

SABRE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Year Ended December 31,		
	2017	2016	2015
Revenue	\$ 3,598,484	\$ 3,373,387	\$ 2,960,896
Cost of revenue	2,513,857	2,287,662	1,944,050
Selling, general and administrative	510,075	626,153	557,077
Impairment and related charges	81,112	—	—
Operating income	493,440	459,572	459,769
Other (expense) income:			
Interest expense, net	(153,925)	(158,251)	(173,298)
Loss on extinguishment of debt	(1,012)	(3,683)	(38,783)
Joint venture equity income	2,580	2,780	14,842
Other, net	36,530	27,617	91,377
Total other expense, net	(115,827)	(131,537)	(105,862)
Income from continuing operations before income taxes	377,613	328,035	353,907
Provision for income taxes	128,037	86,645	119,352
Income from continuing operations	249,576	241,390	234,555
(Loss) income from discontinued operations, net of tax	(1,932)	5,549	314,408
Net income	247,644	246,939	548,963
Net income attributable to noncontrolling interests	5,113	4,377	3,481
Net income attributable to common stockholders	<u>\$ 242,531</u>	<u>\$ 242,562</u>	<u>\$ 545,482</u>
Basic net income per share attributable to common stockholders:			
Income from continuing operations	\$ 0.88	\$ 0.85	\$ 0.85
(Loss) income from discontinued operations	(0.01)	0.02	1.15
Net income per common share	<u>\$ 0.87</u>	<u>\$ 0.87</u>	<u>\$ 2.00</u>
Diluted net income per share attributable to common stockholders:			
Income from continuing operations	\$ 0.88	\$ 0.84	\$ 0.83
(Loss) income from discontinued operations	(0.01)	0.02	1.12
Net income per common share	<u>\$ 0.87</u>	<u>\$ 0.86</u>	<u>\$ 1.95</u>
Weighted-average common shares outstanding:			
Basic	276,893	277,546	273,139
Diluted	278,320	282,752	280,067
Dividend per common share	\$ 0.56	\$ 0.52	\$ 0.36

See Notes to Consolidated Financial Statements.

SABRE CORPORATION
CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

	December 31,	
	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 361,381	\$ 364,114
Accounts receivable, net	490,558	400,667
Prepaid expenses and other current assets	108,753	88,600
Total current assets	960,692	853,381
Property and equipment, net	799,194	753,279
Investments in joint ventures	27,527	25,582
Goodwill	2,554,987	2,548,447
Acquired customer relationships, net	351,034	387,632
Other intangible assets, net	332,171	387,805
Deferred income taxes	31,817	95,285
Other assets, net	591,942	673,159
Total assets	<u>\$ 5,649,364</u>	<u>\$ 5,724,570</u>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 162,755	\$ 168,576
Accrued compensation and related benefits	112,343	102,037
Accrued subscriber incentives	271,200	216,011
Deferred revenues	110,532	187,108
Other accrued liabilities	198,353	222,879
Current portion of debt	57,138	169,246
Tax Receivable Agreement	59,826	100,501
Total current liabilities	972,147	1,166,358
Deferred income taxes	99,801	88,957
Other noncurrent liabilities	480,185	567,359
Long-term debt	3,398,731	3,276,281
Commitments and contingencies (Note 15)		
Stockholders' equity		
Common stock: \$0.01 par value; 450,000,000 authorized shares; 289,137,901 and 285,461,125 shares issued, 274,342,175 and 276,949,802 shares outstanding at December 31, 2017 and 2016, respectively	2,891	2,854
Additional paid-in capital	2,174,187	2,105,843
Treasury stock, at cost, 14,795,726 and 8,511,323 shares at December 31, 2017 and 2016 respectively	(341,846)	(221,746)
Retained deficit	(1,053,446)	(1,141,116)
Accumulated other comprehensive loss	(88,484)	(122,799)
Noncontrolling interest	5,198	2,579
Total stockholders' equity	698,500	625,615
Total liabilities and stockholders' equity	<u>\$ 5,649,364</u>	<u>\$ 5,724,570</u>

See Notes to Consolidated Financial Statements.

