Q4 & FY 2019 Earnings Call Script

February 26, 2020

Slide 1 – Title Slide

Good morning and welcome to the Sabre fourth quarter and full-year 2019 earnings conference call. Please note that today's call is being recorded and is also being broadcast live on the Sabre corporate website. This broadcast is the property of Sabre. Any redistribution, retransmission or rebroadcast of this call in any form without the express written consent of the company is strictly prohibited.

I will now turn the call over to the Vice President of Investor Relations, Kevin Crissey.

Please go ahead, sir.

Slide 2 – Forward-looking statements

Kevin Crissey, VP of Investor Relations:

Thank you, and good morning everyone. Thanks for joining us for our fourth quarter and full-year 2019 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 IR web page. A replay of today's call will be available on our website later this morning.

Throughout today's call, we will be presenting certain non-GAAP financial measures, which have been adjusted to exclude certain items. All references during today's call to EBITDA, Operating Income, EPS and Net Income have been adjusted for these 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.

We would like to advise you that our comments contain forward-looking statements. These statements include, among others, disclosure of our guidance, including revenue, EBITDA, operating income, EPS, cash flow and margins; the amount and effects of our incremental technology investment; the effects of the Coronavirus; discussion and expected results of our strategic initiatives; our medium- and longer-term outlook; our expected segment results; the amount and effects of changes in capitalization mix and depreciation and amortization; the effects of customer financial conditions, and new or renewed agreements, strategic partnerships, products and implementations; our expectations of industry trends; the financial and business results and effects of acquisitions; and various other forward-looking statements regarding our business.

These statements involve risks and uncertainties that may cause actual results to differ materially from the statements made on today's conference call.

Information concerning the risks and uncertainties that could affect our financial results is contained in our earnings release issued this morning, and our SEC filings, including our third quarter 2019 Form 10-Q and 2018 Form 10-K.

Slide 3 – Today's presenters

Participating with me on today's call are Sean Menke, our President and Chief Executive Officer, and Doug Barnett, Executive Vice President and Chief Financial Officer. Dave Shirk, our Executive Vice President and President, Travel Solutions, is also with us today and will be available for Q&A after the prepared remarks.

Sean will start us off and provide perspective on our strategic initiatives, including our incremental technology investment. Doug will review our financial results and forward outlook. We will then open the call to your questions.

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

Slide 4 – Today's call

Sean Menke, President & CEO:

Thanks Kevin.

Good morning everyone, and thank you for joining us today. We believe we have made significant progress in helping to ensure a bright future for our company with a transformative deal with Google, a new enterprise win with Accor, and continued market share growth within our Travel Network business. But the excitement associated with these successes is tempered by the impact of the Coronavirus and concerns throughout the world. In a few minutes, Doug will review our 2019 financial results and 2020 guidance excluding the Coronavirus. He will also provide color on what we have seen to date and the expected impact of the Coronavirus on our first quarter results.

Before getting into the numbers, I would like to begin today's call by taking you through three important items. This call may run a little long compared to other quarters because of the clarity I want to provide, but going forward, we will try to keep our prepared remarks shorter. First, I will briefly highlight the progress our business has made over the past three years. Second, I will discuss the $150 million incremental technology spend we expect in 2020 and why we believe committing transitory, surge spending over the next few years is a valuable decision expected to increase our addressable market and power a highly efficient technology platform for reduced long-term costs. Finally, I'll explain how this transitory, surge spending fits into our overall strategy, why we believe it is important to Sabre's continued success and results in an expectation for a better margin structure by 2024.

We are investing to move from a transaction-based model to a predictive, customer-centric model that is focused on the entire travel experience, not just the network airline side of the equation, and from mainframe infrastructure to the cloud. We strongly believe the steps we have taken and will continue to take, and the investments we are making will put Sabre on a path to more profitable growth and help create long-term shareholder value.

Slide 5 – 2017 & 2018: Built a strong foundation

In following the company, you are aware of the changes we've made over the past several years. Throughout 2017 and 2018, we built a strong foundation. We strengthened our management team with best-in-class technology backgrounds. We made investments in our technology that resulted in measurable improvements in security, stability and product health. For example, over the past two years, our focus on stability has resulted in a 55% decrease in severity 1 and severity 2 incidents and a 60-minute decrease in average time to resolution.

