Economic and Financial Analysis Committee

Industry Financials

1st Quarter 2023

Industry Scorecard

1Q 2023 (with comparisons to 1Q 2022)

1Q23	Key Financial Metrics (non-GAAP) - 1Q23					Unit Level Metrics (non-GAAP) - 1Q23 (y/y 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	12,189	451	3.7%	33	0.3%	17.4%	9.2%	25.4%	(1.5%)	$3.28
Delta	11,842	546	4.6%	163	1.4%	28.4%	18.4%	22.5%	4.7%	$3.06
United	11,429	(29)	(0.3%)	(207)	(1.8%)	35.9%	23.4%	22.5%	(0.1%)	$3.33
Southwest	5,706	(284)	(5.0%)	(163)	(2.9%)	11.6%	10.7%	9.8%	5.9%	$3.19
jetBlue	2,328	(130)	(5.6%)	(111)	(4.8%)	22.4%	9.0%	22.9%	1.2%	$3.50
Alaska	2,196	(102)	(4.6%)	(79)	(3.6%)	18.6%	13.9%	14.6%	(0.8%)	$3.41
Spirit	1,350	(91)	(6.8%)	(89)	(6.6%)	18.0%	12.7%	23.9%	8.1%	$3.43
Frontier	848	(24)	(2.8%)	(12)	(1.4%)	31.5%	17.9%	18.9%	(7.6%)	$3.45
Allegiant[4]	650	98	15.0%	60	9.2%	10.3%	1.4%	28.3%	11.5%	$3.42
Hawaiian	613	(118)	(19.2%)	(112)	(18.3%)	29.2%	15.8%	11.3%	(0.3%)	$3.05
Sun Country[5]	294	59	19.9%	40	13.7%	7.0%	(3.5%)	30.6%	14.3%	$3.45
Total	49,444	375	0.8%	(477)	(1.0%)					

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

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A Weaker Than Expected Quarter For Most Airlines

First Quarter Synopsis

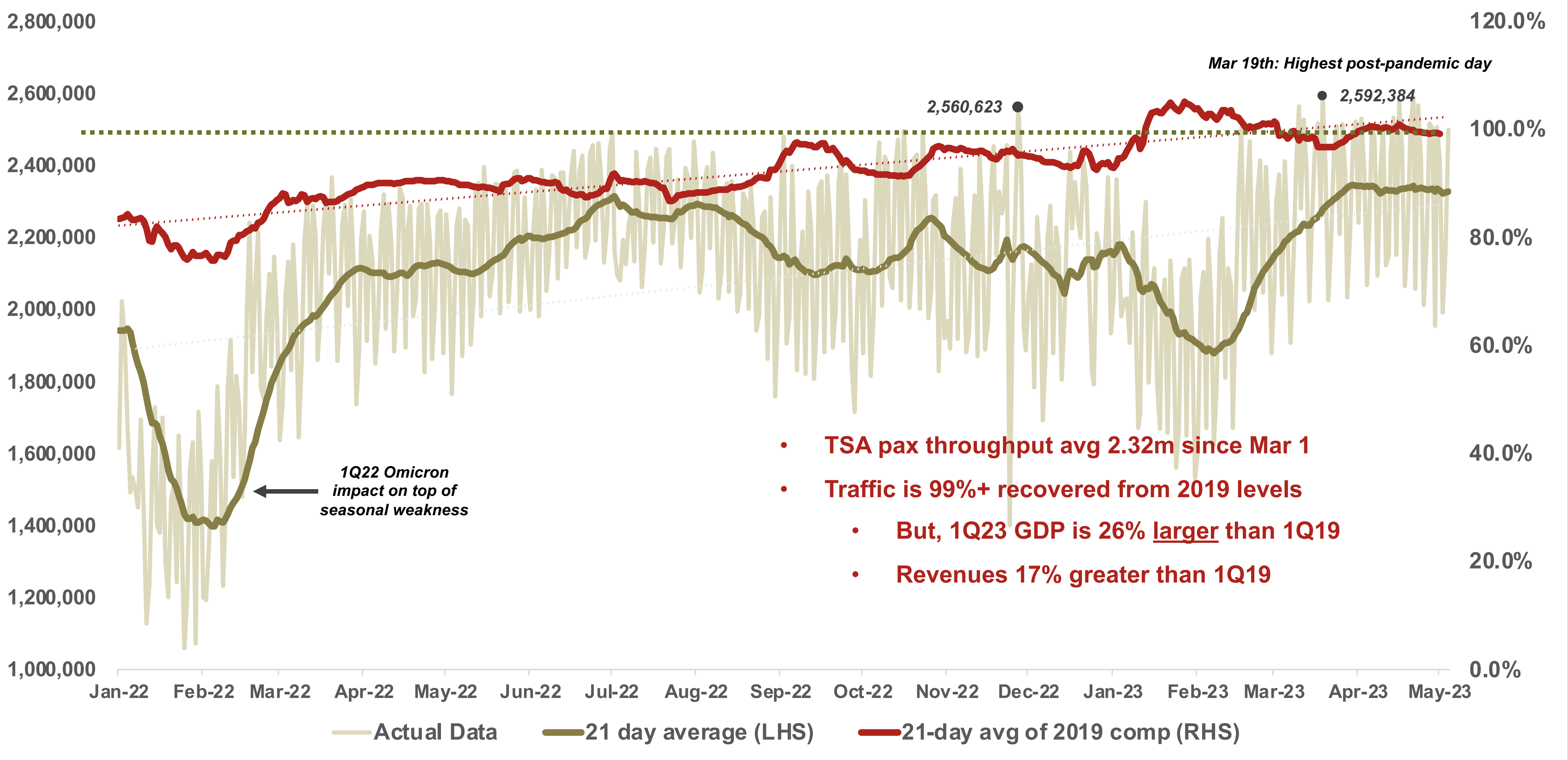
- 1Q seasonally slow, year-over-year comparisons very tough. Demand remains very strong, but costs were higher as well.
- American surprises to the upside as demographic and economic growth help Sunbelt hubs. (CLT, DFW, MIA). Delta posts a profit after adjusting out pilot contract costs. Hawaiian continues to struggle with variety of issues.
- ULCC's continue to struggle with constraints (Supply chain, staffing, ATC delays) that are limiting growth. This continues to impact the original ULCC model. Interestingly, Sun Country, with its hybrid operation had the best margins of the first quarter.
- Fuel prices higher than forecast, not due to oil prices but rather wide "crack" spreads (cost of refining a barrel of oil). Some moderation reported later in the first quarter.

Second Quarter

- Most airlines are forecasting strong profitability for second quarter as summer demand is at historic levels, particularly long-haul international to Europe.
- Carriers with large NYC operations will be affected by FAA slot restrictions June through September. Jetblue heavily impacted at JFK.
- Airlines (particularly ULCC's) adjusting schedules based on changing passenger preferences due to 'work from home" and blended travel. Peak vs. off-peak has a much wider spread than ever before, i.e. load factors.
- Delta and United will benefit most from increased European capacity this summer with both serving record number of cities. American lesser so due to reduced number of widebodies post-Covid.
- Lower forecasted oil prices should help fuel costs. Operational issues will keep non-fuel costs elevated for nearly everyone.

Pax traffic back to 2019, but more work to do

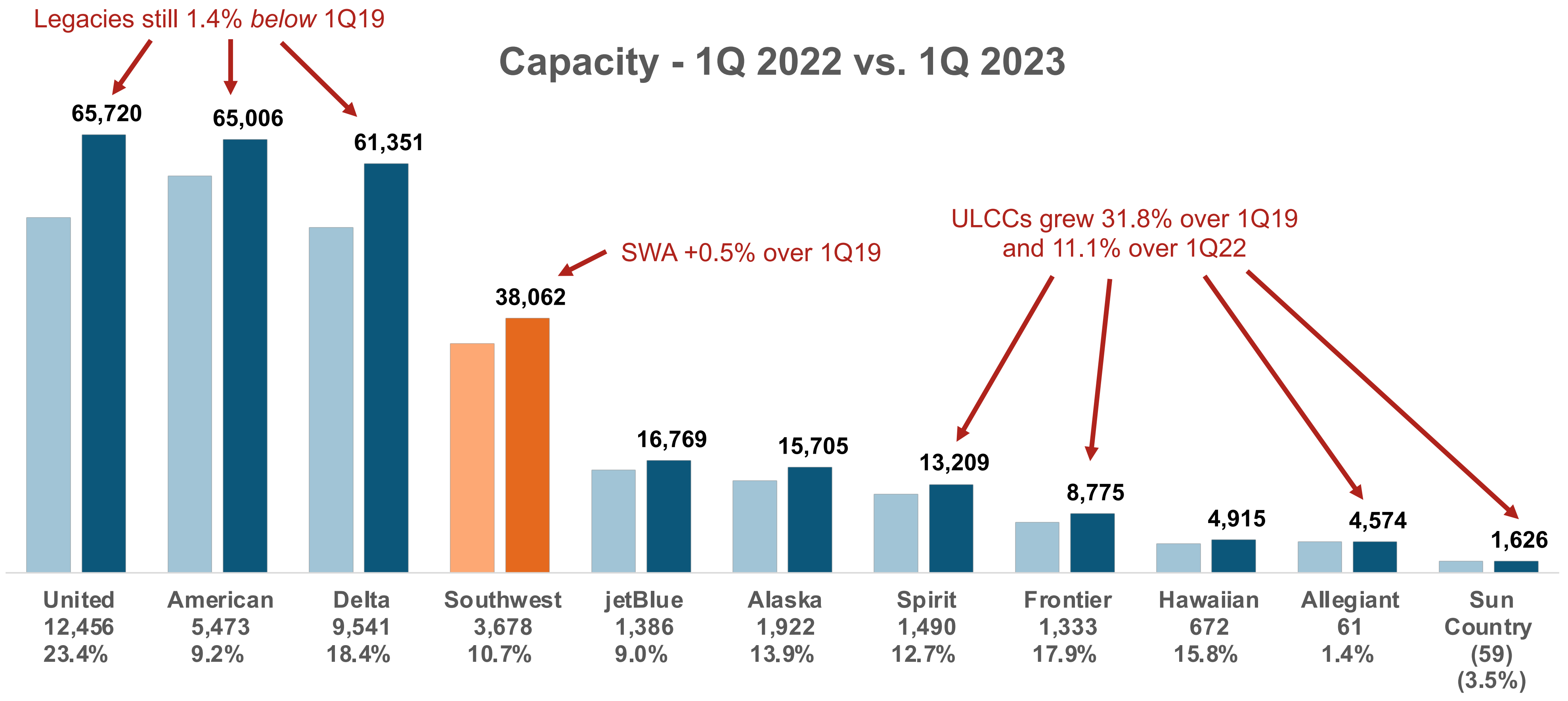
TSA checkpoint data: Jan 1, 2022 - May 4, 2023



- TSA pax throughput avg 2.32m since Mar 1
- Traffic is 99%+ recovered from 2019 levels
  - But, 1Q23 GDP is 26% larger than 1Q19
  - Revenues 17% greater than 1Q19

1Q23 Industry capacity higher than 1Q22

Carriers flew ~15% *more* ASMs than last year



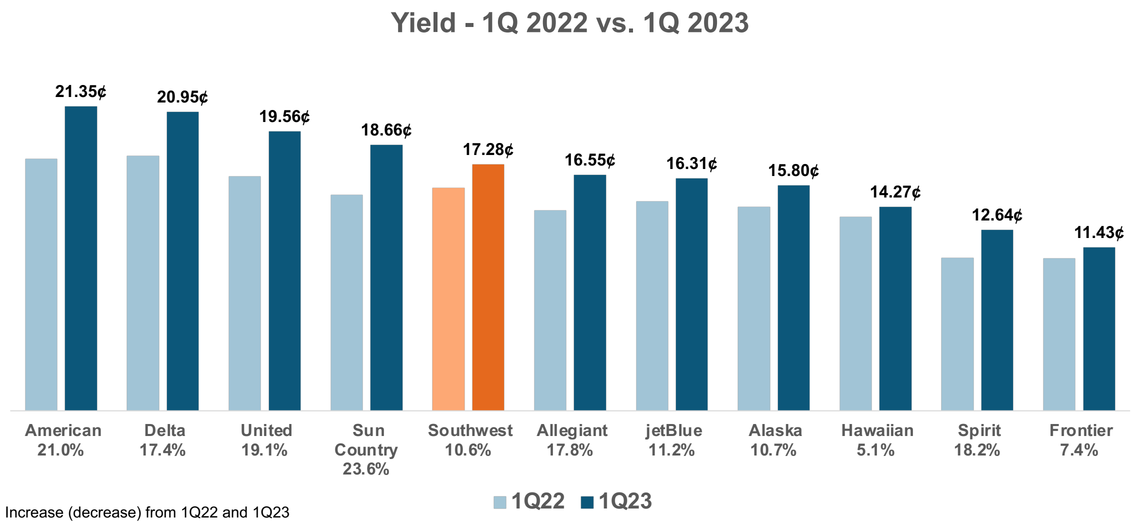
Increase (decrease) from 1Q22 and 1Q23

ASMs in millions

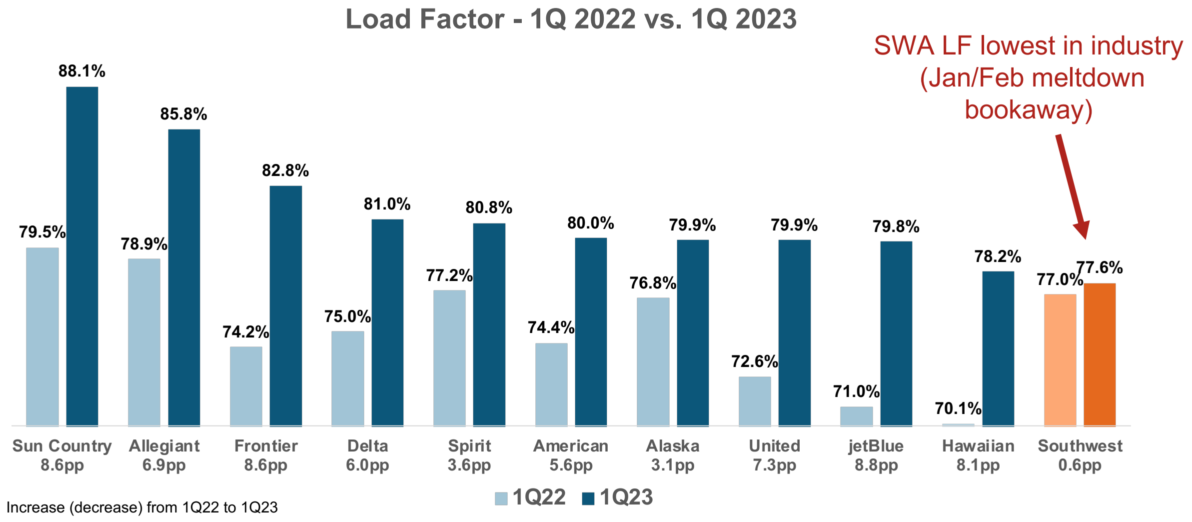
… but demand remained very strong ...

Every carrier had higher yields AND higher load factors over 1Q22

Yields were up 15.9% vs 1Q22



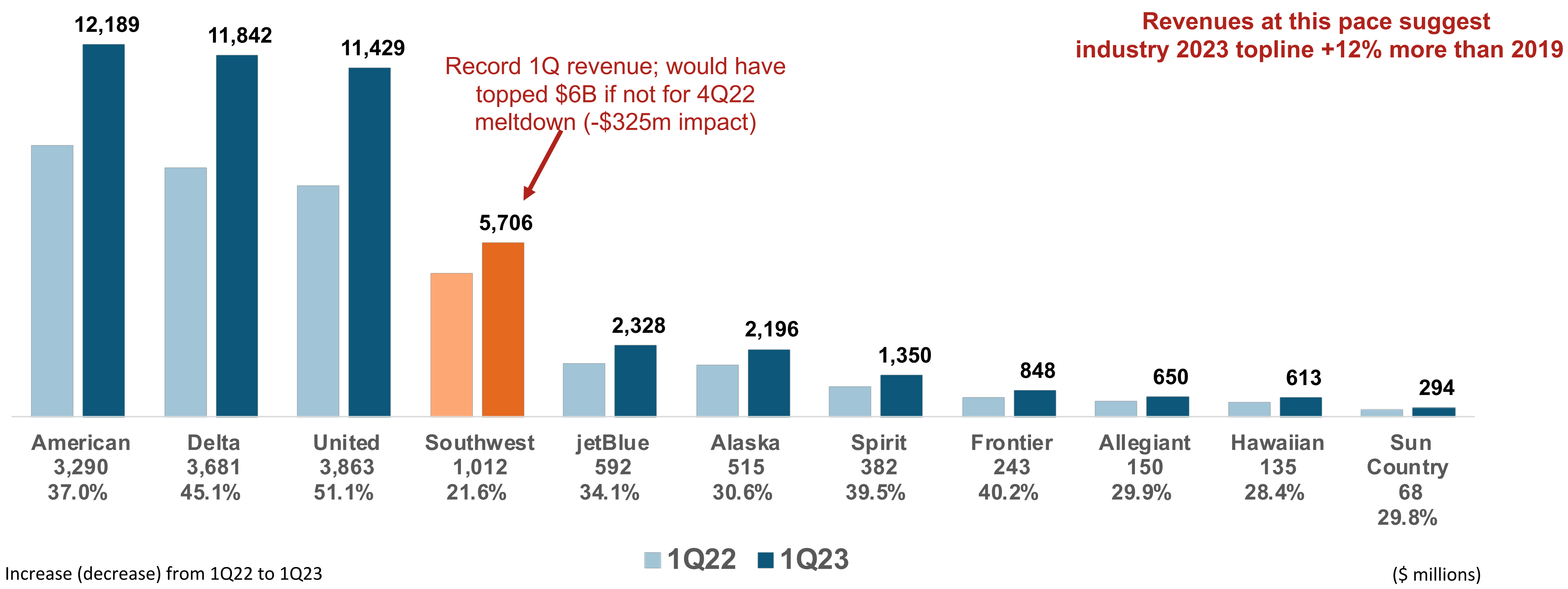
Industry load factor 5.6pts more than 1Q22



… so the industry smashed its 1Q revenue record

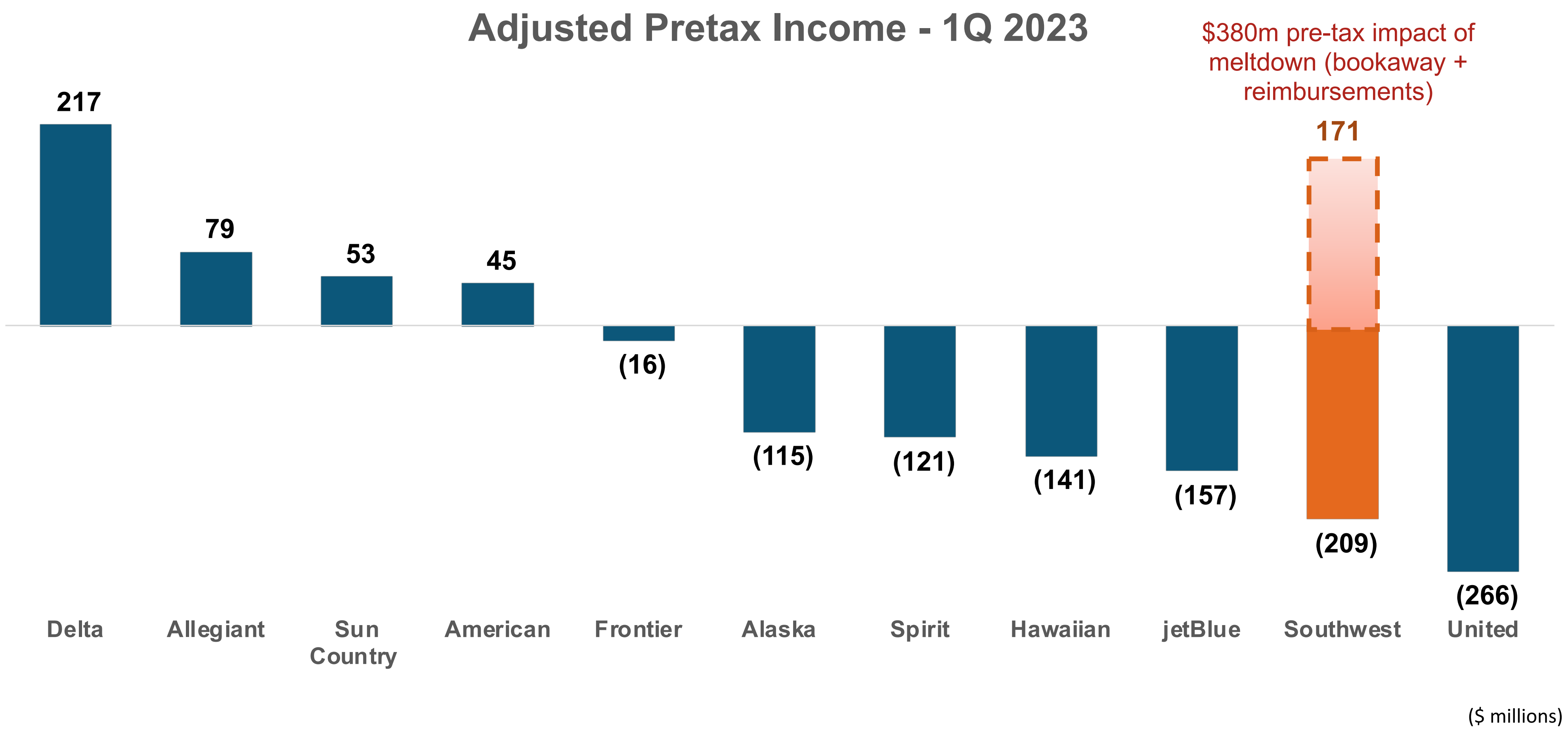
11 mainline carriers booked $49.4B – 39.2% more than 1Q22

Adjusted Revenues - 1Q 2022 vs. 1Q 2023



Yet 1Q profits were thin…

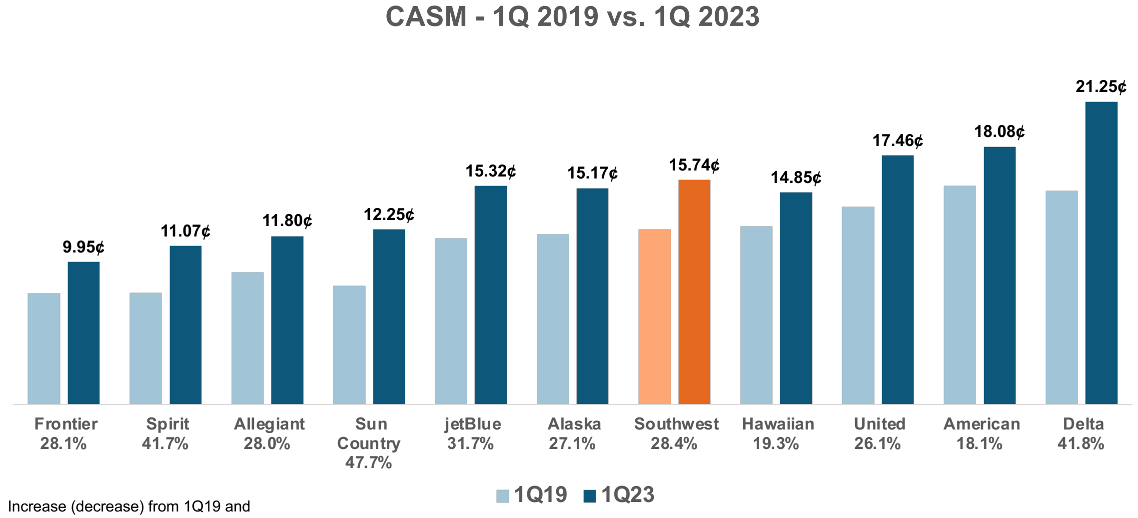
1Q is always weakest quarter; Industry lost $631m (pre-tax)



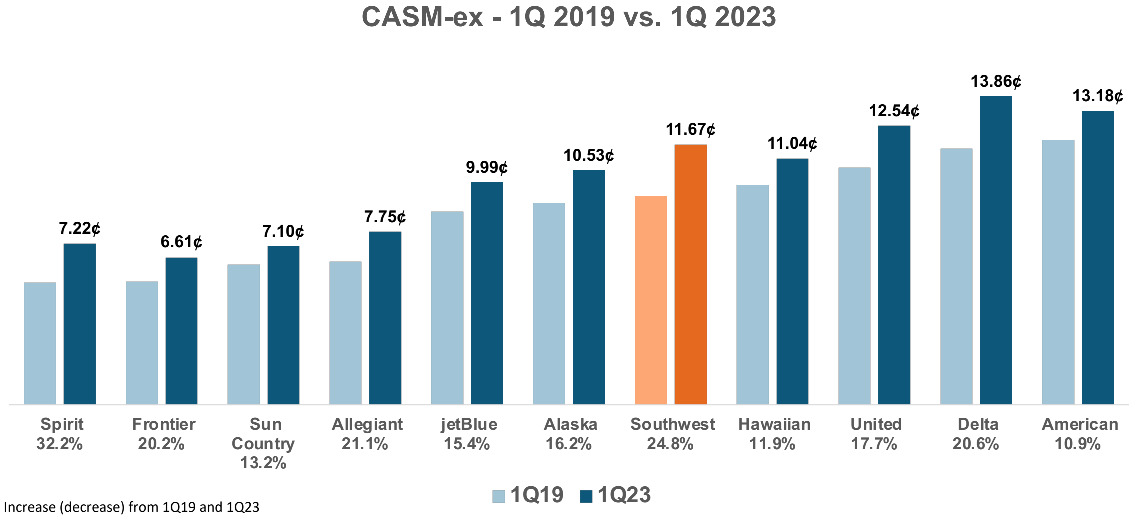
Why? Costs are up dramatically since 2019

CASM & CASM-ex (fuel, SI) much higher: fuel costs, inflation, inefficiencies

CASM is up 29.8% y/4y



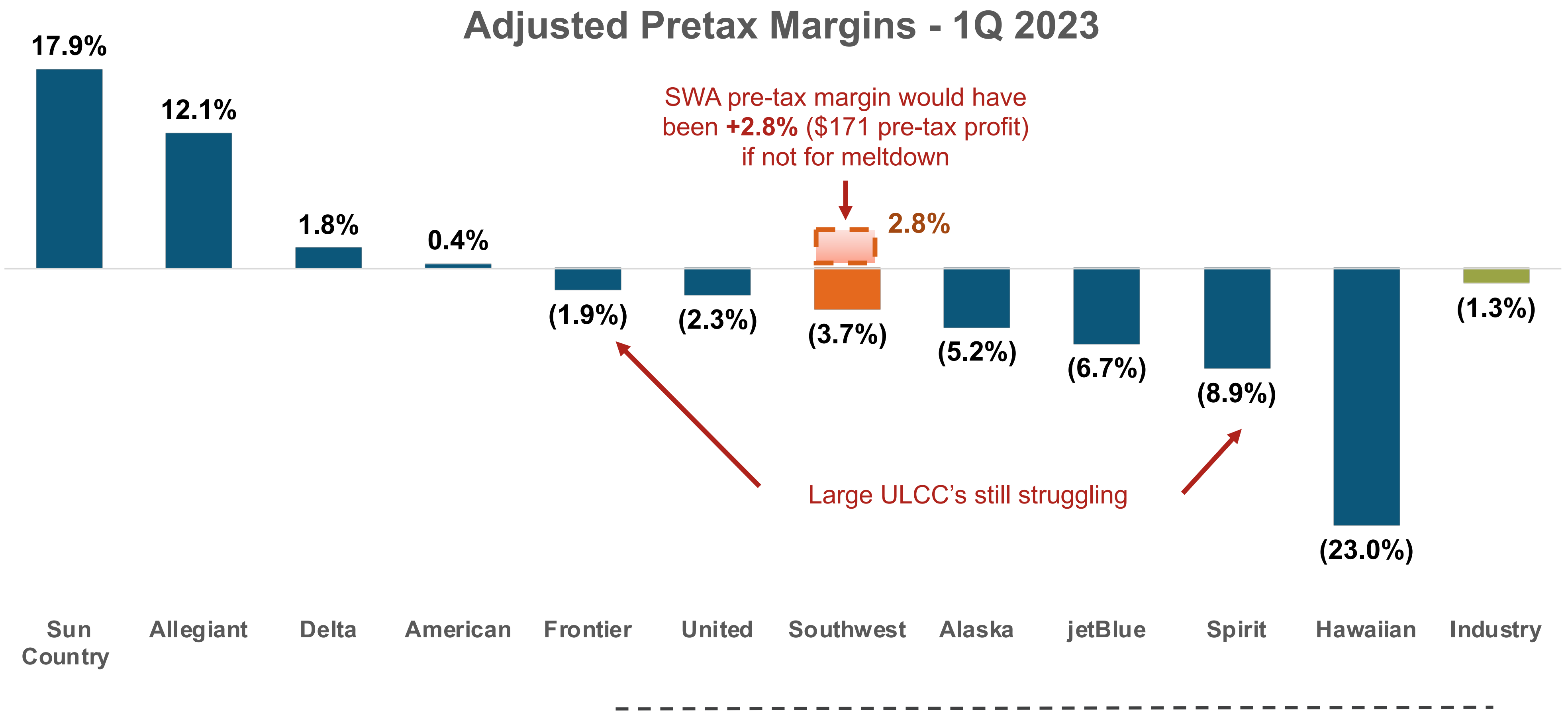
CASM ex-fuel is up 17.9% y/4y



Fuel is up 62% vs 1Q19 ($2.06 vs. $3.32)

1Q pre-tax margins were…ok, not great

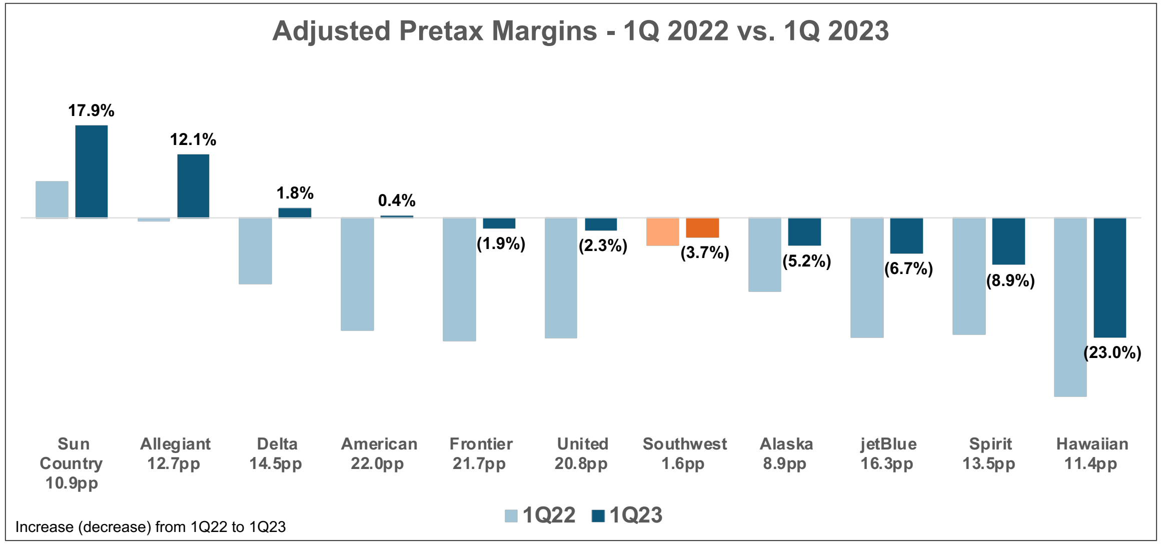
Still some work to do to get back to pre-pandemic margins



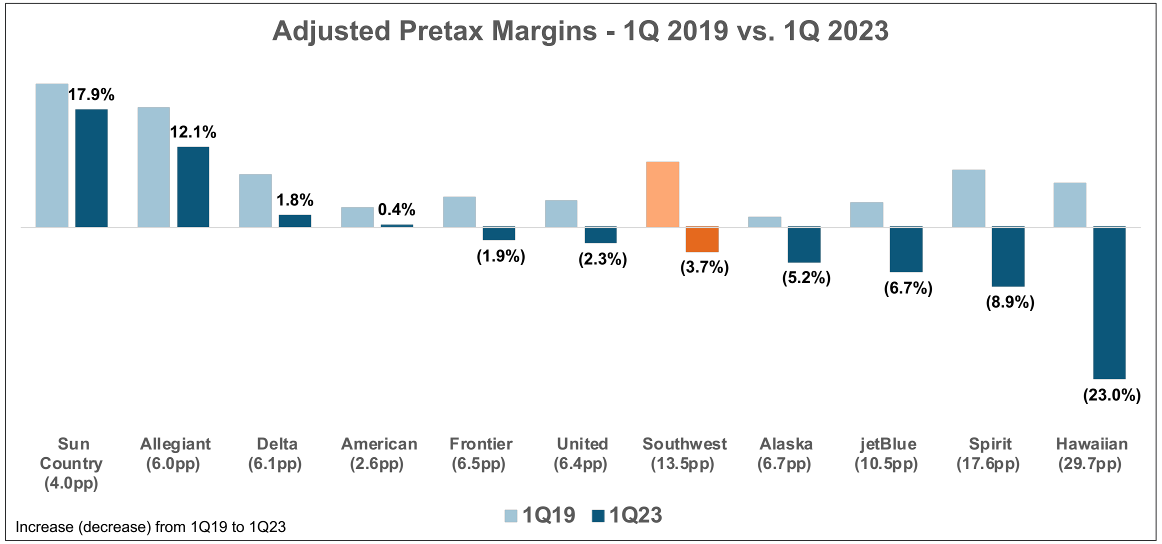
Compare pre-tax margins in 2019 and 2022

Every carrier had higher yields AND higher load factors

Margins *much* better in 1Q23 vs 1Q22…

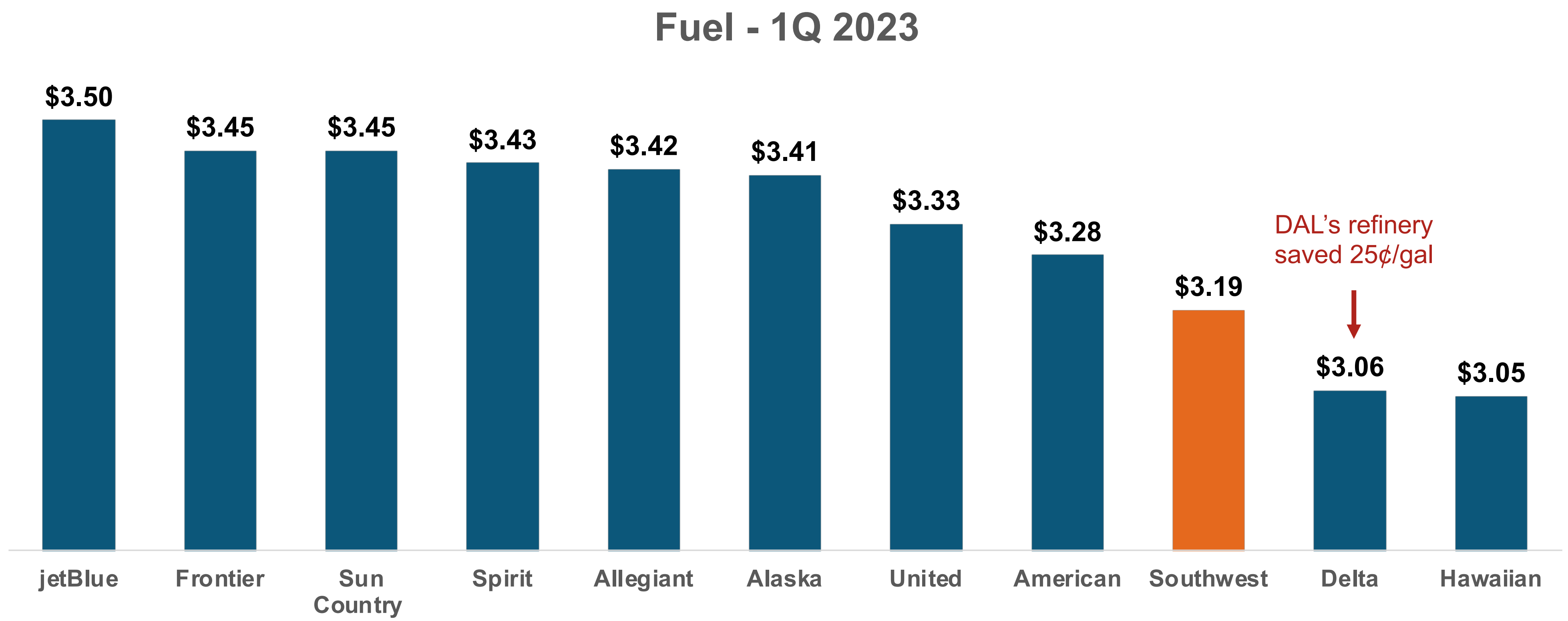


…but <u>no</u> carrier has beat its 1Q19 margin



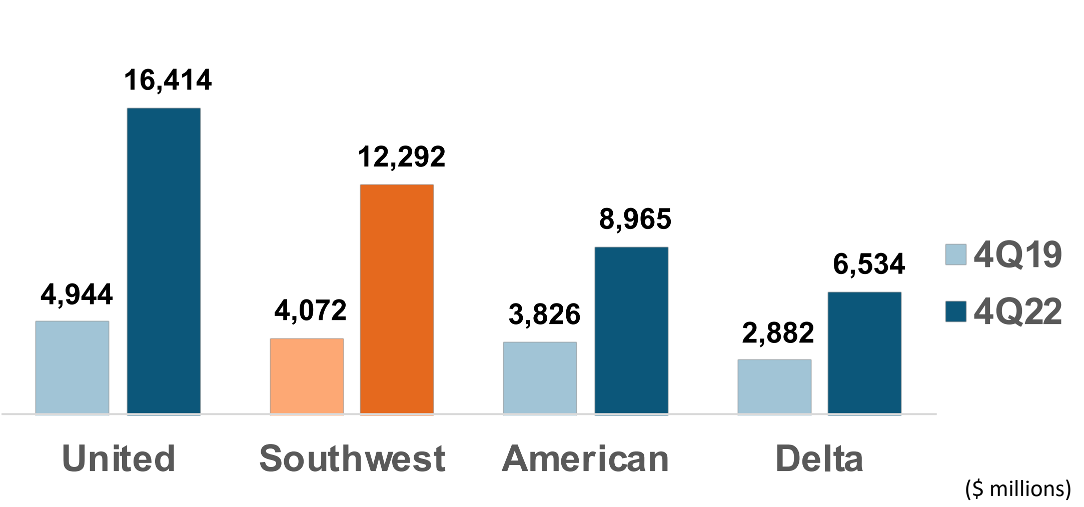
Southwest fuel hedges remain positive

SWA's hedges saved 6¢/gal in 1Q ($28m); expect similar benefit through 2023

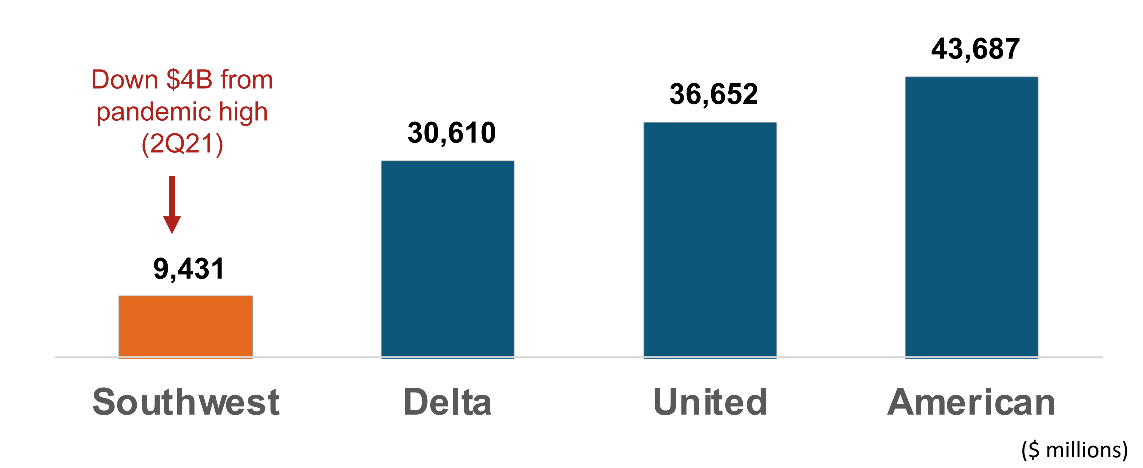


SWA's 'fortress' balance sheet remains intact

Cash and Short-Term Equivalents – 1Q19 vs 1Q23

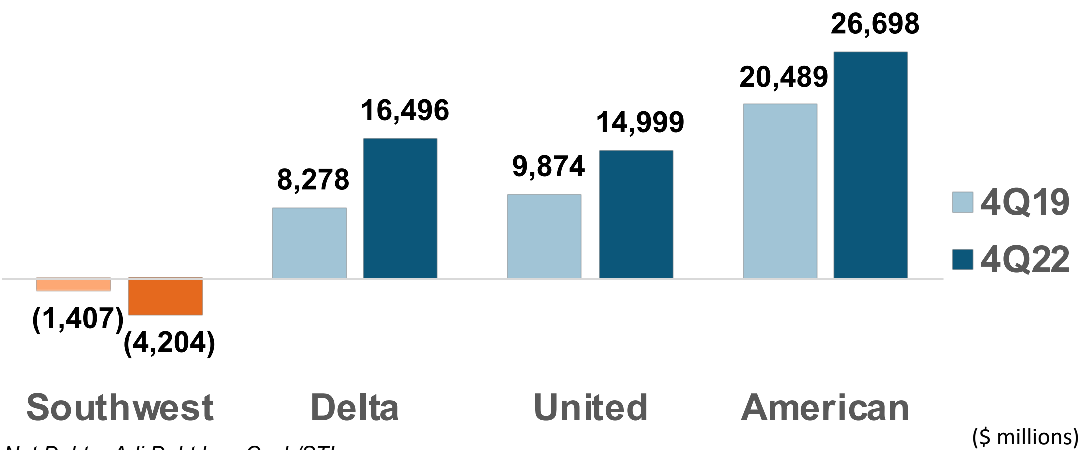


Total Adjusted Debt – 1Q23



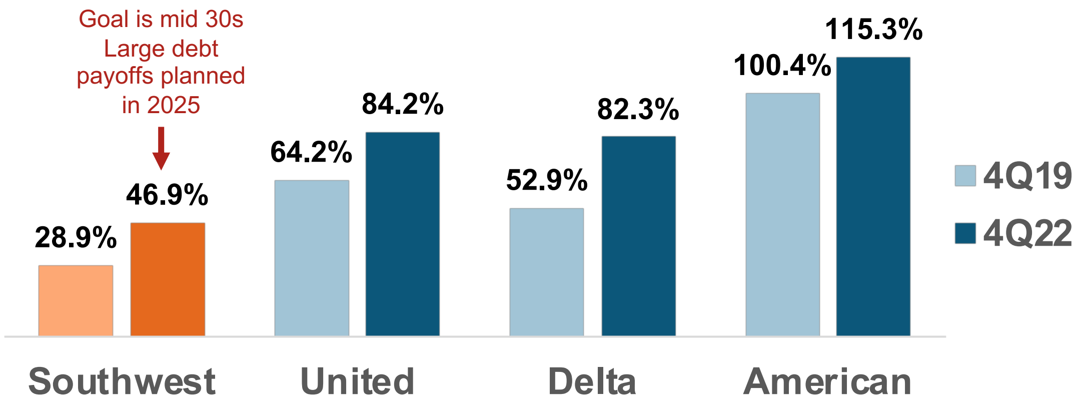
Adj Debt = Total debt + operating lease liabilities

