Economic and Financial Analysis Committee

Industry Financials

1st Quarter 2025

Industry Scorecard

1Q 2025 (with comparisons to 1Q 2024)

1Q25	Key Financial Metrics (non-GAAP) - 1Q25					Unit Level Metrics (non-GAAP) - 1Q25 (y/y change)				
Airline	Operating Revenue ($ mil)	Operating Profit (Loss) ($ mil)	Operating Margin	Net Profit (Loss) ($ mil)	Net Margin	Revenue Passenger Miles	Available Seat Miles	(T)RASM[1]	CASM-ex[2]	Fuel ($/gal)[3]
United	13,213	500	3.8%	302	2.3%	3.6%	4.9%	0.5%	0.3%	$2.53
Delta	12,978	590	4.5%	298	2.3%	2.7%	4.4%	(1.0%)	2.6%	$2.47
American	12,551	(200)	(1.6%)	(386)	(3.1%)	(1.9%)	(0.9%)	0.7%	7.8%	$2.48
Southwest	6,428	(128)	(2.0%)	(77)	(1.2%)	(7.4%)	(1.9%)	3.5%	4.6%	$2.49
Alaska	3,137	(104)	(3.3%)	(95)	(3.0%)	37.8%	38.0%	1.9%	2.5%	$2.61
jetBlue	2,140	(174)	(8.1%)	(209)	(9.8%)	(3.1%)	(4.3%)	1.3%	8.3%	$2.57
Frontier	912	(46)	(5.0%)	(43)	(4.7%)	8.5%	5.3%	0.1%	7.9%	$2.55
Allegiant[4]	668	62	9.3%	39	5.8%	10.0%	14.4%	(7.3%)	(9.0%)	$2.61
Sun Country[5]	327	60	18.3%	40	12.2%	1.9%	6.7%	(2.8%)	3.5%	$2.66
Total	52,354	560	1.1%	(131)	(0.3%)					

[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

A Strong Start Fades To A Poor Finish

First Quarter Synopsis

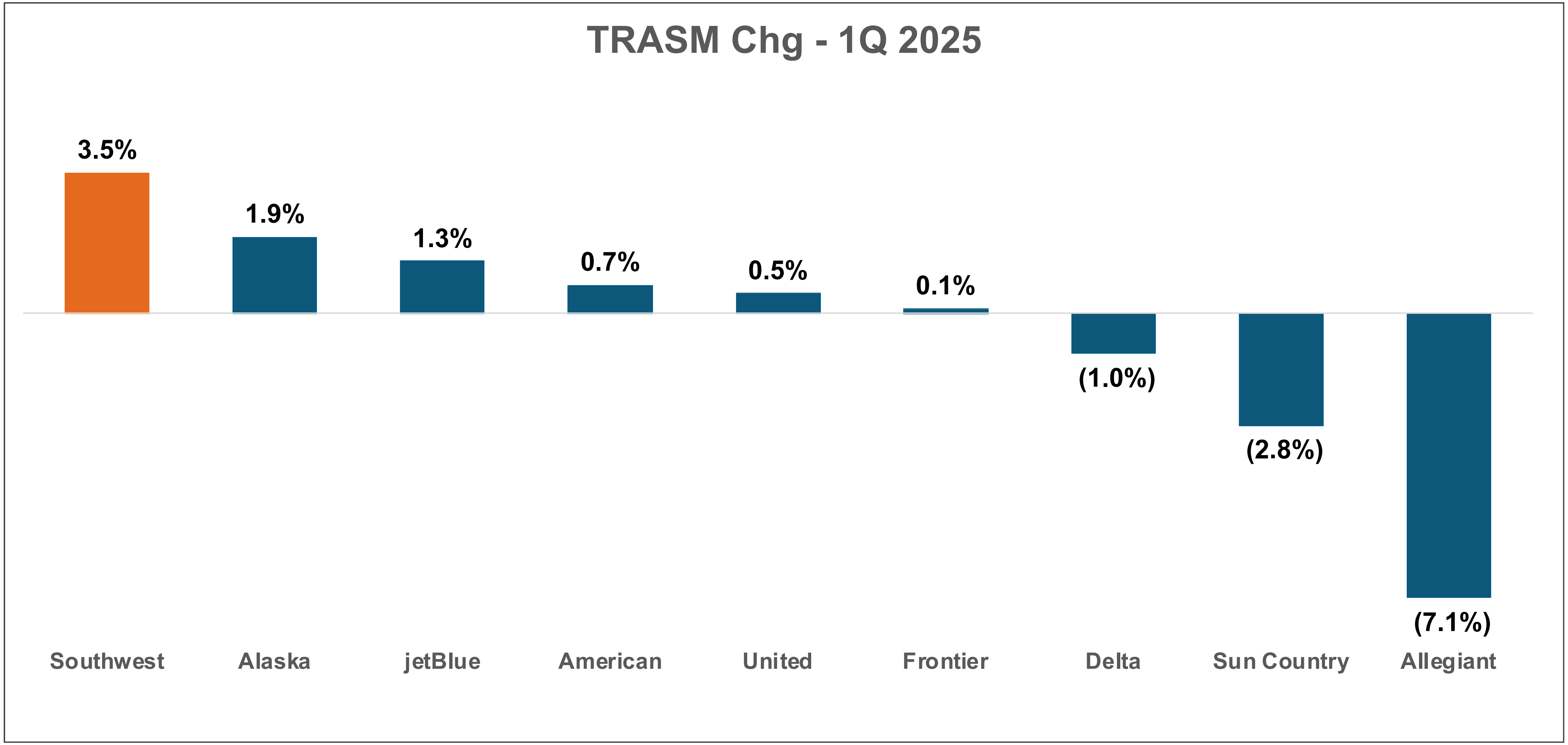
- **Delta** and **United** were the only two profitable large airlines as international continues to outperform. Domestic markets clearly weakened beginning in February. The demand picture flipped so quickly that airlines were unable to make revenue management adjustments or reduce cost profiles.
- Every airline, except **United,** withdrew financial guidance for the remainder of the year. **United** presented two scenarios, normal and recessionary, however both forecast profitability.
- International and premium cabin demand remain resilient, (international stronger than domestic). US coastal markets were highlighted as showing greater weakness than other regions. Corporate demand has stabilized at lower levels.
- Fuel prices moderated, masking the inflationary rise of non-fuel costs.

Second Quarter Forecast

- Most airlines are very conservative on the second quarter, with much uncertainty surrounding the macroeconomic environment. **American**, **Allegiant**, **Frontier and JetBlue** among others, guided down for the second quarter.
- Core leisure demand for the summer travel season appears to be relatively unchanged, but off-peak travel noticeably weaker. The price sensitive economy class segment is booking closer-in travel, making forecasting difficult.
- Most carriers are cutting capacity starting in August, with the exception of **United**, which plans 5%-8% domestic growth.
- Second quarter is traditionally strong, so with moderated capacity, deferred spending etc., this should help regain profitability.

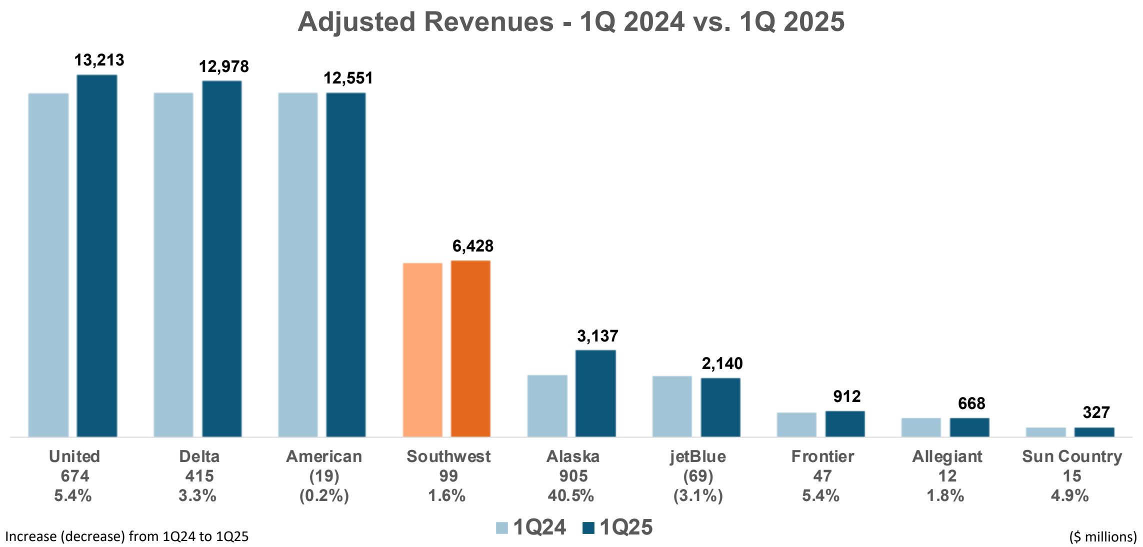
Last Year's RASM Gains Have Tempered

Off-peak discounting at end of 1Q25 translated to mixed RASM performance.

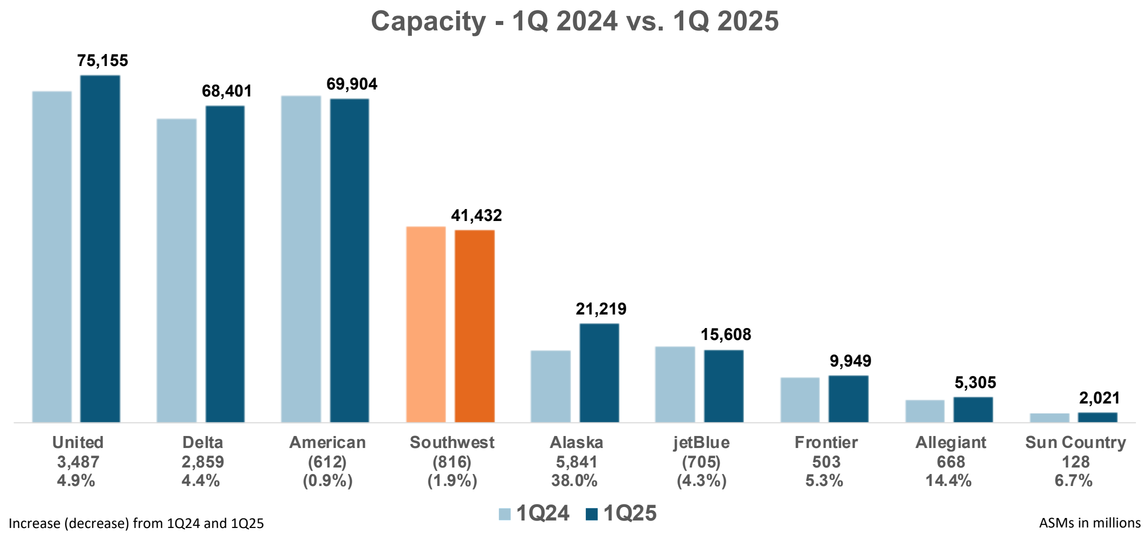


RASM Weak As Revenues Barely Kept Pace With Capacity

1Q25 revenues were up just 2.8%* over 1Q24 …



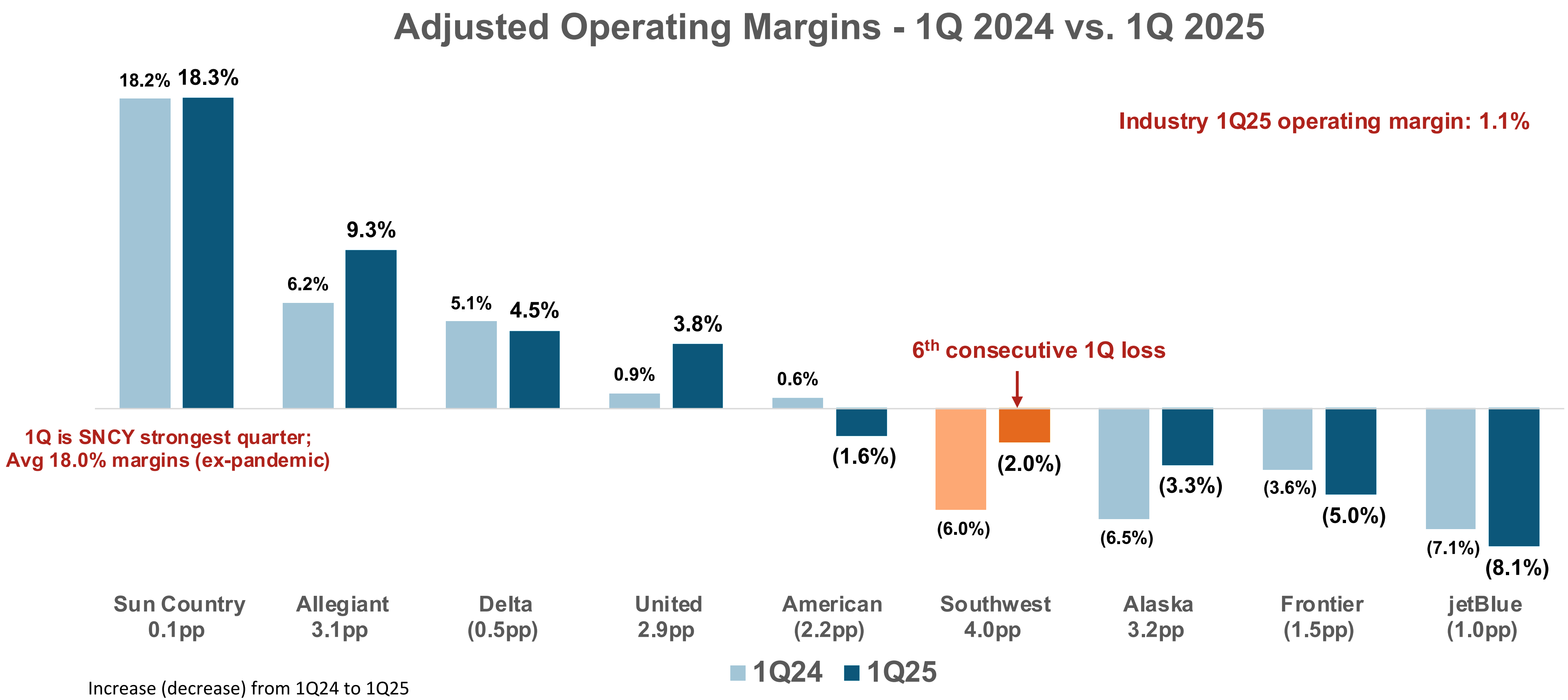
… yet capacity up only 2.1%.



* Note: Totals are ex-Spirit (no longer reports); ALK financials now include HA

Margins Softened Due To Weaker Pricing

Every carrier called out weaker demand/pricing beginning in February.



Increase (decrease) from 1Q24 to 1Q25

Airlines Pull FY25 Guidance

Carrier	Original Guide	New Guide
American	$1.70-$2.70 EPS	
Delta	> $7.35 EPS	"Solid"
United	$11.50-$13.50 EPS	Stable: $11.50-$13.50 Recession: $7.00-$9.00
Southwest	FY25 EBIT: $1.7B	EBIT from "initiatives": $1.8B
Alaska	$5.75+ EPS	"Solidly profitable"
JetBlue	Implied $(0.75)	
Frontier	At least $1.00 EPS	
Allegiant	$7.75 - $10.25 EPS	
Sun Country	None provided	

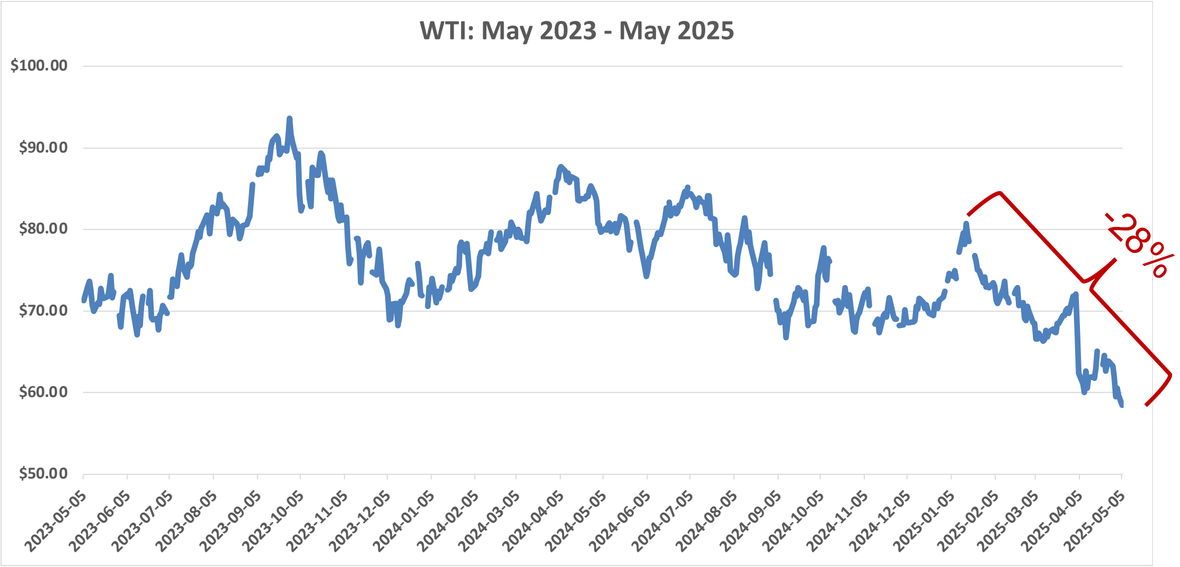
EPS – Earnings Per Share **EBIT –** Earnings Before Interest and Taxes

Sources: Raymond James, company reports

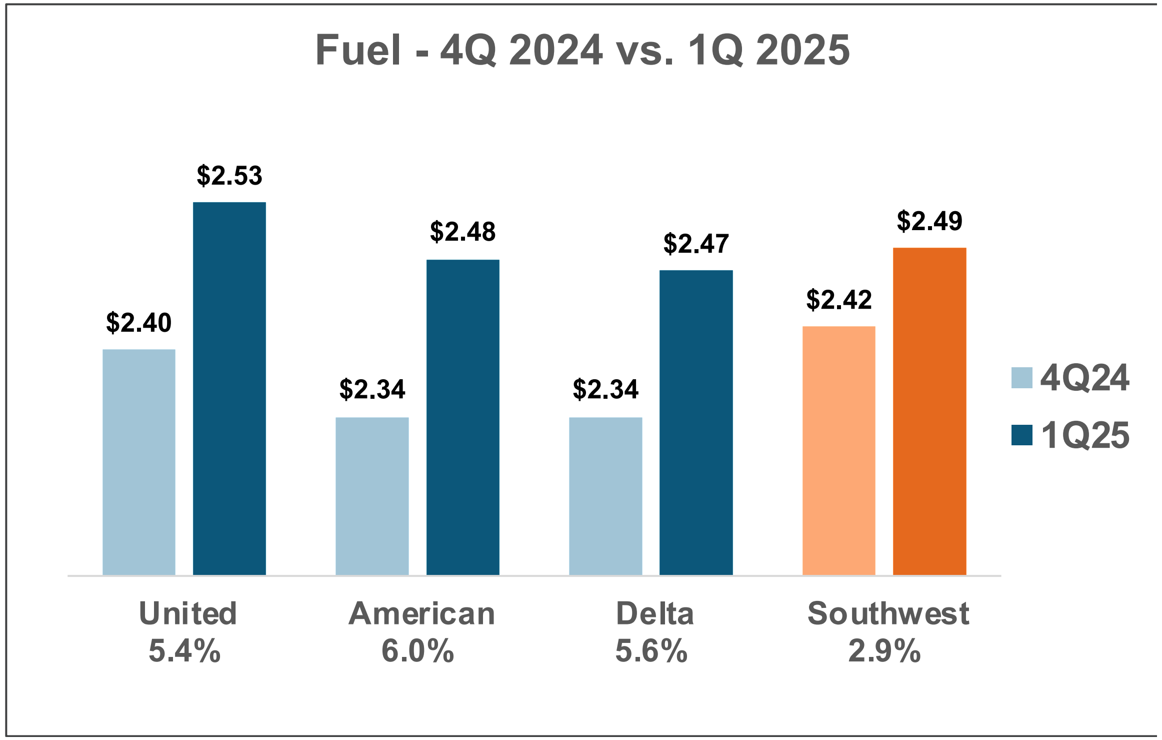
Oil Prices Are An Industry Tailwind

But declining oil is often a recessionary indicator.

WTI prices fall 28% since Jan 2025; lowest since March 2021.



Fuel up sequentially from 4Q – should fall back; SWA estimates $2.25 for 2Q25.