On the business side, we created the Travel Solutions umbrella organization over Travel Network and Airline Solutions to enhance collaboration across our teams. We evolved our go-to-market approach, presenting a one Sabre engagement that looks across our customers' needs and how our entire portfolio of products and services can better enable their success.

Finally, we successfully navigated through a heavy renewal cycle over the past few years. At Travel Network, we renewed 5 of our top 6 travel agency contracts. At Airline Solutions, we locked down approximately 75% of revenue through 2023, with a high renewal rate of 93% based on total contract value.

Slide 6 – 2019: Gained commercial momentum

The internal focus and investments we made in our technology, leadership and business in 2017 and 2018 allowed us to shift our focus externally in 2019.

We signed key renewals and won new business. At Travel Network, we generated solid revenue growth. The fourth quarter of 2019 marked the eighth consecutive quarter of gains in our GDS share. And for the third quarter in a row, incentive fee per booking growth moderated to low-single digit growth.

At Airline Solutions, we had solid revenue growth and commercial traction and new implementations within our AirVision and AirCentre commercial and operations portfolio. We feel good about our competitive position with reinvigorated products and capabilities. We believe we are making significant traction in the market on data and analytics. This includes a major renewal of Intelligence Exchange with Southwest Airlines. We continue to be engaged with airlines around the world and look forward to making progress throughout the year.

At Hospitality Solutions, we generated strong revenue growth. We recently announced a major collaboration with Accor, a world-leading hotel group with more than 5,000 properties around the world. As our newest enterprise hospitality partner, we expect Accor to implement our industry-leading SynXis central reservation system across all of its properties and collaborate on the development of a full-service property management system. This announcement has gathered interest with hoteliers, and we believe it will lead to increasing our role in the hospitality industry.

As Doug will describe later, our commercial momentum resulted in solid financial results for the year and Free Cash Flow generation ahead of our guidance. As we enter 2020, we expect the core business to continue to perform well.

Slide 7 – $150M addresses trends evolving our marketplace

As you are aware, we have been thinking critically about how retailing, distribution and fulfillment of travel will look in five to ten years for airline, hotel and travel agency customers. How do we help our airline and hotel customers create new, customer-centric products that convert shopping into actual bookings, and therefore drive more revenue? How do they sell these new products and services through any distribution channel, including, but not limited to, the GDS? Finally, how do they fulfill these increasingly more complicated, customer-centric offers sold to the end traveler? Each one of these items has an influence on the current, and future, financial performance of our business.

Due to our global role and our critical solutions that facilitate the travel industry, we have a front row seat to the evolving marketplace and understand the interdependence and complexity of the moving pieces. We are committed to being a leader in this evolution and helping our partners get there faster and more effectively than they can on their own. We are also working on how we can use data analytics, artificial intelligence, machine learning and the cloud to drive value across the industry.

We believe we are well-positioned to connect these dots and capitalize on emerging trends in the travel ecosystem. That is why today, we have announced our plan to spend an incremental $150 million on technology in 2020 to advance our efforts to be a leading innovator to help continue to meet the demands of our customers and secure a more profitable future for Sabre.

Slide 8 – $150M supports Sabre's five strategic initiatives

This $150 million technology spend is allocated among five strategic initiatives we've identified to respond to the emerging trends and opportunities.

First is personalized offer. We intend to accelerate our roadmap for new IT capabilities, processes and intelligence that allow suppliers to transition from a transactional focus to a more predictive, customer-centric approach with personalized offers.

Creating personalized offers isn't only about a new merchandizing engine. It's dependent on high performance shopping capabilities. Shopping volumes over the past few years have grown 50% annually, and that's just the tip of the iceberg. As custom offers continue to evolve, we expect that shopping volumes and complexity will continue to grow. We believe airlines and more specialized technology providers aren't equipped to manage these volumes and complexity on their own.

We see multiple ways of increasing the total addressable market and revenues in the future. There are approximately 5 billion passengers boarded worldwide on an annual basis. If we can unlock one more dollar per passenger boarded, that potentially unlocks a $5 billion revenue opportunity for the global travel industry.

We believe we will unlock the ability to increase our revenues through:

- sales of a stand-alone merchandising engine that works with any PSS, as we stated with our desire to close the Farelogix acquisition when permitted to do so,
- additional PSS wins with a go-to-market strategy that includes

advanced merchandising for LCCs with Radixx and full-service carriers with SabreSonic, and
- evolution to more value-based pricing models that compensate for upselling airline sales.

