Q4 and Full Year 2020 Earnings Report

16 February 2021

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,” “future,” “believe,” “plan,” "guidance," "outlook," “anticipate,” “will,” "forecast," "continue," “hopeful,” "strategy," "estimate," "project," “may,” “should,” “would,” “intend," “potential” 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 severity, extent and duration of the global COVID-19 pandemic and its impact on our business and results of operations, financial condition and credit ratings, as well as on the travel industry and consumer spending more broadly, the actions taken to contain the disease or treat its impact, the effect of remote working arrangements on our operations and the speed and extent of the recovery across the broader travel ecosystem, dependency on transaction volumes in the global travel industry, particularly air travel transaction volumes, including from airlines' insolvency, suspension of service or aircraft groundings, the effect of cost savings initiatives, the timing, implementation and effects of the technology investment and other strategic initiatives, the completion and effects of travel platforms, travel suppliers' usage of alternative distribution models, exposure to pricing pressure in the Travel Solutions 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 and the effects of these services, the execution, implementation and effects of new, amended or renewed agreements and strategic partnerships, including anticipated savings, 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, the effects of any litigation and regulatory reviews and investigations, 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", risks arising from global operations, reliance on the value of our brands, failure to comply with regulations, use of third-party distributor partners, 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 November 6, 2020, in our Annual Report on Form 10-K filed with the SEC on February 26, 2020 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 Operating (Loss) Income, Adjusted Net (Loss) Income, Adjusted EBITDA, Adjusted Net (Loss) Income from continuing operations per share (“Adjusted EPS”), Free Cash Flow, and the ratios based on these financial measures.

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” in the appendix 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.

Today’s presenters

Sean Menke
President & CEO

Doug Barnett
EVP & CFO

Key 2020 achievements

Took quick and decisive actions to improve financial position

- Reduced go-forward annual costs by approximately $200M
- Represents a 5pt improvement in EBITDA margin vs. 2019, all else equal
- Added liquidity, extended debt maturities and ended year with $1.5B cash balance

Advanced our technology transformation & modernization

- Migrated 250+ apps to cloud and eliminated 2,500+ legacy servers
- Announced strategic Google partnership
- Expect move to Google Cloud plus renegotiated DXC contract to reduce operating costs by $100M+ starting in 2024

Signed key commercial wins and renewals

- Extended agreements with some of our largest customers
- Announced important new distribution agreements
- Announced competitive reservations wins
- Signed two new enterprise-level hospitality wins

After the effects of the COVID-19 pandemic recede, we believe we will be ready with a more profitable cost structure, strong customer engagement and innovations to advance the future of travel

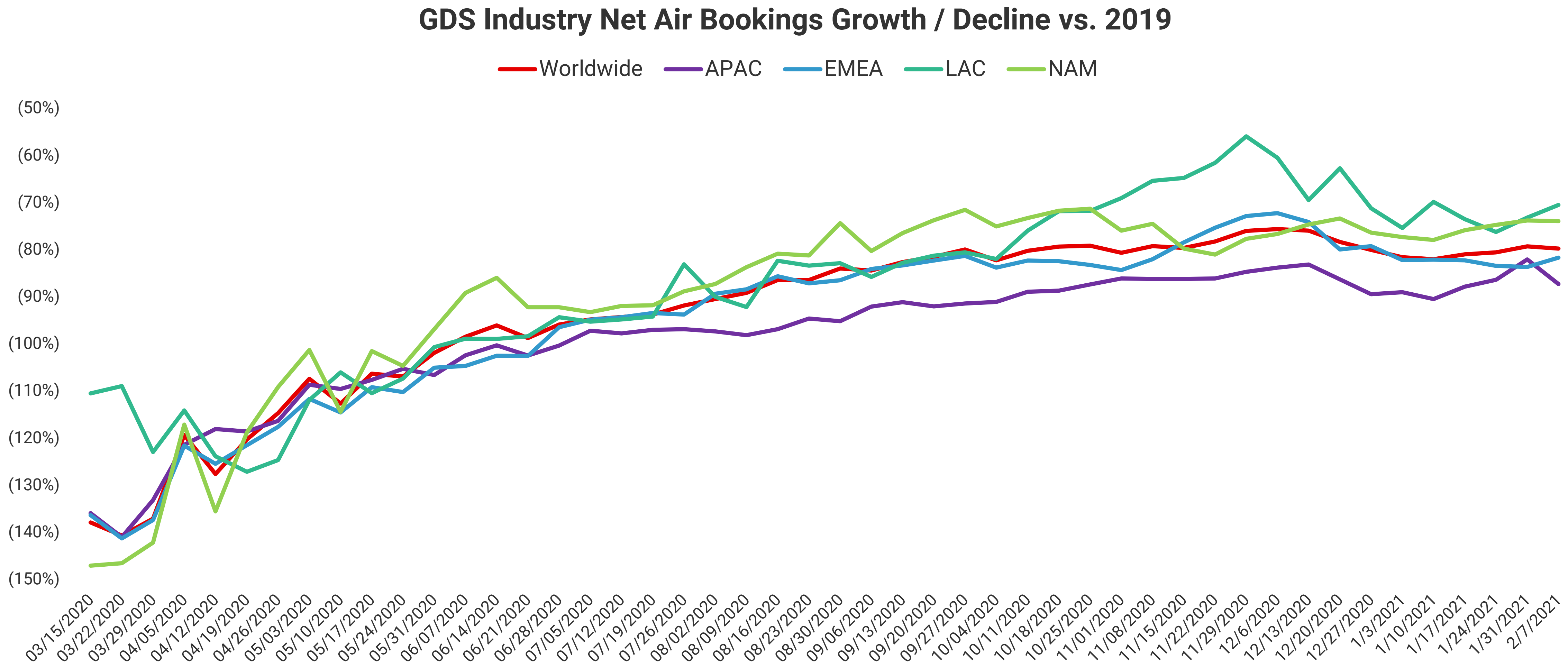
Bookings environment improved, but has flattened

