Economic and Financial Analysis Committee

Industry Financials

4th Quarter and Full Year 2022

UNIFY | EDUCATE | COMMUNICATE

February 2023

SWAPA®

Industry Scorecard

4Q 2022 (with comparisons to 4Q 2019)

4Q22	Key Financial Metrics (non-GAAP) - 4Q22					Unit Level Metrics (non-GAAP) - 4Q22 (y/3y change)				
Airline	Operating Revenue ($ mil)	Operating Profit (Loss) ($ mil)	Operating Margin	Net Profit (Loss) ($ mil)	Net Margin	Revenue Passenger Miles	Available Seat Miles	(T)RASM[1]	CASM-ex[2]	Fuel ($/gal)[3]
American	13,189	1,389	10.5%	827	6.3%	(6.1%)	(6.1%)	24.2%	9.6%	$3.50
Delta	12,292	1,421	11.6%	950	7.7%	(9.9%)	(9.1%)	18.3%	17.2%	$3.20
United	12,400	1,393	11.2%	811	6.5%	(6.6%)	(9.5%)	25.8%	11.2%	$3.54
Southwest	6,172	(344)	(5.6%)	(226)	(3.7%)	(5.8%)	(6.3%)	14.9%	44.9%	$3.18
Alaska	2,479	149	6.0%	118	4.8%	(7.7%)	(9.7%)	23.2%	23.6%	$3.55
jetBlue	2,415	100	4.1%	72	3.0%	4.0%	2.4%	16.1%	9.9%	$3.70
Spirit	1,391	58	4.1%	13	0.9%	17.2%	22.7%	17.0%	15.0%	$3.55
Frontier	906	47	5.2%	39	4.3%	11.2%	14.7%	20.5%	22.8%	$3.60
Hawaiian	731	(20)	(2.8%)	(25)	(3.4%)	(11.9%)	(5.9%)	9.9%	14.2%	$3.31
Allegiant[4]	612	97	15.9%	57	9.3%	16.4%	11.9%	20.7%	16.3%	$3.59
Sun Country[5]	227	16	7.0%	8	3.5%	9.7%	4.1%	23.6%	9.2%	$3.58
Total	52,814	4,305	8.2%	2,644	5.0%					

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

Industry Scorecard

Full Year 2022 (with comparisons to Full Year 2019)

FY22	Key Financial Metrics (non-GAAP) - FY22					Unit Level Metrics (non-GAAP) - FY22 (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	48,971	1,805	3.7%	328	0.7%	(10.6%)	(8.7%)	17.3%	12.0%	$3.54
Delta	45,605	3,566	7.8%	2,053	4.5%	(17.8%)	(15.3%)	14.8%	22.3%	$3.36
United	44,955	2,477	5.5%	831	1.8%	(13.6%)	(13.0%)	19.5%	14.9%	$3.63
Southwest	23,814	1,120	4.7%	723	3.0%	(5.7%)	(5.6%)	12.5%	22.1%	$3.07
Alaska	9,646	662	6.9%	118	1.2%	(8.4%)	(8.8%)	20.5%	19.7%	$3.42
jetBlue	9,158	(185)	(2.0%)	(260)	(2.8%)	(2.0%)	1.0%	12.0%	13.6%	$3.69
Spirit	5,068	(132)	(2.6%)	(189)	(3.7%)	12.9%	16.2%	13.8%	21.3%	$3.66
Frontier	3,326	(26)	(0.8%)	(17)	(0.5%)	6.1%	12.9%	17.5%	26.8%	$3.72
Hawaiian	2,641	(187)	(7.1%)	(210)	(8.0%)	(16.2%)	(9.4%)	2.8%	13.0%	$3.42
Allegiant[4]	2,302	161	7.0%	56	2.5%	16.8%	15.2%	10.9%	15.8%	$3.73
Sun Country[5]	894	59	6.5%	26	2.9%	(0.8%)	(1.9%)	19.6%	10.7%	$3.75
Total	196,381	9,319	4.7%	3,458	1.8%					

[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

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A Strong Quarter For Most Airlines

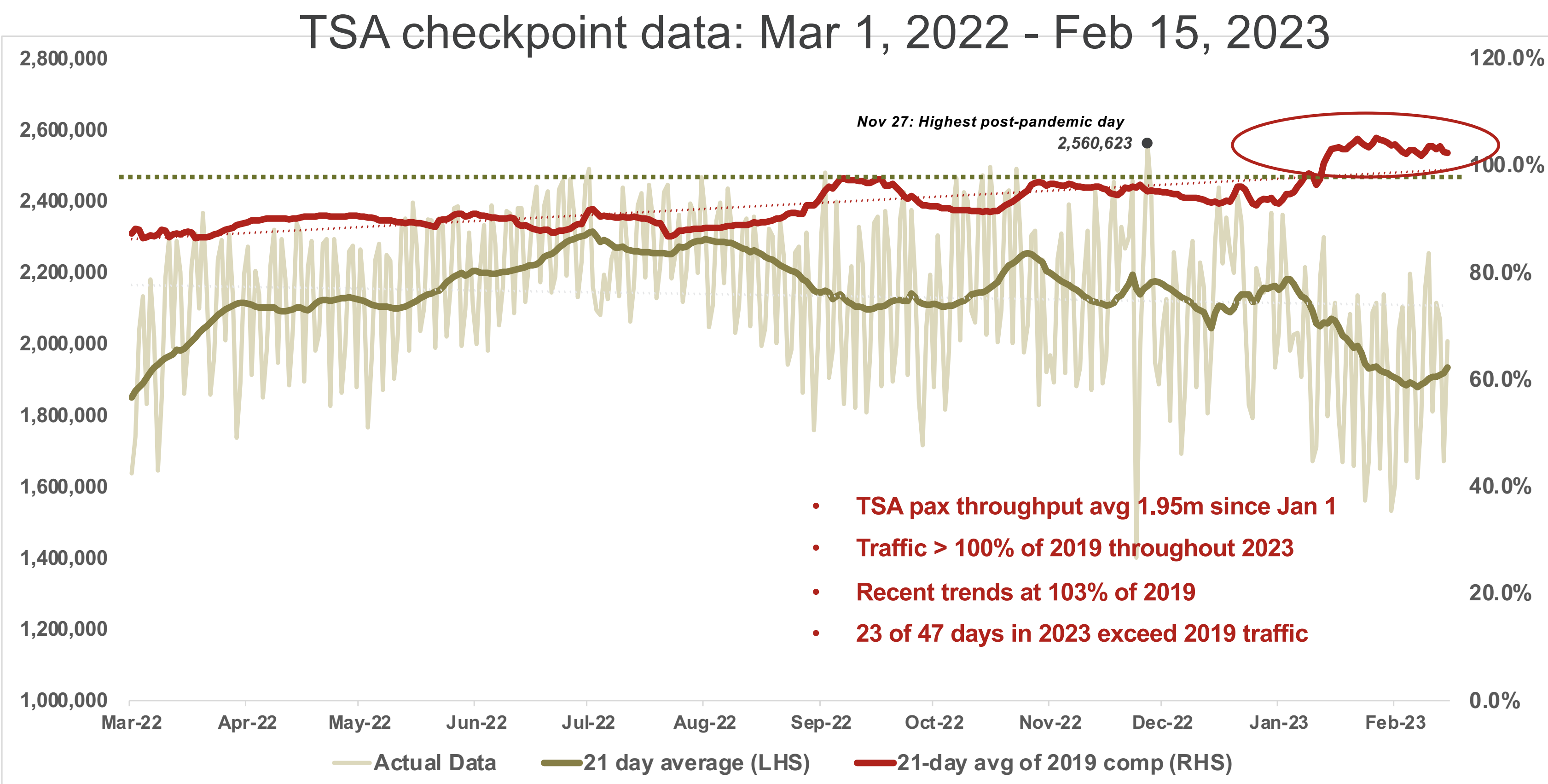
Fourth Quarter Synopsis

- Delta and United have returned to 2018/2019 levels of profitability and margins. American led the industry in operational performance in the fourth quarter.
- Cost inflation rose sharply for most airlines, with labor, operational, infrastructure and productivity all in focus.
- Only two airlines reported a Non-GAAP loss, Hawaiian and Southwest. Hawaiian due to Japanese market weakness and bruising interisland competition, Southwest because of operational disruption in December.
- Some ULCC's have reduced capacity growth plans in 2023 to maintain operational integrity. Supply chain shortages and supply chain shortages are to blame. Allegiant and Spirit both report double-digit pilot attrition rates.
- Fuel remains volatile, but consistent with analyst models and airline forecasts.

First Quarter

- Most airlines are reporting typical seasonal weakness in January/February, followed by strong bookings in March.
- Airlines have been cutting capacity slightly for the first quarter in recent weeks firming up yields and fares.
- System trends to date show international improving and domestic slightly weaker. Leisure demand steady while large corporate bookings have pulled back from fourth quarter 2022 levels.
- Southwest is the only airline expected to see a step up in business travel, due to new distribution capabilities.
- Costs will continue to be under pressure, with and without labor agreements. Most Wall St. analysts believe labor and inflation will structurally reset unit costs going forward. The ULCC cost advantage will continue to narrow.

TSA data shows pax traffic fully recovered



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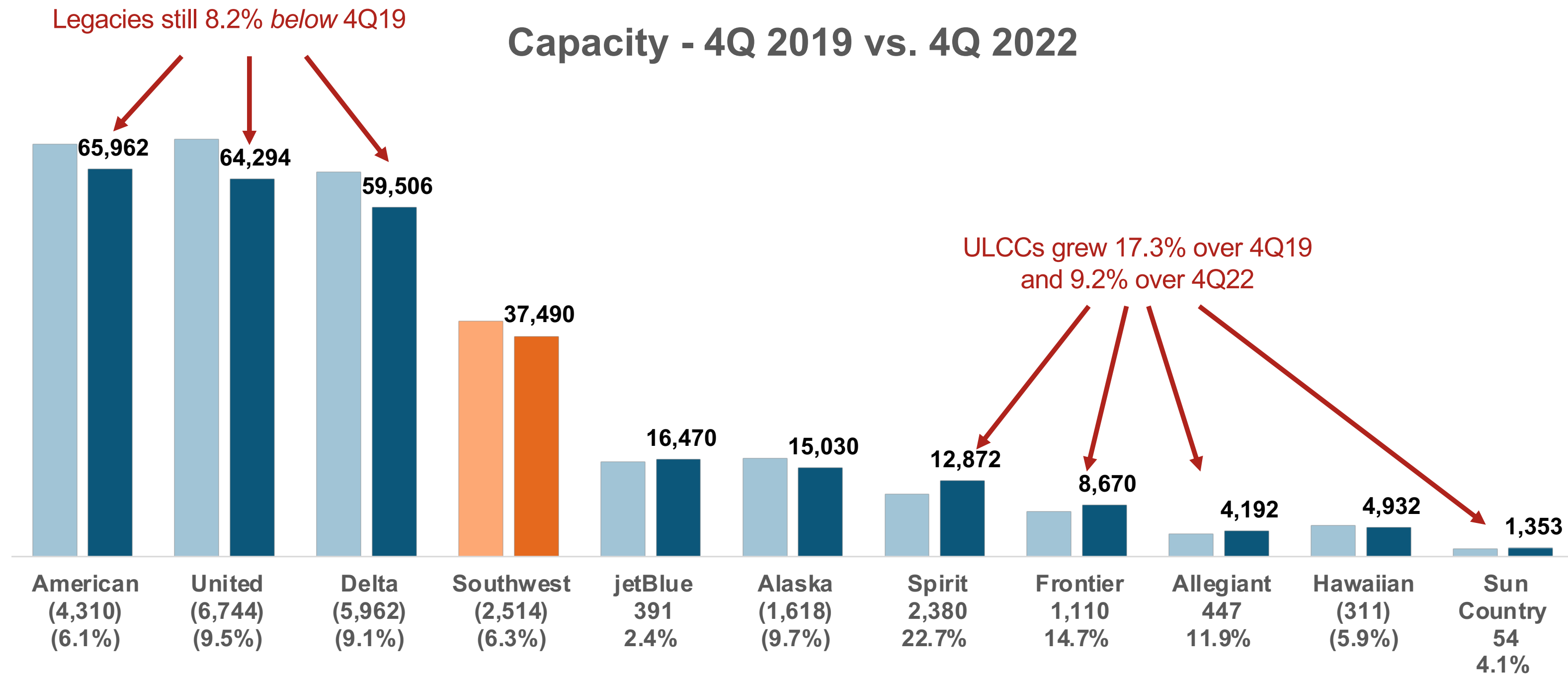
4Q Industry capacity remained below 2019…

Carriers few 5.5% fewer ASMs than 4Q19



Increase (decrease) from 4Q19 and 4Q22

ASMs in millions

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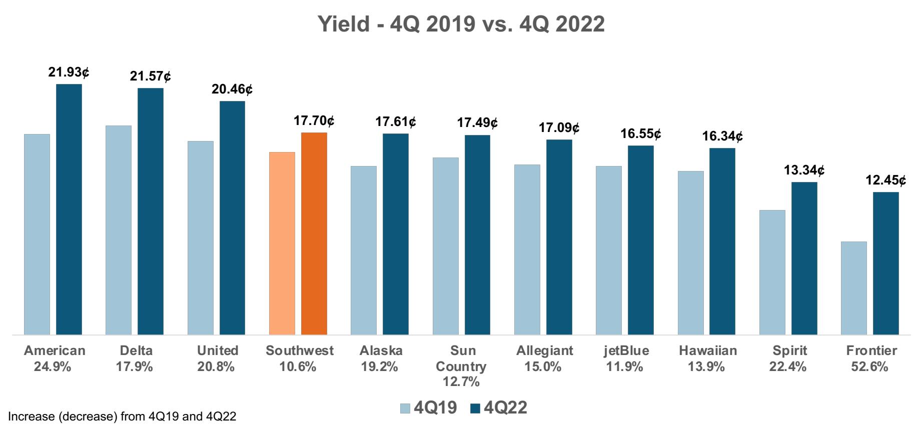
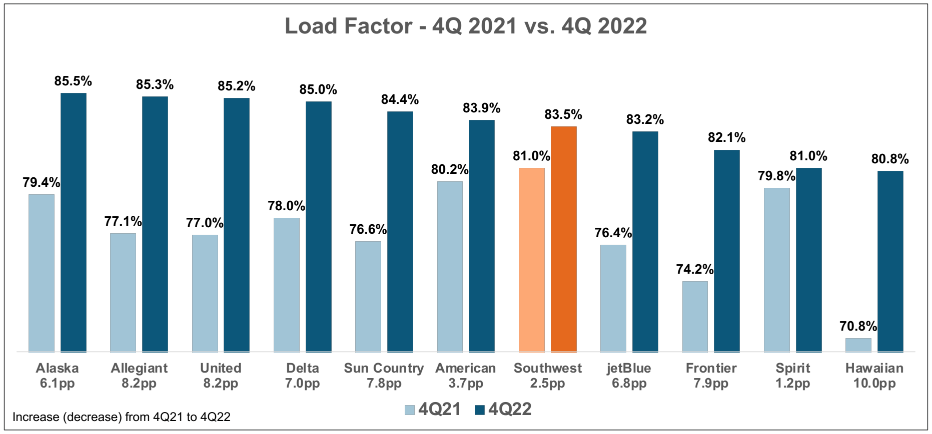
… but demand remained very strong ...

Every carrier had higher yields AND higher load factors

Yields were up 18.6% vs 4Q19

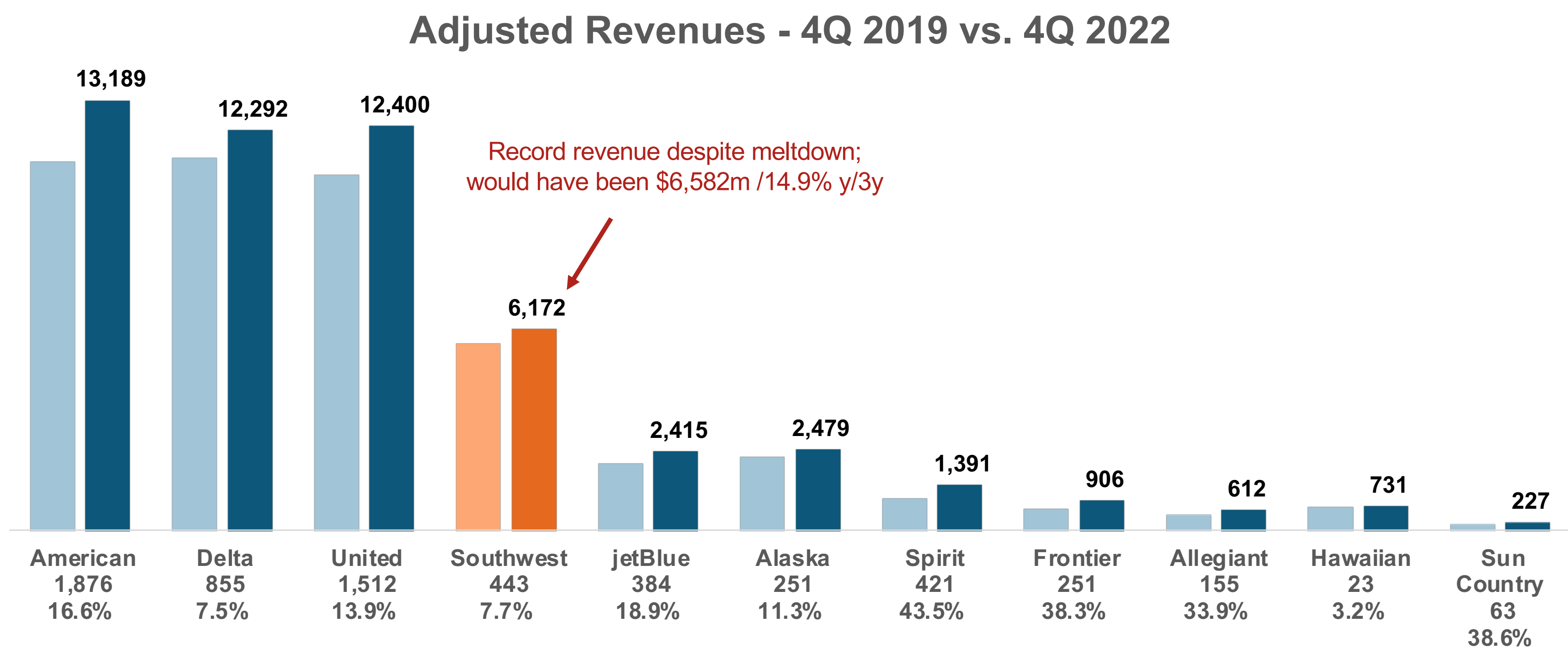


Industry load factor 5.6pts more than 4Q21



… so the industry set another 4Q revenue record

11 mainline carriers booked $52.8B -- 13.4% more than 4Q19

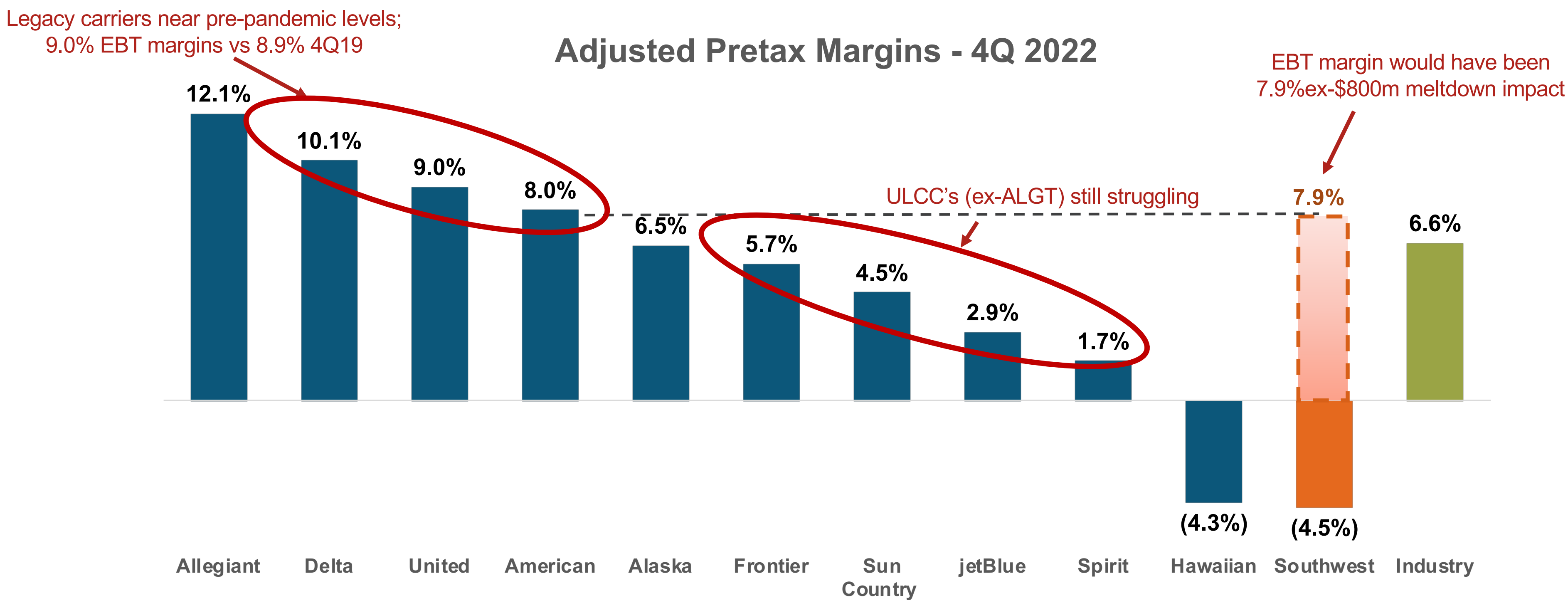


Increase (decrease) from 4Q19 to 4Q22

($ millions)

4Q pre-tax margins were solid

SWA's "flightmare" resulted in worst 4Q performance



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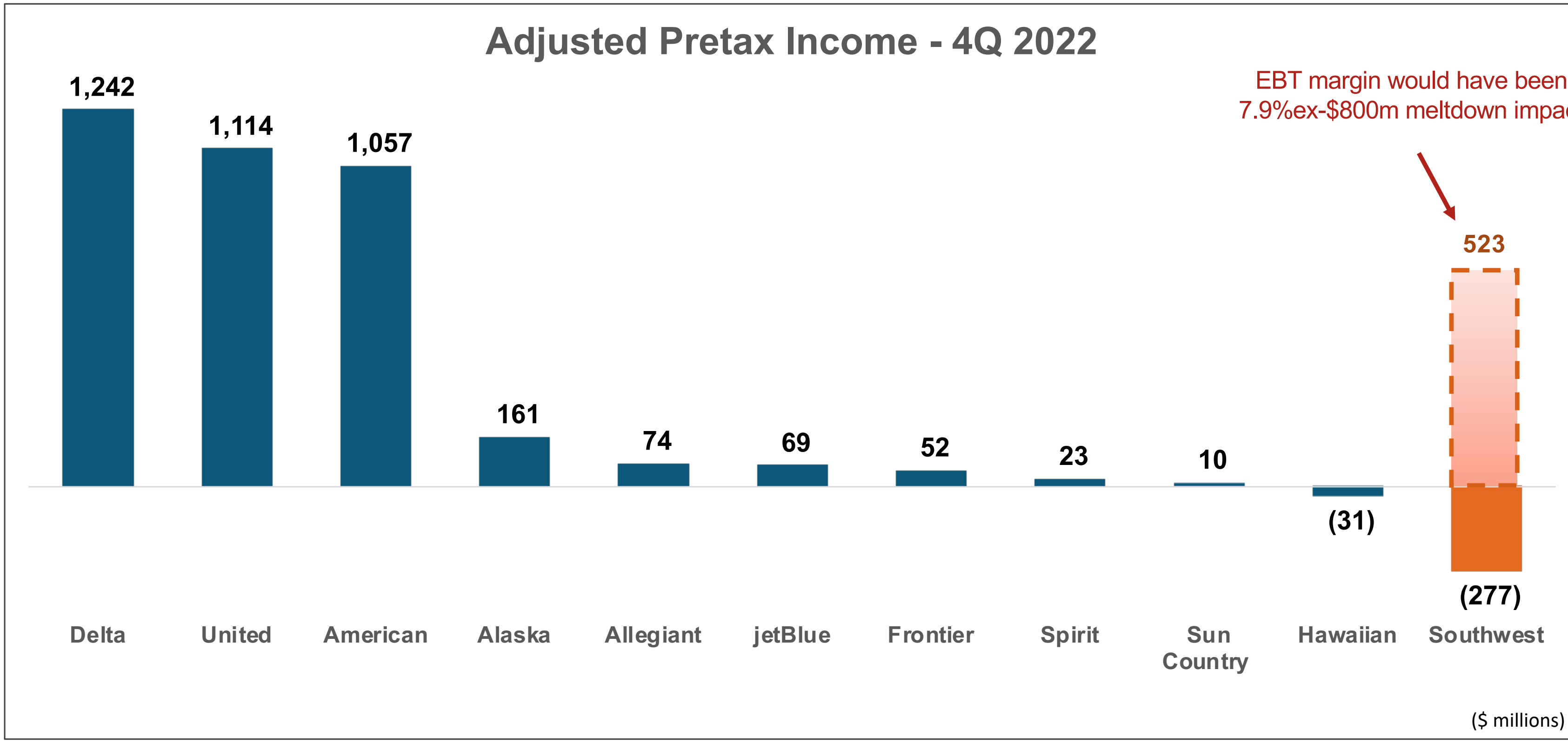
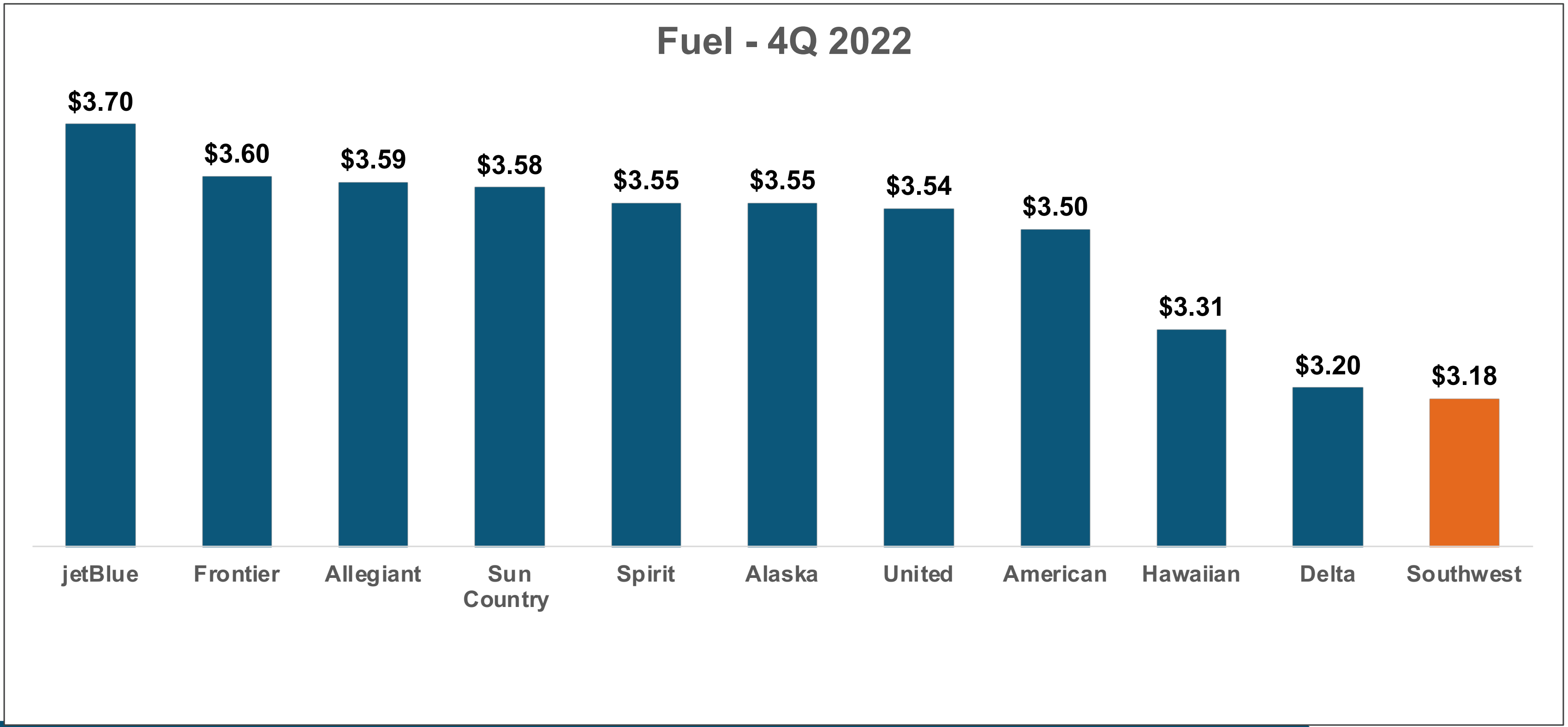
And profits return

Ex-holiday disruptions, would have been ~ 6% improvement over 3Q22



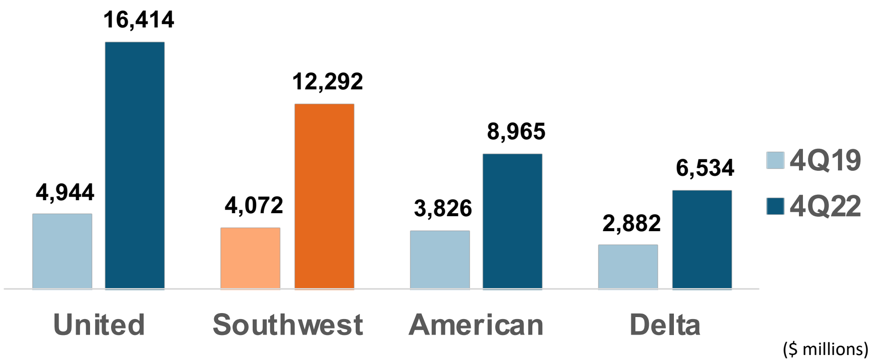
Southwest fuel hedges continue to perform well

SWA's hedges saved $873m during 2022; expect ~$160m benefit in 2023

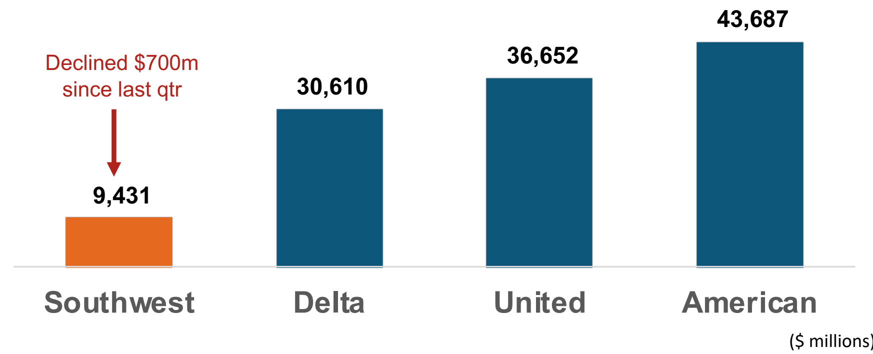


SWA's 'fortress' balance sheet remains intact

Cash and Short-Term Equivalents – 4Q19 vs 4Q22

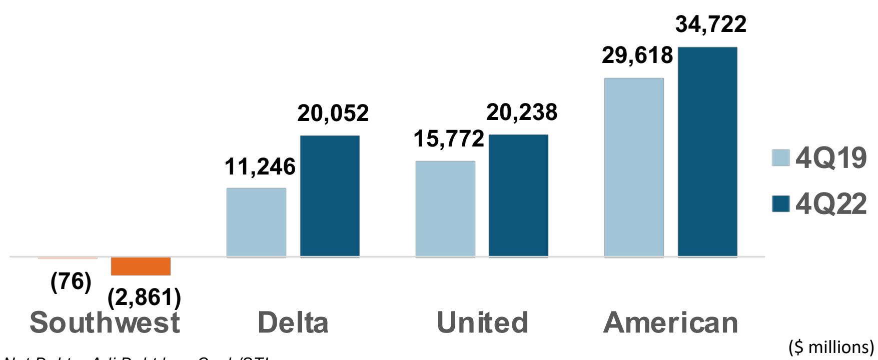


Total Adjusted Debt – 4Q22



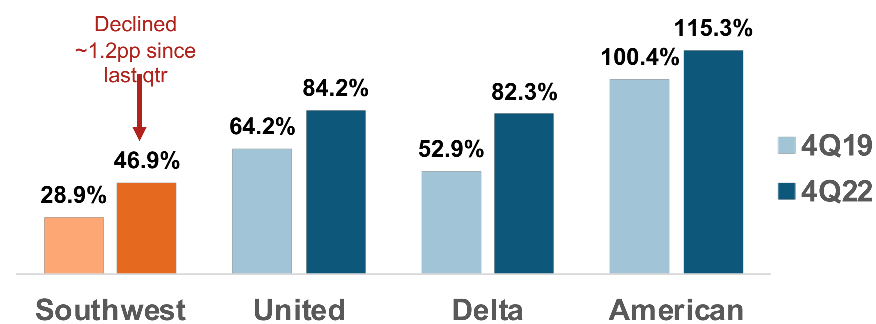
Adj Debt = Total debt + operating lease liabilities

Adjusted Net Debt 4Q19 vs 4Q22



Adj Net Debt = Adj Debt less Cash/STI

Adjusted Debt-to-Capital Ratio -- 4Q22



2023 Pilot hiring remains on a torrid pace

	2022	2023
United	2,501	2,400
Delta	2,392	1,440
American	1,941	2,000
Southwest	1,162	2,160
Spirit	995	625
Atlas	910	900
JetBlue	826	910
Alaska	608	600
FedEx	599	?

