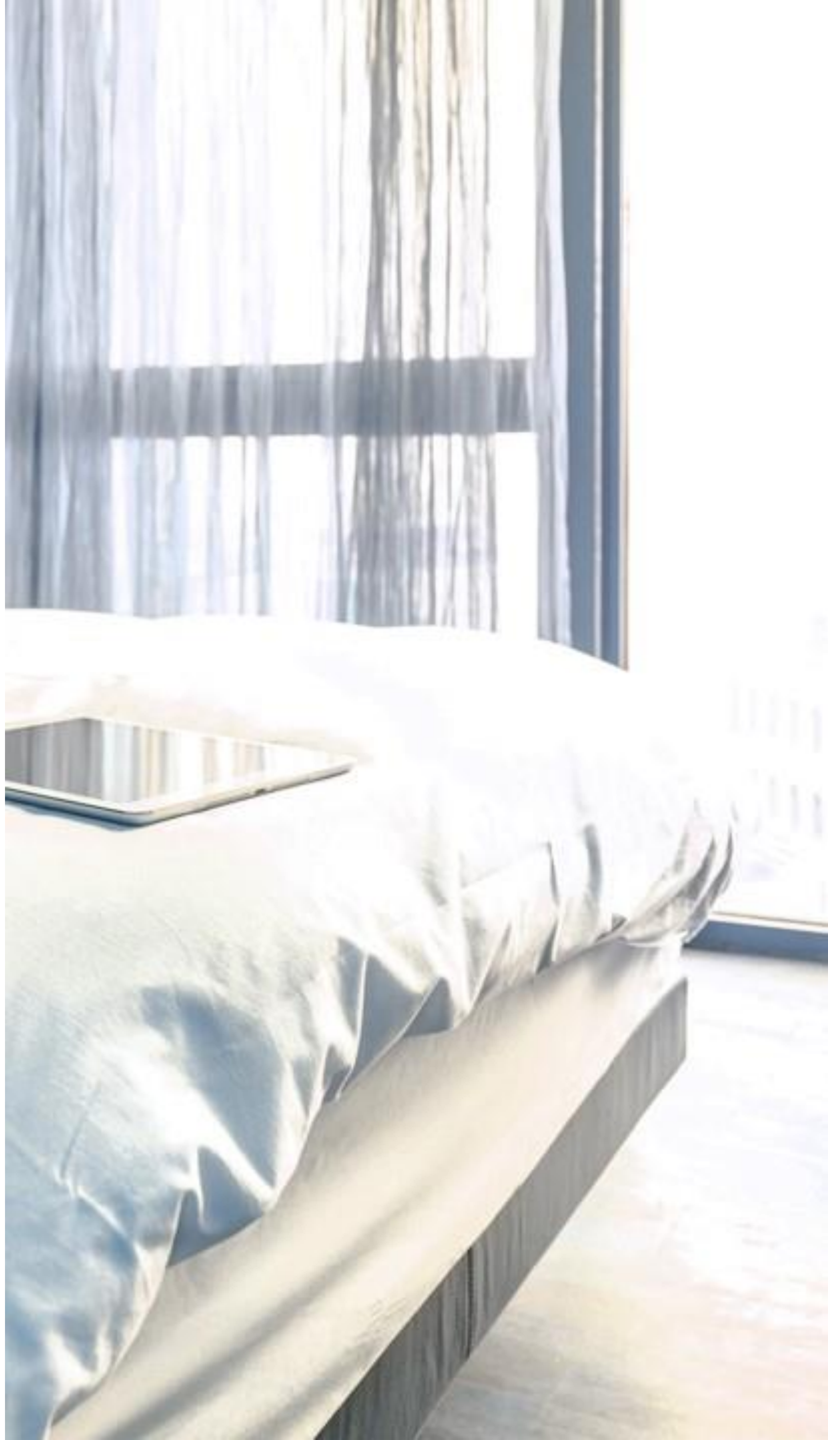
+11.0% SynXis Software and Services growth

FY’18 Adjusted Operating Income



+33.2%

4.7%
Margin



Q4‘18 Technology expenditures

	Q4 2018	Q4 2017	$ YOY	% YOY
Total technology spend	**$243**	**$237**	**$6**	**3%**
Capitalized software development	($71)	($63)	($8)	(13%)
% Capitalized	*29%*	*26%*	*3 pts*	
Amortization of previous capitalization	$74	$70	$4	5%
Net technology operating expense impacting operating results	**$246**	**$245**	**$2**	**1%**