	GDS Industry Net Air Bookings Growth / (Decline) vs. 2019				
	Global	North America	EMEA	Latin America	Asia-Pacific
Q2 2020	**(110%)**	**(107%)**	**(113%)**	**(110%)**	**(110%)**
Q3 2020	**(88%)**	**(83%)**	**(88%)**	**(87%)**	**(96%)**
October	(81%)	(73%)	(84%)	(78%)	(90%)
November	(79%)	(77%)	(79%)	(64%)	(86%)
December	(77%)	(75%)	(75%)	(64%)	(85%)
Q4 2020	**(79%)**	**(75%)**	**(80%)**	**(69%)**	**(87%)**
January 2021	(82%)	(77%)	(83%)	(75%)	(89%)
February 2021 Month-to-date	(77%)	(72%)	(81%)	(68%)	(82%)
Sabre Q4 2019 Bookings Mix		*55%*	*17%*	*8%*	*20%*

- Sabre's gross air bookings declined by 80%, 78%, 77% and 79% in Oct, Nov, Dec and Q4 2020; Jan 2021 and Feb 2021 month-to-date declined 82% and 79% vs. 2019 and 80% and 75% vs. 2020
- Sabre's net air bookings declined by 81%, 80%, 78% and 80% in Oct, Nov, Dec and Q4 2020; Jan 2021 and Feb 2021 month-to-date declined 81% and 77% vs. 2019 and 79% and 71% vs. 2020

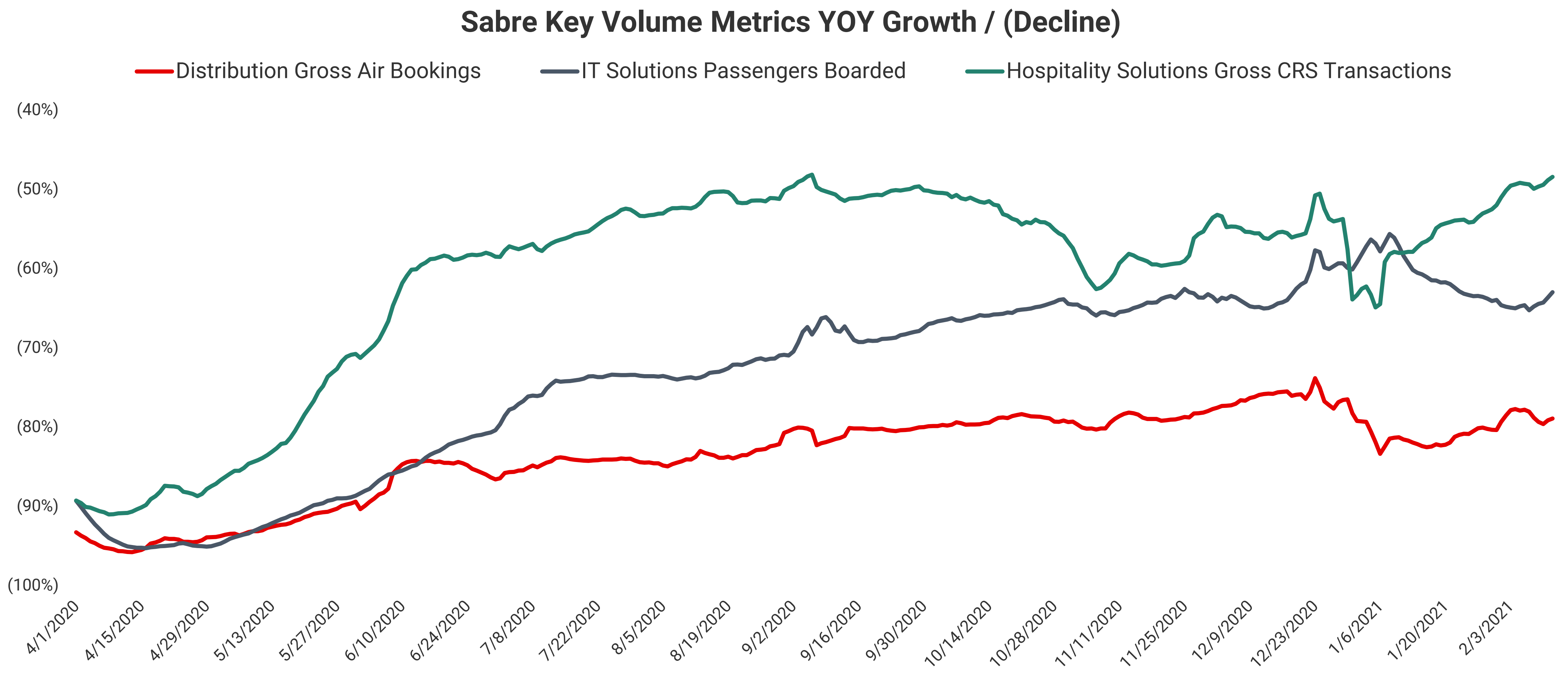
Source: Sabre Market Intelligence; data through Feb 12, 2021