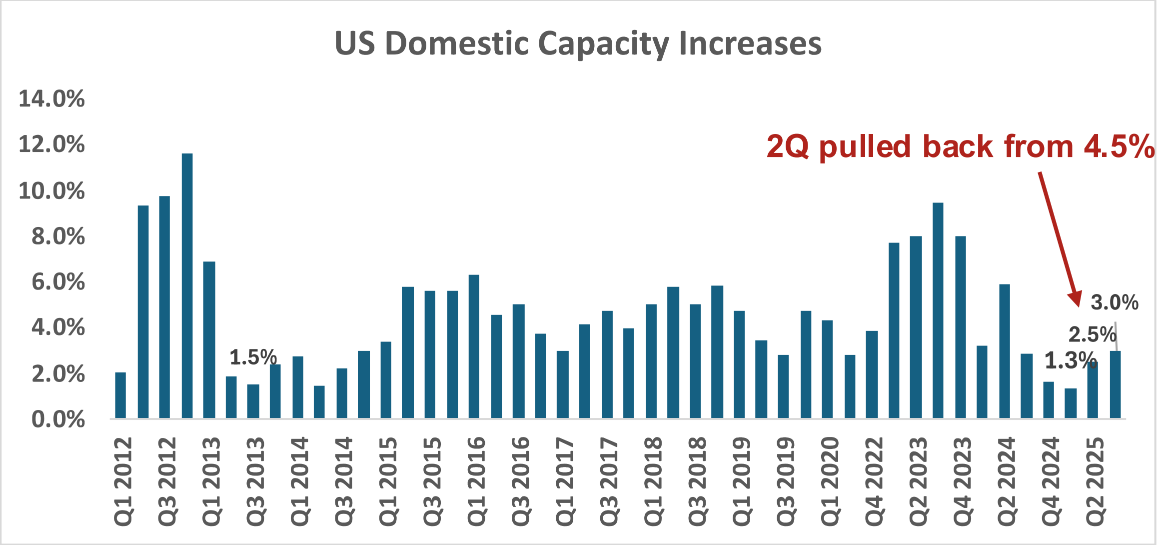


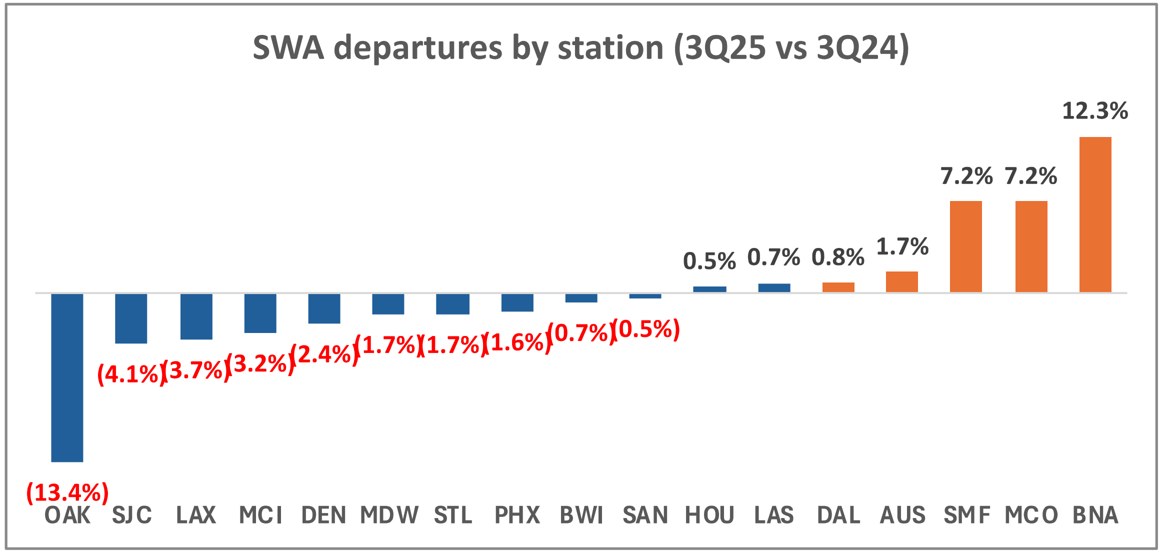
Industry Capacity Slows As Airline Face Uncertain Future

Summer growth cut in half as airlines cull unprofitable flying.

3Q growth currently at 3%, likely to fall. Lowest domestic capacity increases since 2012-13.

SWA flight activity will decrease 1.3% in 3Q25.



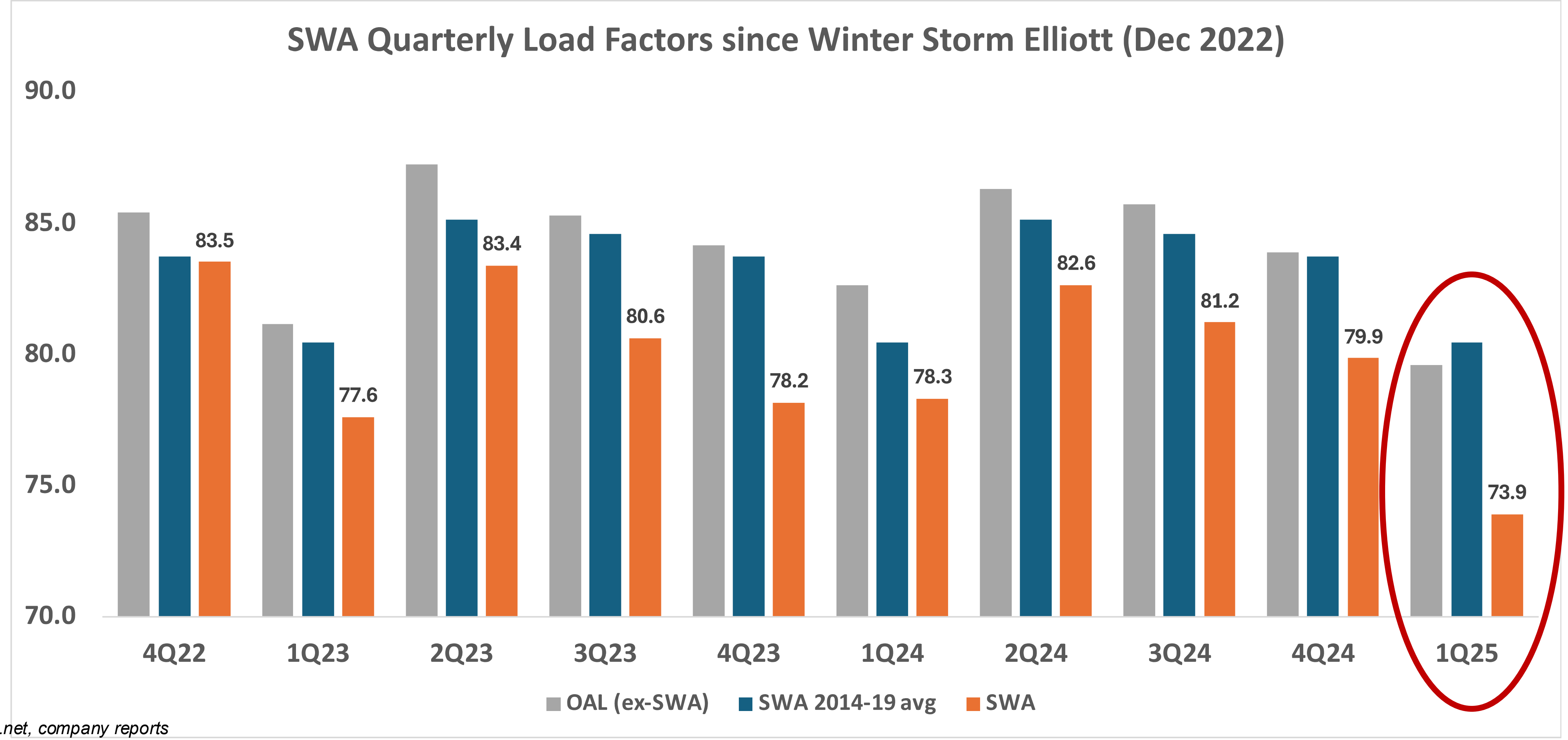


* Note: 2Q20 – 2Q22 removed as not meaningful

2Q: Big 3 +5.4%; SWA +1.6%; ULCCs cut 8.7%
3Q: Big 3 +6.4%, SWA +1.7%; ULCCs cut 10.3%

A Broken Record: SWA Load Factors Disappoint

SWA 1Q LF was lowest since 2009.



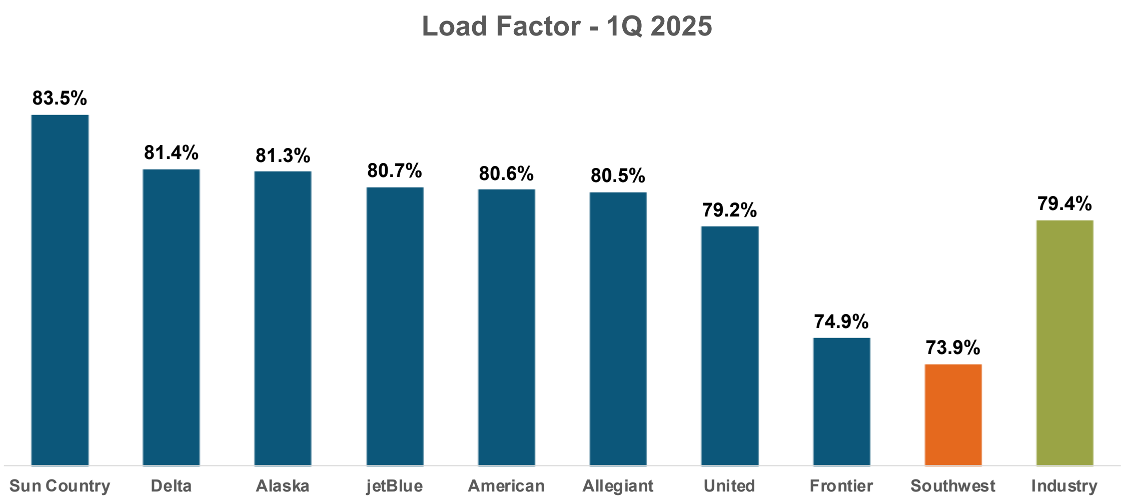
Sources: Diio.net, company reports

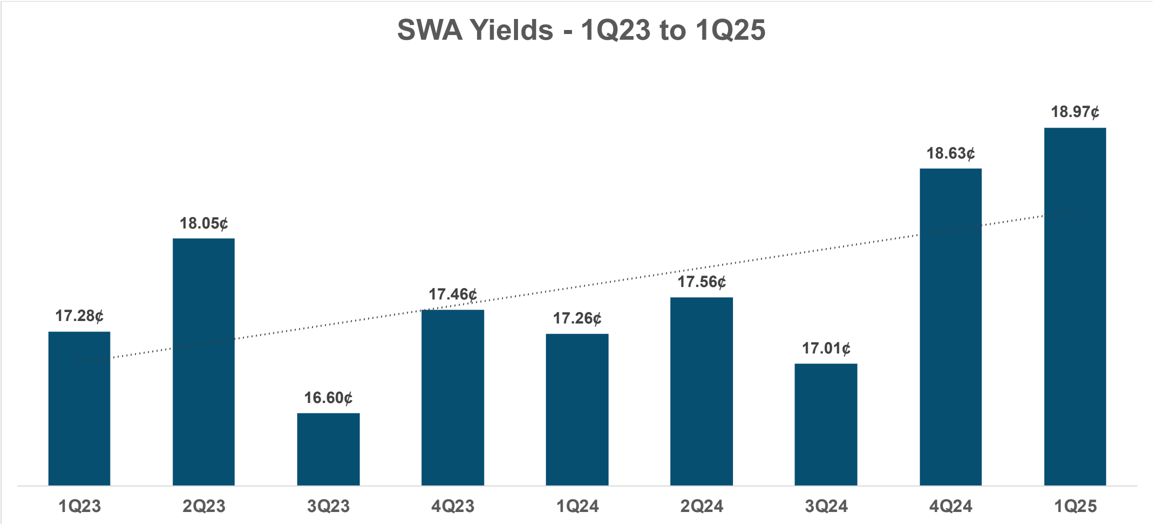
Silver Lining: SWA Poor LF Offset By Solid Yields

New revenue management system starting to pay off.

Load factor suffers from excess gauge and poor shoulder flight bookings.

Yields up 9.9% over 1Q24 offsets low LF.

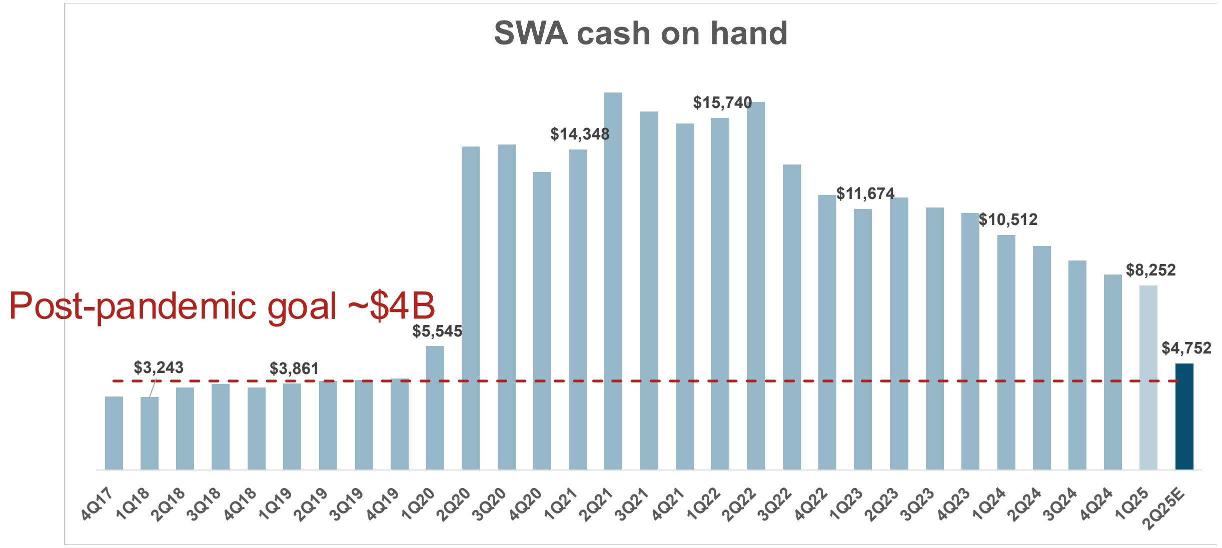




SWA Still Trending To Zero Net Cash

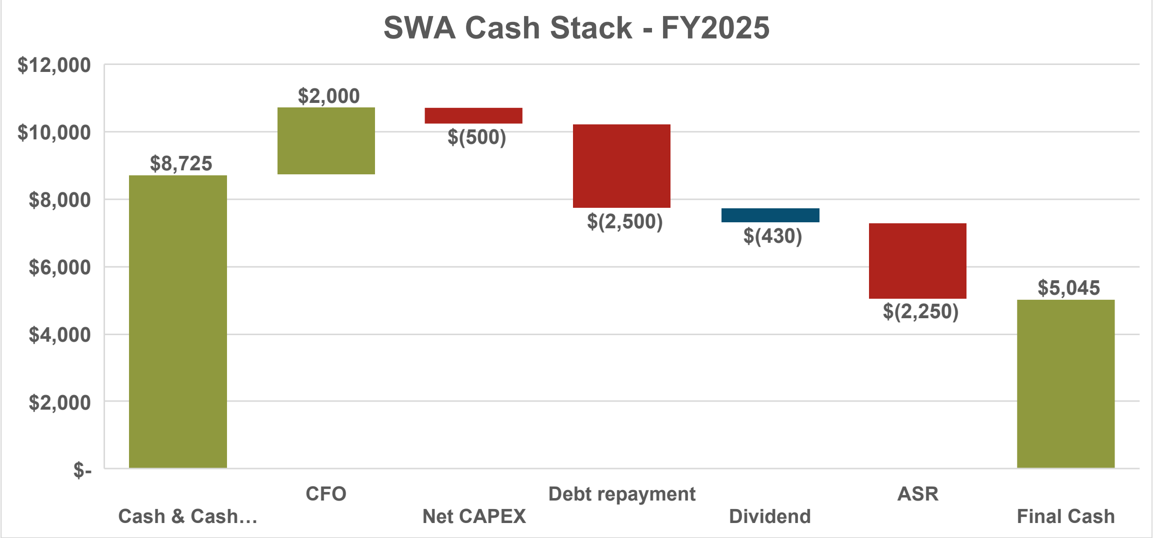
2025 is big debt paydown year; $2.25 billion ASR + $0.4 billion dividends also burn cash.

Cash on hand at half of pandemic high.



$2.5 billion in debt payments + $1.5 billion share buyback will take cash down to under $5 billion in 2Q.

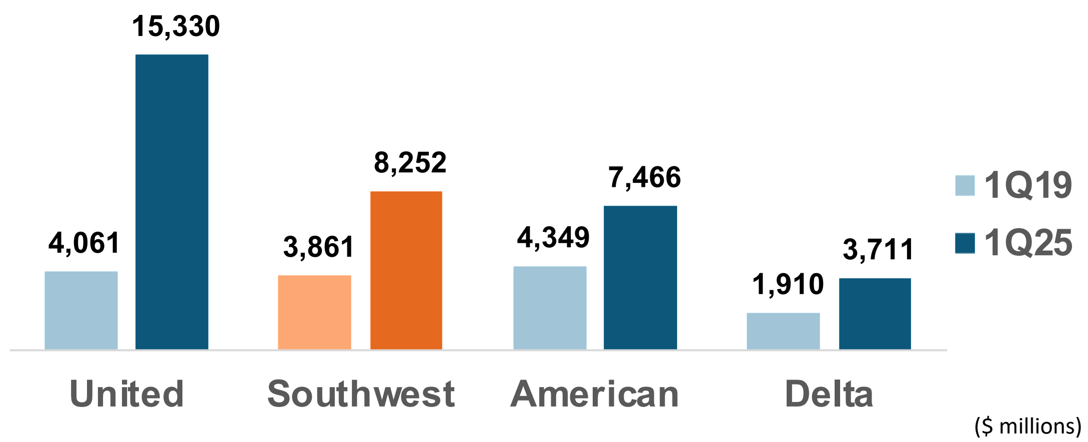
SWA cash will decrease with large ASR.



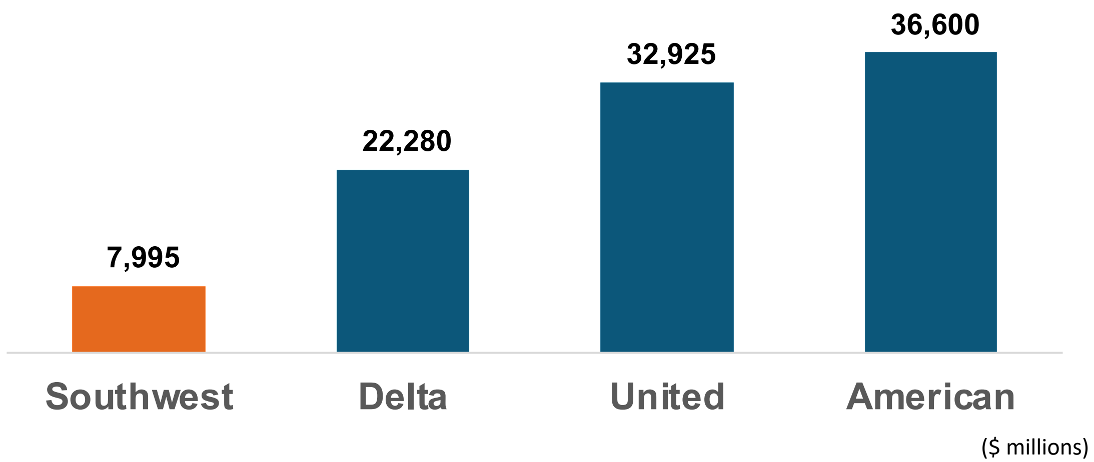
$2.25 billion ASR effectively buys back the May 2020 $2.3 billion stock issuance.