	2022	2023
Frontier	562	700
UPS	425	500
Allegiant	230	275
ATSG	200*	250
Breeze	200*	75*
Hawaiian	180	295
Avelo	150*	75*
Sun Country	120*	100*
	13,501	**12,895+**

Source: SWAPA analysis, FAPA.aero

**SWAPA estimates*

Interesting route updates

- **Delta** increases international growth, adding Auckland, NZ for its first route to New Zealand. Domestically, will increase service in Texas from AUS and DFW. Awarded Gate 11 permanently in DAL, starting service to LAX, LGA and expanding service to ATL.
- **United** grows domestic B-777 service starting June 2023, adding over 300 weekly flights between hubs and from mainland to Hawaii.
- **Southwest** builds LGB into 45 departures per day by summer, with new service to ABQ, COS, ELP, MCI, MCO.
- **Hawaiian** cuts 77% of Japan routes in first quarter 2023, citing continuing weakness in nearly all Japanese markets.
- **JetBlue** grows LGA to 52 departures per day to 20 destinations as part of Northeast Alliance expansion.
- **Frontier** is establishing a "mini" focus city in SJU with service to 12 cities by mid-2023.
- **Spirit** expands PHL to 40 departures per day, becoming third largest carrier behind American and Frontier.

Global Network Carriers

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

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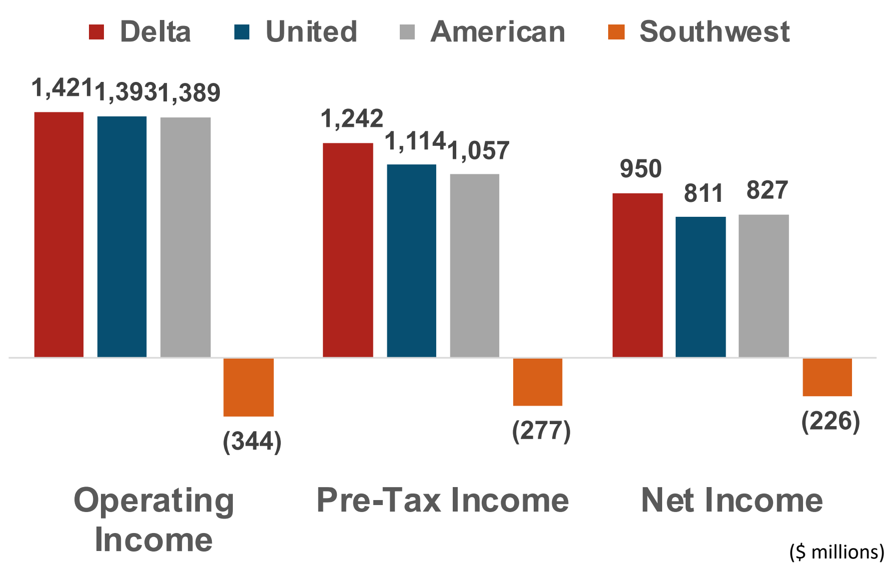
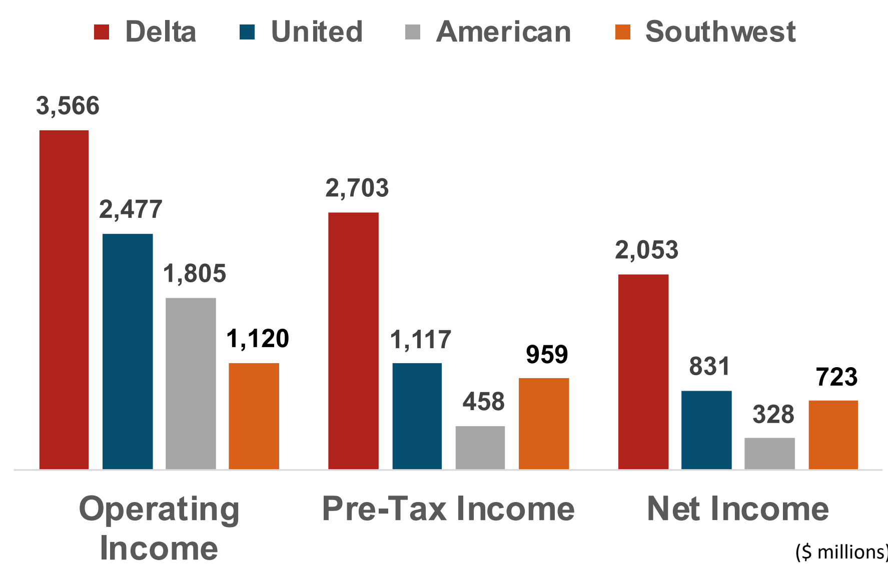
Key Financial Results

Global Network Carriers (Legacies) vs. Southwest

4th Quarter 2022

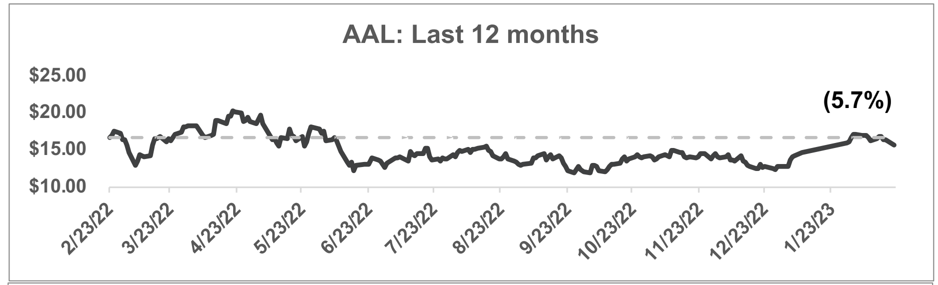


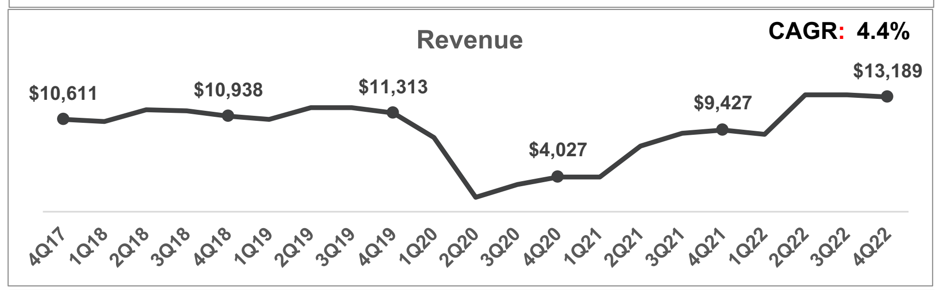
Full Year 2022

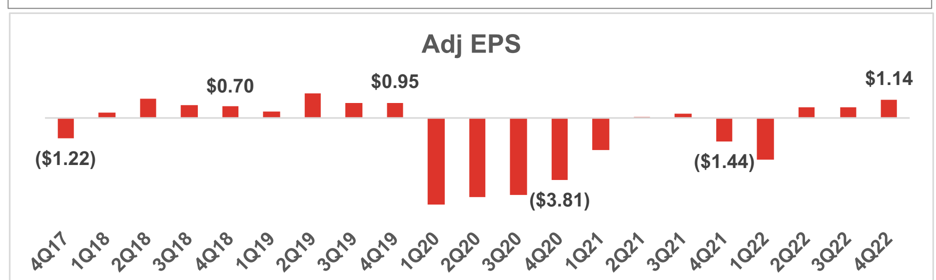


Non-GAAP – excludes special items

American Airlines







American

"We've made notable progress on the operation and the balance sheet"

4Q22 adj. pre-tax income: $1.05B

American turned in a very good financial and operational performance in the fourth quarter. The airline posted double digit margins, record revenues and ranked first in completion factor. This was the company's best overall quarter since 2016. American expects the strong demand environment to continue in 2023 with further improvement in demand for long-haul international travel. Balance sheet repair continues to be a high priority, with plans to reduce total debt by $15B at the end of 2025. With further investments in technology and infrastructure and a world-class network, the airline believes it is set up to run a reliable operation, grow margins and strengthen the balance sheet in 2023.

***EFA takeaway*: American quietly recorded a very good fourth quarter. While the debt load is a concern, it is executing its business plan very well currently.**

Items of interest

- Highest fourth quarter revenue in company history on 6% less capacity than 4Q 2019. Broad strength noted in all entities, with domestic and short-haul international still leading the way.
- Expecting long haul international, both business and leisure, to accelerate in 2023.
- 45% of revenue is now coming from blended business/leisure trips, up from 25% in 2019. One day business trips used to be 3%-4% of traffic is now down to less than 1%.
- Took delivery of 12 aircraft in 4th quarter, including the first B787-8's in 15 months. Will take 23 aircraft in 2023, a mix of 737 MAX and B787-8's. Will also activate 9 737-800's from long-term storage.
- Will use free cash flow to pay down $3.3B in debt amortization in 2023, with the expectation of $10B-$11B of total debt reduction from peak levels in 2021.
- Expect CASM-ex to be up 2%-5% for 2023, which includes potential impact of labor agreements.
- Plan to fly 95% of 2019 capacity in 2023, with capacity coming out of lower RASM markets and being redeployed to short-haul high RASM markets in Sunbelt hubs like DFW and CLT.
- CAPEX of $2.5B, of which $1.5B in aircraft. Lower than expected as 787's are delayed into 2024.
- Ended quarter with $12B in liquidity, while repaying a $1.2B term loan in 4Q.

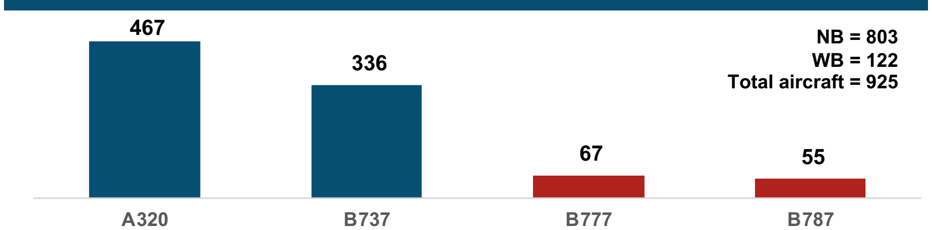
American Airlines

4Q Snapshot (as compared to 4Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
↓ *-6.1%*	↑ *16.6%*	↑ *24.2%*	↑ *9.6%*	↑ *70.7%*

American Stats	4Q22	4Q21	4Q19	y/y	y/3y
Revenues	$13,189M	$9,427M	$11,313M	39.9%	16.6%
Adj Operating Income (EBIT)	$1,389M	($800M)	$876M	n.m.	58.6%
Adj Operating Margin	10.5%	(8.5%)	7.7%		
Adj Pretax Income	$1,057M	($1,182M)	$679M	n.m.	55.7%
Adj Net Income	$827M	($921M)	$502M	n.m.	64.7%
Adj EPS	$1.17	($1.42)	$1.15	n.m.	1.7%
Capacity (ASMs)	66.0 billion	61.1 billion	70.3 billion	7.9%	(6.1%)
Yield	21.93¢	17.11¢	17.56¢	28.2%	24.9%
TRASM	19.99¢	15.43¢	16.10¢	29.6%	24.2%
CASM	17.90¢	16.70¢	15.06¢	7.2%	18.9%
CASM-ex	12.70¢	13.14¢	11.59¢	(3.3%)	9.6%
Fuel (econ)	$3.50	$2.36	$2.05	48.3%	70.7%

American Mainline Fleet – 4Q22



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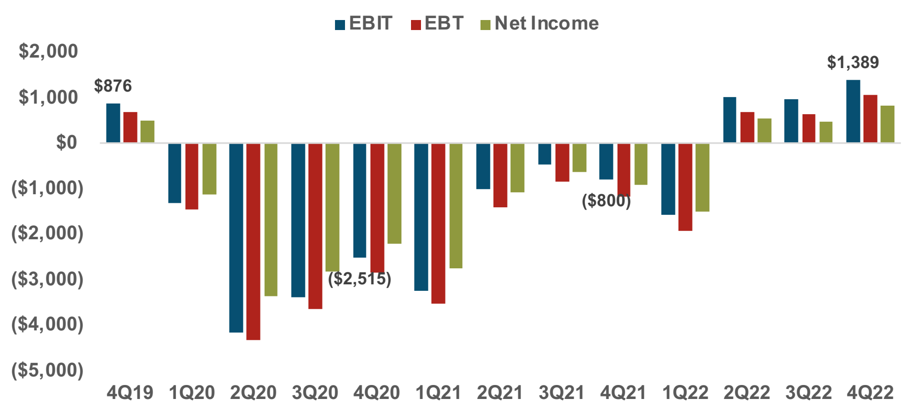
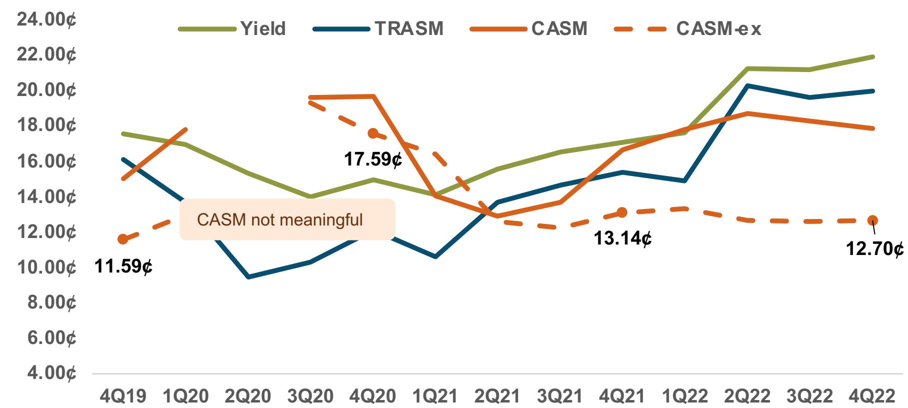
American

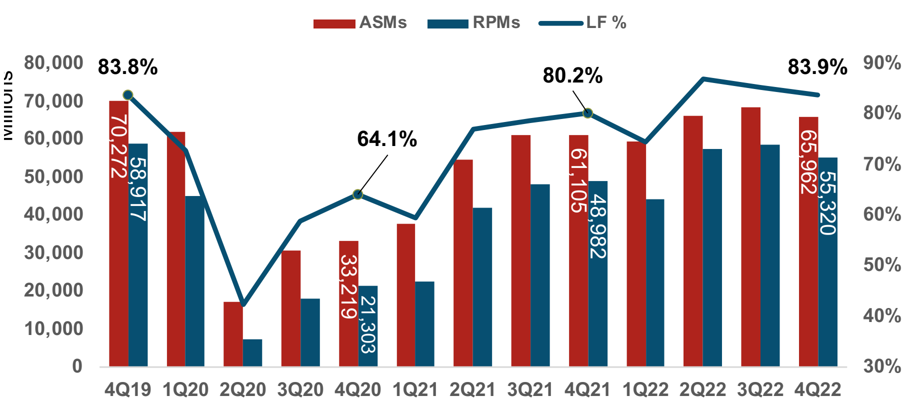
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



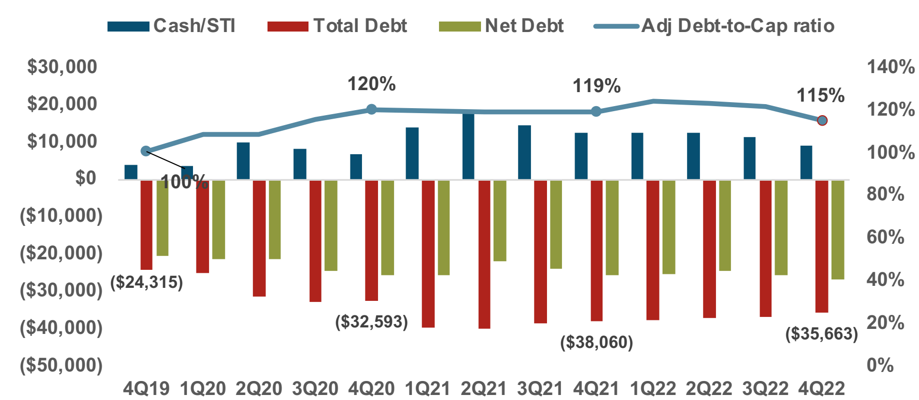
Yield, RASM, and CASM



Capacity, Traffic, and Load Factor

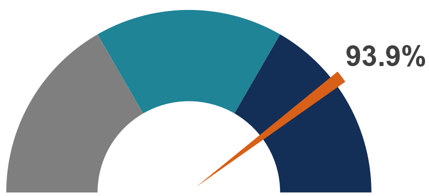


Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)

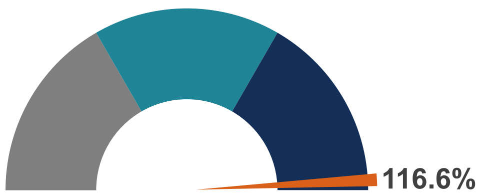


Recovery to Date

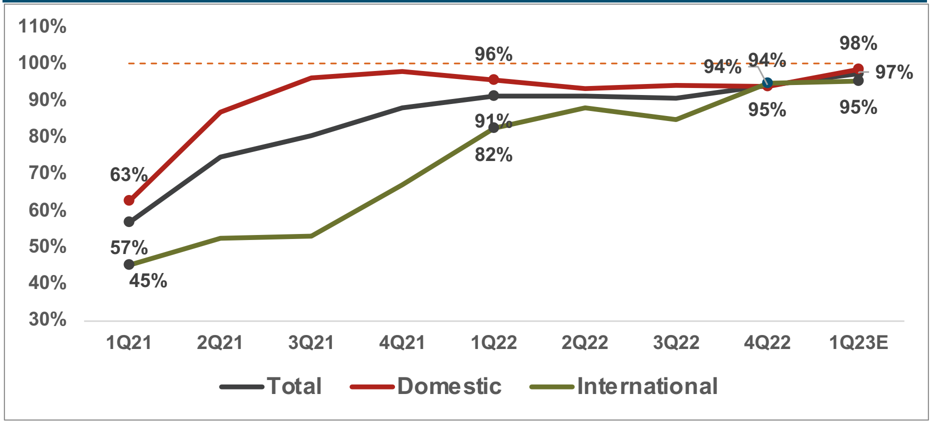
Capacity Restored vs. 2019



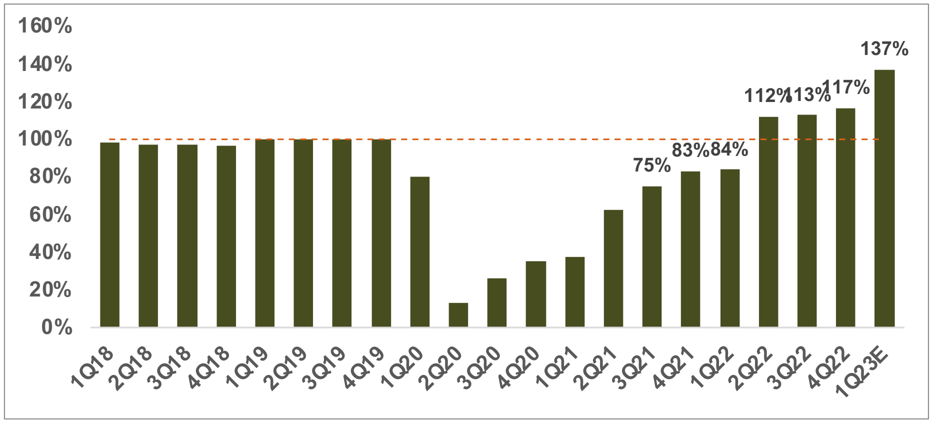
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



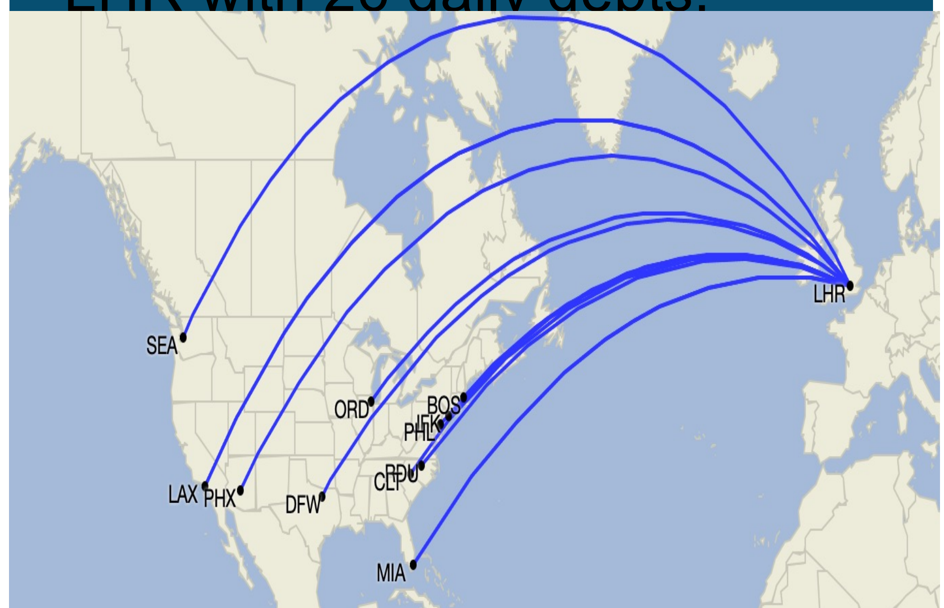
American

Analyst Commentary

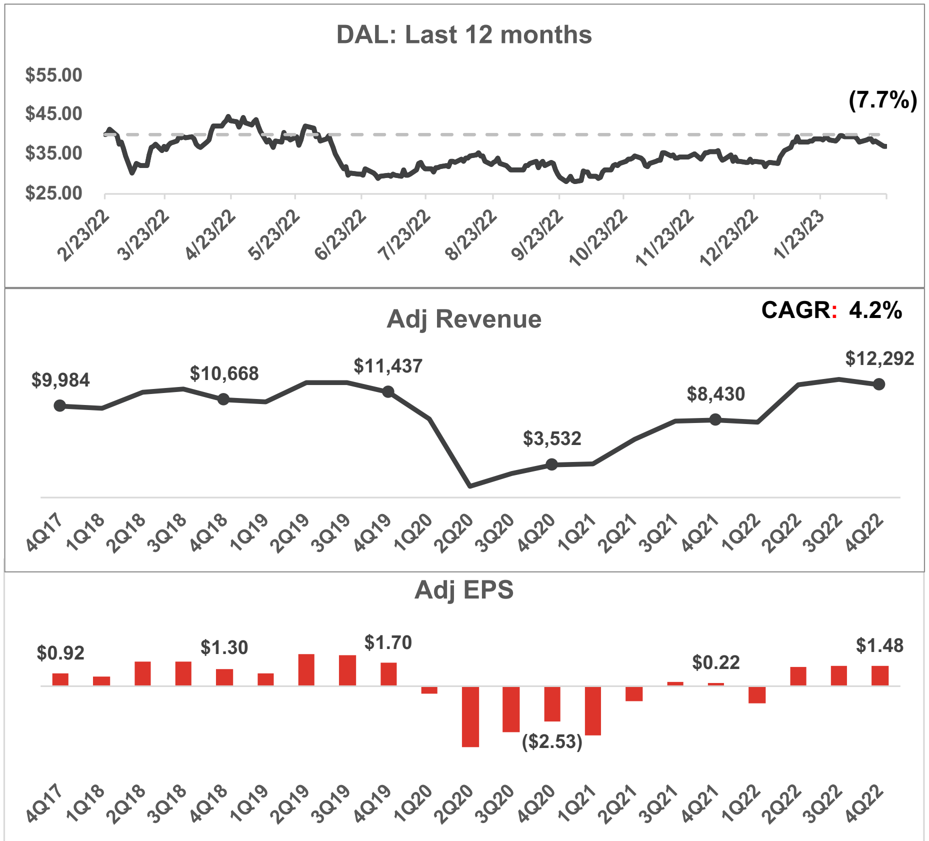
- Results were encouraging for the fourth quarter and 1Q 2023 reflecting the strong demand environment. With robust international bookings this summer and the better mix of business traffic, we think 2023 results should be good.
- A key priority for AAL is to continue to pay down debt. We don't expect share repurchases or dividends to resume until balance sheet targets have been met.
- We believe American Is well-positioned to recapture a large percentage of their fuel expenses with their "sticky" revenue streams and will be one of the few carriers to generate positive cash flow in 2023, allowing the company to continue to reduce gross debt.
- American guided to revenue deceleration in 1Q 2023, but we think their costs will drive earnings lower. Higher than expected unit costs, primarily labor will be the driver.
- Even with $3B of debt paydown, the carrier will still have significant leverage. Still, demand commentary is steady with no cracks in leisure travel and corporate is picking up. Nonetheless, we see a long road ahead for balance sheet repair.
- American's revenue guide doesn't bother us as we consider their network more fully recovered and outsized Latin markets. The airline also had the highest completion factor among the nine largest carriers in December.
- We were impressed that AAL broke with tradition and incorporated higher contract costs into its cost guide. Also, we think the odds of AAL "repairing" the balance sheet have increased.
- American has stuck with a simple plan: run a reliable operation and do it profitably. We have always thought that that while this doesn't grab headlines like other airlines, if executed properly, it can pay long-term dividends.
- The overlap with Southwest in Dallas and Chicago is real. We suspect American has been a beneficiary of Southwest struggles and this is a needle mover in the near-term. These benefits are most likely not repeatable, which could pose some headwinds in earnings.

Guidance	1Q23	FY 2023	Notes
Capacity	Up 8% - 10%	Up 5% - 8%	
Revenue			
TRASM	Up 24% - 27%	LSD	
CASM-ex	Down 3% - flat	Up 2% - 5%	
Fuel	$3.33 - $3.38	$3.00 - $3.10	955m gallons in 1Q23
Adj EPS	$0.00	$2.50 - $3.50	
Operating margin	2.5% - 4.5%	7% - 9%	

- AAL becomes largest carrier to LHR with 26 daily depts.



Delta Air Lines



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Delta

"We made significant progress in restoring our financial foundation"

4Q22 adj. pre-tax income: $1.24B

Delta announced strong results for the fourth quarter, with adjusted net profit of almost $1B and double-digit operating margins. Total passenger revenue was higher than the comparable 2019 quarter, with CEO Ed Bastian giving an upbeat assessment of the industry, saying there is still unmet demand built up since the pandemic. The airline's long-term commercial strategy is to deepen the network advantages, expand premium revenues and further diversify the revenue streams. A competitive cost structure is a priority, as network restoration winds down, training returns to historical levels and capacity returns to 2019 levels. As always, Delta will focus and build on upon brand loyalty.

EFA takeaway: Delta continues to lead the industry in product differentiation, diverse revenue streams and promoting brand perception and awareness.

