Economic and Financial Analysis Committee

Industry Financials

3rd Quarter 2022

Industry Scorecard

3Q 2022 (with comparisons to 3Q 2019)

3Q22	Key Financial Metrics (non-GAAP) - 3Q22					Unit Level Metrics (non-GAAP) - 3Q22 (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	13,462	969	7.2%	478	3.6%	(9.8%)	(9.6%)	25.0%	13.9%	82.0%
Delta	12,840	1,492	11.6%	966	7.5%	(18.1%)	(16.8%)	23.0%	22.5%	80.1%
United	12,877	1,478	11.5%	927	7.2%	(8.6%)	(9.8%)	25.5%	14.5%	88.6%
Southwest	6,220	425	6.8%	316	5.1%	2.0%	(0.3%)	10.6%	12.2%	61.4%
Alaska	2,828	438	15.5%	325	11.5%	(5.9%)	(6.7%)	26.8%	19.2%	71.8%
jetBlue	2,562	152	5.9%	69	2.7%	0.2%	(0.5%)	23.4%	16.3%	86.4%
Spirit	1,343	11	0.8%	4	0.3%	11.6%	13.5%	19.3%	20.0%	83.7%
Frontier	906	45	5.0%	33	3.6%	3.6%	7.7%	25.8%	23.9%	80.8%
Hawaiian	741	3	0.4%	(8)	(1.0%)	(12.0%)	(6.9%)	5.4%	10.0%	73.5%
Allegiant[4]	560	13	2.4%	(10)	(1.7%)	20.5%	17.0%	13.6%	13.9%	78.2%
Sun Country[5]	222	16	7.2%	7	3.3%	(10.7%)	(15.4%)	37.7%	23.5%	69.8%
Total	54,561	5,043	9.2%	3,108	5.7%					

[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

9 months 2022 (with comparisons to 9 months 2019)

9m22	Key Financial Metrics (non-GAAP) - 9m22					Unit Level Metrics (non-GAAP) - 9m22 (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	35,783	416	1.2%	(499)	(1.4%)	(12.1%)	(9.6%)	14.8%	12.8%	70.7%
Delta	33,312	2,144	6.4%	1,103	3.3%	(20.2%)	(17.2%)	13.5%	24.0%	68.0%
United	32,555	1,084	3.3%	20	0.1%	(15.9%)	(14.2%)	17.2%	16.1%	76.4%
Southwest	17,642	1,463	8.3%	950	5.4%	(5.7%)	(5.3%)	11.7%	14.3%	45.0%
Alaska	7,167	577	8.1%	438	6.1%	(8.6%)	(8.5%)	19.6%	18.4%	55.0%
jetBlue	6,743	(284)	(4.2%)	(332)	(4.9%)	(3.9%)	0.5%	10.7%	15.3%	76.1%
Spirit	3,677	(190)	(5.2%)	(207)	(5.6%)	11.4%	14.1%	12.7%	23.6%	75.4%
Frontier	2,420	(73)	(3.0%)	(56)	(2.3%)	4.2%	12.2%	16.4%	28.4%	70.1%
Hawaiian	1,910	(166)	(8.7%)	(186)	(9.7%)	(17.6%)	(10.6%)	0.4%	12.6%	68.0%
Allegiant[4]	1,690	64	3.8%	0	0.0%	16.9%	16.2%	7.8%	10.6%	72.9%
Sun Country[5]	667	43	6.4%	18	2.7%	(3.7%)	(3.7%)	18.3%	11.4%	79.0%
Total	143,567	5,077	3.5%	1,250	0.9%					

[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

Resilient Demand

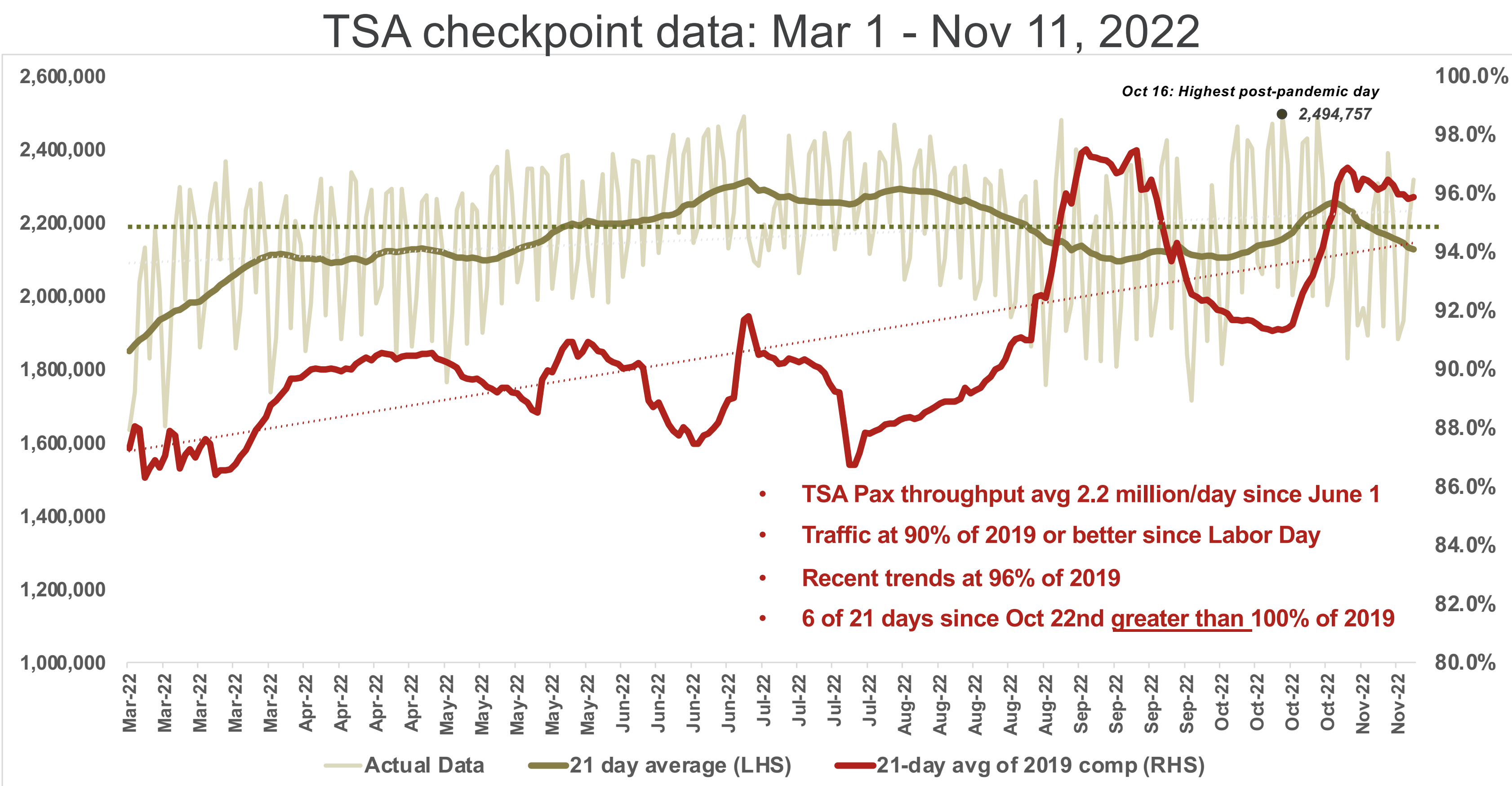
Third Quarter Synopsis

- Record revenues and demand for nearly every airline, although it appears domestic yields peaked over the summer.
- Increased "Hybrid / Blended" travel mentioned by every airline. Combining a day or two of business travel followed by a two or three days of personal travel not related to the business trip is increasingly common.
- ULCCs continue to struggle with operational constraints and costs (up an average of 18% for LCC/ULCCs). These carriers are less exposed to the ongoing recovery in higher yield traffic than the network carriers.
- Airbus and Boeing continue to have delivery and/or certification delays. Supply chain issues affecting nearly every carrier in some way. Inflationary pressures in all areas of the business but operational performance has improved.

Fourth Quarter Looks Strong

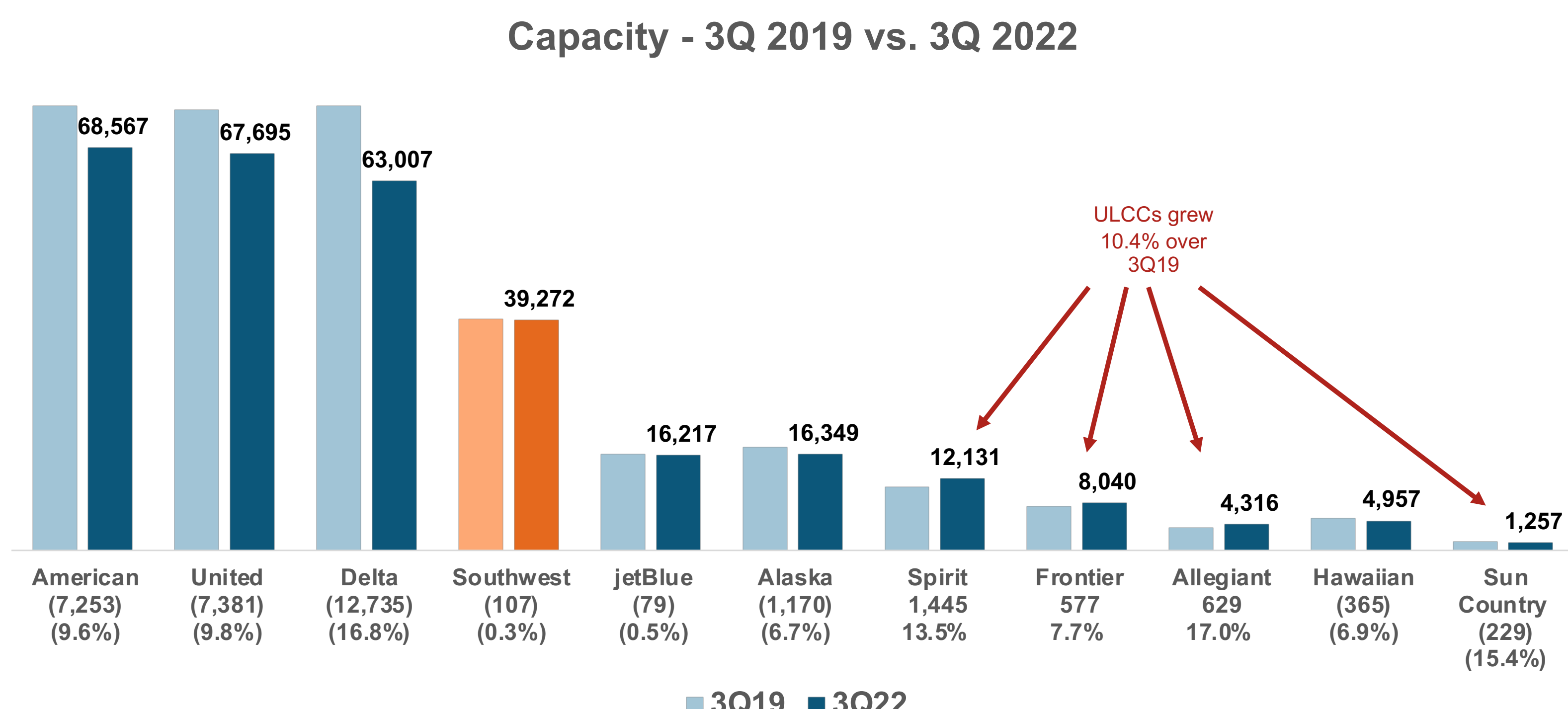
- No indication of slowing travel demand in the fourth quarter. Elongation of holiday travel period and demand spread across weekdays. Macroeconomic risks could appear in 2023.
- <u>Pilot hiring still at record levels</u>. Several pilot tentative agreements rejected, negotiations heating up at the Big Four.
- Capacity constraints due to pilot training, staffing and aircraft delivery delays to continue.
- Corporate travel continues to be the "hybrid" version, as the "traditional" type of corporate travel appears flattish.
- Cost headwinds related to labor contracts, airport costs and other inflationary pressures.

TSA data continues to improve



Overall industry capacity not yet recovered to 2019…

Carriers few 8.1% fewer ASMs than 3Q19; Domestic only down 4.7%

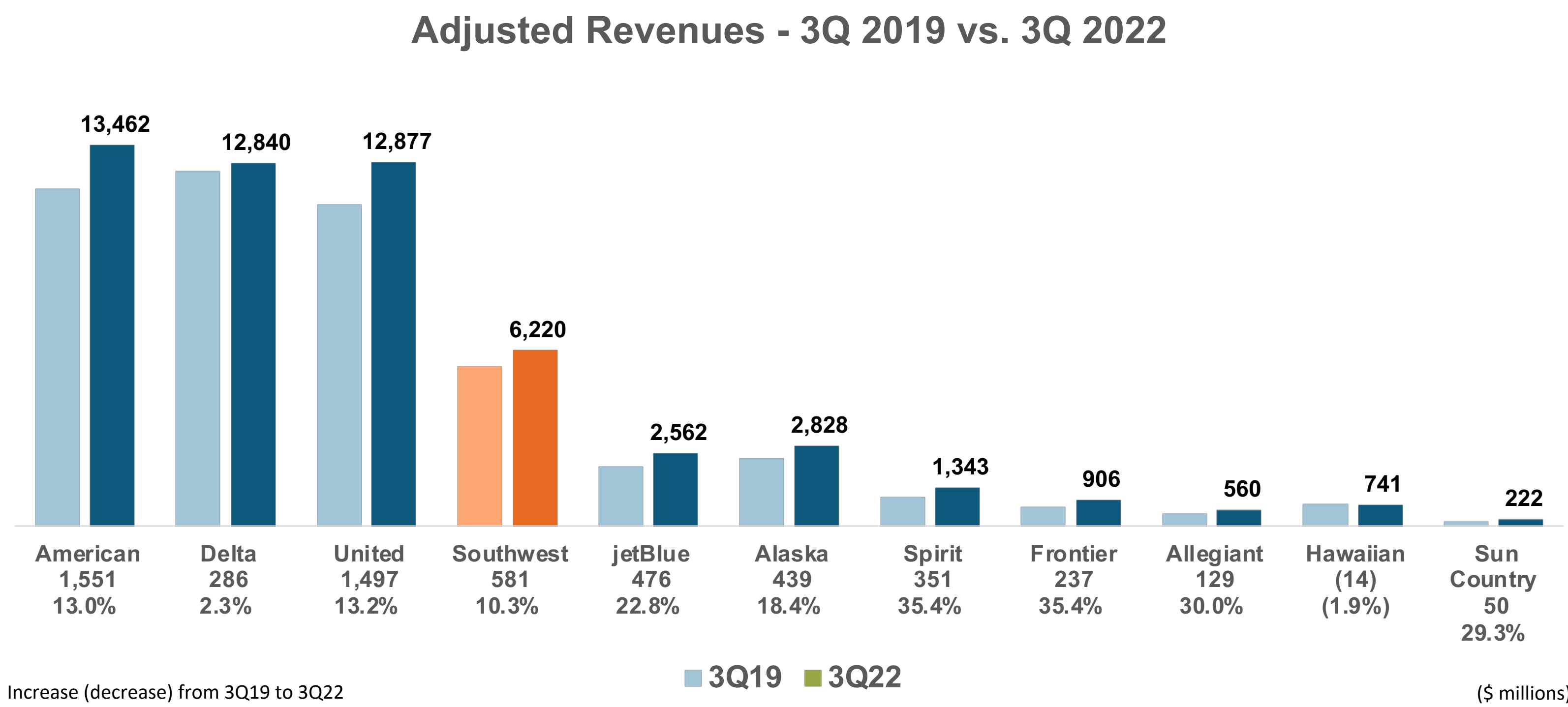


Increase (decrease) from 3Q19 and 3Q22

ASMs in millions

… yet industry set quarterly revenue record

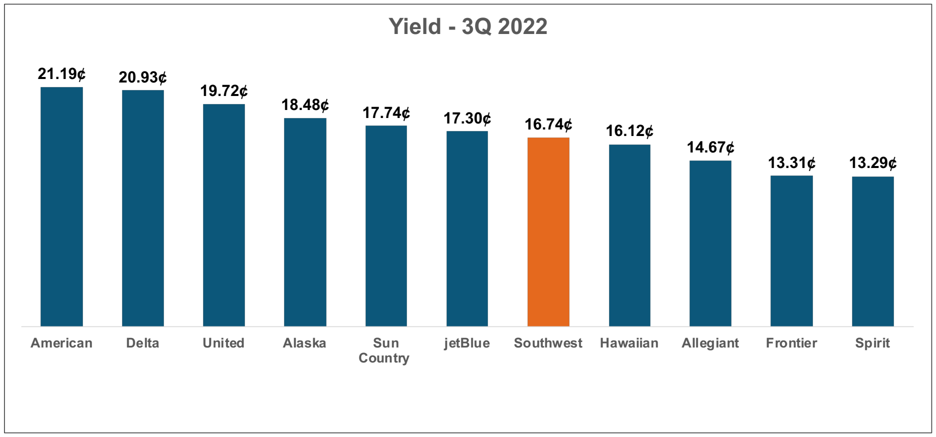
11 mainline carriers booked $54.6B -- 11.4% more than 3Q19



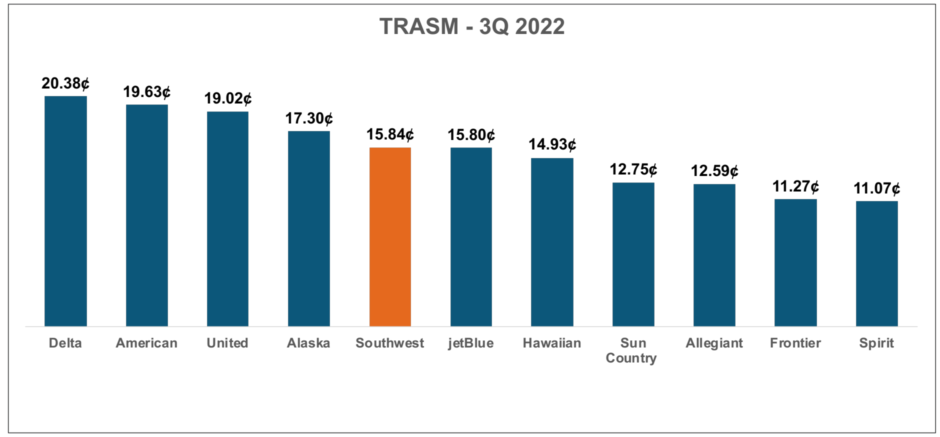
Yields and TRASM continue to set records

Yields were flat vs 2019 last year; demand has pushed them up dramatically

Yields were up 19.5% vs 3Q19



TRASM up 21.0% vs 3Q19

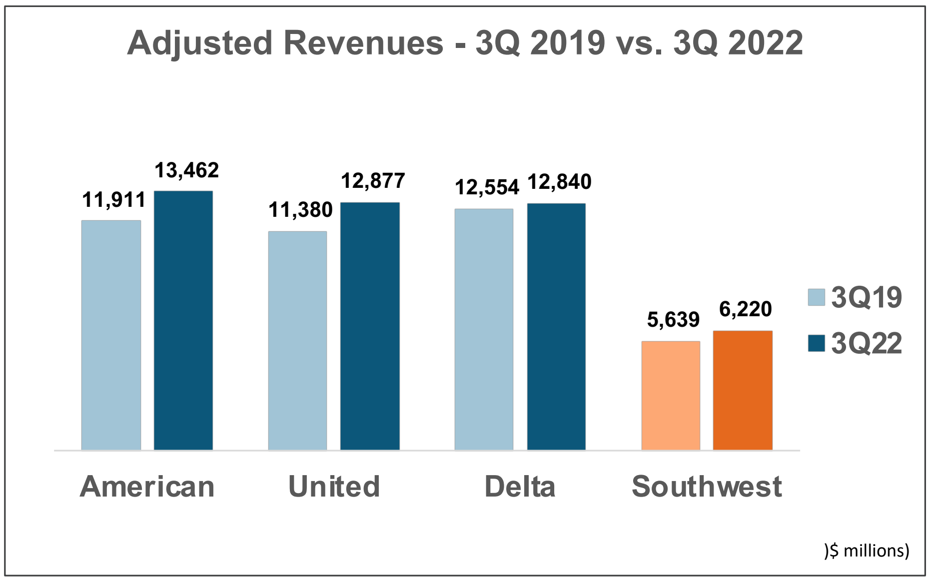


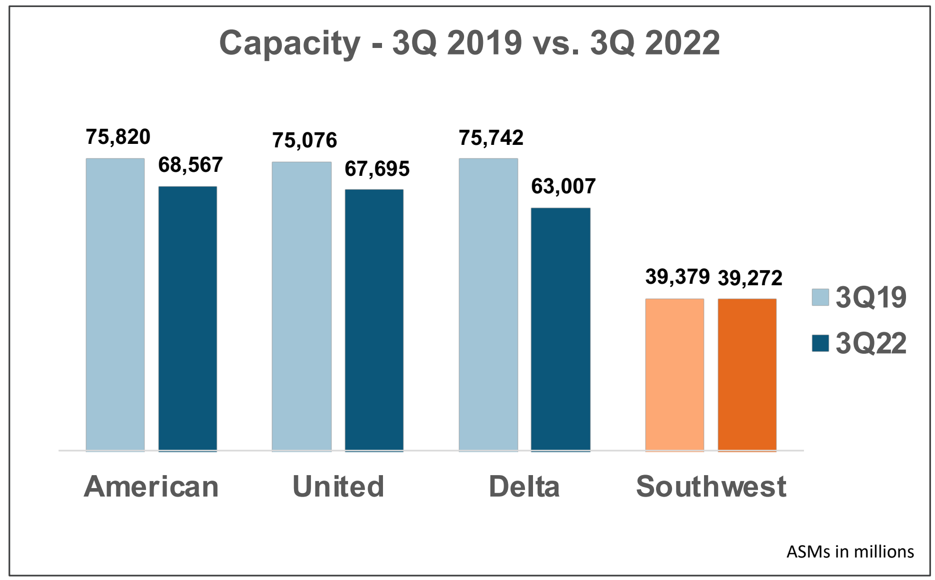
3Q was a breakout quarter for the Legacy airlines

Legacy revenues higher on reduced capacity

Legacy revenues +9.3% over 3Q19…

… on 12.1% less capacity

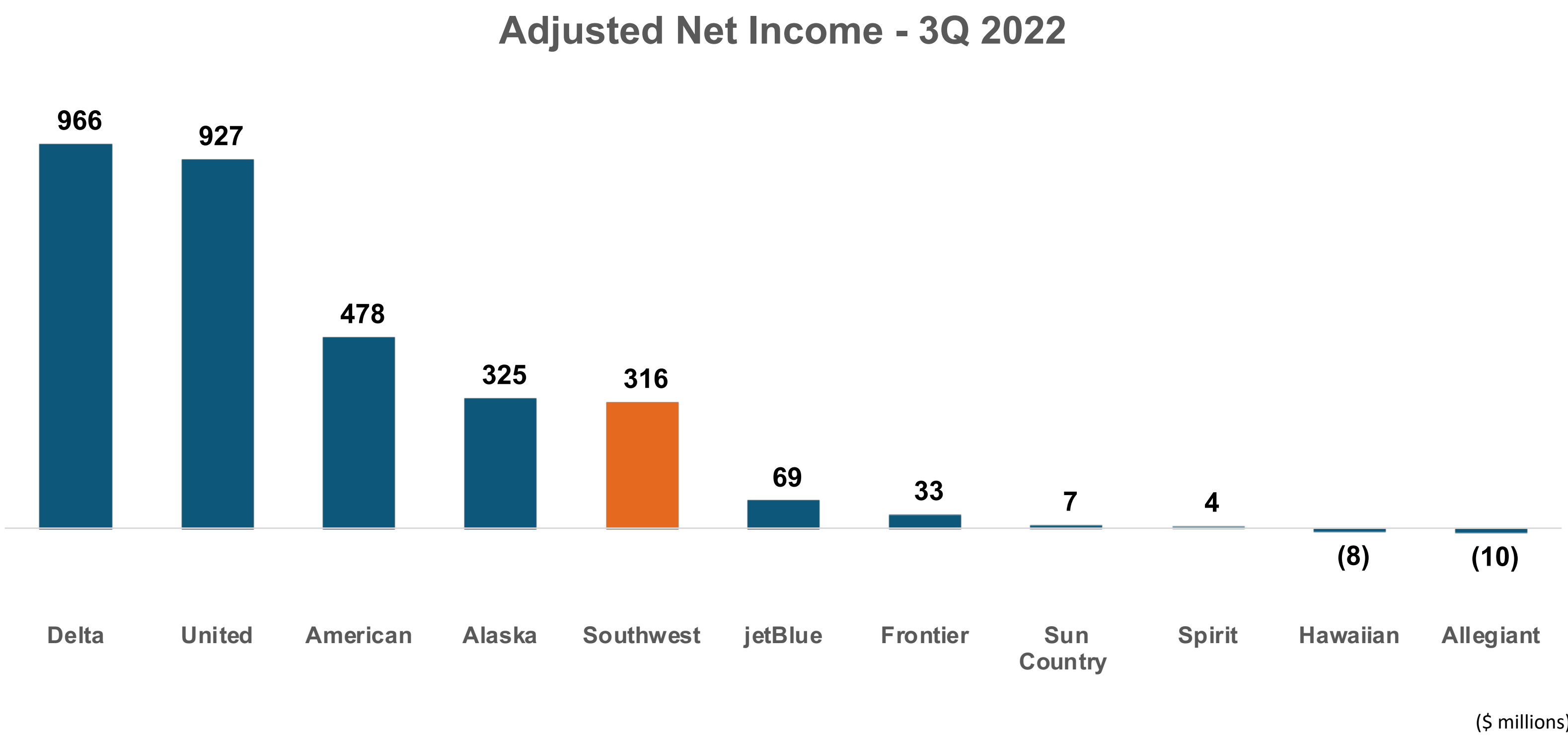




SWAPA INTERNAL USE ONLY

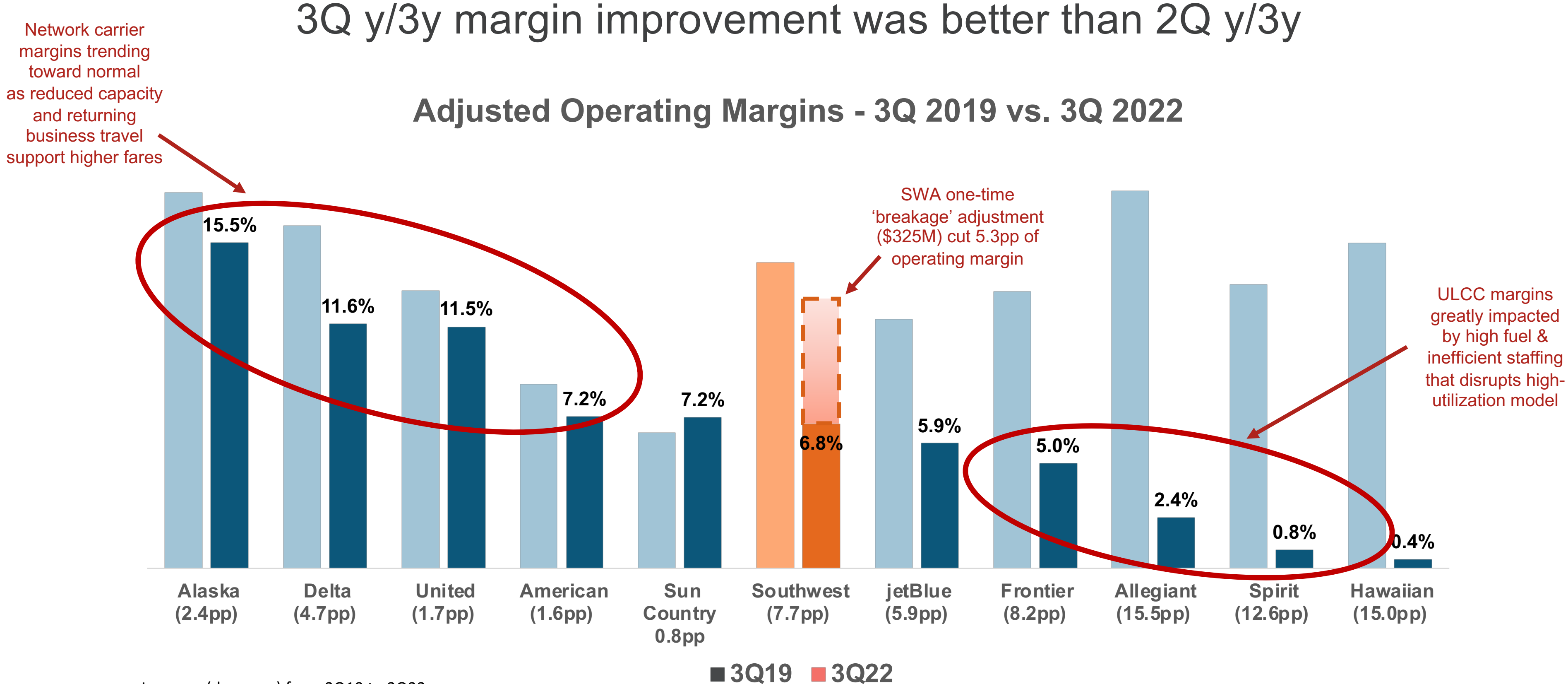
Most US airlines returned to profitability