Adjusted Net Debt 1Q19 vs 1Q23



Adj Net Debt = Adj Debt less Cash/STI

Adjusted Debt-to-Capital Ratio – 1Q23



Changes to SWA fleet order book

Boeing supply chain woes slow deliveries

	Dec 2021 (2022 plan)	July 2022 update	Dec 2022 (for 2023)	Jan 2023	Mar 2023 (JPM)	Apr 2023
Start	728	728	768	770	770	770
-700 retirements	-28	-29	-27	-27	-27	-26
MAX 7 delivery	72	*uncertain	100 MAX 7/8	100 MAX 7/8	0	0
MAX 8 deliveries	42	66			90	70
Aircraft at YE	814	765	841	843	833	814

- Boeing ‘owes’ SWA 152 aircraft in 2024 (66 deferred + 86 firm/opt)
- Order book will be revised in coming months

2023 Pilot hiring remains on a torrid pace

	2022	2023
United	2,501	**2,300 (2,400)**
Delta	2,392	1,440
American	1,941	2,000
Southwest	1,162	**1,700 (2,160)**
Spirit	995	625
Atlas	910	**575 (900)**
JetBlue	826	910
Alaska	608	**550 (600)**
FedEx	599	0

	2022	2023
Frontier	562	700
UPS	425	**110 (500)**
Allegiant	230	**165 (275)**
ATSG	200*	**200 (250)**
Breeze	200*	75*
Hawaiian	180	**360**
Avelo	150*	75*
Sun Country	120*	100*
	13,501	**11,885+**

Source: SWAPA analysis, FAPA.aero, Bold indicates revised

**SWAPA estimates*

Interesting route updates/trends

- **American** will end SEA-LHR this fall and cease all international service from SEA. Alaska will continue to fly AA codeshare traffic through the West Coast Alliance.
- **Delta** will operate its largest-ever Latin America schedule starting December, with a 20% flight increase to 44 destinations, including sixteen routes from JFK with added frequencies in support of new LATAM joint venture.
- **United** cutting Hawaii flying by 65 flights starting December, reducing routes to KOA, LIH and OGG and increasing flights to HNL. LAX/SFO-OGG sees the most reductions.
- **United** becomes largest carrier to Australia and New Zealand starting October (summer in southern hemisphere) with 10 routes, five from SFO, four from LAX and one from IAH.
- **JetBlue** adds RDU-SJU, its 12th destination from SJU. Carrier has an average of 30 departures per day as it builds a focus city ahead of Spirit merger.
- **Frontier** is refocusing peak and off-peak flying. Will cut flights up to 20% on Tuesdays/Wednesdays and add flights Thurs-Sunday.
- **Spirit** continues building SAT, with new LAX service and added frequencies to BWI and FLL.

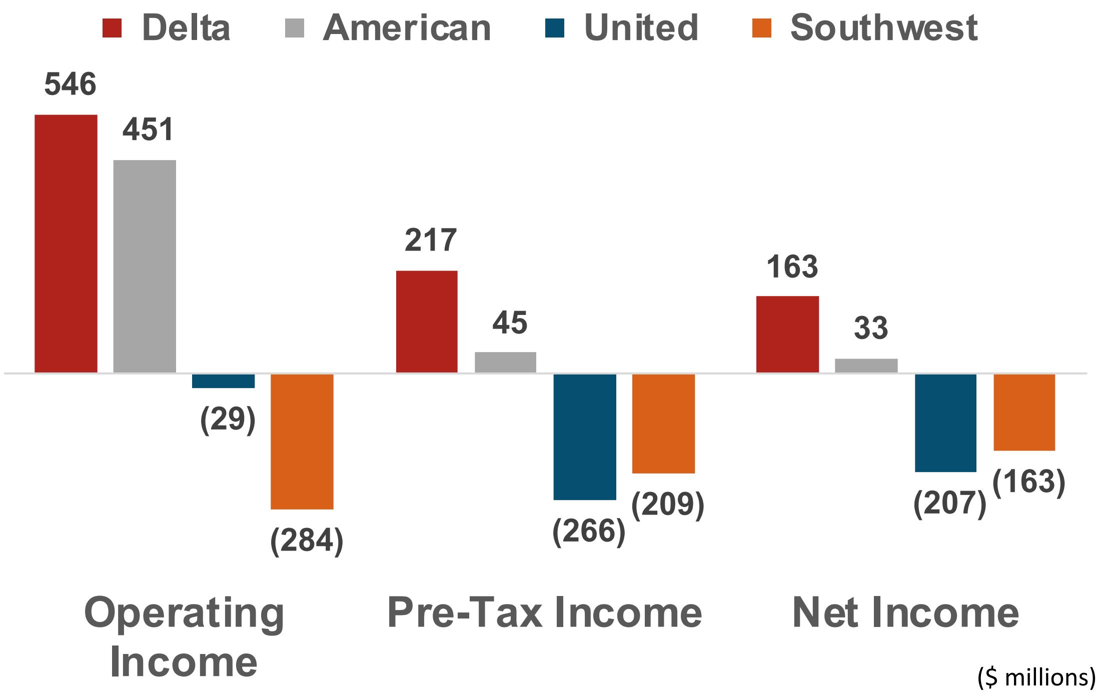
Global Network Carriers

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

Key Financial Results

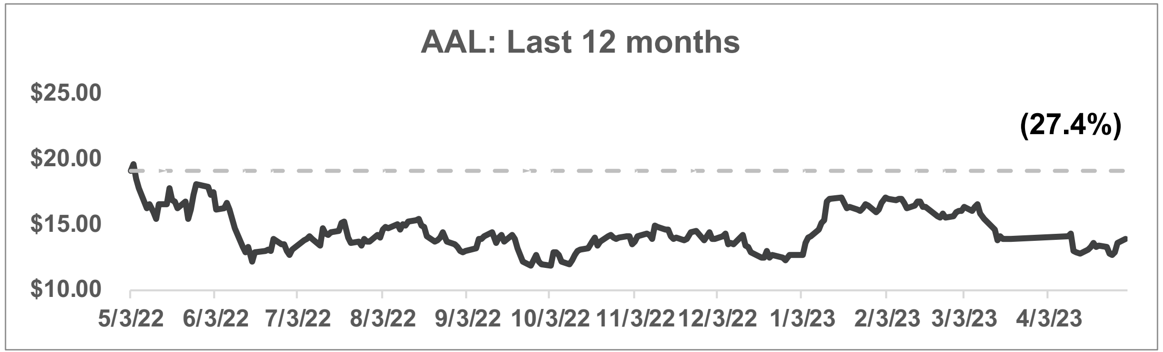
Global Network Carriers (Legacies) vs. Southwest

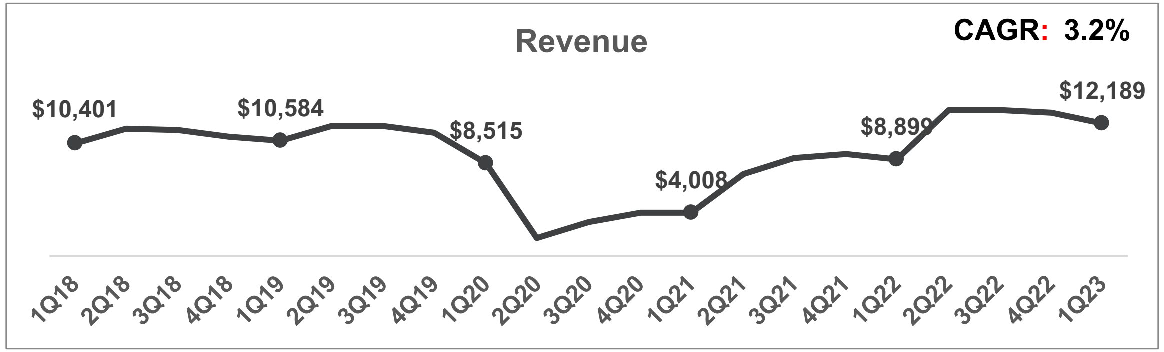
1st Quarter 2023

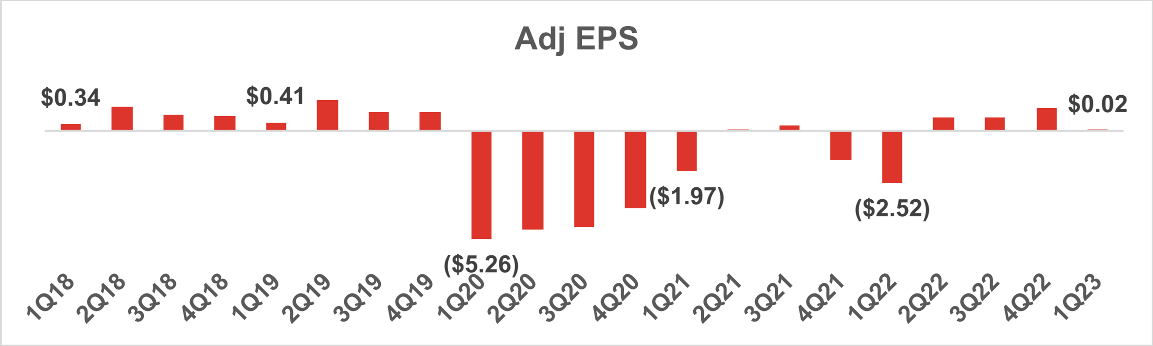


Non-GAAP – excludes special items

American Airlines







American

“We remain focused on reliability, profitability and being accountable”

1Q23 adj. pre-tax income: $45M

American reported a 1Q profit for the first time in four years. This was a nearly $2B improvement from 1Q 2022. They continue to see strong demand, with noticeable strength in the domestic and short-haul international segments. Long-haul international was also particularly strong and the company expects this performance to continue into the second quarter. CEO Robert Isom believes American is close to fully recovered but is carefully watching for signs of change in the demand environment. The company is emphasizing new distribution strategies using direct channels and travel agency technology to sell their product. This, along with their Sunbelt hubs, partnerships with Jetblue /Alaska and the targeted fleet mix emphasizing large narrowbodies is positioning them for success.

***EFA takeaway*: American had another good quarter. They are running a very good operation and the post-pandemic network strategy seems to be working.**

Items of interest

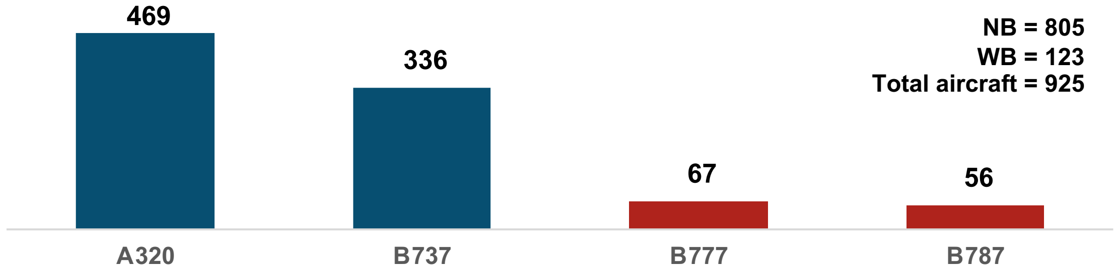
- Over 60% of sales is thru direct channels, approximately 10-12% higher than 2019. The carrier continues to move its strategy in this direction. This includes the AA app and website.
- Premium load factors and RASM exceeded previous 2019 records. Co-brand growth continues to outperform consumer spending and the loyalty portfolio had double-digit sales growth vs. 1Q 2022.
- 2Q TRASM will be down as comps to the historically strong 2Q22 are difficult.
- 1Q volume was 35% leisure, 35% blended business/leisure and 30% straight business. The straight business component was down 10% while the blended business/leisure component was up as compared to 2019 patterns.
- 75%-80% of network has become short haul since Covid recovery. Will concentrate on building long-haul network back in 2Q as international summer travel picks up.
- CASM-ex forecast to increase single digits as pilot contract will be finalized.
- Record free cash flow of $3B this year. Ended quarter with over $14B in liquidity, a $2.4B increase from 4Q 2022 as air traffic liability increased. Net debt decreased by $3.4B. Still on plan to reduce total debt by $15B YE 2025.
- Taking delivery of 23 aircraft this year and reactivating nine B737's from storage.

1Q Snapshot (as compared to 1Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-2.5%	15.2%	18.1%	10.9%	60.8%

American Stats	1Q23	1Q22	1Q19	y/y	y/4y
Revenues	$12,189M	$8,899M	$10,584M	37.0%	15.2%
Adj Operating Income (EBIT)	$451M	($1,566M)	$513M	n.m.	(12.1%)
Adj Operating Margin	3.7%	(17.6%)	4.8%		
Adj Pretax Income	$45M	($1,926M)	$314M	n.m.	(85.7%)
Adj Net Income	$33M	($1,510M)	$237M	n.m.	(86.1%)
Adj EPS	$0.05	($2.32)	$0.52	n.m.	(90.4%)
Capacity (ASMs)	65.0 billion	59.5 billion	66.7 billion	9.2%	(2.5%)
Yield	21.35¢	17.65¢	17.62¢	21.0%	21.2%
TRASM	18.75¢	14.95¢	15.87¢	25.4%	18.1%
CASM	18.08¢	17.84¢	15.31¢	1.3%	18.1%
CASM-ex	13.18¢	13.38¢	11.88¢	(1.5%)	10.9%
Fuel (econ)	$3.28	$2.80	$2.04	17.1%	60.8%

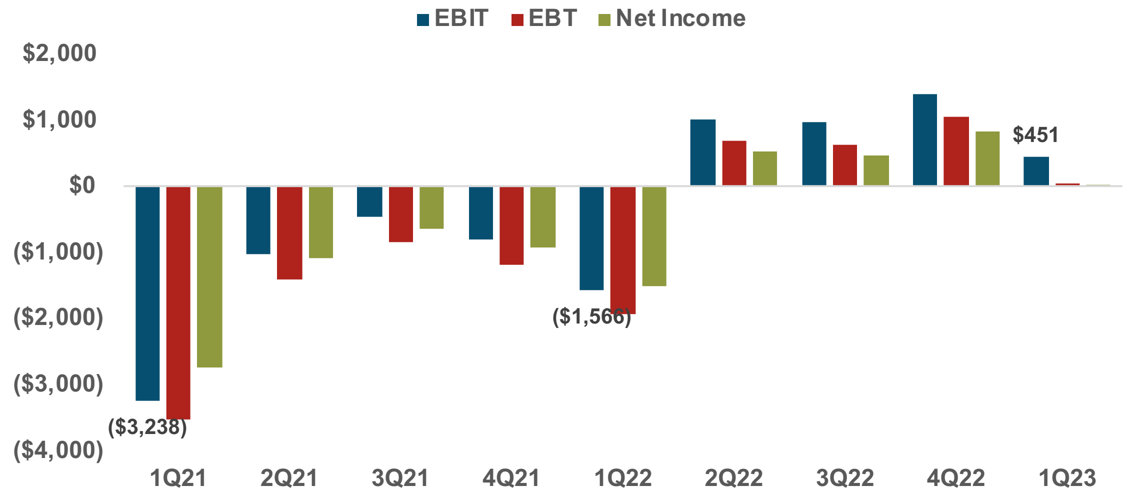
American Mainline Fleet – 1Q23



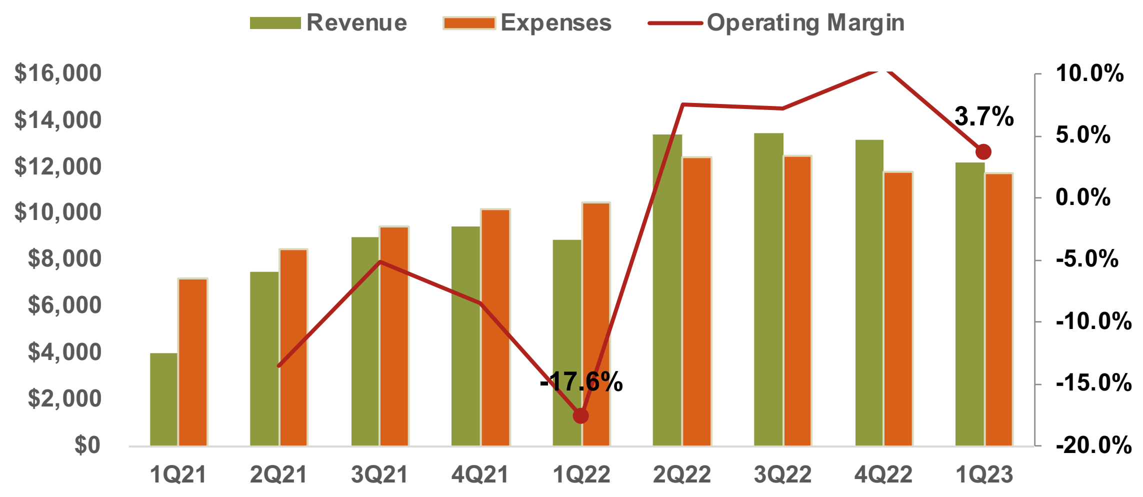
Source: airfleets.net

American - Financial Performance

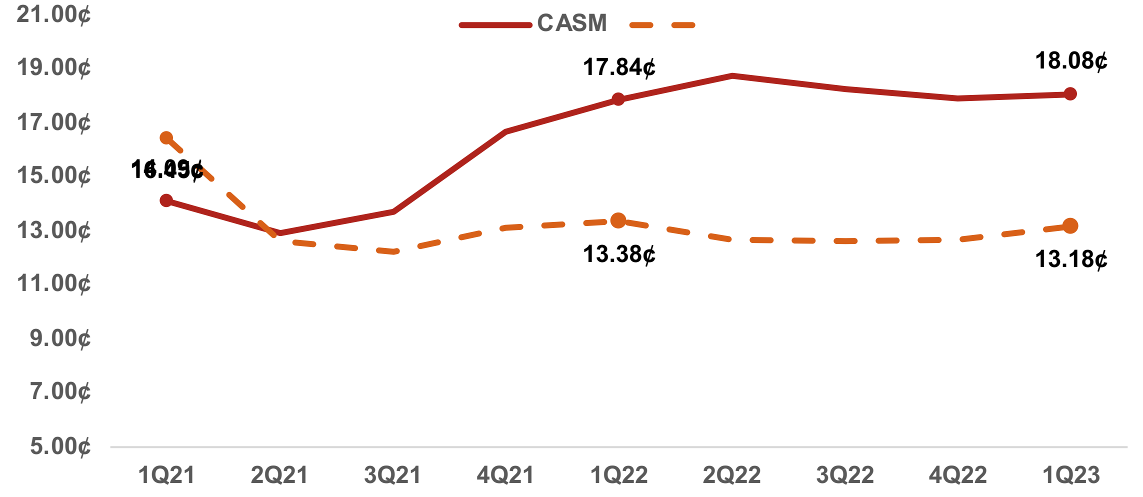
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



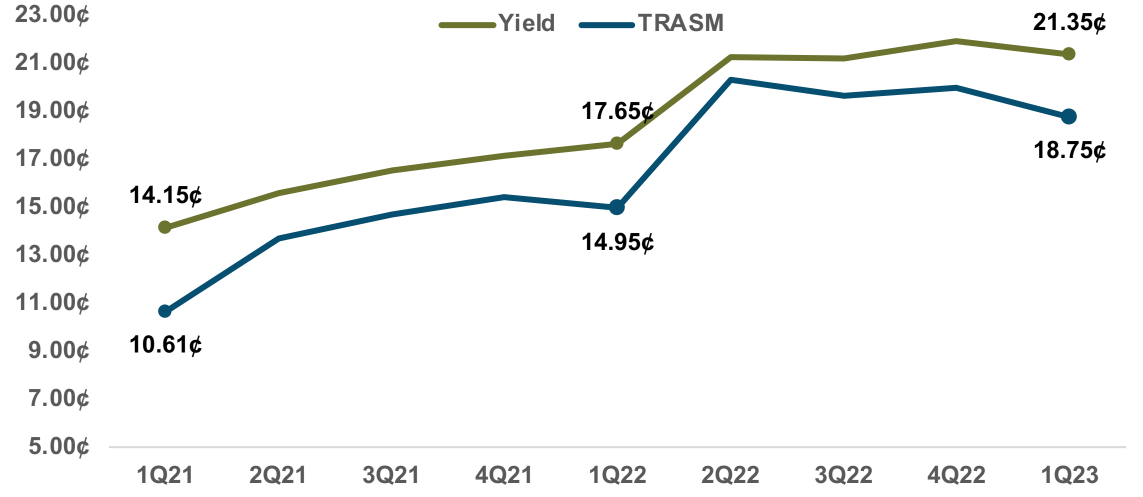
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



Yields & TRASM

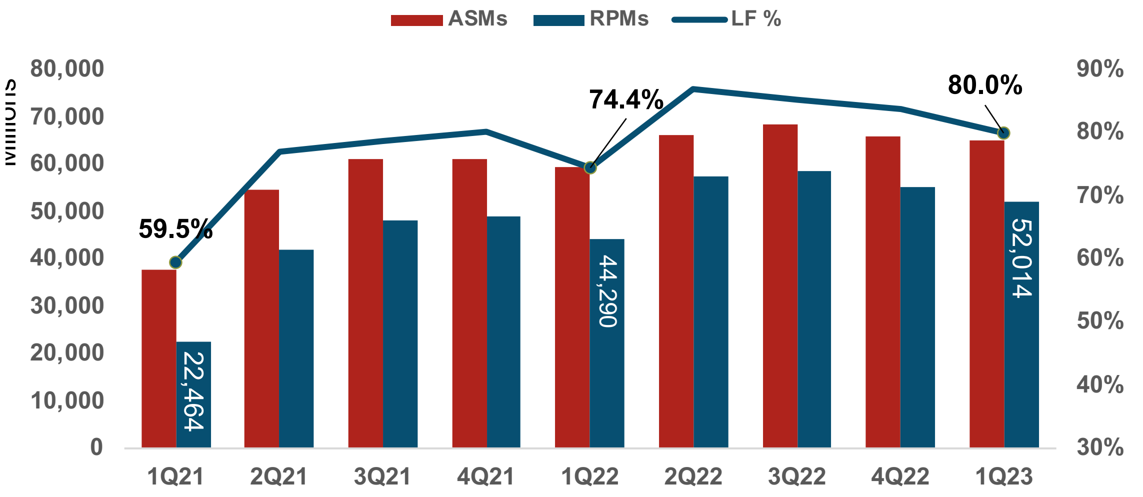


American - Network News

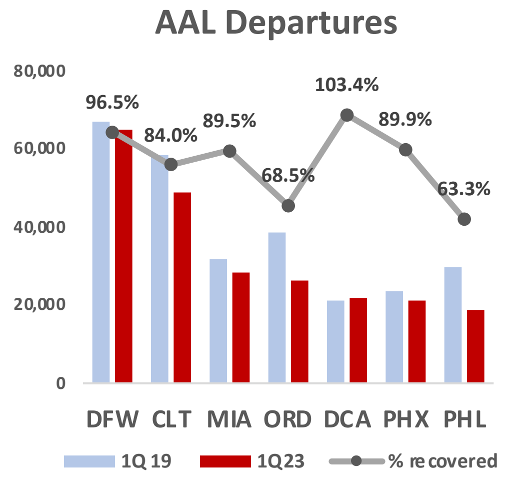
Network news and notes

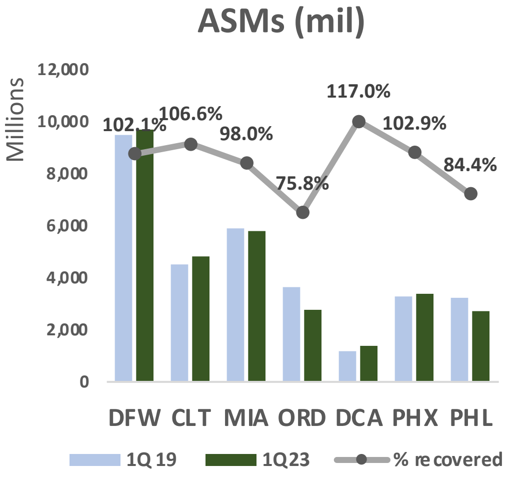
- Will join DAL and UAL in flying LAX-AKL starting December 2023.
- Will be second largest carrier in AUS behind Southwest, with 49 departures per day in summer 2023.
- Network strategy continues to emphasize CLT, DFW and MIA over formerly large hubs of LAX and ORD.
- Still has 121 regional jets parked at six regionall carriers. Regional jet flights down 31% compared to same period in 2019.

Capacity and Load Factors

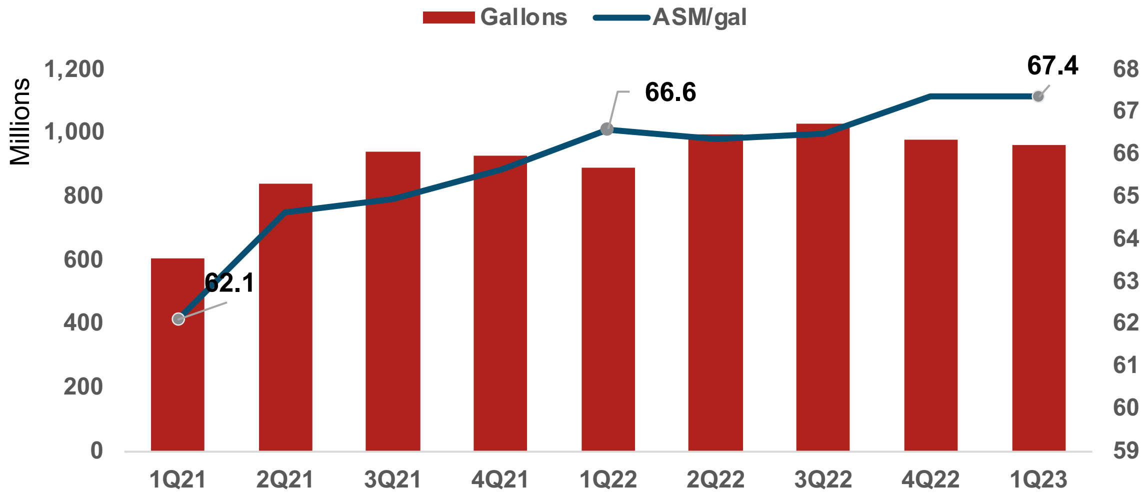


Restoration of major hubs and focus cities





Fuel & Fuel Efficiency



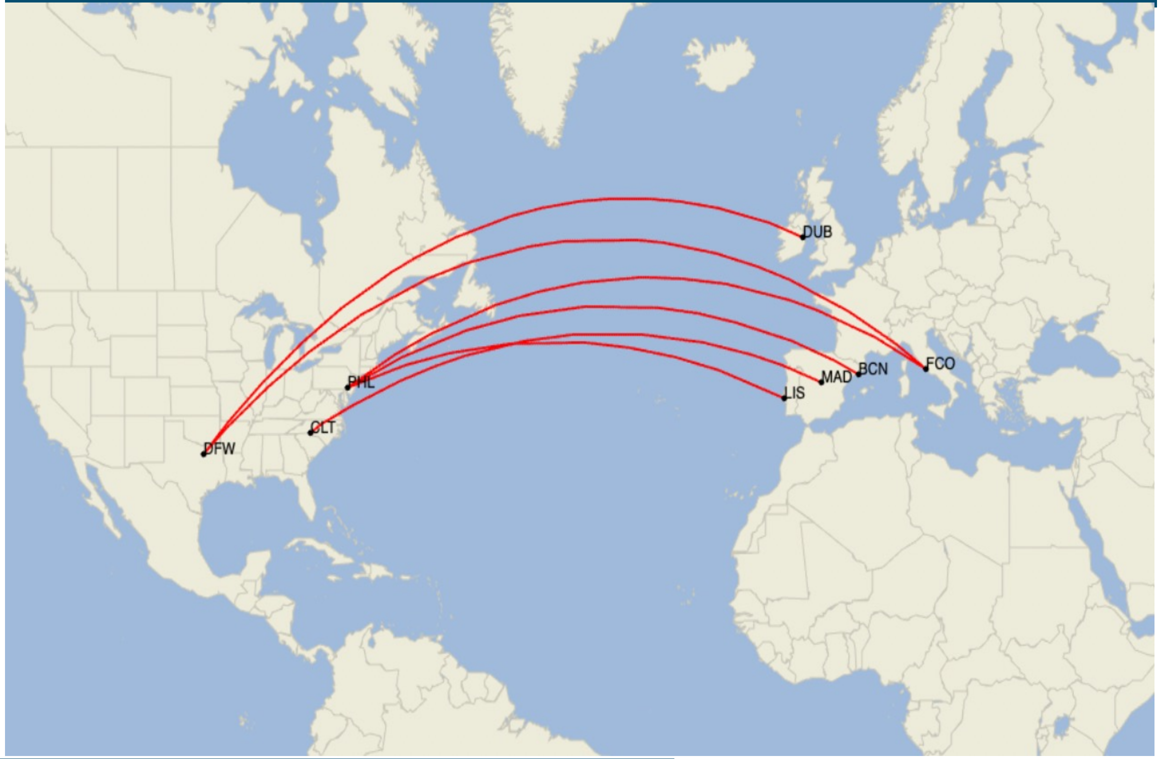
American

Analyst Commentary

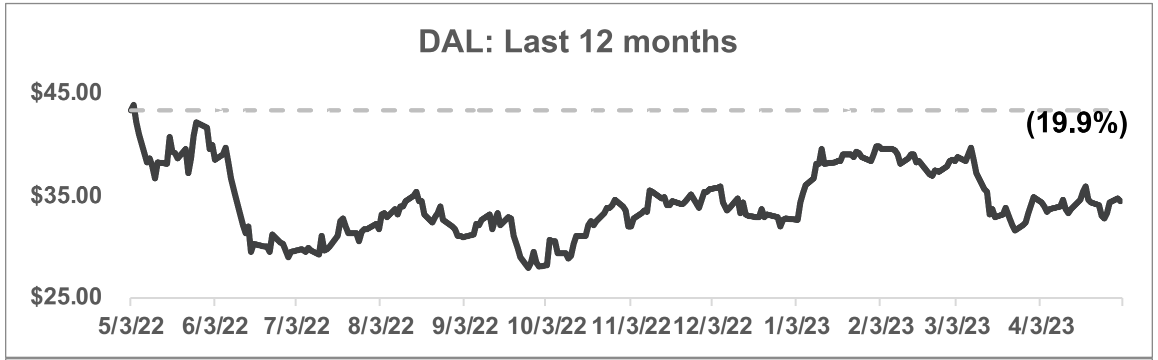
- Demand and pricing remained strong in 1Q. We expect a pilot agreement to be reached this quarter.
- We continue to believe summer demand, especially for international travel is quite strong. It should lead to record 2Q and 3Q revenues. The shifting travel patterns have caused American to shift its point of sale and distribution channels which should help the company gain more traffic.
- We think American is on track for steady profitability this year after producing it first March quarter profit in 4 years and fourth consecutive quarterly profit. They have experienced an impressive financial turnaround from the most severe downturn in aviation history.
- American is well-positioned to capitalize on newly evolving demand trends. The company is also leading the industry from an operational standpoint despite industry-wide challenges.
- American's consensus topping 2Q guide and 2023 affirmation was accompanied by momentum on balance sheet repair that continues to meet or even exceed our expectations.
- Gyrations in its corporate strategy emerged as a dominant theme during the conference call. American seems to be leaning away from its historic corporate customer and this represents a potentially risky strategy, particularly if leisure trends soften.
- Near-term the outlook is consistent with others but lagging in relative margins to Delta and United. It does seem time to change the message to long-term leverage repair and ROIC.

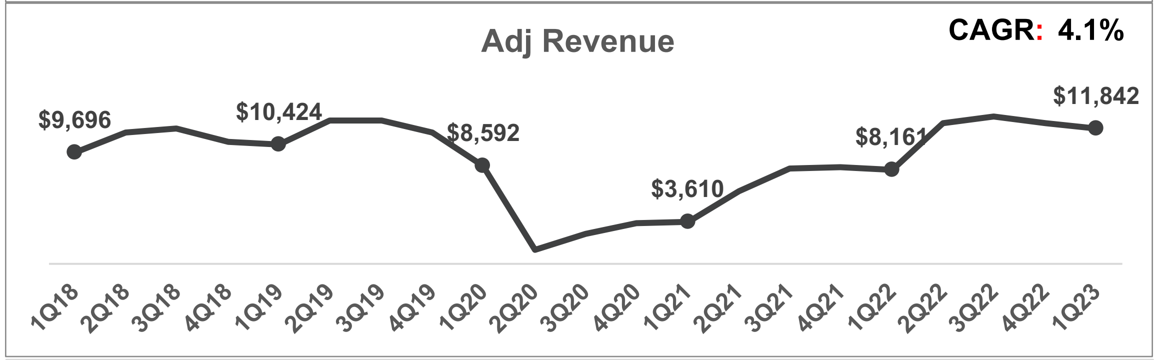
Guidance	2Q23	FY 2023	Notes
Capacity	Up 3.5% - 5.5%	Up 5% - 8%	Comp to 2Q22
Revenue			Comp to 2Q22
TRASM	Down 2% - 4%		Comp to 2Q22
CASM-ex	Up 3.5% - 5.5%		
Fuel	$2.65 - $2.75		1,040m gallons in 2Q23
Adj EPS	$1.20 - $1.40	$2.50 - $3.50	
Operating margin	11% - 13%	7% - 9%	

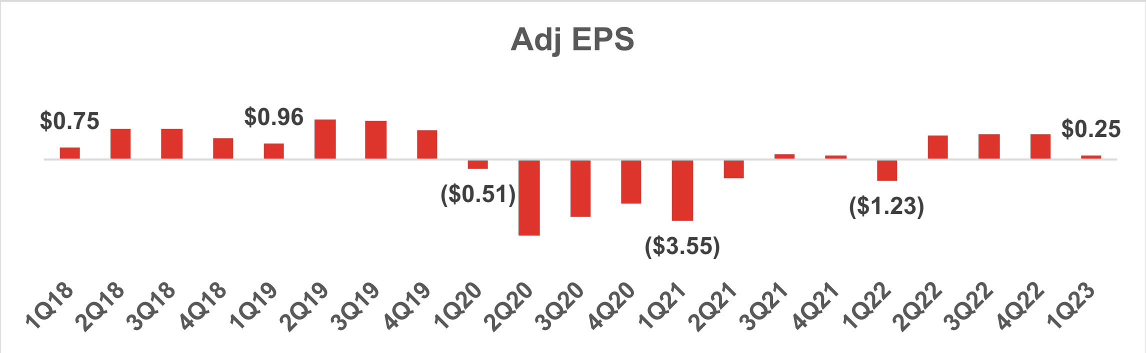
American adds capacity in its most important European markets



Delta Air Lines







Delta

“We continue to see strength in the underlying demand environment”

1Q23 adj. pre-tax income: $217M

Delta kicked off earnings season with a GAAP pre-tax loss of $506M after recording a one-time charge due to the settlement of the pilot contract. Adjusted for that, DAL was profitable in 1Q. Delta noted record March revenue with total unit revenue 16% higher than March 2019. They are still seeing strong demand in all regions though they mentioned post-Covid travel patterns are evolving, with passengers booking early and then canceling or changing due to the no change fee which has made forecasting difficult. Corporate travel has stabilized at current levels of 85%-90% and the airline assumes it will remain stationary from there. Inflationary cost pressures are starting to normalize, and the airline is confident that non-fuel costs will decline in 2H 2023.

EFA takeaway: Delta usually commands a fare premium. it will be interesting to see if this can be maintained in the face of a potentially slowing economy.

Items of interest

- First quarter advance bookings were nearly 20% higher than 2019. TRASM 23% higher than first quarter 2022. Business travel was led by small and medium sized business demand.
- Revenue from Premium products and diverse revenue streams was 56% of adjusted operating revenue. This type of revenue continues to outpace main cabin.
- American Express renumeration was a record $1.7B, approximately 38% higher year over year. Record number of acquisitions and card spend.
- One-time pilot contract expenses: $865M, with $735M of ratification and retro payments.
- Lower than planned capacity from winter storms added 1% to the 4.7% increase in non-fuel costs. Inflation from third-party suppliers is coming back to historical norms.
- The refinery contributed $916M of revenue and offset the price of jet fuel paid by approximately $0.25 per gallon. The adjusted price per gallon was $3.06.
- Adjusted net debt of $21B at end of quarter, a reduction of $1.3B from YE 2022. Accelerated repurchase of debt instruments with an average interest rate of 7%. Weighted average interest rate of remaining debt is 4.7% with 85% of it at fixed rates.
- Air Traffic Liability had a notable increase of $2.9B as compared to YE 20222.
- Liquidity of $9.5B end of first quarter. This includes a $2.9B undrawn revolver.

