Economic and Financial Analysis Committee

Industry Financials

1st Quarter 2022

UNIFY | EDUCATE | COMMUNICATE

May 2022

SWAPA

Industry Scorecard

1Q 2022 (with comparisons to 1Q 2019)

1Q22	Key Financial Metrics (non-GAAP) - 1Q22					Unit Level Metrics (non-GAAP) - 1Q22 (y/3y change)				
Airline	Operating Revenue ($ mil)	Operating Profit (Loss) ($ mil)	Operating Margin	Net Profit (Loss) ($ mil)	Net Margin	Revenue Passenger Miles	Available Seat Miles	(T)RASM[1]	CASM-ex[2]	Fuel ($/gal)[3]
American	8,899	(1,566)	(17.6%)	(1,510)	(21.6%)	(19.2%)	(10.7%)	(5.8%)	12.6%	37.3%
Delta	8,161	(793)	(9.7%)	(784)	(12.7%)	(25.0%)	(17.0%)	(5.3%)	15.2%	36.1%
United	7,566	(1,384)	(18.3%)	(1,378)	(23.2%)	(27.2%)	(18.9%)	(2.8%)	17.8%	40.5%
Southwest	4,694	(135)	(2.9%)	(191)	(5.3%)	(13.7%)	(9.2%)	0.4%	17.9%	12.2%
Alaska	1,681	(234)	(13.9%)	(167)	(14.2%)	(15.0%)	(11.1%)	0.8%	17.1%	23.0%
jetBlue	1,736	(367)	(21.1%)	(256)	(23.0%)	(14.2%)	(0.3%)	(6.8%)	14.0%	41.5%
Spirit	967	(184)	(19.1%)	(173)	(22.4%)	11.3%	19.2%	(5.3%)	22.3%	41.1%
Frontier	605	(142)	(23.5%)	(109)	(23.6%)	3.4%	19.6%	(7.5%)	30.0%	35.9%
Allegiant[4]	500	15	3.0%	(2)	(0.6%)	11.5%	18.7%	(5.6%)	8.6%	43.5%
Hawaiian	477	(148)	(31.0%)	(130)	0.0%	(27.9%)	(12.5%)	(17.4%)	12.2%	41.5%
Sun Country[5]	227	23	10.1%	12	6.9%	4.3%	9.9%	(1.8%)	(1.0%)	76.5%
Total	35,513	(4,915)	(13.8%)	(4,689)	(13.2%)					

[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

Omicron losses (mostly) offset by record March demand

First Quarter synopsis

- Only one airline was profitable as the hangover from COVID in January/February overshadowed very bullish demand in March.
- All airlines reported staffing issues and the topic of ”pilot supply” dominated nearly every management conference call.
- Capacity cuts due to staffing and other operational issues drove up costs, particularly at the ULCC’s.

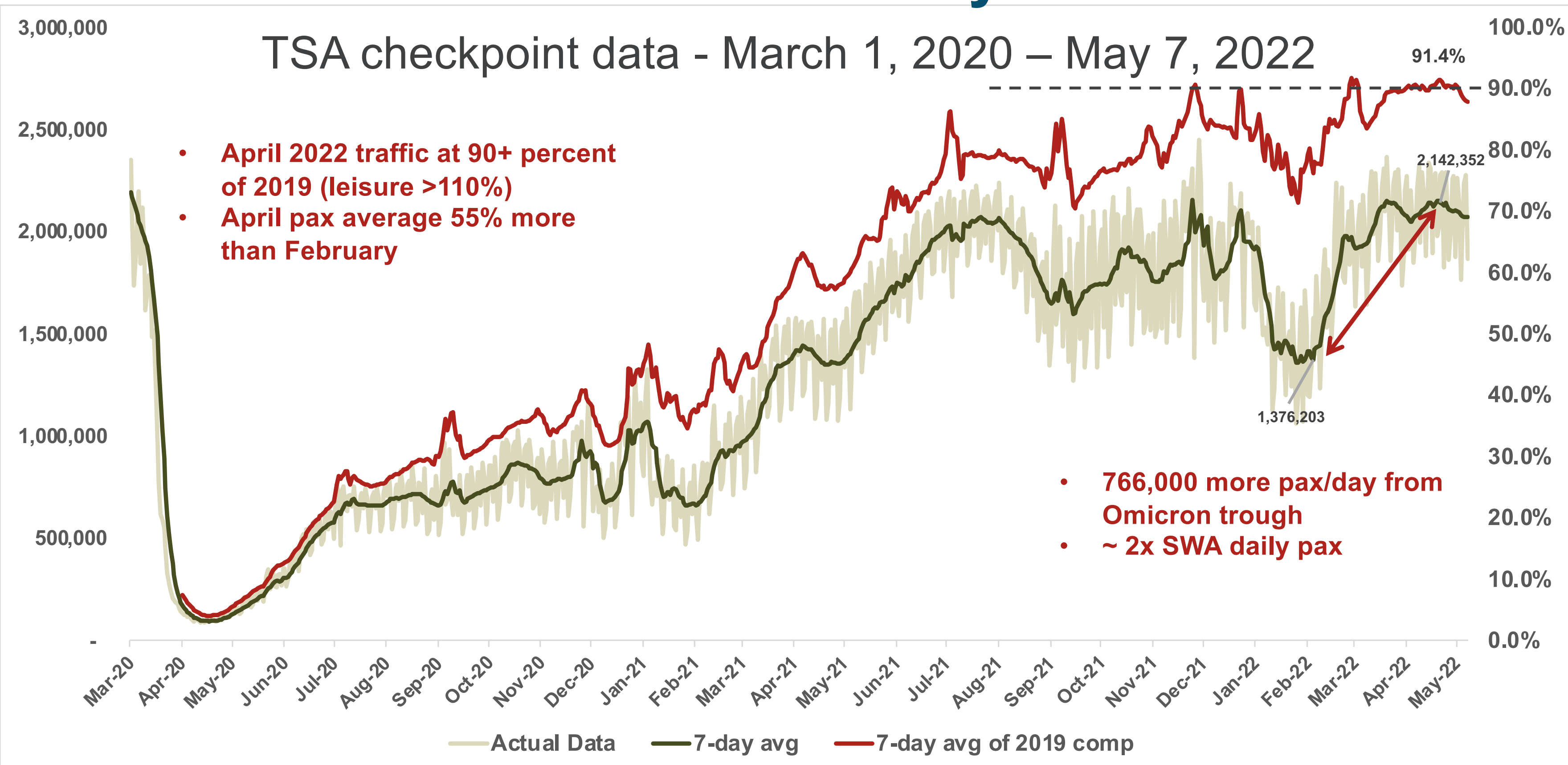
Second quarter revenue to be “record breaking”

- Every airline except JBLU and SAVE expect second quarter profits.
- Pricing will remain strong due to constrained capacity.
- The potential for disruptions due to ATC, weather and staffing shortfalls remains high.

Airline financial and operational performance varies greatly right now

- ALK, DAL and UAL noted for best capacity discipline and controlling costs.
- HA is wholly dependent on Japan travel to return to sustained profitability.
- JBLU and SAVE have ongoing operational and labor issues that are carrying into the second quarter.
- Pilot hiring remains at a record level, attrition levels at LCC’s and ULCC’s are far higher than usual.

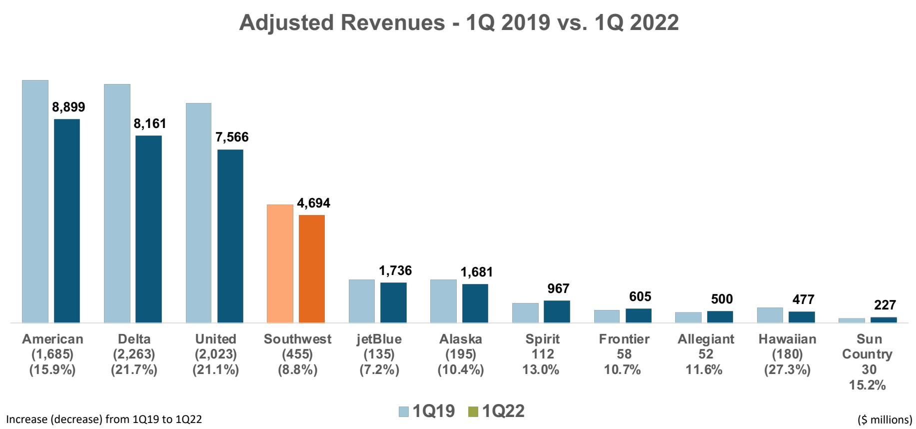
TSA data shows full recovery from Omicron



1Q21: Omicron slows recovery momentum

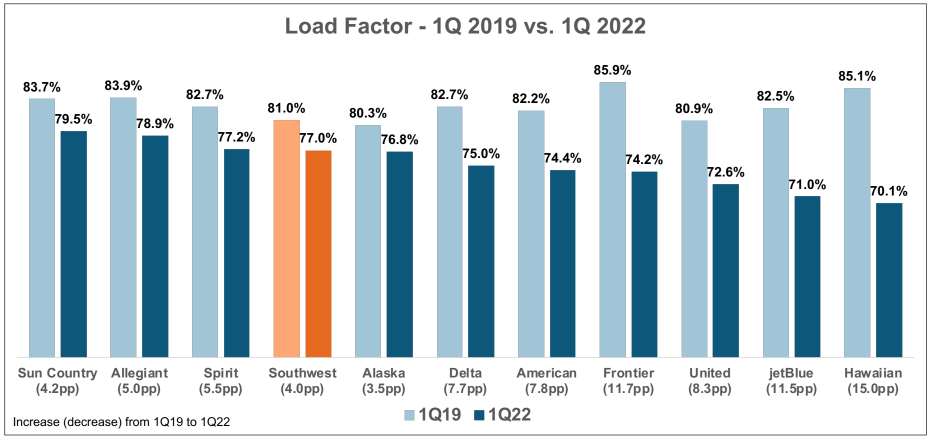
Revenues improved to 85% of 2019 (81% in 4Q), but load factors fell 7.4pp

Revenues down 15.2% y/3y



Note slower revenue recovery of AAL/DAL/UAL – lagging international/business travel

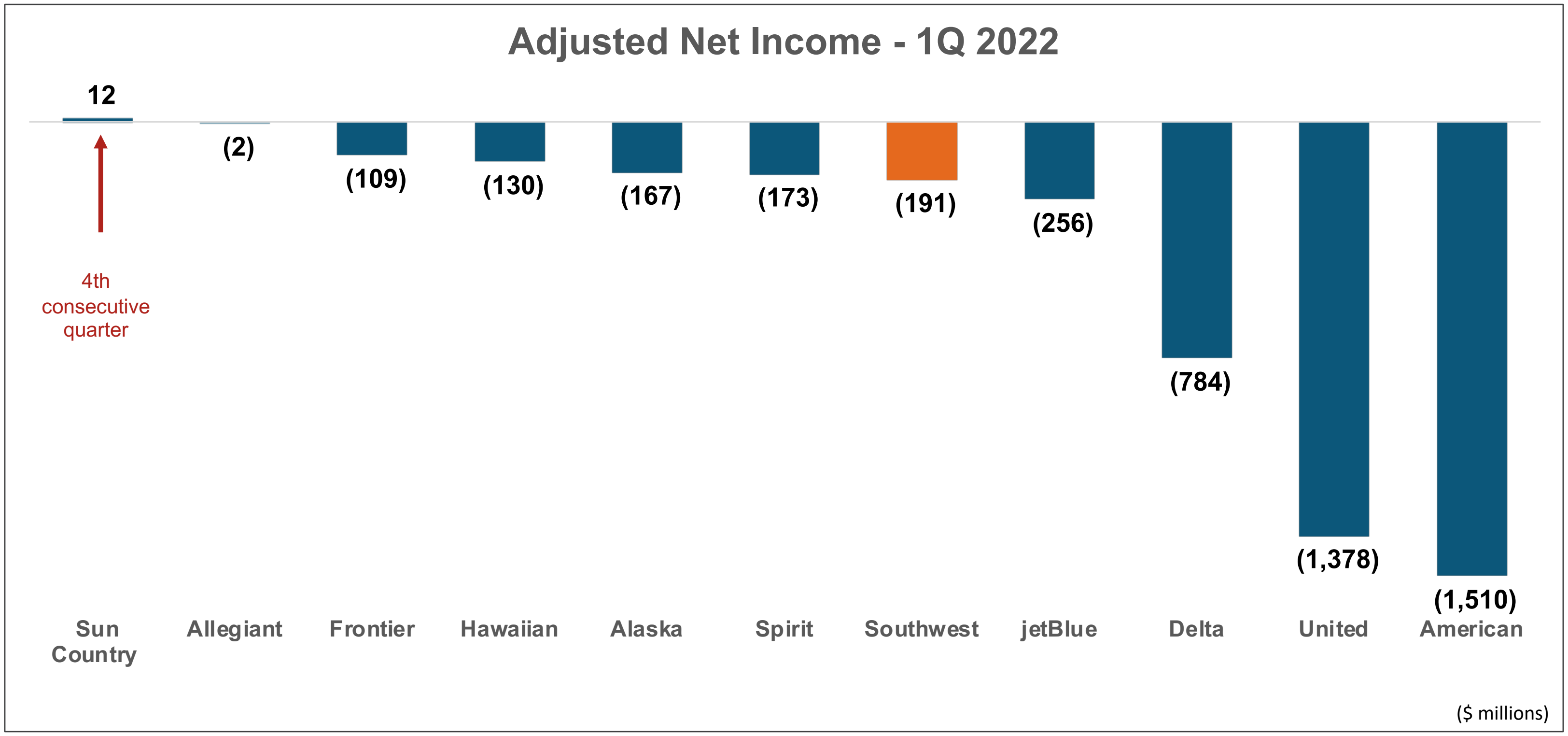
Load factors lower than 2019



March passenger recovery not enough to overcome Jan/Feb Omicron effect. Loads fell 4.0pp from 4Q21

Industry posted large losses in 1Q21

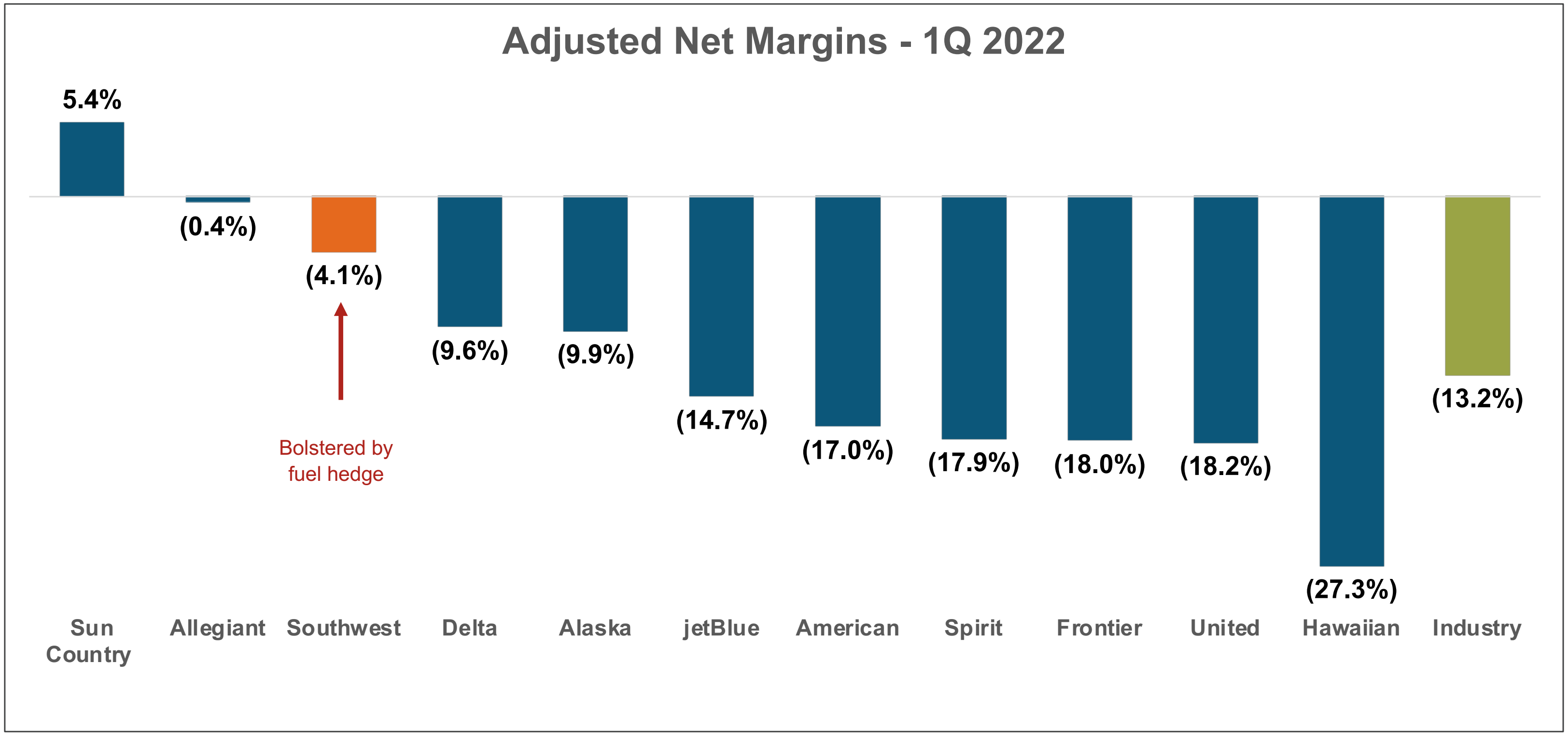
$4.7B adj net loss is 9th consecutive quarterly loss ($53B since 1Q20)



Non-GAAP

Net margins hammered in 1Q

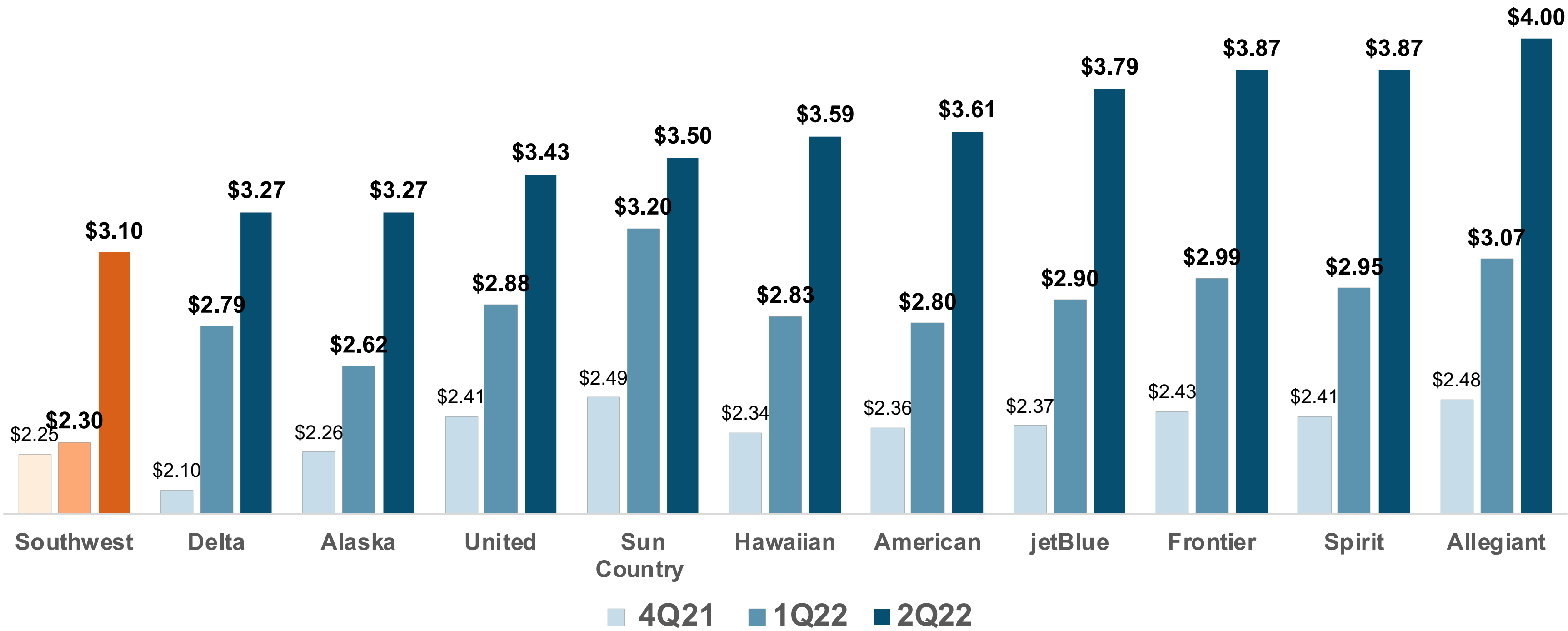
Double whammy: Jan/Feb Omicron then March fuel spike



Non-GAAP

Fuel spiked 21% in 1Q, likely another 25% in 2Q

SWA hedges limit damage; will save ~$250M in 2Q

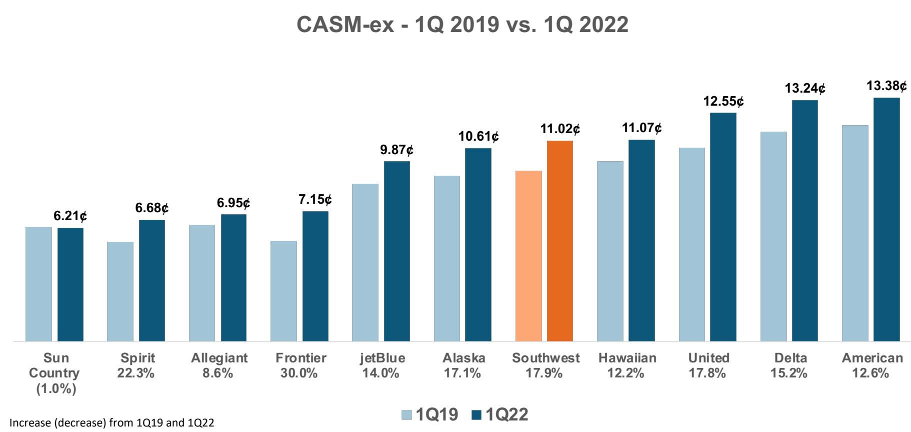


Non-GAAP

Unit costs remain very elevated

Reduced capacities, network and staffing inefficiencies are culprits

1Q 2022 CASM-ex



Avg y/19 CASM-ex increase = 14.9%; 4Q21 was 12.5%, 3Q21 was 10.7%

2Q22 CASM-ex guides

Airline	2Q22	FY2022
Southwest	+14% - 18%	+ 12% - 16%
American	+ 8% - 10%	+ 8% - 10%
Delta	+17%	
United	+16%	> 2019
Alaska	+16% - 19%	+ 6% - 8%
jetBlue	+15% - 17%	+10% - 15%
Spirit	+33%*	

* Analyst estimate; not provided by management

2Q Theme: Record Revenue Expected…

	Revenues vs 2Q19	TRASM vs 2Q19	Other
American Airlines	Up 6% - 8%	Up 14% - 16%	2Q: 3%-5% pre-tax margins
DELTA	Down 3% - 7%		Mar 22 TRASM 5pts better than Mar 19
UNITED	Up 2%-3%*	Up 17%	2Q: 10% operating margins
Alaska	Up 5% - 8%		2022: 66%-8% pre-tax margins
jetBlue	Up 11% - 16%		
Southwest	Up 8% - 12%		Load factors ~85%

* Implied; analyst estimates

… on reduced capacity

Six largest airlines cut approx. 11Bn ASMs in 2Q

	2Q capacity (mid-Feb)	2Q capacity (mid-Apr)
American Airlines	Down 8.7%	Down 8.7%
DELTA	Down 14.6%	Down 16%*
UNITED	Down 7.7%	Down 13%*
Alaska	Up 1.2%	Down 6% - 9%*
jetBlue	Up 15.2%	Up 5%
Southwest	Up 1%	Down 8.2%

Sources: Barclays, Deutsche Banke, SEC Filings (*)

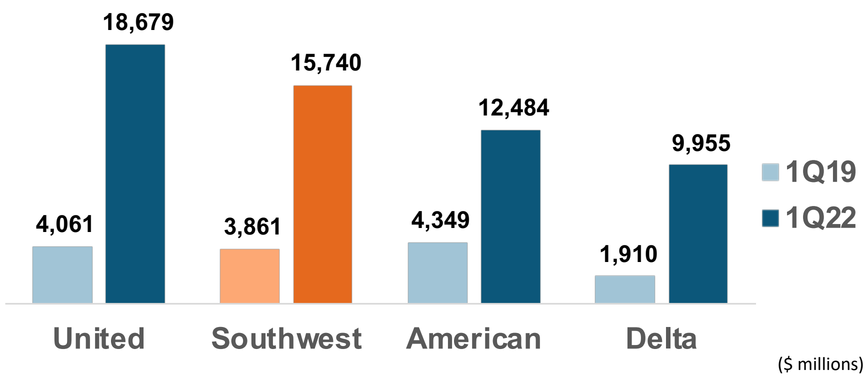
Speaking of capacity…

… interesting route updates…

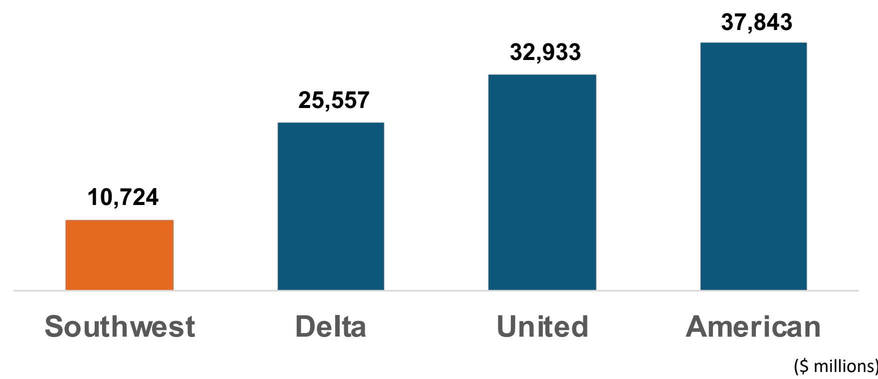
- **Avelo** and **Breeze** compete head-to-head for first time in MCO
- **Frontier** builds up TPA base with Caribbean service: MBJ,PUJ, SDQ, SJU
- **Alaska** reduces capacity to Hawaii, suspends AK-HI due to lack of crew – also noted high cost of hotels/food in Hawaii.
- **American** suspends more international routes due to 787 delays. Service to London, South America hit hardest.
- **Hawaiian** adds Japan service then drops it all in one week due to COVID restrictions. 25% of revenue in 2019 international, majority Japan.
- **Southwest** reduces HI flying (LAX, SAN), adds intra-CA business routes (20 daily SMF-SAN)
- **United** announces largest transatlantic schedule ever, then has to drop 8 routes and reduce frequencies on numerous others due to B777 Pratt engine recertification issues.