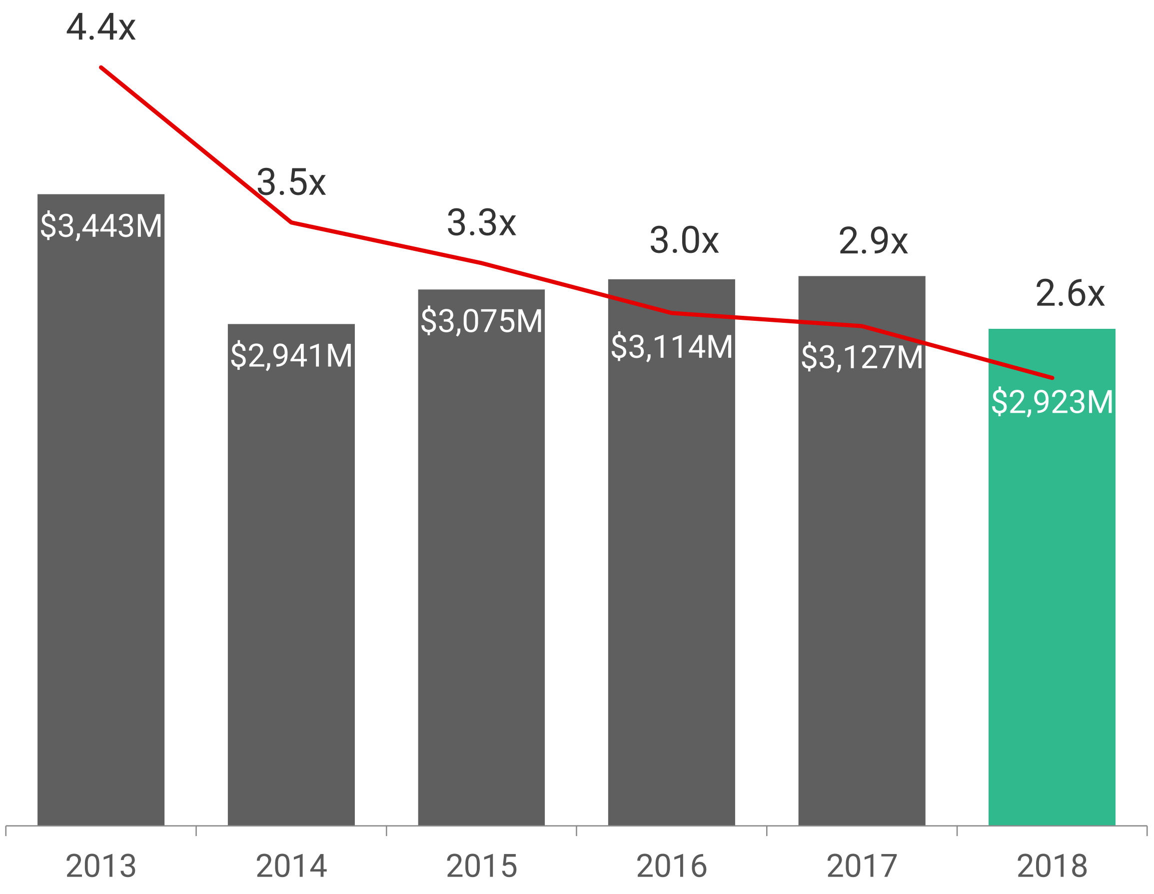
Total technology spend includes research and development, hosting and third-party software. Total technology spend and capitalized software development exclude certain additions to property, plant and equipment.

FY‘18 Technology expenditures

	FY 2018	FY 2017	$ YOY	% YOY
Total technology spend	**$999**	**$940**	**$60**	**6%**
Capitalized software development	($256)	($264)	$9	3%
% Capitalized	*26%*	*28%*	*(3 pts)*	
Amortization of previous capitalization	$288	$252	$36	14%
Net technology operating expense	**$1,032**	**$927**	**$104**	**11%**

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.

Q4 & FY'18 Net debt, leverage[1] and cash flow



Q4'18	FY'18
$189M Cash provided by operating activities	**$725M** Cash provided by operating activities
$110M Free Cash Flow	**$441M** Free Cash Flow
$39M Returned to Shareholders	**$180M** Returned to Shareholders

$365M

Remaining under share repurchase authorization

[1]Net Debt/LTM Adjusted EBITDA.

FY 2019 Guidance before impact of lower capitalization mix and increased depreciation & amortization

	2019 Guidance Before Impact of Lower Capitalization Mix and Increased D&A
Revenue	$4,005M - $4,085M *4% - 6%*
Adjusted EBITDA	$1,150M - $1,190M *2% – 6%*
Adjusted Operating Income	$715M - $755M *2% – 8%*
Adjusted Net Income	$430M - $470M *1% – 10%*
Adjusted EPS	$1.56 - $1.70 *1% – 10%*
Free Cash Flow	~ $485M *~ 10%*

The information presented here represents forward-looking statements and reflects expectations as of February 12, 2019. Sabre assumes no obligation to update these statements. Results may be materially different and are affected by many factors detailed in the accompanying release and in Sabre's 3Q 2018 Form 10-Q and 2017 Form 10-K.

Estimated impact of certain items on 2019 expectations

	Revenue	EBITDA	OpInc	EPS	FCF
Lower Capitalization Mix	$0M	(~$175M)	(~$175M)	(~$0.51)	$0M
Increased D&A	$0M	$0M	(~$25M)	(~$0.07)	$0M
Total	$0M	(~$175M)	(~$200M)	(~$0.58)	$0M

We are taking significant steps in our technology evolution in 2019, and as a result, expect the capitalized portion of our total technology spend to be lower.