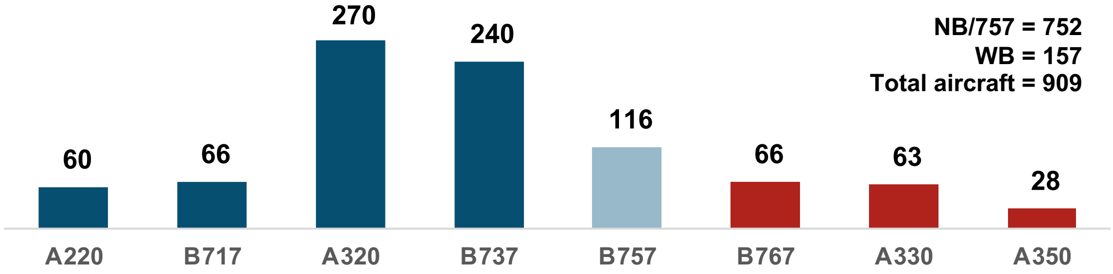
DELTA

1Q Snapshot (as compared to 1Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-9.1%	7.5%	18.3%	31.1%	60.8%

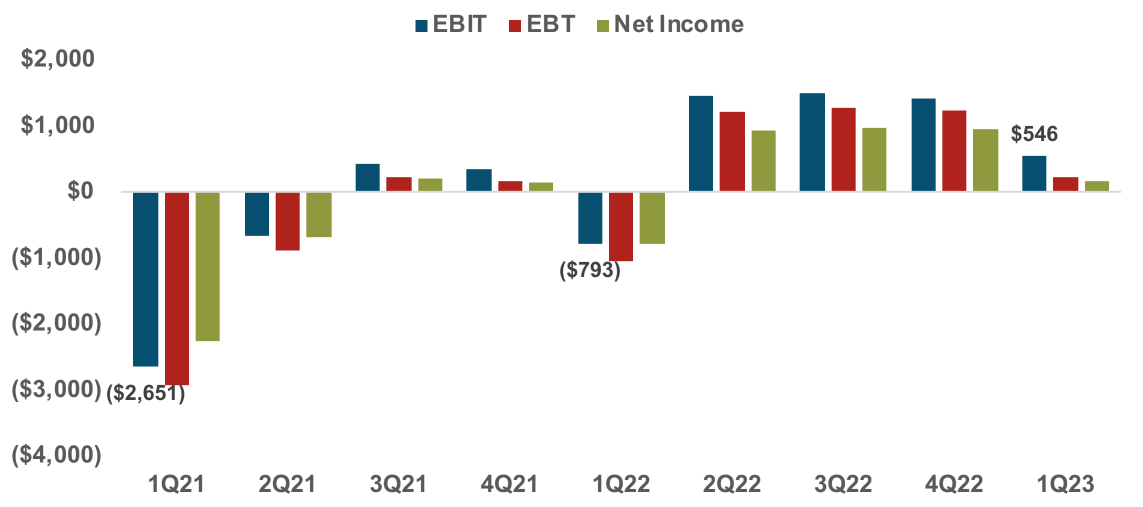
DAL Stats	1Q23	1Q22	1Q19	y/y	y/4y
Adj Revenues	$11,842M	$8,161M	$10,424M	45.1%	13.6%
Adj Operating Income (EBIT)	$546M	($793M)	$1,028M	n.m.	(46.9%)
Adj Operating Margin	4.6%	(9.7%)	9.9%		
Adj Pretax Income	$217M	($1,037M)	$832M	n.m.	(73.9%)
Adj Net Income	$163M	($784M)	$639M	n.m.	(74.5%)
Adj EPS	$0.25	($1.23)	$0.96	n.m.	(74.0%)
Capacity (ASMs)	61.4 billion	51.8 billion	62.4 billion	18.4%	(1.7%)
Yield	20.95¢	17.85¢	17.93¢	17.4%	16.8%
TRASM	19.30¢	15.75¢	16.63¢	22.5%	16.1%
CASM	21.25¢	19.56¢	14.99¢	8.6%	41.8%
CASM-ex	13.86¢	13.24¢	11.49¢	4.7%	20.6%
Fuel (econ)	$3.06	$2.79	$2.05	9.7%	49.3%

Delta Mainline Fleet – 1Q23

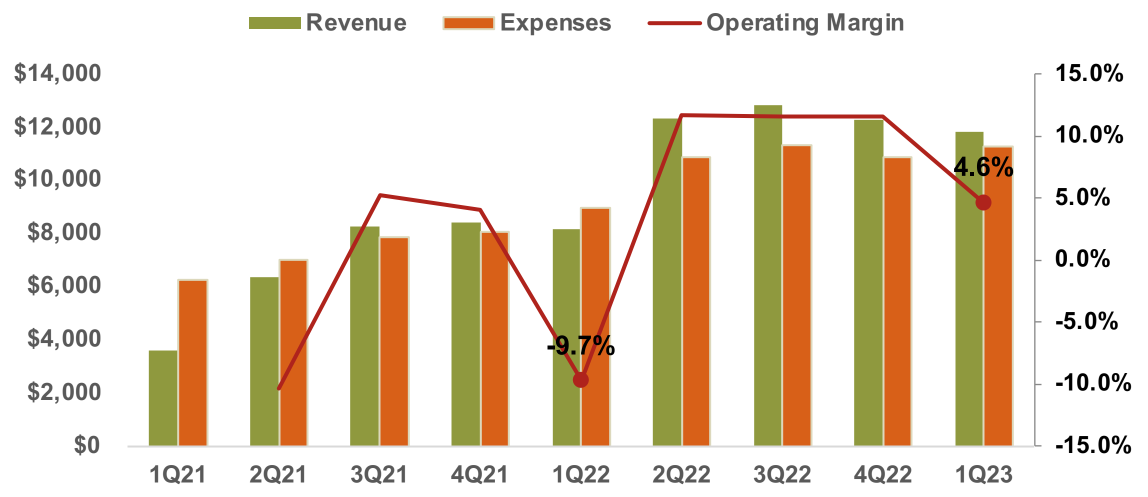


Delta - Financial Performance

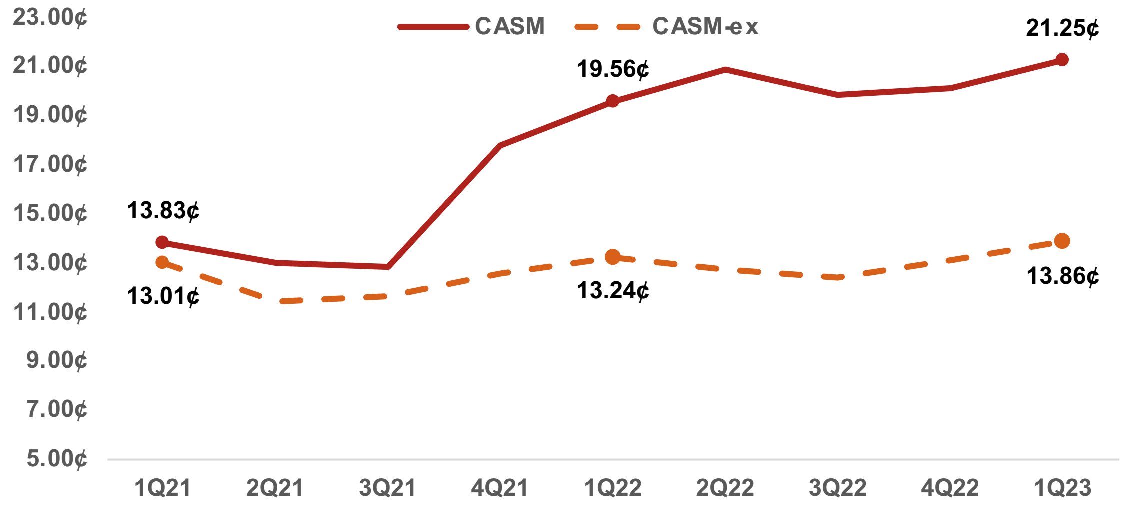
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



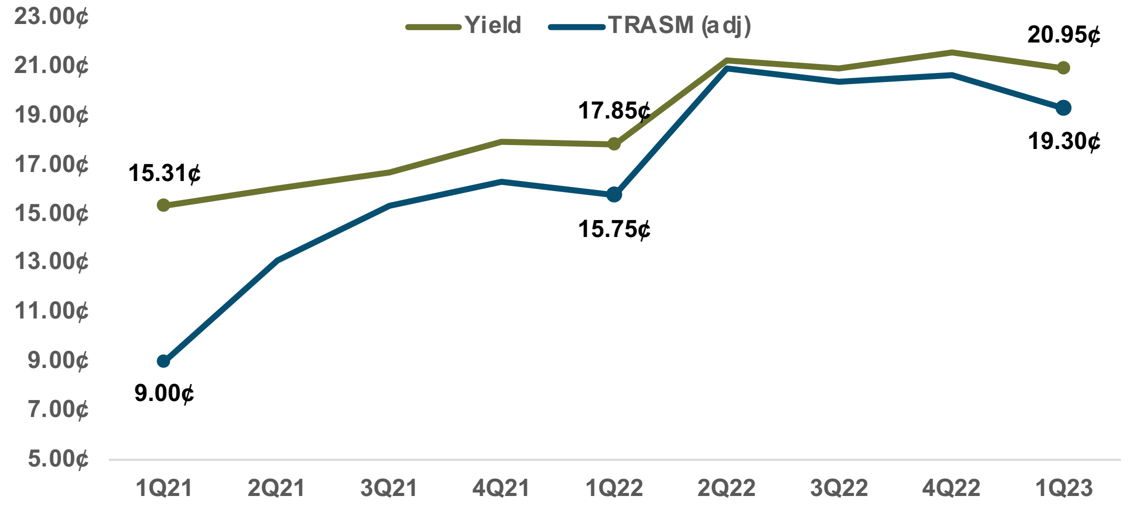
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



Yields & TRASM (adj)

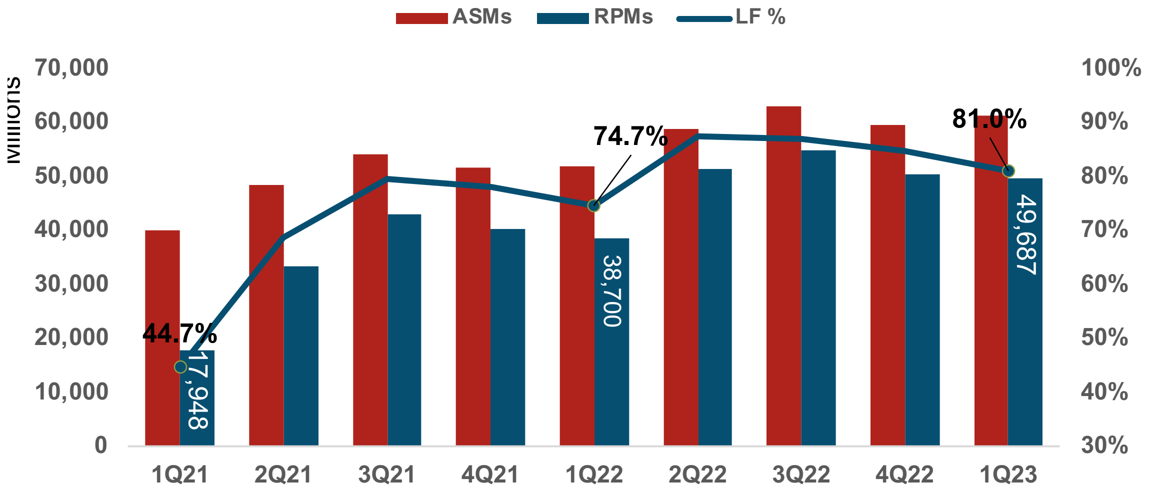


Delta - Network News

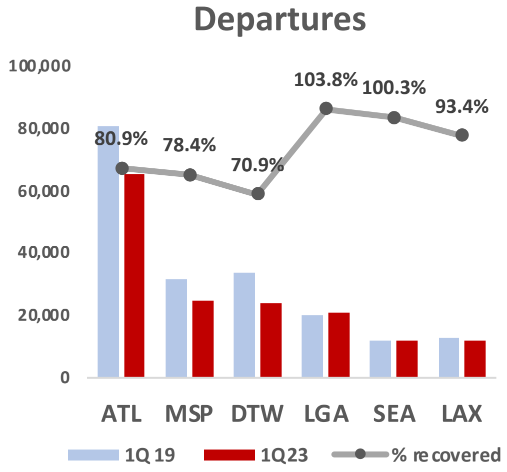
Network news and notes

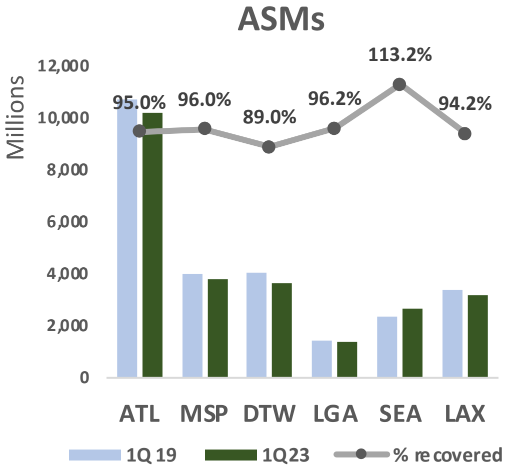
- Reduced domestic capacity by 3.7% starting in June. The cuts are mainly in core hubs, focusing on New York as part of the FAA requested reductions due to ATC staffing.
- International capacity will grow over 20% in second quarter, with the largest transatlantic schedule in company history.
- Core hub restoration will accelerate through the end of this year, with DTW adding 35%, MSP 21% and SLC 13% more departures as compared to the same period in 2022.
- Restoring service to LGW from JFK this summer. Carrier will have 15 departures per day to the U.K. alongside JV partner Virgin Atlantic.

Capacity and Load Factors

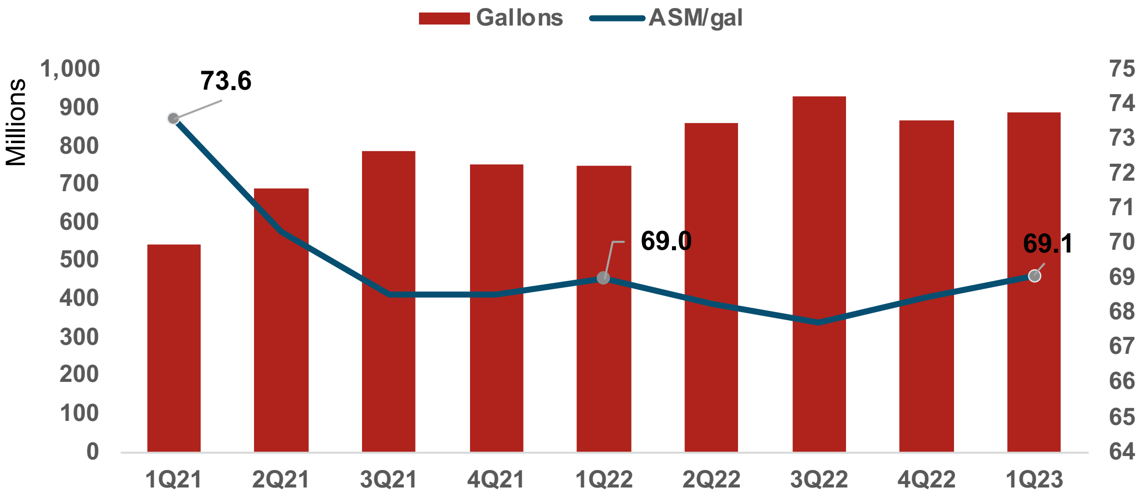


Restoration of major hubs and focus cities





Fuel & Fuel Efficiency



Delta

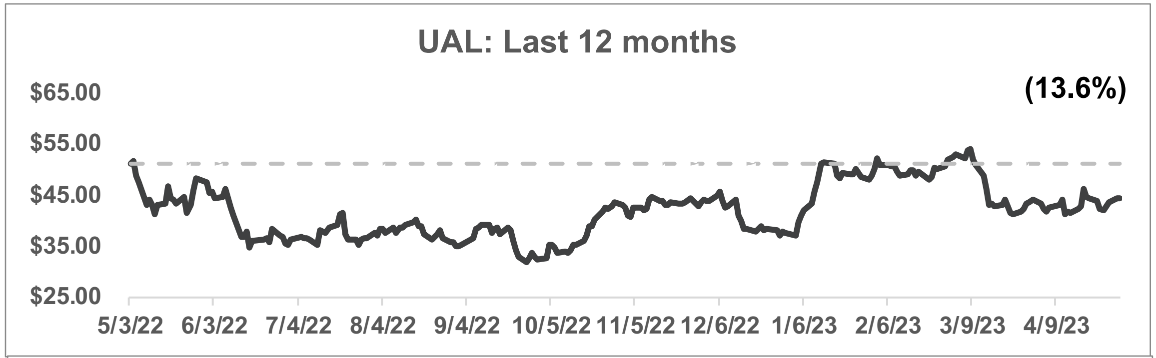
Analyst Commentary

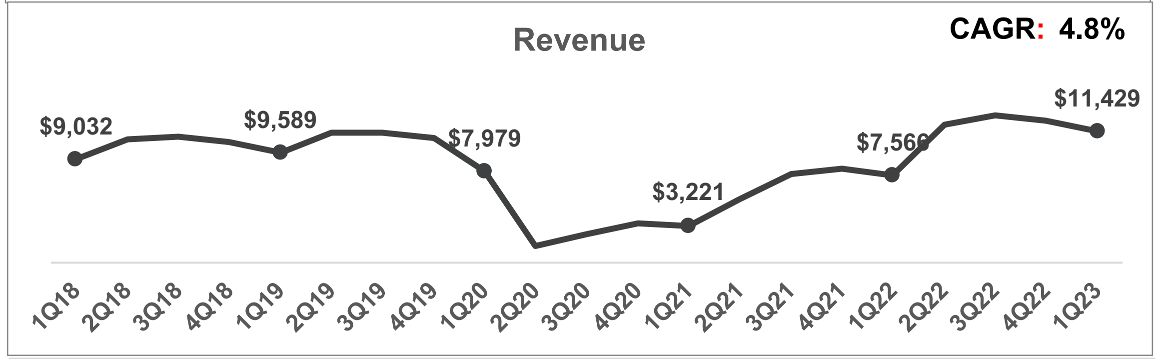
- Delta's revenue was at the low end of guidance and raised eyebrows, as we are closely watching for signs of consumer slowdown in spending as recession risks rise. We think 1Q issues were due to idiosyncratic events such as weather and an ongoing evolution of post-Covid travel patterns.
- While domestic demand has come off last year's torrid pace, the airline should see solid unit revenue premiums as it continues to restore capacity to core hubs like Minneapolis and Detroit.
- Delta's results may be characterized as a "miss", but it is important to remember they will likely be the only airline to report a profit with a pilot deal.
- In our view, erratic demand patterns and weather impacting capacity were the cause of the revenue in the low range. The demand and revenue outlook does remain encouraging into spring and summer. We still like Delta, with its top tier financial results and investments in frictionless travel.
- We believe Delta's guidance credibility has weakened in the eyes of many investors following its low-end revenue outcome. Feedback suggests a healthy dose of skepticism regarding future demand, particularly domestic. No one seems worried about international demand.
- Two notable items appear to be underappreciated by investors. Revenue ex 3rd party refinery sales was at midpoint of guidance, the shortfall being explained by lower capacity. Second, 65% of 2Q23 revenue is booked, giving us greater confidence in the outlook.

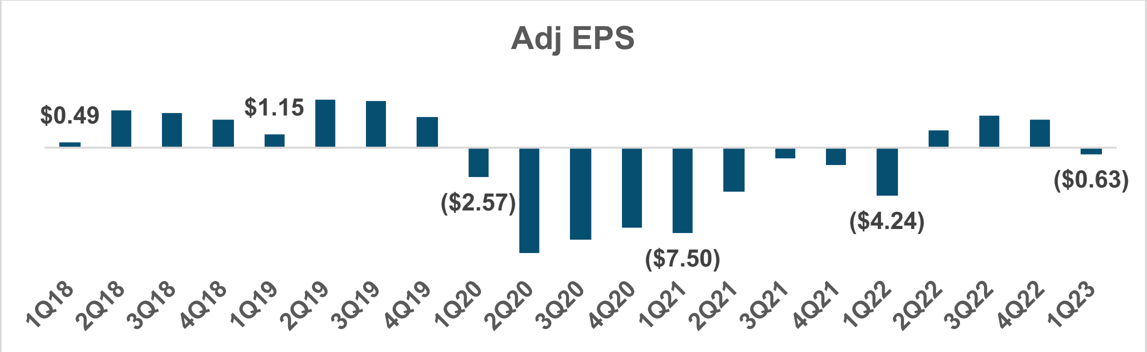
Guidance	2Q23	FY 2023	Notes
Total Revenue	*Up 14%-17%	**Up 15%-20%	*q/q comp to '19; **FY comp to '22
Capacity	Down 1%	Up 1%	Comp to 2019
CASM-ex	Up 3% - 4%	Down 2% - 4%	Comp to 2022
Fuel (incl refinery)	$3.05 - $3.25	$3.00 - $3.20	
Op Margin	4% - 6%	10% - 12%	
EPS	$0.15 - $0.40	$5.00 - $6.00	

Delta rebuild AMS as a worldwide connecting hub

United Airlines







United

“Demand has become structurally different post-pandemic"

1Q23 adj. pre-tax income (loss): ($266M)

United reported an adjusted pre-tax loss for the first quarter which was expected as they preannounced earlier in the quarter. The carrier described weaker than expected traffic in 1Q which they attributed to seasonality and business traffic that has not recovered to pre-pandemic levels. Long-haul international has moved into the lead over domestic, according to CEO Scott Kirby, who also said macroeconomic weakness is being offset by consumer spending on travel. He believes the airline can continue to strengthen its balance sheet and keep CASM-ex flat this year even if the economy softens. United will continue to build connectivity in its hubs but will use larger gauge aircraft to capture additional higher revenue traffic. The fleet restructuring will also continue with $8B in aircraft capex this year.

EFA takeaway: United well placed to capture international long-haul traffic as domestic slows. Fleet restructuring will cost $8B this year, a possible issue in a recession.

Items of Interest

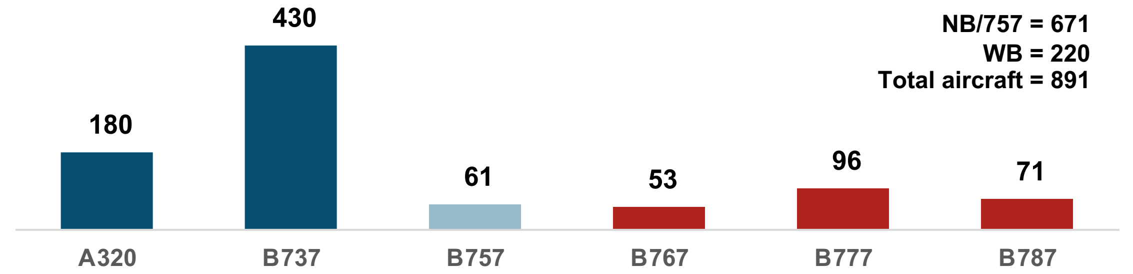
- Will reduce schedule in the New York region and DCA by around 30 departures per day as requested by the FAA due to ATC shortage. Capacity will be redeployed to other hubs.
- The category of "other revenues" are growing slower YoY, which is the opposite trend from last year and during the pandemic. The largest of these is cargo revenue which declined 37% YoY.
- Loyalty revenues thru Mileage Plus set records and was up 25% YoY.
- United smaller presence in the Caribbean and Florida hampered 1Q revenues. United will expand international flying at twice the rate of domestic in 2023. Will operate 207 daily flights across the Atlantic this summer, higher than any other airline.
- Peak bank sizes are still down 10%-20% vs. 2019. Will continue to increase connectivity using B-737's vs. Regional jets as in the past.
- Fuel prices came in at lower range of guidance and are expected to continue at lower range. ASM's per gallon are increasing due to more deliveries of fuel-efficient aircraft.
- Domestic capacity will be back below 2019 levels as United reallocates to long-haul.
- Ended quarter at $19B in liquidity. Total debt has declined by $4.6B over the past year.
- Costs will flat to up slightly as capacity increases. Maintenance and distribution costs are expected to moderate through the end of the year. CASM-ex to be flat compared to 2022.

1Q Snapshot (as compared to 1Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-0.1%	19.2%	19.0%	17.7%	62.4%

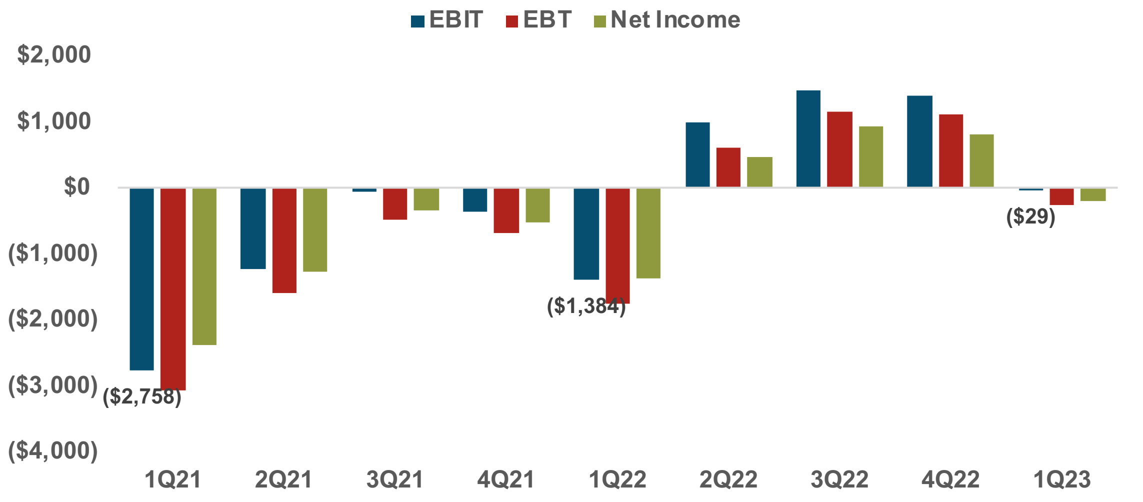
UAL Stats	1Q23	1Q22	1Q19	y/y	y/4y
Revenues	$11,429M	$7,566M	$9,589M	51.1%	19.2%
Adj Operating Income (EBIT)	($29M)	($1,384M)	$513M	n.m.	n.m.
Adj Operating Margin	(0.3%)	(18.3%)	5.3%		
Adj Pretax Income	($266M)	($1,753M)	$389M	n.m.	n.m.
Adj Net Income	($207M)	($1,378M)	$309M	n.m.	n.m.
Adj EPS	($0.63)	($4.24)	$1.15	n.m.	n.m.
Capacity (ASMs)	65.7 billion	53.3 billion	65.6 billion	23.4%	0.1%
Yield	19.56¢	16.43¢	16.43¢	19.1%	19.1%
TRASM	17.39¢	14.20¢	14.61¢	22.5%	19.0%
CASM	17.46¢	16.79¢	13.85¢	4.0%	26.1%
CASM-ex	12.54¢	12.55¢	10.65¢	(0.1%)	17.7%
Fuel (econ)	$3.33	$2.88	$2.05	15.6%	62.4%

United Mainline Fleet – 1Q23

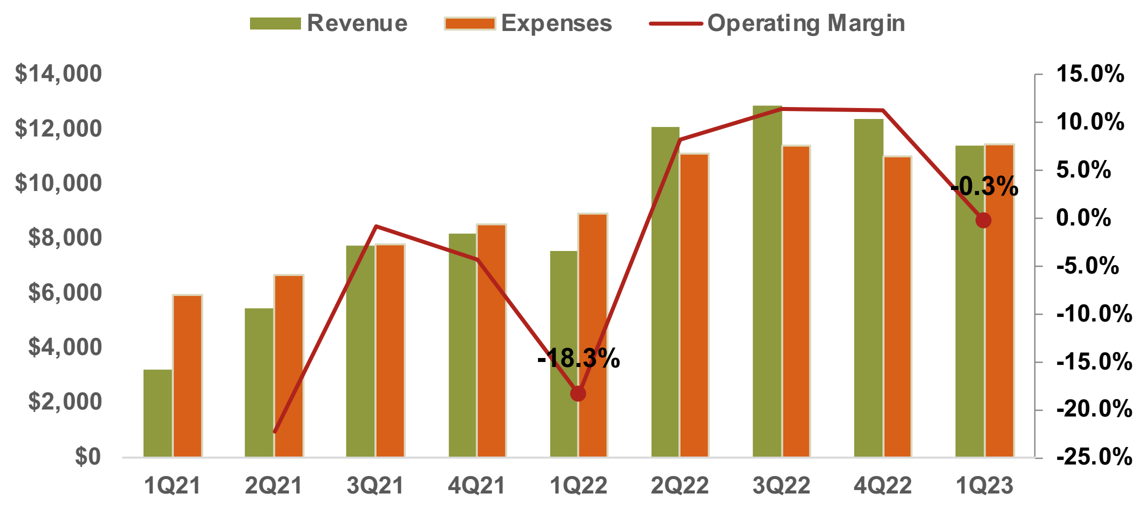


United - Financial Performance

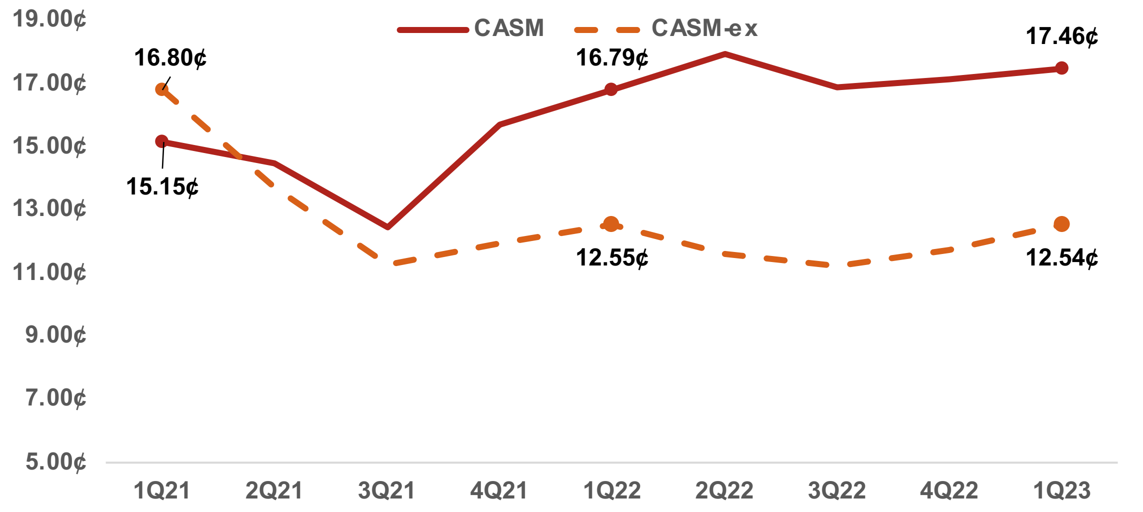
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



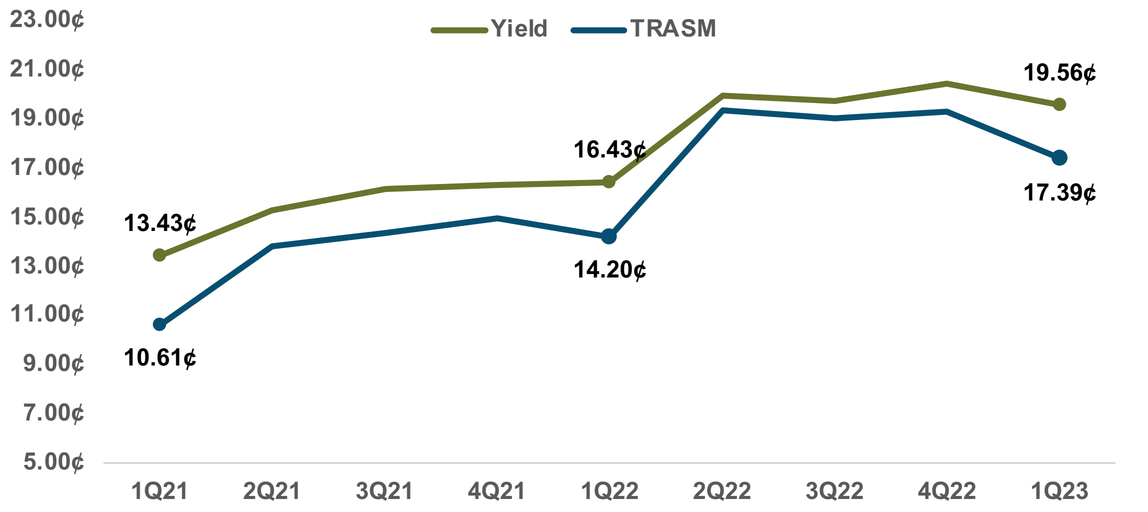
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



Yields & TRASM

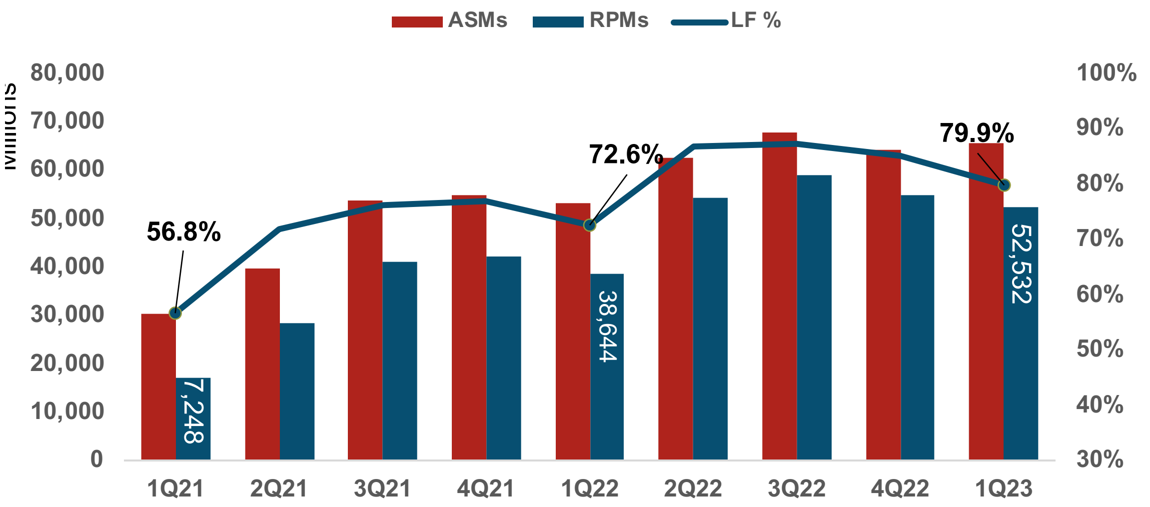


United - Network News

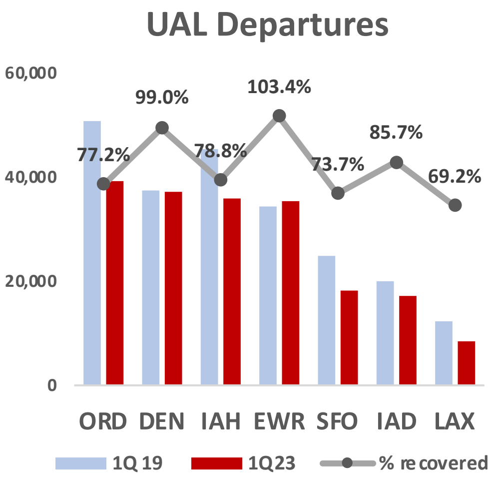
Network news and notes

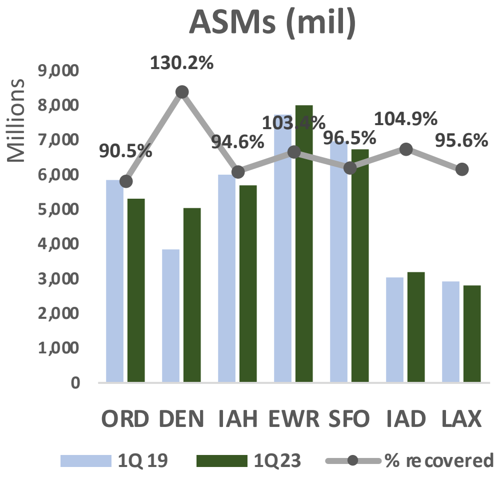
- Reducing EWR and DCA departures by approximately 30 per day to comply with FAA airspace relief request. The majority are regional partner small jets. Capacity will be deployed at other hubs.
- Growing from 92 to 142 flights per week to Australia, New Zealand and the South Pacific by December, a 40% year-over-year increase.
- Will average nearly 200 flights per day this summer across the Atlantic, with new service to several Italian, Portuguese and Spanish leisure destinations (AGP, NAP, OPO, PDL, PDI, TFS, VCE)
- London Heathrow routes weaker than other Europe service due to large amounts of capacity from U.S to London from competitors.

Capacity and Load Factors

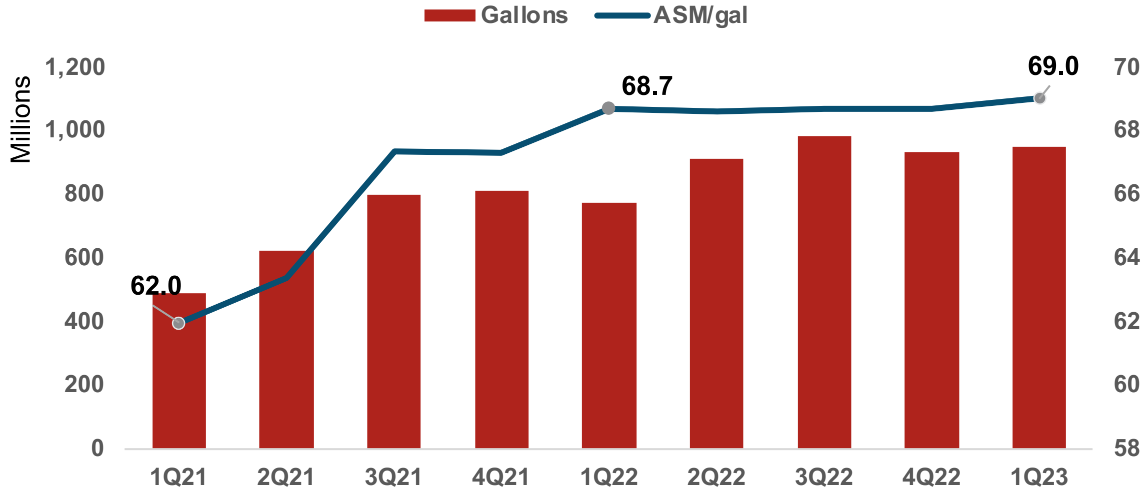


Restoration of major hubs and focus cities





Fuel & Fuel Efficiency



UNITED

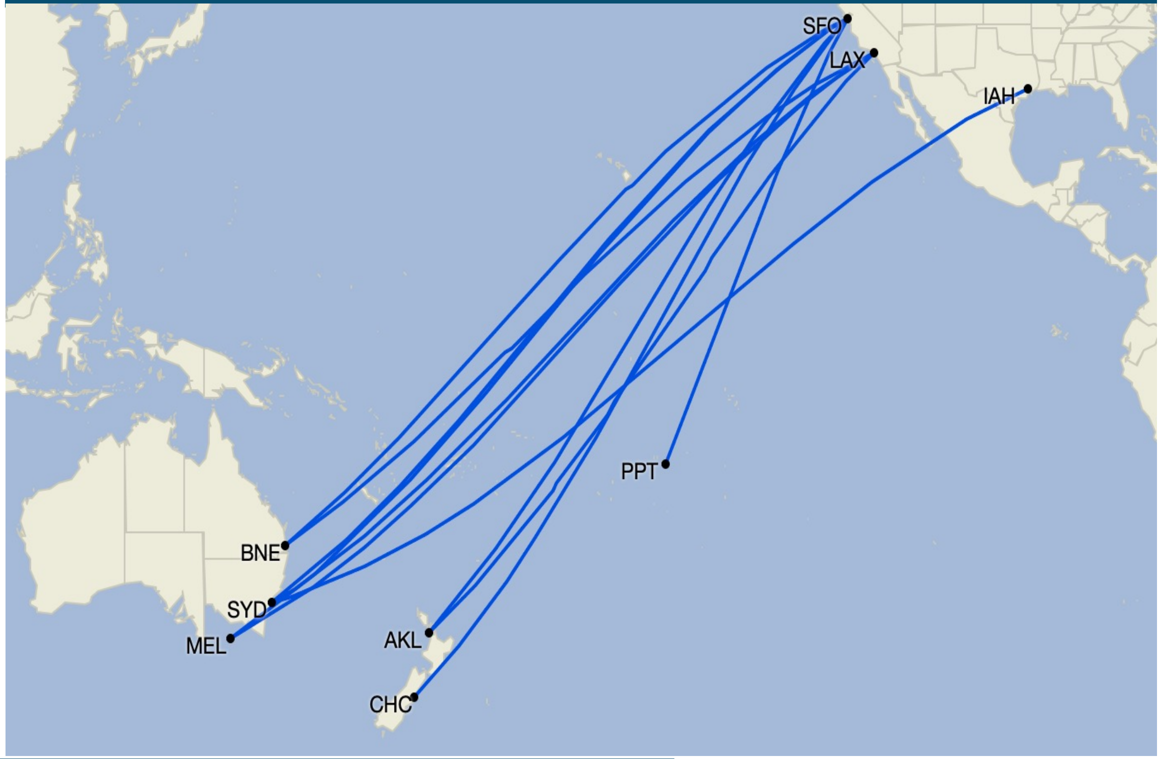
United

Analyst Commentary

- United seems focused on what they can control; unit costs ex-fuel. This is what we want to see in uncertain macro environment. We model costs ex-fuel up 1% as pilot and flight attendant contracts get renegotiated.
- We expect near term cash flow will be impaired and limit UAL's ability to de-lever coming out of the pandemic with its elevated capex needs.
- We think United is well-positioned as demand for international travel will outstrip demand for domestic travel this summer. Global long-haul is showing the strongest rebound in business travel as well.
- The work the company has done in monetizing the loyalty program, providing incremental value, has not been fully reflected in the market. Fleet restructuring will drive efficiencies also.
- United's international strategy is a differentiating factor. The international landscape has changed as airlines around the world have retired widebody aircraft and long-haul low-cost models failed while United maintained their fleet and added 39% more capacity.
- United is positioned in the right markets and is running clean compared to the rest of the industry. A balance of steady demand and an improving cost structure paints an encouraging picture this year.
- With over $8B in CAPEX due to an industry leading order book, United's free cash flow is impaired. However, the economics can support this while still progressing towards improved credit metrics.
- We continue to believe United's 2023 revenue is likely to hold up better than for most U.S peers due to outsized exposure to large corporate and international travel, unique cost tailwinds including the restoration of the widebody fleet and lower regional cost headwinds.

