Q2'26 Earnings Call Prepared Remarks

August 6, 2026

Slide 1 – Title Slide

Good morning and welcome to Sabre's second quarter 2026 earnings conference call. As a reminder, please note today's call is being recorded.

I will now turn the call over to the Vice President Investor Relations, Jim Mathias. Please go ahead, sir.

Slide 2 – Forward-looking statements

Jim Mathias Vice President Investor Relations

Good morning and welcome to our second quarter 2026 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, our AI offerings and AI-related developments in the industry, transactions and bookings growth, expectations regarding the Middle East conflict and recovery, as well as the impact of other geopolitical events, commercial and strategic arrangements, our financial guidance, outlook and expectations, pro forma financial information, free cash flow, 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 June 30, 2026.

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, Normalized Adjusted EBITDA Margin, and Adjusted Technology and Adjusted SG&A Expenses 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. Unless otherwise noted, results presented are based on continuing operations.

As a reminder, effective last quarter, we updated the terminology used to describe our revenue to better reflect our evolving brand identity and market positioning. Historically referred to as "Distribution" and "IT Solutions", these revenue streams have been renamed "Marketplace" and "Airline Technology", respectively. The specific revenue from products, services, and underlying solutions offered within each category remain unchanged.

Slide 3 – Today's presenters

Participating with me today 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 – Strong Q2'26 growth

Kurt Ekert, President and CEO

Thanks Jim.

Good morning and thank you for joining us. In the second quarter, we delivered results ahead of our expectations and generated positive free cash flow. Importantly, with the strength we've seen in the first half of this year, and our outlook for the remainder of the year, we are increasing our full-year 2026 guidance for both Pro forma Adjusted EBITDA and Free Cash Flow, and we are reaffirming our outlook for revenue and air distribution bookings growth.

Revenue in Q2 grew 4%, and Normalized Adjusted EBITDA grew 19% year-on-year to $151 million dollars, exceeding our expectations. Air distribution bookings growth in the quarter came in ahead of our outlook, up 1% year-on-year.

We are encouraged by the continued momentum we are seeing from our growth strategies. Since late 2025, Sabre's rate of bookings growth is outpacing the broader industry by approximately 600 basis points.

Second quarter air distribution bookings trends were better than expected driven by a modest recovery in the month of June. The trends we saw in June have continued through July and are reflected in our full-year outlook.

Consistent with what we shared during our first quarter earnings call regarding conflict-related headwinds in the month of March, air distribution bookings growth remained positive throughout the second quarter in both North and South America. That strength was partially offset by continued impacts from the Middle East conflict as well as higher fuel prices which have driven airline fare increases. We estimate that the global impact of fuel and the Middle East conflict was 300-400 basis points in the second quarter, and was relatively more acute in EMEA and Asia Pacific.

Importantly, corporate volumes, which represent nearly half of our marketplace bookings, demonstrated continued steady performance and resilience throughout the second quarter, which offset softness in leisure demand.

Looking ahead, the underlying assumptions for our growth outlook have not changed. We expect third quarter air distribution bookings growth of flat to low-single digits. For the fourth quarter, and consistent with our prior outlook, as well as recent airline commentary, we expect bookings to grow at a low-to-mid-single-digit rate year-on-year.

Slide 5 – Delivering on our strategic priorities

Now, turning to slide 5.

For the fourth consecutive quarter, we delivered double-digit year-on-year growth in Normalized Adjusted EBITDA.

We believe these results and positive trends set us up well to continue to drive year-on-year topline and Pro Forma Adjusted EBITDA growth for the remainder of the year and achieve our increased outlook.

Our financial performance provides us with a foundation to continue investing in innovation and supporting our growth strategies.

Turning to the right side of the slide. We believe Sabre is positioned to be a winner in the rapidly emerging Agentic AI travel channel, and we are working with partners and leaning into our leadership position by increasing the level of investment in AI initiatives.

Our Marketplace continues to deliver multisource travel content at an incredible scale.

Hotel-related revenue growth accelerated in Q2, to 11% year-on-year, driven by higher attach rate and continued growth in media revenue. Our hotel attach rate has improved to approximately 35%. As we continue to enhance our hotel platform we expect to drive higher conversion.

Payments Suite gross spend exceeded $6 billion dollars in the second quarter, up more than 30 percent year-on-year and is now over $25 billion dollars on an annualized basis.

NDC also continues to grow and we expect further acceleration during 2026.

