Sabre

Q3 2019 Earnings Report

October 31, 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 “expect,” “will,” “commit,” “momentum,” “continue,” “potential,” “medium term,” “opportunity,” “believe,” “poised,” “growth,” “confident,” “outlook,” “guidance,” “plan,” “estimate,” “anticipate,” “preliminary,” “project,” “may,” “should,” “could,” “would,” “intend,” “trend,” 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, including from airlines’ insolvency, suspension of service or aircraft groundings, 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, the 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 an integration of these acquisitions, the effects of any litigation and regulatory reviews and investigations, including with respect to these acquisitions, adverse global and regional economic and political conditions, including, but not limited to, economic conditions in countries or regions with traditionally high levels of exports to China or that have commodities-based economies and the effect of “Brexit” and uncertainty due to related negotiations, risks arising from global operations, reliance on the value of our brands, failure to comply with regulations, use of third-party distributor partners, and the effects of the implementation of new accounting standards, and tax-related matters, including the effect of the Tax Cuts and Jobs Act. More information about potential risks and uncertainties that could affect our business and results of operations is included in the “Risk Factors” and “Forward Looking Statements” sections in our Quarterly Report on Form 10-Q filed with the SEC on August 1, 2019, our Annual Report on Form 10-K filed with the SEC on February 15, 2019 and in our other filings with the SEC. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future events, outlook, guidance, results, actions, levels of activity, performance or achievements. Readers are cautioned not to place undue reliance on these forward-looking statements. Unless required by law, Sabre undertakes no obligation to publicly update or revise any forward-looking statements to reflect circumstances or events after the date they are made.

Non-GAAP Financial Measures

This presentation includes unaudited non-GAAP financial measures, including Adjusted Gross Profit, Adjusted Operating Income (Loss), Adjusted Net Income, Adjusted Operating Income margin, Adjusted EBITDA, Adjusted 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

Q3'19 Highlights

Global technology leader

- Global retailing, distribution and fulfillment technology leader within the $1.7 trillion travel marketplace
- At the forefront of the industry's digital transformation
- Q3 results demonstrate solid execution and strength of business model and geographic and customer footprint

Commercial momentum

- **TN:** 7th quarter in a row of strong gains in GDS position; 6% bookings growth in NAM; expansion in booking contribution margin
- **AS:** Focus on product health and securing revenue allows us to shift attention toward sales
- **HS:** Fastest-growing segment and grew revenue by 7% year-over-year
- **Sabre:** FCF up +18% in Q3

Radixx acquisition

- Our entrance into the low-cost carrier space
- Radixx is a leader in low-cost carrier PSS solutions
- Allows Sabre to offer products to a marketplace that continues to see the fastest growth and expansion in the industry

Q3'19 Commercial update: Travel Network

- Winning share over past 7 quarters
- 39.6% share in Q3
- Durable revenue growth driven by resilient travel volumes
- Strong geographic and customer mix
- Focus on expanding lodging content; bookings up high single digits
- Expanded booking contribution margin

despegar

Grupo CDV
TU CONSOLIDADOR DE VIAJES

MAGNUM TRAVEL

EIRAD

apiso

Q3'19 Commercial update: Airline Solutions

Radixx Acquisition Highlights

- Focus on new innovations, winning new business and expanding addressable market
- Expanding into LCC space with acquisition of Radixx, whose signature product is a best-in-class LCC PSS
- LCCs have grown 2x full-service carriers and now total nearly 30% of global PBs
- Adds incremental PB opportunity

RADIXX®

A SABRE COMPANY

kulula.com WESTJET AEROFLOT Russian Airlines

Southwest® AirEuropa AEROMEXICO.

spirit™

Q3'19 Commercial update: Hospitality Solutions

- Continues to be our fastest growing segment
- Clear leader in hotel central reservations
- Continued expansion into relatively underpenetrated market drives growth
- Added Airbnb as a direct distribution channel, representing a significant growth opportunity for our customers

Q3'19 Update: Technology

- First GDS to achieve full cloud deployment of shopping
- Decommissioned DXC servers for shopping – expect to result in a 25% reduction in our Tulsa open systems footprint by year end
- Completed rollout of two new landing zones in Microsoft Azure cloud in Europe and North America
- Implemented Distributed Availability in the cloud closer to our customers for three hosted carriers – lowered latency and improved accuracy and shopping conversions while reducing messaging fees
- Developed our first autoscaling capabilities for Airline Solutions applications running in Amazon Web Services