Air bookings recovery by region



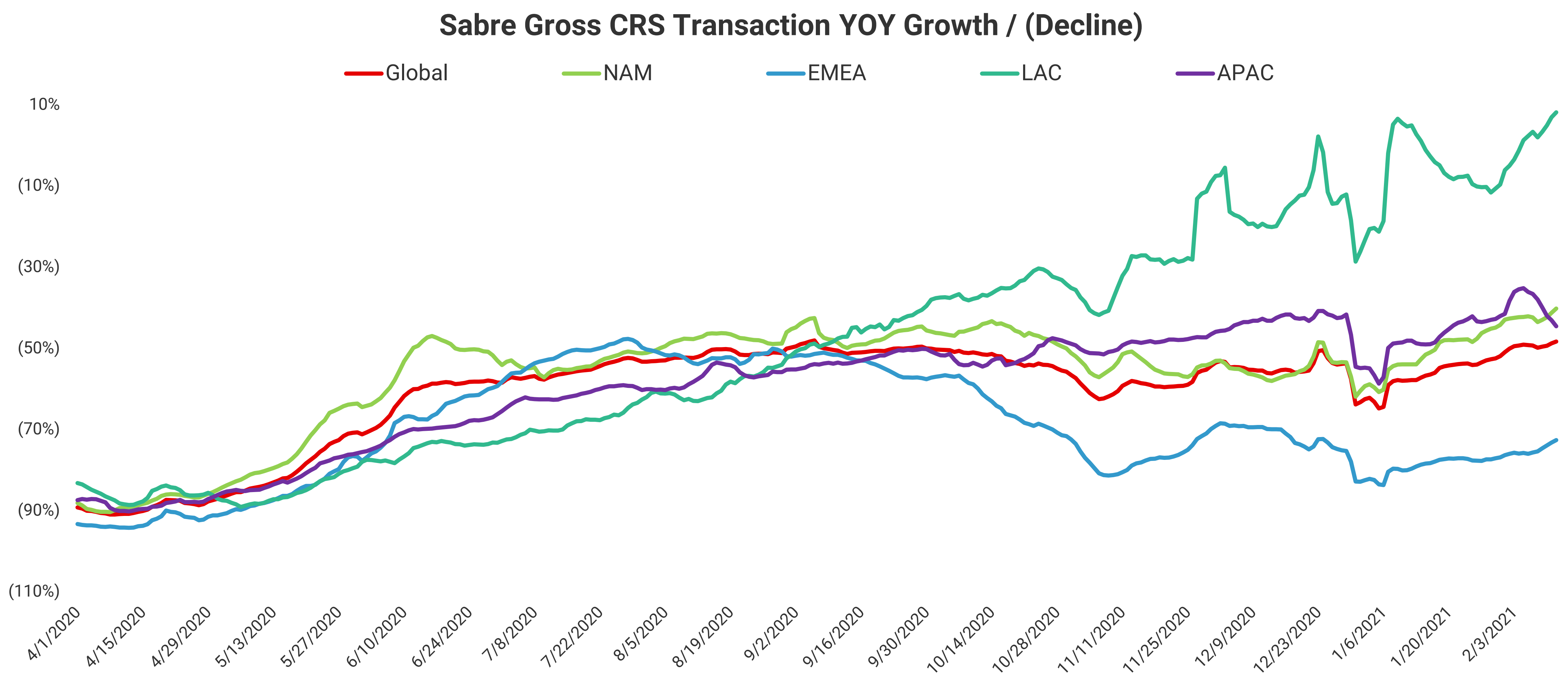
Source: Sabre Market Intelligence; calendar-shifted; data through Feb 12, 2021

Recovery trends reflect COVID-19 cases & lockdowns



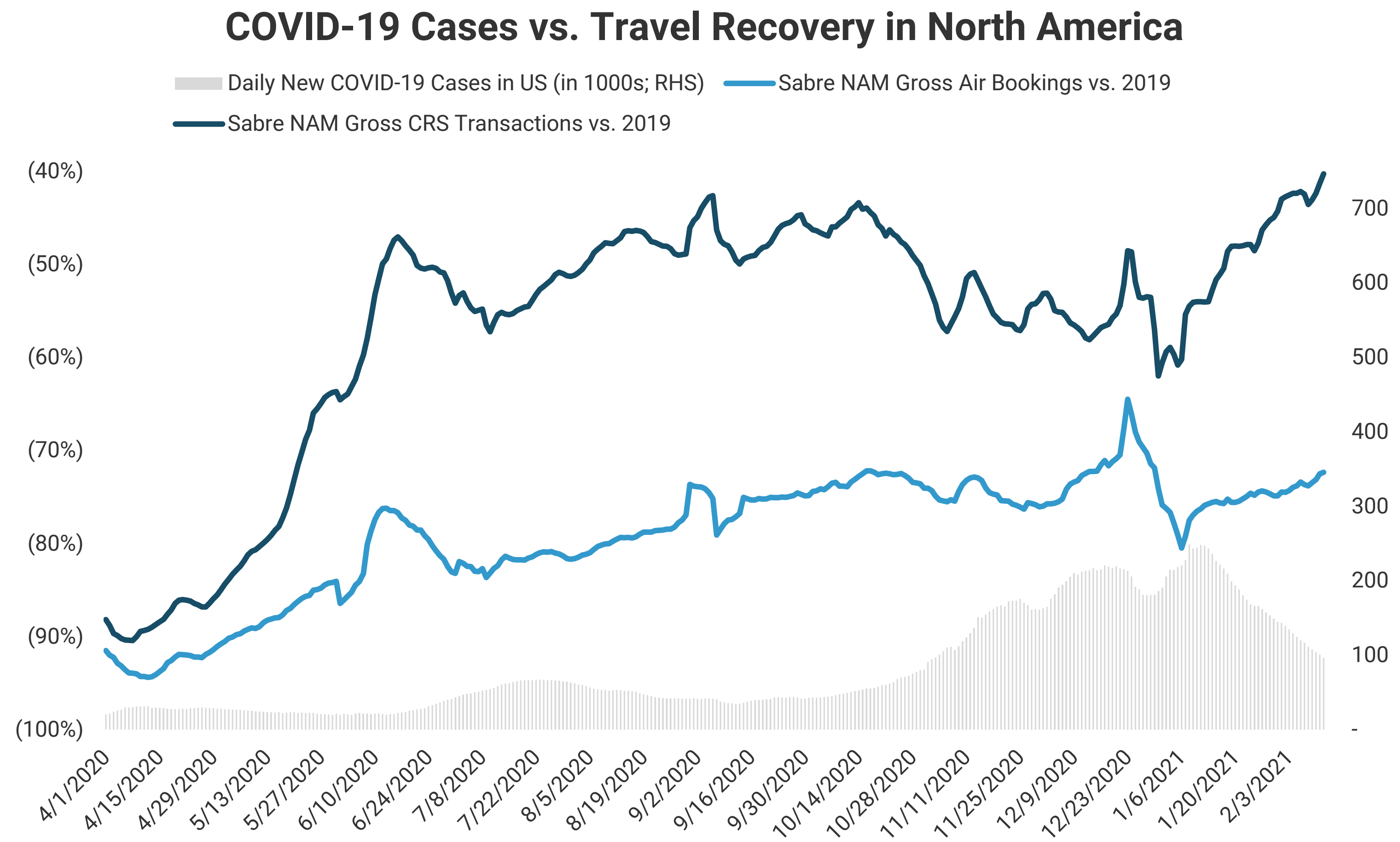
7-day moving average; calendar-shifted; CRS transactions are community model only; data through Feb 12, 2021

