

Economic and Financial Analysis Committee

# Industry Financials

1st Quarter 2026

# Industry Scorecard

1Q 2026 (with comparisons to 1Q 2025)

1Q26	Key Financial Metrics (non-GAAP) - 1Q26					Unit Level Metrics (non-GAAP) - 1Q26 (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 <sup>1</sup>	CASM-ex <sup>2</sup>	Fuel (\$/gal) <sup>3</sup>
United	14,608	608	4.2%	389	2.7%	6.5%	3.4%	6.9%	5.9%	\$2.78
Delta	14,200	651	4.6%	423	3.0%	1.4%	1.1%	8.2%	4.8%	\$2.62
American	13,912	(27)	(0.2%)	(267)	(1.9%)	3.9%	3.0%	7.6%	5.2%	\$2.75
Southwest	7,249	330	4.6%	227	3.1%	1.7%	1.5%	11.2%	2.3%	\$2.73
Alaska	3,300	(247)	(7.5%)	(192)	(5.8%)	0.2%	1.7%	3.4%	4.0%	\$2.98
jetBlue	2,240	(224)	(10.0%)	(322)	(14.4%)	0.0%	(1.7%)	6.5%	6.6%	\$2.96
Frontier	992	(144)	(14.5%)	(68)	(6.9%)	3.1%	(1.4%)	10.3%	22.2%	\$2.88
Allegiant <sup>4</sup>	732	109	14.9%	70	9.5%	(1.4%)	(5.9%)	16.4%	7.1%	\$3.04
Sun Country <sup>5</sup>	338	48	14.3%	33	9.7%	(11.0%)	(13.1%)	11.8%	8.4%	\$3.24
<b>Total</b>	<b>57,572</b>	<b>1,104</b>	<b>1.9%</b>	<b>293</b>	<b>0.5%</b>					

<sup>1</sup> TRASM for airlines that report it

<sup>2</sup> CASM-ex excludes fuel, special items, profit sharing, third-party business expenses, fuel hedges, and MTM accounting

<sup>3</sup> Economic fuel cost/gal, includes effect of fuel hedging and settlements on derivatives

<sup>4</sup> Airline-only operations

<sup>5</sup> Includes AMZN cargo ops

# A Challenging and Volatile Environment

## *First Quarter Synopsis*

- **Strong revenue growth across the board**
  - Most major carriers (**Delta, United, American, Southwest**) reported **~9–12%+ revenue growth** driven by resilient leisure and improving corporate demand. Fuel pass-through price increases also helping.
  - Premium cabins, upsell products, and corporate travel all showed **double-digit growth in many case.**
- **Demand remained broadly strong and stable**
  - No widespread signs of demand destruction despite higher fares. Strength seen across domestic and international markets, especially higher-yield segments.
- **Fuel costs surged sharply and dominated results**
  - Jet fuel prices rose dramatically (often **40%+ increases**) due to geopolitical events.
  - Incremental fuel costs ranged **hundreds of millions per airline in Q1 alone.**

## *Second Quarter Forecast*

- Revenue expected to remain strong (and in some cases accelerate).
- **Fuel becomes the defining variable for profitability.**
- Capacity growth is being reduced or flattened.
- **Guidance is cautious/reduced or withdrawn due to uncertainty.**
- No clear weakness noted yet, but this is the primary watch item for analysts in Q2.

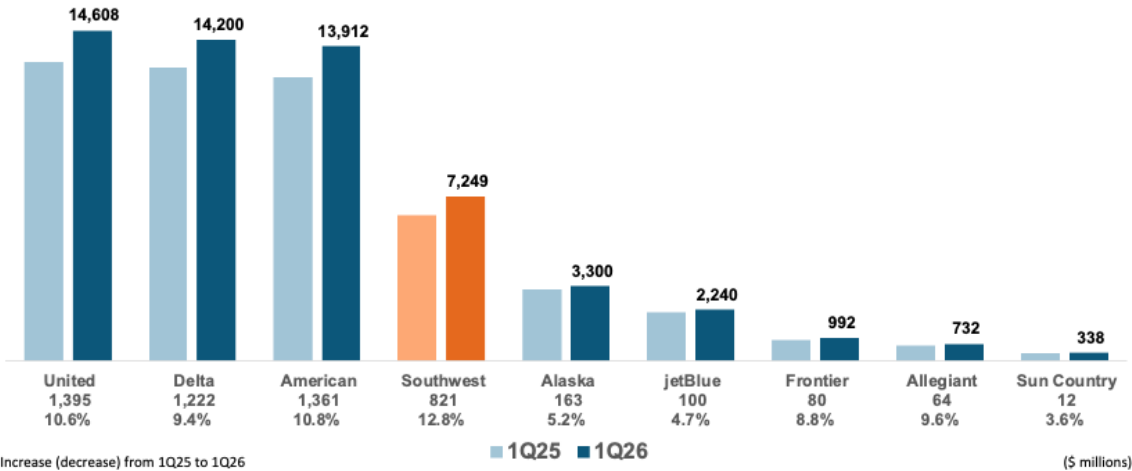
# Strong revenue increase due to strong demand

Fuel pass-throughs also added a couple of points of revenue

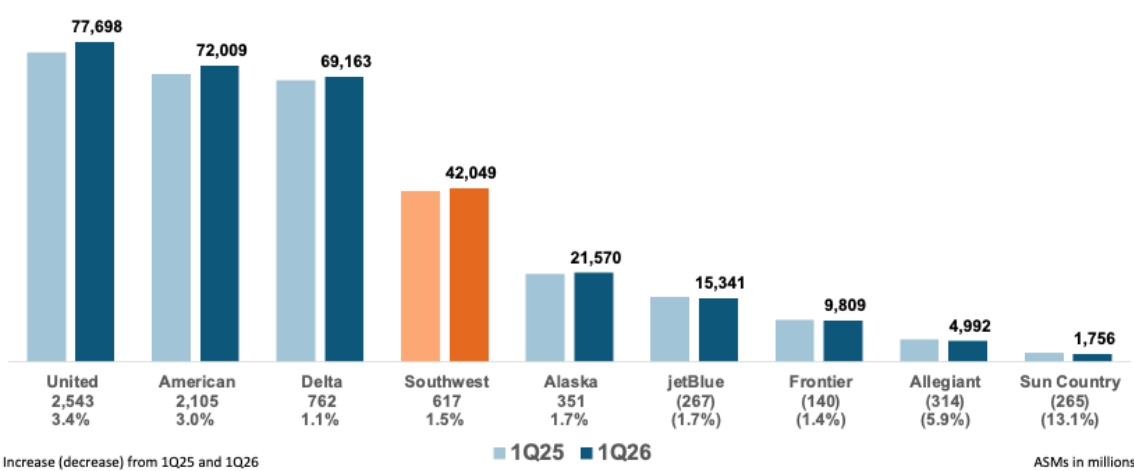
1Q26 revenues were up 10.0% over 1Q25...

... while capacity grew 1.7%

Adjusted Revenues - 1Q 2025 vs. 1Q 2026



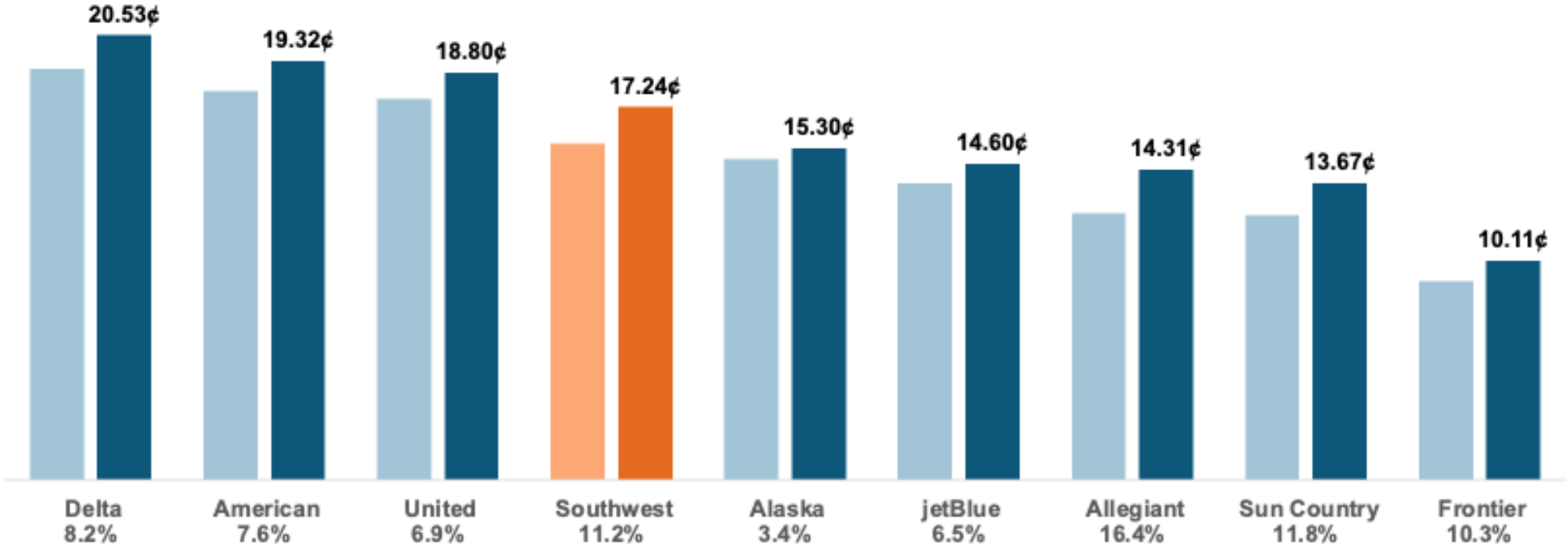
Capacity - 1Q 2025 vs. 1Q 2026



# As a result, industry had large RASM increases

Average RASM increase was 8.8%

TRASM - 1Q 2025 vs. 1Q 2026



Increase (decrease) from 1Q25 and 1Q26

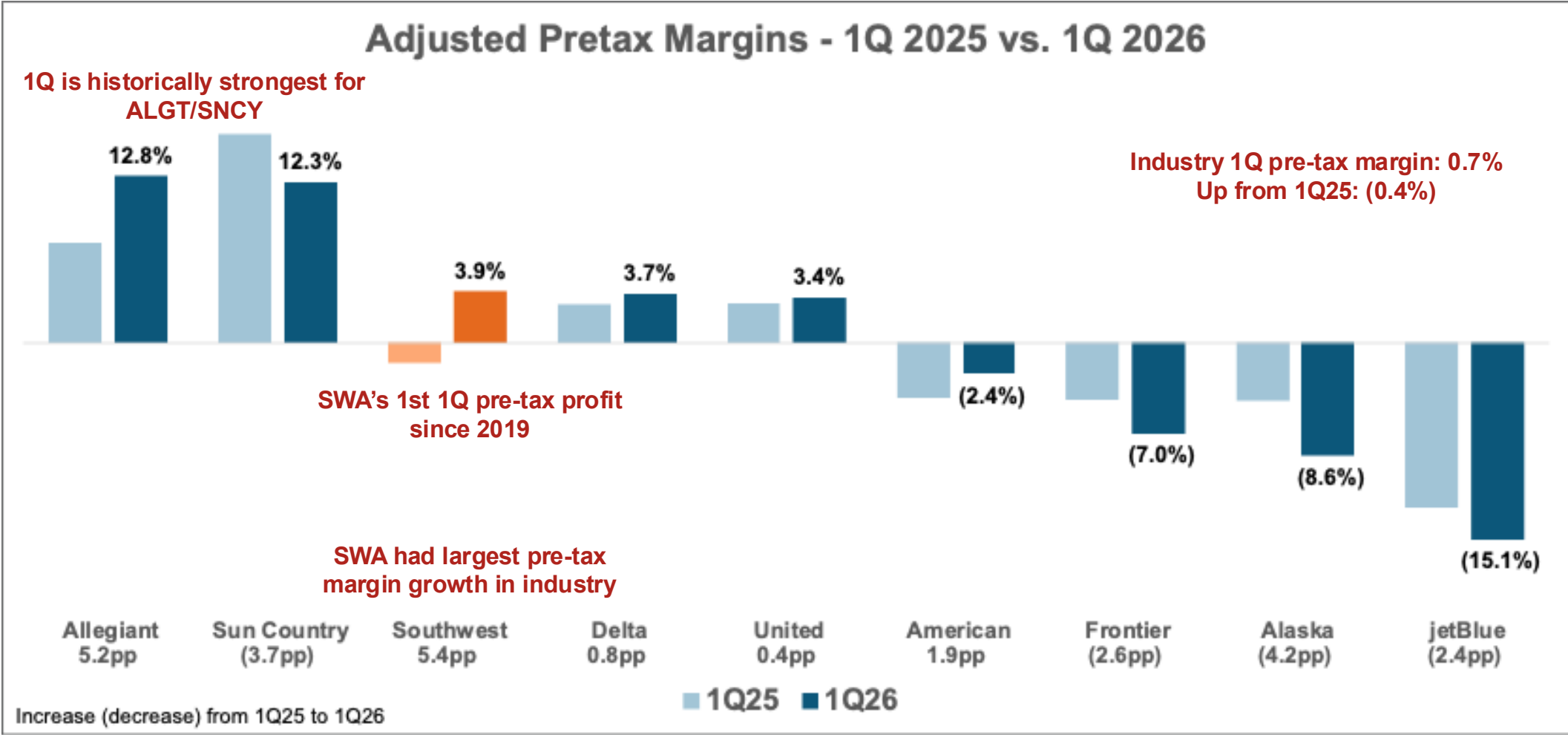
■ 1Q25 ■ 1Q26

1.7% capacity increase



# Despite fuel, 1Q profits improved

AAL, ALK, JBLU, ULCC continued to lose money



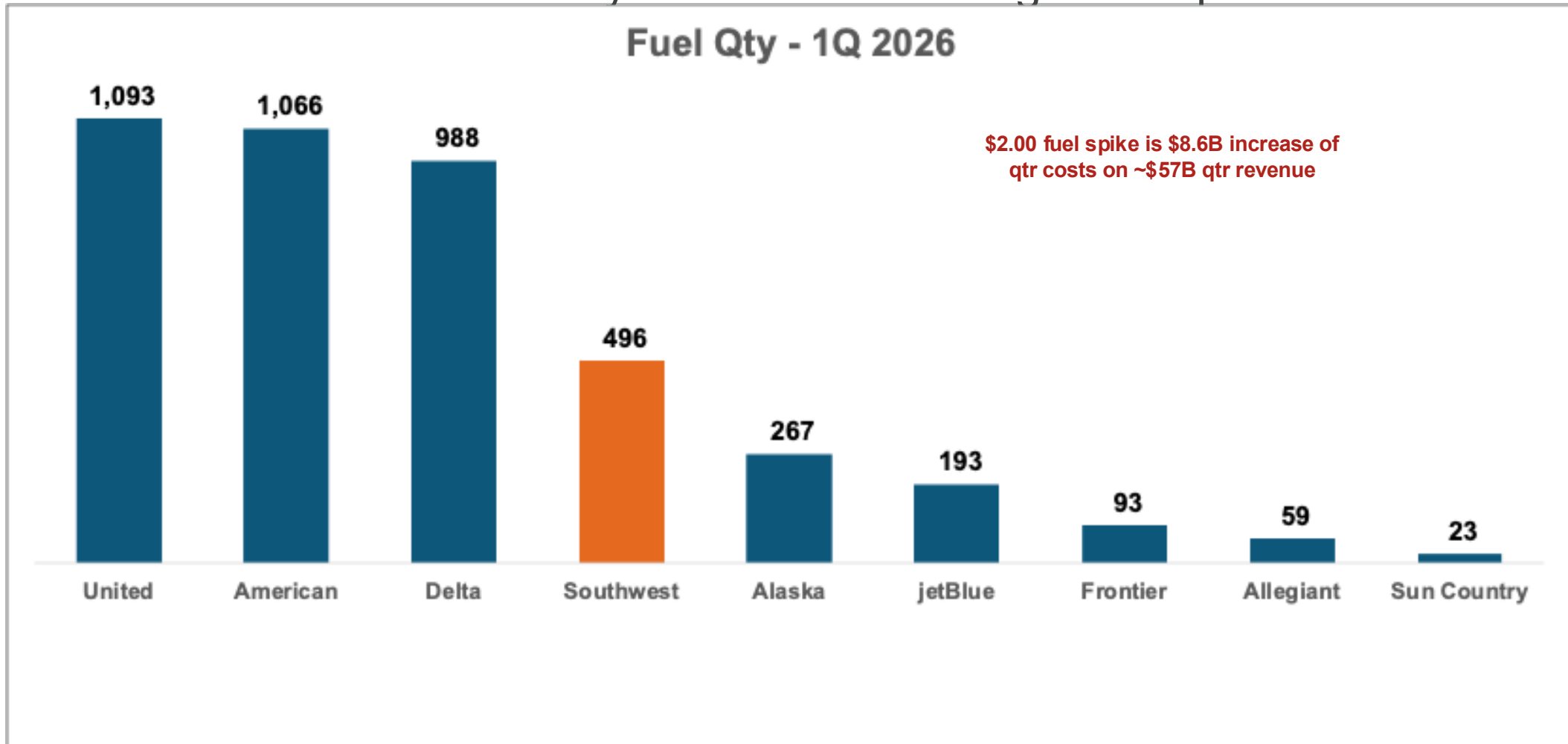
# 2Q26 and FY2026 reduced/withdrawn on fuel

Carrier	2Q Guide	FY26 Guide	2026 ASM forecast
American	(\$0.20) - \$0.20	(\$0.40) to \$1.10	4% - 6%
Delta	\$1.00 - \$1.50	\$6.50 - \$7.50	
United	\$1.00 - \$2.00	\$7.00 - \$10.00	Flat – 2%
Southwest	\$0.35 - \$0.65	Withdrawn (macro uncertainty)	2Q: flat – 1%
Alaska	(\$1.00)	Withdrawn	2Q: +1%
JetBlue	Implied ~\$(0.60)	None given	2Q: 1.5% - 4.5%
Frontier	(\$0.45) to (\$0.60)	Withdrawn	2Q: 6-8%
Allegiant	(\$1.00) - \$0.00	Withdrawn	2Q: (6.5%)
Sun Country	None provided		

Sources: Raymond James, company reports

# Iran war fuel spike is huge impact to industry

Industry burns ~4.3 billion gallons/qtr



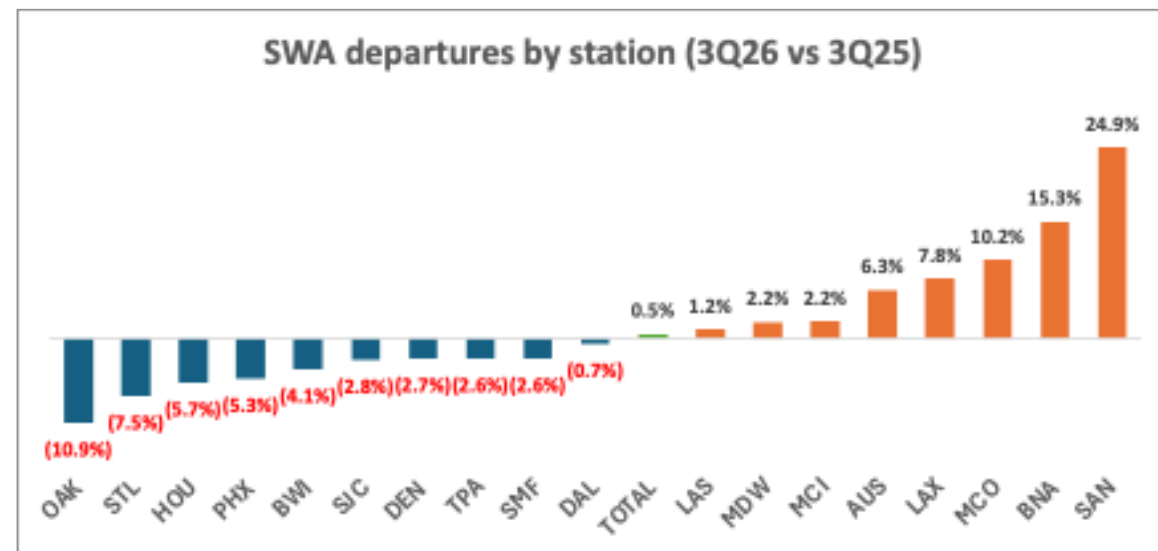
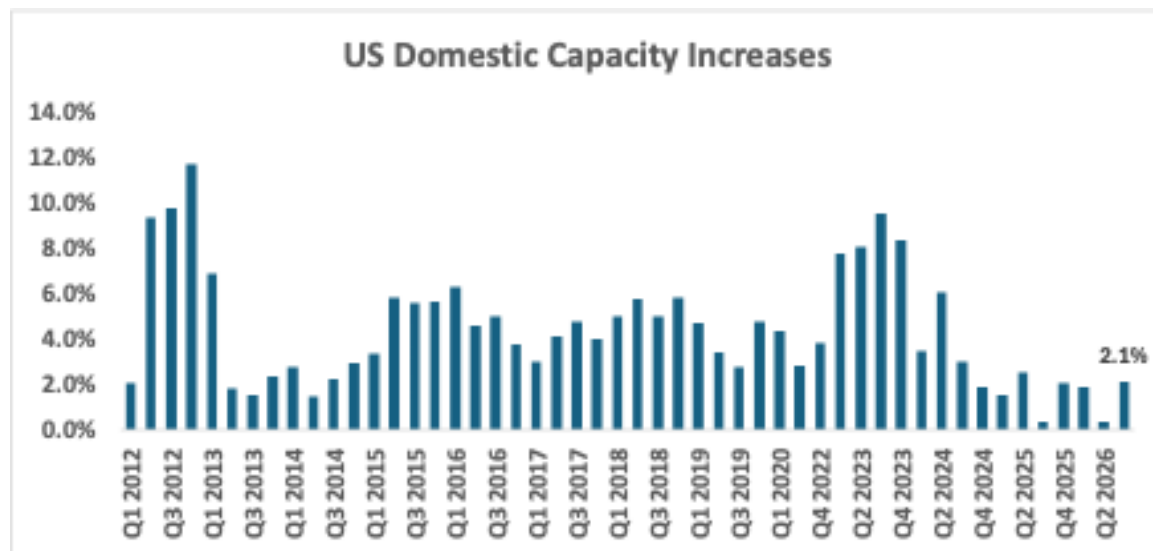
# Industry domestic capacity control continues

Domestic capacity remains below GDP – should support higher pricing/2026 RASM gain

2Q26 growth only 0.4%; 3Q26 projects 2.1%

Carriers continue to cull unprofitable flying

SWA flight activity will increase 0.5% in 3Q26



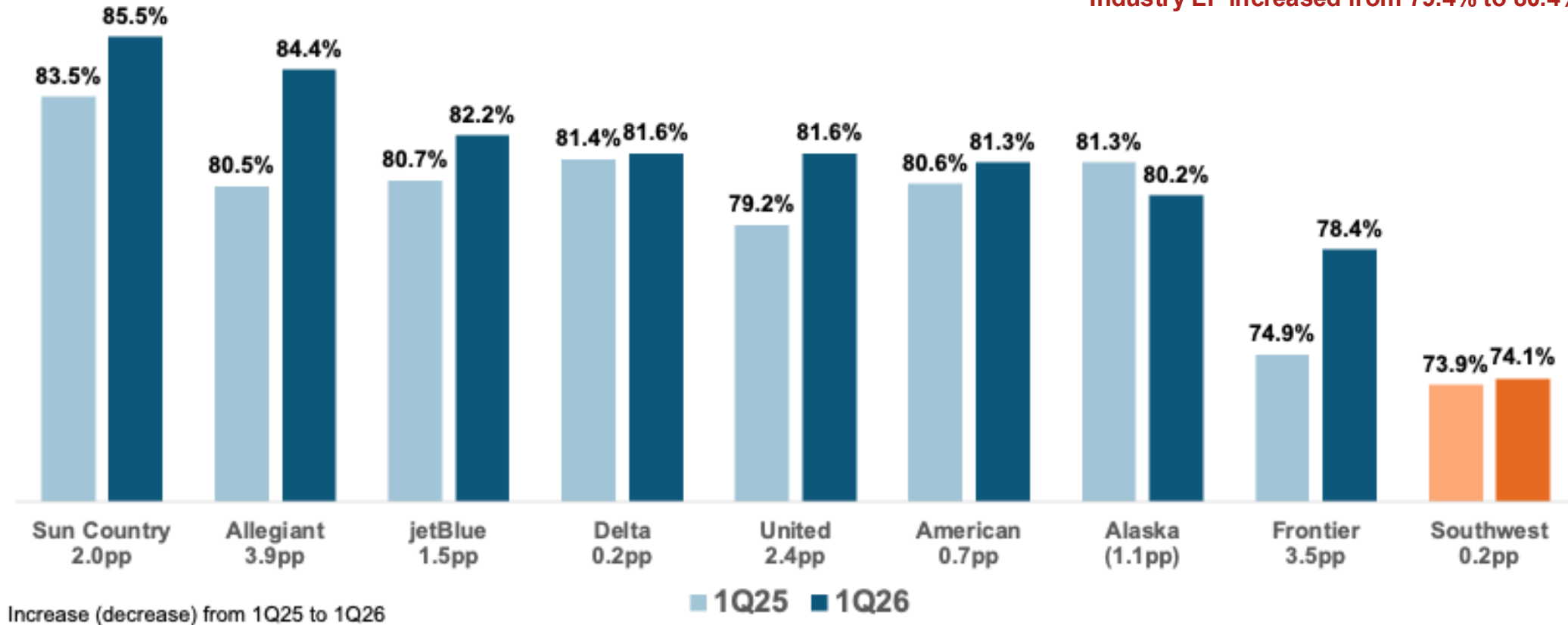
\* Note: 2Q20 – 2Q22 removed as not meaningful