Items of interest

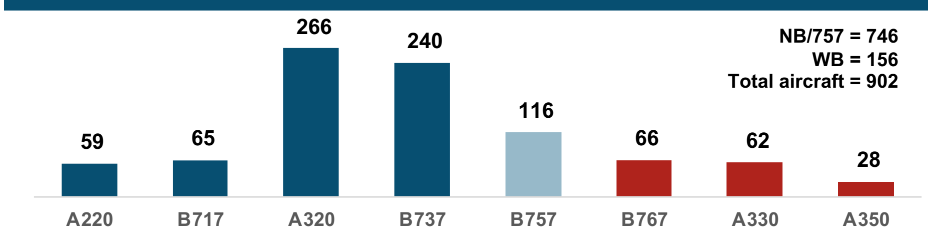
- Highlights a revenue premium to the rest of the industry of over 110%. Record unit revenue performance, with total pax revenue 7% higher than 4Q19.
- Domestic corporate sales were 80% recovered to 2019 levels. This was the same as 3Q, indicating a flattening of business travel domestically. Expecting core hub business growth in 2023 as capacity restored in those markets.
- AMEX renumeration hit target of $5.5B, with co-brand card spend up 45%. Delta still predicts $7B of Amex revenue by YE 2024.
- 55% of revenue generated by premium products. Higher stage lengths will impact first quarter revenues by 2% but will restore ASM's and seats quicker. Transatlantic and Latin America are the leaders in international sales.
- Non-fuel costs for 4Q in line with estimates. Ratification of the pilot contract is expected to result in a 3% increase in non-fuel costs for the full year 2023 and each of the quarters.
- Elevated maintenance spend in the first half of 2023 and network restoration costs will peak in 1H 2023, with CASM-ex expected to decline by 3%-4% by the second half of 2023.
- $9.4B in liquidity. Paid down $4.5B in debt in 2022, leaving adjusted net debt of $22B.
- Over $1B in revenues from refinery, resulting in $0.30 per gallon benefit in 4Q. Fuel efficiency up nearly 5% compared to 2019.

4Q Snapshot (as compared to 4Q 2019)

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

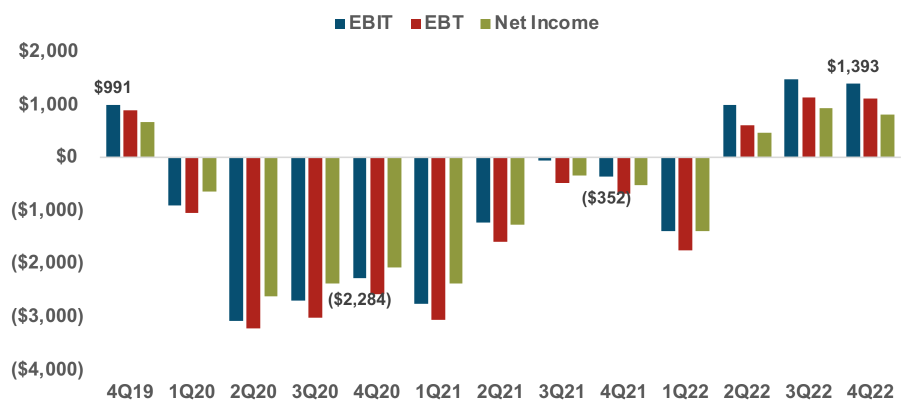
DAL Stats	4Q22	4Q21	4Q19	y/y	y/3y
Adj Revenues	$12,292M	$8,430M	$11,437M	45.8%	7.5%
Adj Operating Income (EBIT)	$1,421M	$344M	$1,422M	313.1%	(0.1%)
Adj Operating Margin	11.6%	4.1%	12.4%		
Adj Pretax Income	$1,242M	$170M	$1,415M	630.6%	(12.2%)
Adj Net Income	$950M	$143M	$1,096M	564.3%	(13.3%)
Adj EPS	$1.48	$0.22	$1.70	572.7%	(12.9%)
Capacity (ASMs)	59.5 billion	51.7 billion	65.5 billion	15.0%	(9.1%)
Yield	21.57¢	17.92¢	18.29¢	20.4%	17.9%
TRASM	20.66¢	16.29¢	17.47¢	26.8%	18.3%
CASM	20.11¢	17.79¢	15.34¢	13.0%	31.1%
CASM-ex	13.14¢	12.56¢	11.21¢	4.6%	17.2%
Fuel (econ)	$3.20	$2.10	$1.99	52.4%	60.8%

Delta Mainline Fleet – 4Q22

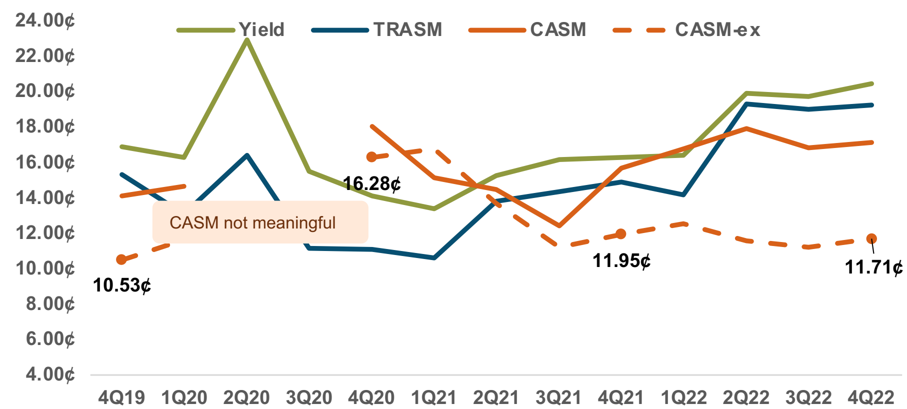


Delta

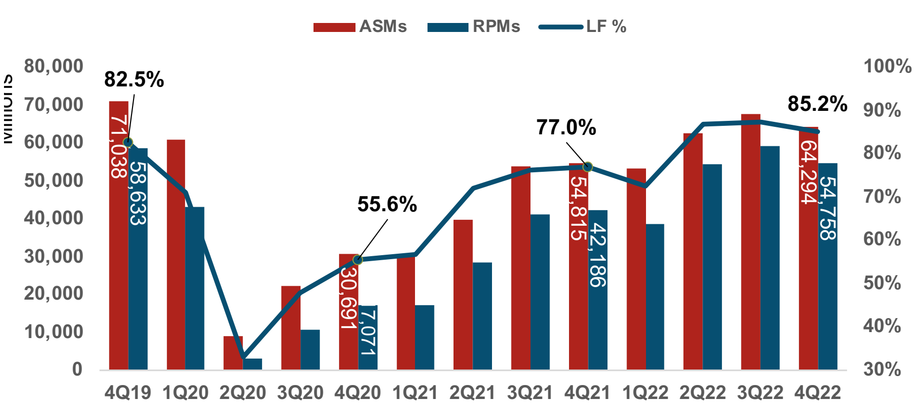
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



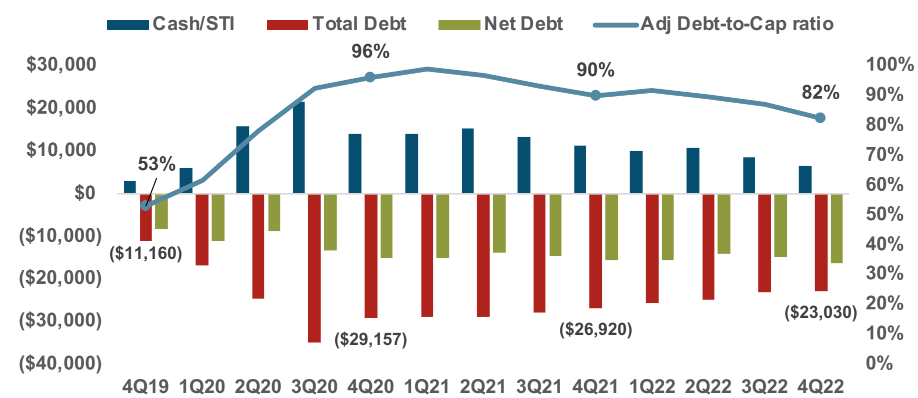
Yield, RASM, and CASM



Capacity, Traffic, and Load Factor

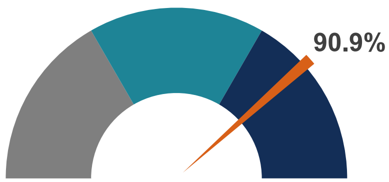


Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)

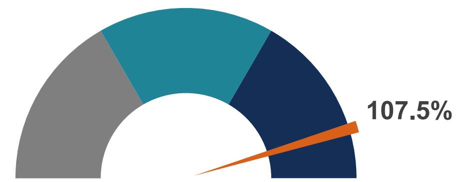


Recovery to Date

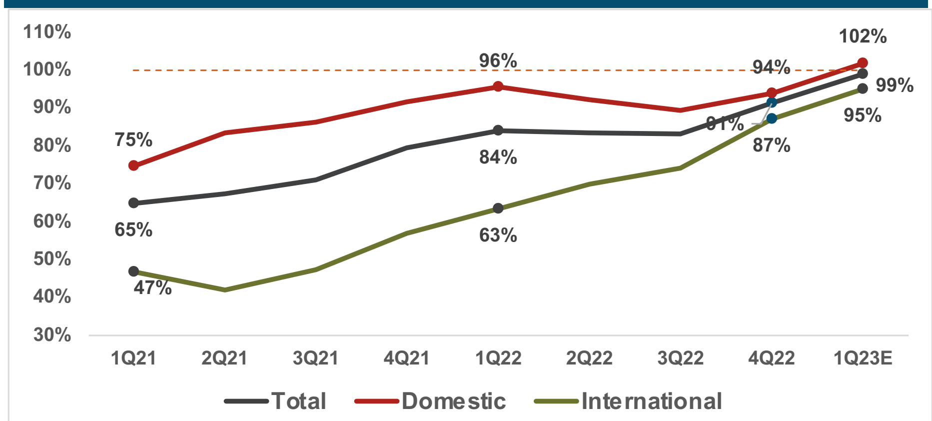
Capacity Restored vs. 2019



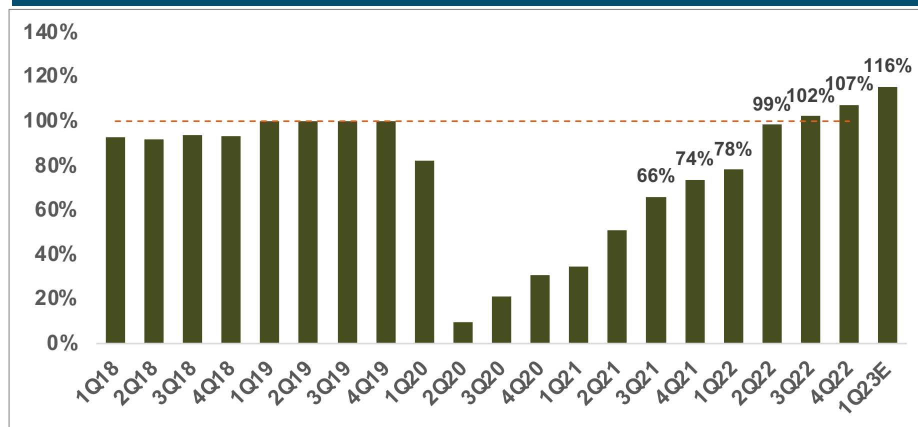
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



Delta

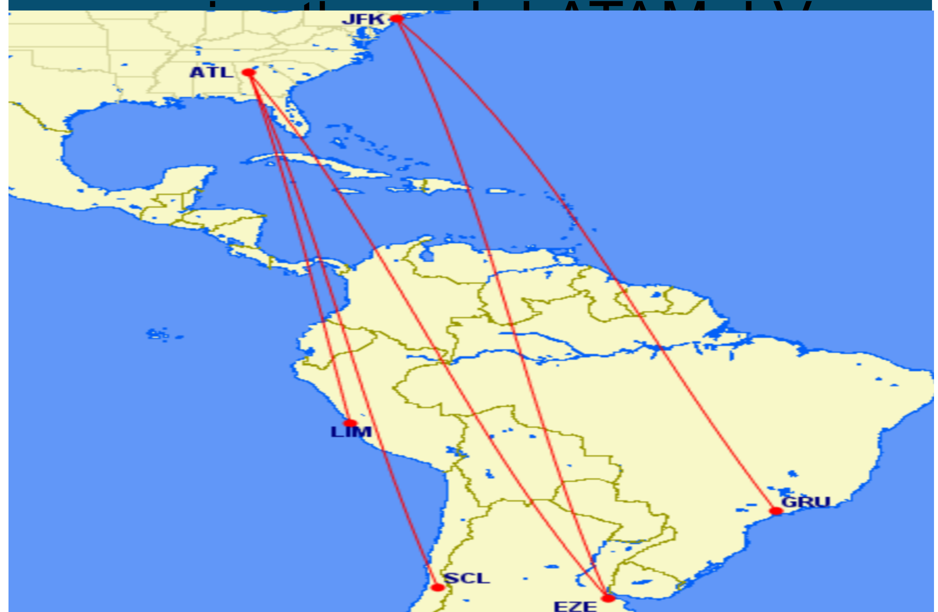
Analyst Commentary

- The unit cost story is one about timing not performance. Outsized maintenance spend as well as network restoration will be a first half 2023 issue. We don't think these headwinds will derail the FY2023 targets.
- We remain very positive on Delta's progress towards its 2024 goals and the longer-term opportunity for the company. The consumer desire to travel appears to remain unquenched.
- We remain encouraged, despite the 1Q23 guidance "miss". This is strictly a function of time and not a structural change in the company's margin outlook. The continued strength in revenue is positive, with further upside potential if corporate travel accelerates.
- Despite higher labor costs from the pilot contract, these were anticipated, and the cost outlook remains largely unchanged. We see a reasonable path to improvement throughout the year.
- Delta remains on a path for margin expansion and deleveraging in 2023 and 2024. Demand is strong in all of Delta's markets and the airline's gradual capacity restoration has allowed it to maintain industry leading operational reliability.
- The airline continues to benefit from the widening of the "competitive moat" as it serves higher margin revenue segments. We forecast $2B in free cash flow and over $5B in gross debt reduction.
- Delta's near-term revenue trends remain encouraging although we are conservative in the medium term. Higher stage length, increased capacity coupled with a forecast of softening demand are reasons for this thinking.
- With Delta's structural advantages, higher margin businesses and balanced capital deployment strategy gives it leadership among its legacy peers.
- Delta's earning power and cash generation remains strong despite cost pressure timing. Continued strength in passenger demand, particularly international demand growth in the Atlantic, LATAM and areas of the Pacific should buoy results this summer.

DELTA

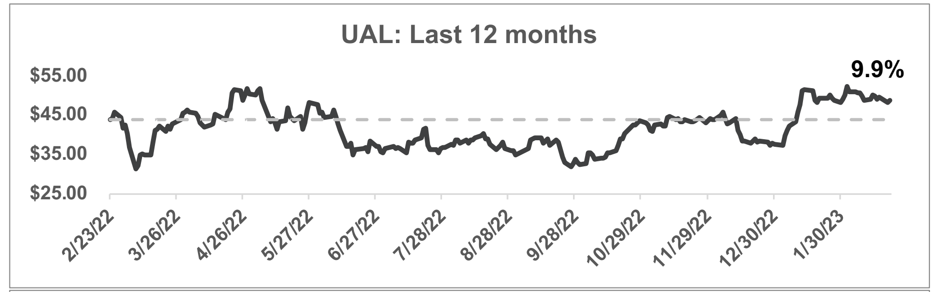
Guidance	1Q23	FY 2023	Notes
Total Revenue	*Up 14%-17%	**Up 15%-20%	*q/q comp to '19; **FY comp to '22
Capacity	Down 1%	Up 1%	Comp to 2019
CASM-ex	Up 3% - 4%	Down 2% - 4%	Comp to 2022
Fuel (incl refinery)	$3.05 - $3.25	$3.00 - $3.20	
Op Margin	4% - 6%	10% - 12%	
EPS	$0.15 - $0.40	$5.00 - $6.00	

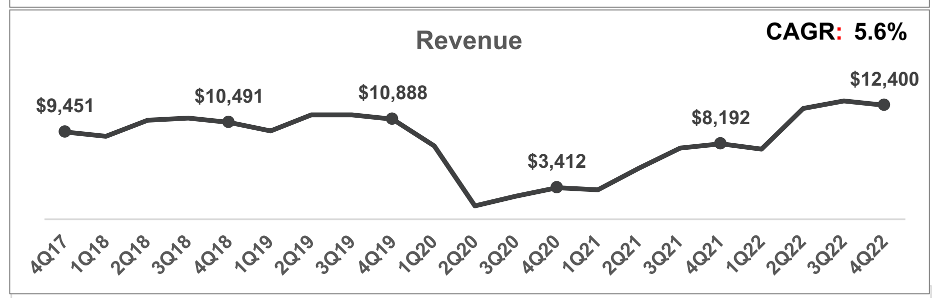
- Delta expands South America

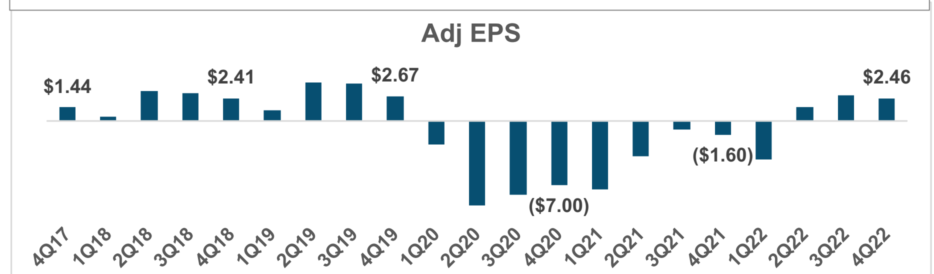


SWAPA

United Airlines







United

"United has taken a different and unique approach to the recovery"

4Q22 adj. pre-tax income: $1.11B

United reported solid fourth quarter earnings and guided to extremely bullish results in 2023. The airline's CEO, Scott Kirby, spoke to structural changes to the industry that includes higher margins and a different demand environment. He expects cost convergence among all airlines, less operational efficiency requiring more staff and capacity challenges going forward. United will continue to invest in new aircraft, technology and infrastructure as they believe this will further their strong performance. For 2023, the focus will be on global long-haul in the Atlantic/Pacific regions as United believes this has the most potential for outperformance. The company will also continue to up-gauge flying as larger aircraft are delivered and regional flying is reduced.

> ***EFA takeaway*: United management is supremely confident in a new industry paradigm of higher revenues through constrained capacity and pass through costs.**

Items of Interest

- 4th Qtr PRASM up 26% on 9.5% less capacity. Expect non-passenger revenue to grow, although at a slower rate as cargo revenue declines.
- As Asia reopens, United will regain bulk of flying from pre-COVID other than China. Russian airspace prohibitions will limit China and India flying. Departure levels below 2019 levels but ASM's higher as gauge increases from hubs.
- First Class RASM growth 15% higher domestically than Main Cabin.
- Aircraft gauge will be up 25% by 2026 as compared to 2022 and 40% vs. 2019.
- While large corporate travel plateaued in November/December, 1Q 2023 is expected to be 5% greater than 4Q. Global long-haul margins expected to increase.
- Signed a deal with Mesa for dual-class 70 seat CRJ-700'a as Air Wisconsin partnership discontinued. Will operate from ORD.
- CASM-ex lower second half of 2022 and forecasting flat year-over-year in 2023. Planning for a 4.5% impact related to new labor contracts.
- Plan to run operations with a 5%-10% buffer in aircraft and staffing to fly same schedule. Currently operating 25% more spare A/C than in 2019.
- $18B of liquidity, lowered adjusted net debt by $3.3B in 4Q. Met goal of adjusted net debt less than 3X EBITDAR. $8.5B of CAPEX in 2023 with delivery of 92 A/C.

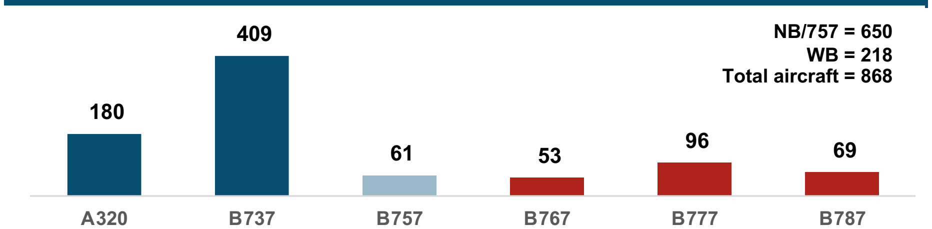
UNITED

4Q Snapshot (as compared to 4Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-9.5%	*13.9%*	*25.8%*	*11.2%*	*68.6%*

UAL Stats	4Q22	4Q21	4Q19	y/y	y/3y
Revenues	$12,400M	$8,192M	$10,888M	51.4%	13.9%
Adj Operating Income (EBIT)	$1,393M	($352M)	$991M	n.m.	40.6%
Adj Operating Margin	11.2%	(4.3%)	9.1%		
Adj Pretax Income	$1,114M	($679M)	$889M	n.m.	25.3%
Adj Net Income	$811M	($520M)	$676M	n.m.	20.0%
Adj EPS	$2.46	($1.60)	$2.67	n.m.	(7.9%)
Capacity (ASMs)	64.3 billion	54.8 billion	71.0 billion	17.3%	(9.5%)
Yield	20.46¢	16.30¢	16.94¢	25.5%	20.8%
TRASM	19.29¢	14.94¢	15.33¢	29.1%	25.8%
CASM	17.14¢	15.69¢	14.11¢	9.2%	21.5%
CASM-ex	11.71¢	11.95¢	10.53¢	(2.0%)	11.2%
Fuel (econ)	$3.54	$2.41	$2.10	46.9%	68.6%

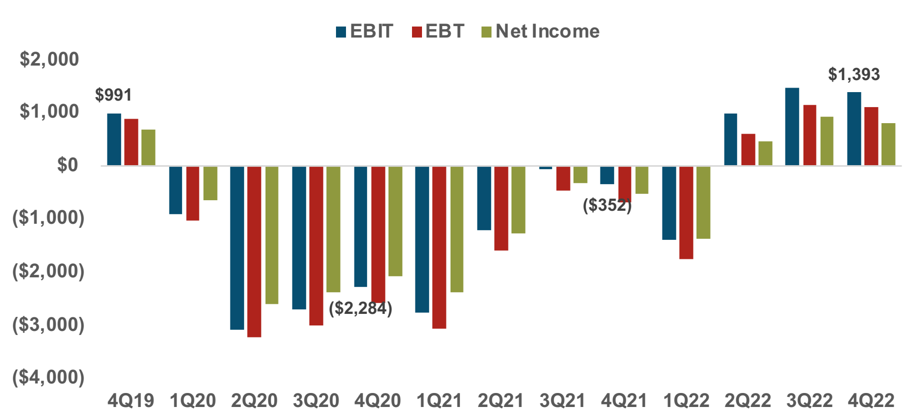
United Mainline Fleet – 4Q22



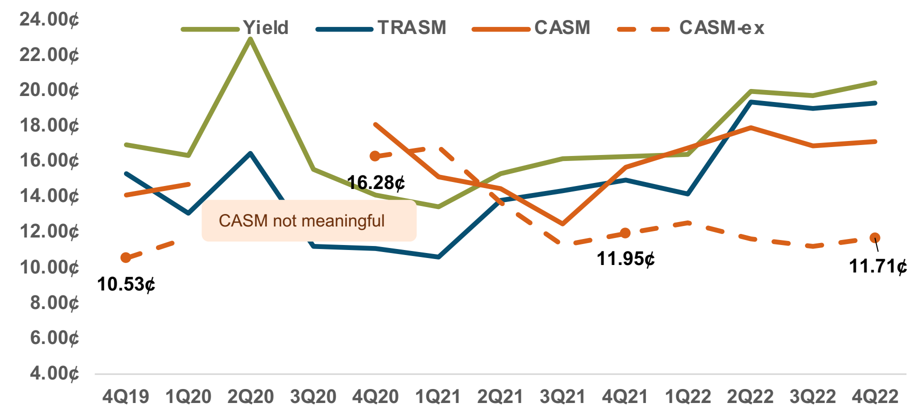
SWAPA

United

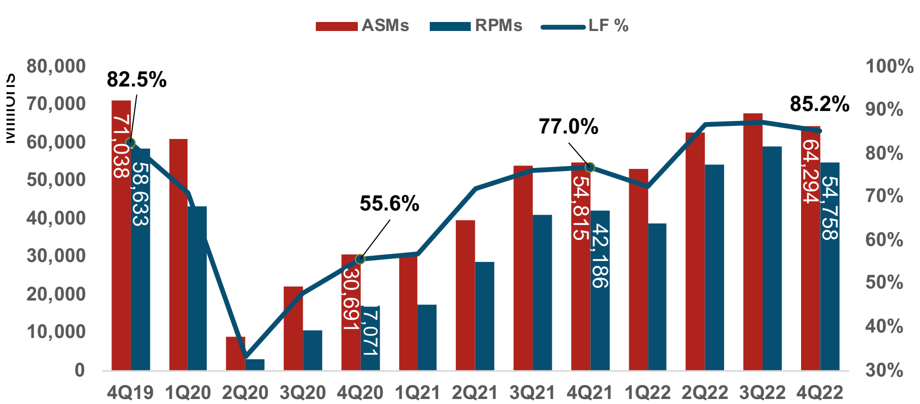
Non-GAAP Operating, Pre-Tax, and Net Income *($ mil)*



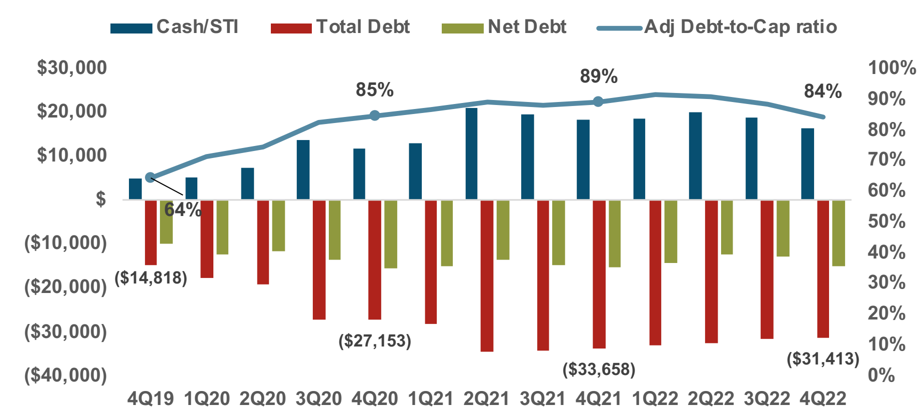
Yield, RASM, and CASM



Capacity, Traffic, and Load Factor



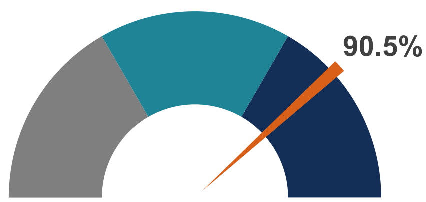
Cash, Debt, and Adj Debt-to-Capital Ratio *($ mil)*



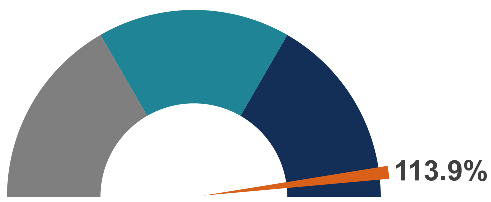
Recovery to Date

UNITED

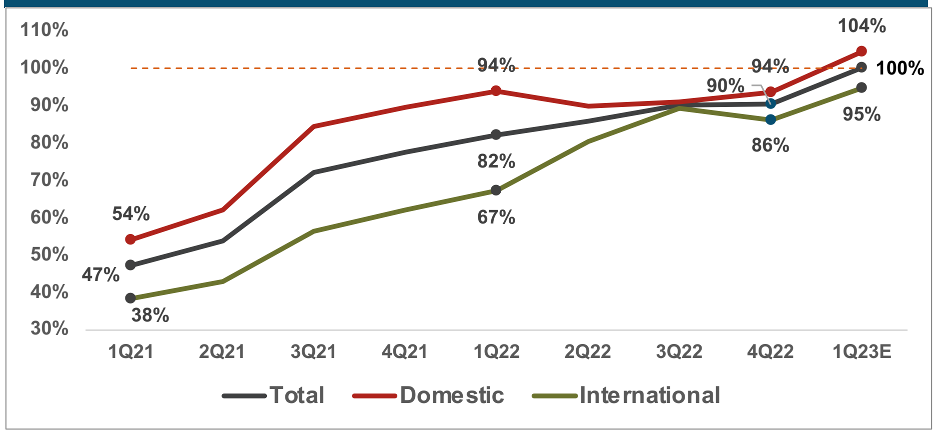
Capacity Restored vs. 2019



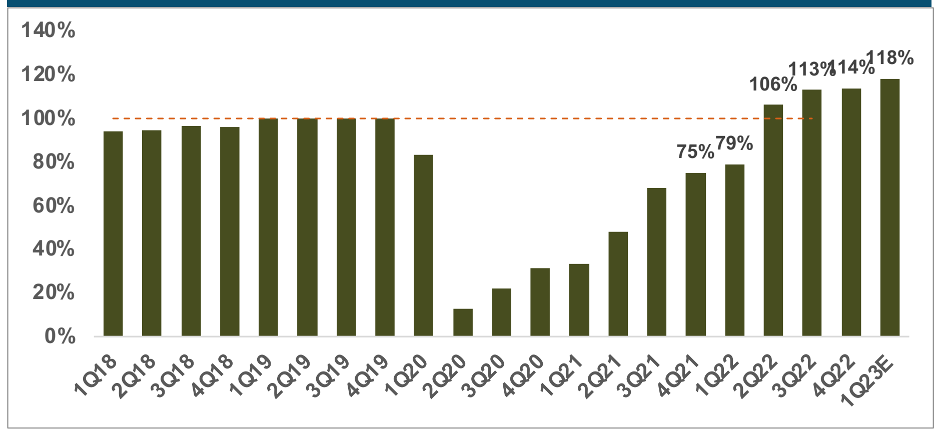
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



SWAPA

United

Analyst Commentary

- We believe there is more downside potential given earnings sensitivity around fuel guidance. United assumes steady pricing power even with fuel falling 25%. We find this tough to believe.
- UAL's high leverage, elevated CAPEX needs and inability to meaningfully pay down debt are concerns for us and will limit UAL ability to de-leverage coming out of the pandemic.
- We are confident the favorable mix of tailwinds and industry dynamics discussed by United will allow today's favorable pricing environment to hold. Increased corporate travel, rotation on spending from goods to services and fares tracking inflation all bode well for next year.
- Another prominent catalyst is fleet renewal, which should drive efficiency and improve costs. Premium seats will help drive incremental value not reflected in the market.
- Since Scott Kirby joined UAL, his singular focus is to tap long-term earnings potential with a uniquely positioned network. Positive returns and credibility are slowly being built as these goals are being met.
- The question facing the company is their ability to pass through higher costs onto customers when revenue is already 25% higher than 2019. When does the consumer push back?
- United's characteristic bullishness was center stage, measured by its differentiated industry perspective that we mostly agree with and its very positive outlook.
- United emphasized competitive rationalization and resulting margin improvement that has occurred in many of its international markets. This bolsters our thesis that international returns will be higher than pre-COVID averages.
- We do agree to some extent to CEO Kirby's industry assessment of capacity expansion challenges and lowered productivity. United believes it needs 5%-10% more A/C and pilots to produce 2019 ASM levels. Regional utilization is not estimated to recover until 2025.

