Economic and Financial Analysis Committee

Industry Financials

2nd Quarter 2022

Industry Scorecard

2Q 2022 (with comparisons to 2Q 2019)

2Q22	Key Financial Metrics (non-GAAP) - 2Q22					Unit Level Metrics (non-GAAP) - 2Q22 (y/3y change)				
Airline	Operating Revenue ($ mil)	Operating Profit (Loss) ($ mil)	Operating Margin	Net Profit (Loss) ($ mil)	Net Margin	Revenue Passenger Miles	Available Seat Miles	(T)RASM[1]	CASM-ex[2]	Fuel ($/gal)[3]
American	13,422	1,012	7.5%	533	4.0%	(8.2%)	(8.5%)	22.7%	11.8%	88.3%
Delta	12,311	1,445	11.7%	921	7.5%	(18.4%)	(17.9%)	20.5%	21.9%	83.7%
United	12,112	990	8.2%	471	3.9%	(13.8%)	(14.5%)	24.3%	17.0%	93.5%
Southwest	6,728	1,173	17.4%	825	12.3%	(5.8%)	(6.7%)	22.0%	13.1%	57.7%
Alaska	2,658	373	14.0%	280	10.5%	(6.1%)	(8.1%)	26.3%	19.1%	65.6%
jetBlue	2,445	(69)	(2.8%)	(153)	(6.3%)	1.3%	2.3%	13.4%	14.5%	96.3%
Spirit	1,367	(17)	(1.2%)	(32)	(2.4%)	11.3%	9.9%	22.8%	28.7%	99.1%
Frontier	909	24	2.6%	20	2.2%	5.6%	10.4%	29.1%	32.4%	92.6%
Hawaiian	692	(24)	(3.4%)	(46)	(6.7%)	(13.9%)	(12.6%)	10.9%	15.9%	84.6%
Allegiant[4]	630	35	5.6%	11	1.8%	18.4%	13.4%	15.3%	19.6%	94.6%
Sun Country[5]	219	4	1.8%	(2)	(0.8%)	(5.2%)	(6.0%)	24.8%	14.6%	94.3%
Total	53,492	4,947	9.2%	2,828	5.3%					

[1] TRASM for airlines that report it
[2] CASM-ex excludes fuel, special items, profit sharing, third-party business expenses, fuel hedges, and MTM accounting
[3] Economic fuel cost/gal, includes effect of fuel hedging and settlements on derivatives
[4] Airline-only operations
[5] Includes AMZN cargo ops

Industry Scorecard

6-months 2022 (with comparisons to 6-months 2019)

6m22	Key Financial Metrics (non-GAAP) - 6m22					Unit Level Metrics (non-GAAP) - 6m22 (y/3y change)				
Airline	Operating Revenue ($ mil)	Operating Profit (Loss) ($ mil)	Operating Margin	Net Profit (Loss) ($ mil)	Net Margin	Revenue Passenger Miles	Available Seat Miles	(T)RASM[1]	CASM-ex[2]	Fuel ($/gal)[3]
American	22,321	(554)	(2.5%)	(977)	(4.4%)	(13.3%)	(9.6%)	9.5%	12.2%	65.1%
Delta	20,472	652	3.2%	137	0.7%	(21.4%)	(17.5%)	8.3%	22.8%	62.1%
United	19,678	(394)	(2.0%)	(907)	(4.6%)	(19.9%)	(16.6%)	12.4%	17.3%	69.7%
Southwest	11,422	1,038	9.1%	633	5.5%	(9.5%)	(7.9%)	12.2%	15.4%	36.8%
Alaska	4,339	139	3.2%	113	2.6%	(10.2%)	(9.5%)	15.1%	18.0%	46.8%
jetBlue	4,181	(436)	(10.4%)	(408)	(9.8%)	(6.1%)	1.0%	4.0%	14.1%	71.4%
Spirit	2,334	(201)	(8.6%)	(206)	(8.8%)	11.3%	14.4%	9.2%	25.6%	70.9%
Frontier	1,514	(118)	(7.8%)	(89)	(5.9%)	4.6%	14.8%	11.4%	31.0%	65.3%
Hawaiian	1,169	(169)	(14.5%)	(176)	(15.1%)	(20.6%)	(12.6%)	(2.6%)	14.0%	64.7%
Allegiant[4]	1,130	50	4.4%	9	0.8%	15.2%	15.9%		14.2%	71.1%
Sun Country[5]	446	27	6.0%	11	2.4%	(0.3%)	2.2%	10.1%	6.2%	84.7%
Total	89,006	34	0.0%	(1,861)	(2.1%)					

[1] TRASM for airlines that report it
[2] CASM-ex excludes fuel, special items, profit sharing, third-party business expenses, fuel hedges, and MTM accounting
[3] Economic fuel cost/gal, includes effect of fuel hedging and settlements on derivatives
[4] Airline-only operations
[5] Includes AMZN cargo ops

Record Revenues Bolster Airlines

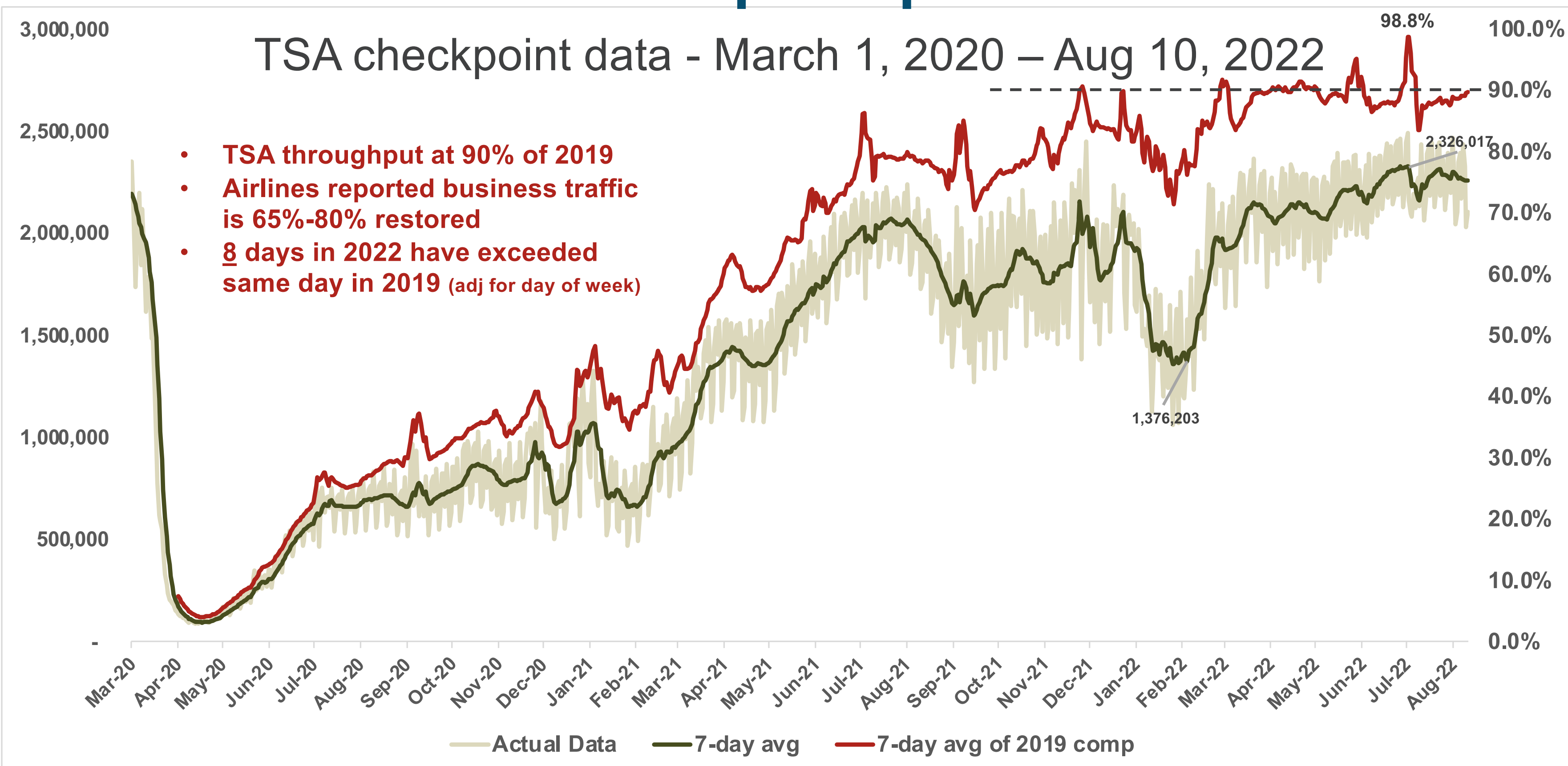
Second Quarter Synopsis

- Nearly every airline reported record revenues, yet some (Hawaiian, JetBlue, Spirit) were still unprofitable due to cost problems (fuel, labor and airport expenses).
- Travel has rebounded significantly, especially leisure demand, which is substantially greater than it was pre-Covid. Business travel still has not recovered to 2019 levels.
- Operational issues affected virtually every airline at some point during the quarter, with weather, ATC, airport infrastructure and staffing blamed for poor performance. ULCC's hit especially hard. Underutilized assets mentioned frequently during conference calls.
- Airlines repeatedly cut capacity to stabilize operations; this led to upward pressure on fares, sub-optimal aircraft utilization and inadequate schedules.

Third Quarter Travel Demand Bears Watching

- Leisure travel will start to slow, will business travel continue to recover? Currently at 70%-80% of 2019 levels.
- Airlines need to better use assets; will be critical to slowing the industry's inflated non-fuel costs. Most airlines reported double-digit cost increases during the second quarter.
- Inadequate staffing prevents significant capacity gains.
- Pilot hiring maintained a record pace, while the Big 4 slog through labor negotiations with no agreements yet.
- The recovery will continue to be uneven. Carriers with significant int'l/corporate exposure will be slower to reach pre-pandemic traffic flows. Fuel prices, while lower, will still impact carriers, especially unhedged LCC/ULCCs.

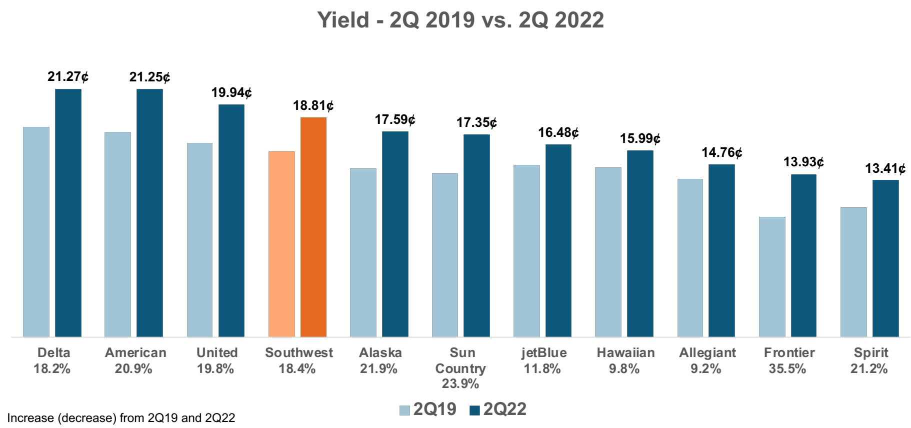
TSA data confirms pentup leisure demand



2Q22: Large pent-up leisure demand led to high fares...

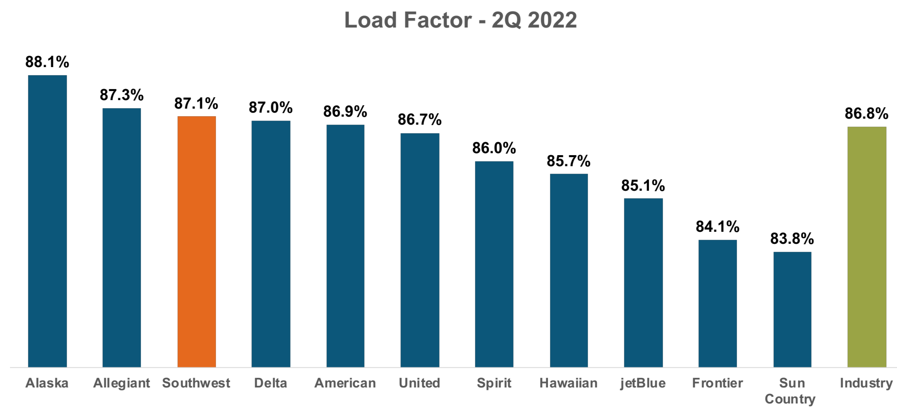
2Q saw a record load factor: 86.8% (+ 11 pts over 1Q)

Yields were up 15% - 25% vs 2019



SWA had highest yields among LCC/ULCC carriers

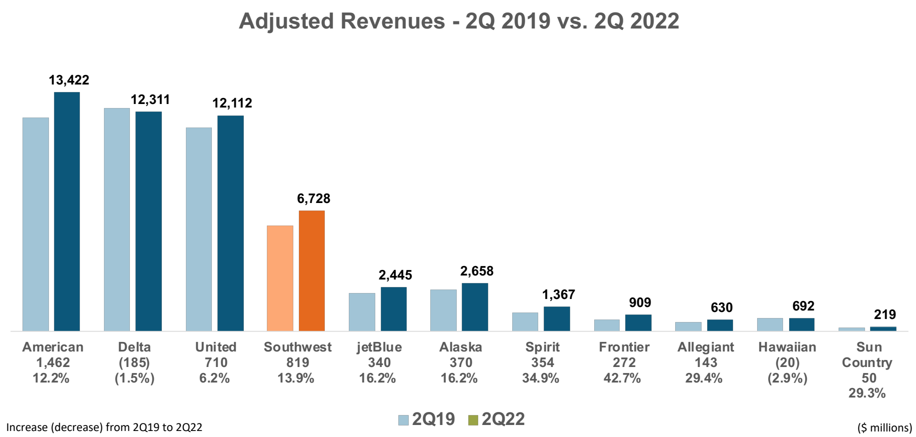
LF was 21 bp higher than 2Q19 (86.6%)



… resulting in record quarterly revenues

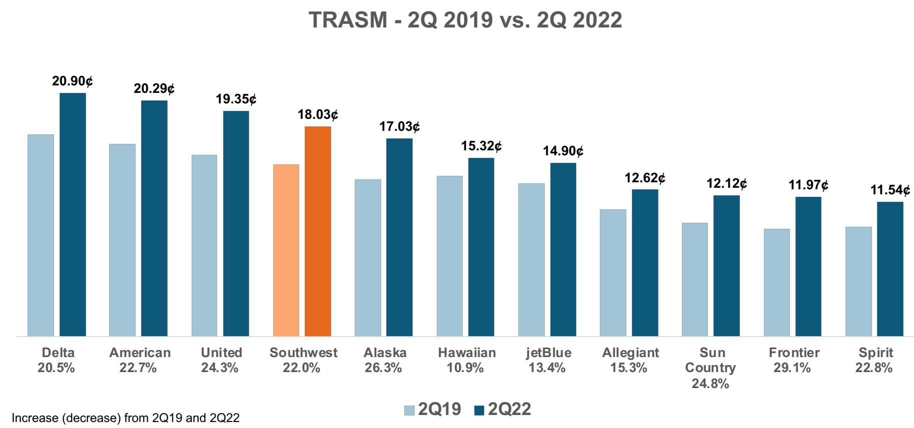
Revenues improved to 108.8% of 2Q19

9 of 11 airlines recorded record revenue



$53.5B revenue was 8.8% higher than 2Q19 (+8.8%)

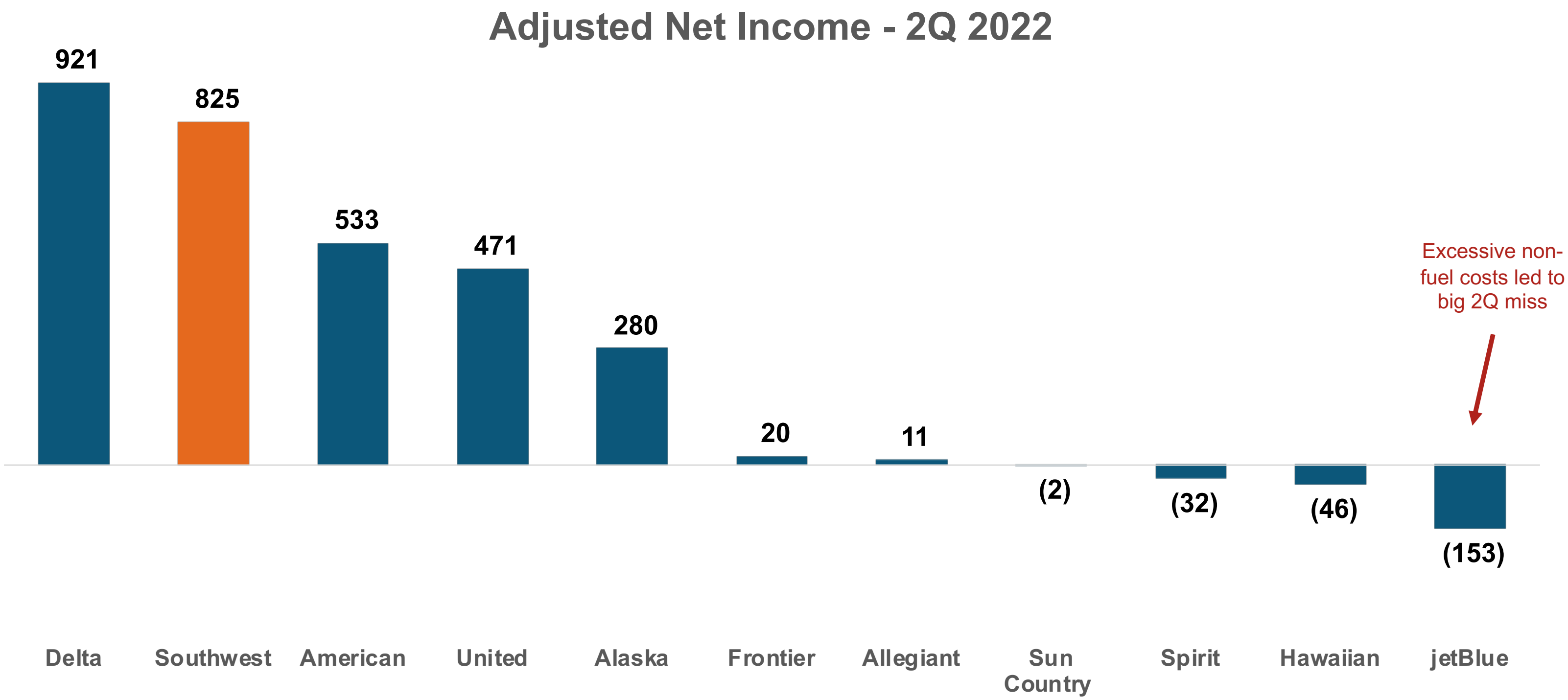
2Q likely is ’Peak-TRASM’



SWA had highest TRASM among LCC/ULCC carriers

… so most US airlines returned to profitability

$2.8B adjusted total net income breaks string of 9 consecutive quarterly losses

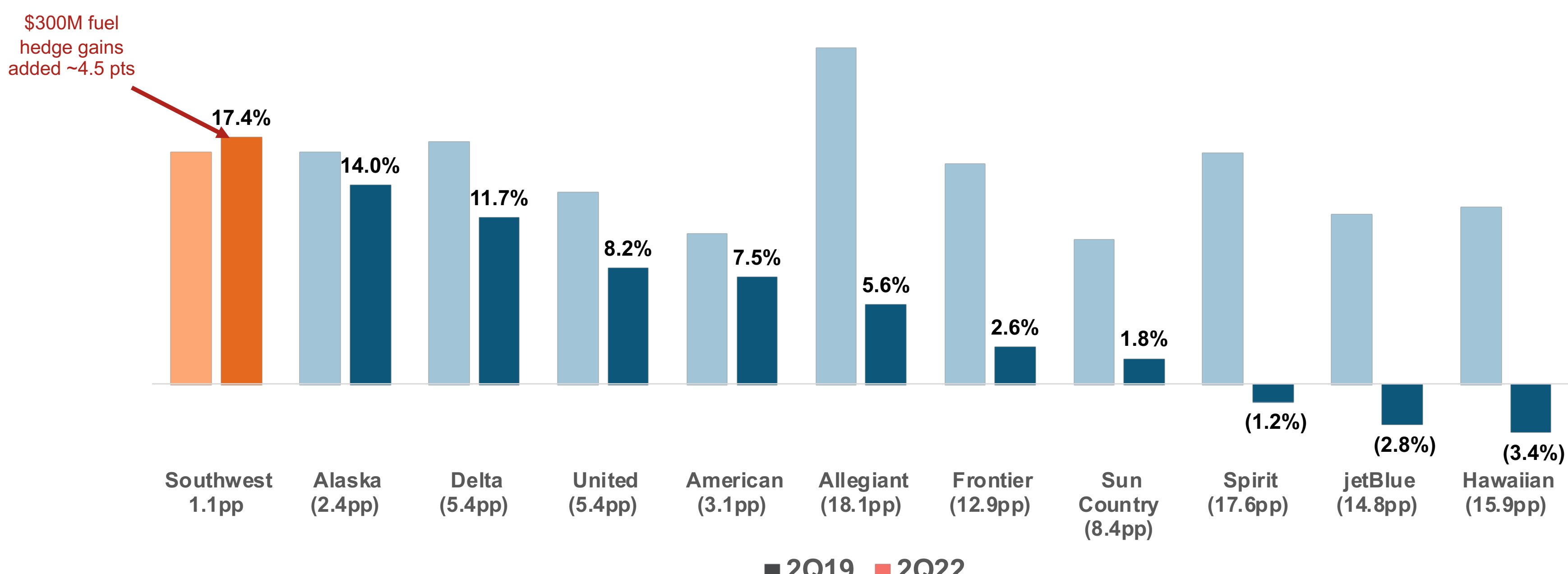


($ millions)

Operating margins are turning positive

But most airlines still have a ways to go to return to 2019 levels

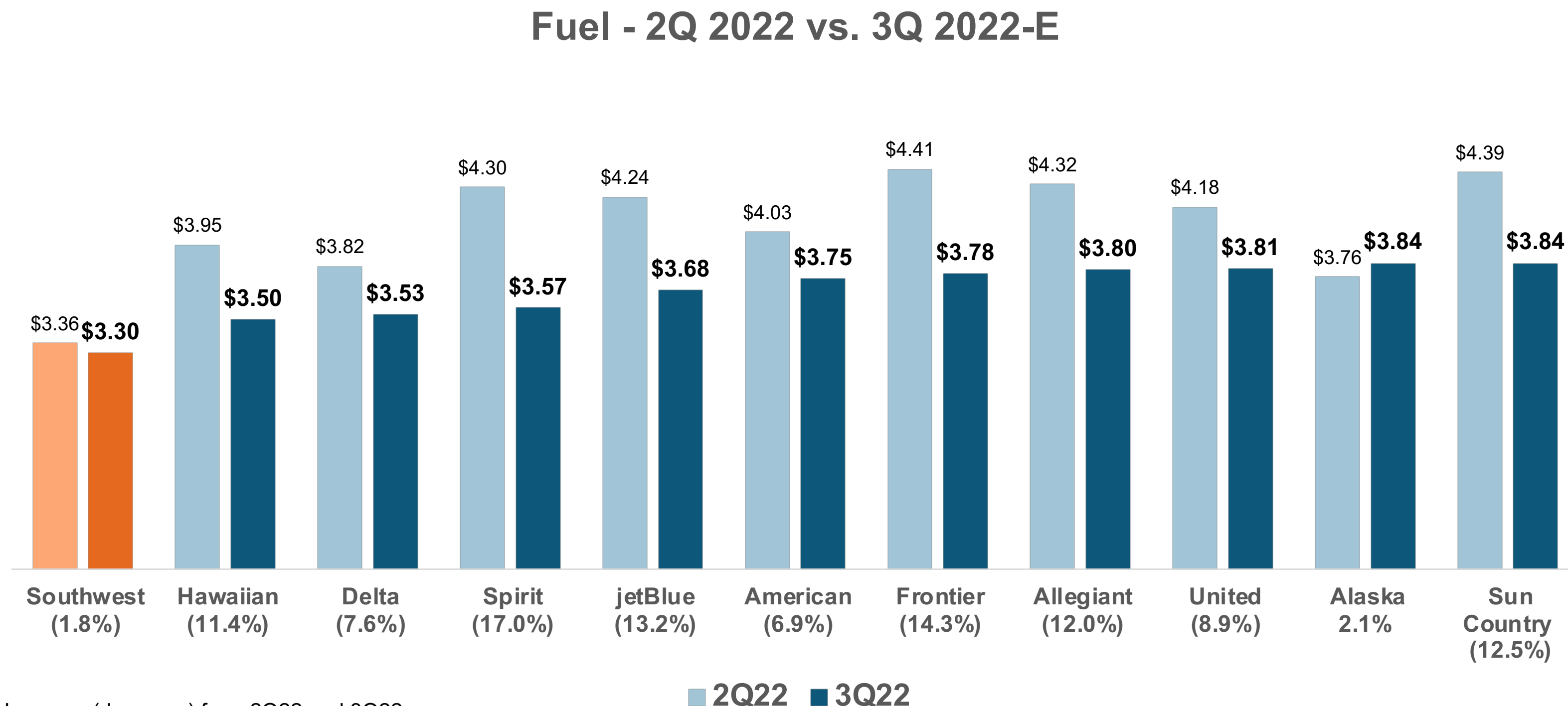
Adjusted Operating Margins - 2Q 2019 vs. 2Q 2022