$3.1B adjusted total net income was ~10% improvement over 2Q22



Operating margins are getting better

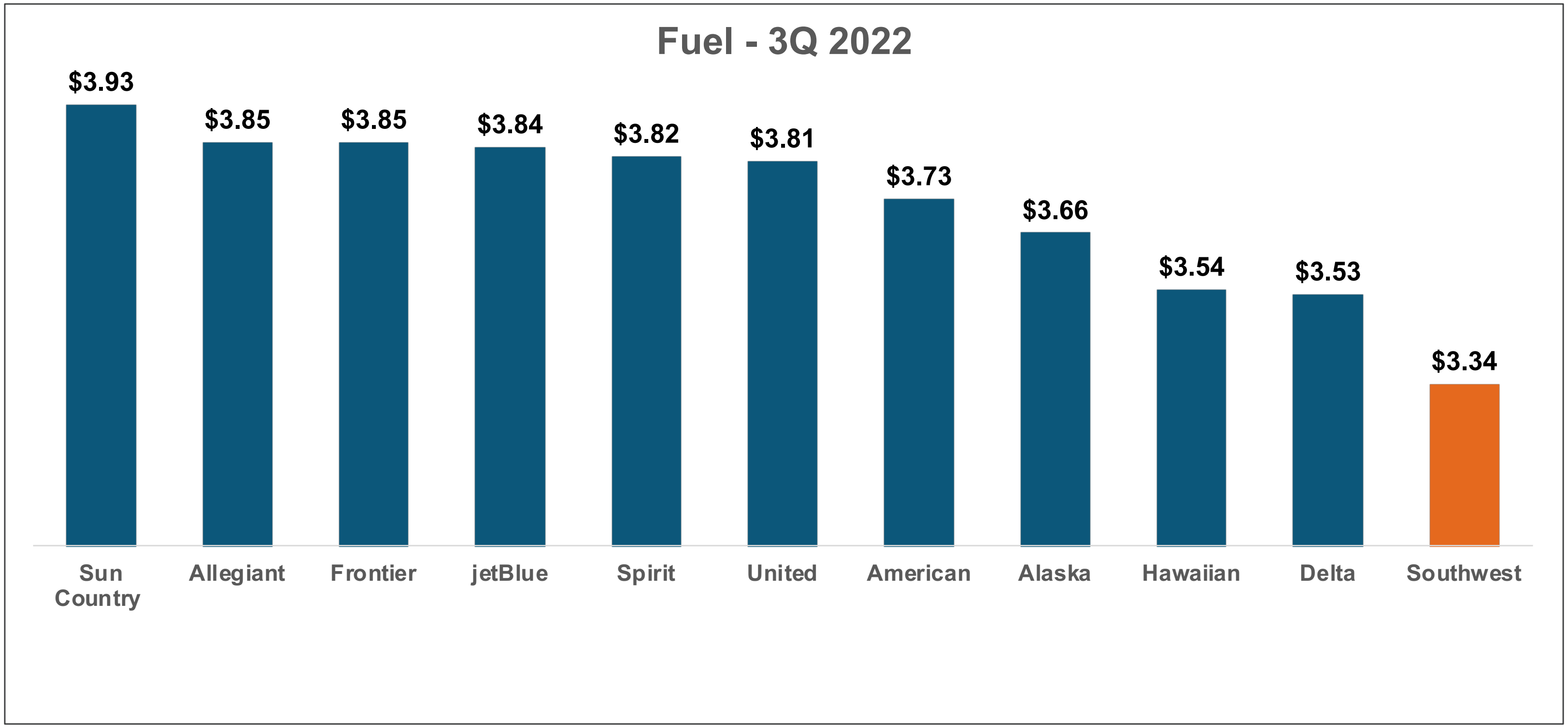
3Q y/3y margin improvement was better than 2Q y/3y



Increase (decrease) from 3Q19 to 3Q22

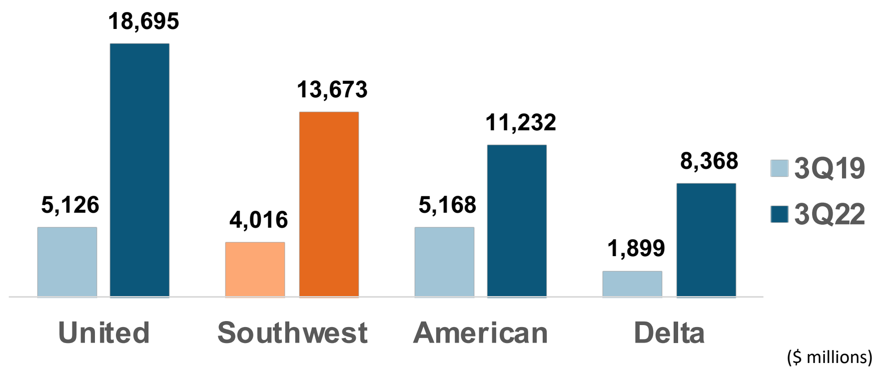
Southwest pays lowest fuel cost in industry

SWA's hedges have saved over $700M so far in 2022

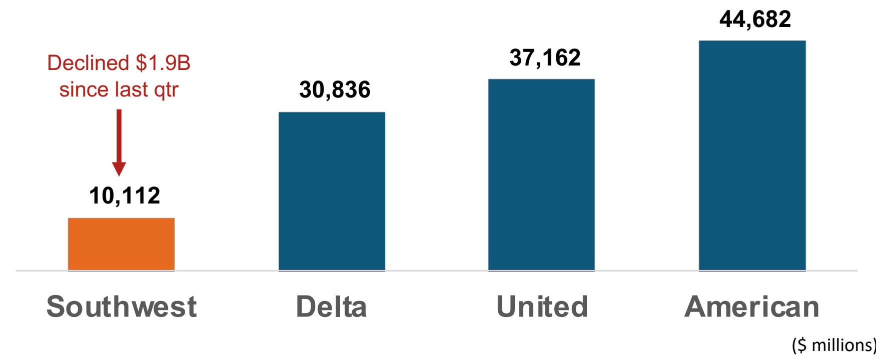


SWA's 'fortress' balance sheet remains intact

Cash and Short-Term Equivalents – 3Q19 vs 3Q22

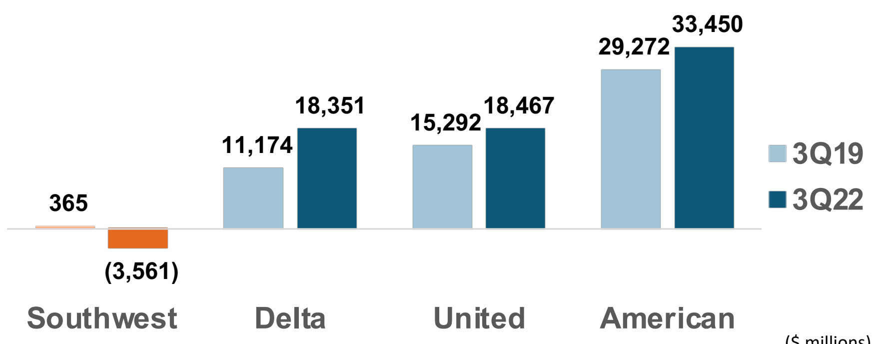


Total Adjusted Debt – 3Q22



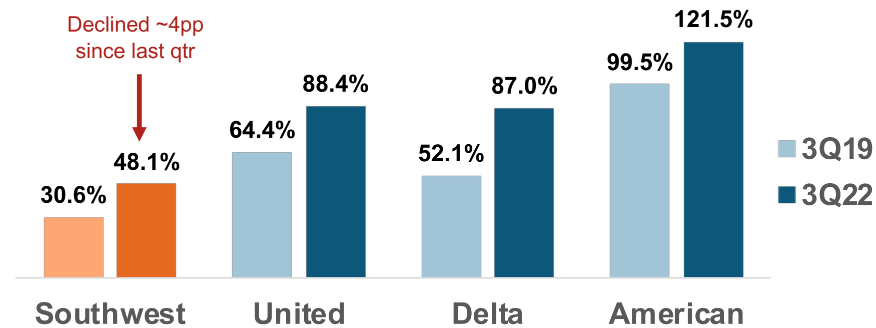
Adj Debt = Total debt + operating lease liabilities

Adjusted Net Debt 3Q19 vs 3Q22



Adj Net Debt = Adj Debt less Cash/STI

Adjusted Debt-to-Capital Ratio -- 3Q22



2022 Pilot hiring is on a record pace

2023 will also be very high

	2022	2023		2022	2023
United	2,300*	2,000	UPS	425	500
Delta	2,400	1,200+	Frontier	300	700
American	2,000*	2,000	Allegiant	270	275
Southwest	1,191	2,160	ATSG	200	250
Atlas	900*	599	Breeze	200	75
JetBlue	900*	900	Avelo	150	75
Spirit	925*	900	Hawaiian	120	250
FedEx	810	400	Sun Country	120	100
Alaska	650	600		13,800+	12,900+

**: revised in 3Q 2022*

Source: SWAPA analysis, FAPA.aero

Interesting route updates

- **American** increases service to Brazil with additional flights to Rio de Janeiro (GIG) and Sao Paulo (GRU) from DFW, JFK and MIA. In addition, the carriers schedule to Latin America will be 24% bigger than its pre-Covid schedule starting this December, with over 2,000 weekly flights to 93 destinations.
- **Delta** grows its Europe service by 10% as compared to November 2019, with 141 additional flights, adding MCO-AMS, BOS-DUB, JFK-ATH and SLC-LHR. Many cities such as London, Paris and Rome have double daily service now.
- **United** plans to operate 56 routes to Europe next summer, overtaking Delta at 49, and becoming by some measures, the largest transatlantic carrier.
- **Southwest** announces the resumption of pre-pandemic routes and additional frequencies from MCI when new terminal opens in March. SWA largest carrier with a 44% market share.
- **Frontier** has launched its largest int'l expansion in company history, with service from 15 U.S. airports. The latest expansion city is ATL, with service to NAS, KIN, SAL and SJO. The carrier plans a 15%-20% increase in int'l service over the next 3-5 years.
- **Spirit** abruptly eliminates 37 routes, with Florida being affected the most. FLL, MCO, MIA and RSW will see the bulk of the cuts. The airline cited supply chain and ATC issues.

Avelo & Breeze update

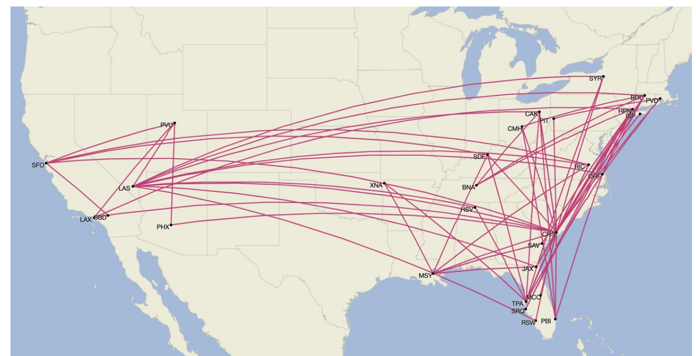
Launched in April 2021 from BUR with three 737-800's

Focus cities in BUR, HVN, ILG (Wilmington, DE) and MCO. Just announced RDU as a 5th focus city starting Feb 2023.

Flights/day:	~44
Cities:	34
Employees:	500
Pilots:	130
Aircraft:	11

Launched May 2021 from CHS, ORF and TPA with 13 E-190/195's

Focus cities include BDL, CHS, MSY, ORF and TPA. Now operates 15 x E190/195 and 8 x A220. 73 more A220s planned.



Flights/day:	~72
Cities:	33
Employees:	750
Pilots:	300
Aircraft:	23

Global Network Carriers

American Airlines

DELTA

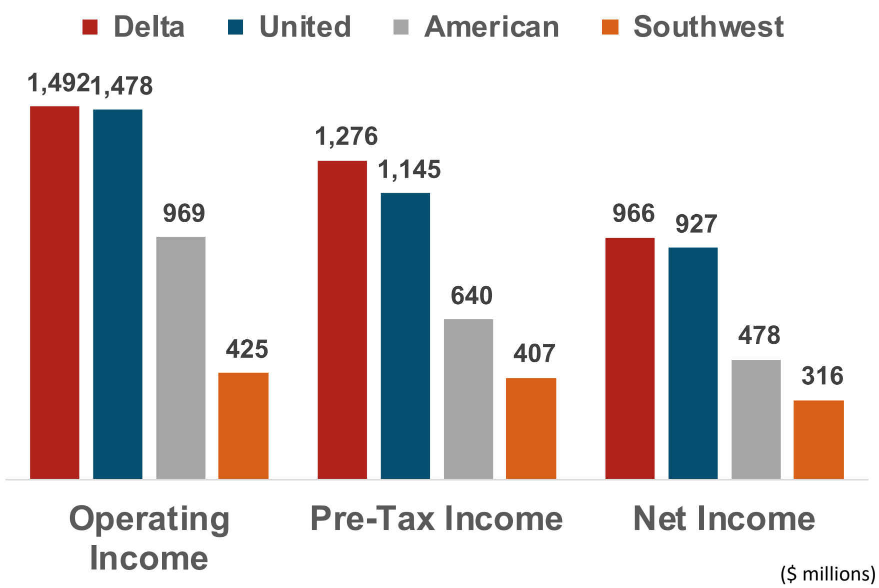
UNITED

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

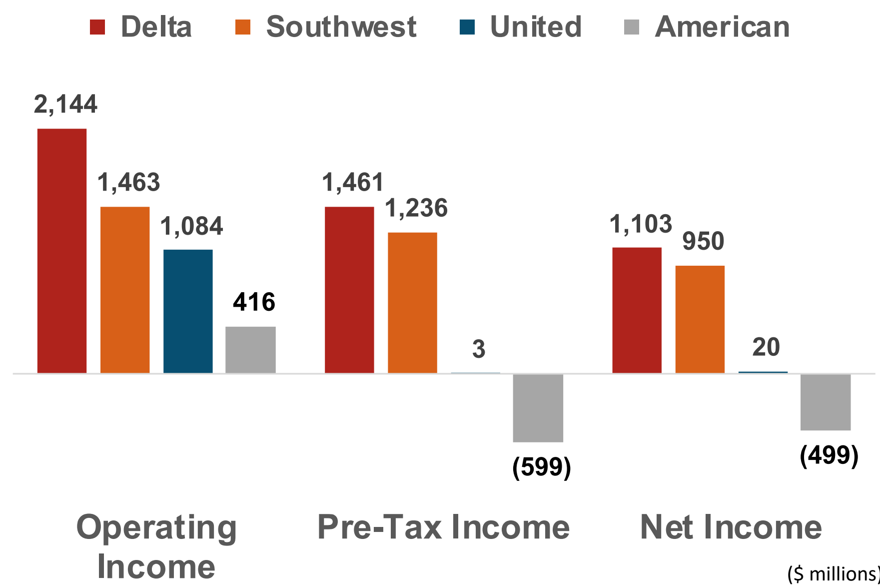
Key Financial Results

Global Network Carriers (Legacies) vs. Southwest

3rd Quarter 2022

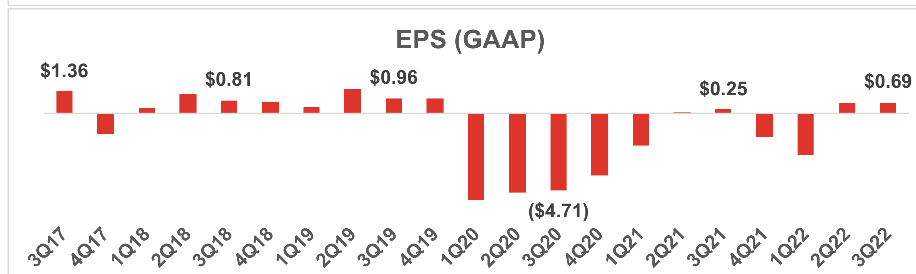


Nine months 2022



Non-GAAP – excludes special items

American Airlines



American

"The demand trends are becoming more consistent and will shape 2023"

3Q22 adj. pre-tax income: $640M

American reported a second profitable quarter in a row, highlighted by record quarterly revenues despite less capacity and flying a schedule that was 25% larger than its closest competitor as measured by total departures. The airline also emphasized its return to operational reliability after struggling in previous quarters. The company continues to focus on simplifying its fleet and network to generate outsized returns with its Oneworld Alliance and Northeast Alliance partners. Increased premium seating on all new aircraft deliveries, continued operational investments and aggressive debt reduction are top priorities going forward.

***EFA takeaway*: American seems to making noticeable improvements in several areas of its operation and product. Sustained profitability seems likely barring a recession.**

Items of interest

- Have gone from a 70% domestic/short haul 30% international long- haul airline to an 80/20 mix since Covid aircraft retirements. Plan to continue to operate this mix as domestic has come back faster.
- Small and medium continue to lead business travel recovery as managed travel still at 80% of 2019 levels. Blended travel continues to increase as well.
- Completely eliminating First Class on widebodies so as provide more business seats. Plan to use partner airlines for premium heavy routes such as Tokyo, Santiago, London etc. 45% increase in business class seating by 2025/2026.
- Plan to hire 2,000 pilots in 2023; offset retirements and return of fleet to 2019 levels.
- Took first 787 delivery in 15 months in September. Reactivated 6 737-800's and received 3 A321neo's in the third quarter. 13 aircraft in 4Q, mix of Airbus and 787's. In 2023 expect delivery delays on the MAX-8, will receive 19 instead of 27.
- Over $14B in liquidity at end of quarter. Have reduced debt by $5.6B from peak levels in 2021. Will make $540M of scheduled payments in 4Q.
- CASM-ex up 8%-10% in 4Q after being up 14% in 3Q. All due to decreased asset utilization and inflationary pressures. Capacity in 2023 reliant on pilot availability.

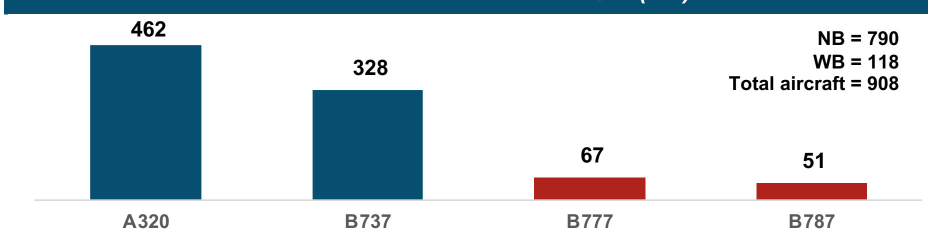
American Airlines

3Q Snapshot (as compared to 3Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
↓ *-9.6%*	↑ *13.0%*	↑ *25.0%*	↑ *13.9%*	↑ *82.0%*

American Stats	3Q22	3Q21	3Q19	y/y	y/3y
Revenues	$13,462M	$8,969M	$11,911M	50.1%	13.0%
Adj Operating Income (EBIT)	$969M	($462M)	$1,042M	n.m.	(7.0%)
Adj Operating Margin	7.2%	(5.2%)	8.7%		
Adj Pretax Income	$640M	($833M)	$835M	n.m.	(23.4%)
Adj Net Income	$478M	($641M)	$630M	n.m.	(24.1%)
Adj EPS	$0.69	($0.99)	$1.42	n.m.	(51.4%)
Capacity (ASMs)	68.6 billion	61.1 billion	75.8 billion	12.2%	(9.6%)
Yield	21.19¢	16.55¢	16.95¢	28.0%	25.0%
TRASM	19.63¢	14.68¢	15.71¢	33.7%	25.0%
CASM	18.28¢	13.70¢	14.64¢	33.4%	24.9%
CASM-ex	12.61¢	12.24¢	11.07¢	3.0%	13.9%
Fuel (econ)	$3.73	$2.07	$2.05	80.2%	82.0%

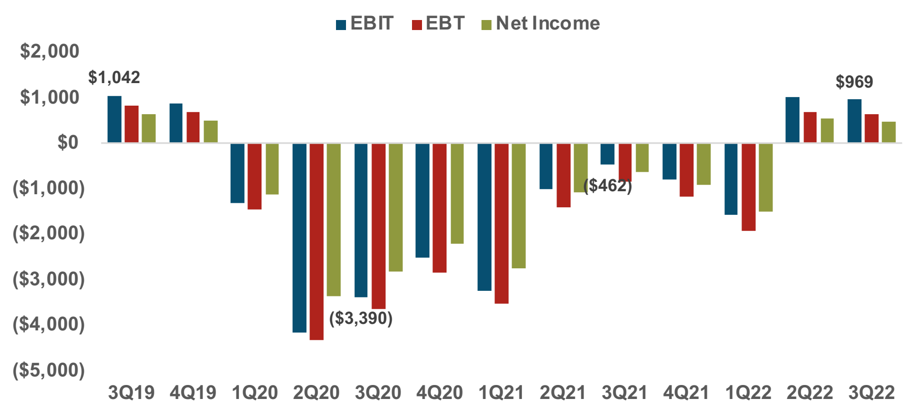
American Mainline Fleet – 3Q22 (est)



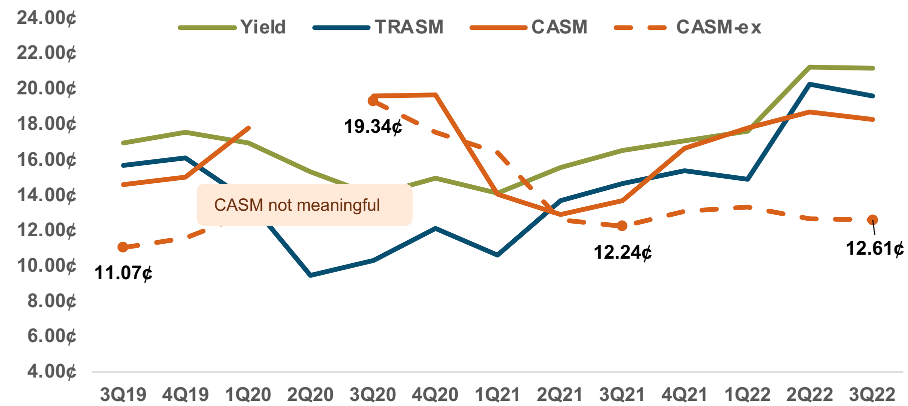
Source: airfleets.net

American

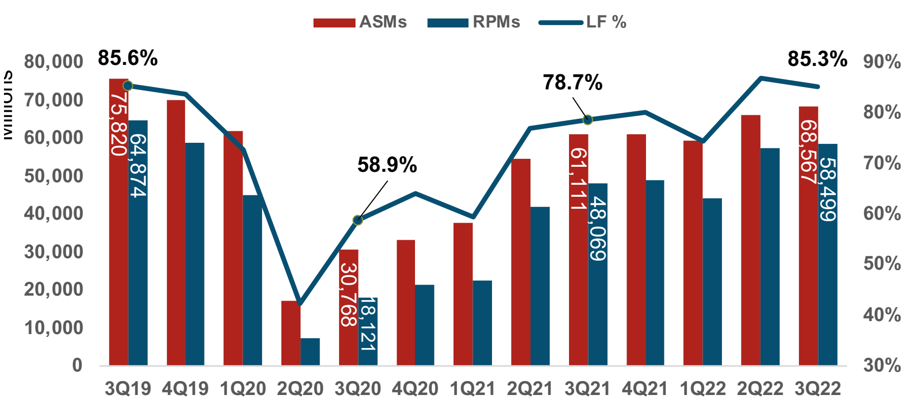
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



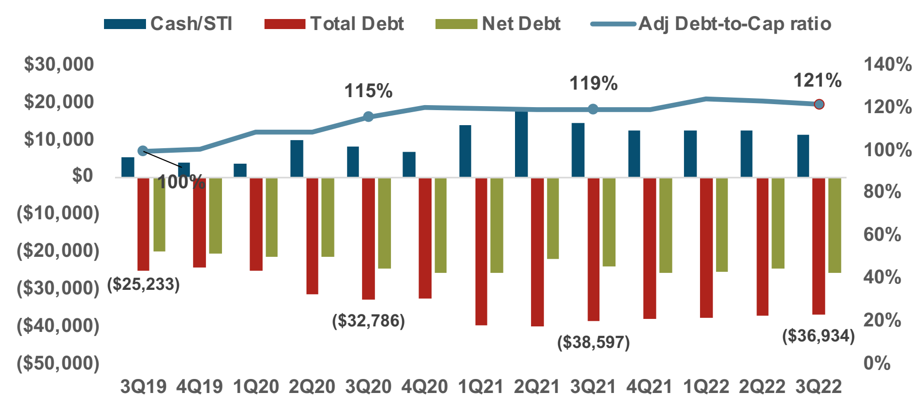
Yield, RASM, and CASM



Capacity, Traffic, and Load Factor

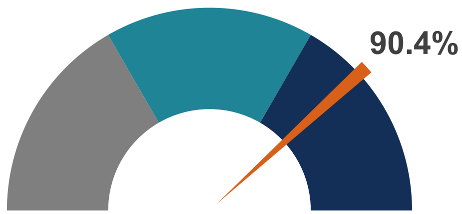


Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)

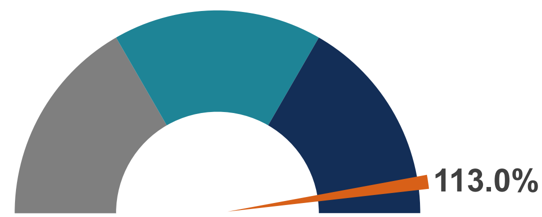


Recovery to Date

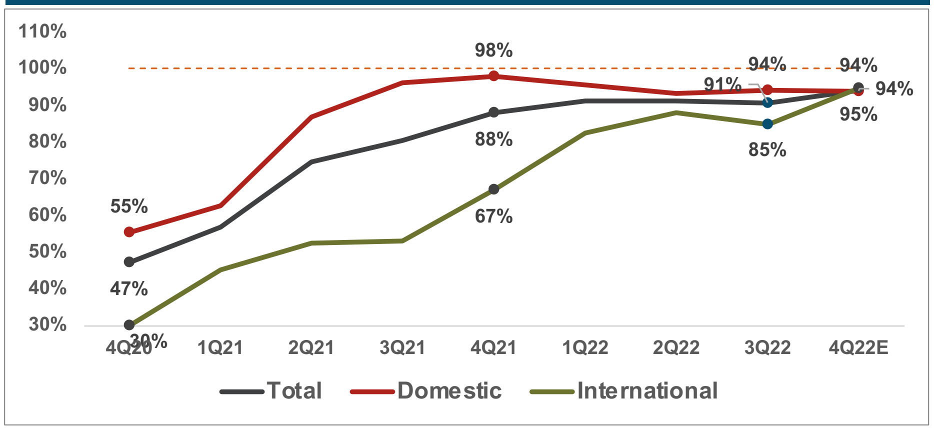
Capacity Restored vs. 2019



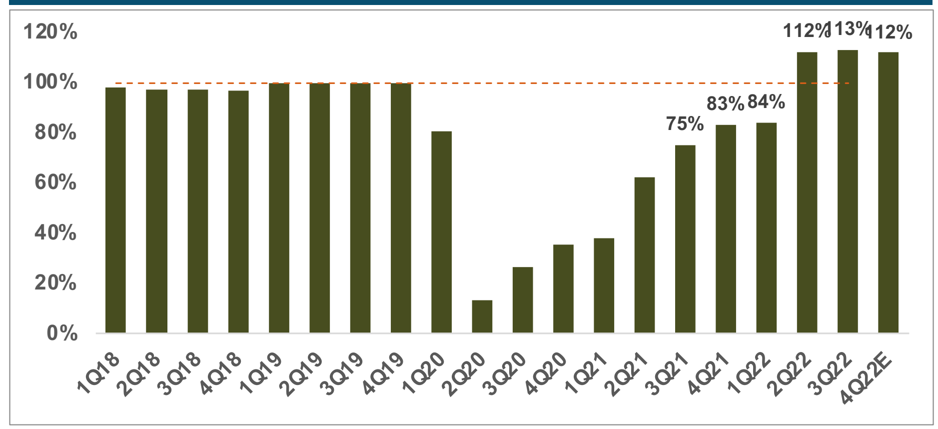
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



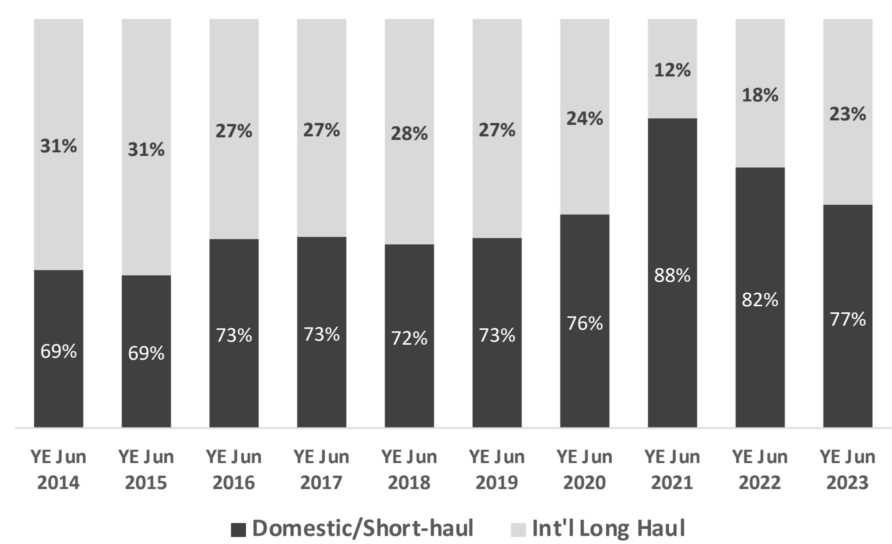
American

American Airlines

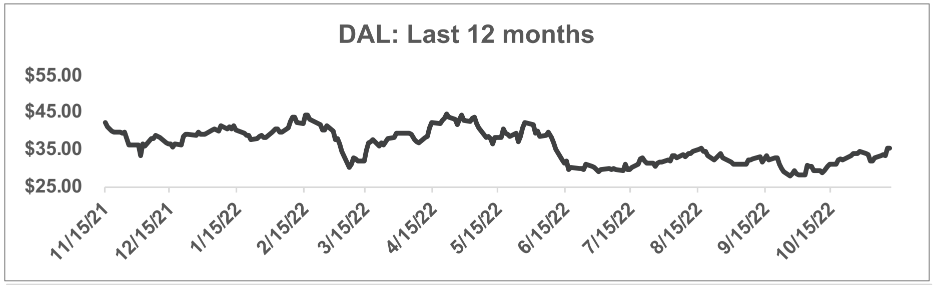
- Company is doing a good job improving its operation, we note on-time performance and completion factor higher. The hurricane did cost it $40M in revenue. Fewer aircraft types and lower training costs should result in continuing smoother operations.
- We were fascinated by the data management provided regarding "blended" travel. We think this is a structural change in demand that is here to stay..
- We believe 2023 costs are a risk as macro concerns heat up. Airline pricing and other airline networks could pressure AA as unit cost pressures increase due to labor deals and delivery delays. Restoration of regional network will also increase costs.
- The airline has plenty of liquidity to address $4B of debt next year but the pressure to maintain free cash flow remains a concern.
- Capacity fears for 2023 were tempered, which should soothe investors. Recession concerns remain, however and American remains the most heavily leveraged network airline.
- American's debt burden continues to weigh on EBIT and we don't see that getting better in the near-term. American's ambitious deleveraging targets require a stronger margin profile.