SWA's Balance Sheet Still Strongest Of Big 4

Cash and Short-Term Equivalents – 1Q19 vs. 1Q25

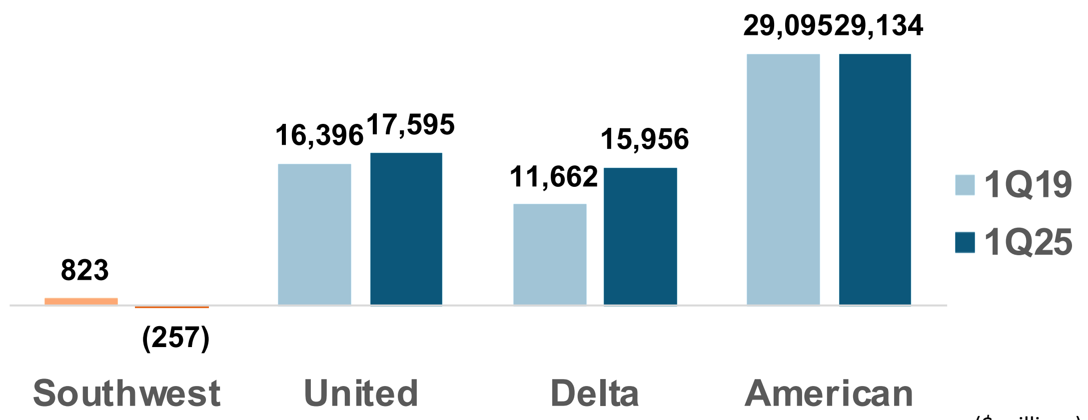


Total Adjusted Debt – 1Q25



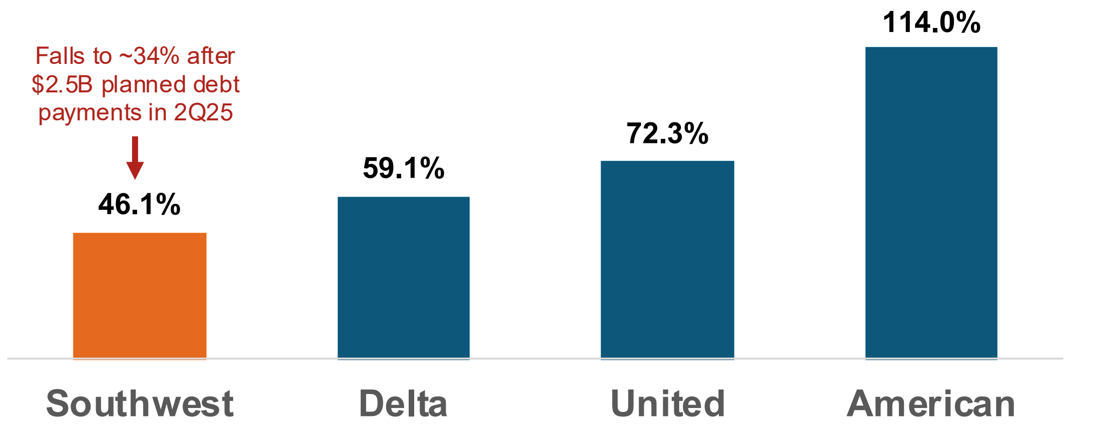
Adj Debt = Total debt + operating lease liabilities

Adjusted Net Debt – 1Q19 vs 1Q25



Adj Net Debt = Adj Debt less Cash/STI

Adjusted Debt-to-Capital Ratio – 1Q25



Hiring and Pilot Supply Notes

- **American** has paused hiring for now. Hired **569** pilots so far. May resume hiring in fall 2025.
- **Delta** has stopped interviewing and hiring. Will reevaluate in fall 2025. Hired **500** through April.
- **United** revised hiring down from **2,000** to **1,200-1,500** for the year. Hired **526** so far.
- **Alaska** not expected to hire until fall 2025 if at all.
- **Hawaiian** hired **48** pilots through April. Additional hiring will come from pool.
- **JetBlue** not hiring. **67** pilots accepted the VSP offer.
- **Southwest** hiring D225 only. Hired **14** D225 pilots in April.
- **Allegiant** has not hired through March. Possibly hiring for Boeing deliveries later this year.
- **Frontier** is only hiring pilots from its Cadet program. Hired **116** so far.
- **Spirit** not hiring.
- **Sun Country** hiring small numbers for new Amazon flying. Estimates **20-30.**
- **FedEx** not hiring. Still overstaffed by **300-500** by most estimates.
- **UPS** will hire **57** by end of May. Estimating **100-150** for 2025 to support new USPS contract.

- **Pilot Supply Notes**: Number of ATP certificates issued **25%** higher than pre-pandemic but **32% lower** year-over-year**.** Estimated deficit of roughly 1,100 pilots in 2026 considering planned retirements/forecasted block hours.

Global Network Carriers

American Airlines

DELTA

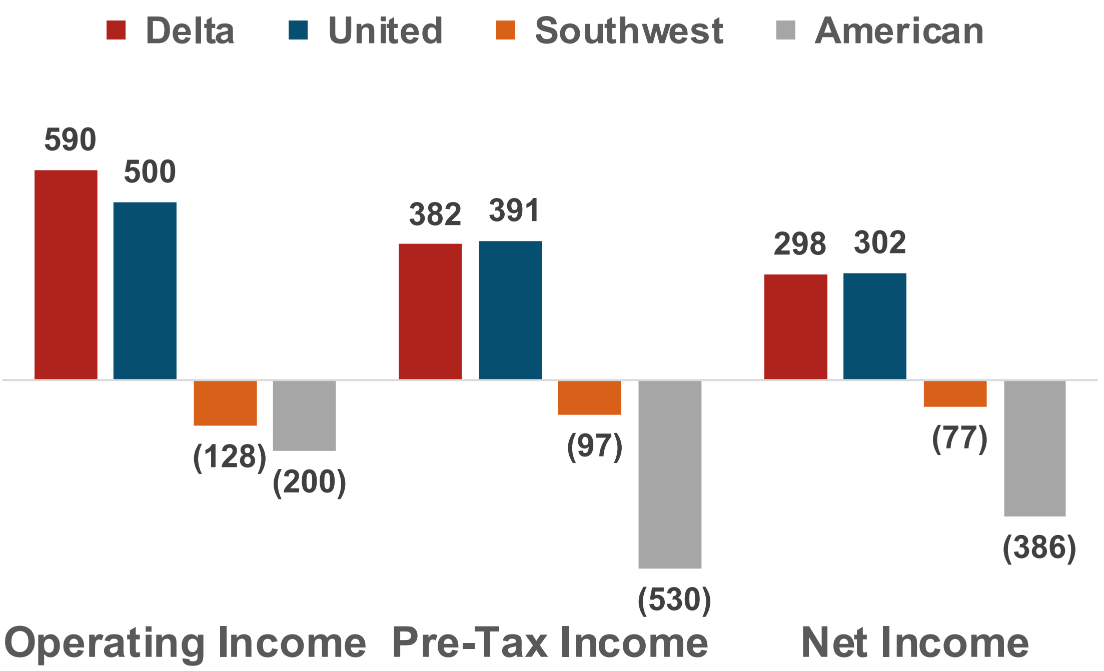
UNITED

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

Key Financial Results

Global Network Carriers (Legacies) vs. Southwest

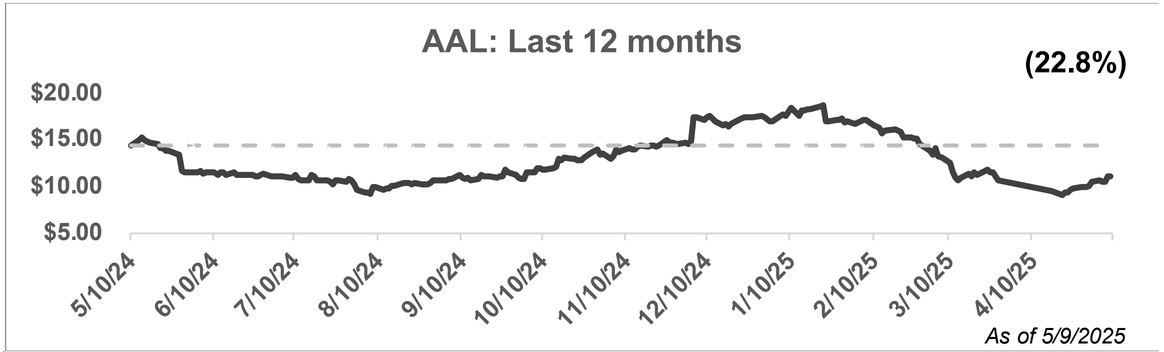
1st Quarter 2025

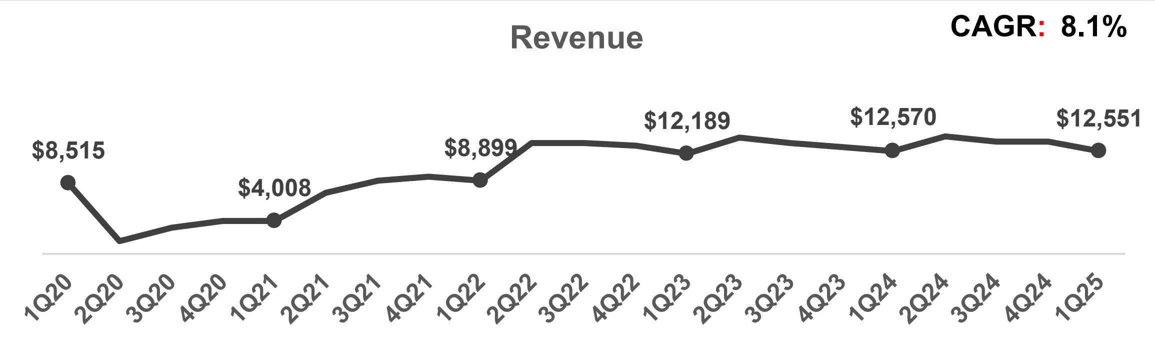


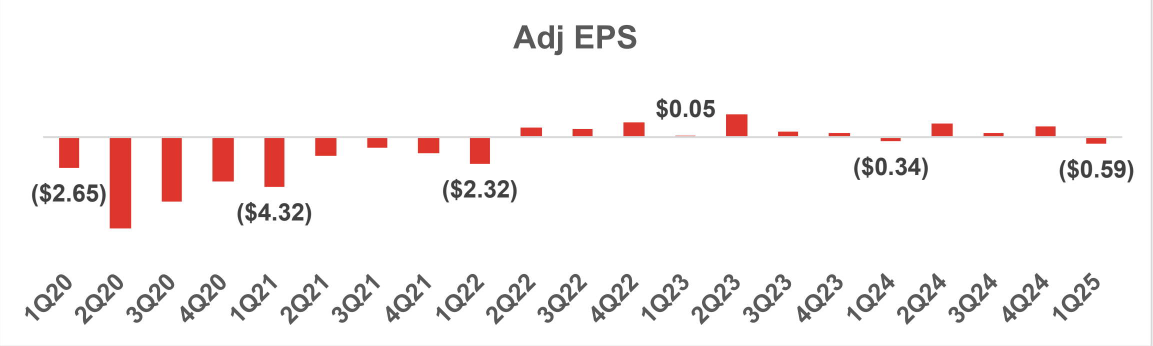
($ millions)

Non-GAAP – excludes special items

American Airlines







American

1Q25 adj. pretax income (loss): ($530 million)

Management Commentary

- *Given this macro environment, **we are withdrawing our full year outlook**. That said, if current demand trends continue, we expect to deliver a profitable year and produce positive free cash flow.*
- *We continue to see strong demand for international travel from the U.S. Domestic passenger traffic decelerated during the quarter and **we expect continued softness in the domestic main cabin in the second quarter.***
- *Long-haul international, premium bookings and corporate revenue through indirect channels are expected to offset discretionary domestic travel weakness.*
- *We are committed to reinvigorating the customer experience, with new Flagship lounges, free satellite internet starting January 1st and new Flagship seating on 787's and A321XLR's. Lie Flat and premium economy seats will increase 50% in the next five years.*
- *With labor cost certainty through 2027, have committed to achieve meaningful cost savings over the next three years. Productivity and asset utilization are improving.*
- ***Debt reduction has made our balance sheet the strongest it has been this decade**.*

Items of Interest

- Total revenue was higher y/y, driven by continued strength in international unit revenue, which was up 2.9% on capacity that was 1% lower.
- **The American Eagle crash in DCA reduced revenues an estimated $200 million.**
- Premium and loyalty revenues continue to grow, with premium increasing 3% YOY and loyalty up 5% YOY. **Premium cabin RASM outperformed Main cabin RASM by 4% in domestic and 8% international**. LF remains historically high in those categories and was up nearly 3%. **Managed business revenue is returning after the revamp and was up 8% YOY and the company expects to be at historical levels by year-end.**
- Cost savings of $750 million in the past two years and should increase as the airline becomes more efficient. Mainline headcount will remain flat.
- Ended quarter with over $10 billion in liquidity and $1.7 billion in FCF. Reduced total debt by $1.2 billion and plan to be under $35 billion at YE. Moderate CapEx spend.

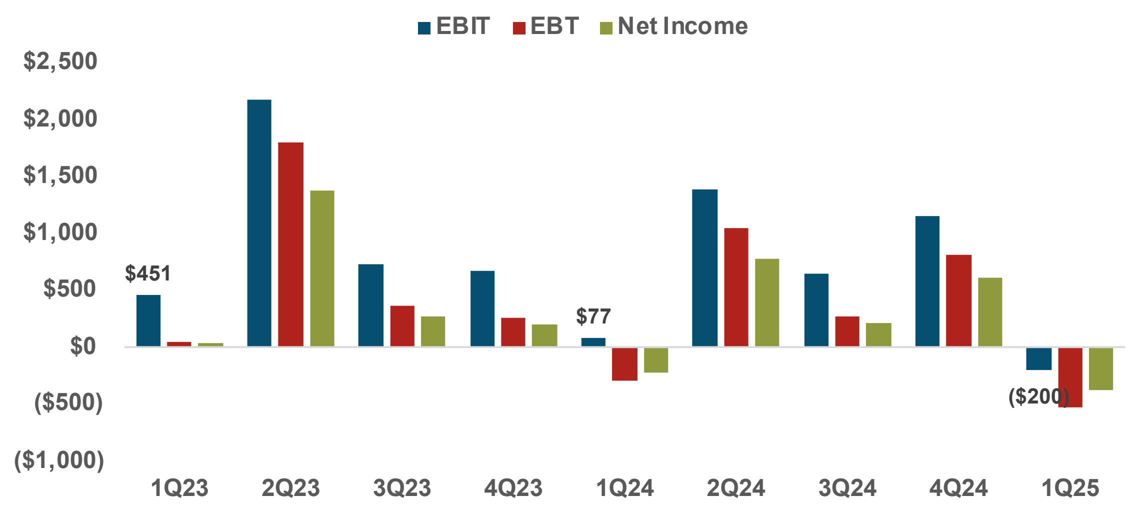
American	1Q25	1Q24	1Q19	YOY	y/6y
Revenues	$12,551M	$12,570M	$10,584M	(0.2%)	18.6%
Adj Operating Income (EBIT)	($200M)	$77M	$513M	n.m.	n.m.
Adj Operating Margin	(1.6%)	0.6%	4.8%		
Adj Pretax Income	($530M)	($297M)	$314M	n.m.	n.m.
Adj Net Income	($386M)	($226M)	$237M	n.m.	n.m.
Adj EPS	($0.59)	($0.34)	$0.52	n.m.	n.m.
Capacity (ASMs)	69.9 billion	70.5 billion	66.7 billion	(0.9%)	4.8%
Yield	20.21¢	19.94¢	17.62¢	1.4%	14.7%
TRASM	17.95¢	17.83¢	15.87¢	0.7%	13.1%
CASM	18.34¢	17.82¢	15.31¢	2.9%	19.8%
CASM-ex	14.54¢	13.49¢	11.88¢	7.8%	22.4%
Fuel (econ)	$2.48	$2.86	$2.04	(13.3%)	21.6%

- FY 2025
  - Withdrew FY2025 guidance due to uncertain environment.
  - Total CAPEX between $3 billion - $3.5 billion.
- 2Q25.
  - EPS: $0.50 - $1.00
  - Capacity: Up 2% - 4%.
  - Revenue: Down 2% to up 1%.
  - CASM-ex: Up 3% - 5%.

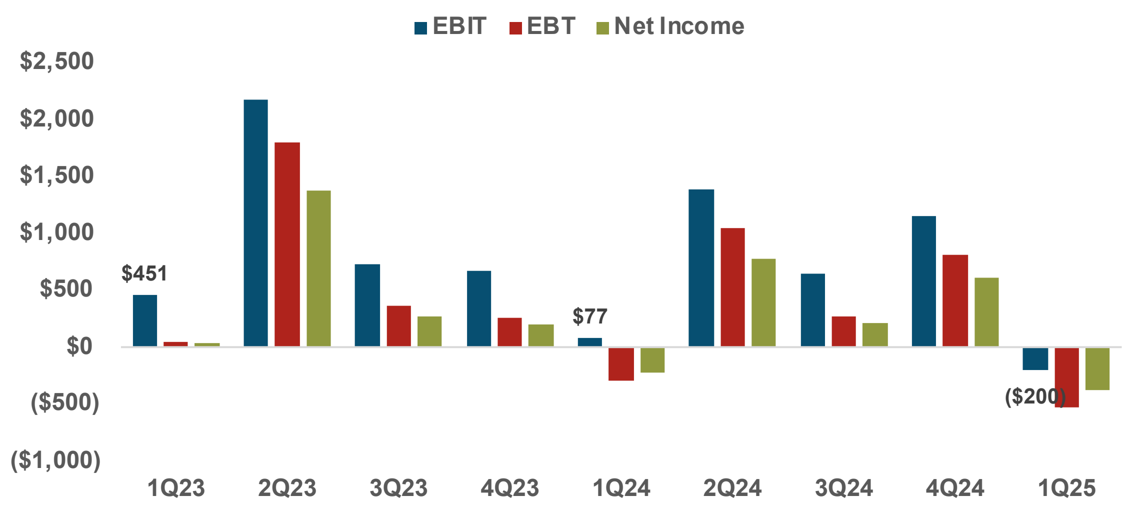
EFA takeaway: American is making good progress on restoring the balance sheet but still trails DL and UA in profitability. The lack of scale internationally continues to affect their results.

American – Financial Performance

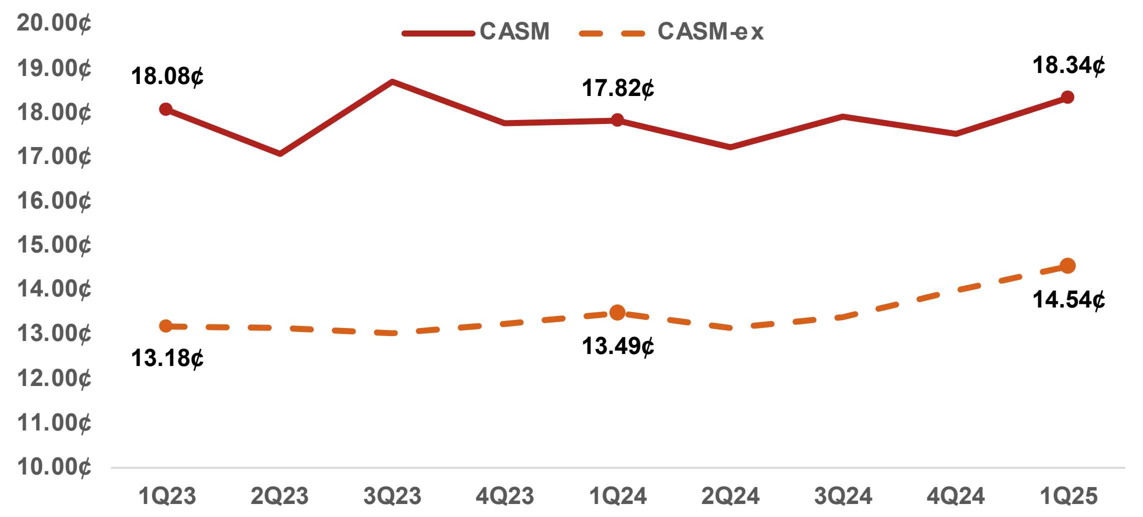
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



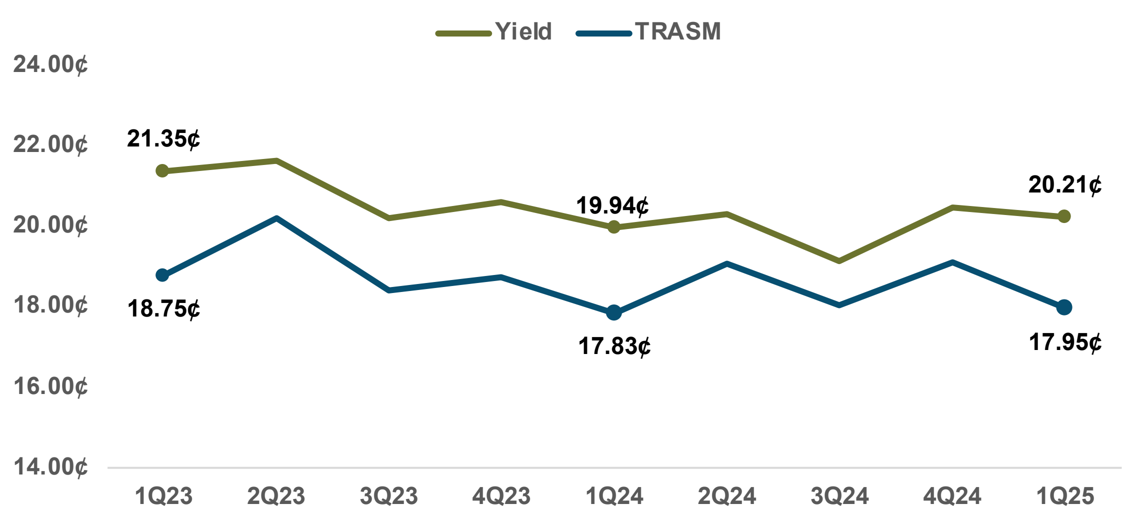
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM and CASM-ex