2019 expected total technology spend

$1B+

Total compute footprint in the cloud

Nearly

60%

Q3‘19 Performance

Durable, stable revenue growth and strong Free Cash Flow growth

Total Revenue

$984M

Growth of 1.4%

94% recurring revenue

Business Segment Revenue

Travel Network

2% $711M

Airline Solutions

1% $208M

Hospitality Solutions

7% $75M

Adjusted EBITDA Less Capitalized Software Development

$222M 3.8% growth

Adjusted Operating Income

$133M 23.5% decline

10.0% growth excluding increase in technology operating expenses

Adjusted Operating Margin

13.5% 440bp decline

150bp expansion excluding increase in technology operating expenses

Adjusted EPS

$0.27 30.8% decline

10.3% growth excluding increase in technology operating expenses

Strong cash position

Free Cash Flow

$142M 17.6% growth

Returned to shareholders

$38M

Amounts are compared to Q3 2018.

Q3'19 Performance: Travel Network

7th quarter in a row of strong share gain in GDS position

Total Revenue

$711M

Growth of 1.5%

Global Air Bookings Share

39.6%

Growth of 100bp

Air Bookings

0.3%

Hotel Bookings

High single digit growth

Total Bookings

141M

Growth of 0.8%

Regional Bookings

North America

5.9%

International

(1.2%) Latin America, due to macro-economic weakness
(4.9%) EMEA, due to decline in low margin rail bookings and industry channel shift
(6.4%) Asia-Pacific, due to insolvency of Jet Airways

Average Booking Fee

Growth of 110bp

Booking fee growth exceeded incentive fee per booking growth

Adjusted Operating Income

$159M

12.9% decline

1.7% growth excluding increase in technology operating expenses

Adjusted Operating Margin

22.4%

370bp decline

Flat margin excluding increase in technology operating expenses

Amounts are compared to Q3 2018.

Q3'19 Performance: Airline Solutions

Locked in ~75% of revenue through 2023, with 94% renewal rate

Total Revenue

$208M ⇩ 0.6% decline

⇧ 4.9% growth
Excluding certain carriers*

Product Line Revenue

SabreSonic

⇧ 2.0%

AirVision/AirCentre

⇩ 4.2%

Passengers Boarded

187M ⇩ 5.4% decline

⇧ 4.0% growth
Excluding certain carriers*

Operating Income

$25M ⇩ 13.5% decline

43.0% growth excluding increase in technology operating expenses

Operating Margin

11.8% ⇩ 180bp decline

600bps growth excluding increase in technology operating expenses

Amounts are compared to Q3 2018.
*Previously discussed impact of certain factors outside of the Company's control including the insolvency of Jet Airways and volume reductions at a certain carrier due to a 737 Max incident, as well as the de-migrations of Bangkok Airlines, Pakistan International Airlines and Philippine Airlines

Q3'19 Performance: Hospitality Solutions

Global leader in hotel central reservations; over 42,000 properties now live on our solutions

Total Revenues

$75M

Growth of 7.0%

SynXis Software and Services

Revenue

6.3%

Central Reservation System Transactions

30M

Growth of 14.1%

Operating Loss

$4M

33.2% decline excluding increase in technology operating expenses

Operating Margin

1,370bp decline

310bp decline excluding increase in technology operating expenses

Amounts are compared to Q3 2018.

Q3'19 Technology expenditures

Total technology spend

$259M

Increase of $12M, or 5.0%

Capitalized software development

$19M

Decrease of $45M, or 70%

Capitalization mix

8%

Decrease of 19pts

Amortization of previous capitalization

$73M

Increase of $1M, or 1%

Net technology operating expense impacting operating results

$313M

Increase of $58M, or 23%

Amounts are compared to Q3 2018. 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.

Q3'19 Net debt, leverage and cash flow

Free Cash Flow

$142M ⇧ 17.6% growth

Leverage

Net Debt

$2,911M

Leverage Ratio (Net Debt / LTM Adj. EBITDA)

2.9x

Cash from Operations

$167M ⇩ 14.2% decline

Due to shift in capitalization change; offset in CapEx

Returning Cash to Shareholders – Q3'19

Dividend

$38M

CapEx

$25M ⇩ 66.2% decline

Due to shift in capitalization change

Returning Cash to Shareholders – YTD'19

Total returned to shareholders

$193M

Share repurchases

$78M

Dividend

$115M

Amounts are compared to Q3 2018.