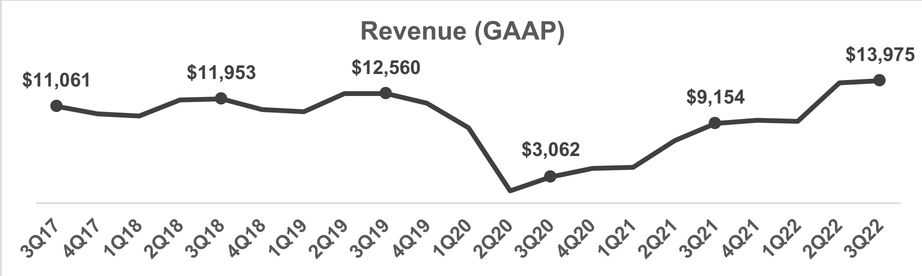
Guidance	4Q22	FY 2022	Notes
Capacity	Down 5% - 7%	Down 8% - 10%	
Revenue	Up 11% - 13%		
TRASM	Up 18% - 20%		
CASM-ex	Up 8% - 10%	Up 11% - 13%	FY up from 10% - 12%
Fuel	$3.51 - $3.56		4Q consumption ~990m gallons
CAPEX		$2.5B	FY 23 CAPEX: $2.4B
Operating margin	5.5% - 7.5%		

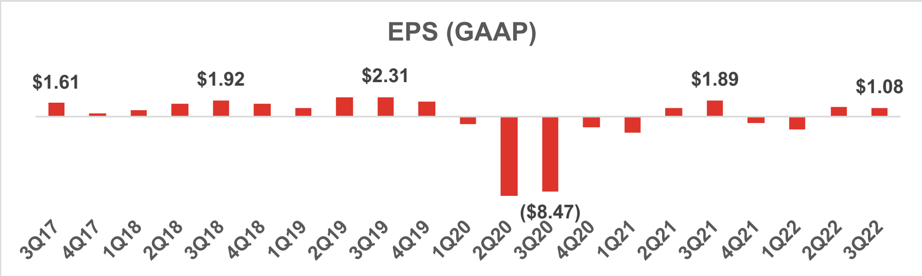
AAL network favoring domestic/short-haul vs. long-haul



Delta Air Lines







Delta

“We are ahead of plan in terms of profitability and cash flow”

3Q22 adj. pre-tax income: $1.3B

Delta generated strong results in the third quarter, the highest quarterly revenue in company history. This was achieved despite record high fuel prices and capacity at only 83% relative to 3Q 2019. DAL emphasized the restoration of operational reliability, with 99.9% completion factor and well over 80% on time arrivals. CEO Ed Bastian, while mindful of a possible recession, highlighted the industry's "countercyclical recovery" and believes Delta is uniquely positioned to grow earnings and cash flow thru 2022 and 2023. Demand remains strong and the airline will continue to invest in the product and build brand affinity.

EFA takeaway: The airline seems to have fixed its operational issues, is returning to focus on product differentiation and revenue premium versus rest of the industry.

Items of Interest

- A record 54% of total revenue was generated by premium products and other revenue streams. Plan to grow this to 60% by 2024.
- AMEX renumeration was record $1.4B for 3Q, and the company expects 2022 to top $5.5B. 2024 target is $7B. SkyMiles usage was 40% above 2019.
- Corporate sales expected to be in the mid-80’s% in 4Q, up from high 70's in 3Q. Int’l consumer revenue fully recovered; only Asia region lacking in business travel. Transatlantic capacity will be higher in October than the same period in 2019.
- The focus going forward will be restoration of core hubs of ATL, DTW, MSP and SLC. 75% of 2023 domestic seat growth will be in these hubs.
- Non-fuel costs were 22% higher, in-line with guidance, excluding the impact of the hurricane on capacity. Efficiency and sub-optimal capacity were cited as drivers of higher costs, along with investments in the business.
- Adding additional 717's to make up for loss of 50 seat RJ fleet
- The refinery generated a profit of $192M, offsetting the record crack spread prices.
- Ended quarter with $20.5B of net debt, with $1.8B of debt repayment this quarter and over $4B for the year. of $1.5B, mostly A/C deliveries, 11 A321neos.
- Will have hired 95% of employees needed for planned ops by YE 2022.

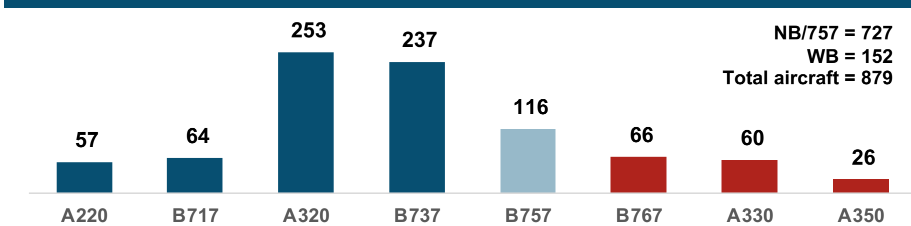
DELTA

3Q Snapshot (as compared to 3Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-16.8%	2.3%	23.0%	22.5%	80.1%

DAL Stats	3Q22	3Q21	3Q19	y/y	y/3y
Adj Revenues	$12,840M	$8,281M	$12,554M	55.1%	2.3%
Adj Operating Income (EBIT)	$1,492M	$435M	$2,046M	243.0%	(27.1%)
Adj Operating Margin	11.6%	5.3%	16.3%		
Adj Pretax Income	$1,276M	$216M	$1,967M	490.7%	(35.1%)
Adj Net Income	$966M	$194M	$1,506M	397.9%	(35.9%)
Adj EPS	$1.51	$0.30	$2.32	403.3%	(34.9%)
Capacity (ASMs)	63.0 billion	54.1 billion	75.7 billion	16.5%	(16.8%)
Yield	20.93¢	16.70¢	17.06¢	25.3%	22.6%
TRASM	20.38¢	15.31¢	16.57¢	33.1%	23.0%
CASM	19.87¢	12.85¢	13.85¢	54.6%	43.5%
CASM-ex	12.43¢	11.67¢	10.15¢	6.5%	22.5%
Fuel (econ)	$3.53	$1.94	$1.96	82.0%	80.1%

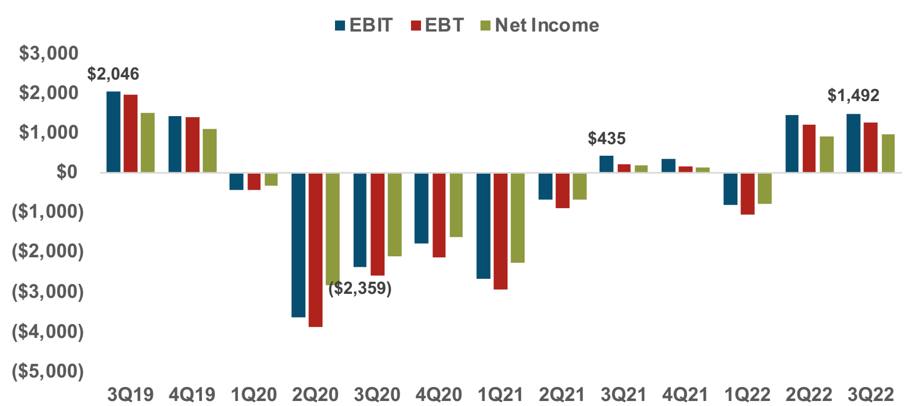
Delta Mainline Fleet – 3Q22



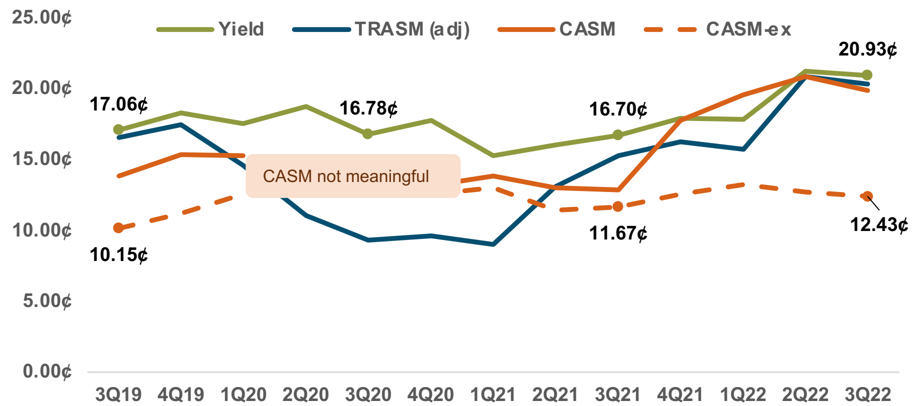
SWAPA

Delta

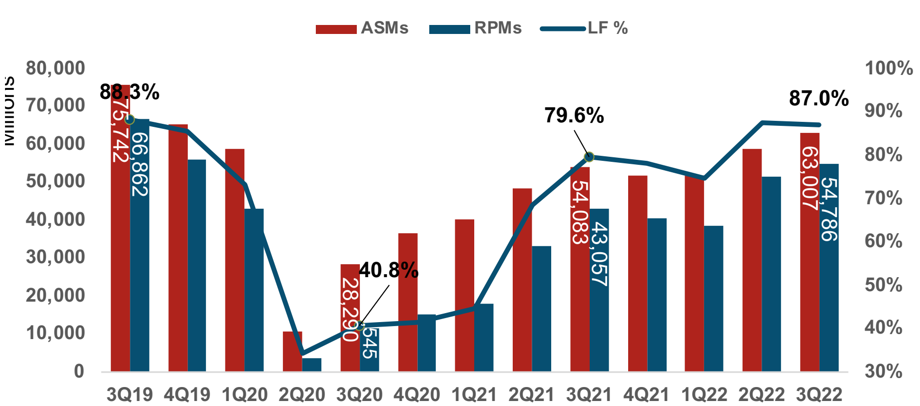
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



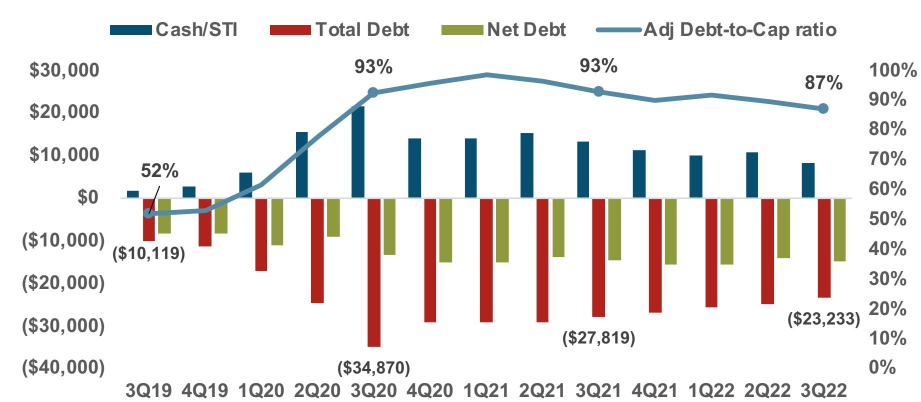
Yield, RASM, and CASM



Capacity, Traffic, and Load Factor



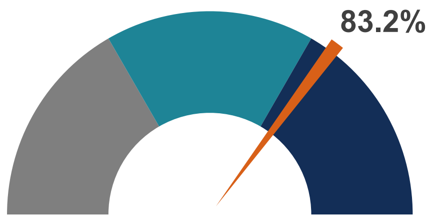
Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)



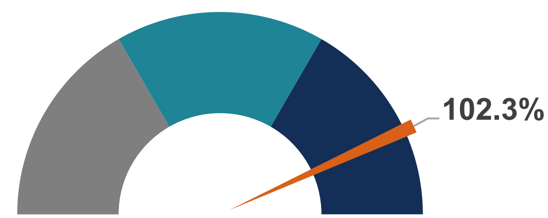
Recovery to Date

DELTA

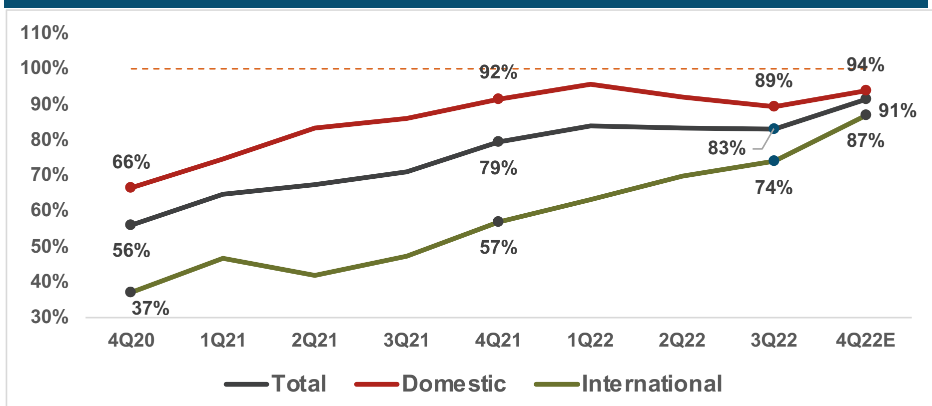
Capacity Restored vs. 2019



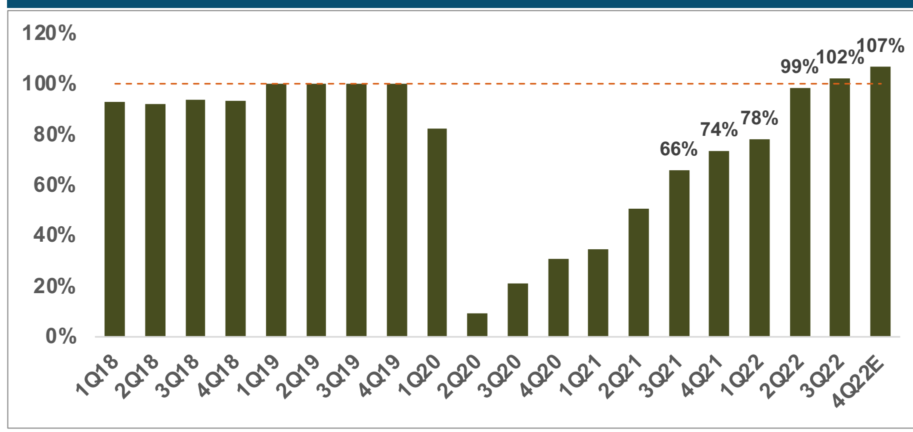
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



SWAPA

Delta

DELTA

- We think loyalty programs will be the key differentiator in this environment as consumers are likely to be aggressive in their use of airline cards. Delta's SkyMiles program generates outsized passenger revenues as opposed to other airlines, with continued high growth possible.
- Delta faces meaningful cost inflation that is causing us to lower our 2023 outlook. The airline outlines that much of this cost increase is "transitory" but we are expecting higher pilot wages and other costs that will not be out of the system as quickly as the airline predicts.
- Delta has taken a more gradual approach to capacity restoration which has protected the integrity of the operation better. We believe this has allowed DL to generate higher quality revenue, albeit at the expense of unit costs, but the net result is margin accretive.
- Delta was in-line with our estimates, but we continue to see unique tailwinds for Delta vs. other legacies with lower debt burden, lack of hefty a/c order book, balanced capital deployment and structural advantages. The refinery is also helping with the elevated crack spreads.
- Since the mid-March demand pivot, we have consistently underestimated the torrid demand recovery. Delta has again topped our expectations albeit with clunky CASM-ex forecasts and commentary. We think a 10% baseline increase is sufficient although labor contracts could apply incremental upward pressures

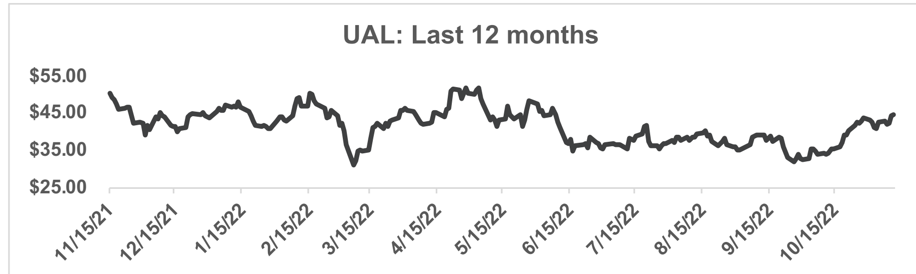
Guidance	4Q22	FY 2022	Notes
Total Revenue	Up 5% - 9%		4Q: $12.0B - $12.4B
Capacity	Down 8% - 9%		Compared to 4Q19
CASM-ex	Up 12% - 13%		Compared to 4Q19
Fuel (incl refinery)	$3.35 - $3.55		
Op Margin	9% - 11%		
CAPEX	$1.5B (implied)	$5.7B	
Adj net debt	~$22.5B		
EPS	$1.00 - $1.25		

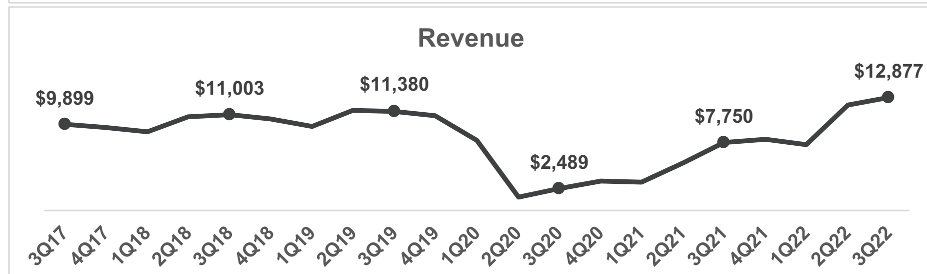
AMEX co-brand increasingly important to DAL topline

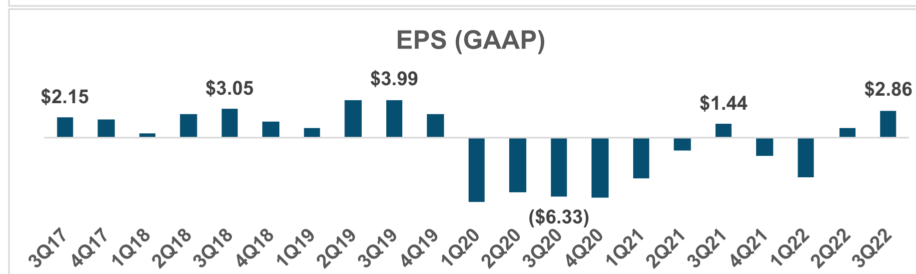
Delta-American Express Contribution ($B)

SWAPA

United Airlines







United

"We're optimistic about 2023 despite economic challenges"

3Q22 adj. pre-tax income:$1.14B

United recorded one of its best 3Qs ever, with operating revenues and unit revenues measurably higher than 3Q 2019. CEO Kirby spoke of 3 bullish tailwinds that continue to push the airline through high inflation and global macroeconomic issues. Capacity constraints, hybrid-work schedules and int'l re-openings are believed to be durable trends for the airline. UAL noted that business travel for long haul segments has recovered at a faster pace than domestic, and the carrier is now the largest across the Atlantic. The operational performance continues to improve -- record setting on-time and misconnect percentages. Will accept largest delivery of aircraft in its history in 2023.

***EFA takeaway*: United seems very optimistic about the next few years, despite potential economic issues. Will power forward with extensive fleet and growth plan.**

- Controllable cancellations dropped by 95%, helped by new ConnectionSaver software and other new operational programs.
- Majority of P&W 777's back in service, helping to mitigate CASM-ex. 20% ASM growth with those aircraft. 27% less overtime and premium paid also helped.
- Record TRASM in 3Q, on 10% less capacity. Record load factors and yields in all segments of network except Asia. Cargo revenue in that region continues to grow.
- Plan to restore bulk of Pacific capacity next year, excluding China. Plan to be largest carrier to Australia by 2023. New alliance with Emirates for Middle-East flights.
- Gauge continues to increase as mainline flying replaces small jet flying. Eventual plan is pilot staffing to allow for 300-400 small jets by 2026.
- Revenue segmentation continues to grow, with Mileage Plus credit card revenue and Premium Cabin revenue all surpassing previous highs. Co-brand acquisitions up 25%.
- Took delivery of 12 A/C in 3Q with 25 expected in 4Q. CAPEX roughly $5B in 2022.
- $20B in liquidity, with plans to prepay debt at par and finance most A/C with cash.

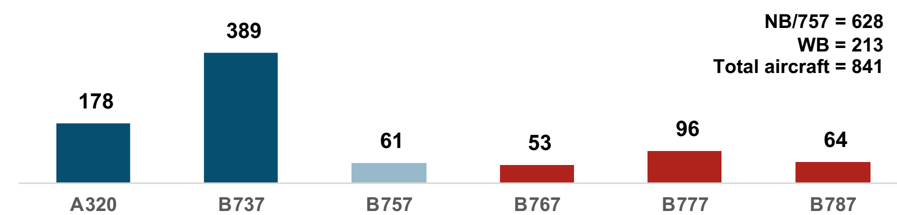
UNITED

3Q Snapshot (as compared to 3Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
↓ *-9.8%*	↑ *13.2%*	↑ *25.5%*	↑ *14.5%*	↑ *88.6%*

UAL Stats	3Q22	3Q21	3Q19	y/y	y/3y
Revenues	$12,877M	$7,750M	$11,380M	66.2%	13.2%
Adj Operating Income (EBIT)	$1,478M	($61M)	$1,500M	n.m.	(1.5%)
Adj Operating Margin	11.5%	(0.8%)	13.2%		
Adj Pretax Income	$1,145M	($473M)	$1,377M	n.m.	(16.8%)
Adj Net Income	$927M	($329M)	$1,046M	n.m.	(11.4%)
Adj EPS	$2.81	($1.02)	$4.07	n.m.	(31.0%)
Capacity (ASMs)	67.7 billion	53.9 billion	75.1 billion	25.6%	(9.8%)
Yield	19.72¢	16.18¢	16.22¢	21.9%	21.6%
TRASM	19.02¢	14.38¢	15.16¢	32.3%	25.5%
CASM	16.87¢	12.46¢	13.20¢	35.4%	27.8%
CASM-ex	11.22¢	11.26¢	9.80¢	(0.4%)	14.5%
Fuel (econ)	$3.81	$2.14	$2.02	78.0%	88.6%

United Mainline Fleet – 3Q22

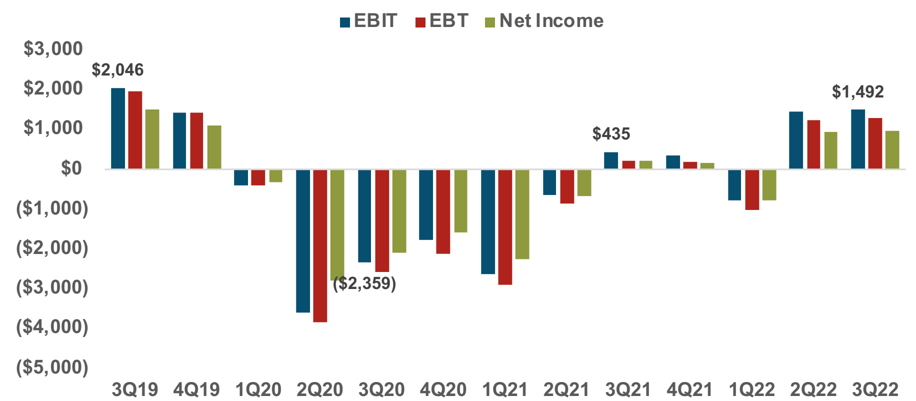


SWAPA

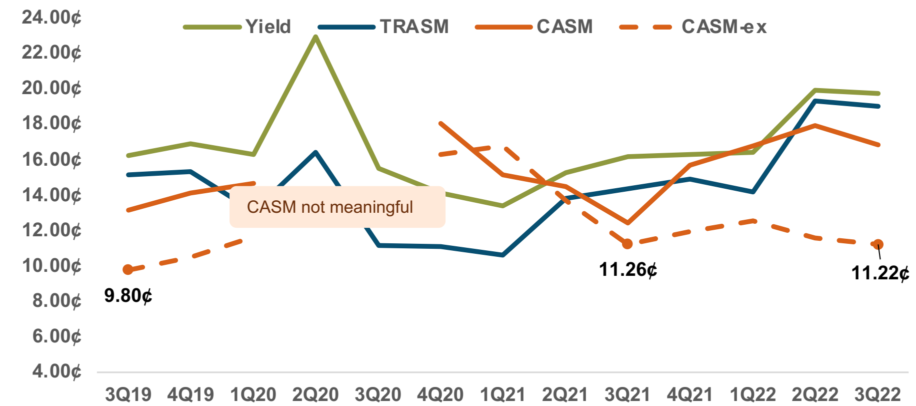
United

UNITED

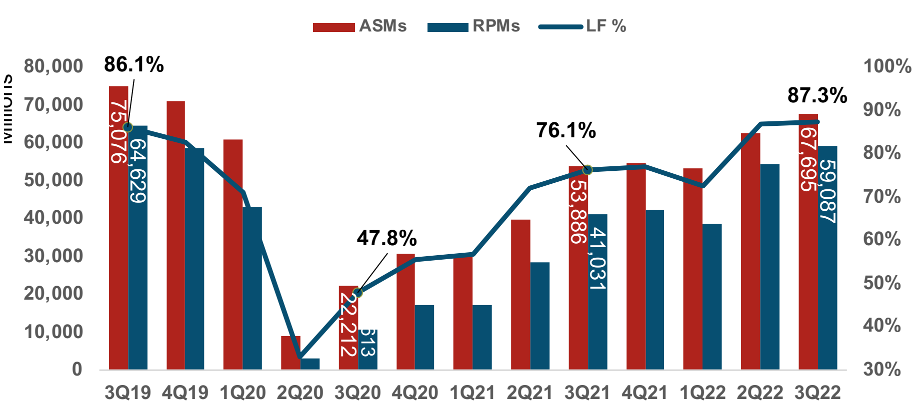
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



Yield, RASM, and CASM



Capacity, Traffic, and Load Factor



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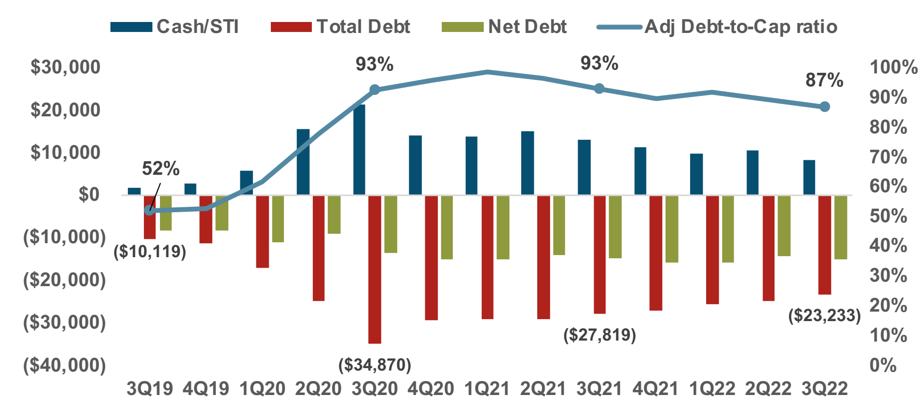
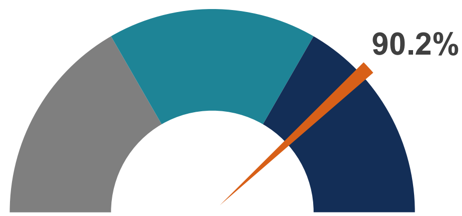