SWA's 'fortress' balance sheet remains intact

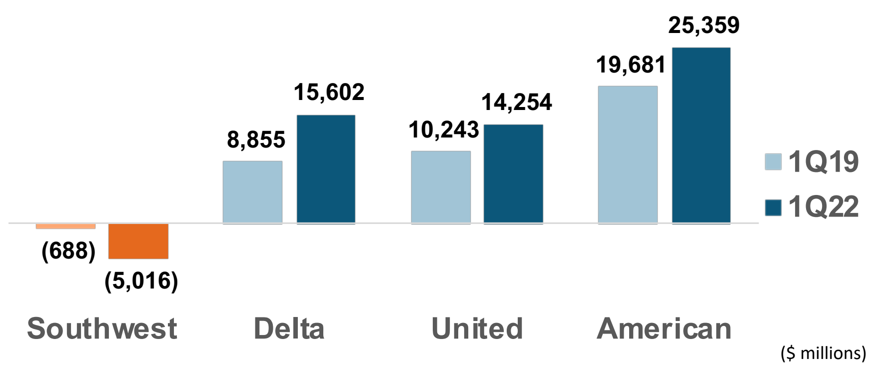
Cash and Short-Term Equivalents – 1Q19 vs 1Q22



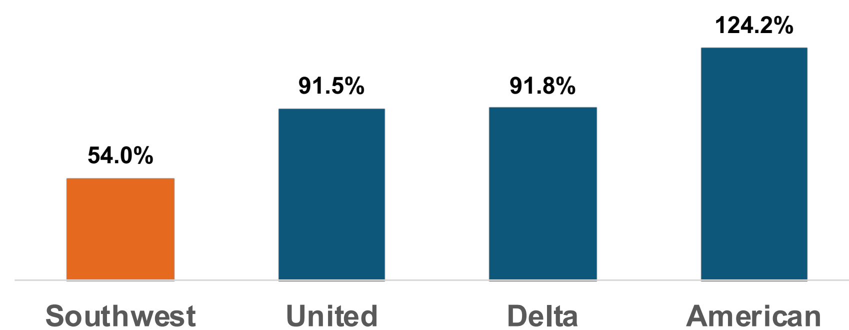
Total Debt – 1Q22



Net Debt 1Q19 vs 1Q22



Adjusted Debt-to-Capital Ratio -- 1Q22

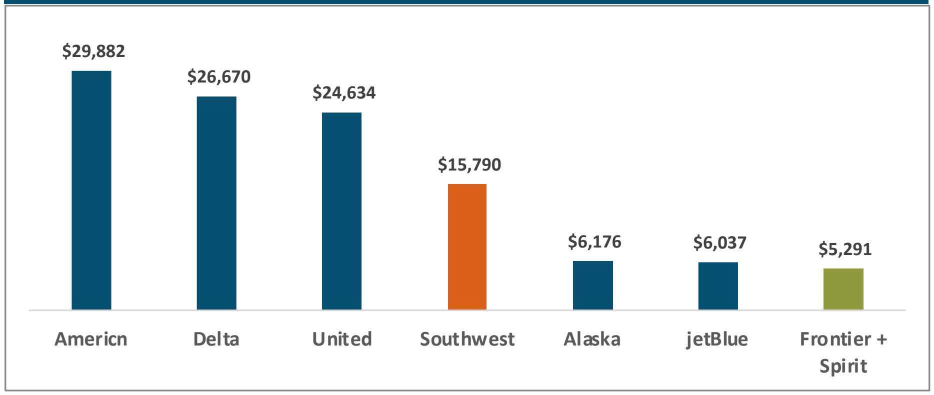


Frontier proposed merger with Spirit

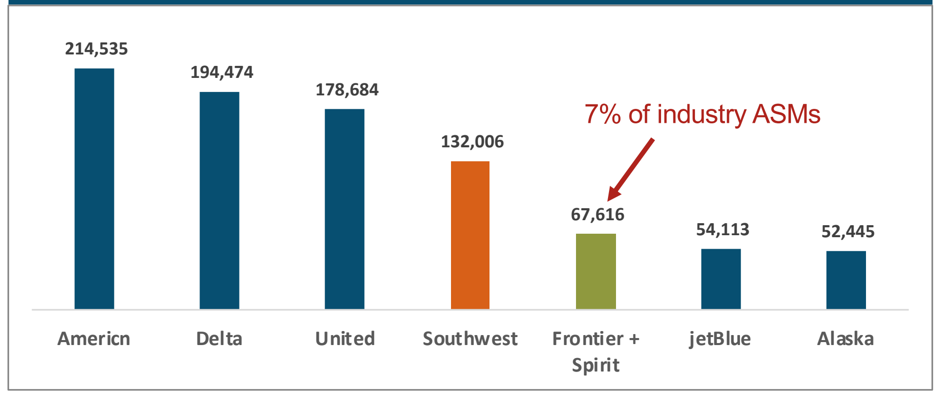
- Long-rumored; recall Frontier brought public in Apr 2021 by Indigo Group, same group that re-shaped Spirit
- Terms: SAVE shareholders receive $2.13 + 1.9126 shares of ULCC for each SAVE share.
  - On 2/7, this **values SAVE at $25.83/share**
  - On 5/6 (date of S-4), ULCC has fallen 18%, new value of SAVE shares is **now $21.60/share**
- At close, ULCC shareholders would hold 51.5%, SAVE shareholders would hold 48.5% of new entity
- Both are Airbus only, merger projects 493 aircraft (12% CAGR) by 2026

Frontier/Spirit will become 5th largest airline

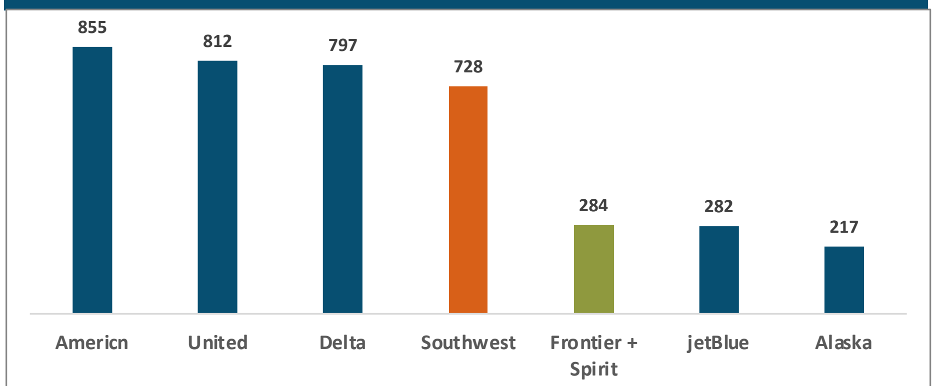
FY 2021 Revenue



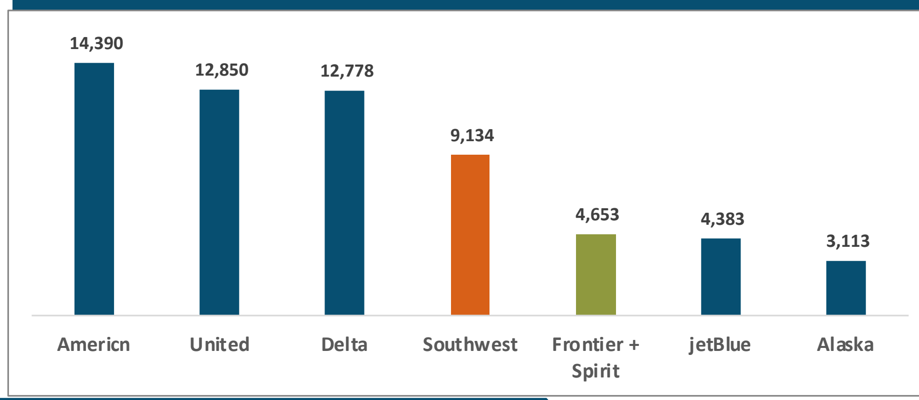
2021 Capacity (mil ASM)



Fleets



Pilots



JBLU makes unsolicited offer for SAVE

- April 5th news leak of JBLU 'Superior' offer for SAVE
- JBLU offered $33/share – all cash – for SAVE, valued at $3.6B,
  - 37% higher than ULCC offer and a 50% premium on SAVE shares.
  - Today (5/9), $33/share is a 96% for SAVE ($16.81 close)
- JetBlue intends to fully absorb Spirit fleet, convert airplanes to JBLU 'standard' (e.g. remove seats).
- JetBlue said stated goal was to achieve "growth faster than it could do so organically"
  - Would create 5th largest airline, ~$12B annual revenue, ~60% size of SWA

SAVE rejects JBLU offer

- Competing press releases on May 2d.
  - JBLU ‘sweetens’ offer with a $200m break-up fee and promises to divest some JFK, BOS, & FLL assets.
  - SAVE rejects JBLU offer and reaffirms intent to merge with ULCC.
- As of 5/9, JBLU has not withdrawn offer; could appeal directly to shareholders.

JetBlue’s Illusory Offer Is Not Superior

JetBlue’s offer is <u>not superior</u> as Spirit believes it is unlikely to be approved by regulators who are already suing JetBlue over the <u>anticompetitive Northeast Alliance</u> (“NEA”)

At its core, the JetBlue proposal represents a <u>high-cost, high-fare airline buying a low-cost, low-fare airline</u> with half the synergies coming from reduced capacity and increased fares

JetBlue has <u>not protected Spirit’s shareholders</u> through their <u>limited regulatory package</u> and <u>inadequate reverse termination fee</u> given the significant closing risks

JetBlue’s acquisition of Spirit would <u>eliminate a key competitor and a vocal public opponent</u> of JetBlue’s anticompetitive NEA deal

JetBlue’s claim about the <u>so-called “JetBlue Effect”</u> is based on economic modeling that Spirit believes has significant defects and <u>overstates the impact</u> of JetBlue on legacy carriers

Global Network Carriers

American Airlines

DELTA

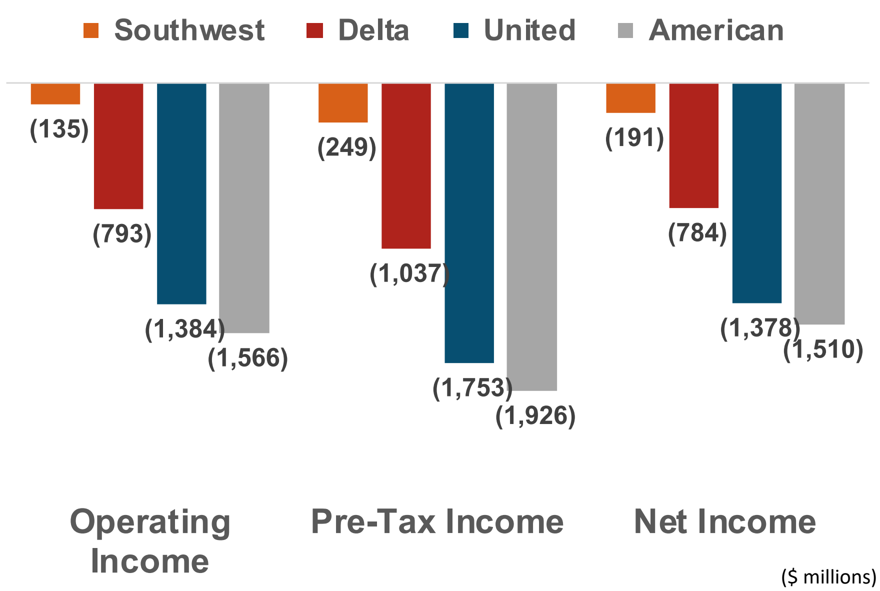
UNITED

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

Key Financial Results

Global Network Carriers (Legacies) vs. Southwest

1st Quarter 2022



Non-GAAP – excludes special items

American

"We must run a reliable operation and return to profitability"

1Q22 adj. pre-tax income (loss): ($1.9B)

Despite losing over $1B pretax, American was quite enthusiastic on its recovery for the remainder of the year. It noted leisure traffic continues to dominate but did say domestic corporate revenues have recovered to 85% of 2019 levels. The two big limiting factors to its schedule this summer are staffing and fleet. It reports the bottleneck in pilot training and delivery delays from Boeing will hamper its growth but seems confident of a second quarter profit. Management insists it will do this by passing along added fuel and operational costs through higher ticket prices.

***EFA takeaway**: New CEO, Robert Isom takes over, very positive on the future despite all the current constraints to the operation. Believes full recovery imminent.*

Items of interest

- Anticipates business revenues will recover to 90% of pre-pandemic levels in 2Q. Long-haul international is 50% recovered in 1Q with 70% expected at minimum in 2Q.
- Still planning to reduce debt levels by $15B by 2025.
- Narrow-body fleet configuration and product offerings have been completed, 500 aircraft total.
- Loyalty program enrollments in NYC and BOS are highest in history, driven by NEA with Jetblue.
- Made $344M in scheduled debt payments and repurchased $317M of the $750 unsecured senior notes that mature in June.
- Now expecting only 7 B787's to be delivered in 2022, all after the summer schedule. The 787-9's will not arrive until 2024.
- Ended 1Q with $15.5B in liquidity. Management indicated it would like to use some of that cash to pay down debt and maintain $10B-$12B on balance sheet.
- CAPEX will lower than planned at $1.8B for 2022 due to the delayed deliveries. American is expecting Boeing to compensate them for lost revenue.

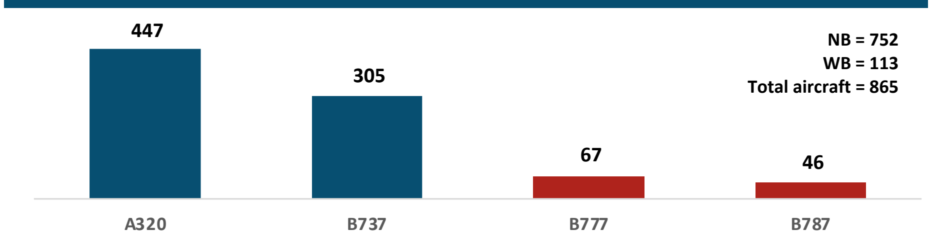
American Airlines

1Q Snapshot (as compared to 1Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
↓ *-11%*	↓ *-16%*	↓ *-5.8%*	↑ *13%*	↑ *37%*

American Stats	1Q22	1Q21	1Q19	y/y	y/3y
Revenues	$8,899M	$4,008M	$10,584M	122.0%	(15.9%)
Adj Operating Income (EBIT)	($1,566M)	($3,238M)	$513M	n.m.	n.m.
Adj Operating Margin	(17.6%)	(80.8%)	4.8%		
Adj Net Income	($2,743M)	($2,743M)	$237M	n.m.	n.m.
GAAP Net Income	($1,635M)	($1,250M)	$185M	n.m.	n.m.
GAAP EPS	($2.52)	($1.97)	$0.41	n.m.	n.m.
Capacity (ASMs)	59.5 billion	37.8 billion	66.7 billion	57.6%	(10.7%)
Yield	17.65¢	14.15¢	17.62¢	24.7%	0.2%
TRASM	14.95¢	10.61¢	15.87¢	40.9%	(5.8%)
CASM	17.84¢	14.09¢	15.31¢	26.6%	16.5%
CASM-ex	13.38¢	16.45¢	11.88¢	(18.7%)	12.6%
Fuel (econ)	$2.80	$1.70	$2.04	64.7%	37.3%

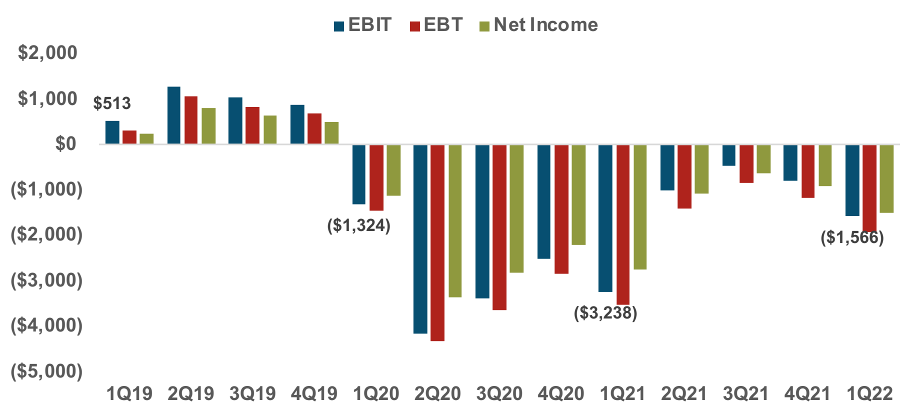
American Mainline Fleet – 4Q21



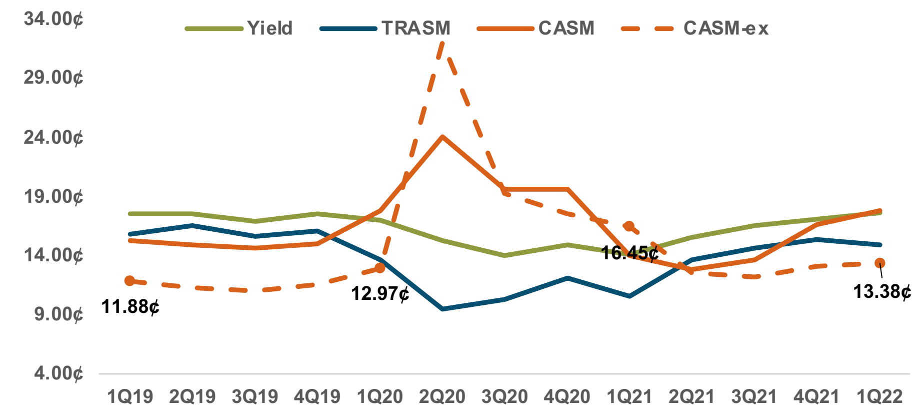
SWAPA

American

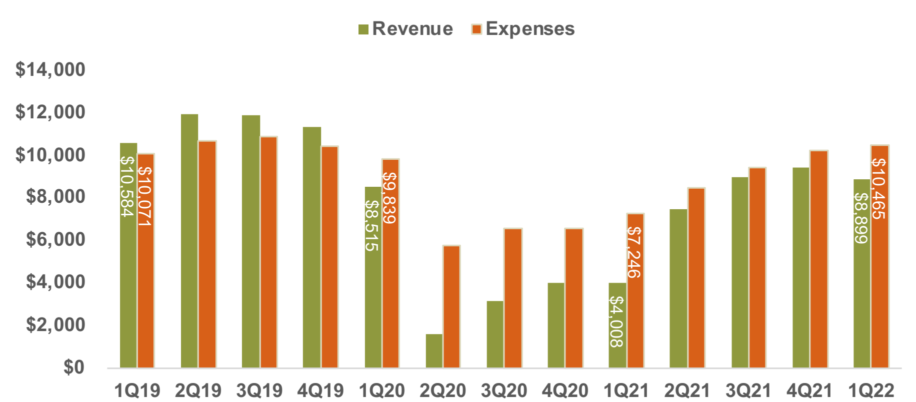
Operating, Pre-Tax, and Net Income (non-GAAP)



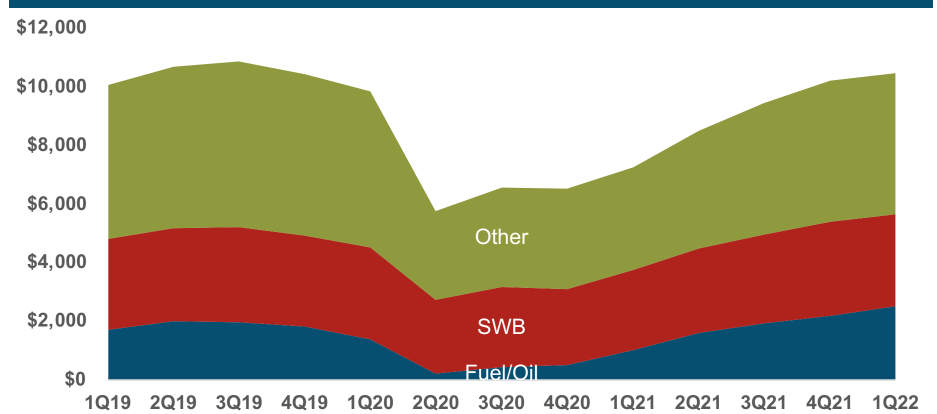
Yield, RASM, and CASM



Quarterly Revenue and Expenses

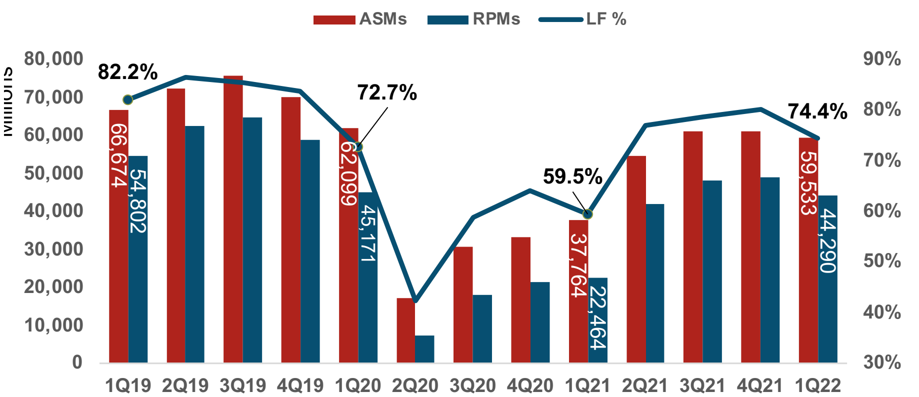


Quarterly Expenses

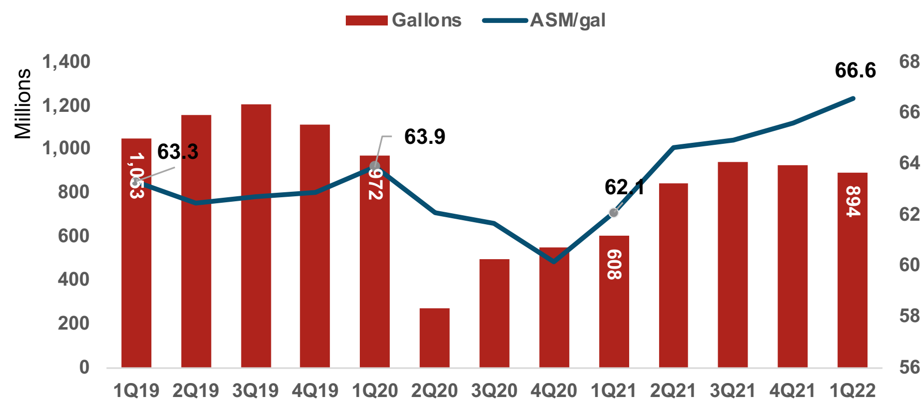


American

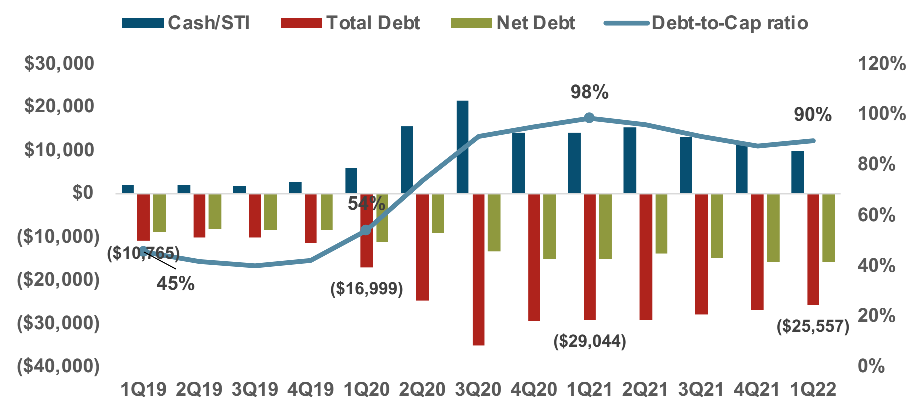
Capacity, Traffic, and Load Factor



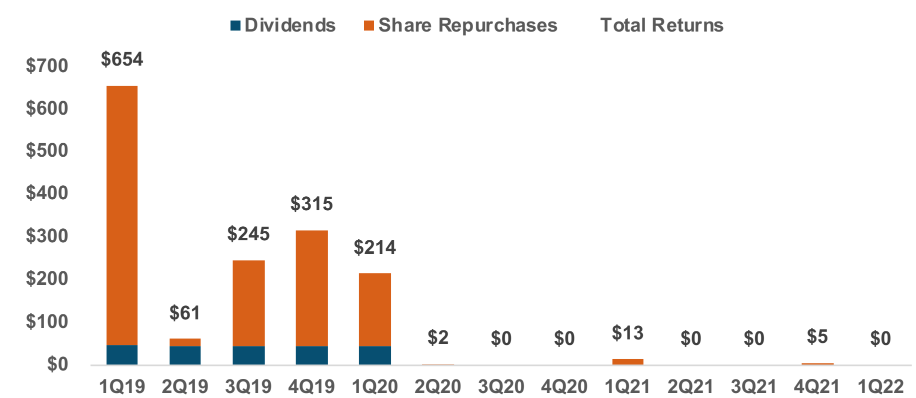
Fuel and Fuel Efficiency



Cash, Debt, and Debt-to-Capital Ratio



Shareholder Returns ($ mil)



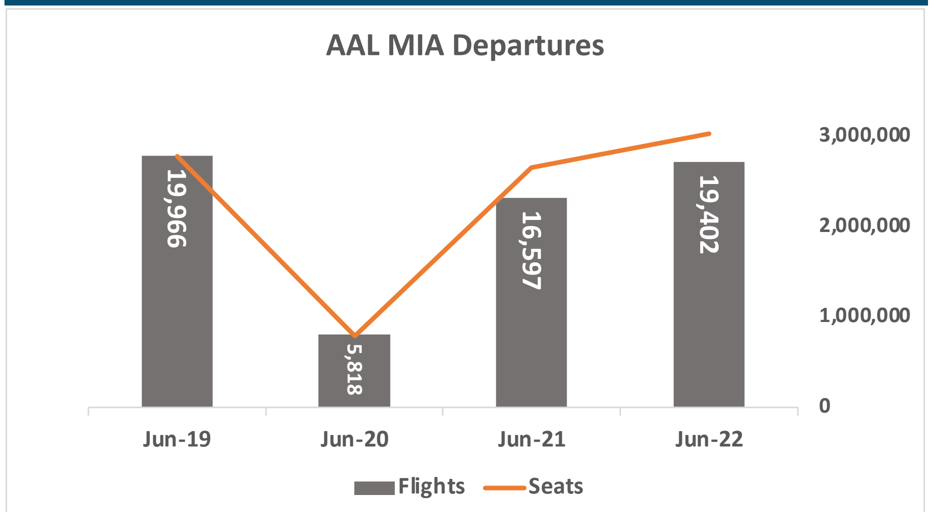
American

Analyst Commentary

- We don't see American catching up with aircraft delivery delays until the mid-2020's. This will put a natural brake on capacity increases.
- We think American can leverage its accelerating revenue streams (Long-haul and corporate) along with its attractive fleet, modest CAPEX and debt paydown to outperform over the next several years.
- American highlighted an interesting post-COVID phenomenon of "corporate-leisure" type of travel. We need more time to chew over this, but it bears watching.
- If sustained profitability is here, we expect management to commit to financing aircraft deliveries with cash and an aggressive debt pay down schedule.
- American highlighted the recovery in business travel with small and midsize business leading the way. We are now looking for the large corporate recovery to continue, now at 50% of 2019.