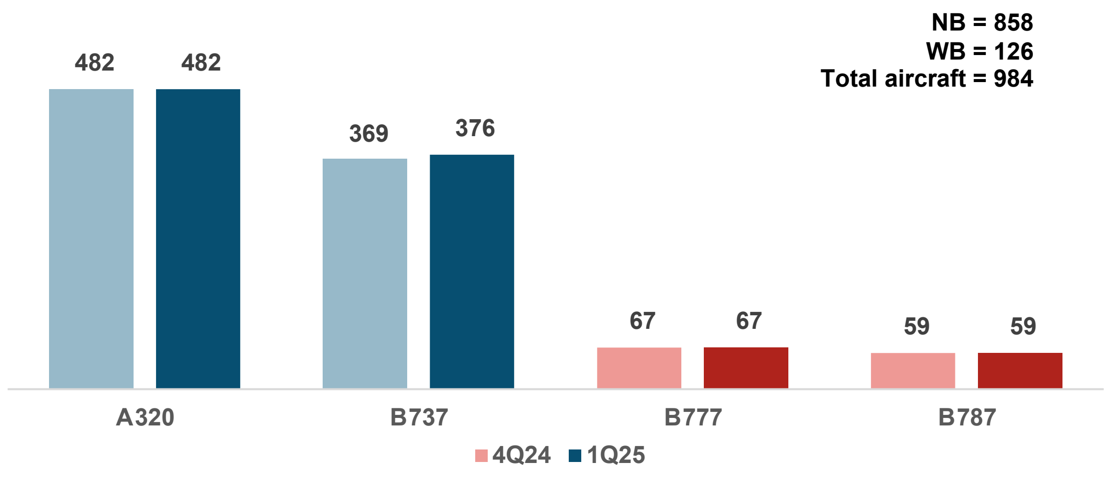


Yields and TRASM



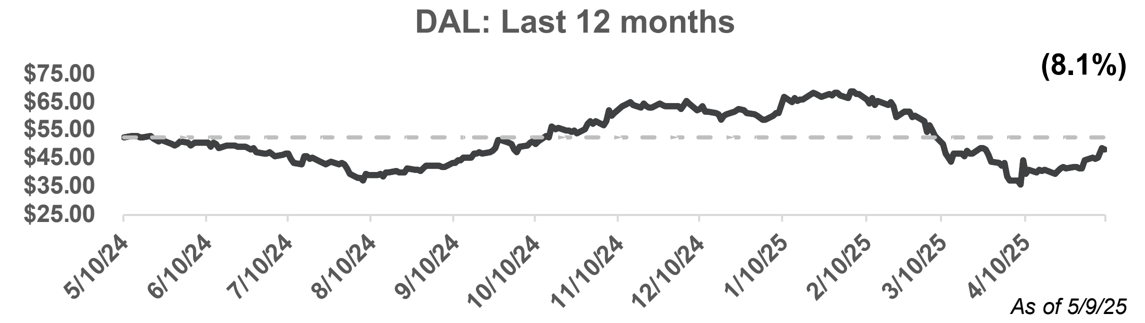
American – Network, Fleet, and Analyst Commentary

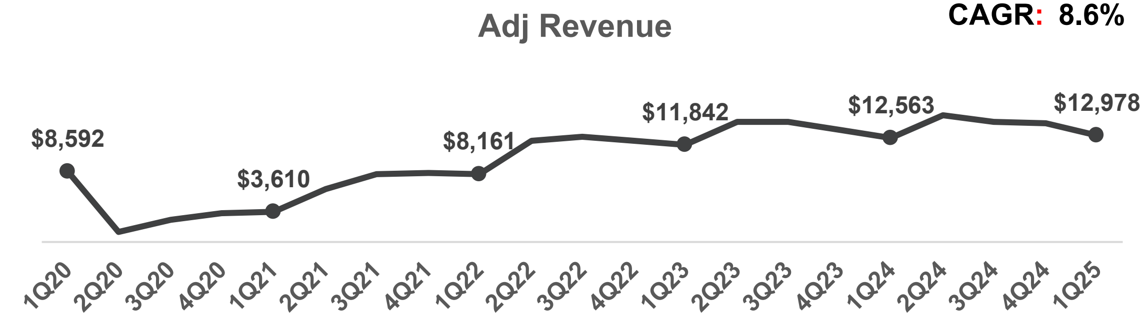
- **Planning to take delivery of 40-50 new aircraft in 2025**, a mix of B-737-8 MAX and B-787-9's. **The company is also expecting the first delivery of the A321XLR sometime in the next few months**. There are approximately 50 on order for delivery between 2025 and 2029.
- Expanding the Iberia codeshare to four other airports in Europe from the Madrid base. The agreement currently covers 65 airports. AA serves Madrid from five U.S. cities while Iberia serves four U.S. cities.
- Will add two daily roundtrip to Buenos Aires in December for a total of four daily from MIA.
- Adding additional nonstops to London from DFW as codeshare partner British Airways exits the market completely.
- Begins new service to Mexico next fall (Puerto Escondido) **for a total of 30 markets in Mexico served by American.**

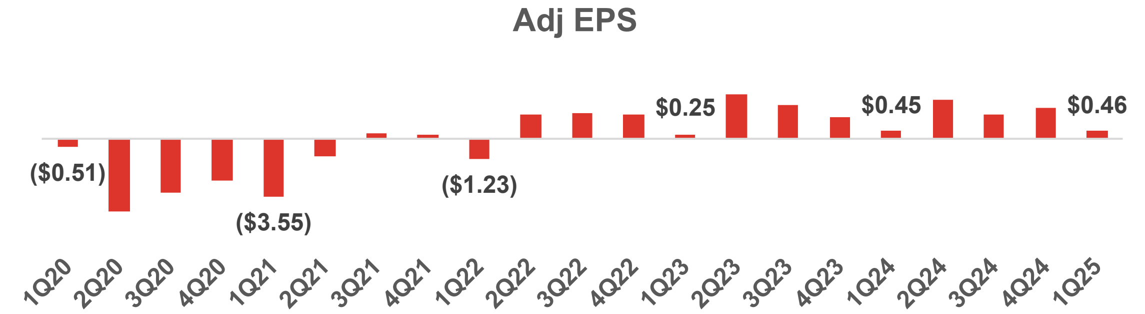


- *We continue to be impressed with American's ongoing progress to recapture its historical share of indirect revenue. What is challenging for us is to reconcile this improvement against relative margin performance that appears to be standing still.*
- *We think American's idiosyncratic issues stem from labor cost timing, their smaller share of international exposure and United's ongoing success at capturing market share at American's expense, particularly in Chicago.*
- ***We are bullish on American's forecast regarding the generation of free cash flow and continuing paydown of debt.***
- *We knew 1Q25 would be a potentially rough quarter, so we slashed our outlook accordingly. We do think management is making slow, albeit steady progress in recovering $1.5 billion in lost indirect corporate revenue, which suggests overall business revenue should continue to strengthen through year-end as long as the economy doesn't deteriorate further.*
- ***A 20% boost in premium seats through 2026 will help to boost premium revenue through 2026.***
- *We came away from the call encouraged about the setup as well as managements renewed focus on the customer experience and NPS scores. They were also more positive on corporate demand than other peers and noted that managed business revenue rose 8% YOY.*
- *We think the company's lower CAPEX needs relative to other competitors, line of sight on labor inflation through 2027 and tailwinds from its new credit card deal should all provide upside in the years ahead.*
- *Given the close-in nature of corporate bookings and the fragile state of demand, we are comfortable being at the lower end of our forecasts. We think the corporate share recapture efforts might actually be clouding the company's true visibility into close-in demand trends (i.e., trends appear better than they actually are).*
- ***The company is doing a good job managing costs to make the airline more efficient. It is on track to reduce total debt to lowest level since end of 2015.***
- *We still see profitability at AA despite today's weaker demand environment.*

Delta Air Lines







Delta

1Q25 adj. pretax income: $382 million

Management Commentary

- *February and March reflected a "very challenging macro environment". **Due to the ongoing uncertainty in the business environment, decided to withdraw full-year guidance.***
- *Consumers remain cautious and corporate trends are choppy with volumes flat to down compared to last year. Main Cabin demand softness increased, particularly in off-peak times. Corporate sales moderated, with only tech and banking sectors seeing strength.*
- *Will take action to protect margins and free cash flow, primarily the reduction of capacity in the second half beginning with the August schedule. Accelerating the retirement of aircraft is also a possibility.*
- ***As of today, demand for international and premium products remain healthy**. Cash sales for long-haul international remain very strong through Sept/Oct.*
- *To control costs and keep CASM-ex increase to low single digits, Delta will be eliminating highest-cost capacity, managing maintenance expenses and aligning labor hours to flight hours in airport operations.*

- Revenue higher year-over-year consistent with revised guidance. Premium seating, loyalty and international all increased from the previous year and is **approaching 60% of total revenue.**
- Premium revenue growth outpaced Main Cabin once again**, growing 7% YOY**. International grew mid-single digits, **with the Pacific region leading the way**, growing 16% y/y. **American Express renumeration $2 billion,** a 1Q record.
- Non-fuel costs increased nearly 3%, better than forecast, despite elevated winter storm costs. Adjusted fuel expense down slightly when including refinery contributions. Planning low single digit cost increases for remainder of year.
- Reduced adjusted net debt by over $1 billion. **Generated $1.3 billion in free cash flow** after paying $1.4 billion in profit sharing.
- Received credit rating upgrade from Moody's.

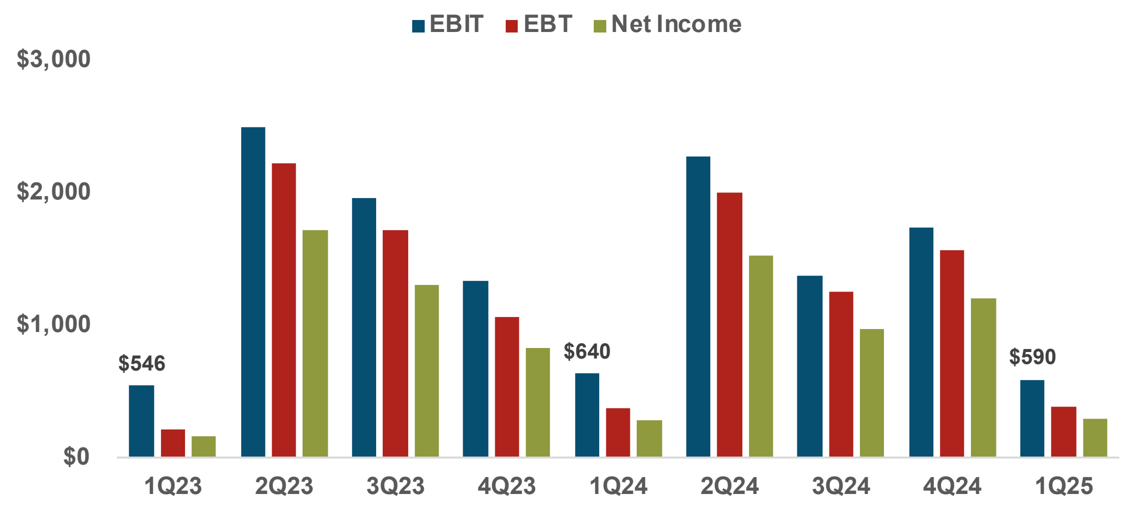
Delta	1Q25	1Q24	1Q19	YOY	y/6y
Adj Revenues	$12,978M	$12,563M	$10,424M	3.3%	24.5%
Adj Operating Income (EBIT)	$590M	$640M	$1,028M	(7.8%)	(42.6%)
Adj Operating Margin	4.5%	5.1%	9.9%		
Adj Pretax Income	$382M	$380M	$832M	0.5%	(54.1%)
Adj Net Income	$298M	$288M	$639M	3.5%	(53.4%)
Adj EPS	$0.46	$0.45	$0.96	2.2%	(52.1%)
Capacity (ASMs)	68.4 billion	65.5 billion	62.4 billion	4.4%	9.6%
Yield	20.62¢	20.53¢	17.93¢	0.4%	15.0%
TRASM	18.97¢	19.17¢	16.63¢	(1.0%)	14.1%
CASM	19.69¢	20.04¢	14.99¢	(1.7%)	31.4%
CASM-ex	14.44¢	14.08¢	11.49¢	2.6%	25.7%
Fuel (econ)	$2.47	$2.76	$2.05	(10.5%)	20.5%

- FY 2025
  - Withdrew FY2025 guidance due to uncertain environment
- 2Q25
  - Total Revenue: Down 2% to Up 2%
  - Operating Margin: 11% - 14%
  - EPS: $1.70 - $2.30

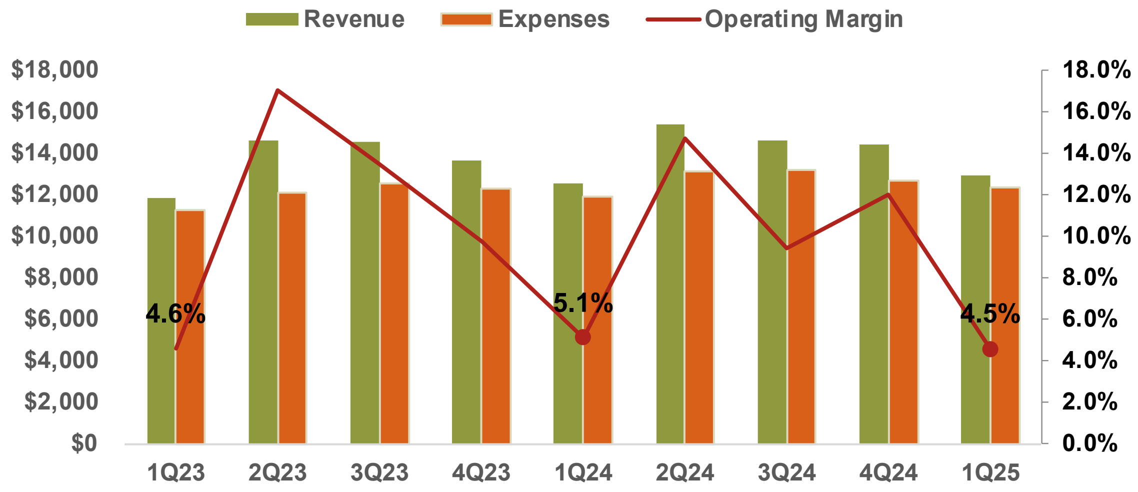
EFA takeaway: Delta is taking steps to manage through a possible recession and appears to be well-positioned to withstand an industry downturn.

Delta – Financial Performance

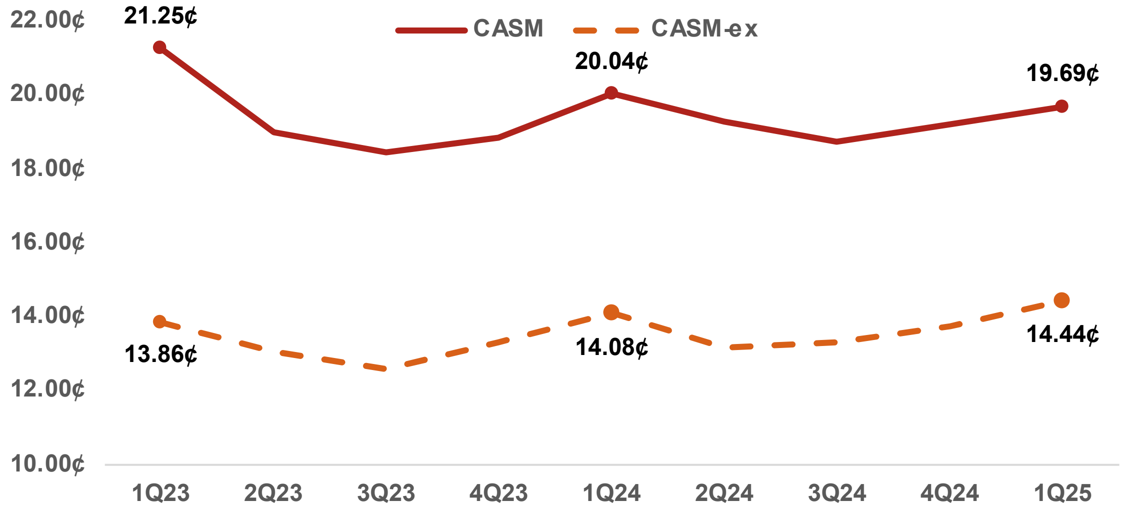
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



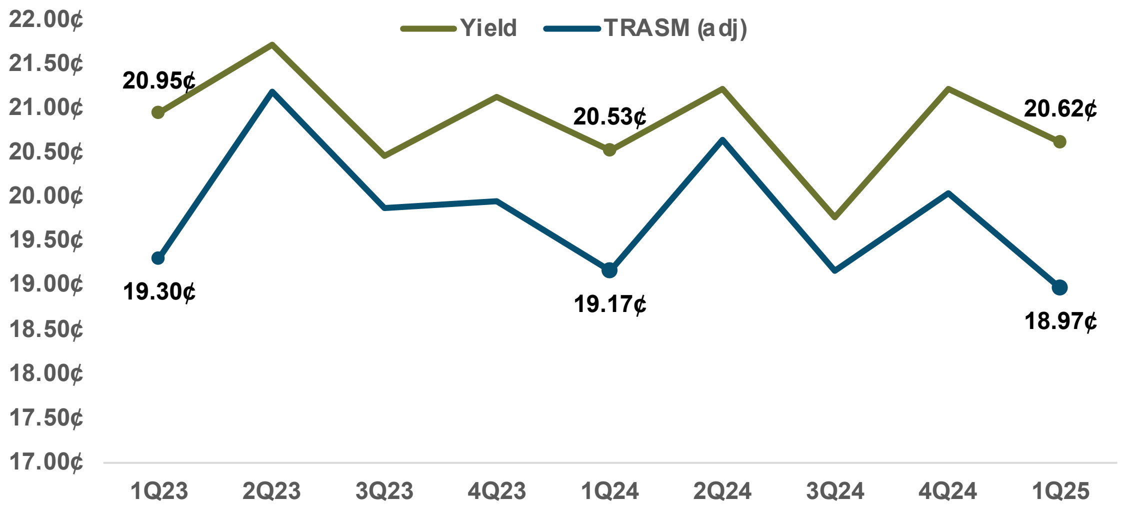
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM and CASM-ex

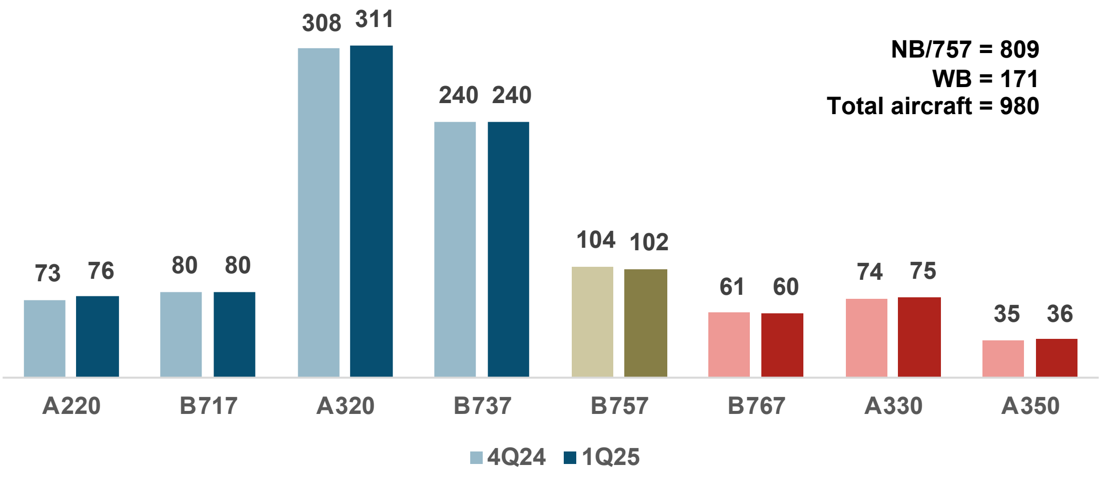


Yields and TRASM (adj)



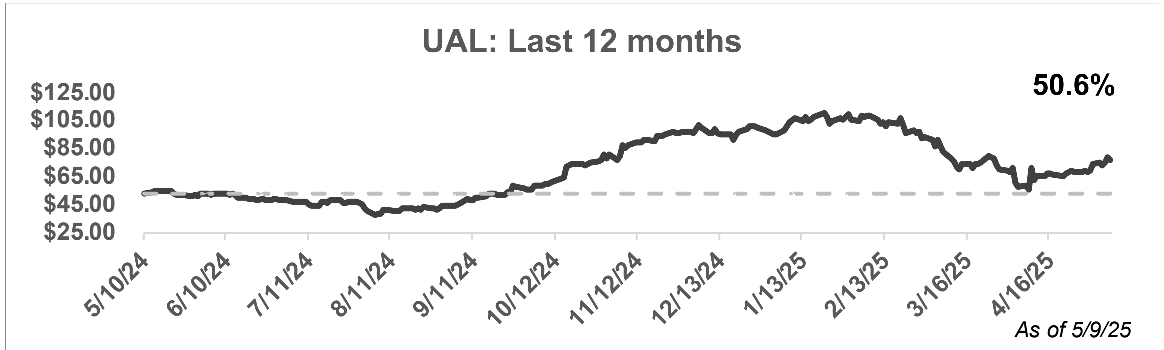
Delta – Network, Fleet, and Analyst Commentary

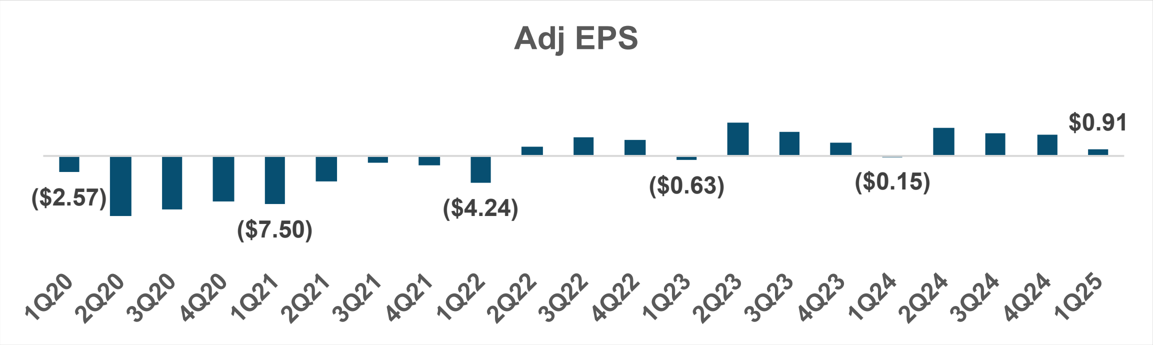
- Took delivery of nine aircraft in the quarter, including A321neo, A220, and A350's. **Expects to grow fleet by only 10 aircraft in 2025, net of 30 retirements.** Will not pay tariffs on any new Airbus aircraft.
- Led "network" airlines in on-time percentage and completion factor.
- Will serve Marrakech, Morocco starting in October. Resuming JFK to Tel Aviv.
- New service to CUN from AUS in December, the carriers first international service from that city.
- Introducing nonstop service LAX to Melbourne, Australia in December.