Guidance	1Q23	FY 2023	Notes
Capacity	~Up 20%	"High teens"	vs 2022
Revenue	~Up 50%	"High teens"	vs 2022
TRASM	~Up 25%	~Flat	vs 2022
CASM-ex	Down 3%-4%	~Flat	vs 2022
Fuel	$3.19/gal	$2.85 - $2.90	
CAPEX		~$8.5B	
Pre-tax margin	~3%	~9%	
EPS (adj)	$0.50 - $1.00	$10.00 - $12.00	

United embarks on large Australasia expansion with 66 weekly flights



SWAPA

Hybrid/Low-Cost Carriers

Alaska

HAWAIIAN AIRLINES

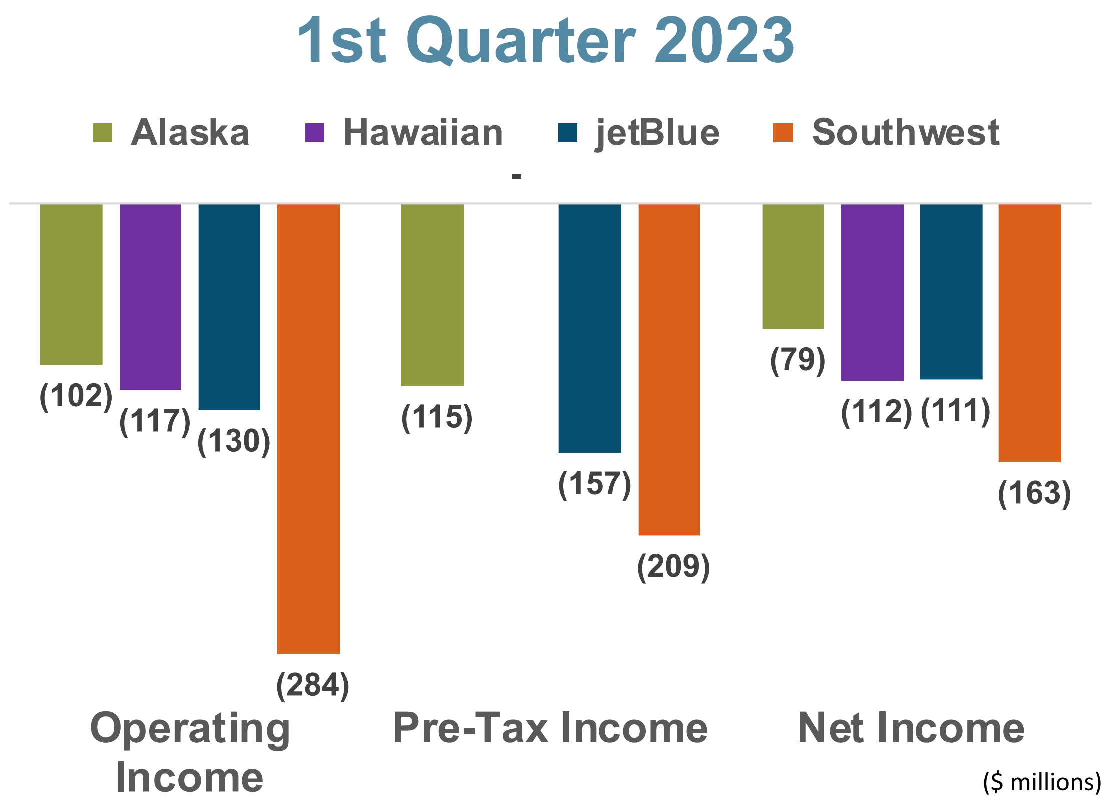
jetBlue

Southwest

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

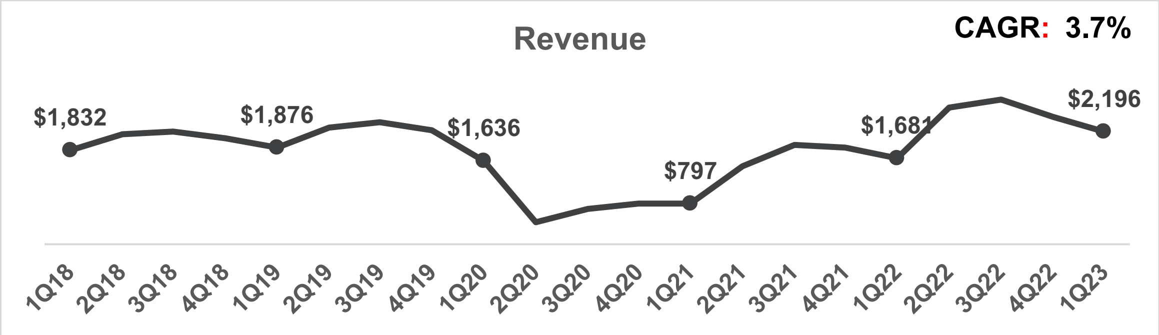
Key Financial Results

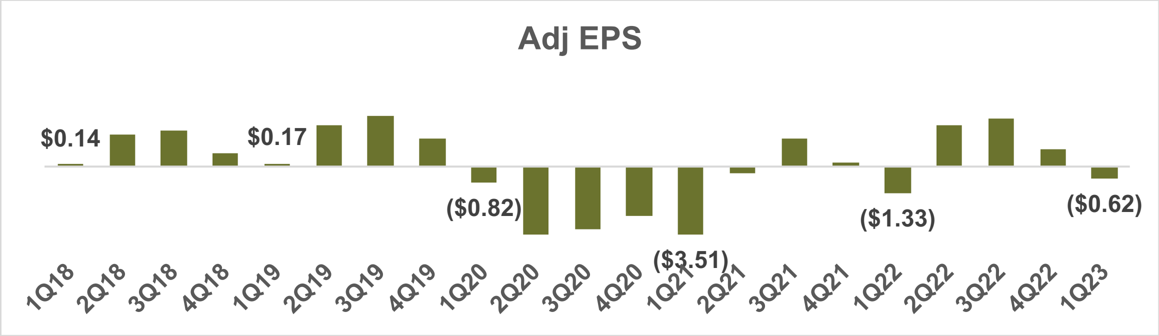
Hybrid/LCC carriers vs. Southwest



Non-GAAP – excludes special items

Alaska Airlines





Alaska

"Our loss is primarily a reflection of our current route seasonality"

1Q23 adj. pre-tax income (loss): ($115M)

Despite reporting a pre-tax loss, Alaska reported improved operational and financial performance as the airline progressed through the quarter. The airline attributed the loss to network seasonality as well as challenging weather conditions. Alaska also highlighted much improved aircraft utilization, employee productivity and declining pilot attrition since the passage of the new contract. Nearly all the airline's core hubs are in geographies where business has not returned to pre-pandemic levels, but the airline believes the lag could provide an upside boost to revenue. They also have a tentative plan to dispose of the final A321's to another company by October. Finally, management is confident of delivering the full year earnings and margins promised at Investor Day.

EFA takeaway: Continues to run a solid airline but economic weakness in PDX, SEA and SFO could hamper further recovery in business travel, a key Alaska component.

Items of Interest

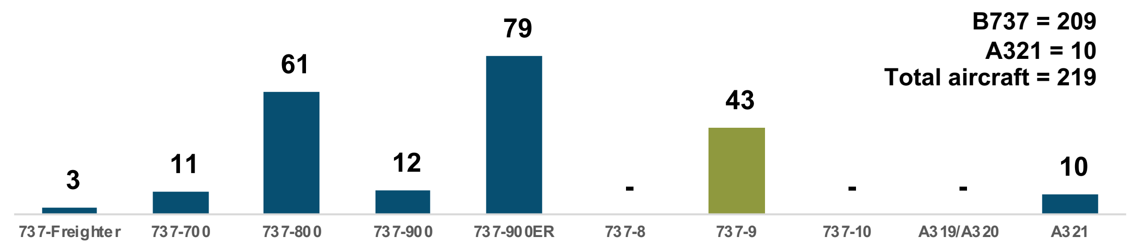
- Highlighted increased productivity year-over-year. Total passengers per FTE was up 6%, total aircraft utilization up 14% and with the up-gauging strategy, are producing 20% more ASM's per aircraft than last year.
- Load factors at 80%, up 3% YoY, with increases in revenues each month. High fuel prices and a predominantly leisure consumer base were factors in the first quarter weakness.
- Business travel in tech industry has only recovered 50%-60% as compared to pre-pandemic, with total business travel at 75% of volume and 85%-90% of revenues.
- Main hub of Seattle has surpassed 2019 ASM's but not number of departures.
- Premium class and loyalty revenues continued to increase YoY. The new card agreement with B of A led to a 17% increase in renumeration and the highest acquisitions in history.
- Have restarted share repurchase program, with $23M of the $100M authorization complete in 1Q.
- Received six 737-9 aircraft bringing total to 43. Purchased five new 737 simulators.
- Ended quarter with $2.4B in liquidity. Debt-to-cap ratio of 48%, within target range of 40%-50%.

1Q Snapshot (as compared to 1Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
1.3%	17.1%	15.5%	16.2%	60.1%

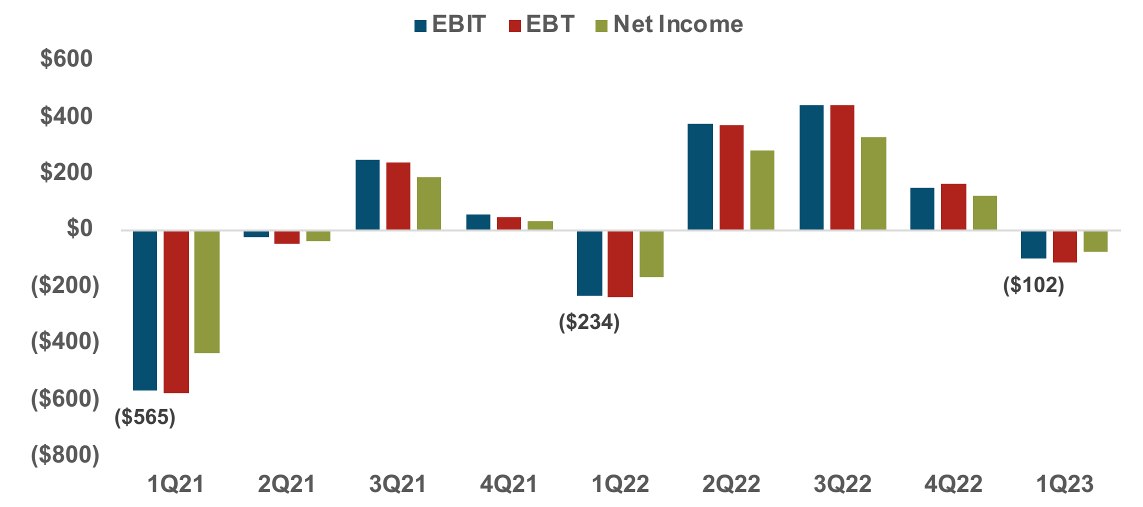
ALK Stats	1Q23	1Q22	1Q19	y/y	y/4y
Revenues	$2,196M	$1,681M	$1,876M	30.6%	17.1%
Adj Operating Income (EBIT)	($102M)	($234M)	$47M	n.m.	n.m.
Adj Operating Margin	(4.6%)	(13.9%)	2.5%		
Adj Pretax Income	($115M)	($238M)	$28M	n.m.	n.m.
Adj Net Income	($79M)	($167M)	$21M	n.m.	n.m.
Adj EPS	($0.62)	($1.33)	$0.17	n.m.	n.m.
Capacity (ASMs)	15.7 billion	13.8 billion	15.5 billion	13.9%	1.3%
Yield	15.80¢	14.27¢	13.78¢	10.7%	14.7%
TRASM	13.98¢	12.20¢	12.10¢	14.6%	15.5%
CASM	15.17¢	13.66¢	11.94¢	11.1%	27.1%
CASM-ex	10.53¢	10.61¢	9.06¢	(0.8%)	16.2%
Fuel (econ)	$3.41	$2.62	$2.13	30.2%	60.1%

Alaska Mainline Fleet – 1Q23

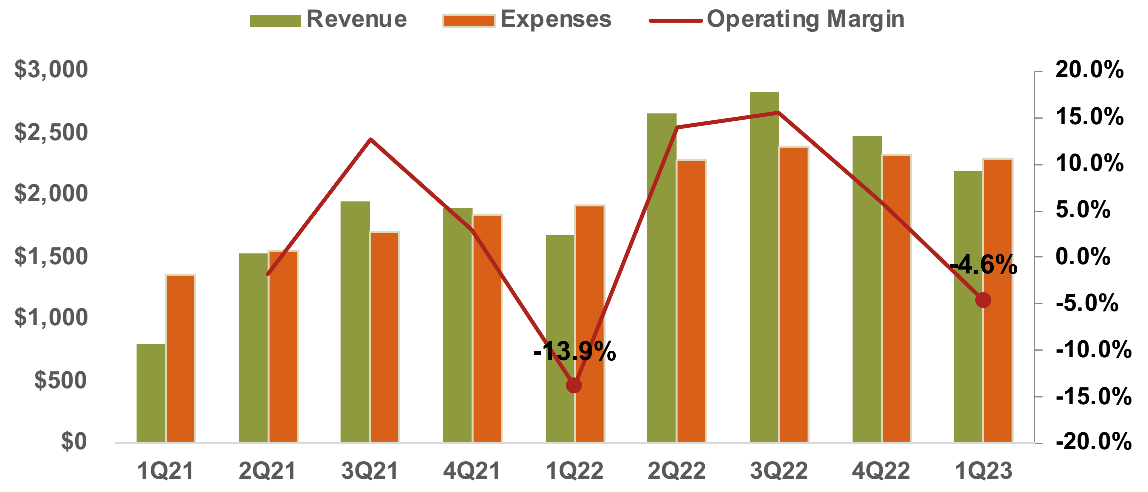


Alaska - Financial Performance

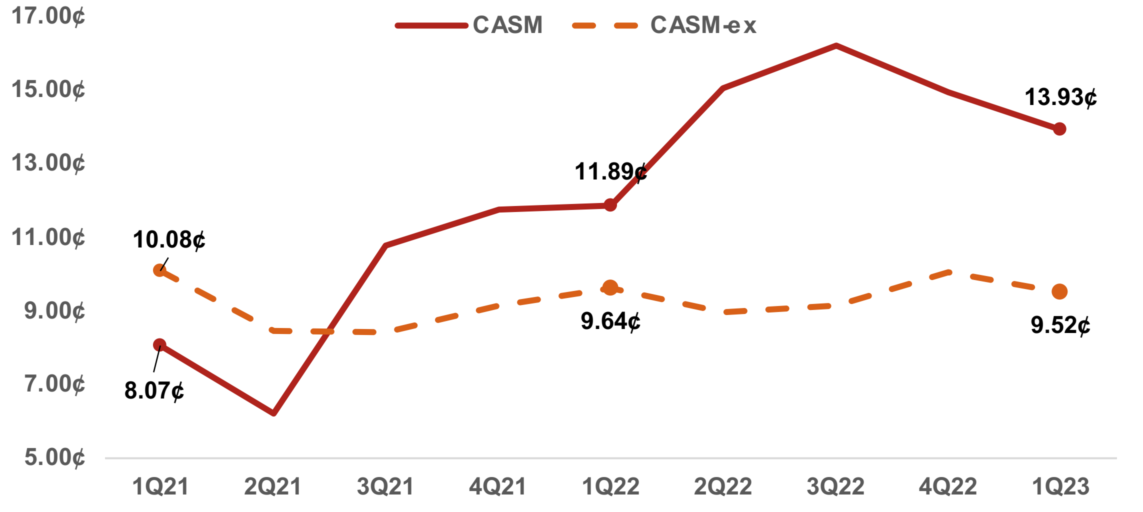
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



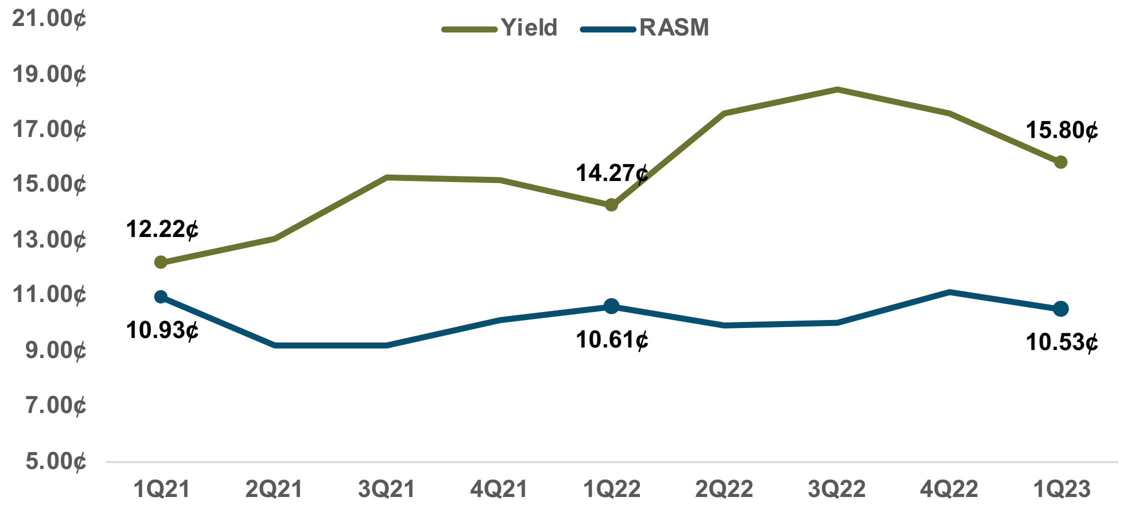
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



Yields & TRASM

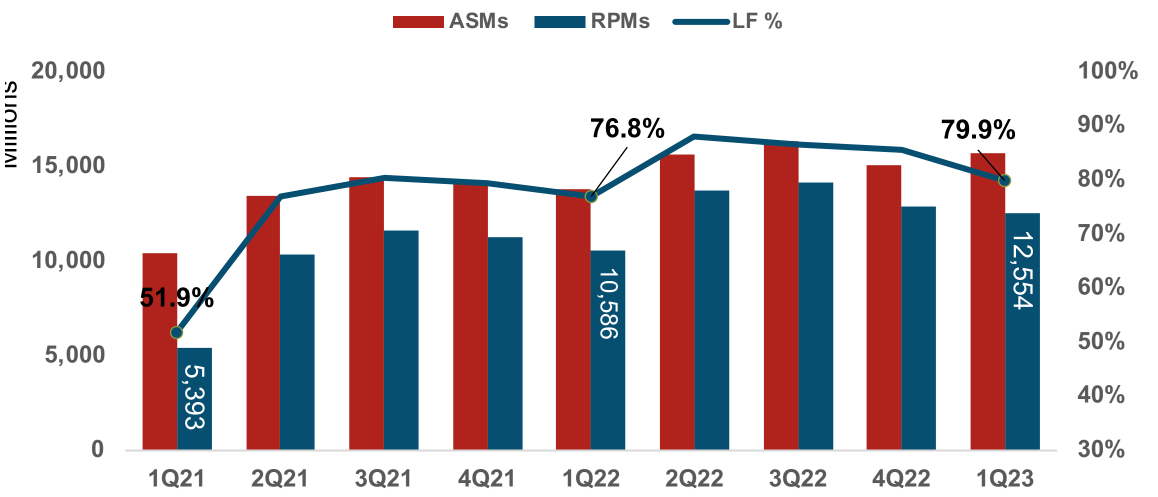


Alaska - Network News

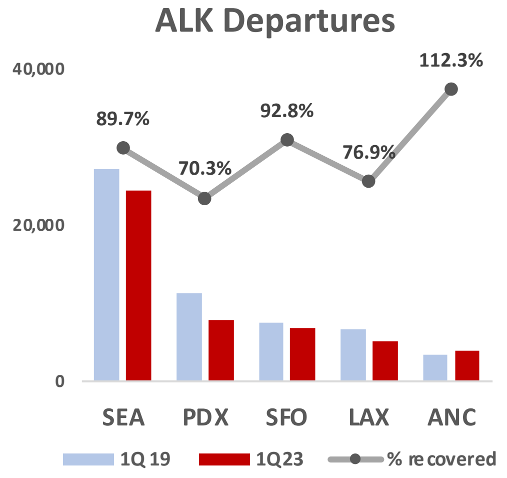
Network news and notes

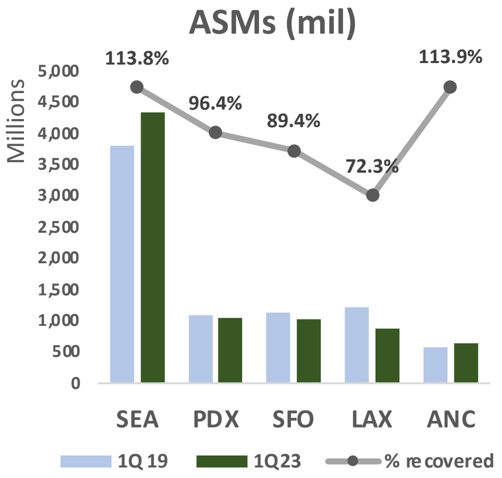
- Working to rebuild PDX to pre-pandemic network depth. PDX increases to an average of 82 flights by fall 2023 from the current 64.
- Continues to build up SAN, with new flights to DCA, EUG and TPA later in 2023.
- Has applied to expand codeshare operations with Japan Airlines, at LAX, SAN, SEA and SFO.

Capacity and Load Factors

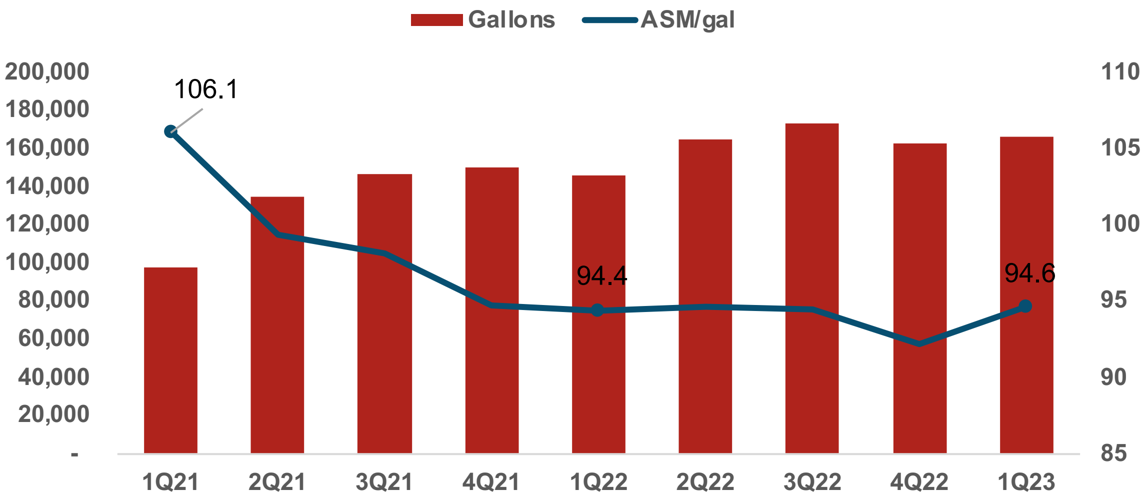


Restoration of major hubs and focus cities





Fuel & Fuel Efficiency

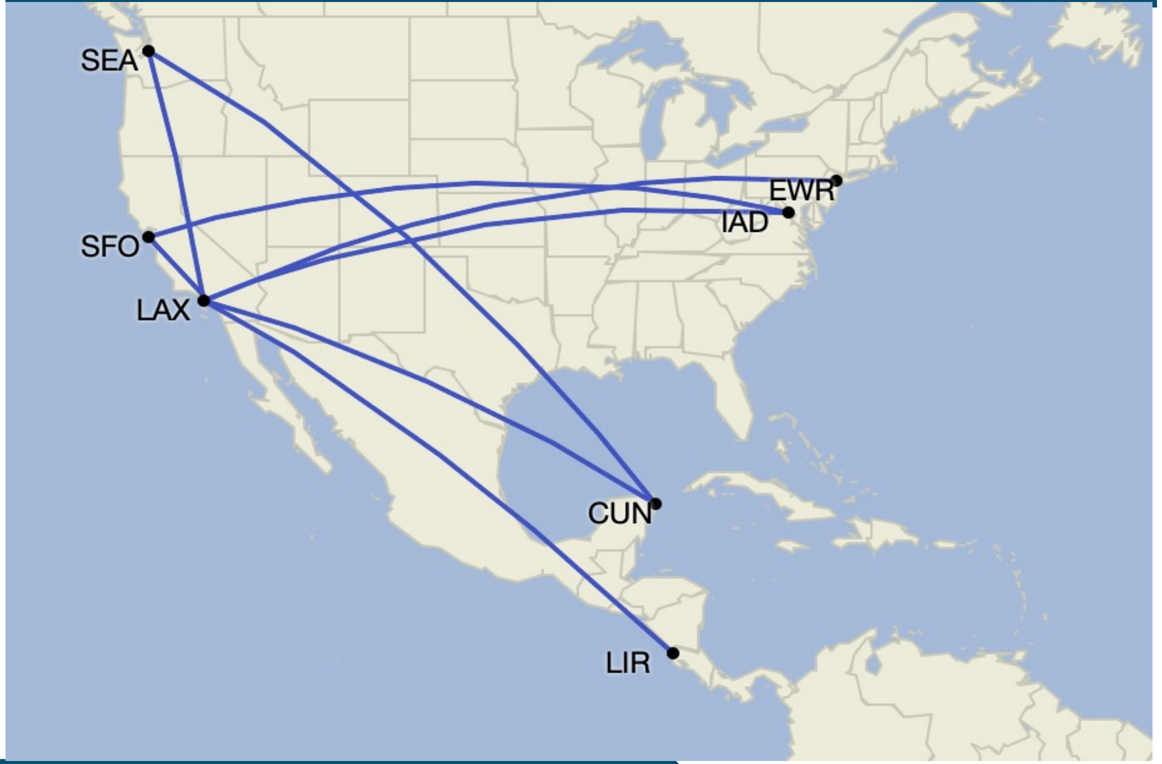


Alaska

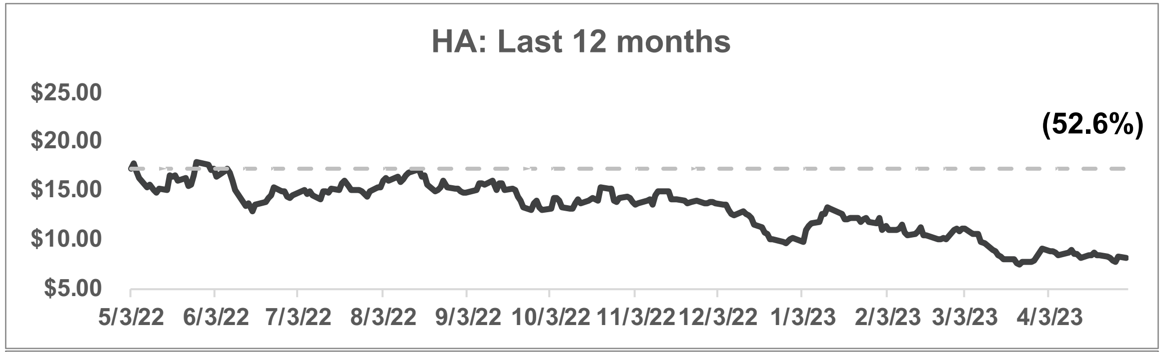
- Despite domestic booking softness since mid-March, Alaska 2Q23 revenue guidance was better than we feared. It will be important to see if others expect a more pronounced slowdown over the next few months. Surprisingly, Alaska's yields are ahead of 2019 and 2022 levels.
- We note Alaska's revenue growth continues to lag domestic peers given significant exposure to California and tech corporate travel.
- We expect momentum from improving operational and financial trends to continue into the summer months. Demand still looks strong with 63% of 2Q revenues currently booked.
- The company acknowledged that they would have structured their network differently in 1Q with the benefit of hindsight in order to better match supply and demand.
- We believe Alaska is well positioned for 2023, as key priorities are executed, including transition to a single fleet. They delivered on key metrics such as capacity, revenue and CASM-ex.
- Alaska maintains a formidable competitive position on the West Coast with financial metrics that place it among the industry's best.
- Our concern is that Alaska potentially gets painted with an undiscerning domestic brush due to certain airlines pumping the international narrative.
- We've rebalanced some cost assumptions but think improvement in the second half of 2023 will happen. Alaska's guide feels even more conservative to us, with a healthy fuel cushion and very small capacity increases.

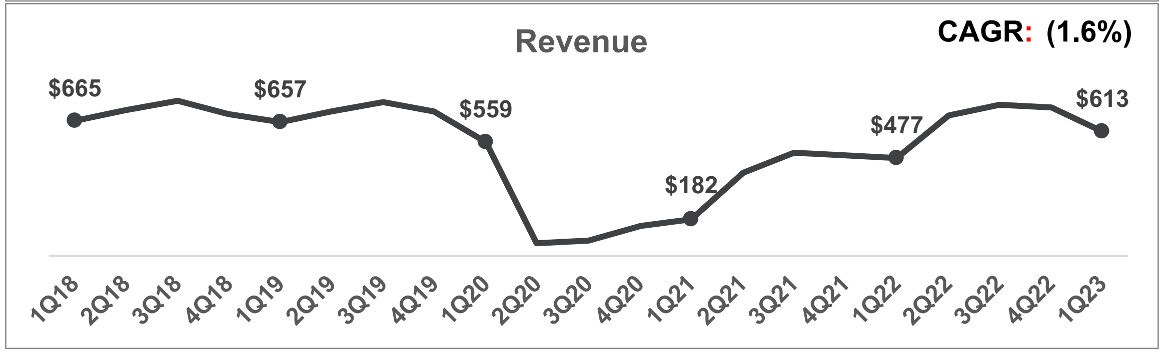
Guidance	2Q23	FY 2023	Notes
Capacity	Up 6% - 9%	Up 8% - 10%	comp to 2Q22
Revenues	Up 2.5% - 5.5%	Up 8% - 10%	comp to 1Q22
CASM-ex	up 1% - 3%	Down 1%-3%	comp to 1Q22
Fuel (econ)	$2.95 - $3.15	$3.10 - $3.30	
Pre-tax Margin	14% - 17%	9% - 12%	affirmed FY23
EPS		$5.50 - $7.50	affirmed FY24
CAPEX		$1.8B - $2.0B	

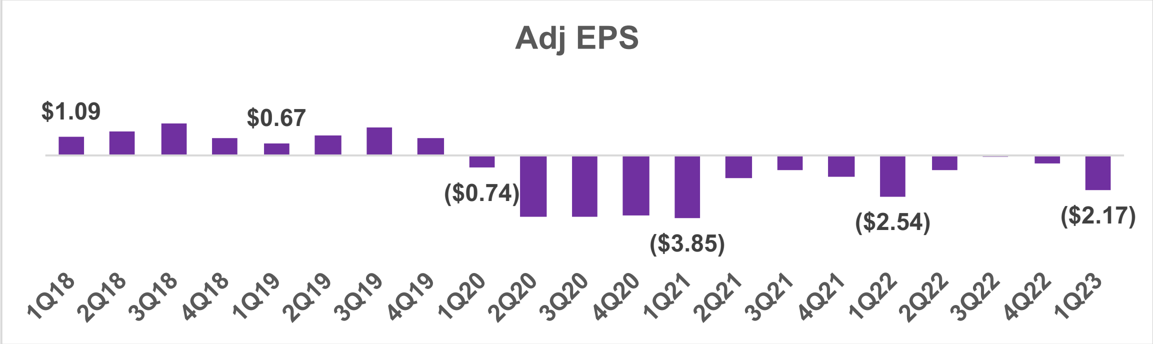
Alaska's last A321neo routes in September before retirement



Hawaiian Airlines







Hawaiian

"2023 off to an encouraging start but many challenges remain"

1Q23 adj. pre-tax income (loss): ($141M)
Hawaiian reported another quarterly loss as they continue to grapple with a variety of ongoing issues. These include intense interisland competition, A321 engine issues leading to overcapacity when having to fly A330's on certain routes ,underperformance of the Japanese markets and HNL runway construction. The airline did highlight strong demand from the US mainland to Hawaii as well as strength in Australia, New Zealand and South Korea. Hawaiian would like to redeploy some capacity out of Japan markets to US mainland this summer but will be limited by A321neo availability. The introduction of the 787 has become finalized, with the first delivery scheduled for 4Q23. Revenue flights for the Amazon freight contract will also begin in 4Q.

EFA takeaway: Hawaiian is dealing with a conflux of separate issues that continue to impact return to profitability. The return of Japanese travel is very important.

Items of interest

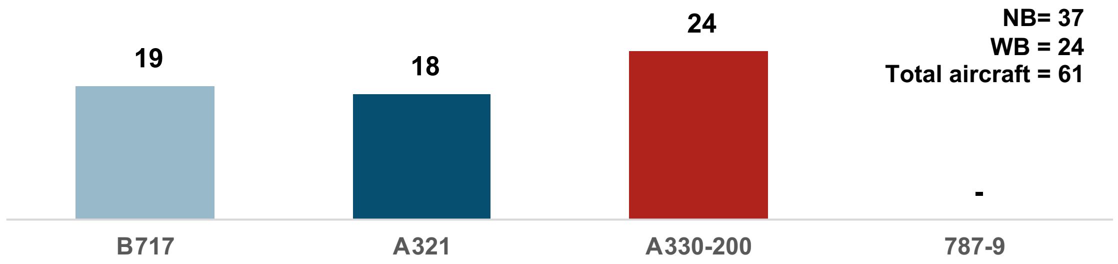
- Made transition to Amadeus platform in mid-April. Technology issues have surfaced and the airline in unable to take normal volume of bookings on website. This will cause a small one-time impact to revenue in 2Q of approximately $4m-$6M.
- North America revenue up 20% on a ten-point improvement in load factor. Interisland unit revenue three times higher than Southwest and load factors were 30% higher.
- Cargo and other revenue down 12% as the freight market slows. Fuel consumption up 21% YoY from higher capacity driven by higher utilization of A330's.
- Passenger revenue down 32%, driven by slow recovery of Japan. Will receive slot relief in Tokyo Haneda market, allowing the A330's to be shifted to other markets.
- Five of 18 A321neos reman grounded, awaiting engines from Pratt & Whitney. A330's are backfilling on some of these routes which has added unneeded excess capacity.
- Higher CASM-ex expected in 2Q due to new pilot contract and more A330 flying to West Coast. Timing of maintenance events and airport rate increases will be a factor in 2H 2023.
- Will add frequencies to AUS, BOS, LAS and LAX as LF's are expected in the 90% range.
- Ended 4Q with $1.6B in liquidity and $1.7B in debt and finance lease obligations. CAPEX will be approximately $360M-$380M, higher than planned due to new aircraft induction, tech spend and A330 maintenance being brought in-house.