**SAN, BNA, and MCO are stations seeing highest boost in 3Q departures**

# Industry LF grew in 1Q; SWA still lags

Load Factor - 1Q 2025 vs. 1Q 2026

Industry LF increased from 79.4% to 80.4%

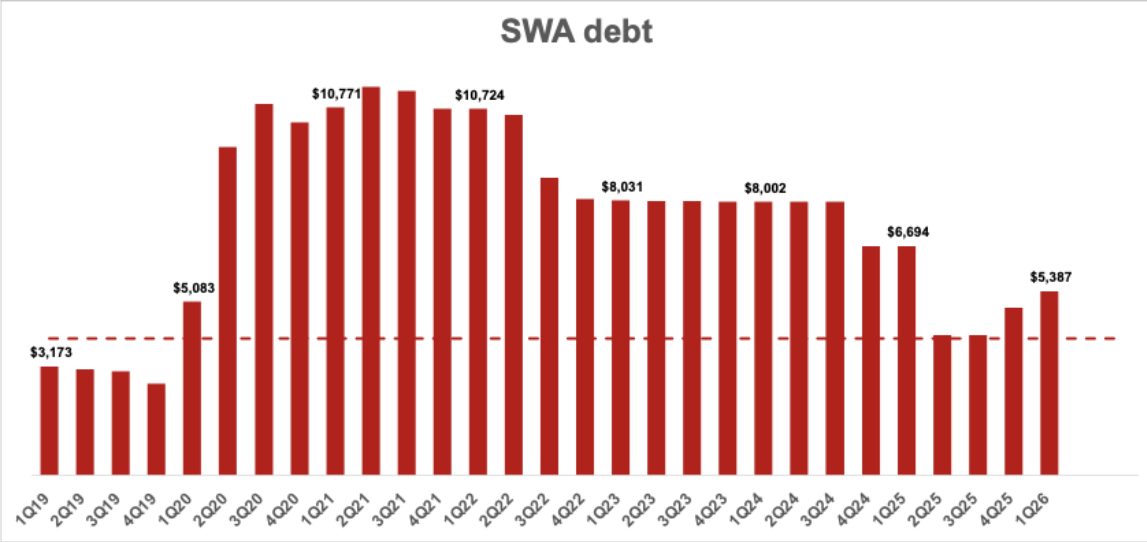
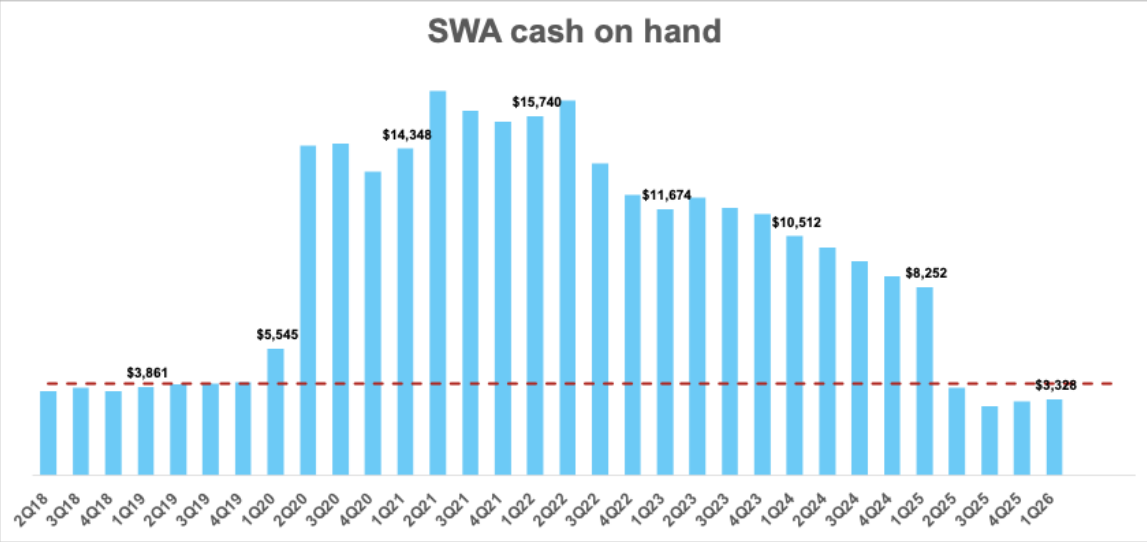


Sources: Dlio.net, company reports

# SWA's cash and debt profiles return to pre-2020 levels

Cash on hand slightly below at 2019 level

SWA net debt was \$2.06B

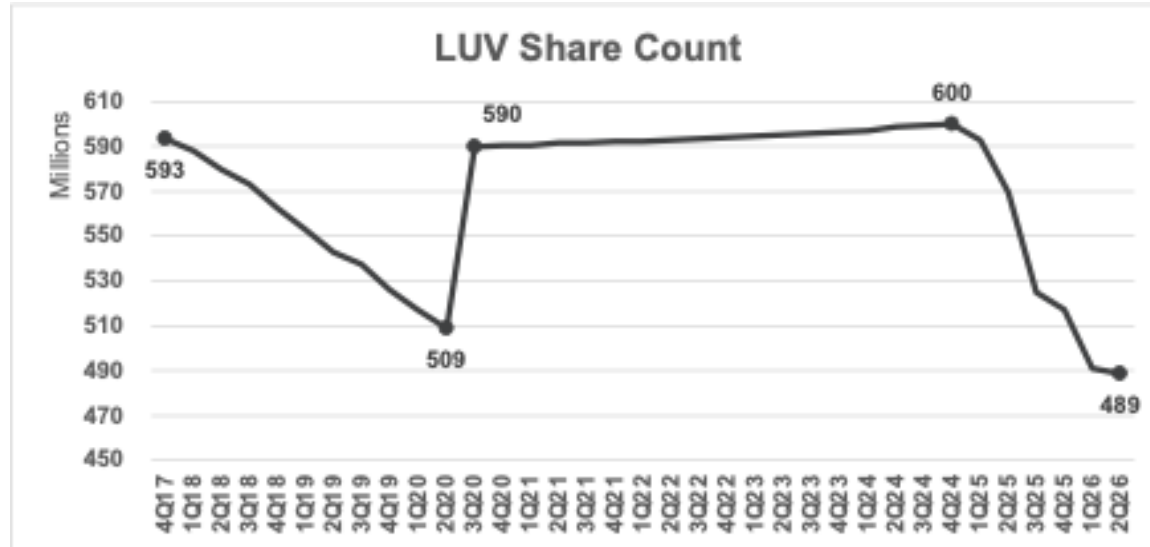


SWA 'liquidity' ~\$4.5B including undrawn \$1.5B revolver



# SWA share repurchases have significantly lowered share count

LUV share count declined 19% over last 7 quarters

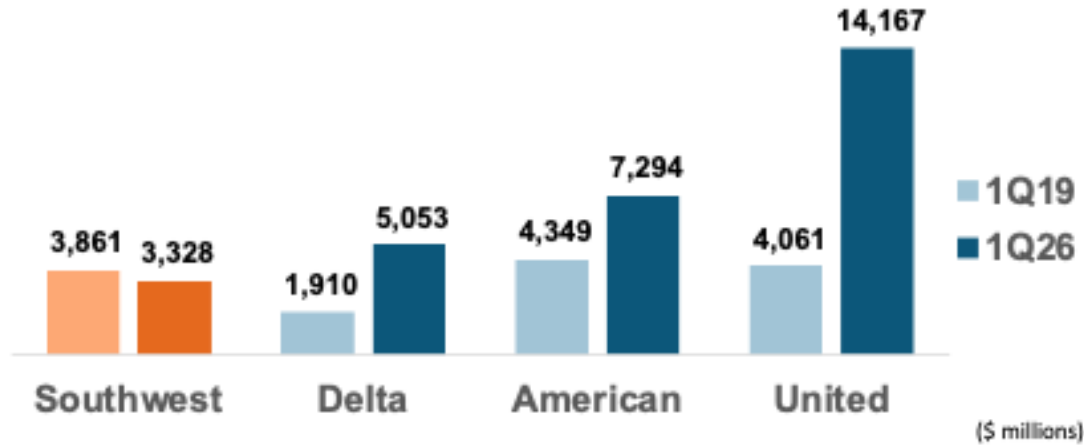


## Post-pandemic ASR purchases

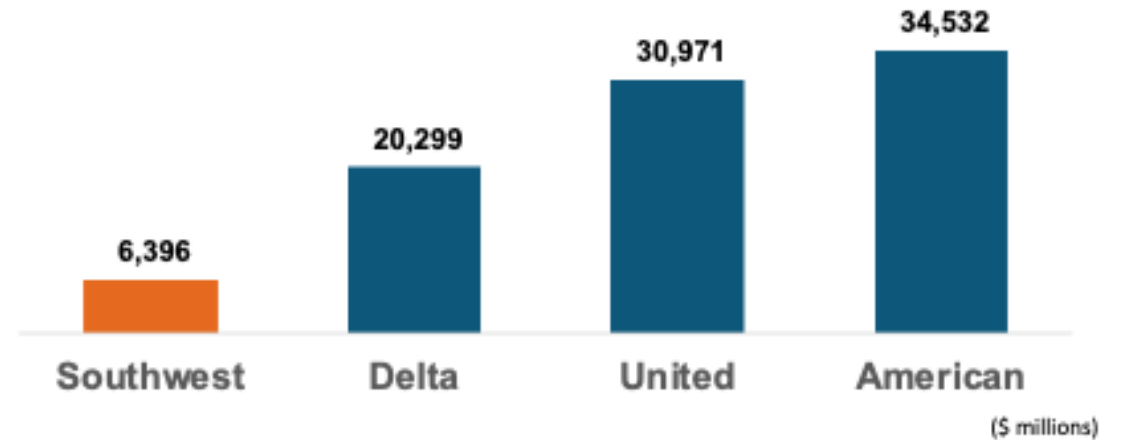
- 3Q24: Canceled 2019 ASR; initiated new \$2.5B
- 4Q24: **7.8m shares:** (\$32.02), \$2.25B remaining
- 1Q25: **24.1m shares:** (\$31.11), \$1.5B remaining
- 2Q25: **46.6m shares:** (\$32.17), 2024 ASR complete  
initiated new \$2.5B ASR
- 3Q25: **7.8m shares:** (\$32.14), \$1.75B remaining
- 4Q25: **1.3m shares:** (\$37.57), \$1.7B remaining
- 1Q26: **17.9m shares** (\$41.75); \$950m remaining
- 1Q26: **8.0m shares** (\$50.18); \$550m remaining
- 1Q26: **2.5m shares** (\$40.12); \$450m remaining

# SWA's retains fortress balance sheet

Cash and Short-Term Equivalents – 1Q19 vs 1Q26

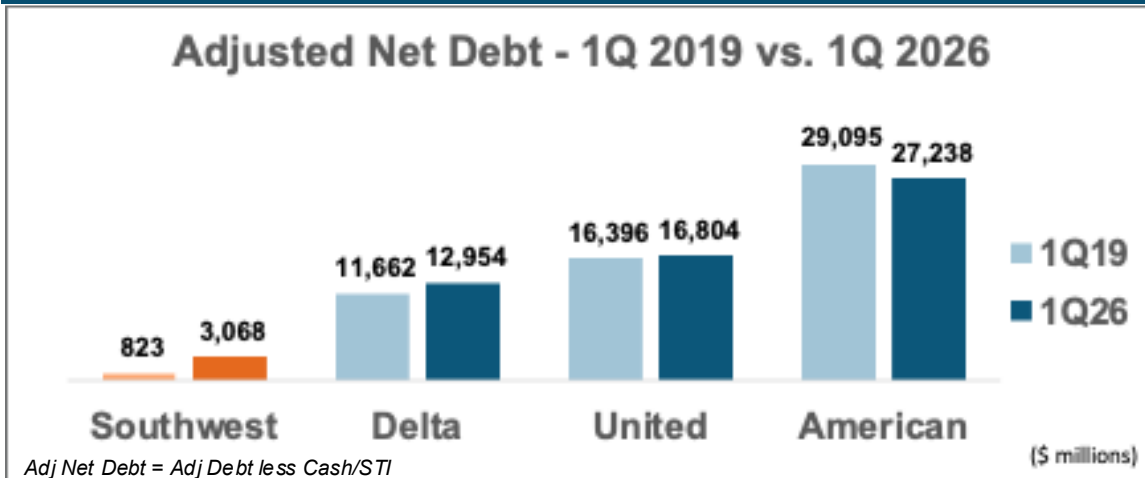


Total Adjusted Debt – 1Q26



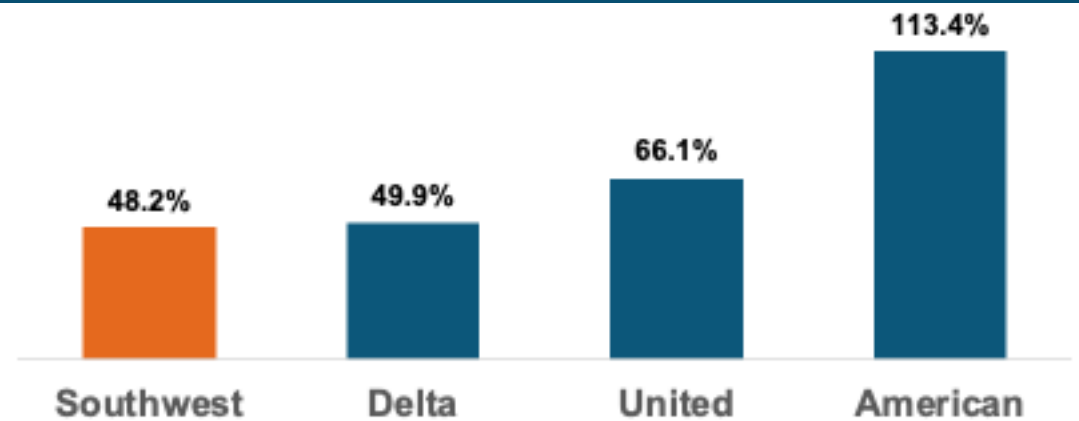
Adj Debt = Total debt + operating lease liabilities

Adjusted Net Debt – 1Q19 vs 1Q26



Adj Net Debt = Adj Debt less Cash/STI

Adjusted Debt-to-Capital Ratio – 1Q26



# Hiring and Pilot Supply Notes

- **American** hired **1,637** in 2025. Hired **415** through February. Forecasting **1,500-2,000** in 2026
- **Delta** hired **500** in 2025. Hired **261** through February. Forecasting **500-1,000** in 2026.
- **United** hired **1,583** in 2025. Hired **291** through February. Forecast lowered from **2,000** to approximately **750** in 2026.
- **Alaska** did not hire in 2025. Hired **90** Jan/Feb. Paused hiring in March 2026, will reevaluate later this year.
- **Hawaiian** hired **121** in 2025. Hired **10** in January but have paused hiring until later in 2026.
- **JetBlue** did not hire in 2025. Have not hired in 2026.
- **Southwest** hired **187** in 2025. Planning for **1000-1100** new hires in 2026.
- **Allegiant** did not hire in 2025. May resume hiring in mid-2026.
- **Frontier** hired **246** in 2025. Hired **128** so far this year. Forecast still shows **200** in 2026.
- **Spirit** not hiring. Recalling **511** pilots on furlough.
- **Sun Country** may hire in 2026 depending on attrition.
- **FedEx** not hiring. Still overstaffed by **200-400** by several estimates, not including MD-11 grounding.
- **UPS** hired 244 in 2025. Estimating **200-300** in 2026 but have not hired yet in 2026.
- **Pilot Supply Notes: # of ATP's issued up 6% in April and 12% YoY.** The number of Commercial and ATP's certificates granted continue to exceed 2019 levels by double-digit percentages. **The current oversupply is forecast to revert to a slight undersupply of pilots based on hiring forecasts and scheduled retirements through 2030.**

# Global Network Carriers

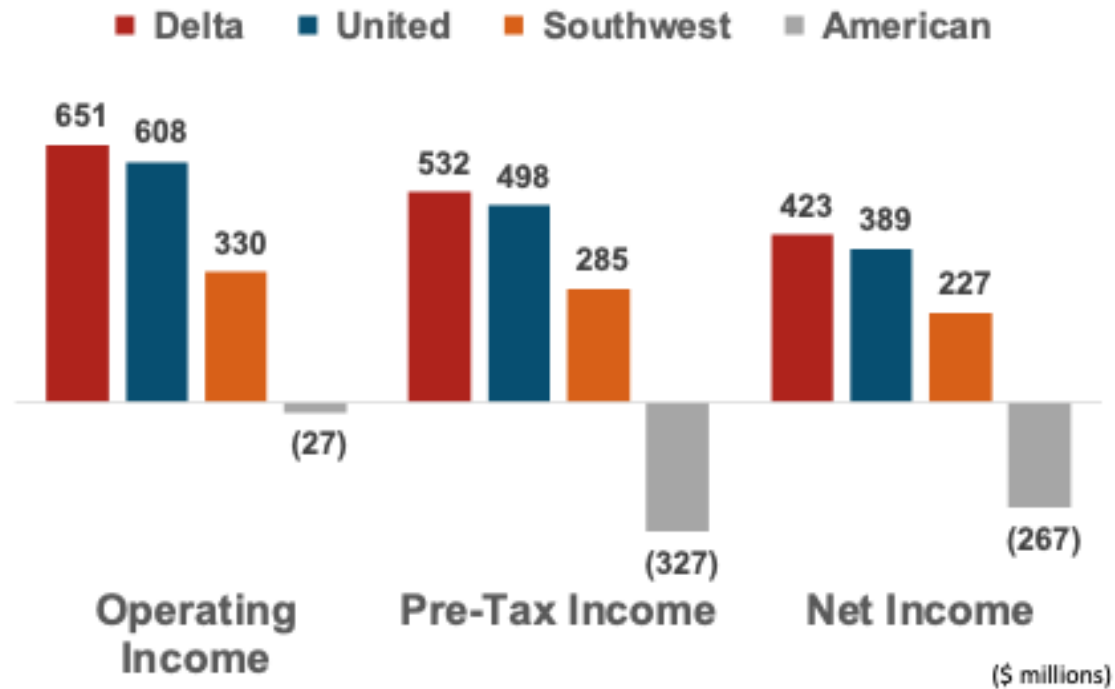


Sources: Airline financial press releases, SEC filings, and SWAPA analysis

# Key Financial Results

## Global Network Carriers (Legacies) vs. Southwest

1st Quarter 2026



Non-GAAP – excludes special items

# American Airlines



# American

1Q26 adj. pretax income (loss): (\$327M)

## Management Commentary

- We're seeing the benefits of our multiyear commercial initiatives come through in our revenue performance. Nonetheless, the first quarter also included a few challenges, including a \$320 million revenue impact from winter storms and a \$400 million increase in fuel expense versus the forward curve in January. Even with those headwinds, our pretax margin improved approximately 2 points year-over-year.
- Moving forward, we're working to take the appropriate actions to drive revenue to offset the increases in fuel costs. **Assuming the current forward fuel curve, we expect to be profitable in 2026.**
- In 2026, we're prioritizing growth in hubs where we can improve both our local share and hub profitability as we efficiently utilize existing infrastructure, particularly in Philadelphia, Miami and Phoenix. Later this year, we also expect to add flights at DFW to take advantage of new gate expansions at Terminal A and Terminal C.
- **Further reductions in the very near term don't make economic sense given the current demand environment** as we enter our summer peak. But as we move beyond the summer peak, we will be sharp with capacity in light of the current fuel environment.

## Items of Interest

- Total unit revenue up 7.6% YoY, with March domestic and international passenger unit revenue both up more than 10%. Atlantic passenger revenues led all regions, up 16.7% YoY. **Latin America was slightly negative, with Mexico underperforming due to recent unrest in Puerto Vallarta.**
- AAdvantage loyalty program enrollments hit a record, up 25% YoY. Managed corporate revenue up 13% YoY. Co-branded Citi credit card spend up 9% YoY.
- Expecting a fuel price of \$4.00 per gallon and a **YoY fuel increase of \$4B.**
- CASM-ex up due to winter storms lowering capacity. Additional cost pressures due to staffing for the summer season. 2Q costs will be up slightly.
- Have opened 10 Flagship premium lounges, will open 12 additional Admirals Clubs.
- **Total debt reduced to \$34.7 billion, lowest level since mid-2015.** Liquidity of \$10.8 billion with more than \$27 billion in unencumbered assets. Generated \$3.4 billion in free cash flow in the quarter. Capex of \$4B was reduced by \$300M due to reduced aircraft deliveries.