- *It would be easy to characterize Delta's second quarter guide as a disappointment, but frankly, we were prepared for something worse. We believe in the expectations of only a modest decline in earnings.*
- *We think the contraction in Main Cabin revenues and flat second quarter guide will read through worse for other airlines than Delta, which still has Premium, Loyalty and International, which are the best moats money can buy, in our view.*
- *Delta's plan to flatten 2H 2025 capacity growth as it moves to protect margins in a no-growth environment has been well-received by investors and the Street. We are impressed that low single digit costs (ex-fuel) are to be maintained despite low growth in the second half. We still see unique structural advantages at DL vs. peers.*
- ***Delta is best positioned to "weather the storm".*** *The company plans to lean into premium, international and loyalty which has shown great resiliency so far.*
- *Delta's strong financial/market position and structural advantages should allow the company to deliver solid profitability, and free cash flow in 2025. We think they will emerge from the earnings recession in a relatively stronger position.*
- ***The airline is in a good position to protect share from low-cost carriers who are likely to be competing over smaller amounts of spill traffic in the months ahead.*** *We anticipate aircraft retirements will focus on older aircraft with more economy seats.*
- *We see the volatility in the economy/macro as difficult to manage, therefore we are lowering our revenue estimate for 2025. Still, Delta management commentary was better than we expected. This could be the test the industry needs to prove the new structure of premium and international with cabin segmentation can mitigate economic weakness.*
- *Making capacity cuts several months in advance should allow the company to better align its cost structure as costs become more fixed closer-in. Lower oil prices are also a positive.*
- ***We continue to expect the company to see long-term tailwinds from its segmentation strategy*** *in addition to being better able to withstand a downturn due to its higher exposure to more durable revenue streams and balance sheet.*

United Airlines





United

1Q25 adj. pretax income: $391 million

- ***We are the brand loyal leader by a wide margin in six of our seven hubs*** *and tied with one other airline in LAX. This is a big competitive advantage.*
- *Our margins were materially improved year-over-year. Although domestic main cabin RASM's were down 5%, international and premium more than compensated during the quarter. Weakness was primarily in domestic flights prior to 7 am or after 8 pm, with a revenue shortfall of 40% vs. other flights.*
- ***We have seen no deterioration in customers willing to purchase a premium experience****, with international Polaris and Premium bookings very strong.*
- *With the adjustments we are making, we expect to be profitable even during a recession, which would be the first time in United's history.*
- *We expect meaningfully better CASM-ex for the full year than originally thought.*
- ***United will continue to invest in operational excellence****, with new lounges, Starlink Wifi, additions to our industry-leading App and investments in new aircraft.*

United	1Q25	1Q24	1Q19	YOY	y/6y
Revenues	$13,213M	$12,539M	$9,589M	5.4%	37.8%
Adj Operating Income (EBIT)	$500M	$112M	$513M	346.4%	(2.5%)
Adj Operating Margin	3.8%	0.9%	5.3%		
Adj Pretax Income	$391M	($79M)	$389M	n.m.	0.5%
Adj Net Income	$302M	($50M)	$309M	n.m.	(2.3%)
Adj EPS	$0.91	($0.15)	$1.15	n.m.	(20.9%)
Capacity (ASMs)	75.2 billion	71.7 billion	65.6 billion	4.9%	14.5%
Yield	19.93¢	19.70¢	16.43¢	1.2%	21.3%
TRASM	17.58¢	17.50¢	14.61¢	0.5%	20.3%
CASM	16.77¢	17.36¢	13.85¢	(3.4%)	21.1%
CASM-ex	13.17¢	13.13¢	10.65¢	0.3%	23.7%
Fuel (econ)	$2.53	$2.88	$2.05	(12.2%)	23.4%

- Total revenue were a quarterly record. **Premium cabin revenue rose 9.2%,** business revenue was up over 7% and Basic Economy revenue was up nearly 8%.
- Atlantic RASM up roughly 5%, Pacific was up 8.5% and other revenue streams such as cargo and loyalty both up nearly 10% y/y. Business revenue down 8% since 2019.
- Foreign point of sale from Europe and Canada are showing 6% and 9% declines going into second quarter but U.S point of sale to international destinations remains very strong. **Lowering domestic A/C utilization by 2% to reduce capacity**.
- CASM-ex up 0.3% YOY, consistent with forecasts. Favorable timing of maintenance events and aggressive cost management was highlighted. Fuel cost down 12%.
- **Generated $2.3 billion of free cash flow** and ended the quarter with over $18 billion in liquidity. Total debt and lease obligations of $28 billion at quarters end. Have repurchased $451 million of stock year-to-date.

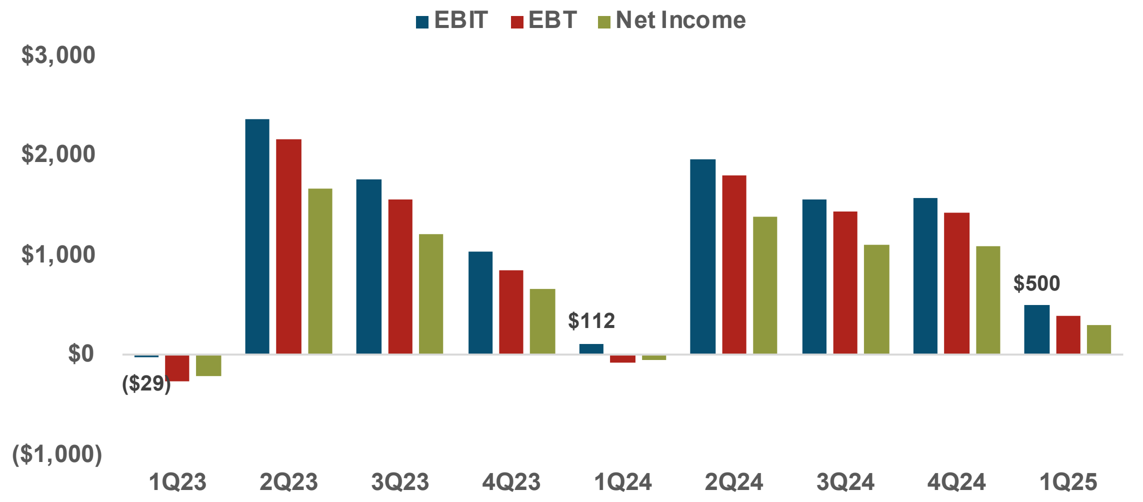
- FY 2025
  - Unusual 'two-scenario' FY25 guide
    - "Stable environment": EPS: $11.50-12.50
    - "Recessionary environment": EPS: $7.00 - $8.00 EPS; revenue down 5%
  - CAPEX: < $6.5 billion
- 2Q
  - Earnings per share: $3.25-$4.25

EFA takeaway: United's brand loyalty strategy is working well, with the company capitalizing on the continuing popularity of international travel.

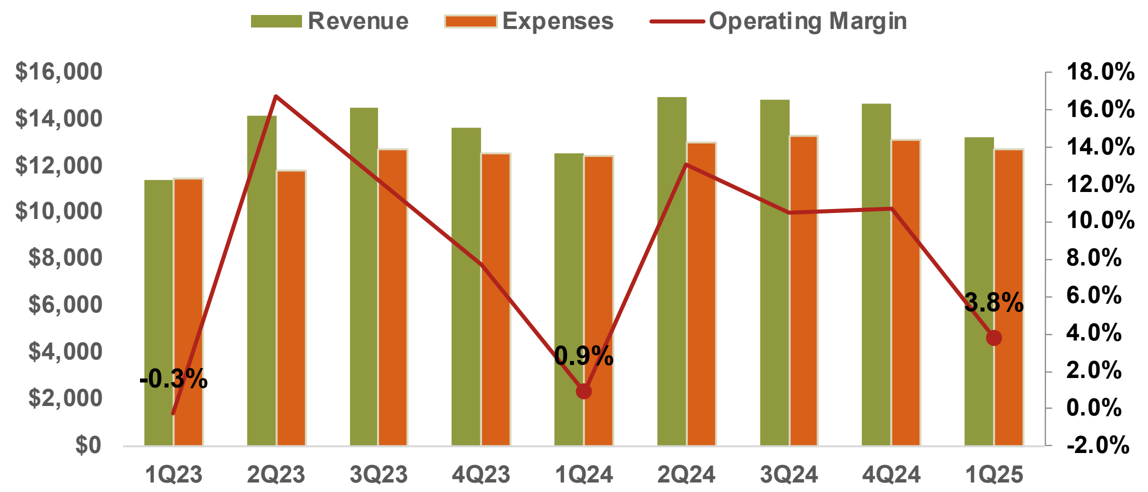
United – Financial Performance

UNITED

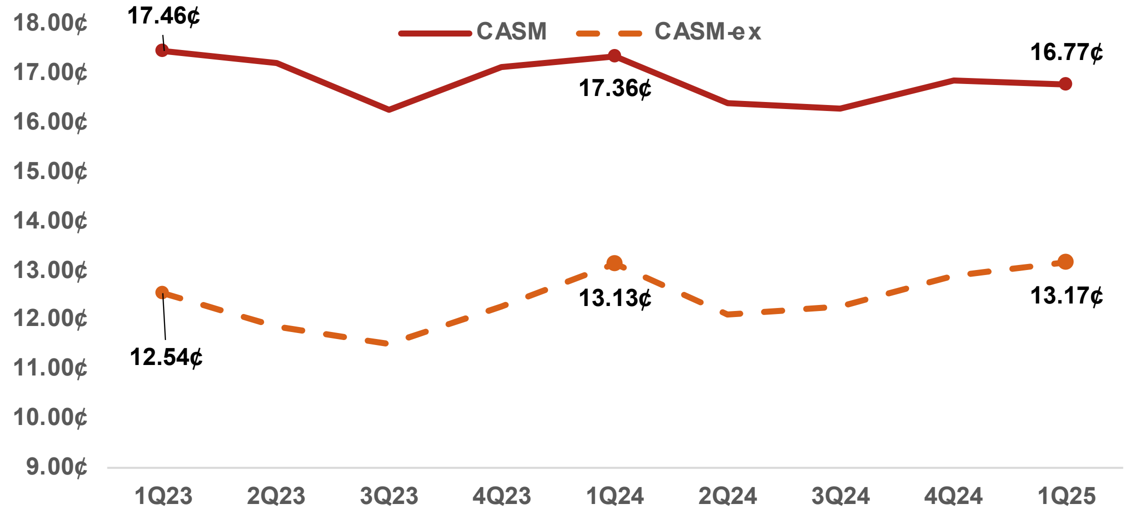
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



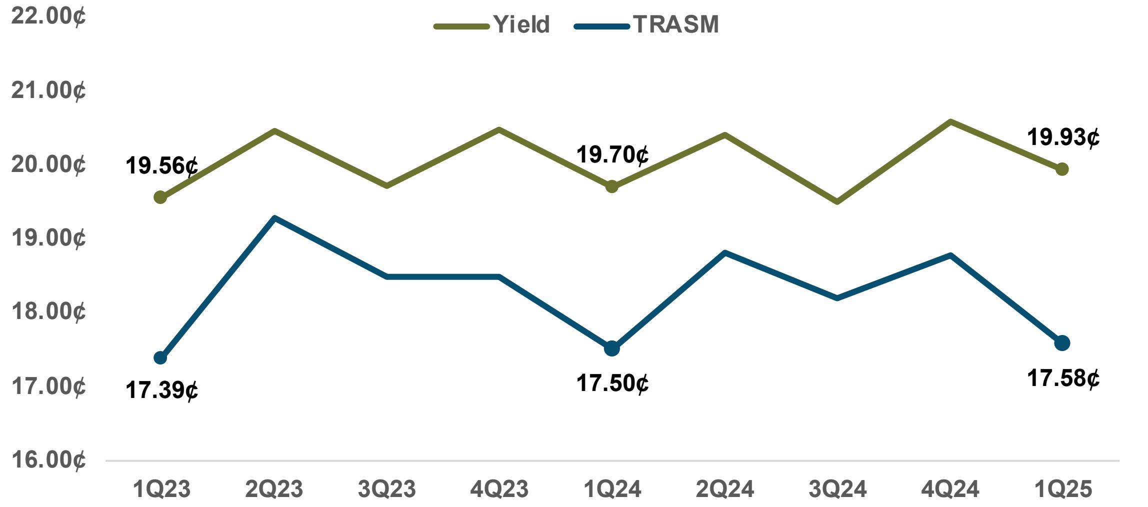
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM and CASM-ex



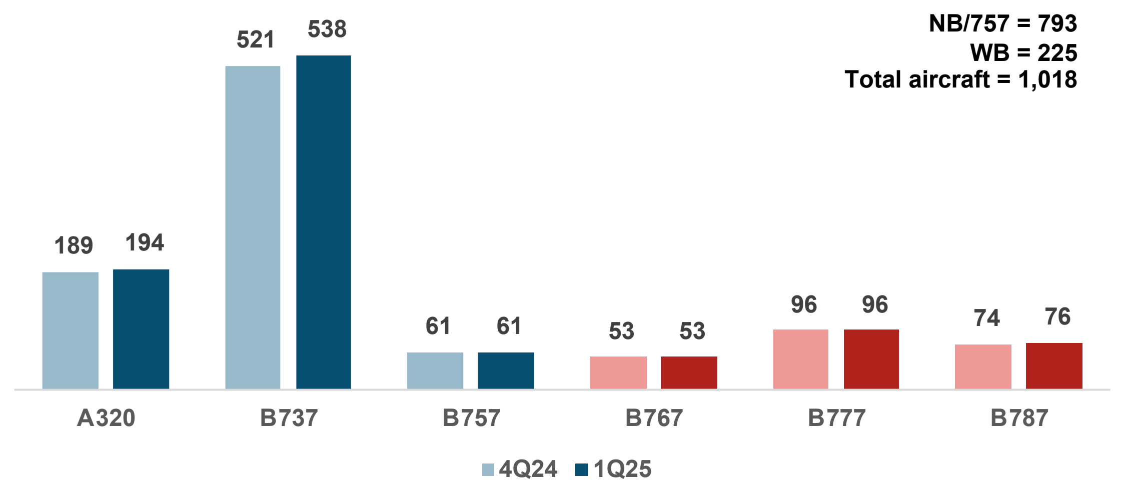
Yields and TRASM



SWAPA

United – Network, Fleet, and Analyst Commentary

- **Took delivery of 18 new aircraft in first quarter, crossing over the 1,000 aircraft mark for the mainline fleet**.
- Accelerating the retirement of 21 aircraft later this year, as less profitable flying is pulled down. B-757, B767 and B-777 are all candidates for disposal.
- Re-started service to Tel Aviv from Newark, with twice daily service.
- Launched Newark to Dominica, first nonstop flight from the New York area in Feb.
- **Will utilize "fifth freedom rights" to serve Bangkok and Ho Chi Minh City from Hong Kong starting in the fall.**
- Starting new service to Adelaide, Australia in December from San Francisco as well as adding a second daily nonstop to Manila.
- United's summer schedule will feature 800 daily departures to 147 countries, the largest international operation of any major airline.



- *United pulls back on the supply of utilization flying but when we read the tea leaves, the long-germ share gain thesis is still intact as they continue to win brand-loyal customers. United's outsized growth will continue to put significant pressure on weaker domestic spill competitors.*
- *Despite our concerns, United 1Q25 results came in above guidance. The performance speaks to management's quick actions on revenue and cost mitigation.*
- *United offered a two-scenario full year guide and they endorsed the potential for a profitable recession, an outcome that has never occurred in its post-deregulation history nor that of any full-service US airline. This squares in line with our analysis.*
- *We are encouraged by management's actions to reduce capacity and pull forward cost initiatives. We believe United's competitive positioning will only improve.*
- ***It is clear United's long-term plan remains on track, with material improvement in 1Q margins and further improvement expected if bookings remain stable from here.***
- *Stable booking trends in recent weeks and lower 2H25 capacity growth keeps our earnings guide in the prior range of $11.50-$13.50 per share, a strong outlook following months of increasing fundamental fears across the airline space.*
- *We remain concerned that United's outsized earnings exposure to long-haul international and premium demand combined with an aggressive growth/CAPEX plan and levered balance sheet exposes it to greater earnings risk if these segments falter.*
- ***For the primary customer profile that legacy carriers serve, United and Delta remain far ahead of the game in terms of product**. Notably, United made the case that they have won the battle for brand-loyal customers.*
- *We note the weaker revenue environment has been offset primarily by fuel, followed by cost management. Additionally, capacity/utilization trims will help United save on maintenance expenses.*
- *International is the primary driving force at United, even outperforming Polaris and Premium Plus. Domestic was down 5% YOY, which explains the revenue shortfall.*

Hybrid/Low-Cost Carriers

Alaska

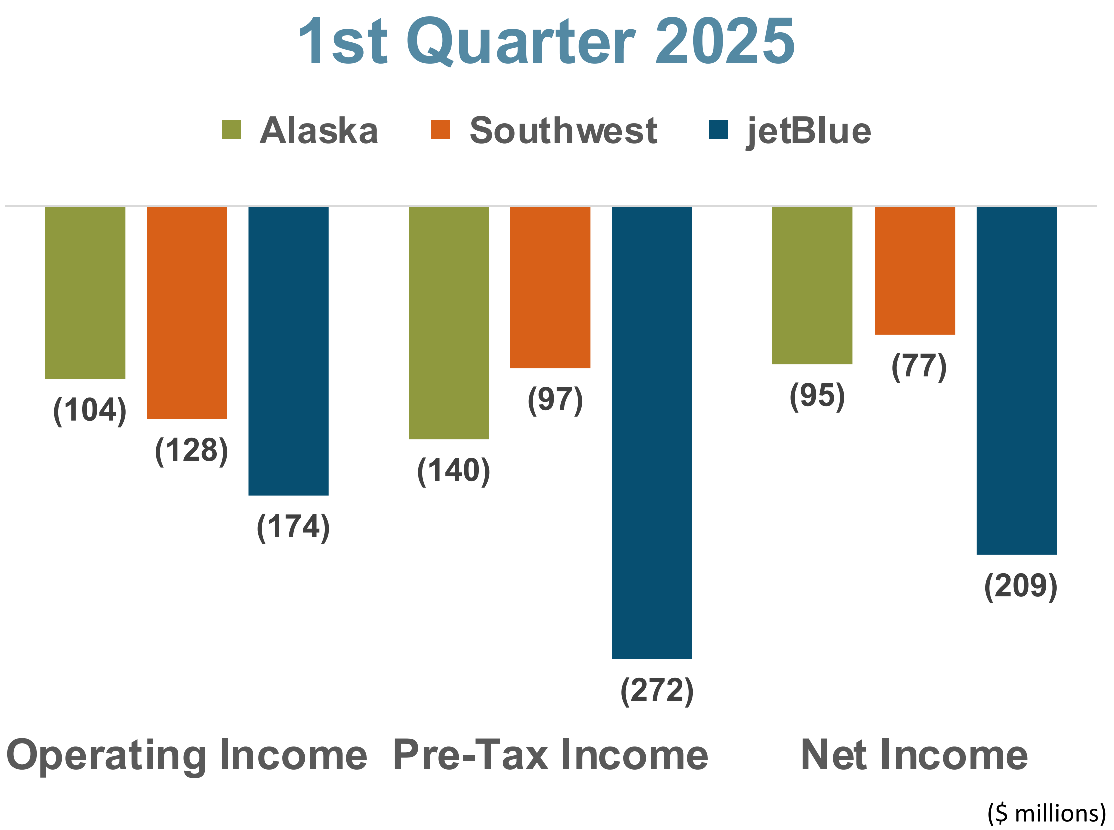
jetBlue

Southwest

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

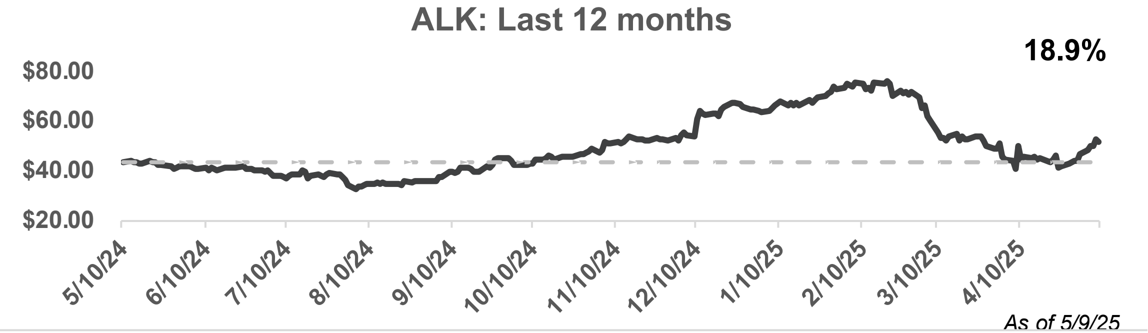
Key Financial Results

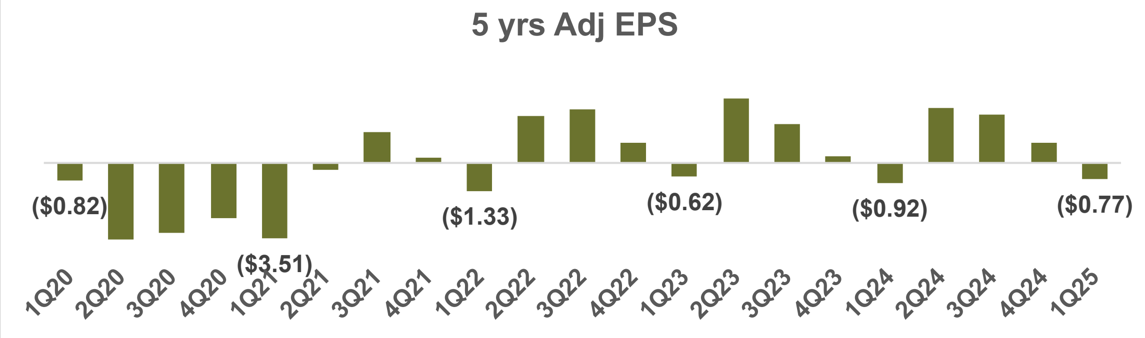
Hybrid/LCC vs. Southwest



Non-GAAP – excludes special items

Alaska Airlines





Alaska/Hawaiian

1Q25 adj. pretax income (loss): ($140 million)