UNITED

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

- United places record-setting aircraft order, will commit over $50B

Aircraft Type	2023	2024	2025-2030
A321XLR	6	0	50
A321neo	0	37	27
A350	0	0	45
B737MAX	95	131	210
B787	2	8	92
Total	**103**	**174**	**424**

SWAPA

Hybrid/Low Cost Carriers

Alaska

HAWAIIAN AIRLINES

jetBlue

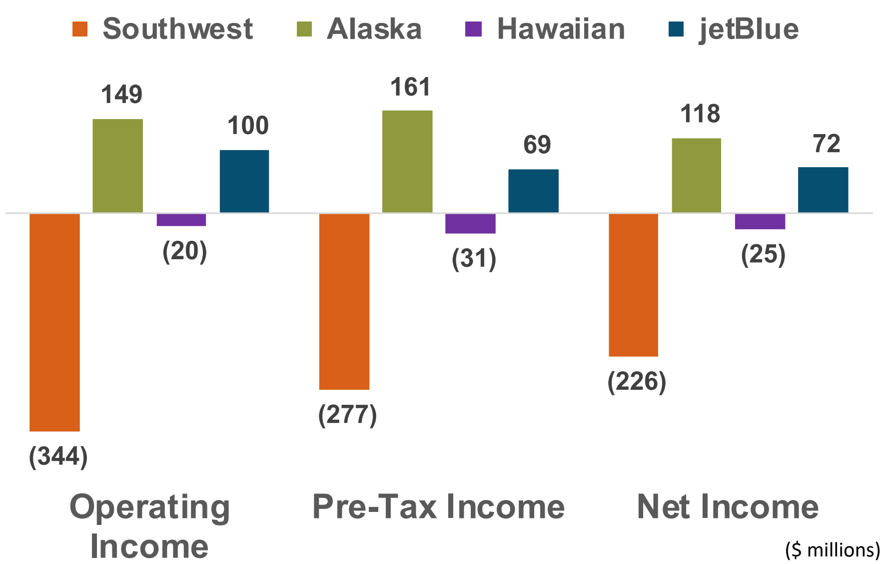
Southwest

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

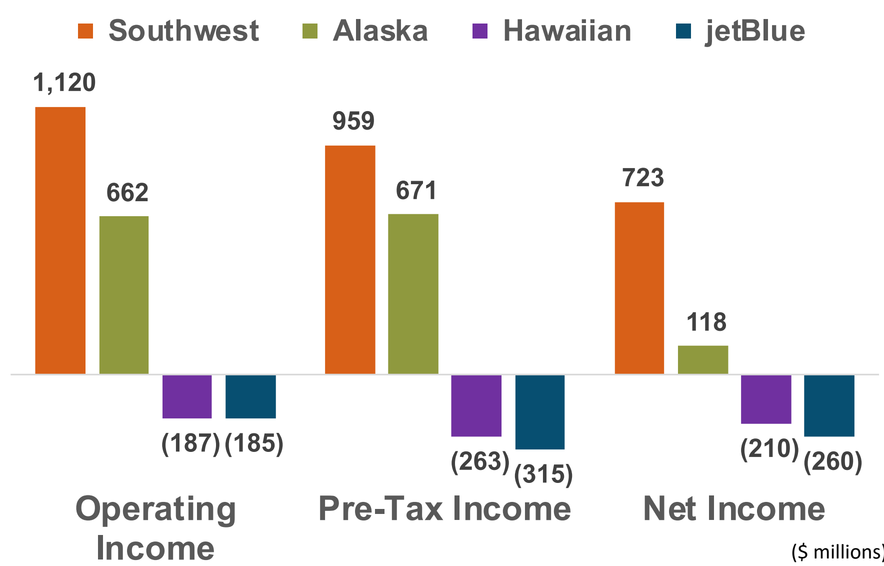
Key Financial Results

Hybrid/LCC carriers vs. Southwest

4th Quarter 2022

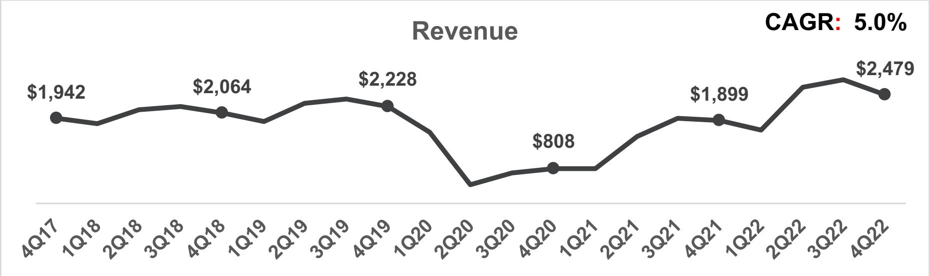


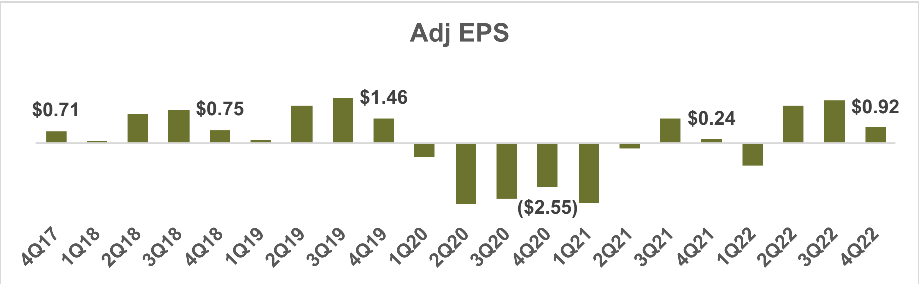
Full Year 2022



Non-GAAP – excludes special items

Alaska Airlines





SWAPA

Alaska

"2022 was a year of recovery and accomplishment for Alaska Airlines"

4Q22 adj. pre-tax income: $161M

Alaska continued its string of stellar quarterly results in 4Q. The company generated double digit revenue increases on less capacity with industry leading pretax margins. The CEO highlighted the completed labor deals, fleet transition to all Boeing by YE 2023 and renewed focus on regaining 2019 levels of productivity. Also mentioned was the successful partnerships with the oneworld alliance and American that are expected to contribute to meaningful revenue increases going forward. 2023 plans are to deepen its network connections while growing its hubs in SEA/PDX and restoring California flying. Alaska also highlighted that while business travel has not yet recovered due to tech layoffs, they still expect a full restoration of business revenue.

EFA takeaway: Alaska continues to maintain a successful West Coast niche operation that is branching out with its airline partnerships and alliances.

Items of Interest

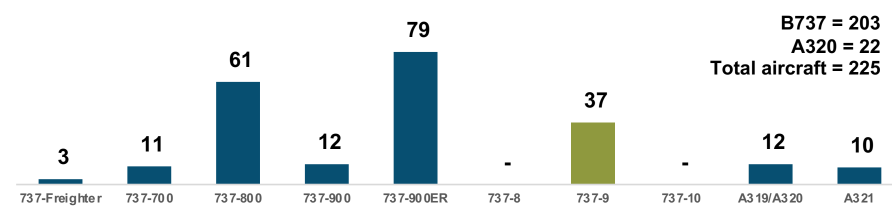
- Flew the last A320 flight in January, leaving only 10 A321's in service until YE 2023. Have retired 60 aircraft in past 3 months.
- Premium products, including First Class, saw revenues increase 14% over 2019 levels. Cash renumeration from credit card deal with B of A was up 42% for the quarter and 39% for the year.
- Will be able to offer inventory on 10 global airlines by YE 2023. Expect airline partnership revenues to reach 8%-10% of total revenues by 2025.
- Business revenues are 75% recovered by volume and 85% by revenues. Near-term improvement not expected due to softening business conditions on West Coast.
- Taking delivery of 37 MAX aircraft in 2023 where premium seats make up 22% of seat capacity which should drive further incremental revenue.
- CASM-ex was up in fourth quarter and will be up in 2023, primarily due to labor contract increases as well as lease return expenses associated with fleet transitions.
- $2.8B in liquidity, with debt to cap of 49%. $280M in debt payments in 2023. Had a $170M hedge gain in 2022, expect a $10M loss in 1Q due to crack spread.
- Will be first airline to resume stock repurchases, expecting to spend $100M.

4Q Snapshot (as compared to 4Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-9.7%	11.3%	23.2%	23.6%	60.6%

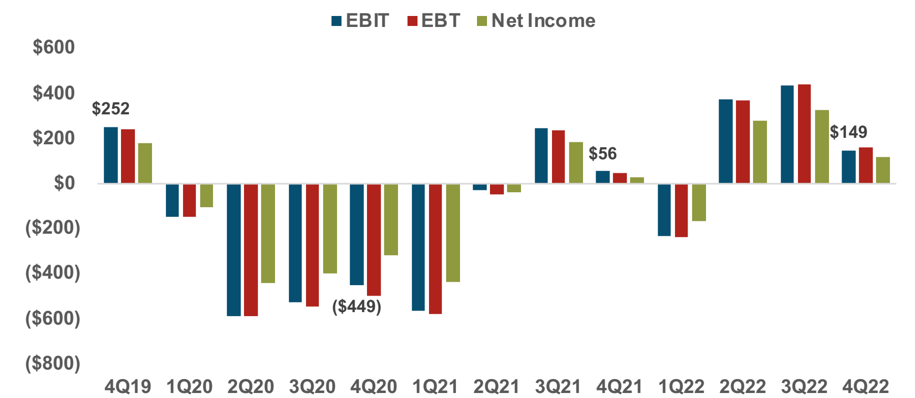
ALK Stats	4Q22	4Q21	4Q19	y/y	y/3y
Revenues	$2,479M	$1,899M	$2,228M	30.5%	11.3%
Adj Operating Income (EBIT)	$149M	$56M	$252M	166.1%	(40.9%)
Adj Operating Margin	6.0%	2.9%	11.3%		
Adj Pretax Income	$161M	$46M	$243M	250.0%	(33.7%)
Adj Net Income	$118M	$31M	$181M	280.6%	(34.8%)
Adj EPS	$0.92	$0.24	$1.46	283.3%	(37.0%)
Capacity (ASMs)	15.0 billion	14.2 billion	16.6 billion	5.8%	(9.7%)
Yield	17.61¢	15.20¢	14.77¢	15.9%	19.2%
TRASM	16.49¢	13.36¢	13.38¢	23.4%	23.2%
CASM	16.34¢	13.09¢	11.86¢	24.8%	37.8%
CASM-ex	11.14¢	10.12¢	9.01¢	10.1%	23.6%
Fuel (econ)	$3.55	$2.26	$2.21	57.1%	60.6%

Alaska Mainline Fleet – 4Q22

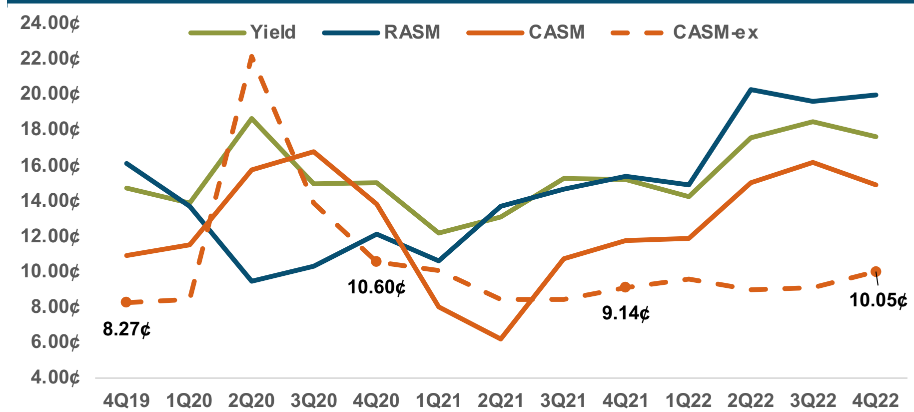


Alaska

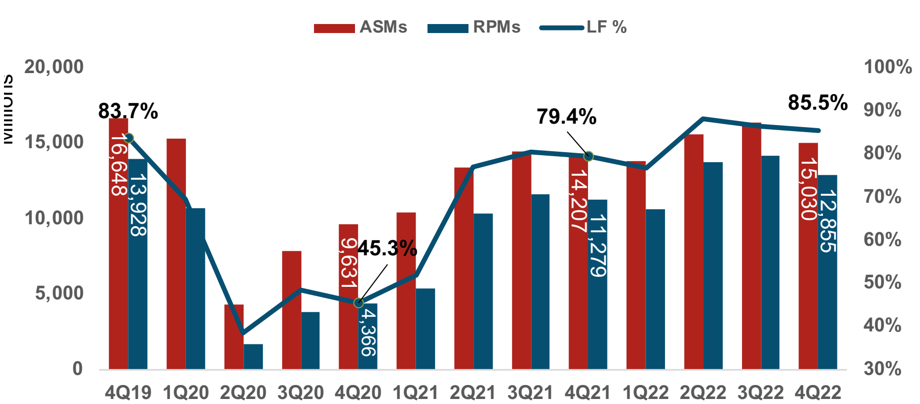
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



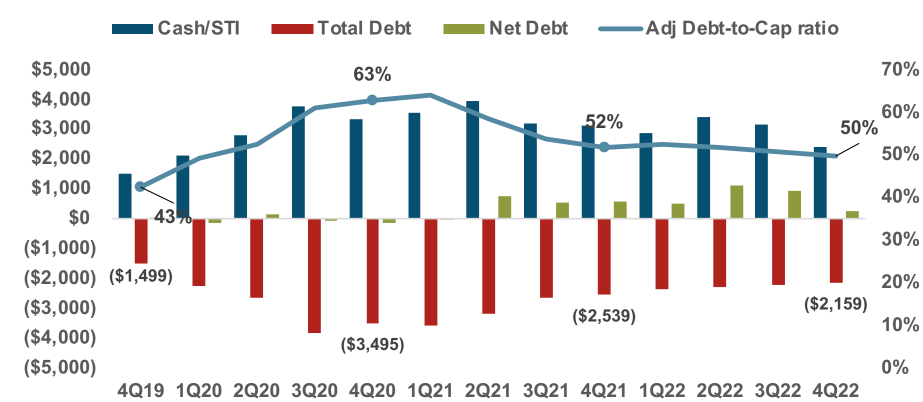
Yield, RASM, and CASM



Capacity, Traffic, and Load Factor



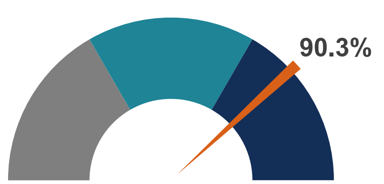
Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)



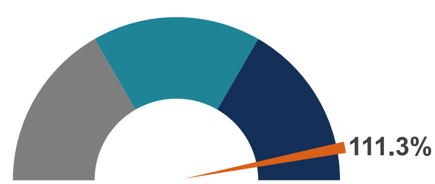
Recovery to Date

Alaska

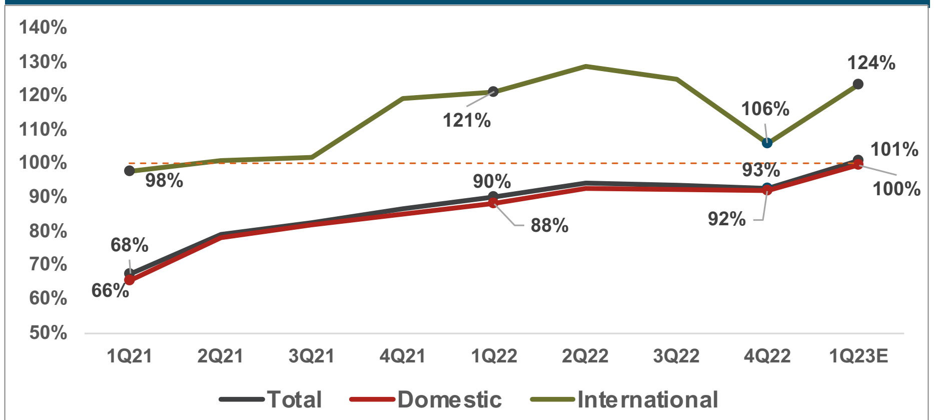
Capacity Restored vs. 2019



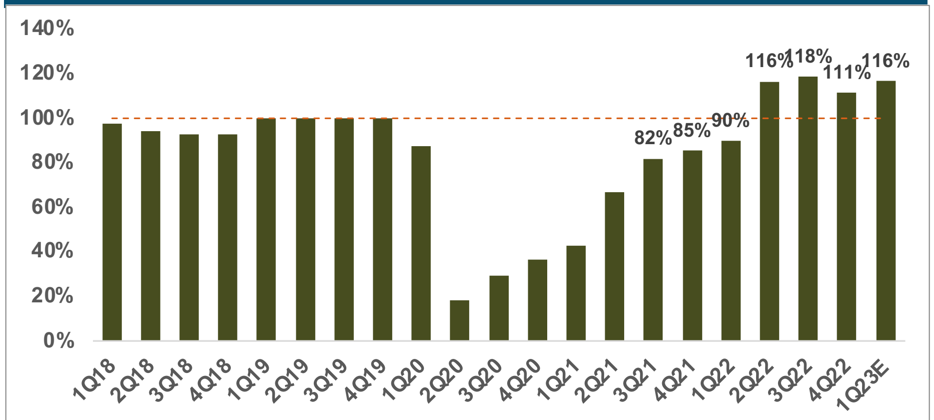
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



SWAPA

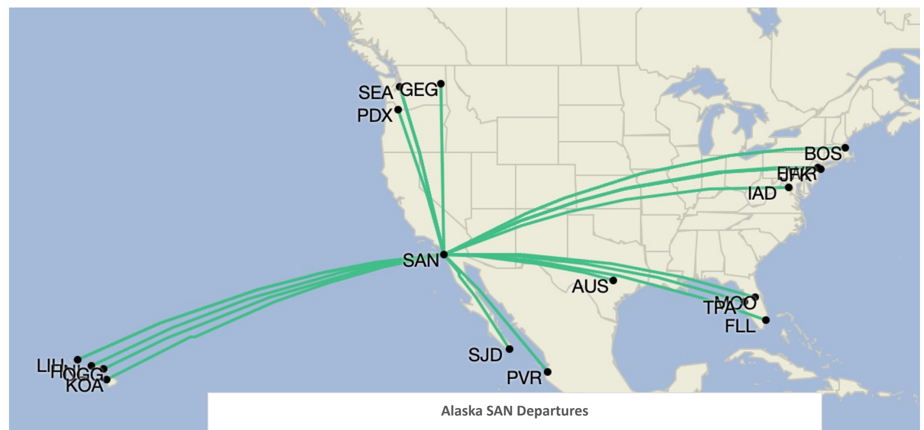
Alaska

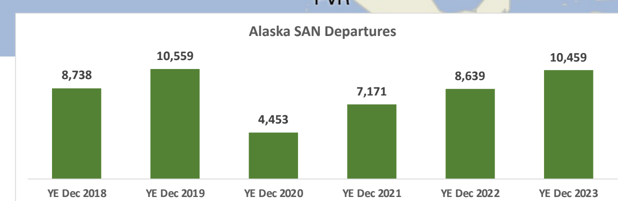
Analyst Commentary

- The company continues its steady execution. The balance sheet strength provides opportunities for company growth as well as shareholder returns. Fleet consolidation will contribute to efficiencies and the airline has solid cost controls for 2023.
- The tech industry woes and California exposure does keep us conservative on RASM growth and we expect a slight underperformance in 2023 vs. 2022.
- The airline had a good 2022, negotiating five labor deals, posting strong operational statistics and transitioning to one fleet type.
- We think the membership in Oneworld is a major opportunity for the airline as high-quality revenue will result from increased international routes from partner airlines.
- Alaska is well positioned for 2023, as they closed out the year with solid 2022 results. The company is emerging from the pandemic in an improved competitive position with financial metrics that place it among the industry's best.
- We note they are dedicated to driving down unit costs and maintaining one of the industry's best completion and on-time performance.
- Alaska's cost guide seems the most credible to us so far. This is due to locking down open labor contracts in 2022. Moving to one fleet type will only help costs in 2023.
- We expect pretax margins to continue to top the industry, at least for 2023.
- We look at 2022 as a building block year, with further margin levers ahead. We feel the airline has a believable story and a history of execution.
- There is potential upside if the environment breaks the right way. Alaska is exposed to tech markets in Seattle and California but if tech industry layoffs have bottomed, we think there could be a revenue growth story that may be significant.

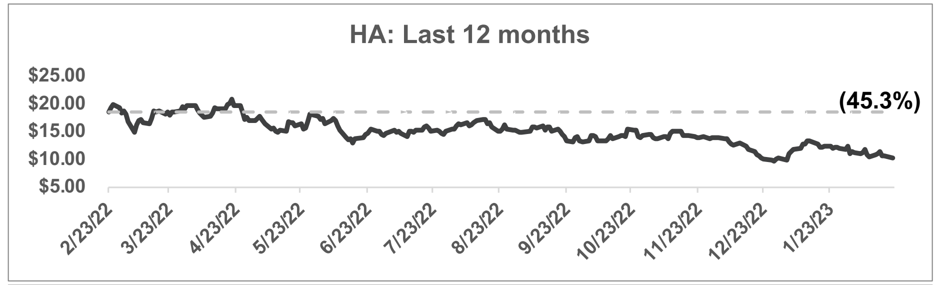
Guidance	1Q23	FY 2023	Notes
Capacity	Up 11% - 14%	Up 8% - 10%	comp to 1Q22
Revenues	Up 28% - 32%	Up 8% - 10%	comp to 1Q22
CASM-ex	Down 2%-Flat	Down 1%-3%	comp to 1Q22
Fuel (econ)	$3.15 - $3.25	$3.10 - $3.30	
Pre-tax Margin	(1%) - (4%)	9% - 12%	
EPS		$5.50 - $7.50	
CAPEX		$1.8B - $2.0B	

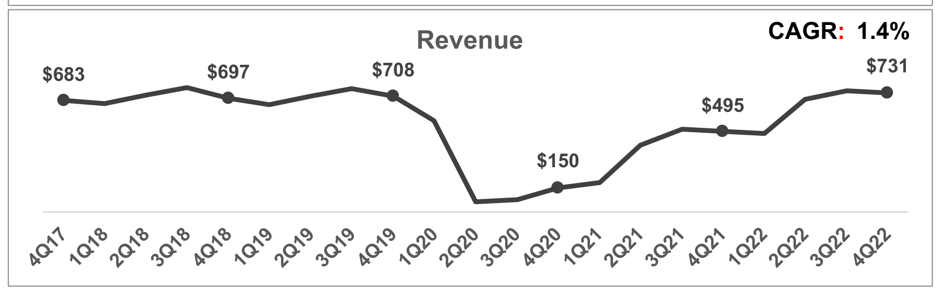
Alaska rebuilds SAN following COVID reduction

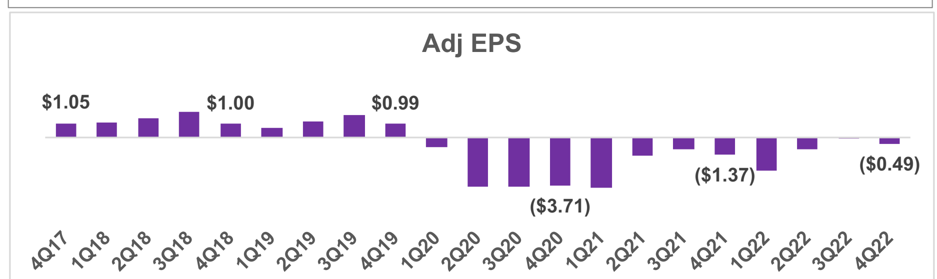




Hawaiian Airlines







Hawaiian

"Our financial performance remains quite far from being fully recovered"

4Q22 adj. pre-tax income (loss): ($31M)
Hawaiian announced another losing quarter as they struggle with the lack of Japanese travelers (their largest international market), the interisland "fare wars" with Southwest, capacity limiting runway construction in HNL and supply chain issues with Airbus. They note that leisure demand remains strong and traffic between the Mainland U.S. and Hawaii has fully recovered. Traffic has been stimulated in Neighbor Island markets but not at profitable fares. Cost inflation in several areas is evident, particularly rising labor and maintenance costs. Delivery of new 787's is expected to help. The company's goals for 2023 are to continue to reinvest in the business to maintain their product, rebuild the Japanese network and prepare for the start of the Amazon contract.

EFA takeaway: The story remains the same: Slow recovery in the Japanese market, fierce interisland competition and rising costs are impacting HA profitability.

Items of interest

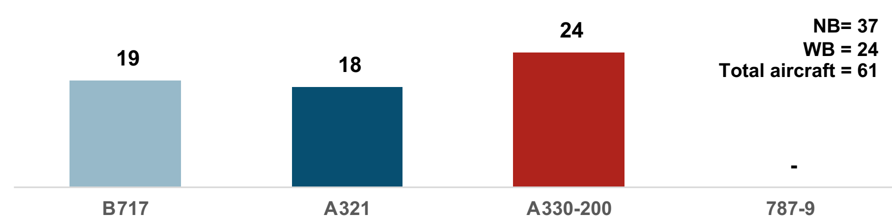
- Overall 4Q PRASM surpassed 2019 levels due to strength in North America and international markets excluding Japan. Australia and Korea particularly strong.
- $25M of passenger revenue was attributed to pandemic era credits that expired without being used. This is the last of this type of revenue to be booked.
- Japanese Yen weakness, government promotion of domestic travel and reluctance of consumer to travel internationally all cited as factors in the lack of recovery in Japan.
- Interisland market statistics according to Hawaiian show a 22% higher load factor and a PRASM of $29.30 vs. $10.60 for Southwest.
- Premium cabin revenue increased 30% vs. 4Q 2019. Cargo generated $34M in revenue and co-brand credit card spend up 19%. System PRASM to be up 15% in 1Q.
- Constraints on availability of A321 engines has kept 2 of the 18 A321's grounded since December which has affected the schedule and added unexpected cost pressures. It will reduce RASM for the first quarter of 2023 due to larger gauge (A330) aircraft on thinner routes.
- Ended 4Q with $1.6B in liquidity and $1.7B in debt and finance lease obligations. CAPEX will be approximately $360M-$380M, higher than planned due to new aircraft induction, tech spend and A330 maintenance being brought in-house.