## Financial and Operating Statistics

American	1Q26	1Q25	1Q19	y/y	y/7y
Revenues	\$13,912M	\$12,551M	\$10,584M	10.8%	31.4%
Adj Operating Income (EBIT)	(\$27M)	(\$200M)	\$513M	n.m.	n.m.
Adj Operating Margin	(0.2%)	(1.6%)	4.8%		
Adj Pretax Income	(\$327M)	(\$530M)	\$314M	n.m.	n.m.
Adj Net Income	(\$267M)	(\$386M)	\$237M	n.m.	n.m.
Adj EPS	(\$0.40)	(\$0.59)	\$0.52	n.m.	n.m.
Capacity (ASMs)	72.0 billion	69.9 billion	66.7 billion	3.0%	8.0%
Yield	21.34¢	20.21¢	17.62¢	5.6%	21.1%
TRASM	19.32¢	17.95¢	15.87¢	7.6%	21.7%
CASM	19.38¢	18.34¢	15.31¢	5.7%	26.6%
CASM-ex	15.29¢	14.54¢	11.88¢	5.2%	28.7%
Fuel (econ)	\$2.75	\$2.48	\$2.04	10.9%	34.8%

## Forward Guidance

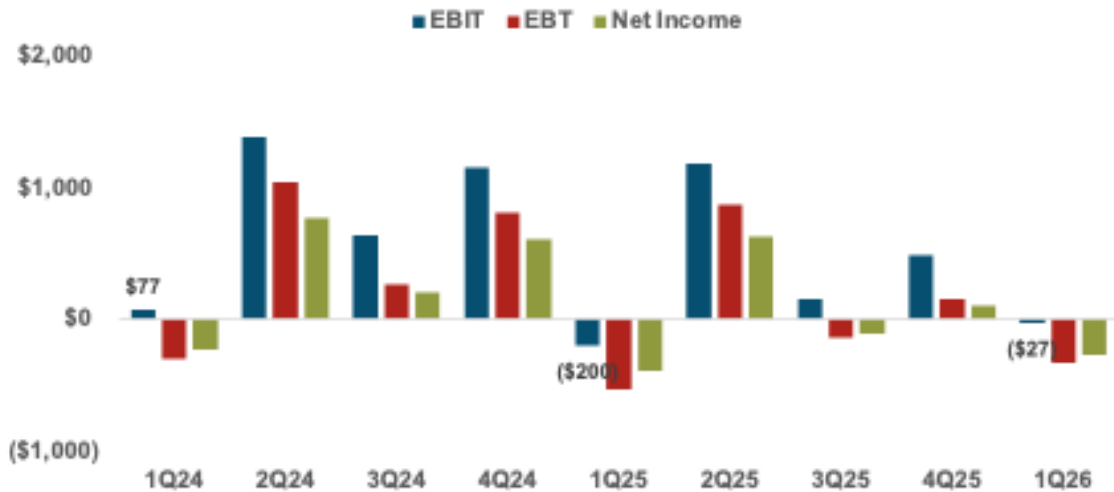
- **FY 2026**
  - EPS: (\$0.40) to \$1.10
- **2Q26**
  - EPS: (\$0.20) to \$0.20
  - Capacity: Up 4.0%-6.0%
  - Revenue: Up 13.5%-16.5%
  - CASM-ex: Up 2.0%-4.0%

**EFA takeaway: American has been remarkably consistent in promoting their four pillars of success but sustained profitability remains elusive.**

# American - Financial Performance



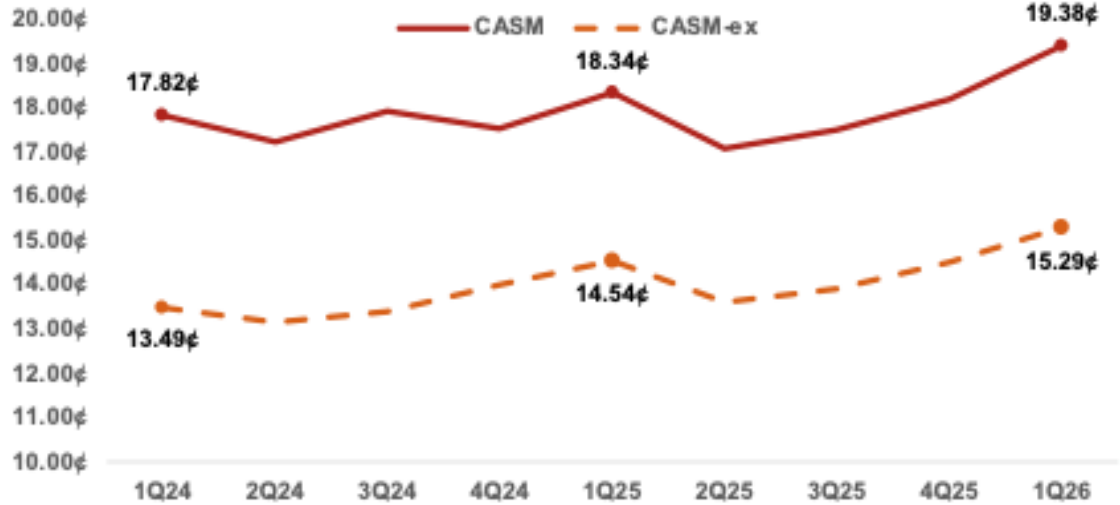
**Non-GAAP Operating, Pre-Tax, and Net Income (\$ mil)**



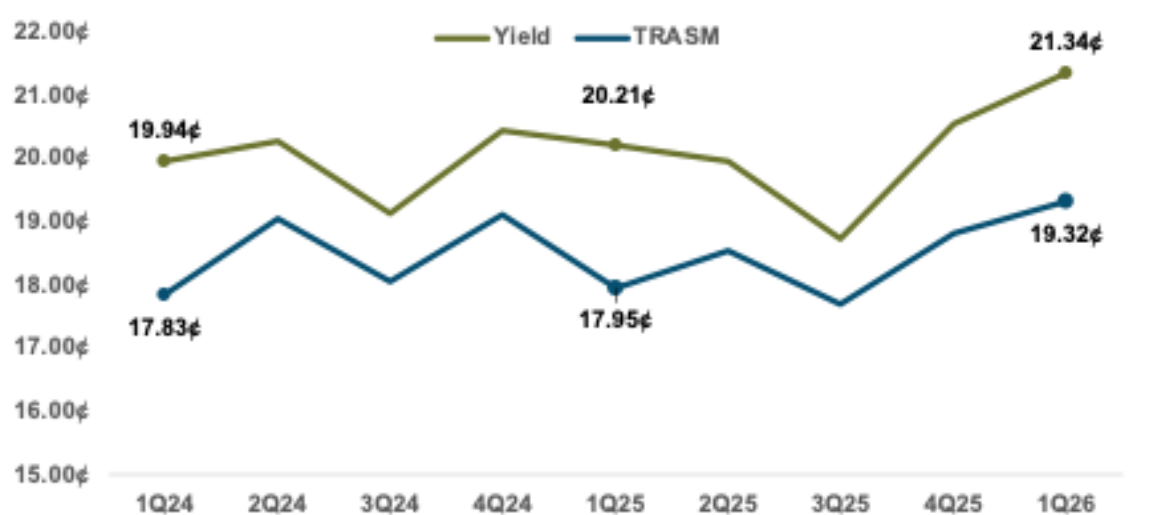
**Quarterly Revenue, Expenses, Adj. Operating Margin**



**CASM & CASM-ex**



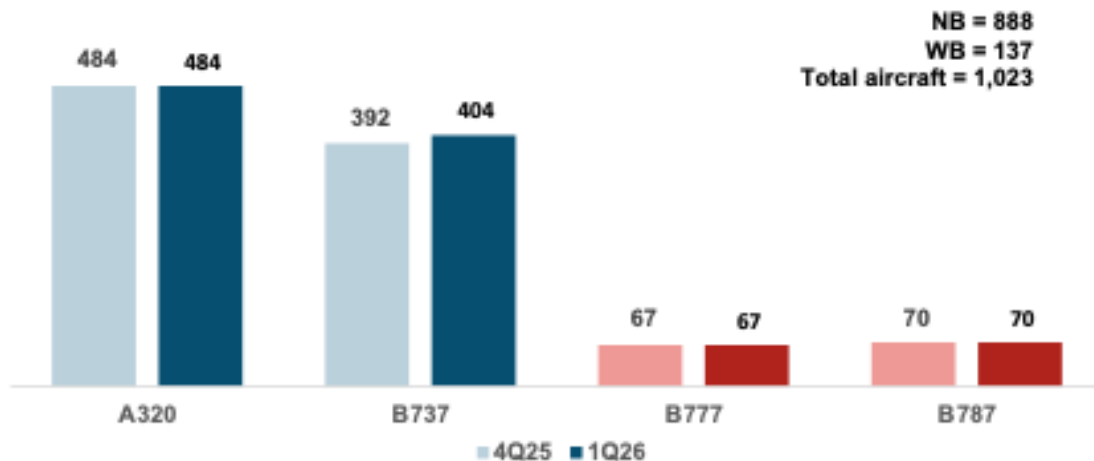
**Yields & TRASM**



## Network News and Notes

- Received its 100<sup>th</sup> MAX-8 aircraft. Will accept the final three MAX-8's this year but does have MAX-10's on order for later in the decade.
- Now expecting 49 new deliveries this year, down from the initial estimate of 55. This will include the 12<sup>th</sup> 787-9 in the new premium Flagship configuration and continued deliveries of the A321XLR.
- Will operate roughly 500 departures per day from ORD after the FAA imposed flight caps.
- Began a new 13-bank structure at DFW in April which is expected to support better connectivity and reliability as approximately 34% of aircraft touch DFW every day.
- **Prioritizing hub growth at MIA, PHL and PHX** with additional growth at DFW later in 2026. Plan to grow the international fleet to approximately 200 aircraft by 2030.
- New service to Budapest and Prague begin in June. Began service to Venezuela, the first airline to serve that country in seven years.

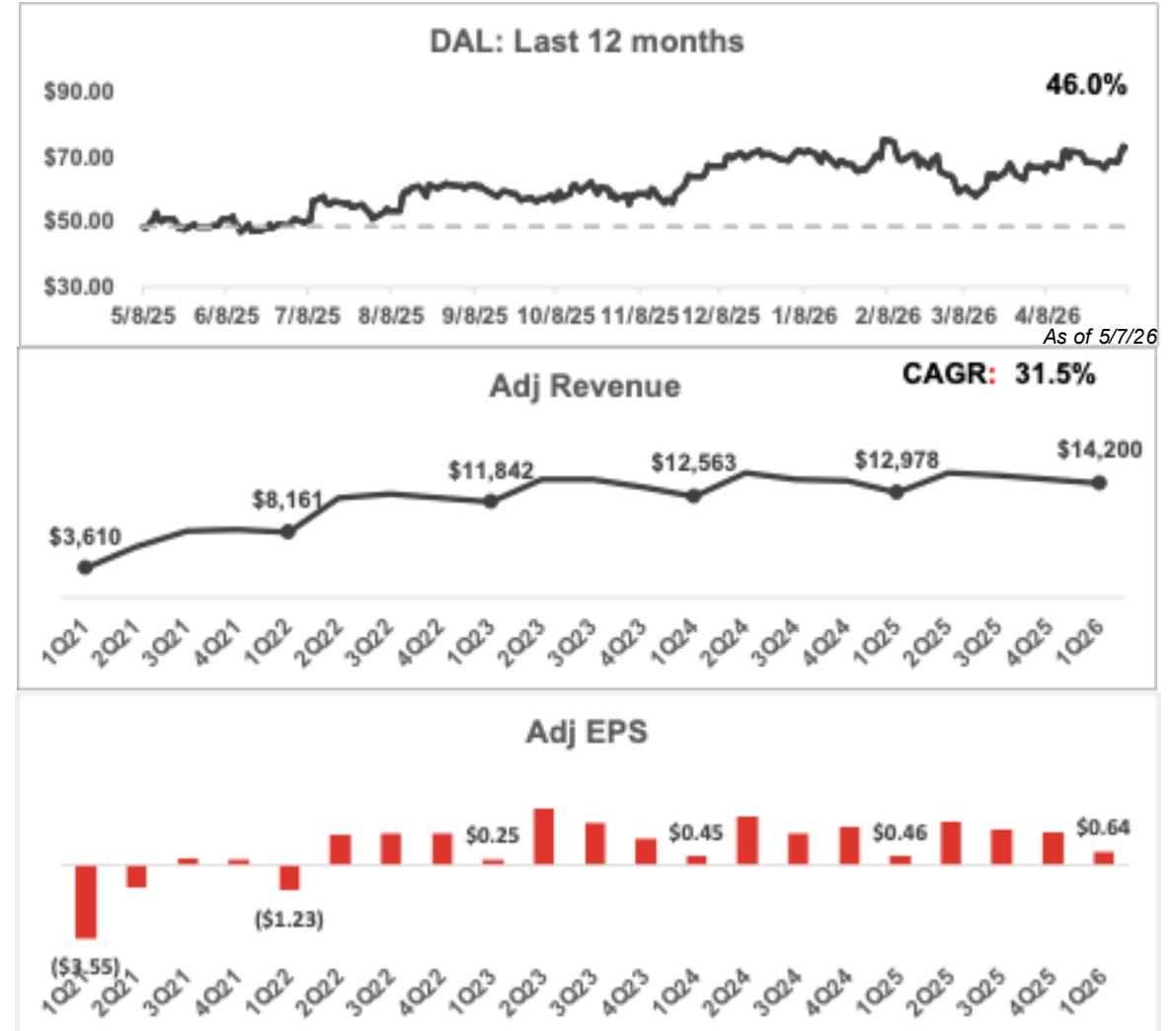
## Mainline Fleet



## Analyst Commentary

- We believe American's 1Q26 result and guidance update is neutral to positive, with demand commentary echoing strength called out by peers. Notably, with only United expected to provide a 2026 EPS update, American surprised with a guide that is ahead of expectations.
- **American's story has been muddled by ample industry noise around them – but the path is pretty straightforward: drive higher revenue quality, execute on costs.** A lot easier said than done, but American is increasingly leaning into premium products, loyalty / credit card economics are kicking in and comps are among the easiest in the industry. The cost side of the equation for the industry has been challenging to say the least, American had its own issues in 1Q given storms, but also has the cleanest potential story from here.
- **The fact that American is still projecting a slight profit for the year, even with an aggressive fuel guide, is a testament to the progress made to right the proverbial ship.**
- We are maintaining our positive rating on AAL as the company benefits from strong premium/loyalty with improving domestic main-cabin revenue and commercial efforts (e.g., enhanced Citi co-branded credit card agreement) should help the company weather the current energy crisis.
- 2Q26 guidance suggests demand remains robust, similar to other airlines; management commentary on M&A suggested large airline mergers would be anti-competitive, with the company instead focused on hub optimization, increased premium products and generating higher revenue to recapture fuel costs.
- **It is worth noting that historically American has been much more proactive on capacity adjustments. Now, it looks to push while others pullback** to solidify share in key local markets given the headwinds are fuel, not demand related. The demand destruction concerns that have percolated into conversations have yet to come to fruition, suggesting higher fares could be here to stay.
- **A couple more quarters of consistency will go a long way, particularly if American can hold earnings roughly flat y/y in 2026.** No victory lap yet, but today's report and call was more about American owning its path forward.

# Delta Air Lines



1Q26 adj. pretax income: \$532M

### Management Commentary:

- *The acceleration we saw in March is carrying forward into the June quarter. Over the last month, cash sales, which are the clearest indicator of demand, are up double digits, with strength across the booking curve, geographies and products.*
- *We are meaningfully reducing capacity in the current quarter with a downward bias until we see the fuel situation improve. At the same time, we're moving quickly to recapture higher fuel prices. With much of the industry still struggling to earn its cost of capital, there's a high sense of urgency to address higher fuel and reduce unprofitable flying.*
- *The March quarter reinforces the strength and durability of the Delta model and our investment thesis: strong demand, disciplined execution and the benefits of the strategic choices that we've made to build a more resilient business.*
- *Our balance sheet is the best in our history. We are investment grade at all 3 credit rating agencies, have reduced our adjusted net debt below 2019 levels, and we have a well-laddered maturity profile supported by a substantial base of unencumbered assets and secured borrowing capacity.*

### Items of Interest

- Record March quarter revenue with broad strength across customer segments, geographies, and products: March quarter total revenue increased 9.4 percent over the same period last year to a record \$14.2 billion, led by premium, corporate, and loyalty. TRASM growth of 8.2% included a strong contribution of 1.6% from MRO.
- **Premium revenue grew 14 percent compared to the March quarter of 2025.** Loyalty and related revenue increased 13 percent, primarily driven by continued double-digit growth in card spend. **American Express remuneration of over \$2 billion grew 10 percent over prior year.** Record corporate sales and strong international revenue growth, led by the Transatlantic region.
- Non-fuel unit costs grew 6 percent over prior year, reflecting lower than planned capacity growth and higher recovery costs.
- Adjusted fuel expense of \$2.6 billion was up 8 percent year-over-year. **Refinery benefit of \$0.06 per gallon. Refinery to provide a \$300M benefit in 2Q.**
- Liquidity of \$8.1B including undrawn revolver. Adjusted net debt of \$13.5B, a reduction of \$760M from YE 2025. FCF of \$1.2B.

### Financial and Operating Statistics

Delta	1Q26	1Q25	1Q19	y/y	y/7y
Adj Revenues	\$14,200M	\$12,978M	\$10,424M	9.4%	36.2%
Adj Operating Income (EBIT)	\$651M	\$590M	\$1,028M	10.3%	(36.7%)
Adj Operating Margin	4.6%	4.5%	9.9%		
Adj Pretax Income	\$532M	\$382M	\$832M	39.3%	(36.1%)
Adj Net Income	\$423M	\$298M	\$639M	41.9%	(33.8%)
Adj EPS	\$0.64	\$0.46	\$0.96	39.1%	(33.3%)
Capacity (ASMs)	69.2 billion	68.4 billion	62.4 billion	1.1%	10.8%
Yield	21.78¢	20.62¢	17.93¢	5.6%	21.5%
TRASM	20.53¢	18.97¢	16.63¢	8.2%	23.5%
CASM	22.20¢	19.69¢	14.99¢	12.7%	48.1%
CASM-ex	15.13¢	14.44¢	11.49¢	4.8%	31.7%
Fuel (econ)	\$2.62	\$2.47	\$2.05	6.1%	27.8%

### Forward Guidance

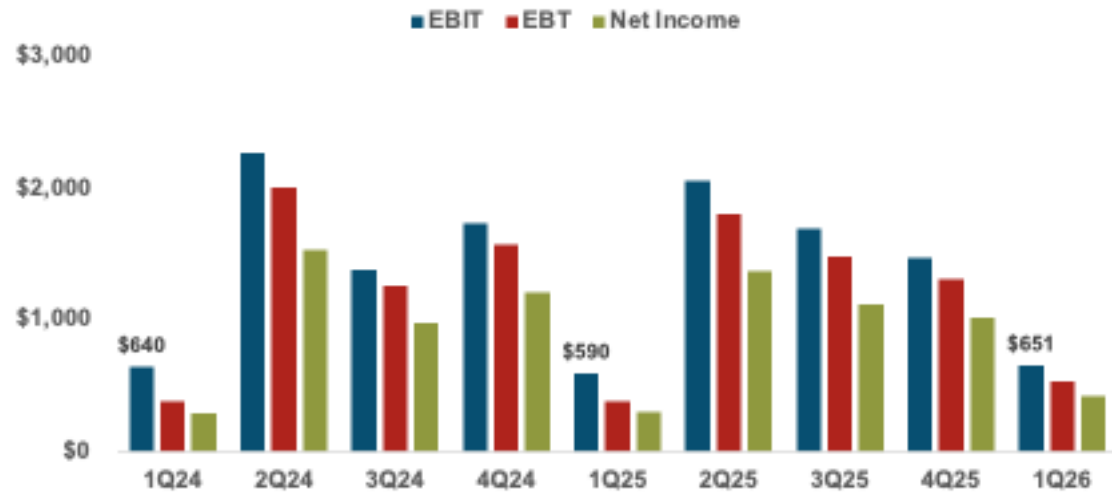
- **FY 2026**
  - Earnings per share: \$6.50-\$7.50
  - Free Cash Flow (FCF): \$3 billion-\$4 billion
  - Gross Leverage: 2.0X
- **2Q26**
  - Total Revenue YoY: Up low-teens.
  - Operating Margin: 6%-8%
  - EPS: \$1.00-\$1.50

**EFA takeaway: Delta's brand loyalty, premium product focus and oil refinery fuel strategy partially mitigated the higher fuel costs in the first quarter, leading to higher than forecast earnings.**

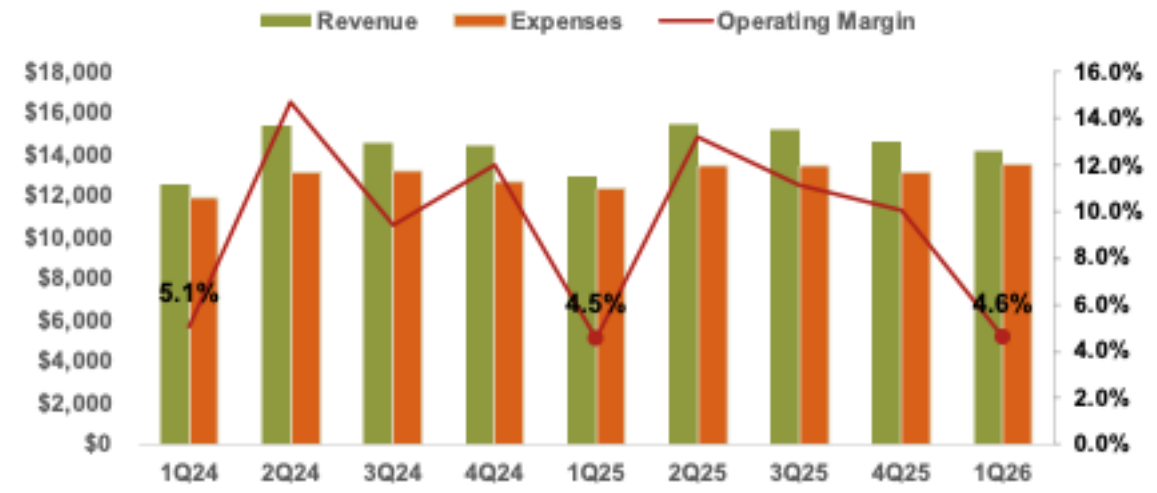
# Delta - Financial Performance



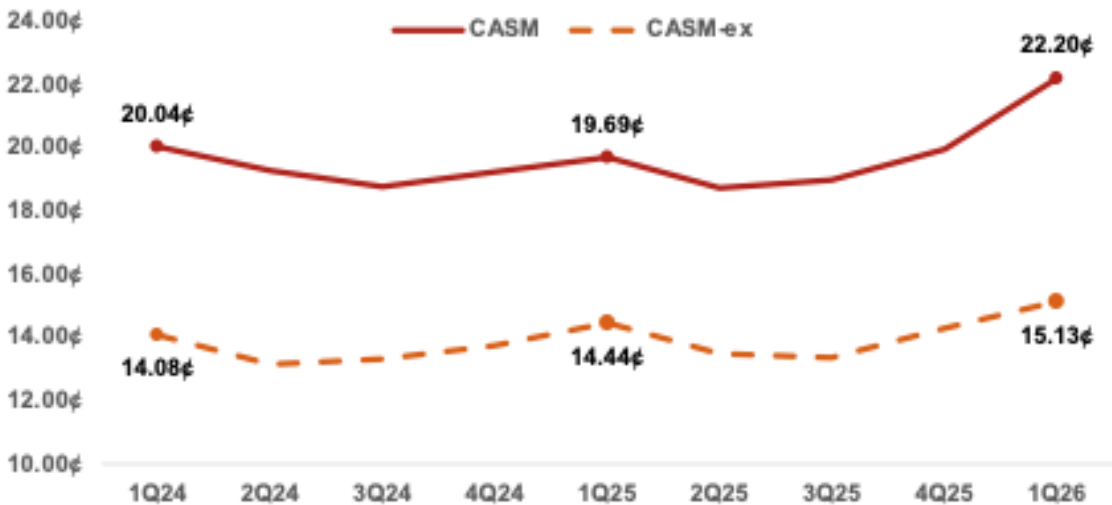
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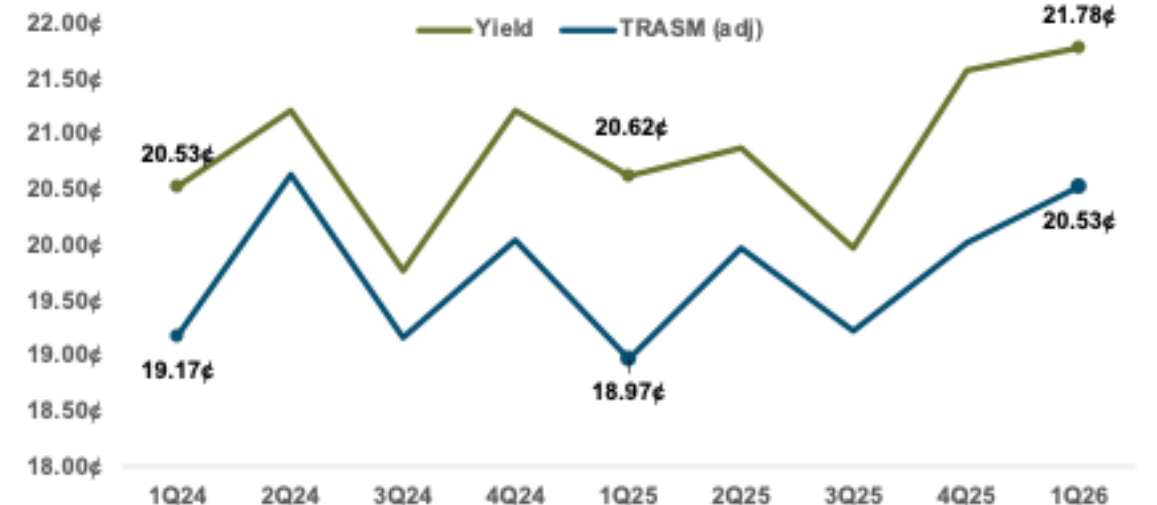
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**CASM & CASM-ex**



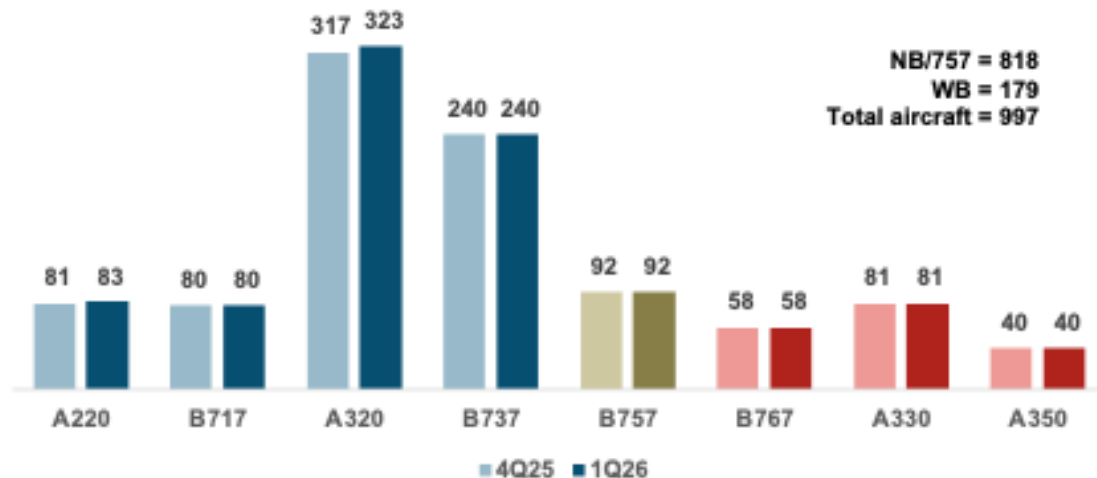
**Yields & TRASM (adj)**



## Network News and Notes

- Took delivery of eight aircraft in the March quarter, including A321neo and A220-300 aircraft. **Fleet modernization with 95 new aircraft orders, including Airbus narrowbody and widebody aircraft**, as well as the Boeing 787, supporting aircraft replacement and growth.
- Announced new daily service between Austin (AUS) and Phoenix (PHX) and expanded service from Austin to Bozeman (BZN) beginning next winter, bringing total destinations serviced from Austin to 30 by December 2026.
- Announced expanded service from Los Angeles (LAX) to Florida starting next winter including Palm Beach (PBI), Tampa (TPA), and Orlando (MCO), all operated on the A321neo. Beginning service from SNA to JFK in May 2026.
- **Capacity reductions will be mostly off-peak flying on certain days of the week plus some reductions in red-eye flying, mainly in second and third quarters.** Have already reduced system capacity growth from 3.2% to 2.1% since early March.