Management Commentary

- *The challenging start was not what we expected as air travel demand diverged from the strength we saw just a few months ago. However, we believe we have a business model that can outperform in any industry backdrop and for the long-term.*
- *We have one of the healthiest balance sheets, a diversified revenue base with nearly 50% generated outside the main cabin and market share leadership. We also have a 15% cost advantage over our largest competitors.*
- ***Our premium and loyalty program offerings continue to outperform, and we plan to expand our offerings to enhance the guest experience**.*
- *We are charting a path to serving at least 12 intercontinental destinations by 2030 as the Air Group positions to capture high value international demand.*
- *The Hawaii franchise is bucking the domestic downtrend. The neighbor islands are up double-digit revenues and international margins from Hawaii actually improved 15 points. Loads and yields continue to book well with flat to positive loads.*
- ***Integration on track, with loyalty program combination in 2H 2025, SOC in late 2025 and single passenger service system by 2Q 2026**. Labor JCBA's by 2027.*

Items of Interest

- Unit revenues increased 5% in 1Q, outperforming the industry despite a 3% drop in revenues due to the moderated demand environment. 2Q could see a 6% hit to revenues if the current demand environment persists.
- **Hawaiian operations outperformed with a 14% margin improvement,** YOY. Premium revenue up 10%, representing 34% of total revenues. First Class paid LF up nearly 2% to 73%. Cargo revenue up 36% as the Amazon partnership expands.
- Loyalty cash renumeration increased 12% in Q1 to $550 million. System card acquisitions up 26%, with Hawaii card growth up 40%. **San Diego is #1 market for card growth & spend.** Hawaii resident travel program membership up 90%.
- Unit costs were up 2.1% as the new F/A contract was ratified. 2Q CASM-ex will increase mid to high single digits, with costs moderating later this year.
- Liquidity stands at $3.3 million with debt repayment of $155 million during the quarter. Debt to Cap ratio was 58%. Repurchased $400 million in stock.

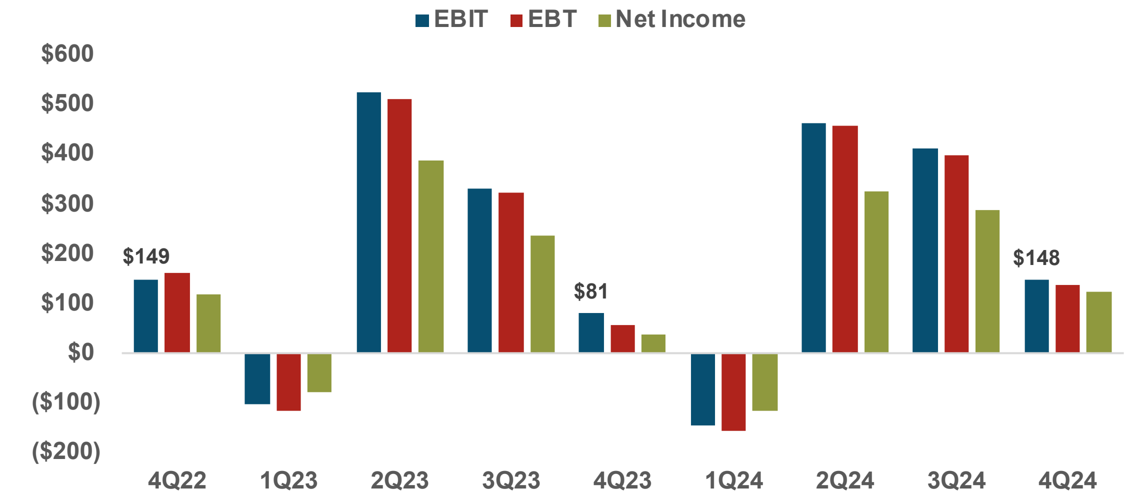
Alaska	1Q25	1Q24	1Q19	YOY	y/6y
Revenues	$3,137M	$2,232M	$1,876M	40.5%	67.2%
Adj Operating Income (EBIT)	($104M)	($145M)	$47M	n.m.	n.m.
Adj Operating Margin	(3.3%)	(6.5%)	2.5%		
Adj Pretax Income	($140M)	($157M)	$28M	n.m.	n.m.
Adj Net Income	($95M)	($116M)	$21M	n.m.	n.m.
Adj EPS	($0.77)	($0.92)	$0.17	n.m.	n.m.
Capacity (ASMs)	21.2 billion	15.4 billion	15.5 billion	38.0%	36.8%
Yield	16.28¢	16.00¢	13.78¢	1.8%	18.1%
TRASM	14.79¢	14.51¢	12.10¢	1.9%	22.2%
CASM	15.71¢	15.59¢	11.94¢	0.8%	31.6%
CASM-ex	11.89¢	11.60¢	9.06¢	2.5%	31.2%
Fuel (econ)	$2.61	$3.08	$2.13	(15.3%)	22.5%

- FY 2025
  - Withdrew FY2025 guidance due to uncertain environment
  - Capacity: Up 2% - 3%
- 2Q
  - Capacity: Up 2%-3% (all Hawaiian assets)
  - RASM: Flat to down low single digits
  - CASM-ex: Up mid to high single digits.
  - EPS: $1.15-$1.65.

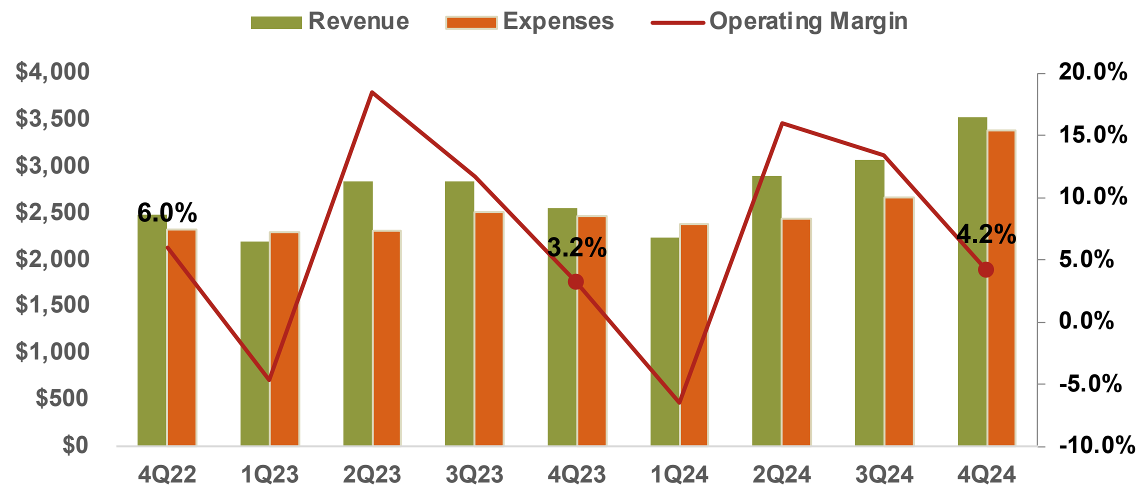
EFA takeaway: Alaska is aggressively pursuing opportunities provided by the ongoing integration. Can the airline overcome the current industry weakness?

Alaska – Financial Performance

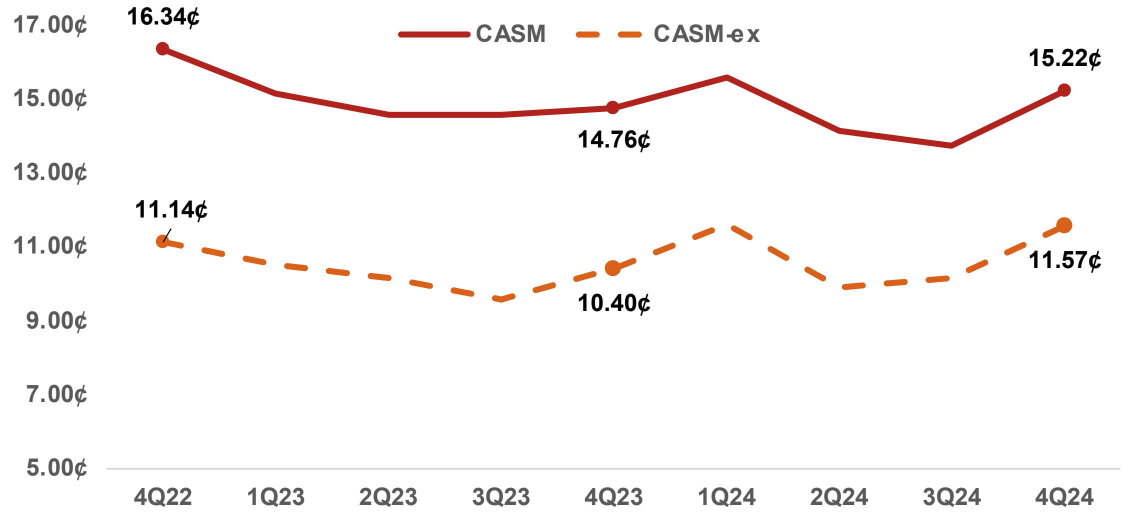
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



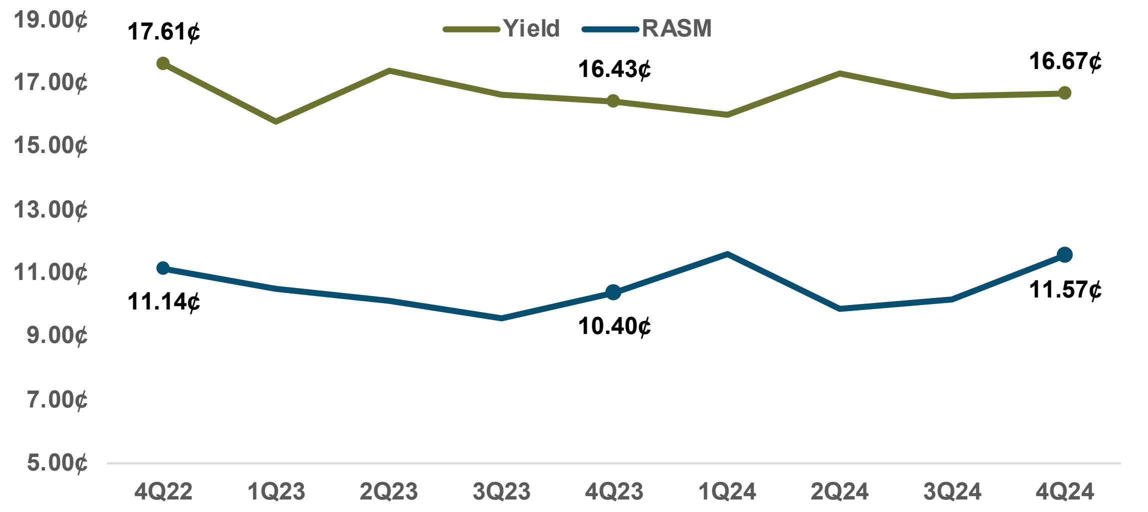
Quarterly Revenue, Expenses, Adj. Operating Margin



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

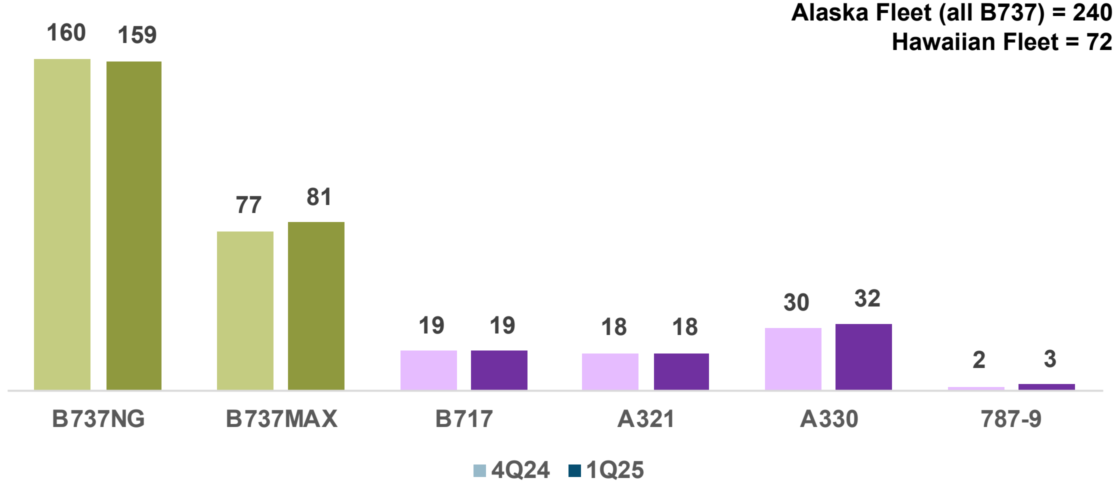


Yields and TRASM



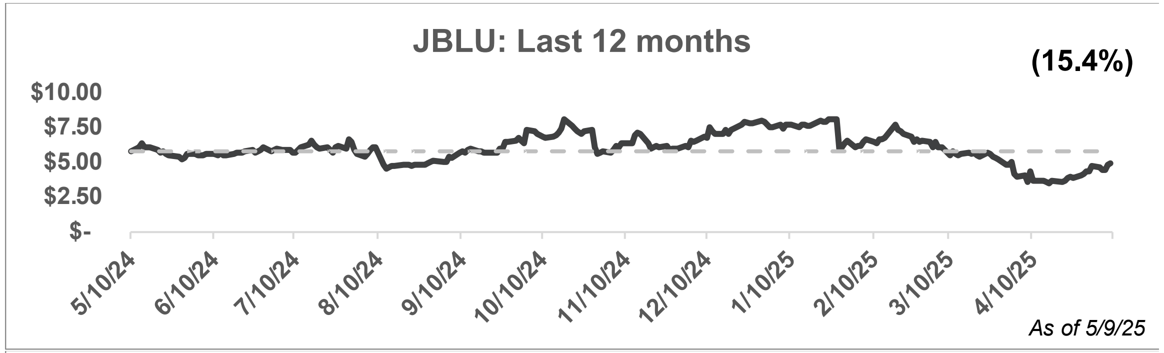
Alaska – Network, Fleet, and Analyst Commentary

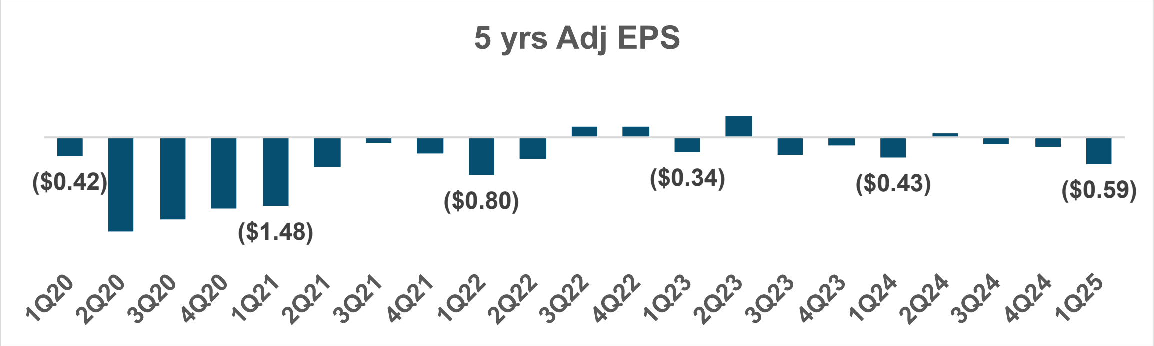
- Expanded the combined fleet by eight aircraft during the quarter, adding four 737-9's, one 787-9, one E175 and two A330F's for the freight operation.
- By July, 84 of 737-900's and -9's will have undergone the premium seat retrofit, with all 159 aircraft to be finished by year-end. Conversion of the 59 737-8's continues, with over 200 total 737's to have additional premium seats by 2026.
- **Announced growth at SAN, with three new nonstop routes to DEN, ORD and PHX, as well as increased frequencies to LAS, SLC, SJC and SMF. The carrier will now serve 44 destinations nonstop, 26% more than the second leading carrier, Southwest.**
- Will cease routes from SFO-DCA, SFO-ORD and LAX-NAS as assets are redeployed to PDX, SAN and SEA.



- *Despite the adj. EPS falling below management's unrevised guidance, we note the 14% margin and 17% premium revenue improvement in just its Hawaiian operations.*
- *Alaska's conference call was strong, in contrast to how it was received by Wall St. Notably, the company leaned heavily into share repurchase momentum and its EPS target of $10 in 2027.*
- *We suspect the idiosyncratic Hawaiian thesis has been temporarily and unjustifiably pushed to the back burner as investors revert to owning Legacies ahead of domestic-centric airlines.*
- ***We continue to believe that ALK is a unique, well-run franchise with a bright future considering the Hawaiian acquisition**.*
- *ALK 2Q revenue guide disappointed. We think this volatility continues until the macro narrative improves. There is no change to our view that longer-term normalized earnings for ALK will put them in the top 3 margin performers. Aiding the outlook will be the introduction of premium seats, credit card revenues and continued merger synergies.*
- *The once very promising setup for Alaska has been quickly swept away in the macro turmoil. To be fair, Alaska's KPI's are likely to hold up better than many others within the industry. Longer-term, the story hasn't changed much as the integration with Hawaiian continues with milestones. **The Hawaiian asset has already seen great success and with full integration will result in an attractive East-West network and loyalty program.** Synergies all on track.*
- ***The industry hasn't seen such a "good fit" since the Delta/Northwest combination in 2008.***
- *We are bullish on Alaska's long-term strategy after its acquisition of Hawaiian Airlines. The network, product, loyalty and cargo, along with long-haul international service should improve the company's value proposition with corporate and leisure. We anticipate increasing free cash flow generation will drive already low net leverage even lower and enable further shareholder returns.*
- *We assume the current deceleration continues into first quarter 2026.*

JetBlue Airways





JetBlue

1Q25 adj. pretax income (loss): ($272 million)

- *The relatively strong bookings we saw throughout January deteriorated into February and further worsened in March. However, I'm pleased we incorporated softening demand into our RASM forecast which allowed us to beat our guidance.*
- ***The remainder of the year looks uncertain therefore we are not reaffirming our full year guidance.*** *We remain committed to our ultimate goal which is break-even operating profitability and eventually a return to sustained profitability.*
- *We continue to evaluate all opportunities to reduce costs and return our focus to our core business.* ***Our long-term strategy, JetForward, is expected to drive the necessary transformational change to our business.***
- *Our capital raise, combined with pushing out CAPEX requirements, has provided a durable liquidity position and the financial flexibility to weather a broad spectrum of economic outcomes. We also have unencumbered assets of over $5 billion.*
- *We've guided on the second quarter based on trends we're seeing today. The macro environment has negatively affected consumer sentiment and travel demand.*
- *We are encouraged that premium and international bookings are holding up.*

- Positive RASM, particularly the outperformance of premium cabin when compared to core, cushioned the decline in close-in, shoulder and trough flying in 1Q.
- **Loyalty revenue grew 9% YOY, with co-brand spend up 7% YOY.** Will continue to add premium initiatives (preferred seating, EvenMore legroom,) to bolster revenues.
- Transatlantic RASM up 28% YOY on 25% fewer ASM's, benefiting from seasonal optimization. Latin also performed better than domestic. **Mint continues to outperform Core RASM by high single digits.**
- JetForward plan aims to capture up to $900 million of incremental EBIT contributions through product enhancements, cost savings and network realignments.
- CASM-ex up roughly 8% at lower end of guidance. Aggressive cost savings from early pilot retirements, maintenance schedules and reducing discretionary spend.
- Liquidity of $3.8B represents 42% of TTM revenue. Deferred $3B in CAPEX.