Guidance	2Q22	FY 2022	Notes
Capacity	Down 6% - 8%	Down 6% - 8%	Compared to 2Q19
Revenue	Up 6%-8%		Compared to 2Q20
CASM-ex	Up 8% - 10%	Up 8% - 10%	Compared to 2Q21
Fuel	$3.59 - $3.64		Planned consumption 1,013M gal
CAPEX		$2.6B	2023 = $3.0B
Pretax margin	3%-5%		

American restores MIA hub to approx. 2019 levels



Delta

"Historic levels of sales and booking volumes"

1Q22 adj. pre-tax income (loss): ($1.0B)

Delta opened the industry's first quarter earnings with a report of robust demand in March and very strong second quarter guidance. Management noted a tale of two halves; the first half being affected by Omicron and the second half of pent-up demand for travel. The carrier reported little pushback on increased fares used to cover higher fuel costs and in fact, said demand for its premium products was greater than 2019. Delta expects the strong demand to continue through the summer with only exception being Asia. Second quarter operating margins should be the highest in two years.

EFA takeaway: Clearly thought of as the industry leader in brand, product and operational integrity.

Items of Interest

- March was first month in two years of positive unit revenue compared to 2019, with PRASM up 1% and TRASM up 3%.
- Domestic premium revenue has been restored to 100% of March 2019 levels.
- All entities besides Asia expected to show positive unit revenue in second quarter, with domestic and Latin America the strongest.
- Other revenues such as AMEX renumeration, Cargo and Loyalty all performed at record levels.
- Non-fuel CASM higher due to reduced capacity. Fuel expenses up significantly, offset by refinery profits averaging $0.07 per gallon. The company noted production at the Monroe refinery completely offset the historically high New York Harbor jet fuel crack spread.
- Generated positive free cash flow for the first time since 2019. Adjusted net debt lower by $1.4B and Delta ended quarter nearly $13B in liquidity.
- A 10% improvement in narrow-body utilization plus capacity restoration expected to drive lower CASM-ex by year-end 2022.
- 70 new and gently used a/c deliveries, including A321neo's and A220 100/300's.

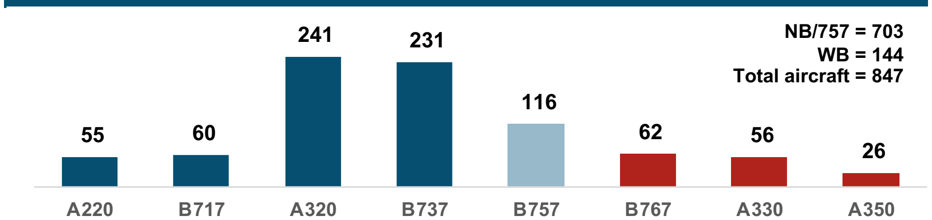
DELTA

1Q Snapshot (as compared to 1Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
↓ -17%	↓ -22%	↓ -5.3%	↑ 15%	↑ 36%

DAL Stats	1Q22	1Q21	1Q19	y/y	y/3y
Adj Revenues	$8,161M	$3,610M	$10,424M	126.1%	(21.7%)
Adj Operating Income (EBIT)	($793M)	($2,651M)	$1,028M	n.m.	n.m.
Adj Operating Margin	(9.7%)	(73.4%)	9.9%		
Adj Net Income	($784M)	($2,256M)	$639M	n.m.	n.m.
GAAP Net Income	($940M)	($1,177M)	$730M	n.m.	n.m.
GAAP EPS	($1.48)	($1.85)	$1.09	n.m.	n.m.
Capacity (ASMs)	51.8 billion	40.1 billion	62.4 billion	29.1%	(17.0%)
Yield	17.85¢	15.31¢	17.93¢	16.6%	(0.4%)
TRASM	15.75¢	9.00¢	16.63¢	75.0%	(5.3%)
CASM	19.56¢	13.83¢	14.99¢	41.4%	30.5%
CASM-ex	13.24¢	13.01¢	11.49¢	1.8%	15.2%
Fuel (econ)	$2.79	$1.91	$2.05	46.1%	36.1%

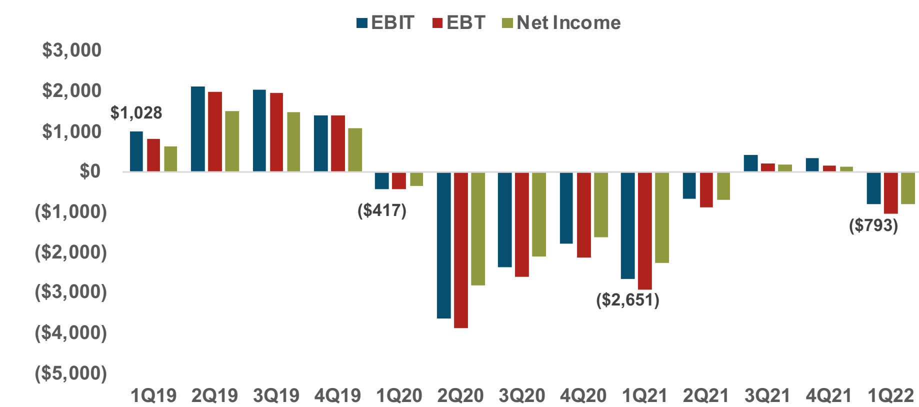
Delta Mainline Fleet – 1Q22



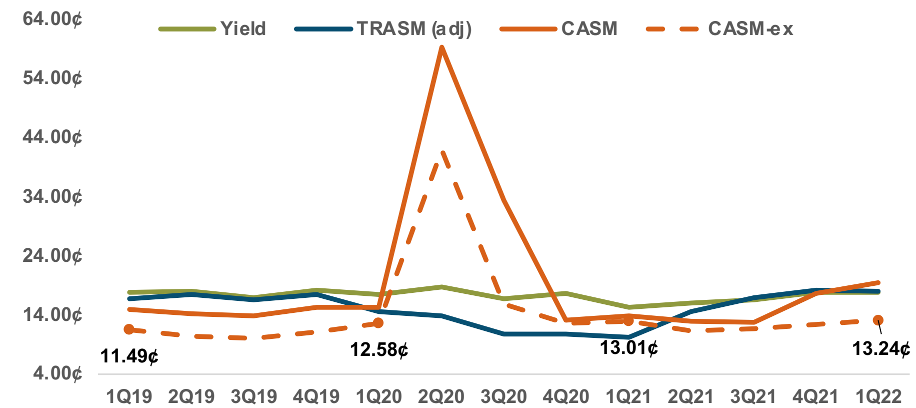
SWAPA

Delta

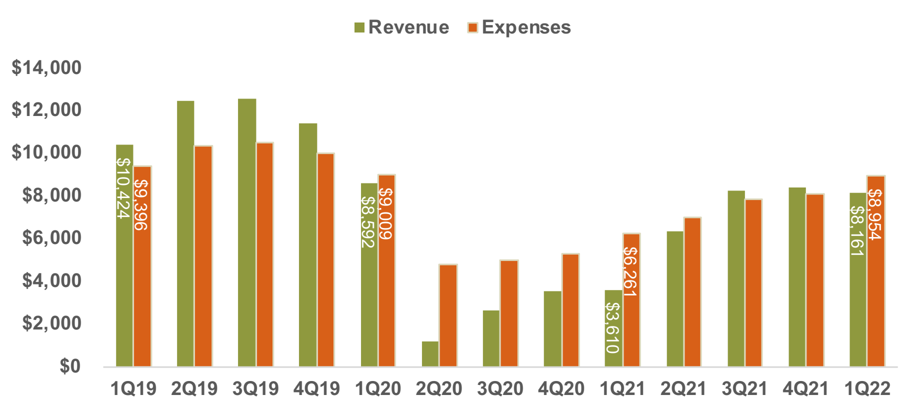
Operating, Pre-Tax, and Net Income (non-GAAP)



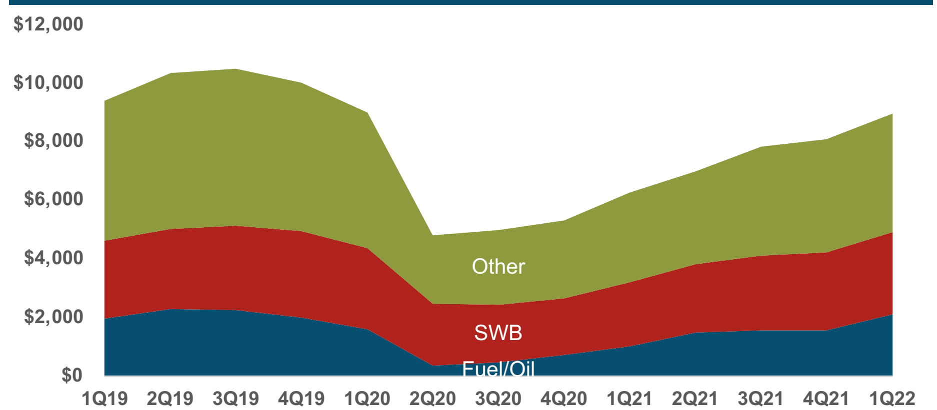
Yield, RASM, and CASM



Quarterly Revenue and Expenses

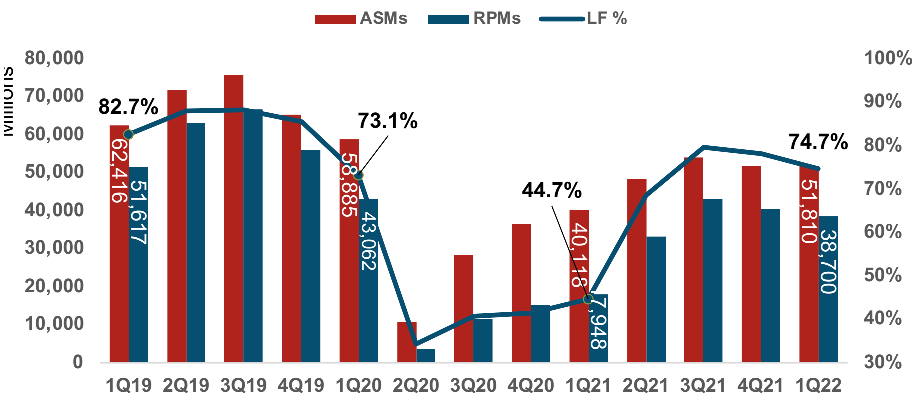


Quarterly Expenses

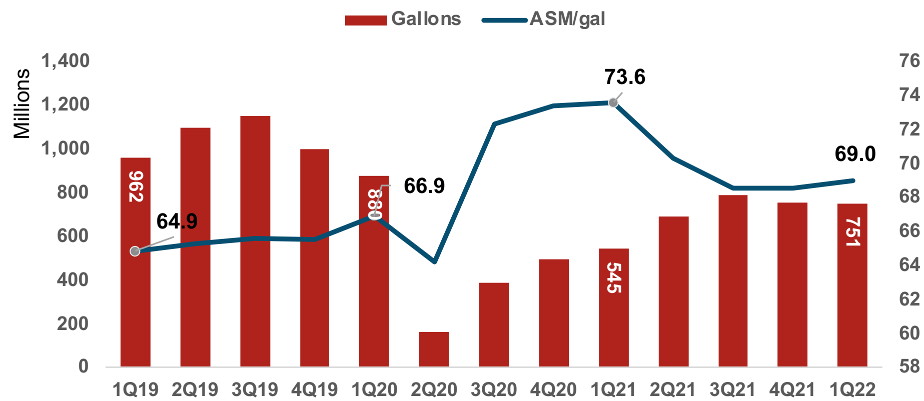


Delta

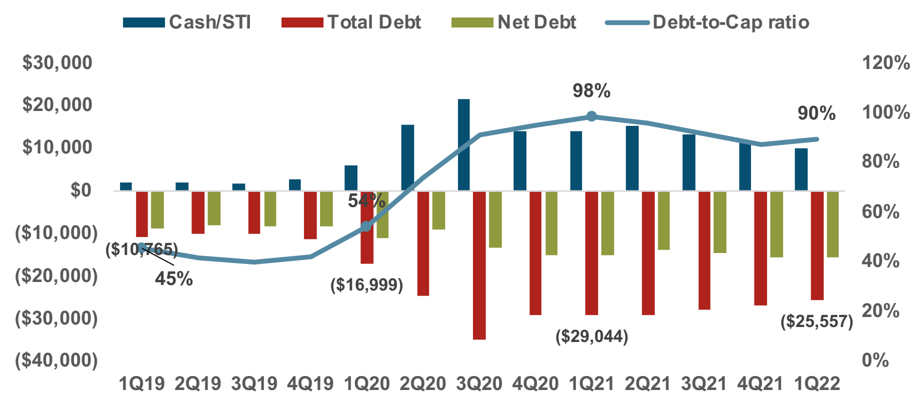
Capacity, Traffic, and Load Factor



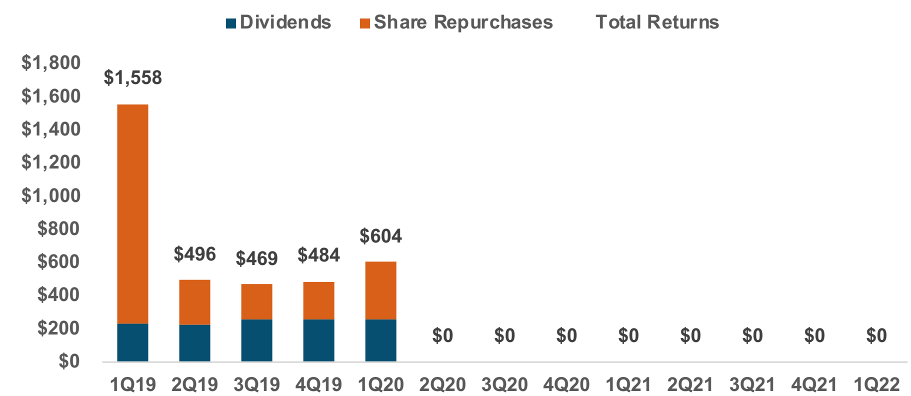
Fuel and Fuel Efficiency



Cash, Debt, and Debt-to-Capital Ratio



Shareholder Returns ($ mil)



Delta

Analyst Commentary

- Delta guides to a strong June quarter. Leisure demand picked up mid-quarter and continues to be strong through the summer. The next leg up in traffic should follow the elimination of international testing to return to the U.S.
- We believe it's all about profit per ASM (PASM), rather than cost alone, and this was reinforced by Delta indicating that they manage to profitability
- It is hard to be anything but encouraged by Delta's commentary yesterday. With the supply demand dynamic in the industry's favor, management is raising fares, and so far, Delta customers are showing a willingness to pay up.
- Taking advantage of relatively larger connecting hubs, Delta had been shifting from 50-seat RJs (regional jets) to large RJs and small NBs (narrow body aircraft) for several years prior to the pandemic. It is better positioned than legacy peers during this pilot crunch.
- DAL believes the increasing demand for international travel will allow for widebodies to transition from domestic to international flying, drastically improving fleet efficiency. Consequently, DAL expects narrowbody utilization to improve by 10 points by year end.

DELTA

Guidance	2Q22	FY 2022	Notes
Total Revenue	Down 3% - 7%		Compared to 2Q19
Capacity	Down 16%		Compared to 2Q19
CASM-ex	Up 17%		Compared to 2Q19
Fuel (incl refinery)	$3.20- $3.35		
Op Margin	12% -14%		non-GAAP
CAPEX	~$1.2B		
Adj net debt	~$20.0B		

Delta Strengthens Airbus Relationship With Large Order Book

Fleet Type	2022	YE 2027
A220-300	10	90
A321neo	26	154
A330-900neo	11	35
A350-900	10	44

United

UNITED

"The airline is uniquely positioned to benefit post-Covid "

1Q22 adj. pre-tax income (loss): ($1.8B)

According to CEO Scott Kirby, United has spent the last two years getting ready for this moment. Travel demand is stronger than ever despite business travel not being fully recovered. Although UAL posted a loss for the quarter, March was a very strong month and 2Q will set records for TRASM and revenue according to Kirby. They reiterated their focus on brand and customer preference as well as historically strong hubs and declining CASM-ex. The return of global long-haul flying and new aircraft deliveries also cited as structural advantages going forward.

EFA takeaway*: *Airline believes everything has fallen into place to outperform the rest of the industry for the foreseeable future. Time will tell.

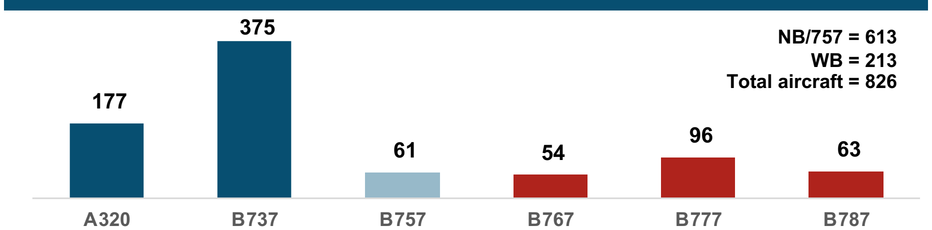
- Plan to grow gauge by 30% by 2026. Will replace smaller regional jets with A321neo's and 737 MAX aircraft.
- Noted revenue momentum coming from return of business travel, now down only 20%-30% from 2019. Business yields 10% higher than 2019.
- Pacific capacity will be down 65% and Latin American capacity up 9% in the second quarter.
- Cargo revenue still strong, up 26% YOY. With supply chain disruptions and ocean shipping issues, the outlook remains strong.
- Adjusting CAPEX spend as 787 and 737 Max aircraft continue to be delayed. Still plans to spend $5.3B, down roughly $600M from plan.
- Ended 1Q with $20B of available liquidity. Total debt declined by over $700M as some unsecured bonds were paid down early.
- Timing of the return of the grounded 777's remains unknown. UAL had hoped to have all 52 flying by year-end but this may not happen. It is 10% of total capacity.
- Will shift to receiving more MAX8 and 9's as the MAX10 continues to be delayed from Boeing.
- ATL over $2B, a record. This drove $1.5B of cash flow from operations, close to 2019 levels.

1Q Snapshot (as compared to 1Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
↓ *-19%*	↓ *-21%*	↓ *-2.8%*	↑ *18%*	↑ *41%*

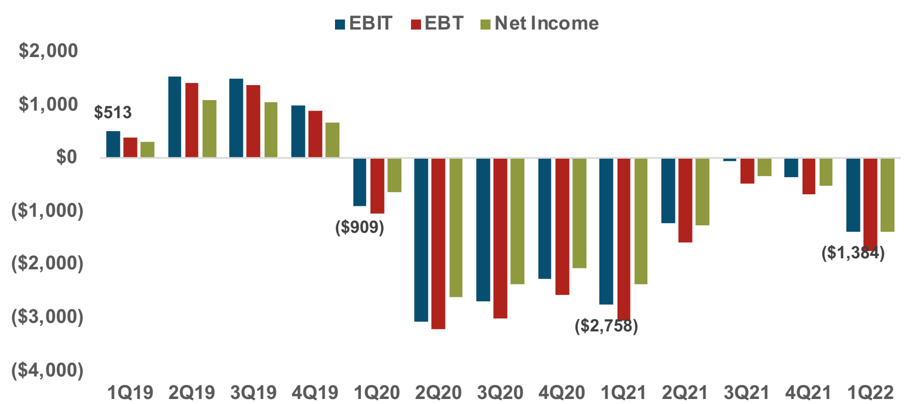
UAL Stats	1Q22	1Q21	1Q19	y/y	y/3y
Revenues	$7,566M	$3,221M	$9,589M	134.9%	(21.1%)
Adj Operating Income (EBIT)	($1,384M)	($2,758M)	$513M	n.m.	n.m.
Adj Operating Margin	(18.3%)	(85.6%)	5.3%		
Adj Net Income	($1,378M)	($2,375M)	$309M	n.m.	n.m.
GAAP Net Income	($1,377M)	($1,357M)	$292M	n.m.	n.m.
GAAP EPS	($4.24)	($4.29)	$1.09	n.m.	n.m.
Capacity (ASMs)	53.3 billion	30.4 billion	65.6 billion	75.4%	(18.9%)
Yield	16.43¢	13.43¢	16.43¢	22.3%	0.0%
TRASM	14.20¢	10.61¢	14.61¢	33.8%	(2.8%)
CASM	16.79¢	15.15¢	13.85¢	10.8%	21.2%
CASM-ex	12.55¢	16.80¢	10.65¢	(25.3%)	17.8%
Fuel (econ)	$2.88	$1.74	$2.05	65.5%	40.5%

United Mainline Fleet – 4Q21

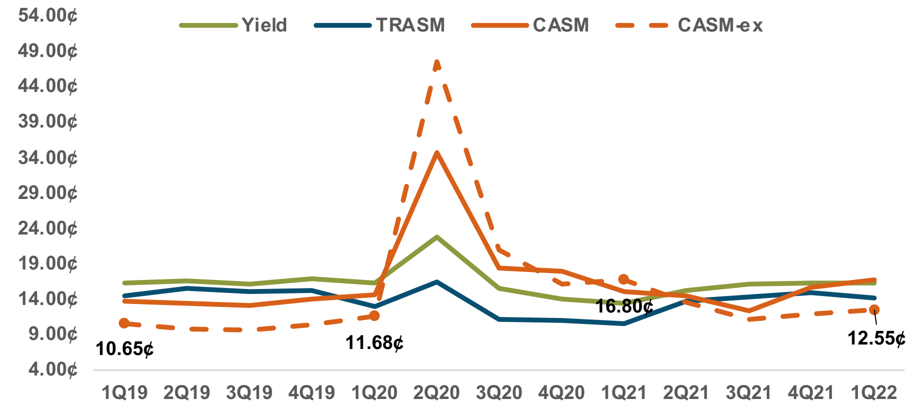


United

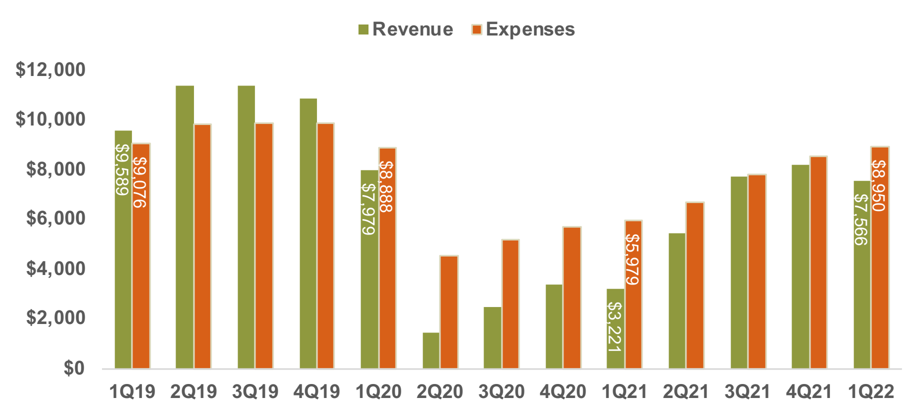
Operating, Pre-Tax, and Net Income (non-GAAP)



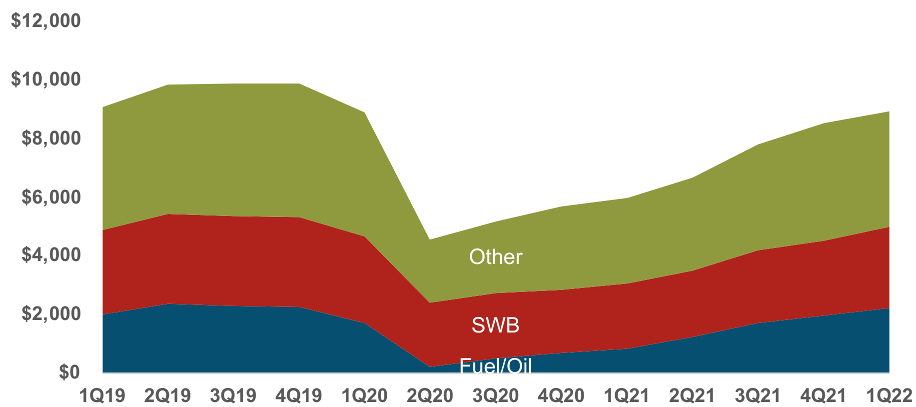
Yield, RASM, and CASM



Quarterly Revenue and Expenses

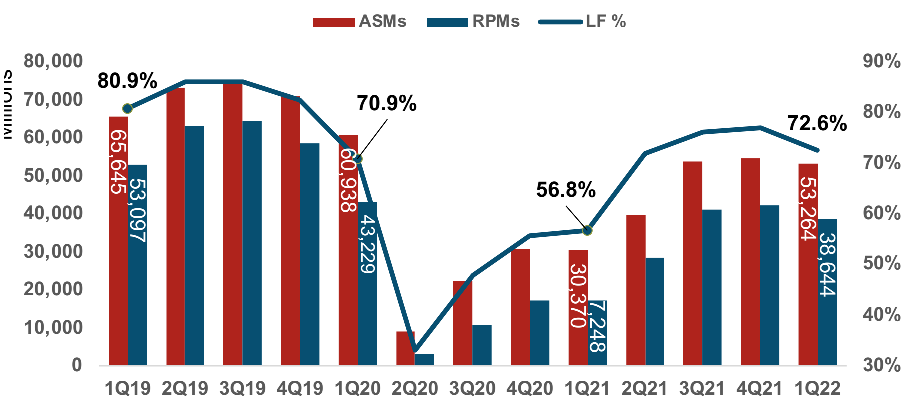


Quarterly Expenses

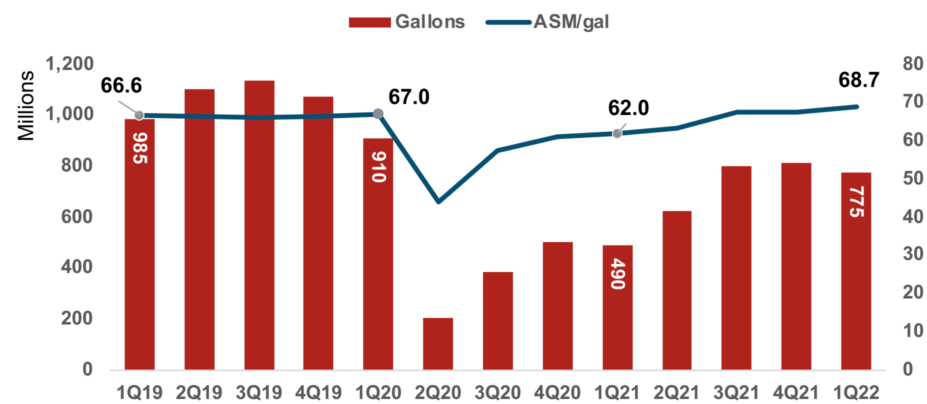


United

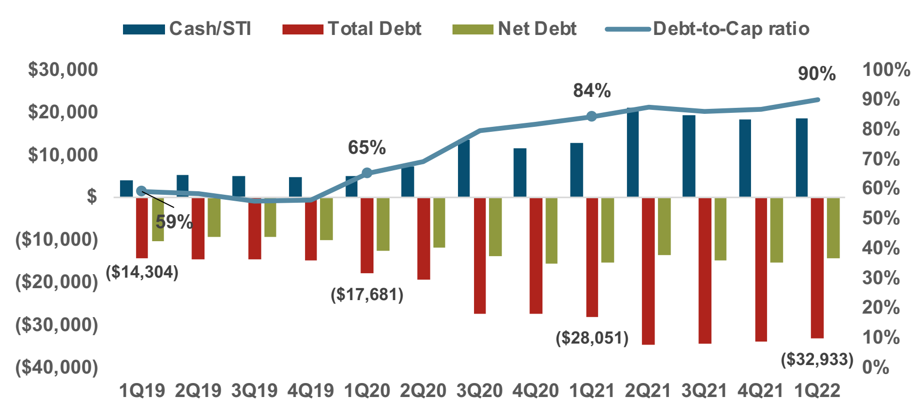
Capacity, Traffic, and Load Factor



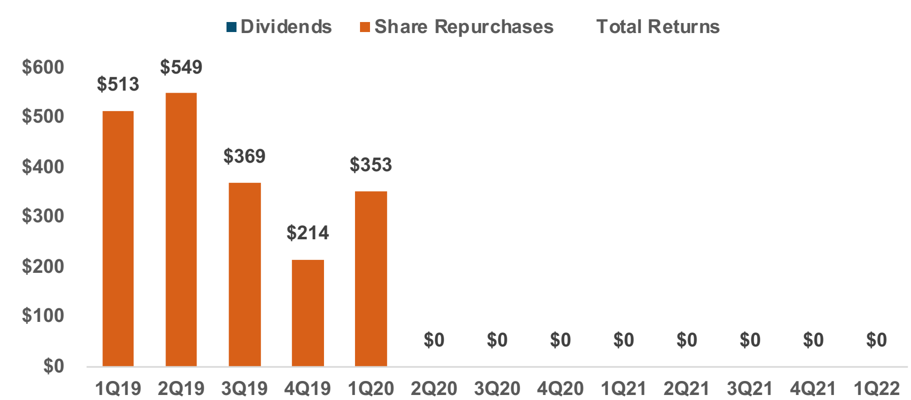
Fuel and Fuel Efficiency



Cash, Debt, and Debt-to-Capital Ratio



Shareholder Returns ($ mil)



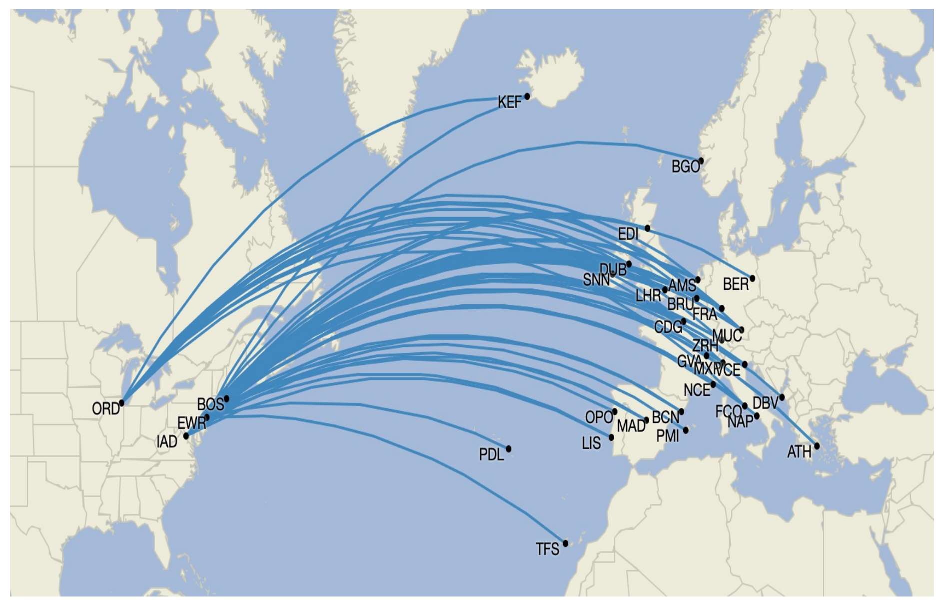
United

Analyst Commentary

- What stood out to us from the earnings release was the record revenue guide for June Q, with TRASM up 17%. This shows airlines will be successful offsetting fuel prices with revenue.
- We like United's capacity discipline. Benefits include operational reliability and staying ahead of staffing issues.
- Supply chain issues and manufacturing challenges pushing some aircraft deliveries to 2023 reducing CAPEX. We are ok with this as UAL is aggressive with a/c orders in upcoming years.
- There is some flip flopping from focusing on CASM-ex to now RASM, largely because of timing issues on aircraft but margin improvement remains the core priority. Uncertainties remain in the macro-environment however, so caution is warranted.
- Perhaps United is correct and the pilot shortage will continue and set the airline group up for an extended pricing cycle with capacity being flat to down for a longer period.