- As previously stated, the costs supporting our cloud migration are not capitalized under GAAP. This, combined with the acceleration of our mainframe offload and our evolution to full adoption and maturity of agile development methods, is expected to reduce the percentage of spend that is capitalized in 2019 with an equal and offsetting increase in the percent of technology spend that is expensed as incurred.

As we accelerate our technology evolution, more products have been placed into service than anticipated in the medium-term guidance issued on March 6, 2018.

- We now expect a $25 million increase related to the accelerated frequency of products placed into service as new leadership and methods have increased our innovation velocity versus our previous expectations for 2019.

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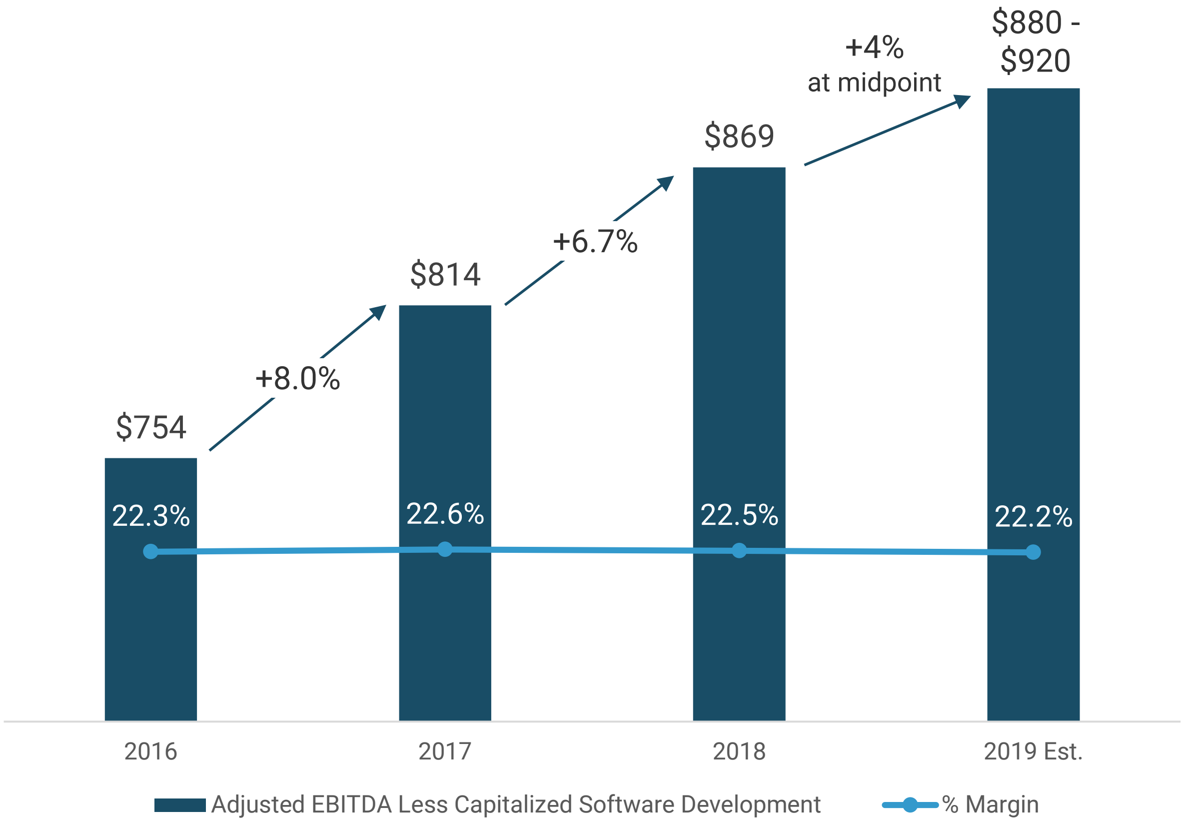
Adjusted EBITDA Less Capitalized Software Development

Adjusted EBITDA Less Capitalized Software Development ($M)



- Reflects total technology spend
- Normalizes changes in capitalization mix across periods for better comparability

Reconciliation ($M)

	2016	2017	2018	2019 Est.
Revenue	**$3,373**	**$3,598**	**$3,867**	**$4,005 - $4,085**
Hosting, third-party software and expensed R&D	($657)	($675)	($744)	($935) - ($945)
Other expense	($1,670)	($1,844)	($1,999)	($2,095) - ($2,125)
Adjusted EBITDA	**$1,047**	**$1,079**	**$1,124**	**$975 - $1,015**
Capitalized software development	($293)	($264)	($256)	~ ($95)
Adjusted EBITDA Less Capitalized Software Development	**$754**	**$814**	**$869**	**$880 - $920**
Adjusted EBITDA Less Capitalized Software Development Margin	*22.3%*	*22.6%*	*22.5%*	*22.0% - 22.5%*
Hosting, third-party software and expensed R&D	$657	$675	$744	$935 - $945
Capitalized software development	$293	$264	$256	~ $95
Total technology spend	**$950**	**$940**	**$999**	**$1,030 - $1,040**

The table above excludes amortization of previous technology capitalization.