Slide 6 – Q2'26 Business and financial results

Turning to slide 6, our key financial and operational metrics demonstrate that we are executing well and delivering broad-based growth.

Across our business, we continue to see positive trends, reflecting the disciplined execution of our strategy and the progress we are making against our long-term priorities.

Slide 7 – Driving growth through innovation

Moving to slide 7.

Our developer ecosystem continues to expand. Hundreds of developers are now working in our production environment, reinforcing Sabre's position as the critical infrastructure provider powering the next generation of travel commerce.

Agentic AI is no longer just a future opportunity – it is transforming how travel is bought and serviced, and Sabre is leading that evolution. Our open platform enables AI agents to shop, book, and service travel autonomously, securely, and at scale. As the ecosystem develops and adoption accelerates across the industry, we believe Sabre is uniquely positioned to build on our leadership position as we enter this next chapter of travel technology.

We recently deployed our Model Context Protocol server with a global enterprise loyalty and travel service company. MCP acts as a secure, intelligent translation layer, that lets AI agents handle complex servicing work on their own: ticket reissues, exchanges, and itinerary changes. Driven by strong demand for our agentic APIs and MCP server, we doubled the number of active pilot and production partners from 30 to 60 in the second quarter.

We also partnered with Vocal Bridge and DeepLearning.AI, part of the broader AI Fund ecosystem, and hosted a hackathon in Silicon Valley. The response was positive and exceeded our expectations. More than 400 developers participated and submitted over 100 projects built on our agentic APIs and MCP server.

The solutions they built – from voice-enabled travel assistants to agents that can seamlessly coordinate flights, hotels, rideshares, and dining – built into a single itinerary – demonstrate the power and flexibility of our platform. Importantly, they serve as examples of the growing developer interest in building on Sabre's infrastructure and reinforce our foundational position in enabling the next generation of agentic-AI powered travel.

We are making solid progress across our strategic priorities and believe we are well positioned to deliver sustainable long-term growth. Across Air Expansion, Airline Technology, Lodging Expansion and Payments, we are executing our strategy, delivering meaningful value for our customers, and investing in innovation that further strengthens our competitive position.

We are excited with the momentum in Airline Technology, and I'm pleased to share that a notable carrier in Africa has selected Sabre as its new technology platform provider. As part of this agreement, the airline will migrate its core passenger services to the Sabre platform and adopt our Sabre Mosaic NDC IT capabilities. This transition will help modernize key areas of the airline's operations, and implementation is expected to be completed by the end of this year.

Our progress, together with our strong first-half performance, supports our updated 2026 guidance and increases our confidence in the significant opportunities ahead.

With that, I'll turn the call over to Mike, to walk through our second-quarter financial results and our outlook in more detail.

Slide 8 – EVP & CFO, Mike Randolfi

Mike Randolfi, CFO

Thanks Kurt, and good morning everyone.

Please turn to Slide 9.

Slide 9 – Q2 2026 financial highlights

Second quarter Revenue, Gross Profit, Normalized Adjusted EBITDA and Free Cash Flow all exceeded our expectations. As a result, and based on our current outlook, which is consistent with our prior view for the second half of 2026, we are reaffirming our full-year guidance for revenue and air distribution bookings growth and increasing our full-year guidance for both Pro Forma Adjusted EBITDA and Free Cash Flow.

Turning to the financials, total revenue was $712 million dollars, an increase of 4% year-on-year, exceeding our expectations of flat-to-nominal growth.

Marketplace revenue grew $31 million dollars, an increase of 6%, due to a 1.5% increase in distribution bookings and a 4% increase in average booking fee, which includes growth from our payments and media offerings.

Airline Technology revenue was $135 million dollars, broadly in line with our expectations. Second-quarter revenue reflected the timing of certain items that can create normal quarter-to-quarter variability. We continue to expect growth in passengers boarded in future quarters. As a result, we expect Airline Technology revenue of $140 million to $150 million dollars per quarter in Q3 and Q4 and continue to expect year-on-year revenue growth in 2026.

Gross margin of 57.1% came in at the high end of our 56% to 57% range, due primarily to favorability in our average booking fee, driven by bookings mix and revenue growth in higher-margin payments and media products.

Second quarter Normalized Adjusted EBITDA was $151 million dollars, a 19% increase year-on-year, and Adjusted EBITDA margin expanded 272 basis points to 21.2%.

