Non-GAAP financial measures used in Sabre Investor Relations Fact Sheet

Non-GAAP Financial Measures

Sabre's Investor Relations Fact Sheet Presentation includes unaudited non-GAAP financial measures, including Adjusted Net Income, Adjusted EBITDA and Free Cash Flow. 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 the explanation of the non-GAAP measures and the reconciliation of the non-GAAP financial measures to the comparable GAAP measures included herein.

We have included both financial measures compiled in accordance with GAAP and certain non-GAAP financial measures, including Adjusted Net Income, Adjusted EBITDA and Free Cash Flow.

We define Adjusted Net Income as income from continuing operations adjusted for acquisition-related amortization, loss on extinguishment of debt, other, net, restructuring and other costs, acquisition-related costs, litigation costs, stock-based compensation, management fees and the tax impact of net income adjustments.

We define Adjusted EBITDA as Adjusted Net Income adjusted for depreciation and amortization of property and equipment, amortization of capitalized implementation costs, amortization of upfront incentive consideration, interest expense, net, and remaining provision for income taxes.

We define Free Cash Flow as cash 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 these non-GAAP financial measures 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.

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Non-GAAP financial measures used in Sabre Investor Relations Fact Sheet (Continued)

Non-GAAP Financial Measures Continued

These non-GAAP financial measures are not recognized terms under GAAP. These non-GAAP financial measures 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 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 Net 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 these non-GAAP financial measures differently, which reduces their usefulness as comparative measures.

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Tabular reconciliations for Non-GAAP measures

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

	Year Ended December 31,	
	2016	2015
Net income attributable to common stockholders	$ 242,562	$ 545,482
Net (income) loss from discontinued operations, net of tax	(5,549)	(314,408)
Net income attributable to noncontrolling interests[1]	4,377	3,481
Income from continuing operations	241,390	234,555
Adjustments:		
Acquisition-related amortization[2a]	143,425	108,121
Loss on extinguishment of debt	3,683	38,783
Other, net[4]	(27,617)	(91,377)
Restructuring and other costs[5]	18,286	9,256
Acquisition-related costs[6]	779	14,437
Litigation costs[7]	46,995	16,709
Stock-based compensation	48,524	29,971
Tax impact of net income adjustments	(104,528)	(52,383)
Adjusted Net Income from continuing operations	$ 370,937	$ 308,072
Adjusted Net Income from continuing operations per share	$ 1.31	$ 1.10
Diluted weighted-average common shares outstanding	282,752	280,067
Adjusted Net Income from continuing operations	$ 370,937	$ 308,072
Adjustments:		
Depreciation and amortization of property and equipment[2b]	233,303	213,520
Amortization of capitalized implementation costs[2c]	37,258	31,441
Amortization of upfront incentive consideration[3]	55,724	43,521
Interest expense, net	158,251	173,298
Remaining provision for income taxes	191,173	171,735
Adjusted EBITDA	$ 1,046,646	$ 941,587

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Reconciliation of Free Cash Flow

(in thousands; unaudited)

	Year Ended December 31,	
	2016	2015
Cash provided by operating activities	699,400	529,207
Cash used in investing activities	(445,808)	(729,041)
Cash used in financing activities	(190,025)	93,144

	Year Ended December 31,	
	2016	2015
Cash provided by operating activities	$ 699,400	$ 529,207
Additions to property and equipment	(327,647)	(286,697)
Free Cash Flow	371,753	242,510

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Non-GAAP footnotes

1) Net income (loss) attributable to non-controlling interests represents an adjustment to include earnings allocated to non-controlling interest held in (i) Sabre Travel Network Middle East of 40% for all periods presented, (ii) Sabre Seyahat Dagitim Sistemleri A.S. of 40% beginning in April 2014, and (iii) Abacus International Lanka Pte Ltd of 40% beginning in July 2015.

2) 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. Also includes amortization of the excess basis in our underlying equity interest in SAPPL's net assets prior to our acquisition of SAPPL on July 1, 2015.
   b) Depreciation and amortization of property and equipment includes software developed for internal use.
   c) Amortization of capitalized implementation costs represents amortization of upfront costs to implement new customer contracts under our SaaS and hosted revenue model.

3) Our Travel Network business at times provides upfront incentive consideration to travel agency subscribers at the inception or modification of a service contract, which are capitalized and amortized to cost of revenue over an average expected life of the service contract, generally over three to five years. Such consideration is made with the objective of increasing the number of clients or to ensure or improve customer loyalty. Such 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 upfront. Such service contracts with travel agency subscribers require that the customer commit to achieving certain economic objectives and generally have terms requiring repayment of the upfront incentive consideration if those objectives are not met.

4) In 2016, other, net primarily includes a gain of $15 million in the fourth quarter from the sale of our available-for-sale marketable securities and $6 million gain from the first quarter, associated with the receipt of an earn-out payment related to the sale of a business in 2013. In 2015, we recognized a gain of $78 million associated with the remeasurement of our previously-held 35% investment in SAPPL to its fair value and a gain of $12 million related to the settlement of pre-existing agreements between us and SAPPL.

5) Restructuring and other costs represents charges associated with business restructuring and associated changes implemented which resulted in severance benefits related to employee terminations, integration and facility opening or closing costs and other business reorganization costs. In 2016, we recognized a $20 million charge to implement a plan to restructure a portion of our global workforce in support of funding our efforts to modernize our technology infrastructure, as well as to align and improve our operational efficiency to reflect expected changes by customers on implementation schedules for certain of Sabre Airline Solutions products. In 2015, we recognized a restructuring charge of $9 million associated with the integration of Abacus, of which $2 million was paid as of December 31, 2016 and $4 million was adjusted as a result of the reevaluation of our plan derived from shift in timing and strategy of originally contemplated actions in Q4 2016.

6) Acquisition-related costs represent fees and expenses incurred associated with the acquisition of Abacus, the Trust Group and Airpas Aviation.

7) Litigation costs (reimbursements), net represent charges and legal fee reimbursements associated with antitrust litigation, including an accrual of $32 million as of December 31, 2016, representing the trebling of the jury award plus our estimate of attorneys' fees, expenses and costs which we would be required to pay pursuant to the Sherman Act.

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