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FY 2019 Guidance

	2019 Guidance Before Estimated Impact of Lower Capitalization Mix and Increased D&A	Estimated Impact of Lower Capitalization Mix and Increased D&A	**2019 Guidance** Reflecting Estimated Impact of Lower Capitalization Mix and Increased D&A
Revenue	$4,005M - $4,085M *4% - 6%*		$4,005M - $4,085M *4% - 6%*
Adjusted EBITDA	$1,150M - $1,190M *2% – 6%*	($175M) →	$975M - $1,015M *(13%) – (10%)*
Adj. EBITDA Less Capitalized Software Development	$880M - $920M *1% - 6%*		$880M - $920M *1% - 6%*
Adjusted Operating Income	$715M - $755M *2% – 8%*	($200M) →	$515M - $555M *(27%) – (21%)*
Adjusted Net Income	$430M - $470M *1% – 10%*	($160M) →	$270M - $310M *(37%) – (28%)*
Adjusted EPS	$1.56 - $1.70 *1% – 10%*	($0.58) →	$0.98 - $1.12 *(36%) – (27%)*
Free Cash Flow	~ $485M *~ 10%*		~ $485M *~ 10%*
CapEx	$305M - $325M *6% – 13%*	($175M) →	$130M - $150M *(56%) – (49%)*

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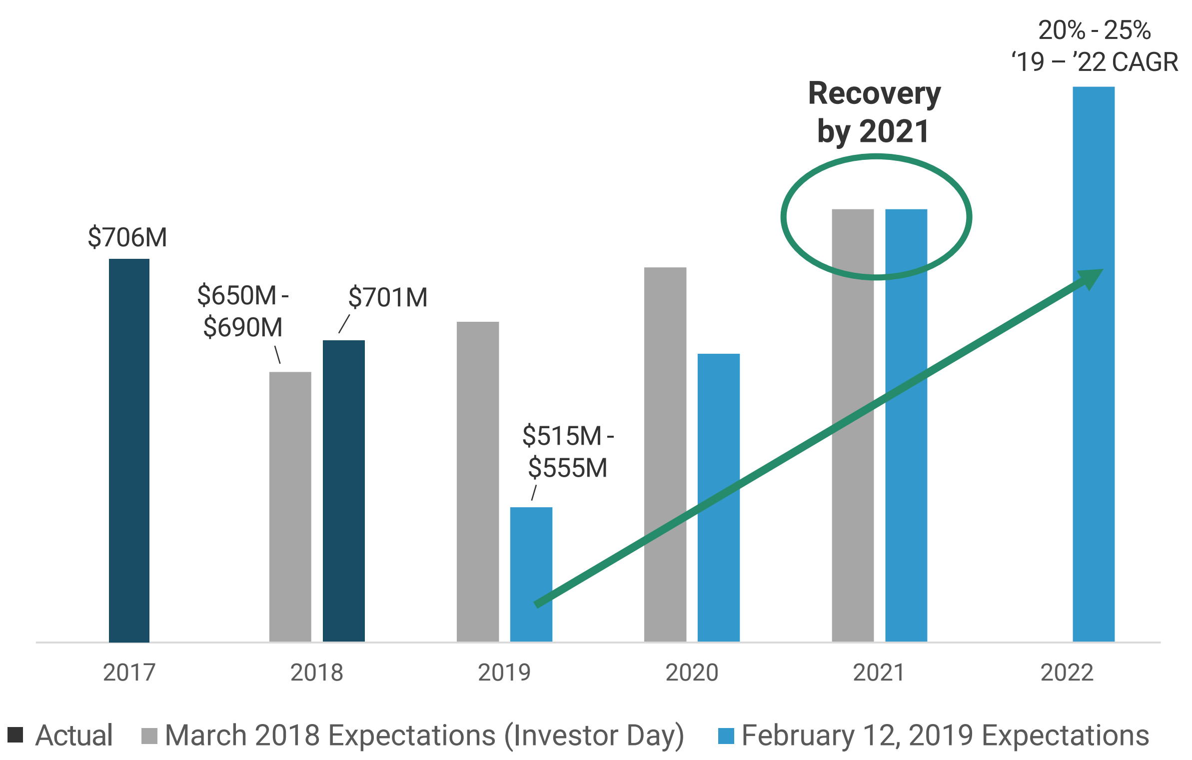
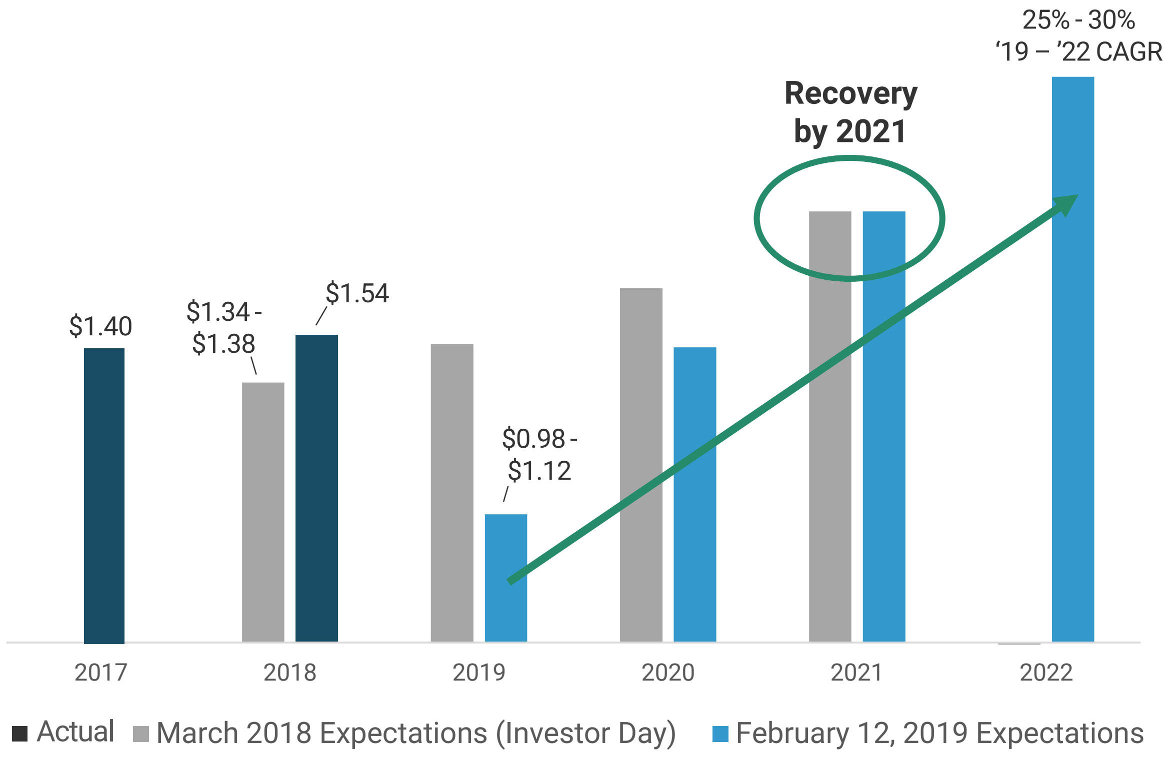
Normalization by 2021: Lower capitalization mix and D&A impact on P&L expected to normalize by 2021