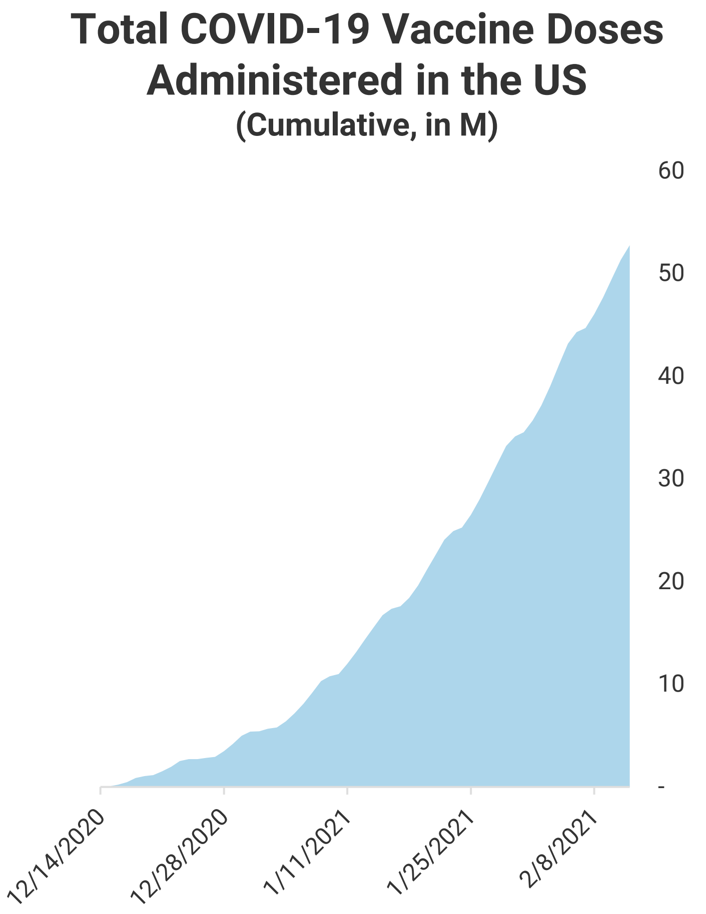
Hospitality recovery by region



Community model only; 7-day moving average; calendar-shifted; data through Feb 12, 2021

Travel trends in response to new COVID-19 cases





Source: Centers for Disease Control and Prevention (CDC) COVID Data Tracker and Sabre Market Intelligence; daily new COVID-19 cases in US based on number of COVID-19 cases reported to the CDC; 7-day moving average; data through Feb 12, 2021

Signed over 2,100 commercial deals in the quarter

Airline Distribution	Agency Distribution	IT Solutions	Hospitality Solutions
Southwest	BERGHANSEN	WESTJET	Louvre Hotels GROUP
Lufthansa Group	ADTRAV	AIR MOLDOVA	ALL-INCLUSIVE BY MARRIOTT INTERNATIONAL
IAG INTERNATIONAL AIRLINES GROUP	سفريات كانو KANOO TRAVEL	Comair Limited	Preferred HOTELS & RESORTS; RedRoof
S7 Airlines	THE TRAVEL TEAM	Lion air	ITC'S HOTEL GROUP; Kalahari RESORTS & CONVENTIONS
HAINAN AIRLINES	TIDESQUARE	JAL JAPAN AIRLINES	POSADAS
		AEROFLOT Russian Airlines	SHANGRI-LA HOTELS and RESORTS; THE SET COLLECTION

Continued progress in achieving our strategic initatives

#1. PERSONALIZED OFFERS

Accelerate our roadmap for new IT capabilities, processes and intelligence that allow suppliers to move to a “customer-centric” approach with personalized offers

#2. FUTURE OF DISTRIBUTION & NDC

Enable the sale of personalized offers through an NDC-enabled GDS, as well as the supplier’s direct channel

#3. LOW-COST CARRIER GROWTH

Develop a full suite of retailing, distribution and fulfillment capabilities that enable customer-centric offers in the LCC market