SWAPA

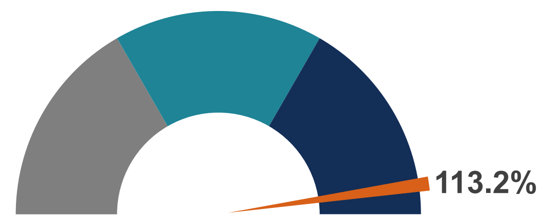
Recovery to Date

UNITED

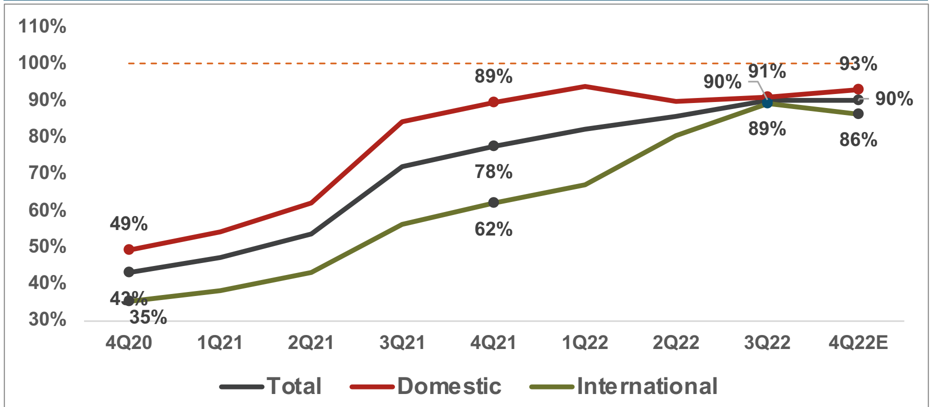
Capacity Restored vs. 2019



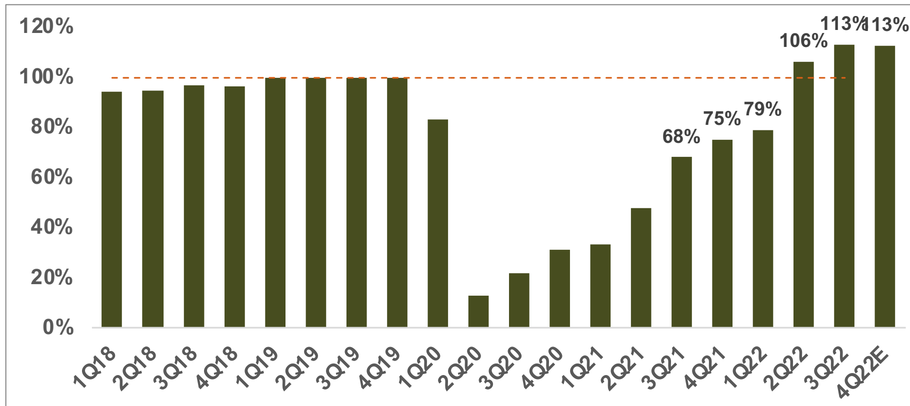
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



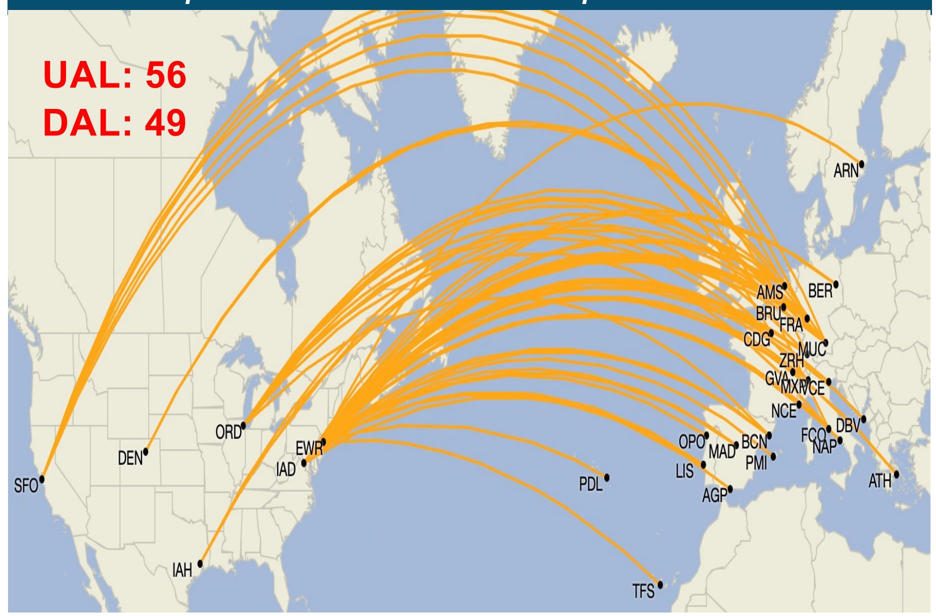
SWAPA

United

- We were pleased to see CASM-ex outperform driven by return of 777's and improved operations. Headwinds still remain in the form of pilot pay and inflation. Growth will dictate where 2023 costs eventually shakeout.
- We are concerned about recent headlines suggesting UAL could order over 100 widebodies that would add $10B-$15B in CAPEX right after the airline completes its narrowbody orders.
- UAL believes there is a secular trend taking place in the industry with hybrid work environment allowing for different travel. We think this has interesting implications for pricing and peak travel seasons. More consistent pricing and less fare deals to encourage travel on certain days.
- We think major airlines, particularly UAL, will achieve profitability even in a slowing economy as durable leisure demand, COVID recovery and constrained capacity will offset recession.
- United has made several thematic observations that are underappreciated by investors. Workplace flexibility, Transatlantic corporate recovery and ULCC's no longer a threat were a big focus and one that United seems intent on taking advantage of in the near-term.
- The restoration of widebodies(777's) that stabilize the operation, lower regional costs and growth of international capacity are unique cost tailwinds. Still, we are grappling with United's growth plan and elevated capital deployment that will increase leverage and delay FCF output.

Guidance	4Q22	FY 2022	Notes
Capacity	Down 9% - 10%	Down 13%	Comp to 4Q19
TRASM	Up 24% - 25%		Comp to 4Q19
CASM-ex	Up 11% - 12%	Up ~15%	Comp to 4Q19
Fuel	$3.61/gal		
CAPEX		$4.7B	
Op Margin	~10%		
EPS (adj)	$2.00 - $2.25		

United surpasses Delta for number of European routes served in 2023



Hybrid/Low Cost Carriers

Alaska

HAWAIIAN AIRLINES

jetBlue

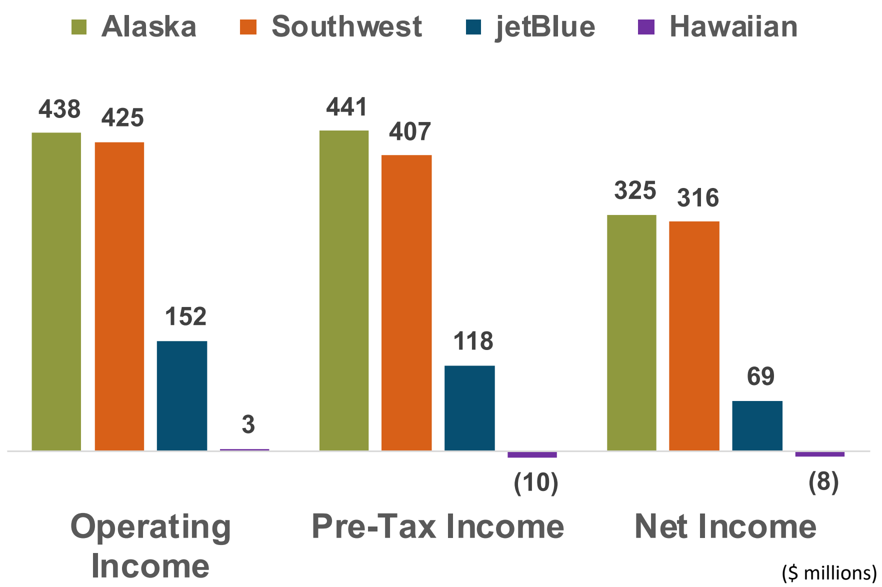
Southwest

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

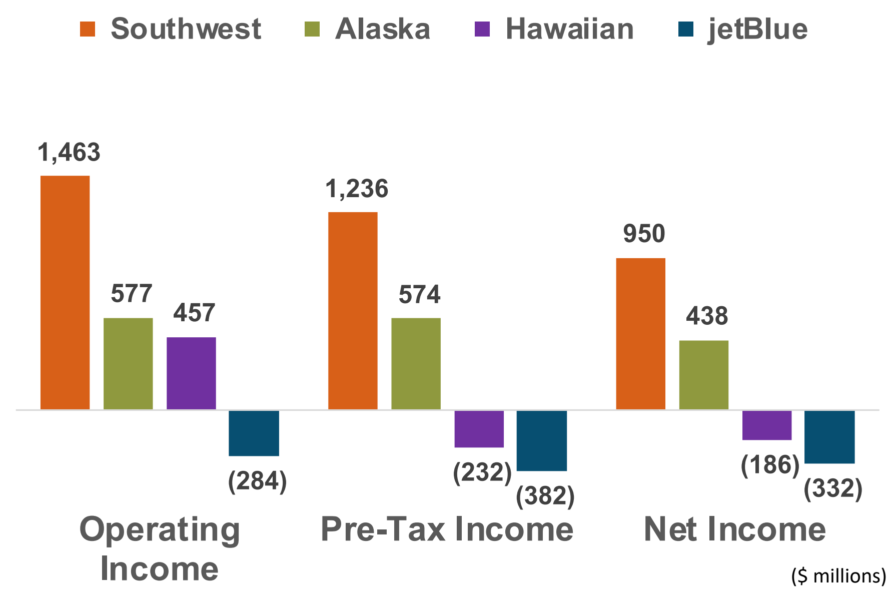
Key Financial Results

Hybrid/LCC carriers vs. Southwest

3rd Quarter 2022

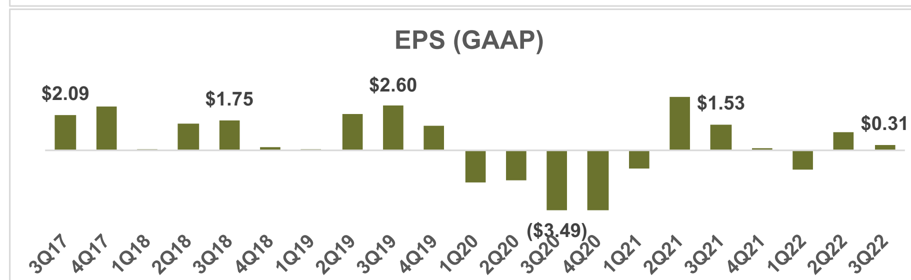


Nine months 2022



Non-GAAP – excludes special items

Alaska Airlines



Alaska

"Seeing results as we focus on our business & commercial initiatives"

3Q22 adj. pre-tax income: $441M

Alaska, like every airline this quarter, saw record revenues and solidly profitable results. The airline is focused on moving to a single fleet, maintaining operational excellence, securing additional labor contracts and configuring the business model in the post-Covid era. Alaska plans to be a single fleet airline by year-end 2023, with all A320's and Q400's gone. The airline expects to save $75M from the transition. Alaska also called out $400M in commercial initiatives going into 2023 that should help grow efficiently in some of their strongest and capacity-constrained markets such as Seattle and San Francisco. Cost are expected to moderate as growth is restored into 2023.

EFA takeaway: Alaska is in a good position with labor agreements sealed, fleet transition nearly complete and a solid growth plan going into 2023.

Items of Interest

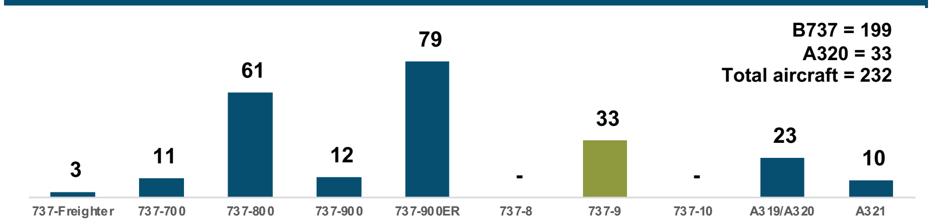
- Unit revenues were up 27% despite yield having peaked from levels seen back in June and July. Record load factor of 86.5%.
- Premium products revenue up 28% vs. 2019, with loyalty revenue and cash renumeration from credit cards all set quarterly records.
- Long-term goal of $195M for all loyalty products in 2022 has almost been met, with $135M recognized so far. Voted #1 Airline Rewards Program in 2022.
- Corporate travel remains down 20%, with slower recovery of demand across the West Coast. Hybrid travel has increased, and Alaska is bringing on more corporate distribution channels to close the share gap.
- Capacity will be most constrained in fourth quarter as 45 aircraft will be retired. It still implies a 24% revenue jump as compared to 4Q 2019. Plan to be at 2019 capacity by late first quarter or early second quarter.
- Liquidity of $3.6B with debt to cap ration of 49%. Have generated over $1.4B in operating cashflow, with $100M in debt payments so far in 2022. Hedging saved $170M in the quarter.
- Third quarter CASM-ex up on increased training costs, staffing costs and lowered capacity. $35M of additional costs due to labor agreements.

3Q Snapshot (as compared to 3Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-6.7%	18.4%	26.3%	19.2%	71.8%

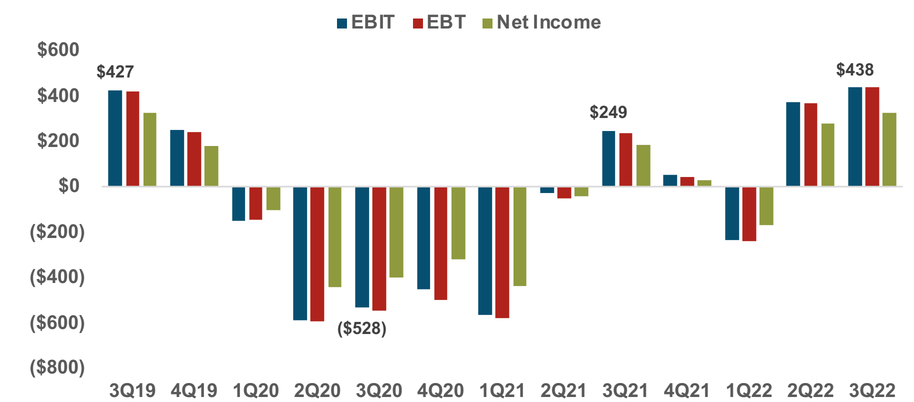
ALK Stats	3Q22	3Q21	3Q19	y/y	y/3y
Revenues	$2,828M	$1,953M	$2,389M	44.8%	18.4%
Adj Operating Income (EBIT)	$438M	$249M	$427M	75.9%	2.6%
Adj Operating Margin	15.5%	12.7%	17.9%		
Adj Pretax Income	$441M	$236M	$421M	86.9%	4.8%
Adj Net Income	$325M	$187M	$326M	73.8%	(0.3%)
Adj EPS	$2.53	$1.47	$2.63	72.1%	(3.8%)
Capacity (ASMs)	16.3 billion	14.4 billion	17.5 billion	13.3%	(6.7%)
Yield	18.48¢	15.30¢	14.71¢	20.8%	25.6%
TRASM	17.30¢	13.54¢	13.64¢	27.8%	26.8%
CASM	16.91¢	11.75¢	11.23¢	43.9%	50.6%
CASM-ex	10.05¢	9.21¢	8.43¢	9.1%	19.2%
Fuel (econ)	$3.66	$2.05	$2.13	78.5%	71.8%

Alaska Mainline Fleet – 3Q22

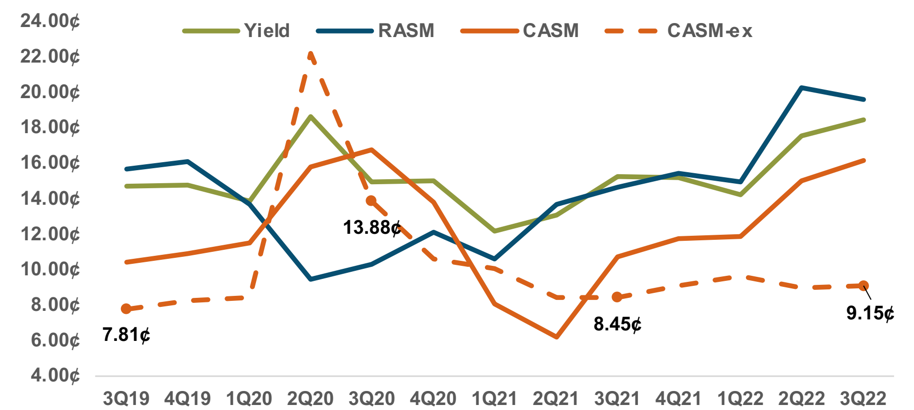


Alaska

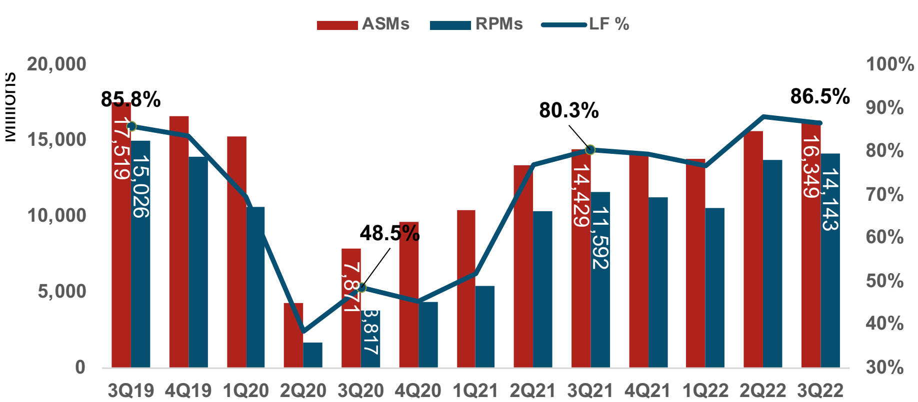
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



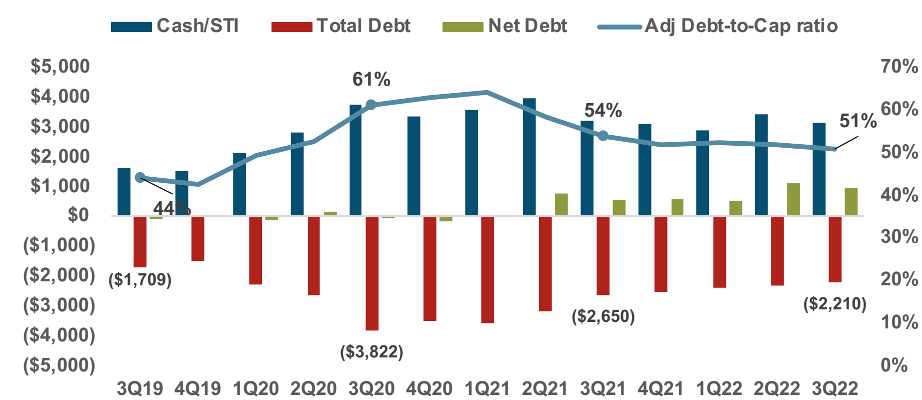
Yield, RASM, and CASM



Capacity, Traffic, and Load Factor

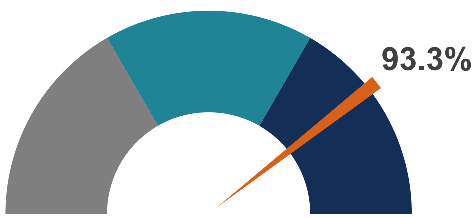


Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)

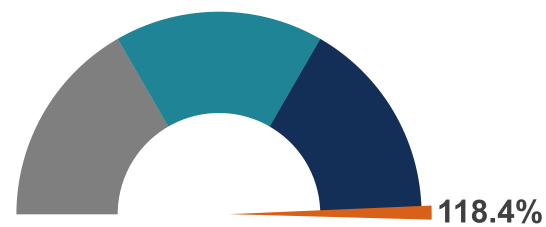


Recovery to Date

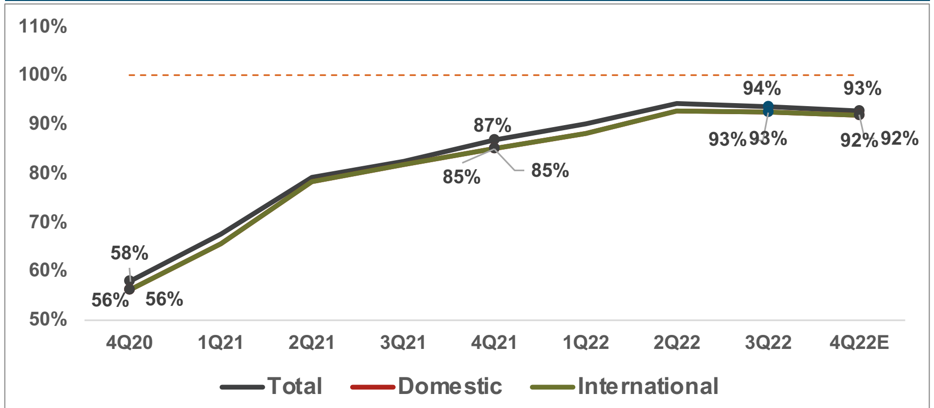
Capacity Restored vs. 2019



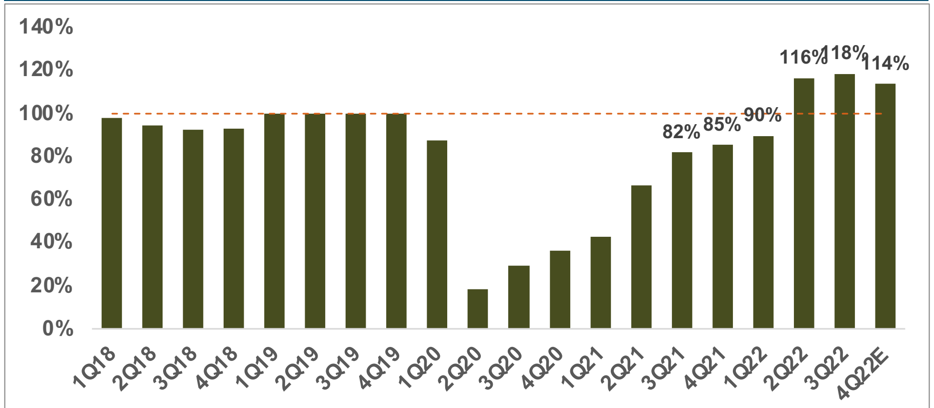
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019

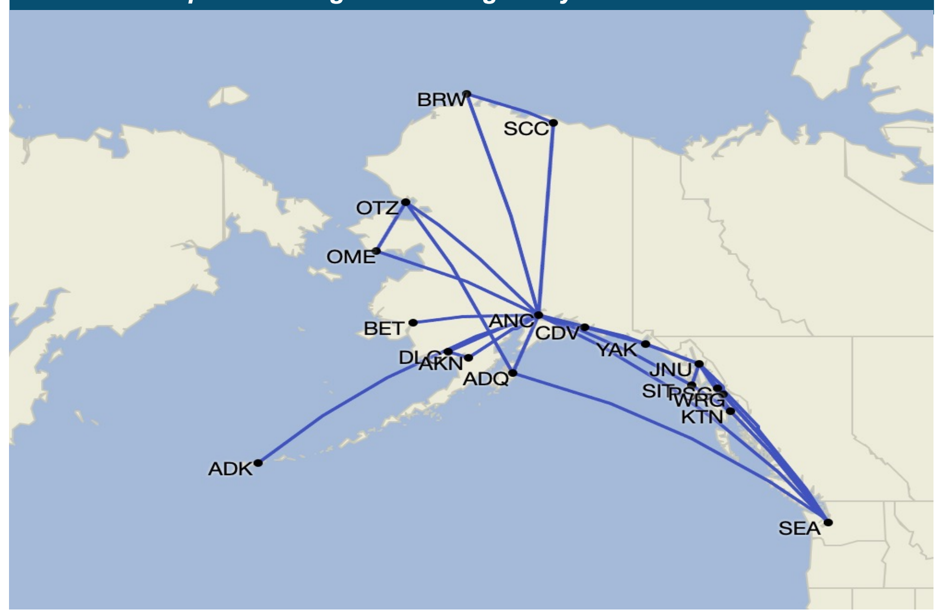


Alaska

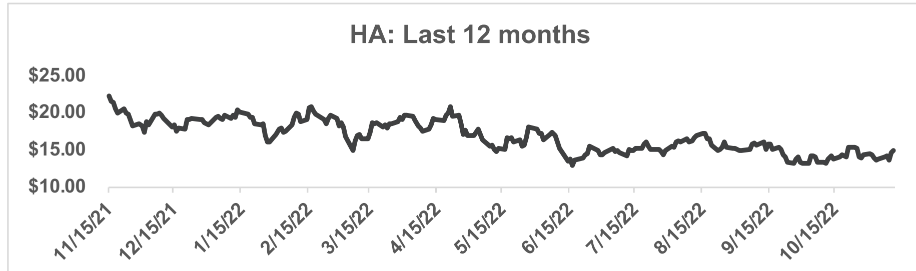
- As one of the first airlines to reach agreements with most of its labor groups, this will provide more cost certainty into 2023 than other airlines. Even with these increasing cost, ALK still on track to hit its pre-tax margin goals this year.
- We think fleet simplification by year-end 2023 will provide meaningful benefits and its strong balance sheet provides it the ability to pay cash for Boeing aircraft.
- Alaska ran an industry-leading operation every month of the third quarter, and we believe the fourth quarter capacity reduction will allow ALK to maintain strong operational reliability in 4Q.
- We see Alaska emerging from the pandemic in an improved competitive position with financial metrics among industry best. The fleet transition is progressing well and should help with cost pressures.
- Although ALK delivered a downward guide on labor costs, they have now "cleared the deck" and can deliver uninterrupted ex-fuel CASM improvement as capacity is restored. We think this labor cost reset makes its cost and margin story more appealing from this point forward.
- With a ratified mainline pilot agreement, Alaska has de-risked the 2023 cost outlook, with additional efficiencies coming from single fleet type (YE23), PBS pilot scheduling and up-gauging.

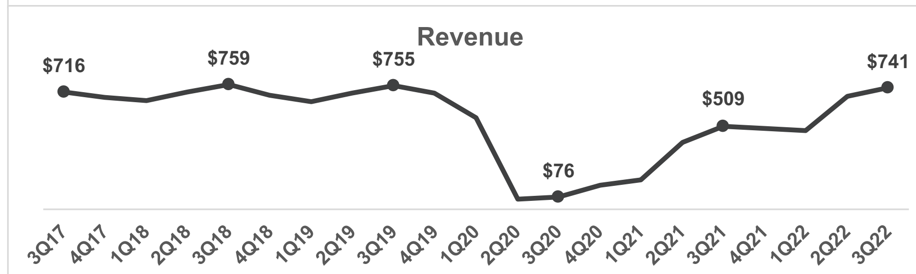
Guidance	4Q22	FY 2022	Notes
Capacity	Down 7% - 10%	Down 8% - 9%	comp to 4Q19
Revenues	Up 12% - 15%		comp to 4Q19
Revenue Pax			
CASM-ex	Up 20% - 23%	Up 19% - 20%	comp to 4Q19 / FY was Up 15-17%
Load Factor	83% - 86%		
Fuel	$3.50 - $3.70		
Pre-tax Margin		6% - 9%	unchanged

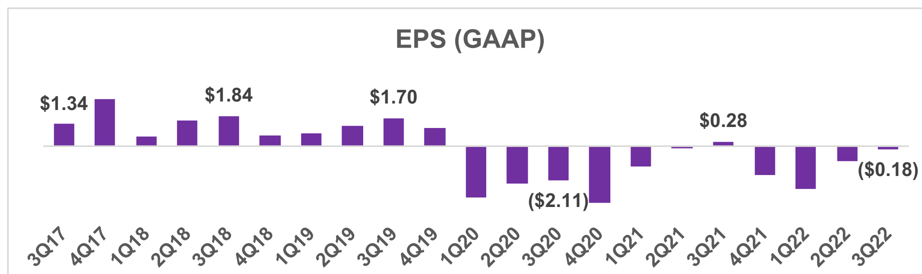
Alaska operates a significant cargo only network from ANC & SEA



Hawaiian Airlines







Hawaiian

"Demand across our network is showing no sign of weakness"

3Q22 adj. pre-tax income (loss): ($10M)

Hawaiian reported a small loss for the quarter, but the CEO said demand between Hawaii and the U.S. mainland has been fully recovered for some time. International routes, except Japan, are recovering, with Australia displaying significant strength. Japan is the single most important international market for Hawaiian, but the airline will add back capacity gradually as demand warrants. The airline spoke at length about the interisland competition from Southwest but feels their product, service and amenities are superior. They will continue to restore capacity where necessary over the next few quarters. The Amazon contract does not begin until 2023.

EFA takeaway: Lack of Japanese travelers and a fierce interisland fare war are impacting the profitability of Hawaiian. The Amazon agreement is a huge positive.

Items of interest

- Operated 113% of domestic capacity and just 52% of international capacity as compared to 2019. Passenger revenue down 4.5% vs. 2019. Yields 9% higher.
- Outside of Japan market, average fares up 31% vs. 2019. The Sydney market performed best with a PRASM improvement of 50% over 2019.
- Co-brand credit card program revenues up 15%, with retail sales and new accounts also setting records. Cargo revenue up 62% y/3y.
- Adjustments to Japan schedule despite caps being lifted, will keep capacity down 9.2% compared to 2019. Interisland capacity 80% vs. 2019.
- Will be restating first and second quarter GAAP results due to reclassifying $19M in unrealized losses. Will not impact adjusted results from those quarters.
- Closed quarter with $1.7B in total liquidity. Adjusted net debt was $1B which is close to 2019 levels. CAPEX spend $130M, higher than planned due to tech spend.
- Unit costs were up 10%, in-line with guidance. In 4Q, costs will be up 14% on lowered capacity. Wage increases and airport rents primary drivers.
- Amazon agreement calls for 10 A330-300 freighters to be operated starting second half of 2023. Will open crew and maintenance bases. 8-year term.