1Q Snapshot (as compared to 1Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
1.3%	*-6.7%*	*-8.0%*	*11.9%*	*52.5%*

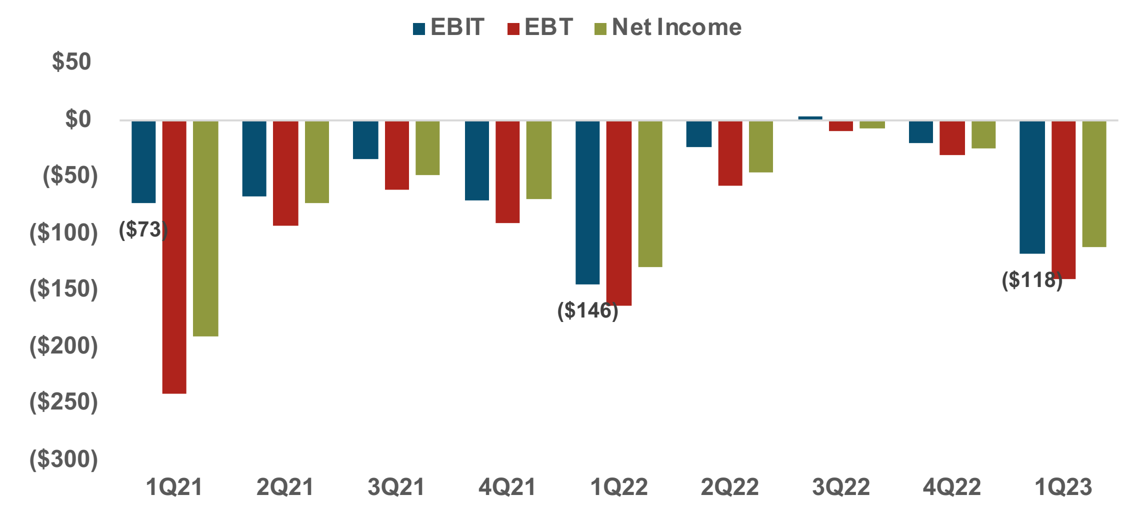
HA Stats	1Q23	1Q22	1Q19	y/y	y/4y
Revenues	$613M	$477M	$657M	28.4%	(6.7%)
Adj Operating Income (EBIT)	($118M)	($146M)	$53M	n.m.	n.m.
Adj Operating Margin	(19.2%)	(30.5%)	8.0%		
Adj Pretax Income	($141M)	($164M)	$44M	n.m.	n.m.
Adj Net Income	($112M)	($130M)	$33M	n.m.	n.m.
Adj EPS	($2.17)	($2.54)	$0.67	n.m.	n.m.
Capacity (ASMs)	4.9 billion	4.2 billion	4.9 billion	15.8%	1.3%
Yield	14.27¢	13.58¢	14.57¢	5.1%	(2.1%)
TRASM	12.46¢	11.19¢	13.54¢	11.3%	(8.0%)
CASM	14.85¢	14.66¢	12.45¢	1.3%	19.3%
CASM-ex	11.04¢	11.07¢	9.87¢	(0.3%)	11.9%
Fuel (econ)	$3.05	$2.83	$2.00	7.8%	52.5%

Hawaiian Fleet – 1Q23

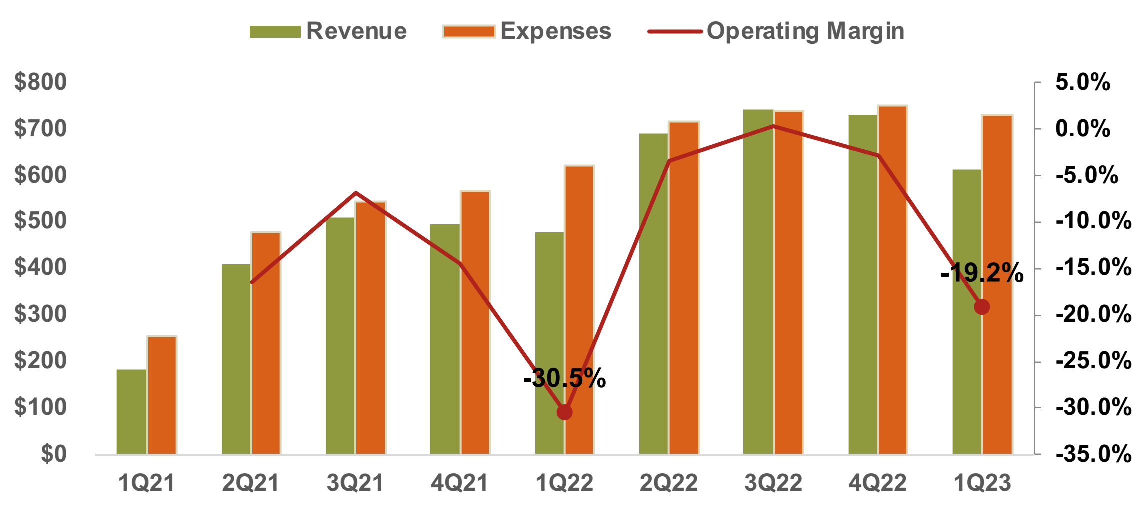


Hawaiian - Financial Performance

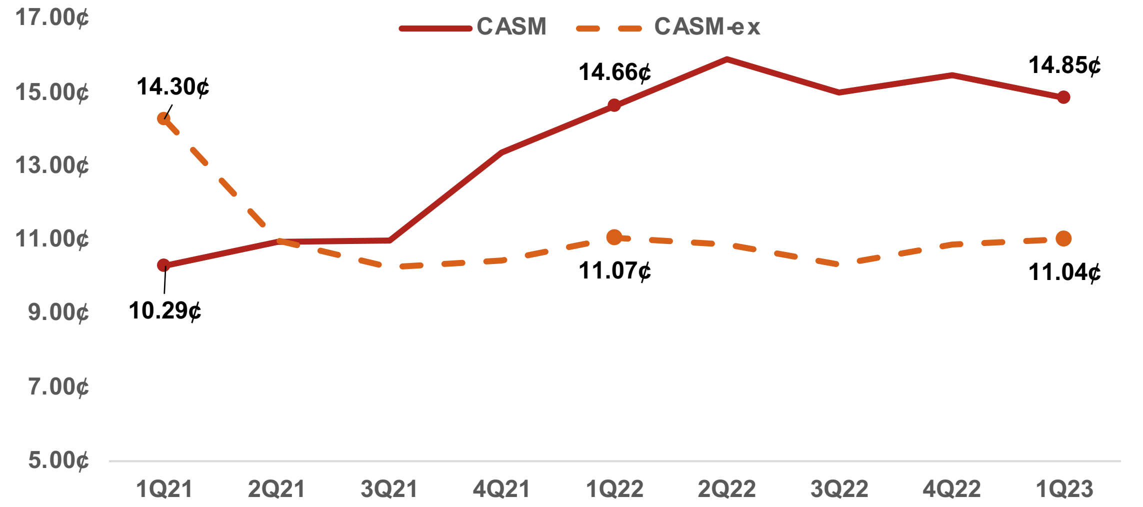
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



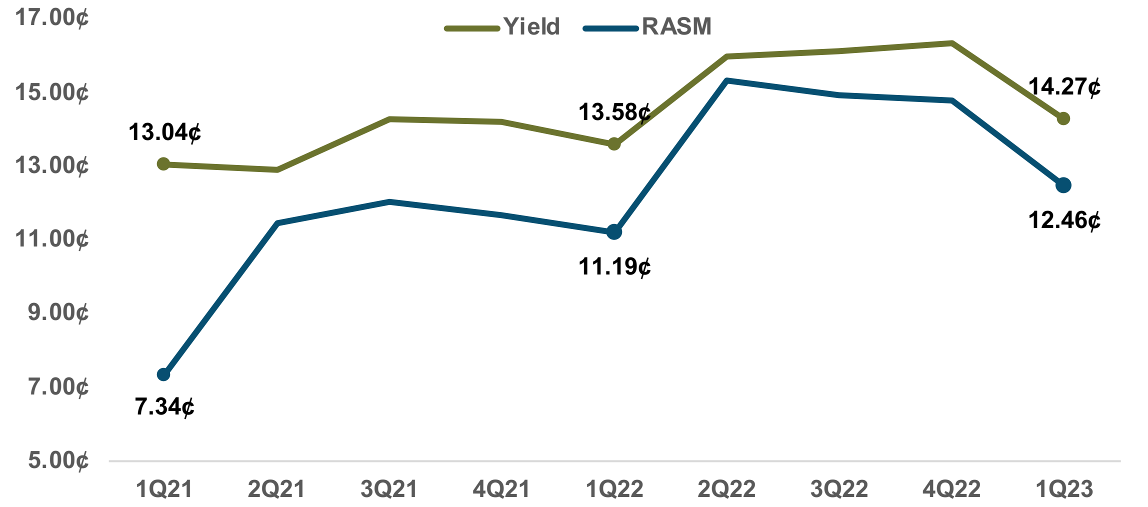
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



Yields & TRASM

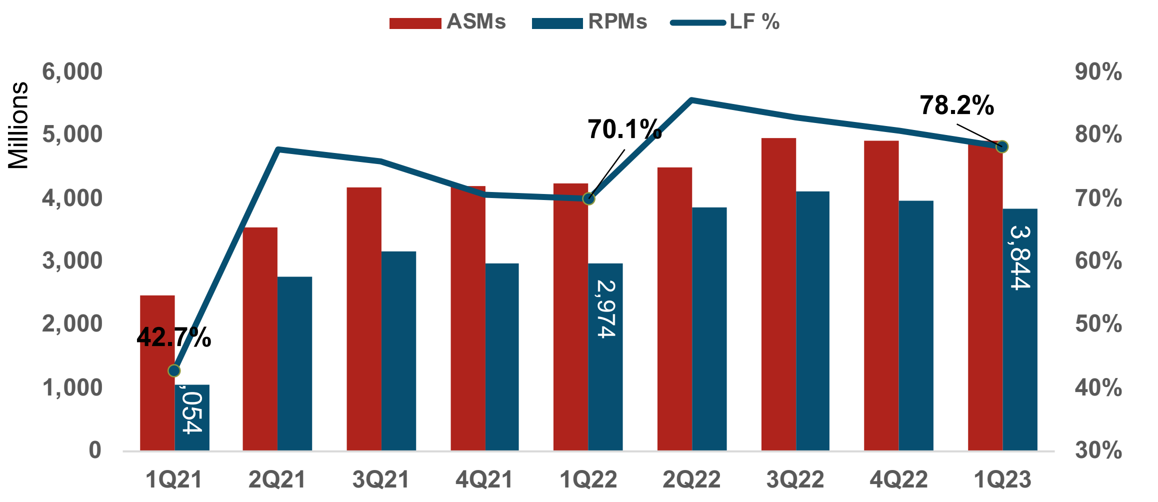


Hawaiian - Network News

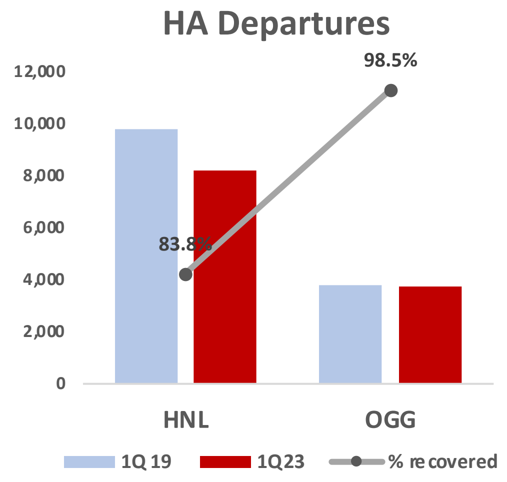
Network news and notes

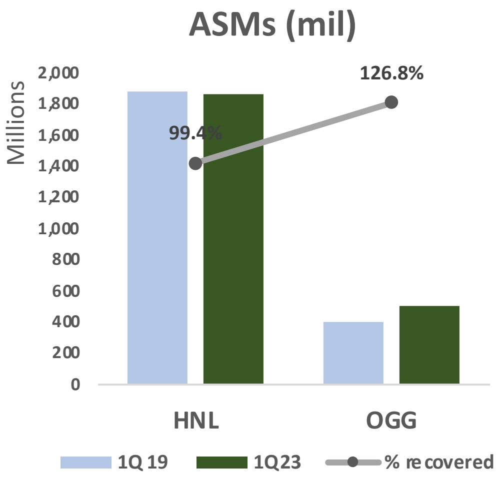
- Relaunched HNL-FUK (Fukuoka, Japan) for the first time since being suspended in March 2020. Was originally started in 2019, will now operate 3 times per week as Japan has relaxed entry requirements.
- Japan is Hawaiian's most important international market, and the carrier has now resumed service in four of the five previously served markets, but traffic has been slow to return.
- Confirmed a fourth quarter start of cargo operations for Amazon using ten A330F freighter aircraft. Will receive the first two this year and operate from CVG.

Capacity and Load Factors

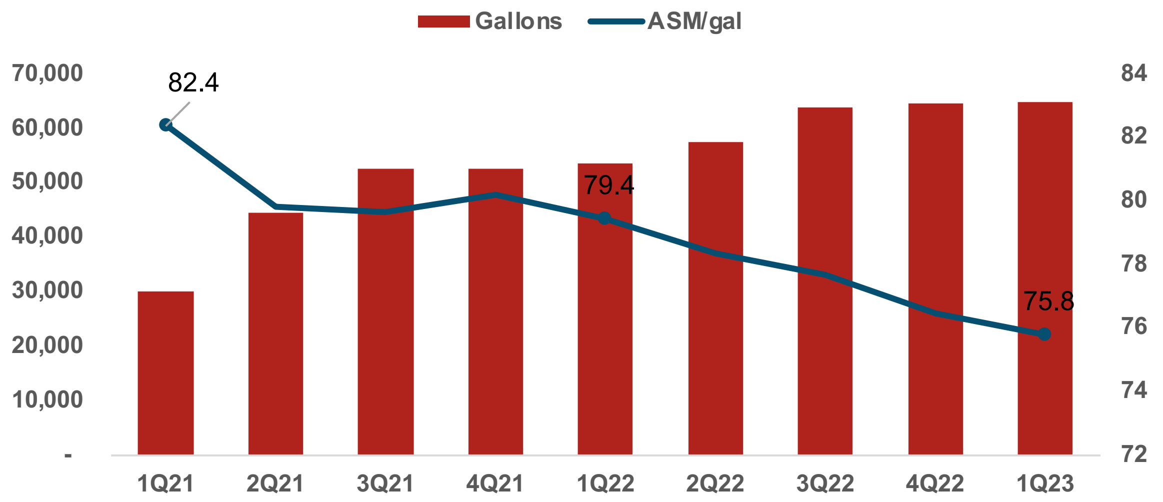


Restoration of major hubs and focus cities





Fuel & Fuel Efficiency



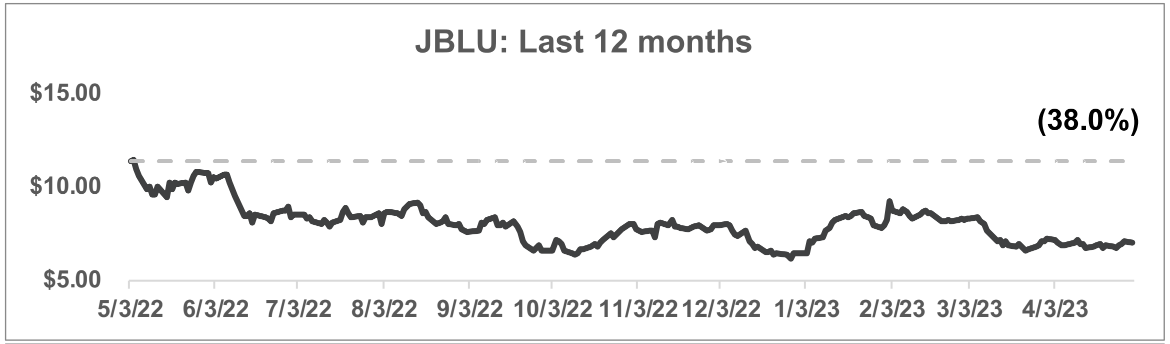
Hawaiian

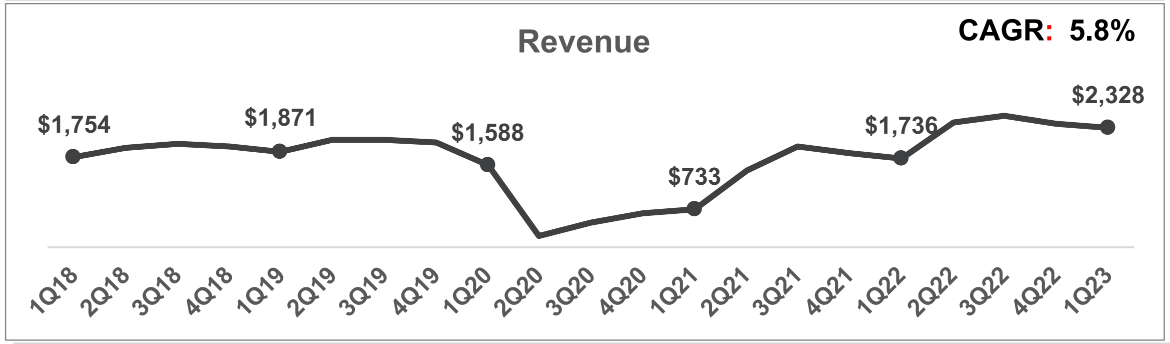
- Hawaiian reported another tough quarter due to pressure from a variety of operational challenges. Runway construction in HNL, supply chain issues related to its A321neo engines and competitive challenges from LUV.
- Demand is still pressured, particularly internationally, as Japanese volumes are still yet to recover after travel restrictions were lifted.
- We get the sense that if Japan does not recover in the medium term, HA could increase widebody service to larger U.S. markets like what the carrier did in Austin. We expect Japan to slowly open and the Southwest pressures to ease but this may not be until 2024.
- We expect runway construction to impact peak capacity through May. Hawaiian has added slack in the schedule but that has resulted in some additional CASM-ex pressure to interisland flying.
- Yield forecast for June quarter came in below our estimates. We believe this is due to Southwest in Neighbor Island flying, use of A330's on A321 routes and transition to the Amadeus platform.
- Hawaiian continues to face unique revenue headwinds in two of its core markets: 1.Japan to Hawaii still far from a full recovery (although steady progress being made last 4-6 weeks)2. The interisland market continues to face intense competition (although pricing pressure abated somewhat as LUV stopped offering $39 fares).
- TDespite all the aforementioned revenue headwinds, one meaningful offset on the horizon is the Amazon cargo deal. HA will operate "at least 10" freighters and we think this will create a meaningful and profitable revenue stream separate from the passenger business. We also note that fuel is a pass-through expense which is not to be discounted.

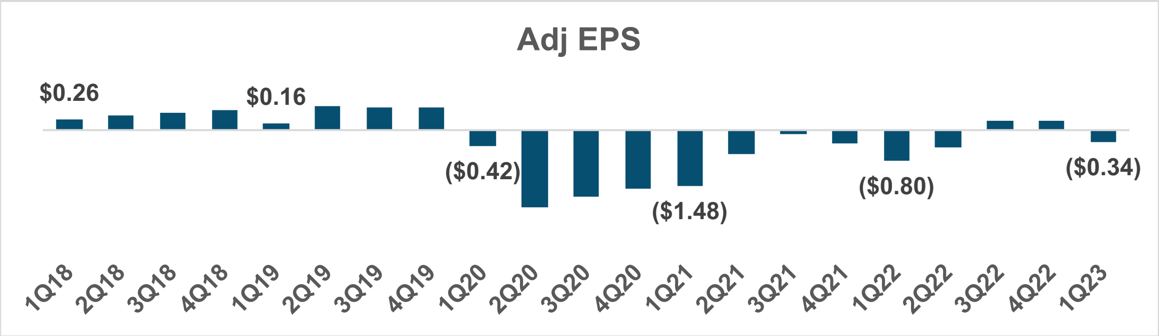
Guidance	2Q23	FY 2023	Notes
Capacity	Up 10.5% - 13.5%	Up 9.5% - 12.5%	Compare to 2Q22
RASM	Down 8.5% - 11.5%		Compare to 2Q22
CASM-ex	Flat - Up 3%	Up 1% - 5%	Compare to 2Q22
Fuel	$2.62	$2.70	Gallons up16.5% - 19.5%
CAPEX		$330M-$380M	

Hawaiian increases frequencies in select markets for summer demand

jetBlue Airways







jetBlue

"The slot reductions in NYC will have a pretty significant impact"

1Q23 adj. pre-tax income (loss): ($157M)

While jetBlue reported a loss in the first quarter, the results were on the upper end of previous guidance. The airline believes it is in position to produce another year of record revenue but predicted a challenging summer financially with the FAA induced flight reductions in NYC. The continued maturation of the NEA, success of its Travel Products subsidiary and growth of loyalty programs should all produce high margin growth going forward. Its structural cost reduction program is making progress as well, with the fleet transition to A220's expected to save over $40M this year. The airline still expects a successful merger with Spirit despite the DOJ attempting to block it.

EFA takeaway: Jetblue is progressing on its growth plans. The next 6-12 months will be interesting with the FAA slot restrictions and the pending DOJ lawsuit.

Items of Interest

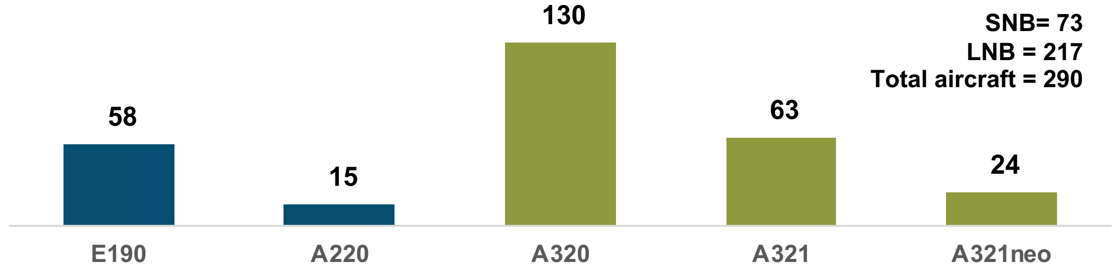
- The 10% reduction in flights is expected to impact both the second and third quarters. Despite the cutbacks, overall capacity will be up high single digits.
- Latin America continues to do well, with higher year-over-year loads and yields.
- Loyalty program and co-brand credit card grew 20% in 1Q23.
- Through the NEA, company has increased NYC flights by 25%.
- Will drive $70M in cost savings this year as part of the structural cost program. $150M-$200M is expected by YE 2024.
- Increasing service in various airports in conjunction with Spirit as prelude to potential merger.
- Short term second quarter costs will increase due to reduced summer schedule in NYC, ATC constraints in Florida, maintenance timing and new pilot contract costs.
- Fuel costs negatively affected by NY Harbor volatility. Hedged 23% FY 2023.
- Ended 1Q with $2.3B in liquidity, 23% of trailing twelve-month revenues. Actively financing A/C deliveries, have raised $116M this year so far. Adjusted debt-to-cap ratio stands at 55%, slightly above Southwest/Alaska but below Big 3.
- 2023 CAPEX $1.3B. Scheduled to receive 19 aircraft this year, a mix of A220's and A321's. All leased E-190's will be returned by YE 2024.

1Q Snapshot (as compared to 1Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
8.6%	*24.4%*	*14.5%*	*15.4%*	*70.7%*

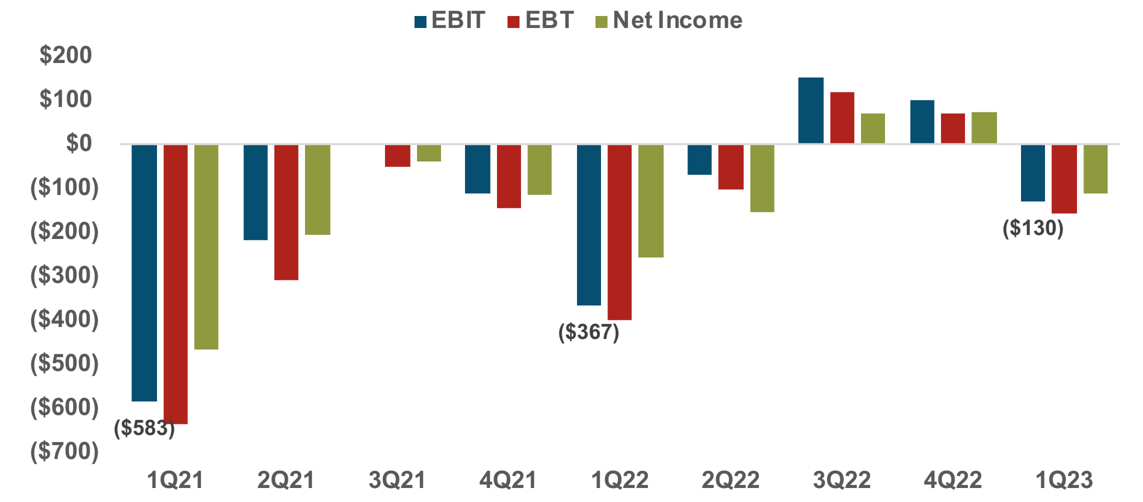
JBLU Stats	1Q23	1Q22	1Q19	y/y	y/4y
Revenues	$2,328M	$1,736M	$1,871M	34.1%	24.4%
Adj Operating Income (EBIT)	($130M)	($367M)	$88M	n.m.	n.m.
Adj Operating Margin	(5.6%)	(21.1%)	4.7%		
Adj Pretax Income	($157M)	($400M)	$70M	n.m.	n.m.
Adj Net Income	($111M)	($256M)	$51M	n.m.	n.m.
Adj EPS	($0.34)	($0.80)	$0.16	n.m.	n.m.
Capacity (ASMs)	16.8 billion	15.4 billion	15.4 billion	9.0%	8.6%
Yield	16.31¢	14.67¢	14.15¢	11.2%	15.3%
TRASM	13.88¢	11.29¢	12.12¢	22.9%	14.5%
CASM	15.32¢	13.67¢	11.63¢	12.1%	31.7%
CASM-ex	9.99¢	9.87¢	8.66¢	1.2%	15.4%
Fuel (econ)	$3.50	$2.90	$2.05	20.7%	70.7%

jetBlue Fleet – 1Q23

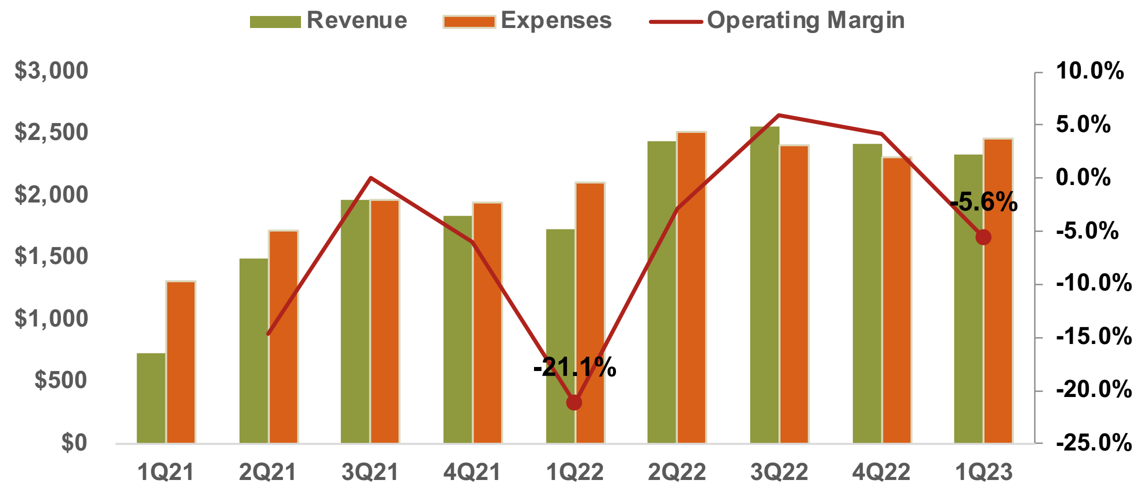


jetBlue - Financial Performance

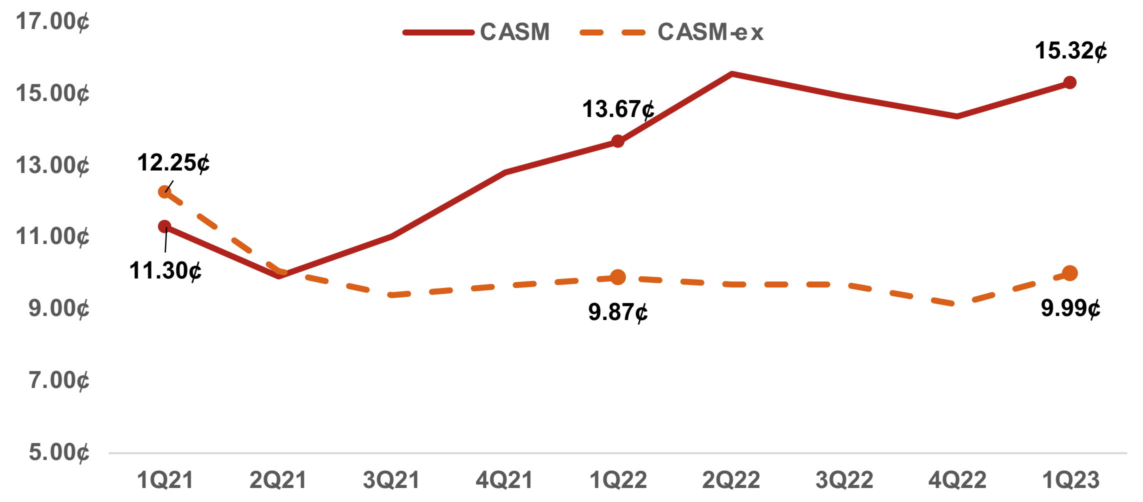
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



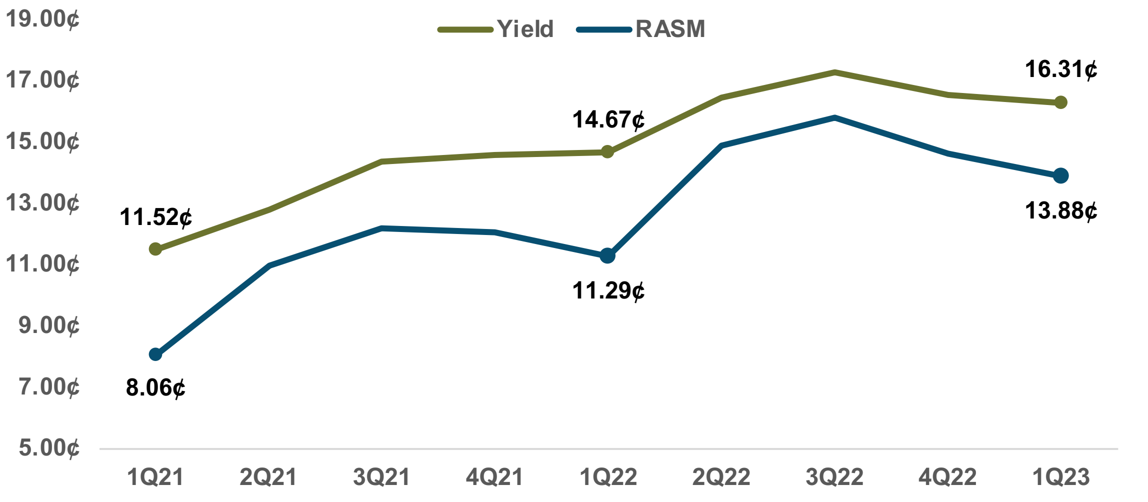
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



Yields & TRASM

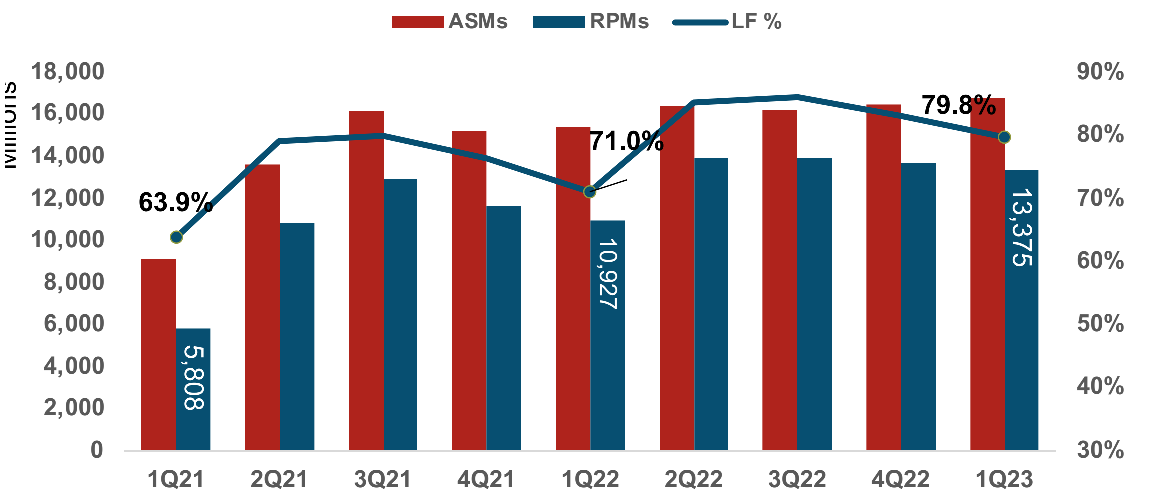


jetBlue - Network News

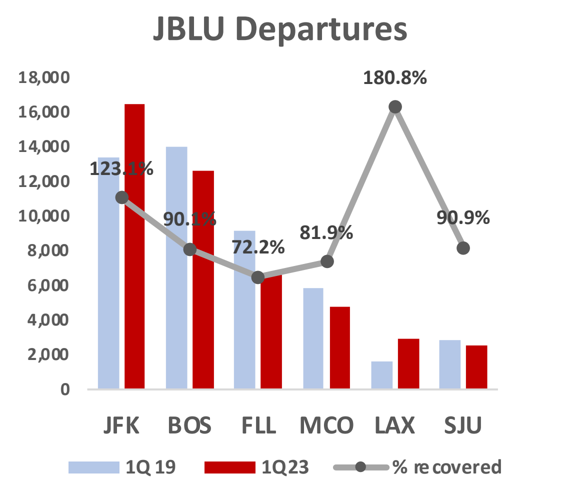
Network news and notes

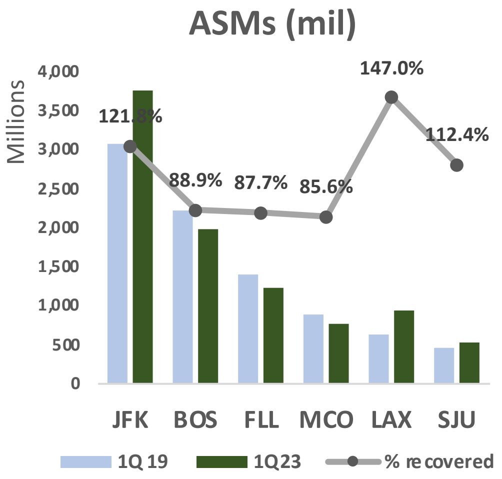
- Will reduce schedule by over 2,400 flights or more than 300,00 seats between June and September due to FAA flight caps in the Northeast. ATL, JFK and DCA will see the most reductions.
- Have announced plans to increase departures at MCO to 200 per day and FLL at 250 per day in conjunction with Spirit merger.
- In support of the Northeast Alliance with American, Jetblue has roughly tripled flights from LGA, going from 1,060 monthly flights to nearly 3,000. Originally serving five cities from LGA, now serves 16 cities.

Capacity and Load Factors

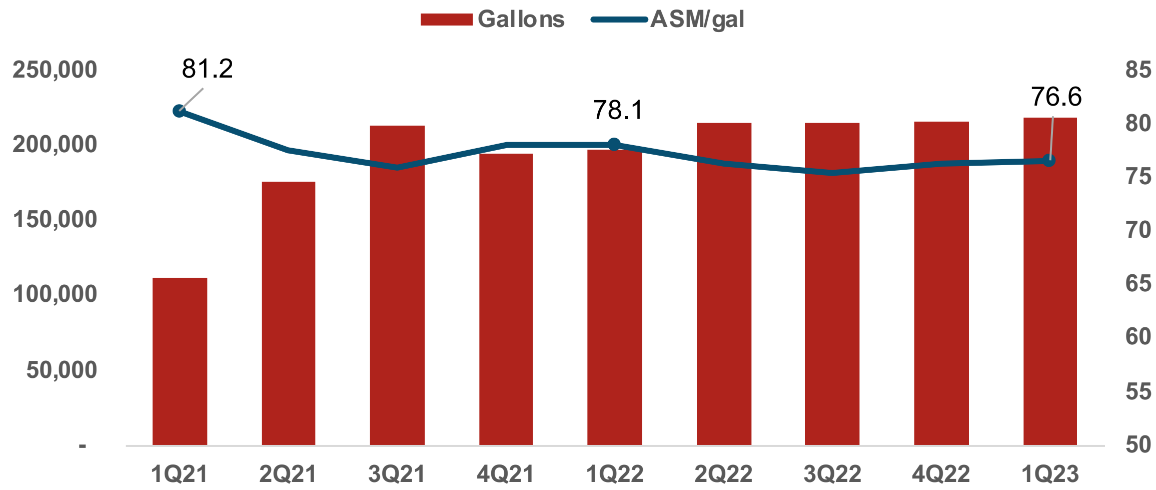


Restoration of major hubs and focus cities





Fuel & Fuel Efficiency



jetBlue

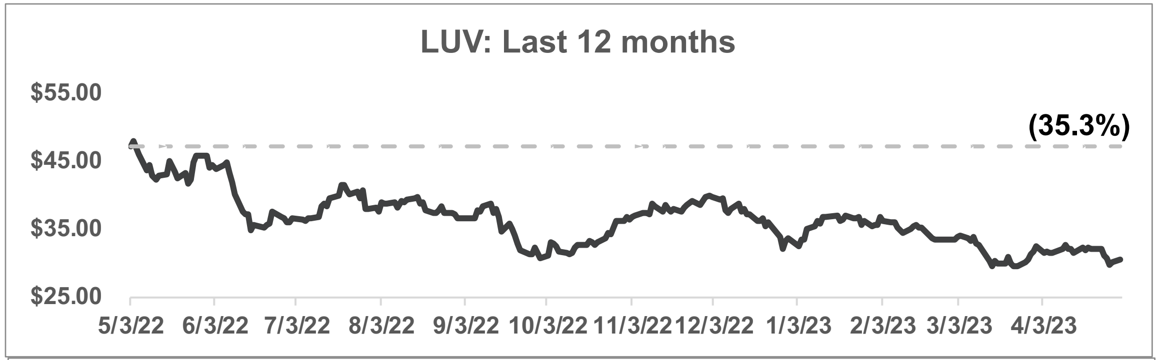
Analyst Commentary

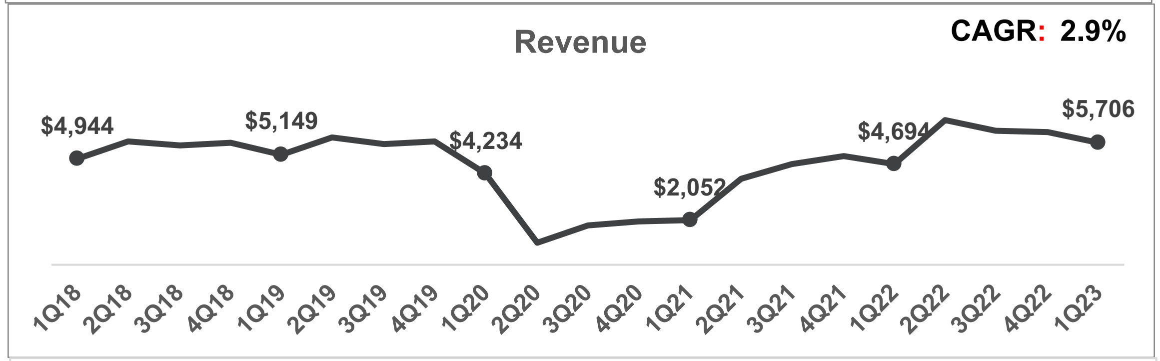
- We did not see many surprises in JBLU's 1Q23 that were modestly better than the March update. Management stressed a difficult summer ahead due to ATC staffing but 10% fewer flights in NYC area should help.
- JBLU has done a good job executing on costs recently with unit costs ex-fuel expected to only increase 1.5%-3.5% in 2Q despite FLL issues this month and lower NY capacity.
- We tend toward conservatism as we observe a broad deceleration of bookings, especially domestically. The proposed merger with Spirit is an overhang.
- The revenue environment remains strong which should allow JBLU to report sequentially higher pretax margins and profitability for the remainder of the year.
- We expect the company to continue to realize structural cost savings over the next few years thru operational improvements and the fleet transition to the A220.
- Jetblue has been a bit at odds with the industry, given that it was the only airline so far to raise EPS and revenue forecasts as the rest of the industry expect domestic results to decline. This outperformance is due to capacity being centered around NYC and BOS which are just now catching up in terms of demand. This dynamic makes for an interesting counter-story for the domestic mkt.
- Unfortunately, the airline is also seeing counter-cost trends, as a reduction in flying (FAA request), and a step up in pilot pay and maintenance costs kick in. Jetblue's improved operation could prove to be a cost offset if maintained throughout the year.

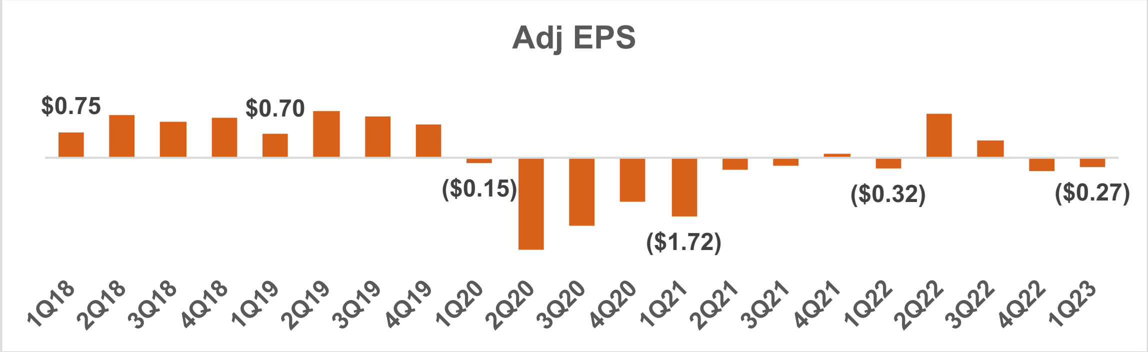
Guidance	2Q23	FY 2023	Notes
Capacity	Up 4.5% - 7.5%	Up 5.5%-8.5%	Compared to 2Q22
Revenue	Up 4.5% - 8.5%	HSD - LDD	Compared to 2Q22
CASM-ex	Up 1.5% - 3.5%	Up 1.5%-4.5%	Compared to 2Q22
Fuel	\$2.70 - \$2.90	\$2.95 - \$3.15	
EPS	\$0.35 - \$0.45	\$0.70 - \$1.00	

JetBlue adds AMS as third European destination

Southwest Airlines







Southwest

" Our first quarter loss was in line with our expectations"

1Q23 adj. pre-tax Income (loss): ($209M)

Southwest incurred a 1Q loss primarily driven by a $380M negative financial impact related to the December meltdown. Most of that was from lower revenue in January and February but March showed a strong recovery. CEO Bob Jordan spoke of the uncertain economic environment and the tough year-over-year comparisons due to the recent jump in international travel. Domestic leisure demand continues to show strength heading into the summer season. Continued delivery delays with Boeing, and the company now expects 70 a/c this year, down from 90. FY23 and 4Q capacity and employee hiring will be affected, particularly in 2H23. Despite the reduced capacity and inflationary cost pressures, the company expects to be solidly profitable for the full year.