#4. FULL-SERVICE PROPERTY MANAGEMENT

Help hoteliers create customer-centric offers, allow them to sell through their desired distribution channel, and ensure customer purchases are provided

#5. TECH TRANSFORMATION

Partner with Google to help accelerate cloud migration, utilize artificial intelligence and machine learning capabilities, explore new revenue opportunities and lower long-term costs

Significant & negative impact from COVID-19 in Q4

	Q4'20	Q4'19	YOY %	Commentary
Total Revenue	**$314M**	**$941M**	**(67%)**	Significantly impacted by COVID-19; ~15% of revenue not tied to travel volumes
Travel Solutions	$276M	$881M	(69%)	
Distribution	*$131M*	*$638M*	*(79%)*	*Total Bookings down 79%*
IT Solutions	*$145M*	*$242M*	*(40%)*	*Passengers Boarded down 58%*
Hospitality Solutions	$41M	$71M	(42%)	Central Reservation System Transactions down 40%
Adj. EBITDA[1]	**($83M)**	**$207M**	**(140%)**	Driven by decline in revenue; partially offset by declines in Travel Solutions incentives expense and Hospitality Solutions transaction fees due to lower volumes, headcount expenses due to cost savings initiatives and technology expenses due to lower transaction volume environment
Adj. Operating (Loss) Income	**($169M)**	**$98M**	**(273%)**	Driven by decline in EBITDA; partially offset by lower D&A
Adj. Net (Loss) Income	**($244M)**	**$44M**	**(655%)**	Driven by decline in OpInc and higher interest expense; tax expense higher than expected in the quarter
Adj. EPS	**($0.77)**	**$0.16**	**(581%)**	Driven by decline in net income and higher share count
Free Cash Flow	**($200M)**	**$134M**	**(250%)**	Reduced by approximately $15M related to severance payments

[1] Adjusted EBITDA is adjusted to exclude amortization of upfront incentive consideration. See appendix slide 17 for reconciliation to (loss) income from continuing operations.

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Strengthened liquidity position with $2.1B in 2020

Capital Raised / Accessed[1]:

- $1.1B – senior secured notes and exchangeable notes issuance
- $598M – common stock and mandatory convertible preferred stock offerings
- $375M – revolver draw-down
- $69M – sale and leaseback of our headquarters buildings

Other Liquidity Actions:

- Implemented cost-savings actions, with $200M expected savings on an annual run-rate basis
- Refinanced over $2 billion of debt
- Extended debt maturities to 2024 and beyond[2]
- Suspended common stock dividends and share repurchases

Ended the year with a cash balance of $1.5B; no significant near-term uses of cash

[1] Amounts net of underwriting fees or closing costs, as applicable
[2] Pro forma maturity dates assume certain "springing" maturity conditions are met and the Term Loan B due February 2024 are refinanced beyond February 2024 in accordance with the provision. See appendix slide 17 for actual vs. pro forma debt maturity profile.

Unlocking larger revenue opportunity & lower costs

#1. PERSONALIZED OFFERS

#2. FUTURE OF DISTRIBUTION & NDC

#3. LOW-COST CARRIER GROWTH

#4. FULL-SERVICE PROPERTY MANAGEMENT

#5. TECH TRANSFORMATION

Larger addressable opportunities

More advanced product innovations

Faster & more efficient sales cycles & product deployments

Efficient infrastructure & unit economics

Incremental revenue growth & higher margins

Supported by strategic partnership with:

Google

Thank you

APPENDIX

Reconciliation for debt maturity profile

	Rate	Actual		Pro Forma[2]	
		Maturity	Face Value as of 12/31/20	Maturity	Face Value as of 12/31/20
Senior secured credit facilities:					
Term Loan B	L + 2.00%	February 2024	1,824,616	February 2024	1,824,616
Other Term Loan B	L + 4.00%	December 2027	637,000	December 2027	637,000
Revolver, $400 million[1]	L + 2.75%	November 2023	375,000	February 2024	375,000
9.25% senior secured notes due 2025	9.25%	April 2025	775,000	April 2025	775,000
7.375% senior secured notes due 2025	7.375%	September 2025	850,000	September 2025	850,000
4.00% senior exchangeable notes due 2025	4.00%	April 2025	345,000	April 2025	345,000
Finance lease obligations			889		889
Face value of total debt outstanding			4,807,505		4,807,505
Less current portion of debt outstanding			(26,068)		(26,068)
Face value of long-term debt outstanding			$ 4,781,437		$ 4,781,437

[1]Pursuant to the August 27, 2020 refinancing, the interest rate of the Revolver was increased from L+2.50% to L+2.75%, and the maturity was extended from July 2022 to November 2023. Subject to certain “springing” maturity conditions, the maturity may be extend to February 2024 at the latest.

[2]Pro forma maturity dates assume certain “springing” maturity conditions are met and Term Loan B due February 2024 are refinanced beyond February 2024 in accordance with the provision.