Increase (decrease) from 2Q19 to 2Q22

2Q saw record fuel prices

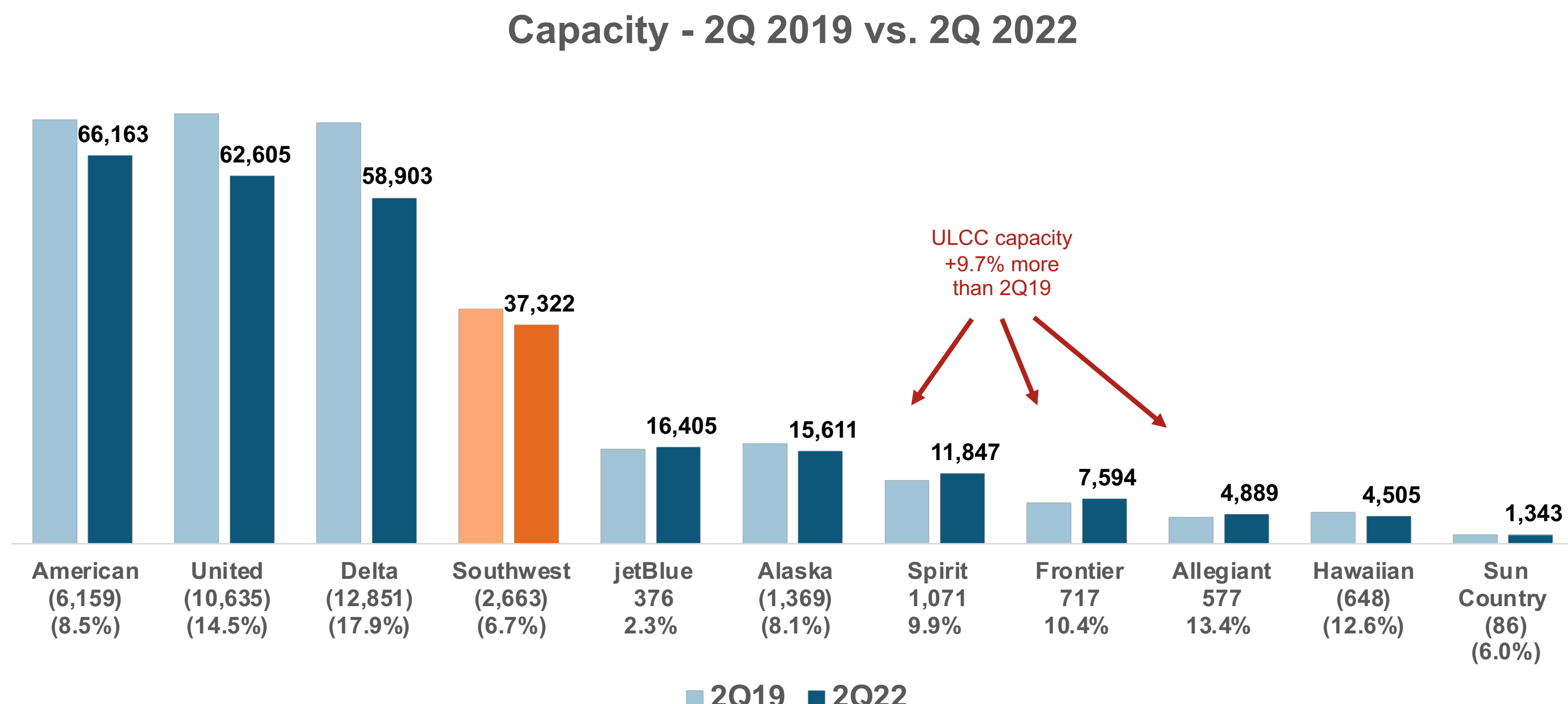
3Q should see some moderation



Increase (decrease) from 2Q22 and 3Q22

High fuel prices and staffing are constraining capacity

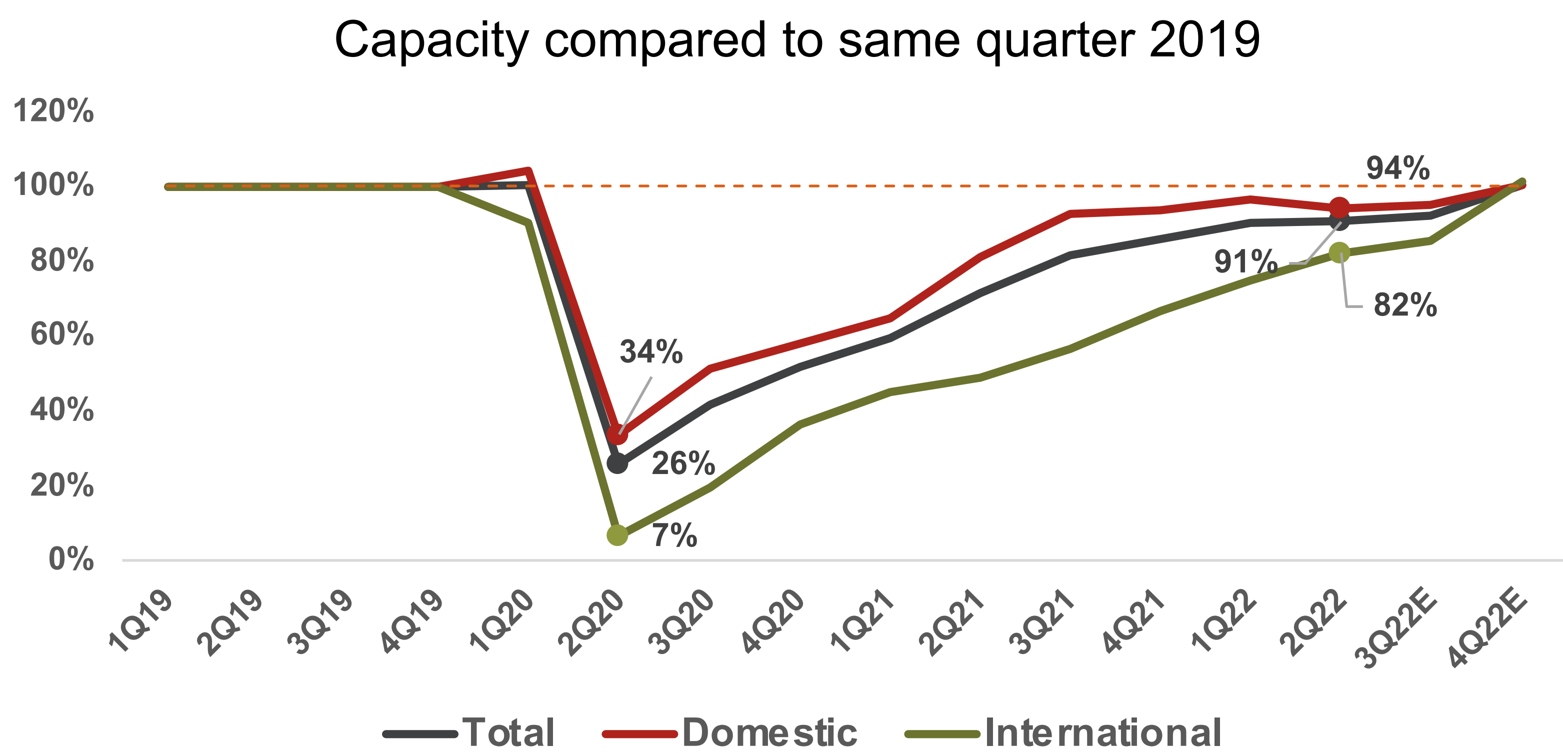
Capacity down 9.9% vs 2Q22 (was -11.1% in 1Q)



Increase (decrease) from 2Q19 and 2Q22

ASMs in millions

International capacity recovering, but still lags

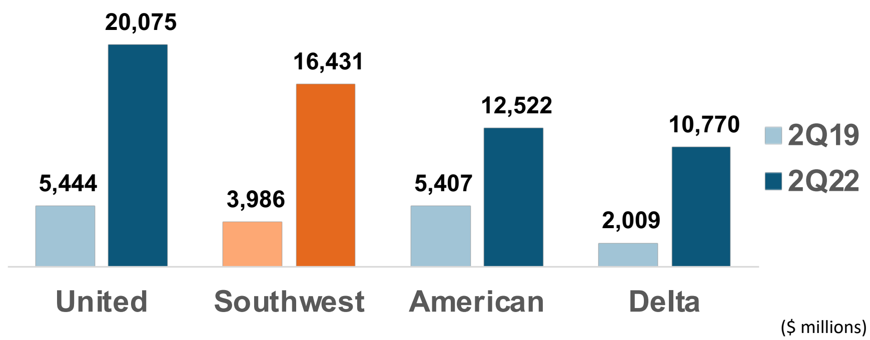


Speaking of capacity… interesting route updates

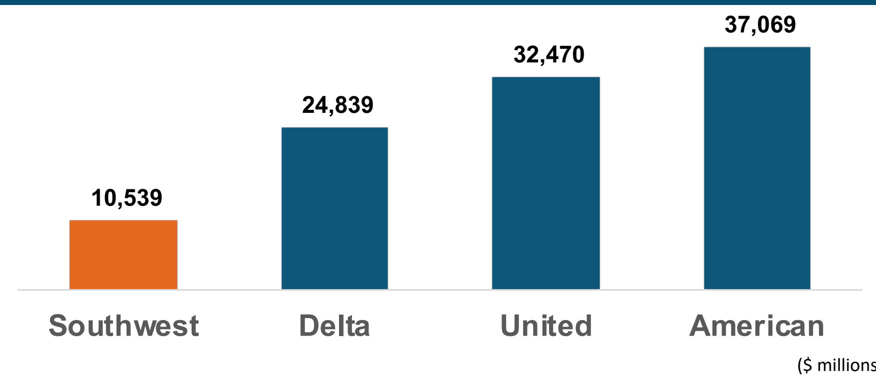
- **Avelo** begins 7 more unserved routes from Florida starting in Sept/Oct. MCO-LEX/PHF/AZO/LAN as well as TPA/LEX and FLL/ILM.
- **Frontier** continues large expansion in LAS, adding nonstops to BDL, BWI, BUF and MCI. The airline competes on over 35 routes with Southwest in Las Vegas.
- **American** announces capacity cuts of 3% in Sept and Oct, primarily from PHL, which will lose nearly 2,000 flights.
- **Delta** announces new service to Cape Town, Tel Aviv and Papeete,Tahiti starting Dec.
- **Hawaiian** returns to Australia and New Zealand with service to AKL and SYD but Japan service still well below 2019 levels. Will discontinue HNL-MCO in September.
- **Spirit** begins four new routes, competing directly against Southwest with service from LAS to ABQ, BOI, RNO and SAT.
- **Southwest** continues to reduce Mainland to Hawaii flying. LAX/LGB/SAN/SMF to LIH/KOA/OGG discontinued. Inter-island flights up to 60 per day.
- **United** becomes the largest carrier to Africa, with nonstops to Cape Town (CPT) and Johannesburg (JNB) from IAD and EWR. Also serves Ghana and Nigeria.

SWA's 'fortress' balance sheet remains intact

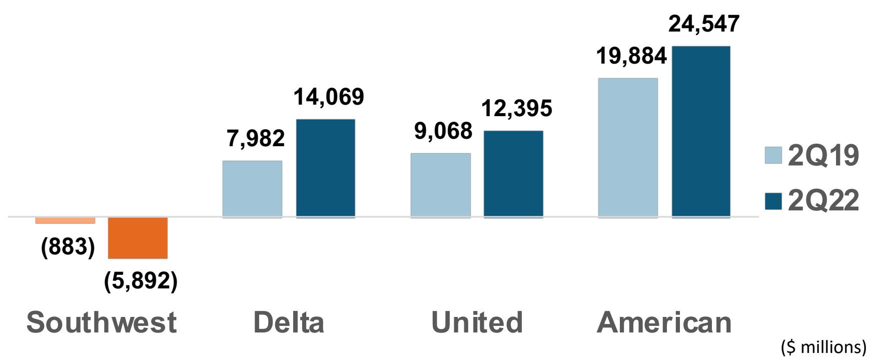
Cash and Short-Term Equivalents – 2Q19 vs 2Q22



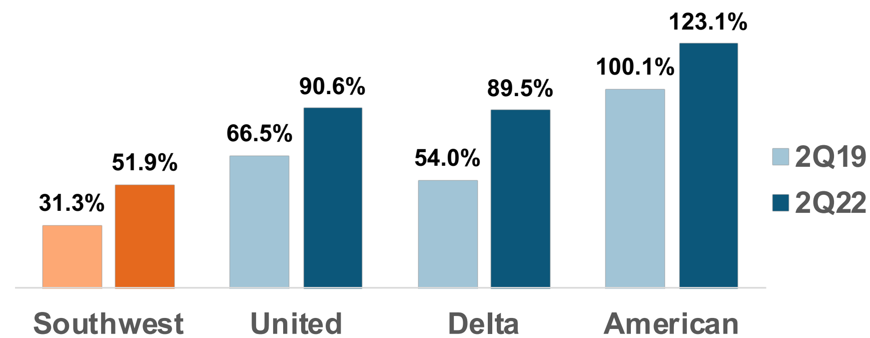
Total Debt – 2Q22



Net Debt 2Q19 vs 2Q22



Adjusted Debt-to-Capital Ratio -- 2Q22



JetBlue wins fight over Spirit

- July 27: after multiple postponements of Spirit shareholder votes, Frontier withdrew its merger offer.
- July 28: Spirit BOD agreed to be acquired by JetBlue.
- JBLU's final offer was $33.50/share, (which could rise to $34.15) including a $2.50/share pre-payment upon shareholder approval.
  - All-cash deal, total value of the transaction is $3.8B.
- Deal faces regulatory scrutiny and could take >18 months to complete.
  - DOJ is suing JBLU over Northeast Alliance with AAL – court date is Sept 26.
- If approved, JBLU will be nation's 5th largest airline.
  - ~$12B annual revenue, ~60% size of SWA

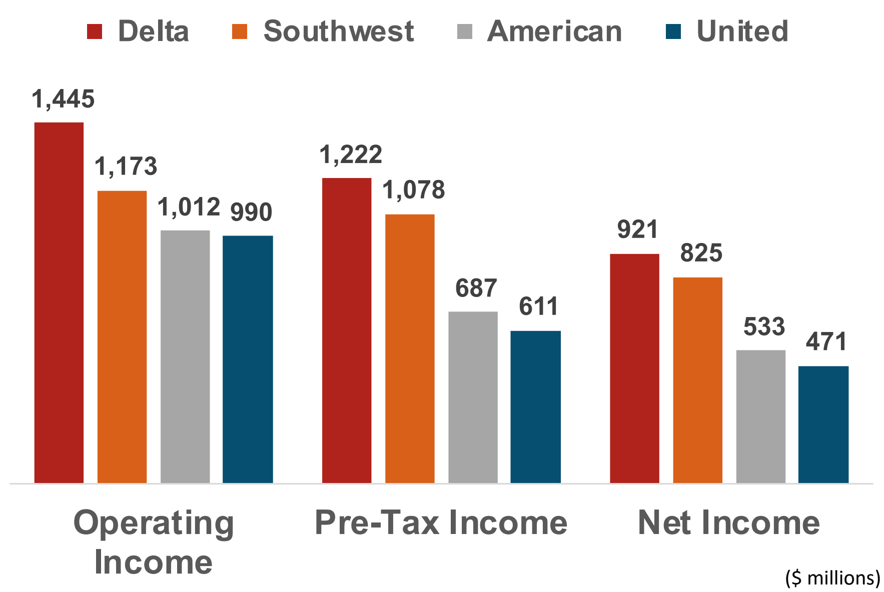
Global Network Carriers

Sources: Airline financial press releases, SEC filings, and SWAPA analysis

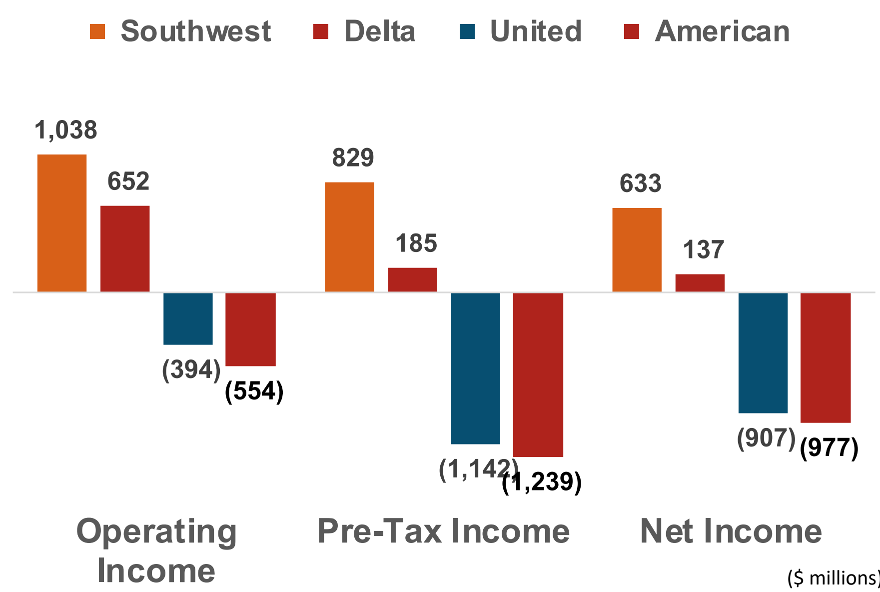
Key Financial Results

Global Network Carriers (Legacies) vs. Southwest

2nd Quarter 2022



Six months 2022



Non-GAAP – excludes special items

American

"We will size the airline for the resources we have"

2Q22 adj. pre-tax income: $687M

American reported its first profit since pre-pandemic despite challenging operational conditions and a significant increase in oil prices. The airline had less exposure to the Asian market and reported record traffic to leisure destinations in the Caribbean, Mexico and other Latin American markets. Severe weather on 27 of 30 days at key hubs plus major issues in Europe took a toll on operations during the quarter but capacity reductions and other investments should help. Cost inflation pressures are evident but American is encouraged by the revenue performance of its key alliances with ALK and JBLU in LAX and JFK. Expecting third quarter profitability.

***EFA takeaway*: AAL fortunate that 70% of its network touches high demand regions. High costs and high debt levels are dangerous during a potential downturn.**

Items of interest

- Unit revenue in LAX and JFK outperformed anywhere else in the system due to the alliances.
- System business revenue is fully recovered compared to 2019, with small and medium sized businesses blending leisure and business type travel into one trip. The revenue growth is directly thru website as opposed to managed travel.
- Managed corporate travel is up to approximately 75%-80% of 2019 levels.
- Nearly 150 aircraft on ground, including 40 mainline, without the resources to fly them.
- Flew 20% more O&D trips than any other network carrier; reported 25% increase in yields on those routes.
- Took delivery of five A321neos and brought back nine 737-800's from storage. Will take nine 787-8's this year. A321XLR deliveries pushed to 2024.
- $15.6 in total liquidity. Have reduced debt levels from the 2021 peak by $5.2B, with plans still in place to pay off $15B in debt by 2025.
- Full year CASM up 10%-12% due to lower capacity, business investments and wages, particularly pilot wages at the regional level.

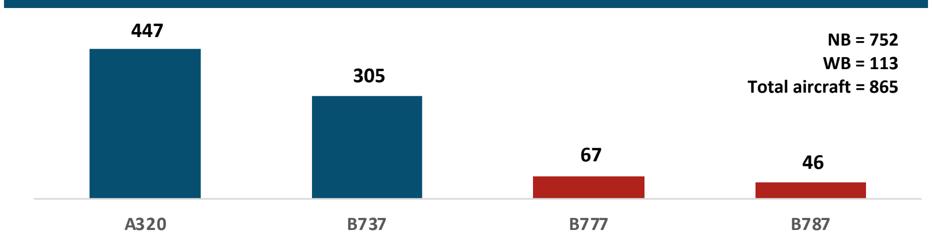
American Airlines

2Q Snapshot (as compared to 2Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-8.5%	12.2%	22.7%	11.8%	88.3%

American Stats	2Q22	2Q21	2Q19	y/y	y/3y
Revenues	$13,422M	$7,478M	$11,960M	79.5%	12.2%
Adj Operating Income (EBIT)	$1,012M	($1,014M)	$1,274M	n.m.	(20.6%)
Adj Operating Margin	7.5%	(13.6%)	10.7%		
Adj Net Income	$533M	($1,090M)	$810M	n.m.	(34.2%)
GAAP Net Income	$476M	$19M	$662M	2405.3%	(28.1%)
GAAP EPS	$0.68	$0.03	$1.49	2166.7%	(54.4%)
Capacity (ASMs)	66.2 billion	54.6 billion	72.3 billion	21.3%	(8.5%)
Yield	21.25¢	15.57¢	17.57¢	36.5%	20.9%
TRASM	20.29¢	13.71¢	16.54¢	48.0%	22.7%
CASM	18.75¢	12.90¢	14.94¢	45.3%	25.5%
CASM-ex	12.68¢	12.61¢	11.34¢	0.6%	11.8%
Fuel (econ)	$4.03	$1.91	$2.14	111.0%	88.3%

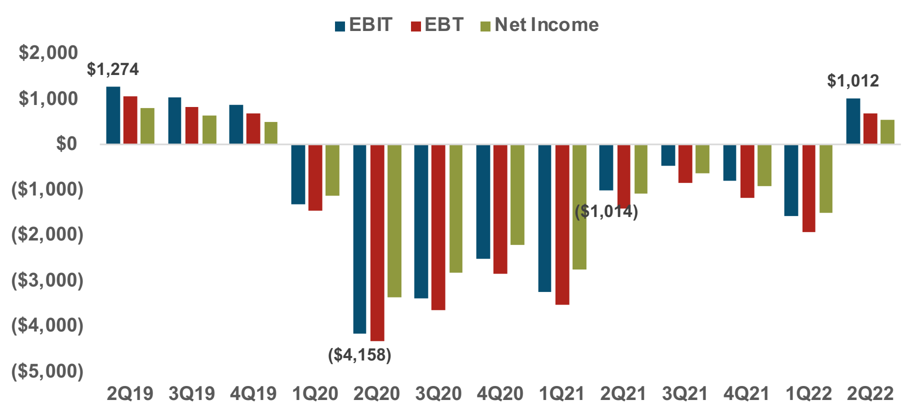
American Mainline Fleet – 4Q21



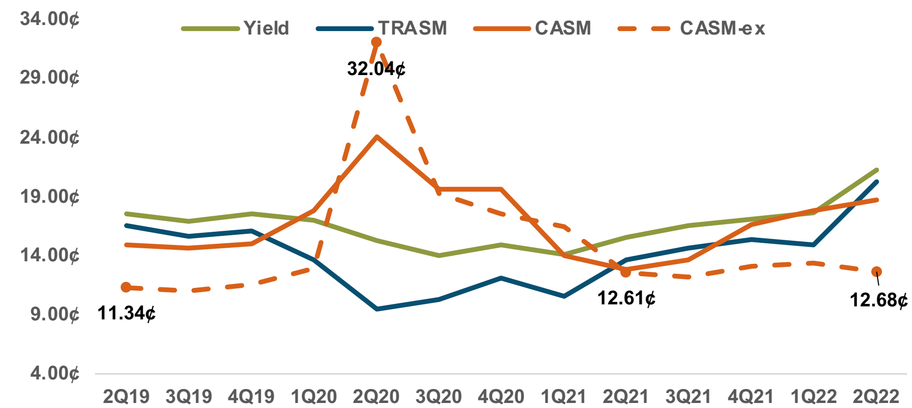
SWAPA

American

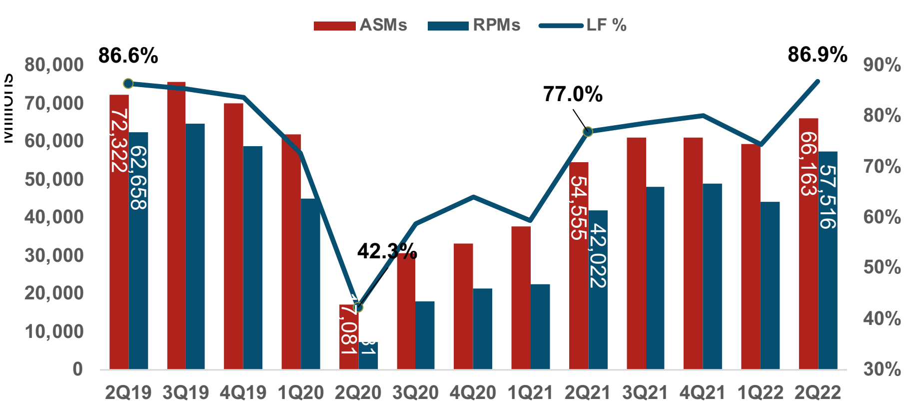
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



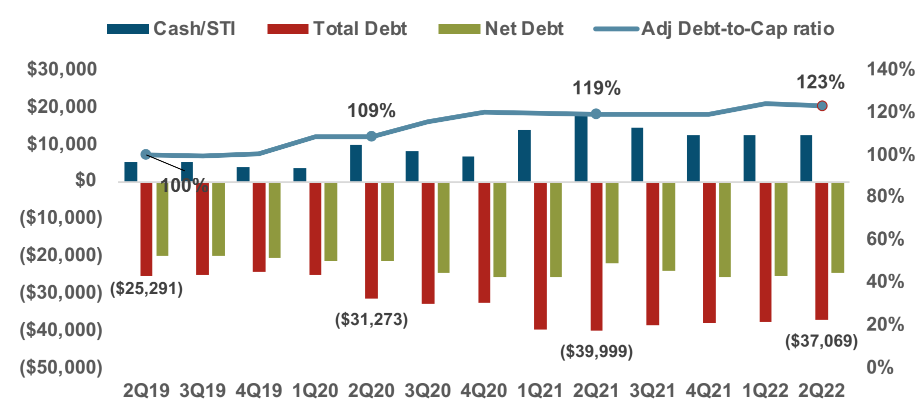
Yield, RASM, and CASM



Capacity, Traffic, and Load Factor

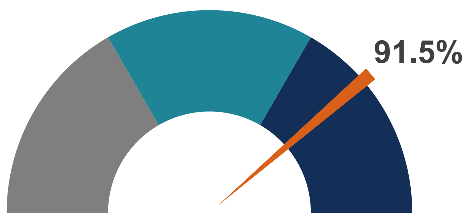


Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)

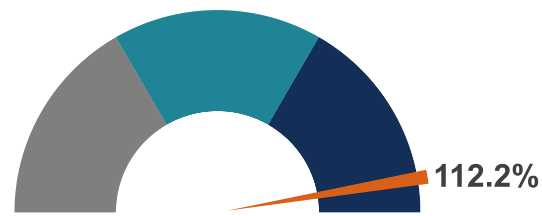


Recovery to Date

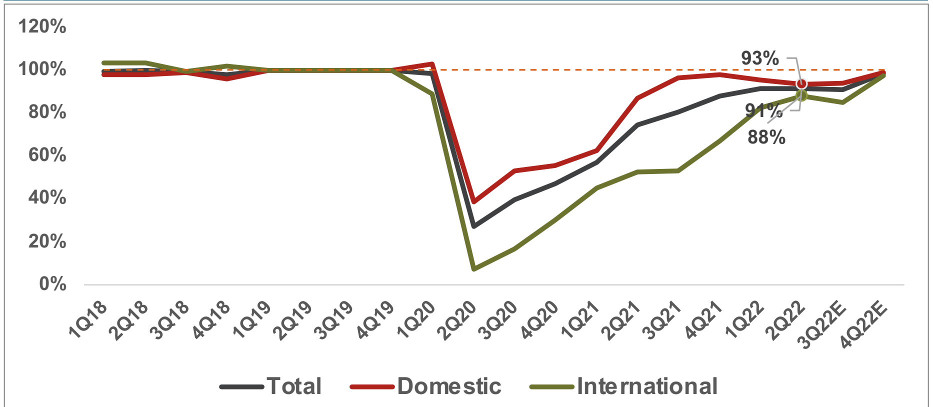
Capacity Restored vs. 2019



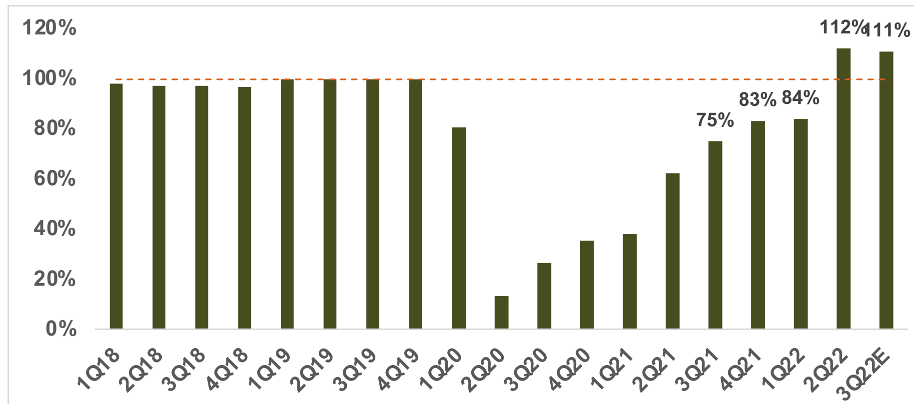
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



American

- American's elevated leverage compared to peers drives our thesis. We see a long road for balance sheet repair coming out of the pandemic.
- The company is pleased with its leisure demand and unmanaged corporate travel, will constrain capacity to better match its network with resources. This will create a profitability headwind as assets are underutilized.
- Like every other airline, American has been impacted by operating and macroeconomic factors. That said, we feel the company has advanced to the latter stages of the recovery timeline with only long-haul international yet to fully recover.
- We did not like American's response to our question. When asked the path to better margins, they responded "growth". We believe this represents a failure to better harness opportunity from the downturn. We prefer a smaller company with a lower total cost base and stronger top line.
- We are still looking for clarity on American's post-pandemic profit potential. Margins still lag those of legacy peers, and we expect DAL and UAL to enjoy better revenue recovery momentum due to higher exposure to long-haul business/international demand.