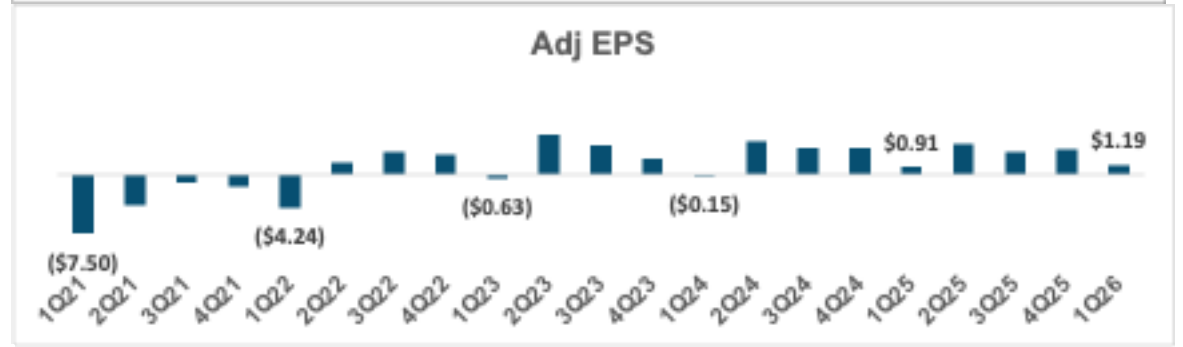
## Mainline Fleet



## Analyst Commentary

- **DAL gave a better-than-expected 2Q26 revenue outlook that could help offset 40-50% of the fuel increase**, and we expect this offset to accelerate as the quarter and year progress given the booking curve.
- As a portion of 2Q26 flying was booked prior to the conflict, it will take time to roll higher fares into results. As such, the fare increases and subsequent fuel recapture in 2Q should accelerate through the quarter/year and could reach 100% recovery later in 2026 at these fuel prices.
- We think a higher-for-longer fuel backdrop could serve as a catalyst for industry change, a view echoed by DAL CEO Ed Bastian. While lower-margin carriers will likely face increasing pressure, **DAL's diverse revenue streams (62% of revenues), premium resilience, strong balance sheet (net debt below 2019), and refinery fuel hedge should help mitigate cost pressure and allow DAL to continue to strengthen.**
- **We are reiterating our positive outlook on Delta** as we think the company continues to demonstrate its structural, durable earnings power. The company's diversified revenue streams (i.e., premium, loyalty, cargo, MRO, and travel products) will continue to drive earnings growth and position the company for long-term success.
- Looking ahead, we see early signs of a constructive unit revenue environment, supported by disciplined industry capacity and resilient demand trends. Management is guiding to low-teens revenue growth in June Q on flat capacity, implying continued RASM strength alongside improving pricing power, even against a higher-for-longer fuel backdrop.
- While Delta's 1Q26 print was overshadowed (favorably) by geopolitical developments, **the underlying update was encouraging and offered a positive read-through to U.S. airlines in general and United in particular.**
- Encouragingly, Delta continues to see broad-based demand strength despite multiple fare/fee increases, with **cash sales still running double digits y/y.** Moreover, the **2Q26 low-teens y/y revenue outlook reflects current trends**, with the sequential increase through the quarter a function of a higher booked mix earlier on prior to fare increases.

# United Airlines



1Q26 adj. pretax income: \$498M  
**Management Commentary**

- Advanced preparation allows us to stay focused on the long term while making near-term tactical adjustments to account for elevated fuel prices. At the moment, our goal is to do whatever it takes to recover 100% of the increase in jet fuel prices as quickly as possible and to achieve double-digit pretax margins next year.
- **All of our commercial initiatives announced over the last few weeks have been years in the making, tested with countless customers and employee focus groups and are ready for prime time.** Our launch plan is bold, quick and designed to increase customer choice, revenues and brand loyal customers.
- Demand for the United product was already robust going into this heightened fuel environment. We believe we have the ability to pass on the increase in fuel due in large part to our brand loyal customers, continued demand strength and preference to fly United even at higher fares.
- **We expect capacity in the back half of the year to be flat to up 2%, several points lower than our original plan.** That will continue to pressure our CASM-ex, but we expect it will improve profitability and cash flow for the remainder of the year.
- We have confidence in our long-term target of achieving double-digit pretax margins as soon as next year.

### Items of Interest

- Despite a \$340M increase in fuel costs, posted a higher adjusted pretax margin than the year-ago period as the diverse revenue streams continue to post YoY gains.
- Premium revenue up 14%, loyalty revenue up 13% and Basic Economy revenue up 7%. Business revenue also grew YoY and the carrier noted positive PRASM growth in every region. Overall TRASM was up mid single-digits on over 3% capacity growth.
- Will cut 5% of capacity vs. original plan for the remainder of 2026 with 3Q/4Q to be most affected. Will restore flying based on anticipated demand and fuel prices.
- **Plan to recapture 70%-80% of increased fuel cost in 3Q and up to 100% by 4Q.**
- Storm related cancellations and close-in capacity cuts resulted in higher than forecast CASM-ex in 1Q. CASM-ex to be pressured remainder of year due to capacity cuts.
- **Liquidity of \$17B.** Paid down over \$3B in debt during quarter and raised \$2B in unsecured bonds. FCF of \$2.9B and total debt of \$24B. Repurchased \$27M of stock.
- Expect to obtain an investment grade credit rating in the near-future.

### Financial and Operating Statistics

United	1Q26	1Q25	1Q19	y/y	y/7y
Revenues	\$14,608M	\$13,213M	\$9,589M	10.6%	52.3%
Adj Operating Income (EBIT)	\$608M	\$500M	\$513M	21.6%	18.5%
Adj Operating Margin	4.2%	3.8%	5.3%		
Adj Pretax Income	\$498M	\$391M	\$389M	27.4%	28.0%
Adj Net Income	\$389M	\$302M	\$309M	28.8%	25.9%
Adj EPS	\$1.19	\$0.91	\$1.15	30.8%	3.5%
Capacity (ASMs)	77.7 billion	75.2 billion	65.6 billion	3.4%	18.4%
Yield	20.77¢	19.93¢	16.43¢	4.2%	26.4%
TRASM	18.80¢	17.58¢	14.61¢	6.9%	28.7%
CASM	17.52¢	16.77¢	13.85¢	4.5%	26.5%
CASM-ex	13.95¢	13.17¢	10.65¢	5.9%	31.0%
Fuel (econ)	\$2.78	\$2.53	\$2.05	9.9%	35.6%

### Forward Guidance

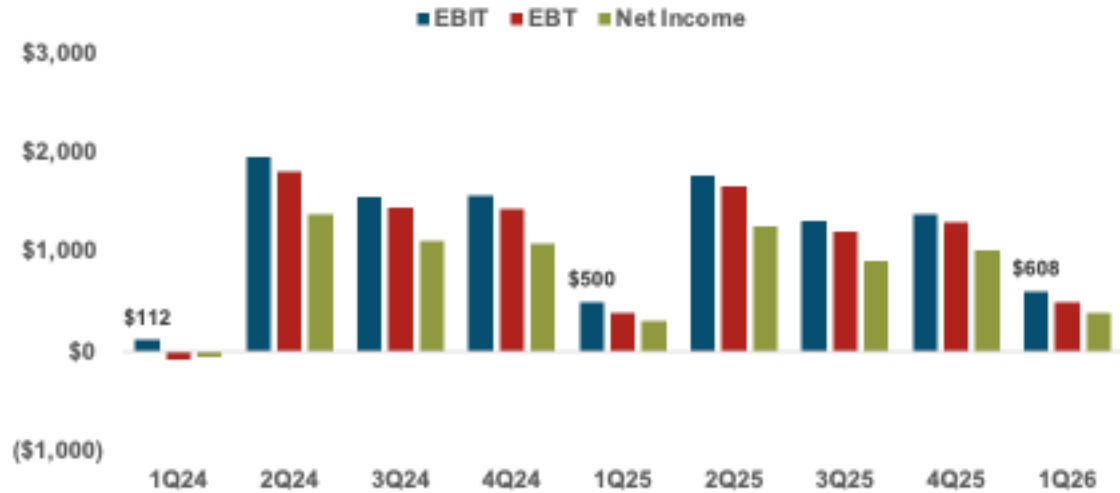
- **FY 2026**
  - Adjusted earnings per share: \$7.00-\$11.00
  - Capacity: Flat to up 2% YoY in 3Q/4Q
  - CAPEX: <\$8B
- **2Q26**
  - Earnings per share: \$1.00-\$2.00
  - Avg fuel price per gallon: ~\$4.30

**EFA takeaway: United continues to deliver a premium travel experience which has resulted in outsized revenue gains that are mitigating the fuel price increases for the present time.**

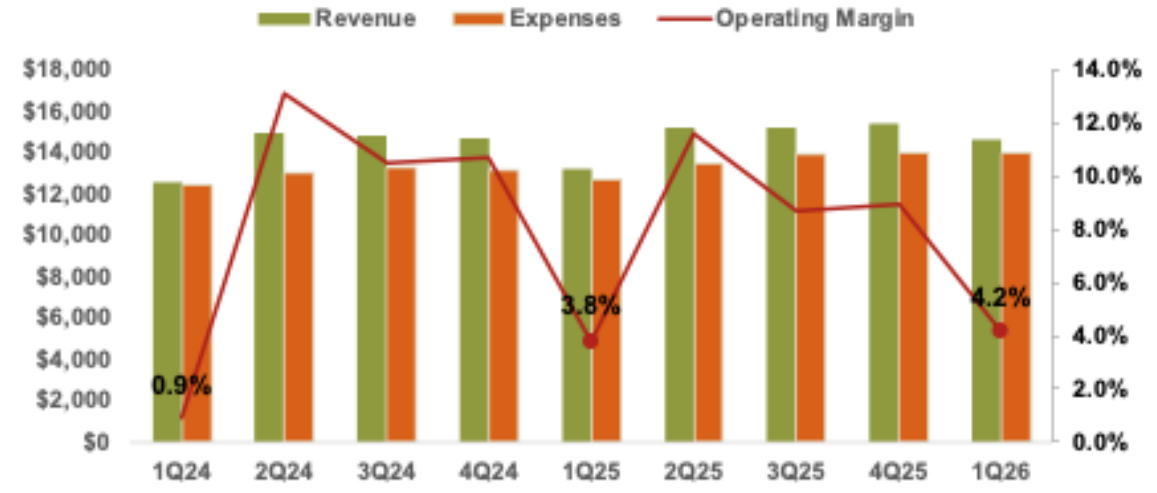
# United - Financial Performance



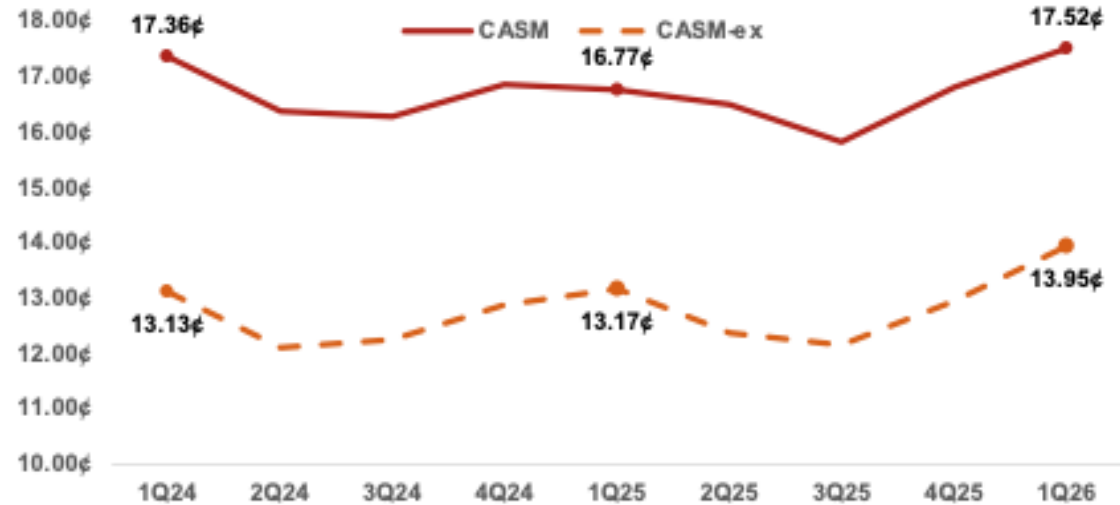
**Non-GAAP Operating, Pre-Tax, and Net Income (\$ mil)**



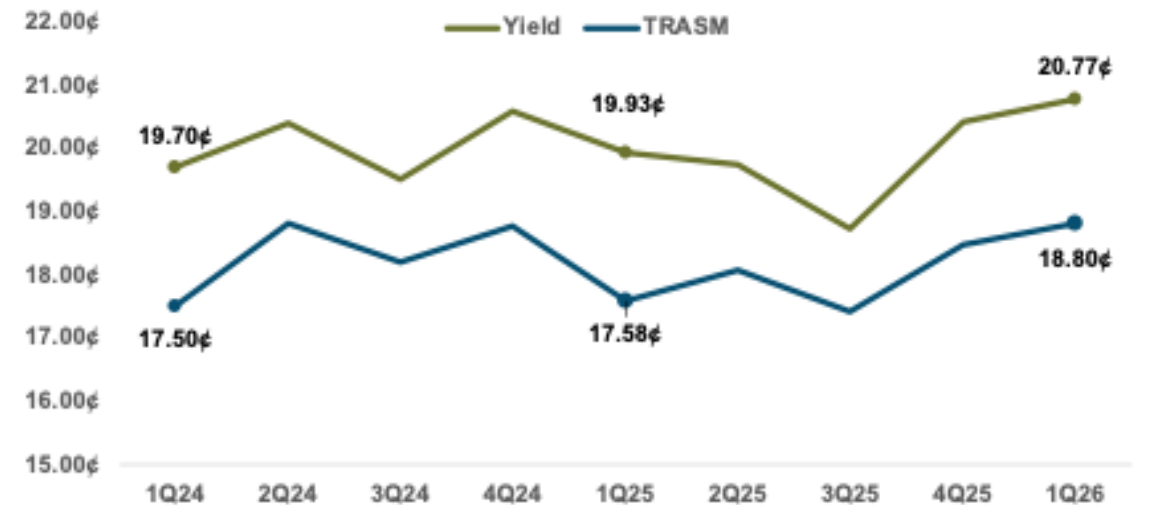
**Quarterly Revenue, Expenses, Adj. Operating Margin**



**CASM & CASM-ex**



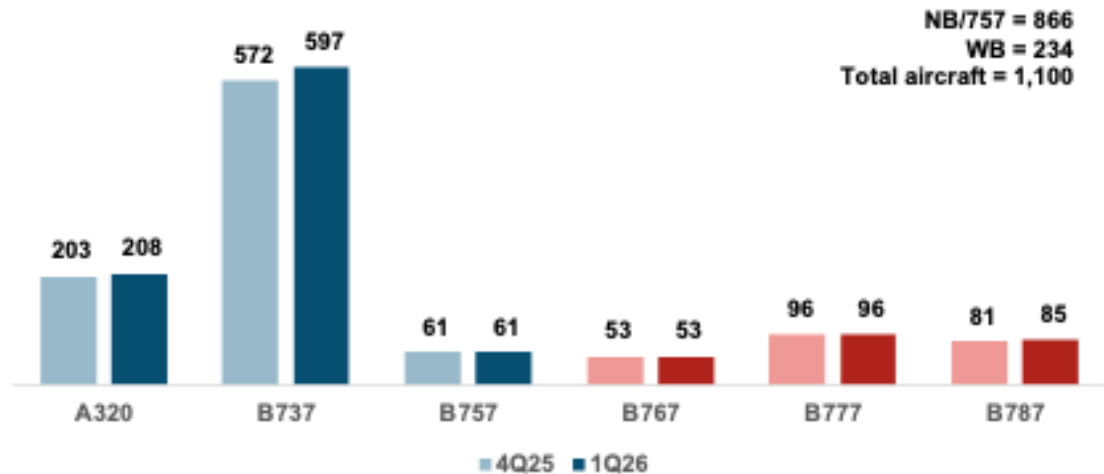
**Yields & TRASM**



## Network News and Notes

- Have received **34 new aircraft since the beginning of 2026**, a mix of 737 MAX, 787 and A321neo's. If delivery schedules remain on schedule, the carrier will accept 114 aircraft this year.
- Began selling tickets from San Francisco to Singapore for the first 787-9 Dreamliner with the new Elevated interior, introducing customers to the new aircraft with 99 total premium seats, including 64 United Polaris seats and the new United Polaris Studio<sup>SM</sup> product.
- Began replacing the 737-800 in Guam with the MAX-8, allowing for longer range flights and a upgraded passenger experience.
- **Announced the planned introduction of the United A321neo "Coastliner" and CRJ-450 in the second half of 2026**, as part of the anticipated delivery of more than 250 new aircraft by April 2028.

## Mainline Fleet



## Analyst Commentary

- UAL reported solid 1Q26 EPS of \$1.19, beating our/the Street's \$1.10 forecasts with +6.9% unit revenue growth exceeding our 6.0% forecast but unit costs also higher at +5.9% vs our +4.9% estimate. We think this is the theme through 2026 as we expect unit costs to trend higher from capacity cuts but unit revenues to benefit from solid demand.
- United echoed demand strength noted by peers, and we are **encouraged by planned prudent capacity action despite no visible demand destruction as it looks to achieve 100% fuel pass-through by YE26.**
- **We continue to believe it will become more challenging for United to close its margin/cash flow gap with Delta further** over the next couple of years as market rate contracts are reached with non-pilot work groups and capex closes in on the original aggressive targets.
- **We believe UAL is making the right decisions in a volatile industry, outlining a planned 5% reduction in capacity growth** throughout the rest of the year with each of 3Q/4Q growing just 0-2%. Cutting unprofitable routes is integral in keeping yields high to help offset the higher fuel costs.
- At a time of spiking jet fuel prices and making the right decisions on capacity, we view it as modestly disappointing that UAL (and other airlines) do not have the ability to take out more non-fuel costs. Non-fuel unit costs were 100bps higher than we forecast, and we expect unit cost growth will move with capacity, implying higher unit costs as UAL cuts capacity growth.
- **Given lower expected capacity growth and a likely new flight attendant labor contract (which should add a couple of points of inflation), we see unit costs ex-fuel now up closer to 5% for the remainder of the year for United.** However, to achieve the midpoint EPS of \$1.50 in 2Q26, we expect unit revenue expansion of at least 10%.
- Our view hasn't changed...United remains a relative winner in the sector. The setup is attractive in both directions: if fares continue moving up to recapture fuel costs, United benefits; if the industry weakens further, United is positioned to pick up assets.

# Hybrid/Low-Cost Carriers

*Alaska*<sup>®</sup>

jetBlue<sup>®</sup>

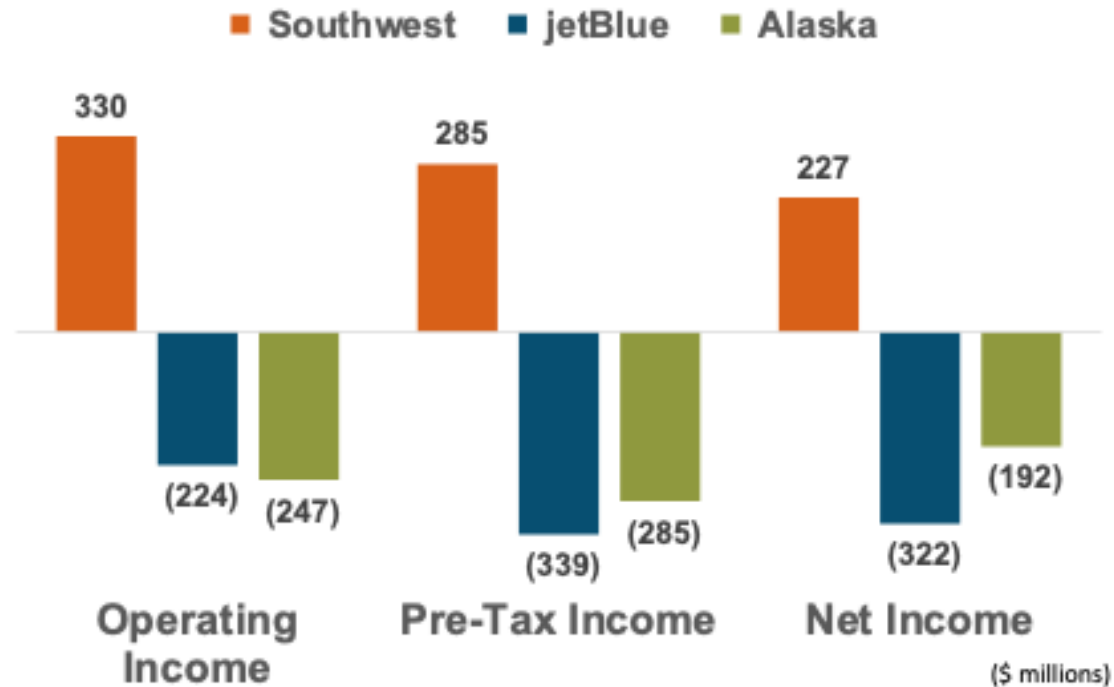
Southwest<sup>®</sup> 

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

# Key Financial Results

## Hybrid/LCC vs. Southwest

### 1st Quarter 2026



Non-GAAP – excludes special items

# Alaska Airlines



# Alaska/Hawaiian

1Q26 adj. pretax income (loss): (\$285M)

## Management Commentary:

- *Today's backdrop reinforces why we designed Alaska Accelerate the way we did to create a structurally stronger, more diversified and more resilient airline capable of delivering value across cycles for our owners, employees and guests. Scale, relevance and loyalty with an emphasis on premium experiences and international travel remains central to that foundation.*
- *From a demand and revenue perspective, performance in the first quarter was resilient despite the volatile macro backdrop and material demand headwinds uniquely impacting our spring break revenue given our network. Specifically, we experienced significant headwinds in Hawaii and Puerto Vallarta, which together represent approximately 30% of our system capacity.*
- *Given how dynamic the current fuel price and demand backdrop are, we are suspending our full year guide until conditions stabilize and we have better line of sight to earnings beyond the current quarter. Financial outcomes are unpredictable.*
- *Absent the fuel price spike, we would have expected to be guiding to a solidly profitable quarter. We believe our revenue trends are as strong as other carriers.*

## Items of Interest

- Alaska reported a loss in 1Q, although it did fall within guidance range. Unit revenue increased 3.5% in Q1 2026, building on a strong prior-year comparison and supported by broad-based strength in premium, corporate, and loyalty revenue streams. **The headwinds in Hawaii and Mexico drove a nearly 1-point impact to unit revenues during the quarter as these markets represent 30% capacity of Alaska.**
- Managed corporate revenue up 19%, with broad-based strength across all sectors. Premium and First-Class demand continues to outperform and was up 8% and 5% respectively, YoY. CO-brand card and loyalty program revenues grew \$615M YoY. A new extension with BofA will be worth \$1B in remuneration through 20230.
- **Refining margins doubled during the quarter leading to much higher fuel costs.** Currently recovering 1/3 of higher fuel costs through pricing. 2Q fuel price assumptions add \$600M in higher fuel costs. Impact of \$3.60 EPS for 2Q.
- CASM-ex was higher due to crew training, winter weather and new F/A agreement. Expecting costs to moderate back half of year combined with 10% RASM YoY growth.
- \$2.9B in liquidity. Repurchased \$250M in stock YTD, will pause remaining purchases.