4Q Snapshot (as compared to 4Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-5.9%	3.2%	9.9%	14.2%	61.5%

HA Stats	4Q22	4Q21	4Q19	y/y	y/3y
Revenues	$731M	$495M	$708M	47.8%	3.2%
Adj Operating Income (EBIT)	($20M)	($71M)	$69M	n.m.	n.m.
Adj Operating Margin	(2.8%)	(14.4%)	9.8%		
Adj Pretax Income	($31M)	($91M)	$63M	n.m.	n.m.
Adj Net Income	($25M)	($70M)	$46M	n.m.	n.m.
Adj EPS	($0.49)	($1.37)	$0.99	n.m.	n.m.
Capacity (ASMs)	4.9 billion	4.2 billion	5.2 billion	17.1%	(5.9%)
Yield	16.34¢	14.20¢	14.35¢	15.1%	13.9%
TRASM	14.80¢	11.68¢	13.47¢	26.7%	9.9%
CASM	15.46¢	13.36¢	12.16¢	15.7%	27.1%
CASM-ex	10.89¢	10.46¢	9.54¢	4.1%	14.2%
Fuel (econ)	$3.31	$2.34	$2.05	41.5%	61.5%

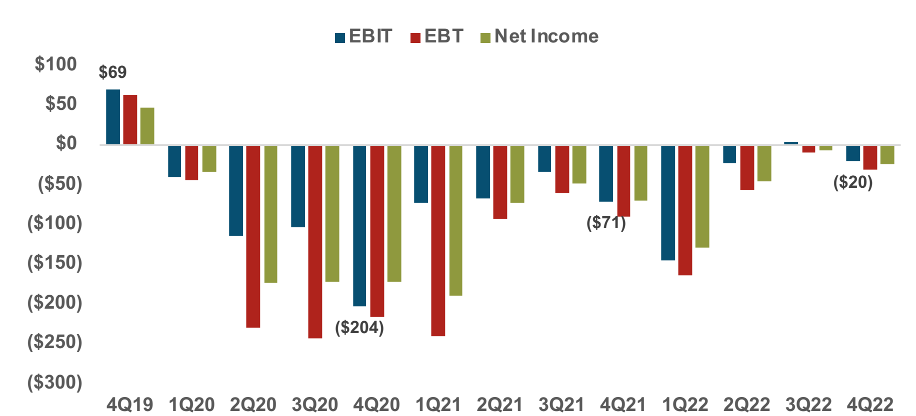
Hawaiian Fleet – 4Q22



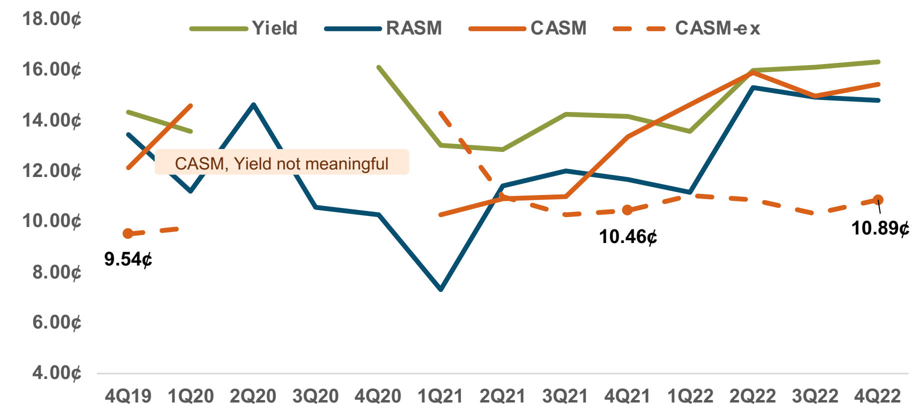
SWAPA

Hawaiian

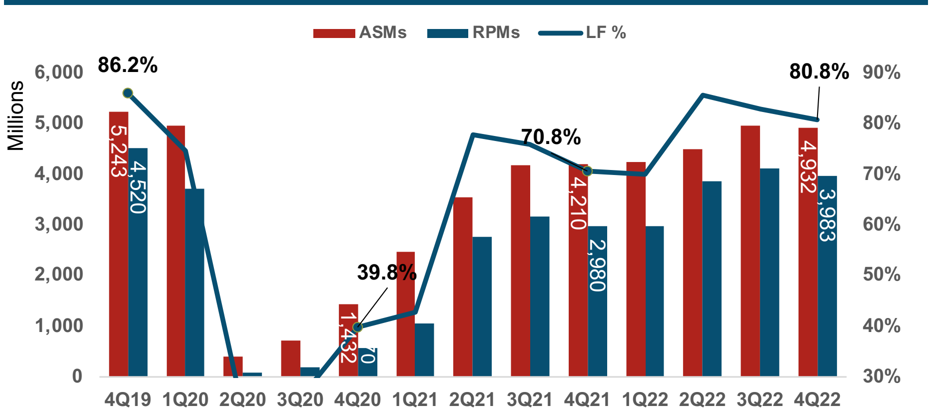
Non-GAAP Operating, Pre-Tax, and Net Income *($ mil)*



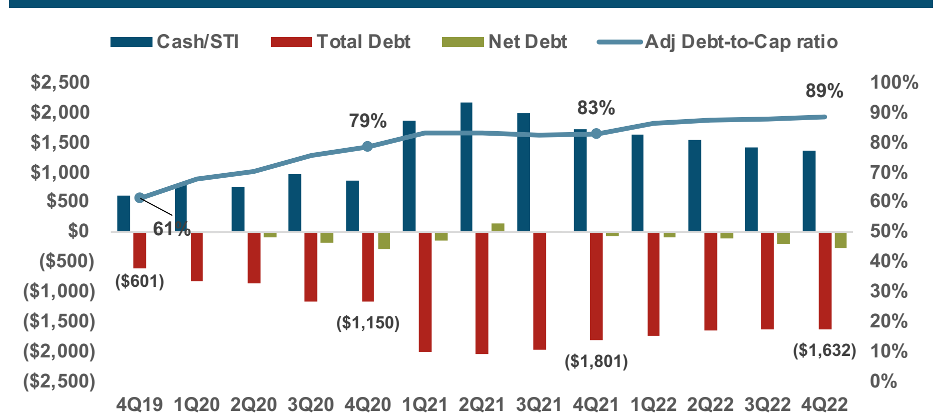
Yield, RASM, and CASM



Capacity, Traffic, and Load Factor

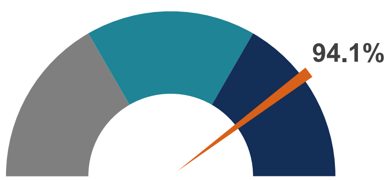


Cash, Debt, and Adj Debt-to-Capital Ratio *($ mil)*

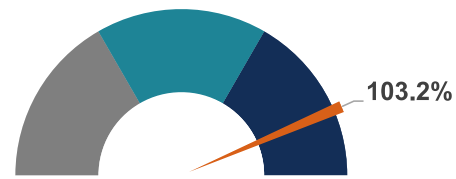


Recovery to Date

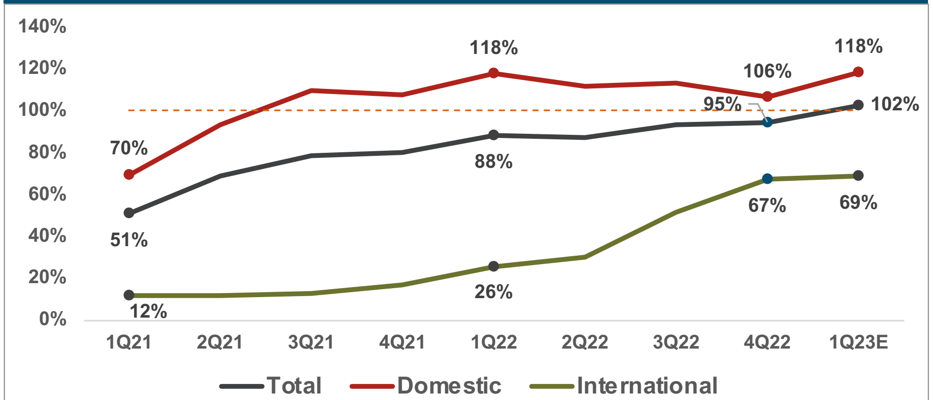
Capacity Restored vs. 2019



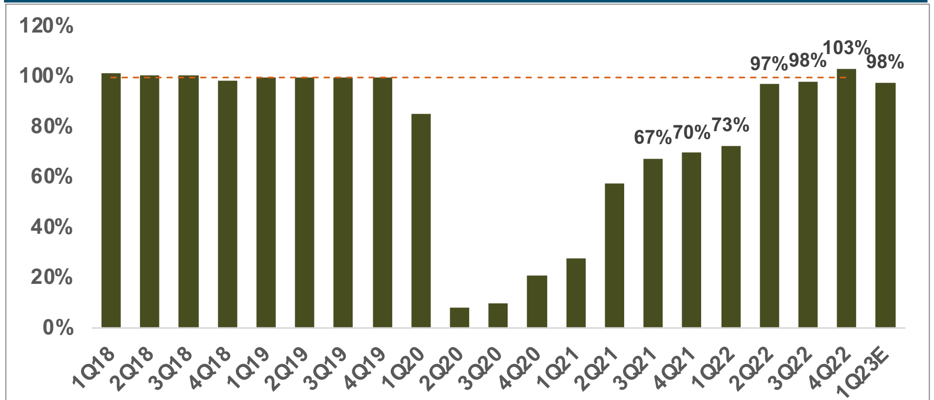
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



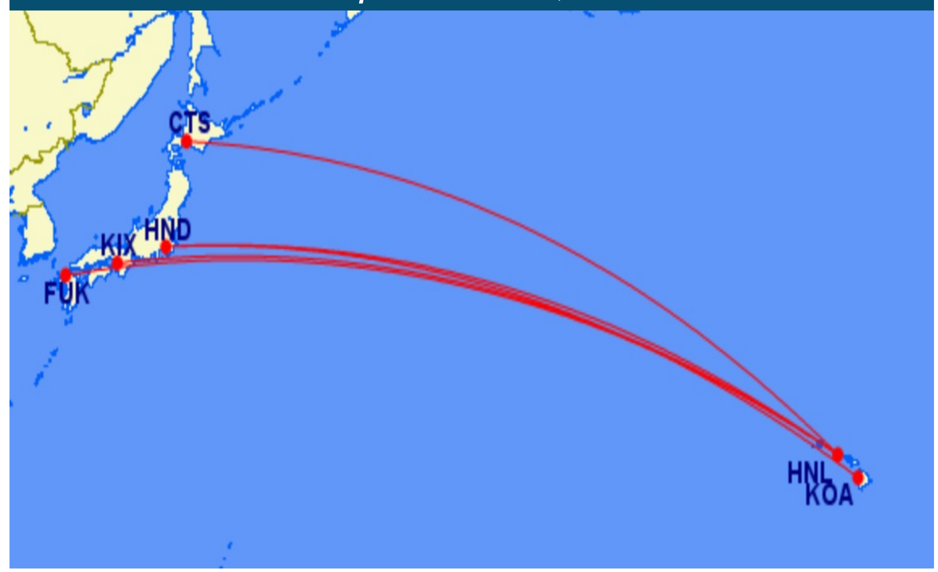
Hawaiian

Analyst Commentary

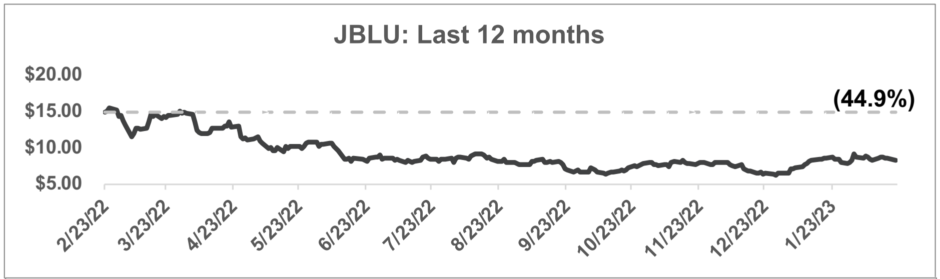
- Fourth quarter performance came in significantly lower than expectations given the slower recovery in Japan, interisland competition from Southwest and runway construction disruption in Honolulu.
- HA earnings power continues to be disrupted by factors out of its control. We hope to hear more on revenue diversification from its Amazon contract later this year. Unfortunately, we see a long path back to positive earnings.
- Costs, particularly labor will need to be watched. The new pilot contract and training costs for pilots in preparation for Amazon flying and introduction of B787's, along with increased maintenance are factors.
- While the Japanese market has not recovered as planned, we expect that travel from Japan will start to resume in a higher volume as the year goes on. With the government moving the COVID status to endemic, travelers will think about the virus differently and resume travel to the islands.
- 1Q23 guidance was particularly negative. Expect 2023 to be another transition year as new 787's will not contribute until 2024. A321 maintenance is taking longer than expected, cost increases due to higher wages and fierce interisland market competition are all headwinds.
- Profitability eludes Hawaiian for another year. Like other U.S. carriers, HA is facing operating cost pressure with higher fuel, labor and other airport related expenses. But unique to Hawaiian are the two revenue headwinds of a sluggish Japanese leisure traveler and intensely competitive interisland market. We think this represents one-third of Hawaiian's passenger revenue base.
- We think the Amazon agreement will create a meaningful revenue stream separate from its passenger business and note that fuel is a pass-through expense. We are expecting this to be a credible offset to some of the headwinds mentioned earlier.

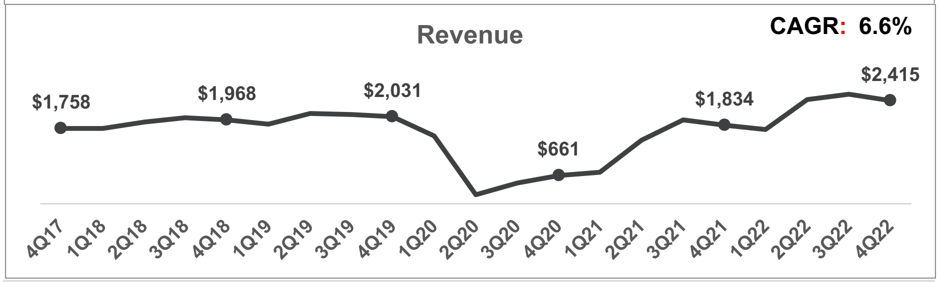
Guidance	1Q23	FY 2023	Notes
Capacity	Up 14% - 17%	Up 9.5% - 12.5%	Compare to 1Q22
RASM	Up 7.5% - 10.5%		Compare to 1Q22
CASM-ex	Down 1% - Up 2%	Up 1% - 5%	Compare to 1Q22
Fuel	$3.10	$2.92	
CAPEX		$330M-$380M	

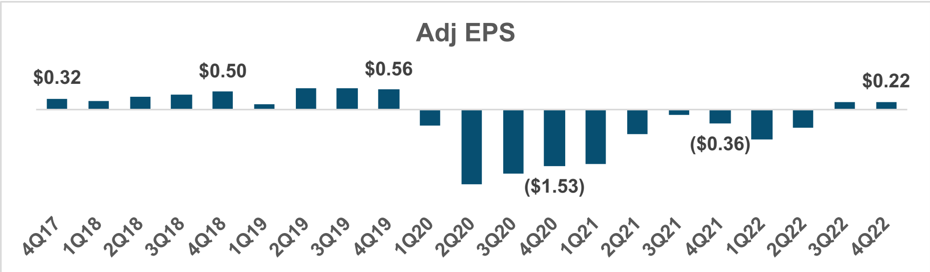
Hawaiian cuts 77% of Japan routes in 1Q as demand remains weak



jetBlue Airways







jetBlue

"We expect to gain further momentum in 2023 with our commercial plan"

4Q22 adj. pre-tax income: $69M

jetBlue turned in a solid fourth quarter result as the company emphasized hitting its goals of improved operational performance, capacity and cost controls and revenue momentum. CEO Robin Hayes outlined an ambitious plan to generate sustainable earnings while lowering its cost profile in 2023. This includes growing the NE Alliance and building on its Europe service as well as improving on its structural cost saving program. Longer-term, the airline believes its merger with Spirit will be transformational for the industry as it builds a national low-cost challenger to the Big 4. It is also counting on government approval of the NE Alliance with American Air.

EFA takeaway: The airline offers a strong and competitive product. Regulatory decisions on the NE Alliance and Spirit merger are key for the future.

Items of Interest

- Highlighted an industry leading 98% completion factor in December quarter.
- Leisure demand remained strong in 2022, is expected to continue throughout the first quarter of 2023. Mint RASM continues to outperform with all future aircraft deliveries offering the Mint product.
- Company highlighted fuel volatility, 40% of its fuel from NY Harbor which has much higher prices than other jet fuel suppliers. Approximately 9% hedged for first quarter 2023.
- Planning to hire 5% more pilots to fly same schedule as in 2019. Will affect CASM-ex by approximately 1%-2%.
- Expecting first quarter revenues to increase 28%-32% year-over-year as the NEA Alliance and higher mix of premium products accelerate. Still forecasting a net loss in first quarter.
- Structural cost savings program launched last year on track for $70M in savings in 2023 and $150M-$200M by YE 2024. New pilot contract will add 3% to overall costs, along with higher maintenance, landing fees and rents.
- Transition to A220's from E-190's expected to save an additional $40M.
- Ended 4Q with $1.6B in liquidity after paying down debt and funding CAPEX.

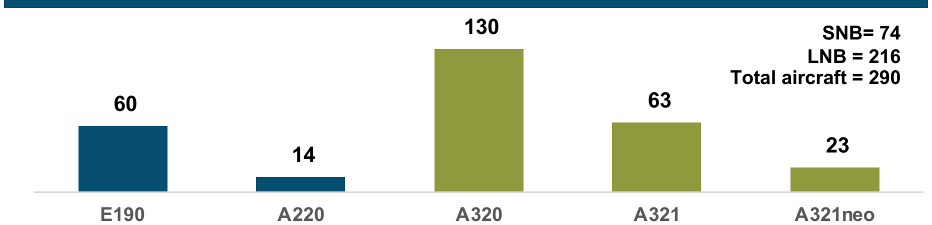
jetBlue

4Q Snapshot (as compared to 4Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
↑ 2.4%	↑ 18.9%	↑ 16.1%	↑ 9.9%	↑ 78.7%

JBLU Stats	4Q22	4Q21	4Q19	y/y	y/3y
Revenues	$2,415M	$1,834M	$2,031M	31.7%	18.9%
Adj Operating Income (EBIT)	$100M	($111M)	$228M	n.m.	(56.1%)
Adj Operating Margin	4.1%	(6.1%)	11.2%		
Adj Pretax Income	$69M	($145M)	$221M	n.m.	(68.8%)
Adj Net Income	$72M	($116M)	$162M	n.m.	(55.6%)
Adj EPS	$0.22	($0.36)	$0.56	n.m.	(60.7%)
Capacity (ASMs)	16.5 billion	15.2 billion	16.1 billion	8.3%	2.4%
Yield	16.55¢	14.58¢	14.79¢	13.5%	11.9%
TRASM	14.66¢	12.06¢	12.63¢	21.6%	16.1%
CASM	14.40¢	12.84¢	11.22¢	12.1%	28.3%
CASM-ex	9.13¢	9.66¢	8.31¢	(5.5%)	9.9%
Fuel (econ)	$3.70	$2.37	$2.07	56.1%	78.7%

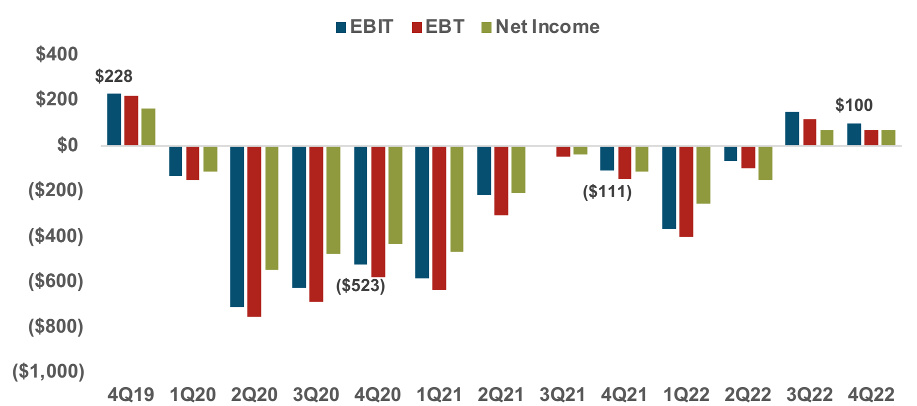
jetBlue Fleet – 4Q22



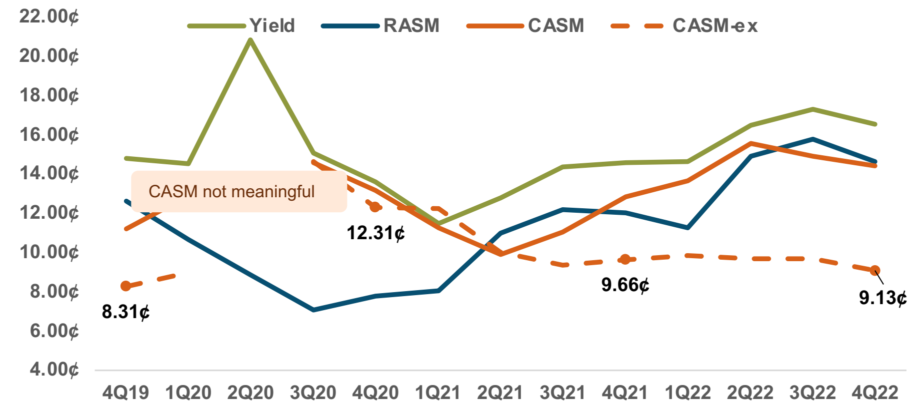
SWAPA

jetBlue

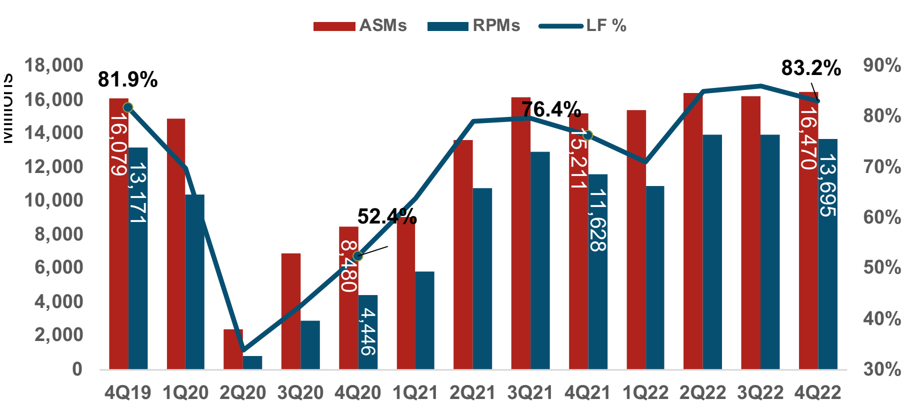
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



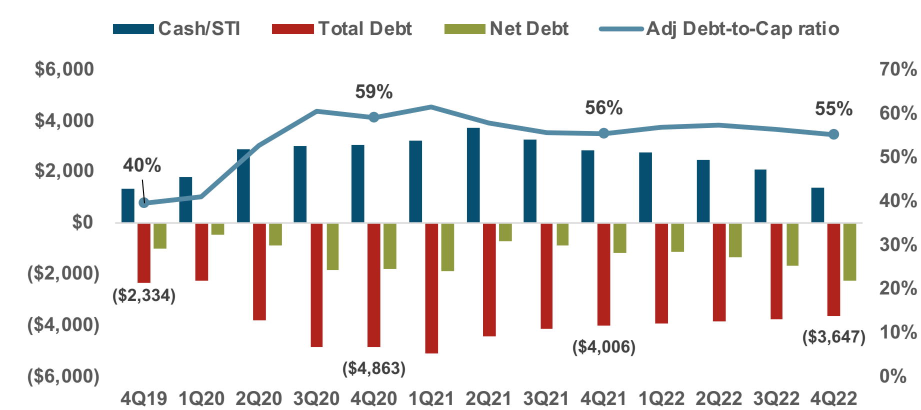
Yield, RASM, and CASM



Capacity, Traffic, and Load Factor



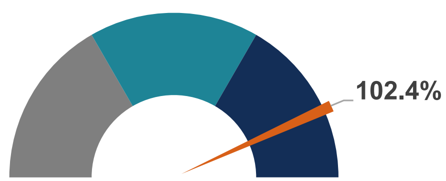
Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)



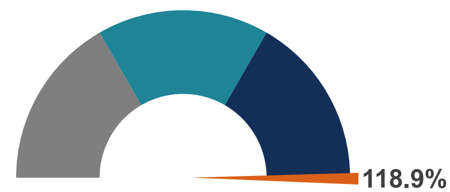
Recovery to Date

jetBlue

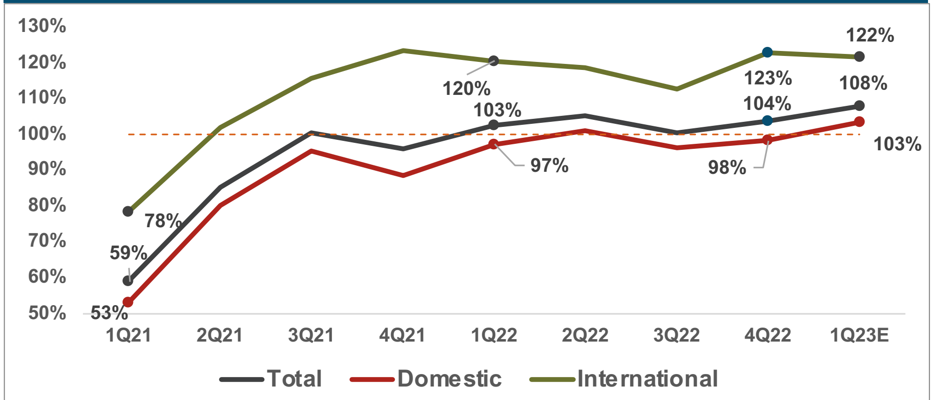
Capacity Restored vs. 2019



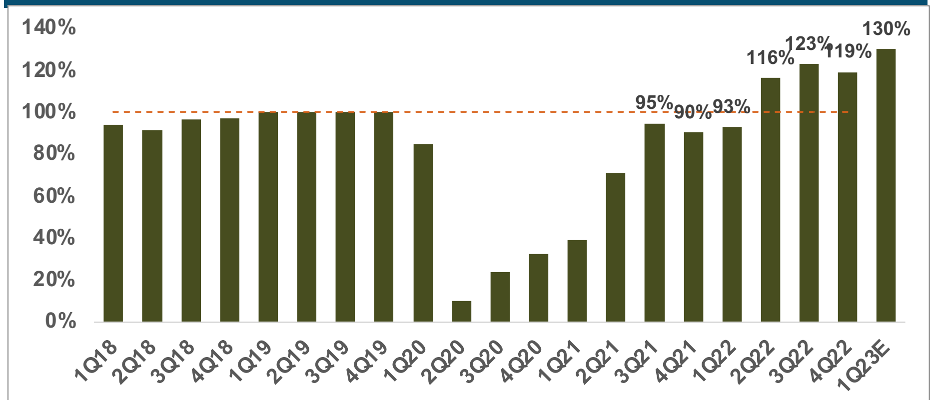
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



SWAPA

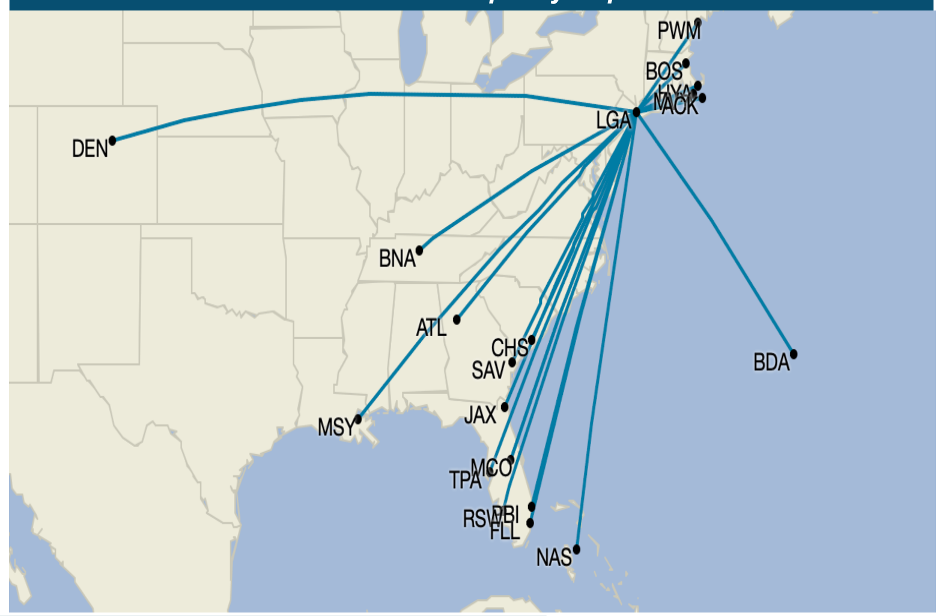
jetBlue

Analyst Commentary

- Recent fuel spikes have made us cautious on underwriting fuel driven profitability outlooks for 2023. jetBlue's outlook seems aggressive considering their exposure to high NE fuel prices in NYC and BOS. We think this leaves minimal pricing power, especially in a tentative economic environment.
- Outside of labor, the cost savings plan remains on track. We do think the Spirit merger will face a lengthy regulatory review process and brings added execution risk and cost pressures.
- We expect JBLU to realize better structural cost savings longer term through operational improvements. That said, there is uncertainty around what could be a long process in the merger plans with Spirit.
- In the near term, we expect higher costs due to a new pilot agreement and the volatile fuel price movements in the NY Harbor jet fuel market since 40% of JBLU fuel requirements sourced here. Maintenance, rents and landing fees will also impact the first half of the year.
- While jetBlue's 2022 results were solid, and the 2023 outlook was good, there is still too much uncertainty for our liking. The company has had to temper its growth outlook for the realities of a challenging operational environment. We do see margin tailwinds from improved economics in loyalty and the maturing NE Alliance.
- We expect a favorable outcome on the DOJ ruling on the NE Alliance although there is still risk. It should also provide a lens into how the DOJ will handle the Spirit acquisition.
- Cost execution continues to be a "show-me" story, the larger overhang on sentiment continues to be the integration and financing risk related to the Spirit merger.
- Investors will likely grapple with higher leverage, particularly in the current interest rate environment. We see elevated cash needs with aircraft financing, prepayments to Spirit shareholders and scheduled debt maturities. Stronger revenue to be offset by higher costs.

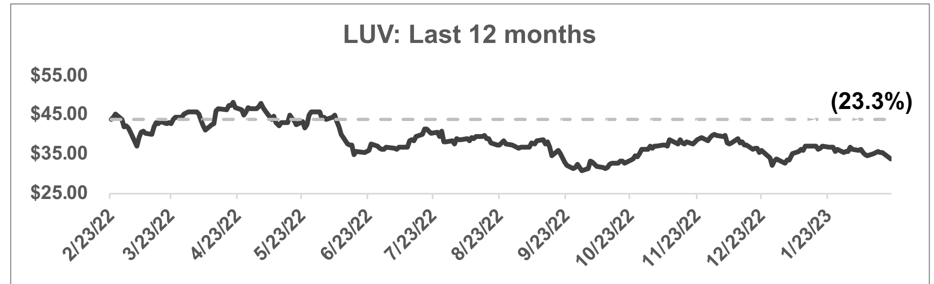
Guidance	1Q23	FY 2023	Notes
Capacity	Up 5.5%-8.5%	Up 5.5%-8.5%	Compared to 1Q22
Revenue	Up 28%-32%		Compared to 1Q22
CASM-ex	Up 2%-4%	Up 1.5%-4.5%	Compared to 1Q22
Fuel	\$3.20 - \$3.35	\$2.95 - \$3.15	
CAPEX	~\$220m	~\$1.3B	

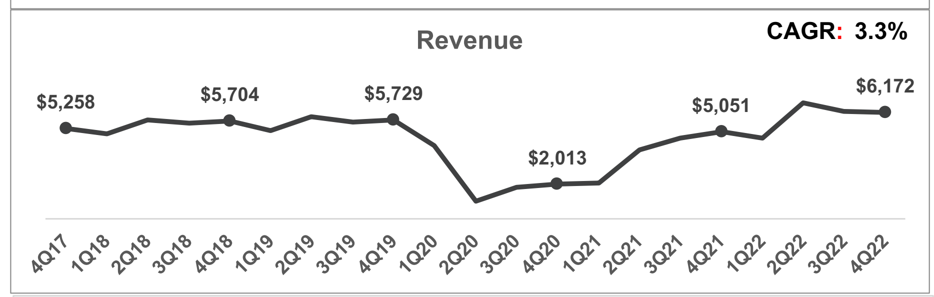
JetBlue increases LGA to 52 dept/day as part of NE Alliance

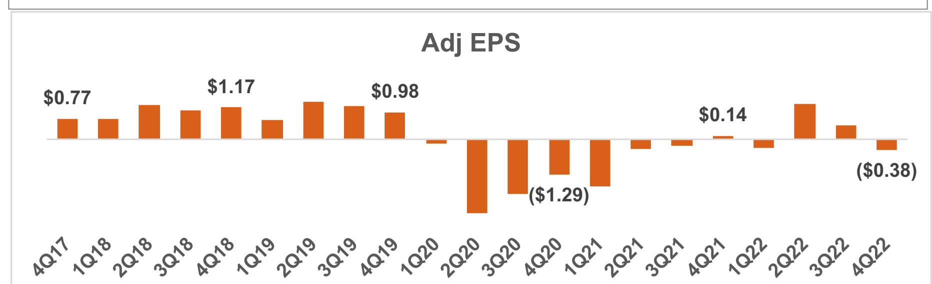


Southwest Airlines

Southwest







Southwest

"We are intensely focused on reducing the risk of another operational event"

4Q22 adj. pre-tax Income (loss): ($277M)

Southwest was on track for a profitable quarter before suffering one of the largest operational disruptions in airline history in December. The company lost control of its operation for several days which ultimately cost $800M in flight cancellations and other associated expenses. The company did record a net profit for the year despite the fourth quarter loss and still maintains the industry's strongest balance sheet. The CEO said they are taking swift steps to address the "meltdown" and bolster operational resilience. Short-term book away effects were highlighted with an estimated $350M revenue hit, but the company reports that March looks strong. However, this will not be enough to prevent a first quarter loss. Southwest does expect profitability in the remainder of the year.