The second strategic initiative is the future of distribution and NDC. I just described how we intend to enable creation of new, customer-centric offers. The next step is to enable the sale of these offers through an NDC-enabled GDS via NDC APIs, as well as the supplier's direct channel. Integrating NDC content into the GDS answers the challenges the distribution marketplace has faced over the last few years as airlines around the world experiment with different options, specifically through the indirect channel. We believe we can increase the value of airline offers, and the value of the GDS, by integrating NDC content.

Our focus on the future of distribution and NDC also helps our agency partners. We intend to aggregate and normalize both the legacy, traditional offers and new, customer-centric offers while ensuring compatibility with their mid- and back-office systems. We believe our end-to-end capabilities will allow us to bring additional, high-value traffic into the GDS, continue to grow share in the global travel agency marketplace and increase our revenues.

The third strategic initiative is low cost carrier growth. Over the past several years, LCCs have grown over twice as fast as their full-service counterparts to reach approximately 30% of global passengers boarded, or over 1.3 billion passengers. Over the next 20 years, we estimate that LCCs will reach approximately 50% of global seat share, or over 4.5 billion passengers boarded annually.

Until our recent Radixx acquisition, we didn't have a product that was specifically targeted to the LCC space. The capabilities offered by our full suite of SabreSonic solutions are not all designed for low-cost carriers, and the implementation expense and specific price point are not commensurate with their business model. Now that we own Radixx, we are engaged with a number of LCC customers around the world.

Radixx provides opportunities beyond just a PSS system. I am really excited about our ability to innovate on top of Radixx's existing offerings. We plan to develop a full suite of retailing, distribution and fulfillment capabilities that enable customer-centric offers for the LCC market. This creates the opportunity to think long-term about LCC distribution through both the direct and indirect channels.

A full-service hotel property management system is the fourth strategic initiative. We already have a best-in-class central reservation system product in our leading SynXis platform, and our state-of-the-art limited service property management system is currently being deployed by Wyndham.

Over the past few years, we have engaged with the leading enterprise hoteliers of the world. Even though we have had positive engagements, it has been clear that they need a full-service PMS, not just our limited-service PMS and CRS offerings. Many of these enterprise hoteliers have expressed frustration with the current full-service technology offering. We expect that our entry into full-service PMS on the back of our collaboration with Accor will position us well to help evolve the hospitality industry.

There is no scaled, third-party technology provider in the marketplace offering a complete stack that includes both central reservations and full-service property management on a modern, cloud-based platform. We intend to help hoteliers create customer-centric offers, allow them to sell through their desired distribution channel, and most importantly, ensure what their customers have purchased is provided. With the addition of a full-service PMS offering, we believe the addressable market for enterprise hoteliers, inclusive of their limited service and CRS requirements, is more than $2.5 billion annually.

Finally, our technology transformation. Our customers are continuing to demand more in terms of speed and quality of product delivery. We have made significant progress on our technology roadmap. But we need to move faster to transition our technology stack, which was designed to handle transactions rather than customer-centric solutions.

A technology transformation of this magnitude is difficult. To help address this challenge, we took the opportunity to think more broadly and push the leading technology cloud providers to contemplate a more extensive relationship with Sabre to help transform the travel vertical we compete in. After consideration and negotiations, we signed a historic deal with Google. Google is partnering to help us complete our tech transformation and build an advanced, predictive, customer-centric travel marketplace.

Benefits of the Google deal include:

- Superior long-term economics, including improved price performance with Google Cloud versus legacy data centers and our other cloud contracts, and
- Technological and financial assistance on Google's side to help us migrate off our mainframe systems and, if needed, to provide mainframe services at what we believe will be better economics after 2023 than what we currently have under our legacy DXC contract.
    - As a side note, Google Cloud announced last week it has acquired Cornerstone Technology to better help customers migrate their mainframe workloads to the cloud, which is another data point supporting the commitment Google has made.
- Other benefits of the agreement include application of Google Cloud data analytics, artificial intelligence and machine learning to our data elements to help unlock new revenue opportunities,
- An innovation framework to explore how we can provide best-in-class capabilities and solutions together,
- And finally, the agreement with Google is a preferred partnership, meaning it gives Sabre an opportunity to innovate with Google in a way that is unique in the market.

