



Q3 2025 Earnings Call Prepared Remarks

November 5, 2025

Slide 1 – Title Slide

Good morning and welcome to Sabre's third quarter 2025 earnings conference call. As a reminder, please note today's call is being recorded.

I will now turn the call over to the Senior Vice President Finance, Roushan Zenooz. Please go ahead, sir.

Slide 2 – Forward-looking statements

Roushan Zenooz, Senior Vice President Finance

Good morning and welcome to our third quarter 2025 earnings call.

This morning, we issued an earnings press release, which is available on our website at investors.sabre.com. A slide presentation, which accompanies today's prepared remarks, is also available during this call on the Sabre Investor Relations web page. A replay of today's call will be available on our website later this morning.

We advise you that our comments contain forward-looking statements that represent our beliefs or expectations about future events, including results of our growth strategies, transactions and bookings growth, commercial and strategic arrangements, the effects of the sale of our Hospitality Solutions business, and our financial guidance, outlook and expectations, pro forma financial information, free cash flow, net leverage, and liquidity, among others. All forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from the statements made on today's conference call. More information on these risks and uncertainties is contained in our earnings release issued this morning and our SEC filings, including our Form 10-Q for the quarter ended September 30, 2025.

Throughout today's call, we will also be presenting certain non-GAAP financial measures. References during today's call to Adjusted EBITDA, Adjusted EBITDA Margin, Normalized Adjusted EBITDA, and Normalized Adjusted EBITDA Margin have been adjusted to exclude certain items. The most directly comparable GAAP measures and reconciliations for non-GAAP measures are available in the earnings release and other documents posted on our website at investors.sabre.com. Normalized amounts have been adjusted for estimated costs historically allocated to our Hospitality Solutions business, which was sold on July 3, 2025. We are also presenting certain financial information on a pro forma basis to give effect to the sale of the Hospitality Solutions business, and we have removed the impact of the \$227 million payment-in-kind interest that was recorded in conjunction with the refinancing activity in the second quarter

of 2025, from pro forma Free Cash Flow. Unless otherwise noted, results presented are based on continuing operations.

Slide 3 – Today’s presenters

Participating with me are Kurt Ekert, President and Chief Executive Officer, and Mike Randolfi, Chief Financial Officer.

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

Slide 4 – Delivering on our strategic priorities

Kurt Ekert, President and CEO

Thanks, Roushan.

Hello everyone and thank you for joining us. Earlier today, we reported third quarter results and provided an updated outlook for the remainder of the year.

2025 has been a dynamic year, and I am encouraged by recent positive commentary from airlines and believe the broader travel environment is stabilizing compared to what we saw earlier this year. Third quarter operational results met our expectations, as we focused on controlling what is within our control. I commend our team members for their continued progress against our strategic priorities – generating free cash flow and delevering the balance sheet and driving sustainable growth through innovation.

We delivered positive air distribution bookings growth in the third quarter, driven primarily by strong performance in September. Based on our progress around the implementation of new business, and our outlook for the remainder of the year, we remain confident in our ability to continue to drive air distribution bookings growth going forward.

We have strengthened our balance sheet by growing Adjusted EBITDA, generating free cash flow, extending debt maturities, and proactively using cash to reduce debt. We have made significant progress over the last two years on our strategy for delevering and we anticipate reducing our net leverage by approximately 50% by year-end 2025 compared to year-end 2023. While there is more work ahead to achieve our long-term leverage goal, we are proud of the progress we have made.

Innovation is key to Sabre’s strategy, and we have been leveraging AI to transform travel. This quarter, we announced two industry firsts - agentic APIs for travel, enabling a new era of AI-driven retailing, and Continuous Revenue Optimizer, an offering within our modular AI-native SabreMosaic platform.

Further, our Payments business continues to see strong customer demand and is growing at a very healthy rate.

We have extended our industry leading position with 41 live NDC integrations. New agency wins and renewals, first-mover product launches, and continued innovation, increase our confidence that we are well positioned competitively.

Slide 5 – Business and financial results

Moving to slide 5, I will provide some detail on our third quarter results.

Overall operational and financial results were positive.

Total distribution bookings grew 3% year-on-year, and air distribution bookings increased more than 2%. Consistent with broader airline commentary, we experienced softness in July air bookings and then saw improvement through the balance of the quarter. September finished strong, up 7% year-on-year.

The acceleration in air bookings was primarily driven by contributions from newly converted business as a result of our growth strategies. In July, air distribution bookings from our growth strategies totaled 2.5 million, and in September that grew to over 3 million. For the third quarter, air bookings from our growth strategies contributed 10 percentage points to total air bookings growth.

This growth was partially offset by two notable headwinds.

First, GDS industry air distribution bookings declined approximately one percentage point year-on-year.

Second, Sabre's air booking mix was a headwind in the third quarter. This reflected Sabre's higher exposure to US government and military and corporate business as well as the impact of regional mix.

We continue to believe these headwinds are transitory, and we are encouraged with the improved performance of certain regions as we move into the fourth quarter.

Hotel distribution bookings growth increased 6% in the quarter, and the attachment rate to air bookings increased over 100 basis points year-on-year.