Guidance	3Q22	FY 2022	Notes
Capacity	Down 8% - 10%	Down 7.5% - 9.5%	Compared to 3Q19
Revenue	Up 10%-12%		Compared to 3Q19
TRASM	Up 20%-24%		Compared to 3Q19
CASM-ex	Up 12% - 14%	Up 10% - 12%	Compared to 3Q19
Fuel	\$3.73 - \$3.78		Planned consumption 1,040M gal
CAPEX		\$2.6B	2023 = \$2.7B
Pretax margin	2%-4%		

American resumes service to Cuba after ban overturned

Delta

"Restoring operational excellence is our top priority"

2Q22 adj. pre-tax income: $1.2B

Delta reported a 2Q profit on revenues close to 2Q19 despite the schedule being only 82% restored. The CEO began the earnings call by apologizing for the company's less than optimal operational performance. They believe holding capacity at the June month level for the remainder of the year along with some other steps will restore operational integrity. Delta noted strong demand and pricing continuing into 3Q and has yet to see any meaningful pullback in ticket sales. Costs were higher than expected primarily due to a smaller network although operational issues were also cited as contributing factor.

EFA takeaway: Operational issues uncharacteristic of the airline. Repairing this appears to be the main priority.

Items of Interest

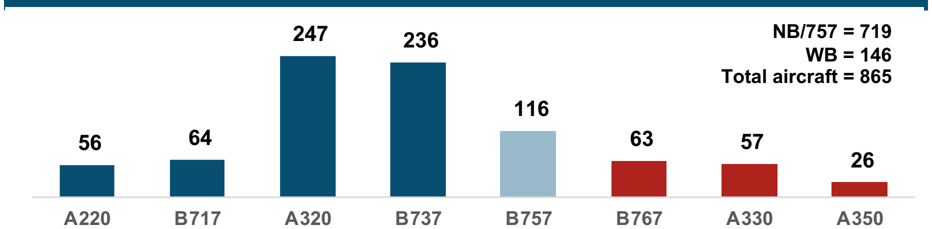
- Premium revenue continues to outperform and is 10 points higher than 2019 domestic levels, outpacing Main Cabin growth.
- Domestic corporate sales at 80% of 2019 levels on a 65% recovery in volume. International has recovered to 65% of 2019, led by Transatlantic.
- AmEx renumeration of $1.4B was 35% higher than 2Q 2019. On track for over $5B this year and $7B by 2024. Record number of SkyMiles members thru Amex.
- Operational disruptions impacted revenues and drove costs higher. Premium and overtime pay expected to top $700M. Capacity reductions also a factor.
- Refinery operations provided a $0.31 benefit to fuel prices due to hedging historically high crack spread prices. Overall fuel prices were still up 37% sequentially.
- Adjusted net debt of $19.6B after repaying nearly $1B during the quarter. Free Cash Flow and Air Traffic Liability all higher with liquidity of $13.6B including undrawn credit line.
- On July 18th, placed order for 100 B737-10 MAX A/C for delivery starting 2025.
- Will have hired 95% of employees needed for planned ops by YE 2022.

2Q Snapshot (as compared to 2Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-17.9%	*-1.5%*	*20.5%*	*21.9%*	*83.7%*

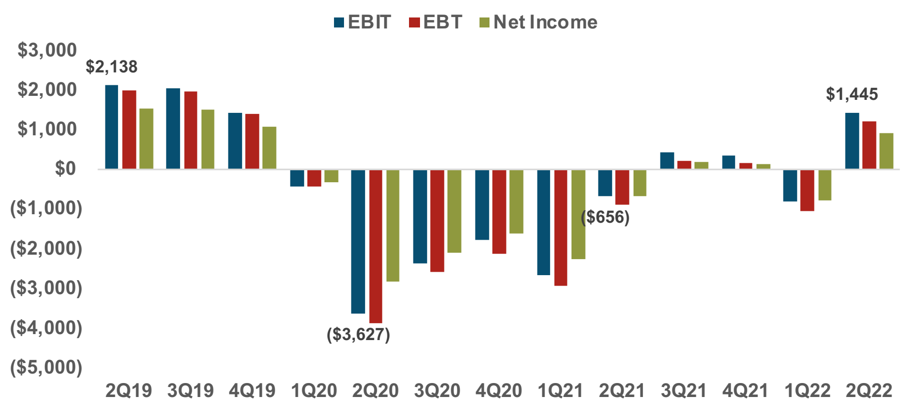
DAL Stats	2Q22	2Q21	2Q19	y/y	y/3y
Adj Revenues	$12,311M	$6,349M	$12,496M	93.9%	(1.5%)
Adj Operating Income (EBIT)	$1,445M	($656M)	$2,138M	n.m.	(32.4%)
Adj Operating Margin	11.7%	(10.3%)	17.1%		
Adj Net Income	$921M	($678M)	$1,532M	n.m.	(39.9%)
GAAP Net Income	$735M	$652M	$1,443M	12.7%	(49.1%)
GAAP EPS	$1.15	$1.02	$2.21	12.7%	(48.0%)
Capacity (ASMs)	58.9 billion	48.5 billion	71.8 billion	21.4%	(17.9%)
Yield	21.27¢	16.04¢	18.00¢	32.6%	18.2%
TRASM	20.90¢	13.08¢	17.35¢	59.8%	20.5%
CASM	20.89¢	13.00¢	14.37¢	60.7%	45.4%
CASM-ex	12.76¢	11.42¢	10.47¢	11.7%	21.9%
Fuel (econ)	$3.82	$2.12	$2.08	80.2%	83.7%

Delta Mainline Fleet – 2Q22

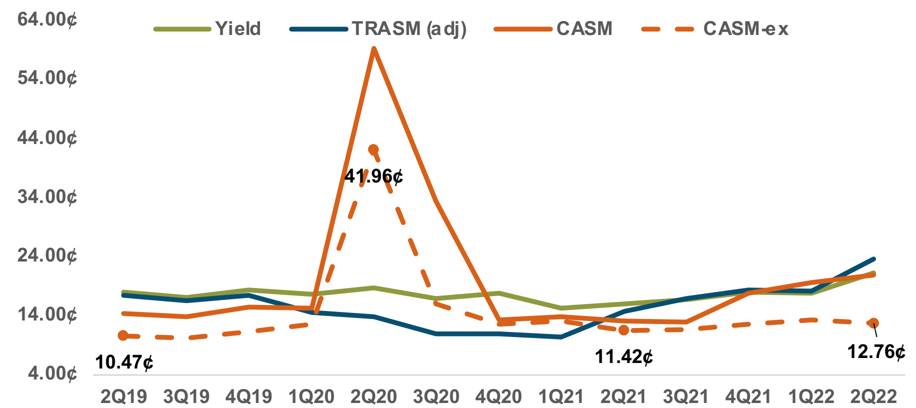


Delta

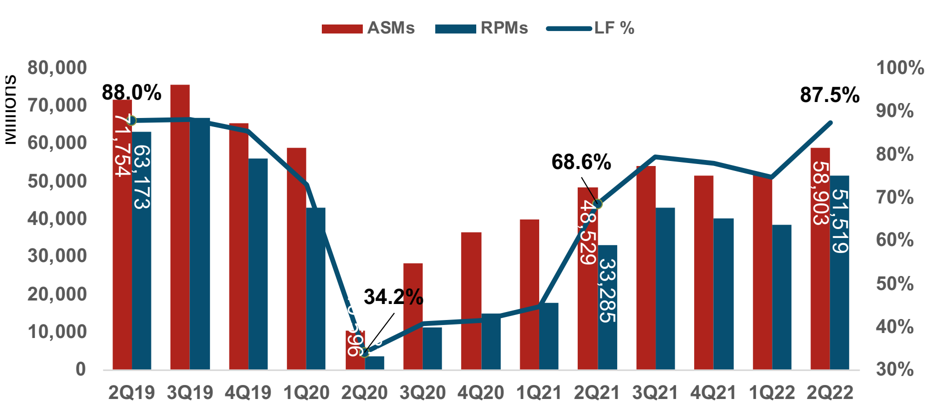
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



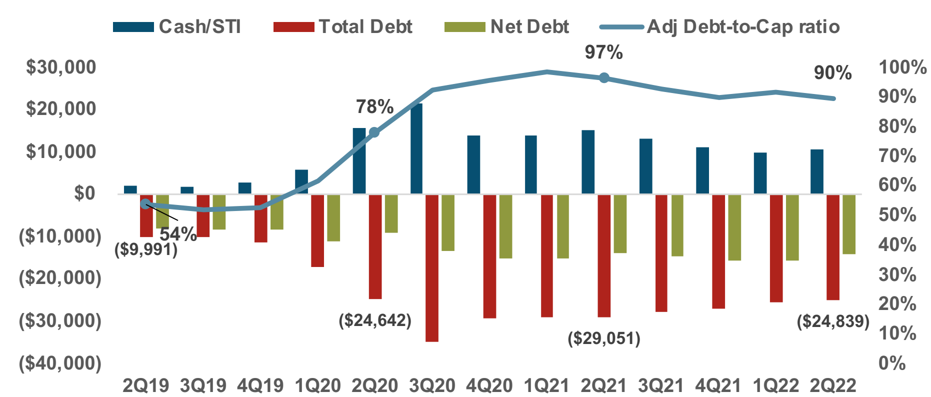
Yield, RASM, and CASM



Capacity, Traffic, and Load Factor

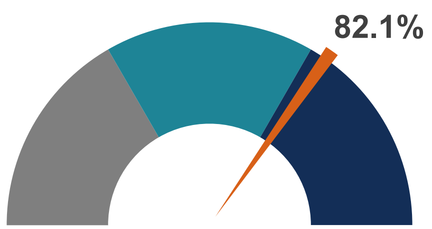


Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)

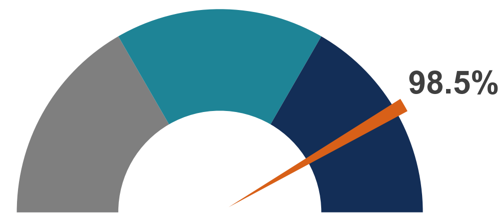


Recovery to Date

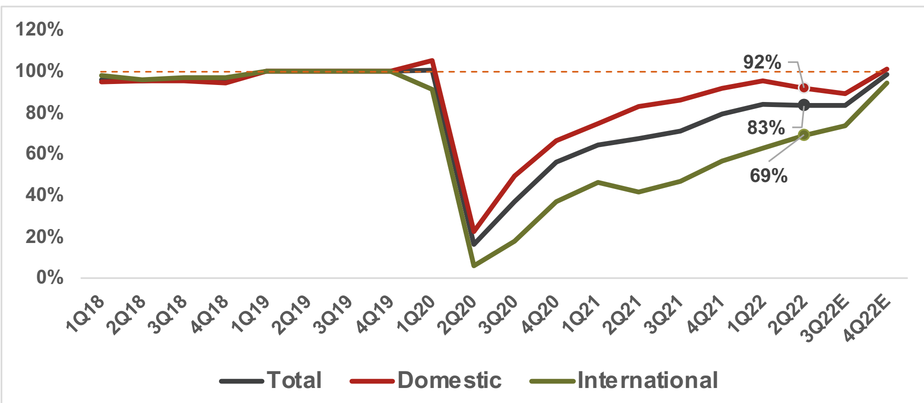
Capacity Restored vs. 2019



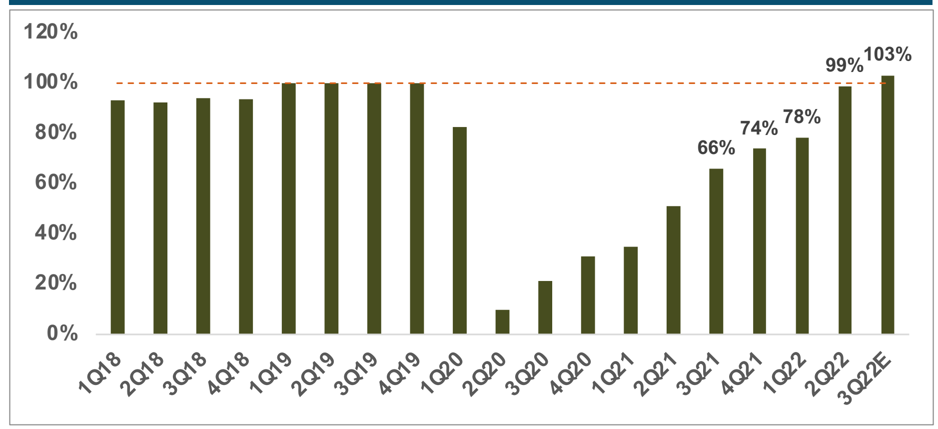
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



Delta

- Cost pressures abound, with constrained capacity having the most effect on the carrier's unit economics progress. Delta expects costs associated with operational investments and network rebuild to diminish going forward and these expenditures will bring additional efficiencies.

- With some help from lower fuel and continued demand, Delta's business model can still support solid profitability despite the near-term cost issues and a network that remains 16% smaller than 2019. The return of higher-yielding international corporate travel is key.

- We agree with Delta's assessment that its elevated unit costs are a function of timing that will resolve itself over time. The airline did a good job of beginning the hiring process earlier than other carriers which should help going forward.

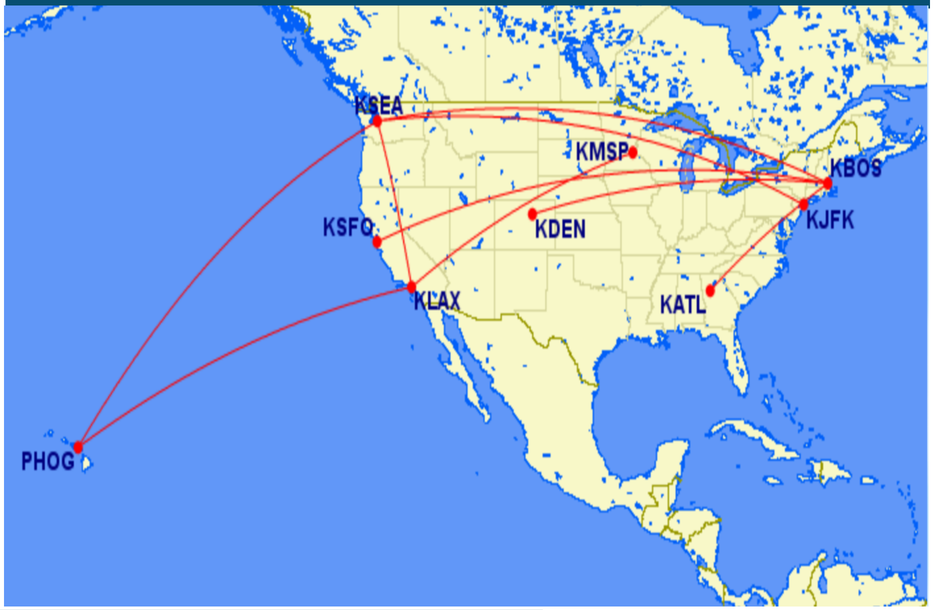
- It was an uncharacteristic miss and guidance that does soften certain optimistic forecasts. Ex- fuel cost disappointment is increasingly and disappointingly part of the DL narrative. The carrier did not shed any clarity on what a potential recession may portend.

- We continue to grapple with conflicting inputs of structural demand recovery, tighter supply dynamic and the obvious tendency of a downturn to impede demand momentum.

DELTA

Guidance	3Q22	FY 2022	Notes
Total Revenue	up 1% - 5%		Compared to 3Q19
Capacity	Down 15% - 17%		Compared to 3Q19
CASM-ex	Up ~22%%		Compared to 3Q19
Fuel (incl refinery)	$3.45- $3.60		
Op Margin	11% -13%		non-GAAP
CAPEX	~$1.8B		
Adj net debt	~$20.0B		

Delta introduces A321neo on 10 select routes



SWAPA

United

"We've elected to keep UAL smaller and overstaffed for now"

2Q22 adj. pre-tax income:$611M

While United posted a profit this quarter, they highlighted several challenges going forward. The aviation infrastructure, fuel costs and the demand picture. At this point, the Covid recovery trend is cancelling out and exceeding the economic headwinds according to CEO Scott Kirby. They are optimistic about the short term, with revenue trends looking good into 3Q but they are watching business travel closely which has still not recovered to 2019 levels. The airline also mentioned delivery delays from Boeing as having a material impact on revenue production. Capacity growth will be constrained which will increase costs commensurately thru remainder of 2022.

***EFA takeaway*: Tone of call unusually cautious compared to past quarters. UAL's large Pacific network, particularly Asia continues to lag the rest of the system.**

- Highlighted the fact they have 10% more pilots available for blocked hours vs. before the pandemic. They remain dedicated to hiring 200 pilots a month indefinitely.
- Will reduce Newark hub by 200 departures per day into the fall to better manage the operation. Will continue to operate it at lower utilization and higher staffing.
- Record TRASM in 2Q, expecting strong TRASM in 3Q as well. Business travel now 75% of 2Q 19 volumes and 80% of revenues but noted signs of slowing in 3Q.
- Cargo, Mileage Plus co-brand, ancillaries and premium revenues all greater than 2Q 2019. Premium cabin products have highest planned growth over next few years.
- Latin region performed the best with the Pacific continuing to lag. Domestic yields 107% of 2019. Began 10 new long haul international leisure routes during 2Q.
- Supply chain issues, labor shortages and reduced capacity all factors in the continuing growth of CASM-ex. Have cut 2023 capacity growth to 8% from 20%.
- Will take no more than 47 MAX A/C and 5 787's with a CAPEX of $5.2B for 2022.
- Ended the 2Q with $22B of liquidity, plan to pay cash for at least half of A/C deliveries in 2022.

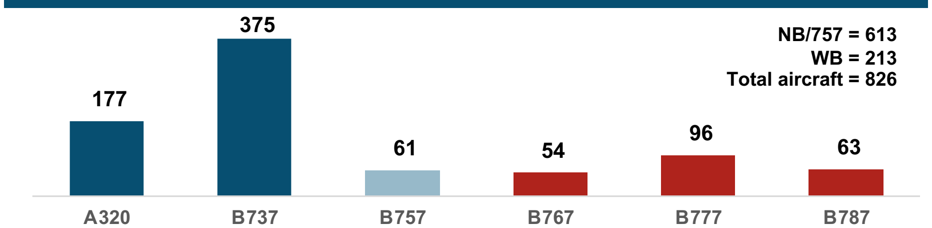
UNITED

2Q Snapshot (as compared to 2Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-14.5%	*6.2%*	*24.3%*	*17.0%*	*93.5%*

UAL Stats	2Q22	2Q21	2Q19	y/y	y/3y
Revenues	$12,112M	$5,471M	$11,402M	121.4%	6.2%
Adj Operating Income (EBIT)	$990M	($1,218M)	$1,543M	n.m.	(35.8%)
Adj Operating Margin	8.2%	(22.3%)	13.5%		
Adj Net Income	$471M	($1,264M)	$1,100M	n.m.	(57.2%)
GAAP Net Income	$329M	($434M)	$1,052M	n.m.	(68.7%)
GAAP EPS	$1.00	($1.34)	$4.02	n.m.	(75.1%)
Capacity (ASMs)	62.6 billion	39.6 billion	73.2 billion	58.0%	(14.5%)
Yield	19.94¢	15.31¢	16.64¢	30.2%	19.8%
TRASM	19.35¢	13.81¢	15.57¢	40.1%	24.3%
CASM	17.94¢	14.49¢	13.56¢	23.8%	32.3%
CASM-ex	11.62¢	13.70¢	9.93¢	(15.2%)	17.0%
Fuel (econ)	$4.18	$1.97	$2.16	112.2%	93.5%

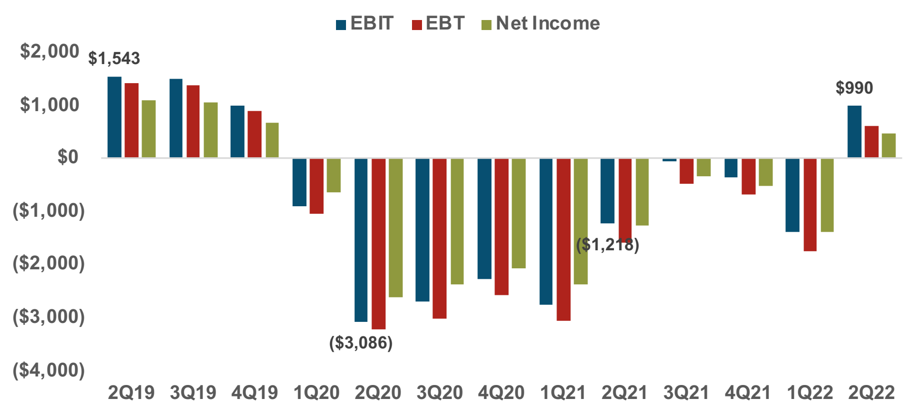
United Mainline Fleet – 4Q21



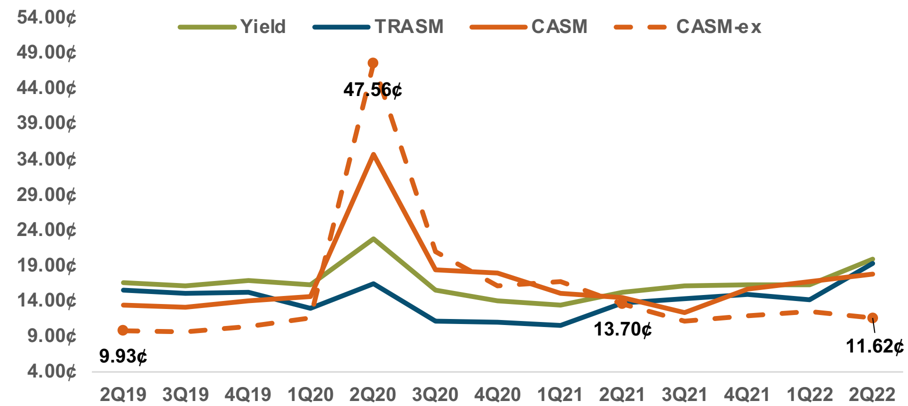
SWAPA

United

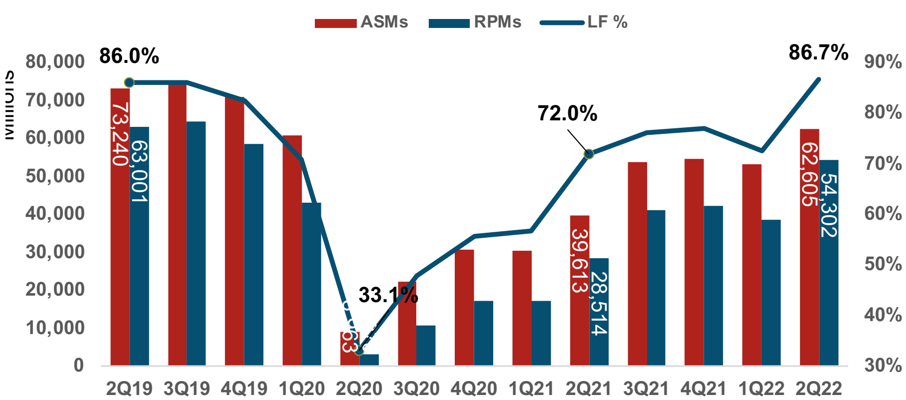
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



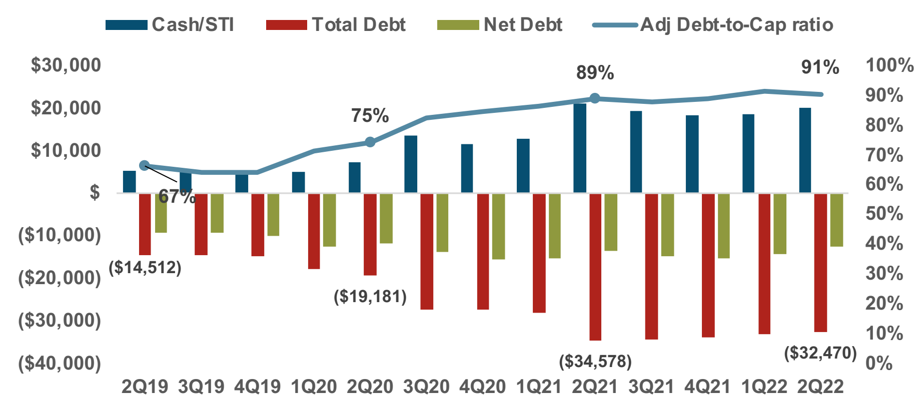
Yield, RASM, and CASM



Capacity, Traffic, and Load Factor



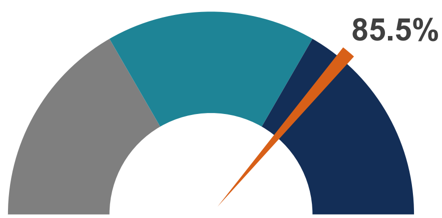
Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)



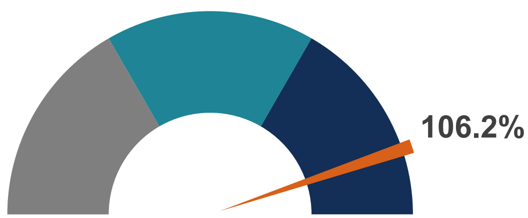
Recovery to Date

UNITED

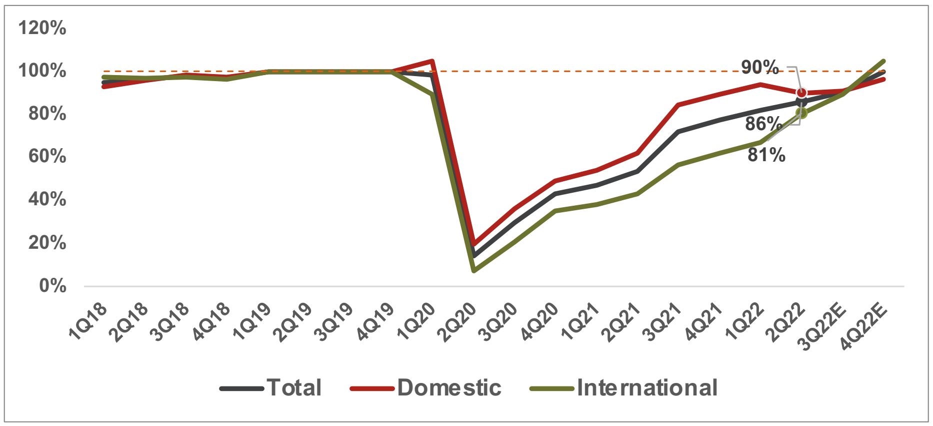
Capacity Restored vs. 2019



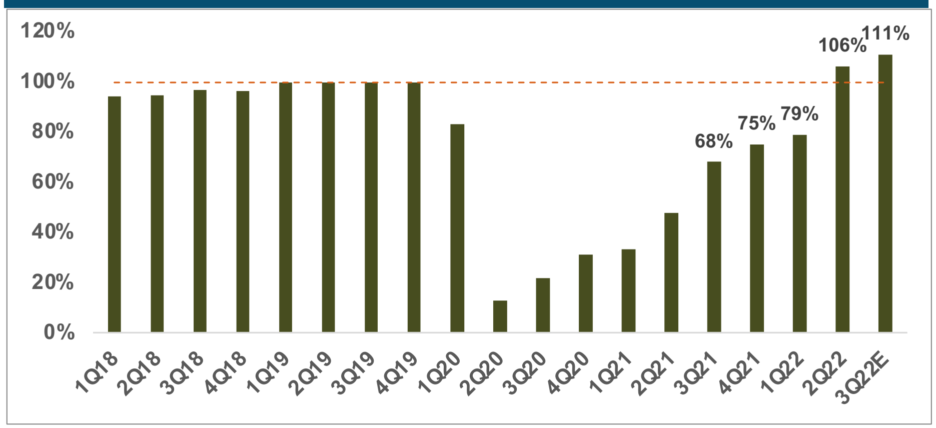
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



SWAPA

United

- Even with capacity coming down, total CAPEX is still expected $8.5B next year, making it hard to deleverage in the coming years. We believe this is a growing risk, especially with a weak economy.