Tabular reconciliations for Non-GAAP measures

Reconciliation of net (loss) income attributable to common shareholders to Adjusted Net (Loss) Income from continuing operations, operating (loss) income to Adjusted Operating (Loss) Income, and (loss) income from continuing operations to Adjusted EBITDA and Last Twelve Months' (LTM) Adjusted EBITDA (for Net Debt Ratio):
(in thousands, except per share amounts; unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Net (loss) income attributable to common stockholders	$ (311,143)	$ 10,091	$ (1,280,403)	$ 158,592
(Income) loss from discontinued operations, net of tax	(6,119)	1,068	(2,788)	1,766
Net income attributable to non-controlling interests[1]	363	665	1,200	3,954
Preferred stock dividends	5,428	—	7,659	—
(Loss) Income from continuing operations	$ (311,471)	$ 11,824	$ (1,274,332)	$ 164,312
Adjustments:				
Impairment and related charges[2]	8,684	—	8,684	—
Acquisition-related amortization[3a]	16,223	16,633	65,998	64,604
Restructuring and other costs[6]	11,568	—	85,797	—
Loss on extinguishment of debt	11,293	—	21,626	—
Other, net[5]	(5,054)	3,314	66,961	9,432
Acquisition-related costs[7]	(6,004)	10,700	16,787	41,037
Litigation costs, net[8]	(4,022)	(3,224)	(1,919)	(24,579)
Stock-based compensation	25,041	15,802	69,946	66,885
Tax impact of adjustments[9]	9,747	(11,052)	18,131	(42,476)
Adjusted Net (Loss) Income from continuing operations	$ (243,995)	$ 43,997	$ (922,321)	$ 279,215
Adjusted Net (Loss) Income from continuing operations per share	$ (0.77)	$ 0.16	$ (3.18)	$ 1.01
Diluted weighted-average common shares outstanding	317,271	276,222	289,855	276,217
Operating (loss) income	$ (219,509)	$ 57,637	$ (988,039)	$ 363,417
Add back:				
Equity method (loss) income	(883)	71	(2,528)	2,044
Impairment and related charges[2]	8,684	—	8,684	—
Acquisition-related amortization[3a]	16,223	16,633	65,998	64,604
Restructuring and other costs[6]	11,568	—	85,797	—
Acquisition-related costs[7]	(6,004)	10,700	16,787	41,037
Litigation costs, net[8]	(4,022)	(3,224)	(1,919)	(24,579)
Stock-based compensation	25,041	15,802	69,946	66,885
Adjusted Operating (Loss) Income	$ (168,902)	$ 97,619	$ (745,274)	$ 513,408
(Loss) income from continuing operations	$ (311,471)	$ 11,824	$ (1,274,332)	$ 164,312
Adjustments:				
Depreciation and amortization of property and equipment[3b]	59,377	77,956	260,651	310,573
Amortization of capitalized implementation costs[3c]	8,984	8,127	37,094	39,444
Acquisition-related amortization[3a]	16,223	16,633	65,998	64,604
Impairment and related charges[2]	8,684	—	8,684	—
Restructuring and other costs[6]	11,568	—	85,797	—
Amortization of upfront incentive consideration[4]	17,944	23,110	74,677	82,935
Interest expense, net	71,417	39,027	235,091	156,391
Other, net[5]	(5,054)	3,314	66,961	9,432
Loss on extinguishment of debt	11,293	—	21,626	—
Acquisition-related costs[7]	(6,004)	10,700	16,787	41,037
Litigation costs, net[8]	(4,022)	(3,224)	(1,919)	(24,579)
Stock-based compensation	25,041	15,802	69,946	66,885
Provision for income taxes	13,423	3,543	(39,913)	35,326
Adjusted EBITDA	$ (82,597)	$ 206,812	$ (372,852)	$ 946,360
Adjusted EBITDA margin	NM	22.0 %	NM	23.8 %
Net Debt (total debt, less cash)			$ 3,307,840	$ 2,927,633
Net Debt / LTM Adjusted EBITDA			NM	3.1x

Tabular reconciliations for Non-GAAP measures

Reconciliation of Adjusted Operating (Loss) Income to Operating (Loss) Income in our statement of operations and Adjusted EBITDA to (Loss) Income from Continuing Operations in our statement of operations by business segment:
(in thousands; unaudited)

	Three Months Ended December 31, 2020			
	Travel Solutions	Hospitality Solutions	Corporate	Total
Adjusted Operating Loss	$ (114,538)	$ (15,440)	$ (38,924)	$ (168,902)
Less:				
Equity method loss	(883)	—	—	(883)
Impairment and related charges(2)	—	—	8,684	8,684
Acquisition-related amortization(3a)	—	—	16,223	16,223
Restructuring and other costs(6)	—	—	11,568	11,568
Acquisition-related costs(7)	—	—	(6,004)	(6,004)
Litigation costs, net(8)	—	—	(4,022)	(4,022)
Stock-based compensation	—	—	25,041	25,041
Operating loss	$ (113,655)	$ (15,440)	$ (90,414)	$ (219,509)
Adjusted EBITDA	$ (38,138)	$ (5,998)	$ (38,461)	$ (82,597)
Less:				
Depreciation and amortization of property and equipment(3b)	50,516	8,398	463	59,377
Amortization of capitalized implementation costs(3c)	7,940	1,044	—	8,984
Acquisition-related amortization(3a)	—	—	16,223	16,223
Impairment and related charges(2)	—	—	8,684	8,684
Restructuring and other costs(6)	—	—	11,568	11,568
Amortization of upfront incentive consideration(4)	17,944	—	—	17,944
Acquisition-related costs(7)	—	—	(6,004)	(6,004)
Litigation costs, net(8)	—	—	(4,022)	(4,022)
Stock-based compensation	—	—	25,041	25,041
Equity method loss	(883)	—	—	(883)
Operating loss	$ (113,655)	$ (15,440)	$ (90,414)	$ (219,509)
Interest expense, net				(71,417)
Other, net(5)				5,054
Loss on extinguishment of debt				(11,293)
Equity method loss				(883)
Provision for income taxes				(13,423)
Loss from continuing operations				$ (311,471)
Operating income margin	NM	NM	NM	NM

Tabular reconciliations for Non-GAAP measures

Reconciliation of Adjusted Operating (Loss) Income to Operating (Loss) Income in our statement of operations and Adjusted EBITDA to (Loss) Income from Continuing Operations in our statement of operations by business segment:
(in thousands; unaudited)