Free cash flow was positive $10 million dollars for the second quarter. Importantly, our expectation for full-year free cash flow has improved to approximately negative $65 million dollars, from negative $70 million dollars. As a reminder, the negative free cash flow this year is driven almost entirely by approximately $60 million dollars of restructuring costs associated with our inflation offset program. Absent these restructuring costs, we would expect near-breakeven free cash flow.

We ended the quarter with a cash balance of $697 million dollars.

Slide 10 – Q2'26 actual results versus guidance

Moving to Slide 10.

Air distribution bookings grew 1% and exceeded expectations despite the impacts of the conflict in the Middle East and higher fuel prices on global travel demand. Revenue growth of 4% exceeded our guidance of flat-to-nominal.

Our Normalized Adjusted EBITDA result of $151 million dollars was favorable to our guide of approximately $130 million dollars by $21 million dollars. Approximately two thirds of this outperformance is attributable to higher gross income, which was driven by a higher average booking fee and higher air distribution bookings. The remainder is driven by timing of technology investments which will now occur in the second half of the year.

All-in, we are pleased with this quarter's results.

Slide 11 – Improving the balance sheet and deleveraging

Turning to slide 11.

We have signed an agreement with our existing lenders to extend our AR Securitization facility through September 2029. As a result of this agreement and our previous refinancing activities, we now have no maturities until 2029.

Slide 12 – FY 2026 pro forma guidance

Moving to Slide 12, and our outlook for 2026.

We are increasing our outlook for full-year Pro Forma Adjusted EBITDA to approximately $600 million dollars and Free Cash Flow to approximately negative $65 million dollars. While our forecast for full-year air distribution bookings, revenue growth, gross margin, and operating expenses remain largely unchanged, we do expect to trend slightly more favorably than prior expectations on gross margin, driving the increased Adjusted EBITDA guide.

We are increasing our outlook for Capex by $10 million dollars. Looking at Adjusted Technology expense, we continue to expect a low-single-digit increase year-on-year. Adjusted Technology expense is expected to be higher in the second half of the year as compared to the first half of the year due to a shift in timing of investments. Taken together, our total investment in technology in the second half will be higher due to additional investment in product development, including AI, SabreMosaic and Lodging.

With our increased Pro Forma Adjusted EBITDA guidance, updated Capex outlook, and approximately $5 million of higher cash interest due to the May 2026 refinancing of our Exchangeable Notes, our expectation for full-year Free cash flow has increased by $5 million dollars to approximately negative $65 million dollars.

Slide 13 – Q3 & Q4 2026 pro forma guidance

On to slide 13 and our expectation for the third and fourth quarters.

As Kurt mentioned, the trends we saw in June continued through July. Based on our current outlook, we anticipate third quarter air distribution bookings and revenue to grow in the flat to low-single-digit range and fourth quarter air distribution bookings and revenue to grow at a low-to-mid-single-digit pace year-on-year.

We expect our third and fourth quarter gross margin to be towards the higher end of our 56% to 57% range due to the continuation of favorable trends experienced in the first half of the year.

As I discussed previously, we expect Adjusted Technology expense to be higher in the second half of this year as compared to the first half of this year.

We expect Adjusted SG&A expense to be roughly flat in the second half of the year when compared to the first half of the year.

For the third quarter, with guidance of flat to low-single digit growth in air distribution bookings, gross margin at the higher end of our range, the sequential increase in Adjusted Technology expense and roughly flat SG&A expense sequentially, we expect Normalized Adjusted EBITDA to be approximately $155 million dollars.

For the fourth quarter, with guidance of low to mid-single digit growth in air distribution bookings, and similar expectations for gross margin and operating expense versus the third quarter, we anticipate Normalized Adjusted EBITDA of approximately $125 million dollars.

Touching on free cash flow, we expect similar trends in operating cash flow in the third quarter as compared to the second quarter, excluding the impact of interest payments. As a reminder, within the website financials available on our investor relations website, we provide a quarterly interest walk. This schedule provides our expected quarterly cash interest payments. In the third quarter, we expect roughly $20 million dollars of higher interest payments versus the second quarter. In total, for the second half of the year, we expect to generate approximately $80 million dollars of free cash flow, primarily in the fourth quarter.

We are pleased with our second quarter and first half results. With our increased outlook for both full-year Pro Forma Adjusted EBITDA and Free

Cash Flow, we believe we are well positioned for sustained growth and Free Cash Flow generation going forward.

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

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