FY 2019 Guidance

	Previous Full Year 2019 Guidance	Narrowed Full Year 2019 Guidance
Revenue	$3,965M – $4,045M *3% - 5%*	$3,965M – $4,005M *3% – 4%*
Adjusted EBITDA	$945M – $985M *(16%) – (12%)*	$955M – $975M *(15%) – (13%)*
Adj. EBITDA Less Capitalized Software Development	$850M – $890M *(2%) – 2%*	$860M – $880M *(1%) – 1%*
Adjusted Operating Income	$495M – $535M *(29%) – (24%)*	$505M – $525M *(28%) – (25%)*
Adjusted Net Income	$250M – $290M *(42%) – (32%)*	$260M – $280M *(40%) – (34%)*
Adjusted EPS	$0.91 – $1.05 *(41%) – (32%)*	$0.95 – $1.02 *(39%) – (34%)*
Free Cash Flow	~ $455M *~ 3%*	~ $455M *~ 3%*
CapEx	$130M – $150M *(54%) – (47%)*	$135M – $145M *(53%) – (49%)*

The information presented here represents forward-looking statements and reflects expectations as of October 31, 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 second quarter 2019 Form 10-Q and 2018 Form 10-K.

Thank you

APPENDIX

Tabular reconciliations for Non-GAAP measures

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

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018
Net income attributable to common stockholders	$ 63,813	$ 73,005
Loss (Income) from discontinued operations, net of tax	596	(3,664)
Net income attributable to noncontrolling interests[1]	771	1,538
Income from continuing operations	65,180	70,879
Adjustments:		
Acquisition-related amortization[2a]	15,976	16,407
Other, net[4]	1,769	1,905
Acquisition-related costs[6]	9,696	—
Litigation costs, net[5]	(24,179)	5,225
Stock-based compensation	17,094	15,245
Tax impact of net income adjustments[7]	(11,971)	(689)
Adjusted Net Income from continuing operations	$ 73,565	$ 108,972
Adjusted Net Income from continuing operations per share	$ 0.27	$ 0.39
Diluted weighted-average common shares outstanding	276,235	277,528
Adjusted Net Income from continuing operations	$ 73,565	$ 108,972
Adjustments:		
Depreciation and amortization of property and equipment[2b]	78,060	76,226
Amortization of capitalized implementation costs[2c]	9,579	10,099
Amortization of upfront incentive consideration[3]	20,851	18,207
Interest expense, net	39,743	39,291
Remaining provision for income taxes	19,766	25,710
Adjusted EBITDA	$ 241,564	$ 278,505
Less:		
Depreciation and amortization[2]	103,615	102,732
Amortization of upfront incentive consideration[3]	20,851	18,207
Acquisition-related amortization[2a]	(15,976)	(16,407)
Adjusted Operating Income	$ 133,074	$ 173,973

Tabular reconciliations for Non-GAAP measures

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

	Three Months Ended September 30,	
	2019	2018
Net income attributable to common stockholders	$ 63,813	$ 73,005
Loss (Income) from discontinued operations, net of tax	596	(3,664)
Net income attributable to noncontrolling interests[1]	771	1,538
Income from continuing operations	65,180	70,879
Adjustments:		
Acquisition-related amortization[2a]	15,976	16,407
Other, net[4]	1,769	1,905
Acquisition-related costs[6]	9,696	—
Litigation costs, net[5]	(24,179)	5,225
Stock-based compensation	17,094	15,245
Tax impact of net income adjustments[7]	(11,971)	(689)
Adjusted Net Income from continuing operations	$ 73,565	$ 108,972
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Diluted weighted-average common shares outstanding	276,235	277,528
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Adjustments:		
Depreciation and amortization of property and equipment[2b]	78,060	76,226
Amortization of capitalized implementation costs[2c]	9,579	10,099
Amortization of upfront incentive consideration[3]	20,851	18,207
Interest expense, net	39,743	39,291
Remaining provision for income taxes	19,766	25,710
Adjusted EBITDA	$ 241,564	$ 278,505
Less:		
Capitalized Software Development	19,489	64,624
Adjusted EBITDA Less Capitalized Software Development	$ 222,075	$ 213,881