- We still believe UAL is well-positioned to win the recovery with the work it's done on monetizing their loyalty program, fleet restructuring and focus on sustainability and diversity. The new leisure long haul routes appear to be a winning strategy as well.

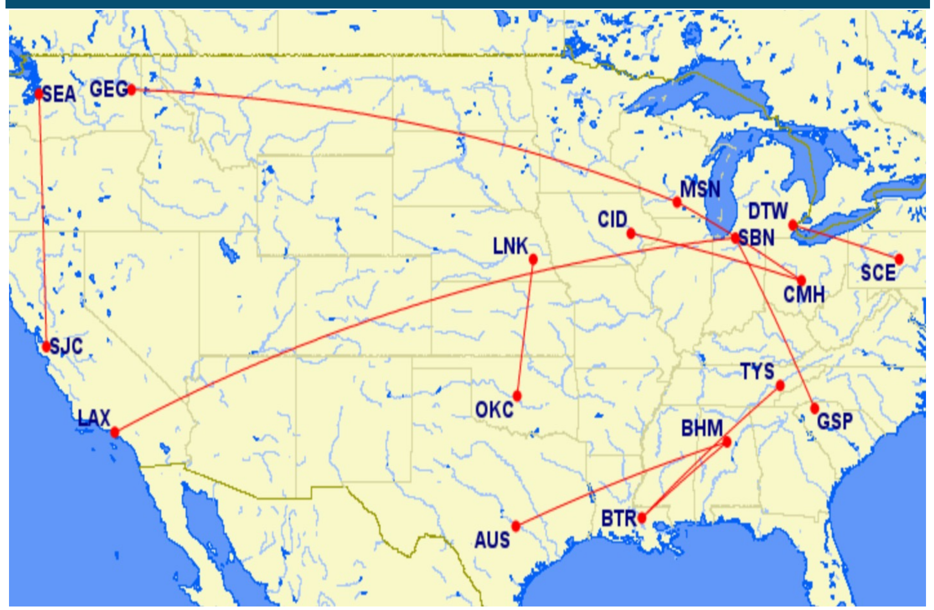
- If one were to adjust UAL results for its prior fuel price guide, the company would have hit its 10% operating margin. Interestingly, operational issues did not impact the company as much as we had feared. We feel current trends are supportive of a higher Sept. Q EPS.

- Thank goodness for $22B in liquidity with CAPEX potentially exceeding $8B next year given the delayed deliveries from BA. United continues to commit to 2025 leverage targets which imply investment grade ratings. Anything close to that would be an improvement.

- We view United as a medium-term benefactor of the JBLU-SAVE merger given large network exposure to a combined entity distracted by integration.

Guidance	3Q22	FY 2022	Notes
Capacity	Down ~11%	Down ~13%	2023: No more than 8%
Total Revenue	Up ~11%		Comp to 3Q19
TRASM	Up 24% - 26%		Comp to 3Q19
CASM-ex	Up ~16-17%	Up ~16%	2023: ~5%
Fuel	$3.81/gal		
CAPEX		$5.2B	prev $4.2B
Op Margin	~10%		non-GAAP

United adds over 120 new flights connecting college football games



Hybrid/Low Cost Carriers

Alaska

HAWAIIAN AIRLINES

jetBlue

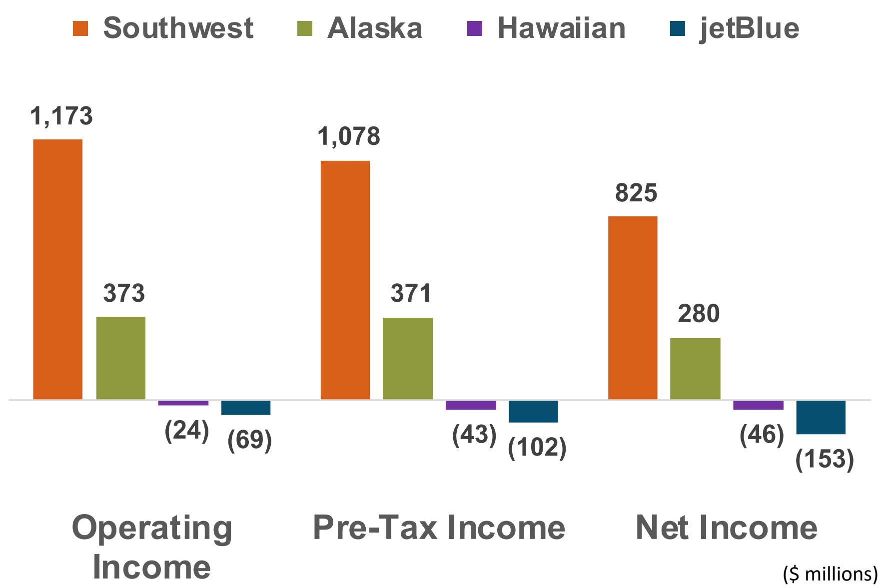
Southwest

Sources: Airline financial press releases, SEC filings, and SWAPA analysis

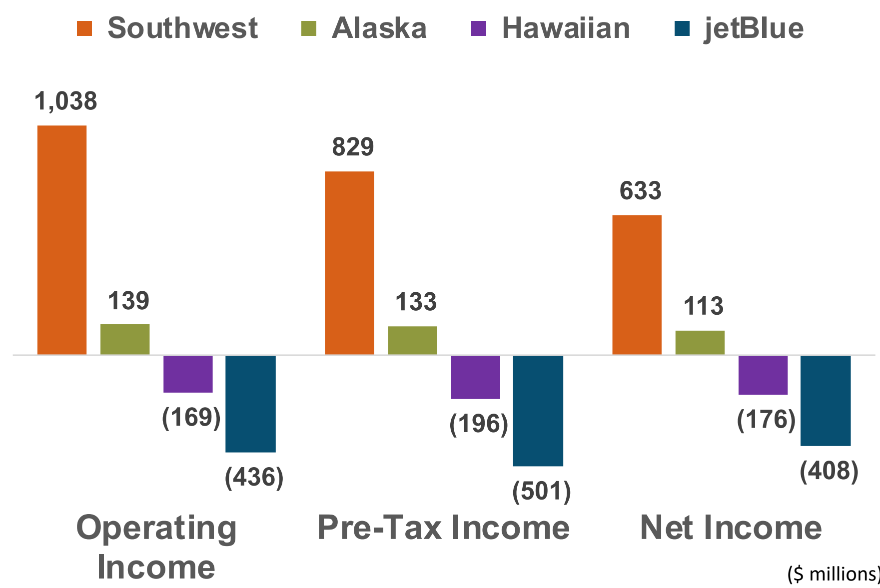
Key Financial Results

Hybrid/LCC carriers vs. Southwest

2nd Quarter 2022



Six months 2022



Non-GAAP – excludes special items

Alaska

"Demand in the short term remains robust despite real headwinds"

2Q22 adj. pre-tax income: $185M

Alaska reported results that beat consensus as demand recovered strongly offsetting heavy cost inflation. Limited far international exposure, Alliance partnerships and the renewed B of A credit card deal were all cited as drivers to record revenues in the second quarter. The airline says its transition to a single fleet is on track, with accelerated Airbus retirements and Horizon announcing a move to EMB-175's in place of the Dash Q400's. Pilot attrition has been a challenge at both Alaska and Horizon and capacity reductions, particularly at Horizon are planned. CASM-ex higher for the balance of the year but optimal fleet utilization is expected to help in 2023.

EFA takeaway: Better than expected results but forced capacity reductions and higher expenses are concerns for the second half of 2022.

Items of Interest

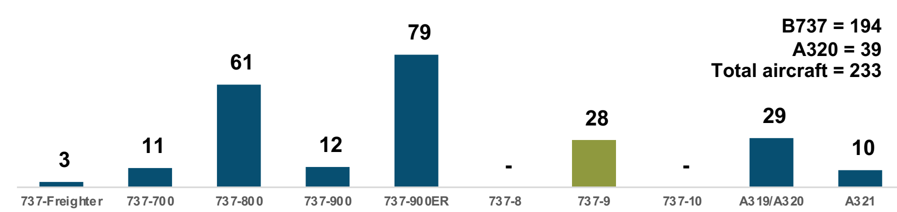
- Bank loyalty card renumeration increased 40% in June along with record revenues from airline partnerships that represented over 8% of total revenues.
- Yields increased 20% from 1Q to 2Q and revenues thru business channels exceeded pre-pandemic levels for the first time. Yields have peaked for now, expect to flatten out or lower by a small amount going into 3Q.
- Retiring the A320's and replacing with MAX-9's will increase premium seating by 11%. Premium revenues, including First Class were up 30% in 2Q.
- Corporate revenues have recovered but volume remains at 75%-80%. Volumes are expected to be "choppy" for the remainder of the year.
- 39% of capacity block hours for Alaska feed will be cut in 2H of 2022 due to lack of pilots. Will suspend some routes and mainline will take over some longer sections.
- Higher CASM-X attributed to wage increases, lower capacity and reduced productivity. Increased cost of training and ramp up costs also mentioned.
- Expecting a fuel hedge benefit of $200M for the full year.
- Debt to Cap ratio stands at 50% with $150M in debt payments 2H 2022.

2Q Snapshot (as compared to 2Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-8.1%	*16.2%*	*26.3%*	*19.1%*	*65.6%*

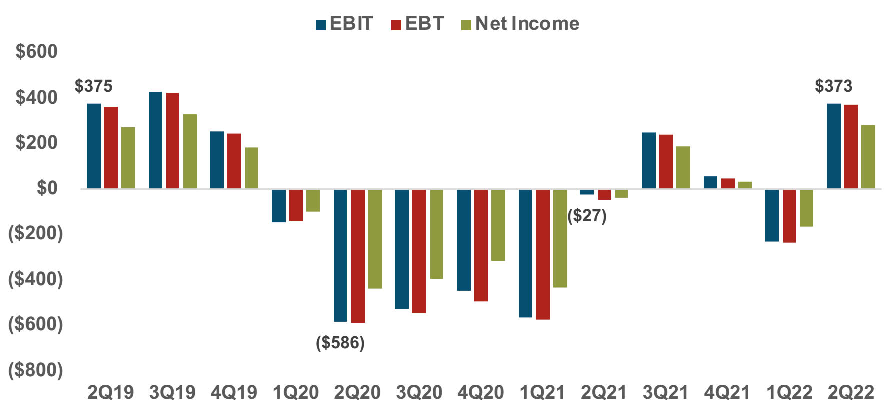
ALK Stats	2Q22	2Q21	2Q19	y/y	y/3y
Revenues	$2,658M	$1,527M	$2,288M	74.1%	16.2%
Adj Operating Income (EBIT)	$373M	($27M)	$375M	n.m.	(0.5%)
Adj Operating Margin	14.0%	(1.8%)	16.4%		
Adj Net Income	$280M	($38M)	$270M	n.m.	3.7%
GAAP Net Income	$139M	$397M	$262M	(65.0%)	(46.9%)
GAAP EPS	$1.09	$3.15	$2.11	(65.4%)	(48.3%)
Capacity (ASMs)	15.6 billion	13.4 billion	17.0 billion	16.4%	(8.1%)
Yield	17.59¢	13.09¢	14.43¢	34.4%	21.9%
TRASM	17.03¢	11.38¢	13.48¢	49.6%	26.3%
CASM	15.84¢	7.29¢	11.33¢	117.3%	39.8%
CASM-ex	9.92¢	9.20¢	8.33¢	7.8%	19.1%
Fuel (econ)	$3.76	$1.90	$2.27	97.9%	65.6%

Alaska Mainline Fleet – 2Q22

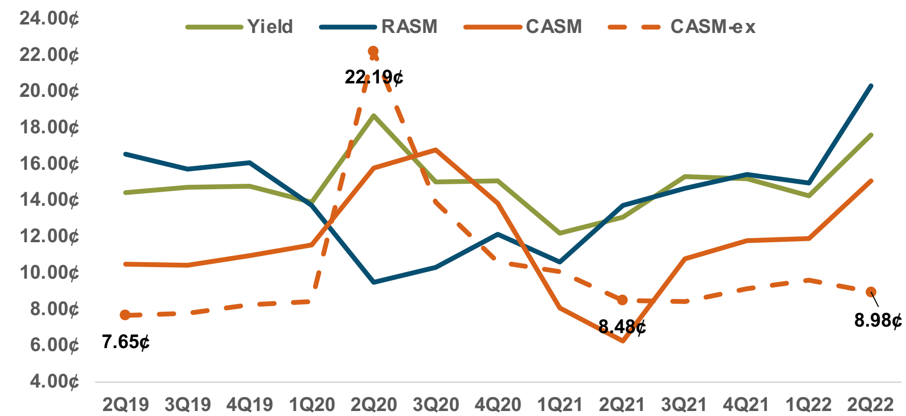


Alaska

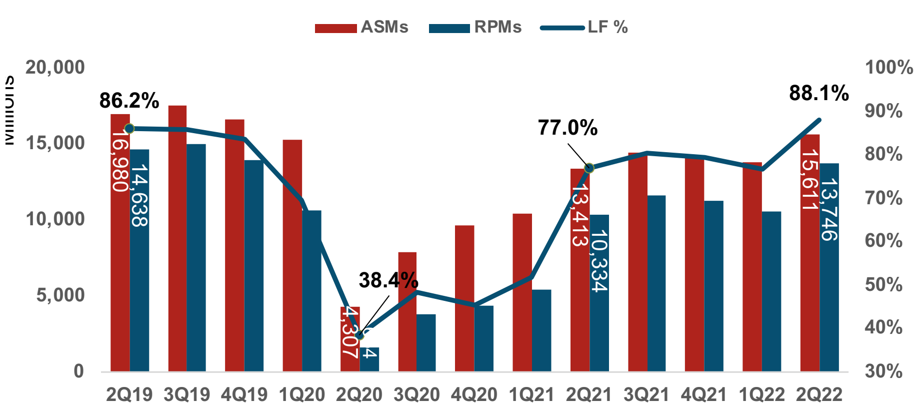
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



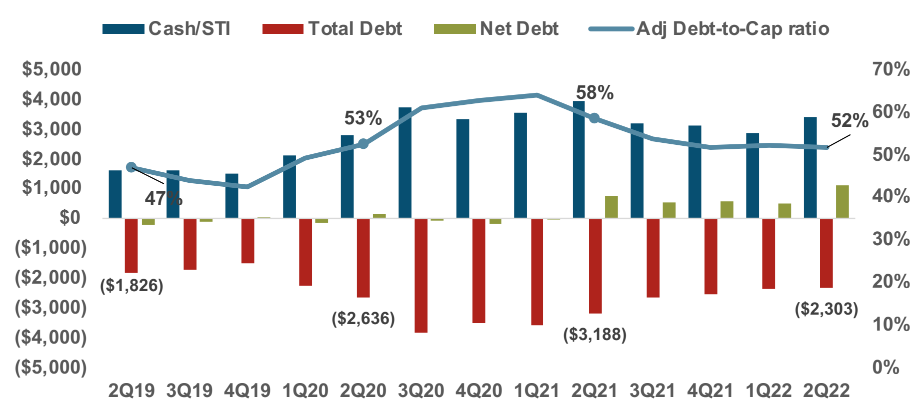
Yield, RASM, and CASM



Capacity, Traffic, and Load Factor

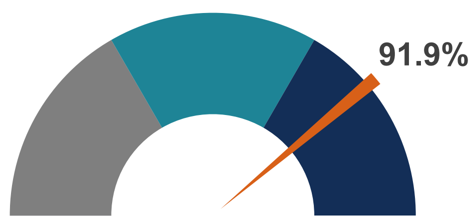


Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)

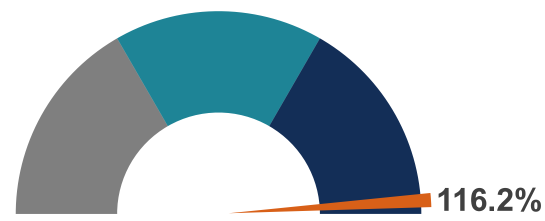


Recovery to Date

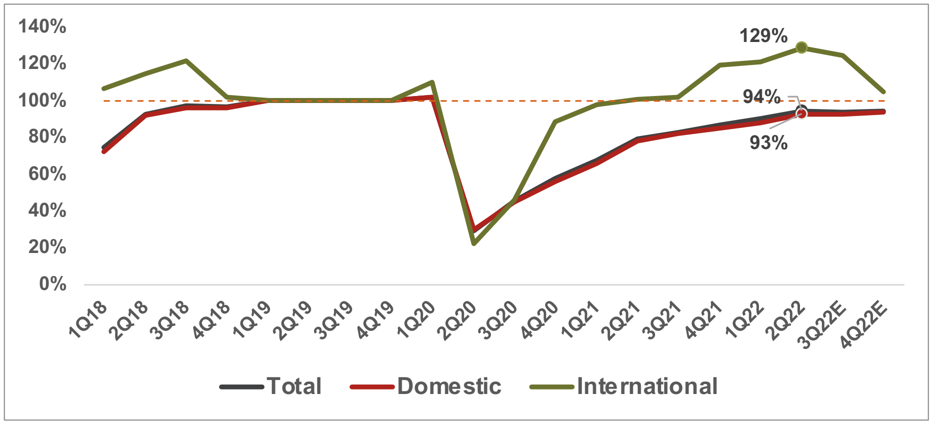
Capacity Restored vs. 2019



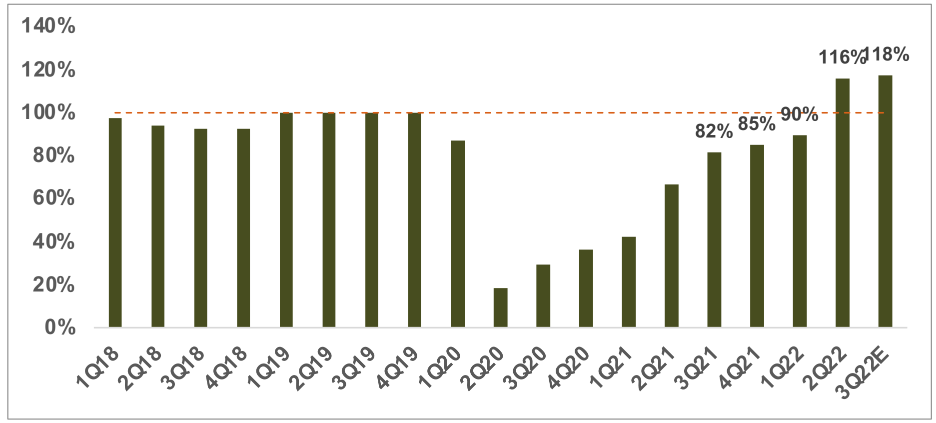
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019

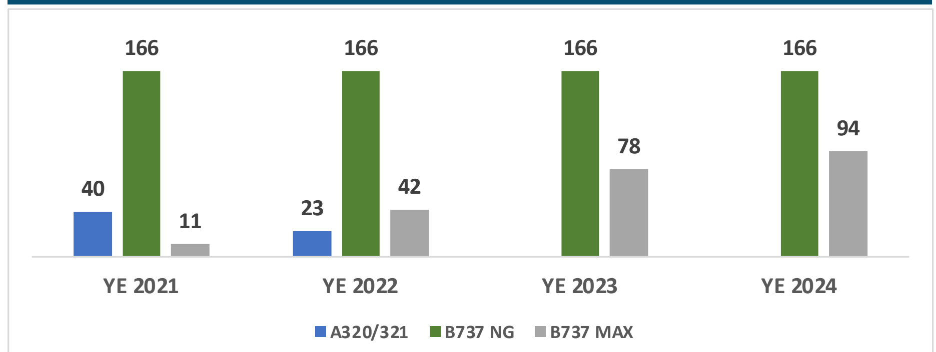


Alaska

- While Alaska reported solid September bookings at high yields, it did mention yields are beginning to flatten out. We think ALK could feel a bit more impact from falling tech company job growth given its Pacific Northwest exposure.
- We see Alaska emerging from the pandemic in an improved competitive position with financial metrics that place it among the industry's best.
- Both Alaska and Horizon are transitioning to single fleet type which should provide operational simplicity, flexibility and better fuel efficiency. Pilot staffing, even at mainline continues to be challenging.
- We were puzzled by ALK pilot commentary. We always believe as a smaller "growthier" franchise, ALK could maintain a modest wage advantage over industry leaders. That doesn't seem to be the plan.
- Alaska should regain its place amongst the top ranks of industry margins with its low-cost and capital efficient business model as business demand returns and partnerships accelerate.

Guidance	3Q22	FY 2022	Notes
Capacity	Down 5% - 8%	Down 8% - 9%	comp to 3Q19
Revenues	Up 16% - 19%		comp to 3Q19
Revenue Pax	Down 8% - 10%		comp to 3Q19
CASM-ex	Up 16% - 19%	Up 15% - 17%	comp to 3Q19
Load Factor	85% - 88%		
Fuel	$3.79 - $3.89		
Pre-tax Margin		6% - 9%	No change to FY guide

Alaska accelerates Airbus retirements for an all Boeing fleet YE23



	YE 2021	YE 2022	YE 2023	YE 2024
A320/321	40	23	0	0
B737 NG	166	166	166	166
B737 MAX	11	42	78	94
Total	***217***	***231***	***244***	***260***

Hawaiian

"Improved demand and record yields offset by Asian travel restrictions and high fuel prices"

2Q22 adj. pre-tax income (loss): ($43M)

Hawaiian posted a 2Q loss as high fuel, inflationary costs and the ongoing delays in full service to Japan offset record PRASM and yields in their North American route system. They anticipate strong demand in the U.S to continue as it rebuilds its int'l schedule. Resuming an unrestricted schedule to Japan, its largest international market, is critical to profitability. The airline is facing pressure on its Neighbor Island routes as well, noting a downward trend in fares for 3Q bookings. HA is focusing on strengthening its brand and maintaining its quality product as it looks to resume profitability in 3Q.

EFA takeaway: HA has a great product and strong operational performance but the continuing lag in int'l markets, esp. Japan are having a big effect.

Items of interest

- Implemented variable seat pricing on all North American routes. The company says results are exceeding expectations. Expecting $10M-$15M of additional annual revenue.
- Domestic capacity was 112% of 2019, while international was only 31%. South Korea the strongest international market with Australia slowly beginning to pick up. Japan's arrival cap restrictions plus current yen-dollar exchange rate is major impact.
- Premium Cabin and Extra Comfort class continues to generate historical highs in PRASM, both exceeding 2019 levels. Co-brand card revenue up 11% y/3y.
- Interisland capacity stands around 80-82% of 2019 capacity. Hawaiian reported a yield premium vs. competitors in 2Q but is forecasting a reduction in PRASM due to discounted fares by its main interisland competitor (LUV) in 3Q.
- $1.8B in liquidity at end of 2Q. Adjusted net debt of $944M, which is below 2019 levels.
- Have redeemed $607M of loyalty bonds since 2021, reducing debt load by 27%.
- CASM-ex up 16%, driven by wage increases, higher airport costs and capacity decreases, primarily international flying. CAPEX spend at $115M, majority of which is pre-delivery deposits for 787 aircraft in 2023.
- Fuel continues to be a large cost, up 5% from original estimates earlier this year. Company needs higher yields 2H 2022 to offset fuel prices.

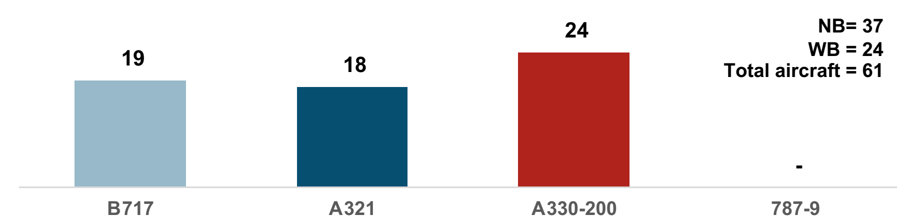
HAWAIIAN AIRLINES.