EFA takeaway: The massive operational disruption has the potential for longer-term effects if technology shortcomings and processes are not addressed in a timely manner.

Items of Interest

- 4Q operating revenues negatively impacted by $410M due to the flight cancellations in December. Despite this still had record revenues for the quarter.
- Managed business revenues down 20% as compared to 2019, but in line with guidance. While Jan/Feb expected to be down, March 2023 managed business will be restored to March 2019 levels.
- Plan to spend $1.3B from 2023 operating plan on IT improvements and upgrades to systems. Total CAPEX of $4-$4.5B in 2023.
- CASM-ex not including the "meltdown" was 4% higher than guidance due to additional labor accruals for future contracts.
- Will utilize Oliver Wyman consulting to work on "network design recovery" modeling. The company previously engaged this firm in 2017.
- 2023 capacity increases will continue as planned, for network restoration and market depth. Expect to have network fully restored by YE 2023. Long-haul flying will be the last routes to be restored.
- 33 A/C deliveries in the 4th quarter and 100 expected in 2023.
- $12.3B of liquidity, net cash position of $4.2B. Hedging paper gains of $561 as 1/23.

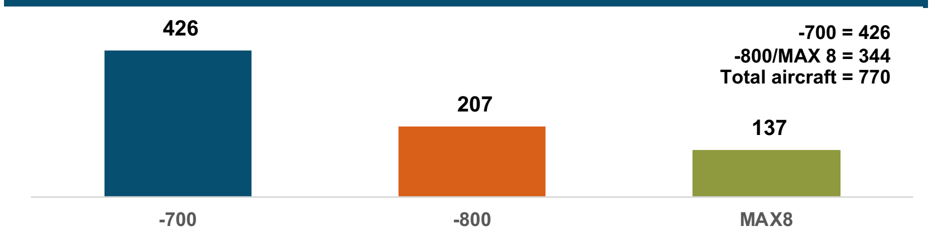
Southwest

4Q Snapshot (as compared to 4Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
-6.3%	7.7%	14.9%	44.9%	52.2%

LUV Stats	4Q22	4Q21	4Q19	y/y	y/3y
Revenues	$6,172M	$5,051M	$5,729M	22.2%	7.7%
Adj Operating Income (EBIT)	($344M)	$209M	$665M	n.m.	n.m.
Adj Operating Margin	(5.6%)	4.1%	11.6%		
Adj Pretax Income	($277M)	$117M	$666M	n.m.	n.m.
Adj Net Income	($226M)	$85M	$514M	n.m.	n.m.
Adj EPS	($0.38)	$0.14	$0.98	n.m.	n.m.
Capacity (ASMs)	37.5 billion	36.7 billion	40.0 billion	2.2%	(6.3%)
Yield	17.70¢	15.34¢	16.00¢	15.4%	10.6%
TRASM	16.46¢	13.77¢	14.32¢	19.5%	14.9%
CASM	17.49¢	13.24¢	12.66¢	32.1%	38.2%
CASM-ex	13.39¢	10.22¢	9.24¢	31.0%	44.9%
Fuel (econ)	$3.18	$2.25	$2.09	41.3%	52.2%

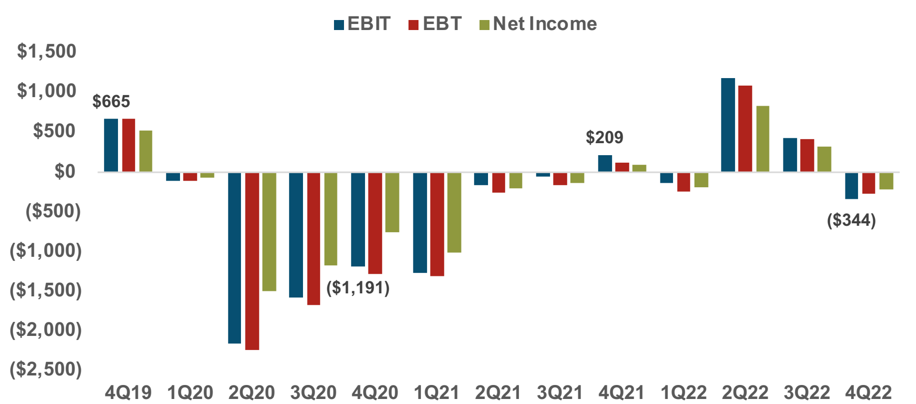
Southwest Fleet – 4Q22



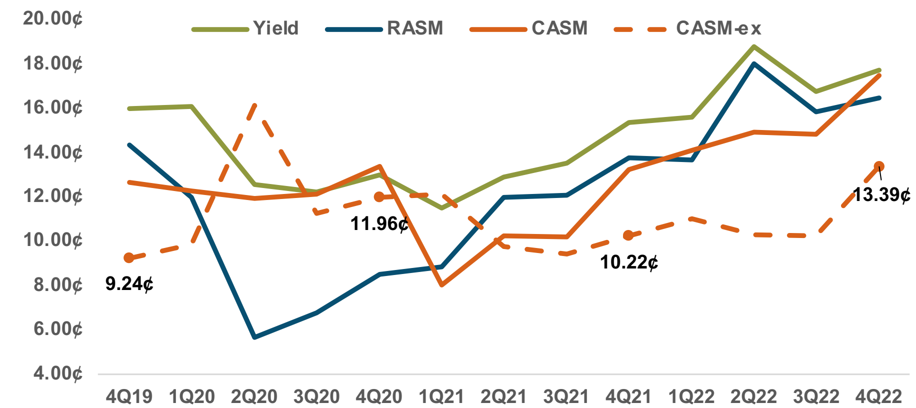
SWAPA

Southwest

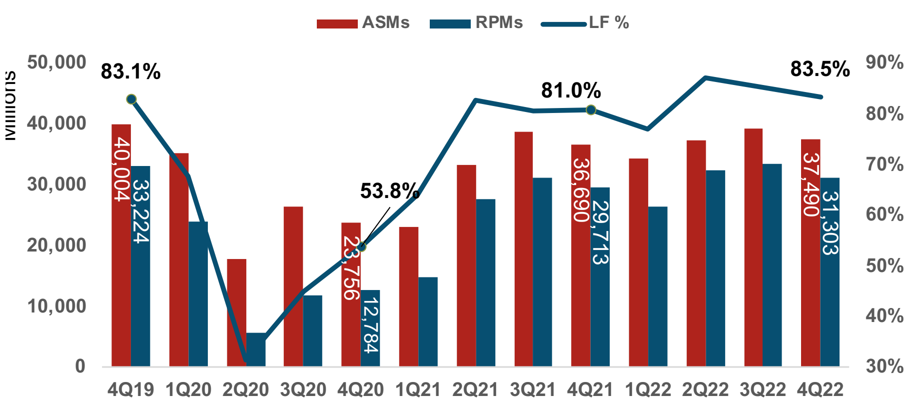
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



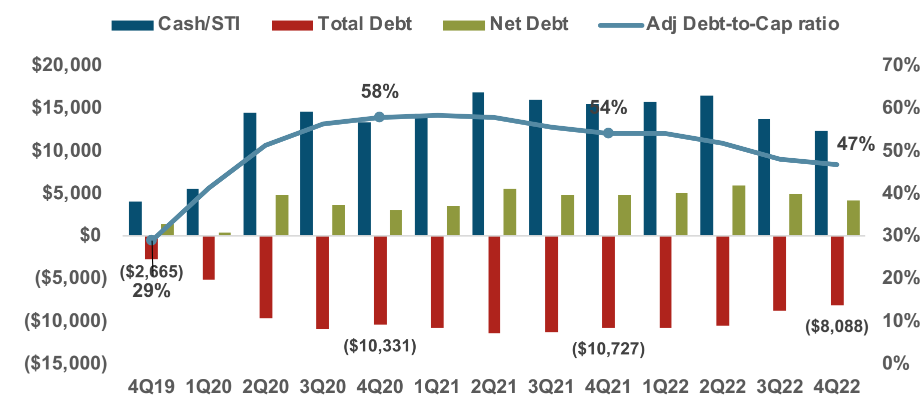
Yield, RASM, and CASM



Capacity, Traffic, and Load Factor



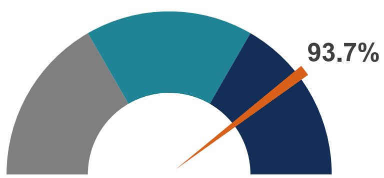
Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)



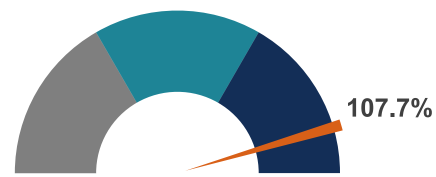
Recovery to Date

Southwest

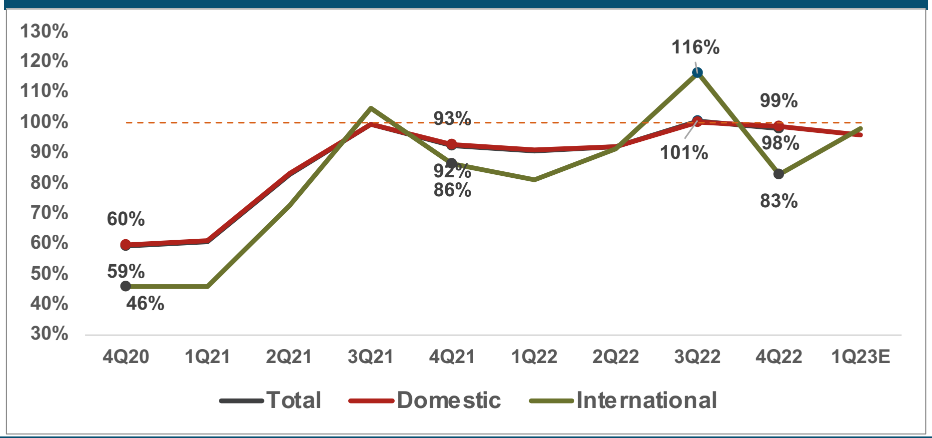
Capacity Restored vs. 2019



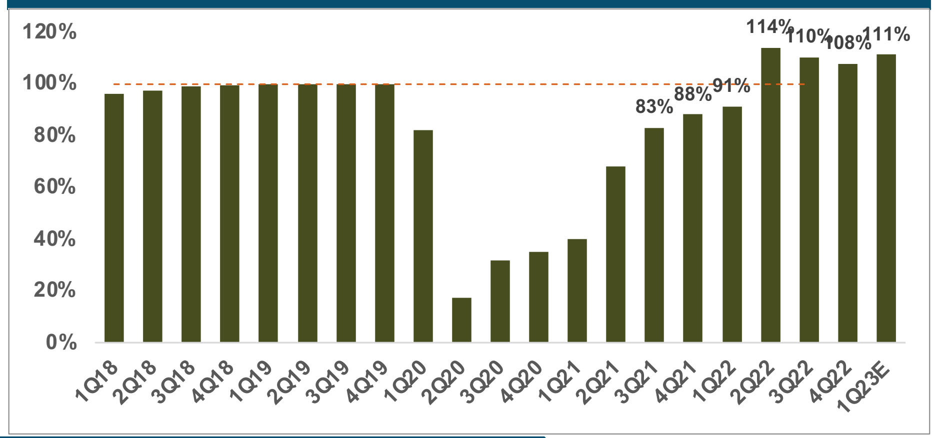
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



SWAPA

Southwest

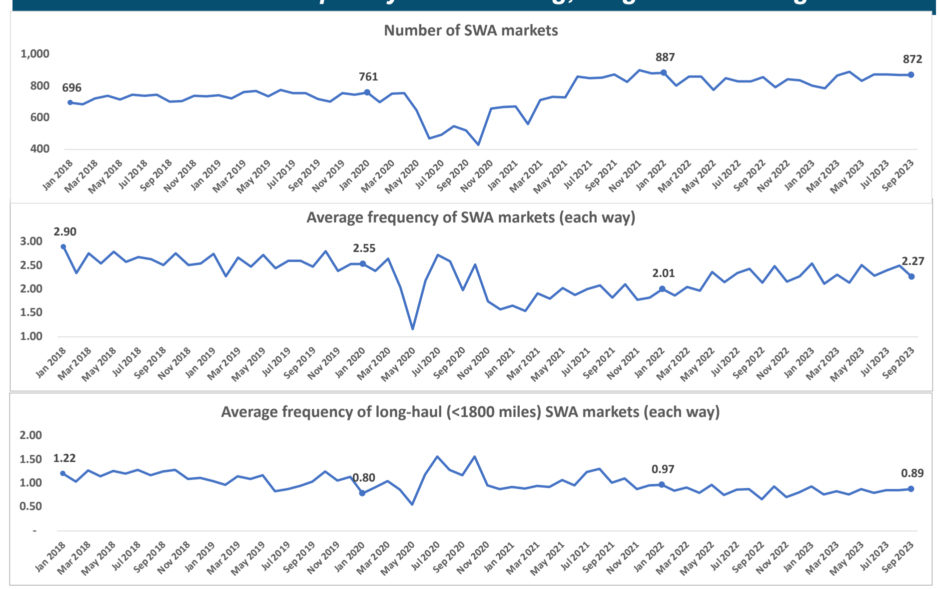
Analyst Commentary

- We think the continuation of LUV's capacity growth could put downward pressure on industry yields as the airline tries to regain some of its passengers with lower fares.
- It appears LUV's book away impact could be short lived. The growth LUV has planned shows the need to grow in order to better leverage its fixed cost structure. We still believe the company is capable of solid margins in 2023 despite the operational disruptions.
- Southwest management seemed defensive to us when talking about its issues, particularly technology. We still believe they will catch up on the tech issues over the next few years but there is certainly risk.
- The strong balance sheet and company's loyal customer base is likely to drive higher results over the longer-term due to strong demand, but we are adopting a wait and see approach
- Southwest enters 2023 with a massive operating overhang. We recognize the arduous complexity with their operation, but the magnitude of the operational disruptions give us pause. Still, we think the operational gaps will be fixed over time.
- With the investment-grade balance sheet and modest debt repayments, we believe the company will be solidly profitable in 2023. Unit cost moderation and strong demand will help in second half.
- It appears we erred in thinking Southwest would temper its growth rate and incur elevated ex-fuel costs in response to the "Christmas Calamity". Instead, it appears they will grow the costs lower.
- We are cautiously optimistic that management will be up to the task of addressing operational reliability with minimal incremental longer-term net cost/investment impact.
- We are somewhat concerned by level of capacity growth in second half of 2023.

Southwest®

Guidance	1Q23	FY 2023	Notes
Capacity	Up ~10%	Up 16%-17%	Comp to 2022; 2Q23 : Up 14%
Revenue	Up 20%-24%		Comp to 2022
CASM-ex	Up 2%-4%	Down 6%-8%	Comp to 2022
Fuel cost	$3.25-$3.35	$2.90-$3.00	
CAPEX		$4.0B - $4.5B	
Aircraft		843	Prev guidance 841
Interest Exp	~$65m	~$250m	

Network frequency is recovering; long-hauls still lag



SWAPA®

Ultra Low Cost Carriers (ULCCs)

allegiant

FRONTIER AIRLINES

spirit airlines

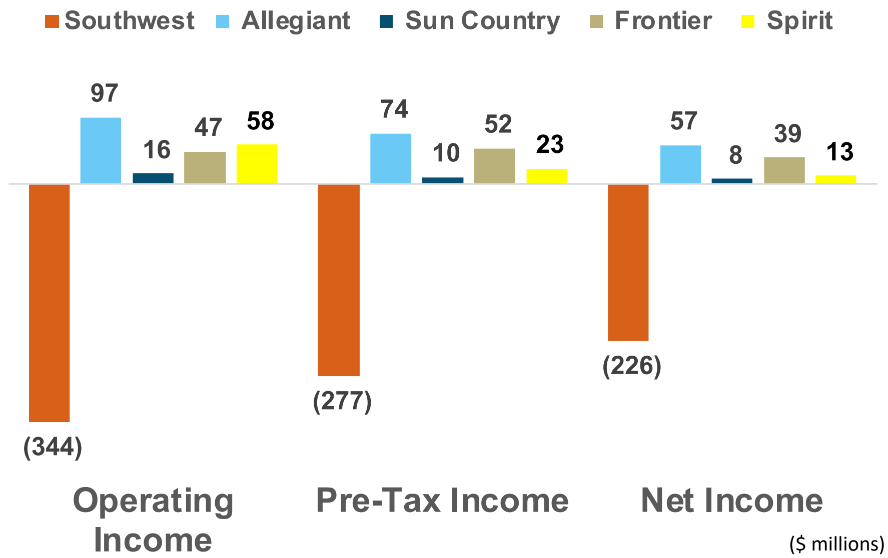
sun country airlines

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

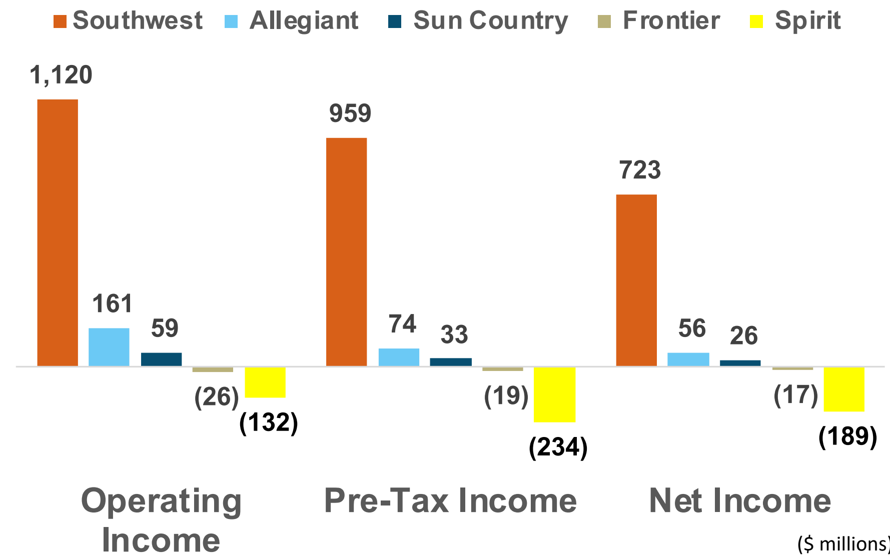
Key Financial Results

ULCCs vs. Southwest

4th Quarter 2022



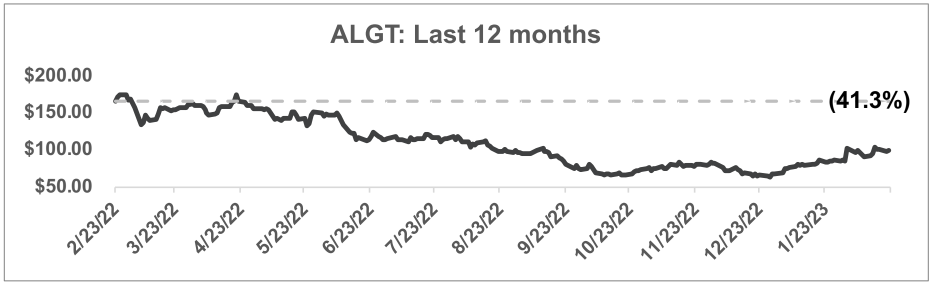
Full Year 2022

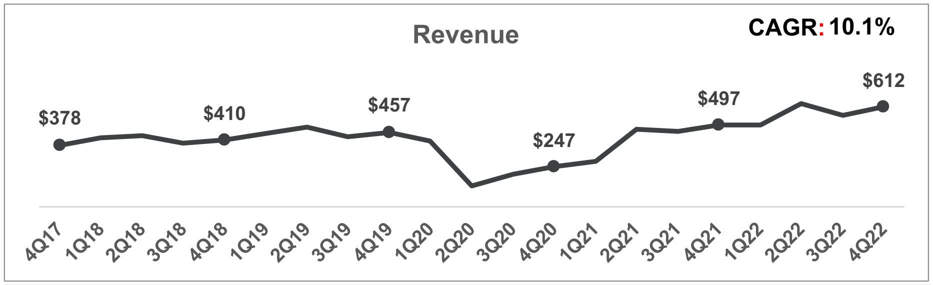


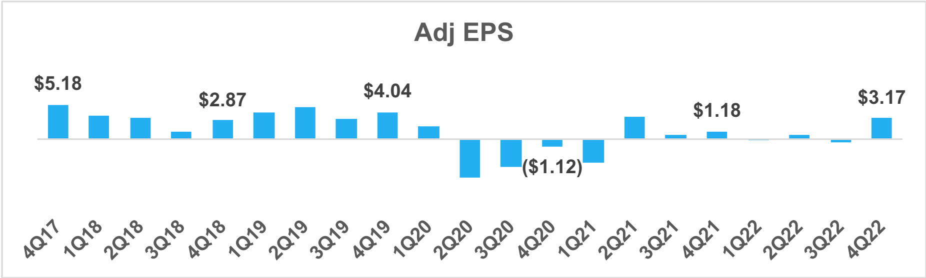
Non-GAAP – excludes special items

SWAPA

Allegiant Travel Co.







SWAPA

Allegiant

"We are going to take a more conservative approach to growth in 2023"

4Q22 adj. pre-tax income : $74M

Allegiant broke the streak of negative quarters, posting strong numbers in the fourth quarter. The company emphasized its focus on operational changes (a 99.5% completion factor) that resulted in a big swing in profits and margins. The CEO said he sees no signs of slowing in the "robust demand environment", with fourth quarter TRASM setting a quarterly record. The company continues to negotiate with its pilots and flight attendants as pilot attrition reached over 20% in the latest quarter. The partnership with Viva Aerobus should be finalized in the first half of 2023 and Sunseeker will be accepting reservations in October. Finally, the company is slowing growth to 4% ASM's in 2023 to ensure a continued stable operation and allow network maturation.

EFA takeaway: ALGT had better operational integrity in 4Q. Slow growth in 2023 will maintain this trend. High fuel prices and pilot attrition also reducing capacity.

Items of Interest

- Have recovered most of the losses from Hurricane Ian to Sunseeker through insurance. Will take a $5M charge for portions not covered.
- Reported over $100M in IROPS costs for 2022 but second half of year was only $30M of that total, leading to higher operating margin than forecast for 4Q.
- Co-brand card program added $100M of renumeration in 2022. 70% of customers were members of rewards programs and 77% of customers came thru lowest-cost distribution channels, company website and direct mailers. 80% of traveler's leisure only, 20% blended business and leisure.
- Accepting 7 A320's in 2023. Will begin taking B-737 Max aircraft late in '23 for 2024 service induction.
- December winter storms caused an $8M loss in revenue and 2% in lost capacity. Expecting a 1.5% negative impact to revenue in the first quarter.
- Only 4% of scheduled routes classified as "maturing" in first half of 2023. Company will roll out brand new revenue management systems in 2023, allowing for more ancillary revenue opportunities.
- Ended 4Q with $1.4B in liquidity. Expect heavy CAPEX of $700M in 2023 with new MAX deliveries, IT spend, heavy maintenance and Sunseeker construction costs.

4Q Snapshot (as compared to 4Q 2019)

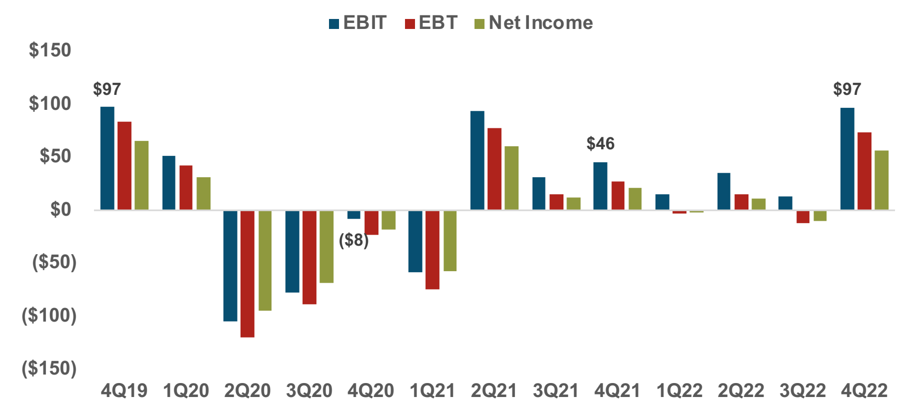
Capacity	Revenues	TRASM	CASM-ex	Fuel
11.9%	*33.9%*	*20.7%*	*16.3%*	*64.7%*

ALGT Stats	4Q22	4Q21	4Q19	y/y	y/3y
Airline Revenues	$612M	$497M	$457M	23.1%	33.9%
Adj Operating Income (EBIT)	$97M	$46M	$97M	112.4%	(0.4%)
Adj Operating Margin	15.9%	9.2%	21.3%		
Adj Pretax Income	$74M	$28M	$83M	168.4%	(11.5%)
Adj Net Income	$57M	$21M	$66M	166.7%	(13.7%)
Adj EPS	$3.17	$1.18	$4.04	168.6%	(21.5%)
Capacity (ASMs)	4.2 billion	4.3 billion	3.7 billion	(2.2%)	11.9%
Yield	17.09¢	15.03¢	14.86¢	13.7%	15.0%
TRASM	14.03¢	11.19¢	11.62¢	25.4%	20.7%
CASM	11.99¢	10.44¢	9.38¢	14.8%	27.8%
CASM-ex	7.56¢	7.24¢	6.50¢	4.4%	16.3%
Fuel (econ)	$3.59	$2.48	$2.18	44.8%	64.7%

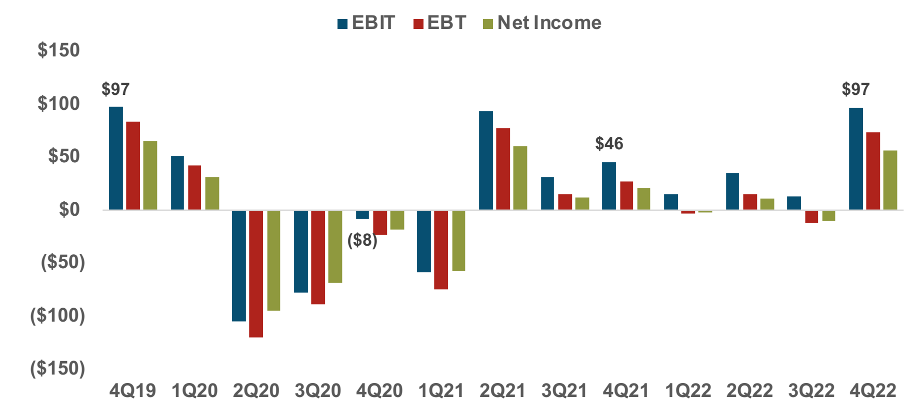
Allegiant Fleet – 4Q22

Allegiant

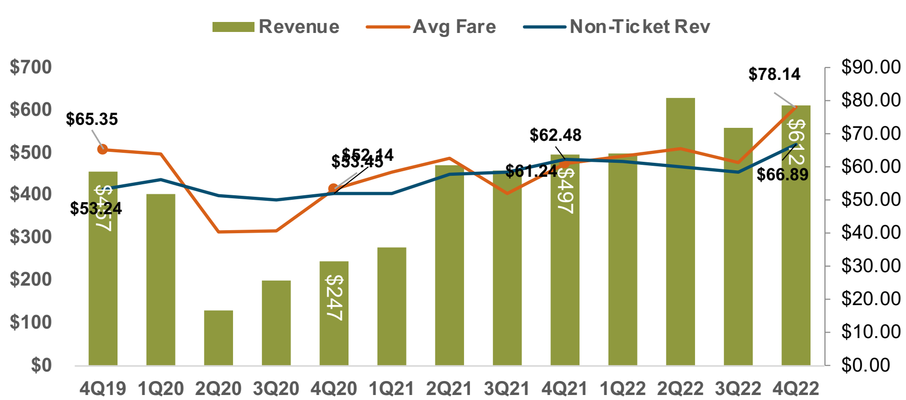
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



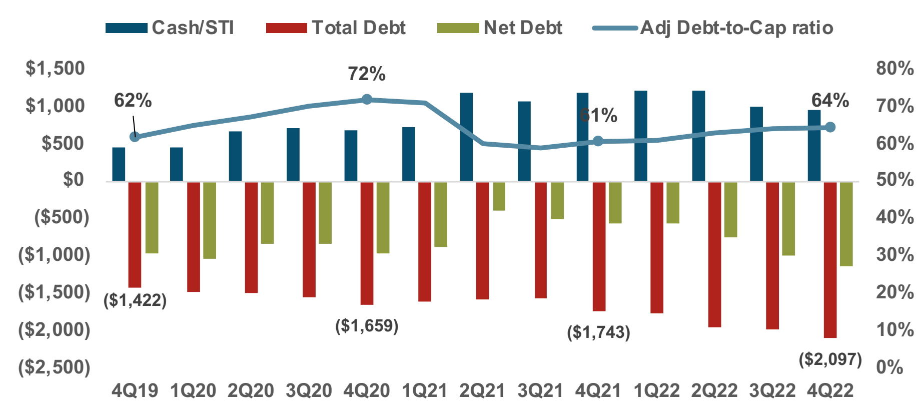
Yield, RASM, and CASM



Quarterly Revenue, Average Fare, and Non-Ticket Revenue



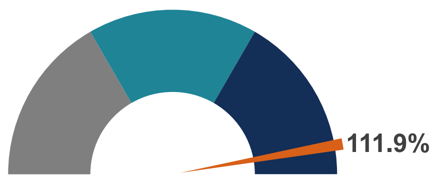
Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)