	Three Months Ended December 31, 2019			
	Travel Solutions	Hospitality Solutions	Corporate	Total
Adjusted Operating Income (Loss)	$ 154,631	$ (6,161)	$ (50,851)	$ 97,619
Less:				
Equity method income	71	—	—	71
Acquisition-related amortization(3a)	—	—	16,633	16,633
Acquisition-related costs(7)	—	—	10,700	10,700
Litigation costs, net(8)	—	—	(3,224)	(3,224)
Stock-based compensation	—	—	15,802	15,802
Operating income (loss)	$ 154,560	$ (6,161)	$ (90,762)	$ 57,637
Adjusted EBITDA	$ 249,489	$ 6,969	$ (49,646)	$ 206,812
Less:				
Depreciation and amortization of property and equipment(3b)	64,847	11,904	1,205	77,956
Amortization of capitalized implementation costs(3c)	6,901	1,226	—	8,127
Acquisition-related amortization(3a)	—	—	16,633	16,633
Amortization of upfront incentive consideration(4)	23,110	—	—	23,110
Acquisition-related costs(7)	—	—	10,700	10,700
Litigation costs, net(8)	—	—	(3,224)	(3,224)
Stock-based compensation	—	—	15,802	15,802
Equity method income	71	—	—	71
Operating income (loss)	$ 154,560	$ (6,161)	$ (90,762)	$ 57,637
Interest expense, net				(39,027)
Other, net(5)				(3,314)
Equity method income				71
Provision for income taxes				(3,543)
Income from continuing operations				$ 11,824
Operating income margin	17.6 %	NM	NM	6.1 %

Tabular reconciliations for Non-GAAP measures

Reconciliation of Adjusted Operating (Loss) Income to Operating (Loss) Income in our statement of operations and Adjusted EBITDA to (Loss) Income from Continuing Operations in our statement of operations by business segment:
(in thousands; unaudited)

	Year Ended December 31, 2020			
	Travel Solutions	Hospitality Solutions	Corporate	Total
Adjusted Operating Loss	$(523,122)	$ (63,915)	$ (158,237)	$ (745,274)
Less:				
Equity method loss	(2,528)	—	—	(2,528)
Impairment and related charges(2)	—	—	8,684	8,684
Acquisition-related amortization(3a)	—	—	65,998	65,998
Restructuring and other costs(6)	—	—	85,797	85,797
Acquisition-related costs(7)	—	—	16,787	16,787
Litigation costs, net(8)	—	—	(1,919)	(1,919)
Stock-based compensation	—	—	69,946	69,946
Operating loss	$(520,594)	$ (63,915)	$ (403,530)	$ (988,039)
Adjusted EBITDA	$(197,905)	$ (21,126)	$ (153,821)	$ (372,852)
Less:				
Depreciation and amortization of property and equipment(3b)	217,808	38,427	4,416	260,651
Amortization of capitalized implementation costs(3c)	32,732	4,362	—	37,094
Acquisition-related amortization(3a)	—	—	65,998	65,998
Impairment and related charges(2)	—	—	8,684	8,684
Restructuring and other costs(6)	—	—	85,797	85,797
Amortization of upfront incentive consideration(4)	74,677	—	—	74,677
Acquisition-related costs(7)	—	—	16,787	16,787
Litigation costs, net(8)	—	—	(1,919)	(1,919)
Stock-based compensation	—	—	69,946	69,946
Equity method loss	(2,528)	—	—	(2,528)
Operating loss	$(520,594)	$ (63,915)	$ (403,530)	$ (988,039)
Interest expense, net				(235,091)
Other, net(5)				(66,961)
Loss on extinguishment of debt				(21,626)
Equity method loss				(2,528)
Provision for income taxes				39,913
Loss from continuing operations				$(1,274,332)
Operating income margin	NM	NM	NM	NM

Tabular reconciliations for Non-GAAP measures

Reconciliation of Adjusted Operating (Loss) Income to Operating (Loss) Income in our statement of operations and Adjusted EBITDA to (Loss) Income from Continuing Operations in our statement of operations by business segment:
(in thousands; unaudited)

	Year Ended December 31, 2019			
	Travel Solutions	Hospitality Solutions	Corporate	Total
Adjusted Operating Income (Loss)	$ 729,266	$ (21,632)	$ (194,226)	$ 513,408
Less:				
Equity method income	2,044	—	—	2,044
Acquisition-related amortization(3a)	—	—	64,604	64,604
Acquisition-related costs(7)	—	—	41,037	41,037
Litigation costs, net(8)	—	—	(24,579)	(24,579)
Stock-based compensation	—	—	66,885	66,885
Operating income (loss)	$ 727,222	$ (21,632)	$ (342,173)	$ 363,417
Adjusted EBITDA	$ 1,104,298	$ 31,466	$ (189,404)	$ 946,360
Less:				
Depreciation and amortization of property and equipment(3b)	257,390	48,361	4,822	310,573
Amortization of capitalized implementation costs(3c)	34,707	4,737	—	39,444
Acquisition-related amortization(3a)	—	—	64,604	64,604
Amortization of upfront incentive consideration(4)	82,935	—	—	82,935
Acquisition-related costs(7)	—	—	41,037	41,037
Litigation costs, net(8)	—	—	(24,579)	(24,579)
Stock-based compensation	—	—	66,885	66,885
Equity method income	2,044	—	—	2,044
Operating income (loss)	$ 727,222	$ (21,632)	$ (342,173)	$ 363,417
Interest expense, net				(156,391)
Other, net(5)				(9,432)
Equity method income				2,044
Provision for income taxes				(35,326)
Income from continuing operations				$ 164,312
Operating income margin	19.5 %	NM	NM	9.1 %