Ultimately, our technology transformation is expected to lower our costs, accelerate innovation and provide competitive differentiation.

Dave Shirk is here with us today and can elaborate in the Q&A session on the technical benefits we expect from migrating to a cloud-based platform.

Slide 9 – We're making bold moves that align with our strategic initiatives

I want to reiterate: we've already taken bold moves that align with these strategic initiatives. This includes:

- Our continued desire to close the Farelogix transaction, when permitted to do so, to support personalized offer and the future of distribution and NDC,
- Our acquisition of Radixx, to support LCC growth,

- Our collaboration with Accor, to develop a full-service PMS, and
- Our partnership with Google to advance our technology transformation.

Hopefully you have a better understanding of why these actions and strategic partnerships are so important. We will continue to look at opportunities that build out our customer-centric travel platform.

Slide 10 – Expect to be a more profitable company by 2024

Given the opportunities we see, we believe now is the time to invest for growth. We believe our $150 million incremental technology spend in 2020, ongoing investment over the next few years, and successful execution of our five strategic initiatives will create the advanced marketplace we envision.

By 2024, our goal is to:

- Increase our addressable market by $5 billion or more, versus the $18 billion we believe we can address today,
- Position ourselves for increased share,
- Lower our costs, and
- Generate higher margins.

We think this surge spend is a valuable investment to help our transformation and result in the creation of a much more profitable company.

Before I hand it over to Doug, I want to briefly address the global health crisis related to the Coronavirus that is impacting thousands of people throughout the world. Our thoughts go out to those impacted. We have employees and customers dealing with this fluid situation and will continue to engage with all parties to help manage through this difficult period. While we hope its impact is short-term in nature, we anticipate that the Coronavirus will have a material impact on our 2020 financial results, and at this point, no one can predict the timeline and ultimate effects of the outbreak. Doug will provide our preliminary estimate on the Coronavirus' first quarter financial impact.

Doug?

Slide 11 – Q4'19 Performance

Doug Barnett, Chief Financial Officer:

Thanks Sean, and good morning everyone.

Despite the macro challenges we faced in 2019, Sabre closed the year with:

- Solid revenue growth,
- Earnings growth in line with expectations, and
- Free cash flow generation higher than our guidance.

In the fourth quarter of 2019, revenue was up 2% driven by growth across each of our businesses, and recurring revenue totaled 93%.

As a reminder, our income statement has been impacted by both the increased technology operating expenses due to a lower capitalization rate, as well as increased D&A from previous capitalization. The decline in operating income in the quarter is largely a result of these impacts. Excluding this increase in technology operating expenses, operating income increased 3% and EPS was down 3%.

Sabre has continued to generate a healthy rate of Free Cash Flow, which grew 21% in the quarter to $134 million.

Slide 12 – FY'19 Performance

For the full year, revenue was up 3%, backed by 93% recurring revenue. Consistent with all of 2019, the decline in full year operating income is largely a result of the impact to our income statement from the increase in technology expenses. Full year operating income and EPS grew 3% and 4%, respectively, excluding the increase in technology operating expenses. Free Cash Flow came in above expectations for the year at $466 million, representing growth of 6%. We returned $231M to shareholders in 2019 via our quarterly dividends and stock repurchases.

Slide 13 – Q4'19 Performance: Travel Network

At Travel Network, revenue grew 1% in the quarter. As experienced in prior quarters, growth was limited by channel shift from certain European legacy carriers and the insolvency of Jet Airways, as well as political and economic pressures in Latin America and Asia-Pacific.

Our bookings share growth remains strong, and the fourth quarter marks Sabre's 8th consecutive quarter of GDS share gain. Our global booking share increased by 180 basis points in the quarter, to 38.9%.

Total bookings in the quarter grew 1%, driven by 5% growth in North America. North America, which represents more than half of our total bookings, remains the fastest growing and most stable region. Bookings across the international regions declined in the quarter due to the reasons I just mentioned.

Due to our strong book of business and continued share gain, our bookings growth exceeded that of the GDS industry, which declined 3%. The three European legacy carriers and Jet Airways had a 3% negative impact on GDS industry bookings growth in the quarter. Because we are relatively less exposed to these issues, the impact to Sabre air bookings was approximately 1.5%.