Adjusted Operating Income



Adjusted EPS



Graphs are for illustrative purposes and are not to scale.

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Updated medium term outlook

	March 2018 Expectations 2018 - 2021	February 2019 Expectations 2019 - 2022
Revenue	Mid-to-high single digit CAGR	Mid-to-high single digit CAGR
Adj. EBITDA	N/A	High single-digit CAGR
Adj. EBITDA Less Capitalized Software Development	N/A	High single-digit CAGR
Adj. Operating Income & Margin	Relatively stable margin	20% - 25% CAGR* Expanding margin
Adj. EPS	~10% CAGR	25% - 30% CAGR* Stable interest; 20% - 21% tax rate
Free Cash Flow	~10% CAGR	Low double-digit CAGR More modest in 2020 due to U.S. cash taxes

*From lower 2019 base; expected to normalize by 2021

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Thank you

APPENDIX

Estimated quarterly EPS impact of certain items impacting 2019 results

	Q1'19	Q2'19	Q3'19	Q4'19
Impact of Capitalization Mix Change	(~$0.14)	(~$0.11)	(~$0.13)	(~$0.13)
Increased D&A	(~$0.01)	(~$0.02)	(~$0.03)	(~$0.01)
Total	**(~$0.15)**	**(~$0.13)**	**(~$0.16)**	**(~$0.14)**

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Estimated annual depreciation and amortization over the medium term

	2019 Est.	2020 Est.	2021 Est.	2022 Est.
Depreciation & Amortization	~$460M	~$420M	~$340M	~$310M

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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)