SABRE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2017	2016	2015
Operating Activities			
Net income	\$ 247,644	\$ 246,939	\$ 548,963
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	400,871	413,986	351,480
Impairment and related charges	81,112	—	—
Amortization of upfront incentive consideration	67,411	55,724	43,521
Tax Receivable Agreement	(59,603)	—	—
Deferred income taxes	48,760	48,454	97,225
Stock-based compensation expense	44,689	48,524	29,971
Debt modification costs	14,758	—	—
Allowance for doubtful accounts	9,459	10,567	8,558
Amortization of debt issuance costs	5,923	9,611	6,759
Joint venture equity income	(2,580)	(2,780)	(14,842)
Loss (income) from discontinued operations	1,932	(5,549)	(314,408)
Dividends received from joint venture investments	1,088	640	28,700
Loss on extinguishment of debt	1,012	3,683	38,783
Litigation-related credits	—	(25,527)	(60,998)
Gain on remeasurement of previously-held joint venture interest	—	—	(78,082)
Other	13,284	(5,426)	3,556
Changes in operating assets and liabilities:			
Accounts and other receivables	(108,596)	(12,949)	10,662
Upfront incentive consideration	(94,296)	(70,702)	(63,510)
Capitalized implementation costs	(60,766)	(83,405)	(63,382)
Prepaid expenses and other current assets	109	(11,809)	(13,255)
Other assets	(21,111)	(2,799)	(66,873)
Accounts payable and other accrued liabilities	67,034	56,787	8,721
Deferred revenue including upfront solution fees	13,861	22,663	9,390
Accrued compensation and related benefits	6,038	2,768	18,268
Cash provided by operating activities	678,033	699,400	529,207
Investing Activities			
Additions to property and equipment	(316,436)	(327,647)	(286,697)
Acquisitions, net of cash acquired	—	(164,120)	(442,344)
Proceeds from sale of marketable securities	—	45,959	—
Other investing activities	(1,089)	—	—
Cash used in investing activities	(317,525)	(445,808)	(729,041)
Financing Activities			
Proceeds of borrowings from lenders	1,897,625	1,055,000	1,252,000
Payments on borrowings from lenders	(1,880,506)	(999,868)	(960,807)
Cash dividends paid to common stockholders	(154,861)	(144,355)	(98,596)
Repurchase of common stock	(109,100)	(100,000)	(98,770)
Payments on Tax Receivable Agreement	(99,241)	—	—
Debt prepayment fees and issuance costs	(19,052)	(11,377)	(52,674)
Net proceeds on the settlement of equity-based awards	12,647	27,344	47,414
Other financing activities	(4,292)	(16,769)	4,577
Cash (used in) provided by financing activities	(356,780)	(190,025)	93,144
Cash Flows from Discontinued Operations			
Cash (used in) provided by operating activities	(4,848)	(19,478)	236
Cash provided by investing activities	—	—	278,834
Cash (used in) provided by discontinued operations	(4,848)	(19,478)	279,070
Effect of exchange rate changes on cash and cash equivalents	(1,613)	(1,107)	(6,927)
(Decrease) increase in cash and cash equivalents	(2,733)	42,982	165,453
Cash and cash equivalents at beginning of period	364,114	321,132	155,679
Cash and cash equivalents at end of period	\$ 361,381	\$ 364,114	\$ 321,132
Cash payments for income taxes	\$ 40,211	\$ 39,032	\$ 27,816
Cash payments for interest	\$ 149,572	\$ 151,495	\$ 154,307
Capitalized interest	\$ 11,142	\$ 13,887	\$ 11,981

See Notes to Consolidated Financial Statements.