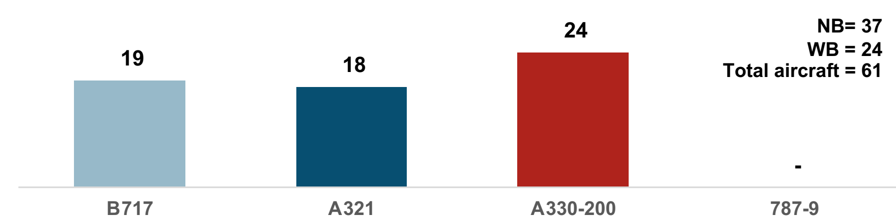
HAWAIIAN AIRLINES

3Q Snapshot (as compared to 3Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-6.9%	-1.9%	-10.9%	10.0%	73.5%

HA Stats	3Q22	3Q21	3Q19	y/y	y/3y
Revenues	$741M	$509M	$755M	45.7%	(1.9%)
Adj Operating Income (EBIT)	$3M	($35M)	$117M	n.m.	(97.5%)
Adj Operating Margin	0.4%	(6.8%)	15.4%		
Adj Pretax Income	($10M)	($61M)	$110M	n.m.	n.m.
Adj Net Income	($8M)	($49M)	$81M	n.m.	n.m.
Adj EPS	($0.15)	($0.95)	$1.72	n.m.	n.m.
Capacity (ASMs)	5.0 billion	4.2 billion	5.3 billion	18.3%	(6.9%)
Yield	16.12¢	14.27¢	14.85¢	13.0%	8.6%
TRASM	14.93¢	12.03¢	14.16¢	24.1%	5.4%
CASM	15.00¢	11.00¢	11.98¢	36.4%	25.2%
CASM-ex	10.32¢	10.28¢	9.38¢	0.4%	10.0%
Fuel (econ)	$3.54	$2.07	$2.04	71.0%	73.5%

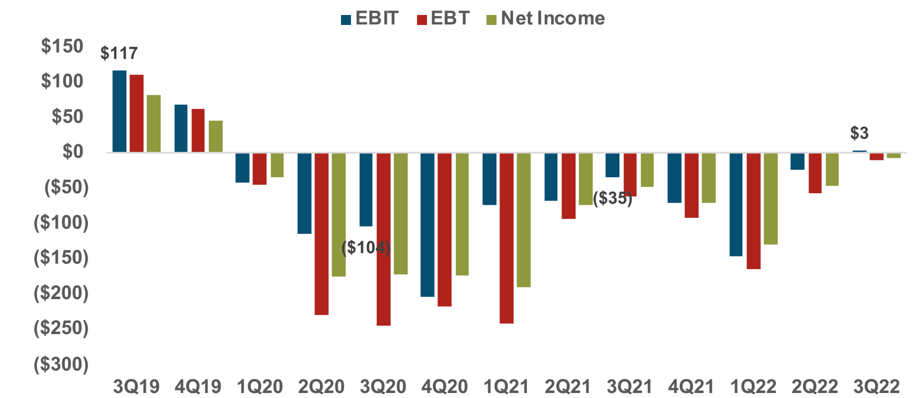
Hawaiian Fleet – 3Q22



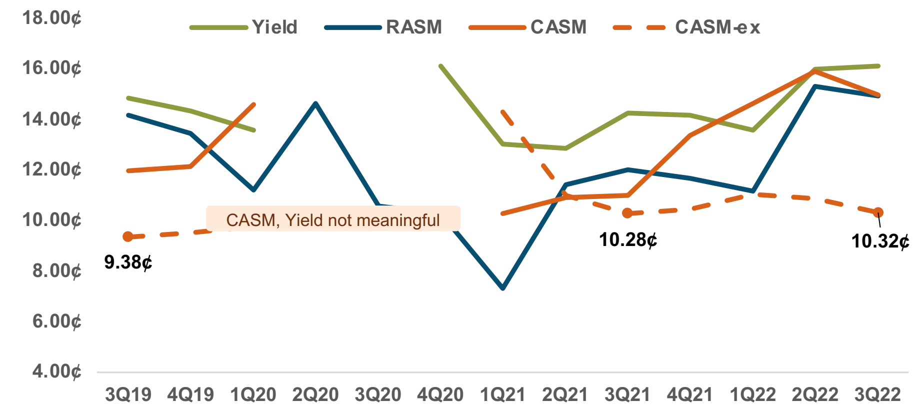
SWAPA

Hawaiian

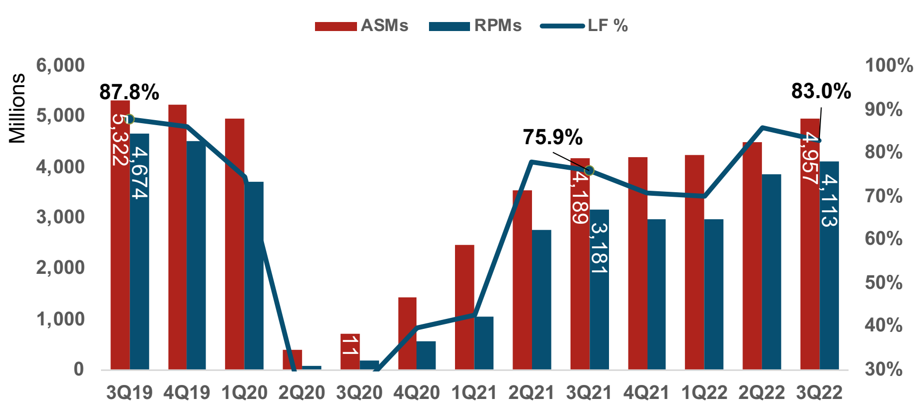
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



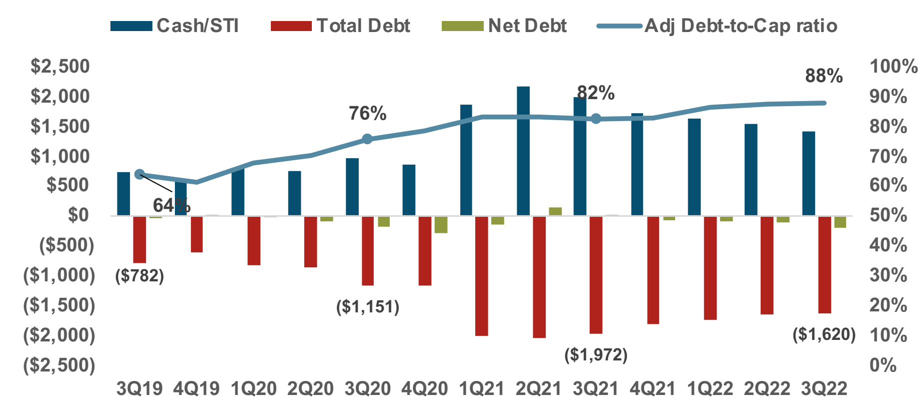
Yield, RASM, and CASM



Capacity, Traffic, and Load Factor



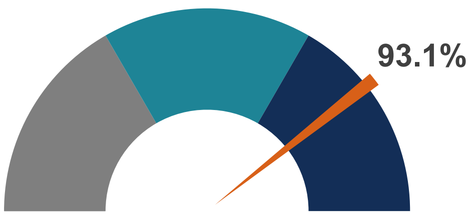
Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)



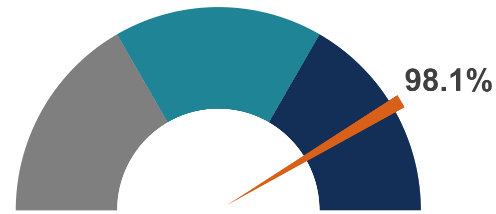
Recovery to Date

HAWAIIAN AIRLINES.

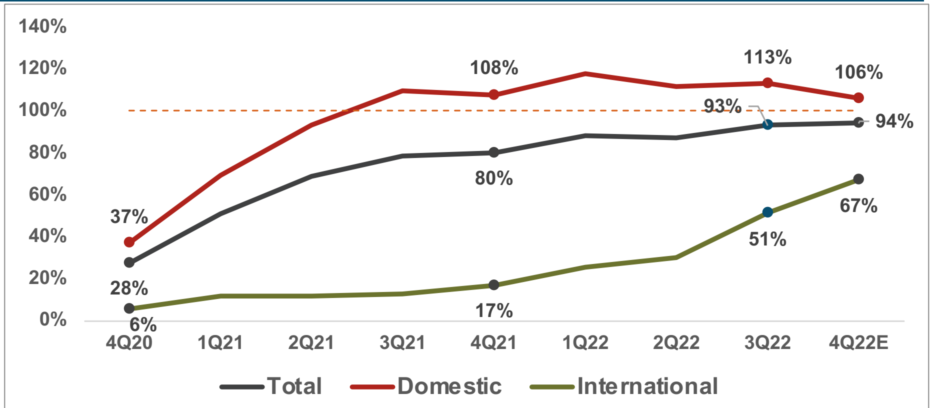
Capacity Restored vs. 2019



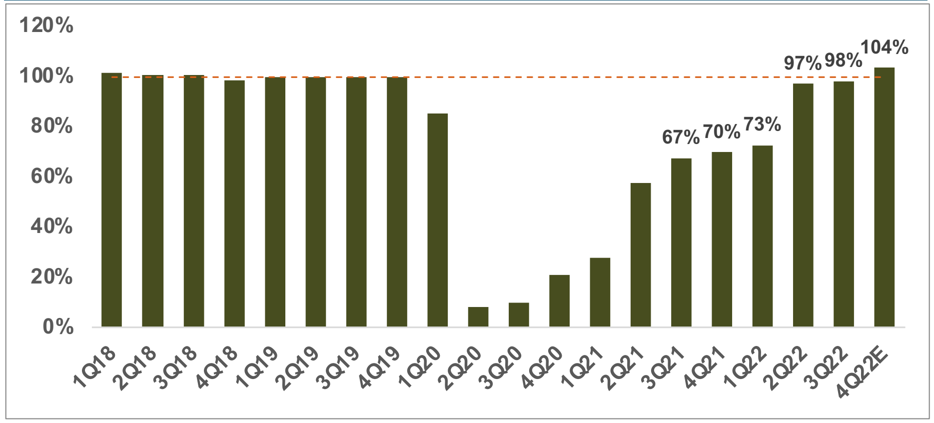
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019

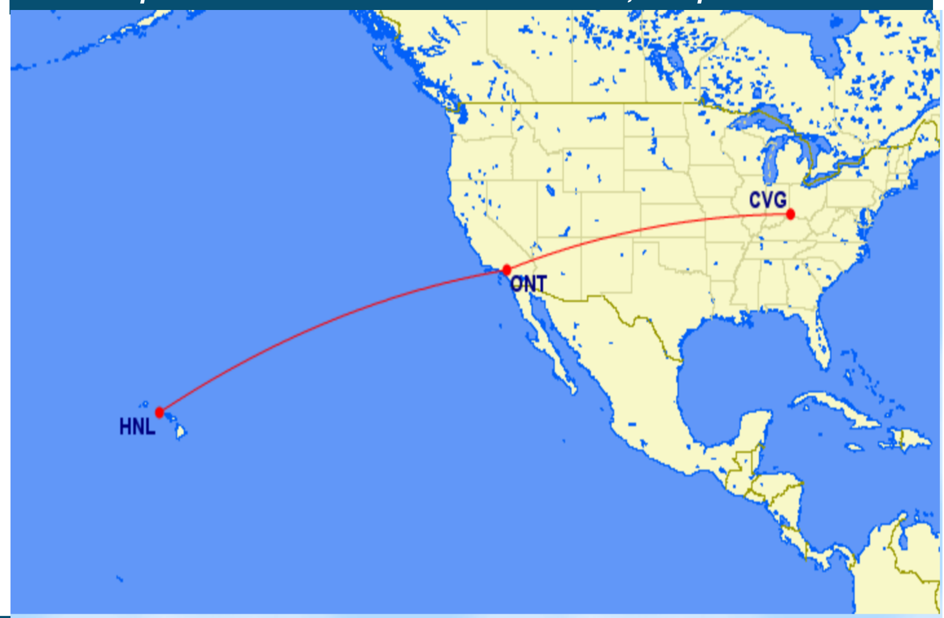


Hawaiian

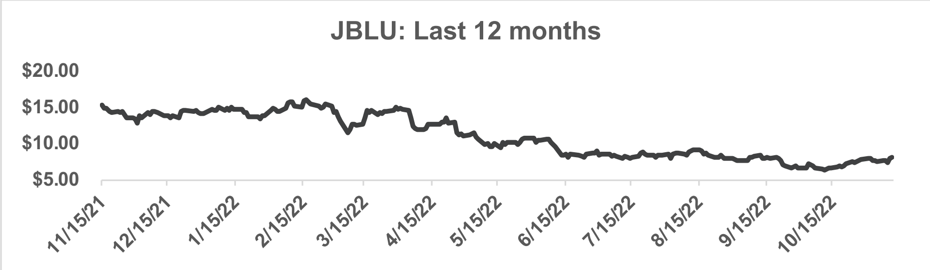
- The heightened interisland competition seems to be reaching a peak. However, we still expect profitability will be impaired in the near-term.
- Hawaiian has curtailed its international capacity ramp due to Japan's slow reopening. Fortunately, Australia has been particularly strong and appears to be partially offsetting the loss of revenue.
- We are still trying to understand the structure of the Amazon deal. We like it at first glance but there are more questions than answers at this point.
- Hawaiian faces numerous cost headwinds in 2023. We view the recently announced deal with Amazon as positive, but we realize there will be a lag between the cost ramp up and when revenues are realized.
- The depreciation of the Japanese yen has made Hawaii 30% more expensive for Japanese yen. We think this will hamper capacity plans and require higher-yielding customers. We don't see Japan capacity to be fully restored until the June quarter.
- We are of the view Hawaiian's business model will be under pressure in a highly inflationary and competitive environment. Hawaii to Japan, gradual ramp of international markets and competitive interisland flying with an uncertain macroeconomic background has us mindful of risk.

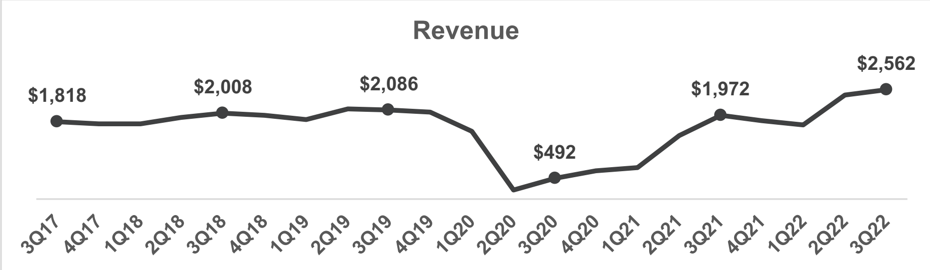
Guidance	4Q22	FY 2022	Notes
Capacity	Down 4% - 7%		Compare to 4Q19
Revenue	Up 1.5% - 5.5%		Compare to 4Q19
CASM-ex	Up 13% - 16%		Compare to 4Q19
Fuel	$3.49	$3.47	
Adjusted EBITDA	($0.5M) - $35M		
CAPEX		$125M - 4135M	

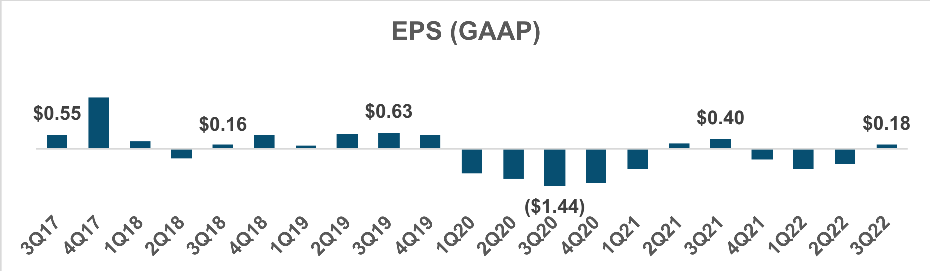
HA to operate 10 A330F A/C for Amazon in 2023, first potential routes



JetBlue Airways







jetBlue

"The changes we made earlier in the year resulted in a strong performance"

3Q22 adj. pre-tax income: $118M

JetBlue returned to profitability for the first time since the onset of the pandemic. The company realized a strong operational performance over the summer peak season despite weather and ATC challenges. This was a result of operational improvements and capacity reductions made earlier in the year after significant first and second quarter issues. The airline highlighted two key cost saving initiatives that are ongoing from earlier in the year as well as reporting strong leisure and VFR demand. Business travel slowly recovering with the aid of the NEA. Nonetheless, JetBlue will maintain conservative capacity planning until staffing issues moderate.

EFA takeaway: As usual, costs are an issue. Ambitious cost reduction plan may offset many of the Spirit merger expenses. The merged carrier has much potential.

Items of Interest

- Ancillary revenue per customer grew over 50% as compared to third quarter 2019.
- Northeast Alliance continues to grow, with over 100 code-share destinations. Plan to allow both loyalty programs to cross-book and accrue benefits. Business travel has declined less than other carriers because of the NEA, with JBLU reporting 90% recovered.
- Record loyalty components, with co-brand acquisitions, card spend, and portfolio of accounts have all set records.
- Expanding London service this week and have plans to add additional European cities as they receive A321LR's. Will be announcing further focus cities as well as new A220's and A321's arrive next year.
- JetBlue Travel Products will generate close to $100M in EBIT this year.
- CASM-ex up 16%, due to Hurricane impacts, Spirit-related expenses and fleet transition costs.
- The structural cost program and the acceleration of the E-190's will drive $150M to $200M of cost savings through 2024. There are several cost headwinds into next year, with heavy maintenance visits and airport cost pressures.
- $2.3B in liquidity, 53% adjusted debt to cap. Will hedge 27% of 4Q fuel needs.

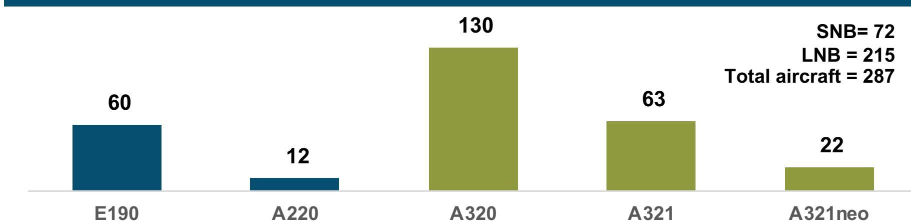
jetBlue

3Q Snapshot (as compared to 3Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-0.5%	*22.8%*	*23.4%*	*32.3%*	*86.4%*

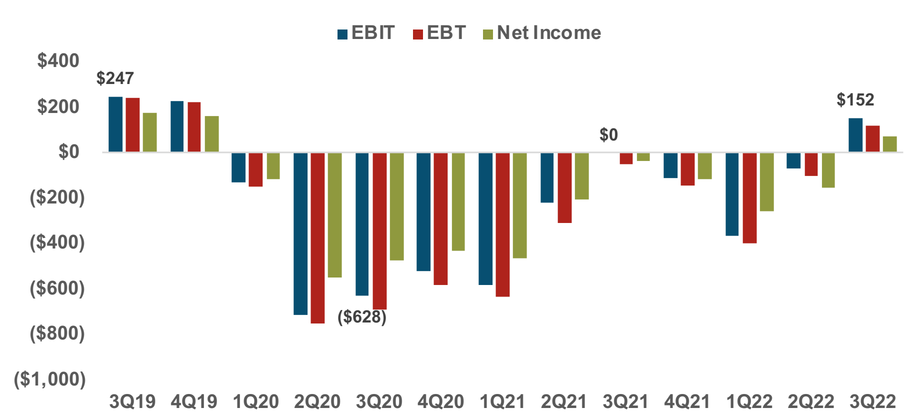
JBLU Stats	3Q22	3Q21	3Q19	y/y	y/3y
Revenues	$2,562M	$1,972M	$2,086M	29.9%	22.8%
Adj Operating Income (EBIT)	$152M	$0M	$247M	n.m.	(38.5%)
Adj Operating Margin	5.9%	0.0%	11.8%		
Adj Pretax Income	$118M	($50M)	$239M	n.m.	(50.6%)
Adj Net Income	$69M	($39M)	$176M	n.m.	(60.8%)
Adj EPS	$0.21	($0.12)	$0.59	n.m.	(64.4%)
Capacity (ASMs)	16.2 billion	16.2 billion	16.3 billion	0.3%	(0.5%)
Yield	17.30¢	14.37¢	14.39¢	20.4%	20.2%
TRASM	15.80¢	12.20¢	12.80¢	29.5%	23.4%
CASM	14.94¢	11.04¢	11.29¢	35.3%	32.3%
CASM-ex	9.69¢	9.39¢	8.33¢	3.2%	16.3%
Fuel (econ)	$3.84	$2.08	$2.06	84.6%	86.4%

jetBlue Fleet – 3Q22

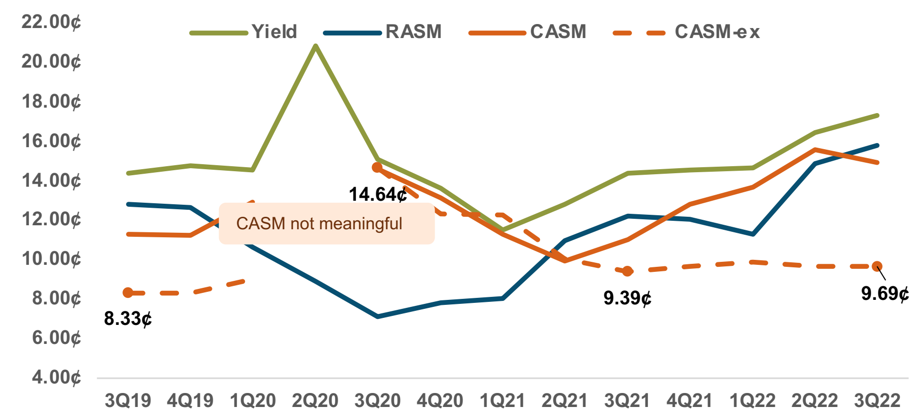


jetBlue

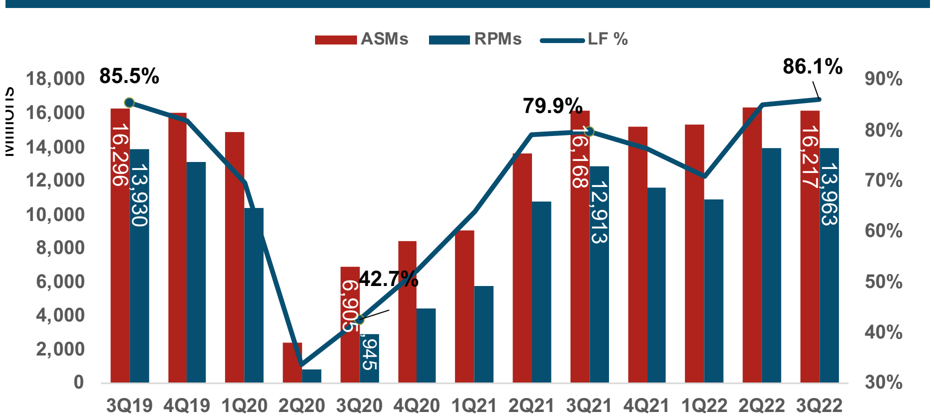
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



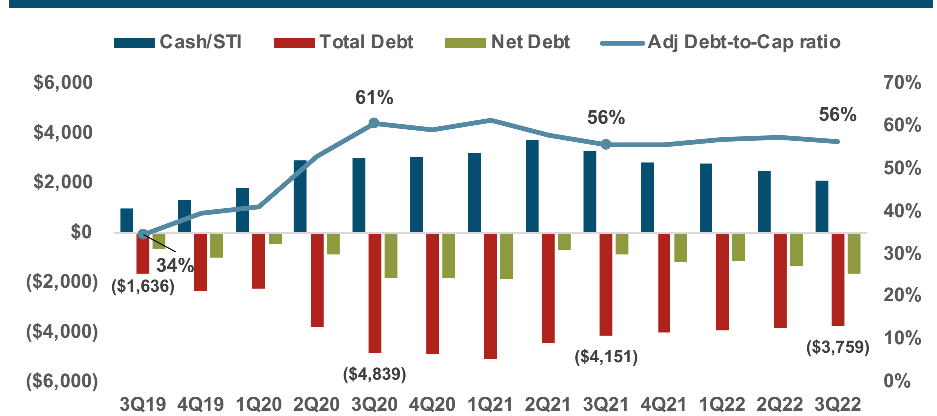
Yield, RASM, and CASM



Capacity, Traffic, and Load Factor



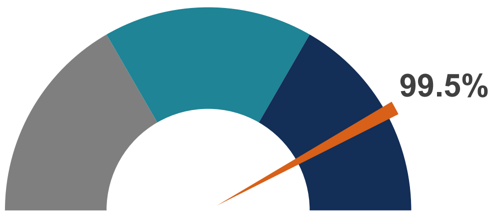
Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)



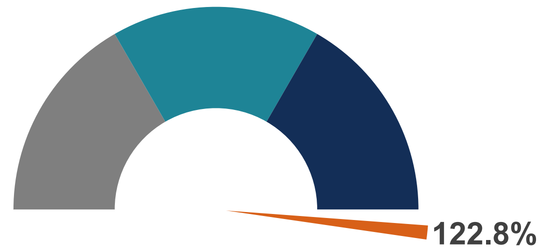
Recovery to Date

jetBlue

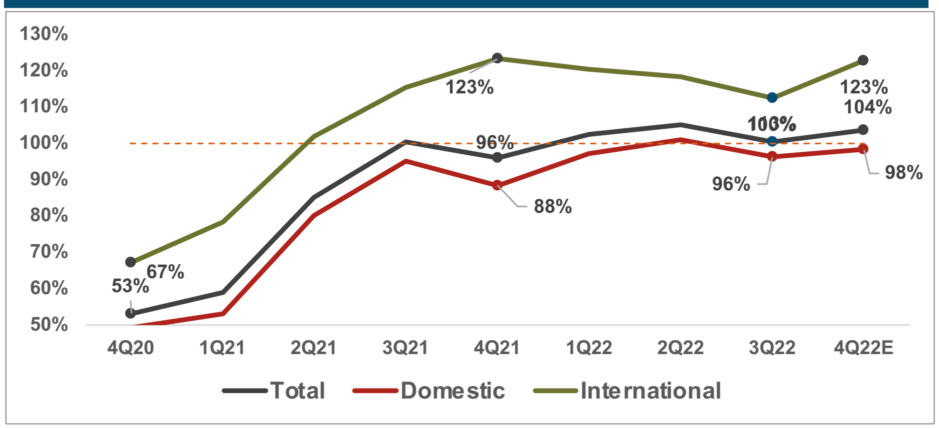
Capacity Restored vs. 2019



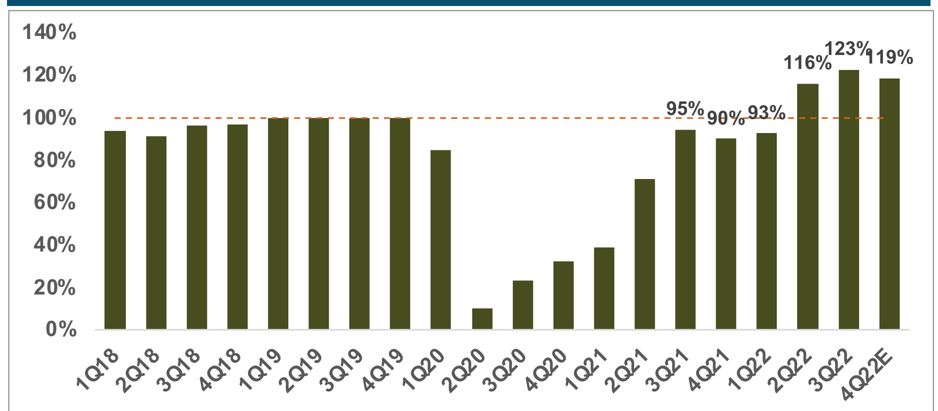
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



3Q22 revenue implied based on RASM guide

SWAPA

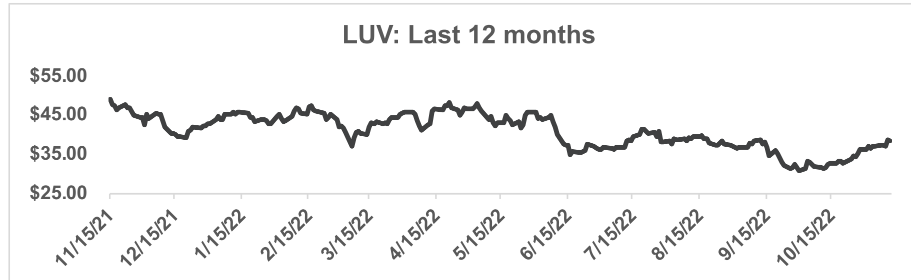
jetBlue

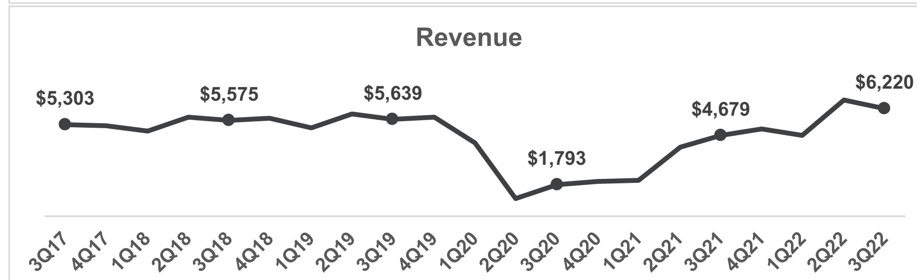
- We think the timing of a new pilot deal probably comes in 2024, this will lower our CASM-ex estimates slightly for 2023.
- NEA growth is outpacing overall domestic/international industry capacity growth, and this will help JBLU revenue/profit margins accelerate more quickly than the rest of its network. This is a tailwind that JBLU did not have pre-pandemic.
- We note that the NEA is helping to capture a greater share of corporate customers in the Northeast by delivering significant growth, new routes and reciprocal frequent flyer benefits. Assuming it continues, it will be a valuable addition.
- We've started to hear of some cooling of the U.S. market, and although JetBlue explained some of their near-term issues, this does feed the increasingly bearish view domestically.
- Company will continue to face elevated costs into 2023 as they prepare to retire aircraft for the first time in company history. A structural cost program has begun, but labor costs are destined to rise.
- Cost execution continues to be a "show me" story for this "low fare" challenger. The bigger overhang continues to be the merger and execution risk related to the Spirit combination.