Guidance	2Q22	FY 2022	Notes
Total Revenue	Down ~17%		Comp to 2Q19
CASM-ex	Up ~16%		Comp to 2Q19
Fuel	$3.43/gal		
Capacity	Down ~13%		Comp to 2Q19
CAPEX		$5.3B	prev $4.2B
Op Margin	~10%		non-GAAP

United plans record transatlantic service this summer



Hybrid/Low Cost Carriers

Alaska

HAWAIIAN AIRLINES

jetBlue

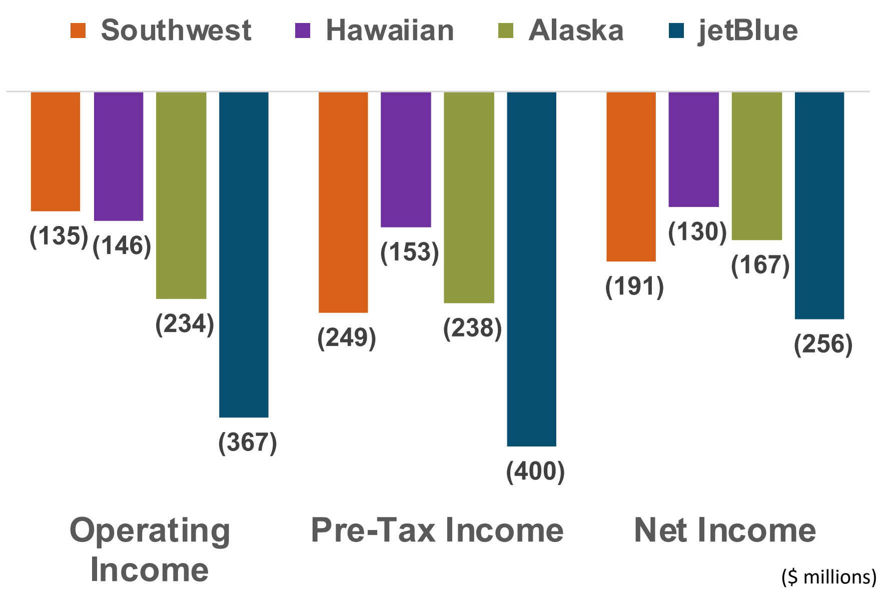
Southwest

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

Key Financial Results

Hybrid/LCC carriers vs. Southwest

1st Quarter 2022



Non-GAAP – excludes special items

Alaska

"The key elements are in place to build a solid foundation for growth"

1Q22 adj. pre-tax income (loss): ($238M)

Alaska reported record cash sales in March amid strength in both leisure and business demand despite a slow start to the year in January and February. Management has previously suggested that the recovery would not include business travel until later in the year, however business demand has recovered quicker than expected, at 70% of 2019 levels. ALK highlighted long term strategies, such as One World and the West Coast Alliance with AAL as partnerships that are strengthening and providing value. Fuel prices and staffing, particularly pilot training, continue as challenges into 2Q.

EFA takeaway: The move to single fleet, rebuilding capacity and hiring personnel are the focus right now, but ALK is confident of its financial recovery in 2022.

Items of Interest

- March revenues exceeded 2019 levels by 1.5% despite 8% lower capacity.
- Yields higher by 9% in March and 3.5% for 1Q, reflecting robust demand.
- Identified $400M in incremental revenue through 2025, driven by product, fleet and network.
- Predicting a full year pretax margin of 6%-9%, with 2Q at double digits.
- Will reduce full year capacity due to staffing short of plan. This will drive full year CASM-ex up 6%-8%.
- While fuel prices will be up 40% from the beginning of the year, the hedging program is expected to provide a net benefit of $200M. Hedge is 50% at $78 per barrel.
- 55 mainline a/c deliveries through 2023 as the A320's get returned to lessors.
- Ended quarter with $2.9B in unrestricted cash and short-term investments. Debt to capitalization rate is 50%, well within stated range goals.
- Extended co-brand credit card agreement with B of A until 2030. Cash renumeration from agreement was up 34% in 1Q.

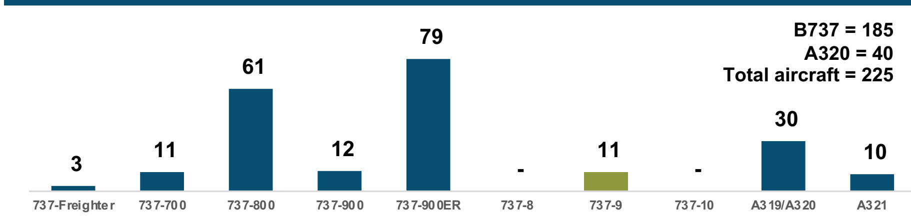
Alaska

1Q Snapshot (as compared to 1Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-11%	-10%	-0.8%	17%	23%

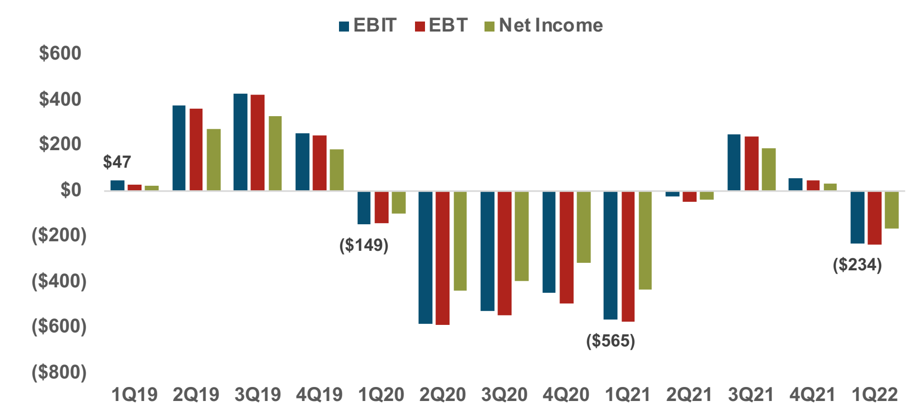
ALK Stats	1Q22	1Q21	1Q19	y/y	y/3y
Revenues	$1,681M	$797M	$1,876M	110.9%	(10.4%)
Adj Operating Income (EBIT)	($234M)	($565M)	$47M	n.m.	n.m.
Adj Operating Margin	(13.9%)	(70.9%)	2.5%		
Adj Net Income	($167M)	($436M)	$21M	n.m.	n.m.
GAAP Net Income	($143M)	($131M)	$4M	n.m.	n.m.
GAAP EPS	($1.14)	($1.05)	$0.03	n.m.	n.m.
Capacity (ASMs)	13.8 billion	10.4 billion	15.5 billion	32.6%	(11.1%)
Yield	14.27¢	12.22¢	13.78¢	16.8%	3.6%
TRASM	12.20¢	7.67¢	12.10¢	59.1%	0.8%
CASM	13.66¢	9.21¢	11.94¢	48.3%	14.4%
CASM-ex	10.61¢	10.93¢	9.06¢	(2.9%)	17.1%
Fuel (econ)	$2.62	$1.79	$2.13	46.4%	23.0%

Alaska Mainline Fleet – 1Q22

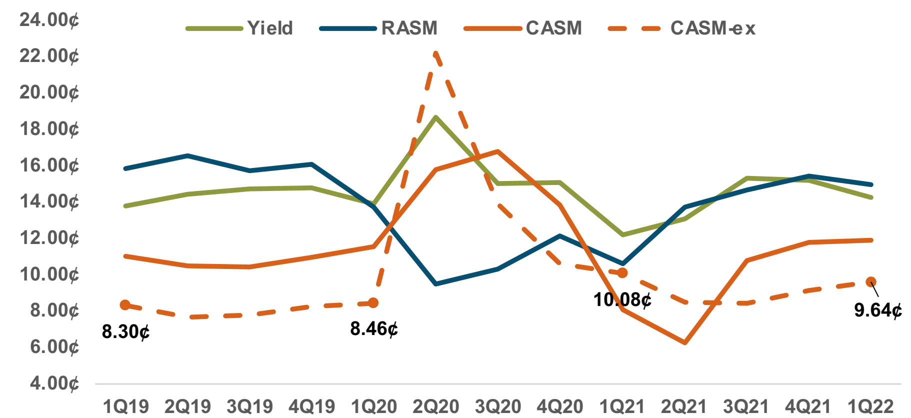


Alaska

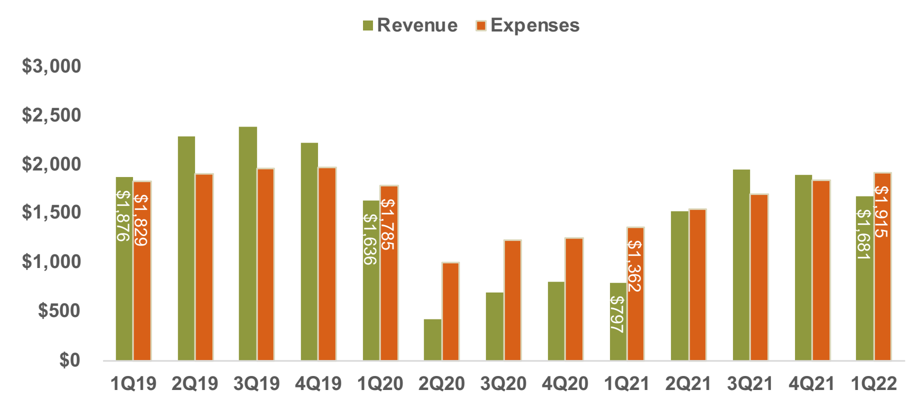
Operating, Pre-Tax, and Net Income (non-GAAP)



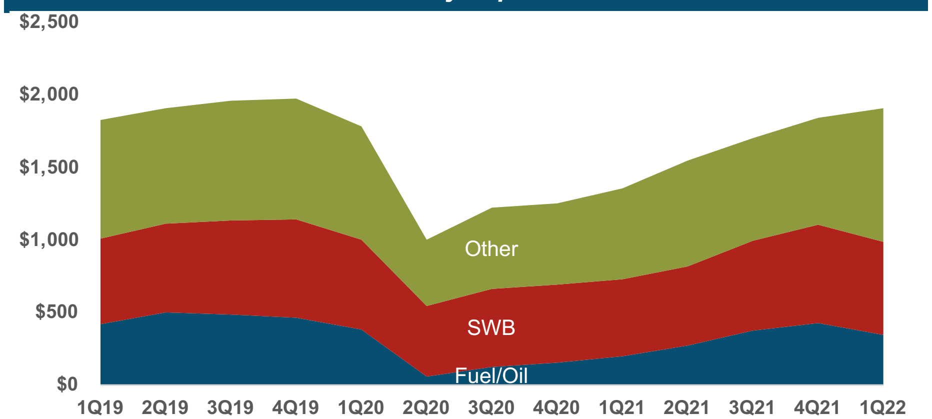
Yield, RASM, and CASM



Quarterly Revenue and Expenses

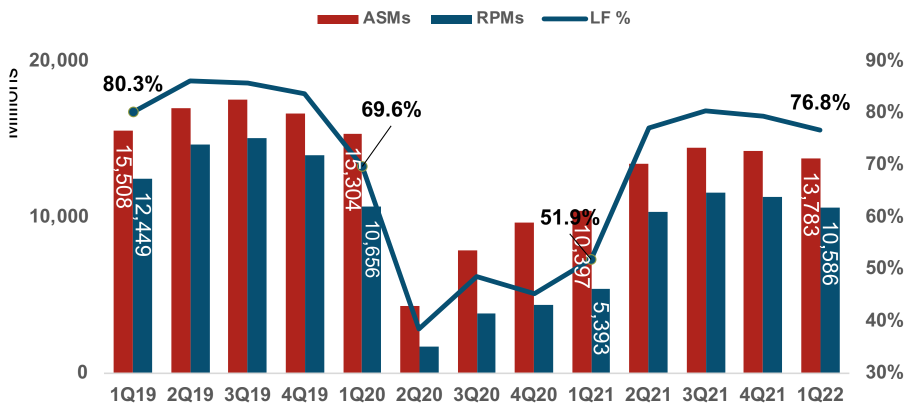


Quarterly Expenses

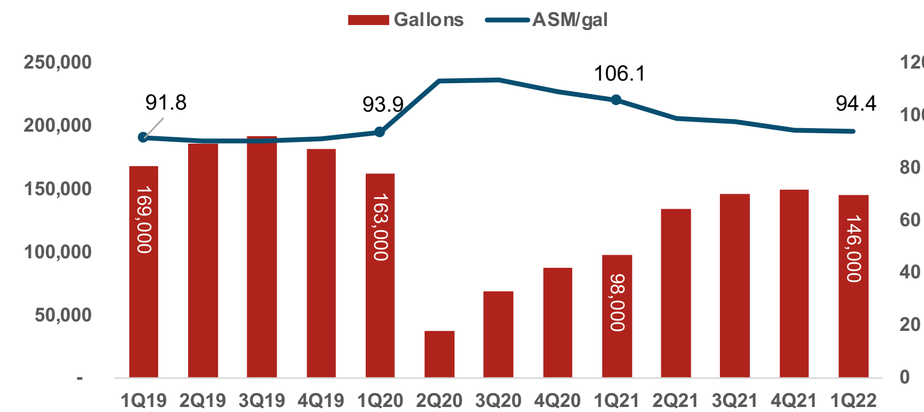


Alaska

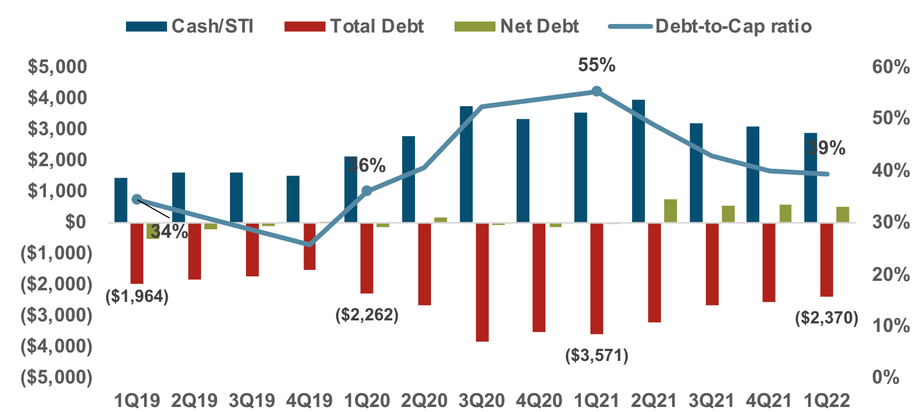
Capacity, Traffic, and Load Factor



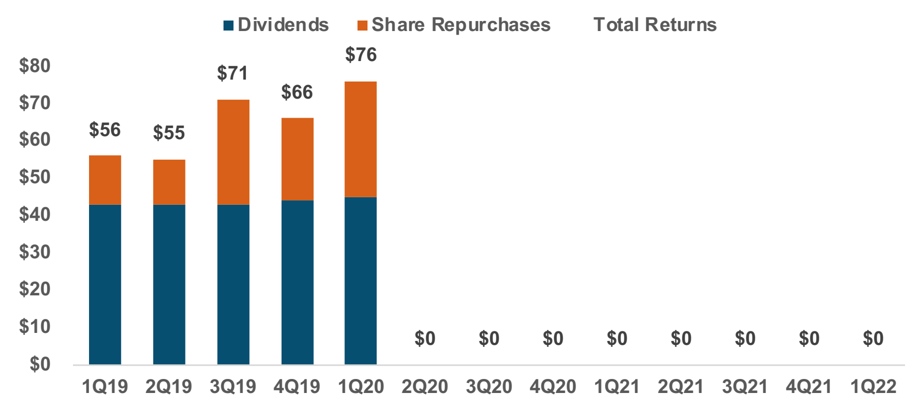
Fuel and Fuel Efficiency



Cash, Debt, and Debt-to-Capital Ratio



Shareholder Returns ($ mil)



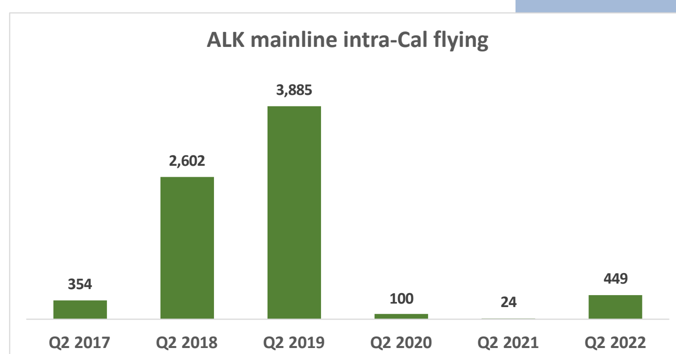
Alaska

Analyst Commentary

- Company did not dilute shareholders during pandemic; one of the first to return to pre-pandemic balance sheet metrics which is an advantage relative to its peers.
- The accelerated return to a single fleet type and reductions in capacity will drive headwinds to CASM-ex from prior expectations but the revenue outlook should offset this cost inflation.
- The revenue environment remains exceptional, and Alaska is much further along the financial recovery process than other airlines. We believe locking in a new pilot contract sooner rather than later will further distance the company from the industry.
- Pilot training and fleet transition is creating uncertainty. Alaska remains confident they can address the pilot training backlog ahead of the summer. Winding down the A320 fleet likely to create complexity dependent on pilot attrition rates.
- Alaska remains one of the best industry stories, with a superior balance sheet and ample liquidity.

Guidance	2Q22	FY 2022	Notes
Capacity	Down 6% - 19%	Flat - Down 3%	comp to 2Q19
Revenues	Up 5% - 8%		comp to 2Q19
Revenue Pax	Down 14% - 17%		comp to 2Q19
CASM-ex	Up 16% - 19%	Up 6% - 8%	comp to 2Q19
Load Factor	85% - 88%		
Fuel	$3.25 - $3.30		
Pre-tax Margin		6% - 9%	No chage to FY guide

Alaska reduces intra-California service dramatically since 2019



Hawaiian

HAWAIIAN AIRLINES

"The international network is critical to becoming profitable"

1Q22 adj. pre-tax income (loss): ($153M)

Hawaiian reported strong demand from North America to Hawaii and that resurgence is expected to continue. The international picture is not as clear. Japan is the largest market and continues to lag, with COVID restrictions still in place. They said the competitive landscape remains elevated to Hawaii but made mention of certain competitors reducing flights due to low load factors. Inter-island flights have recovered to 80% of 2019 where they expect to remain for now. HA still has confidence in a full recovery but removed full-year guidance due to the uncertain timing of the international recovery.

EFA takeaway: The airline is doing well from mainland to Hawaii, but international market, particularly Japan must return to 2019 levels to achieve profitability.

Items of interest

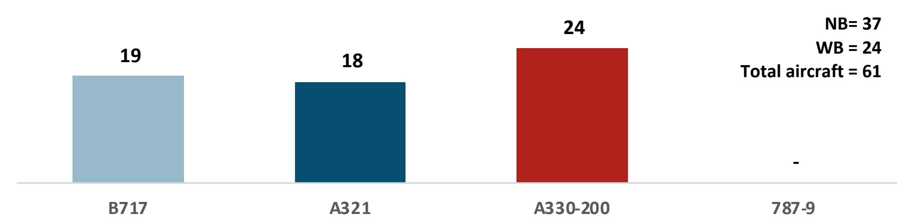
- Recently agreed to labor contracts with airport ops/mechanics and dispatchers.
- Operated 118% of domestic capacity and only 25% of international capacity. Premium Cabin RASM was up 8% for the quarter.
- Cargo continues to be strong, recording the highest first quarter revenue in history, with particularly strong yields from Asia.
- Will fly 30% of international schedule in second quarter. Japan full reopening not expected to impact schedules until the fall.
- Closed the quarter with $1.9B in liquidity, inclusive of cash and a $235M revolver. Adjusted net debt $931M which is near 2019 levels. $67M of $122M scheduled debt paid in 1Q.
- CASM-ex costs higher than guidance due to labor cost increases resulting from contract settlements and one-time signing bonuses.
- Purchasing 55% of fuel based on Singapore jet fuel prices so limited exposure to the elevated New York Harbor crack spread price explosion.
- Korea and Australia strongest performing international markets after COVID restrictions were eased.
- Delivery of 787's expected to be delayed into 2023. Company looking at 717 replacement sometime in the 2025-2026 timeframe.