## Financial and Operating Statistics

Alaska	1Q26	1Q25	1Q19	y/y	y/7y
Revenues	\$3,300M	\$3,137M	\$1,876M	5.2%	75.9%
Adj Operating Income (EBIT)	(\$247M)	(\$104M)	\$47M	n.m.	n.m.
Adj Operating Margin	(7.5%)	(3.3%)	2.5%		
Adj Pretax Income	(\$285M)	(\$140M)	\$28M	n.m.	n.m.
Adj Net Income	(\$192M)	(\$95M)	\$21M	n.m.	n.m.
Adj EPS	(\$1.68)	(\$0.77)	\$0.17	n.m.	n.m.
Capacity (ASMs)	21.6 billion	21.2 billion	15.5 billion	1.7%	39.1%
Yield	16.88¢	16.28¢	13.78¢	3.7%	22.5%
TRASM	15.30¢	14.79¢	12.10¢	3.4%	26.4%
CASM	16.59¢	15.71¢	11.94¢	5.6%	39.0%
CASM-ex	12.37¢	11.89¢	9.06¢	4.0%	36.5%
Fuel (econ)	\$2.98	\$2.61	\$2.13	14.2%	39.9%

## Forward Guidance

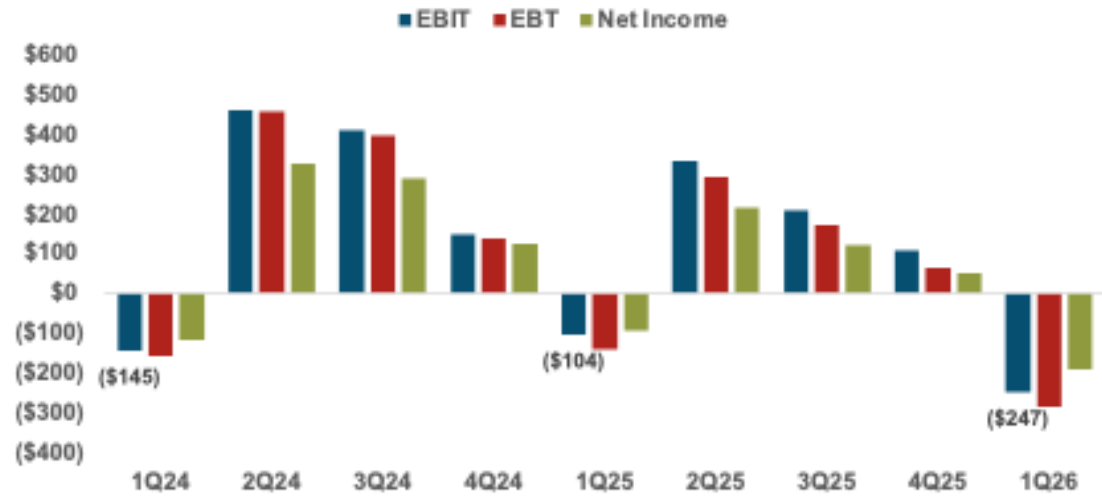
- **FY 2026**
  - Adjusted EPS: Alaska suspended all full-year guidance due to fuel prices
  - Capacity:
  - Capex:
- **2Q26**
  - Capacity: Up ~1% RASM: Up high single digits
  - Adjusted EPS (loss): (\$1.00) CASM-ex: Up 1.5% compared to 1Q.
  - Fuel Price per gallon: \$4.50

**EFA takeaway: High fuel prices as well as the ongoing merger costs disproportionately affected Alaska in Q1. The longer-term outlook remains bright for the carrier based on successful execution of the current strategic plan.**

# Alaska - Financial Performance



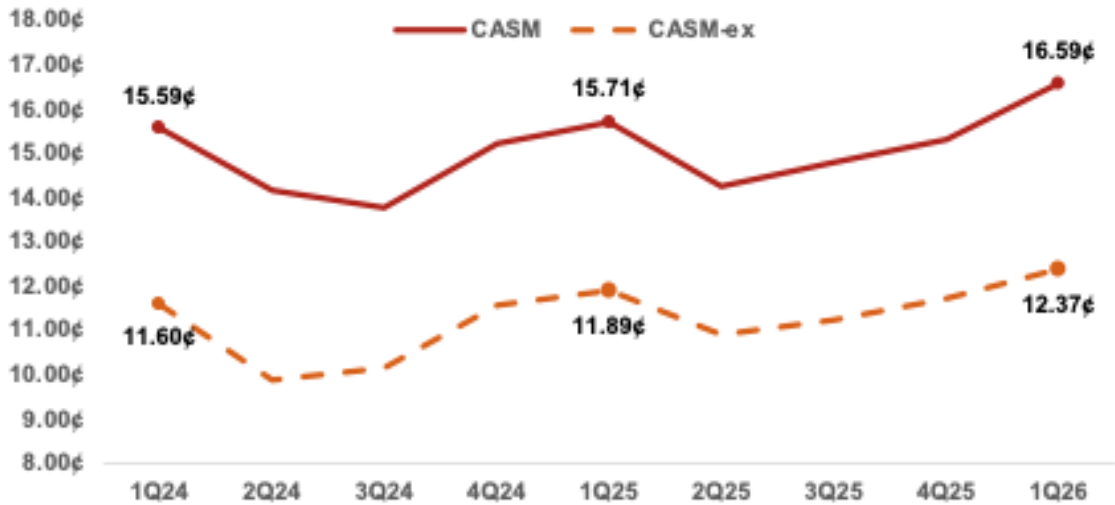
**Non-GAAP Operating, Pre-Tax, and Net Income (\$ mil)**



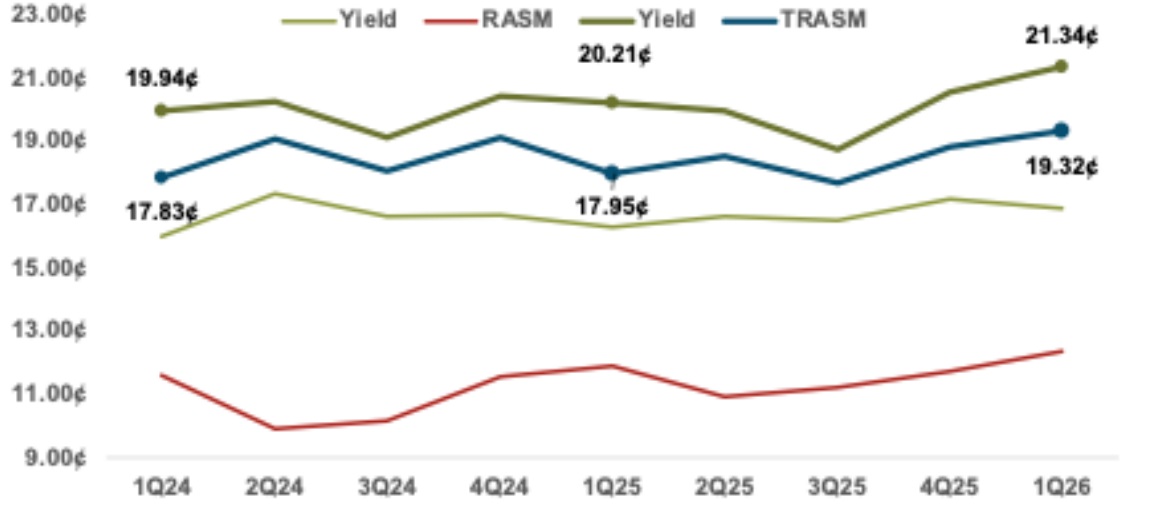
**Quarterly Revenue, Expenses, Adj. Operating Margin**



**CASM & CASM-ex (consolidated; ALK no longer breaks out mainline)**



**Yields & TRASM**



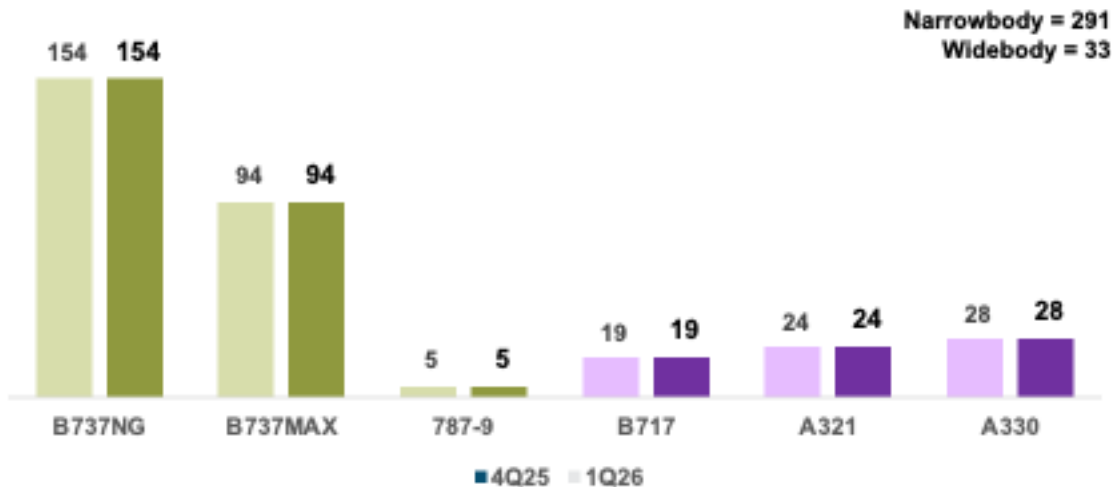
## Network News and Notes

- Ordered 105 new 737-10 aircraft and five new 787 aircraft – exercising all previous 787 options held with Boeing. The airline also secured rights for an additional 35 737-10 aircraft. This order – representing the largest order in the airline’s history – secures delivery slots and extends the aircraft delivery stream through 2035.
- Completed more than 90% of Boeing 737 cabin retrofits, with full completion expected by this summer.
- Launching SEA-FCO on April 28<sup>th</sup>, upgraded to daily service from four times a week initially. Will start SEA-LHR in May and then SEA-KEF in late May.
- **Launched Alaska’s new International Business Class on 787-9 aircraft with enclosed suites, elevated dining, and upgraded amenities, alongside refreshed Premium and Main Cabin offerings and planned Starlink connectivity.**

## Analyst Commentary

- **Near-term reality is overpowering potential despite the revenue momentum.** Alaska, and the airline industry broadly, have faced several challenges that have derailed positive inflections in key fundamentals as the industry structurally evolves.
- **Alaska has faced its own challenges with IT / operational issues in 2025 and now geo-specific headwinds in Hawaii & Mexico further pressuring returns as the company works through its integration of Hawaiian.**
- **Alaska’s earnings potential has been derailed several times now, despite having many of the building blocks that would put it in the camp of structural winners with Delta & United given market position, integration potential with Hawaiian, improving loyalty economics and premium products.**
- *Absent impacts on bookings from Hawaii (now normalizing) & Puerto Vallarta headwinds, unit revenue would be 2 pts higher. The non-fuel unit cost outlook in 2Q of +7.8% is a bit more difficult to stomach near term. In theory, the cost performance will improve as those near-term headwinds subside and capacity steps up modestly, but the floor in costs has risen more than hoped.*
- **We reiterate our Positive rating on ALK, supported by a strong balance sheet and an attractive valuation despite lowering our 2026E/27E EPS reflecting near-term struggle to gain earnings altitude due to internal and external factors.** *Importantly, we believe the CASM-Ex guidance should anchor expectations and see a credible path to meaningful earnings improvement into 2027 benefiting from ramp up of premium/cargo initiatives, maturation of the long-haul operation, and improvement in the co-branded credit card agreement among others.*
- *While macro uncertainty remains, we are encouraged by the current demand strength (consistent with that called out by Delta) and management’s conservative approach to capacity and capital allocation.*
- *Alaska’s dominant market position at key airports (thus, better ability to control its destiny), idiosyncratic earnings drivers related to Alaska Elevate along with a history of good execution, and a reasonably strong balance sheet make ALK an attractive option for long-term focused investors as industry leading margins are restored.*

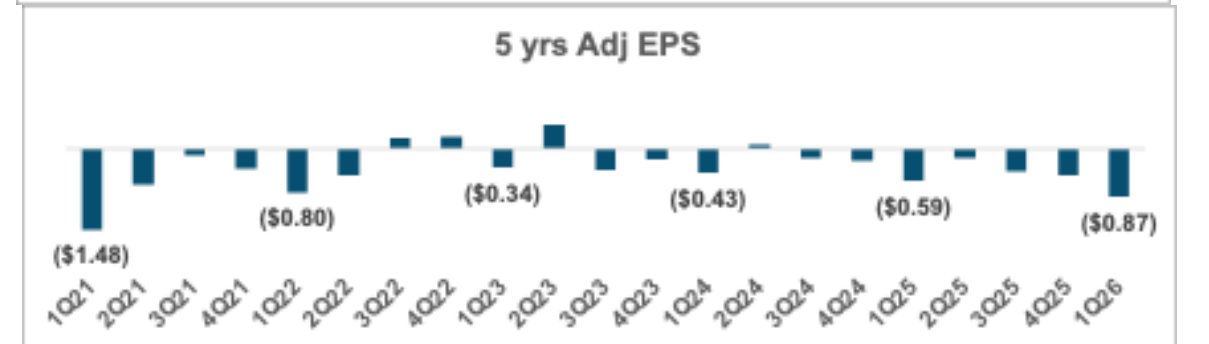
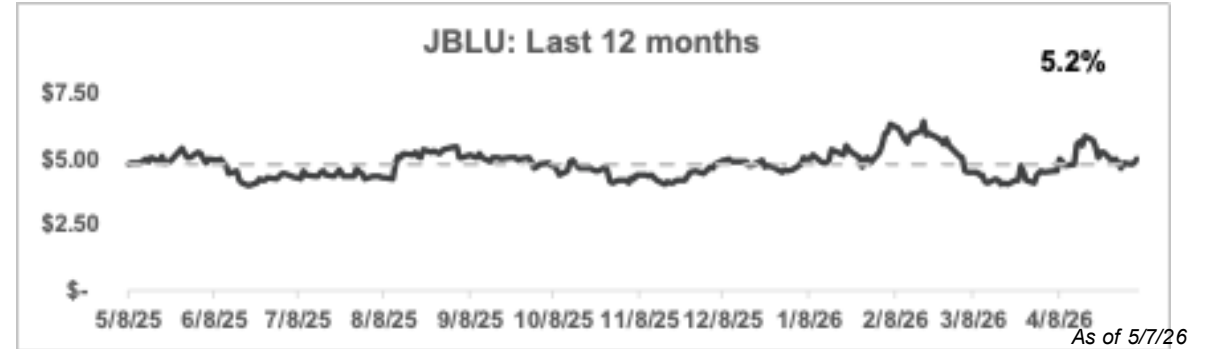
## Mainline Fleet



# JetBlue Airways



# jetBlue®



1Q26 adj. pretax income (loss): (\$339M)

## Management Commentary

- *The conflict in the Middle East and its impact on fuel prices is the most significant headwind we faced as an industry since COVID. Given the sharp increase in the price of fuel and the expectation for elevated prices throughout this year, we are suspending our prior full year guidance, as we aggressively adjust to the evolving macro backdrop. I want to be clear, suspending our full year guidance reflects external factors alone and not a change in the strong progress of JetForward.*
- *We believe JetForward remains the right strategy to navigate us forward. Across each of our priority moves, reliable and caring service, best East Coast leisure networks, products and perks customers value and a secure financial future, we are seeing clear evidence that our strategy is working.*
- *With oil and crack spreads expected to remain elevated for a sustained period, we are actioning incremental cost reductions beyond capacity cuts to mitigate the impact. These include reducing spend across both OpEx and CapEx and slowing hiring in some work groups to better align with our capacity expectations. At the same time, we are executing on our structural cost initiatives under JetForward,*
- *We have a large unencumbered asset base and sufficient liquidity to help us manage industry shocks like these and I am pleased with the runway JetBlue has built.*

## Items of Interest

- JetBlue's 1Q results were below expectations from the EPS side (due to a smaller-than-expected tax credit) but revenues and unit revenues were roughly in-line with guidance. Numerous disruptions during the quarter, including winter storms, Caribbean airspace closures and much higher fuel costs were cited by leadership.
- Operating revenue increased of 4.7% year-over-year. RASM increased 6.5% year-over-year, near the better end of revised guidance range. Core RASM also higher.
- Premium cabin RASM up 9%, loyalty cash remuneration up 19%. Both domestic and international RASM were up YoY. Domestic First Class on track for 2H 2026.
- **Average fuel price was 26% higher than midpoint guidance. Every \$0.10 of fuel increase is \$85M in extra fuel costs.** Expect recapture of 30%-40% of fuel costs in 2Q.
- CASM-ex 2% higher than guidance on disruptions and lower capacity. Additional cost savings programs initiated to offset fuel. Slowing hiring, reducing Capex and spend.
- **Liquidity \$2.4B, unencumbered assets \$6.0B. Executed \$500M in A/C financing.**
- Capex spend reduced due to lesser number of A/C deliveries.

## Financial and Operating Statistics

jetBlue	1Q26	1Q25	1Q20	y/y	y/6y
Revenues	\$2,240M	\$2,140M	\$1,588M	4.7%	41.1%
Adj Operating Income (EBIT)	(\$224M)	(\$174M)	(\$132M)	n.m.	n.m.
Adj Operating Margin	(10.0%)	(8.1%)	(8.3%)		
Adj Pretax Income	(\$339M)	(\$272M)	(\$152M)	n.m.	n.m.
Adj Net Income	(\$322M)	(\$209M)	(\$116M)	n.m.	n.m.
Adj EPS	(\$0.87)	(\$0.59)	(\$0.42)	n.m.	n.m.
Capacity (ASMs)	15.3 billion	15.6 billion	14.9 billion	(1.7%)	3.0%
Yield	16.24¢	15.63¢	14.54¢	3.9%	11.7%
TRASM	14.60¢	13.71¢	10.67¢	6.5%	36.8%
CASM	16.06¢	14.83¢	12.91¢	8.3%	24.4%
CASM-ex	12.21¢	11.45¢	9.01¢	6.6%	35.5%
Fuel (econ)	\$2.96	\$2.57	\$1.86	15.2%	59.1%

## Forward Guidance

### • FY 2026

- CAPEX: \$800M

**No other full year guidance given**

### • 2Q26

- ASM's: 1.5%-4.5%
- RASM: 7.0%-11.0%
- CASM-ex: 3.0%-5.0%
- Fuel: \$4.13-\$4.28
- CAPEX: ~275M

**EFA takeaway: JetBlue is fervently attempting to generate break-even returns through the JetForward plan but the spike in fuel will make this goal very difficult in 2026.**

# JetBlue - Financial Performance

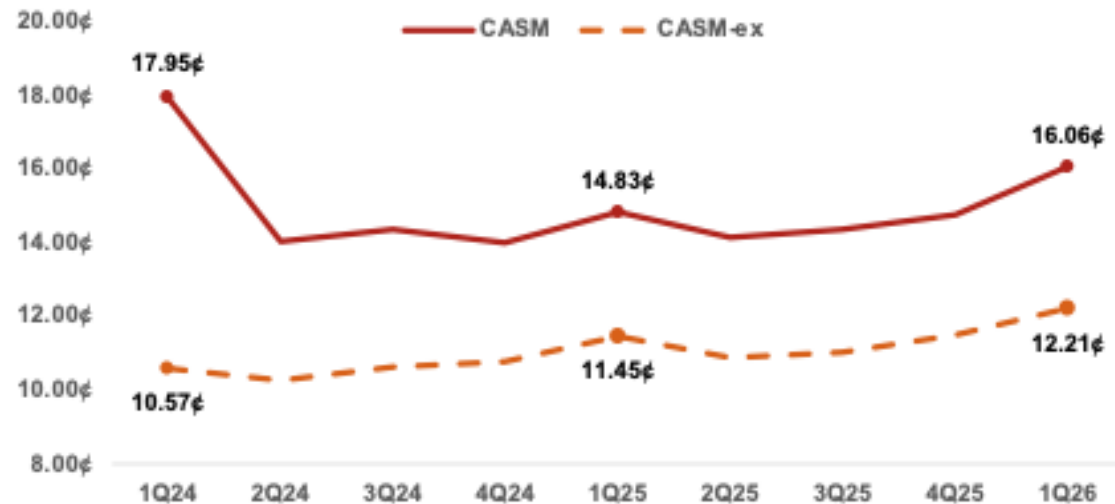
Non-GAAP Operating, Pre-Tax, and Net Income (\$ mil)



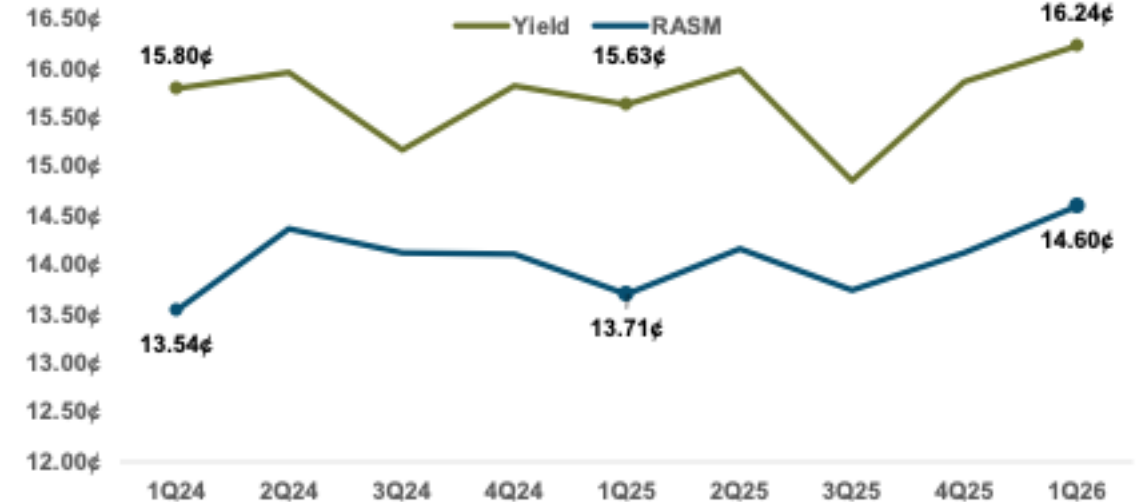
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



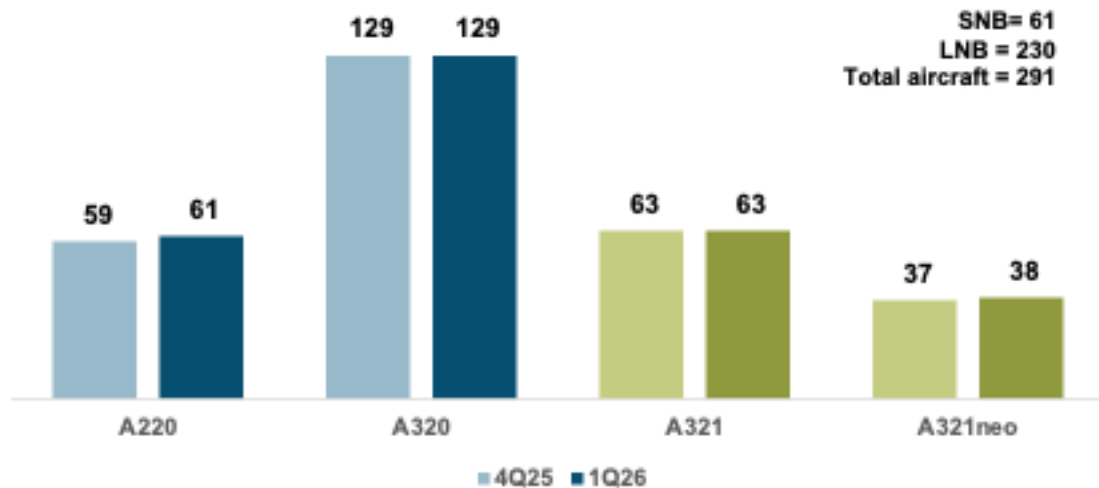
Yields & TRASM



## Network News and Notes

- Received two A220's in first quarter with ten additional deliveries of A220's in 2026.
- Blue Sky with United launched interline flights in first quarter, with loyalty program collaboration expected to begin in the second quarter.
- **Continues to bolster FLL as a point of origin, with over 20 new routes announced or launched and increased frequency on twenty high-demand markets.** Increasing to four connecting banks in FLL to better utilize international flying to Caribbean and Central America. Have also grown to 11 destinations within Florida after adding Fort Walton Beach as the latest city.
- All capacity growth in the second quarter will be from FLL, up to 4.5%. Mint service from FLL has been raised to 26 daily flights.
- **No plans to cut Europe flying this summer currently, with 14 flights to eight cities.**
- Expecting 75% increase in fuel costs at current prices, will likely cut 2%-3% capacity in second half of 2026. No specific cuts announced yet.