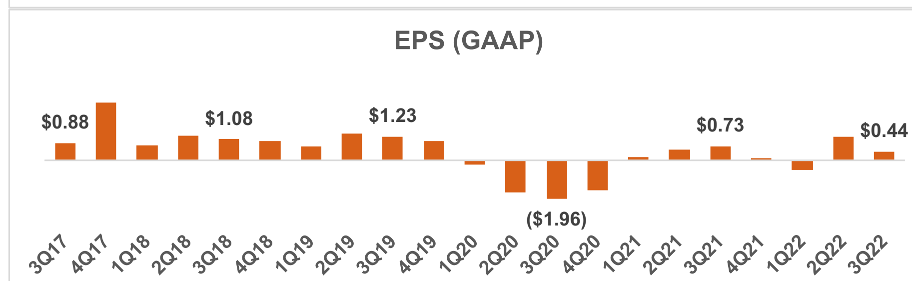
Guidance	4Q22	FY 2022	Notes
Capacity	Up 1% - 4%	Flat - 2%	Compared to 4Q19
RASM	Up 15% - 19%		Compared to 4Q19
CASM-ex	Up 8.5% - 10.5%	Up 13% - 14%	Compared to 4Q19
Fuel	$3.65/gal	$3.67/gal	
CAPEX	~$420M	~$1B	

JetBlue fills out A220 routes from BOS

Southwest Airlines







Southwest

"Our goal is to return to consistent profitability and operational reliability"

3Q22 adj. pre-tax Income: $407M

Southwest reported a profitable third quarter although margins were lower than expected due to higher non-fuel costs. Like all other airlines, demand was strong, and the company reported an uptick in business demand in September, after subpar corporate traffic in June/July. The company reported saving $220M from fuel hedges in 3Q and should save nearly $1B for the full year. Better productivity and network restoration should help costs, but labor and airport costs remain elevated. Pilot hiring was cited as the most important factor in future growth however uncertainty remains around MAX –7 certification. Regardless, capacity growth will be significant in 2023.

EFA takeaway: Cost pressures due to sub-optimal utilization remain. Network restoration, pilot staffing and MAX –7 certification issues will continue into 2023.

Items of Interest

- Yields increased over 5% with stronger advanced purchase and sequential improvement in managed business revenues, although still down 25%. Expect network to be 85% recovered by YE22.
- The travel expiration policy change resulted in a 5-point revenue headwind because of lower "breakage" revenue in 3Q.
- Loyalty revenues, cardholder spend, and co-brand credit card revenues were the primary driver of the increase in the other revenues category.
- Ancillary products revenue also set a 3Q record, with upgraded boarding products having the most impact.
- 61% hedged in fourth quarter, estimating $3.15-$3.25 per gallon, with $185M in hedging gains. 50% hedged so far in 2023.
- Non-fuel costs were higher but at favorable range of guidance due to lower health and benefit costs as well as favorable airport settlements booked in 3Q vs. 4Q.
- Decreased capacity, sub-optimal productivity, inflationary pressures will be headwinds for 4Q costs.
- $13.7B in liquidity, retired $1.9B in debt. Net cash position of over $4B.

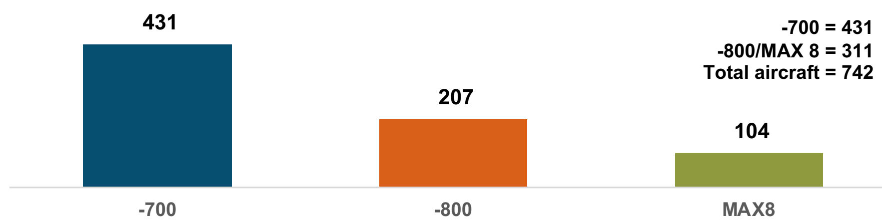
Southwest®

3Q Snapshot (as compared to 3Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-0.3%	10.3%	10.6%	12.2%	61.4%

LUV Stats	3Q22	3Q21	3Q19	y/y	y/3y
Revenues	$6,220M	$4,679M	$5,639M	32.9%	10.3%
Adj Operating Income (EBIT)	$425M	($59M)	$819M	n.m.	(48.1%)
Adj Operating Margin	6.8%	(1.3%)	14.5%		
Adj Pretax Income	$407M	($166M)	$819M	n.m.	(50.3%)
Adj Net Income	$316M	($135M)	$659M	n.m.	(52.0%)
Adj EPS	$0.50	($0.23)	$1.23	n.m.	(59.3%)
Capacity (ASMs)	39.3 billion	38.8 billion	39.4 billion	1.3%	(0.3%)
Yield	16.74¢	13.51¢	15.90¢	23.9%	5.3%
TRASM	15.84¢	12.07¢	14.32¢	31.2%	10.6%
CASM	14.83¢	10.18¢	12.24¢	45.7%	21.2%
CASM-ex	10.22¢	9.43¢	9.11¢	8.4%	12.2%
Fuel (econ)	$3.34	$2.04	$2.07	63.7%	61.4%

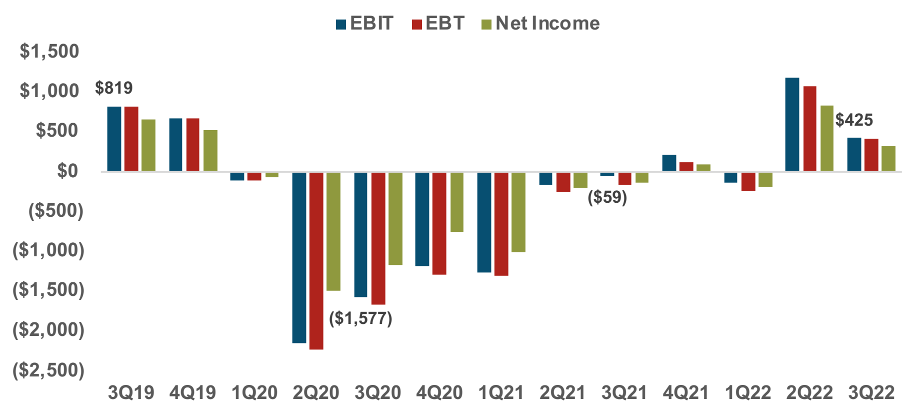
Southwest Fleet – 3Q22



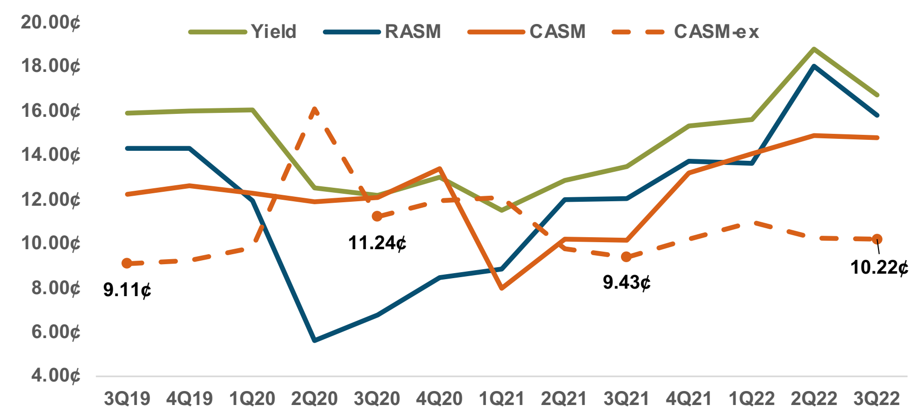
SWAPA®

Southwest

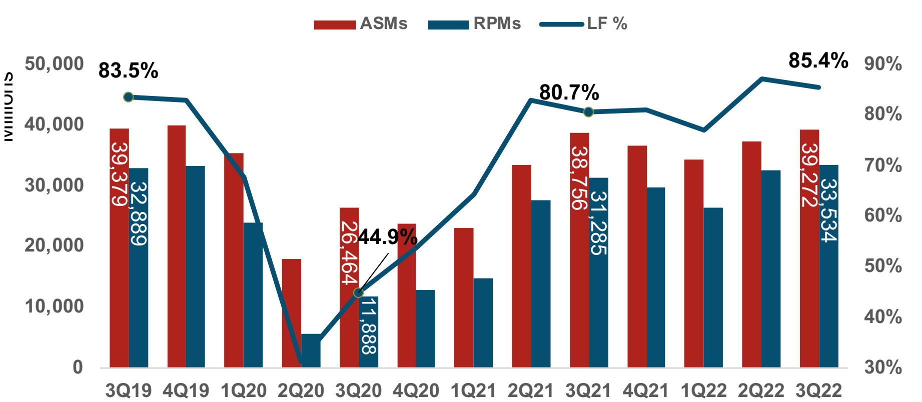
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



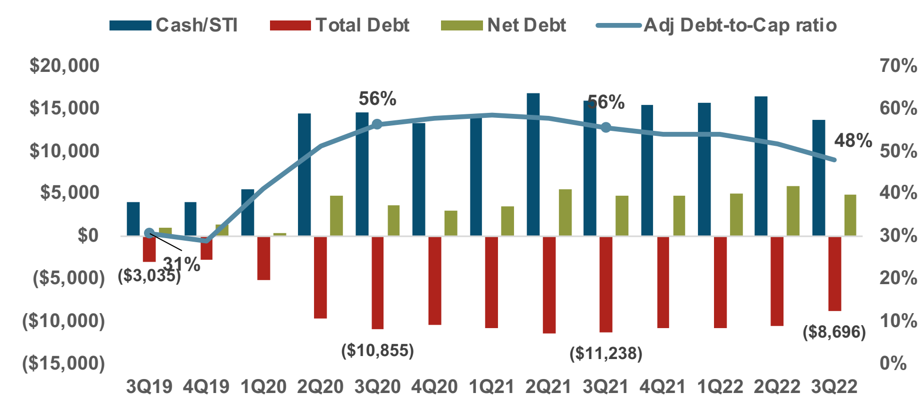
Yield, RASM, and CASM



Capacity, Traffic, and Load Factor



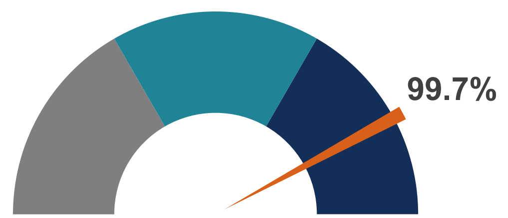
Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)



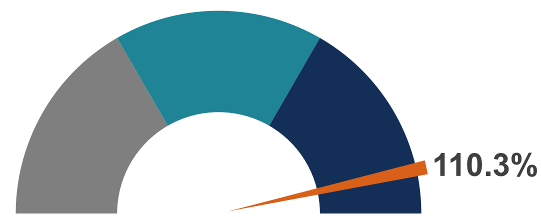
Recovery to Date

Southwest

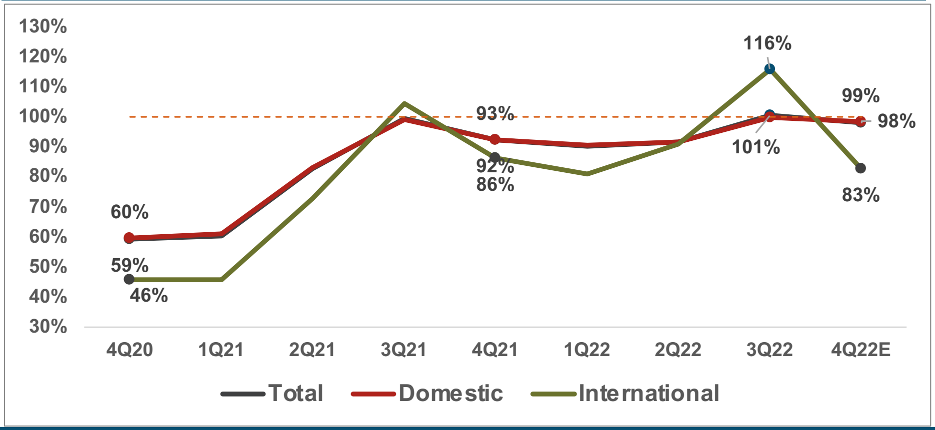
Capacity Restored vs. 2019



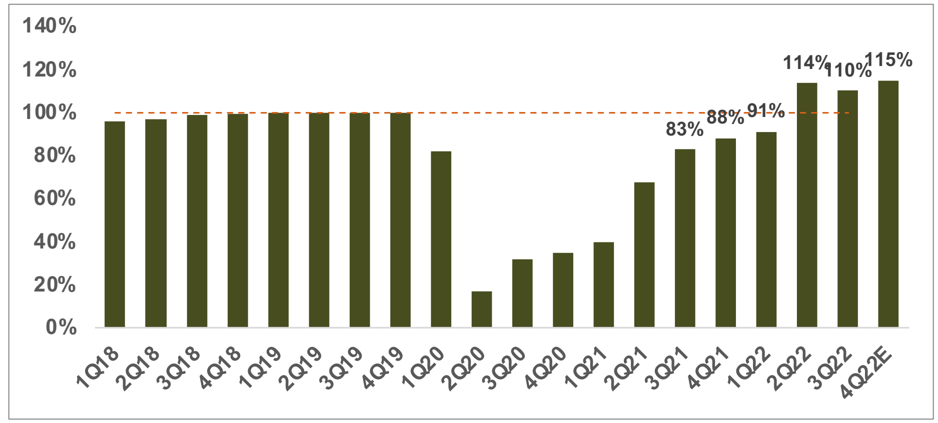
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019

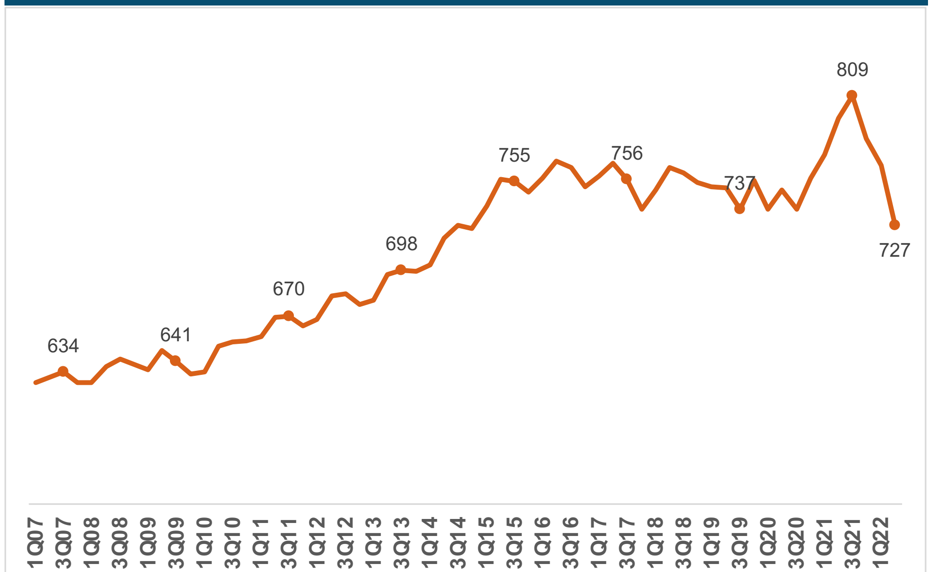


Southwest

- LUV's first half 2023 CASM-ex guide is one item of concern from an otherwise solid earnings release. FY 2023 CASM-ex target of down YoY is second half weighted and we think this is important given industry-wide cost creep.
- The balance sheet provides options that others do not have. LUV plans to keep an elevated cash balance for industry uncertainty but should think about shareholder returns in the near future.
- The 2023 initiatives will help the carrier to more fully utilize its aircraft and employees and optimize productivity metrics. The balance sheet remains a competitive advantage as well.
- Southwest improved its operational performance during the peak summer travel period and was able to capitalize on roaring leisure demand. We were encouraged to hear the emphasis on the underlying strength of the business and leisure momentum into the December quarter.
- We believe LUV will be among the first to reinstate the dividend. Management reiterated its strategy includes shareholder returns in the near future.
- We are encouraged by LUV's guidance expecting sequential improvement to business travel in the fourth quarter. While Southwest is not the business proxy that AAL/DAL/UAL are, we expect revenue momentum to be driven by the returning corporate traveler.
- It appears that revenue momentum has re-established following a 3Q deceleration. The preliminary 2023 CASM-ex view is consistent with our prior forecast and uniquely reflects accrual for labor contracts.

Guidance	4Q 22	FY 2022	Notes
Capacity	Down ~2%	Down 4.5%	Comp to 4Q19
Revenue	Up 13% - 17%		Comp to 4Q19
CASM-ex	Up 14% - 18%	Up 14% - 15%	Comp to 4Q19
Fuel cost	$3.15 - $3.25	$3.05-$3.15	
CAPEX		~$4.0B	no change since 3Q22
Aircraft	741	768	FY2022 down from 841

SWAs reverses stage-length growth as it repairs the network



Ultra Low Cost Carriers (ULCCs)

allegiant

FRONTIER AIRLINES

spirit airlines

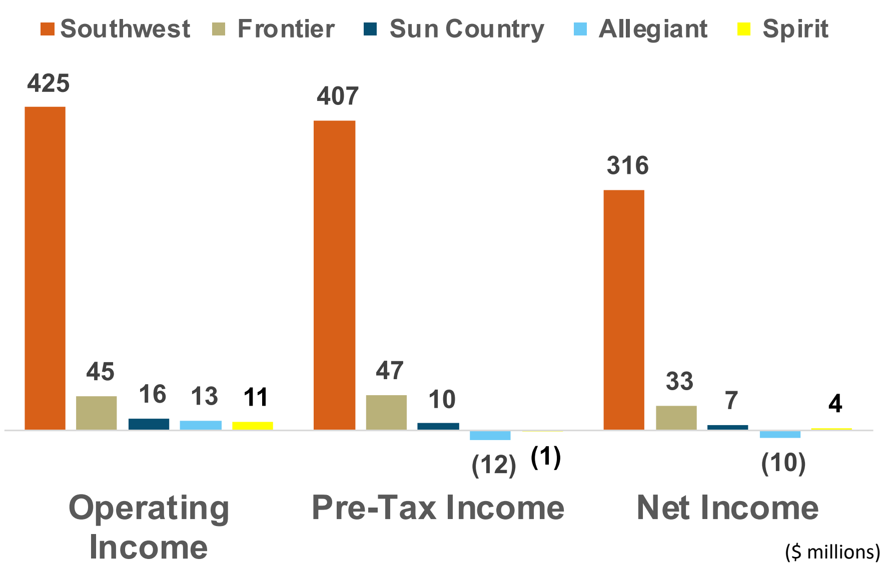
sun country airlines

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

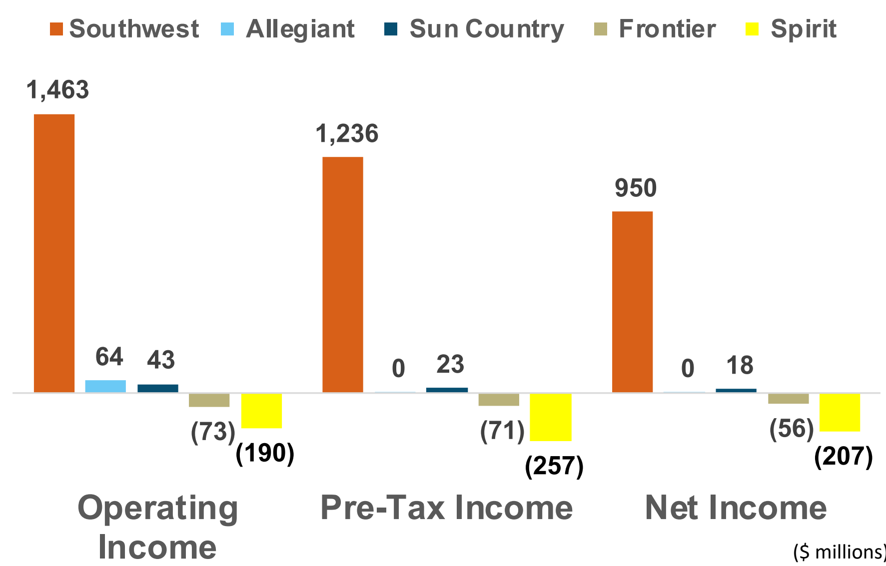
Key Financial Results

ULCCs vs. Southwest

3rd Quarter 2022

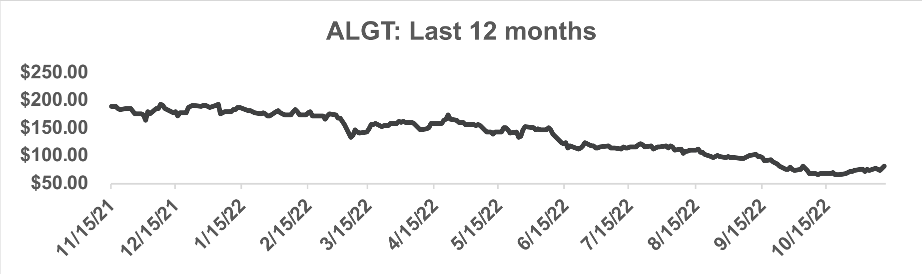


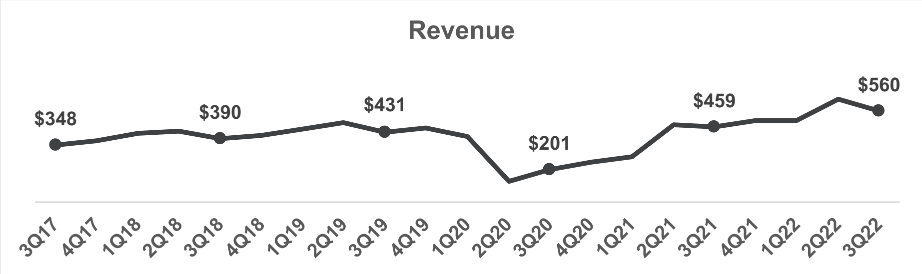
Nine months 2022

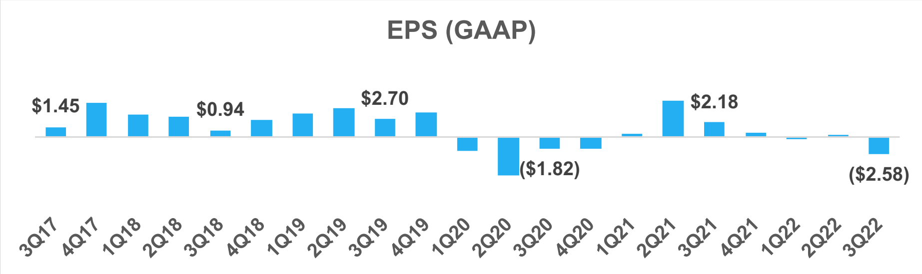


Non-GAAP – excludes special items

Allegiant Travel Co.







Allegiant

"Our direct-to-consumer distribution approach gives us an advantage over other carriers"

3Q22 adj. pre-tax income (loss): ($11.9M)

Allegiant reported another quarterly loss in 3Q, although smaller than the previous quarter, when excluding a special employee bonus and Hurricane Ian estimated losses of $35M for Sunseeker resort. The airline saw an increase of blended leisure and business travel during the quarter, but costs continue to be problematic, with operational and pilot training as particular issues. Allegiant reports up to 30% pilot attrition at times which has hurt reliability. Regaining operational stability, completing labor agreements and increasing productivity are the company's primary focus in the fourth quarter. Delays in MAX deliveries are expected to slow growth in 2023.

EFA takeaway: Operational issues, pilot turnover and high fuel continue to pressure Allegiant in the short-term. Wall St. Concerned about new fleet type and pilot costs.

Items of Interest

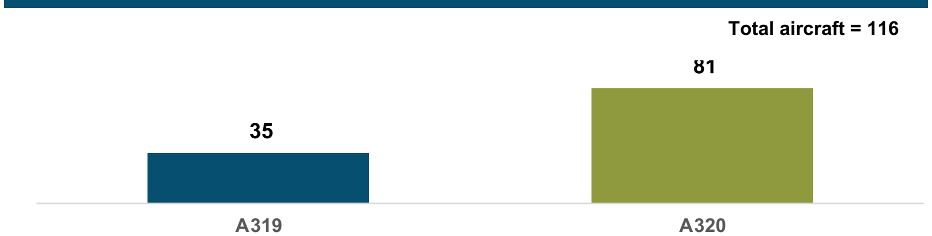
- Will only receive 3 MAX-8's in 2023 down from 8 due to Boeing supply chain issues.
- Partnership with Viva Aerobus, Mexican ULCC, was approved and expected to be integrated in first half of 2023.
- Allegiant Mastercard co-brand has a cardholder base of nearly 400,000 customers, which drives 15% of air and air ancillary revenue. Level of spend has risen 350% since 2019.
- Double digit TRASM growth and September load factor highest since 2011. Bundled ancillary products average $70 per passenger.
- Unit costs ex-items were up nearly 14% vs. 2019 on 14.5% ASM growth. The increase was driven by sub optimum labor productivity and aircraft utilization along with inflationary pressures.
- Florida service will moderate short-term due to effects of hurricane and ATC issues.
- A/C utilization averaged 6.4 hours vs. 7.4 in 2019. IROPS spend year to date already $60M more than all of 2019.
- Liquidity of $1.2B with $75M revolver. $1B of net debt with 83% fixed and 17% floating. Current maturities are only 8% of outstanding debt.

