



**Sabre**

# Sabre to Acquire Farelogix

---

November 14, 2018

# 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 “anticipate,” “opportunity,” “will,” “expect,” “help,” “estimate,” “believe,” “well-positioned,” “potential,” “progress,” “seek,” “momentum,” “plan,” “project,” “guidance,” “outlook,” “may,” “should,” “would,” “intend,” 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, the closing, integration and effects of the acquisition described in this presentation, the inability to obtain required regulatory approvals for the acquisition, the timing of obtaining such approvals and the risk that such approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the acquisition, the risk that a condition to closing of the acquisition may not be satisfied on a timely basis or at all, the failure of the proposed transaction to close for any other reason, uncertainties as to access to available financing on a times basis and on reasonable terms, the financial performance of the company expected to be acquired, opportunities and prospects related to the acquisition, industry trends, dependency on transaction volumes in the global travel industry, particularly air travel transaction volumes, the recurring nature of revenue streams, maintenance of the integrity of our systems and infrastructure and the effect of any security breaches, reliance on third parties to provide information technology services, implementation of software solutions, exposure to pricing pressure in the Travel Network business, the implementation and effects of new or renewed agreements, the effects of the implementation of new accounting standards, travel suppliers’ usage of alternative distribution models, failure to adapt to technological advancements, competition in the travel distribution market and solutions markets, the implementation and results of our cost reduction and business alignment program, 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, changes affecting travel supplier customers, our ability to recruit, train and retain employees, including our key executive officers and technical employees, our collection, processing, storage, use and transmission of personal data and risks associated with PCI compliance, 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, the effects of litigation, failure to comply with regulations, use of third-party distributor partners, the financial and business effects of acquisitions, including integration of these acquisitions, 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” section in our Quarterly Report on Form 10-Q filed with the SEC on October 30, 2018, in the “Risk Factors” and “Forward Looking Statements” sections in our Annual Report on Form 10-K filed with the SEC on February 16, 2018 and in our other filings with the SEC. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future events, outlook, guidance, results, actions, levels of activity, performance or achievements. Readers are cautioned not to place undue reliance on these forward-looking statements. Unless required by law, Sabre undertakes no obligation to publicly update or revise any forward-looking statements to reflect circumstances or events after the date they are made.

## Non-GAAP Financial Measures

This presentation includes unaudited non-GAAP financial measures, including Adjusted EBITDA and Adjusted EPS. In addition, we provide certain forward guidance with respect to Adjusted EBITDA and Adjusted EPS. We are unable to provide this forward guidance on a GAAP basis without unreasonable effort.

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.

## Industry Data

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.

# Today's presenters

---



**Sean Menke**

President & CEO



**Dave Shirk**

EVP & President,  
Travel Solutions



**Doug Barnett**

EVP & CFO

# Sabre to acquire Farelogix

---

**A recognized innovator in travel technology with advanced offer management and NDC order capabilities**



Purchase price of \$360 million for 100% ownership



Acquisition expected to accelerate Sabre's strategy to deliver advanced, end-to-end, NDC-enabled retailing, distribution and fulfillment solution to the industry



# Partnering to deliver growth and innovation

## Sabre

Established end-to-end retailing, distribution and fulfillment strategy and roadmap

Industry-wide traction behind Commercial Platform and Beyond NDC launches

Global network of technologists and customers for scalability and support

## Farelogix

Innovative GDS- and PSS-agnostic solutions for dynamic offer and order management

NDC-focused development across scheduling, pricing, shopping and fulfillment

Talented teams to provide new perspectives and expertise



Accelerated delivery of end-to-end retailing, distribution and fulfillment



Tightly integrated PSS- and GDS-agnostic solutions, enabled by NDC



Increased domain expertise to drive innovation



Global customer footprint

# Farelogix expectations and deal summary

## Farelogix expectations:

- ✓ 2018 revenue of approximately \$40M, growth of 25% vs. prior year
- ✓ Approximately 85% gross margin
- ✓ 2018 EBITDA of approximately \$4M
- ✓ Strong growth expected in 2019
- ✓ Expected to be neutral to Sabre's 2019 Adjusted EPS and accretive in 2020