	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Year Ended December 31, 2018	Year Ended December 31, 2017
Net income attributable to common stockholders	$ 84,400	$ 82,090	$ 337,531	$ 242,531
Loss (income) from discontinued operations, net of tax	1,478	(296)	(1,739)	1,932
Net income attributable to noncontrolling interests(1)	1,150	1,387	5,129	5,113
Income from continuing operations	87,028	83,181	340,921	249,576
Adjustments:				
Impairment and related charges(2)	—	(10,910)	—	81,112
Acquisition-related amortization(3a)	16,423	20,194	68,008	95,860
Loss on extinguishment of debt	—	—	633	1,012
Other, net(5)	(2,237)	(56,318)	8,509	(36,530)
Restructuring and other costs(6)	—	(1,329)	—	23,975
Acquisition-related costs(7)	3,266	—	3,266	—
Litigation costs (reimbursements)(8)	1,250	963	8,323	(35,507)
Stock-based compensation	15,818	10,276	57,263	44,689
Tax impact of net income adjustments(9)	(26,503)	41,904	(59,353)	(34,069)
Adjusted Net Income from continuing operations	$ 95,045	$ 87,961	$ 427,570	$ 390,118
Adjusted Net Income from continuing operations per share	$ 0.34	$ 0.32	$ 1.54	$ 1.40
Diluted weighted-average common shares outstanding	277,881	274,951	277,518	278,320
Adjusted Net Income from continuing operations	$ 95,045	$ 87,961	$ 427,570	$ 390,118
Adjustments:				
Depreciation and amortization of property and equipment(3b)	77,963	73,438	303,612	264,880
Amortization of capitalized implementation costs(3c)	11,407	11,510	41,724	40,131
Amortization of upfront incentive consideration(4)	20,298	17,113	77,622	67,411
Interest expense, net	40,208	37,348	157,017	153,925
Remaining provision for income taxes	22,624	29,297	116,845	162,106
Adjusted EBITDA	267,545	256,667	1,124,390	1,078,571
Less:				
Depreciation and amortization(3)	105,793	105,142	413,344	400,871
Amortization of upfront incentive consideration(4)	20,298	17,113	77,622	67,411
Acquisition-related amortization(3a)	(16,423)	(20,194)	(68,008)	(95,860)
Adjusted Operating Income	$ 157,877	$ 154,606	$ 701,432	$ 706,149

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 December 31, 2018				
	Travel Network	Airline Solutions	Hospitality Solutions	Corporate	Total
Operating income (loss)	$ 165,330	$ 29,116	$ 2,954	$ (76,381)	$ 121,019
Add back:					
Selling, general and administrative	42,694	18,181	8,323	60,281	129,479
Cost of revenue adjustments:					
Depreciation and amortization[3]	27,371	43,332	10,091	6,369	87,163
Amortization of upfront incentive consideration[4]	20,298	—	—	—	20,298
Stock-based compensation	—	—	—	7,407	7,407
Adjusted Gross Profit	255,693	90,629	21,368	(2,324)	365,366
Selling, general and administrative	(42,694)	(18,181)	(8,323)	(60,281)	(129,479)
Joint venture equity income	101	—	—	—	101
Selling, general and administrative adjustments:					
Depreciation and amortization[3]	2,940	3,500	949	11,241	18,630
Acquisition-related costs[7]	—	—	—	3,266	3,266
Litigation costs[8]	—	—	—	1,250	1,250
Stock-based compensation	—	—	—	8,411	8,411
Adjusted EBITDA	216,040	75,948	13,994	(38,437)	267,545
Less:					
Depreciation and amortization[3]	30,311	46,832	11,040	17,610	105,793
Amortization of upfront incentive consideration[4]	20,298	—	—	—	20,298
Acquisition-related amortization[3a]	—	—	—	(16,423)	(16,423)
Adjusted Operating Income (Loss)	$ 165,431	$ 29,116	$ 2,954	$ (39,624)	$ 157,877
Operating income margin	24.9 %	14.4 %	4.4 %	NM	13.1 %
Adjusted Operating Income Margin	24.9 %	14.4 %	4.4 %	NM	17.1 %

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)

	Three Months Ended December 31, 2017				
	Travel Network	Airline Solutions	Hospitality Solutions	Corporate	Total
Operating income (loss)	$ 161,393	$ 43,399	$ 2,649	$ (72,841)	$ 134,600
Add back:					
Selling, general and administrative	42,700	17,372	10,118	56,748	126,938
Impairment and related charges[2]	—	—	—	(10,910)	(10,910)
Cost of revenue adjustments:					
Depreciation and amortization[3]	27,154	40,475	9,658	10,837	88,124
Restructuring and other costs[6]	—	—	—	(372)	(372)
Amortization of upfront incentive consideration[4]	17,113	—	—	—	17,113
Stock-based compensation	—	—	—	4,106	4,106
Adjusted Gross Profit	248,360	101,246	22,425	(12,432)	359,599
Selling, general and administrative	(42,700)	(17,372)	(10,118)	(56,748)	(126,938)
Joint venture equity income	812	—	—	—	812
Selling, general and administrative adjustments:					
Depreciation and amortization[3]	3,166	2,234	390	11,228	17,018
Restructuring and other costs[6]	—	—	—	(957)	(957)
Litigation costs[8]	—	—	—	963	963
Stock-based compensation	—	—	—	6,170	6,170
Adjusted EBITDA	209,638	86,108	12,697	(51,776)	256,667
Less:					
Depreciation and amortization[3]	30,320	42,709	10,048	22,065	105,142
Amortization of upfront incentive consideration[4]	17,113	—	—	—	17,113
Acquisition-related amortization[3a]	—	—	—	(20,194)	(20,194)
Adjusted Operating Income (Loss)	$ 162,205	$ 43,399	$ 2,649	$ (53,647)	$ 154,606
Operating income margin	26.1 %	21.1 %	4.1 %	NM	15.3 %
Adjusted Operating Income Margin	26.2 %	21.1 %	4.1 %	NM	17.5 %