EFA takeaway: Technology issues continue to pop up and the repeated delivery issues with Boeing are not helping. Network restoration and operational reliability are critical to success this year.

Items of Interest

- Record revenues, strong passenger yields in 1Q. Managed business revenues nearly restored to March 2019 levels. These levels are trending ahead of the industry due to the new revenue initiatives introduced recently.
- Second quarter RASM guide has guided down due to higher-than-normal amounts related to flight credits issued during the pandemic and second quarter 2022 revenue that included an extra $300M in revenue that will not be available this year due to accounting rule changes. These headwinds will not persist in 2H 2023.
- CASM-ex increased in 1Q due to inflationary cost pressures with wages, labor accruals, technology spend and higher airport costs.
- Higher maintenance spend on the -800's will help to increase 2nd quarter CASM-ex.
- Full year CASM-ex expected to decline, but not as much as earlier guidance due to lowered capacity from less MAX-8 deliveries.
- Received 30 aircraft in 1st quarter, retired 7 -700's. Will receive 70 for the year, retiring 26 -700's. CAPEX will be $3.5B in 2023, $500M less than planned.
- Fuel prices at upper end of guidance, with 2023 at 50% hedged. Market value of hedges currently $418M.
- Ended quarter with $11.7B in liquidity. Net cash position of $3.6B.

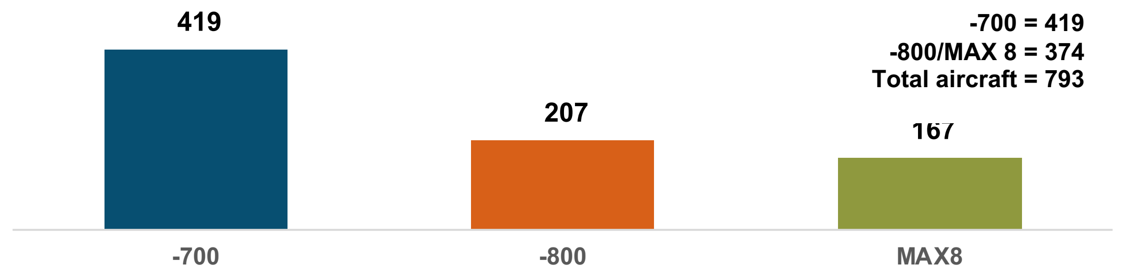
Southwest®

1Q Snapshot (as compared to 1Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
0.5%	*10.8%*	*10.3%*	*24.8%*	*55.5%*

LUV Stats	1Q23	1Q22	1Q19	y/y	y/4y
Revenues	$5,706M	$4,694M	$5,149M	21.6%	10.8%
Adj Operating Income (EBIT)	($284M)	($135M)	$505M	n.m.	n.m.
Adj Operating Margin	(5.0%)	(2.9%)	9.8%		
Adj Pretax Income	($209M)	($249M)	$504M	n.m.	n.m.
Adj Net Income	($163M)	($191M)	$387M	n.m.	n.m.
Adj EPS	($0.27)	($0.32)	$0.70	n.m.	n.m.
Capacity (ASMs)	38.1 billion	34.4 billion	37.9 billion	10.7%	0.5%
Yield	17.28¢	15.62¢	15.45¢	10.6%	11.8%
TRASM	14.99¢	13.65¢	13.59¢	9.8%	10.3%
CASM	15.74¢	14.09¢	12.26¢	11.7%	28.4%
CASM-ex	11.67¢	11.02¢	9.35¢	5.9%	24.8%
Fuel (econ)	$3.19	$2.30	$2.05	38.7%	55.6%

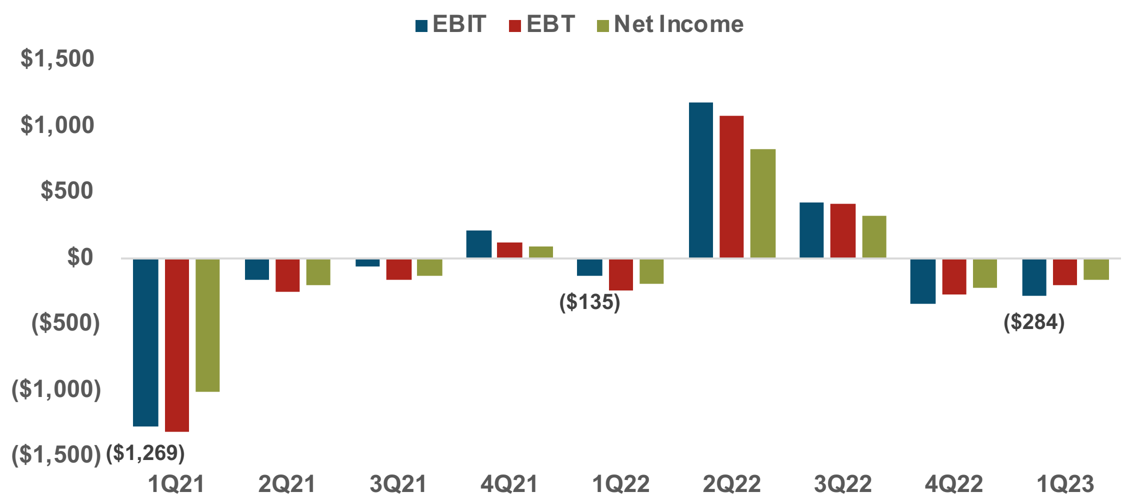
Southwest Fleet – 1Q23



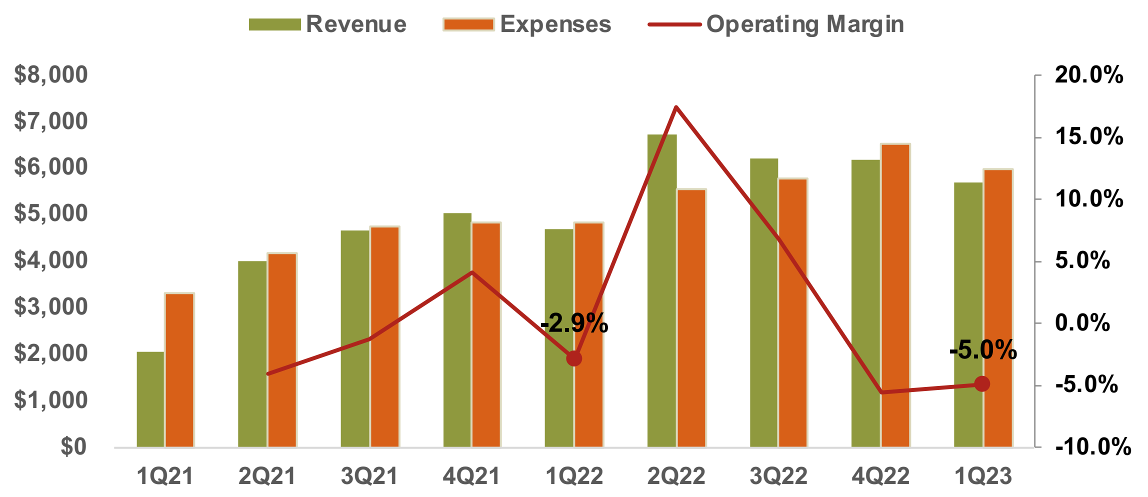
SWAPA®

Southwest - Financial Performance

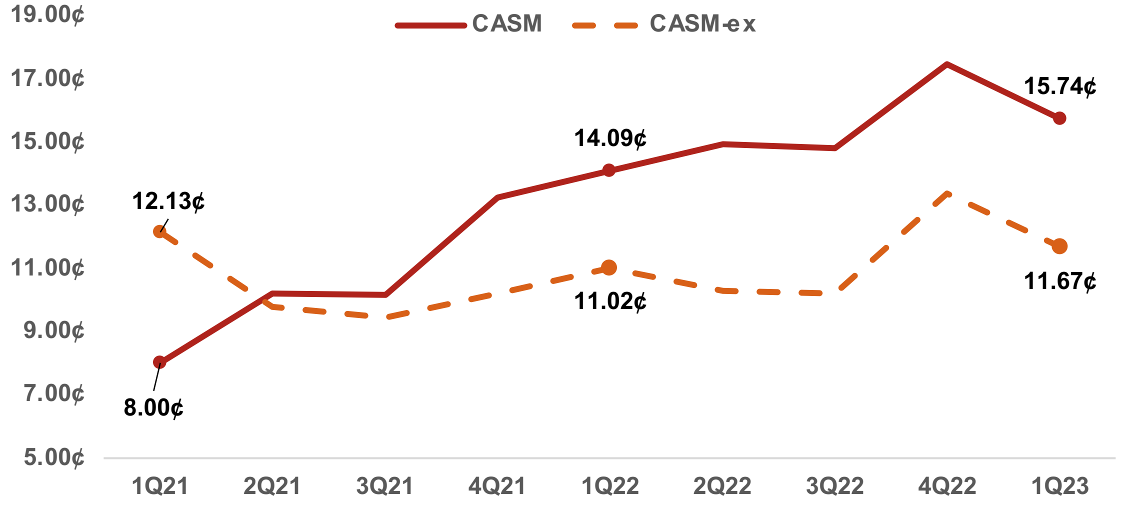
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



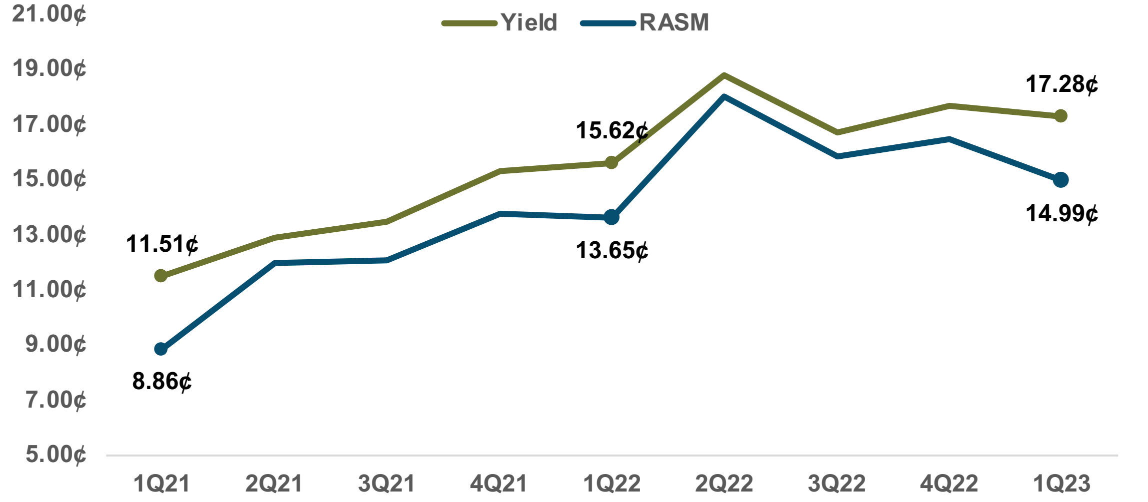
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



Yields & TRASM

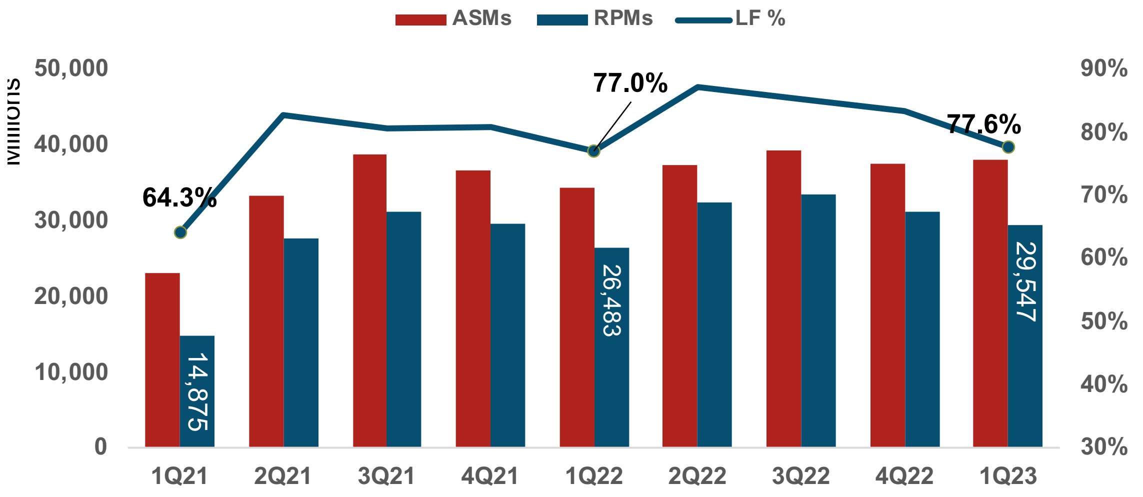


Southwest - Network News

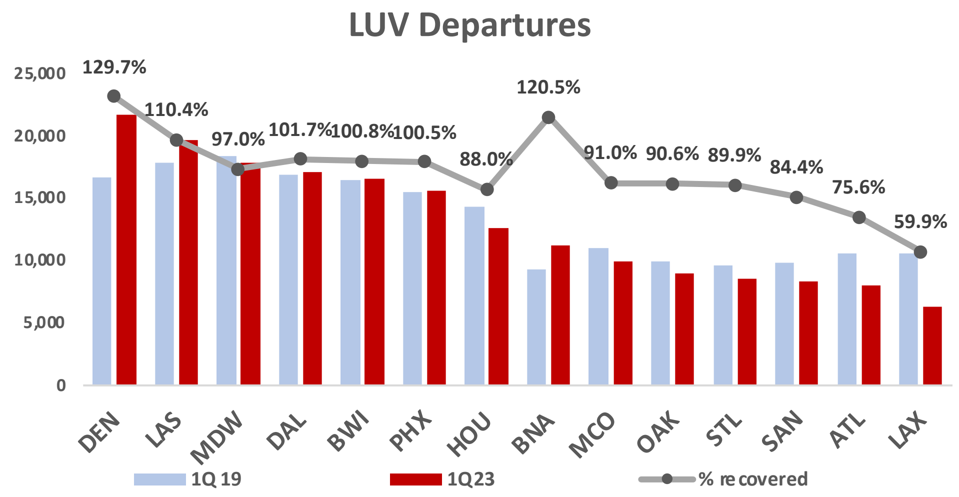
Network news and notes

- Will cut fourth quarter capacity by 6%, reducing overall 2023 capacity by 1% due to delayed MAX –8 deliveries (70 A/C vs. 90 previously)
- With new terminal in MCI, rebuilding pre-Covid network with additiona flights and new international service (CUN, MBJ, SJD). Daily departures increased by nine over previous 2019 high by Fall 2023. (70 to 79 average per day).
- DEN will surpass 300 flights per day by October as the network is restored.

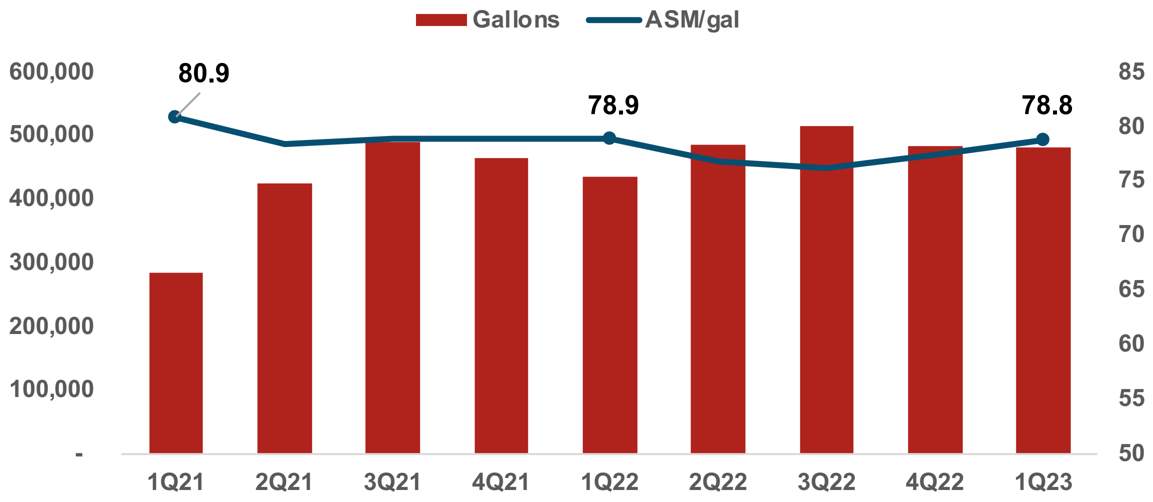
Capacity and Load Factors



Restoration of major hubs and focus cities



Fuel & Fuel Efficiency



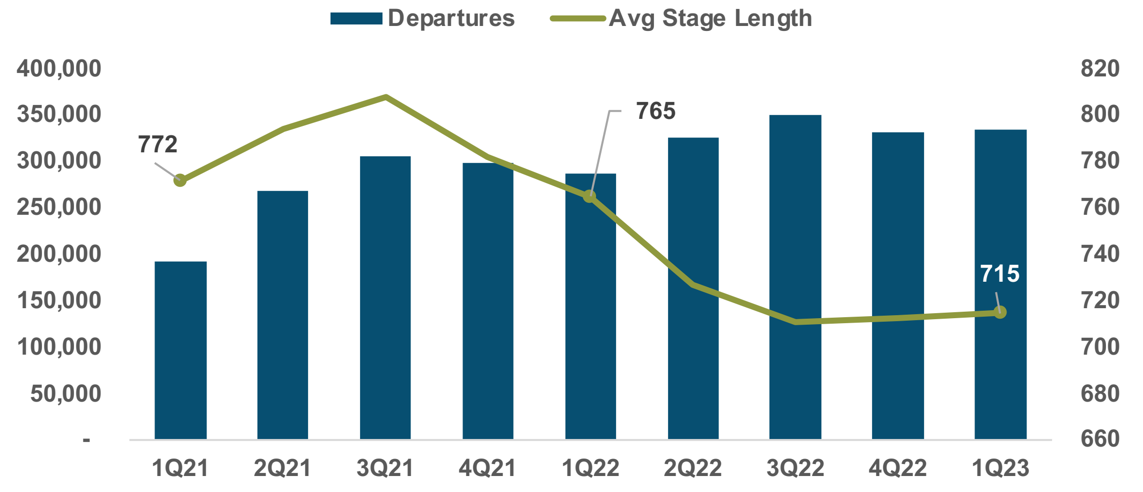
Southwest

Analyst Commentary

- After executing on costs for the better part of 2022, LUV has slowly raised its 2023 unit cost outlook since the operational disruptions. Granted, a big issue is the volatile orderbook with Boeing, but cost execution is clearly depressing LUV's outlook.
- We think they have recovered their mojo as they offer a good value proposition. They are investing in their fleet and customers have noticed the enhancements as the net promoter scores have increased since the beginning of the year.
- Overall, despite disappointing cost trends, we believe Southwest should be solidly profitable for FY 2023. We think investors are more than fully discounting the challenges the company faces.
- Running a reliable operation and controlling costs are what investors will be focused on over the next several quarters. Lowered capacity due to further aircraft delivery delays will impact growth and affect cost profiles in the back half of the year.
- We wonder about the value proposition going forward. We asked what Southwest does to attract the first- time flyer. We were not bowled over by the response. Our observation is that Southwest is coasting on its brand at a time that the industry continues to evolve and decommoditize. We think Southwest strategy is "don't pivot, stay the course". We wonder how that will work out.
- Several investors questioned the fuel guide as being deliberately low to cushion the lowered EPS guide. As of today, it doesn't seem unachievable, but we still have two months left of 2Q.

Guidance	2Q23	FY 2023	Notes
Capacity	Up ~14%	Up 16%-17%	Comp to 2022; 2Q23 : Up 14%
RASM	Down 8% - 11%		Comp to 2022
CASM-ex	Up 2%-4%	Down 2%-4%	Comp to 2022
Fuel cost	$2.45-$2.55	$2.60-$2.90	
CAPEX		~$3.5B	Was ~$4.0B
Aircraft		814	Was 834; slower MAX8 deliveries
Interest Exp	~$65m	~$250m	

Low stage lengths show long-haul network slow to recover



Ultra Low Cost Carriers (ULCCs)

allegiant

FRONTIER AIRLINES

spirit airlines

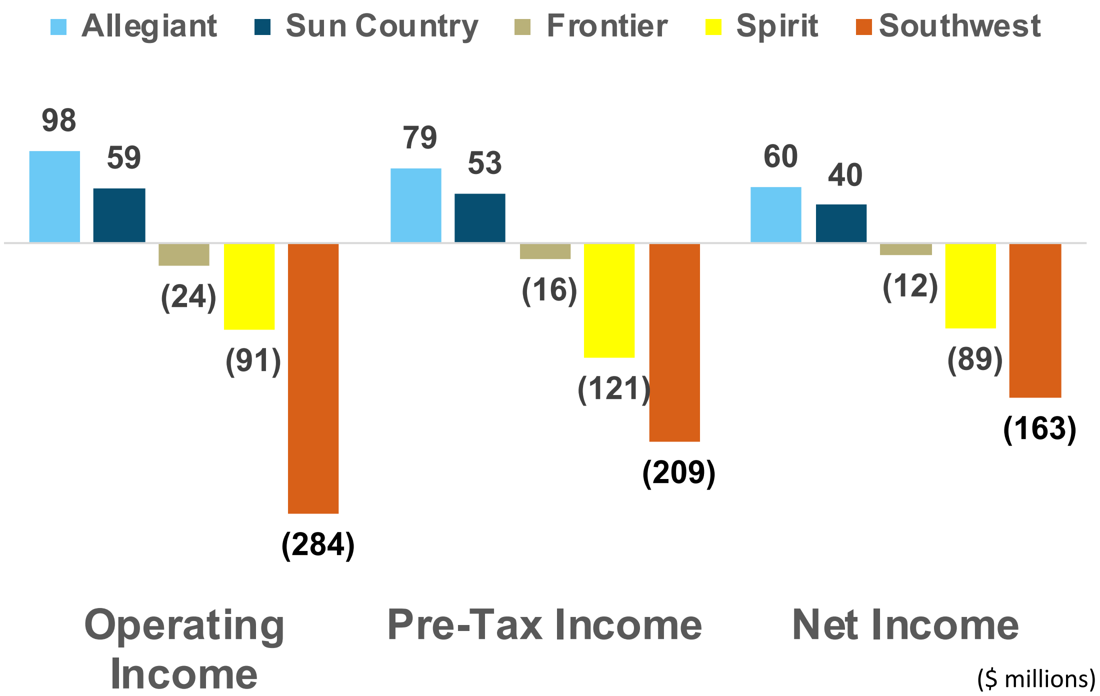
sun country airlines

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

Key Financial Results

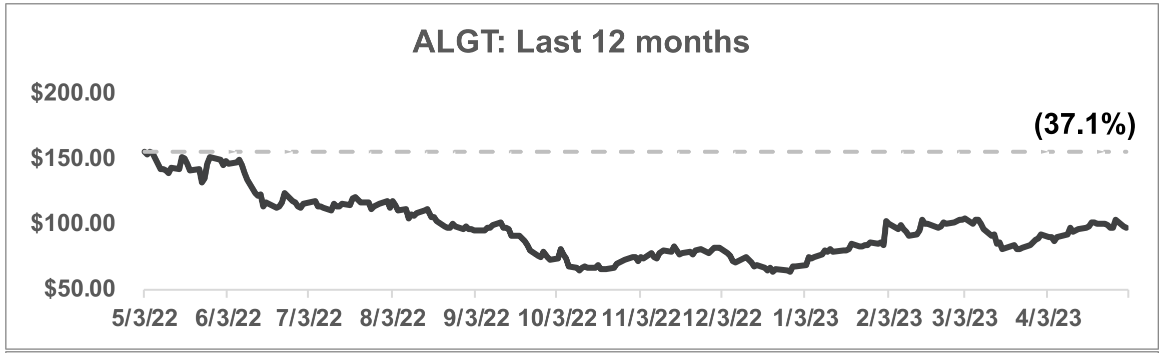
ULCCs vs. Southwest

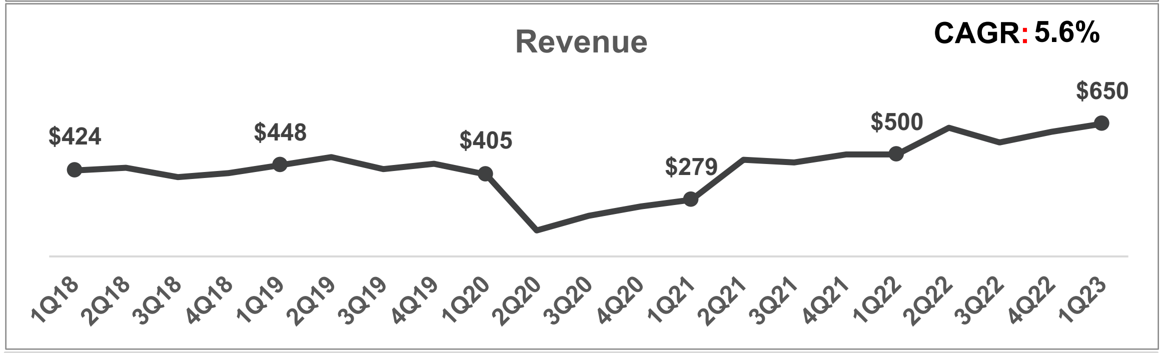
1st Quarter 2023

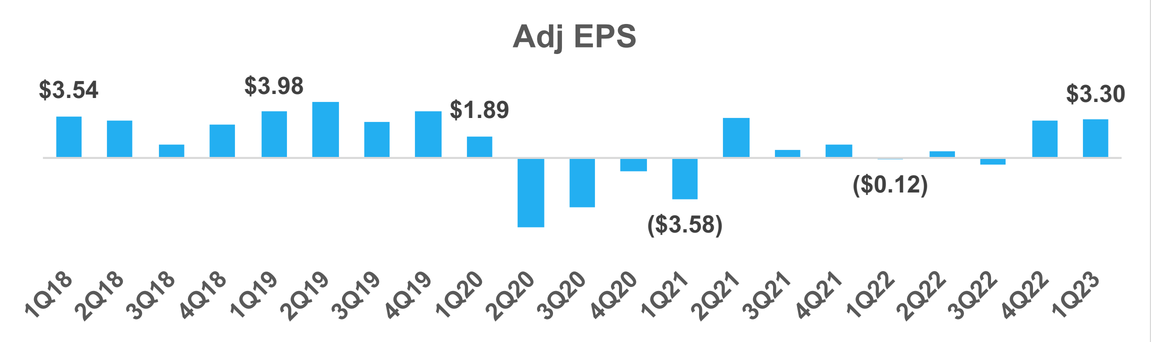


Non-GAAP – excludes special items

Allegiant Travel Co.







Allegiant

“We focus on improving the experience and strengthening our brand ”

1Q23 adj. pre-tax income : $79M

Allegiant reported solid profits for 1Q as the leisure customer base remains exceptionally strong. Revenue growth and load factors were quarterly records while operational performance improved dramatically from last year. CEO John Redmond says the company has a renewed focus on customer experience and leveraging the brand while expanding the customer database. Will reduce full year capacity to preserve operational integrity. MRO delays for aircraft heavy maintenance, airport construction disruption and ATC delays are all contributing factors. They expect improvement in full year profitability even with much reduced growth. Another priority noted was finishing labor agreements with pilots/flight attendants and preparing for the induction of the 737 MAX..

EFA takeaway: Allegiant's usually rapid growth has slowed significantly to maintain smooth operations. They are willing to sacrifice expansion for profitability.

Items of Interest

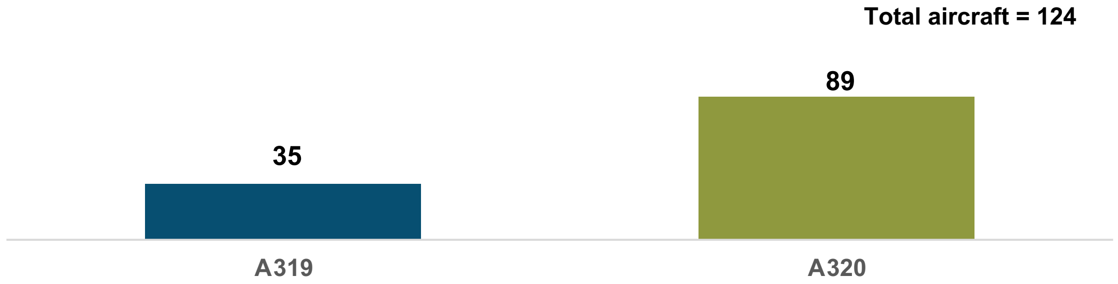
- Customer database of over 16.5 million, growing an average of 225,000 per month. Allegiant uses this to market flights, hotels and vacation packages thru direct distribution.
- Have identified over 1400 incremental growth routes to serve over next several years.
- Have incorporated EPS guide for expected cost increase of pilot and F/A labor agreements. While pilot headcount has remained flat, number of new hire pilot has beaten expectations recently. Expect extra $5M training costs in 2023 and $15M 2024.
- Total ancillary revenue per passenger of $75. With integration of new Navitaire RM system, this is expected to increase sequentially.
- Will trim capacity nearly 3% from summer schedule making it flat YoY. Las Vegas flights will reduce significantly due to runway construction.
- Fuel costs were higher than expected due to elevated crack spread but has narrowed in last several weeks.
- Ended quarter with $1.5B in liquidity. Received three A320's during quarter. Will take three more A320's and two MAX –8-200's for service beginning in 2024.
- Plan to open Sunseeker resort in October. Have already booked over 2000 room nights. Operating expenses of $15M pre-open. Expect to report a fourth quarter loss of $1.25 per share due to start-up costs.

1Q Snapshot (as compared to 1Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
↑ *20.3%*	↑ *44.9%*	↑ *21.1%*	↑ *21.1%*	↑ *58.9%*

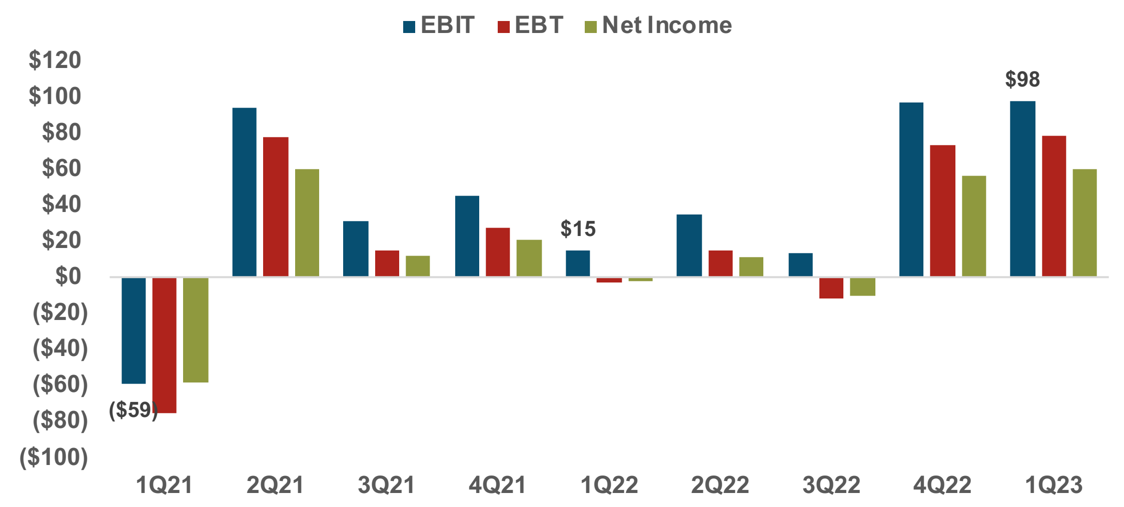
ALGT Stats	1Q23	1Q22	1Q19	y/y	y/4y
Airline Revenues	$650M	$500M	$448M	29.9%	44.9%
Adj Operating Income (EBIT)	$98M	$15M	$99M	554.6%	(0.9%)
Adj Operating Margin	15.0%	3.0%	22.0%		
Adj Pretax Income	$79M	($3M)	$81M	n.m.	(3.0%)
Adj Net Income	$60M	($2M)	$65M	n.m.	(7.4%)
Adj EPS	$3.30	($0.12)	$3.98	n.m.	(17.1%)
Capacity (ASMs)	4.6 billion	4.5 billion	3.8 billion	1.4%	20.3%
Yield	16.55¢	14.06¢	14.05¢	17.8%	17.8%
TRASM	13.89¢	10.82¢	11.46¢	28.3%	21.1%
CASM	11.80¢	10.67¢	9.22¢	10.6%	28.0%
CASM-ex	7.75¢	6.95¢	6.40¢	11.5%	21.1%
Fuel (econ)	$3.42	$3.07	$2.14	11.4%	59.8%

Allegiant Fleet – 1Q23

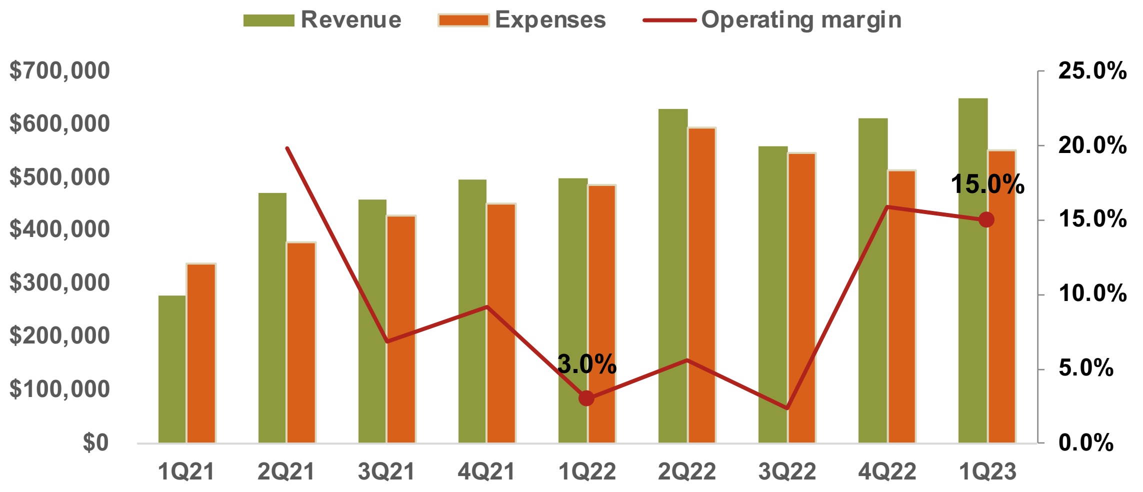


Allegiant - Financial Performance

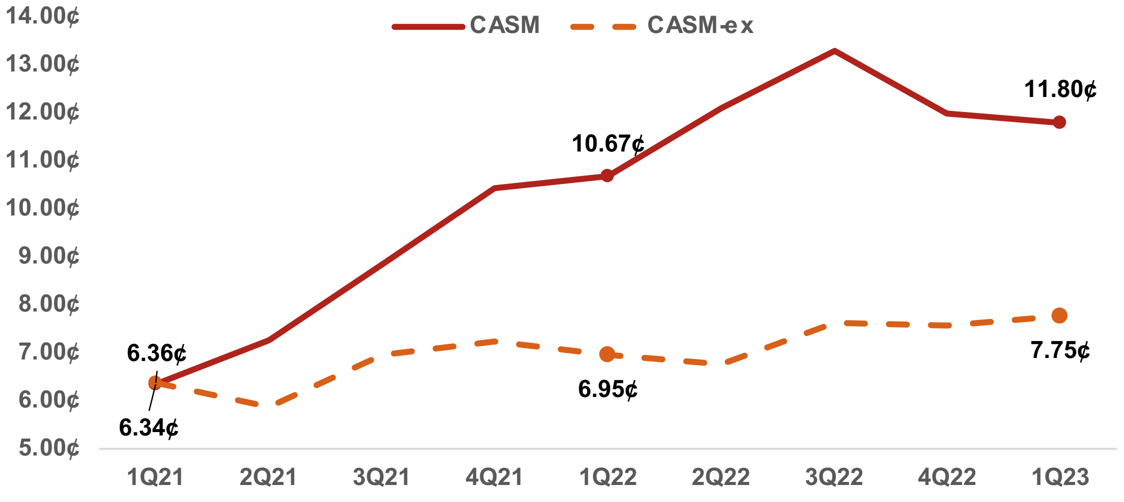
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



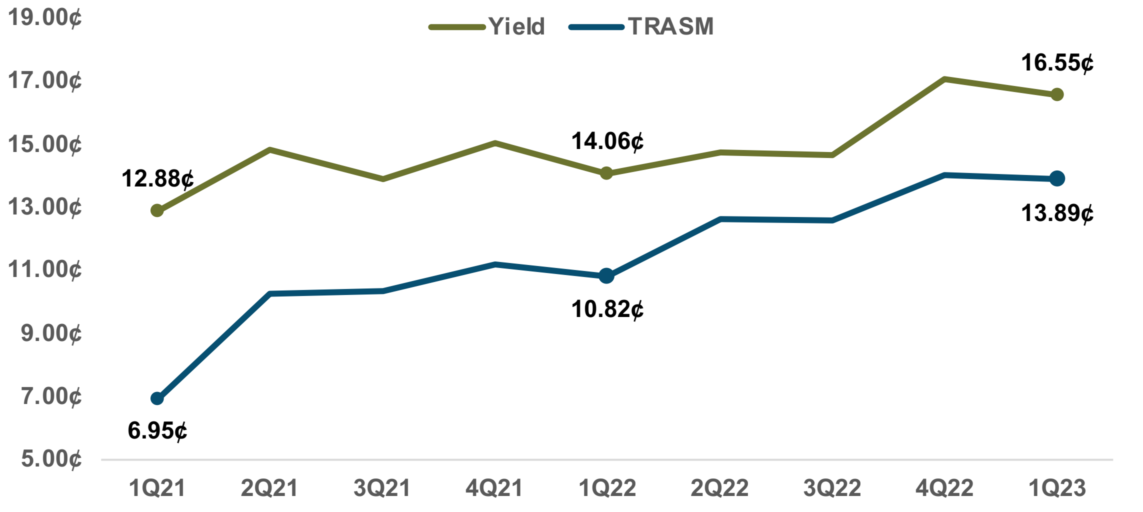
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



Yields & TRASM

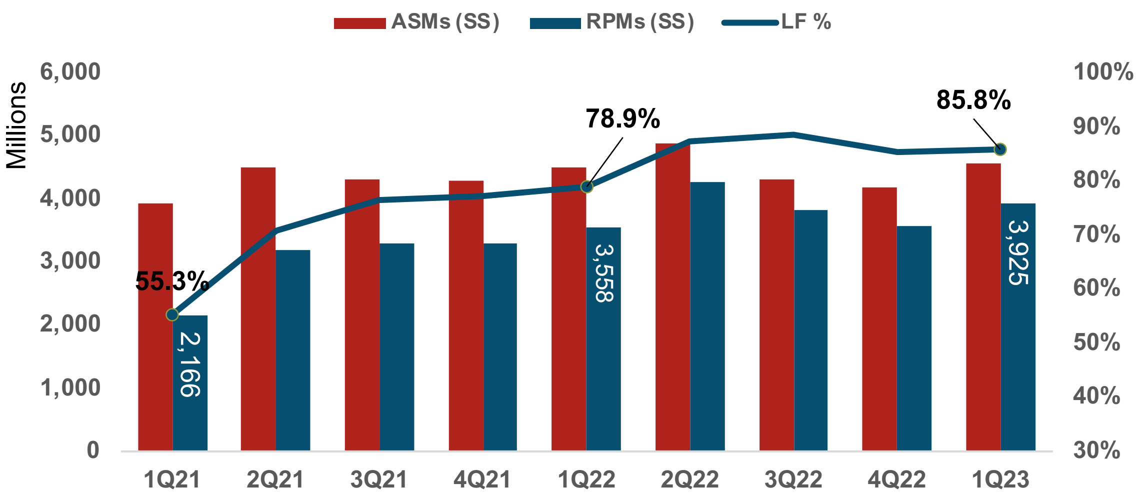


Allegiant - Network News

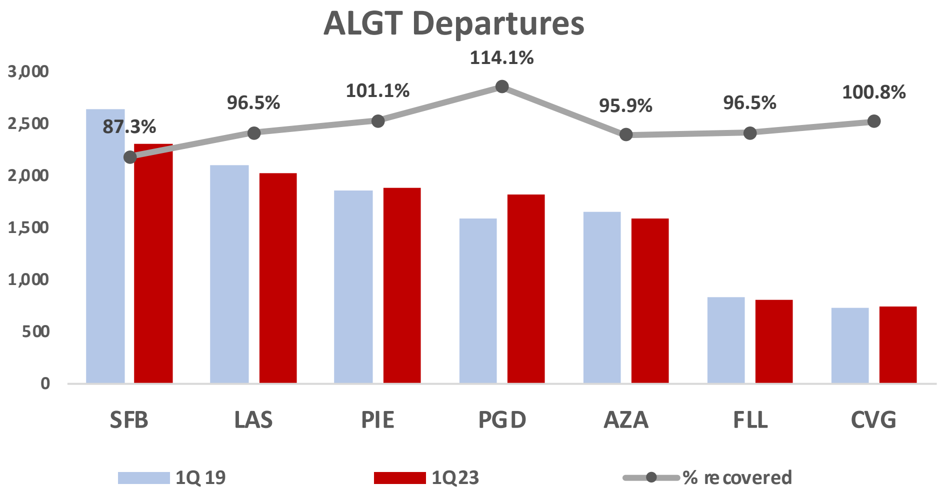
Network news and notes

- Will reduce full year capacity by 2.5% due to anticipated runway construction in LAS, aircraft/maintenance parts delays and ATC delays due to staff shortages.
- May add flights later this year but schedule is static through September according to leadership.