2Q Snapshot (as compared to 2Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-12.6%	-2.9%	-10.9%	15.9%	84.6%

HA Stats	2Q22	2Q21	2Q19	y/y	y/3y
Revenues	$692M	$411M	$712M	68.4%	(2.9%)
Adj Operating Income (EBIT)	($24M)	($68M)	$89M	n.m.	n.m.
Adj Operating Margin	(3.4%)	(16.5%)	12.5%		
Adj Net Income	($46M)	($74M)	$59M	n.m.	n.m.
GAAP Net Income	($37M)	($6M)	$58M	n.m.	n.m.
GAAP EPS	($0.72)	($0.12)	$1.21	n.m.	n.m.
Capacity (ASMs)	4.5 billion	3.5 billion	5.2 billion	27.0%	(12.6%)
Yield	15.99¢	12.89¢	14.56¢	24.0%	9.8%
TRASM	15.32¢	11.45¢	13.81¢	33.8%	10.9%
CASM	15.90¢	10.94¢	12.09¢	45.3%	31.5%
CASM-ex	10.87¢	11.00¢	9.38¢	(1.2%)	15.9%
Fuel (econ)	$3.95	$1.89	$2.14	109.0%	84.6%

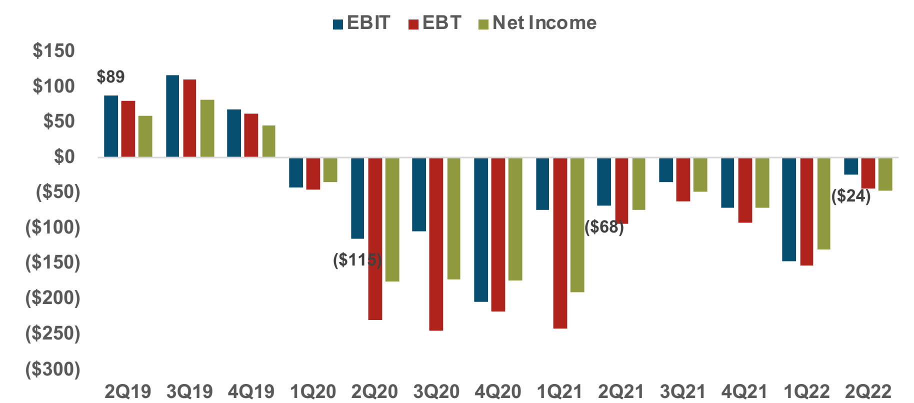
Hawaiian Fleet – 2Q22



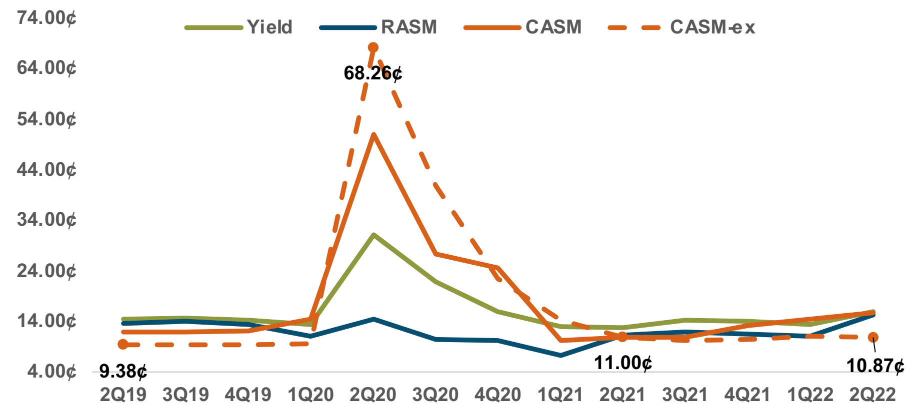
SWAPA®

Hawaiian

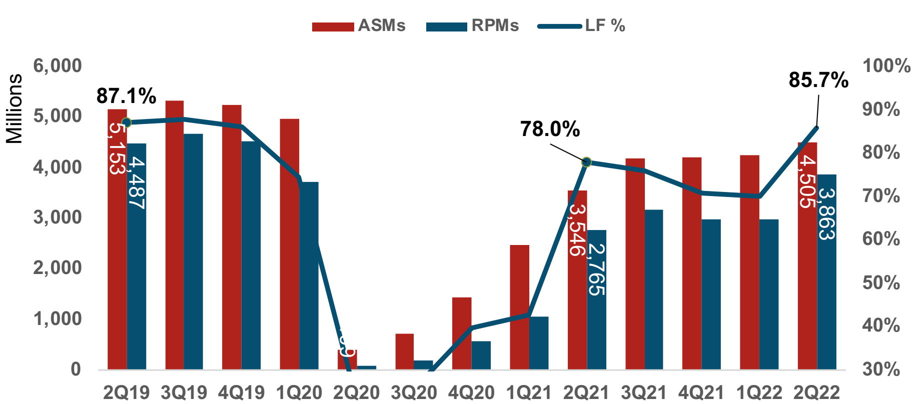
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



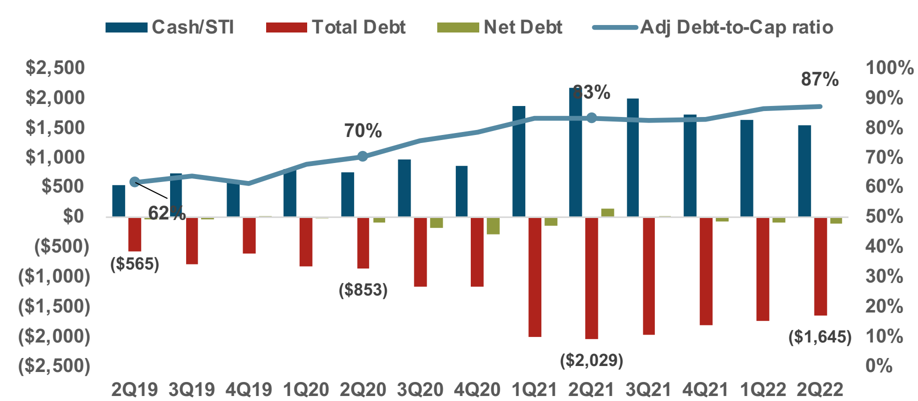
Yield, RASM, and CASM



Capacity, Traffic, and Load Factor

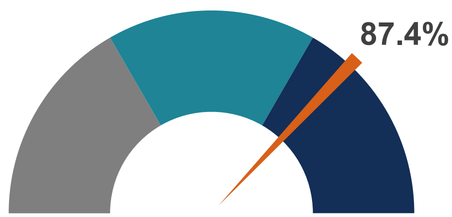


Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)

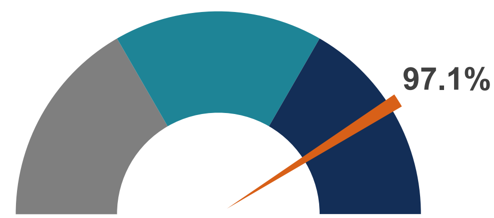


Recovery to Date

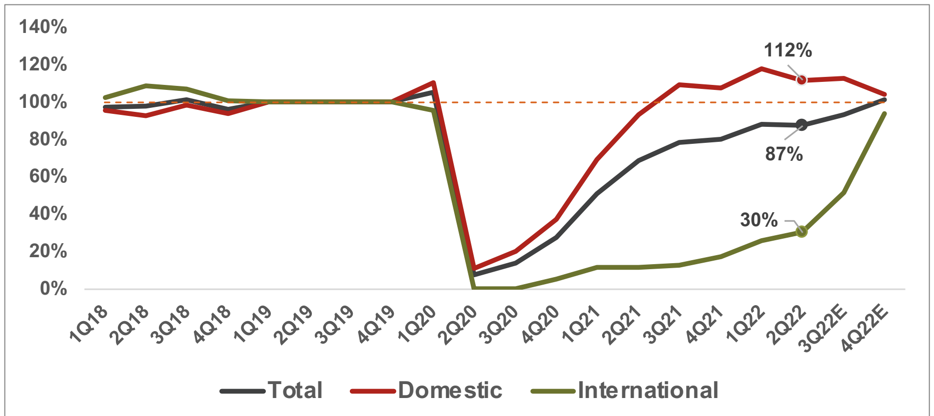
Capacity Restored vs. 2019



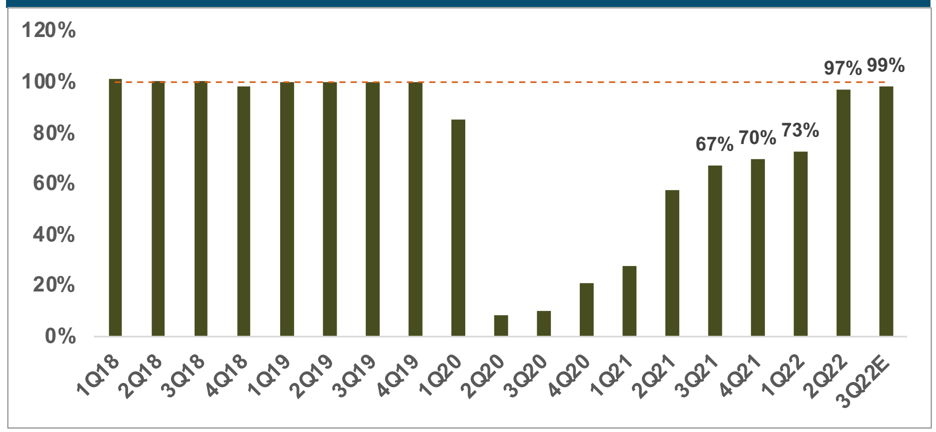
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019

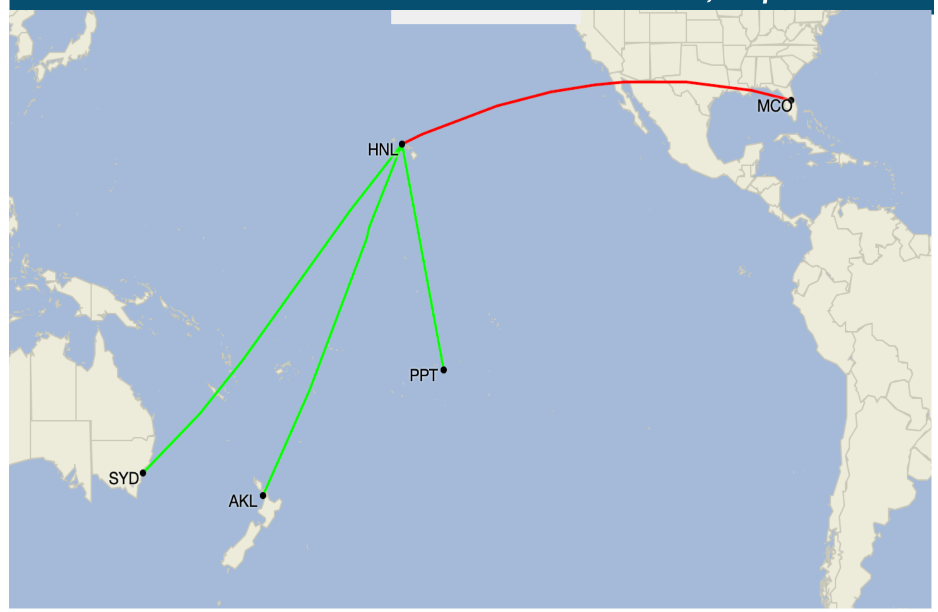


Hawaiian

- We see a much tougher competitive environment post pandemic due to other airlines expansion in HA's key West Coast to Hawaii routes. Of note is the neighbor island capacity increases in 2H 2022 as Southwest continues to grow in Hawaiian markets.
- Hawaiian's loss surprised us; cost increases in most categories but particularly egregious was the near tripling of fuel costs. Expenses continue to reflect the reopening of international markets and plans to add back capacity.
- Pretax loss by Hawaiian highlights challenges faced by long-haul leisure airlines. Uncertainty around timing of full restoration of Pacific network will likely impact Hawaiian's full recovery.
- While some key markets in South Korea, Australia and New Zealand have reopened, Japan continues to maintain Covid-related restrictions which has hurt Hawaiian since it represents 60% of its total international revenue.
- We are of the view that Hawaiian's business model which is largely focused on long-haul, discretionary travel will be under pressure in a highly inflationary, elevated fuel price environment.

Guidance	3Q22	FY 2022	Notes
Capacity	Down 5% - 8%	Down 8% - 11%	Compare to 3Q19
Revenue	Down 3.5%-Up 0.5%		Compare to 3Q19
CASM-ex	Up 8% - 12%	Up 12% - 15%	Compare to 3Q19
Fuel	$3.50	$3.36	
Adjusted EBITDA	$15 - $75M		
CAPEX		$105 - $125M	

Hawaiian returns to traditional South Pacific routes, drops MCO



jetBlue

"Planning to return to sustained profitability as Spirit merger takes center stage"

2Q22 adj. pre-tax income (loss): ($102M)

JetBlue was one of the few airlines to report a loss in 2Q, despite record levels of revenues. The company has struggled operationally since early spring but reports significant improvement throughout the quarter. Expenses were up due to short-term operational investments; the company announced a new long-term structural cost reduction program. The airline was successful in the battle for Spirit and now the long merger and integration process begins, with approval expected no later than 2024. Until then, the goal is to return to profitability as a standalone entity in 2H 2022.

EFA takeaway: JBLU is paying a premium for Spirit which introduces financial risk as well as merger execution risk but if successful, will be the 5th largest airline.

Items of Interest

- Will acquire Spirit Airlines for an equity value of $3.8B and an adjusted enterprise value of $7.6B. This equates to $33.50 per share in cash plus other cash incentives.
- Expects to achieve $600M-$700M in net annual synergies once integration is complete from greater breadth and depth of combined network. Will have 1,700 plus flights to 125 destinations in 30 countries. 458 aircraft with 300 Airbus on order.
- CASM-ex slightly better than forecast but still up due to operational investments, lower capacity and inflationary pressures.
- JetBlue Travel Products subsidiary expects $100M in EBIT in 2022. Ancillary revenue increased 65% in 2Q to over $50 per customer.
- Business bookings increased 10% y/3y. Leisure bookings continue strongly into September and October. The NEA is expected to increase business travel bookings, with over 50 new routes and increased frequencies on another 130 city-pairs.
- Announced the early retirement of the E-190 by 2025 as part of a new cost saving program. Increased network efficiency, crew planning, maintenance optimization and asset productivity expected to save $250M by 2024.
- 2Q liquidity $2.6B, 54% debt to cap ratio. CAPEX $1B full year 2022.

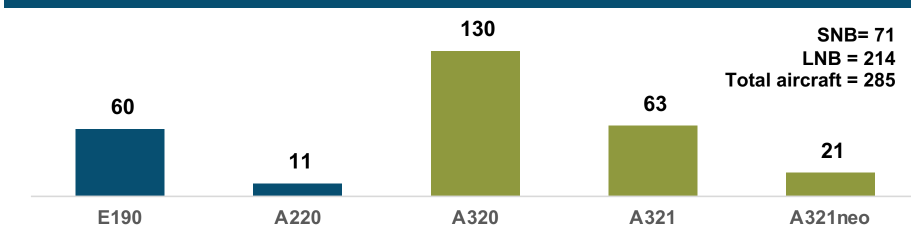
jetBlue

2Q Snapshot (as compared to 2Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
2.3%	16.2%	13.4%	14.5%	96.3%

JBLU Stats	2Q22	2Q21	2Q19	y/y	y/3y
Revenues	$2,445M	$1,499M	$2,105M	63.1%	16.2%
Adj Operating Income (EBIT)	($69M)	($219M)	$252M	n.m.	n.m.
Adj Operating Margin	(2.8%)	(14.6%)	12.0%		
Adj Net Income	($153M)	($206M)	$180M	n.m.	n.m.
GAAP Net Income	($188M)	$64M	$179M	n.m.	n.m.
GAAP EPS	($0.58)	$0.20	$0.59	n.m.	n.m.
Capacity (ASMs)	16.4 billion	13.6 billion	16.0 billion	20.2%	2.3%
Yield	16.48¢	12.82¢	14.74¢	28.5%	11.8%
TRASM	14.90¢	10.99¢	13.14¢	35.6%	13.4%
CASM	15.59¢	9.91¢	11.58¢	57.3%	34.6%
CASM-ex	9.69¢	10.05¢	8.46¢	(3.6%)	14.5%
Fuel (econ)	$4.24	$1.91	$2.16	122.0%	96.3%

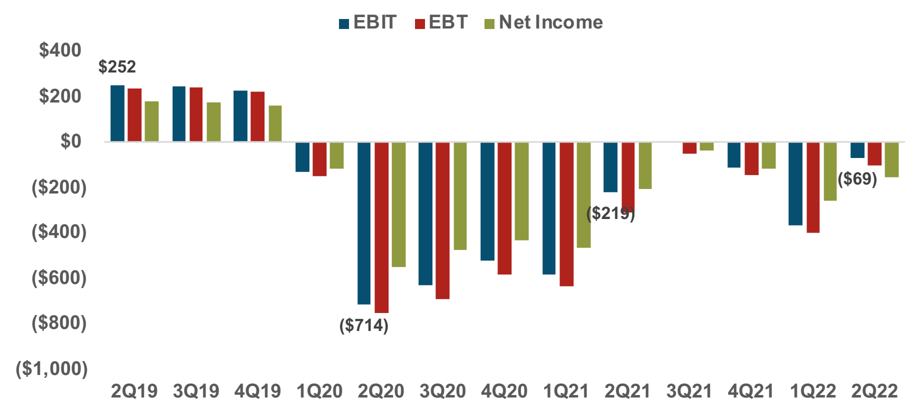
jetBlue Fleet – 2Q22



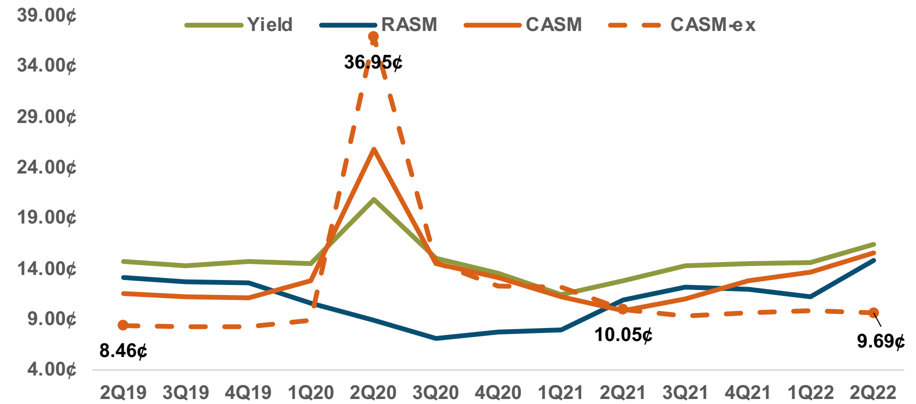
jetBlue

jetBlue

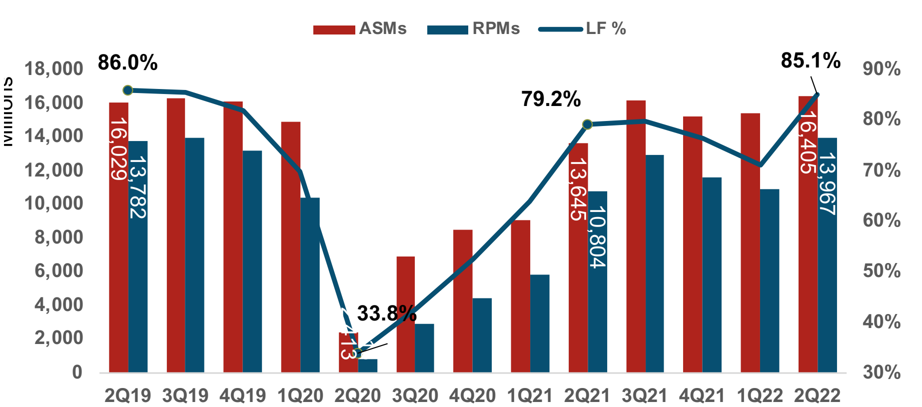
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



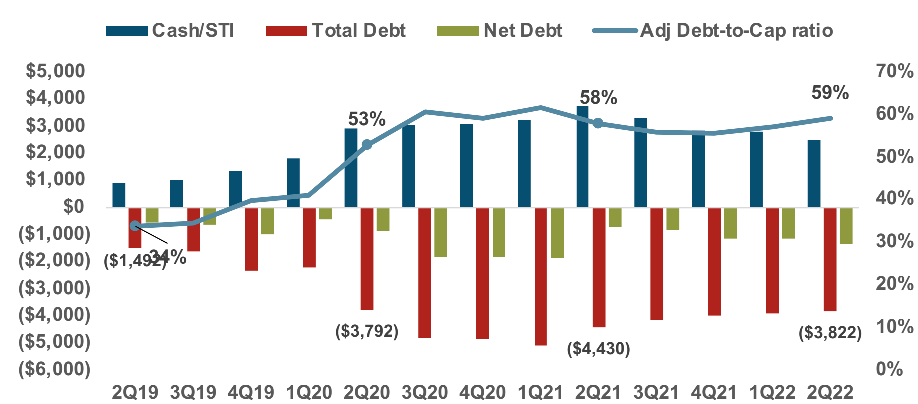
Yield, RASM, and CASM



Capacity, Traffic, and Load Factor



Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)

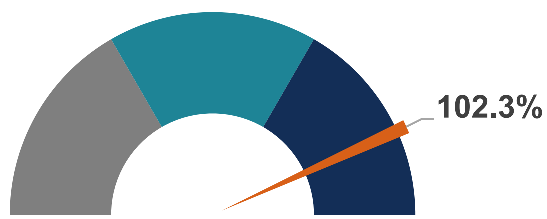


SWAPA

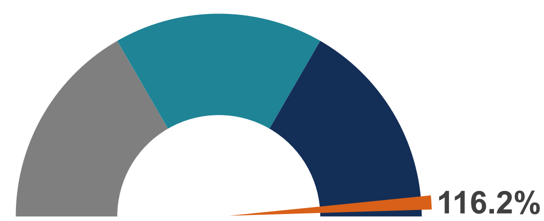
Recovery to Date

jetBlue

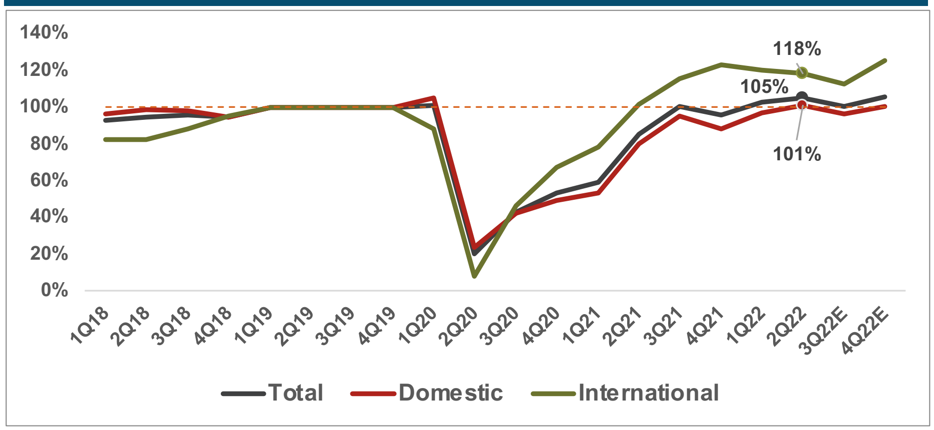
Capacity Restored vs. 2019



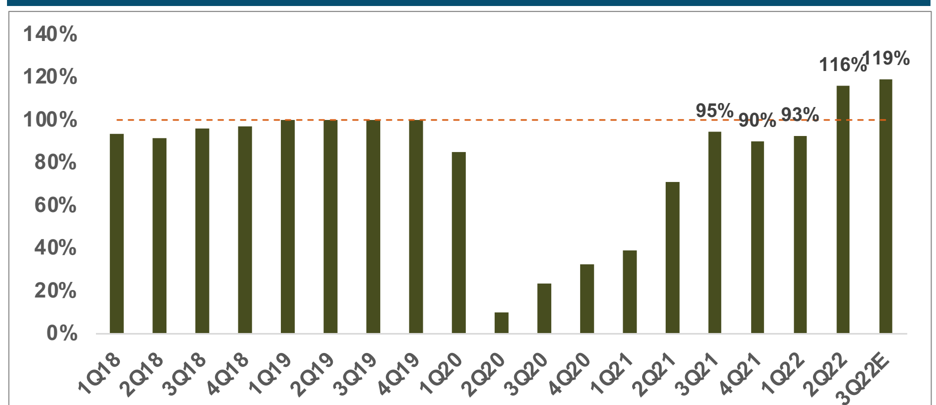
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



3Q22 revenue implied based on RASM guide

SWAPA

jetBlue

jetBlue

Guidance	3Q22	FY 2022	Notes
Capacity	Down 3% - Flat	Flat - 3%	Compared to 3Q19
RASM	Up 19% - 23%		Compared to 3Q19
CASM-ex	Up 15% - 17%	Up 11% - 14%	Compared to 3Q19
Fuel	$3.68/gal		
CAPEX	~$350M	~$1.0B	

- JetBlue appears to be juggling to save merger, cost optimization and travel industry chaos. Management has a lot on its plate but now of most import is the getting the merger approved by federal regulators.

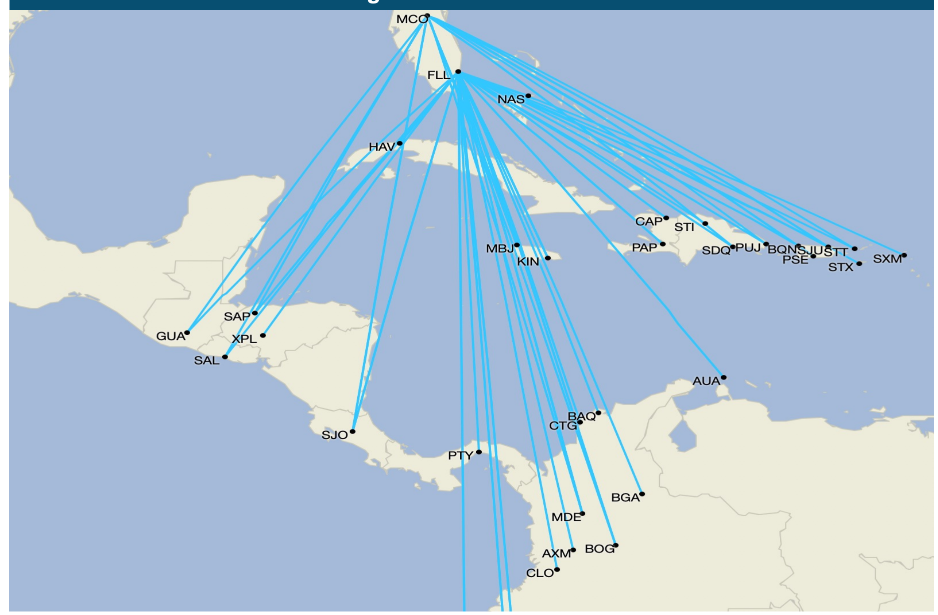
- We forecast JBLU returns to profitability in the 3rd quarter by improving a/c utilization, staffing productivity and projected record revenues. However, we project a loss for the full year as uncertainty around the regulatory process, lingering operational issues and possible declines in bookings as a slowdown in consumer spending materializes.