Within IT Solutions, passengers boarded grew 3% year-on-year.

Solid operational execution resulted in third quarter revenue growth of 3%. Topline growth, combined with ongoing expense management, resulted in Normalized Adjusted EBITDA growth of 23%. Normalized Adjusted EBITDA margin improved over 300 basis points to 21%.

Slide 6 – Driving growth through innovation

Moving to slide 6.

We are transforming our broader platform into a modern, open travel marketplace that seamlessly integrates and normalizes content and capabilities from a wide range of sources.

In multi-source content, Sabre continues to demonstrate industry leadership. We are leading the industry with 41 live NDC connections, providing seamless shopping, booking and workflow integration. We are also on-track to launch our new low-cost carrier solution in the first quarter of 2026.

Our distribution expansion strategy is progressing well. In addition to adding new agencies and significant conversion volumes, we recently announced that World Travel Inc. has expanded its strategic partnership with Sabre and is converting substantially all their volumes onto the Sabre platform. This momentum further advances Sabre's position as a strategic technology partner to leading agencies around the world.

Hotel B2B distribution gross booking value transacted through the platform continues, with an annualized turnover of over \$20 billion, a 7% increase year-on-year.

Our digital payments business also continues to scale rapidly and I will provide a deeper look into this business on the next slide.

We are also making considerable advances related to AI, which I will touch on shortly.

Overall, we are making significant progress against our strategy and transforming the business to capture long-term value in a dynamic and evolving travel marketplace.

Slide 7 – End to end fintech driving fast growth trajectory

Moving to Slide 7, Sabre Payments is an integrated fintech hub.

It is one of our fastest-growing businesses, processing over \$20 billion in annual transactions, and quarterly gross spend grew over 40% year-on-year. Payments provides travel-focused solutions that simplify operations, enable global payment flexibility, and automate risk and fraud management for our customers.

The fintech hub is comprised of two key components: Sabre Direct Pay and Conferma

Sabre Direct Pay is our travel payments service that streamlines financial operations across the travel industry. Travel payments and automated chargeback management services run through a single, integrated interface. This interface provides customers with greater efficiency, faster dispute resolution, and improved win rates.

Conferma is a virtual-card and payment-platform providing issuers, corporate buyers and suppliers with real-time control, enriched data, and automated reconciliation. This enables faster, safer, broader business payments.

We are scaling this business quickly and seeing strong growth in digital wallets and virtual cards. By the end of this year, we expect to have approximately 100 thousand connected hotels. Conferma is developing new API integrations that we expect could accelerate additional virtual card deployments and further adoption.

We believe strong ongoing customer demand positions our Payments business for continued

robust growth.

Slide 8 – Sabre is leading the evolution of AI in travel

On to Slide 8

AI represents an incredible opportunity for the travel industry – and for Sabre, provides a roadmap for future growth.

We have leveraged our deep partnership with Google to embed AI within our platform in three ways:

First, Optimization AI, which delivers value today.

Sabre IQ already powers live, AI-driven products, which generate measurable ROI for airlines and agencies today.

These include Lodging Cross-Sell, which intelligently recommends hotels with air bookings; and Email Parser, which automates traveler requests and agent actions; and Dynamic Pricing, which optimizes fares and ancillaries in real time.

Next, Generative AI – the current phase of acceleration.

We have built digital assistants and chatbots to make travel planning and servicing more intuitive. As a trusted content provider, Sabre’s Gen AI solutions help ensure accurate and contextual information across customer touchpoints.

And finally, Agentic AI and Consumer LLMs – this is our innovation horizon.

Agentic AI anticipates traveler needs and takes actions on their behalf. We believe this new “conversational commerce” will be how consumers search, shop and experience travel servicing in the near future. That is why we have taken a first-mover position with agentic-ready APIs and a proprietary MCP server. These agentic solutions make the language of travel understandable to any AI “agent.” Google has spotlighted Sabre’s latest AI innovations at its global events, drawing strong industry acclaim.

Slide 9 – Air distribution bookings outlook for remainder of 2025

On to Slide 9.

Moving to our outlook for air distribution bookings for the fourth quarter and full year. The chart on the right shows reported quarterly air distribution bookings growth for the first three quarters of the year and our outlook for the fourth quarter.

Our view for the fourth quarter is largely consistent with what we have said previously, excluding the anticipated impacts from the government shutdown. We exited September with strength that carried into early October. However, the government shutdown impacted October air distribution bookings by approximately 3 percentage points, and we expect this impact to carry through the fourth quarter. As a result, we now anticipate fourth quarter year-on-year air distribution bookings growth of between 6% and 8%.

The commentary around the broader travel industry is encouraging and could signal a normalization of trends going forward. We continue to believe the challenges we have navigated during 2025 are largely transitory and as volumes from our growth strategies accelerate through the end of the year, we are well positioned for growth. Additionally, we are optimistic that our positive momentum, as well as the launch of our LCC solution in early 2026, position Sabre for mid-single digit air booking growth in 2026.