## Deal summary:

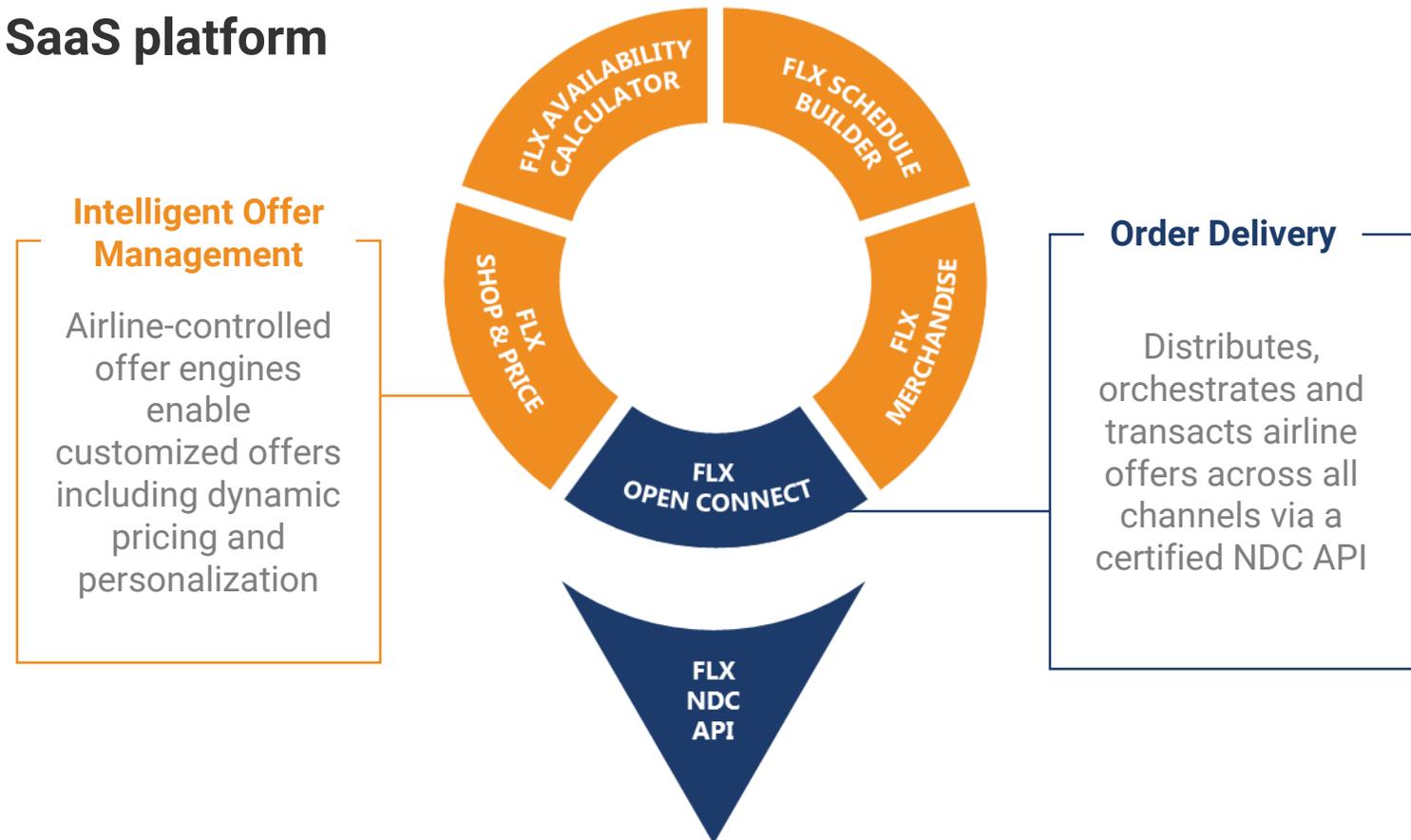
- ✓ Funded through cash on hand and revolver borrowings
- ✓ Sabre 9/30/18 pro forma leverage of approximately 3.0x
- ✓ Subject to closing regulatory approvals, expected to close in late Q4 2018 or early Q1 2019
- ✓ Expect modest integration expenses

# Farelogix offers an industry-leading SaaS platform for next-generation airline retailing and NDC distribution

## Highlights

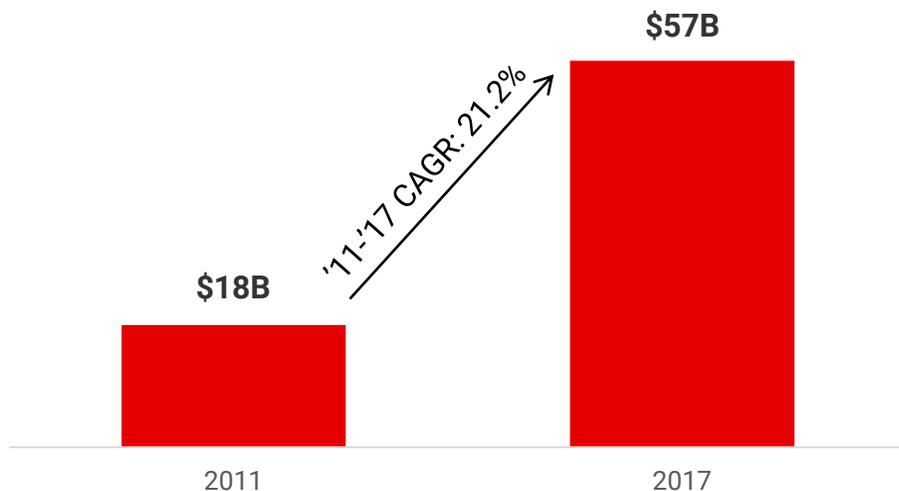
- ✓ **Highly scalable and interoperable SaaS platform**, spanning Offer Management and NDC Order Delivery and deployed by many of the world's largest airlines
- ✓ **Connectivity across nine leading airline reservation systems (PSS)** and NDC integrations with every global GDS
- ✓ **SaaS platform** combines recurring subscription and transaction revenue