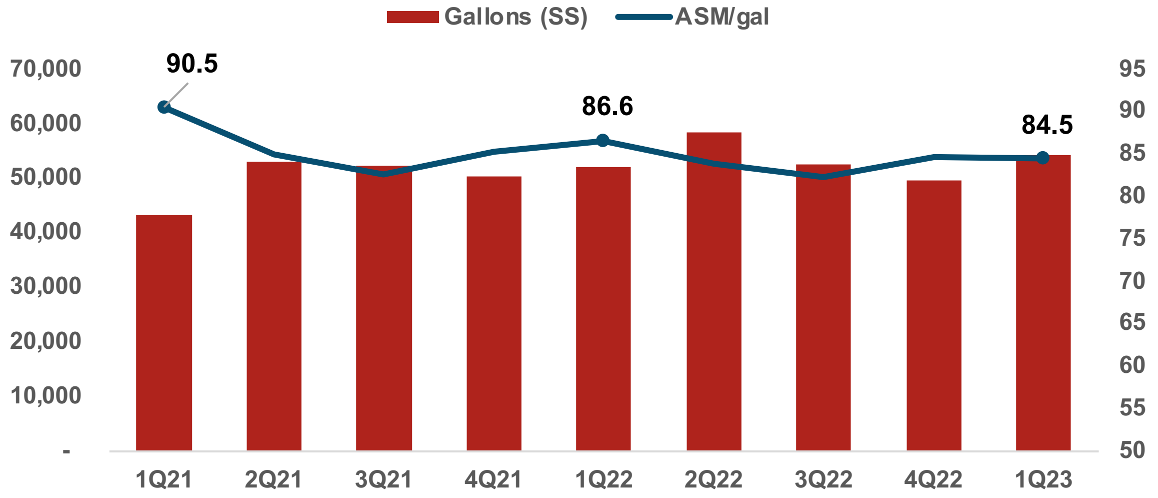
Capacity and Load Factors



Restoration of major hubs and focus cities



Fuel & Fuel Efficiency



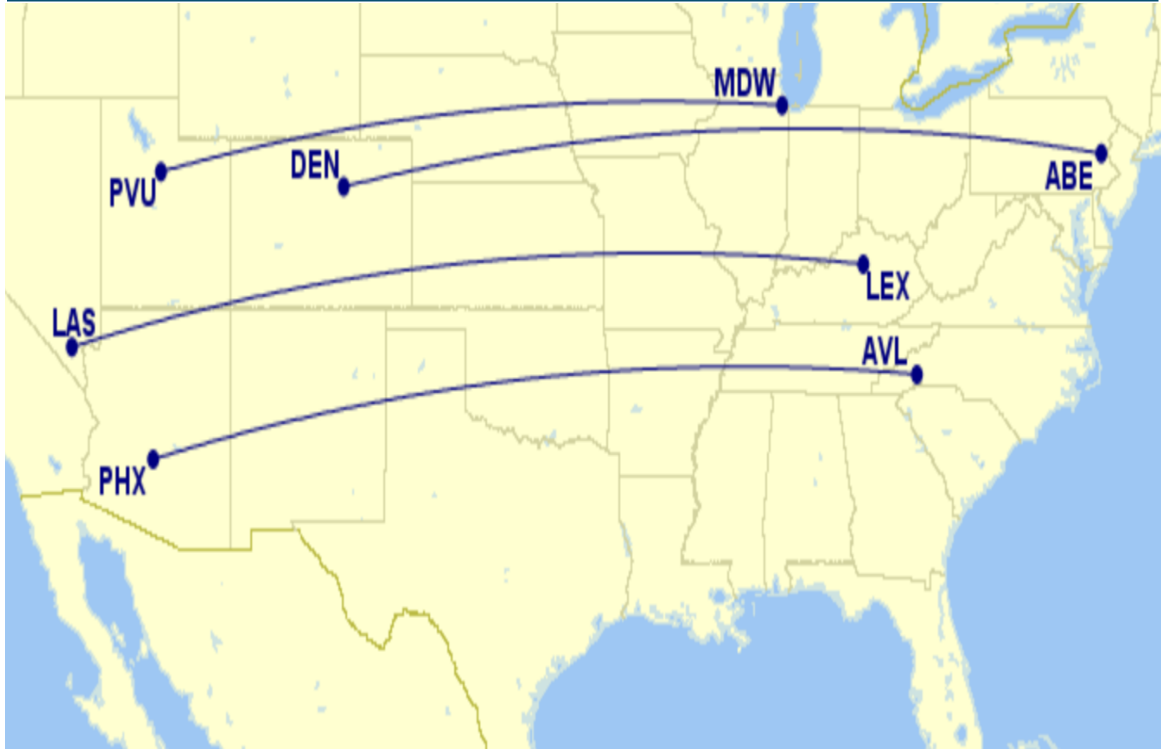
Allegiant

Analyst Commentary

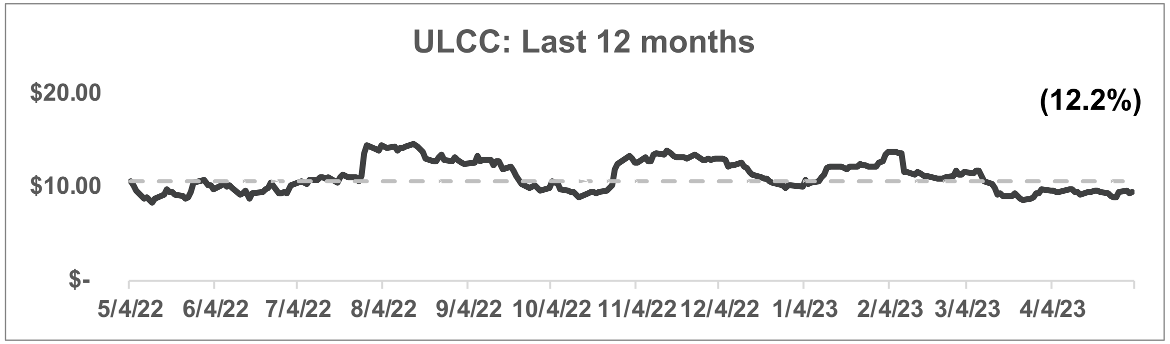
- Operational reliability has improved materially, which will narrow IROPS costs. We expect continued improvement, along with stabilizing pilot attrition and better hiring trends. This will ultimately drive higher utilization and lower unit costs over the medium term.
- Sunseeker continues to experience inflationary pressures and supply chain issues. They do forecast profitability in 2024 but will show a loss this year.
- Loyalty program performing well. Core products and Allegiant Extra have added measurably to revenues. New technology systems should boost capabilities and aid in transborder growth.
- Capacity cuts will pressure non-fuel costs, but we think a major opportunity for the airline will be the extra spare A/C to recover quickly from weather delays or cancellations
- Although the ALGT management team has their hands full with a new a/c type, labor contracts, new technology and opening a resort, they continue to run a very good airline. Operational and financial statistics are among the industry's best.
- We like that management is willing to moderate growth plans to maintain operational integrity and achieve profit margins. They do face many of the same constraints as peers in staffing and ATC.
- The company has operational risks from adding a new fleet type in the 737 MAX, as well as possible ATC issues in Florida and Las Vegas.
- The purchase and start-up costs will pressure the business model. The airline has performed well as of late but there are near-term risks.

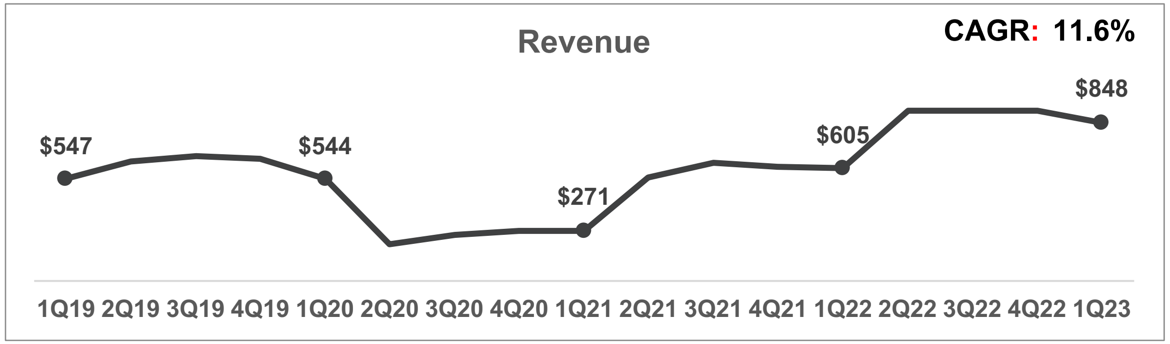
Guidance	2Q23	FY 2023	Notes
Capacity	no guide	Flat - 3%	was Up 2% - 6%
Revenue	no guide		
CASM-ex fuel	no guide		
Fuel		$3.00	was $3.60
CAPEX		$7300M - $820M	Aircraft, engine, pre-delivery deposits
Fleet	124	127	unchanged

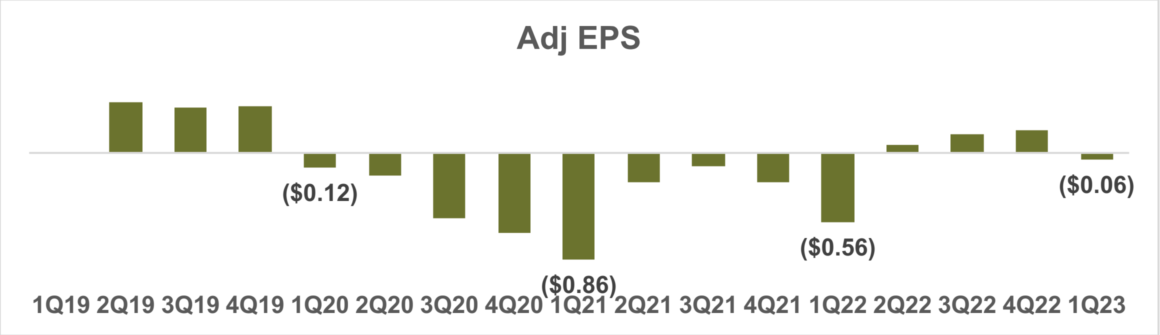
Allegiant reduces growth, adding only four new summer routes



Frontier Airlines







Frontier

FRONTIER AIRLINES

"We see a change in peak and off-peak demand for post-pandemic travel"

1Q23 adj. pre-tax income (loss): ($16M)

Frontier reported record breaking revenue numbers for the first quarter but still reported a small loss. CEO Barry Biffle was pleased with the operation, saying that aircraft utilization is improving, and ancillary revenue continues to grow. He was quoted as saying that "passenger behavior has changed, with outsized demand on peak days and peak periods, due in part to work from home arrangements and flexible work" The airline plans to "reshape capacity", beginning in the second quarter to exploit this new dynamic. They will fly less on off-peak times (Tuesdays/Wednesdays) while deploying more capacity to peak days. Frontier believes this will reduce execution risk through slightly lower utilization while maximizing revenues, profits and widening their cost advantage.

EFA takeaway: It will be interesting to see if the network revisions result in higher revenues and cost savings despite the lower planned aircraft utilization.

Items of interest

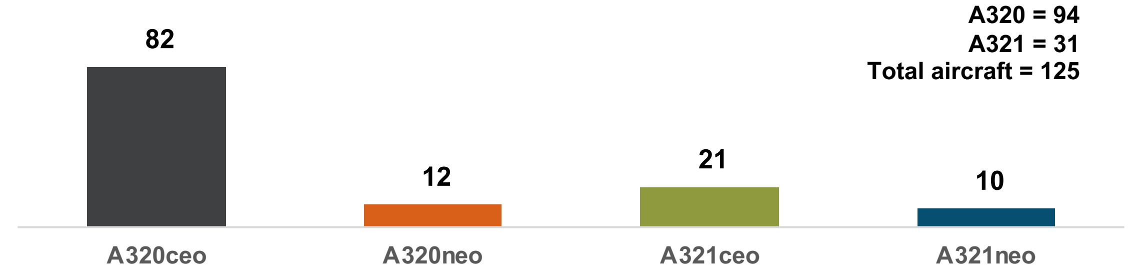
- Management believes it has a $70/pax cost advantage over every other airline. Believes this will widen further with new network strategy.
- Ancillary revenue per passenger was $80, 15% higher than in 1Q 2022. Revenue per passenger in total was $124, an 11% increase.
- Aircraft utilization averaged 11.8 hours per day in March 2023. This will be slightly reduced under the new network planning change. Will reduce capacity by 20% on Tuesday/Wednesdays while increasing capacity Thursday-Sunday.
- Non-fuel costs were higher, due to capacity constraints from aircraft delivery delays and staffing, although the company said that has improved.
- Generated 104 ASM's per gallon, the most of any carrier. This is due to most of their fleet being composed of Airbus 320/321neo aircraft. Took delivery of six A321neo's this quarter bringing the NEO family of aircraft to 74% of fleet.
- Company has commitments for an additional 225 aircraft to be delivered through 2029, all A320neo/A321neo's.
- Ended quarter with $790M in liquidity. CAPEX will be slightly lower than expected due to some aircraft deliveries being shifted to 2024.

1Q Snapshot (as compared to 1Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
41.1%	*55.1%*	*10.0%*	*20.2%*	*56.8%*

ULCC Stats	1Q23	1Q22	1Q19	y/y	y/4y
Revenues	$848M	$605M	$547M	40.2%	55.1%
Adj Operating Income (EBIT)	($24M)	($142M)	$64M	n.m.	n.m.
Adj Operating Margin	(2.8%)	(23.5%)	11.6%		
Adj Pretax Income	($16M)	($143M)	$25M	n.m.	n.m.
Adj Net Income	($12M)	($109M)	$52M	n.m.	n.m.
Adj EPS	($0.06)	($0.56)		n.m.	
Capacity (ASMs)	8.8 billion	7.4 billion	6.2 billion	17.9%	41.1%
Yield	11.43¢	10.64¢	9.97¢	7.4%	14.6%
TRASM	9.67¢	8.13¢	8.79¢	18.9%	10.0%
CASM	9.95¢	10.19¢	7.77¢	(2.4%)	28.1%
CASM-ex	6.61¢	7.15¢	5.50¢	(7.6%)	20.2%
Fuel (econ)	$3.45	$2.99	$2.20	15.4%	56.8%

Frontier Fleet – 1Q23

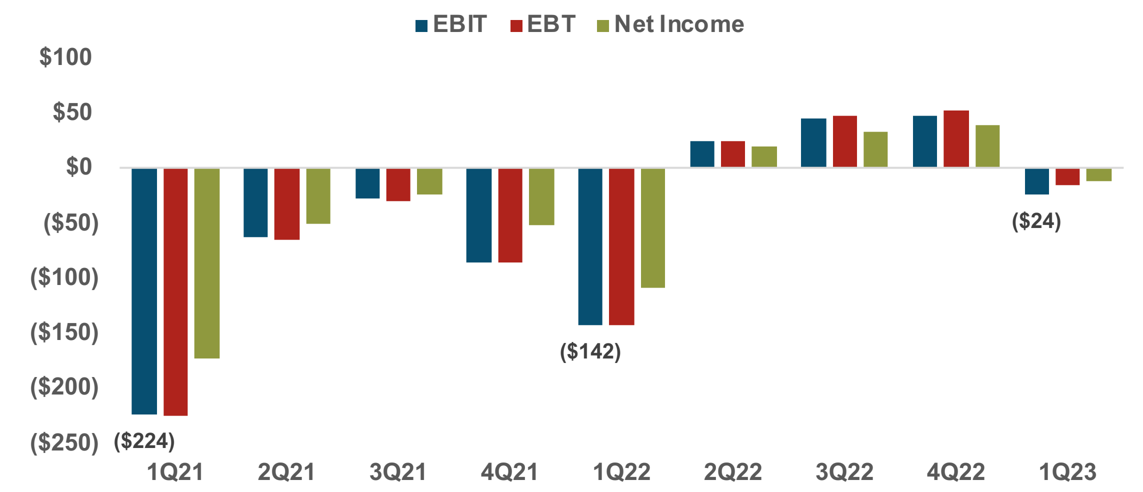


SWAPA

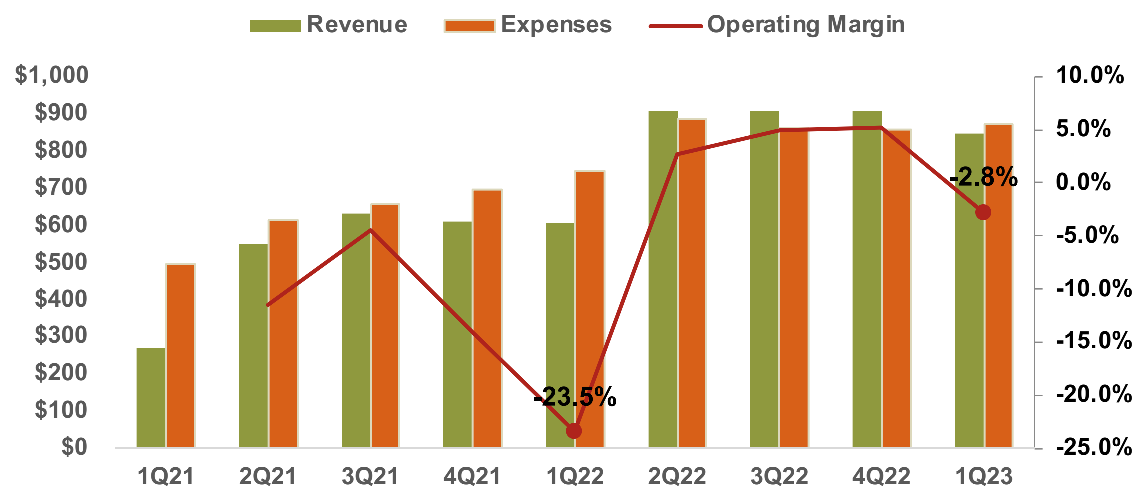
Frontier - Financial Performance

FRONTIER AIRLINES

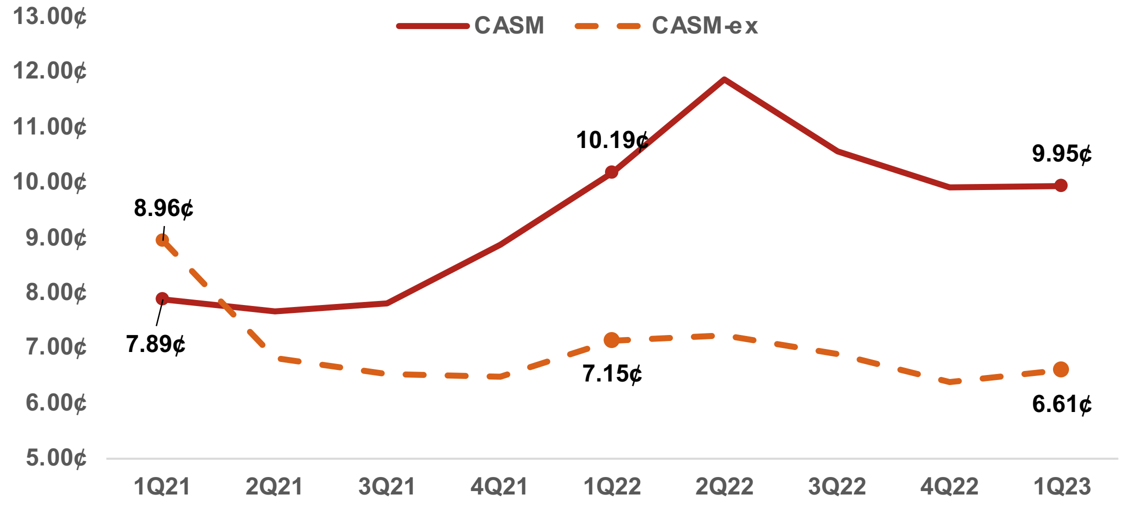
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



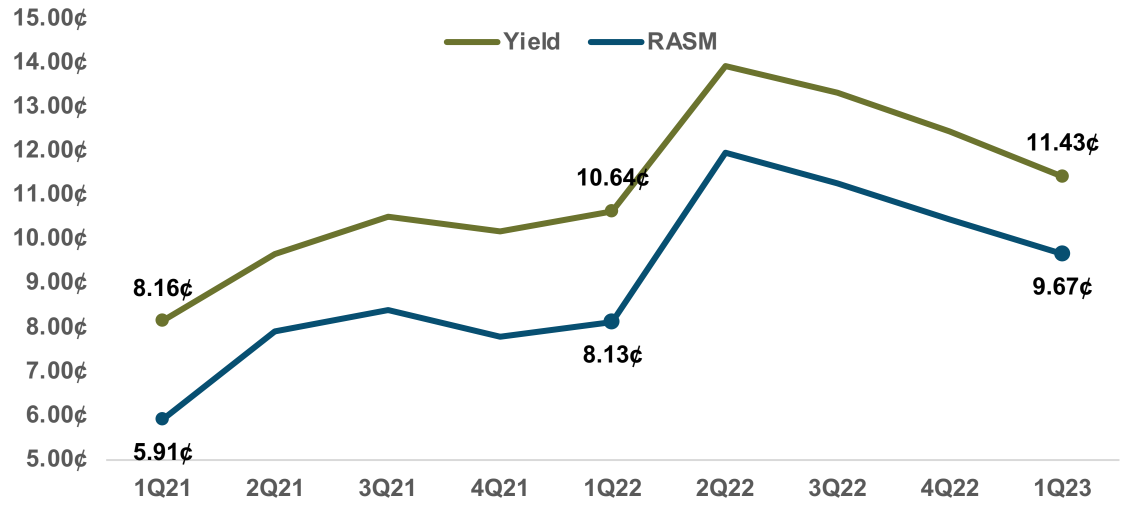
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



Yields & TRASM



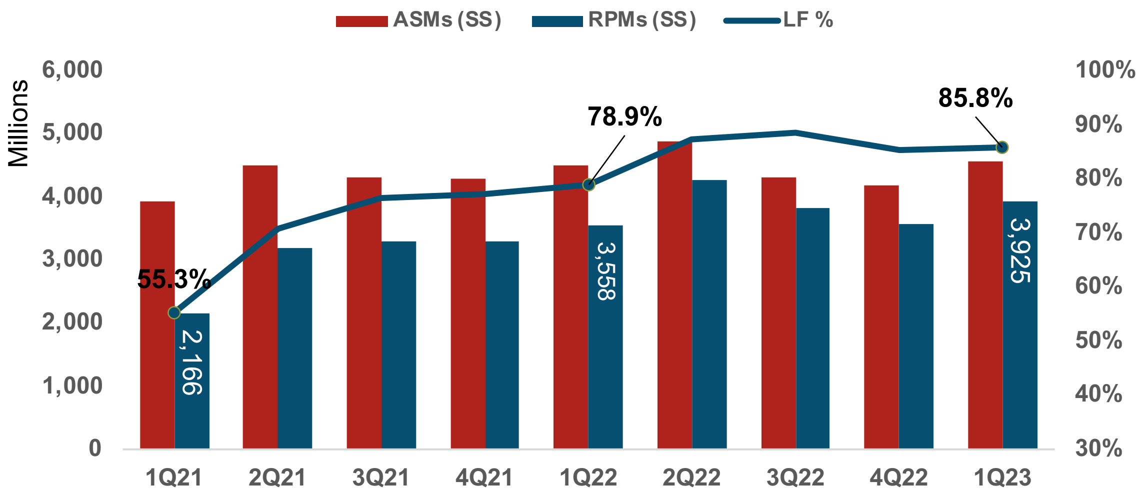
SWAPA

Frontier - Network News

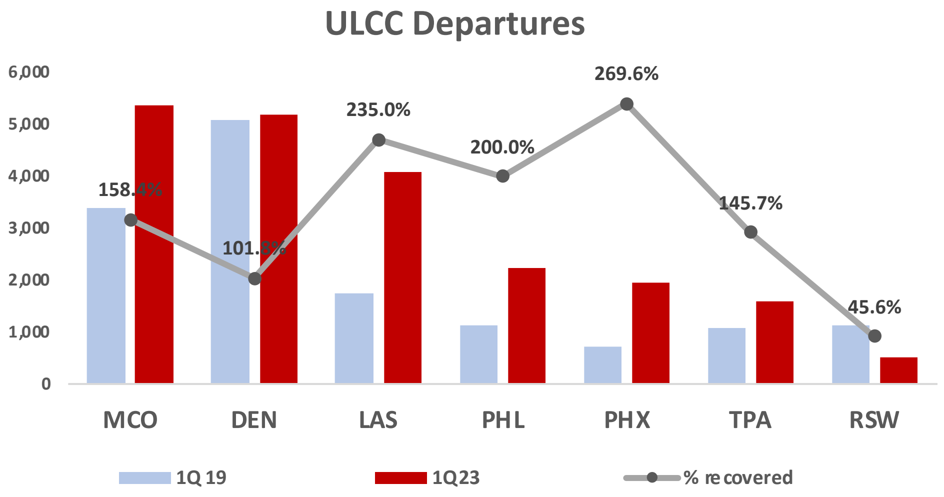
Network news and notes

- Building CLE and SFO as focus cities, adding 11 new routes from those two cities in the next two months.
- Significantly expanding SJU, adding eight new routes from the island, bringing its Puerto Rico network to twenty routes.
- Inaugurating international service from TPA to Dominican Republic, serving PUJ and SDQ.

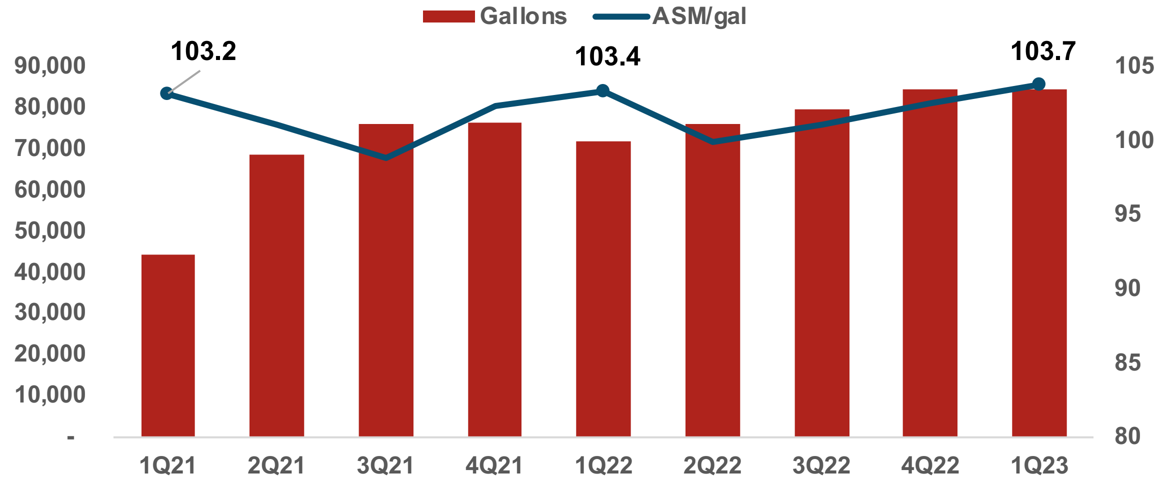
Capacity and Load Factors



Restoration of major hubs and focus cities



Fuel & Fuel Efficiency



Frontier

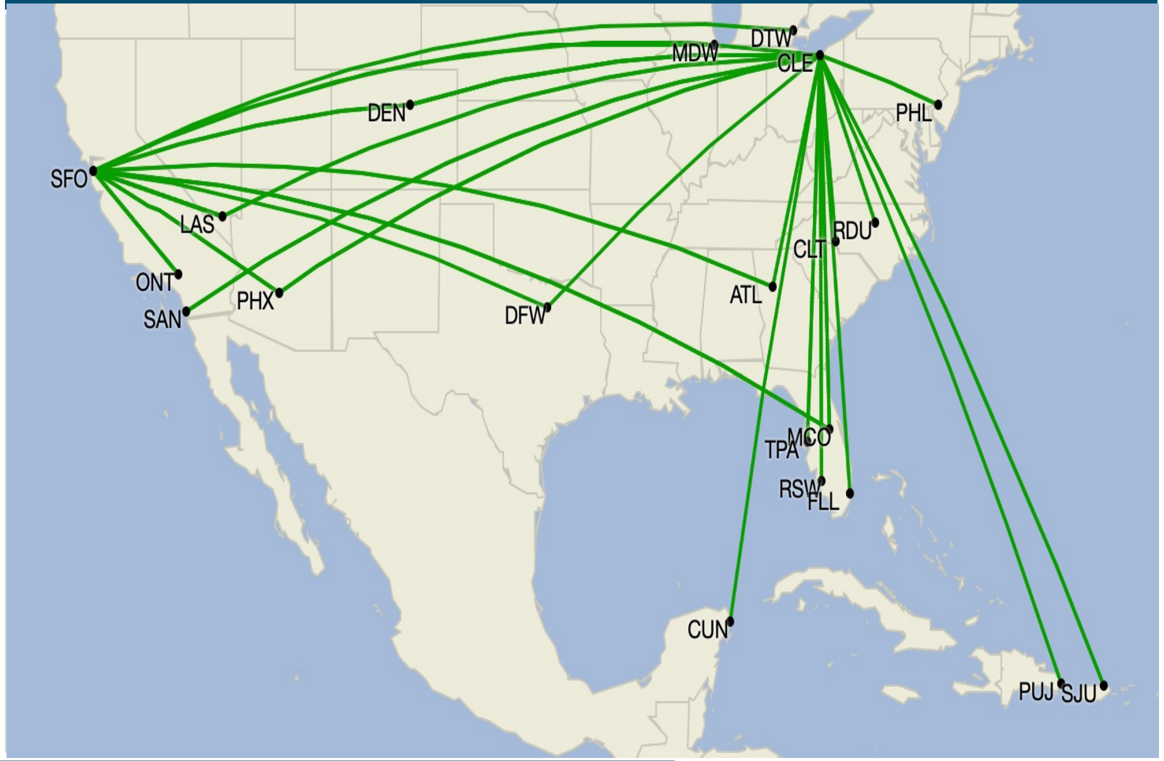
FRONTIER AIRLINES

Analyst Commentary

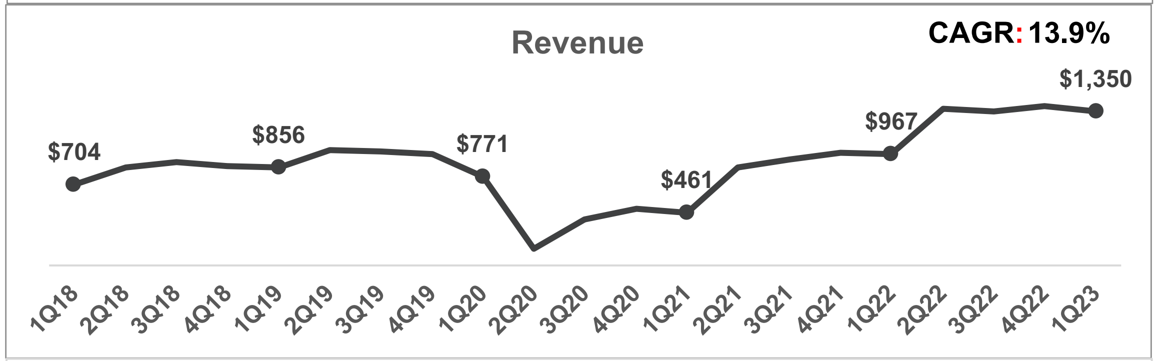
- Management noted shifts in travel demand with lower traffic on Tuesday and Wednesday and strong traffic on peak days. They will adjust the schedule accordingly for the rest of the year.
- Inflationary cost pressures should be offset by more seats per departure as they replace smaller aircraft with larger ones.
- Had the schedules for off peak flying been adjusted earlier, the first quarter would have most likely been profitable.
- The biggest takeaway was the shift in the company's network strategy to more closely align its capacity with outsized demand on peak days and peak periods. This will increase unit costs but should generate better profitability with less ASM generation. We view this as the right strategy to help increase income while de-risking the operation.
- Frontier kept with trend of overall mixed results as 1Q is seasonally weak. Frontier will reshape their network, but we ask why now? Many of these trends have been in place for a while and our expectation was Frontier was pushing the airline as hard as they could during peak to return to profitability. The idea of shifting now feels odd.
- The frustrating part is that Frontier continues to sound better in terms of staffing relative to other growth competitors like ALGT and SAVE but can't take advantage of it.
- The reductions in long-haul routes results in a lower average stage length driving our forecast of higher costs ex fuel, at $0.0652 above the sub-6 cent target set last investor day.
- We think double-digit pretax margins have been pushed out until 2H 2023 or early 1Q 2024.

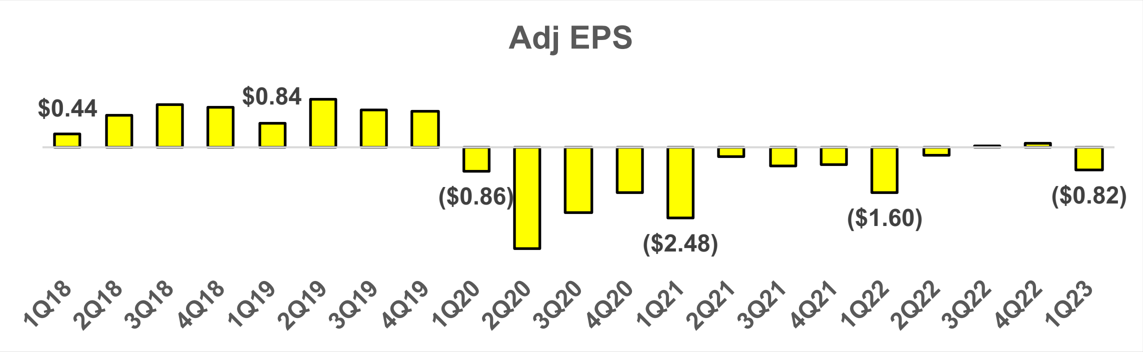
Guidance	2Q23	FY 2023	Notes
Capacity	Up 22% - 24%	Up 19% - 22%	compared to 2Q22
Adj. Op Ex (ex-fuel)	$645m - $665m	$2.500B - $2.550B	FY lowered from 23%-28%
Fuel	$2.65 - $2.75	$2.80 - $2.90	
CAPEX		$230m - $380m	$120m - $200m pre-delivery deposits
Adj. pre-tax margin	7% - 10%	7% - 9%	2H23 10% - 13%

Frontier build new focus cities in CLE & SFO



Spirit Airlines





Spirit

"We continue to be affected by external constraints on our business"

1Q23 adj. pre-tax income (loss): $(121M)

Spirits results for 1Q came in above expectations, but the carrier still reported an adjusted pre-tax loss. They highlighted a strong RASM performance and lower than forecast fuel prices as positive takeaways. Management cited several headwinds to the operation that are hampering growth. Engine availability issues with the A321neo aircraft, ATC staffing and operational issues in Florida and now Las Vegas (runway closure) and continued pilot attrition issues. CEO Ted Christie says the carrier cannot resume normal productivity and improve utilization until these are resolved but still believes the airline has superior growth opportunities. They expect to be profitable in each of the remaining quarters but expect reduced capacity, higher costs and lower margins at least in the short-term.

EFA takeaway: Spirit's operation continues to be impaired by external factors beyond its control which in turn stymies its rapid growth plans.

Items of Interest

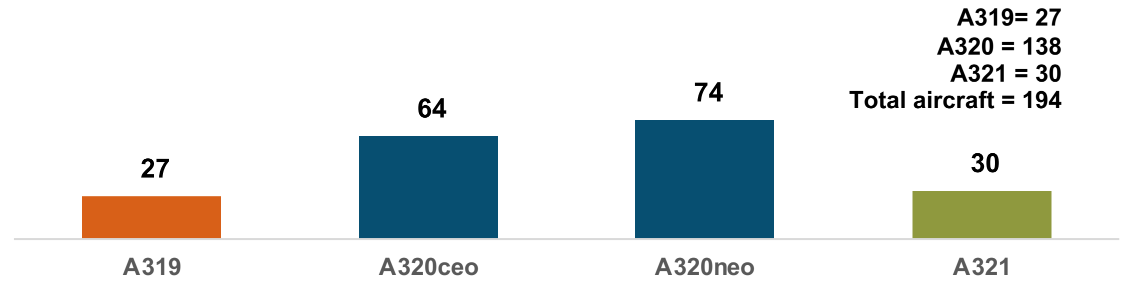
- Load factors and TRASM were both significantly higher YoY. Revenue per passenger increased 12% to $127 compared to 1Q22. Passenger revenue per segment and non-ticket revenue also increased to a quarterly record.
- Had reduced Latin American and Caribbean capacity by 20%, due to fluctuating fleet plan. Will resume growth in that region by summer.
- FLL flooding in April will cost an estimated $8.5M in operating income, primarily from lost revenue.
- Warned that total RASM would show a decrease YoY as comps from 2022 are becoming more difficult due to last years pent up travel demand.
- Aircraft utilization was 11.2 hours, up 3.7% as compared to same period of 2022 but still well below 2019 numbers.
- Will take delivery of first 235 seat A321neo in May along with 5 A320neo's. Retiring 4 A319s as average gauge continues to rise, which will benefit costs.
- Full year CASM-ex ~ 7.0 cents, with fourth quarter expected in the high 6's.
- Took delivery of five A320neo's, retired four A319's in first quarter. Ended with $1.7B in liquidity. CAPEX will be lower than guidance due to reduced A/C delivery deposits.