- We believe there are execution risks ahead with the pending SAVE transaction and JBLU's new cost plan it unveiled yesterday which targets reductions of $250M thru 2024. The deal itself faces increased regulatory scrutiny and a $470M reverse termination fee if the transaction is not consummated for antitrust reasons so there are financial risks as well.

- Investor perception that JetBlue struggles with cost discipline is unlikely to be dispelled by today's report. Integration risk is real as well and will weigh on JBLU management going forward.

- We are encouraged by the demand outlook into 3Q. Leisure bookings according to JBLU remain strong into September and October and corporate performance is improving. The full year impact of the NEA should be margin accretive by driving RASM higher.

JBLU-SAVE will have the largest international market share at FLL & MCO



SWAPA

Southwest

"We remain largely on plan for this year with continued strong demand"

2Q22 adj. pre-tax Income: $1,078B

Southwest reported record revenues in the second quarter despite business travel that has not recovered fully and capacity down roughly 7%. They highlighted cost management, a comprehensive staffing plan and improving operational reliability. Inflationary pressures and lower productivity continue to hamper the airline, but energy costs have recently moderated, and the hedging program continues to generate gains. While Southwest leadership mentioned declining consumer and business sentiment, they have yet to see any slowdown in demand and expect to be profitable for the remainder of the year.

EFA takeaway: Southwest surprised the Street with revenue adjustments and fleet delays, but passenger travel remains strong and business goals are being met.

Items of Interest

- While business travel and total number of pax remains below 2019, managed business fares were above 2019 throughout 2Q and revenues were down only 19%.
- Announced that flight credits will no longer expire after a certain date, the only airline to offer this benefit. Will take a $250M-$300M revenue hit in 3Q from this change.
- Indicated yields peaked in June, but managed business revenues will improve in 3Q, and leisure bookings remain strong post Labor-Day.
- Will increase short-haul business flights and more flying between crew bases to stabilize operations into the second half of 2022.
- Revised fleet deliveries from 114 down to 66 for the year due to -7 MAX certification issues and Boeing delays. No plans to take any -7's this year. Will retire 29 –700's.
- 59% hedged for 3Q with an estimated $0.46 per gallon hedging gains. $1.0B of fair market hedging gains for full year 2022 and over $500M in 2023.
- Non-fuel costs up due to higher labor rates, airport costs and lower productivity.
- $16.4B in liquidity with a net cash position of $5.9B. Debt-to-cap ratio is 53%

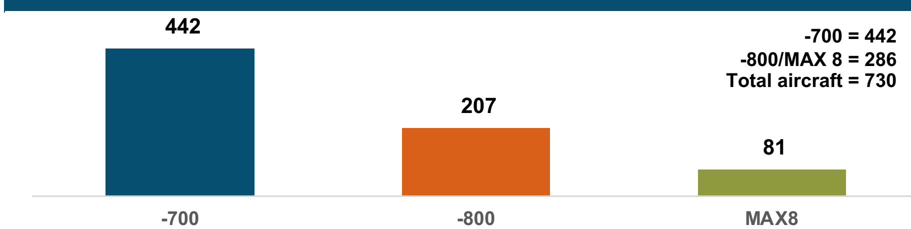
Southwest

2Q Snapshot (as compared to 2Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-6.7%	13.9%	22.0%	13.1%	57.7%

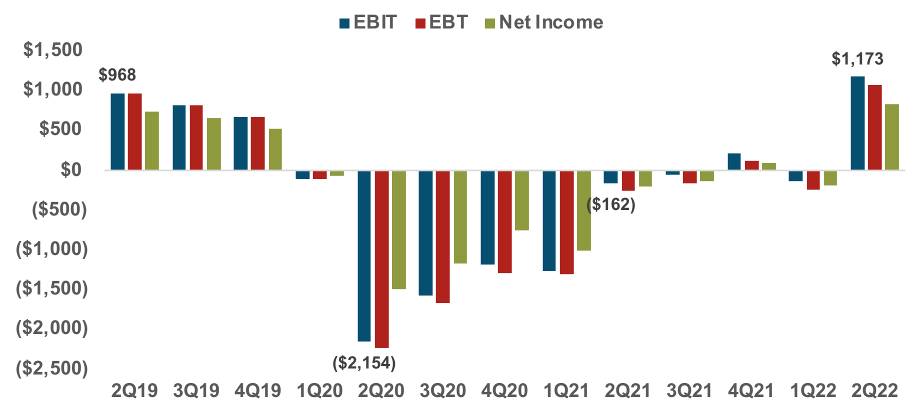
LUV Stats	2Q22	2Q21	2Q19	y/y	y/3y
Revenues	$6,728M	$4,008M	$5,909M	67.9%	13.9%
Adj Operating Income (EBIT)	$1,173M	($162M)	$968M	n.m.	21.2%
Adj Operating Margin	17.4%	(4.0%)	16.4%		
Adj Net Income	$825M	($206M)	$741M	n.m.	11.3%
GAAP Net Income	$760M	$348M	$741M	118.4%	2.6%
GAAP EPS	$1.20	$0.57	$1.37	110.5%	(12.4%)
Capacity (ASMs)	37.3 billion	33.4 billion	40.0 billion	11.7%	(6.7%)
Yield	18.81¢	12.89¢	15.89¢	45.9%	18.4%
TRASM	18.03¢	11.99¢	14.78¢	50.4%	22.0%
CASM	14.92¢	10.22¢	12.36¢	46.0%	20.7%
CASM-ex	10.28¢	9.78¢	9.09¢	5.1%	13.1%
Fuel (econ)	$3.36	$1.92	$2.13	75.0%	57.7%

Southwest Fleet – 2Q22

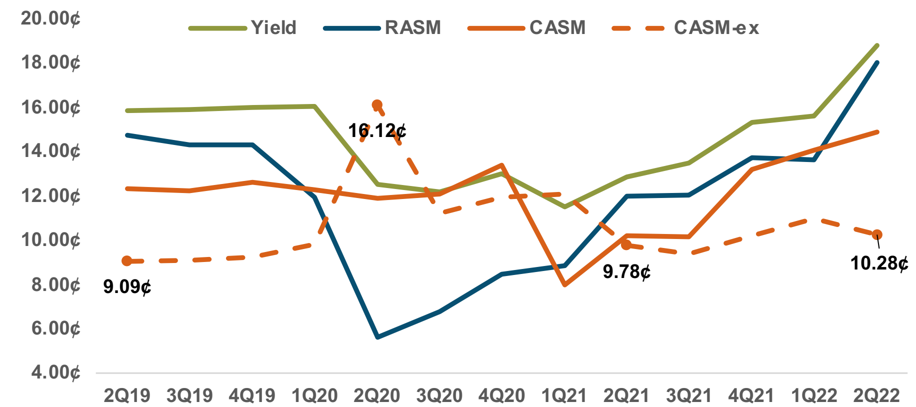


Southwest

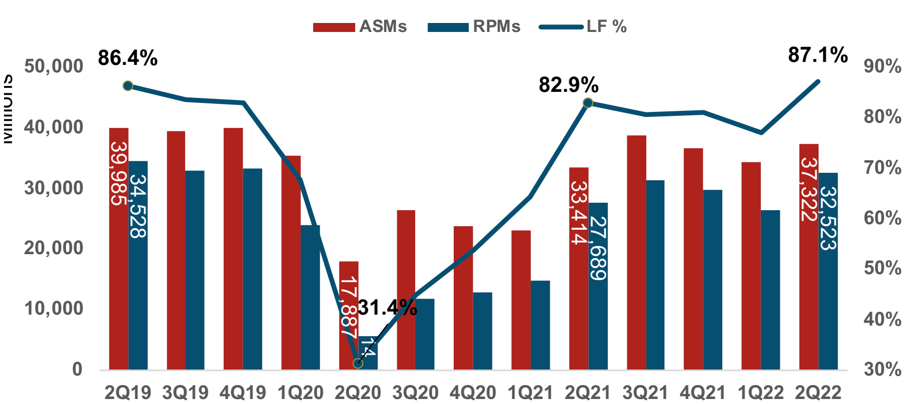
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



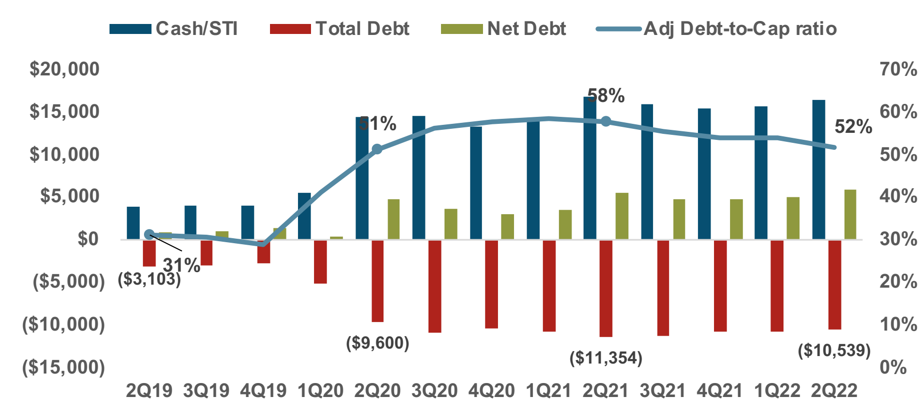
Yield, RASM, and CASM



Capacity, Traffic, and Load Factor



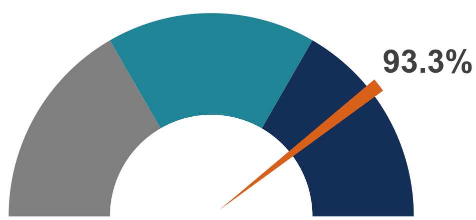
Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)



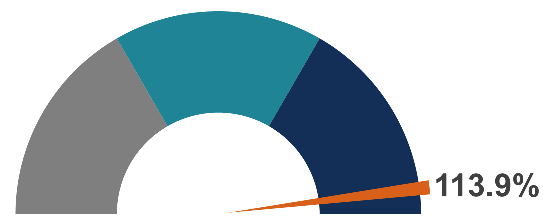
Recovery to Date

Southwest

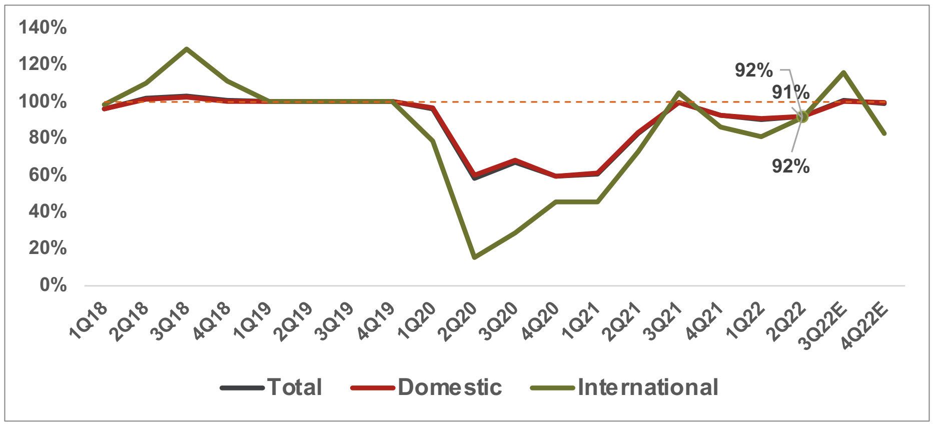
Capacity Restored vs. 2019



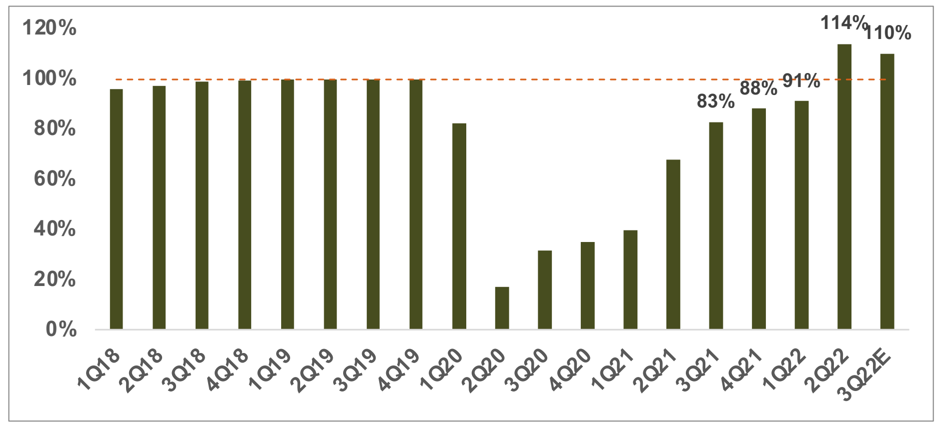
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



SWAPA

Southwest

- While the delays from Boeing should not impact published schedules, it is going to hurt optimal utilization. If Southwest can't get back to this because of BA issues, there is going to be a risk to the cost plan. We still view LUV as well-positioned to maintain and grow its network.

- Southwest shares sold off after the release and company comments. We think this is a buying opportunity as some of these issues are one-time events that will be a positive in the future.

- Southwest continues to face cost headwinds due to higher wages, airport costs and less than optimum productivity. This will affect the Sept Q and we admit to being on the too bullish side before this. We still think the company outperforms from a profitability standpoint.

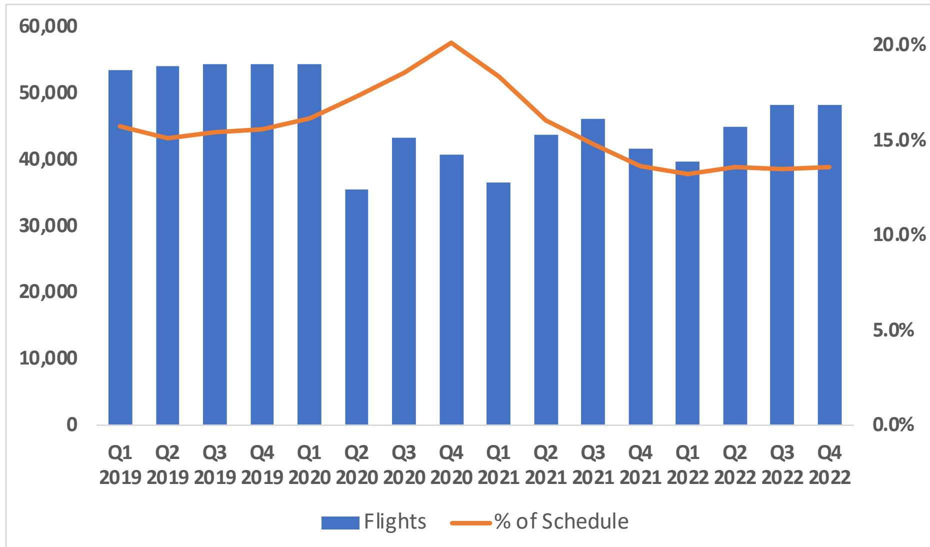
- Management called out "inflationary pressures" and "headwinds from suboptimal productivity" but expects demand to remain strong. We suggest LUV earns back foregone revenue thru volume and pricing power after the new travel credit policy goes into effect.

- While second half 2022 capacity and costs did not disappoint, we recognize there could be a risk in late 2023 due to Boeing delivery delays. Nevertheless, we expect Southwest retain its position of strength with balance sheet and cost benefit from attractive fleet costs.

Southwest®

Guidance	3Q 22	FY 2022	Notes
Capacity	~Flat	Down 4%	Comp to 3Q19
Revenue	Up 8% - 12%		Comp to 3Q19
CASM-ex	Up 12% - 15%	Up 12% - 16%	Comp to 3Q19
Fuel cost	$3.25 - $3.35	$2.95-$3.05	
CAPEX		~$4.0B	was $5.0B
Aircraft	741	765	FY2022 down from 841

SWA adds flights between crew bases to improve network reliability



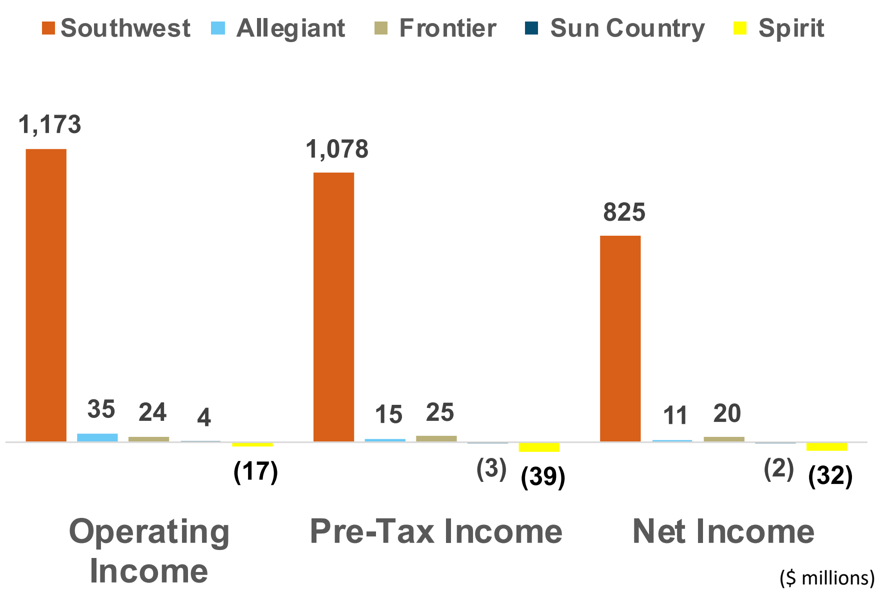
Ultra Low Cost Carriers (ULCCs)

Sources: Airline financial press releases, SEC filings, and SWAPA analysis

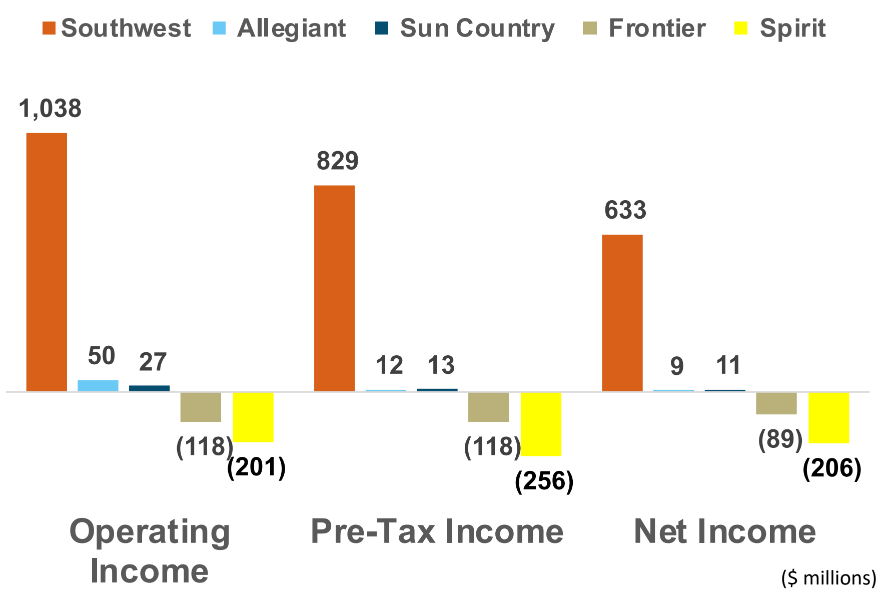
Key Financial Results

ULCCs vs. Southwest

2nd Quarter 2022



Six months 2022



Non-GAAP – excludes special items

Allegiant

"The second quarter was not our best, but we are reacting fast to the ever-changing environment"

2Q22 adj. pre-tax income: $14.9M

Allegiant posted a profit that was below expectations yet still saw record setting 2Q revenue on a double digit increase in capacity. Earnings miss due to lower productivity, a challenging operating environment and surging fuel prices. The airline mentioned that June/July were the lowest productivity months of their respective quarters, even lower than 2021. Costs were up, including an employee recognition bonus and IROPs customer compensation as some of the bigger expenses. The airline will continue to trim capacity as needed for staffing issues, operational stability and high fuel costs. Sunseeker construction continues, with a target opening of May 2023.

EFA takeaway: High fuel prices and operational issues are having an outsized effect on ALGT. Expect slower growth and lowered profits for the near-term.

Items of Interest

- Reported $66 per passenger in ancillary revenues, which was a record for 2Q.
- Load factors over 90% in 2Q and the highest RASM increase in the past 15 years.
- Estimates of $10M of revenue not realized due to new credit card processor, which is considered a one-time issue. IROPs customer compensation was an additional $9M and is expected to improve as operations stabilize.
- Co-brand credit card generated nearly 130% higher revenue versus last year. Website traffic up 35% and mobile app usage up 85%. The airline will continue to sell asset-light high-margin third party products thru the card and website.
- Attempting to develop partnerships with certain flight schools to provide a constant stream of pilots to ALGT. Noted a drop in pilot attrition recently after a spike in March.
- Sunseeker resort has already booked 1,100 reservations at an average rate of $390 per room.
- Liquidity of $1.3B including a $100M revolver. Debt balances increased to $750M, primarily due to Sunseeker construction loans. Will pay down $185 in debt by YE.
- Will end 2022 with 124 A/C. CAPEX of $240M. Expect first MAX deliveries in 2023.

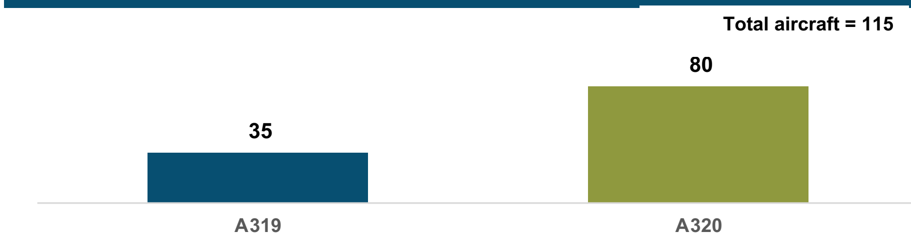
allegiant

2Q Snapshot (as compared to 2Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
13.4%	*29.4%*	*15.3%*	*19.6%*	*94.6%*

ALGT Stats	2Q22	2Q21	2Q19	y/y	y/3y
Airline Revenues	$630M	$472M	$487M	33.3%	29.4%
Adj Operating Income (EBIT)	$35M	$94M	$116M	(62.5%)	(69.5%)
Adj Operating Margin	5.6%	19.9%	23.7%		
Adj Net Income	$11M	$60M	$78M	(81.5%)	(85.8%)
GAAP Net Income	$4M	$95M	$71M	(95.4%)	(93.8%)
GAAP EPS	$0.24	$5.49	$4.33	(95.6%)	(94.5%)
Scheduled Capacity (ASMs)	4.9 billion	4.5 billion	4.3 billion	8.5%	13.4%
Yield	14.76¢	14.82¢	13.51¢	(0.4%)	9.2%
TRASM	12.62¢	10.28¢	10.95¢	22.8%	15.3%
CASM	12.10¢	7.26¢	8.35¢	66.7%	44.9%
CASM-ex	6.76¢	5.86¢	5.65¢	15.4%	19.6%
Fuel (econ)	$4.32	$2.02	$2.22	113.9%	94.6%

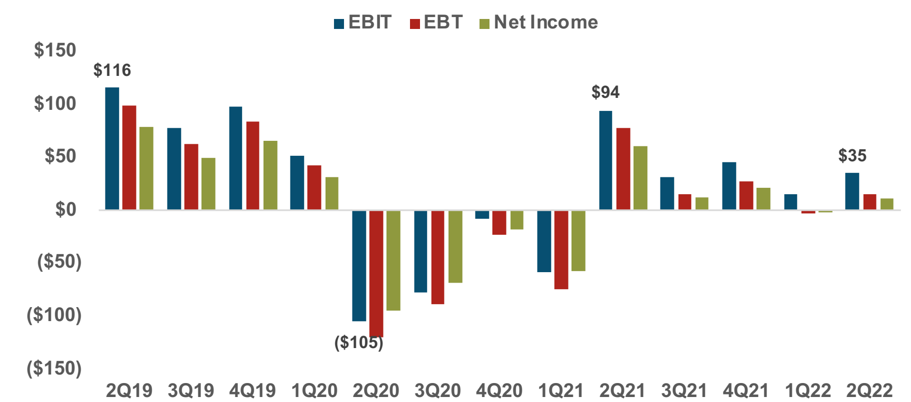
Allegiant Fleet – 2Q22



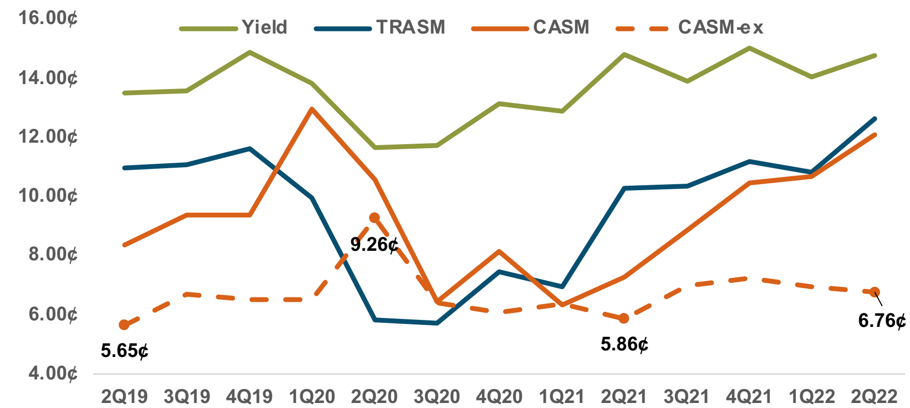
SWAPA

Allegiant

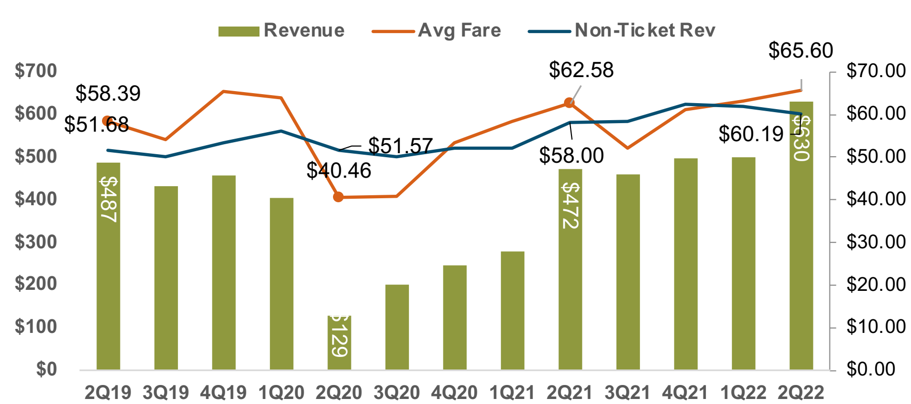
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