4Q Snapshot (as compared to 4Q 2019

Capacity	Revenues	TRASM	CASM-ex	Fuel
↓ -20%	↓ -30%	↓ -13%	↑ 9.6%	↑ 14%

HA Stats	4Q21	4Q20	4Q19	y/y	y/2y
Revenues	$495M	$150M	$708M	230.5%	(30.1%)
Adj Operating Income (EBIT)	($71M)	($204M)	$69M	n.m.	n.m.
Adj Operating Margin	(14.4%)	(136.1%)	9.8%		
Adj Net Income	($70M)	($173M)	$46M	n.m.	n.m.
GAAP Net Income	($93M)	($163M)	$50M	n.m.	n.m.
GAAP EPS	($1.81)	($3.50)	$1.07	n.m.	n.m.
Capacity (ASMs)	4.21 billion	1.43 billion	5.24 billion	194.0%	(19.7%)
Yield	14.20¢	16.11¢	14.35¢	(11.9%)	(1.0%)
TRASM	11.68¢	10.30¢	13.47¢	13.4%	(13.3%)
CASM	13.36¢	24.72¢	12.16¢	(46.0%)	9.9%
CASM-ex	10.46¢	22.51¢	9.54¢	(53.5%)	9.6%
Fuel (econ)	$2.34	$1.29	$2.05	81.4%	14.1%

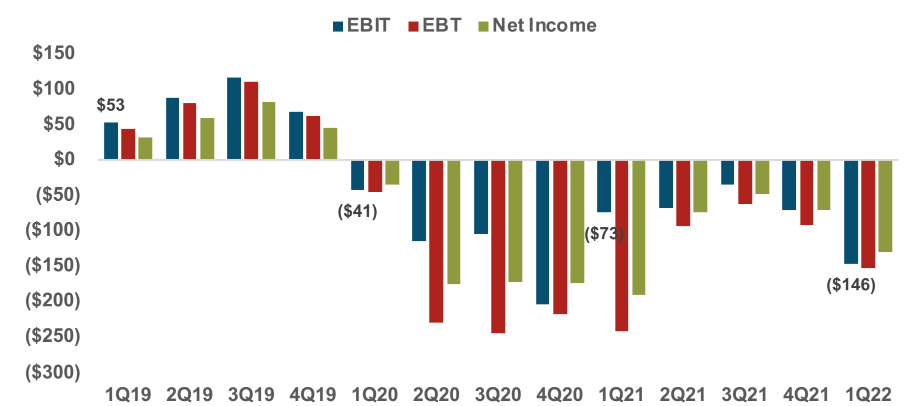
Hawaiian Fleet – 1Q22



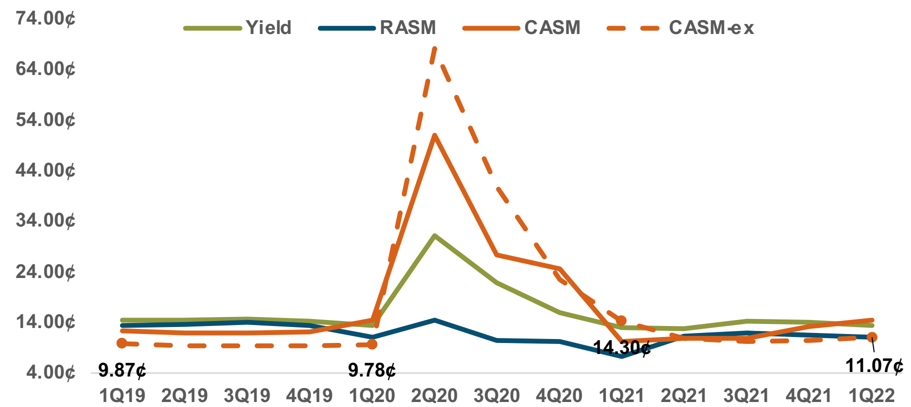
SWAPA

Hawaiian

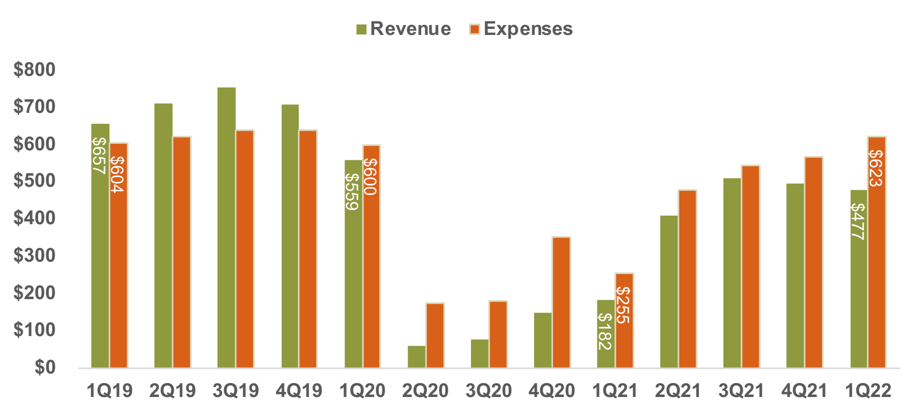
Operating, Pre-Tax, and Net Income (non-GAAP)



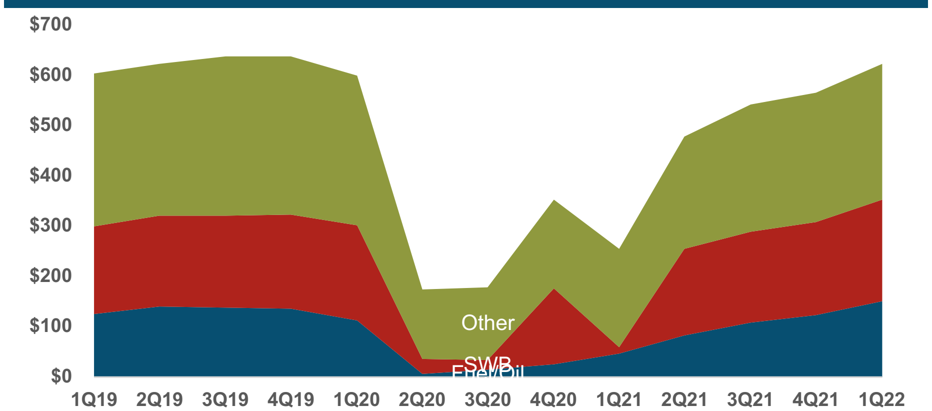
Yield, RASM, and CASM



Quarterly Revenue and Expenses

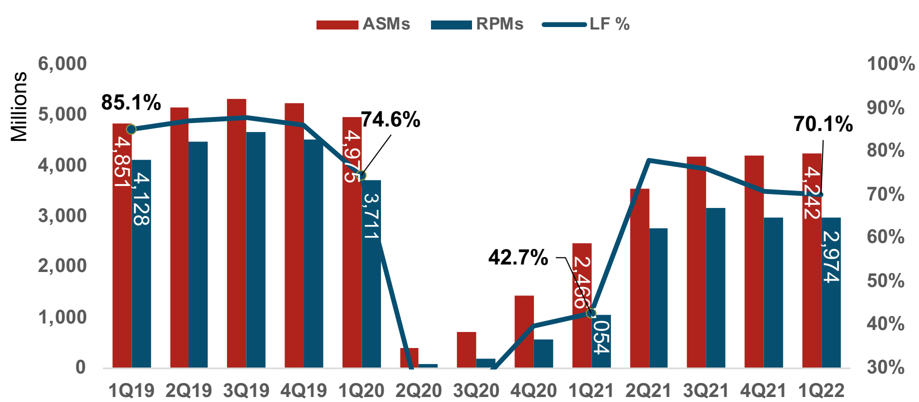


Quarterly Expenses

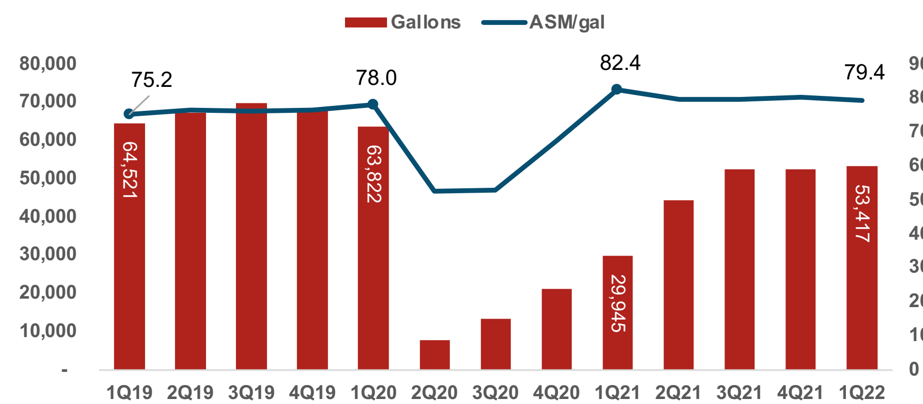


Hawaiian

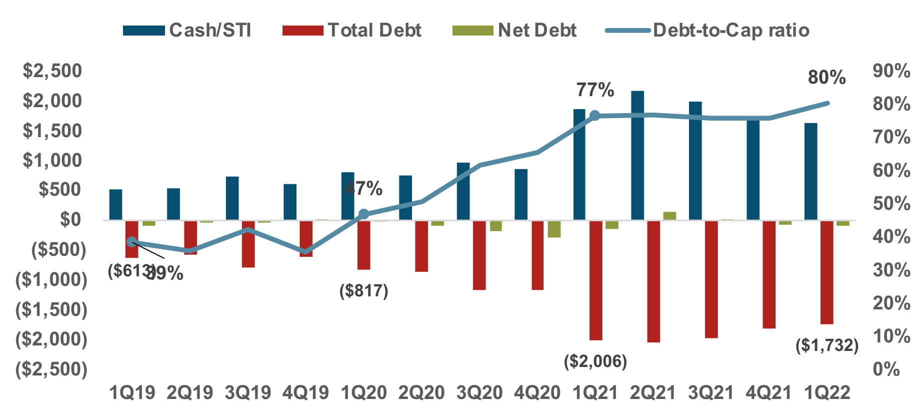
Capacity, Traffic, and Load Factor



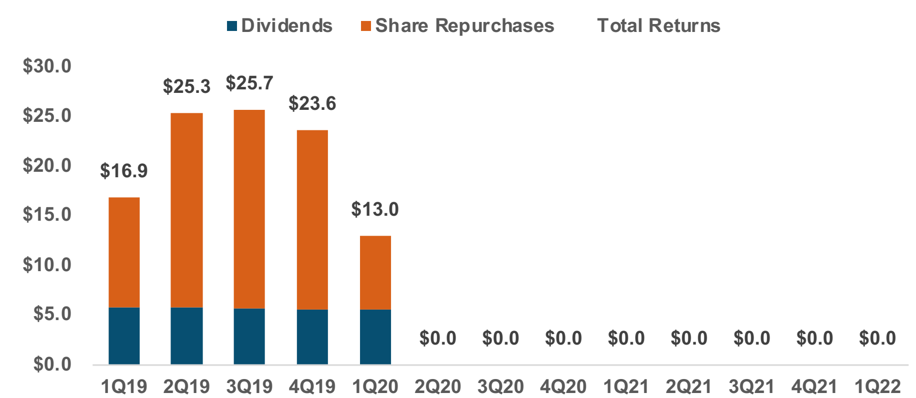
Fuel and Fuel Efficiency



Cash, Debt, and Debt-to-Capital Ratio



Shareholder Returns ($ mil)



Hawaiian

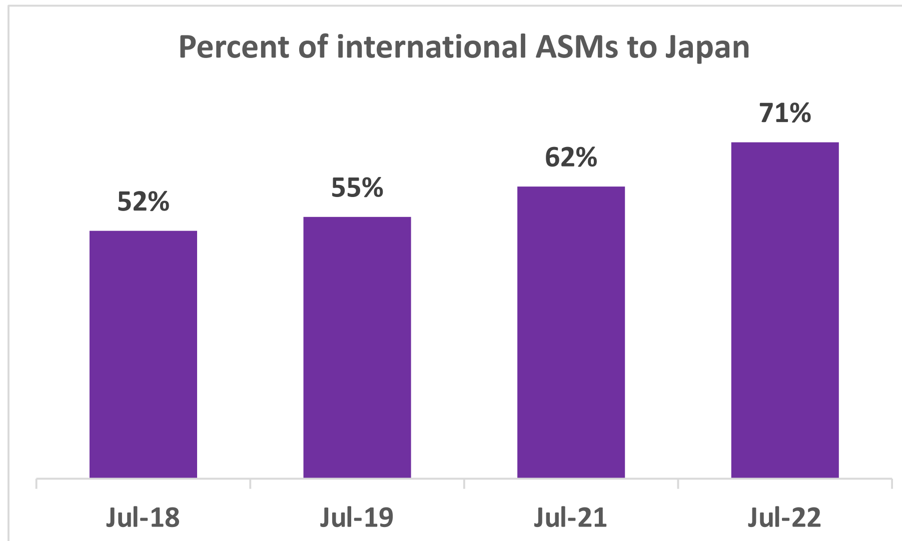
HAWAIIAN AIRLINES

Analyst Commentary

- International travel will determine much of their performance this year. It accounted for 25% of revenue pre-pandemic and is only 5%-10% recovered. Japan very important, they are still capping daily arrivals at 10K pax vs. 140k-150k pre-pandemic.
- Hawaiian market share set to rise to record highs as other carriers pull down capacity. Management believes it is due to poor load factors and high jet fuel prices.
- We continue to believe Hawaiian's profit margins will continue to lag behind the industry average for at least the next two quarters despite strong mainland to Hawaii traffic
- We agree with Hawaiian's plan to hold an elevated liquidity position vs. pre-pandemic until the company returns to profitability.
- Management has confidence in a full international recovery, although we have some concerns about a weaker Japanese Yen impacting the recovery timeline. Any contribution from Japan would likely be positive for revenue mix.

Guidance	1Q22	FY 2022	Notes
Capacity	Down 10% to 13%	Down 3% - Up 1%	Compare to 2019
Revenue	Down 31% to 35%		Compare to 2019
CASM-ex	Up 10% to 13%	Up 2% to 6%	Compare to 2019
Fuel	$2.53	$2.42	
Adjusted EBITDA	($150M)-($90M)		
CAPEX		$105M - $125M	

Japan is Hawaiian's most important international market



SWAPA

jetBlue

jetBlue

"A complement of events has significantly impacted our 2Q outlook"

1Q22 adj. pre-tax income (loss): ($400M)

JetBlue surprised the industry with a downbeat second quarter forecast as operational and staffing issues disrupted the operation. Management discussed elevated pilot attrition, ATC issues and unprecedented weather delays during the quarter and into April. They plan further capacity cuts for the summer to "reset" the operation. JBLU highlighted its ongoing success with the NEA, growth in JetBlue ancillary products and fleet renewal with A220's. JetBlue believes its reduced growth plan will help it regain operational integrity.

EFA takeaway: JetBlue is facing numerous operational challenges. A non-eventful summer travel season is critical to resuming its growth plan and returning to profitability later this year.

Items of Interest

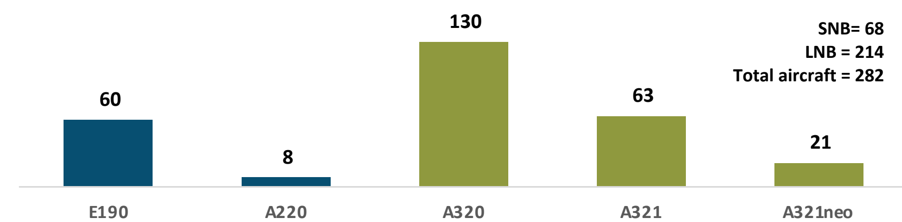
- Noted 115 hours of ATC delays in Florida in March compared to 22 hours in 2019.
- Adjusting capacity in the second quarter to mitigate operational issues. FY 2022 capacity reduced to 0%-5%.
- JetBlue Travel Products on track to hit $100M in revenue in 2022.
- Accelerated and exercised 30 A220 options to support the removal of E190's by 2026.
- Began service to three new cities in 1Q. MCI, MKE and PVR. AVL and YVR are scheduled to start in June. Announced BOS-LGW in July with BOS-LHR starting August.
- Corporate travel has recovered to 75% of 2019 levels. NEA expected to drive higher business travel as JetBlue and American coordinate more services together.
- June RASM expected to be 20% higher than June 2019 although JBLU is not expected to be profitable in the second quarter.
- Ended 1Q 2022 with $2.9B of liquidity, 36% of 2019 revenue. Adjusted Debt to Capitalization ratio stands at 54%. Will pay down $357M in debt in 2022.

1Q Snapshot (as compared to 1Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-0.3%	-7.2%	-6.8%	14%	42%

JBLU Stats	1Q22	1Q21	1Q19	y/y	y/3y
Revenues	$1,736M	$733M	$1,871M	136.8%	(7.2%)
Adj Operating Income (EBIT)	($367M)	($583M)	$88M	n.m.	n.m.
Adj Operating Margin	(21.1%)	(79.5%)	4.7%		
Adj Net Income	($256M)	($467M)	$51M	n.m.	n.m.
GAAP Net Income	($255M)	($247M)	$42M	n.m.	n.m.
GAAP EPS	($0.79)	($0.78)	$0.14	n.m.	n.m.
Capacity (ASMs)	15.4 billion	9.1 billion	15.4 billion	69.2%	(0.3%)
Yield	14.67¢	11.52¢	14.15¢	27.3%	3.7%
TRASM	11.29¢	8.06¢	12.12¢	40.1%	(6.8%)
CASM	13.67¢	11.30¢	11.63¢	21.0%	17.5%
CASM-ex	9.87¢	12.25¢	8.66¢	(19.4%)	14.0%
Fuel (econ)	$2.90	$1.72	$2.05	68.6%	41.5%

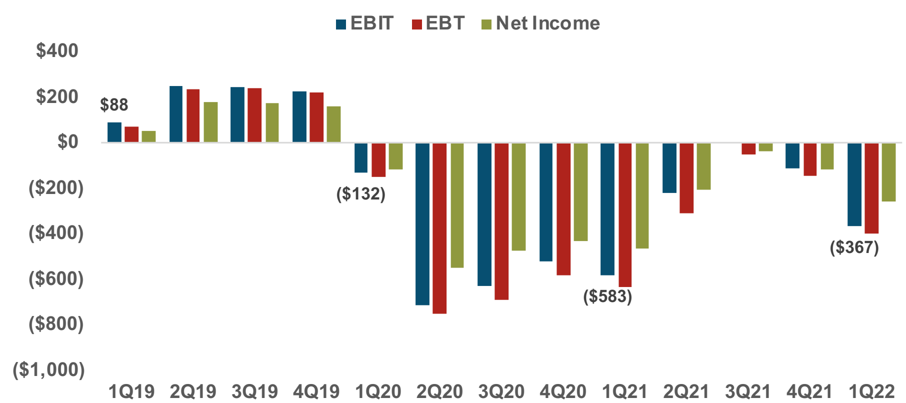
jetBlue Fleet – 1Q22



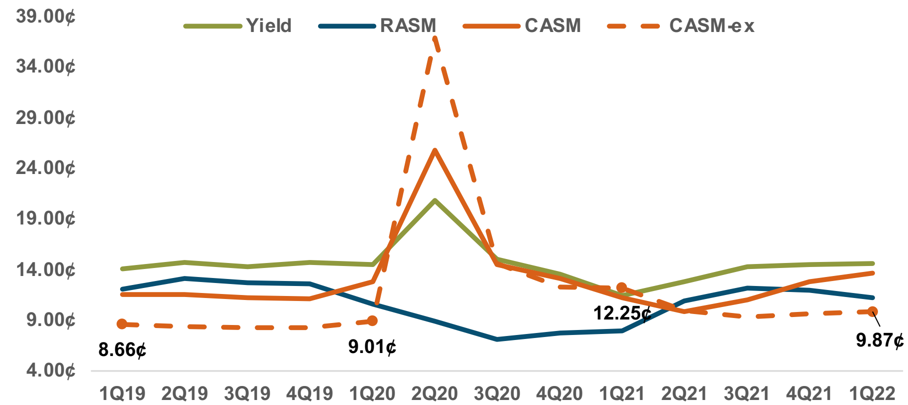
SWAPA

jetBlue

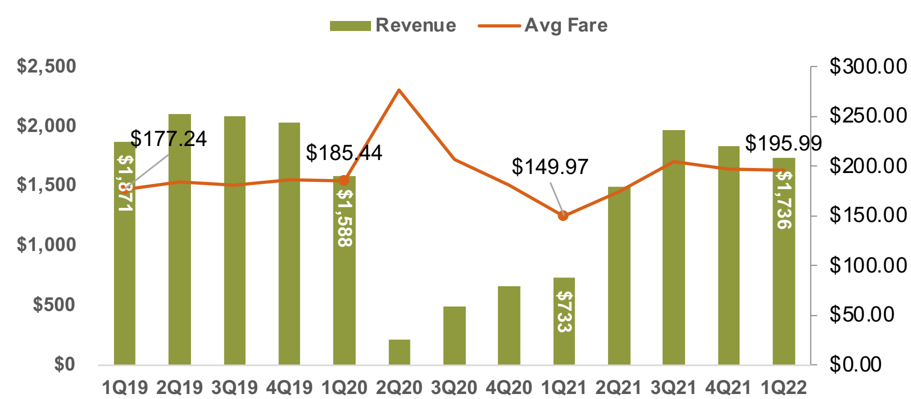
Operating, Pre-Tax, and Net Income (non-GAAP)



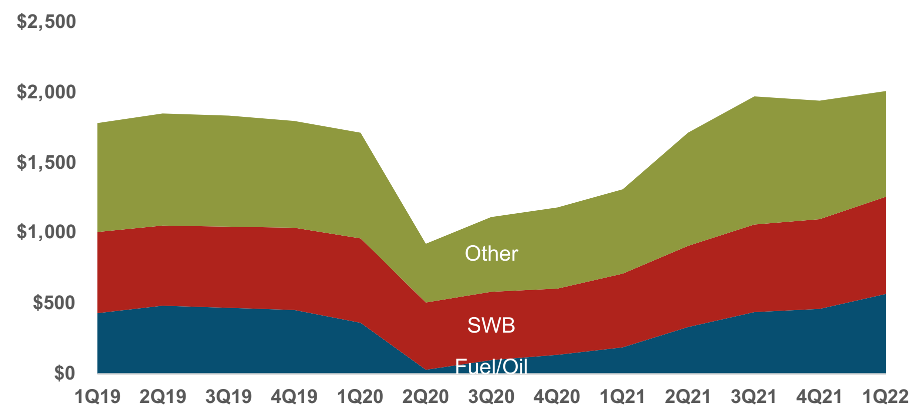
Yield, RASM, and CASM



Quarterly Revenue and Average Fare

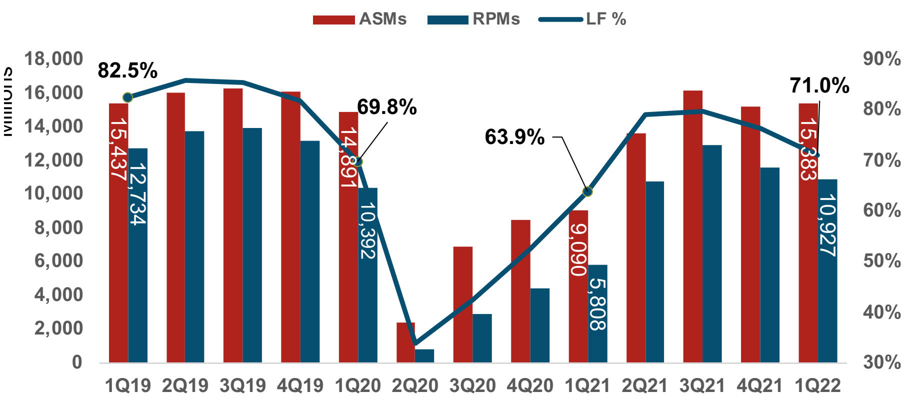


Quarterly Expenses

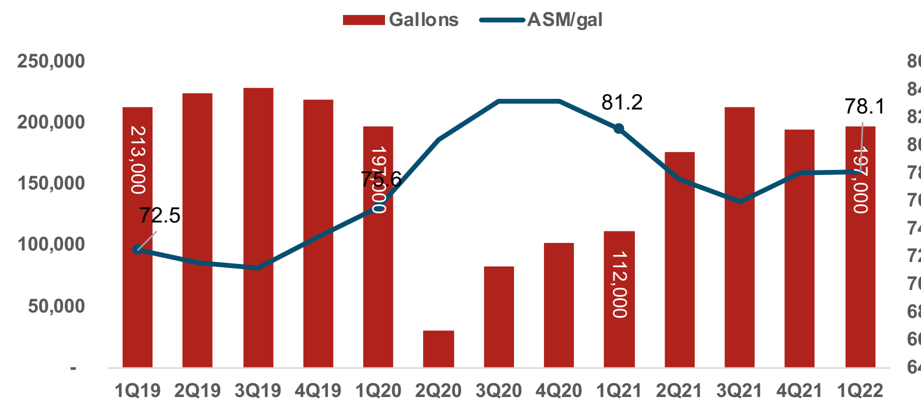


jetBlue

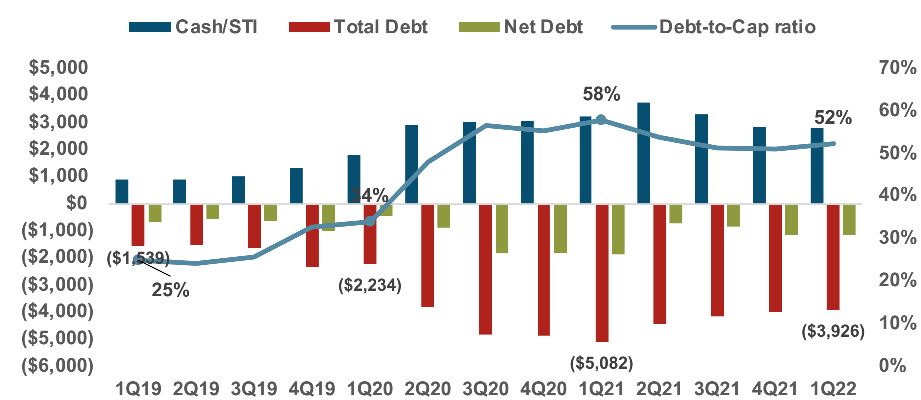
Capacity, Traffic, and Load Factor



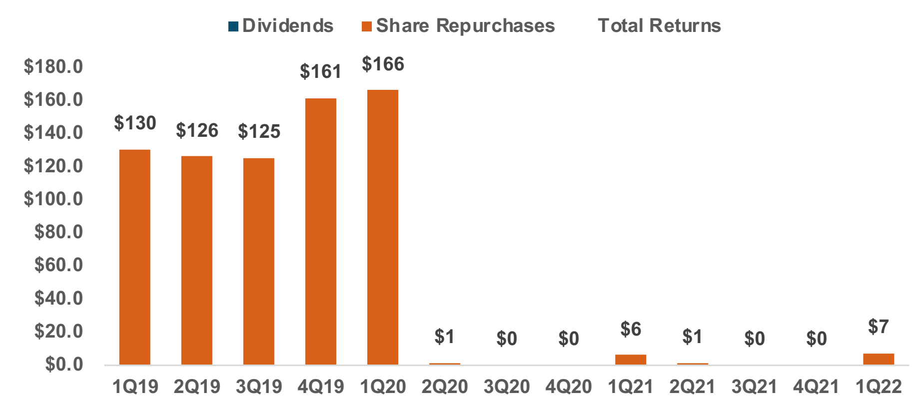
Fuel and Fuel Efficiency



Cash, Debt, and Debt-to-Capital Ratio



Shareholder Returns ($ mil)



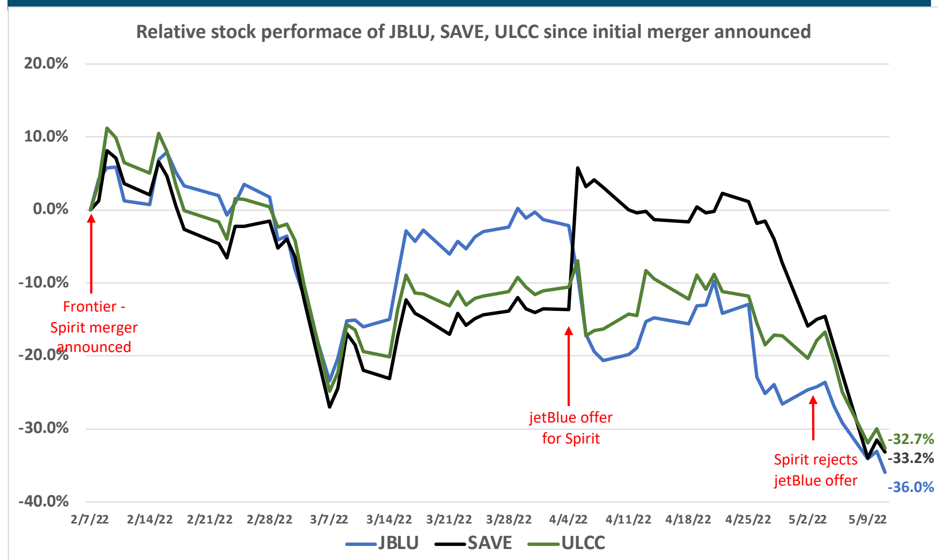
jetBlue

Analyst Commentary

- JetBlue struggling as labor issues and weather hammer operation. It appears to be having a greater effect as the company is underperforming peers. Management announced June capacity will be lower than April, this is something that rarely ever occurs.
- While the company's operation may appear to be broken, we think capacity reductions for the next 3-4 months should help them get back on track. Questions still remain re: Merger and NEA.
- We estimate margins will lag the industry for the foreseeable future, but we are of the view that JBLU is doing what is necessary to improve the operation and narrow the gap to competitors.
- The slowing capacity puts in question the company's long-term margin potential. Our most pressing matter is executing through the summer and readdressing growth when the operating environment is more certain.
- We've been willing to look through a quarter or two of operational strain in the past, but our confidence in management's ability to wrestle CASM-ex back under control is low and may be overshadowed by developments on the merger front.