3Q Snapshot (as compared to 3Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
↑ 17.0%	↑ 30.0%	↑ 13.6%	↑ 13.9%	↑ 78.2%

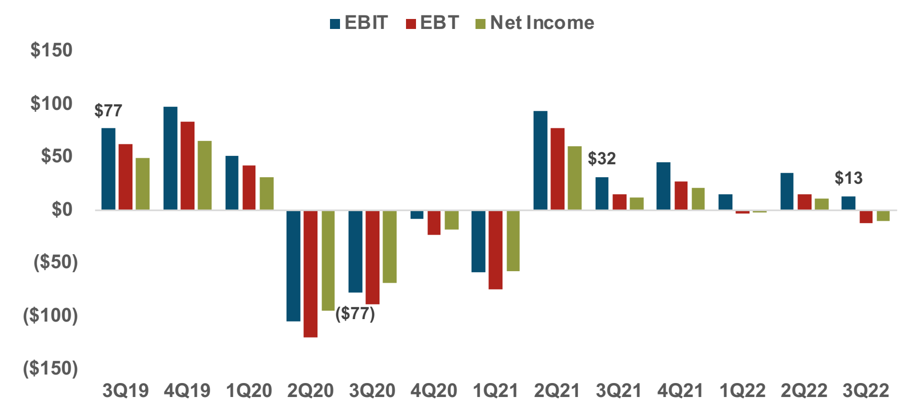
ALGT Stats	3Q22	3Q21	3Q19	y/y	y/3y
Airline Revenues	$560M	$459M	$431M	22.0%	30.0%
Adj Operating Income (EBIT)	$13M	$32M	$77M	(57.4%)	(82.6%)
Adj Operating Margin	2.4%	6.9%	17.9%		
Adj Pretax Income	($12M)	$15M	$62M	n.m.	n.m.
Adj Net Income	($10M)	$12M	$50M	n.m.	n.m.
Adj EPS	($0.54)	$0.66	$3.06	n.m.	n.m.
Capacity (ASMs)	4.3 billion	4.3 billion	3.7 billion	0.1%	17.0%
Yield	14.67¢	13.91¢	13.59¢	5.4%	7.9%
TRASM	12.59¢	10.35¢	11.08¢	21.7%	13.6%
CASM	13.28¢	8.85¢	9.37¢	50.1%	41.7%
CASM-ex	7.61¢	6.97¢	6.68¢	9.2%	13.9%
Fuel (econ)	$3.85	$2.20	$2.16	75.0%	78.2%

Allegiant Fleet – 3Q22

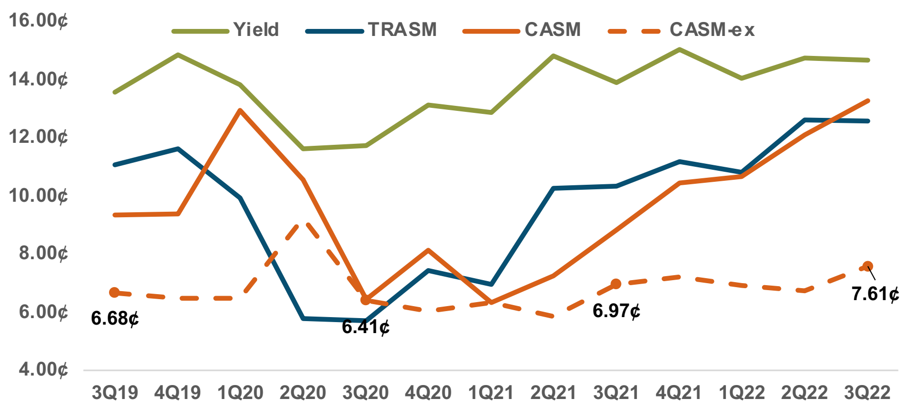


Allegiant

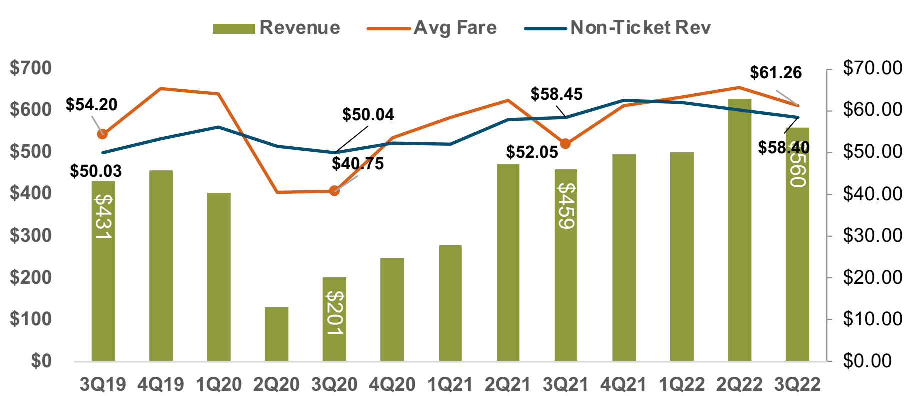
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



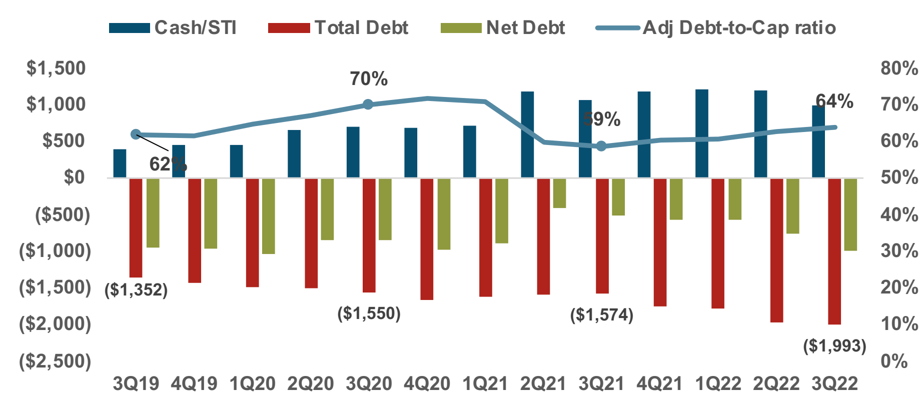
Yield, RASM, and CASM



Quarterly Revenue, Average Fare, and Non-Ticket Revenue

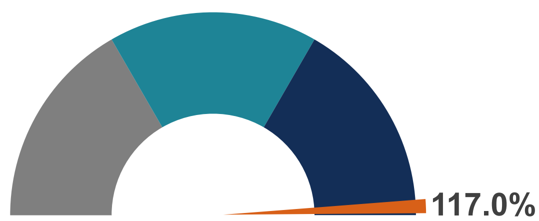


Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)

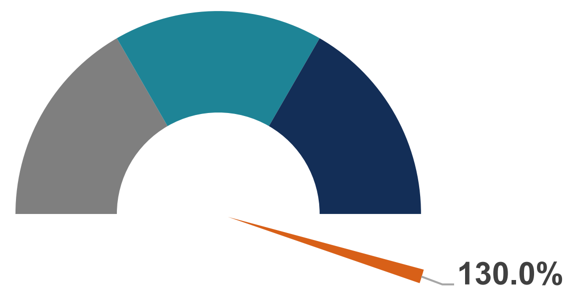


Recovery to Date

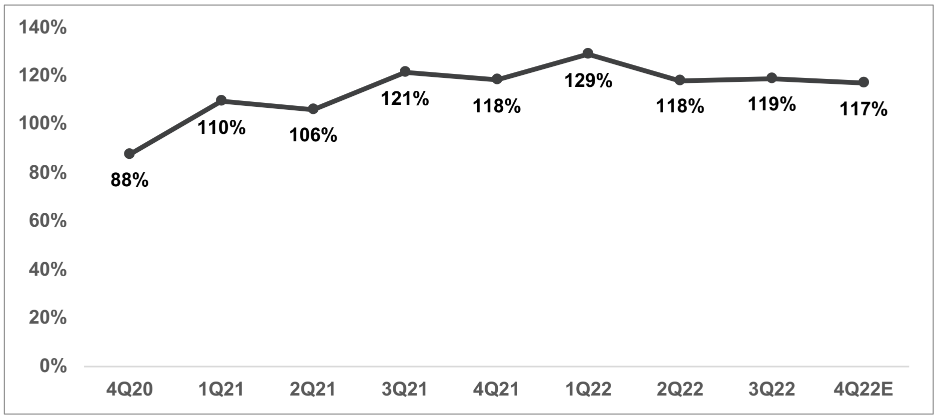
Capacity Restored vs. 2019



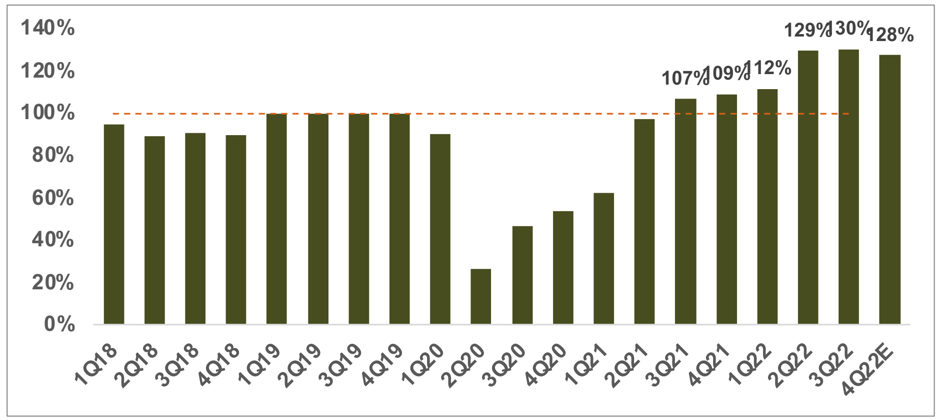
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019

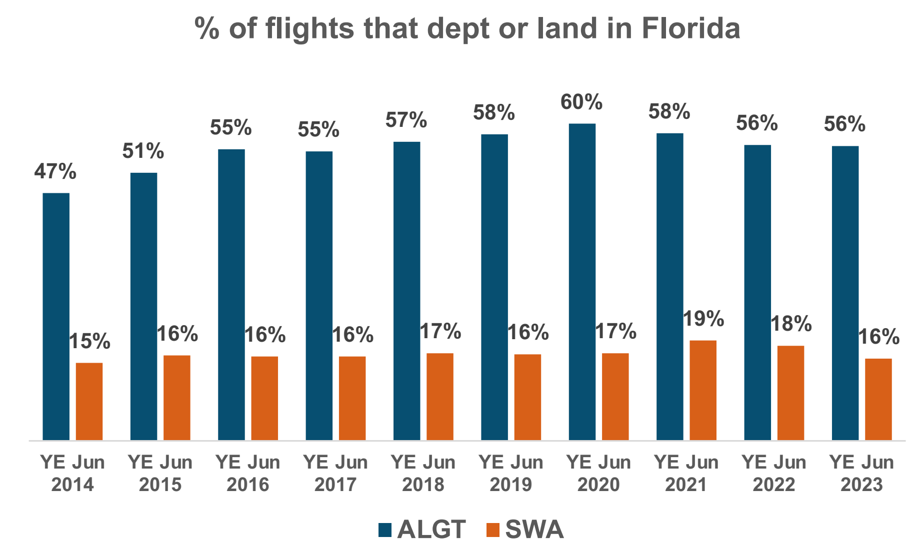


Allegiant

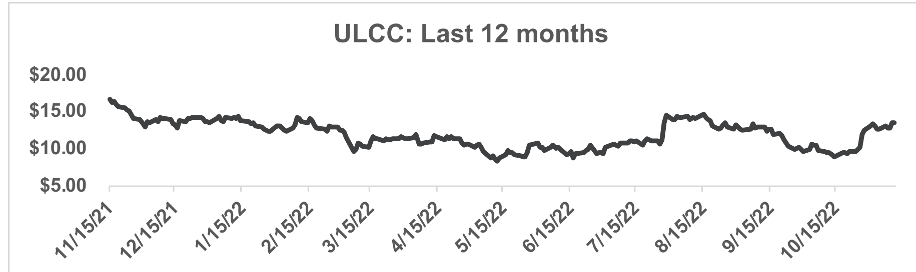
- Boeing delays giving the airline time to work through operational challenges and pilot items. We had called out added risks for ALGT given the introduction of a new fleet type during the recovery but perhaps this will work out in their favor.
- We do not see sequential revenue improvement due to Hurricane Ian aftereffects plus holiday and off- peak timing. This significantly lags ALGT's peers SAVE and ULCC. We are concerned higher costs will pressure the company in the near-term.
- Pilot constraints and aircraft delivery delays will dictate capacity levels going forward. The high level of pilot attrition speaks to the need for a competitive contract.
- We sense confidence in the name is diminished, therefore the onus is on the company to execute on improving margins. Fortunately, ALGT has a solid balance sheet with a net cash position to help it weather near-term issues.
- A slower induction of aircraft (MAX delivery delays) may prove to be somewhat of a relief on costs and operations. Improved utilization and lower IROPS partially offset hiring/training expenses associated with fleet transition.
- ALGT performed better than our estimates but still posted a loss when most other carriers were profitable. Lost revenue from Hurricane Ian and higher costs were evident here.

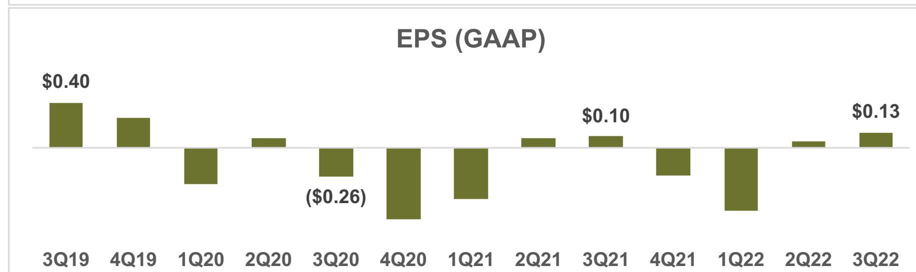
Guidance	4Q22	FY 2022	Notes
Capacity	Up ~15%		(sched serv) compared to 4Q 2019
Revenue	Up 26.5% - 28.5%		Compared to 4Q 2019
CASM-ex fuel	Up 13% - 15%		Compared to 4Q 2019
Fuel	$3.75		
CAPEX		$190M - $200M	Aircraft, engine, pre-delivery deposits
Fleet	123		

Allegiant network at risk for Florida disruptions



Frontier Airlines





Frontier

FRONTIER AIRLINES

"We demonstrated the strength of leisure focused low-cost business model"

3Q22 adj. pre-tax income: $47M

Frontier posted a profit on record operating revenues underpinned by ancillary revenue per passenger that eclipsed all previous quarterly results. The airline's CEO, Barry Biffle, believes that leisure travel has undergone a fundamental increase that will be a permanent feature moving forward. As capacity lags GDP growth, Frontier is confident it will be able to capitalize on this trend with ultra-low fares and ancillary revenues. The airline highlighted the first delivery of the A321neo seating 240 pax and launching a pilot cadet program. In addition, the airline will be significantly growing its international footprint and opening several new focus cities.

EFA takeaway: Frontier is in a good position in the ULCC space. Solid operations, no issues with pilot staffing and plentiful opportunities to grow the network.

Items of interest

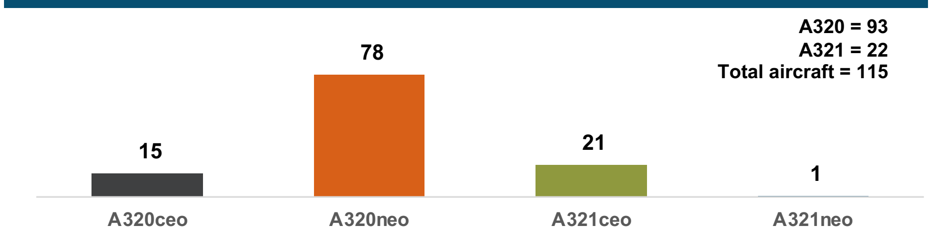
- RASM increased 26% on 8% capacity increase. Revenue per passenger increased to $135 with $78 derived from ancillary revenue per passenger, a company record.
- Utilization of aircraft increased to over 11 hours per day. The fourth quarter will see that rise to 11.5 hours per day as stage length normalizes.
- Realized a $12M in transaction and merger related credits from terminated deal with Spirit.
- Adjusted CASM-ex decreased due to improved utilization and cost management efforts across the entire business. Higher seat gauge expected to improve this more.
- Cost strategy includes growing field efficiency, low debt service costs and achieving lowest CASM-ex with sub six cent target.
- Ended quarter with $674M in liquidity and $251M in total debt with access to substantial liquidity through loyalty and brand related assets.
- Expect delivery of 7 A320neo aircraft in fourth quarter and 120 plus aircraft at years end. Shifting A321neo deliveries into 2023 due to Airbus manufacturing delays.
- Pilot cadet academy already has 1,300 applications within first week of announcement.

3Q Snapshot (as compared to 3Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
↑ 7.7%	↑ 35.4%	↑ 25.8%	↑ 23.9%	↑ 80.8%

ULCC Stats	3Q22	3Q21	3Q19	y/y	y/3y
Revenues	$906M	$630M	$669M	43.8%	35.4%
Adj Operating Income (EBIT)	$45M	($28M)	$88M	n.m.	(48.9%)
Adj Operating Margin	5.0%	(4.4%)	13.2%		
Adj Pretax Income	$47M	($30M)	$92M	n.m.	(48.9%)
Adj Net Income	$33M	($24M)	$72M	n.m.	(54.2%)
Adj EPS	$0.14	($0.11)	$0.36	n.m.	
Capacity (ASMs)	8.0 billion	7.5 billion	7.5 billion	7.1%	7.7%
Yield	13.31¢	10.50¢	10.18¢	26.7%	30.7%
TRASM	11.27¢	8.40¢	8.96¢	34.2%	25.8%
CASM	10.57¢	7.83¢	7.49¢	35.0%	41.1%
CASM-ex	6.90¢	6.55¢	5.57¢	5.3%	23.9%
Fuel (econ)	$3.85	$2.19	$2.13	75.8%	80.8%

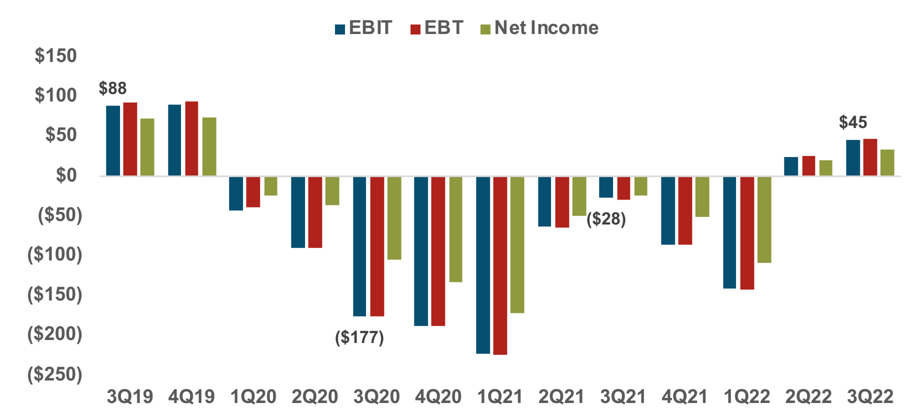
Frontier Fleet – 3Q22



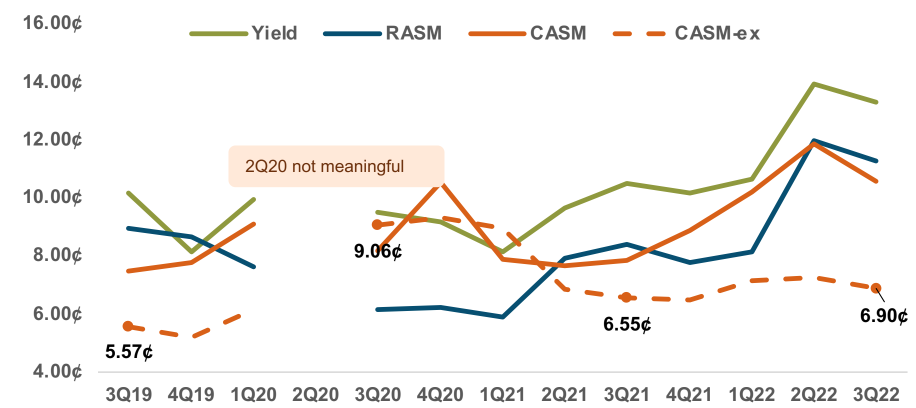
Frontier

FRONTIER AIRLINES

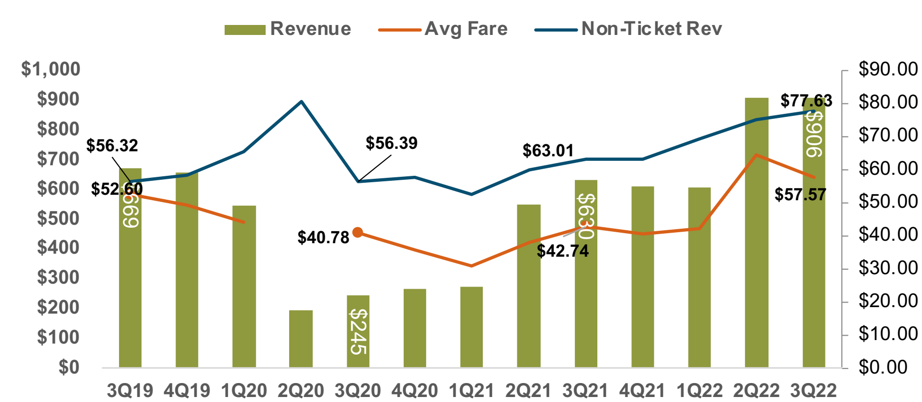
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



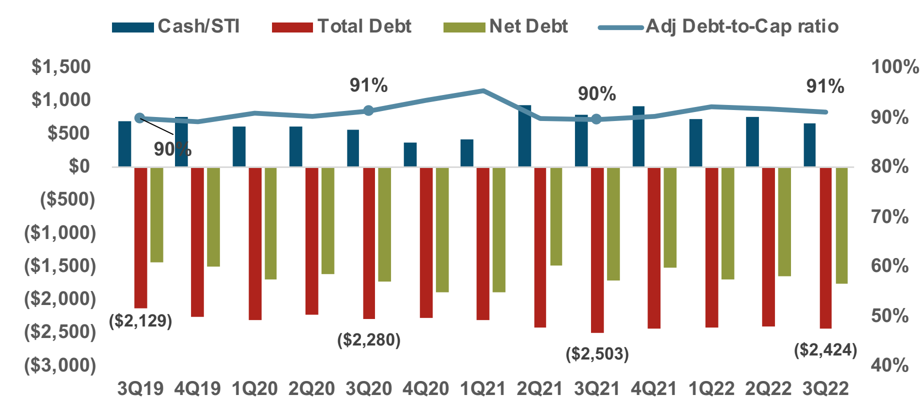
Yield, RASM, and CASM



Quarterly Revenue, Average Fare, and Non-Ticket Revenue



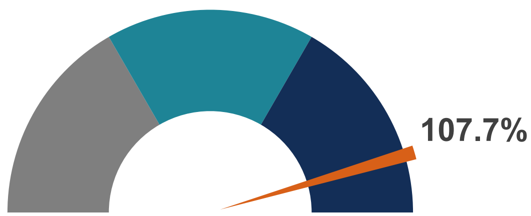
Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)



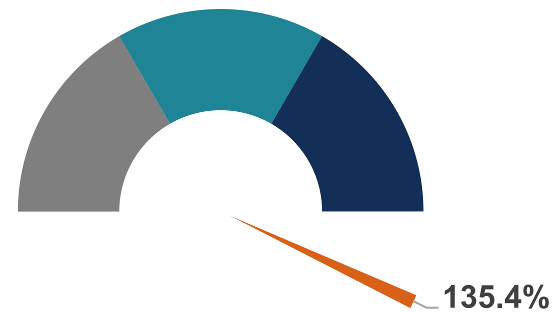
SWAPA

Recovery to Date

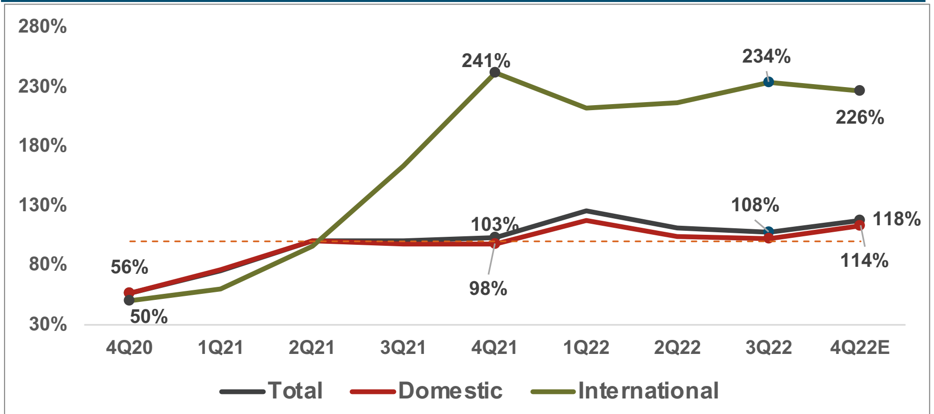
Capacity Restored vs. 2019



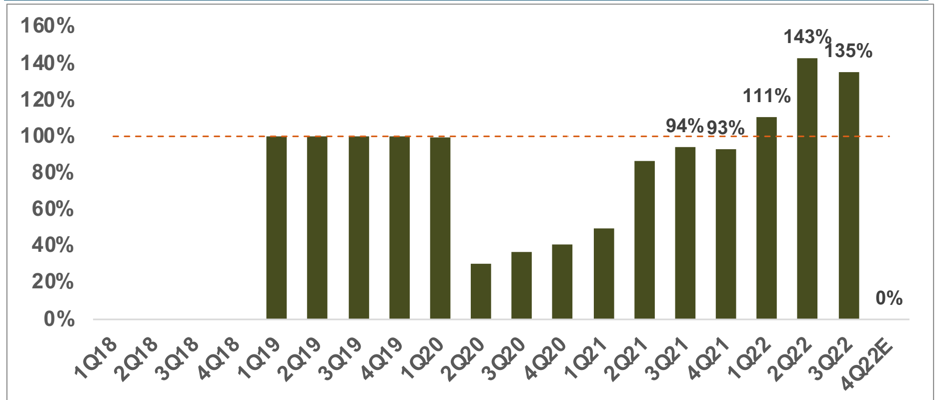
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



4Q22 revenue guide not provided

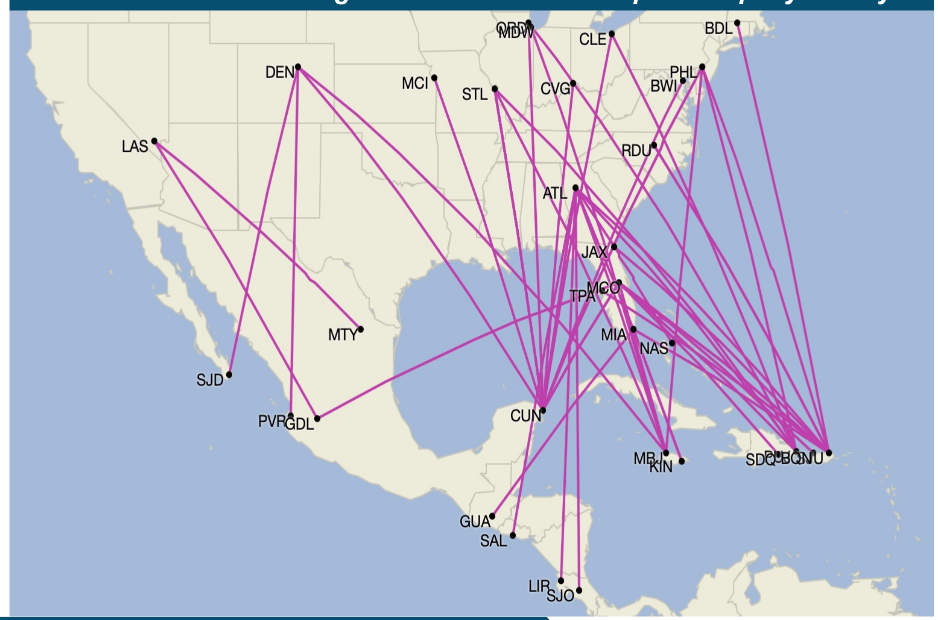
Frontier

FRONTIER AIRLINES

- Frontier management targeting CASM-ex of less than six cents in 2023 which we believe is an ambitious goal given inflation headwinds likely to occur in the year but could be possible through proper execution. Key factors will be A/C utilization and delivery of A321neo's.
- We believe Frontier is likely to maintain its ultra-lo -cost leadership and the company reiterated its target of sub-6 cent CASM-ex for FY 2023.They will do this if they can execute on their growth plan and increase aircraft utilization to over 12 hours per day.
- Frontier will be uniquely positioned to capitalize on any market opportunities that become available following a JBLU-SAVE merger (gates, slots, routes).
- Frontier is still a ways off from a 2019 cost structure (+24%) but the pieces are there for improvement into 2023, given staffing levels and a more reliable operation. We aren't ready to say the company can get back to a target sub-6 cent non-fuel cost structure given inflation but on a relative basis, they can turn it on better than most in the low-cost market.
- ULCC cited a structural increase in post-pandemic leisure demand frequency and flexibility. This shift in demand patterns has enabled ULCC to fly more on shoulder and off-peak days, driving higher utilization. This will help to drive unit cost improvement.

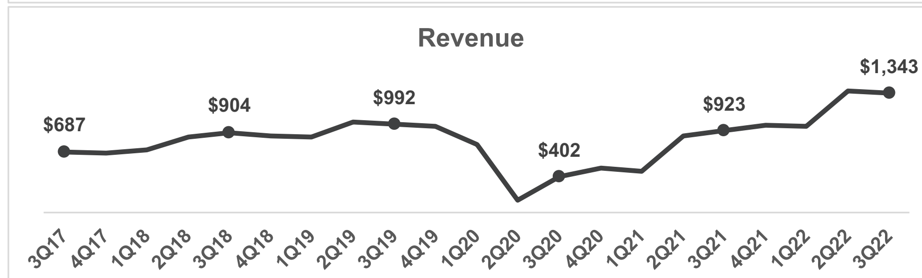
Guidance	4Q22	FY 2022	Notes
Capacity	up 15% - 17%		compared to 4Q19
Adj. Op Ex (ex-fuel)	$565M - $585M		
Fuel	$3.70 - $3.75		
CAPEX	$30M - $35M		
Adj. pre-tax margin	3% - 7%		

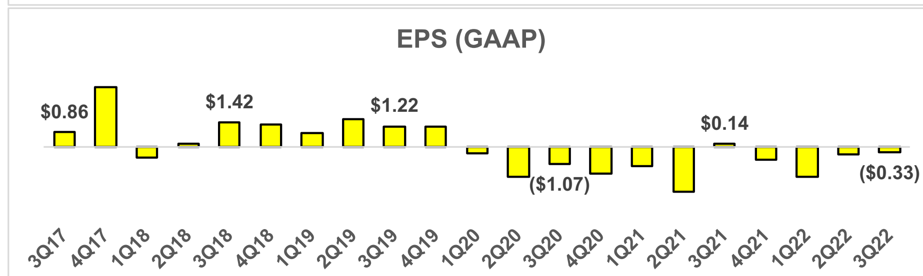
Frontier initiates the largest international buildup in company history



SWAPA

Spirit Airlines





Spirit

"The business performed well against a set of negative headwinds"

3Q22 adj. pre-tax income (loss): ($1.2M)

Spirit emphasized several negative headwinds in reporting a small loss in the third quarter. Strong demand and sound revenue management, according to CEO Ted Christie, helped to mitigate these headwinds. The airline continues to face constraints in Florida, however, which is limiting the restoration of its network and preventing the full utilization of the planned schedule. Pilot hiring and retention were mentioned as ongoing issues, but a new pilot contract, when negotiated is expected to help. Spirit will take a cautious approach to adding capacity into 2023 until full utilization can be achieved but still believes there are plenty of growth opportunities.

EFA takeaway: Spirit's continuing operational constraints preventing it from resuming planned growth and the JBLU merger process is just beginning.

Items of Interest

- Hurricane Ian caused over 900 flight cancellations and will cost an estimated $10M in revenue loss.
- Total revenue per passenger flight segment increased 22% to $134.59. Fare revenue per segment up 23% to $67.52 and non-ticket revenue up 21% to $67.07.
- Adjusted operating expenses were up 56% as compared to 3Q 2019. These were driven by increases in flight volume, higher fuel prices and inflationary wage pressures.
- Off-peak flying has seen increased yields and load factors which is expected to continue as travel patterns change.
- Airbus delivery delays and supply chain issues will limit capacity increases in 2023.
- Aircraft utilization was 10.6 hours, down 15% compared to the 12.5 hours in the 3Q 2019. Not expected to increase until next summer.
- Took delivery of four A320neo's during the quarter. CAPEX for the year will be $260M but will increase to $350M in 2023, $150M of which is for the construction of new corporate headquarters.
- Liquidity of $1.3B with a $240M revolving credit line. Debt payments of $232M.