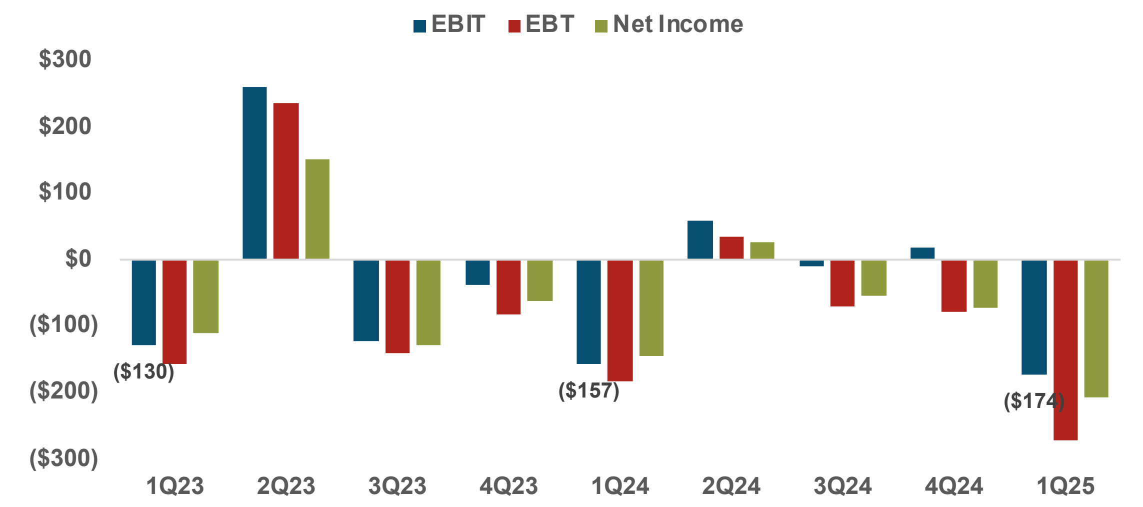
jetBlue	1Q25	1Q24	1Q19	YOY	y/6y
Revenues	$2,140M	$2,209M	$1,871M	(3.1%)	14.4%
Adj Operating Income (EBIT)	($174M)	($157M)	$88M	n.m.	n.m.
Adj Operating Margin	(8.1%)	(7.1%)	4.7%		
Adj Pretax Income	($272M)	($183M)	$70M	n.m.	n.m.
Adj Net Income	($209M)	($145M)	$51M	n.m.	n.m.
Adj EPS	($0.59)	($0.43)	$0.16	n.m.	n.m.
Capacity (ASMs)	15.6 billion	16.3 billion	15.4 billion	(4.3%)	1.1%
Yield	15.63¢	15.80¢	14.15¢	(1.1%)	10.5%
TRASM	13.71¢	13.54¢	12.12¢	1.3%	13.1%
CASM	14.83¢	17.95¢	11.63¢	(17.4%)	27.5%
CASM-ex	11.45¢	10.57¢	8.66¢	8.3%	32.2%
Fuel (econ)	$2.57	$2.97	$2.05	(13.5%)	25.4%

- FY 2025
  - Withdrew FY2025 guidance due to uncertain environment
  - CAPEX: $1.3 billion; interest exp: $600 million
- 2Q
  - Capacity: Down 0.5% - 3.5%
  - RASM: Down 3.5% - 7.5%
  - CASM-ex: Up 6.5% -8.5%
  - Fuel: $2.25-$2.40

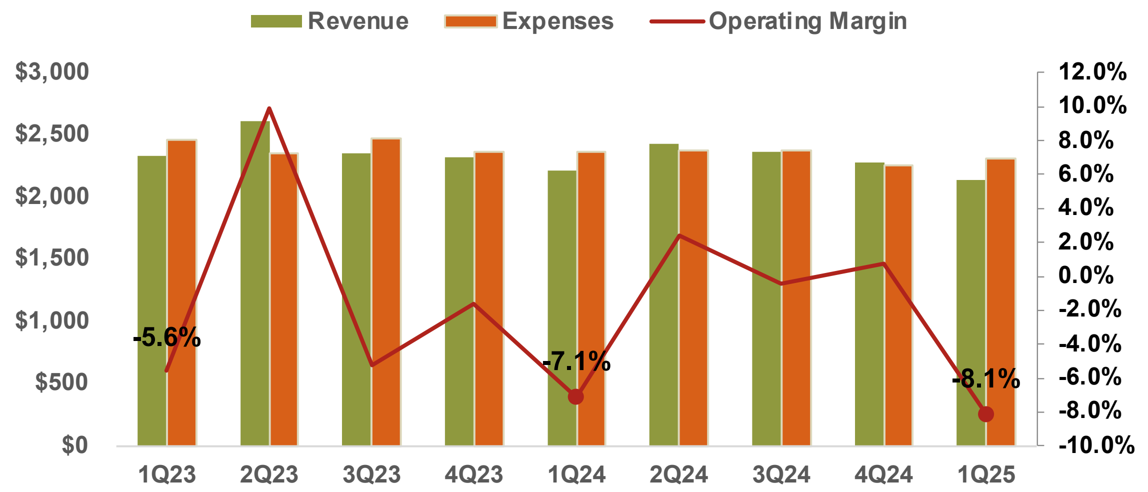
EFA takeaway: JetBlue appears to be taking all the right steps to reinvigorate the business, but the company has lost money for six years in a row. What will be the catalyst to return to profitability?

JetBlue – Financial Performance

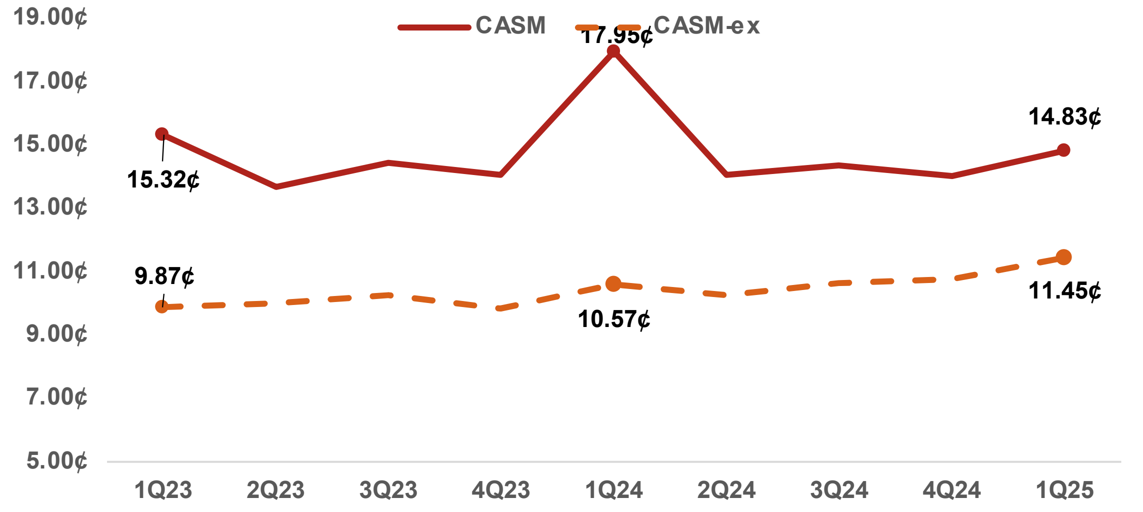
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



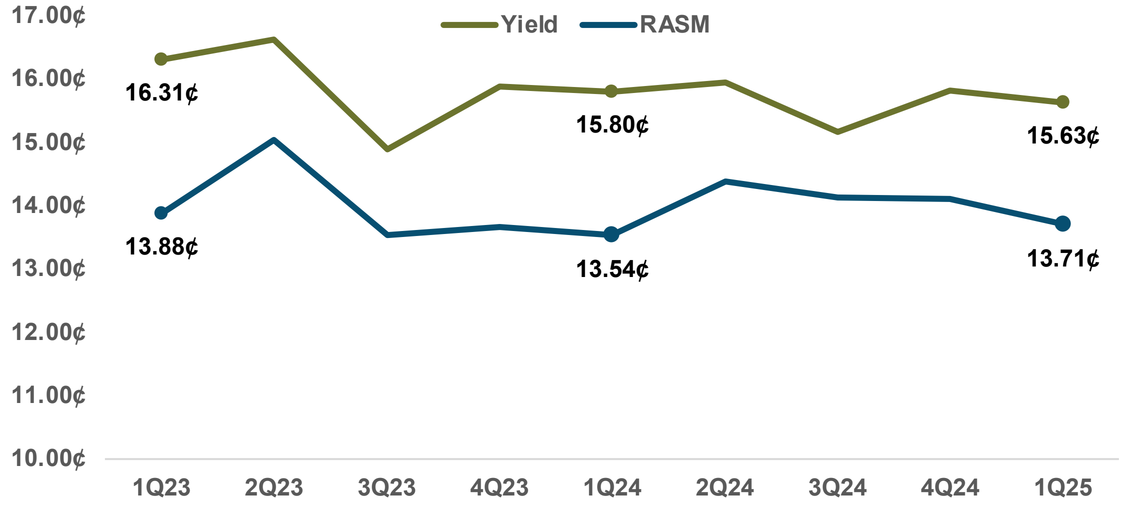
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM and CASM-ex

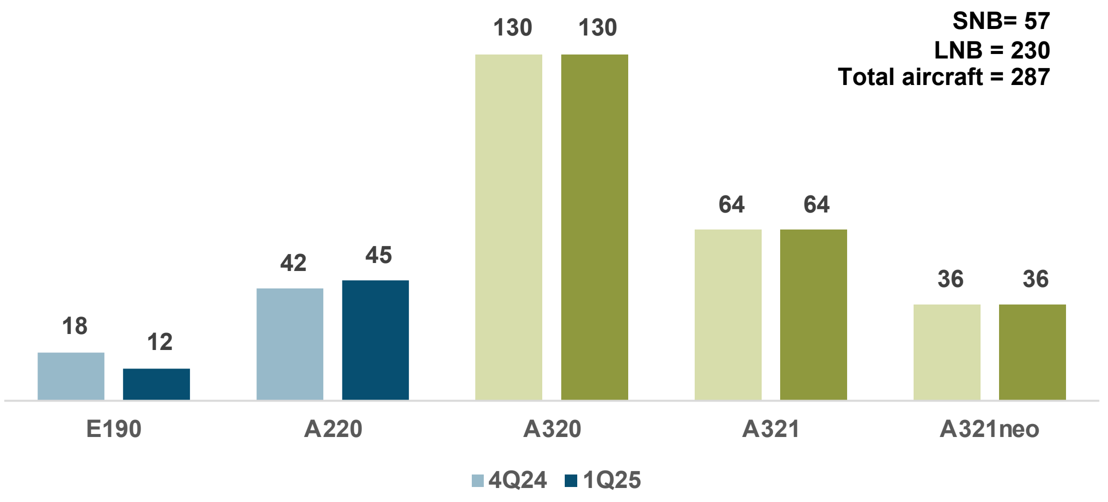


Yields and TRASM



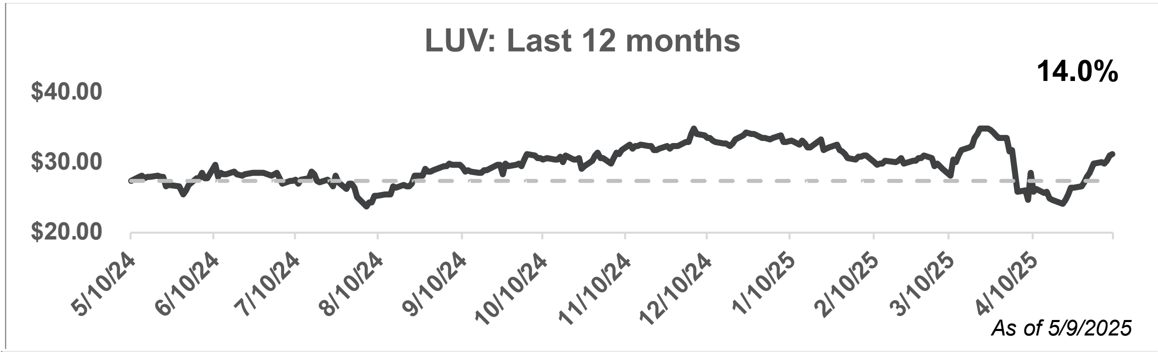
JetBlue – Network, Fleet, and Analyst Commentary

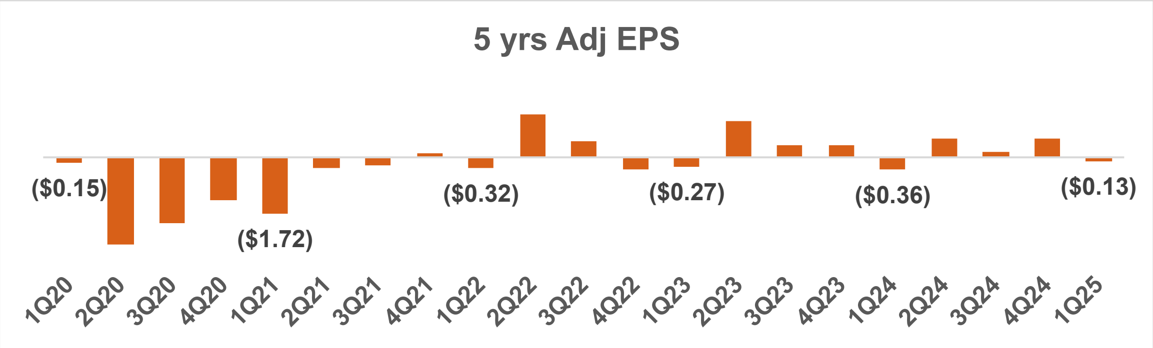
- Took delivery of three aircraft in 1Q 2025. Planning for delivery of 21 aircraft in 2025, 18 A220's and three A321neo's. **10 aircraft currently grounded for GTF issues.**
- Shifted 44 A321neo deliveries to 2030 and beyond.
- Re-evaluating A320 fleet retirement plans, in terms of the renewal of leases, considering industry softness. On track to exit the E190 fleet at the end of summer.
- Announced BOS-ILM and BOS-ORF summer seasonal service. Will initiate new routes between JFK and the following cities: BDL, DTW, PIT, PVD. Will serve Guatemala City from FLL, with all service beginning in April.
- **JetBlue now serves 75 destinations from BOS and will launch Edinburgh and Madrid in late May.**
- Will not begin new route from BOS to Halifax, instead will launch FLL to Guayaquil, Ecuador.



- *JetBlue echoed peers in calling out weak non-premium domestic demand trends in off-peak periods. It appears a greater loss of demand momentum is in coastal markets in the northeast and to a lesser extent, the west coast.*
- *Encouragingly, JetBlue is taking cash preservation action by aggressively lowering unprofitable capacity and mitigating upward cost pressures.*
- ***We believe JetBlue has ample liquidity and unencumbered assets to weather a potential storm**. Still, steps to regain leisure/VFR share in the Northeast and fleet groundings related to the GTF engine issues is creating margin drags and limited earnings recovery, likely to continue through 2026.*
- *While booking trends have softened, JBLU continues to see reassuring signs that the premium segment is holding up better in the current environment. While we think the company is making good progress on its JetForward initiatives, we continue to assume at least a mild airline recession, which widens our loss forecast for 2nd Qtr.*
- *We note that the capital structure decisions that JBLU made over the past 16 months have resulted in a more durable liquidity position to support the business.*
- *JBLU's results echoed similar sentiments from earlier airline earnings-premium, loyalty and transatlantic remain encouraging while domestic clearly dragging.*
- *JetBlue's 2Q guidance was relatively weaker than the Legacies that have reported, no surprise to us given less Premium and International exposure.*
- ***We are intrigued by the impending partnership announcement, particularly after hearing that AAL will sue JetBlue for damages regarding the dissolved NE Alliance.** A smaller deal will likely be more DOJ friendly but isn't likely to be a RASM or margin panacea for JetBlue.*
- *The company's proactive stance in rightsizing capacity is good but we are still cutting our second quarter forecast on RASM and revenues which widen our loss per share forecast.*
- *JetBlue's core results continue to be pressured as demand patterns evolve. **We see another difficult year** ahead as the company leans into its transformation strategy centering around its network and product. A new partnership could be of value.*

Southwest Airlines





Southwest

1Q25 adj. pretax income (loss): ($97 million)

Management Commentary

- *Despite the industry weakness, we finished at the high end of our guidance range, outperforming on a relative basis. However, amid the current macroeconomic uncertainty, we are not reiterating our full year 2025 or full year 2026 EBIT guides.*
- ***Southwest is uniquely positioned in the industry, given the transformative initiatives we have rolling out the rest of this year and into 2026**. This should provide a significant benefit relative to our peers. Our cost discipline is also paramount.*
- *Our 2025 ASM growth will be driven entirely by our turn times and red eye flights. We will be proactive in further reducing capacity in the 2nd half of the year.*
- ***1Q completion factor of 98.6% was the highest in 12 years** and we ranked #1 in on-time performance.*
- *We are working to close the RASM gap to the industry through improved network connectivity and marketing distribution initiatives as well as optimizing loyalty.*
- *We remain committed to investing smartly in our business, ensuring an investment grade balance sheet and returning value to shareholders.*
- *We are targeting $4 billion in cash after debt pay down and share repurchases.*

Items of Interest

- Revenue management improvements led to an all-time quarterly record yield, **although load factor, at under 74%, was the lowest since 1Q 2009.** RASM was up 3.5%.
- 1st Qtr. CASM-Ex increased less than revised guidance. Cost reduction program target of $370 million in 2025 and over $1 billion by 2027 from cost efficiencies.
- **Will reduce third and fourth quarter published schedules by 1.5% each**, bringing the yearly capacity growth to 1% overall to accommodate lower demand. The growth will be driven entirely by aircraft utilization from reduced turn times and redeyes.
- Have expanded distribution to online travel agencies with the launch of Expedia, while optimizing the loyalty program with Chase. A record 1st Qtr. co-brand spend.
- CAPEX of $500 million offset by one sale-leaseback of $24 million. Ended with over $8 billion in liquidity and a net cash position of $1.6 billion.

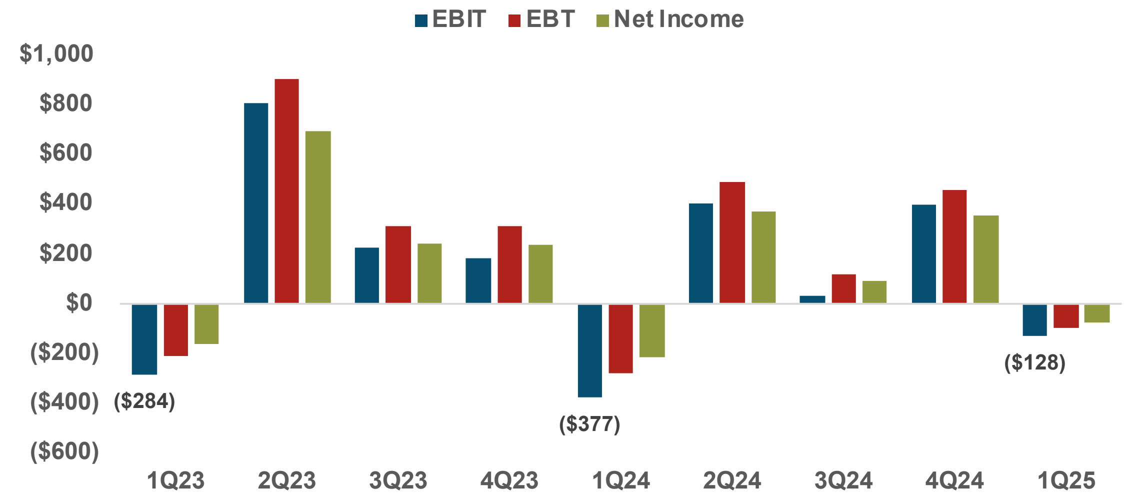
Southwest	1Q25	1Q24	1Q19	YOY	y/6y
Revenues	$6,428M	$6,329M	$5,149M	1.6%	24.8%
Adj Operating Income (EBIT)	($128M)	($377M)	$505M	n.m.	n.m.
Adj Operating Margin	(2.0%)	(6.0%)	9.8%		
Adj Pretax Income	($97M)	($281M)	$504M	n.m.	n.m.
Adj Net Income	($77M)	($218M)	$387M	n.m.	n.m.
Adj EPS	($0.13)	($0.36)	$0.70	n.m.	n.m.
Capacity (ASMs)	41.4 billion	42.2 billion	37.9 billion	(1.9%)	9.4%
Yield	18.97¢	17.26¢	15.45¢	9.9%	22.8%
TRASM	15.51¢	14.98¢	13.59¢	3.5%	14.1%
CASM	16.05¢	15.91¢	12.26¢	0.9%	30.9%
CASM-ex	12.81¢	12.25¢	9.35¢	4.6%	37.0%
Fuel (econ)	$2.49	$2.92	$2.05	(14.7%)	21.5%

- FY 2025
  - Withdrew FY2025 guidance due to uncertain environment
- 2Q
  - RASM: Flat to down 4%.
  - Capacity: Up 1%-2%
  - Fuel: $2.20-$2.30.
  - CASM-ex: Up 3.5%-5.5% year-over-year.
  - Scheduled debt repayments of approximately $2.6 billion.