Guidance	2Q '22	FY 2022	Notes
Capacity	Flat - up 3%	Flat - 5%	Compared to 2Q19
Revenue	Up 11% - 16%		Compared to 2Q19
CASM-ex	Up 15% to 17%	Up 10% - 15%	Compared to 2Q19
Fuel	$3.79/gal		

Stock market reactions to bids for Spirit



Southwest

"We are still not able to fully utilize our assets due to staffing challenges"

1Q22 adj. pre-tax Income (loss): ($249M)

Despite reporting a loss in the first quarter, SWA emphasized exceptional strength in March and solid demand moving forward. Like many airlines, operational challenges and staff availability were cited as impediments during the quarter. Management is projecting record revenue for the June quarter with strong margins and a quarterly net profit. They highlighted revenue initiatives, returning corporate demand and continued network restoration as potential improvements to look for in 2Q. With continued delays in the MAX7, Southwest will substitute MAX8's for delivery in 2022.

EFA takeaway: Southwest seems particularly bullish on the recovery despite frequent operational woes and employment constraints.

- Managed business travel revenue showing steady improvement, going from down 70% in January to only down 36% in March.
- Lost $380M in revenue due to soft passenger bookings, increased cancellations, both due to Omicron and $50M due to flight cancellations due to staffing in 1Q.
- Fair market value for fuel hedges was approximately $1.4B on April 21st. Had a 52¢per gallon gain from fuel hedging in 1Q. 63% hedged in second quarter.
- Converted 51 MAX7 orders into MAX8 orders. For 2022, now planning for 81 firm orders of the MAX8 and 21 MAX7 aircraft. Retiring 28 -700's in 2022.
- Will roll out new fare product, "Wanna Get Away Plus" in 2Q. Will offer four fare columns, with more booking flexibility.
- Moderated capacity, staffing and inflationary pressures are responsible for higher non-fuel unit costs. Expected to decline slightly in 2H 2022.
- Ended 1Q with $15.7B in liquidity. With debt obligations of $10.7B, SWA has net cash position of $5.0B
- Will decrease some Hawaii flying and ramp up short haul business markets in California in the summer and fall schedules. 85% of network restored by YE2022.

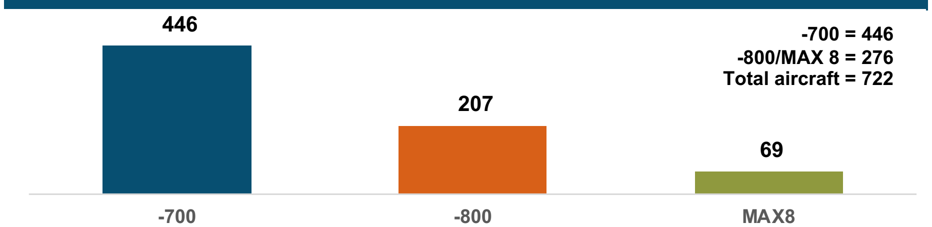
Southwest

1Q Snapshot (as compared to 1Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-9.2%	*-8.8%*	*0.4%*	*18%*	*12%*

LUV Stats	1Q22	1Q21	1Q19	y/y	y/3y
Revenues	$4,694M	$2,052M	$5,149M	128.8%	(8.8%)
Adj Operating Income (EBIT)	($135M)	($1,269M)	$505M	n.m.	n.m.
Adj Operating Margin	(2.9%)	(61.8%)	9.8%		
Adj Net Income	($191M)	($1,015M)	$387M	n.m.	n.m.
GAAP Net Income	($278M)	$116M	$387M	n.m.	n.m.
GAAP EPS	($0.47)	$0.19	$0.70	n.m.	n.m.
Capacity (ASMs)	34.4 billion	23.1 billion	37.9 billion	48.6%	(9.2%)
Yield	15.62¢	11.51¢	15.45¢	35.7%	1.1%
TRASM	13.65¢	8.86¢	13.59¢	54.1%	0.4%
CASM	14.09¢	8.00¢	12.26¢	76.1%	14.9%
CASM-ex	11.02¢	12.13¢	9.35¢	(9.2%)	17.9%
Fuel (econ)	$2.30	$1.70	$2.05	35.3%	12.2%

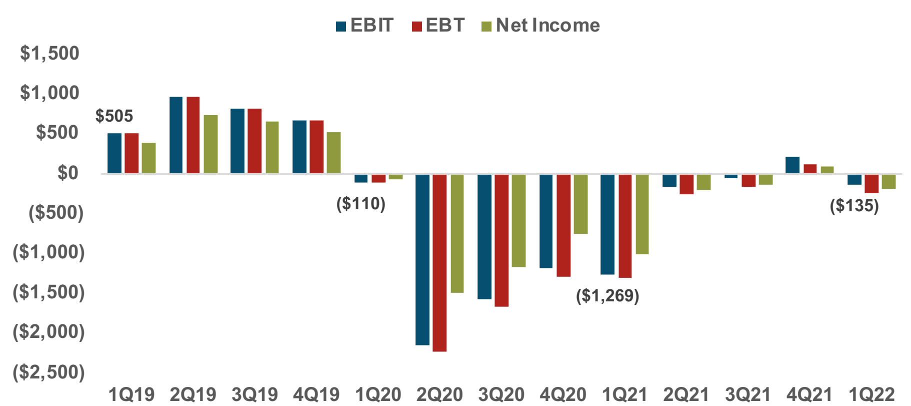
Southwest Fleet – 1Q22



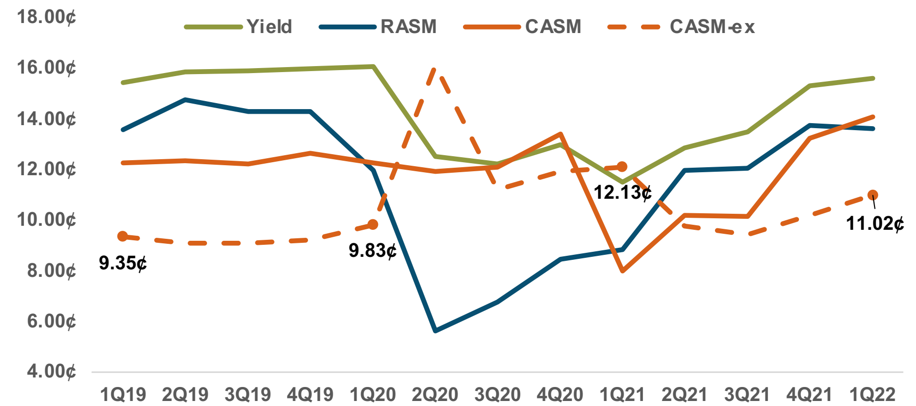
SWAPA

Southwest

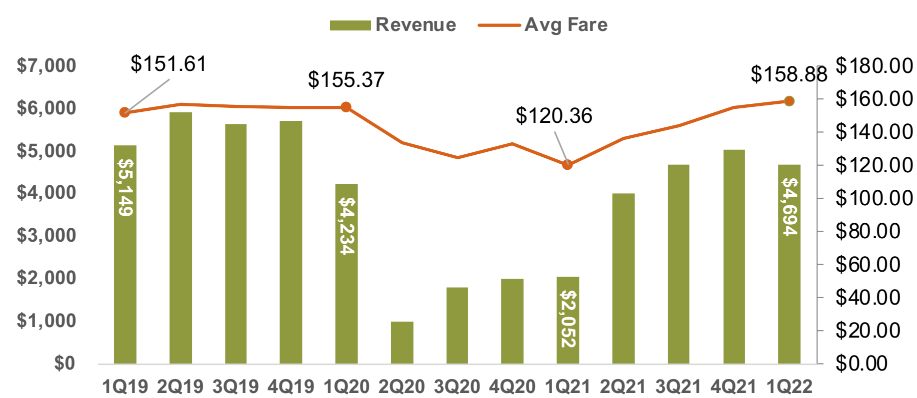
Operating, Pre-Tax, and Net Income (non-GAAP)



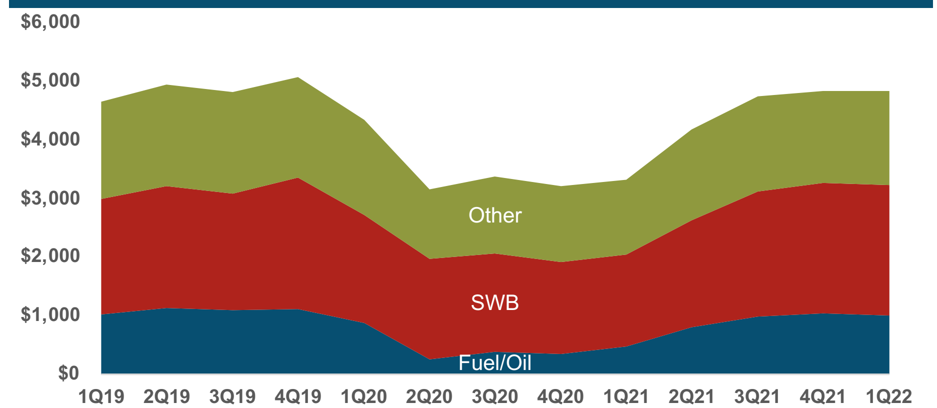
Yield, RASM, and CASM



Quarterly Revenue and Average Fare

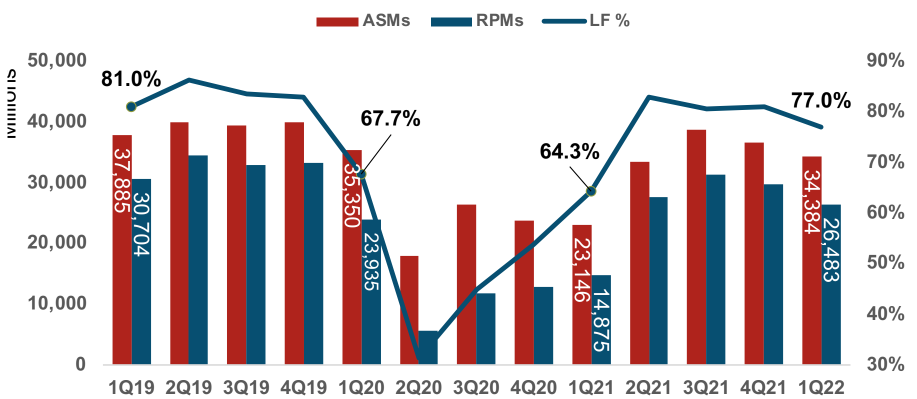


Quarterly Expenses

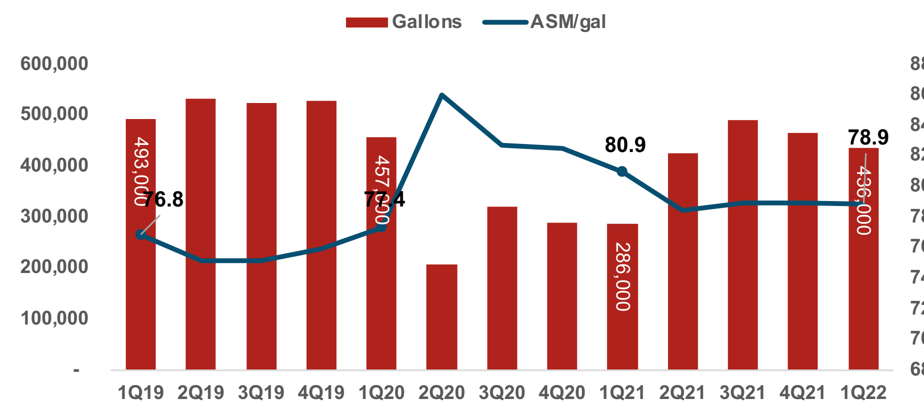


Southwest

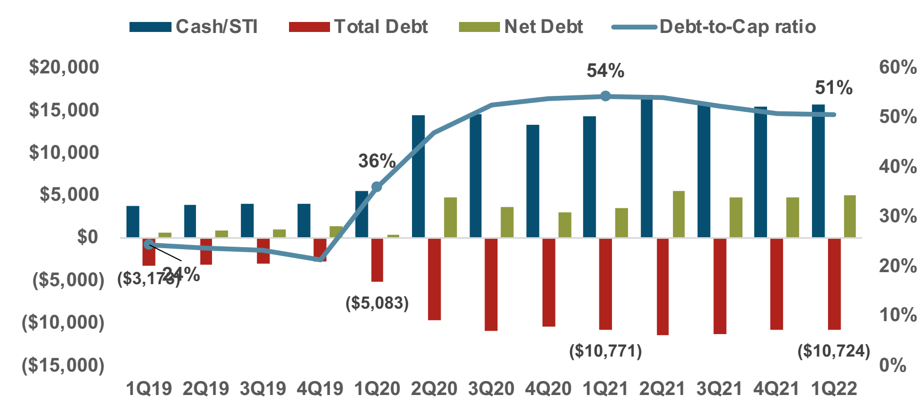
Capacity, Traffic, and Load Factor



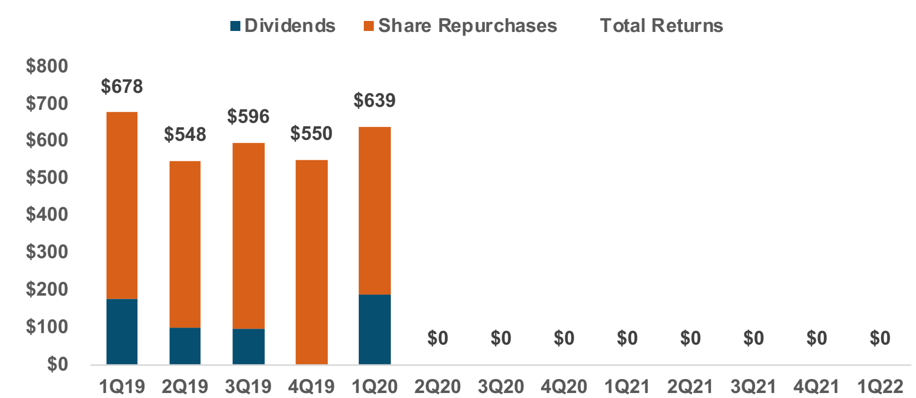
Fuel and Fuel Efficiency



Cash, Debt, and Debt-to-Capital Ratio



Shareholder Returns ($ mil)



Southwest

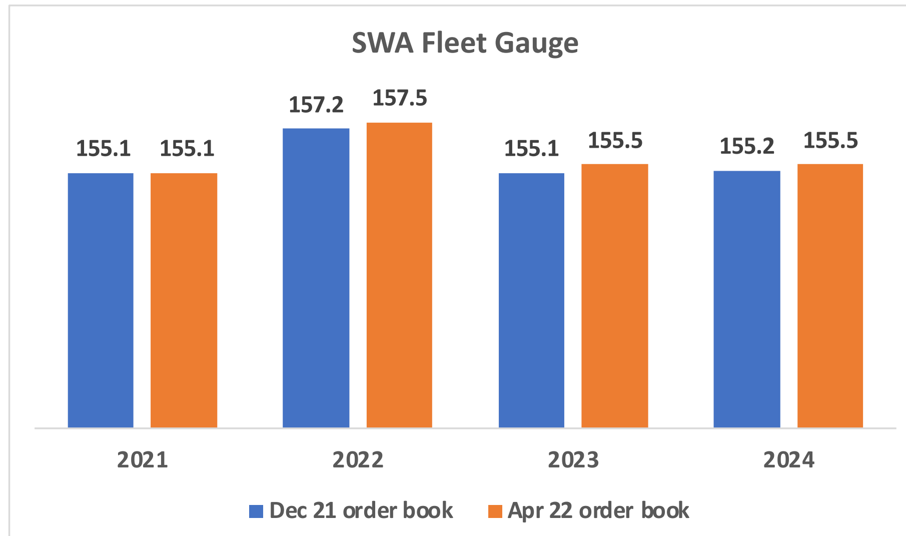
Analyst Commentary

- We expect Southwest to start thinking about restoring the dividend and share repurchase programs in 2023. The balance sheet is one of the best and their product is in high demand.
- Hiring, training and retaining the appropriate level of staff will be a top priority for management over the next few years. For Southwest to resume its growth, this is imperative.
- With revenue environment vastly improved and operations stabilizing, Southwest appears to be getting its mojo back. We think SWA will be near the top of the industry in unit revenue in 2Q22.
- Management touts the balance sheet; we agree, and it should only get stronger compared to peers. The RR Loyalty Program and Brand lead the value of its unencumbered assets.
- The outlook on capacity and CASM-ex lends credence to Southwest's conservative approach to 2022 planning that it adopted in January. We expect them to retain its position of strength because of this.

Southwest

Guidance	2Q 22	FY 2022	Notes
Capacity	Down 4%	Down 4%	Comp to 2Q19
Revenue	Up 8% - 12%		Load Factor ~85%
CASM-ex	Up 14% - 18%	Up 12% - 16%	no change to FY22
Fuel cost	\$3.05 - \$3.15	\$2.75-\$2.55	
CAPEX		~\$5.0B	~\$4.1B aircraft

Southwest fleet gauge changes little after MAX8 for MAX7 swap



Ultra Low Cost Carriers (ULCCs)

allegiant

FRONTIER AIRLINES

spirit airlines

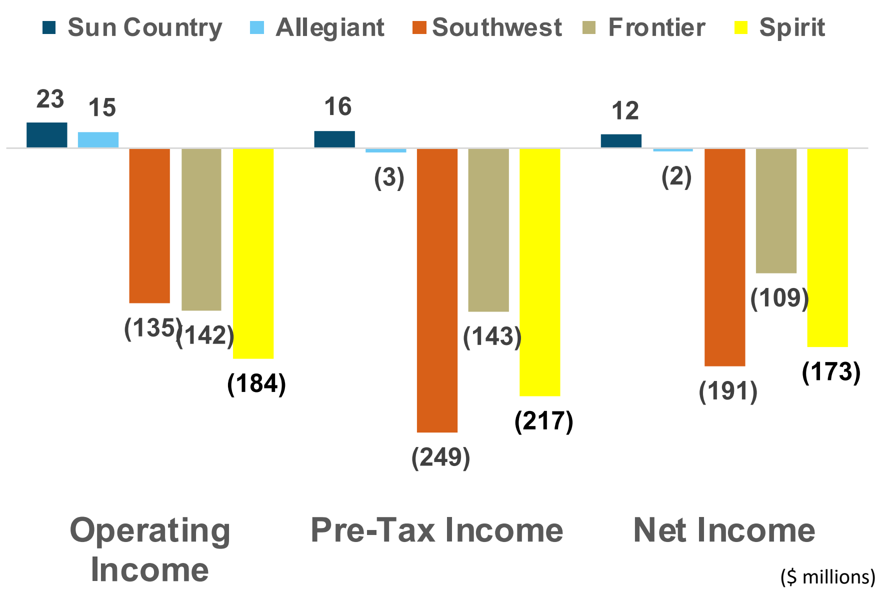
sun country airlines

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

Key Financial Results

ULCCs vs. Southwest

1st Quarter 2022



Non-GAAP – excludes special items

Allegiant

"Our priority for this year is operational integrity"

1Q22 adj. pre-tax income (loss): ($2.9M)

Allegiant believes 2022 is a foundational year for the company. They are making significant investments to differentiate the business model, improve the customer experience and utilize more technology, all of which is expected to drive additional revenue streams. Like every other airline, the first two months of the quarter were negatively affected by numerous factors but then March rebounded to produce the best financial month in company history. Management expects strong results in the second quarter but is carefully monitoring ongoing staffing issues and fuel costs.

EFA takeaway: Airline seems to be hitting on all cylinders at present. Growing network and expanding product offerings will only help.

- January/February had negative operating margin of 18%, March an operating margin of 21% and $36M in net income.
- Costs pressured by IROPS in 1Q and a special bonus paid to employees.
- Will roll out Allegiant Extra, a new seating product, starting this quarter.
- ATL is 50% higher than the fourth quarter at $453M.
- Will place 3 aircraft in service in 2Q, bringing fleet count to 115 by mid-June. ASM's per aircraft will be 12% less than 2Q 19 which will be a 30% headwind to CASM-X.
- Expect partnership with Viva Aerobus to be approved by YE22. Will begin selling tickets immediately after approval.
- Have begun accepting reservations for Sunseeker resort, expected to open next year. Budget has been increased to $618M due to supply chain issues and materials expenses. Allegiant spend is $275M of the total, with $87M financed.
- Ended 1Q with $1.2B in liquidity and total debt of $1.8B. Net debt of $563M, a 40% reduction from pre-pandemic levels.
- Expecting ancillary fare/passenger to surpass $70 in 2Q, this would be all-time record.

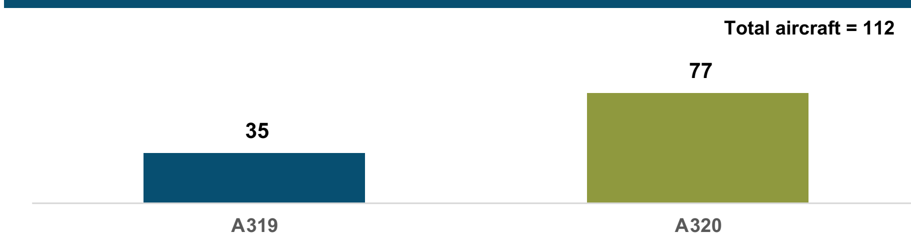
allegiant

1Q Snapshot (as compared to 1Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
18.7%	11.6%	-5.6%	8.6%	43.5%

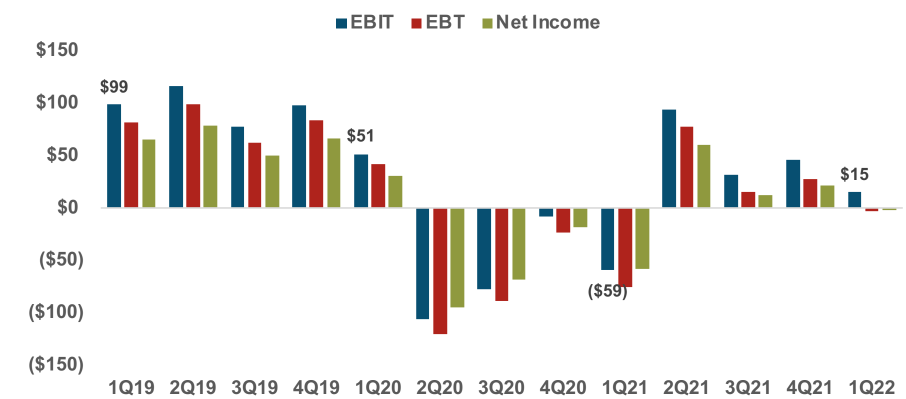
ALGT Stats	1Q22	1Q21	1Q19	y/y	y/3y
Airline Revenues	$500M	$279M	$448M	79.2%	11.6%
Adj Operating Income (EBIT)	$15M	($59M)	$99M	n.m.	(84.9%)
Adj Operating Margin	3.0%	(21.1%)	22.0%		
Adj Net Income	($2M)	($58M)	$65M	n.m.	n.m.
GAAP Net Income	($8M)	$7M	$57M	n.m.	n.m.
GAAP EPS	($0.44)	$0.42	$3.52	n.m.	n.m.
Scheduled Capacity (ASMs)	4.5 billion	3.9 billion	3.8 billion	15.1%	18.7%
Yield	14.06¢	12.88¢	14.05¢	9.1%	0.1%
TRASM	10.82¢	6.95¢	11.46¢	55.7%	(5.6%)
CASM	10.67¢	6.34¢	9.22¢	68.3%	15.7%
CASM-ex	6.95¢	6.36¢	6.40¢	9.3%	8.6%
Fuel (econ)	$3.07	$1.86	$2.14	65.1%	43.5%

Allegiant Fleet – 1Q22

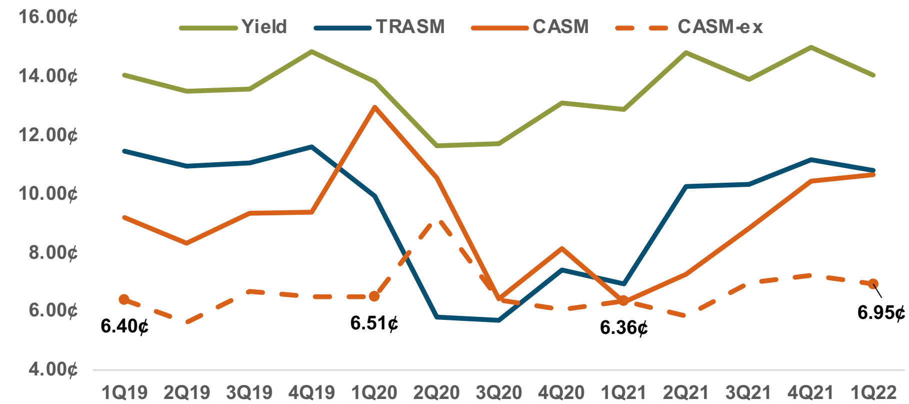


Allegiant

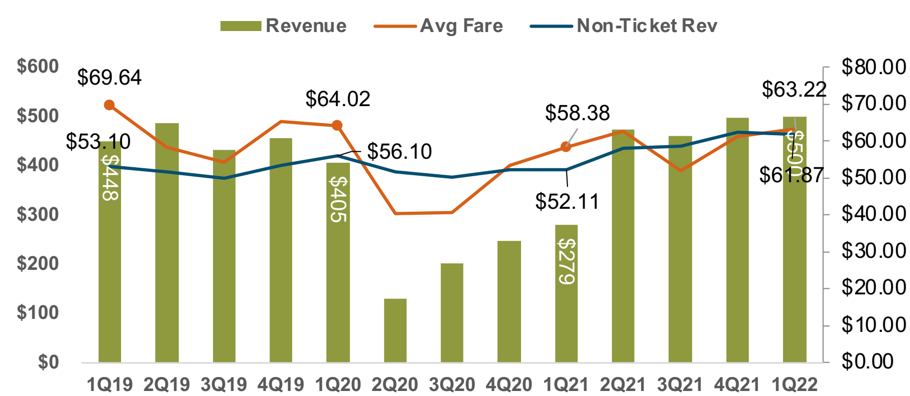
Operating, Pre-Tax, and Net Income (non-GAAP)