1Q Snapshot (as compared to 1Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
↑ *34.4%*	↑ *57.7%*	↑ *17.3%*	↑ *32.2%*	↑ *64.1%*

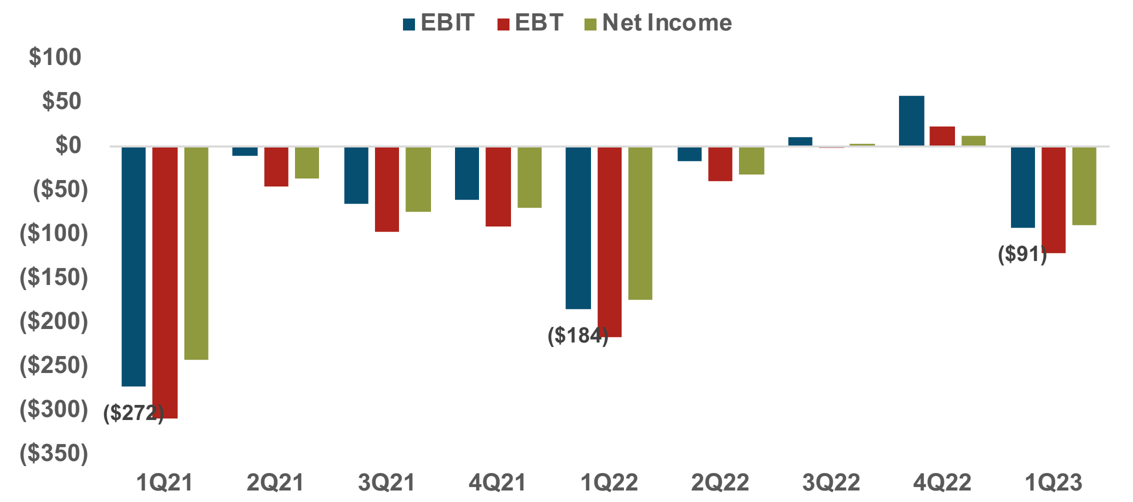
SAVE Stats	1Q23	1Q22	1Q19	y/y	y/4y
Revenues	$1,350M	$967M	$856M	39.5%	57.7%
Adj Operating Income (EBIT)	($91M)	($184M)	$90M	n.m.	n.m.
Adj Operating Margin	(6.8%)	(19.1%)	10.5%		
Adj Pretax Income	($121M)	($217M)	$74M	n.m.	n.m.
Adj Net Income	($89M)	($173M)	$58M	n.m.	n.m.
Adj EPS	($0.82)	($1.60)	$0.84	n.m.	n.m.
Capacity (ASMs)	13.2 billion	11.7 billion	9.8 billion	12.7%	34.4%
Yield	12.64¢	10.69¢	10.52¢	18.2%	20.2%
TRASM	10.22¢	8.25¢	8.71¢	23.9%	17.3%
CASM	11.07¢	10.06¢	7.81¢	10.0%	41.7%
CASM-ex	7.22¢	6.68¢	5.46¢	8.1%	32.2%
Fuel (econ)	$3.43	$2.95	$2.09	16.3%	64.1%

Spirit Fleet – 1Q23

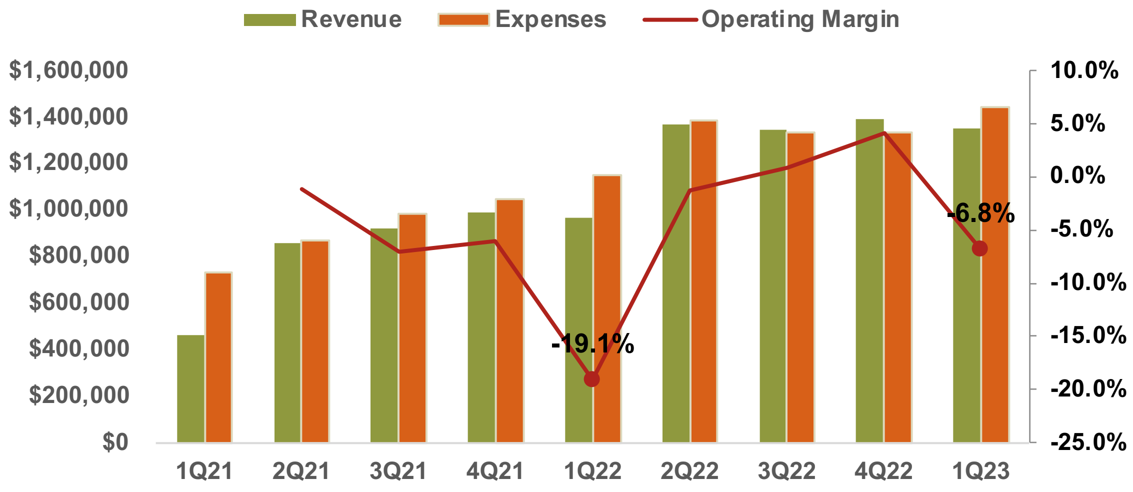


Spirit - Financial Performance

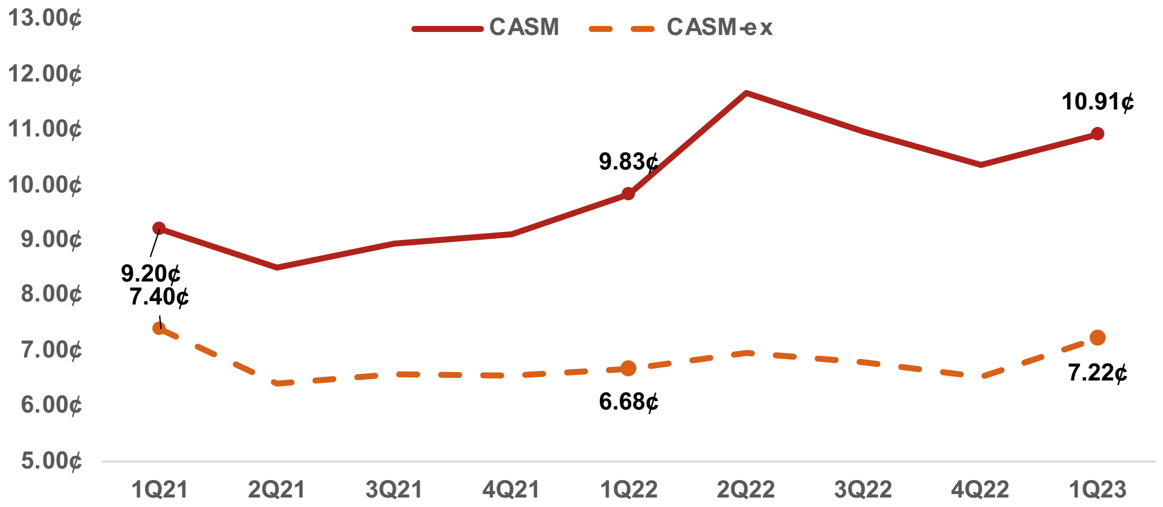
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



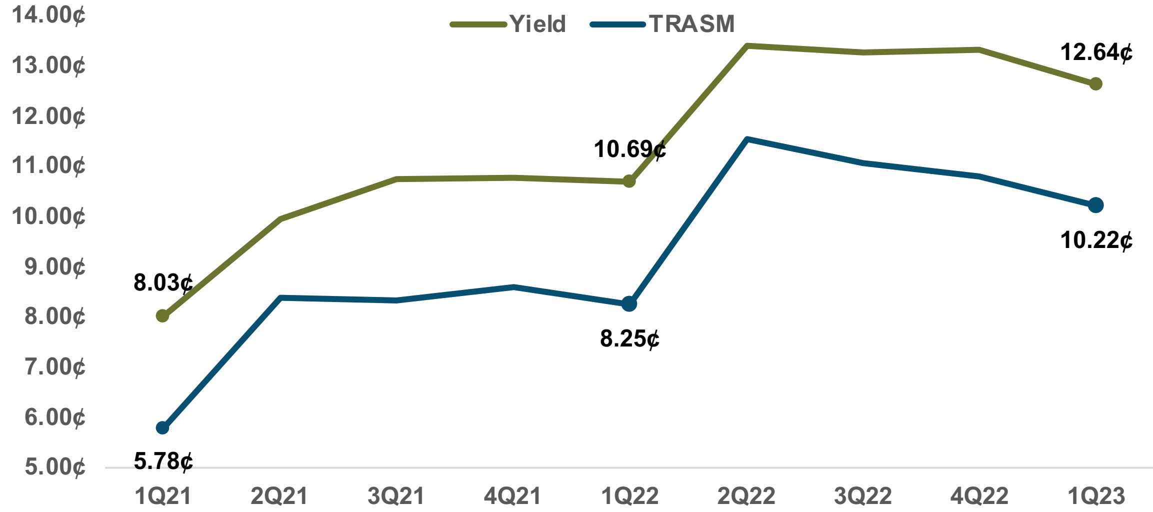
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



Yields & TRASM

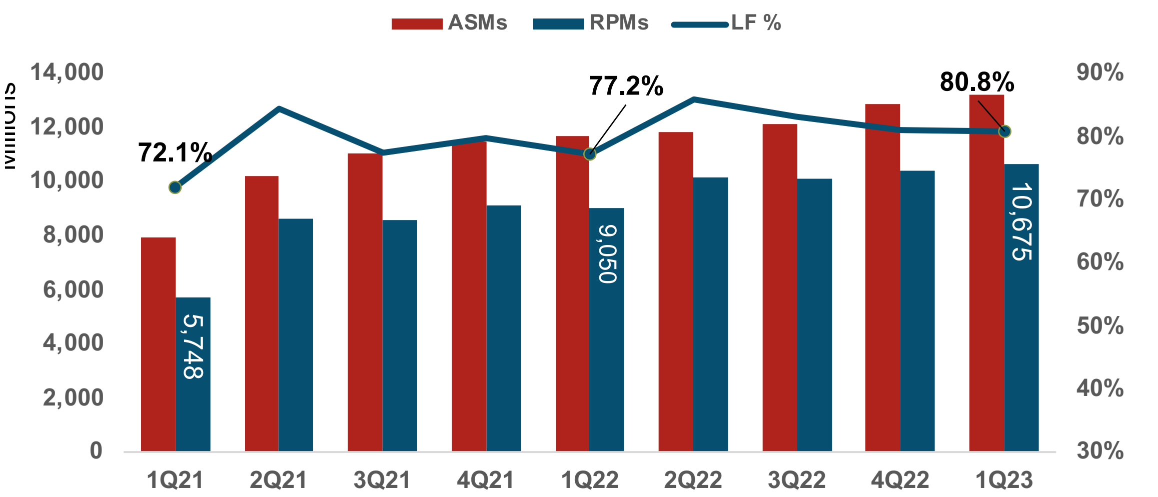


Spirit - Network News

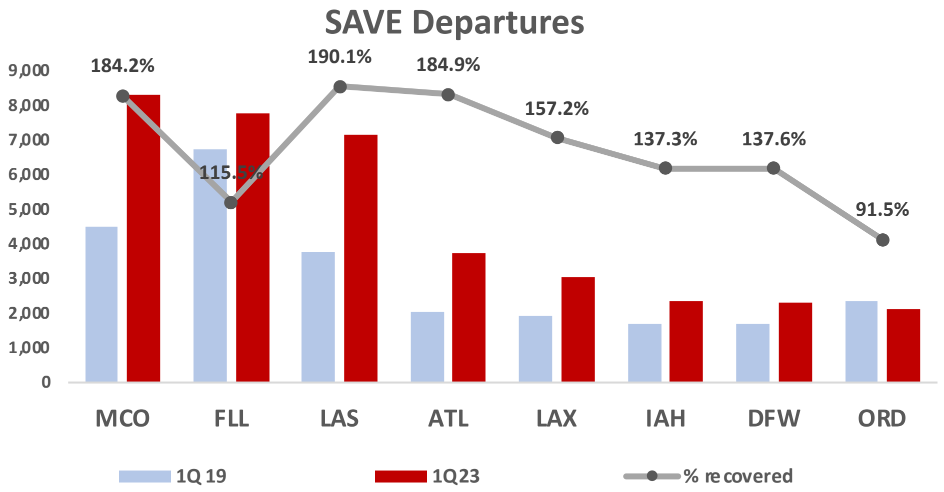
Network news and notes

- Reducing selective FLL routes this summer ahead of predicted FAA Air Traffic Controller shortages.
- Connecting five new cities (CLT, DFW, LAX, IAH, PHX) to BOS starting July, beginning to scale up ahead of proposed JBLU merger.
- Beginning service at CHS later this year, with flights to four new cities:FLL, EWR, PHL and LAS.

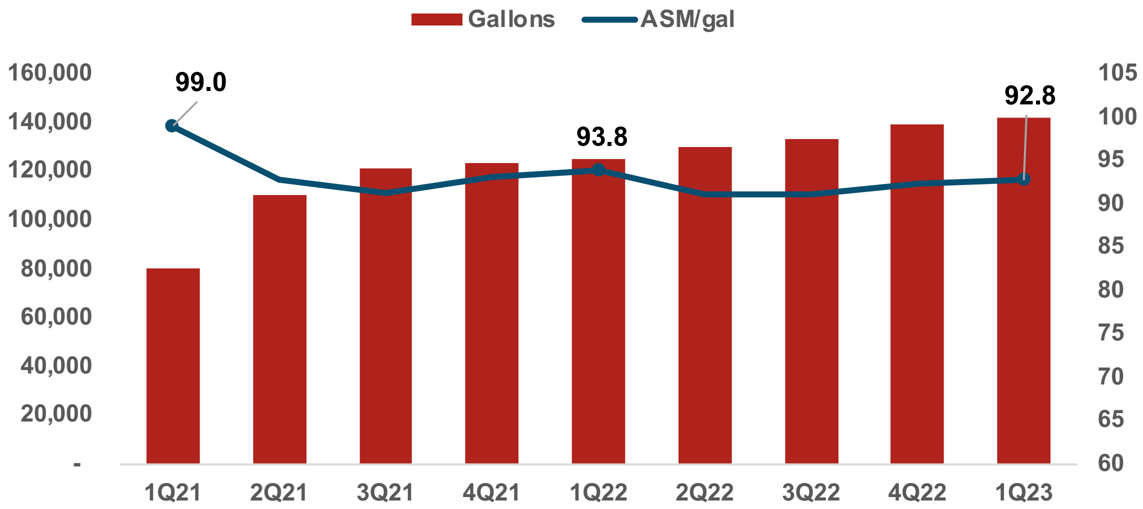
Capacity and Load Factors



Restoration of major hubs and focus cities



Fuel & Fuel Efficiency



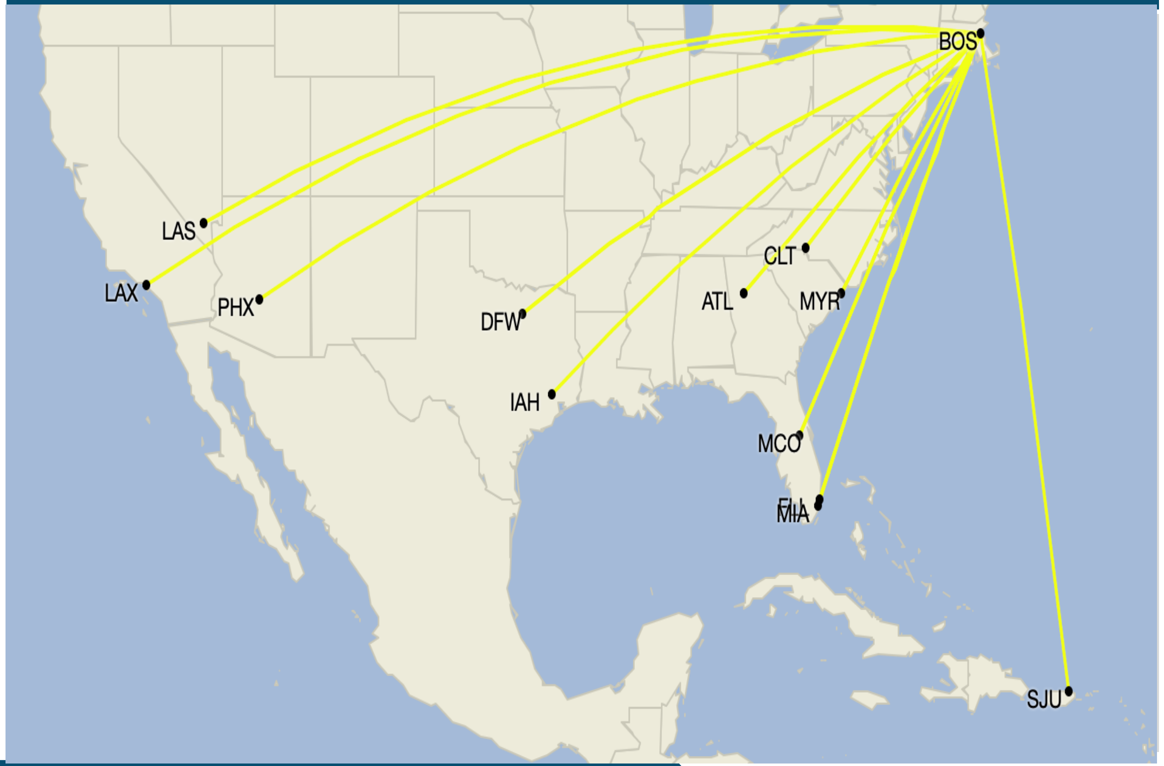
Spirit

Analyst Commentary

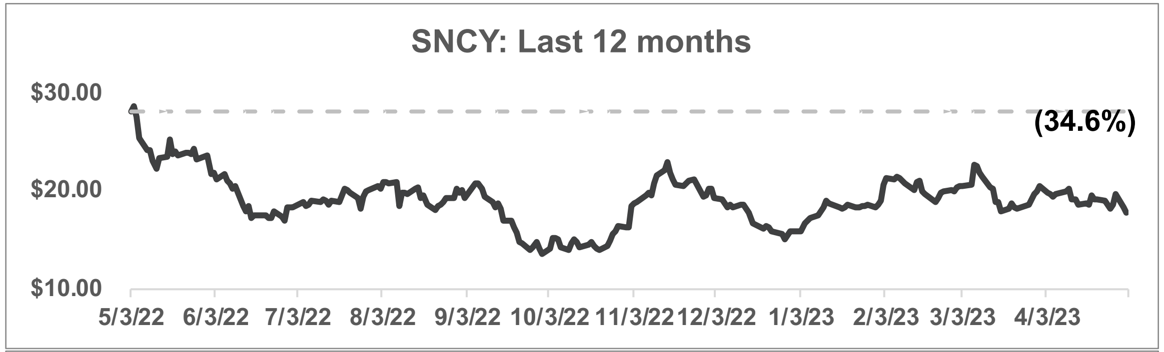
- Revenues were below estimates due to weaker load factors although revenue/passenger flight segment increased. Capacity and revenues going forward will generally be below estimates as structural issues continue to affect operations.
- OEM delivery delays remain an issue and this will be a headwind to costs. The hope is that these issues will improve as the year progresses.
- The good news is that operations are solid, and we think the airline will be profitable the remainder of the year..
- With continuing constraints surrounding the Airbus neo engine availability, we lower our full year capacity growth. But with a demand environment that remains healthy and lower fuel price assumption, we will raise our full year profitability expectations.
- Two primary risks we see in the medium term are failure to consummate the merger and a US and/or global recession which could lead to a material decline in discretionary spending.
- What caught our ear this earnings season wasn't the engine issues, which could be temporary, but rather pilot attrition becoming topical again. The new contract that boosted pay 34% was expected to limit attrition. We also think uncertainty regarding the merger with Jetblue may be playing a part in this.
- The ultra-low-cost flywheel remains jammed up. The ULCC model is predicated on the ability to push above-average growth, driving down costs which in turn allows for stimulated demand. The pandemic has exposed these models and lingering constraints are having a big impact.

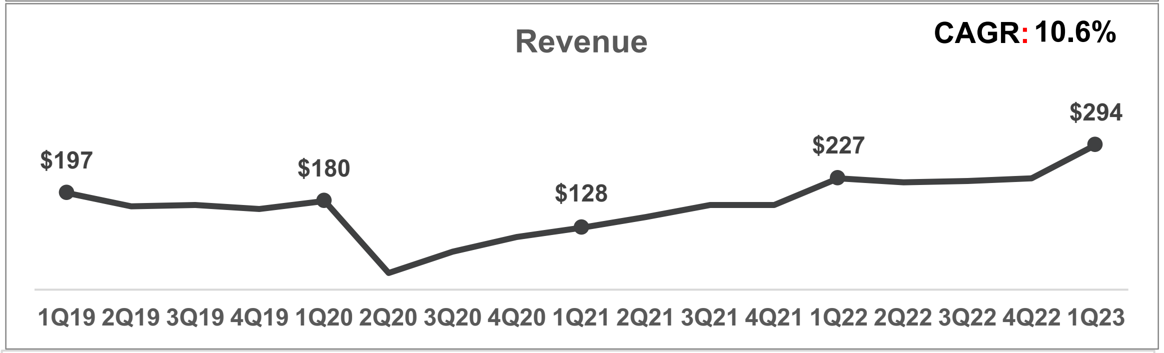
Guidance	2Q23	FY 2023	Notes
Capacity	Up 17.7%	Up 18% - 20%	FY reduced from 19%-22%
Fuel	$2.60		~151m gallons in 2Q23
Adj Op Margin	4.5% - 6.5%		
TRASM	Up 23.0%-24.5%		Compared to 1Q22
CAPEX		$360M	unchanged

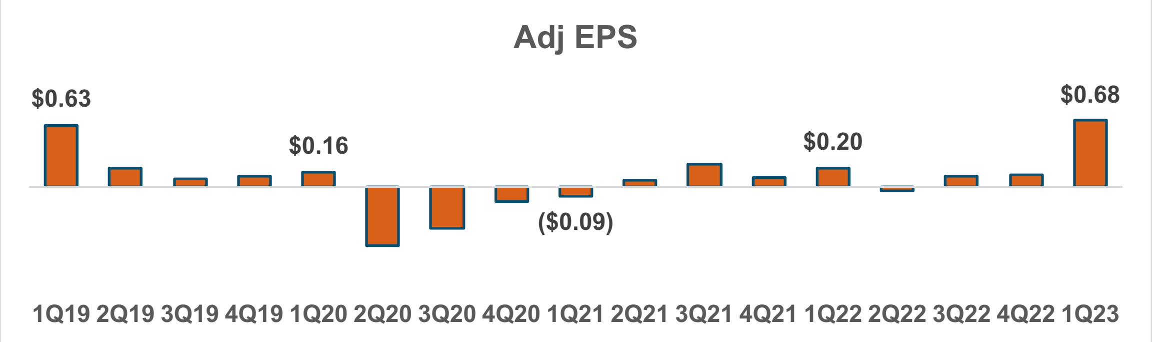
Spirit begins BOS buildup ahead of proposed merger



Sun Country Airlines







Sun Country

"Our diversified business model is unique in the industry"

1Q23 adj. pre-tax income: $53M

Sun Country posted another profitable quarter, with revenues, fares and load factors all showing meaningful increases. The company highlighted scheduled service as being particularly strong, along with continued growth in the charter business. CEO Jude Bricker believes the flexibility of the company's business model will allow it to respond to industry shocks and demand fluctuations. Core to the company's model is utilization and the airline has still not returned to 2019 levels of aircraft use. This is due to unresolved staffing issues. Nonetheless, the company believes future growth will come at very high marginal profitability due to their control of CASM-ex and the use of peak and off-peak scheduling for their regularly scheduled service.

EFA takeaway: Another very successful quarter for Sun Country. Despite short-term issues like staffing and pilot contract costs, they remain quite profitable.

Items of interest

- Very strong revenue environment. 30% higher revenue with block hours growing by nearly 4% YoY with system ASM's up roughly 1%.
- Scheduled service TRASM grew 35% YoY on a 3.5% decline in those type of ASM's.
- Ticket plus ancillary revenue 31% with a 21% increase in total fare to $221. Load factors grew to 88% as MSP remains strong in leisure travel.
- Charter revenue grew 41%, with program charter (long-term contracts) driving most of that growth. (52% increase in block hours). Caesars and MLS contracts comprise much of this growth.
- Acquiring five 737-900ER's from another carrier but don't expect to be in service until 2024. A/C utilization at 7.3 hours per day as compared to 9.7 hours in 2019.
- Cargo block hours increased 5% with a concurrent rise in revenue. A rate escalation is expected in December.
- CASM-ex increased due to decreased A/C utilization, down 15% vs. 1Q 2022. Pilot costs also increased by 26% and staffing/pilot training remains a concern.
- Ended quarter with $261 in liquidity. Repurchased 750,000 shares from Apollo Group.

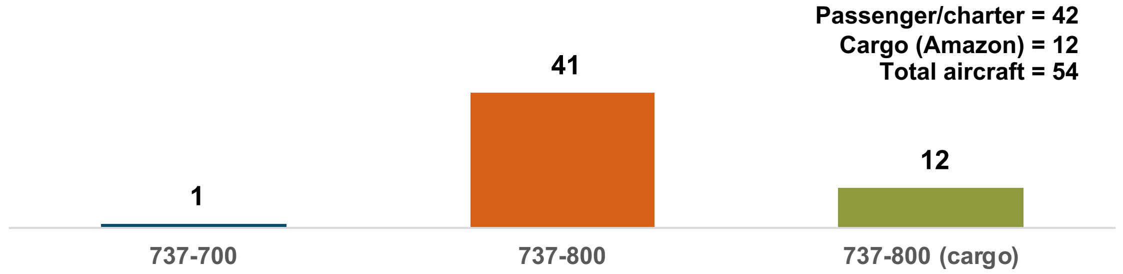
sun country airlines

1Q Snapshot (as compared to 1Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
↑ 6.1%	↑ 49.5%	↑ 28.2%	↑ 13.2%	↑ 90.3%

SNCY Stats	1Q23	1Q22	1Q19	y/y	y/4y
Revenues	$294M	$227M	$197M	29.8%	49.5%
Adj Operating Income (EBIT)	$59M	$23M	$46M	156.6%	26.2%
Adj Operating Margin	19.9%	10.1%	23.6%		
Adj Pretax Income	$53M	$16M	$43M	234.4%	22.4%
Adj Net Income	$40M	$12M	$33M	228.5%	21.1%
Adj EPS	$0.68	$0.20	$0.63	240.0%	8.5%
Scheduled Capacity (ASMs)	1.63 billion	1.68 billion	1.53 billion	(3.5%)	6.1%
Yield	18.66¢	15.09¢	14.93¢	23.6%	25.0%
TRASM	13.92¢	10.66¢	10.85¢	30.6%	28.2%
CASM	12.25¢	10.62¢	8.30¢	15.3%	47.7%
CASM-ex	7.10¢	6.21¢	6.27¢	14.3%	13.2%
Fuel (econ)	$3.45	$3.20	$1.81	7.8%	90.3%

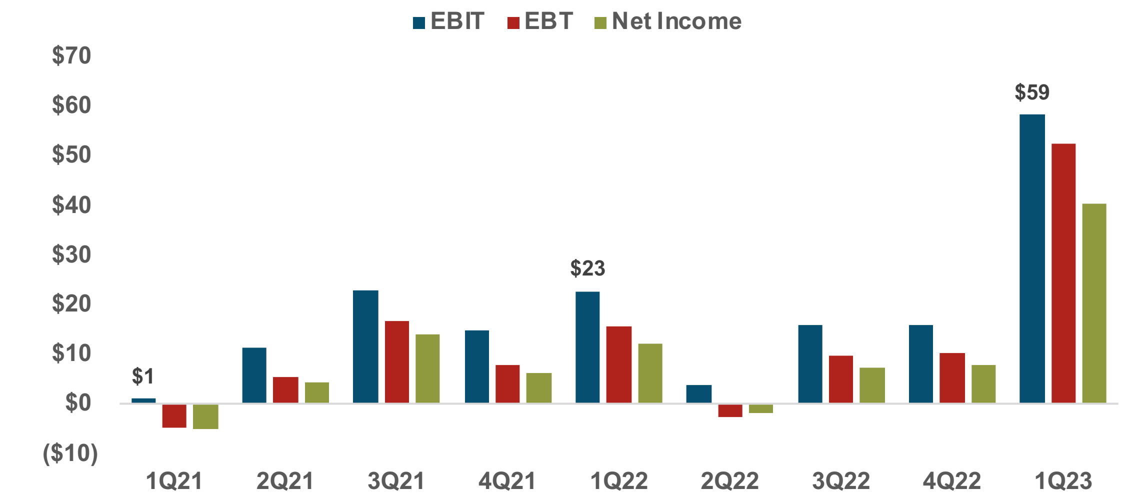
Sun Country Fleet – 1Q23



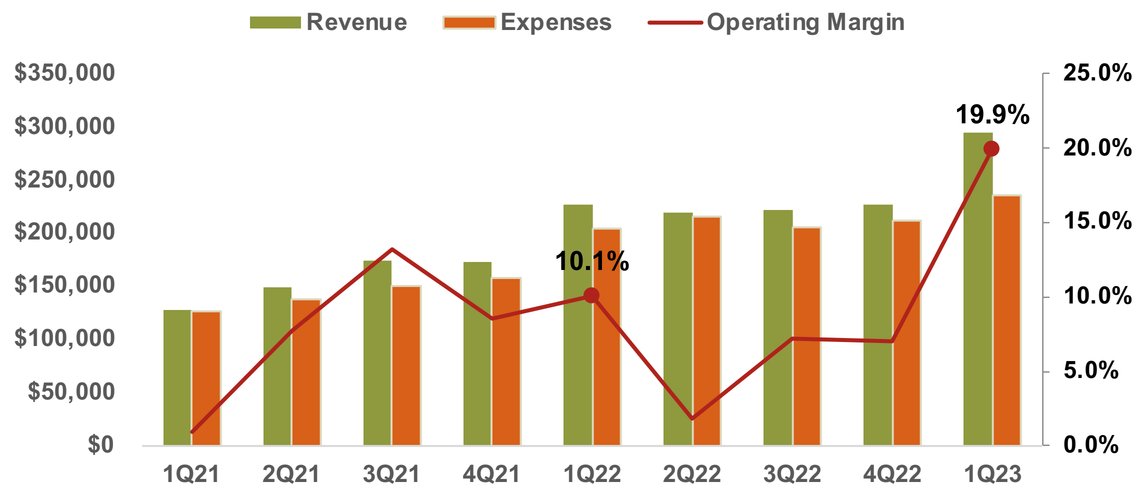
SWAPA

Sun Country - Financial Performance

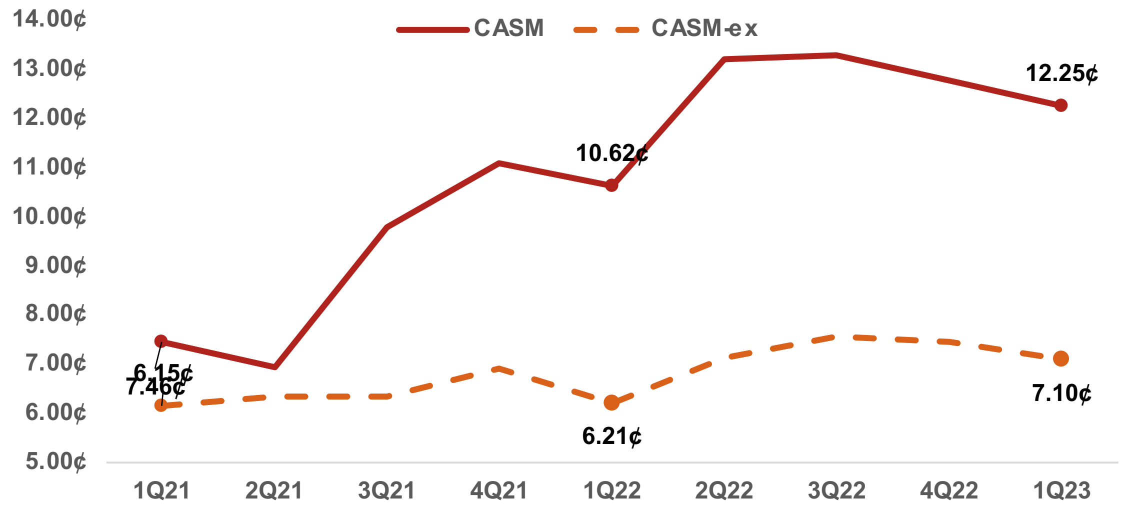
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



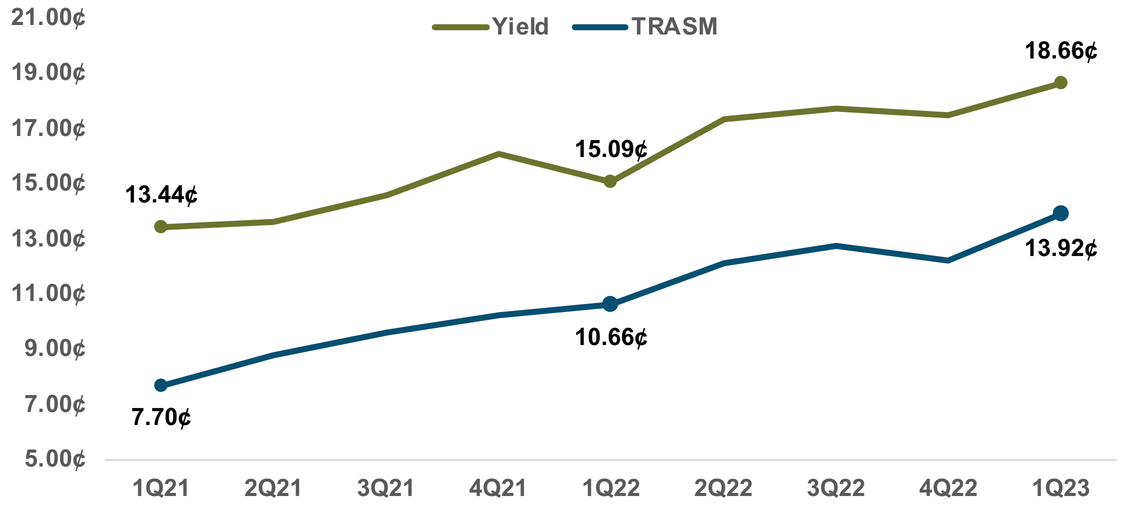
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



Yields & TRASM

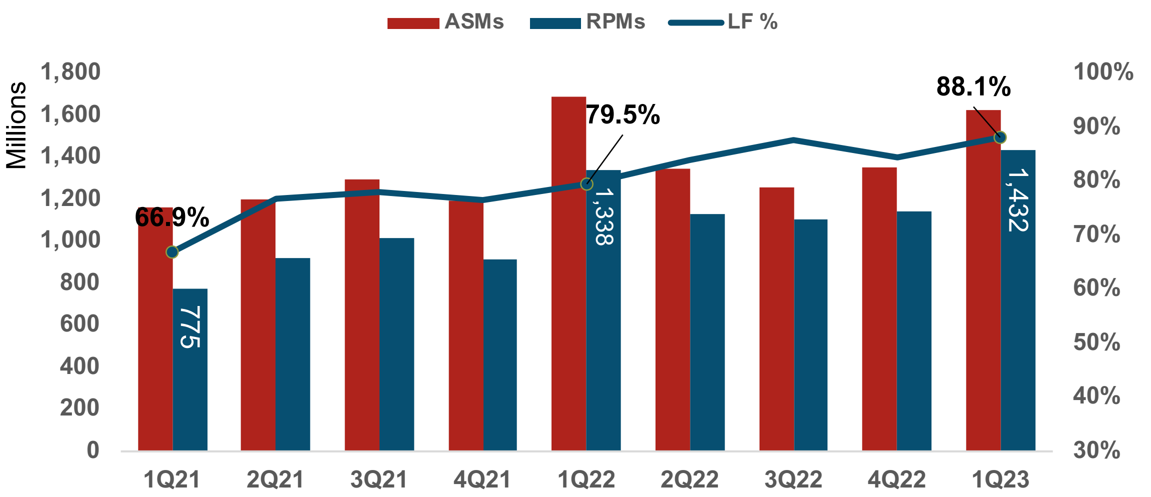


Sun Country - Network News

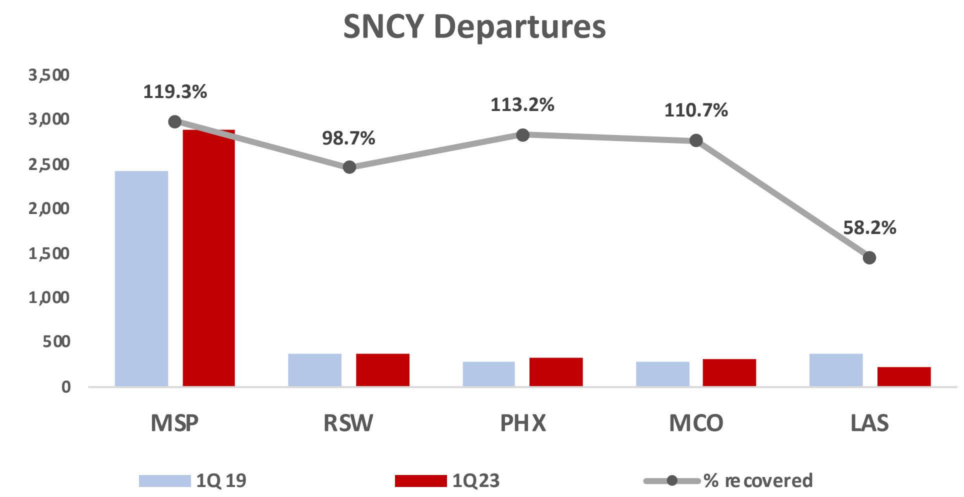
Network news and notes

- Sun Country has 417 weekly scheduled flights, with MSP being the main hub, operating 199 weekly flights.
- Flight schedule extended to December with 120 routes serving 90 airports. No new cities announced for 2023 currently.

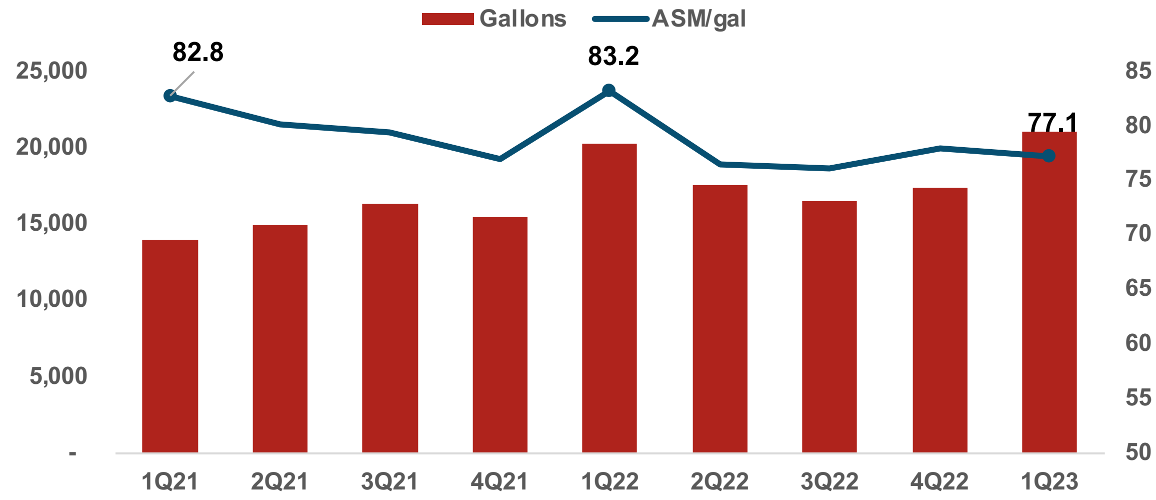
Capacity and Load Factors



Restoration of major hubs and focus cities



Fuel & Fuel Efficiency



Sun Country

Analyst Commentary

- We lowered our June quarter estimate based on current guidance as costs appear to be higher than we thought due to constrained utilization. This should improve over the year.
- We believe Sun Country's unique business model limits investor risk as 30% of its revenue is on long-term contracts on rates that cover costs, including fuel.
- The balance sheet remains strong, with almost all debt related to aircraft. It is unique among the other ULCC's in that it owns its passenger aircraft as opposed to leasing them.
- We expect them to continue to focus on seasonal flying where there are opportunities and where Minnesotans want to travel. They should have another good quarter.
- Sun Country's revenue outlook is materially better than we were expecting. Trends into the June quarter are stronger than we thought. Some booking/demand patterns are normalizing towards pre-pandemic while others are shifting. Peak to trough seasonal travel appears to be flattening.
- Remote work is boosting secondary leisure markets which is a benefit to Sun Country. Places such as Tucson, Hilton Head and Asheville were mentioned during the call.
- Pilot training remains elevated which will drive lower utilization, increasing costs. The airline is acquiring five B-737-900ER's with 200 seat configuration which will have higher revenue generating capabilities but similar trip costs. This will be accretive once pilot staffing is solved.

Guidance	2Q23	FY 2023	Notes
Capacity (sys block)	Up 11% - 14%		Compared to 2Q22 (system block)
Total Revenue	Up 16% - 21%		Compared to 2Q22; $255m - $265m
Effective tax rate	23%		
Fuel	$2.85		
Adj Oper Margin	11% - 14%		Increase 9pp to 14pp over 2Q22

Airports other than MSP where Sun Country has 10 plus depts/week.

Economic and Financial Analysis Committee

Industry Financials

1st Quarter 2023