## SaaS platform



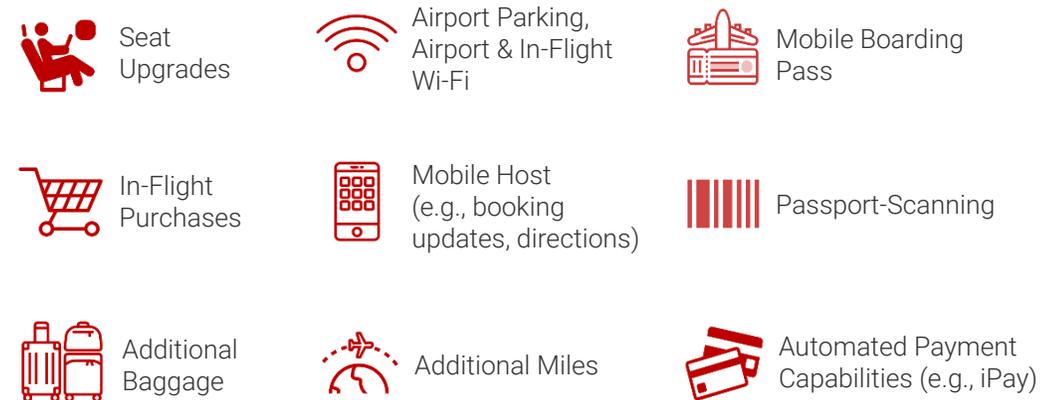
# Retailing and distribution capabilities are critical to airline revenue growth and profitability

## Airline ancillary revenue continues to grow, reaching \$57B in 2017<sup>1</sup>



Ancillary revenue has been a major contributor to airline profitability as airlines are challenged by flat or declining passenger seat revenue

## Travelers seek customized travel experiences



96% of airline executives want to personalize the air travel experience for customers by leveraging real-time data and analytics<sup>2</sup>

<sup>1</sup>CarTrawler Yearbook of Ancillary Revenue (2017), PWC; excludes revenue from non-fee activity such as frequent flier miles to program partners and commissions on car, hotel and insurance attachment.

<sup>2</sup>Accenture Digital Readiness for Customer Experience (2016), study is based on interviews with executives representing a third of the world's largest airlines based on volume of passengers flown.

# Modernized offer management and order delivery represent a potential \$2B opportunity

---

- ✓ Airline ancillary revenue totaled \$57B in 2017<sup>1</sup>
- ✓ Ancillaries and customized offers are an area of intense focus and investment for airlines
- ✓ Farelogix products will help address a potential \$2B opportunity across the world's 300 largest airlines<sup>2</sup>

**Farelogix products help address a  
~\$2B annual potential revenue opportunity**

---



<sup>1</sup>CarTrawler Yearbook of Ancillary Revenue (2017), PWC

<sup>2</sup>Farelogix analysis of Top 300 airlines, rankings by passengers boarded (PBs) and segmented