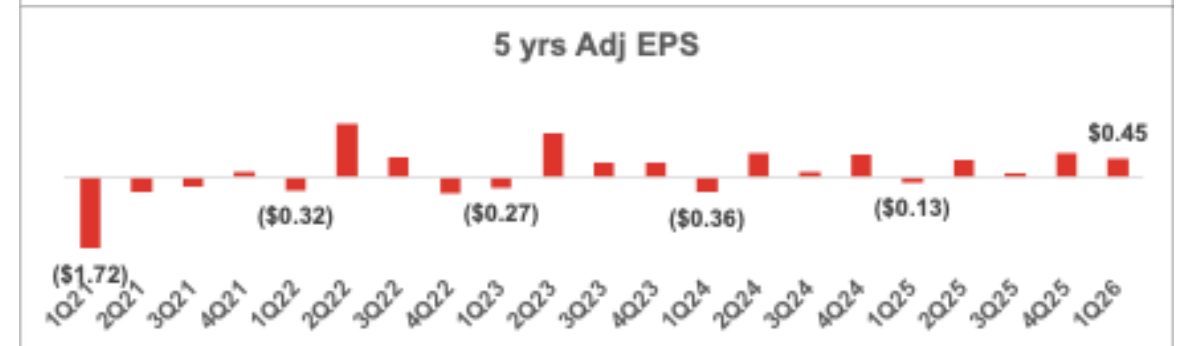
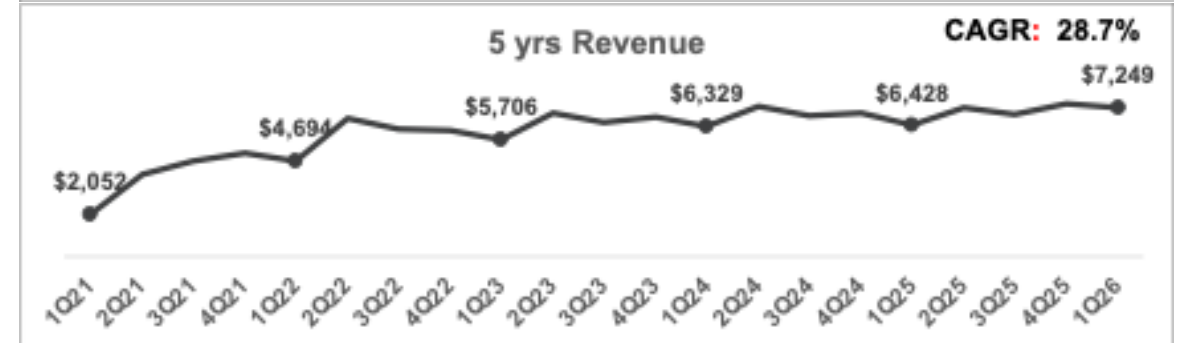
## Mainline Fleet



## Analyst Commentary

- *JetBlue has faced numerous challenges over the years as the company looked to rework its network and produce consistent cash flows. The strategic plan is a sound one, concentrating capacity in core markets like Fort Lauderdale, Boston, and New York, and improving the product. The issue has never been the strategy; it's been time. And time is precisely what JetBlue keeps running out of.*
- *JetBlue is pulling 2–3 pts of capacity in 2H, targeting marginal flying first to try and stem the bleeding. Whether that's enough to put the company on a credible path to sustained profitability is genuinely hard to answer.*
- **Fundamentally, the results showed significant challenges and given guidance was pulled for fuel volatility, those challenges seem likely to continue for JetBlue.**
- *We believe the JetBlue earnings result and outlook are largely consistent with expectations with JetBlue echoing strong demand commentary by peers and particular success in FLL where it is focusing growth.*
- *JBLU is taking actions to reduce operating costs, such as slower hiring. With the capacity cuts, however, pushing down unit costs will prove difficult. We estimate JBLU's lower capacity in the back half of the year could raise unit costs ex fuel to up in the mid-single digits vs consensus of closer to +3%.*
- *JetBlue sounded now-familiar themes on Tuesday, chiefly, accelerating demand trends and a welcome downward revision to 2Q-4Q capacity (roughly a point from the current quarter, and ~2.5 points in the second half). And while our JetBlue model has received a modest number of individual revisions for the remainder of this year, our "core" net loss forecast remains largely intact.*
- *2Q's RASM guidance implies 30-40% fuel recapture, similar to the Legacy messaging, though in the absence of meaningful long-haul premium and corporate demand, we would expect JetBlue's recapture metrics to be somewhat below (and longer dated than) those of, say, United.*
- **We are cautious on JBLU as the company navigates through a volatile, high fuel environment which now challenges the company's return to profitability.** Further indications of financial improvement and/or positive competitive developments could be potential catalysts for us to rethink our rating.

# Southwest Airlines



## Management Commentary:

- *Our transformed business model is being stress tested in this unique environment of geopolitical upheaval and much higher fuel prices. Against this challenging backdrop, our first quarter operating margin of 4.6% and our year-over-year unit revenue growth of 11.2% demonstrate the strength of our new model.*
- *We are aggressively managing our network, reducing lower return flying and redeploying that capacity to higher-margin opportunities, such as the recently announced suspension of operations at Chicago O'Hare and Washington Dulles, and we had a handful of flights at both airports, which were underperforming.*
- *Given the ongoing macroeconomic uncertainty, updating our full year adjusted EPS guide of \$4 would not be productive at this time. Achieving this outcome would require lower fuel prices, and/or stronger revenue performance to offset higher fuel expense. Still, we expect significant earnings and margin expansion in 2Q.*
- *Having a strong investment-grade balance sheet and high relative margins within the industry is a key strategic advantage for Southwest, especially during times of industry stress, where our strength creates the opportunity for further separation between Southwest and other airlines.*

## Items of Interest

- Record operating and passenger revenues, both double-digit increases, along with above guidance RASM, due to revenue initiatives and broad-based demand across the network.
- Operating margin improved over 6% after adjustments from one year ago. **60% of customers upgraded from the basic product in 1Q, up from 20% in 2025. March business revenues were up 25% and for the the quarter, up 16%.** Chase card remuneration was up 8% YoY.
- Loyalty program engagements continue to strengthen, with enrollments and conversion to higher tiers up 37% and 62% respectively.
- **First quarter CASM-ex up only slightly, despite cost pressures from removing six seats from the -700's.** Fuel expenses rose by \$164M, as per gallon costs rose \$0.73.
- Ended first quarter 2026 with \$3.3B in cash and cash equivalents and a revolving credit line of \$1.5B. Unencumbered aircraft and other related assets book value of approximately \$16.5 billion. Repurchased \$1.25 billion in shares and distributed \$93 million in dividends during first quarter 2026.

## Financial and Operating Statistics

Southwest	1Q26	1Q25	1Q19	y/y	y/7y
Revenues	\$7,249M	\$6,428M	\$5,149M	12.8%	40.8%
Adj Operating Income (EBIT)	\$330M	(\$128M)	\$505M	n.m.	(34.7%)
Adj Operating Margin	4.6%	(2.0%)	9.8%		
Adj Pretax Income	\$285M	(\$97M)	\$504M	n.m.	(43.5%)
Adj Net Income	\$227M	(\$77M)	\$387M	n.m.	(41.3%)
Adj EPS	\$0.45	(\$0.13)	\$0.70	n.m.	(35.7%)
Capacity (ASMs)	42.0 billion	41.4 billion	37.9 billion	1.5%	11.0%
Yield	21.16¢	18.97¢	15.45¢	11.5%	37.0%
TRASM	17.24¢	15.51¢	13.59¢	11.2%	26.9%
CASM	16.46¢	16.05¢	12.26¢	2.6%	34.3%
CASM-ex	13.11¢	12.81¢	9.35¢	2.3%	40.2%
Fuel (econ)	\$2.73	\$2.49	\$2.05	9.6%	33.2%

## Forward Guidance

### • FY 2026

- EPS: **Decided not to update previous guidance citing macro uncertainty**
- Capacity:

### • 2Q26

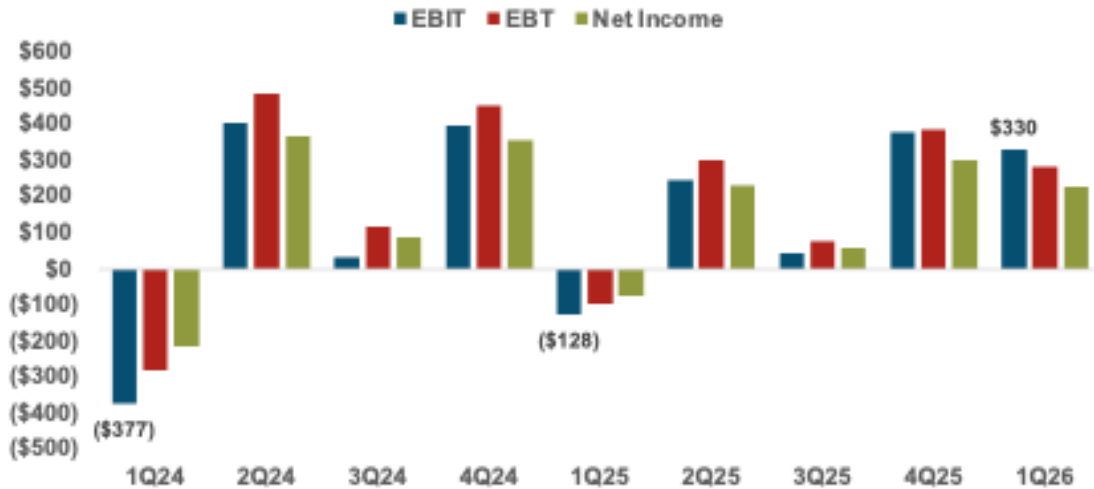
- RASM: Up ~16.5%-1~8.5%
- Capacity: Flat to up ~1.0%
- Adjusted EPS: \$0.35-\$0.65
- CASM-ex: Up ~3.5%-4.0%

**EFA takeaway: Despite the cost pressures from high fuel prices, Southwest delivered good quarterly results. If demand holds up, the new initiatives should allow the Company to gain continued financial traction the remainder of the year.**

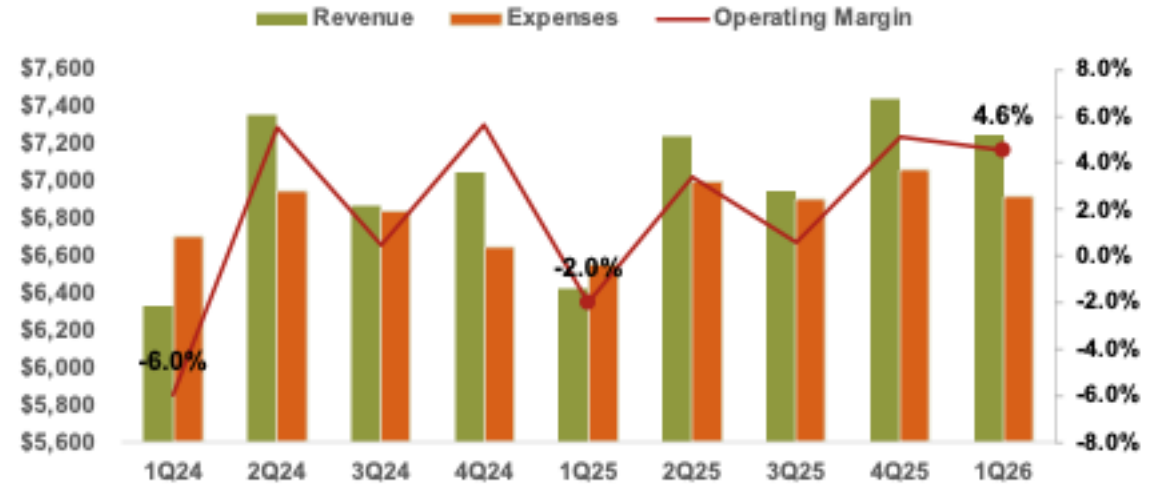
# Southwest - Financial Performance



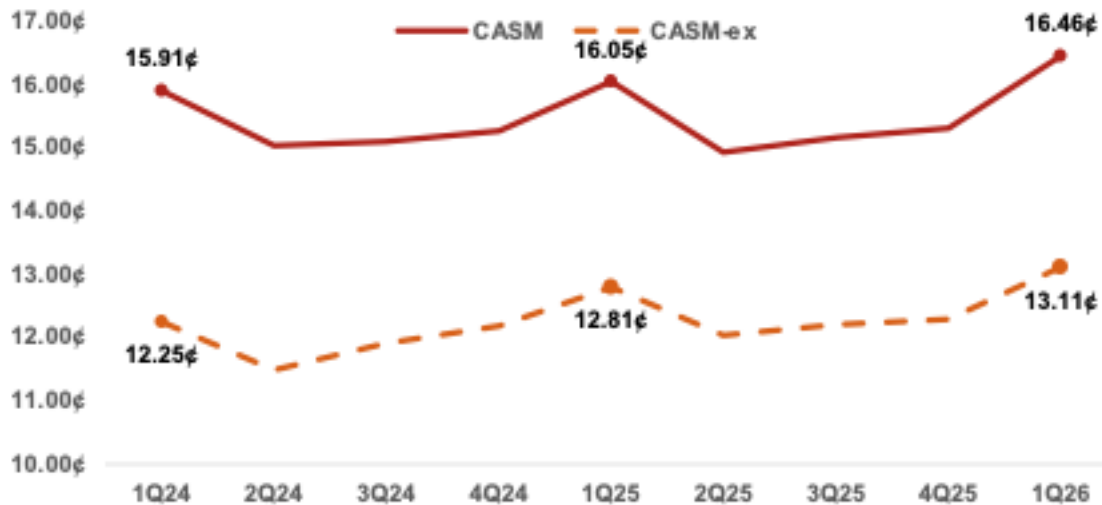
Non-GAAP Operating, Pre-Tax, and Net Income (\$ mil)



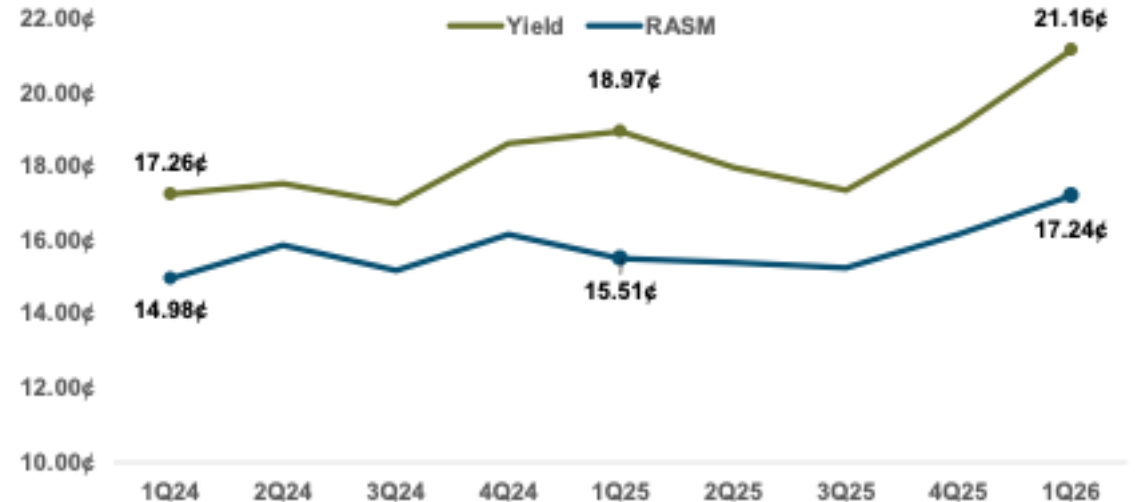
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



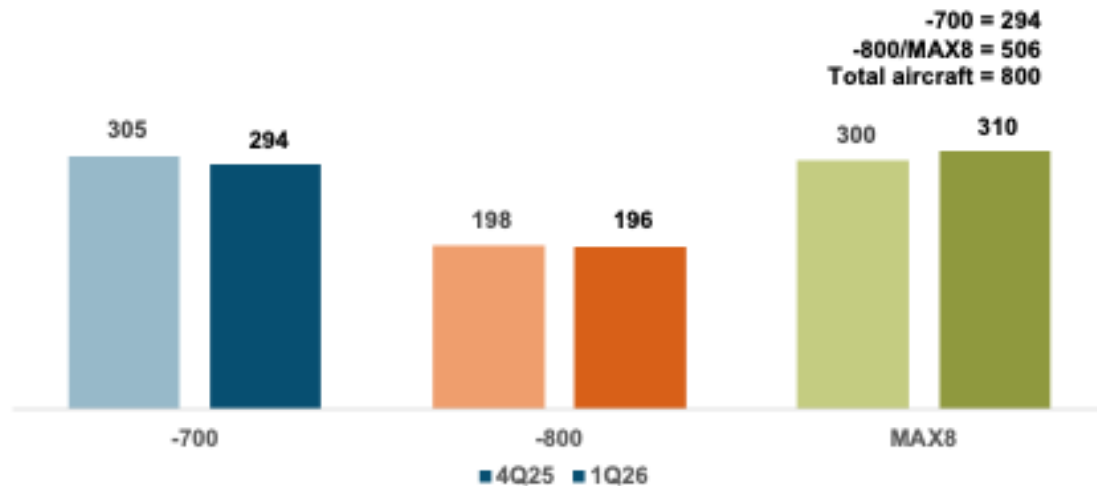
Yields & TRASM



## Network News and Notes

- Received 10 Boeing 737-8 aircraft and retired 13 aircraft (including eight Boeing 737-700 aircraft and the sale of three Boeing 737-700 aircraft and two Boeing 737-800 aircraft) in first quarter 2026, ending the quarter with 800 aircraft.
- Expect 66 Boeing 737-8 aircraft deliveries and plan to retire approximately 60 aircraft in 2026.**
- Continued efforts to optimize the network, including announcing the suspension of operations at Chicago O'Hare and Washington Dulles in June and the reallocation of capacity to higher-performing markets. Began service to St. Thomas, USVI and Knoxville, TN during the quarter. Increased service from AUS, BNA and SAN.
- Announced planned deployment of Starlink ultra-fast Wi-Fi across the fleet**, with initial aircraft expected to enter service in summer 2026 and at least 300 aircraft planned by year-end 2026.
- Entered a new strategic partnership with All Nippon Airways, expanding the Company's global network to seven partners.

## Mainline Fleet



## Analyst Commentary

- We would characterize Southwest's (LUV) 1Q26 earnings and 2Q26 outlook as mixed.** First, 1Q26 unit revenues had modest upside to the company's original outlook while DAL beat by 5 points and ALK was just in line. Unit revenues missed our/consensus of +12%. Second, the 2Q26 unit revenue outlook, while the strongest growth in airlines, was a bit below consensus and implies lower fuel pass through than DAL and UAL.
- LUV's guided unit revenues and fuel of \$4.10-4.15 implies roughly 20% pass through of fuel costs, closer to ALK's assumption (who is also contending with the negative Hawaii impact) and well below UAL/DAL's pass through of 40-50%. This is also below the roughly 45% pass through that we expected.
- Although 1Q26 y/y RASM growth of 11.1% was above management's initial guidance for RASM growth of at least 9.5% y/y, the airline's load factor came in at 74.1%, below consensus by 3.3pts. **The airline has not had a quarterly load factor above 80% since 3Q24 and this will likely be pointed to by bears as evidence of structural market share erosion.**
- Southwest's 1Q26 earnings result and 2Q26 guidance was largely consistent with expectations, with the latter in contrast to peers ALK/DAL/UAL that generally came in somewhat below expectations. While the revenue result and guidance was below our forecast, the midpoint is somewhat ahead of consensus expectations. Moreover, against a peer group that has generally disappointed this earnings season, Southwest's non-fuel cost execution and outlook stand out as particularly impressive.
- We reiterate our positive rating on LUV given asymmetric risk/reward opportunity and still mostly skeptical investor sentiment. **We believe Southwest's results speak for themselves (still early days) and disagree with bearish angst that the 2Q26 revenue outlook calls into question the durability of Southwest's relative margin recovery or signals market share loss.**
- Southwest's cost execution appears structural, driven by more efficient labor deployment, moderating IT spend (following catch-up investment), and continued maintenance/fleet optimization.

# Ultra Low-Cost Carriers (ULCCs)



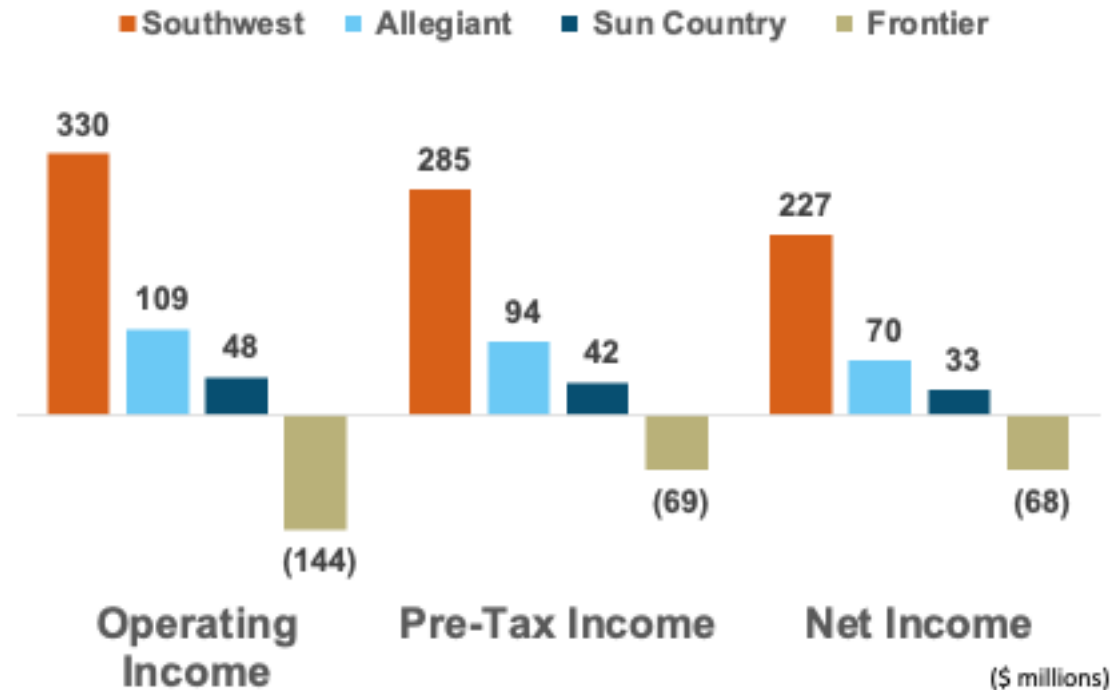
Spirit ceased flying on May 3, 2026. It did not file a 1Q26 report while it was in bankruptcy

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

# Key Financial Results

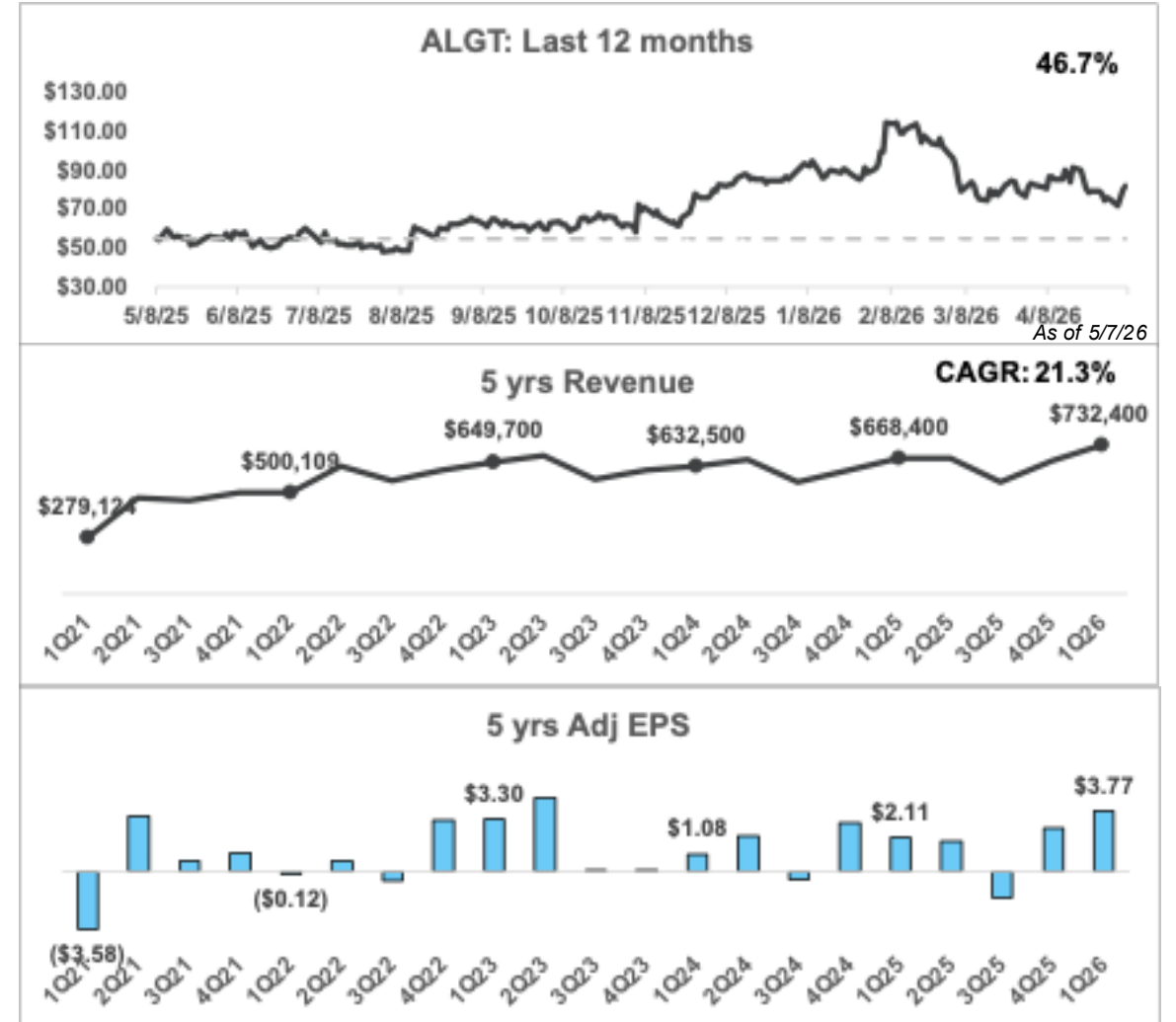
## ULCCs vs. Southwest

1<sup>st</sup> Quarter 2026



Non-GAAP – excludes special items

# Allegiant Travel Co.



# Allegiant

1Q26 adj. pretax income: \$94M (Airline only)

## Management Commentary:

- We started the year on a very strong note. Our first quarter results reflect the momentum we built through last year, delivering a 14.9% adjusted operating margin, up nearly 6 points year-over-year and slightly above our guided range. Importantly, we achieved our highest first quarter adjusted operating margin since pre-COVID, and we believe our margin will prove to be industry-leading for the second quarter in a row.
- We'll continue to leverage the flexibility inherent in our model to align capacity with demand, particularly during off-peak periods as we work through the current fuel environment. While we had previously anticipated modest growth in 3Q, we now expect capacity to be flat to perhaps slightly down year-over-year.
- On the topic of the Sun Country transaction, we received DOT approval in April with the remaining step being shareholder votes for each of Allegiant and Sun Country scheduled for May 8. While we are not providing post-close guidance for the combined entity, I want to reiterate our confidence in the \$140 million in expected synergies and our ability to grow earnings in the first full year post close.
- Our healthy balance sheet and flexible operating model set us up well to manage through this environment from a position of strength and to focus on the structural advantages that have made this model successful throughout various cycles.