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 %

Tabular reconciliations for Non-GAAP measures

Reconciliation of net income (loss) attributable to common shareholders to LTM Adjusted EBITDA (for Net Debt Ratio)
(in thousands; unaudited)

	Three Months Ended				
	Mar 31, 2018	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	LTM
Net income attributable to common stockholders	$ 87,880	$ 92,246	$ 73,005	$ 84,400	$ 337,531
Loss (income) from discontinued operations, net of tax	1,207	(760)	(3,664)	1,478	(1,739)
Net income attributable to noncontrolling interests(1)	1,362	1,079	1,538	1,150	5,129
Income from continuing operations	90,449	92,565	70,879	87,028	340,921
Adjustments:					
Acquisition-related amortization(3a)	17,590	17,588	16,407	16,423	68,008
Loss on extinguishment of debt	633	—	—	—	633
Other, net(5)	1,106	7,735	1,905	(2,237)	8,509
Acquisition-related costs(8)	—	—	—	3,266	3,266
Litigation costs(8)	828	1,020	5,225	1,250	8,323
Stock-based compensation	12,606	13,594	15,245	15,818	57,263
Depreciation and amortization of property and equipment(3b)	74,463	74,960	76,226	77,963	303,612
Amortization of capitalized implementation costs(3c)	9,823	10,395	10,099	11,407	41,724
Amortization of upfront incentive consideration(4)	19,456	19,661	18,207	20,298	77,622
Interest expense, net	38,109	39,409	39,291	40,208	157,017
Provision for income taxes	36,275	75	25,021	(3,879)	57,492
Adjusted EBITDA	$ 301,338	$ 277,002	$ 278,505	$ 267,545	$ 1,124,390
Net Debt (total debt, less cash)					$ 2,922,590
Net Debt / LTM Adjusted EBITDA					2.6x

Please reference SABR HISTORICAL Excel spreadsheet at investors.sabre.com for reconciliation of Net Debt / LTM Adjusted EBITDA for twelve months ended 12/31/2016, 12/31/2015, 12/31/2014 and 12/31/2013.

Tabular reconciliations for Non-GAAP measures

Reconciliation of net income (loss) attributable to common shareholders to LTM Adjusted EBITDA (for Net Debt Ratio) (in thousands; unaudited)

	Three Months Ended				
	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017	LTM
Net income (loss) attributable to common stockholders	$ 75,939	$ (6,487)	$ 90,989	$ 82,090	$ 242,531
Loss (income) from discontinued operations, net of tax	477	1,222	529	(296)	$ 1,932
Net income attributable to noncontrolling interests[1]	1,306	1,113	1,307	1,387	5,113
Income (loss) from continuing operations	77,722	(4,152)	92,825	83,181	249,576
Adjustments:					
Impairment and related charges[2]	—	92,022	—	(10,910)	81,112
Acquisition-related amortization[3a]	35,181	20,259	20,226	20,194	95,860
Loss on extinguishment of debt	—	—	1,012	—	1,012
Other, net[5]	15,234	752	3,802	(56,318)	(36,530)
Restructuring and other costs[6]	—	25,304	—	(1,329)	23,975
Litigation costs (reimbursements), net [8]	3,501	958	(40,929)	963	(35,507)
Stock-based compensation	8,034	14,724	11,655	10,276	44,689
Depreciation and amortization of property and equipment [3b]	61,300	63,810	66,332	73,438	264,880
Amortization of capitalized implementation costs [3c]	9,189	8,948	10,484	11,510	40,131
Amortization of upfront incentive consideration[4]	16,132	16,161	18,005	17,113	67,411
Interest expense, net	39,561	38,097	38,919	37,348	153,925
Provision (benefit) for income taxes	31,707	(15,466)	40,595	71,201	128,037
Adjusted EBITDA	$ 297,561	$ 261,417	$ 262,926	$ 256,667	$ 1,078,571
Net Debt (total debt, less cash)					$ 3,126,652
Net Debt / LTM Adjusted EBITDA					2.9x

Please reference SABR HISTORICAL Excel spreadsheet at investors.sabre.com for reconciliation of Net Debt / LTM Adjusted EBITDA for twelve months ended 12/31/2016, 12/31/2015, 12/31/2014 and 12/31/2013.