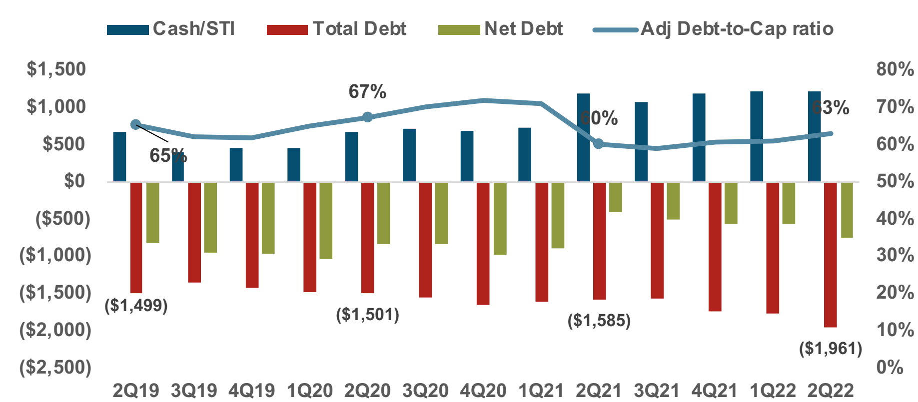
Yield, RASM, and CASM



Quarterly Revenue, Average Fare, and Non-Ticket Revenue



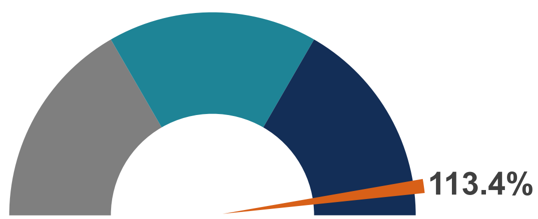
Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)



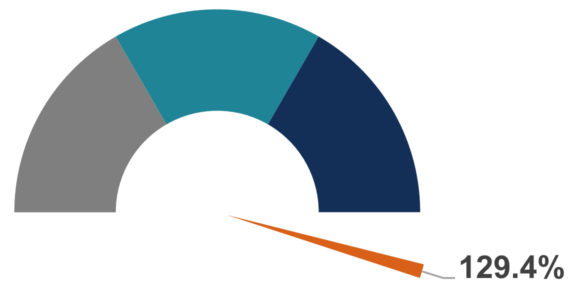
Recovery to Date

allegiant

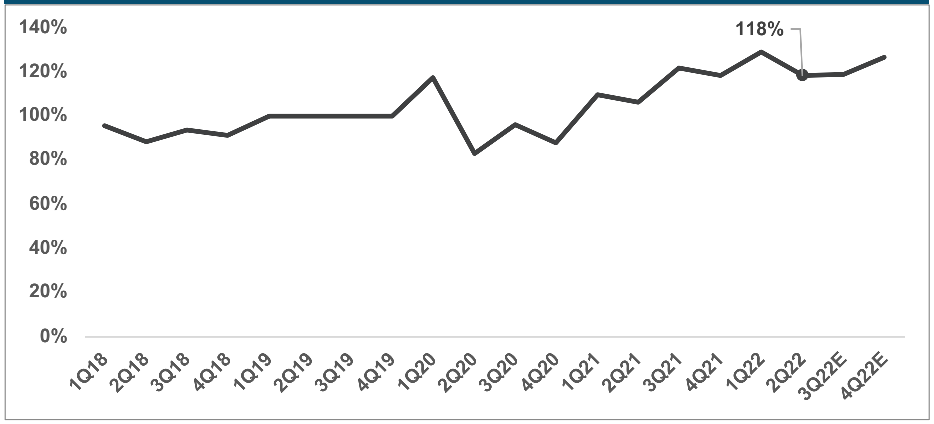
Capacity Restored vs. 2019



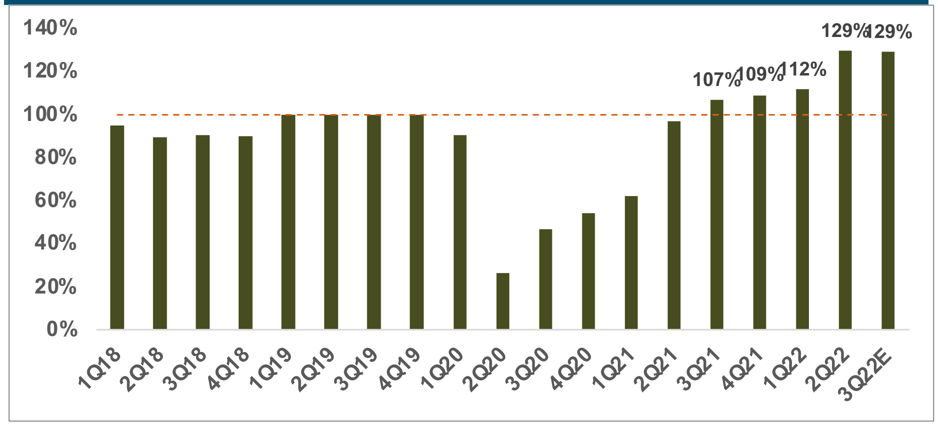
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019

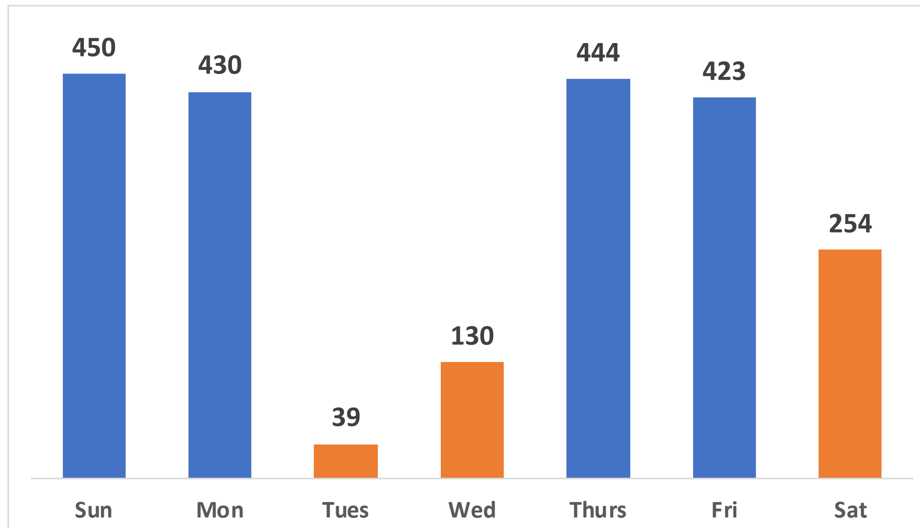


Allegiant

- While demand seems healthy with July loads over 90% and record ancillary revenue, ALGT is operating at sub-optimal levels with utilization currently 20% below 2019 levels.
- The company is 100% leisure focused so August should be strong, but A/C utilization will come down in September. This could weigh on 3Q margins. July was less than stellar, as growth was below expectations and fuel cost higher than expected.
- We are encouraged to hear ALGT is having partnership conversations with flight schools to ensure a predictable stream of pilots in the future. Company noted a drop in pilot attrition last month but expects it continue to be choppy going forward, depending on legacy hiring.
- Cost inflation from increased training associated with the MAX and a new pilot deal as well as increased airport costs will pressure near and medium term. A return to historical employee productivity and fleet utilization can help.
- ALGT TRASM badly lagging peers right now and increases in stage length and gauge are a 3%-4% headwind to unit revenues going forward. ALGT does have a proven track record in a recessionary environment, and we are hopeful our forward estimates will prove too conservative.

Guidance	3Q22	FY 2022	Notes
Capacity	Up 16%		Compared to 3Q 2019
Revenue	Up 29%		Compared to 3Q 2019
CASM-ex fuel	Up 10%		
Fuel	$3.80/gal		
CAPEX		$235M - $245M	Aircraft, engine, pre-delivery deposits
Fleet	115	124	Moved 3 a/c into 2023 (staff, supply chain)

Allegiant operations vary greatly by day of the week



Frontier

FRONTIER AIRLINES

"Will continue to focus on generating profitable growth in our business"

2Q22 adj. pre-tax income: $25M

Despite the noise surrounding the potential merger with Spirit over the past 4 months, Frontier turned in a successful, profitable quarter with record revenues and ancillaries overcoming high fuel prices. Management spoke of its ability to proactively lessen the impact of weather and ATC, leading to an improved operation with on-time and completion factor numbers near the top in the industry. Also highlighted surplus staffing as a positive for operations. Frontier is set up to grow as a standalone company and seeks to take advantage of any opportunities that arise in the future.

EFA takeaway: One less ULCC when Spirit goes away should help Frontier compete in almost any market or region in the U.S.

Items of interest

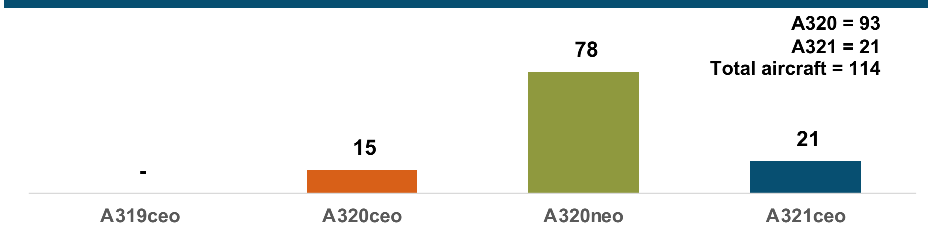
- Revenue per passenger increased 24% to $139 with ancillary revenue contributing $75 of that amount, which was a company record.
- Targeting ancillary revenue of $85 per passenger by YE 2023.
- Utilization was an average of 10.9 hours per day, in line with expectations but still below the 12 hours per day of 2019. The goal is to return to that within the next few years.
- Lowered stage length to roughly 960 miles in response to higher fuel costs. That is well below historical levels but expect to be above 1000-mile stage length by 4Q.
- CASM-ex well above historical levels due to lower A/C utilization, lower average stage length, higher airport costs and short-term surplus of crews. Targeting sub $0.06 cent in 2023 after adjusting for all those factors.
- Ended 2Q with $766M in liquidity. Highlighted the ability to now leverage co-brand credit card program and other brand assets if necessary for additional liquidity.
- Ended quarter with 114 A/C. Will take 12 more deliveries of A321's including the first of 36 A321neos.

2Q Snapshot (as compared to 2Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
10.4%	42.7%	29.1%	32.4%	92.6%

ULCC Stats	2Q22	2Q21	2Q19	y/y	y/3y
Revenues	$909M	$550M	$637M	65.3%	42.7%
Adj Operating Income (EBIT)	$24M	($63M)	$99M	n.m.	(75.8%)
Adj Operating Margin	2.6%	(11.5%)	15.5%		
Adj Net Income	$20M	($50M)	$79M	n.m.	(74.7%)
GAAP Net Income	$13M	$19M	$81M	(31.6%)	(84.0%)
GAAP EPS	$0.06	$0.08	$0.37	(25.0%)	
Capacity (ASMs)	7.6 billion	6.9 billion	6.9 billion	9.5%	10.4%
Yield	13.93¢	9.67¢	10.28¢	44.1%	35.5%
TRASM	11.97¢	7.92¢	9.27¢	51.1%	29.1%
CASM	11.87¢	7.68¢	7.80¢	54.6%	52.2%
CASM-ex	7.24¢	6.84¢	5.47¢	5.8%	32.4%
Fuel (econ)	$4.41	$2.03	$2.29	117.2%	92.6%

Frontier Fleet – 2Q22

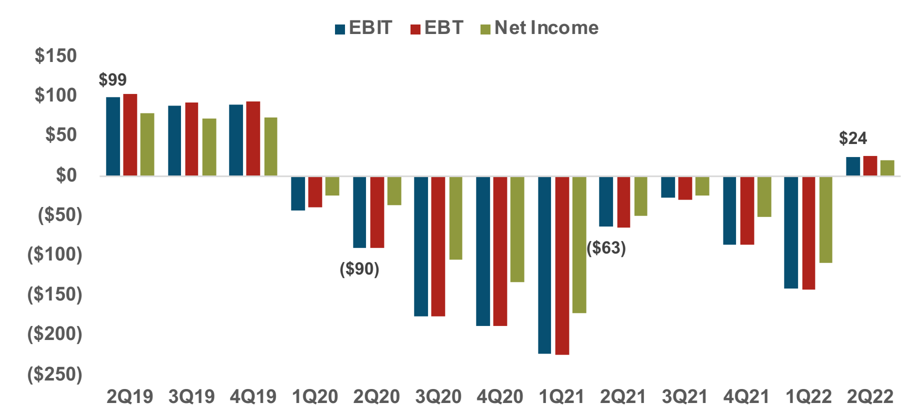


SWAPA

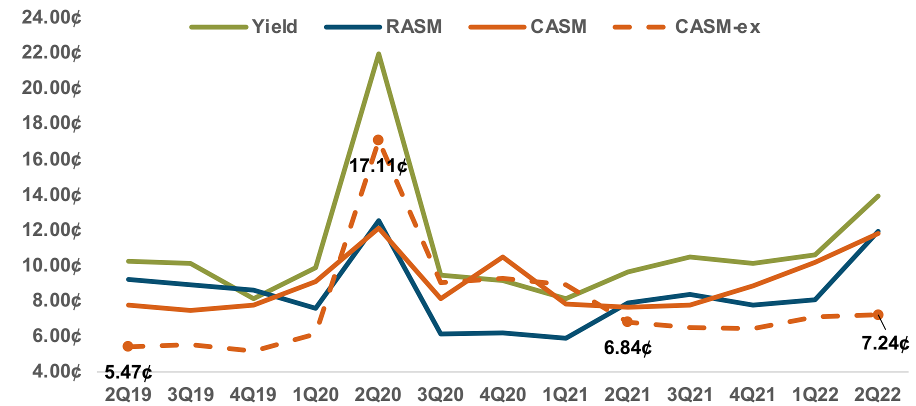
Frontier

FRONTIER AIRLINES

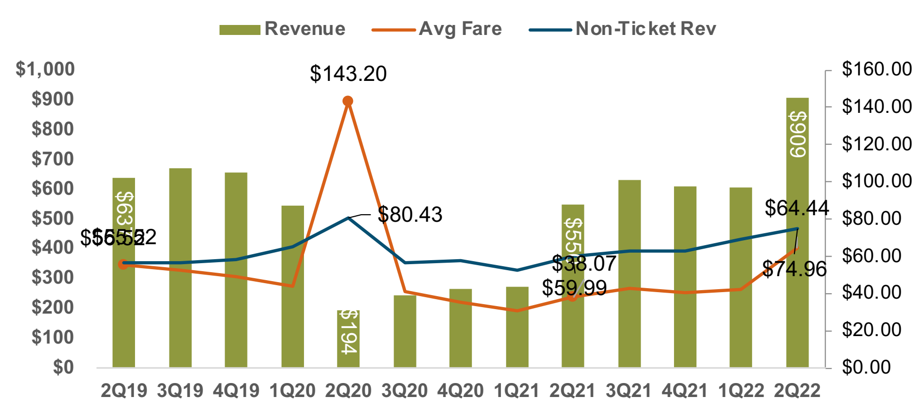
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



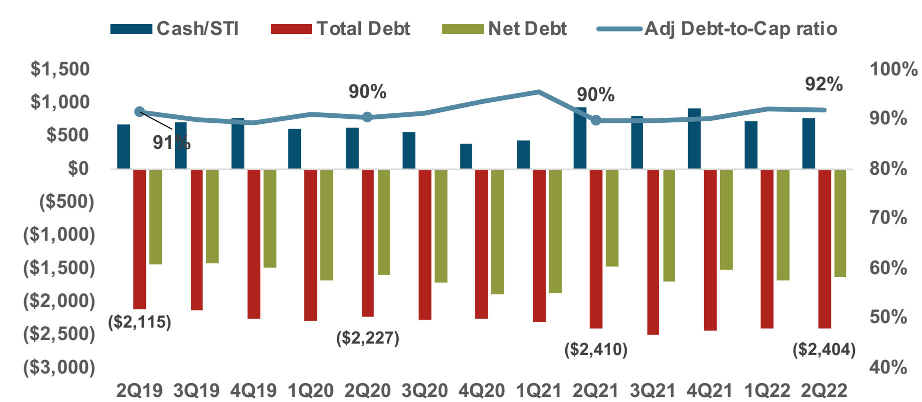
Yield, RASM, and CASM



Quarterly Revenue, Average Fare, and Non-Ticket Revenue



Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)

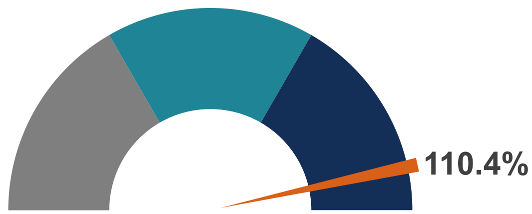


SWAPA

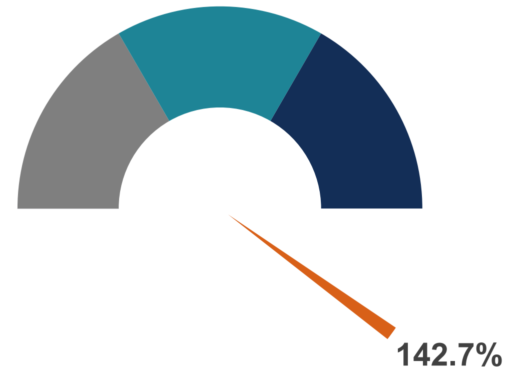
Recovery to Date

FRONTIER AIRLINES

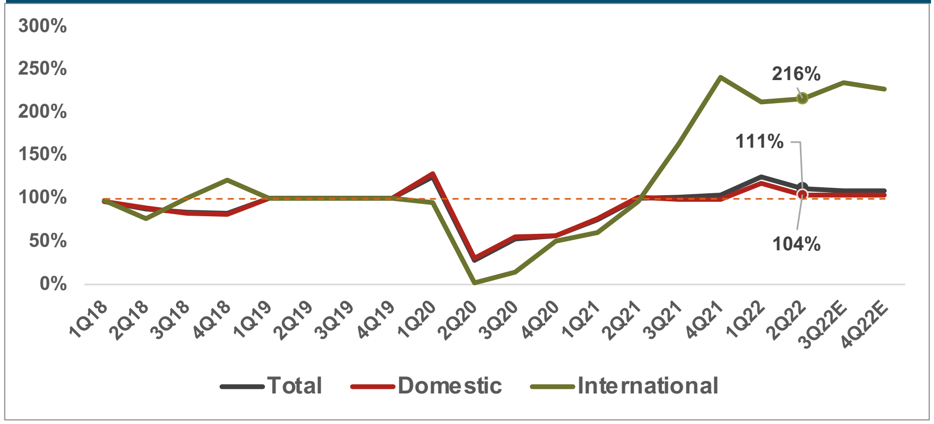
Capacity Restored vs. 2019



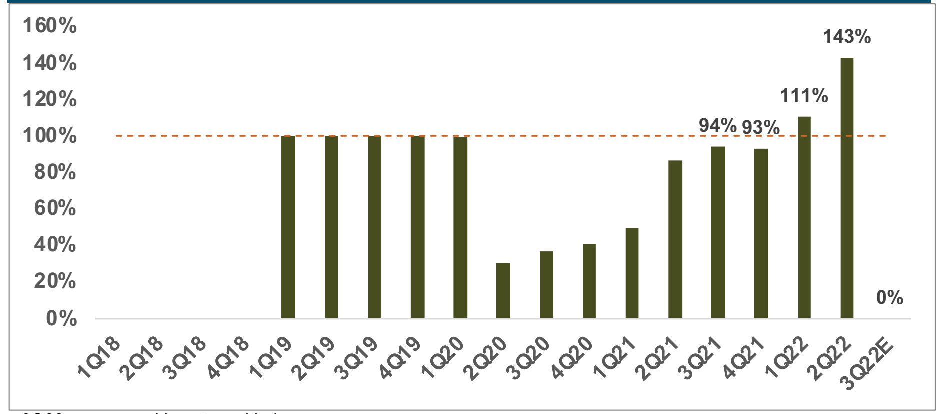
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



3Q22 revenue guide not provided

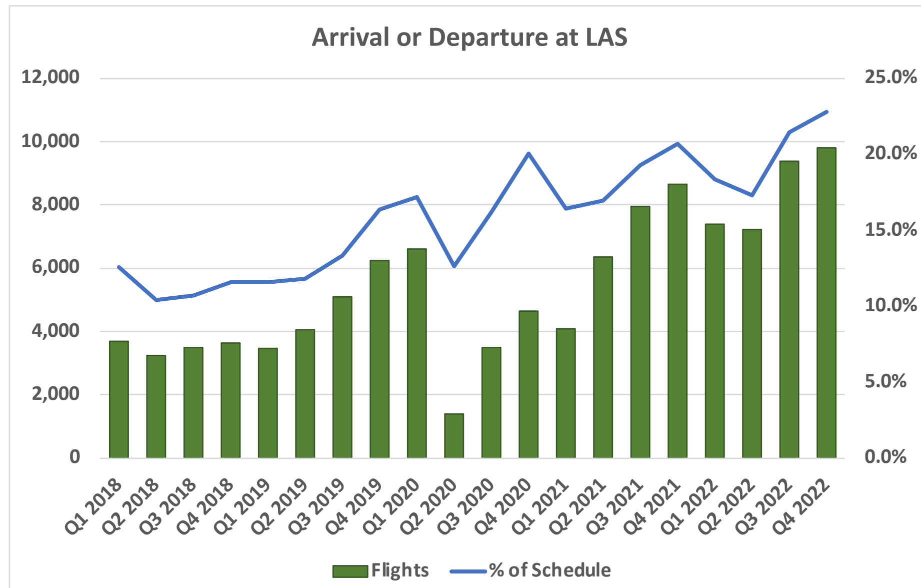
SWAPA

Frontier

- As the merger between Frontier and Spirit failed, we think this is a good opportunity for Frontier to continue as a standalone entity and focus on gaining share in the leisure market.
- Frontier has a depth of untapped markets in its headlights and a large order book of A320neo family aircraft to get there. Ancillary revenue continues to be sticky, and its management believes its low-cost structure will put them in a strong position should a recession occur with demand falling off.
- While we are skeptical of 30% y/y 2023 capacity growth, we are encouraged that it reflects network and crew scheduling changes rather than assumption of infrastructure improvements.
- Now attention turns to Frontier's organic growth story, which we believe is intact amid the recent track record of operational strength and sub-6 cent CASM-ex which is driven by growth of large aircraft. We feel Frontier can grow the ULCC model even more without Spirit.
- We still think Frontier is a high quality, profitable, growth-oriented business that is uniquely positioned to capitalize on any market opportunities that become available post- merger.

Guidance	3Q22	FY 2022	Notes
Capacity	Up 8% - 10%	Up 12% - 15%	compared to 3Q19
Adj. Op Ex	$565 - $585M	$2,215 - $2,255M	
Fuel	$3.75 - $3.80	$3.60 - $3.70	
CAPEX		$110 - $130M	also, $110M of pre-delivery deposits
Adj. pre-tax margin	1% - 5%		

Las Vegas is an increasingly important part of Frontier network



Spirit

"We continue to take a pragmatic approach toward capacity growth"

2Q22 adj. pre-tax income (loss): ($38.9M)
Spirit joined a select few other airlines in reporting a loss for the second quarter despite setting records for total revenue, non-ticket revenue and passenger revenue per segment. The airline noted it continues to operate at suboptimal productivity levels with utilization at 2 hours per airplane less than 2019 levels. Lack of capacity production, increased cost of fuel and crew attrition were also cited as reasons for the loss this quarter. With 40% of its network operating in Florida, the airline also made clear it needs Jacksonville Center to lift operational constraints for significant capacity growth to resume. Normal utilization is planned by mid-2023.

EFA takeaway: Like the other ULCC's, high fuel prices and labor issues are hitting the bottom line.

Items of Interest

- Total revenue per passenger segment up 24% to $140.61. Fare revenue per segment up 26% to over $72 and non-ticket revenue up 23% to $68.20, all records compared to the same period in 2019.
- Adjusted operating expenses up 63% compared to 2019, driven by flight volume, higher fuel prices, inflationary wage pressures and airport costs.
- Fleet utilization 15% less than desired levels. The business is built on producing much higher levels of capacity growth.
- Awarded 16 slots at EWR airport, former SWA slots. Spirit will fly up to 45 departures per day from the NYC metro area by 2023.
- Since Spring 2020, Spirit has added 20% more A/C, 30% more pilots and 17% more flight attendants but have only produced 8.5% more capacity due to industry infrastructure and company limitations.
- Ended quarter with $1.5B in liquidity, including a $240M revolving credit facility. CAPEX for 2022, mainly consisting of A/C purchases and deposits, will total $270M.
- Took delivery of 4 A320neos, ending quarter with 180 A/C. Will take 17 additional A/C thru 2022.