Average booking fee was roughly flat in the quarter. Incentive fee per booking growth was in line with expectations, in the low single digits. This is the third consecutive quarter that we have seen a moderation in incentive fees.

Travel Network operating income declined in the quarter, largely due to the increase in technology operating expenses.

Slide 14 – FY'19 Performance: Travel Network

For full year 2019, our bookings growth in Travel Network outperformed the GDS industry. Full year revenue growth of 3% was also supported by an increase in average booking fee.

The decline in full year operating income was largely due to the increase in technology operating expenses. As mentioned, incentive fee per booking growth stabilized to the low-single digits over the last three quarters of the year.

Slide 15 – Q4'19 Performance: Airline Solutions

As we have discussed all year, there are certain factors outside of our control that continued to impact Airline Solutions' performance in 2019. These include the insolvency of Jet Airways, significant volume reductions at a large carrier in Asia due to an unfortunate 737 MAX incident and the de-migrations of Philippine Airlines and Bangkok Airlines. These impacts were partially offset by the consolidation of Radixx into our financial results.

In the fourth quarter, Airline Solutions revenue grew 3%, supported by 10% growth in AirVision and AirCentre revenue. SabreSonic revenue declined 1% in the quarter.

Passengers boarded grew 2% in the quarter, primarily driven by Radixx.

Airline Solutions operating income was down versus the prior year. Excluding the increase in technology expenses, operating income grew 4%.

Slide 16 – FY'19 Performance: Airline Solutions

For the full year of 2019, Airline Solutions revenue grew 2%. Excluding the increase in technology expenses, operating income grew 22%.

Slide 17 – Q4'19 Performance: Hospitality Solutions

In the fourth quarter, Hospitality Solutions revenue grew 7%, driven by 7% growth in SynXis Software and Services revenue. Central reservation system transactions increased 16% in the quarter. The increase in technology expenses resulted in an operating loss for Hospitality Solutions in the quarter.

Slide 18 – FY’19 Performance: Hospitality Solutions

These trends in Hospitality Solutions also applied to the full year. Revenue grew 7% year-over-year, with 22% growth in CRS transactions. The full year operating loss was largely a result of the increase in technology operating expenses.

Slide 19 – Q4’19 Technology expenditures

Total technology spend in the fourth quarter was $257 million, up 6% year-over-year. Remember, this captures all spend incurred for our technology, both capitalized and expensed, for hosting, third-party software, and research and development. Total technology expense impacting the P&L was $310 million.

Slide 20 – FY’19 Technology expenditures

For the full year, technology spend totaled $1.03 billion, a 3% increase versus 2018. As we have described, we capitalized 9% of our total technology spend in 2019, versus 26% in 2018. Therefore, total technology expense impacting the P&L was $1.2 billion.

Slide 21 – Q4’19 Performance

Full year Free Cash Flow totaled $466 million, representing growth of 6% year-over-year. We ended the year with approximately $3 billion in net debt and a leverage ratio of 3.1x.

As a reminder, our priorities for uses of cash flow are as follows:

- Continued investment in our technology,
- Strategic M&A,
- Dividends, and
- Share repurchases to offset natural dilution

Slide 22 – $150M Incremental technology spend

Sean gave you a high-level overview of the incremental $150 million we expect to spend on technology in 2020, so let me give you the specifics. These expenditures are to support opportunistic investments and are for costs above what we expected for our technology transformation. This higher technology spend can be broken down as follows:

- Approximately $100 million relates to the technology transformation, and
- Approximately $50 million is for opportunistic investments for the four other strategic initiatives and internal business systems to support these initiatives.

Let me provide more detail:

- In 2020, we will be paying higher mainframe costs than previously expected. To be more cautious with customer transitions, and since our priority is to have stable and secure systems for our customers 24/7, we needed to slow down the migration of certain modules to the cloud. As you can imagine, migrating 40+ year old technology is difficult, and we ran into some migration issues. For example, modules for session management, including establishing a login session for a travel agent and authenticating the user's security credentials for interaction with the system, were planned to be off-loaded by the end of 2019 but were not. This will result in us having to pay for mainframe capacity in 2020 that we weren't planning on.