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 September 30, 2019				
	Travel Network	Airline Solutions	Hospitality Solutions	Corporate	Total
Operating income (loss)	$ 157,911	$ 24,644	$ (4,008)	$ (65,087)	$ 113,460
Add back:					
Selling, general and administrative	43,037	18,747	8,872	49,262	119,918
Cost of revenue adjustments:					
Depreciation and amortization(2)	27,200	39,812	12,287	5,963	85,262
Amortization of upfront incentive consideration(3)	20,851	—	—	—	20,851
Stock-based compensation	—	—	—	6,927	6,927
Adjusted Gross Profit	248,999	83,203	17,151	(2,935)	346,418
Selling, general and administrative	(43,037)	(18,747)	(8,872)	(49,262)	(119,918)
Joint venture equity income	1,027	—	—	—	1,027
Selling, general and administrative adjustments:					
Depreciation and amortization(2)	3,317	2,489	1,339	11,208	18,353
Acquisition-related costs(6)	—	—	—	9,696	9,696
Litigation costs, net(5)	—	—	—	(24,179)	(24,179)
Stock-based compensation	—	—	—	10,167	10,167
Adjusted EBITDA	210,306	66,945	9,618	(45,305)	241,564
Less:					
Depreciation and amortization(2)	30,517	42,301	13,626	17,171	103,615
Amortization of upfront incentive consideration(3)	20,851	—	—	—	20,851
Acquisition-related amortization(2a)	—	—	—	(15,976)	(15,976)
Adjusted Operating Income (Loss)	$ 158,938	$ 24,644	$ (4,008)	$ (46,500)	$ 133,074
Operating income margin	22.2 %	11.8 %	NM	NM	11.5 %
Adjusted Operating Income Margin	22.4 %	11.8 %	NM	NM	13.5 %

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)

	Three Months Ended September 30, 2018				
	Travel Network	Airline Solutions	Hospitality Solutions	Corporate	Total
Operating income (loss)	$ 182,200	$ 28,505	$ 5,826	$ (79,768)	$ 136,763
Add back:					
Selling, general and administrative	41,633	18,710	7,844	61,965	130,152
Cost of revenue adjustments:					
Depreciation and amortization(2)	26,564	43,213	9,399	6,376	85,552
Amortization of upfront incentive consideration(3)	18,207	—	—	—	18,207
Stock-based compensation	—	—	—	7,112	7,112
Adjusted Gross Profit	268,604	90,428	23,069	(4,315)	377,786
Selling, general and administrative	(41,633)	(18,710)	(7,844)	(61,965)	(130,152)
Joint venture equity income	333	—	—	—	333
Selling, general and administrative adjustments:					
Depreciation and amortization(2)	2,679	2,376	891	11,234	17,180
Litigation costs, net(5)	—	—	—	5,225	5,225
Stock-based compensation	—	—	—	8,133	8,133
Adjusted EBITDA	229,983	74,094	16,116	(41,688)	278,505
Less:					
Depreciation and amortization(2)	29,243	45,589	10,290	17,610	102,732
Amortization of upfront incentive consideration(3)	18,207	—	—	—	18,207
Acquisition-related amortization(2a)	—	—	—	(16,407)	(16,407)
Adjusted Operating Income (Loss)	$ 182,533	$ 28,505	$ 5,826	$ (42,891)	$ 173,973
Operating income margin	26.0 %	13.6 %	8.3 %	NM	14.1 %
Adjusted Operating Income Margin	26.1 %	13.6 %	8.3 %	NM	17.9 %