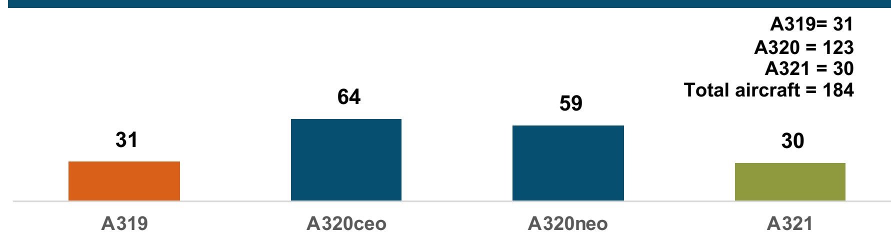
spirit airlines

3Q Snapshot (as compared to 3Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
↑ *13.5%*	↑ *35.4%*	↑ *19.3%*	↑ *20.0%*	↑ *83.7%*

SAVE Stats	3Q22	3Q21	3Q19	y/y	y/3y
Revenues	$1,343M	$923M	$992M	45.6%	35.4%
Adj Operating Income (EBIT)	$11M	($65M)	$134M	n.m.	(91.5%)
Adj Operating Margin	0.8%	(7.0%)	13.5%		
Adj Pretax Income	($1M)	($96M)	$118M	n.m.	n.m.
Adj Net Income	$4M	($75M)	$90M	n.m.	(96.0%)
Adj EPS	$0.03	($0.69)	$1.32	n.m.	(97.7%)
Capacity (ASMs)	12.1 billion	11.1 billion	10.7 billion	9.7%	13.5%
Yield	13.29¢	10.75¢	10.95¢	23.6%	21.4%
TRASM	11.07¢	8.34¢	9.28¢	32.7%	19.3%
CASM	11.37¢	8.22¢	8.12¢	38.3%	40.0%
CASM-ex	6.79¢	6.58¢	5.66¢	3.2%	20.0%
Fuel (econ)	$3.82	$2.14	$2.08	78.5%	83.7%

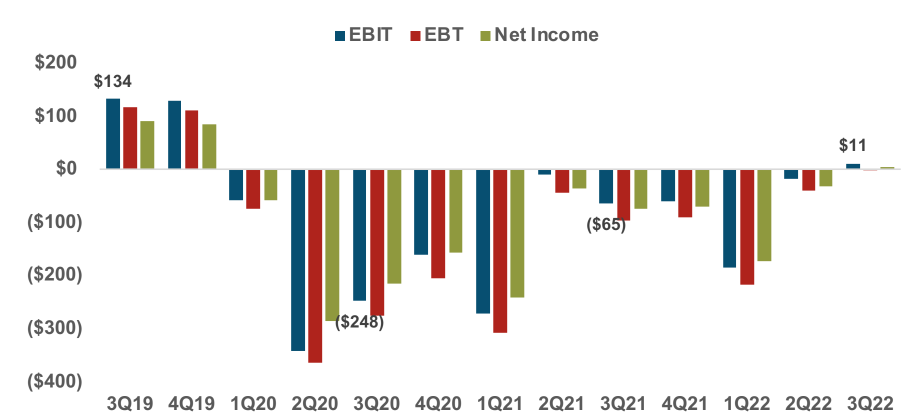
Spirit Fleet – 3Q22



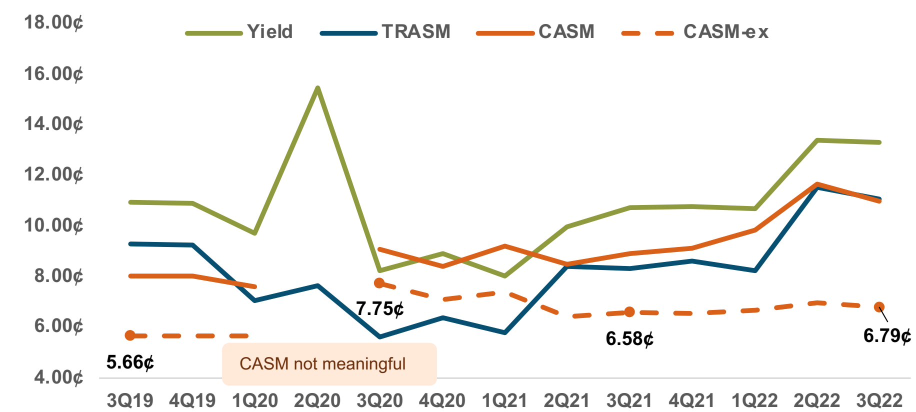
SWAPA

Spirit

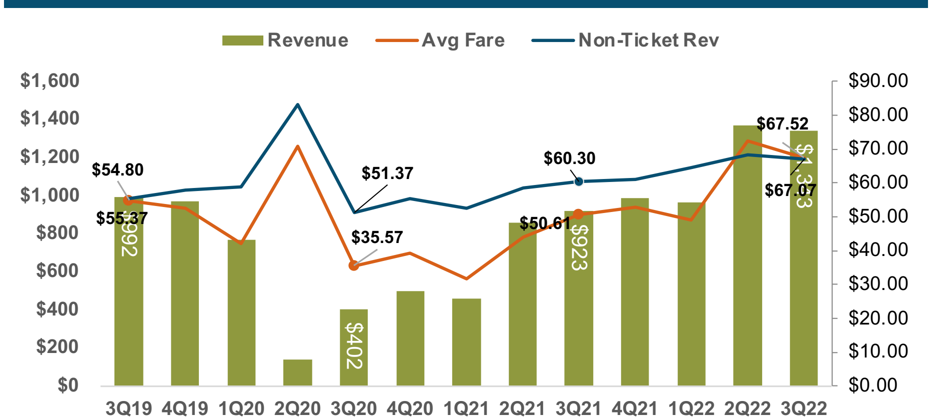
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



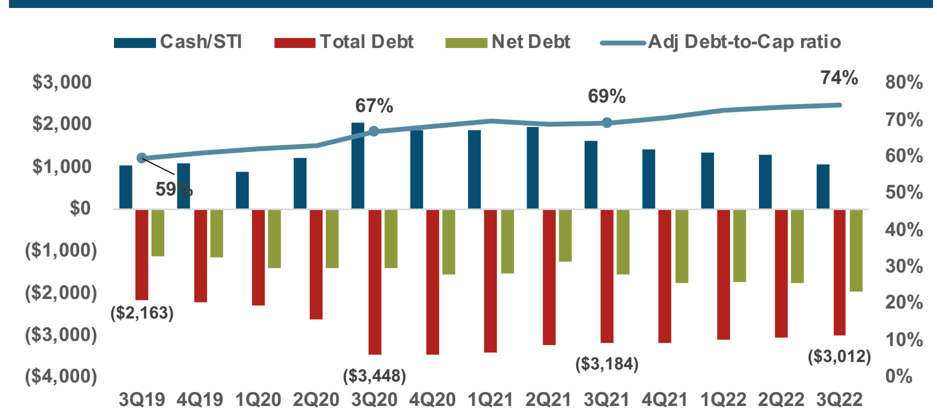
Yield, RASM, and CASM



Quarterly Revenue, Average Fare, and Non-Ticket Revenue



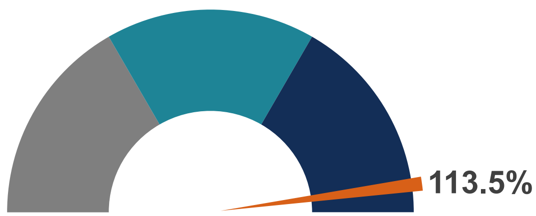
Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)



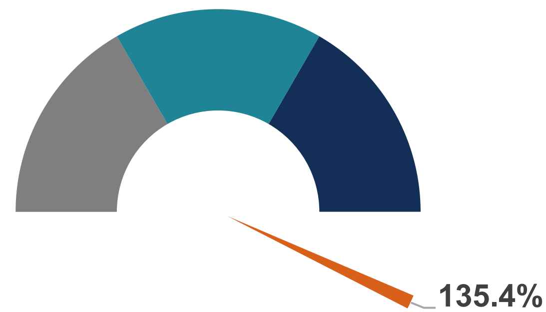
Recovery to Date

spirit airlines

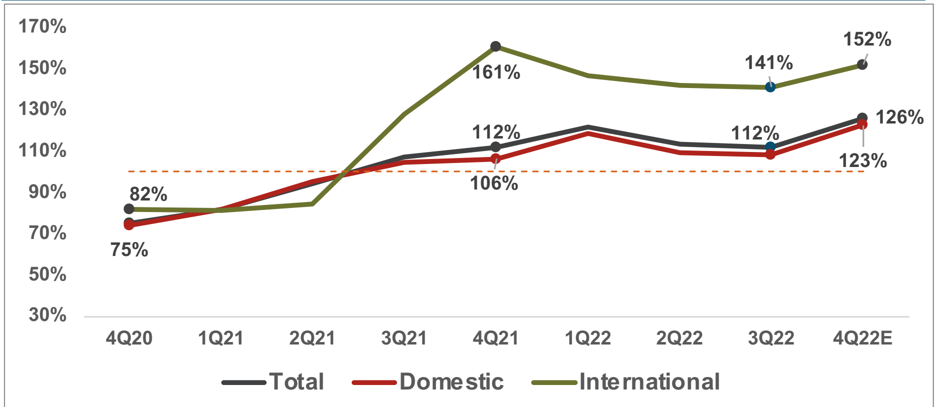
Capacity Restored vs. 2019



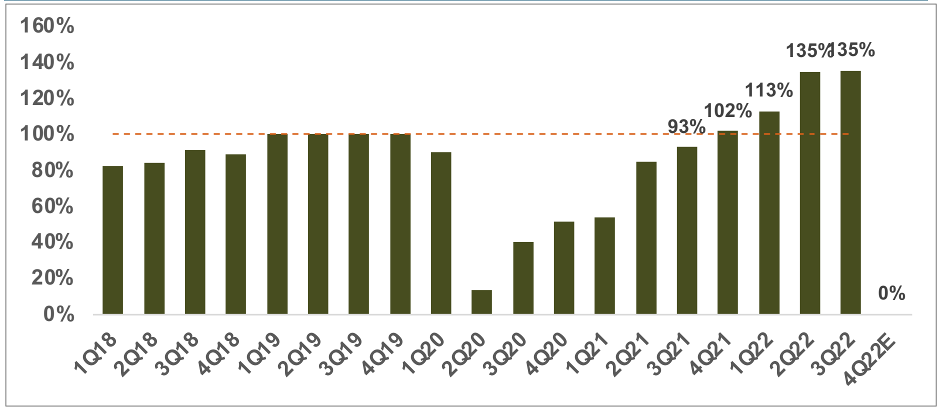
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



4Q22 revenue guide not provided

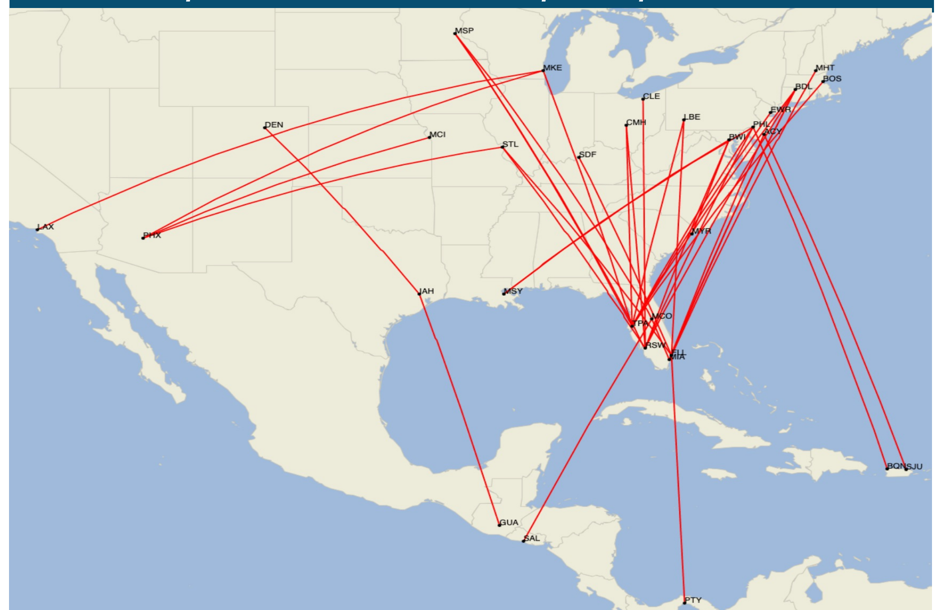
SWAPA

Spirit

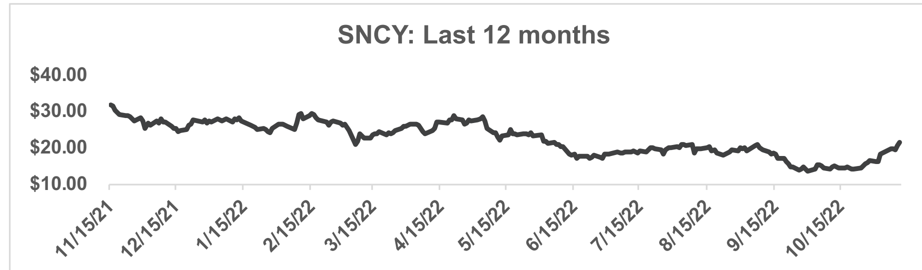
- Spirit's key geographic market of Florida continues to drag on the carriers, expansion plans. We think Spirit will need to restructure their network to drive increased utilization through other routes including Los Angeles and Las Vegas. More strength in off-peak and uniform demand across weekdays should create more stability in schedules lessening the resource strain.
- Infrastructure constraints, supply chain issues, ongoing pilot hiring, and training costs are putting a strain on expenses prior to revenue being realized. We believe prior guidance of sub six cent CASM-ex is unlikely. Increased utilization and a fully restored network by mid 2023 can add four points to margins but costs remain an issue.
- Continued fuel and labor cost pressures continue to affect operating expenses. We think a gradual improvement in fleet utilization will help as we move into 2023.
- We are still of the view that the transaction between JBLU and SAVE could be contested by regulators but ultimately, we think the proposed merger stands a reasonable chance of being approved.
- We expect the company to carry more costs until there is consistency and stability in the operation. The potential is there is for Summer 2023 to be at "normalized" levels even though there have been several false starts already.

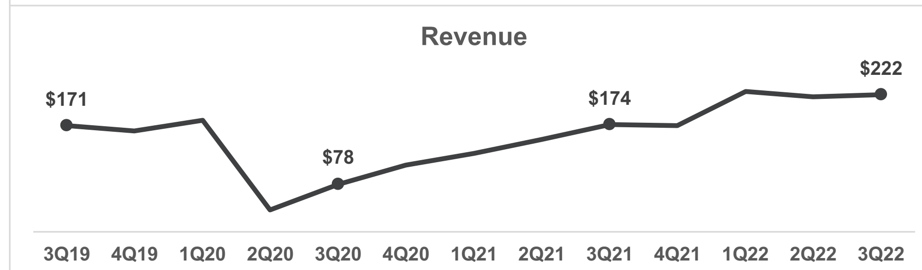
Guidance	4Q22	FY 2022	Notes
Capacity	Up ~24.5%	Up 18%	Compared to 4Q19
Adj Op Expense	$1,365-$1,375M		
Fuel	$3.55		Estimate 141.6M gallons
Adj Op Margin	Up 1% - 3%		
Fleet		YE at 197	Plan to have 197 YE22, & 230 YE23
CAPEX		$260M	

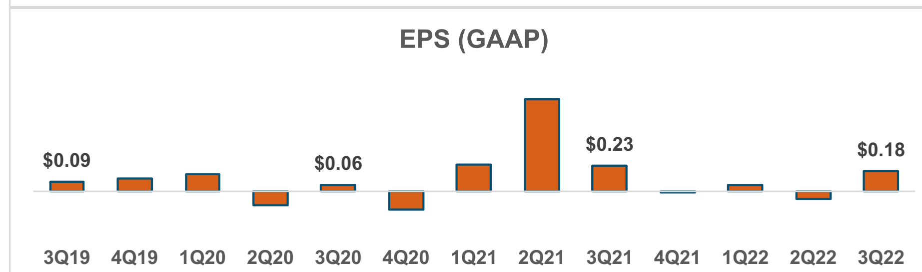
Surprise route announcement: Spirit drops 37 routes



Sun Country Airlines







Sun Country

"Our focus is to staff for growth to restore passenger fleet utilization"

3Q22 adj. pre-tax income:$9.7M

Sun Country returned to profitability for the third quarter, noting strong scheduled service across nearly all their markets, leisure, VFR, international, domestic, peak and off peak. The charter business remains strong as well, with continued yield improvements. The company's CEO Jude Bricker, says the main impediment is still the pilot training overhang, with captain availability being the constraining input during the third quarter. As the training is completed, the airline expects fleet utilization to continue to improve into 2023. They are forecasting widening margins with increasing capacity and with their flexible fleet strategy, expect a profitable 4Q and 2023.

EFA takeaway: Sun Country's unique model is working well again after an off-quarter. A return to normal utilization will provide significant opportunity.

Items of interest

- Scheduled service revenue was $152.5M , a 34% increase y/y, with TRASM up 39%, both higher than 3Q 2019.
- Charter revenue increased 27% YoY, helped by long-term contracts with the MLS and Caesars. 80% of charter block hours were long-term contracts, with ad-hoc flying reduced due to constrained resources.
- Cargo revenue was 3% lower as compared to 3Q 2021 due to a one-time payment from Amazon last year. Block hours increased slightly but the cargo aircraft count remained flat.
- Non-fuel CASM-ex increased due to lower utilization and the effects of the new pilot contract on the lower block hours flown.
- The first airline to announce share repurchases, authorized to buy back up to $50M in outstanding stock, with $25M to be purchased in an accelerated fashion.
- Liquidity of $318M which includes an undrawn $25M revolver. Net debt to EBITDA was 3x, among the lowest of all airlines. Fleet growth of five aircraft 4Q22 & 1Q23.
- Fuel averaged $3.93 per gallon, 75% higher y/y. Have been able to offset approximately one third of total fuel usage to cargo and charter customers.

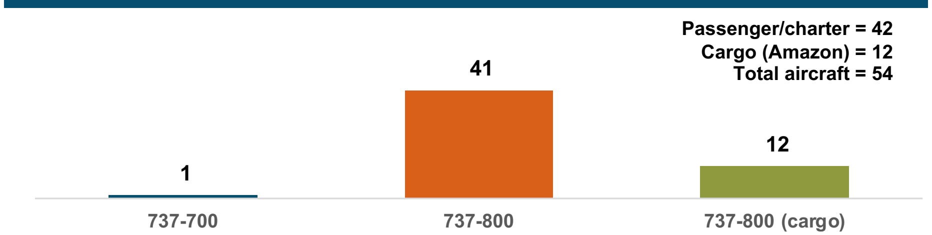
sun country airlines

2Q Snapshot (as compared to 2Q 2019)

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

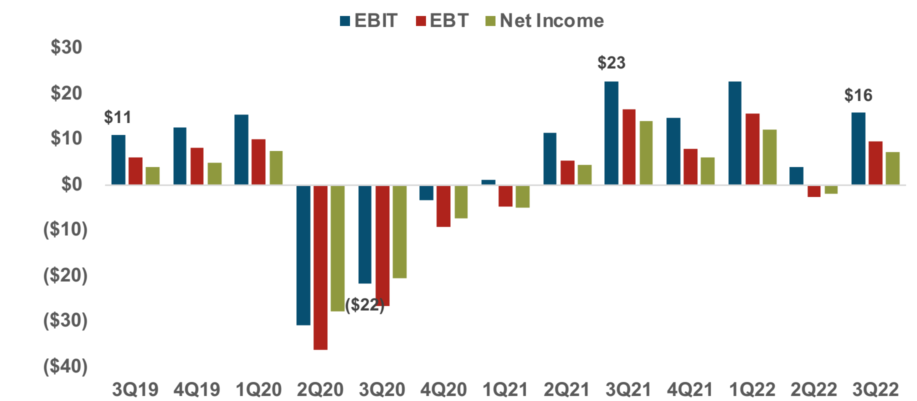
SNCY Stats	3Q22	3Q21	3Q19	y/y	y/3y
Revenues	$222M	$174M	$171M	27.7%	29.3%
Adj Operating Income (EBIT)	$16M	$23M	$11M	(30.6%)	44.6%
Adj Operating Margin	7.2%	13.2%	6.4%		
Adj Pretax Income	$10M	$17M	$6M	(41.9%)	60.5%
Adj Net Income	$7M	$14M	$4M	(47.1%)	86.2%
Adj EPS	$0.12	$0.23	$0.09	(47.8%)	36.6%
Scheduled Capacity (ASMs)	1.26 billion	1.30 billion	1.49 billion	(3.1%)	(15.4%)
Yield	17.74¢	14.60¢	13.74¢	21.6%	29.1%
TRASM	12.75¢	9.63¢	9.26¢	32.4%	37.7%
CASM	13.28¢	9.79¢	8.66¢	35.6%	53.3%
CASM-ex	7.55¢	6.35¢	6.11¢	18.9%	23.5%
Fuel (econ)	$3.93	$2.24	$2.31	75.4%	69.8%

Sun Country Fleet – 3Q22

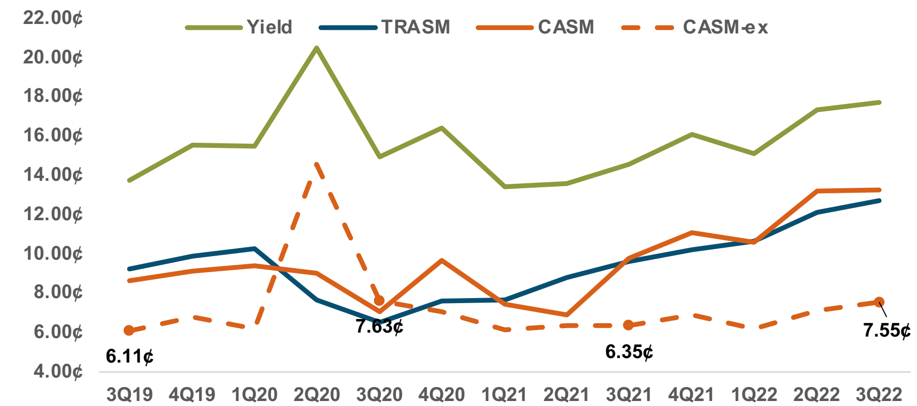


Sun Country

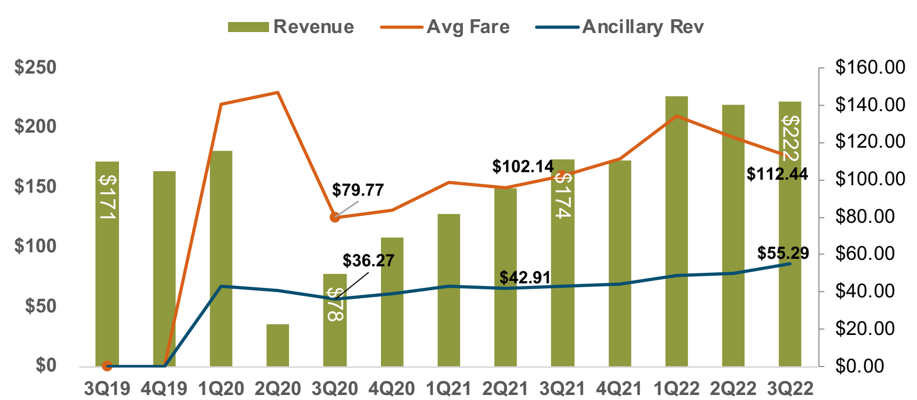
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



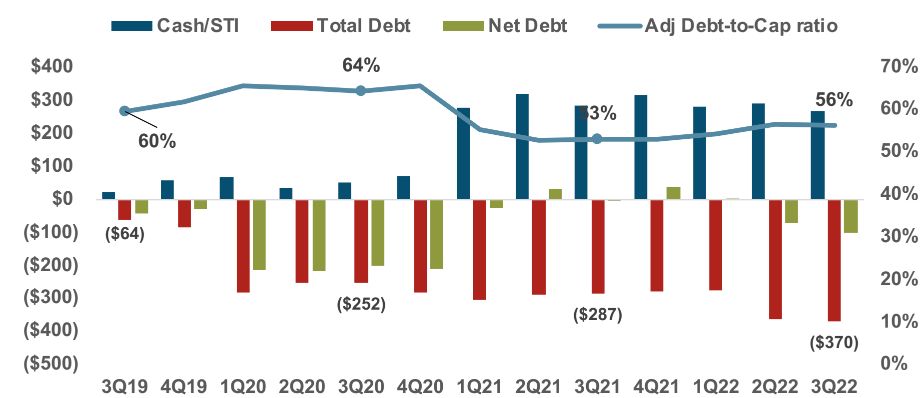
Yield, RASM, and CASM



Quarterly Revenue, Average Fare, and Non-Ticket Revenue



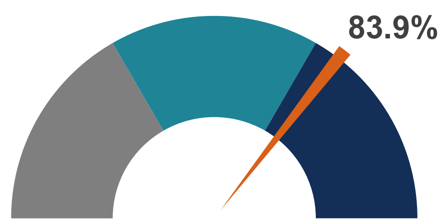
Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)



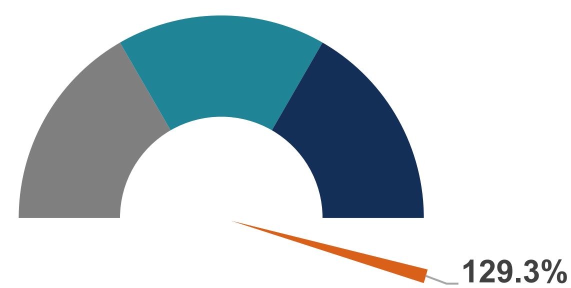
Recovery to Date

sun country airlines

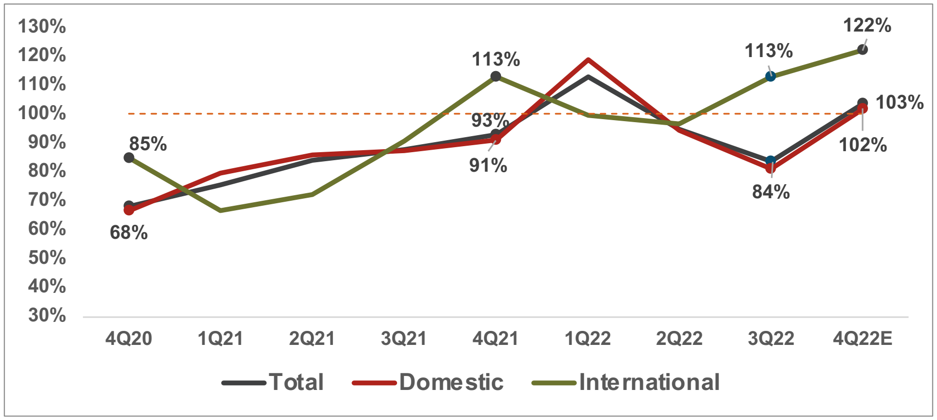
Capacity Restored vs. 2019



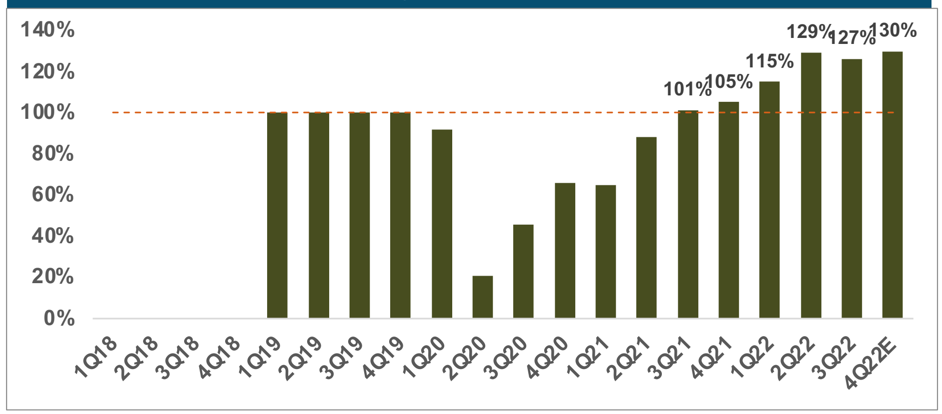
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



SWAPA

Sun Country

- SNCY echoed commentary from other ULCC's that there are no signs of a slowdown in demand for leisure travel and this is where they see the highest incremental margin opportunity. We think capacity constraints likely keep an elevated floor on yields and load factors which should help SNCY.
- We think the fact that SNCY generates 55% of its revenue from diversified sources could be an advantage relative to their ULCC peers in the event of an economic downturn in 2023.
- The main constraint to growth is a large bottleneck for new hires and number of available captains. The company believes it is six months away from proper staffing.
- We continue to view Sun Country's diversified business model (with cargo and charter operations) attractive and resilient through all economic cycles and fuel price environments. We believe SNCY is well-positioned to grow margins next year.
- We were surprised and encouraged to hear that Sun Country's Board approved a share repurchase program of up to $50M with $25M accelerated to the near term.

Guidance	4Q22	FY 2022	Notes
Capacity (sys block)	Up 9%-12%		Compared to 4Q19 (system block)
Total Revenue	Up 27% -33%		Compared to 4Q19; $220m - $230m
Effective tax rate	23%		
Fuel	$3.75/gal		
Adj Oper Margin	4% - 8%		

Sun Country adds cities and builds service to Florida from MSP

Economic and Financial Analysis Committee

Industry Financials

3rd Quarter 2022