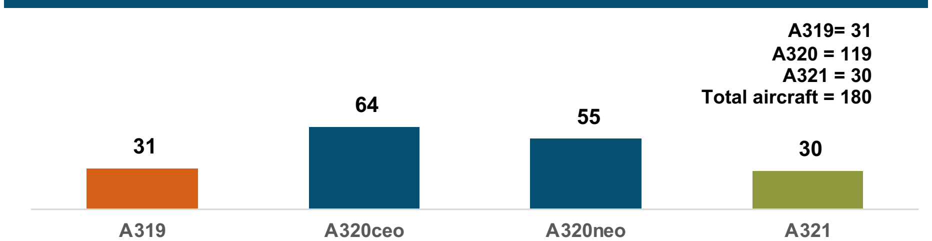
spirit airlines

2Q Snapshot (as compared to 2Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
↑ *9.9%*	↑ *34.9%*	↑ *22.8%*	↑ *28.7%*	↑ *99.1%*

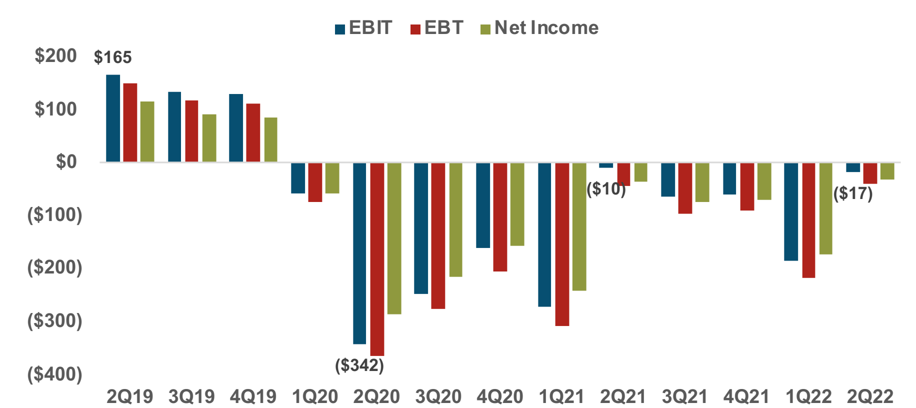
SAVE Stats	2Q22	2Q21	2Q19	y/y	y/3y
Revenues	$1,367M	$859M	$1,013M	59.0%	34.9%
Adj Operating Income (EBIT)	($17M)	($10M)	$165M	n.m.	n.m.
Adj Operating Margin	(1.2%)	(1.1%)	16.3%		
Adj Net Income	($32M)	($36M)	$116M	n.m.	n.m.
GAAP Net Income	($52M)	($288M)	$115M	n.m.	n.m.
GAAP EPS	($0.48)	($2.73)	$1.67	n.m.	n.m.
Capacity (ASMs)	11.8 billion	10.2 billion	10.8 billion	15.8%	9.9%
Yield	13.41¢	9.95¢	11.06¢	34.8%	21.2%
TRASM	11.54¢	8.40¢	9.40¢	37.4%	22.8%
CASM	11.92¢	7.49¢	7.88¢	59.1%	51.3%
CASM-ex	6.96¢	6.40¢	5.41¢	8.7%	28.7%
Fuel (econ)	$4.30	$1.95	$2.16	120.5%	99.1%

Spirit Fleet – 2Q22

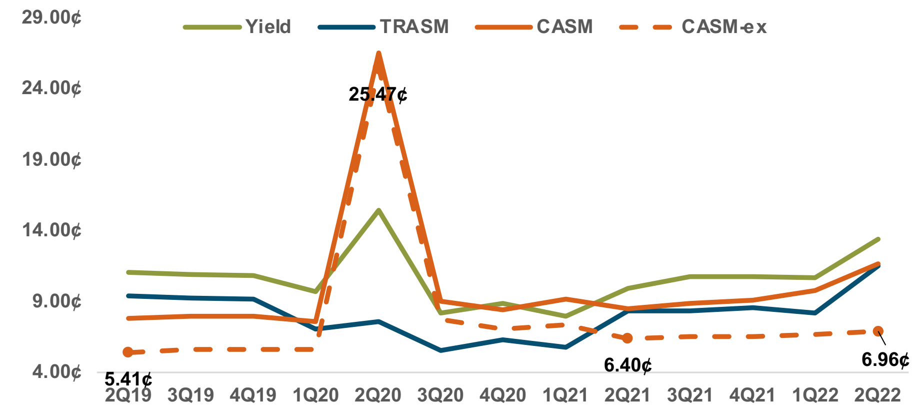


Spirit

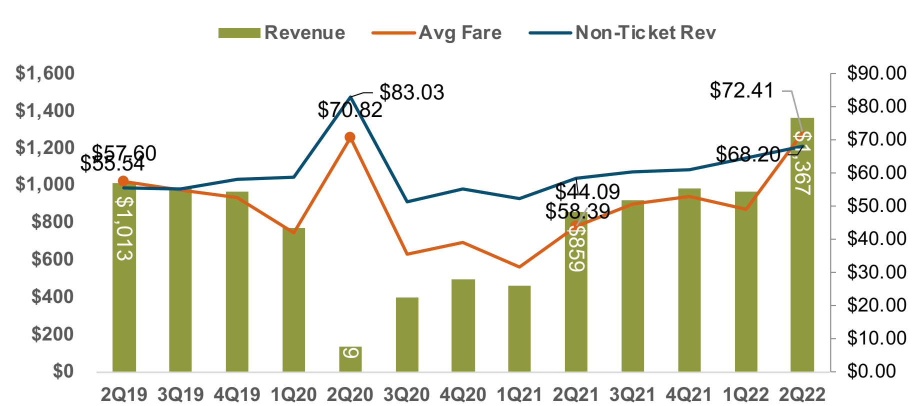
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



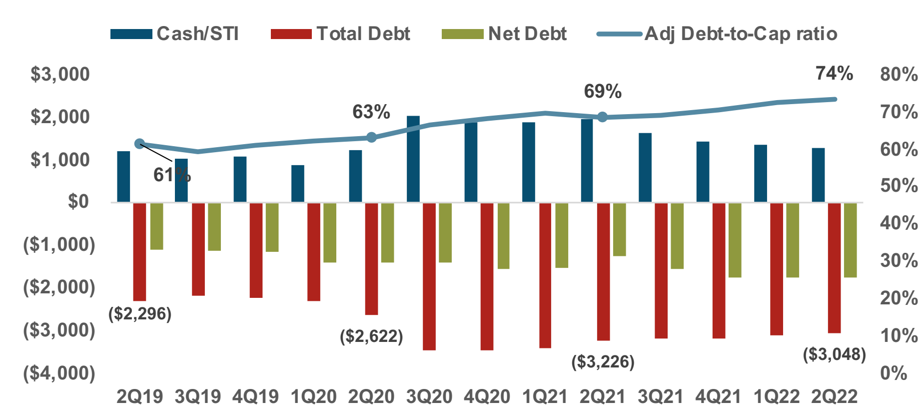
Yield, RASM, and CASM



Quarterly Revenue, Average Fare, and Non-Ticket Revenue

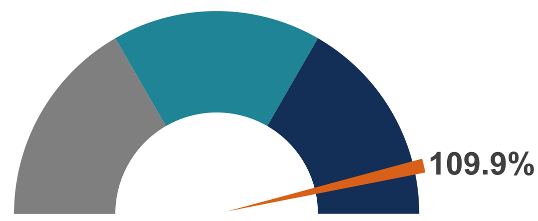


Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)

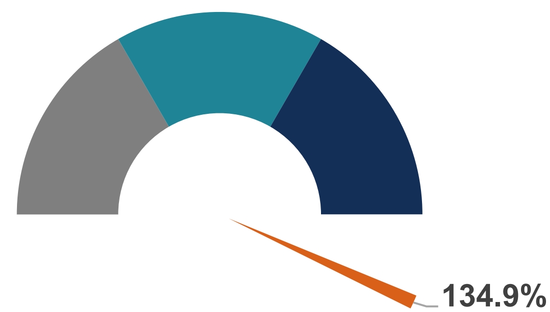


Recovery to Date

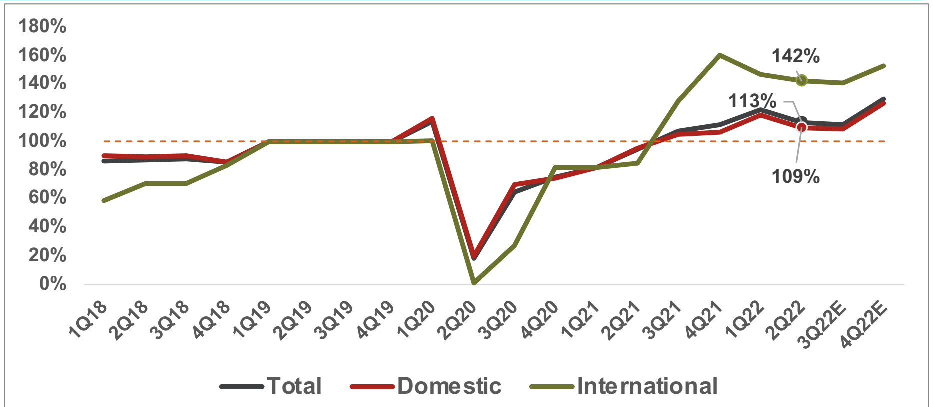
Capacity Restored vs. 2019



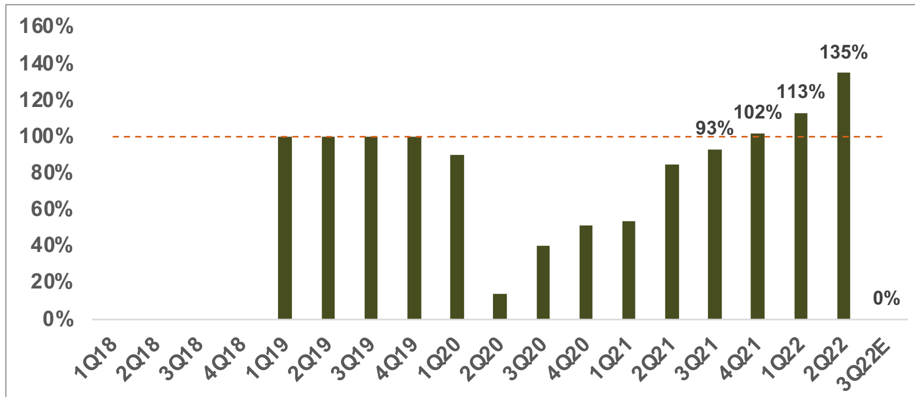
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



3Q22 revenue guide not provided

Spirit

- The carrier is making operational improvements to its network but will remain capacity constrained until labor shortages in industry support roles normalize. We like that management is moderating capacity plans, but sustainable profitability will depend on whether Spirit can return to normal utilization levels.

- Florida ATC constraints continue to hamper SAVE; operations there comprise nearly 50% of the network and would be higher without these limitations. We think that as the airline executes on its hiring plans and restores the fleet to full utilization, it can grow with industry-leading low unit costs.

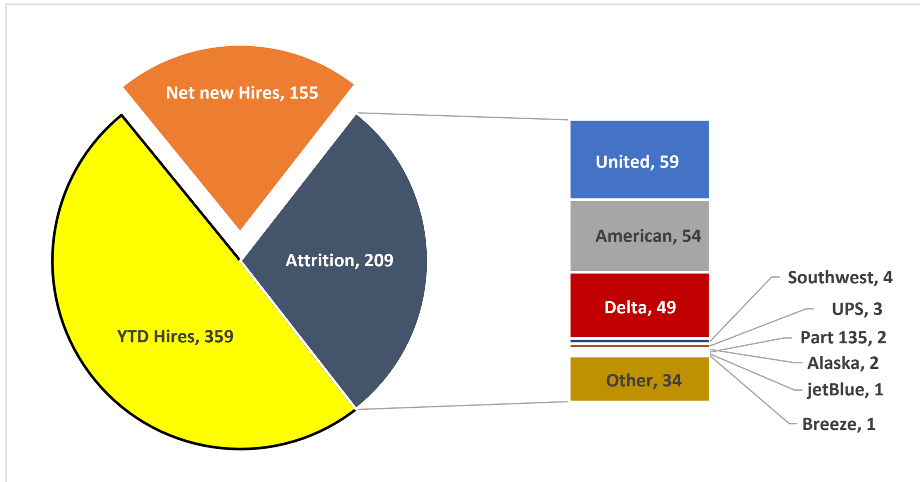
- Management highlighted several efforts to improve non-fuel costs, but the key is the return of aircraft and employee productivity to 2019 levels. Sub $0.06 CASM-ex does not account for any labor deals. A flat-lined or lower jet fuel cost environment is also necessary.

- While all ULCCs need to return to historical utilization rates to regain the "industry leading margin" title, this will be even more challenging for SAVE given the fleet growth since the beginning of the pandemic. Spirit will have had 85 A/C delivered since YE19 at YE 23 vs. 47 at both ALGT and ULCC. This could prove to be an impediment if the economic downturn materializes as predicted.

- Demand is strong but offset by the carrying cost of underutilized assets, human capital and lack of capacity production. This is delaying Spirit's return to run rate profitability levels.

Guidance	3Q22	FY 2022	Notes
Capacity	~14.0%	~17%	Compared to 3Q19
Adj Op Expense	$1,320-$1,330M		
Fuel	$3.55 - $3.60		Estimate 134.6M gallons
Adj Pre-tax Margin	-1% - 1%		
Fleet		YE at 197	Plan to have 197 YE22, & 230 YE23

Spirit pilot attrition as of July 2022



Sun Country

"We're facing the challenge of record high fuel and a tight labor market "

2Q22 adj. pre-tax income (loss):($2.6M)

Sun Country reported a loss in EPS although managed to show an adjusted operating profit for the second quarter. The CEO suggested this result was caused by unprecedented growth in unit revenue offset by historically high fuel prices and under-capacity driven by continued staffing issues. The airline also noted a reduction of 30% of passenger fleet allocation that would have been used to service large volume domestic markets. This was a direct result of a shortage of crews, as nearly 30% of pilots were in training during the quarter. Charter and cargo flying is stable so the removal of crew constraints for scheduled flying should help the airline's profits.

EFA takeaway: Sun Country has a niche business model that has been successful; high fuel prices and labor shortages hurt the carrier in the second quarter.

Items of interest

- Realized 29% RASM growth through scheduled service in 2Q despite reduced scheduled service during the quarter. Expects 3Q RASM growth to approach 40%.
- Have cut off-peak and longer haul flying such as Hawaii in response to high fuel prices. Second quarter is usually seasonally weak for Sun Country as many of their destinations are leisure focused from MSP in the winter.
- Average fare of $173 was 22% higher than 2Q 2019. System block-hour growth 23% higher than 2Q 2019 due to cargo segment (Amazon) growth.
- Charter revenue growth of 25% compared to 2Q 2019 with 90% of the flying done under long-term contracts. The airline believes there is ample opportunity to increase profitable ad hoc charter flying as number of available pilots increases to desired staffing.
- Non-fuel costs rose due to less than planned ASM growth and profitable flying opportunities that the company was unable to perform. Hopes to grow block hours by 20% in 2023 with a CASM-ex target of around $0.06.
- Ended second quarter with $308M in liquidity. Expect to be FCF positive for the remainder of the year. Will end year with 42 aircraft. In active discussions for 3 more in 2023.

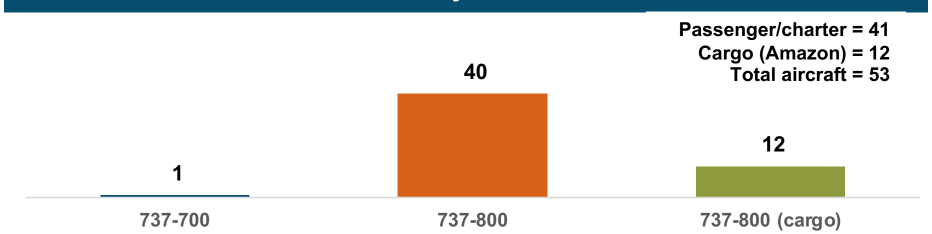
sun country airlines

2Q Snapshot (as compared to 2Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-6.0%	29.3%	24.8%	14.6%	94.3%

SNCY Stats	2Q22	2Q21	2Q19	y/y	y/3y
Revenues	$219M	$149M	$169M	46.8%	29.3%
Adj Operating Income (EBIT)	$3.9M	$11.5M	$17.3M	(66.1%)	(77.5%)
Adj Operating Margin	1.8%	7.7%	10.2%		
Adj Net Income	($1.8M)	$4.5M	$3.7M	n.m.	n.m.
GAAP Net Income	($3.9M)	$51.8M	$3.7M	n.m.	n.m.
GAAP EPS	($0.07)	$0.83	$0.19	n.m.	n.m.
Scheduled Capacity (ASMs)	1.34 billion	1.20 billion	1.43 billion	12.0%	(6.0%)
Yield	17.35¢	13.62¢	14.00¢	27.4%	23.9%
TRASM	12.12¢	8.81¢	9.71¢	37.6%	24.8%
CASM	13.21¢	6.93¢	8.72¢	90.6%	51.5%
CASM-ex	7.14¢	6.35¢	6.23¢	12.4%	14.6%
Fuel (econ)	$4.39	$2.07	$2.26	112.1%	94.3%

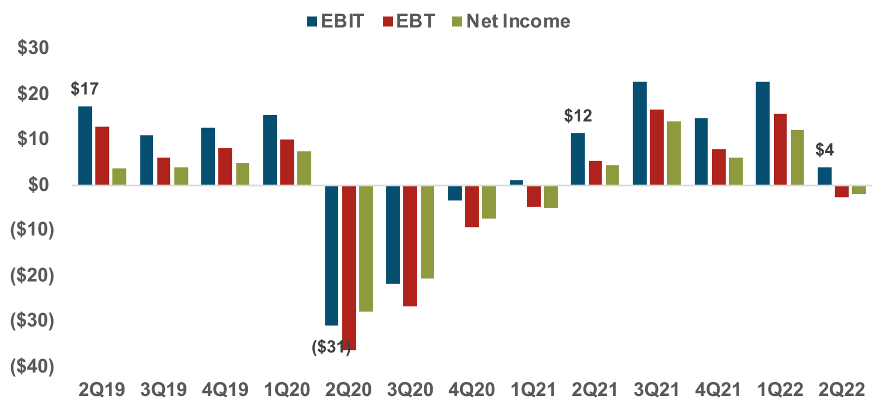
Sun Country Fleet – 2Q21



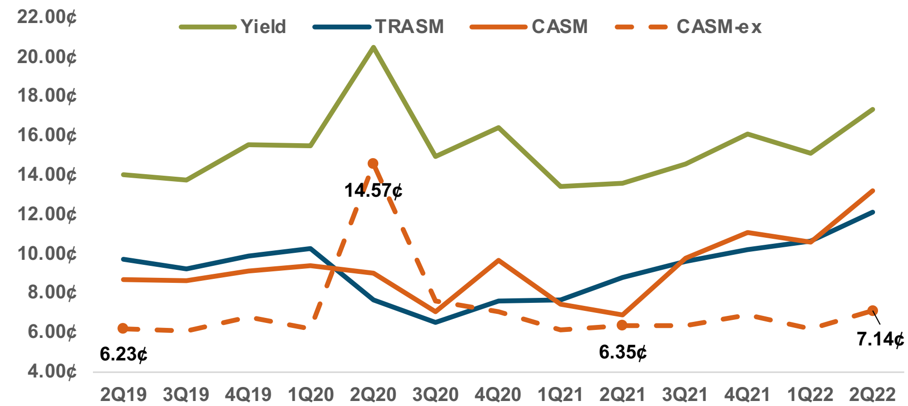
SWAPA

Sun Country

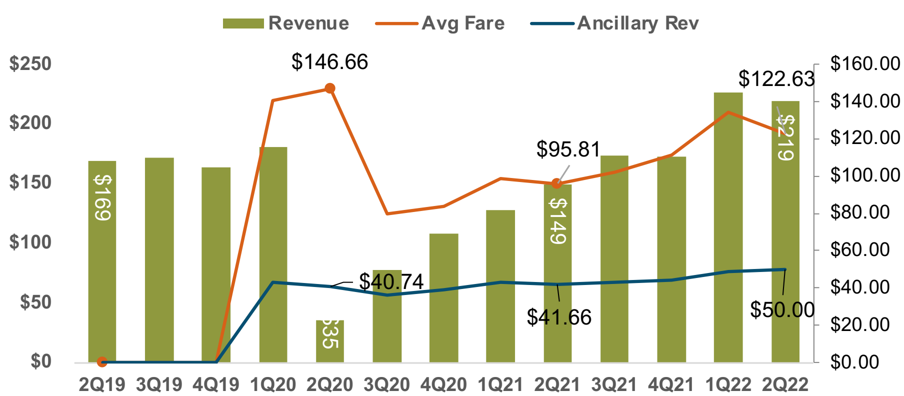
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



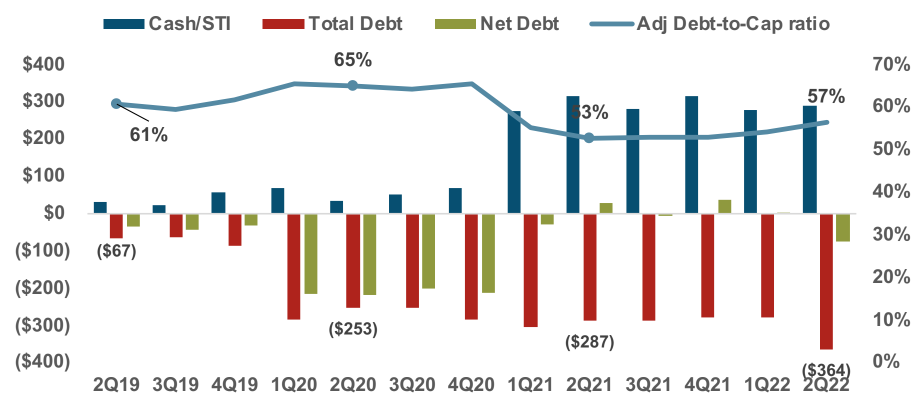
Yield, RASM, and CASM



Quarterly Revenue, Average Fare, and Non-Ticket Revenue

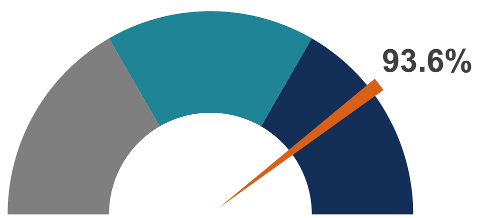


Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)

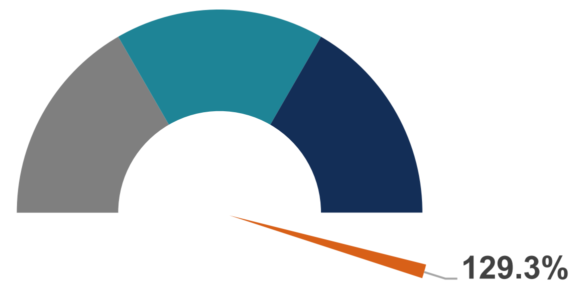


Recovery to Date

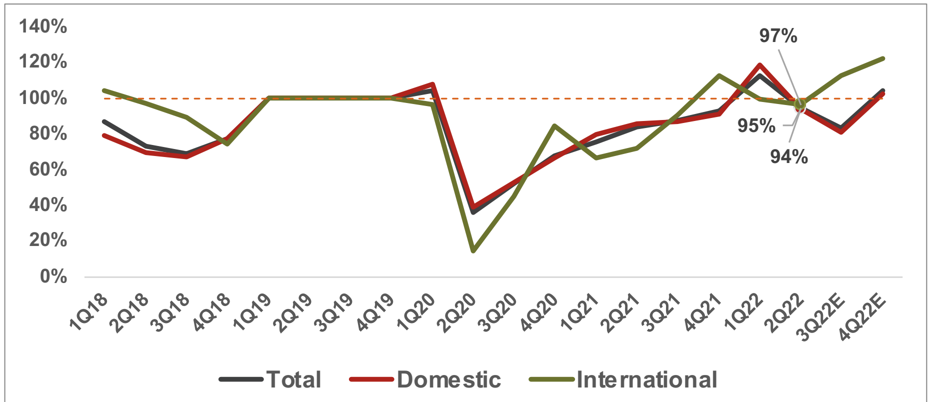
Capacity Restored vs. 2019



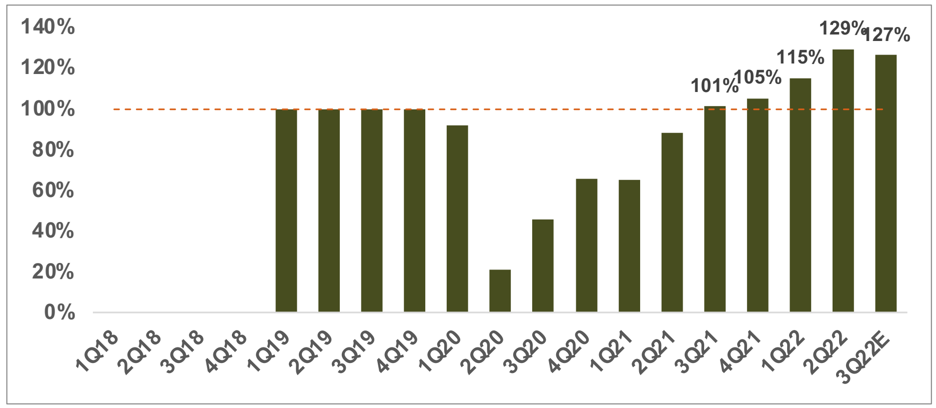
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019

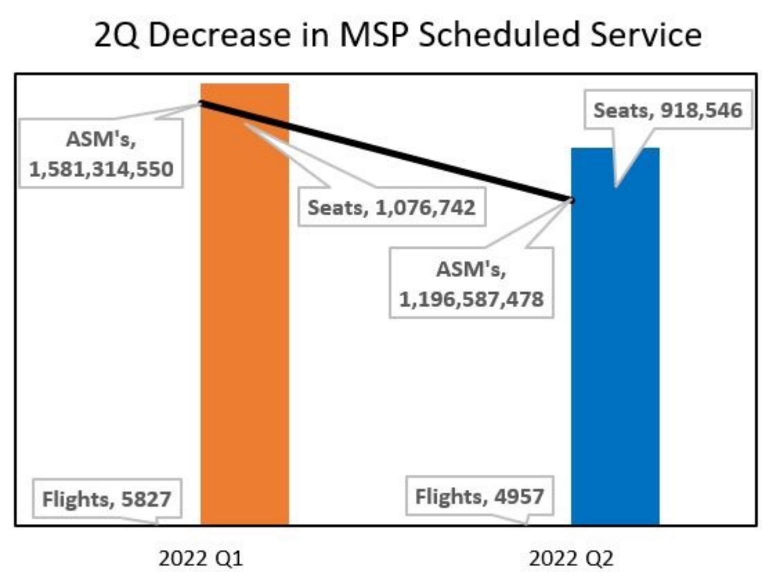


Sun Country

- We were surprised and disappointed to see SNCY slip to a loss. We think management did a good job of explaining it however: reducing scheduled service because of fuel prices and pilot constraints. The lower utilization of passenger fleet should improve going forward.
- We continue to find Sun Country's diversified and resilient business model attractive through all demand and economic environments. Industry leading margins are possible again.
- Results slightly lower than expected mainly due to lowered capacity and higher fuel prices. One positive was yields were up significantly driven by favorable gains in both average fare and ancillary payments. We expect the long-term aggressive growth strategy to get back on track in 2023.
- We are modeling scheduled passenger operations to be down less than this quarter which should address some revenue issues. Management hopes to fix less productive asset utilization and pilot employment levels should improve by later this year.

Guidance	3Q22	FY 2022	Notes
Capacity (sys block)	Up 17%-21%		Compared to 3Q19 (system block)
Total Revenue	Up 25% -28%		Compared to 3Q19; $215m - $220m
Effective tax rate	23%		
Fuel	$3.84/gal		
Adj Oper Margin	3% - 5%		

Sun Country reduces MSP scheduled service due to pilot availability



Economic and Financial Analysis Committee

Industry Financials

2nd Quarter 2022