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				
	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	Sep 30, 2019	LTM
Net income attributable to common stockholders	$ 84,400	$ 56,850	$ 27,838	$ 63,813	$ 232,901
Loss (Income) from discontinued operations, net of tax	1,478	1,452	(1,350)	596	2,176
Net income attributable to noncontrolling interests[1]	1,150	912	1,606	771	4,439
Income from continuing operations	87,028	59,214	28,094	65,180	239,516
Adjustments:					
Acquisition-related amortization[2a]	16,423	15,984	16,011	15,976	64,394
Other, net[4]	(2,237)	1,870	2,479	1,769	3,881
Acquisition-related costs[6]	3,266	11,706	8,935	9,696	33,603
Litigation costs, net[5]	1,250	1,438	1,386	(24,179)	(20,105)
Stock-based compensation	15,818	15,694	18,295	17,094	66,901
Depreciation and amortization of property and equipment[2b]	77,963	75,348	79,209	78,060	310,580
Amortization of capitalized implementation costs[2c]	11,407	12,111	9,627	9,579	42,724
Amortization of upfront incentive consideration[3]	20,298	19,128	19,846	20,851	80,123
Interest expense, net	40,208	38,013	39,608	39,743	157,572
Provision for income taxes	(3,879)	11,843	12,145	7,795	27,904
Adjusted EBITDA	$ 267,545	$ 262,349	$ 235,635	$ 241,564	$ 1,007,093
Net Debt (total debt, less cash)					$ 2,910,714
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 12/31/2018, 12/31/2017, 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				
	Dec 31, 2017	Mar 31, 2018	Jun 30, 2018	Sep 30, 2018	LTM
Net income attributable to common stockholders	$ 82,090	$ 87,880	$ 92,246	$ 73,005	$ 335,221
(Income) loss from discontinued operations, net of tax	(296)	1,207	(760)	(3,664)	(3,513)
Net income attributable to noncontrolling interests[1]	1,387	1,362	1,079	1,538	5,366
Income from continuing operations	83,181	90,449	92,565	70,879	337,074
Adjustments:					
Acquisition-related amortization[2a]	20,194	17,590	17,588	16,407	71,779
Impairment and related charges	(10,910)	—	—	—	(10,910)
Loss on extinguishment of debt	—	633	—	—	633
Other, net[4]	(56,318)	1,106	7,735	1,905	(45,572)
Restructuring and other costs	(1,329)	—	—	—	(1,329)
Litigation costs, net[5]	963	828	1,020	5,225	8,036
Stock-based compensation	10,276	12,606	13,594	15,245	51,721
Depreciation and amortization of property and equipment[2b]	73,438	74,463	74,960	76,226	299,087
Amortization of capitalized implementation costs[2c]	11,510	9,823	10,395	10,099	41,827
Amortization of upfront incentive consideration[3]	17,113	19,456	19,661	18,207	74,437
Interest expense, net	37,348	38,109	39,409	39,291	154,157
Provision for income taxes	71,201	36,275	75	25,021	132,572
Adjusted EBITDA	256,667	301,338	277,002	278,505	1,113,512
Net Debt (total debt, less cash)					$ 3,002,850
Net Debt / LTM Adjusted EBITDA					2.7x

Please reference SABR HISTORICAL Excel spreadsheet at investors.sabre.com for reconciliation of Net Debt / LTM Adjusted EBITDA for twelve months ended 12/31/2018, 12/31/2017, 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 September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Cash provided by operating activities	$ 166,704	$ 194,354	$ 424,365	$ 536,193
Cash used in investing activities	(32,319)	(73,778)	(108,482)	(205,664)
Cash used in financing activities	(58,449)	(50,884)	(351,424)	(252,409)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Cash provided by operating activities	$ 166,704	$ 194,354	$ 424,365	$ 536,193
Additions to property and equipment	(24,928)	(73,778)	(92,124)	(205,664)
Free Cash Flow	141,776	120,576	332,241	330,529

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 $450 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 $70 million; other costs including litigation, net, acquisition-related costs, other foreign non-income tax matters and foreign exchange gains and losses of $25 million; and the tax benefit of the above adjustments of approximately $40 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 277 million.

Full-year Free Cash Flow guidance consists of expected full-year cash provided by operating activities of $585 million to $605 million less additions to property and equipment of $135 million to $145 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 Development, 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, the cost of revenue portion of depreciation and amortization, amortization of upfront incentive consideration 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, acquisition-related amortization, acquisition-related costs, litigation costs, net and stock-based compensation.

We define Adjusted Net Income as net income attributable to common stockholders adjusted for income (loss) from discontinued operations, net of tax, net income attributable to noncontrolling interests, acquisition-related amortization, loss on extinguishment of debt, other, net, acquisition-related costs, litigation costs, net, stock-based compensation and 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 the 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, the 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 are unaudited 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 and 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 noncontrolling interests represents an adjustment to include earnings allocated to noncontrolling 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 resulting from purchase accounting.
    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, as well as amortization of contract acquisition costs.

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 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 for the three months ended September 30, 2019 include the reversal of our previously accrued loss related to the US Airways legal matter for $32 million.

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

7) 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.