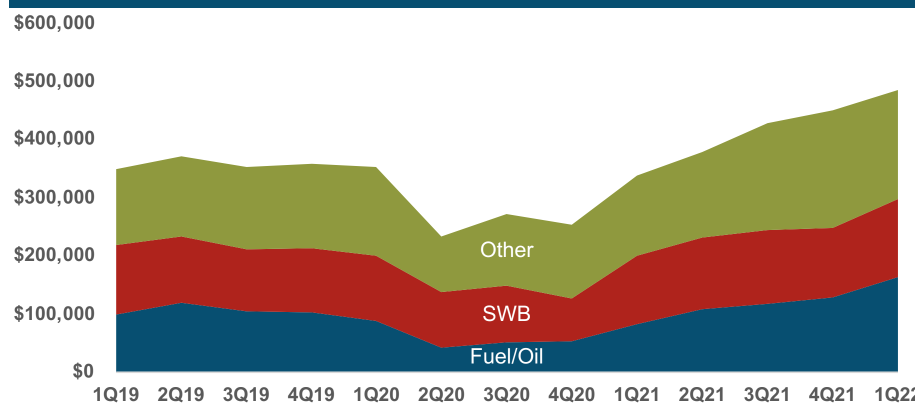
Yield, RASM, and CASM



Quarterly Revenue, Average Fare, and Non-Ticket Revenue

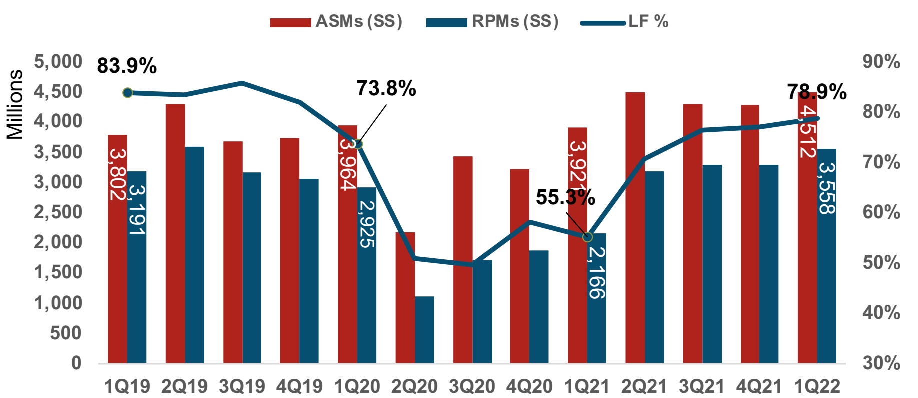


Quarterly Expenses

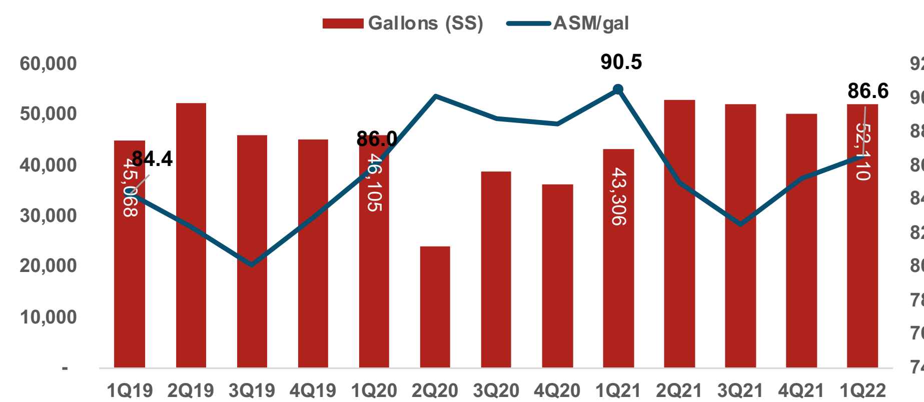


Allegiant

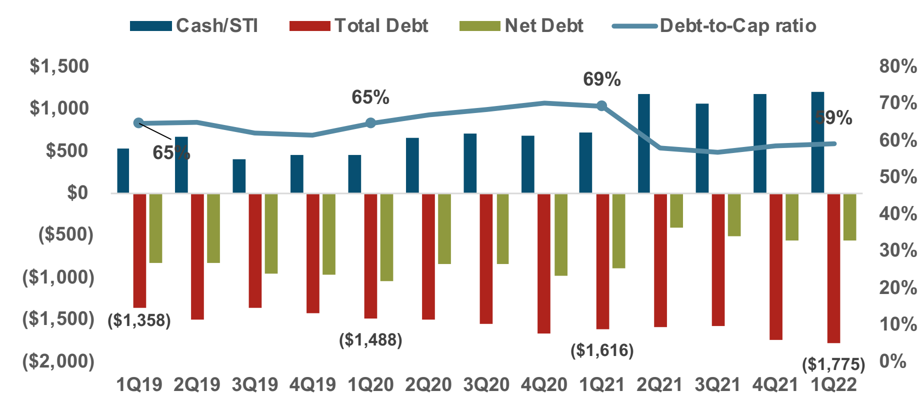
Capacity, Traffic, and Load Factor



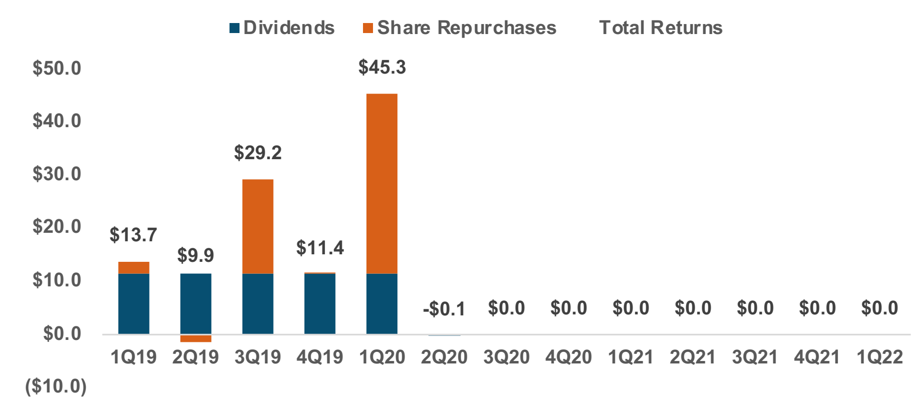
Fuel (Sched Service) and Fuel Efficiency



Cash, Debt, and Debt-to-Capital Ratio



Shareholder Returns ($ mil)



Allegiant

Analyst Commentary

- The carrier is poised to benefit from competitors pivoting capacity toward business and international travel as those segments bounce back over the year.
- We think ALGT double-digit margin operating margin guide for June Q underscores the flexibility and adaptability of its business model.
- Being the ”only carrier in town” on 75% of its routes is a key competitive advantage.
- We remain bullish on Sunseeker as the distribution network is growing and booking are starting to flow in. There is more work to be done but management is confident it will be a success.
- We continue to watch ALGT as they have exposure to idiosyncratic medium-term risks such as a new fleet introduction, potential above-industry pilot cost pressure and Sunseeker CAPEX/cost escalation.
- Among the the ULCC’s, ALGT model of low utilization seem to be performing better than high-utilization models like SAVE. The airline stated it believes summer could be the peak for demand trends.

Guidance	2Q22	FY 2022	Notes
Capacity	up 9.0% - 13.0%		Compared to 2Q 2019
Revenue	Up 28% - 32%		Compared to 4Q 2019
CASM-ex fuel	Up 12% - 16%		
Fuel	$4.00/gal		
CAPEX		$255M - $265M	Aircraft, engine, pre-delivery deposits
Fleet	115	124	Moved 3 a/c into 2023 (staff, supply chain)

Allegiant opens new Provo, UT base

Frontier

FRONTIER AIRLINES

"We plan to showcase the merits of an ultra-low cost model"

1Q22 adj. pre-tax income (loss): ($143M)

Frontier reported strong demand for air travel with higher revenue per passenger and higher ancillary revenue per passenger than comparable periods in 2019. Management expects to grow revenue and ancillaries to record levels in 2Q but did note they will have to balance capacity in response to elevated fuel prices. Frontier also expects aircraft utilization, which was impacted by operational issues and COVID in the first quarter, to improve significantly in 2Q. This should help to improve costs which have steadily risen since 2019.

EFA takeaway: The airline is set up to succeed if they can keep costs under control. Merger looms large.

Items of interest

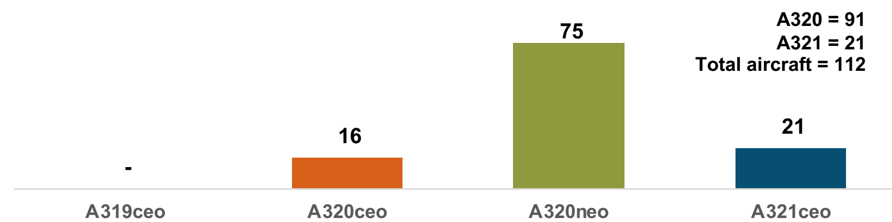
- Operating revenue per passenger $111.48 which was in line with expectations but ancillary revenue per passenger was $69.28, 21% higher than 1Q 2019 and 62% of total revenue per pax.
- Aircraft utilization was 10.8 hours, lower than 1Q 2019 due to COVID, ATC delays and severe weather.
- Introduced two new ancillary products, "Board First" and a priority checked bag program. Targeting $70 per passenger in ancillaries in the second quarter.
- Stage length lower by 9% by design. Company says this part of the modular network strategy and will enhance operational performance.
- Commenced service at MDW and beginning HOU service later in May.
- Will open a PHX crew base with 180 pilots and 275 flight attendants in November.
- Starting a new facility attached to Terminal A in DEN that will feature 14 ground loading gates to improve turn times. Will open in late 2023, early 2024.
- Ended quarter with $727M in liquidity after repayment of $150M Treasury Loan.
- Fleet stands at 112 aircraft with A321neos arriving in 2H 2022.

1Q Snapshot (as compared to 1Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
19.6%	10.7%	-7.5%	30%	36%

ULCC Stats	1Q22	1Q21	1Q19	y/y	y/3y
Revenues	$605M	$271M	$547M	123.2%	10.7%
Adj Operating Income (EBIT)	($142M)	($224M)	$64M	n.m.	n.m.
Adj Operating Margin	(23.5%)	(82.7%)	11.6%		
Adj Net Income	($109M)	($173M)	$52M	n.m.	n.m.
GAAP Net Income	($121M)	($91M)	$27M	n.m.	n.m.
GAAP EPS	($0.56)	($0.46)		n.m.	
Capacity (ASMs)	7.4 billion	4.6 billion	6.2 billion	62.1%	19.6%
Yield	10.64¢	8.16¢	9.97¢	30.5%	6.7%
TRASM	8.13¢	5.91¢	8.79¢	37.6%	(7.5%)
CASM	10.19¢	7.89¢	7.77¢	29.2%	31.2%
CASM-ex	7.15¢	8.96¢	5.50¢	(20.2%)	30.0%
Fuel (econ)	$2.99	$1.88	$2.20	59.0%	35.9%

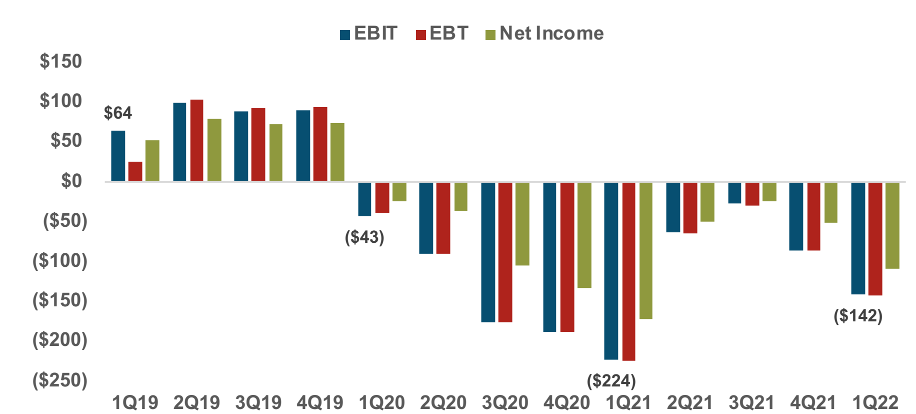
Frontier Fleet – 1Q22



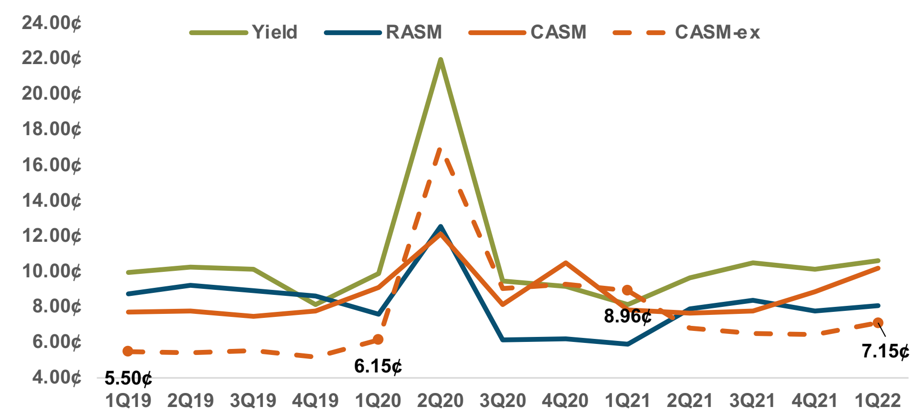
Frontier

FRONTIER AIRLINES

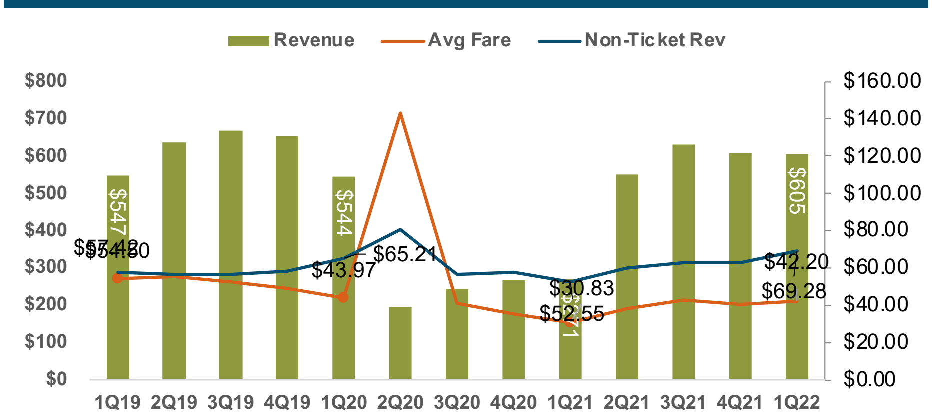
Operating, Pre-Tax, and Net Income (non-GAAP)



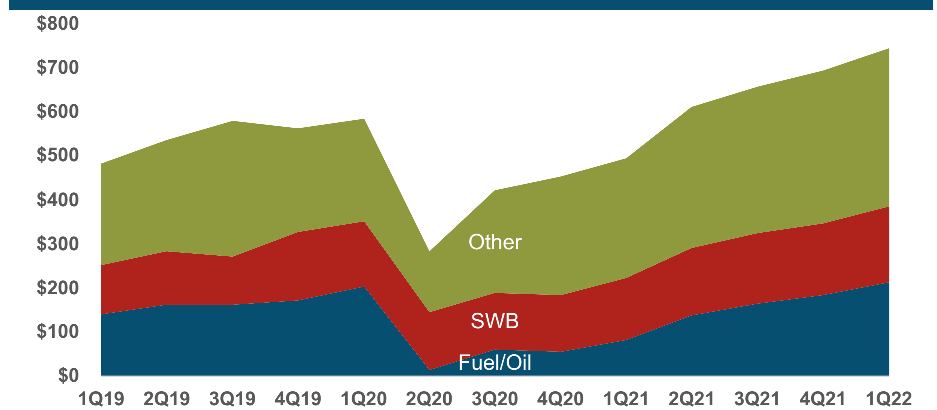
Yield, RASM, and CASM



Quarterly Revenue, Average Fare, and Non-Ticket Revenue



Quarterly Expenses

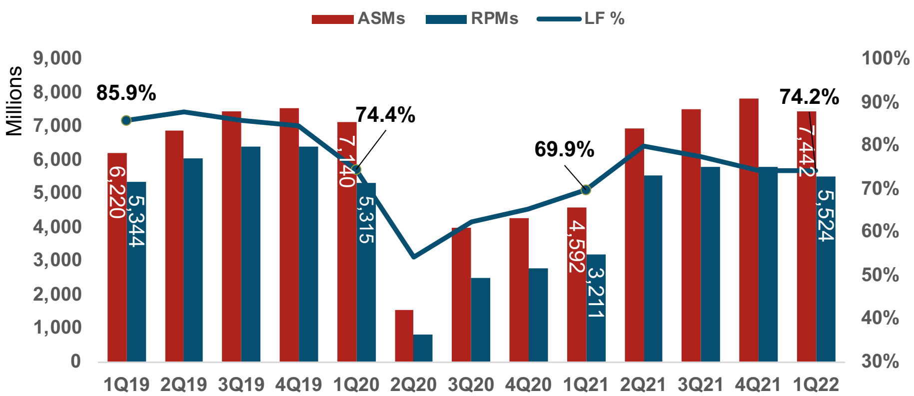


SWAPA

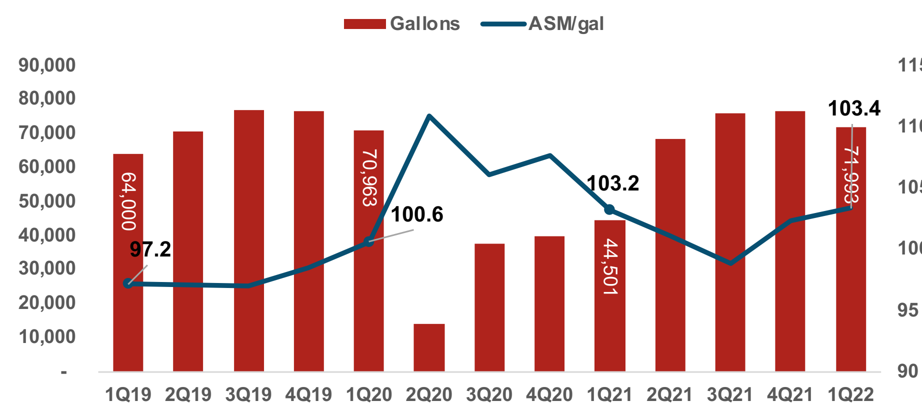
Frontier

FRONTIER AIRLINES

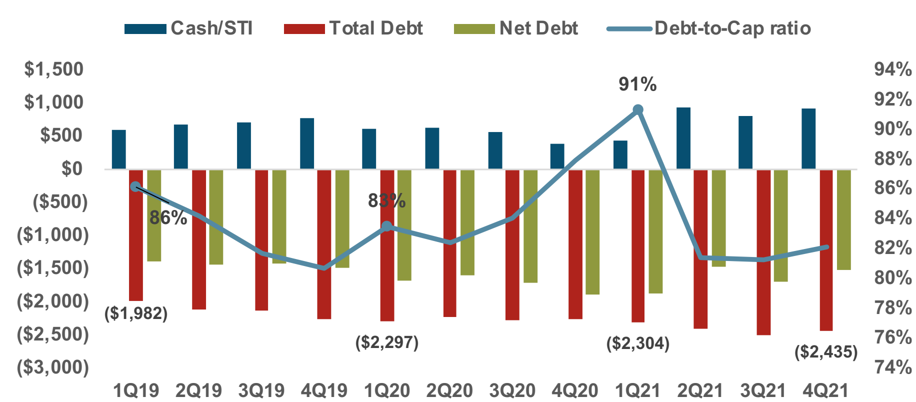
Capacity, Traffic, and Load Factor



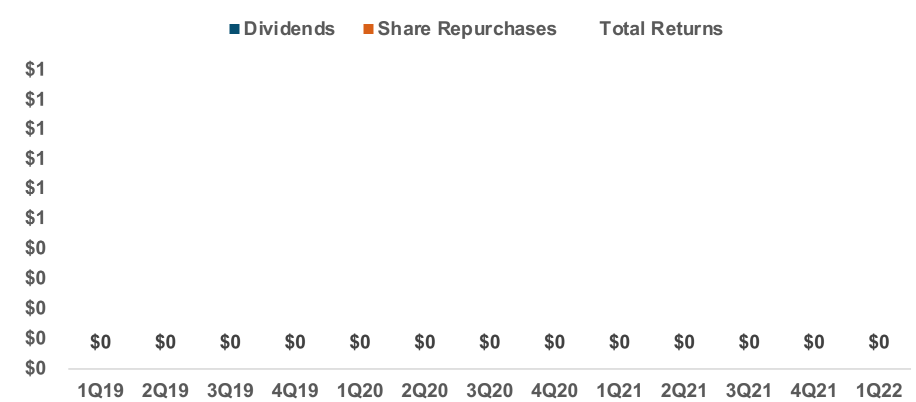
Fuel and Fuel Efficiency



Cash, Debt, and Debt-to-Capital Ratio (thru 4Q21)



Shareholder Returns ($ mil)



SWAPA

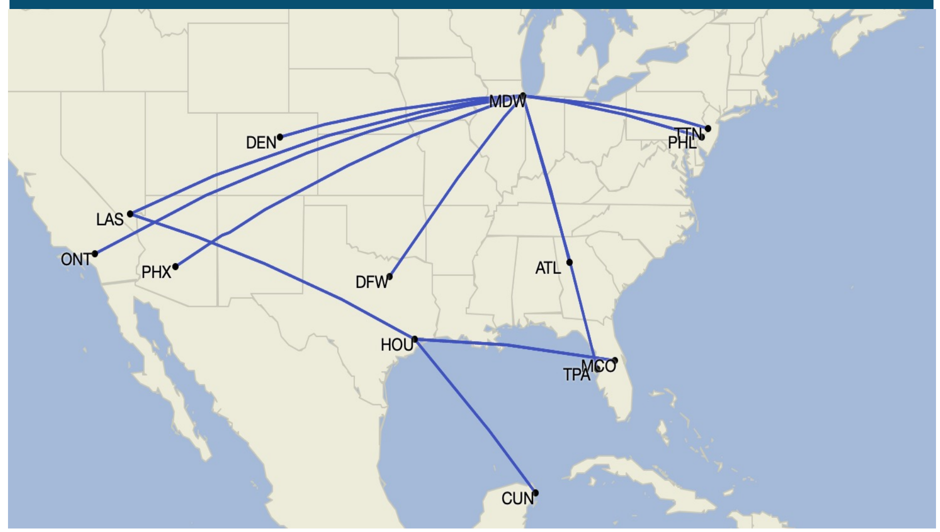
Frontier

Analyst Commentary

- The Frontier/Spirit merger was given renewed life after JBLU was turned down by SAVE. We think this makes the most sense if there is to be a combination.
- ULCC quarterly loss was slightly greater than we forecast, mainly due to increased operating expenses. We still think ULCC can grow low double digits and return to profitability in 2022. The airline paid off the Treasury loan early which will help with interest expenses.
- Company remains confident in its pilot hiring efforts. We are encouraged by the company securing more training capacity.
- With its focus on costs, ULCC likely to maintain its leadership as the lowest cost carrier this year.
- While revenues are strong, we still see unit costs pressured in the near-term, as capacity is pulled back in 2H 2022.
- Surprisingly, Frontier says it has a surplus of pilots, thanks to accelerated path to captain and favorable bases.

Guidance	2Q '22	FY 2022	Notes
Capacity	Up 10% - 12%	Up 12% - 15%	compared to 2Q 19
Adj. Op Ex	$545 - $555M	$2,225 - $2,275M	
Fuel	$3.85 - $3.90	$3.40 - $3.50	
CAPEX		$120 - $140M	
Adj. pre-tax margin	1% - 5%		

Frontier increases service in two SWA focus cities



Spirit

"Maintaining our cost advantage is an important pillar of our model"

1Q22 adj. pre-tax income (loss): ($217M)

Spirit continues to face a difficult operating environment in Florida, one that has persisted for several months. This had a large impact on their financial results in 1Q and will also affect 2Q, where management forecasts a loss. They discussed several changes to the operation as an attempt to mitigate these issues. Altering aircraft flow, adding bases to the network and modifying the approach to crew planning were noted. Summer capacity was cut but they plan a large increase in the fall. They also addressed why the JBLU proposal is not acceptable, and how they plan to continue with the ULCC tie-up.

EFA takeaway: The airline was very adamant about the negatives of JBLU offer. Wall Street analysts concerned about big jump in capacity in 2H of 2022.

- March TRASM higher than March 2019 while growing capacity 17%. Total revenue per passenger segment increased 3.9% because of a 14.8% increase in non-ticket revenue which was $64.53.
- Operating costs increased over 50% on more capacity and more aircraft in the fleet. Labor cost inflation and passenger re-accommodation expenses along with more expensive fuel.
- Rejected JBLU merger due to NEA anti-trust suit, lack of synergies and unsatisfactory amount of risk.
- Aircraft utilization was 10.8 hours, down 11.5% compared to 12.2 hours in 2019.
- Took delivery of three A320neo , ended with 176 aircraft. Will take 21 A320neos by end of year. Fleet utilization will be 83% of pre-COVID levels in 2Q with an estimated 90% needed for profitability.
- Ended quarter with $1.6B in liquidity and $240M in a revolving credit facility.
- CAPEX for the year will be $250M, which includes $100M related to construction of new headquarters and training facility in South Florida.