## Items of Interest:

- **First-quarter demand was exceptional, particularly during peak periods, driving more than a 16 percent year-over-year increase in TRASM**, with total yields up over 20 percent year-over-year. Fixed fee revenue of \$18.1M, up 11.5 percent year-over-year. **Average third-party revenue was up 20% YoY**. Card remuneration was 5% of annual revenues and the Allegiant Extra product continues strong growth.
- ASM's were down mid single-digits which drove an increase in CASM-ex but adjusted operating expenses were down nearly 7% YoY. This was despite pressure from winter storms and higher fuel/crack spreads which have nearly doubled.
- **Will reduce off-peak capacity and longer stage length flying in 2Q, totaling 6.5% YoY**. Despite the cuts, demand remains strong and 2Q RASM expected to increase.
- total available liquidity of \$1.2 billion, including \$933.5 million in cash and investments and \$250 million of undrawn revolver capacity. Net debt of \$858M, down more than \$100M from 4Q. Capex of \$176M. Plan to refinance 2027 notes.



## Financial and Operating Statistics

Allegiant	1Q26	1Q25	1Q20	y/y	y/6y
Airline Revenues	\$732M	\$668M	\$405M	9.6%	81.0%
Adj Operating Income (EBIT)	\$109M	\$62M	\$51M	75.1%	113.1%
Adj Operating Margin	14.9%	9.3%	12.6%		
Adj Pretax Income	\$94M	\$51M	\$42M	83.9%	122.3%
Adj Net Income	\$70M	\$39M	\$31M	78.5%	126.7%
Adj EPS	\$3.77	\$2.11	\$1.89	78.7%	99.5%
Capacity (ASMs)	5.0 billion	5.3 billion	4.0 billion	(5.9%)	25.9%
Yield	17.39¢	15.65¢	12.95¢	11.1%	34.3%
TRASM	14.31¢	12.29¢	9.96¢	16.4%	43.7%
CASM	12.70¢	11.14¢	12.96¢	14.0%	(2.0%)
CASM-ex	8.64¢	8.07¢	6.51¢	7.1%	32.7%
Fuel (econ)	\$3.04	\$2.61	\$1.87	16.5%	62.6%

## Forward Guidance

- FY 2026
- Aircraft CAPEX: \$550M-\$590M
- 2Q26
  - System ASM's: (~6.5%)
  - Fuel: \$4.35 per gallon
  - Interest Expense: ~\$35M
  - EPS: (\$1.00)-(\$0.00)
  - Adj operating margin: 0.0%-2.0%

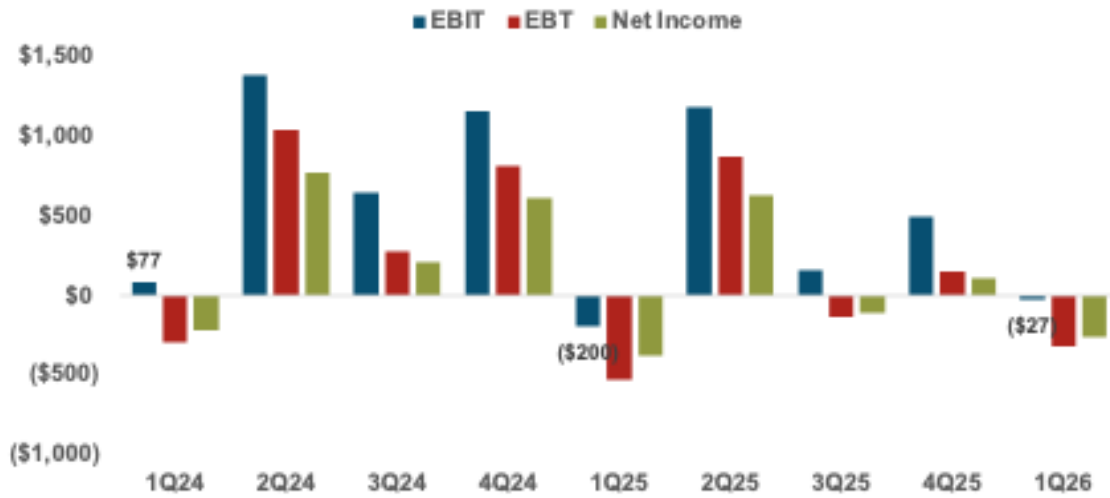
**EFA takeaway: Allegiant's profitable niche operation continues, despite the higher fuel costs. Adding Sun Country to the mix should only generate more opportunities to increase margins.**



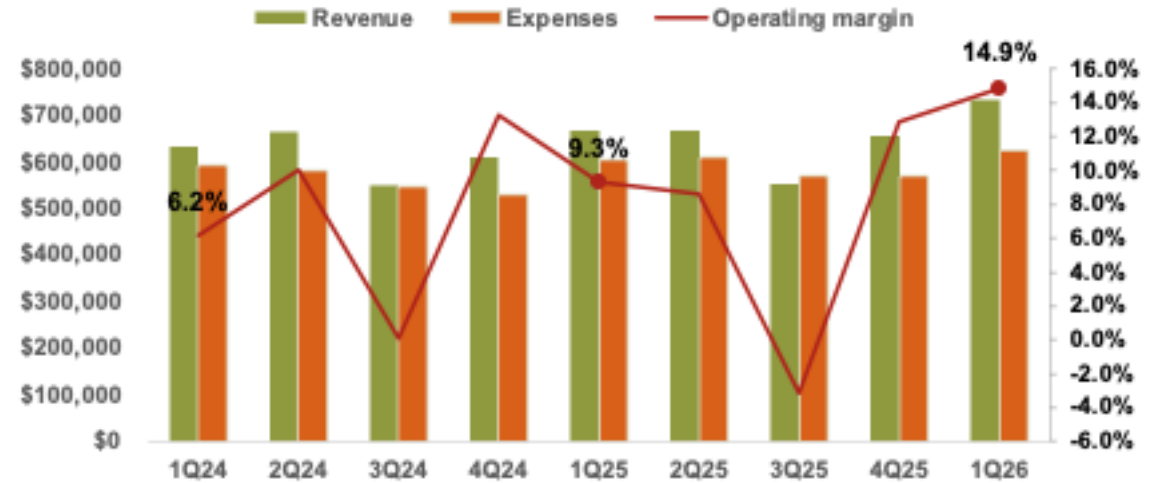
# Allegiant - Financial Performance



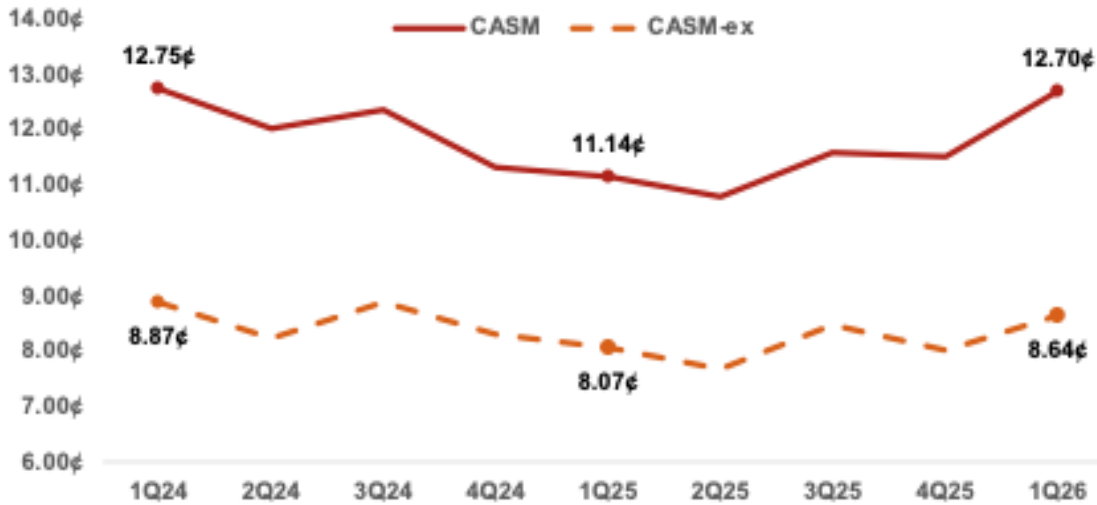
Non-GAAP Operating, Pre-Tax, and Net Income (\$ mil)



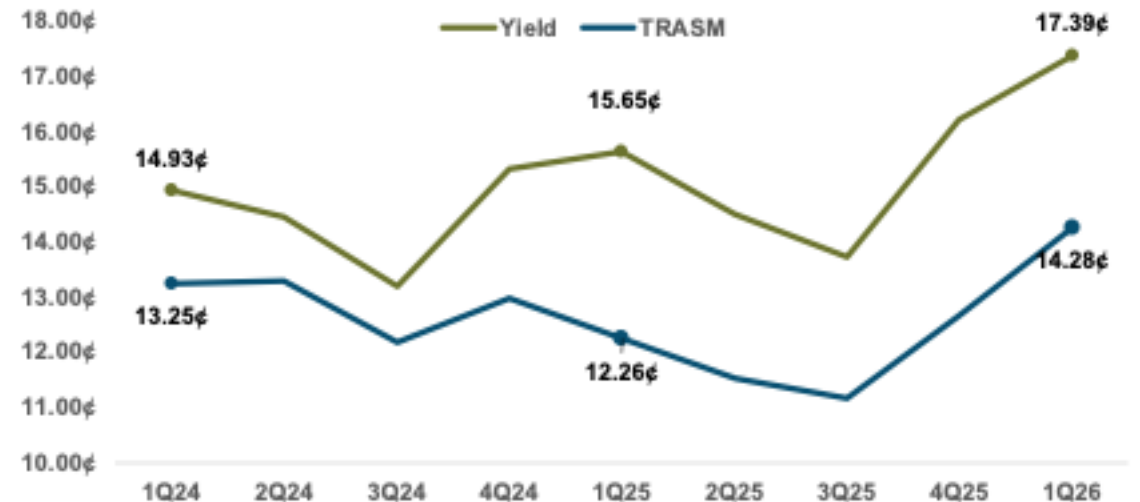
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



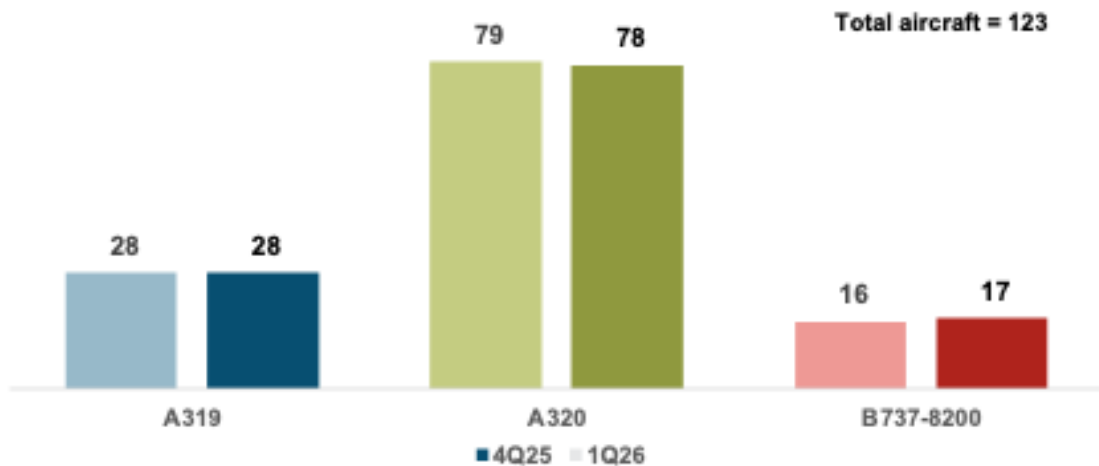
Yields & TRASM



## Network News and Notes

- The company ended Mar Q with 123 aircraft in operation and is expected to receive 3 additional Boeing 737 MAX deliveries in June Q alongside one Airbus A320 retirement, with the delivery schedule for the balance of the year unchanged.
- **Post the planned Sun Country close, the combined company will own 163 of 172 aircraft, enhancing both financial and operating flexibility, while also preserving the ability to accelerate retirements of older aircraft should the elevated fuel environment persist.**
- Closing the Bellingham, WA and Savannah, GA aircraft bases in late 2026.
- Withdrawing service from OAK in May 2026. Traffic was down 14% YoY with only two routes, BLI and FCA, still served before the final cessation of operations.
- Began operations at BUR in February and now serves four cities (BLI, DSM, IND and PVU) currently.

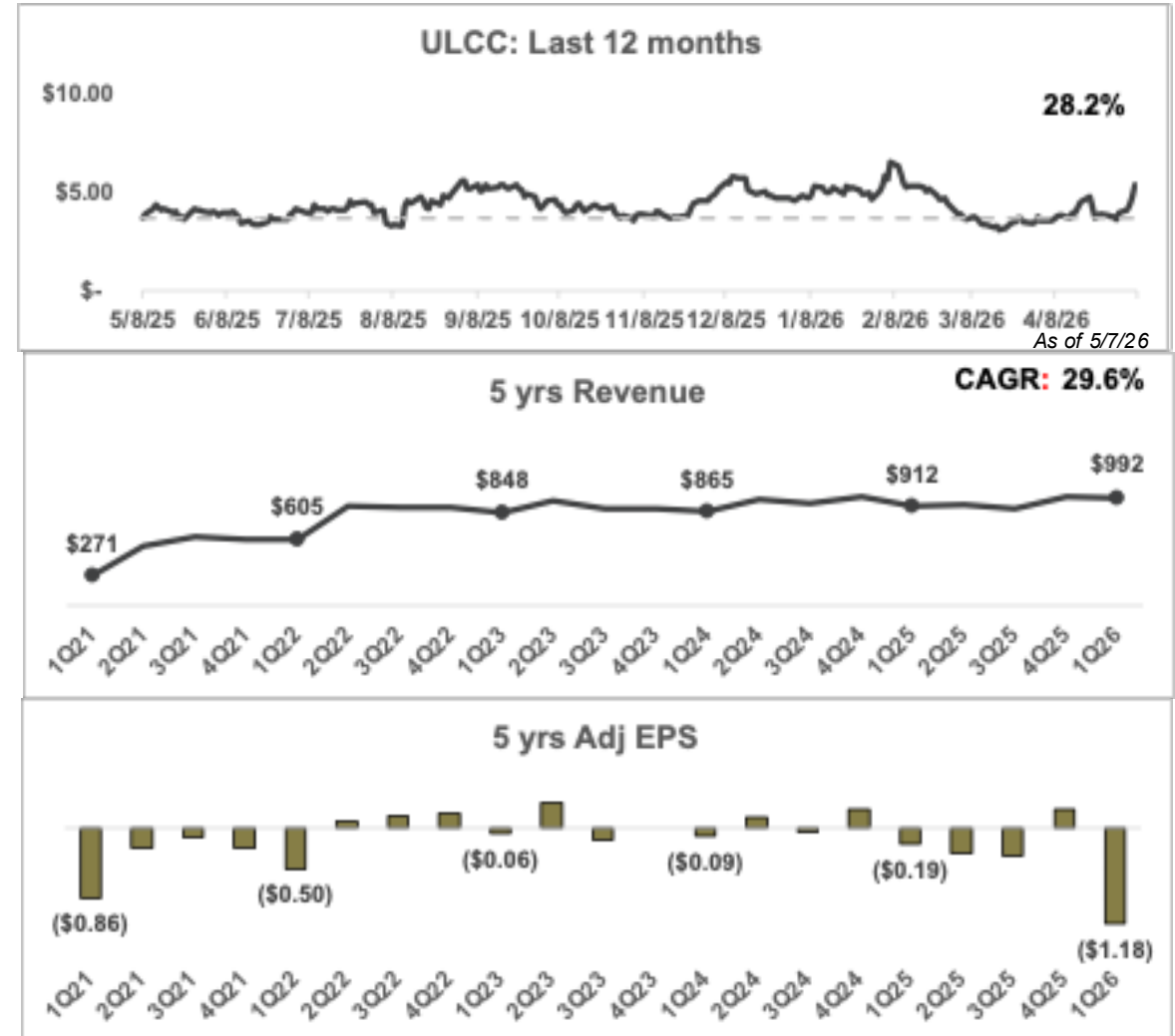
## Mainline Fleet



## Analyst Commentary

- *Impressively, Allegiant was the sole airline to increase 1Q EPS while also beating the elevated guide on impressive revenue and cost execution. Notably, while the Sun Country merger is now expected to close in mid-May, Allegiant stuck to a standalone guide with plans to provide a combined outlook following the merger completion. We continue to expect the Sun Country merger to be accretive to EPS (2027+).*
- *However, given the risk from elevated fuel, peak capex, and merger execution, Allegiant is taking a prudent stance on liquidity, disclosing up to \$291M of new aircraft-backed financing in late-April. We like the risk/reward of the combined company and see this move as sensible. Given the fuel environment.*
- **Mar Q adjusted operating margin was 14.9% (vs. our forecast of 14.0%) which marked the highest first-quarter margin since COVID and is expected to be industry-leading for a second consecutive quarter.** However, it is worth pointing out that the Mar Q is Allegiant's seasonally strongest quarters, unlike most of its competitors.
- *The March quarter results beat on strong revenue execution from Allegiant Extra and other ancillaries. Forward guidance points to earnings resilience which has us maintaining our FY 2026-2028 outlook.*
- *ALGT spoke to many of the same themes we have heard this airlines earnings season with 2Q26 unit revenues accelerating, capacity cuts coming through and more to come if fuel stays high, and cost pressures that come with less growth. Outside of the current environment, ALGT should close on its SNCY acquisition in mid-May and then embark on an integration process that should also come with new pilot economics, in our view.*
- **Capacity cuts are the right thing, but they pressure costs. These actions should help to protect margins in a high-fuel environment, but we see costs rising in 2Q and if further cuts materialize, for the rest of the year.**
- *Allegiant's results and near-term outlook are more a check on current state as the company stares down its acquisition of Sun Country. That's not to say the standalone results don't matter, they do, but the bigger picture is about an Allegiant and Sun Country tie-up taking the reins of leadership in the domestic leisure market.*

# Frontier Airlines



## Management Commentary

- Our performance drove an EPS guidance beat despite sharply higher fuel prices. We remain centered on the 4 strategic priorities previously outlined to strengthen the business and return the airline to sustained profitability, including rightsizing the fleet, strengthening cost discipline, improving operational reliability and building customer loyalty.
- In response to the fuel spike, we have taken decisive action to adjust capacity fares and ancillaries. We anticipate recapturing approximately 35% to 45% of fuel prices in quarter 2. We expect continued improvement in fuel recovery as the year progresses. This is enhanced by the capacity adjustments we are seeing in overlap markets where our competitive capacity is down 4% in Q2.
- **The recent conclusion of Spirit's operations represents an incremental opportunity for Frontier.** In the second quarter of 2026, we have more route overlap with Spirit than any other U.S. carrier, uniquely positioning us to recapture the demand they left behind.
- Our second quarter guidance reflects continued commercial momentum alongside observed demand trends, while elevated fuel prices weigh on expected results. We remain focused on disciplined capital allocation and preserving liquidity through our fleet rightsizing and cost-saving initiatives, lower planned capital spending and capacity optimization.

## Items of Interest

- Adjusted revenue was nearly \$1.1 billion, a record, driven by strong travel demand, moderating competitive capacity (down 4%) and the continued progression of the Company's revenue management initiatives.
- **Adjusted RASM, stage-length adjusted to 1,000 miles, increased 17 percent over the corresponding 2025 quarter, at the higher end of the guidance range.** Total adjusted revenue per passenger increased 10% year-over-year to approximately \$128, supported by a nearly 4-point improvement in flown load factor to approximately 78%.
- First Class installations will run through year-end. Wifi vendor selections ongoing with installations beginning 2027. Loyalty program grew 30% in 1Q.
- **Additional fuel expense of \$268M in 1Q.** Total adjusted operating expenses ex. Fuel were higher due to lower A/C utilization (12% lower) and higher fleet-related costs.
- Liquidity \$974M. \$47M in SLB gains. Incurring \$139M in special charges for A/C lease return.