Tabular reconciliations for Non-GAAP measures

Reconciliation of Free Cash Flow
(in thousands; unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Cash provided by operating activities	$ 188,604	$ 222,127	$ 724,797	$ 678,033
Cash used in investing activities	(69,595)	(74,573)	(275,259)	(317,525)
Cash used in financing activities	(54,097)	(55,844)	(306,506)	(356,780)

	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Cash provided by operating activities	$ 188,604	$ 222,127	$ 724,797	$ 678,033
Additions to property and equipment	(78,276)	(73,625)	(283,940)	(316,436)
Free Cash Flow	$ 110,328	$ 148,502	$ 440,857	$ 361,597

Tabular reconciliations for Non-GAAP measures

Reconciliation of Adjusted EBITDA and Adjusted EBITDA Less Capitalized Software Development
(in thousands; unaudited)

	Year Ended December 31,		
	2016	2017	2018
Net income attributable to common stockholders	$ 242,562	$ 242,531	$ 337,531
Loss (income) from discontinued operations, net of tax	(5,549)	1,932	(1,739)
Net income attributable to noncontrolling interests(1)	4,377	5,113	5,129
Income from continuing operations	241,390	249,576	340,921
Adjustments:			
Impairment and related charges(2)	—	81,112	—
Acquisition-related amortization(3a)	143,425	95,860	68,008
Loss on extinguishment of debt	3,683	1,012	633
Other, net(5)	(27,617)	(36,530)	8,509
Restructuring and other costs(6)	18,286	23,975	—
Acquisition-related costs(7)	779	—	3,266
Litigation costs (reimbursements)(8)	46,995	(35,507)	8,323
Stock-based compensation	48,524	44,689	57,263
Tax impact of net income adjustments(9)	(104,528)	(34,069)	(59,353)
Adjusted Net Income from continuing operations	$ 370,937	$ 390,118	$ 427,570
Adjusted Net Income from continuing operations per share	$ 1.31	$ 1.40	$ 1.54
Diluted weighted-average common shares outstanding	282,752	278,320	277,518
Adjusted Net Income from continuing operations	$ 370,937	$ 390,118	$ 427,570
Adjustments:			
Depreciation and amortization of property and equipment(3b)	233,303	264,880	303,612
Amortization of capitalized implementation costs(3c)	37,258	40,131	41,724
Amortization of upfront incentive consideration(4)	55,724	67,411	77,622
Interest expense, net	158,251	153,925	157,017
Remaining provision for income taxes	191,173	162,106	116,845
Adjusted EBITDA	1,046,646	1,078,571	1,124,390
Less:			
Capitalized software development	292,721	264,439	255,577
Adjusted EBITDA Less Capitalized Software Development	$ 753,925	$ 814,132	$ 868,813
Adjusted EBITDA Less Capitalized Software Development Margin	22.3%	22.6%	22.5%
Hosting, third-party software and expensed R&D	656,845	675,399	743,916
Capitalized software development	292,721	264,439	255,577
Total technology spend	$ 949,567	$ 939,838	$ 999,493

2019 Business outlook and financial guidance

With respect to the 2019 guidance, full-year Adjusted EBITDA guidance consists of Adjusted Operating Income guidance adjusted for the impact of depreciation and amortization of property and equipment, amortization of capitalized implementation costs and amortization of upfront incentive consideration of approximately $460 million.

Full-year Adjusted EBITDA Less Capitalized Software Development consists of Adjusted EBITDA guidance adjusted for the impact of capitalized software development spend of approximately $95 million.

Full-year Adjusted Operating Income guidance consists of Adjusted Net Income guidance adjusted for the impact of interest expense, net of approximately $170 million and provision for income taxes less tax impact of net income adjustments of approximately $75 million.

Full-year Adjusted Net Income guidance consists of full-year expected net income attributable to common stockholders adjusted for the estimated impact of loss from discontinued operations, net of tax, of approximately $5 million; net income attributable to noncontrolling interests of approximately $5 million; acquisition-related amortization of approximately $65 million; stock-based compensation expense of approximately $75 million; other costs including litigation, other foreign non-income tax matters and foreign exchange gains and losses of $10 million; and the tax benefit of the above adjustments of approximately $20 million.

Full-year Adjusted EPS guidance consists of Adjusted Net Income divided by the projected weighted-average diluted common share count for the full year of approximately 278 million.

Full-year Free Cash Flow guidance consists of expected full-year cash provided by operating activities of $615 million to $635 million less additions to property and equipment of $130 million to $150 million.

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 Income (Loss), Adjusted Net Income from continuing operations ("Adjusted Net Income"), Adjusted EBITDA, Adjusted EBITDA Less Capitalized Software, 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 EBITDA Less Capitalized Software Development 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, remaining provision for income taxes and capitalized software development.

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, Adjusted EBITDA Less Capitalized Software Development 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 EBITDA Less Capitalized Software Development, 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, Adjusted EBITDA and Adjusted EBITDA Less Capitalized Software Development do not reflect cash requirements for such replacements;
- Adjusted Operating Income (Loss), Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Less Capitalized Software Development do not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA and Adjusted EBITDA Less Capitalized Software Development do not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our indebtedness;
- Adjusted EBITDA and Adjusted EBITDA Less Capitalized Software Development do 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 EBITDA Less Capitalized Software Development, 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.