# Accelerating NDC-enabled strategy: anticipated benefits

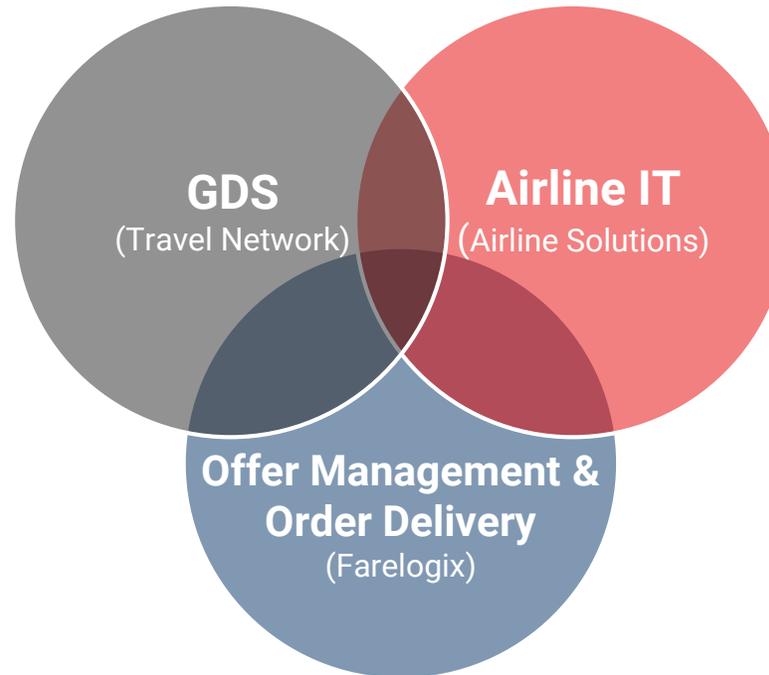
## GDS + Farelogix

### Airline Value

- NDC offers integrated in the GDS
- Tighter collaboration increases delivery quality and timeliness

### Sabre Value

- Enhanced opportunity to define technical and commercial standards
- Ability to scale NDC volume quickly across the travel ecosystem



## PSS + Farelogix

### Airline Value

- Adds NDC platform to SabreSonic, AirVision and AirCentre product offerings
- Integrates PSS-agnostic merchandising engine with PSS

### Sabre Value

- Opportunity to sell new and enhanced capabilities
- Ability to deliver value to airlines on all bookings regardless of PSS system or distribution channel

## PSS + GDS + Farelogix

### Airline Value

- Fully integrated, end-to-end solution across all distribution channels

### Sabre Value

- Accelerates retailing, distribution, and fulfillment strategy
- Deepened customer relationships

# Sabre's 225+ airline partners provide new prospects for Farelogix technology

## Sabre Airline Solutions 225+ airline customers

## Farelogix airline customers



# Bolsters NDC growth & innovation

## IATA NDC Leaderboard Airlines<sup>1</sup>



*SabreSonic PSS and/or  
Farelogix customers*

## Expected Benefits

- ✓ Sabre and Farelogix customers among leaders in NDC-enabled, next-gen retailing
- ✓ Unites NDC technology experts to help solve complex problems holistically and accelerate speed of delivery of next-gen solutions
- ✓ Further strengthens ability to help drive industry NDC standardization critical for further innovations in airline retailing and distribution

# Benefits our agency partners

---

## Farelogix NDC technology and airline customer footprint strengthens our commitment to core agency priorities

- Fast-tracks path to **fully standardized NDC capabilities** for both airlines and agencies
  - ✓ Enables agencies to shop, book, fulfill and manage NDC content efficiently
- **Reduces time-to-market** for airlines to deliver scaled NDC volumes through the GDS
  - ✓ Mitigates agency risk and technology investment costs
- **Improves omnichannel access** to the best offers from both NDC and traditional content
  - ✓ Aligns underlying technology across the direct and indirect channel, creating a path for content symmetry



# Farelogix team delivers industry depth & innovation

**225+**

Dedicated technology professionals; representing 90% of the company

**25+**

Years of industry experience across all members of senior management team

Brings wide breadth of experience to solution design, analysis, development, deployment and support

Culture leverages technical savvy, innovation, diversity, customer service excellence and teamwork



## **Jim Davidson**

*President and CEO*

30+ years of experience in the travel technology industry with demonstrated success leading both large multi-national organizations and start-ups.

Prior to joining Farelogix in 2005, Jim was President and CEO of NTE, an Internet-based supply chain technology company. Before NTE, he held several senior leadership roles, including President and CEO of Amadeus Global Travel (North America), head of sales and marketing at System One, and Vice President of Marketing at Reed Travel Group/OAG.



## **Tim Reiz**

*Chief Technology Officer*

25+ years of experience in the travel industry, Tim is the architect and leader behind groundbreaking Farelogix next generation airline retailing and NDC distribution technologies.



## **Theo Kruijssen**

*Chief Financial Officer*

25+ years of international financial planning and analysis experience with both large multi-national corporations and start-ups.

**Named one of 25 Most Influential Executives in the industry by Business Travel News**

# A winning combination

---

The Sabre logo is written in a bold, red, italicized sans-serif font with a registered trademark symbol (®) to the right.The FARELOGIX logo features the word "FARELOGIX" in a blue, bold, sans-serif font, centered between two thick, curved orange swooshes that arch over and under the text.

## Acquisition is expected to accelerate Sabre's strategy:



Speeds delivery of more powerful and tightly integrated, PSS and GDS-agnostic, end-to-end NDC-enabled retailing, distribution and fulfillment solutions



Expands our pool of outstanding travel technology talent, driving faster innovation



Increases breadth of customers in NDC and next-gen retailing



**Sabre**

Thank you

---