## Financial and Operating Statistics

Frontier	1Q26	1Q25	1Q19	y/y	y/7y
Revenues	\$992M	\$912M	\$547M	8.8%	81.5%
Adj Operating Income (EBIT)	(\$144M)	(\$46M)	\$64M	n.m.	n.m.
Adj Operating Margin	(14.5%)	(5.0%)	11.6%		
Adj Pretax Income	(\$69M)	(\$40M)	\$25M	n.m.	n.m.
Adj Net Income	(\$68M)	(\$43M)	\$52M	n.m.	n.m.
Adj EPS	(\$1.18)	(\$0.19)		n.m.	
Capacity (ASMs)	9.8 billion	9.9 billion	6.2 billion	(1.4%)	57.7%
Yield	12.39¢	11.86¢	9.97¢	4.4%	24.2%
TRASM	10.11¢	9.17¢	8.79¢	10.3%	15.0%
CASM	13.00¢	9.63¢	7.77¢	35.0%	67.4%
CASM-ex	8.85¢	7.24¢	5.50¢	22.2%	60.9%
Fuel (econ)	\$2.88	\$2.55	\$2.20	12.9%	30.9%

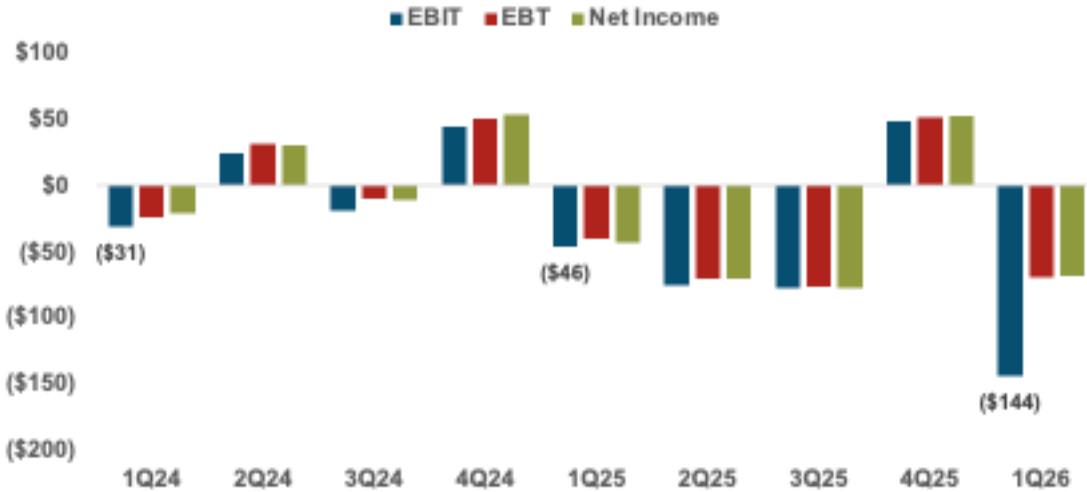
## Forward Guidance

- **FY 2026**
  - Adjusted EPS: No guidance
  - ASM's: No guidance
  - Capex: \$170M-\$220M
- **2Q26**
  - EPS: :\$0.45) to (\$0.60)
  - Capacity: 6%-8%

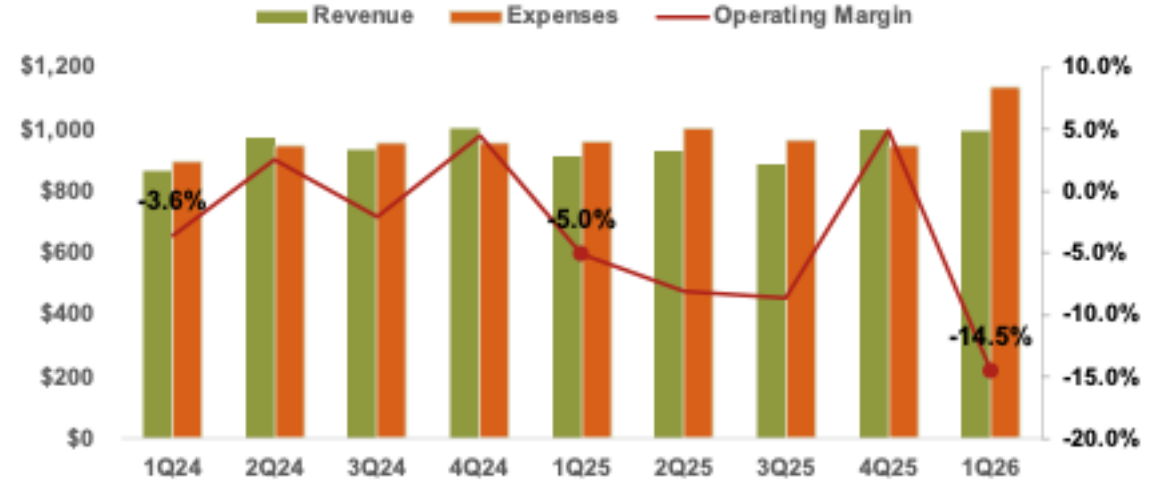
**EFA takeaway: Frontier beat expectations for the first quarter and should be helped by the demise of Spirit, leaving it as the last true ULCC. The question remains, is their model viable long-term or has the environment permanently changed?**

# Frontier - Financial Performance

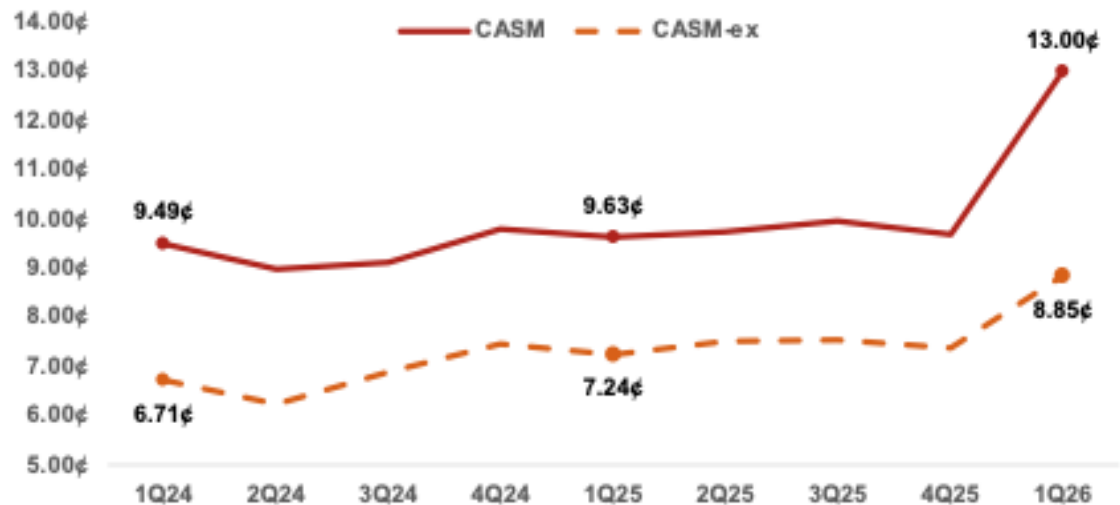
**Non-GAAP Operating, Pre-Tax, and Net Income (\$ mil)**



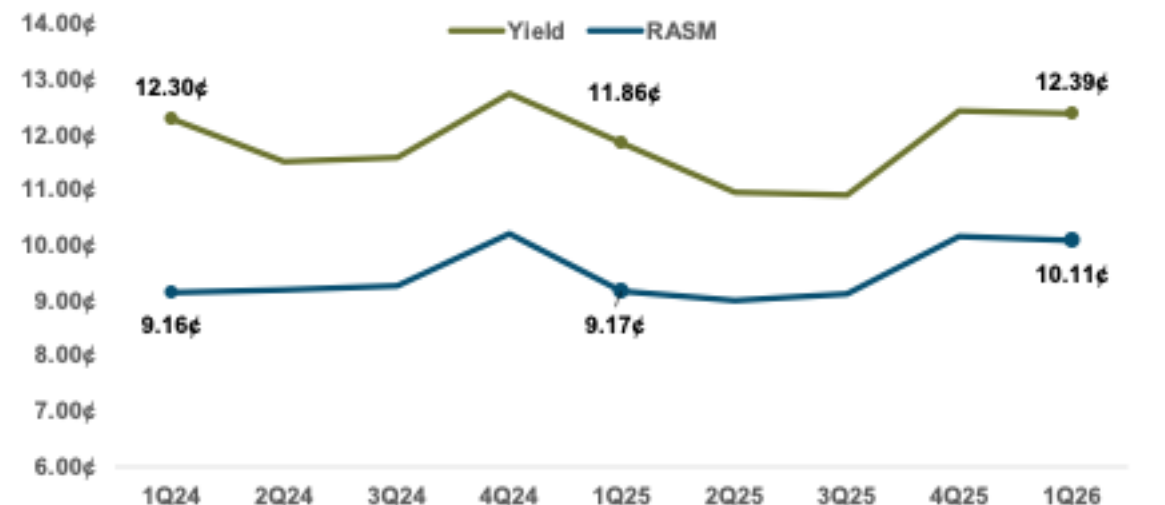
**Quarterly Revenue, Expenses, Adj. Operating Margin**



**CASM & CASM-ex**



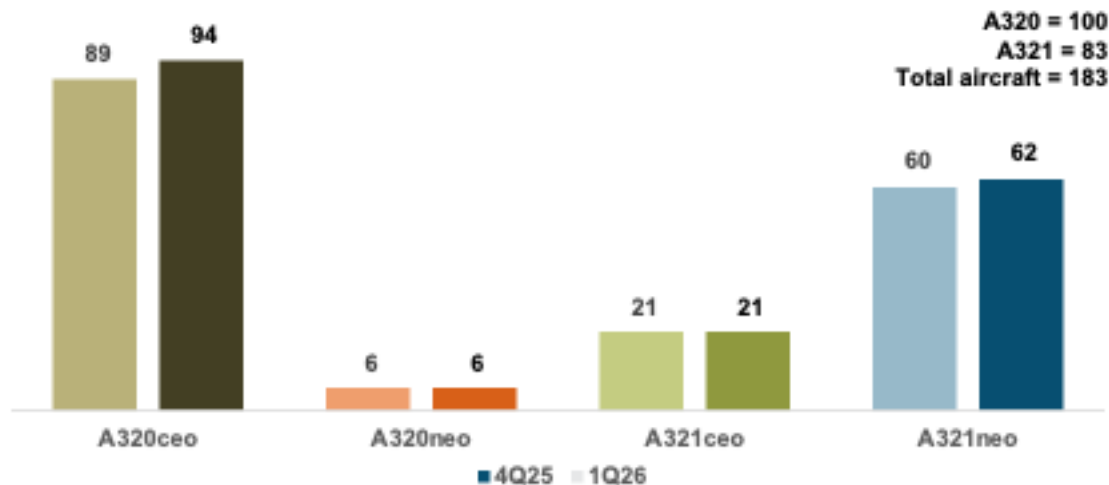
**Yields & TRASM**



## Network News and Notes

- As of March 31, 2026, Frontier had a fleet of 183 Airbus single-aisle aircraft, as scheduled below, all financed through operating leases that expire between 2026 and 2038. Frontier took delivery of five A320neo aircraft and two A321neo aircraft during the first quarter of 2026.
- **The Company expects to take delivery of seven A320 family aircraft in the second quarter 2026, including five A321neo aircraft and two A320neo aircraft, and return 24 A320neo leased aircraft tied to the Early Return Agreement.** Deferring 69 deliveries of Airbus A320 aircraft.
- **Will expand service this summer with 9 additional routes plus 15 daily departures across 18 former Spirit routes,** including Orlando, Las Vegas, Dallas, Fort Worth, Fort Lauderdale and Detroit.
- Added PHL-LAX and MCO-SFO as it cuts all JFK flights except to ATL.

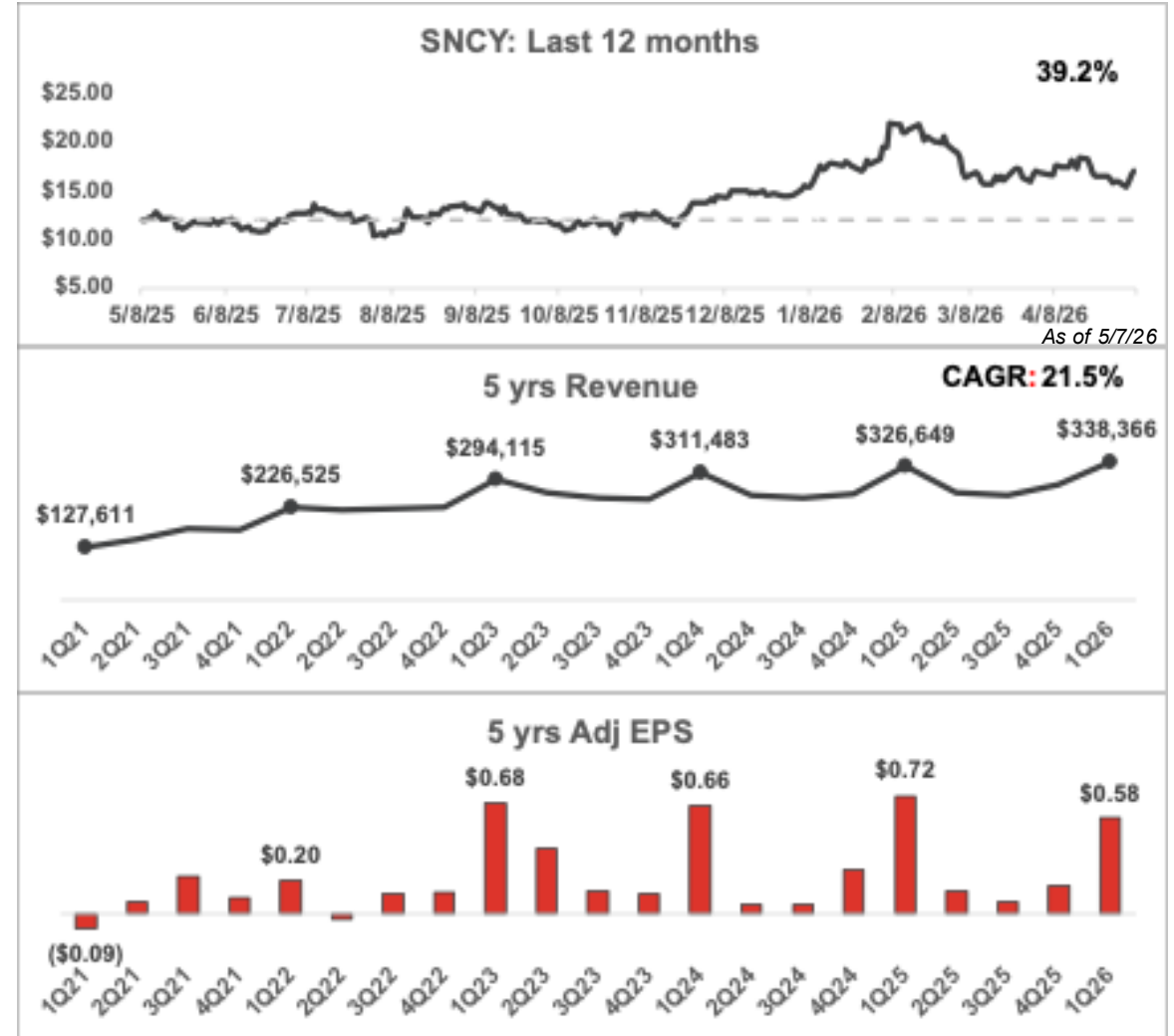
## Mainline Fleet



## Analyst Commentary

- *Spirit's exit from many of Frontier's routes is a positive but higher fuel prices are challenging the company's return to profitability.*
- **Frontier remains focused on rightsizing its business to return to sustained profitability by optimizing costs, improving operational reliability, and building customer loyalty. We will be monitoring the company's progress against these strategic priorities but do not see a financial inflection point at this time.**
- *We reiterate our neutral perform rating on ULCC on balanced risk-reward. As noted previously, we view Frontier's renewed emphasis on operational execution favorably, particularly alongside recent aircraft transactions that keep the fleet essentially flat through YE27.*
- *Frontier's view of at least a ~3-5 ppt system RASM uplift from Spirit's exit is consistent with our analysis that, on average, fares in the third of markets Frontier overlaps with Spirit have historically seen a 15% discount to those that only Spirit or Frontier operate in. While Frontier's plan to add back off-peak day-of-week capacity remains a concern, Spirit's absence should help mitigate the risk.*
- *Elevated fuel prices do add uncertainty to Frontier's earnings turnaround. While the shorter booking curve combined with aggressive industry pricing should be a benefit, Frontier's higher exposure to price-sensitive passengers places it at greater risk (albeit no signs of demand elasticity so far).*
- *We believe the sharper 1Q-to-2Q y/y revenue acceleration vs. peers likely partly reflects Frontier's shorter booking curve, giving it greater ability to reprice into higher fuel. Of note, Frontier is anticipating 35-45% fuel recapture in 2Q (vs. 30-40% at JetBlue and 40-50% at network airlines with greater premium/international exposure), with potentially ~50% by quarter-end.*
- **While last quarter's announced fleet revisions are a step in the right direction, margins (ex-SLB gains) remain deeply negative, and the current fuel environment further blurs any incremental improvement from initiatives. Much like last quarter's fleet adjustments, we don't believe that Spirit's departure will serve as a panacea to the operating model.**

# Sun Country Airlines



# Sun Country

1Q26 adj. pretax income: \$42M

## Management Commentary:

- Due to the pending close of the sale to Allegiant (expected May 2026), management did not release an earnings 8-K nor hold an investor call.
- Management released a 10-Q. Some items in adjoining table are calculated.

## Items of Interest

## Financial and Operating Statistics

Sun Country	1Q26	1Q25	1Q19	y/y	y/7y
Revenues	\$338M	\$327M	\$197M	3.6%	72.0%
Adj Operating Income (EBIT)	\$48M	\$60M	\$46M	(19.1%)	4.2%
Adj Operating Margin	14.3%	18.3%	23.6%		
Adj Pretax Income	\$42M	\$52M	\$43M	(20.3%)	(2.8%)
Adj Net Income	\$33M	\$40M	\$33M	(17.1%)	(1.4%)
Adj EPS	\$0.58	\$0.72	\$0.63	(18.9%)	(6.9%)
Scheduled Capacity (ASMs)	1.76 billion	2.02 billion	1.53 billion	(13.1%)	14.6%
Yield	19.00¢	16.95¢	14.93¢	12.1%	27.2%
TRASM	13.67¢	12.23¢	10.85¢	11.8%	25.9%
CASM	14.27¢	11.41¢	8.30¢	25.1%	72.0%
CASM-ex	7.96¢	7.34¢	6.27¢	8.4%	26.9%
Fuel (econ)	\$3.24	\$2.66	\$1.81	21.8%	78.7%

## Forward Guidance

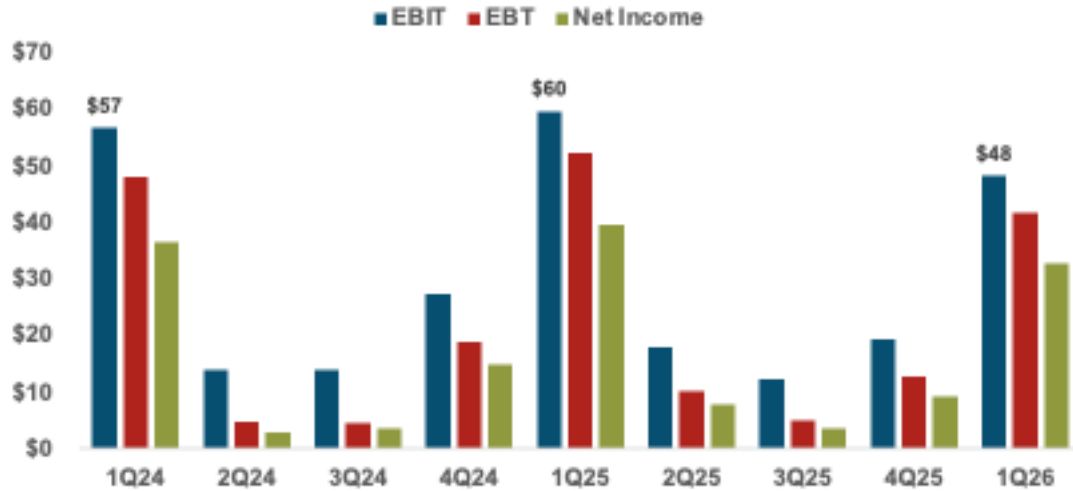
### • FY 2026

- No guidance issued due to pending acquisition by Allegiant

EFA takeaway:

# Sun Country - Financial Performance

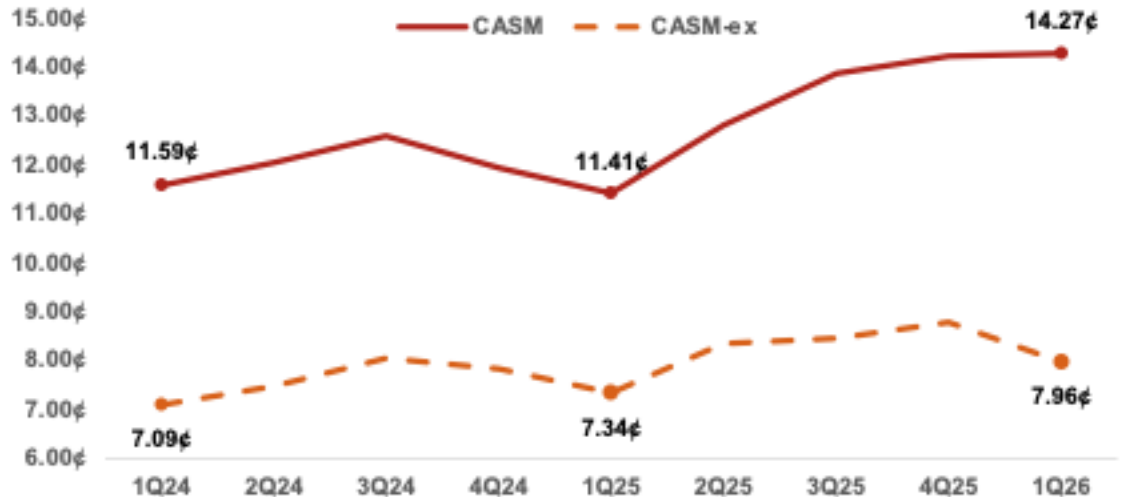
## Non-GAAP Operating, Pre-Tax, and Net Income (\$ mil)



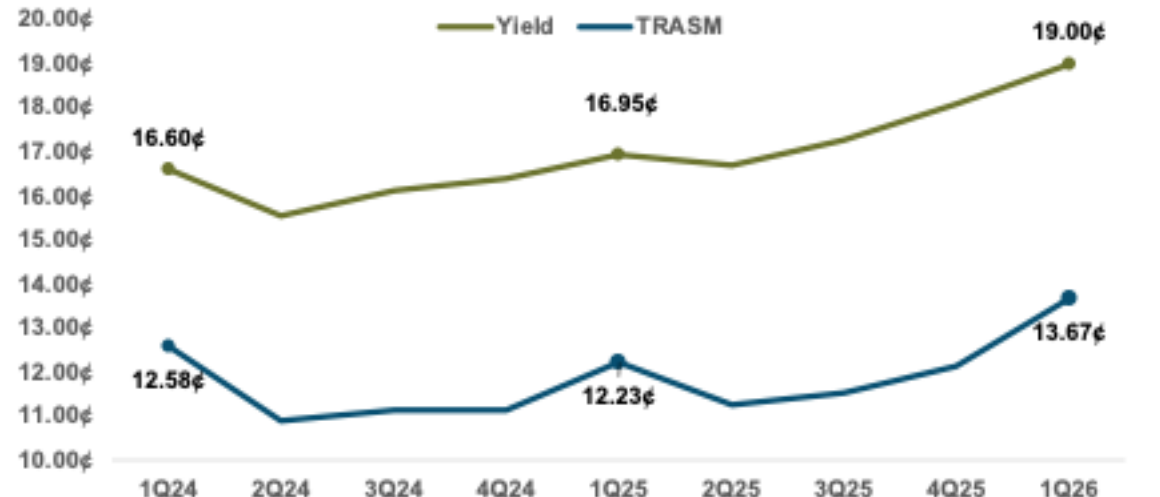
## Quarterly Revenue, Expenses, Adj. Operating Margin



## CASM & CASM-ex



## Yields & TRASM



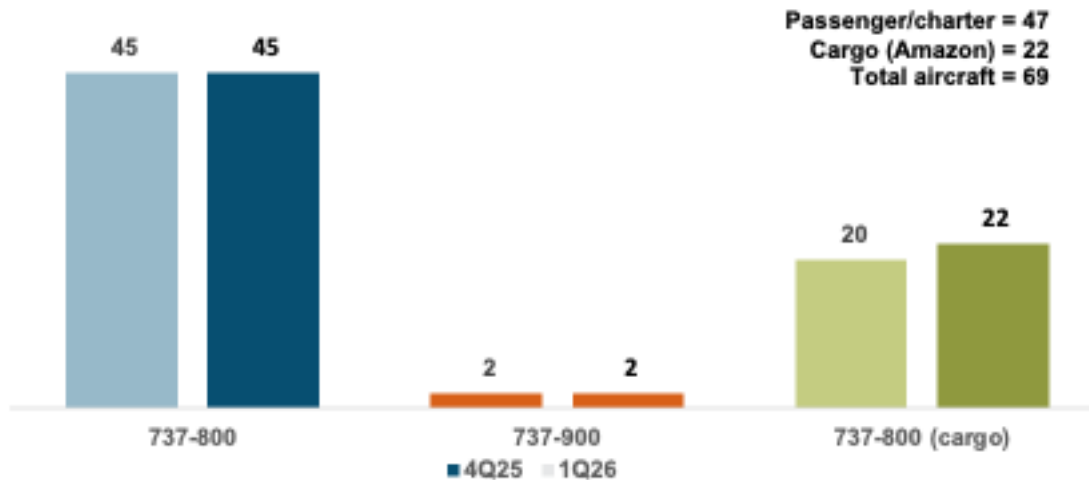
# Sun Country - Network, Fleet and Analyst Commentary

## Network News and Notes

## Analyst Commentary

- No analyst commentary on SNCY as standalone company, pending acquisition by ALGT in 2Q26.

## Mainline Fleet



Economic and Financial Analysis Committee

# Industry Financials

1st Quarter 2026