- In 2020, we will also be incurring higher than expected cloud bubble costs. Remember, as we build the marketplace of the future, we still have to maintain our current technology footprint for our customers. We will be paying for cloud computing cost inefficiencies and excess surge capacity across our two Sabre-managed data centers in North Texas as well as the cloud services managed by AWS. As we moved through 2019 and were pursuing the Google partnership, we put cloud optimization work on hold. Therefore, we will begin enhancing the efficiency of our cloud environments when we begin migrating to Google Cloud.

- In addition, we will also incur incremental development spend to rewrite code. This is related to our mainframe offload and exit from our legacy Tulsa data center.

As Sean described, we expect that our new strategic partnership with Google will help buffer these challenges in the future. Critically, our agreement with Google includes provision of mainframe services beyond 2023, if needed, at better economics than our current legacy contract. We also will work with Google to optimize our cloud environment as we migrate to their cloud footprint.

In summary, for 2020, we plan to spend an incremental $150 million on technology to support our five strategic initiatives. We expect a majority of the incremental technology expenditures will not just impact 2020. As we move through 2020 and begin to realize the benefits of our working partnership with Google, we will be able to refine the view of technology spend in 2021 and beyond.

Slide 23 – 2020 Guidance

Turning to our 2020 financial outlook, please note the guidance that follows excludes the impact of the Coronavirus.

Our core business is performing well and in line with our previous expectations. For the core business in isolation, excluding the incremental technology spend, we expect the following:

- Low-single digit revenue growth, in line with the growth in global travel,
- EBITDA margin in the mid 20%'s,
- EPS of $1.10 to $1.30, and
- Free Cash Flow generation of approximately $485 million.

When we factor in the incremental technology spend we discussed earlier, we expect:

- No change to our revenue expectations of low-single digit growth, but
- EBITDA margin in the high teens,
- EPS of $0.50 to $0.70, and
- Free cash flow of approximately $335 million.

As mentioned, this 2020 guidance includes:

- $150 million impact to EBITDA and Free Cash Flow from incremental cash technology spend.
- Also in 2020, we expect to see a continued decline in our capitalization rate. As such, we expect an additional $50 million impact to EBITDA from this that does not impact total technology spend or Free Cash Flow, and
- As a result of these two items, we expect a reduction in 2020 EPS of about $0.60.

Now let's turn to the Coronavirus. History shows that health epidemics have a material impact on global travel. Quarter-to-date, GDS industry bookings are down mid-teens, and we have little insight as to when to expect relief.

As a result of this uncertainty, we are providing our preliminary estimate for how we believe the Coronavirus will impact our first quarter 2020 results. Based on the quarter-to-date booking decline we have already observed, we believe the Coronavirus will reduce our first quarter 2020 financial results by the following:

- Approximately $100 million to $150 million lower revenue,
- $50 million to $80 million lower EBITDA,
- $0.14 to $0.23 lower EPS,
- $50 million to $80 million lower Free Cash Flow.

Like all companies, we do not know the duration of the outbreak or what its full year impact on global travel will be. Therefore, we cannot reasonably estimate the impact to our full year 2020 financial results.

Turning to our longer-term outlook, by 2024, our goal is to:

- Increase our addressable market by $5 billion or more, versus the $18 billion we believe we can address today,
- Position ourselves for increased share,
- Lower our cost structure, and
- Generate EBITDA margins of 26% or higher.

Back to you, Sean.

Slide 24 – Thank you

<u>Sean Menke, President & CEO:</u>

Thanks Doug.

In conclusion, in 2019, we proved the progress we are making with solid financial results and recently announced major commercial wins and strategic partnerships. As we enter 2020, we announced our commitment to pursuing new opportunistic investments and additional funding of our technology transformation.

At Sabre, we believe we are better positioned to evolve the model from:

- Transactions-centric to predictive and customer-centric,
- Network airline-focused to trip-focused, and
- Mainframe to cloud.

This is all supported by bold moves we have already taken to help achieve our goals. We are building the Sabre of the future: a Sabre expected to have a significantly larger addressable market and new revenue growth opportunities, plus lower costs and a better long-term margin profile. I am confident in our strategy.

As we move to Q&A, I would ask that you respect that we cannot address any questions regarding the Farelogix acquisition due to ongoing litigation and pending decisions by the U.S. Federal Court and the United Kingdom's Competition and Markets Authority.

At this time, we would like to open the call for your questions.