In summary, we are focused on controlling what we can control, namely delevering the balance sheet, and driving sustainable growth through innovation. With continued execution, the development of our AI solutions, and opportunities in adjacent spaces such as payments and hotels, we believe Sabre is well positioned for long-term growth.

Thank you, and now over to Mike.

Slide 10 – EVP & CFO, Mike Randolfi

Mike Randolfi, CFO

Thanks Kurt, and good morning everyone.

Please turn to Slide 11.

Slide 11 – Q3 2025 financial highlights

For the third quarter, Sabre reported revenue of \$715 million, up 3% year-on-year, consistent with our guidance range of low to mid-single digit growth.

Distribution revenue grew \$24 million, driven primarily by an increase in air and hotel distribution bookings, as well as an increase in product revenue. IT Solutions revenue of \$140 million was flat year-on-year as growth from passengers boarded was offset by a decrease in license fee revenue. We continue to expect fourth quarter IT Solutions revenue to remain in a similar range of \$140 million to \$145 million.

On a normalized basis, gross margin decreased 130 basis points in the third quarter versus the prior year. The decrease in gross margin is due primarily to two items:

- Lower than expected revenue from certain higher-margin product sales.
- And, continued FX impacts of a weaker US dollar, where Sabre generates revenue in dollars but pays some agency incentives in local currencies.

Looking forward, we expect these gross margin pressures to continue into the fourth quarter.

Third quarter 2025 Normalized Adjusted EBITDA of \$150 million increased 23% year-on-year, with Normalized Adjusted EBITDA margin expanding by 340 basis points to 21%.

Pro Forma Free Cash Flow was \$13 million, and we ended the quarter with \$683 million of cash on the balance sheet.

Slide 12 – Q3 2025 actual results versus guidance

Moving to Slide 12.

As Kurt outlined, third quarter results were largely in line with the expectations we outlined on our second quarter earnings call.

Revenue growth of 3%, met our guidance for low-to-mid single digit year-on year growth.

Normalized Adjusted EBITDA of \$150 million was at the high end of our expectations.

Pro Forma Free Cash Flow of \$13 million was below our expectations. The variance was driven approximately one-third by lower receipts and two-thirds by higher disbursements. Receipts were lower due to the cadence of the quarter. There is roughly a 30-day lag between bookings and receipts. July and August air distribution bookings were relatively flat year-on-year, which was lower than our forecast and virtually all bookings growth in the third quarter occurred in September, which did not benefit third quarter receipts. Regarding higher disbursements, certain payments that were forecasted to be paid in the fourth quarter of 2025 and in 2026 were paid in September. Based on our updated working capital forecast, we now expect Free Cash Flow for the full year 2025 to be approximately \$70 million.

Slide 13 – Focused on improving balance sheet and delevering

Turning to slide 13.

Over the past two years, we have made significant progress on our capital structure, lowering overall debt and extending our maturities. This year we have paid off over \$1 billion of debt. As part of that, in the third quarter, we repaid approximately \$825 million of debt from the proceeds of the Hospitality Solutions sale. We have pushed out maturities as well, with over 60% of our debt maturing in 2029 or later.

With our current outlook, by the end of 2025, we expect our pro forma net leverage will be approximately 50% lower versus year-end 2023. We regularly look for opportunities to efficiently refinance our debt and extend our maturities.

As we look to 2026 cash interest, we expect 2026 to reflect our projected 2025 full year interest expense of \$441 million that is included in our GAAP to non-GAAP reconciliation, plus the impact of any potential refinancings as well as any changes in the forward curve.

Slide 14 – Q4 and FY 2025 pro forma guidance

On to Slide 14 and our outlook for the rest of this year.

We anticipate fourth quarter air distribution bookings growth of between 6% and 8%, with a midpoint of 7%. This compares to our prior fourth quarter guide of 6% to 14% growth, with a midpoint of 10%. The 3 percentage point reduction in the midpoint of our guide is driven primarily by the impact of the government shutdown.

We expect low single digit fourth quarter year-on-year revenue growth, and we expect Pro Forma Adjusted EBITDA of approximately \$110 million. Our fourth quarter Adjusted EBITDA guidance incorporates a \$10 million to \$12 million impact from the government shutdown.

We expect to generate pro forma Free Cash Flow in the fourth quarter of approximately \$130 million. As a reminder, the fourth quarter is typically our highest free cash flow quarter due to the seasonality of working capital.

Our full-year outlook for air distribution bookings growth is positive and is within the guidance range we shared on our second quarter call. With our updated outlook for the fourth quarter, we expect full-year air distribution bookings growth to be near the low end of our previously provided range of 0.5% to 3.5%.

We expect full-year 2025 Pro Forma Adjusted EBITDA to be approximately \$530 million, representing year-on-year growth of 9%. We have not made any changes to our assumptions for either capex or cash interest.

We expect full-year 2025 pro forma Free Cash Flow of approximately \$70 million and to end the year with a strong cash position of approximately \$800 million.

In closing, we are making progress on our strategy to generate Free Cash Flow and delever the balance sheet and drive sustainable growth through innovation. We expect the anticipated acceleration of volumes in the fourth quarter will provide solid momentum into 2026.

And with that Operator, please open the line for questions.

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