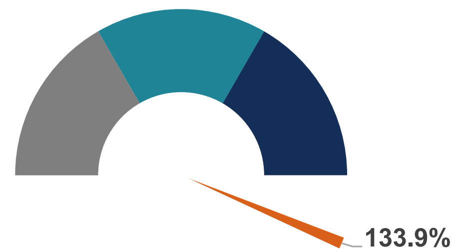
Recovery to Date

allegiant

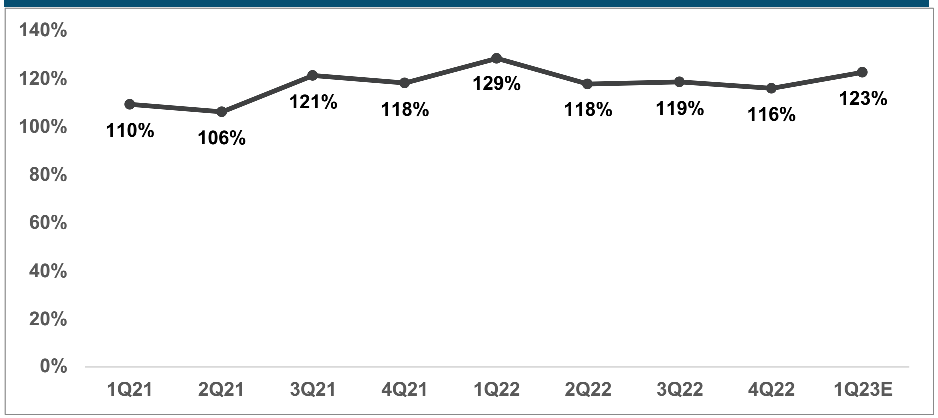
Capacity Restored vs. 2019



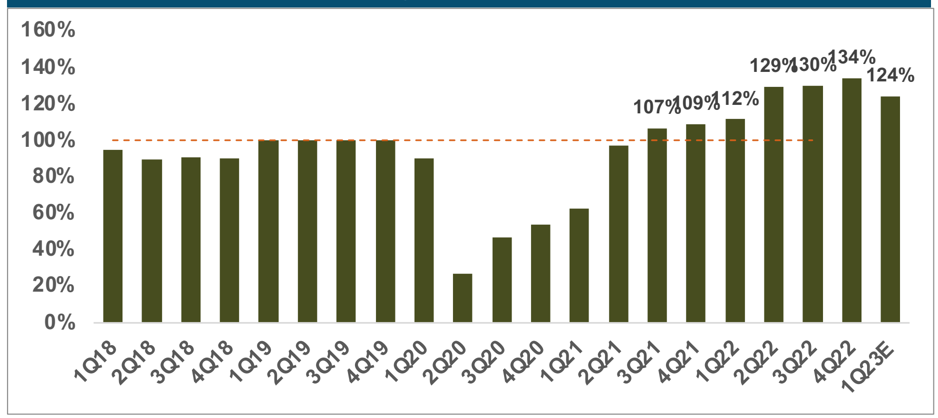
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



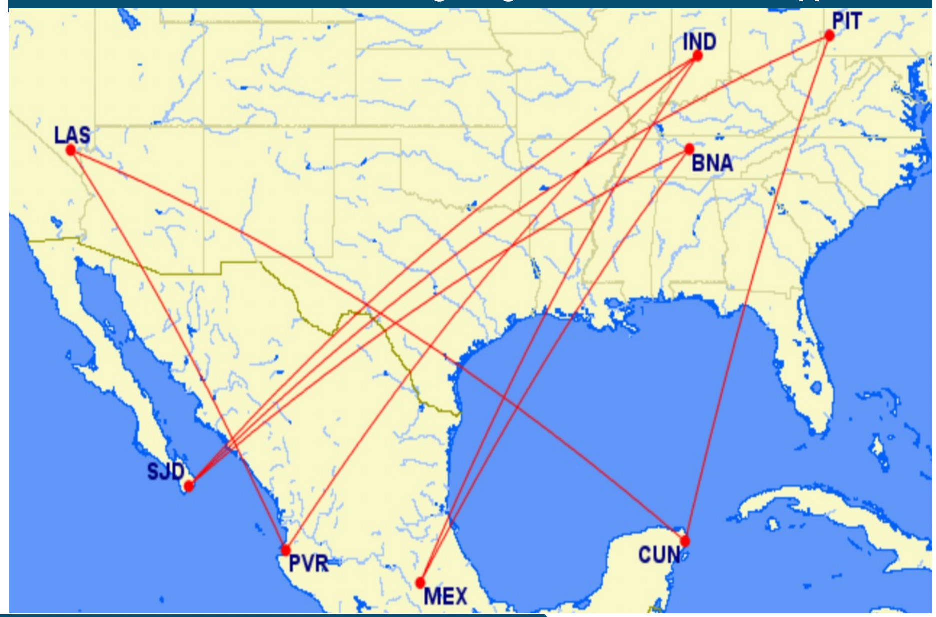
Allegiant

Analyst Commentary

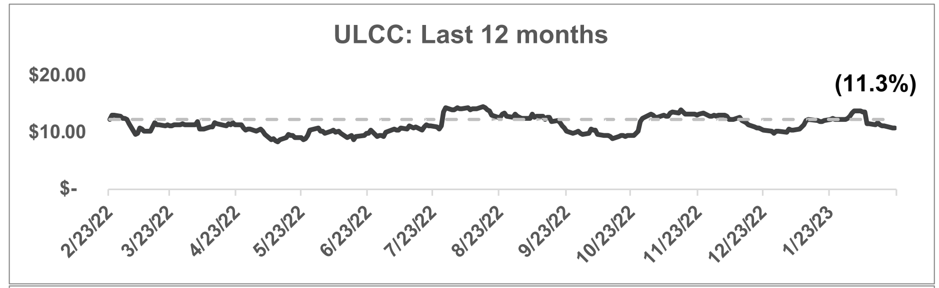
- After finishing 2022 on a high note with 4Q earnings well above expectations, labor headwinds are more pronounced that we thought. We show a 5% headwind to unit costs.
- Pilot availability is driving 2023 capacity to a lower number of 2%-6% vs. 10% guidance.
- We also think the company's RASM growth assumption is too aggressive. We are not sure the demand environment will continue as the company believes.
- Our theme is that 2024 should benefit from 2023 investments in the company. New RM system, fleet transition and Sunseeker will all require heavy cash outlays that will lead to future profitability.
- Allegiant management remains confident in their competitive positioning, given their consumer loyalty, low fares and non-stop flights. We like its pricing power for these reasons.
- We view the announced slower growth favorably. It will support higher yields while reducing IROPS.
- 2023 shaping up to be a heavy CAPEX year but we view this as foundational to the company's growth in the years ahead.
- While there is likely investor concern over the debt needed to finance the pending fleet transition at higher rates, we believe ALGT has ample access to PDP financing without the burden of higher cost debt. A slower induction of aircraft may prove to be a relief on costs and operations.
- Allegiant's 2022 earnings have bounced around from losses to profits hinging on the carrier's operation. When bridging the 2022 performance to the 2023 outlook, we are left perplexed and think Allegiant falls short.
- Our working assumption is that the pilots get at least a 33% raise which will drive a 7% increase in non-fuel costs. The offset would be revenue, but it would imply a high single digit to low double digit increase in unit revenue. We struggle with the idea of ALGT dramatically outperforming the industry.

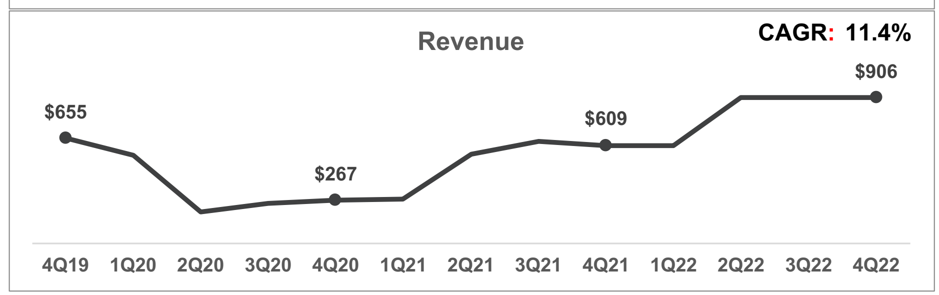
Guidance	1Q23	FY 2023	Notes
Capacity	no guide	Up 2% - 6%	Compare to 2022
Revenue	no guide		
CASM-ex fuel	no guide		
Fuel		$3.60	
CAPEX		$7300M - $820M	Aircraft, engine, pre-delivery deposits
Fleet	124	127	

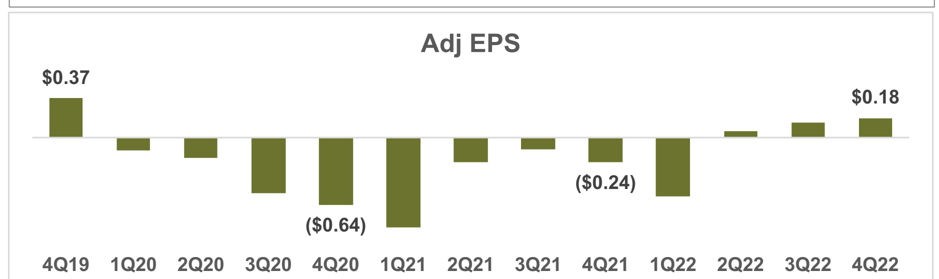
Potential first routes following Allegiant-VivaAerobus J.V. approval



Frontier Airlines







Frontier

FRONTIER AIRLINES

"We are uniquely positioned to capture the new type of leisure demand"

4Q22 adj. pre-tax income: $52M

Frontier reported a strong fourth quarter, highlighted by record ancillary revenues, improvement in unit costs and consistent operational performance. Although several winter storms disrupted their operation, the CEO said the airline was able to minimize the impact through the recoverability of its newer modular scheduling network. They feel that leisure travel demand has undergone a fundamental shift and Frontier will be able to capitalize on it with its cost advantage and flexible product. The airline did note some Airbus delivery delays and supply chain issues relating to parts availability. Importantly, they emphasized that pilot sourcing is not a problem with its current recruitment strategy.

EFA takeaway: The airline continues to produce good financial results. It appears to be the strongest of the ULCC's right now with plenty of upside.

Items of interest

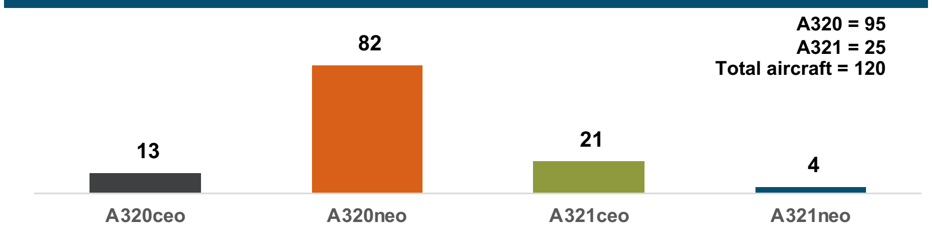
- Reported up to five months for delivery delays on A321's from Airbus.
- Ancillary revenue of $82 per passenger is a quarterly record. Predict $85 by fourth quarter of 2023 and $100 long-term target by 2026.
- Average aircraft utilization increased to 11.5 hours in 4Q. Expected to reach 12 hours per day on average for 2023 as normalization of operations continue.
- Have accepted over 100 pilots into Frontier's cadet program. Reports more than 5,000 applications for pilot positions through different hiring channels.
- Opening DFW as a pilot base with 120 initial staffed, growing to 220 by YE 2023.
- Adjusted CASM-ex fell 7% in 4Q, driven by higher utilization, aircraft delivery timing and aircraft returns. Offset by other higher non-fuel costs, particularly lease expense.
- Ended the year with 120 aircraft, after taking delivery of 5 aircraft in 4Q. Will take 6 A321neo's in 1Q. With ongoing Airbus delivery delays, 9 aircraft originally scheduled for 2023 will shift into 2024.
- Plan to be below $0.06 cent CASM-ex by 2H 2023, materially below industry average.
- Ended 4Q with $761M of liquidity, with ability to tap substantial assets through brand related assets and loyalty program.

4Q Snapshot (as compared to 4Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
14.7%	*38.3%*	*20.5%*	*22.8%*	*60.7%*

ULCC Stats	4Q22	4Q21	4Q19	y/y	y/3y
Revenues	$906M	$609M	$655M	48.8%	38.3%
Adj Operating Income (EBIT)	$47M	($86M)	$90M	n.m.	(47.8%)
Adj Operating Margin	5.2%	(14.1%)	13.7%		
Adj Pretax Income	$52M	($86M)	$94M	n.m.	(44.7%)
Adj Net Income	$39M	($52M)	$73M	n.m.	(46.6%)
Adj EPS	$0.18	($0.24)	$0.37	n.m.	
Capacity (ASMs)	8.7 billion	7.8 billion	7.6 billion	10.6%	14.7%
Yield	12.45¢	10.18¢	8.16¢	22.4%	52.6%
TRASM	10.45¢	7.78¢	8.67¢	34.3%	20.5%
CASM	9.93¢	8.87¢	7.78¢	12.0%	27.6%
CASM-ex	6.40¢	6.50¢	5.21¢	(1.5%)	22.8%
Fuel (econ)	$3.60	$2.43	$2.24	48.1%	60.7%

Frontier Fleet – 4Q22

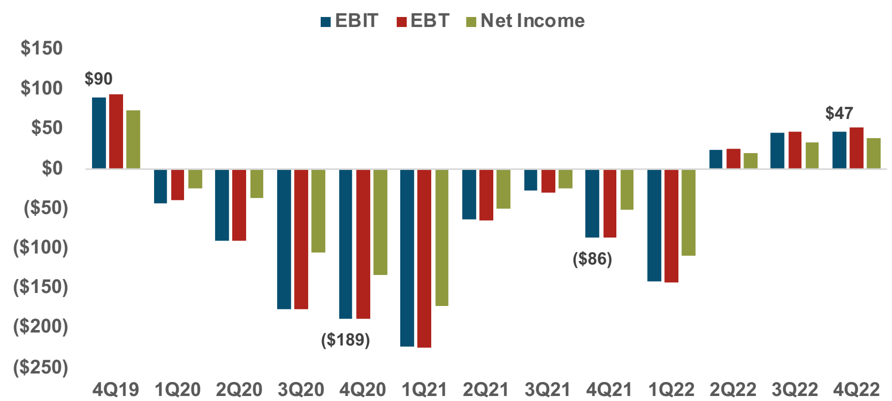


SWAPA

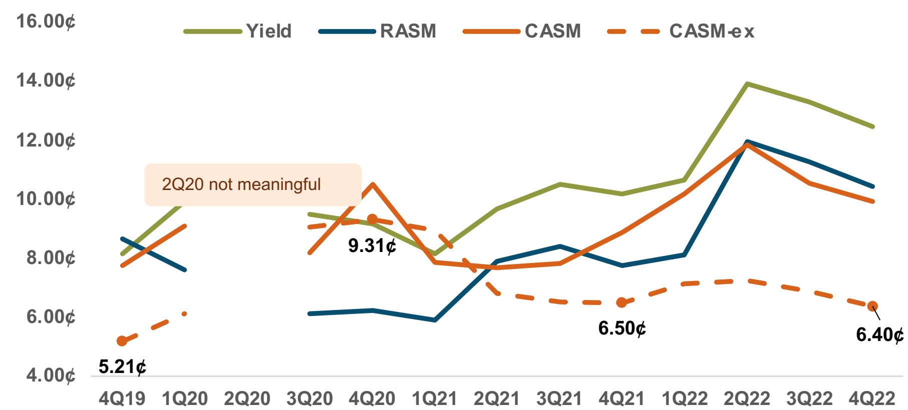
Frontier

FRONTIER AIRLINES

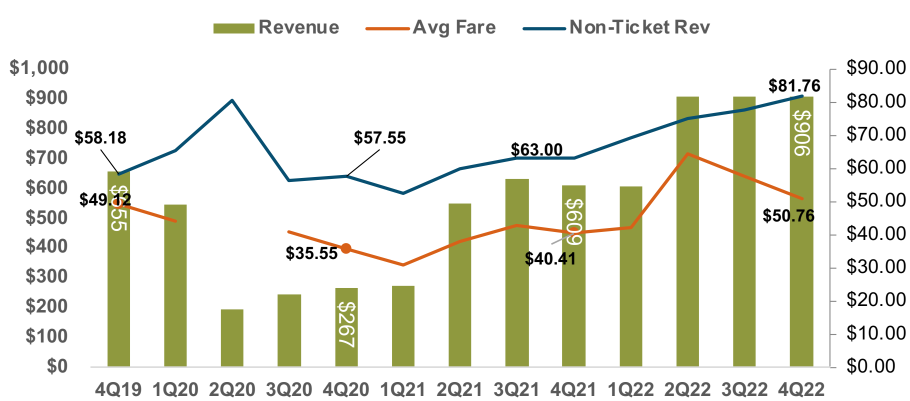
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



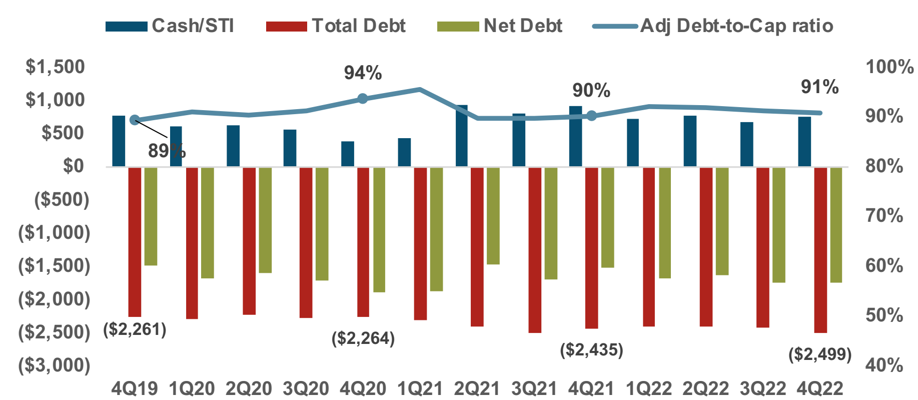
Yield, RASM, and CASM



Quarterly Revenue, Average Fare, and Non-Ticket Revenue



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

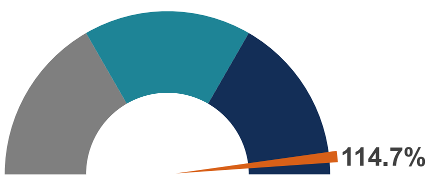


SWAPA

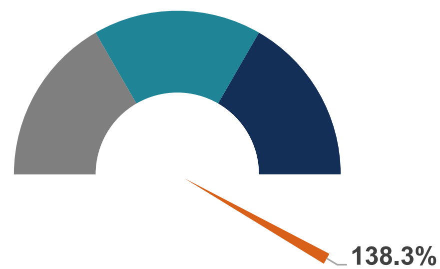
Recovery to Date

FRONTIER AIRLINES

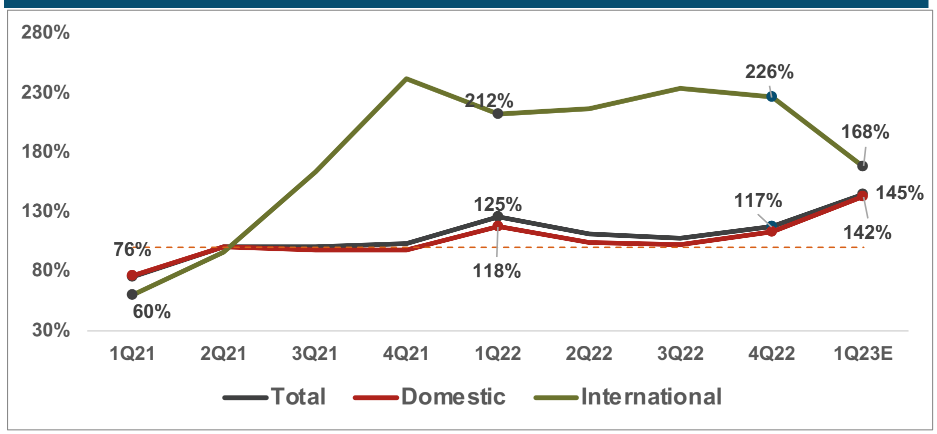
Capacity Restored vs. 2019



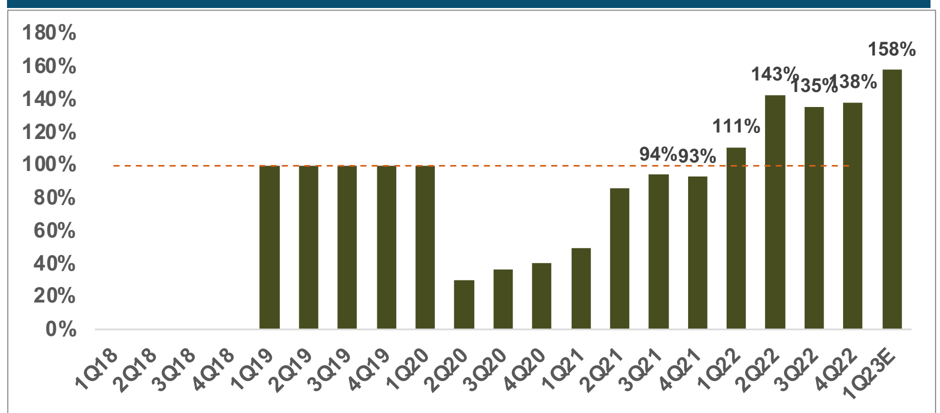
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



4Q22 revenue guide not provided

Frontier

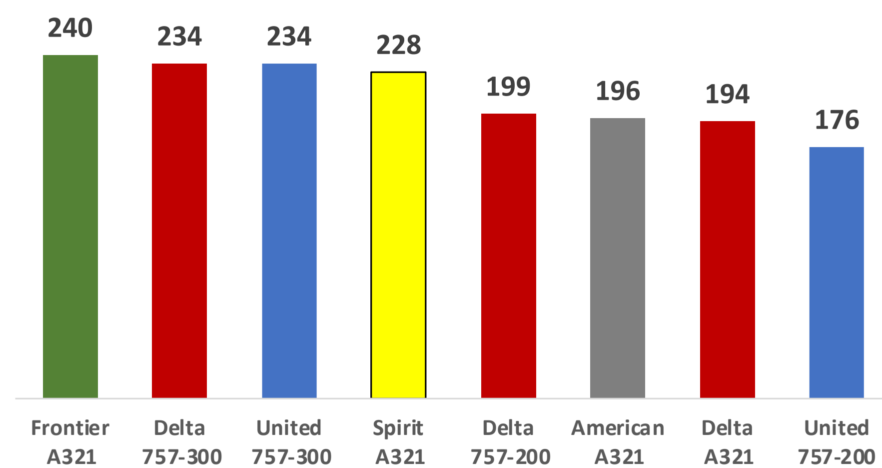
Analyst Commentary

- Management comments were consistent with peer group; demand is strong, ancillary revenues are increasing but aircraft and maintenance delays are affecting 2023 growth plans.
- A major positive for ULCC is that airfares are likely to stay relatively high, even for LCC and ULCC airlines. This should enable the company to generate strong cash flows going forward.
- Frontier has a depth of untapped markets in its headlights and a large order book of A320neo aircraft to get there.
- We project a return to pre-COVID profitability by 2H 2023.
- Overall, Frontier is well-positioned to leverage an improving cost structure while materially growing its ancillaries per customer. We believe this set-up for 2023 will drive significantly higher earnings, which is currently not reflected in most analysis.
- Frontier's results speak to further progress being made in key areas, but the outlook is less steady than we had hoped. We've talked in the past of the importance of high fleet utilization (+12 hours) and growth to the ultra-low-cost carrier model as it drives down costs. This needs to continue to allow ULCC to price tickets to stimulate demand.
- Frontier's fourth quarter results were slightly above our expectations, largely due to better execution on non-fuel costs.
- We like the fact that Frontier maintained its target of $3M per aircraft by second half of 2023. Notably, our forecast was for $2M per aircraft.
- We see considerable upside to Frontier if the Spirit/jetBlue merger is approved, leaving Frontier as the only high utilization ULCC.
- Frontier's strong operation due to modular scheduling, number of crew bases and Florida network.

FRONTIER AIRLINES

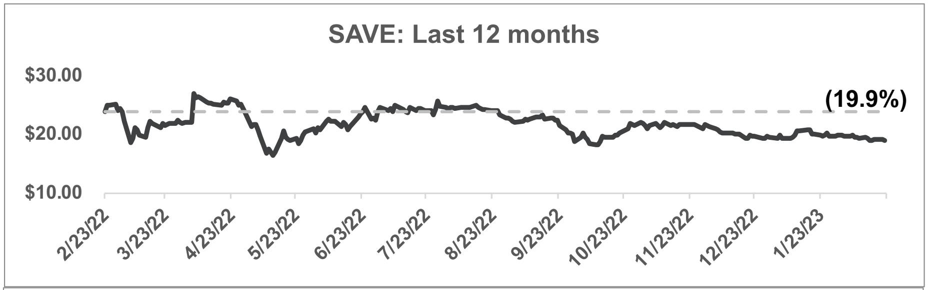
Guidance	1Q23	FY 2023	Notes
Capacity	Up 17% - 19%	Up 23% - 28%	compared to 1Q22
Adj. Op Ex (ex-fuel)	$570m - $595m	$2.425B - $2.525B	
Fuel	$3.50 - $3.55	$3.05 - $3.15	
CAPEX		$265m - $365m	$120m - $200m pre-delivery deposits
Adj. pre-tax margin	(2%) - (6%)		

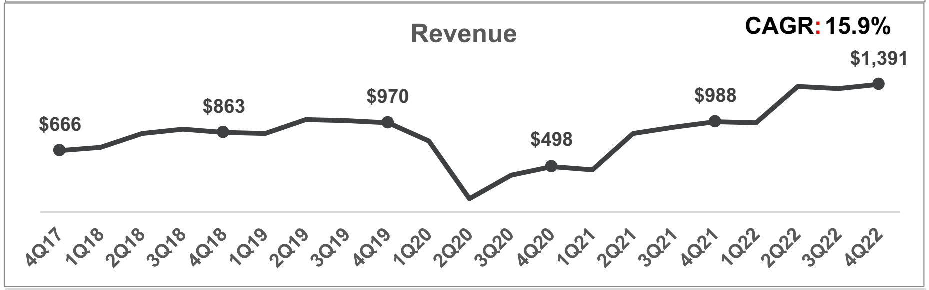
Frontier fills A321 neo with 240 seats

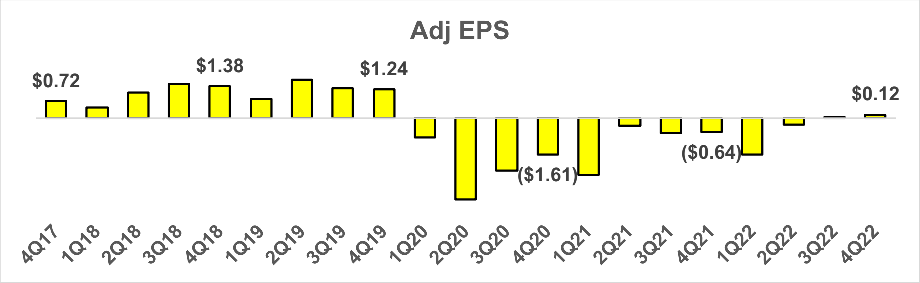


SWAPA

Spirit Airlines







Spirit

spirit airlines

"We made excellent progress on our return to sustained profitability"

4Q22 adj. pre-tax income: $23M

After adjusting for a one-time impairment charge for retiring A319's, Spirit recorded a small pretax profit. The airline emphasized continuing strong demand, record non-ticket revenue and improving operational performance. CEO Ted Christie discussed several ongoing headwinds hampering the airline: Pratt & Whitney engine service availability, Airbus delivery delays and lack of full utilization of assets. Because of these issues, Spirit will trim its capacity growth plans for 2023. The airline is will also maintain its constraints on its Florida volume to keep schedule integrity through mid 2023. Spirit has complied with the DOJ merger requests and is waiting to see if they will file a suit to block the deal with jetBlue or allow it to proceed. They expect notification within 30-45 days.

EFA takeaway: Spirit slowing growth to maintain their operation seems like a good idea. The pending DOJ decision on the Spirit/jetblue merger will be very impactful on both companies.

Items of Interest

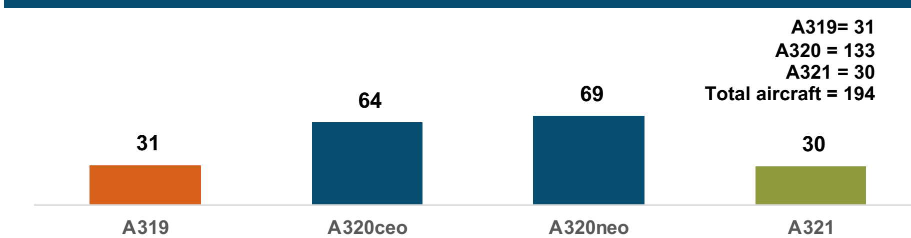
- Unit revenue was up 17% compared to the 4Q 2019, among the best performances in the industry.
- Will accelerate the retirement of the A319's, selling 29 aircraft. Will remove 14 in 2023 and the remainder in 2024. Took a large impairment charge and will realize proceeds of approximately $150M-$200M from the transaction.
- Will underutilize the fleet by 10% in first half of 2023, improving to 5% by 3Q and normal levels expected by YE 2023. Took delivery of 10 A320neos in 2022, 194 A/C total.
- Total revenue per passenger increased to $136, a 23% gain. Non-ticket revenue per segment up 22% to over $71, a quarterly record.
- Reduced capacity plan for 2023 to account for operational and manufacturer issues.
- Costs lower than expected in 4Q due to lower airport and landing fees as volume stabilized and billing true ups were realized.
- Fuel costs were up more than 100% compared to 4Q 2019 on 20% more volume and a 69% increase in the price per gallon due to refining margins.
- 2022 liquidity $1.8B. 2023 CAPEX includes aircraft, engines and a new HQ building.