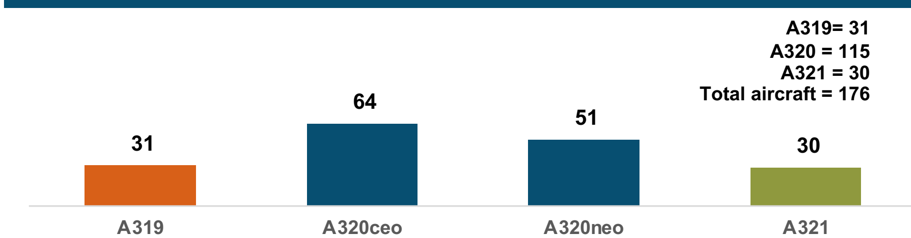
spirit airlines

1Q Snapshot (as compared to 1Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
19.2%	*13.0%*	*-5.3%*	*22.3%*	*41.1%*

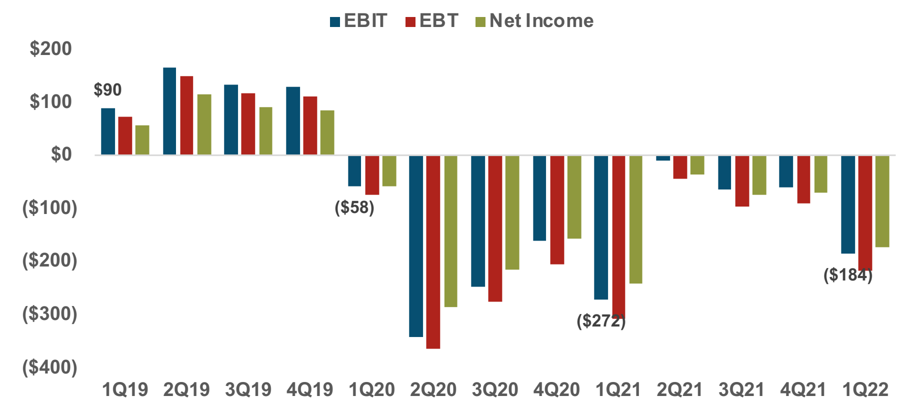
SAVE Stats	1Q22	1Q21	1Q19	y/y	y/3y
Revenues	$967M	$461M	$856M	109.7%	13.0%
Adj Operating Income (EBIT)	($184M)	($272M)	$90M	n.m.	n.m.
Adj Operating Margin	(19.1%)	(59.0%)	10.5%		
Adj Net Income	($173M)	($243M)	$58M	n.m.	n.m.
GAAP Net Income	($195M)	($112M)	$56M	n.m.	n.m.
GAAP EPS	($1.79)	($1.15)	$0.82	n.m.	n.m.
Capacity (ASMs)	11.7 billion	8.0 billion	9.8 billion	46.9%	19.2%
Yield	10.69¢	8.03¢	10.52¢	33.1%	1.6%
TRASM	8.25¢	5.78¢	8.71¢	42.7%	(5.3%)
CASM	10.06¢	7.07¢	7.81¢	42.3%	28.8%
CASM-ex	6.68¢	7.40¢	5.46¢	(9.7%)	22.3%
Fuel (econ)	$2.95	$1.77	$2.09	66.7%	41.1%

Spirit Fleet – 1Q22

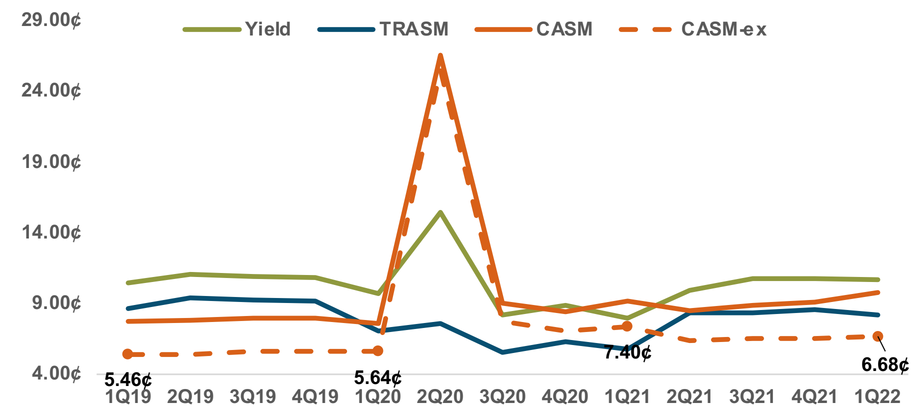


Spirit

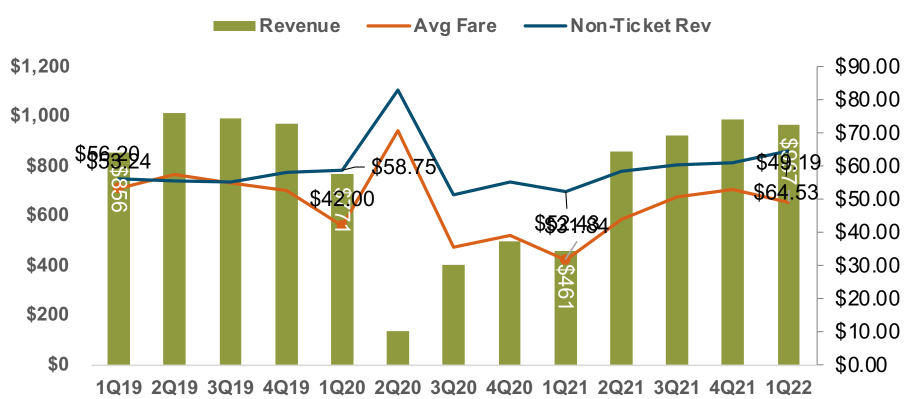
Operating, Pre-Tax, and Net Income (non-GAAP)



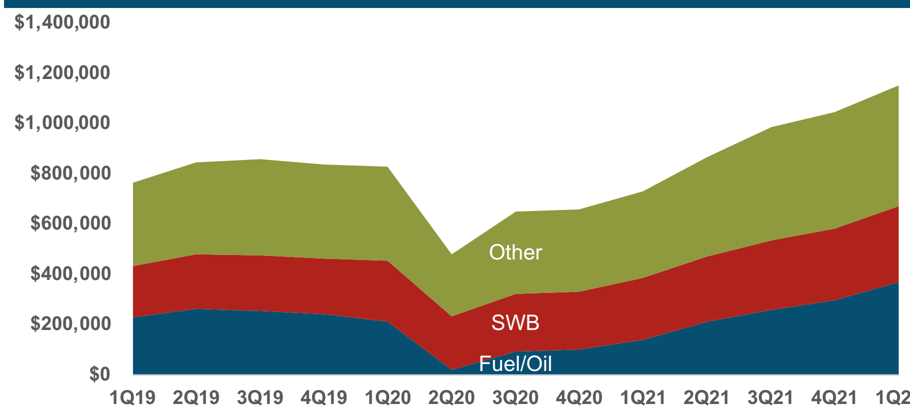
Yield, RASM, and CASM



Quarterly Revenue, Average Fare, and Non-Ticket Revenue

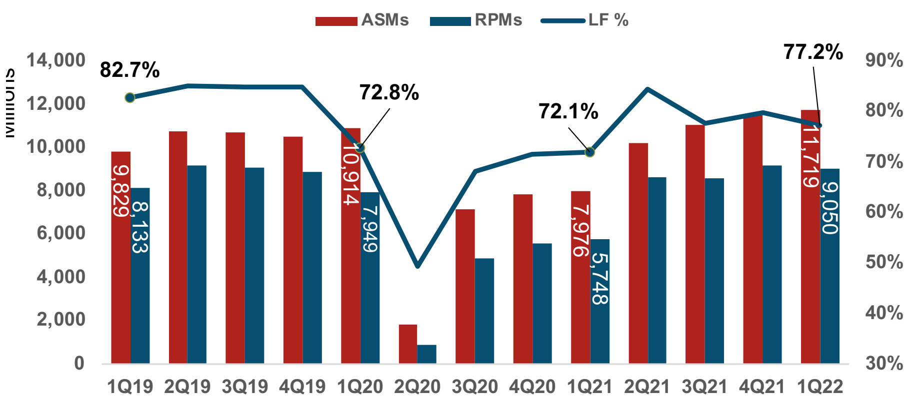


Quarterly Expenses

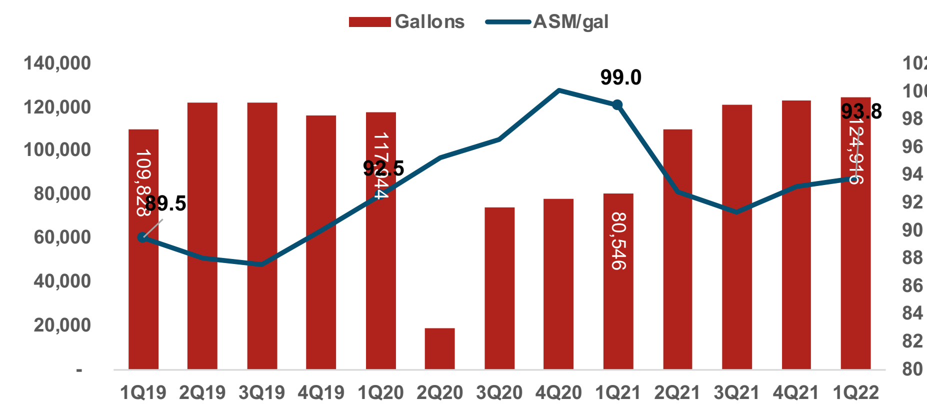


Spirit

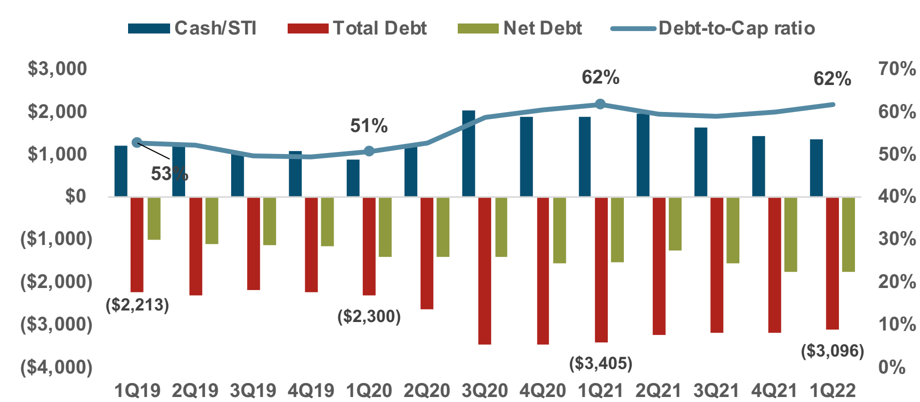
Capacity, Traffic, and Load Factor



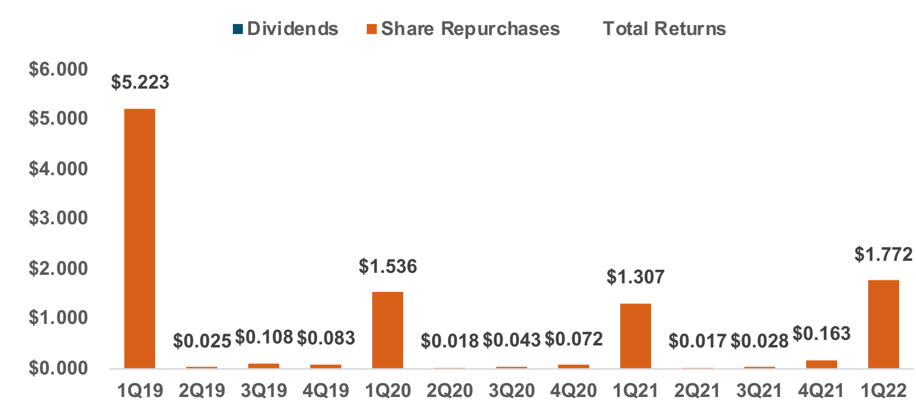
Fuel and Fuel Efficiency



Cash, Debt, and Debt-to-Capital Ratio



Shareholder Returns ($ mil)



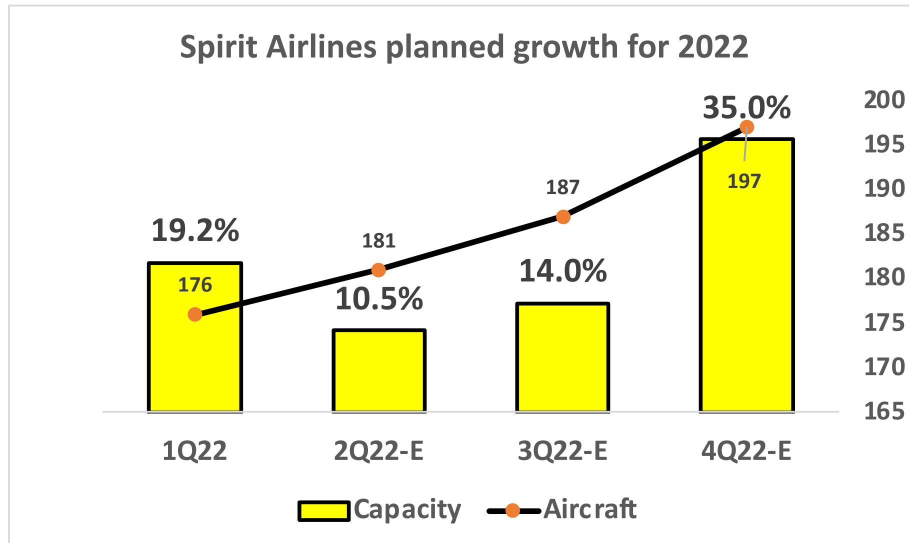
Spirit

Analyst Commentary

- Not all doom and gloom; ticket revenue per segment has significantly outperformed and should again in 2Q. Small business and conference traffic is coming back. The airline is confident of profitability in 2H 2022.
- Given labor challenges and fuel prices, we believe Spirit may find it difficult to add 21 points of capacity quarter-over-quarter without jeopardizing its operation and profitability.
- There is not a reasonable path forward with JetBlue given the pending DOJ lawsuit and how the planned integration would take place.
- Outlook is disappointing, as SAVE one of only three airlines expecting a loss in 2Q. Slowed growth taking a toll on unit costs.
- Airline is now at mercy of shareholder and regulatory approval for ULCC-SAVE tie-up or another push by JBLU. We believe integration will be messy with costs.

Guidance	2Q '22	FY 2022	Notes
Capacity	~10.5%	~20%	Compared to 2Q19
Adj Op Expense	$1,355-$1,365M		
Fuel	$3.85 - $3.90		Estimate 122.7M gallons
Adj Pre-tax Margin	-3% to -5%		
Fleet		YE at 197	Plan to have 197 YE22, & 230 YE23

Spirit unveils aggressive capacity expansion in 2H22



Sun Country

"We are not reliant on growth to deliver consistent profitability & cash flow"

1Q22 adj. pre-tax income: $15.7M

Sun Country was the only profitable airline in the first quarter of 2022. The company highlighted the consistency of the charter and cargo business, which allows them the flexibility to adjust scheduled service as necessary for different circumstances. They noted in this type of high-cost fuel environment, they will adjust growth to peak periods allowing for increased fares to compensate for fuel costs. The CEO spoke of the ability to purchase growth aircraft at attractive prices, a newly ratified pilot contract and numerous growth opportunities over the next year.

EFA takeaway: Between Scheduled, Cargo and Charter service, Sun Country seems to have discovered a profitable niche.

- The 1Q adjusted operating margin led the industry.
- Total average fare of $183 was 7% higher than 1Q 2019. Included in this was $49 of ancillary passenger revenue, highest in company history.
- Flying agreements with the MLS and Caesars began ramping in 1Q and will be fully operating in 2Q.
- Charter block hours were down in 1Q as scheduled service and cargo were prioritized. Scheduled service block hours 66%, Cargo 22% and charter 11%.
- Cost per block hour down 6% despite the new pilot agreement but fuel cost was significantly higher. Will "right-size" capacity in response to higher fuel and staffing concerns. Report no problems filling new hire pilot classes.
- Expanding training capacity and will increase size of pilot classes to be able to meet growth plans in future years.
- Ended quarter with $297M in liquidity and completed a $188 EETC financing that will save $2M in ownership costs.
- 38 aircraft at end of quarter, with 7 total deliveries this year.

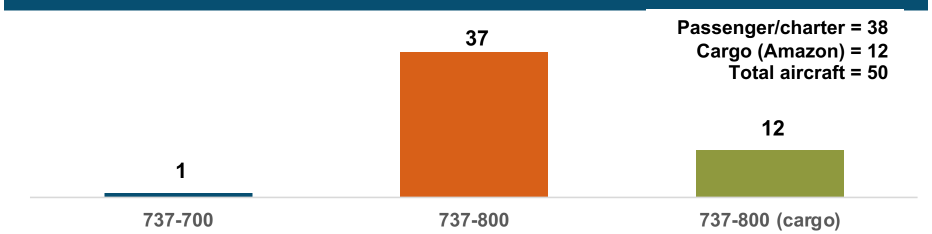
sun country airlines

1Q Snapshot (as compared to 1Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
↑ 9.9%	↑ 15.2%	↓ -1.8%	↓ 1.0%	↑ 76.5%

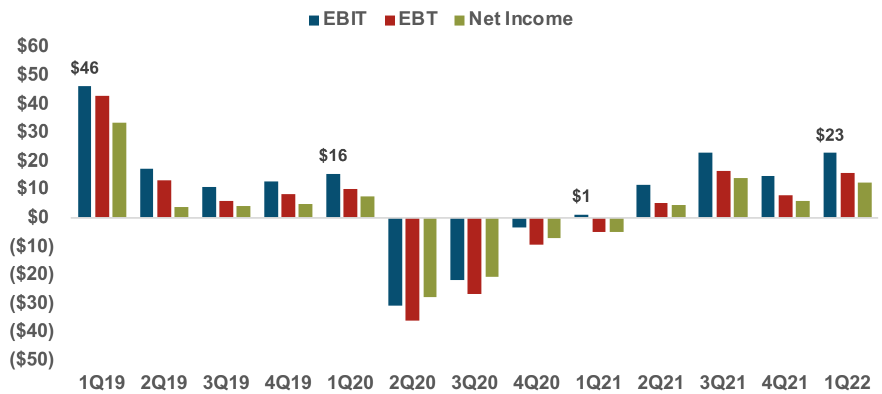
SNCY Stats	1Q22	1Q21	1Q19	y/y	y/3y
Revenues	$227M	$128M	$197M	77.5%	15.2%
Adj Operating Income (EBIT)	$23M	$1M	$46M	1806.4%	(50.8%)
Adj Operating Margin	10.1%	0.9%	23.6%		
Adj Net Income	$12M	($5M)	$33M	n.m.	(63.1%)
GAAP Net Income	$4M	$12M	$33M	(70.7%)	(89.1%)
GAAP EPS	$0.06	$0.24	$0.63	(75.0%)	(90.4%)
Scheduled Capacity (ASMs)	1.7 billion	1.2 billion	1.5 billion	45.5%	9.9%
Yield	15.09¢	13.44¢	14.93¢	12.3%	1.1%
TRASM	10.66¢	7.70¢	10.85¢	38.4%	(1.8%)
CASM	10.62¢	7.46¢	8.30¢	42.4%	28.0%
CASM-ex	6.21¢	6.15¢	6.27¢	1.0%	(1.0%)
Fuel (econ)	$3.20	$1.91	$1.81	67.5%	76.5%

Sun Country Fleet – 1Q21

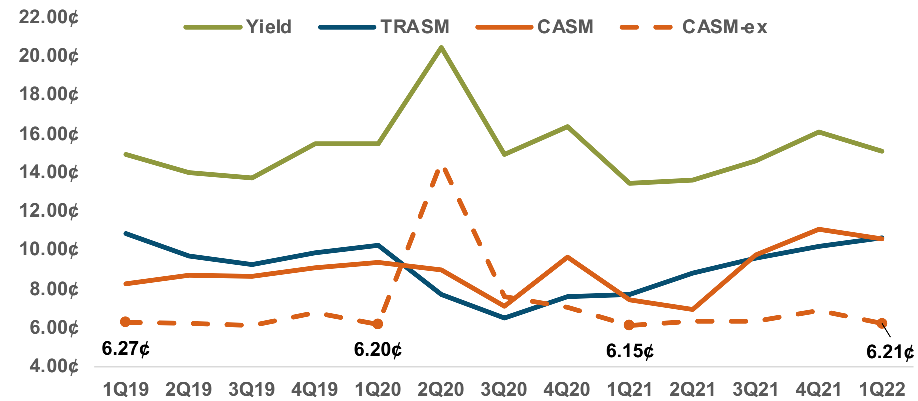


Sun Country

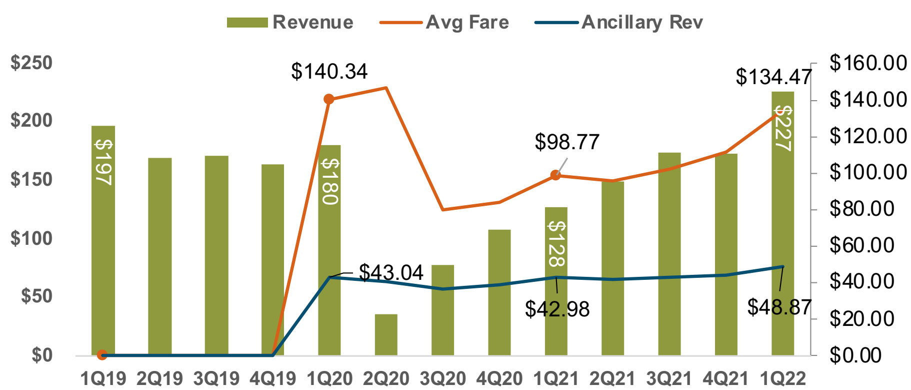
Operating, Pre-Tax, and Net Income (non-GAAP)



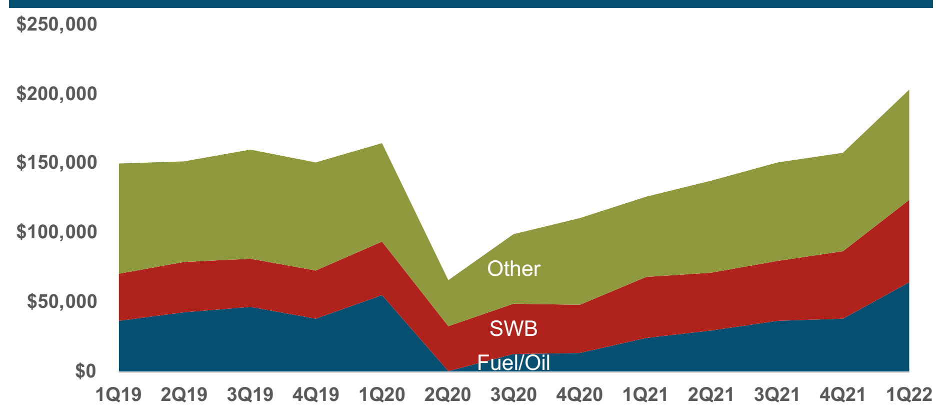
Yield, RASM, and CASM



Quarterly Revenue, Average Fare, and Non-Ticket Revenue



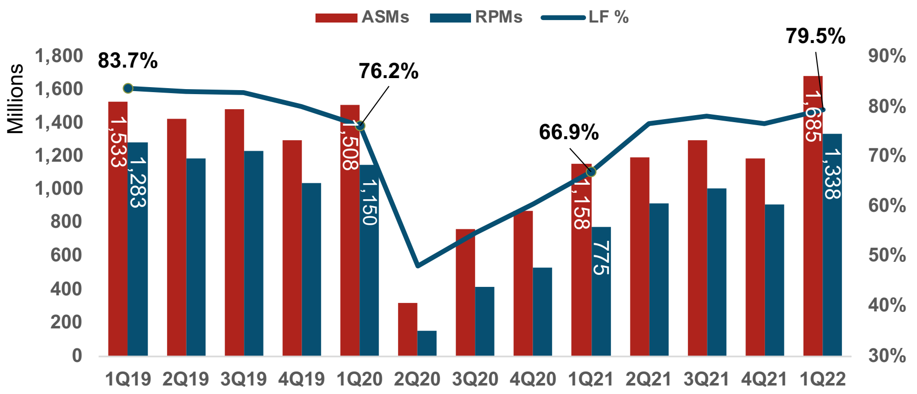
Quarterly Expenses



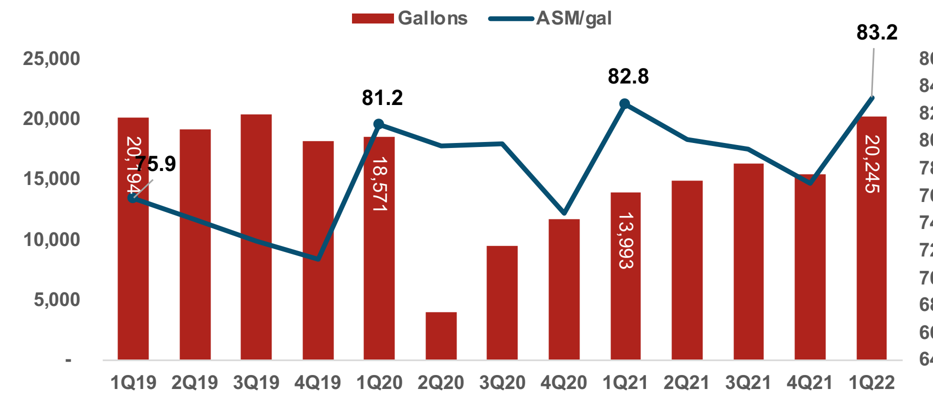
Sun Country

suncountry airlines

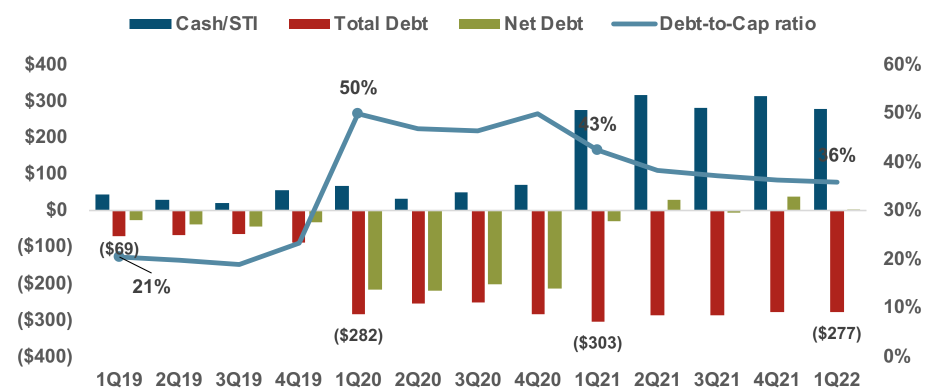
Capacity, Traffic, and Load Factor



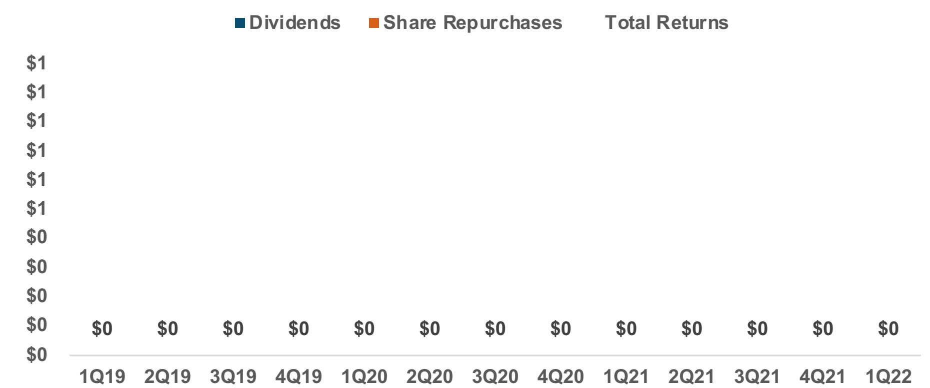
Fuel and Fuel Efficiency



Cash, Debt, and Debt-to-Capital Ratio



Shareholder Returns ($ mil)



SWAPA

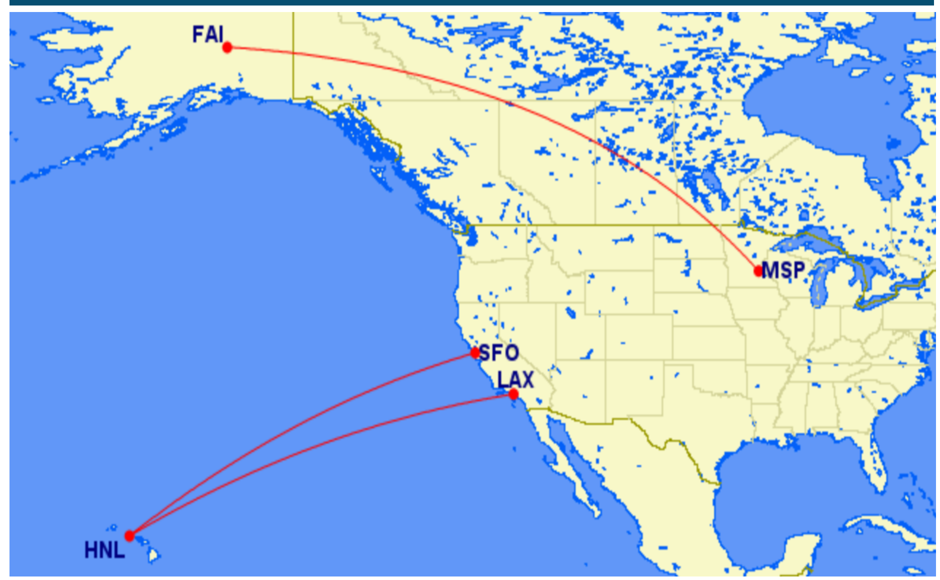
Sun Country

Analyst Commentary

- This is the sector's most profitable airline. The cargo and charter business provide SNCY with enhanced flexibility with regards to demand, pricing and fuel prices.
- Sun Country's new pilot contract is expected to unlock further cost efficiencies and growth. The carrier reports no problems sourcing pilots.
- Strong momentum in ancillary revenue as well as new charter contracts will drive 2Q RASM higher by up to 34% vs. 2019. This will aid in SNCY producing higher-than-industry margins over the medium term.
- Productivity in new pilot contract will more meaningfully begin in early 2023 as PBS takes effect. This is expected to offset higher compensation costs, to a degree.

Guidance	2Q '22	FY 2022	Notes
Capacity	Up 22%-26%		Compared to 2Q19 (system block)
Total Revenue	Up 24% -30%		Compared to 2Q19
Effective tax rate	23%		Up 24% from to 1Q19
Fuel	$3.50/gal		
Adj Oper Margin	5% - 9%		

Sun Country drops Hawaii, Alaska routes due to pilot shortage



Economic and Financial Analysis Committee

Industry Financials

1st Quarter 2022

UNIFY | EDUCATE | COMMUNICATE

May 2022