Tabular reconciliations for Non-GAAP measures

Reconciliation of Free Cash Flow:
(in thousands; unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Cash (used in) provided by operating activities	$ (183,176)	$ 156,895	$ (770,245)	$ 581,260
Cash provided by (used in) investing activities	51,343	(134,544)	(1,291)	(243,026)
Cash (used in) provided by financing activities	(36,063)	(58,297)	1,837,741	(409,721)

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Cash (used in) provided by operating activities	$ (183,176)	$ 156,895	$ (770,245)	$ 581,260
Additions to property and equipment	(17,161)	(23,042)	(65,420)	(115,166)
Free Cash Flow	$ (200,337)	$ 133,853	$ (835,665)	$ 466,094

Non-GAAP financial measures

We have included both financial measures compiled in accordance with GAAP and certain non-GAAP financial measures, including Adjusted Operating (Loss) Income, Adjusted Net (Loss) Income from continuing operations ("Adjusted Net (Loss) Income"), Adjusted EBITDA, Adjusted EPS, Free Cash Flow and ratios based on these financial measures. As a result of our business realignment in the third quarter of 2020, we have separated our technology costs from cost of revenue and moved certain expenses previously classified as cost of revenue to selling, general and administrative to provide increased visibility to our technology costs for analytical and decision-making purposes and to align costs with the current leadership and operational organizational structure.

We define Adjusted Operating (Loss) Income as operating (loss) income adjusted for equity method (loss) income, impairment and related charges, acquisition-related amortization, restructuring and other costs, acquisition-related costs, litigation costs, net, and stock-based compensation.

We define Adjusted Net (Loss) Income as net (loss) income attributable to common stockholders adjusted for loss (income) from discontinued operations, net of tax, net income attributable to noncontrolling interests, impairment and related charges, acquisition-related amortization, loss on extinguishment of debt, other, net, restructuring and other costs, acquisition-related costs, litigation costs, net, stock-based compensation, and the tax impact of net income adjustments.

We define Adjusted EBITDA as (Loss) Income from continuing operations adjusted for depreciation and amortization of property and equipment, amortization of capitalized implementation costs, acquisition-related amortization, impairment and related charges, restructuring and other costs, amortization of upfront incentive consideration, interest expense, net, other, net, loss on extinguishment of debt, acquisition-related costs, litigation costs, net, stock-based compensation and the remaining provision for income taxes.

We define Adjusted EPS as Adjusted Net (Loss) Income divided by diluted weighted-average common shares outstanding.

We define Free Cash Flow as cash (used in) provided by operating activities less cash used in additions to property and equipment.

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 Operating (Loss) Income, Adjusted Net (Loss) Income, Adjusted EBITDA 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.

Non-GAAP financial measures

Adjusted Operating (Loss) Income, Adjusted Net (Loss) Income, Adjusted EBITDA, 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 and 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 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 EBITDA does not reflect cash requirements for such replacements;
- Adjusted EBITDA does not reflect amortization of upfront incentive consideration or capitalized implementation costs associated with our revenue contracts, which may require future working capital or cash needs in the future;
- Adjusted Operating (Loss) Income, Adjusted Net (Loss) Income and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our indebtedness;
- Adjusted EBITDA does 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 Operating (Loss) Income, Adjusted Net (Loss) Income, Adjusted EBITDA, Adjusted EPS or Free Cash Flow differently, which reduces their usefulness as comparative measures.

Non-GAAP footnotes

(1) Net income attributable to non-controlling interests represents an adjustment to include earnings allocated to non-controlling interests held in (i) Sabre Travel Network Middle East of 40% and Sabre Seyahat Dagitim Sistemleri A.S. of 40% for all periods presented, (ii) Sabre Travel Network Lanka (Pte) Ltd of 40% beginning in July 2015, and (iii) Sabre Bulgaria of 40% beginning in November 2017.

(2) Impairment and related charges consists of $5 million associated with software developed for internal use and $4 million associated with capitalized implementation costs related to a specific customer based on our analysis of the recoverability of such amounts.

(3) Depreciation and amortization expenses:

a. Acquisition-related amortization represents amortization of intangible assets from the take-private transaction in 2007 as well as intangibles associated with acquisitions since that date.
b. Depreciation and amortization of property and equipment includes software developed for internal use as well as amortization of contract acquisition costs.
c. Amortization of capitalized implementation costs represents amortization of upfront costs to implement new customer contracts under our SaaS and hosted revenue model.

(4) Our Travel Solutions 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, excluding technology costs 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.

(5) Other, net includes a $46 million charge related to termination payments incurred in 2020 in connection with the now-terminated acquisition of Farelogix Inc. ("Farelogix") and a $18 million pension settlement charge recorded in 2020, partially offset by a $10 million gain on sale of our headquarters building in the fourth quarter of 2020. In addition, all periods presented include 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.

(6) Restructuring and other costs represents charges associated with business restructuring and associated changes, including a strategic realignment of our airline and agency-focused businesses, as well as other measures to support the new organizational structure and to respond to the impacts of the COVID-19 pandemic on our business, facilities and cost structure.

(7) Acquisition-related costs represent fees and expenses incurred associated with the now-terminated agreement to acquire Farelogix, as well as costs related to the acquisition of Radixx in 2019.

(8) Litigation costs, net represent charges associated with antitrust litigation and other foreign non-income tax contingency matters. In 2020, we reversed the previously accrued non-income tax expense of $4 million due to success in our claims. In 2019, we recorded the reversal of our previously accrued loss related to the US Airways legal matter for $32 million.

(9) The tax impact of 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, the impact of the adjustments on valuation allowance assessments, and the tax effect of items that relate to tax specific financial transactions, tax law changes, uncertain tax positions, and other items.