4Q Snapshot (as compared to 4Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
22.7%	43.5%	17.0%	15.0%	69.0%

SAVE Stats	4Q22	4Q21	4Q19	y/y	y/3y
Revenues	$1,391M	$988M	$970M	40.9%	43.5%
Adj Operating Income (EBIT)	$58M	($60M)	$130M	n.m.	(55.6%)
Adj Operating Margin	4.1%	(6.1%)	13.4%		
Adj Pretax Income	$23M	($90M)	$112M	n.m.	(79.4%)
Adj Net Income	$13M	($69M)	$85M	n.m.	(85.1%)
Adj EPS	$0.12	($0.64)	$1.24	n.m.	(90.3%)
Capacity (ASMs)	12.9 billion	11.5 billion	10.5 billion	12.1%	22.7%
Yield	13.34¢	10.78¢	10.90¢	23.7%	22.4%
TRASM	10.81¢	8.60¢	9.24¢	25.7%	17.0%
CASM	13.18¢	9.13¢	8.06¢	44.4%	63.5%
CASM-ex	6.52¢	6.54¢	5.67¢	(0.3%)	15.0%
Fuel (econ)	$3.55	$2.41	$2.10	47.3%	69.0%

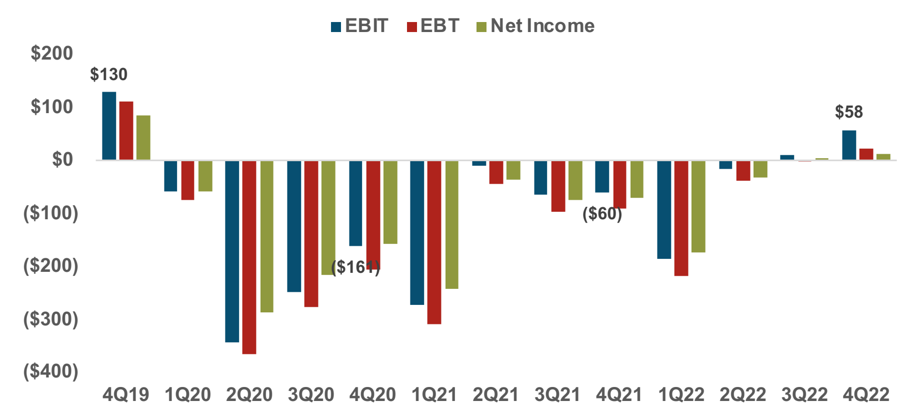
Spirit Fleet – 4Q22



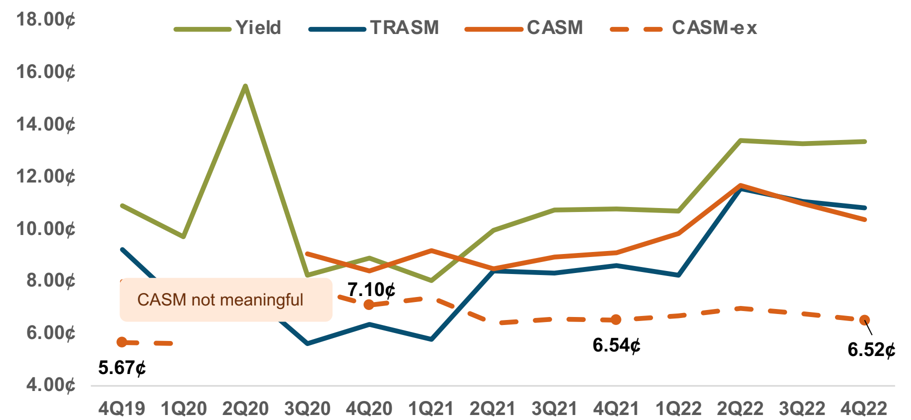
SWAPA

Spirit

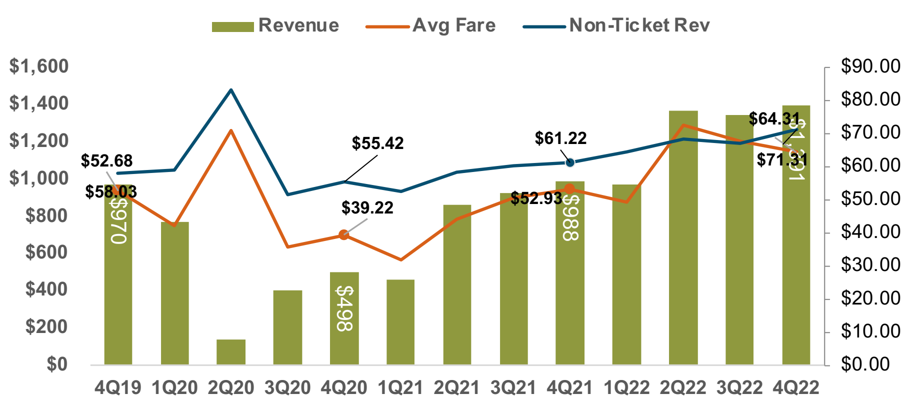
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



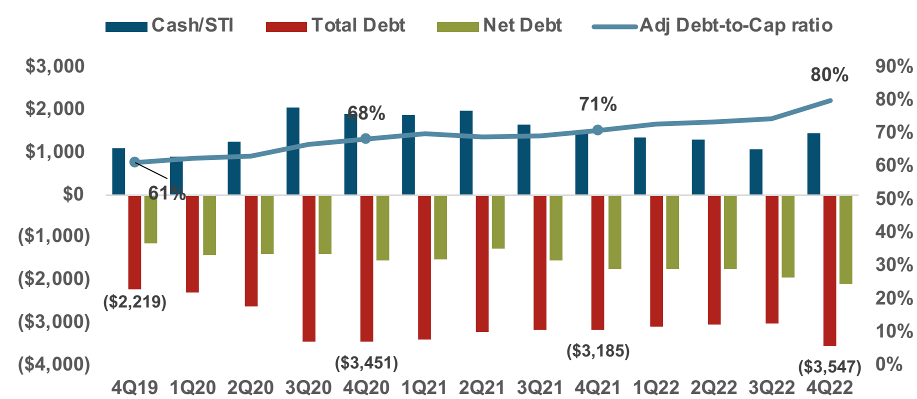
Yield, RASM, and CASM



Quarterly Revenue, Average Fare, and Non-Ticket Revenue

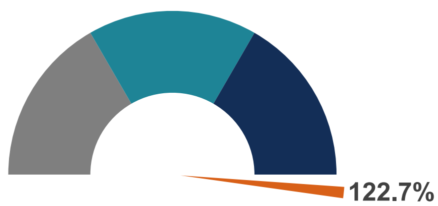


Cash, Debt, and Adj Debt-to-Capital Ratio ($ mil)

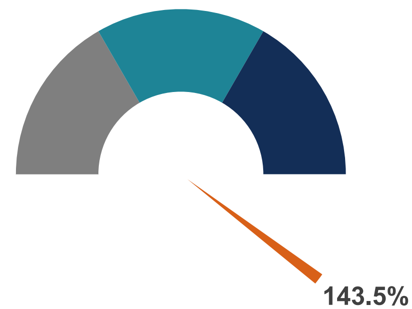


Recovery to Date

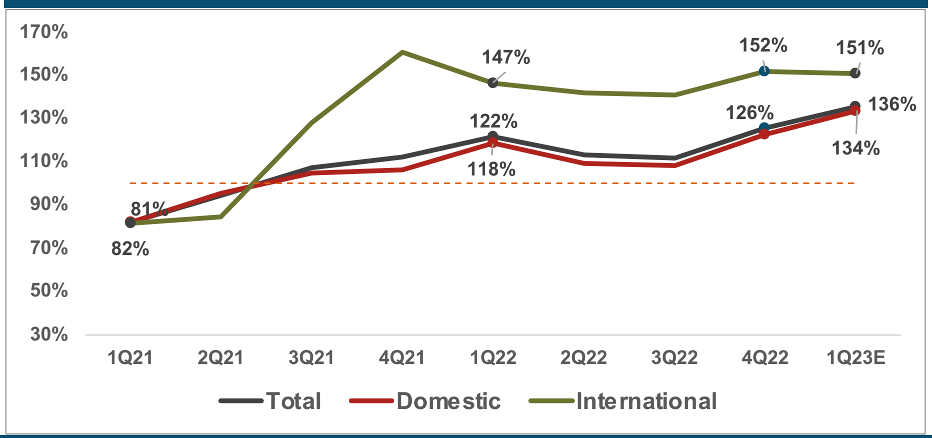
Capacity Restored vs. 2019



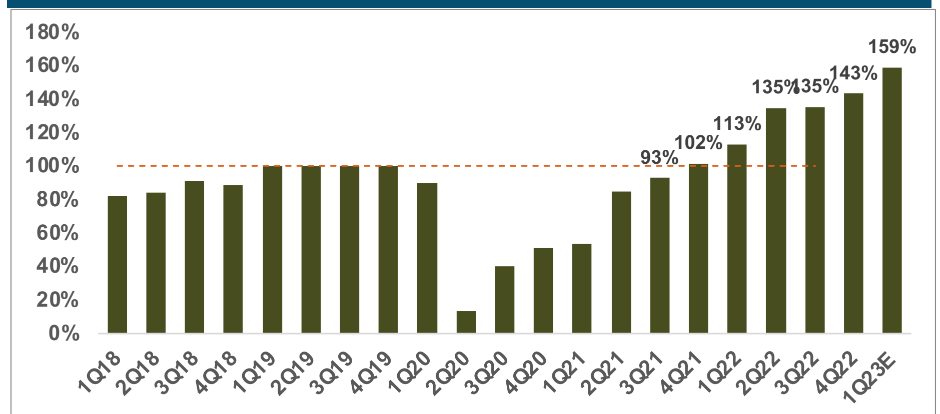
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



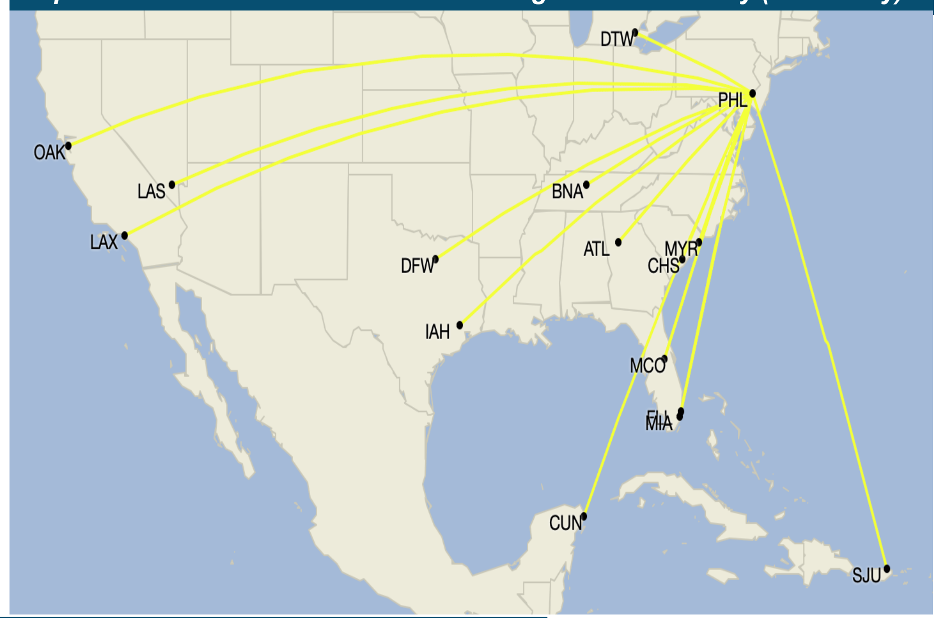
Spirit

Analyst Commentary

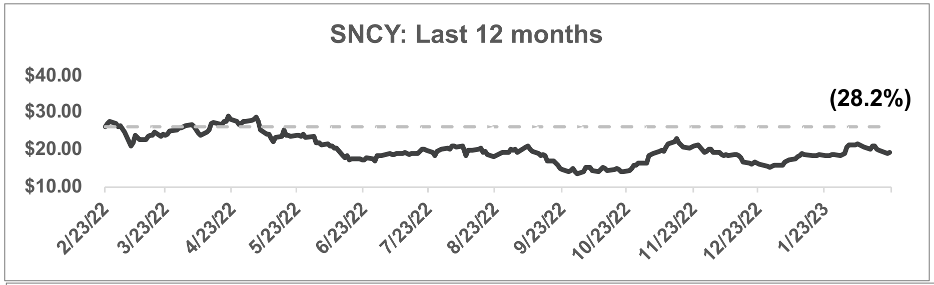
- Spirit beat our estimates for the quarter but was aided by lower airport rents and landing fees. The airline continues to deal with "teething issues" with its Pratt and Whitney engines, delivery delays from Airbus and fragile aviation infrastructure. We think this continues and so Spirit's plan to grow primarily through additional frequencies in strong markets.
- Spirit will increase flying on off-peak days to increase operational reliability. It results in lower load factors but protects passengers during irregular ops.
- We are cautious given the uncertainty surrounding the merger with JBLU and our view that the DOJ will likely block it.
- Spirit delivered better-than-expected unit revenue performance despite some negative headwinds, including weather related challenges, continued capacity constraints and ongoing staffing challenges.
- We view the idea of a more measured capacity planning as a prudent move that should help operational integrity and assist in return to profitability.
- We now model Spirit as being close to full fleet utilization by YE 2023 vs. previously around mid-summer.
- We ascribe a 66% probability of the JBLU merger closing by end of 2024.
- Our thinking continues to reflect demand moderation and persistently high fuel price scenario. While Spirit has improved their operations considerably, and its delayed return to historical utilization is due to external factors, we believe everything rides on regulatory approval of the merger.
- A below normal stage length is a tailwind that should gradually erode as aircraft delays and engine issues ease.
- We think resuming peak utilization and full restoration of the Florida network will add 3%-4% of margins. Costs will be frontloaded higher as the new pilot contract becomes effective. Capacity restoration should help in the second half of the year.

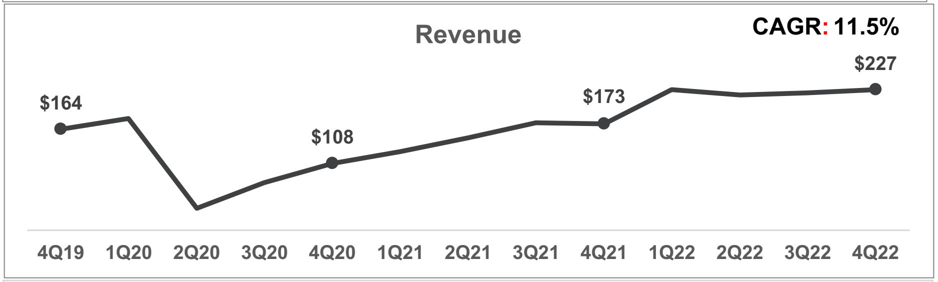
Guidance	1Q23	FY 2023	Notes
Capacity	Up 13.2%	Up 19% - 22%	Compared to 1Q22
Adj Op Expense	$1.39B-$1.40B		Compared to 1Q22
Fuel	$3.20		
Adj Op Margin	(2%) - (4%)		
TRASM	Up 23.0%-24.5%		Compared to 1Q22
CAPEX		$360M	

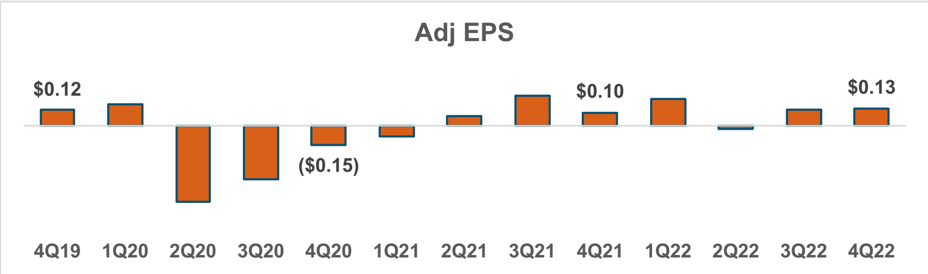
Spirit increases PHL to match BWI as largest NE focus city (40 flts/day)



Sun Country Airlines







Sun Country

"We believe we can reliably deliver industry-leading profits in all cycles"

4Q22 adj. pre-tax income: $10.3M

Sun Country reported strong 4Q and full year results as revenues set a record and operating margin was at the upper end of guidance. The company's multi-segment business is unique in the industry and has structural advantages other carriers lack, according to CEO Jude Bricker. There is strong demand for all segments, particularly scheduled service, and the company highlighted a strong recovery in international demand going into 2023. They plan to operate 20 of 55 aircraft in the charter and cargo segments in 2023, leaving maximum flexibility with the scheduled service in case of an economic downturn. All growth will come through utilization increases, allowing for debt repayments, infrastructure investment and additional aircraft as available.

EFA takeaway: Sun Country's flexible, niche operation continues to be profitable, with numerous growth opportunities available in all facets of their business.

Items of interest

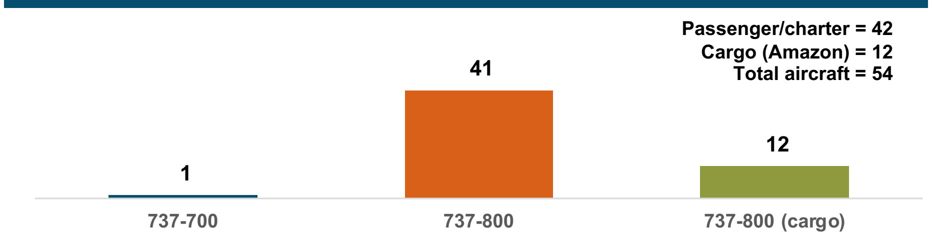
- 4Q system block hours 37% higher than 4Q 2019 as ASM's and Block hours were up double digits YoY. Will build out MSP in 2023, Hawaii service returns summer 2024.
- TRASM up 27% vs. 14% growth in scheduled service ASM's. Ticket plus ancillary revenue grew 45% with an average fare of $177. Total fares and load factors for the quarter and the year were the highest since 2018 before Sun Country converted to single-class configuration. Will sell third party products to customers, adding accretive revenues.
- Charter revenue grew 11% with strong growth in long term contracts. Ad hoc contract flying increased, but more pilots needed to grow that business. Cargo revenue grew 5% in 4Q on smaller capacity but was mostly flat for the year.
- CASM-ex up 7% due to labor and aircraft constraints. New pilot contract is reflected in these increases, but capacity growth expected to moderate costs in 2023 as well as greater utilization of crews.
- Ended year with 55 aircraft, expect to add two additional aircraft in first quarter. 4%-6% block hour growth planned for 1Q. Expect peak utilization to be 12-13 hrs.
- Ended 4Q with $290M in liquidity. Net debt decreasing as earnings increase.

4Q Snapshot (as compared to 4Q 2019)

Capacity	Revenues	TRASM	CASM-ex	Fuel
4.1%	*38.6%*	*23.6%*	*9.2%*	*69.9%*

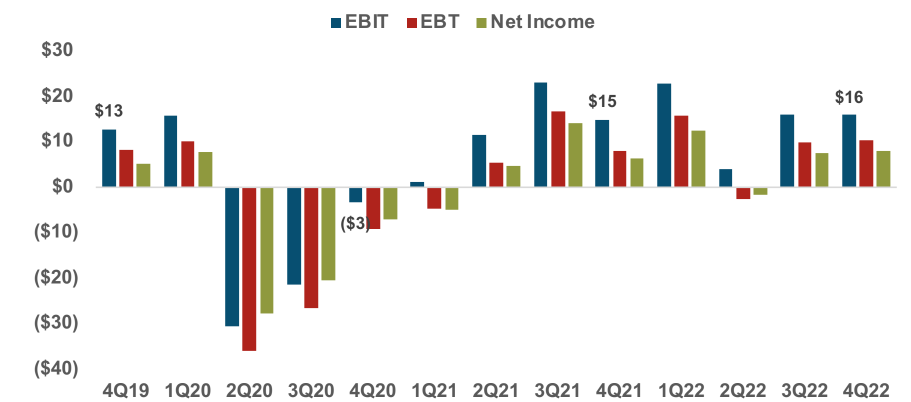
SNCY Stats	4Q22	4Q21	4Q19	y/y	y/3y
Revenues	$227M	$173M	$164M	31.6%	38.6%
Adj Operating Income (EBIT)	$16M	$15M	$13M	7.4%	25.6%
Adj Operating Margin	7.0%	8.6%	7.7%		
Adj Pretax Income	$10M	$8M	$8M	28.8%	26.0%
Adj Net Income	$8M	$6M	$5M	27.4%	57.4%
Adj EPS	$0.13	$0.10	$0.12	30.0%	10.0%
Scheduled Capacity (ASMs)	1.35 billion	1.19 billion	1.30 billion	13.6%	4.1%
Yield	17.49¢	16.10¢	15.53¢	8.6%	12.7%
TRASM	12.23¢	10.23¢	9.89¢	19.6%	23.6%
CASM	12.79¢	11.09¢	9.13¢	15.3%	40.1%
CASM-ex	7.44¢	6.91¢	6.82¢	7.7%	9.2%
Fuel (econ)	$3.58	$2.49	$2.11	43.8%	69.9%

Sun Country Fleet – 4Q22

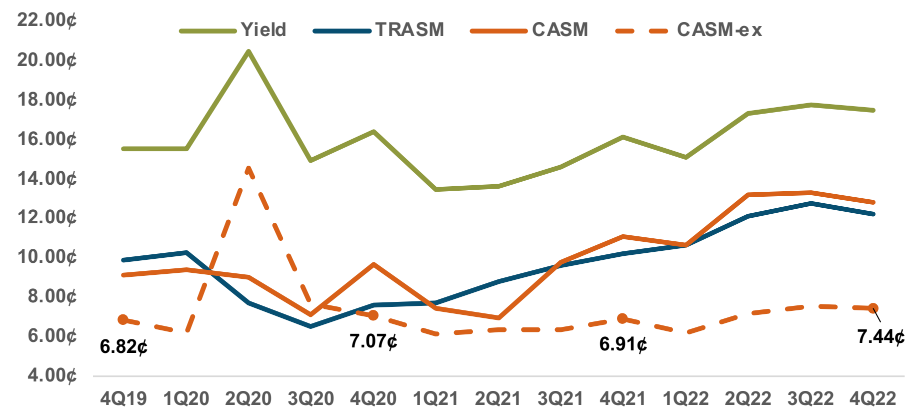


Sun Country

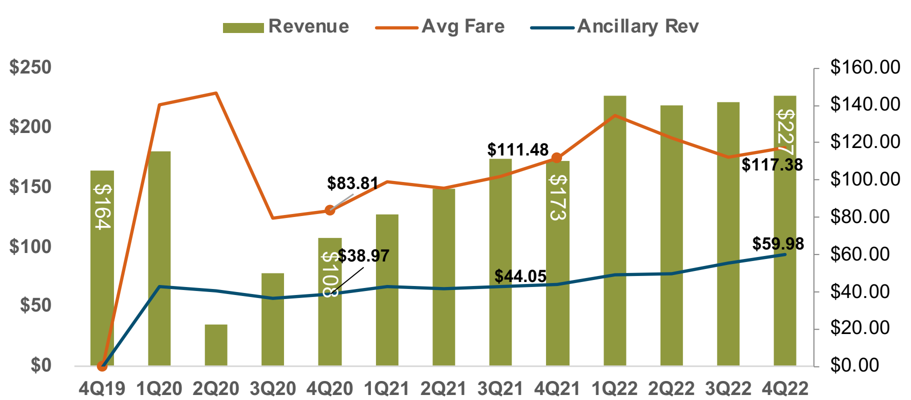
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



Yield, RASM, and CASM



Quarterly Revenue, Average Fare, and Non-Ticket Revenue



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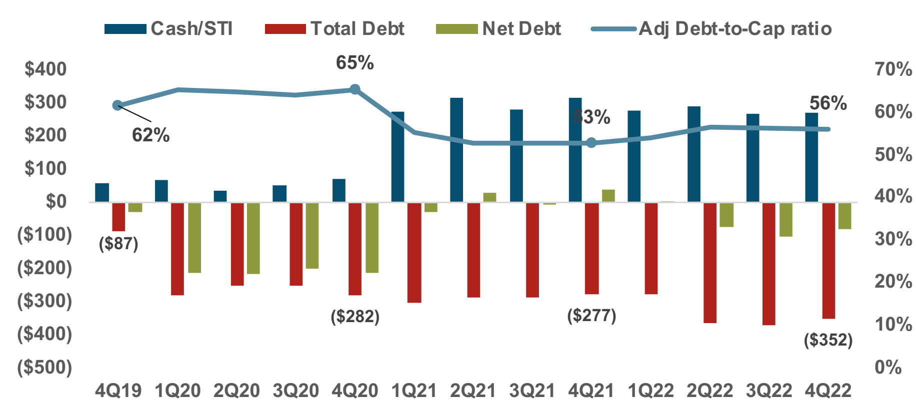
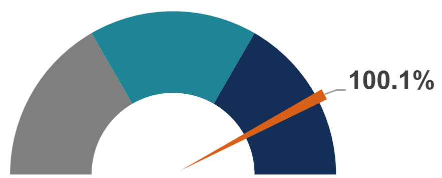
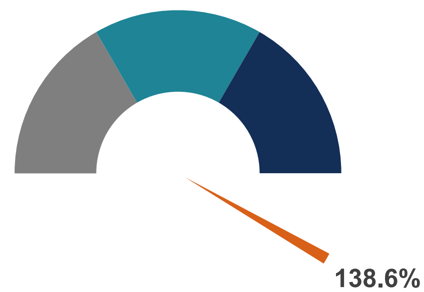


Recovery to Date

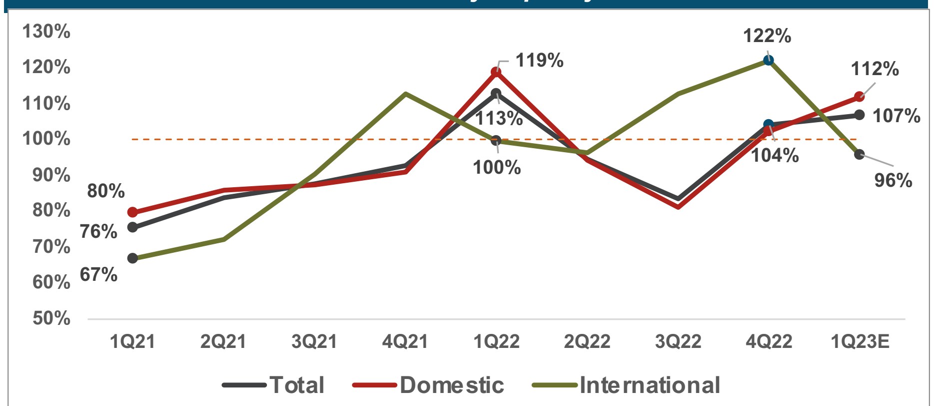
Capacity Restored vs. 2019



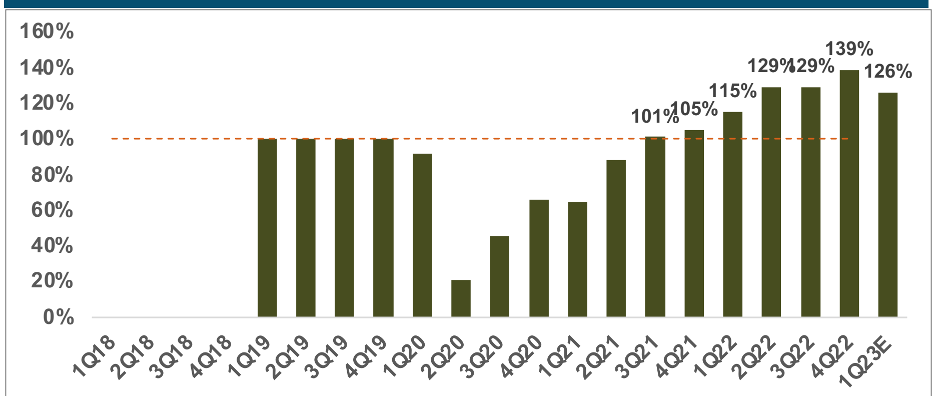
Revenue Restored vs 2019



Scheduled Quarterly Capacity vs. 2019



Quarterly Revenue vs. 2019



Sun Country

Analyst Commentary

- We think this company tends to fly under the radar, but its multi-segment business model is set to shine. This quarter was another beat of consensus and a raise to first quarter 2023 guidance.
- There are some key points to think about: A solid management team with a strong balance sheet. A growth plan designed to keep the company from getting too far ahead of itself. A unique operating model with three distinct business lines that continue to grow.
- Sun Country's business model limits investor risk as 30% of its revenue is on long term contracts that cover costs, including fuel. This limits the exposure to inflationary pressures.
- 2022 revenue was better than our forecast and the company projects a robust revenue outlook for 1Q 2023. We think Sun Country is well positioned to return to its historical margin levels (among the best in the industry) given its diversified business model. We are fans of carriers with diverse revenue streams as they tend to be more resilient during volatile fuel environments.
- Sun Country screens better than most of its peers on costs as they benefit from having an amended pilot contract from 2021. Pilot hiring headwinds appear to have abated, allowing the company to raise capacity and improve productivity.
- 1Q is always a seasonally strong one for the company, we expect industry leading margins.

Guidance	1Q23	FY 2023	Notes
Capacity (sys block)	Up 3.5% - 6.5%		Compared to 1Q22 (system block)
Total Revenue	Up 24% - 28%		Compared to 1Q22; $280m - $290m
Effective tax rate	23%		
Fuel	$3.58		
Adj Oper Margin	15% - 20%		Increase 5pp to 10pp over 1Q22

Sun Country launches large summer seasonal MSP expansion

Economic and Financial Analysis Committee

Industry Financials

4th Quarter and Full Year 2022

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February 2023

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