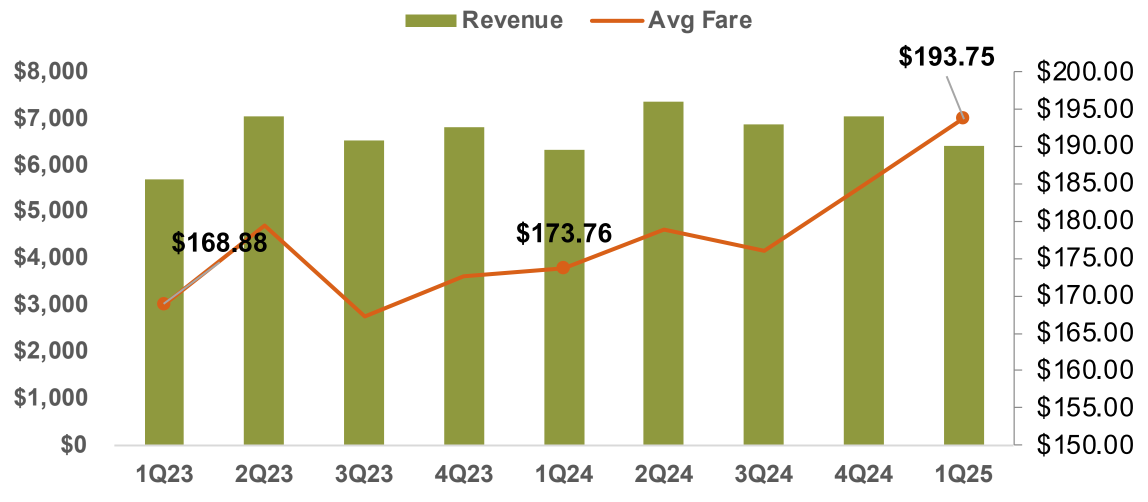
EFA takeaway: The Company is in the process of a corporate makeover to regain profitability. Will the airline be able to execute on these changes successfully?

Southwest – Financial Performance

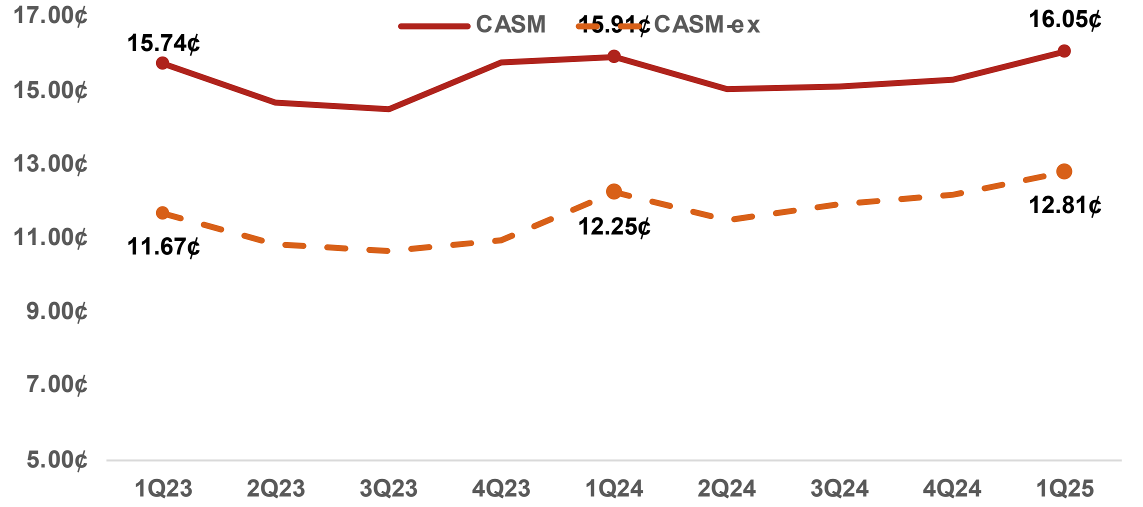
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



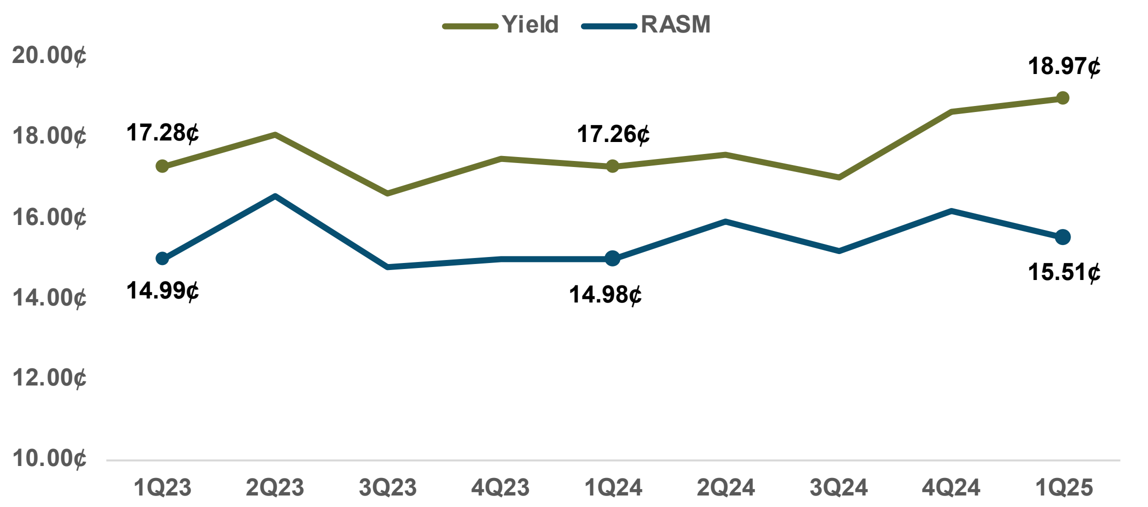
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM and CASM-ex



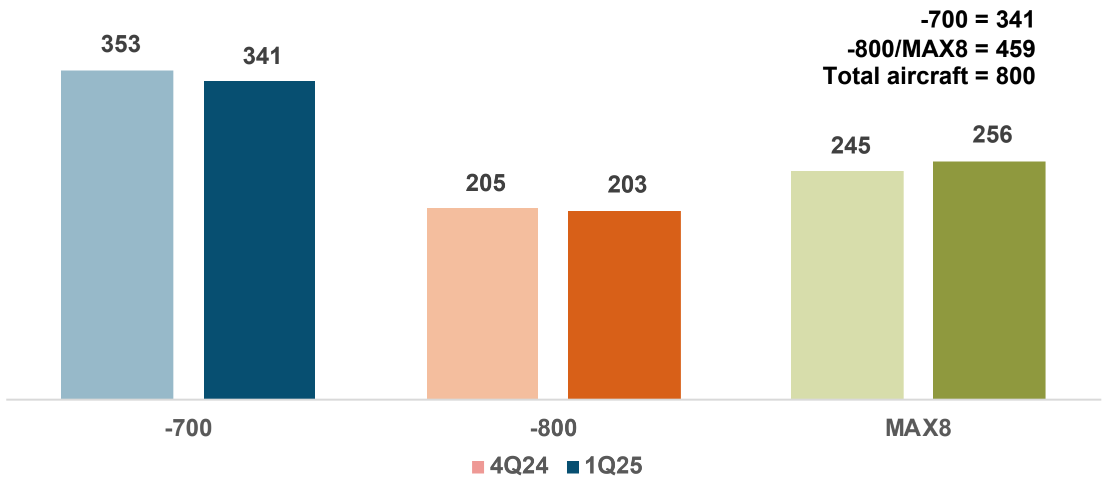
Yields and TRASM



Southwest – Network, Fleet, and Analyst Commentary

Southwest

- Received 11 MAX-8 aircraft in 1Q and retired 14 aircraft (12 -700's and 2 -800's), ending the quarter with 800 aircraft. **Plan to retire 50 aircraft this year.**
- **In the 10-Q filing, the Company added seven options for the MAX-7, increasing its firm order to 305 aircraft**. The SEC filing also stated it agreed to 136 contractual deliveries in 2025, 70 MAX-7 and 66 MAX-8, but the MAX-7 remains uncertified at present.
- Began TUL-BNA in April. Will fly OKC-CUN and OKC-LAX and OMA-SAN in winter schedule.
- Reduced turn times now in place at 19 airports.
- Hawaii redeye flying launched in April, with additional frequencies and routes being added in June.



- ***The question Southwest faces is: will the slate of initiatives be enough to overcome weakened demand throughout its core markets?***
- *Clarity on what many of these initiatives are valued at would go a long way toward reassuring investors. There appears to be low hanging EBIT contributions from changes in loyalty and credit card as opposed to uptake rates on new bag fees.*
- *We continue to struggle with aspects of Southwest's confidence with respect to pending initiatives.*
- ***We are skeptical that the company's industry-leading balance sheet will remain as strong as it currently is**, given the potential and likely shift in the balance sheet strategy. The credit risk is skewed to the downside as Elliott pushes for buybacks.*
- *The vast majority of LUV's tickets are sold at "wanna get away" fares". We know that upselling will help, but the question is, how much will the upsell rate be?*
- ***LUV's disproportionate exposure to short-haul markets continues to be a risk.***
- *We will continue to model Southwest conservatively until signs of demand improve. We expect less spill traffic, which raises revenue management execution risk against a fluid backdrop. We are also concerned at below average load factors.*
- *Higher labor, fuel and maintenance costs mean margin pressure ahead and the uncertainty around performance of various revenue initiatives are also headwinds.*
- ***We think the post-Covid period of "negative net debt" is likely no more** on a pro forma basis when taking into account debt paydown and share repurchases.*
- *The 2Q unit revenue guide was below our expectations but then again, so have been most airlines that have reported. The revenue drivers won't come until 2H 2025 and beyond so the potential is there.*
- *The laundry list of initiatives, if executed properly, provide huge upside to the numbers, but there are indications those initiatives are not working, with a load factor in 1Q the lowest since 2009. This suggests that customers are booking away despite management saying they aren't. And if they are, then is there an offset through the loyalty program? There should be but we haven't heard about it yet.*

Ultra Low-Cost Carriers (ULCCs)

allegiant

FRONTIER AIRLINES

spirit airlines

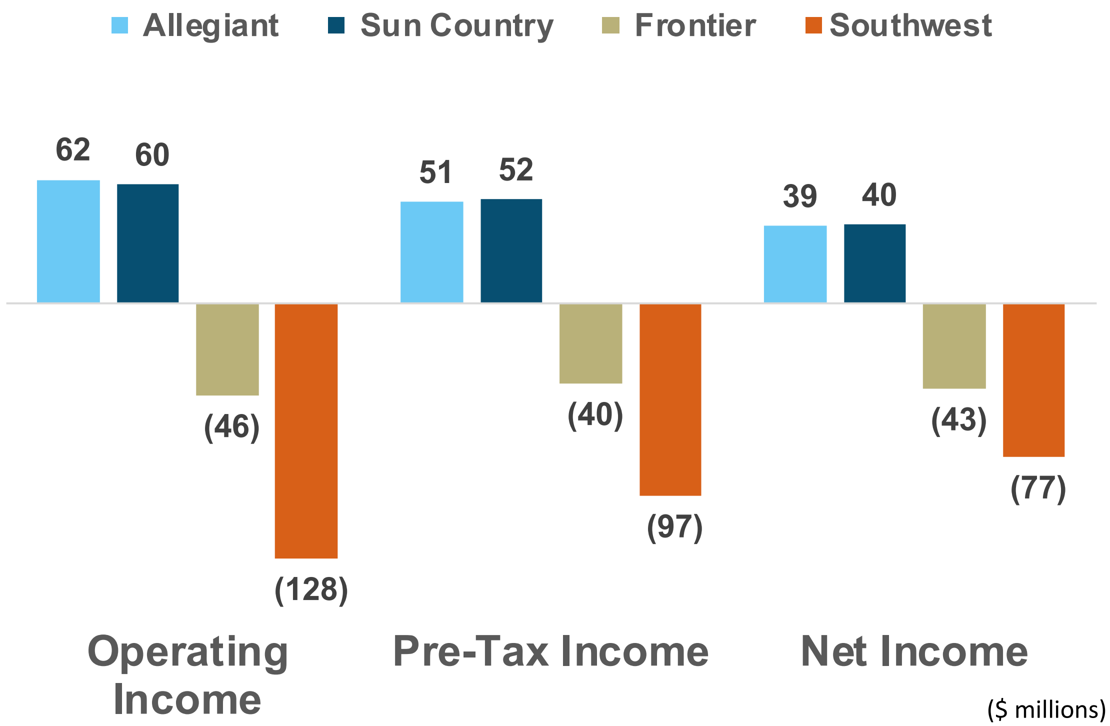
sun country airlines

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

Key Financial Results

ULCCs vs. Southwest

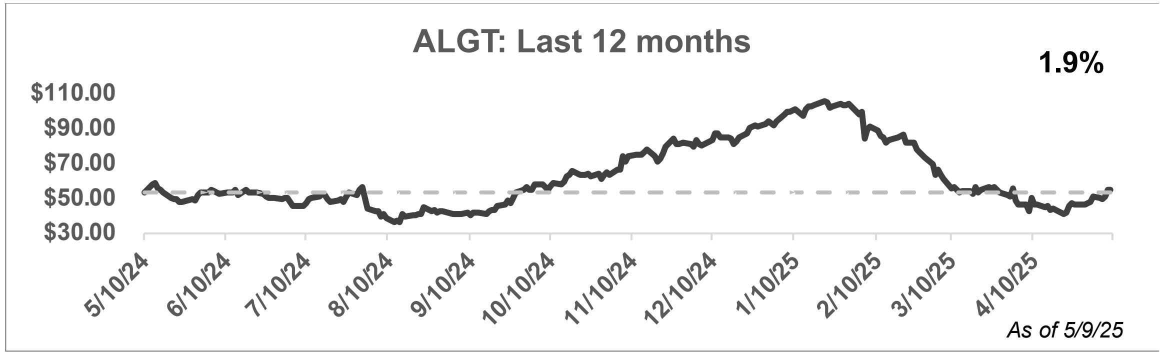
1st Quarter 2025

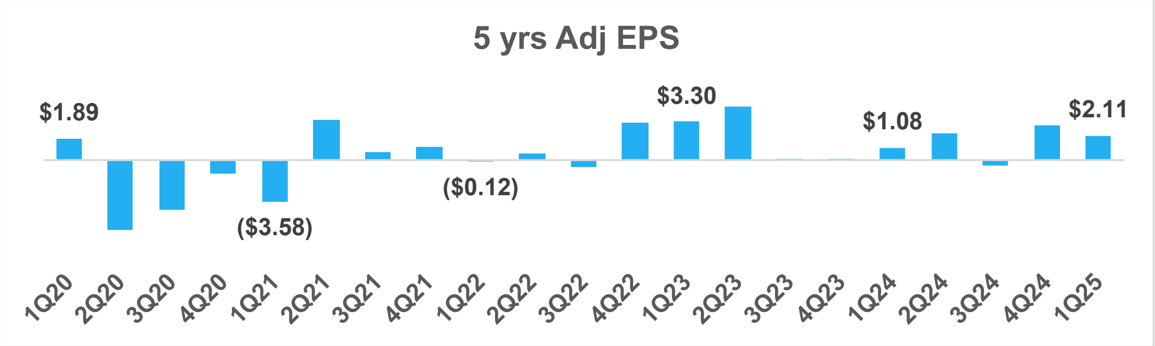


($ millions)

Non-GAAP – excludes special items

Allegiant Travel Co.





Allegiant

1Q25 adj. pretax income: $51 million

Management Commentary

- *More than 4.4 million passengers flew our airline in the quarter, with a record 75% being repeat customers.*
- *The solid execution of our key initiatives discussed in prior quarters helped boost financial performance. Our airline operating margin was up 3% vs. last year.*
- ***Allegiant was built and designed with flexibility in mind**. We responded promptly to the demand softness, by turning capacity down, primarily in shoulder and off-peak.*
- ***Cost discipline is essential for us to protect margins**. Aggressively managing capacity combined with additional structural cost reductions during the quarter are expected to keep the airline solidly profitable in 2025 even in a lower demand environment.*
- *Nearly 65% of 2Q departures are planned to be on Allegiant Extra equipped aircraft. We are seeing a benefit of nearly $500 per departure on flights with this layout.*
- *The better-than-expected cost performance was attributable to lower non-salaried flight crew expenses and higher gains on asset sales.*
- *Pursuing a transaction related to the sale of the resort is an important step towards our objectives for the airline. It remans on track for completion this summer.*

Items of Interest

- Airline revenues were up and TRASM was down in 1Q, generally in-line with guidance as ASM's grew double-digits and stage length increased just under 2%. Growth was supported **by increased aircraft utilization, which increased 19%** to 7.5 hours per aircraft per day**. A/C utilization still remains 10% below OAL's.**
- The company increased off-peak flying by 34% before the quarter started, which impacted results as demand in those periods fell. Capacity cuts up to 7.5% from May through August, with targeted route suspensions throughout the network.
- Ancillary revenue per passenger was $79.28 was a record and up 5% YOY. This was driven primarily by the Allegiant Extra product. Co-brand card spend & acquisitions were higher YOY. Travel insurance product revenue up 60% YOY.
- $1.2 billion in available liquidity. Debt payments of $281 million with net leverage improved and net debt down 10%. FY25 CAPEX forecast lower with less deliveries.

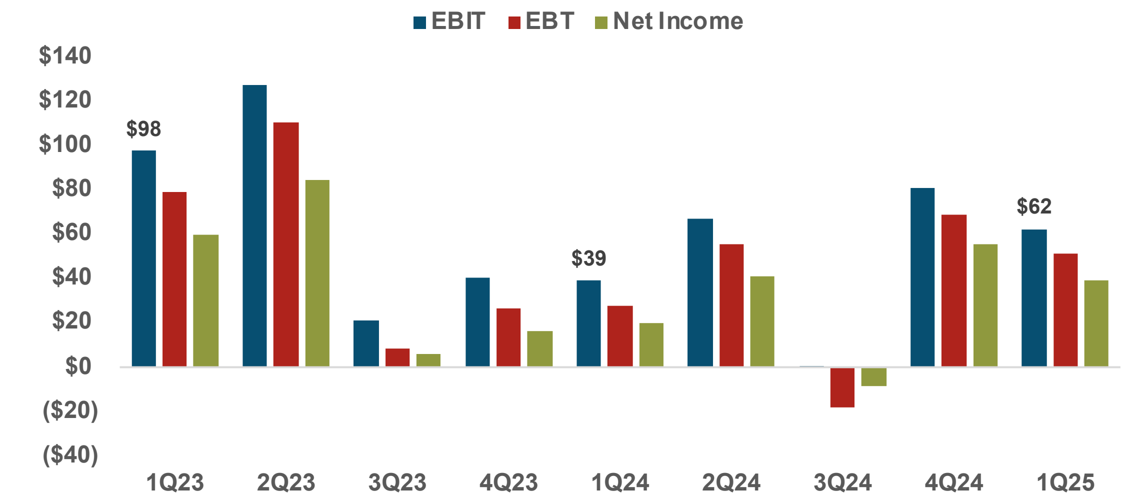
Allegiant	1Q25	1Q24	1Q19	YOY	y/6y
Airline Revenues	$668M	$633M	$448M	5.7%	49.1%
Adj Operating Income (EBIT)	$62M	$39M	$99M	59.1%	(36.9%)
Adj Operating Margin	9.3%	6.2%	22.0%		
Adj Pretax Income	$51M	$28M	$81M	85.5%	(37.3%)
Adj Net Income	$39M	$20M	$65M	97.0%	(39.7%)
Adj EPS	$2.11	$1.08	$3.98	95.4%	(47.0%)
Capacity (ASMs)	5.3 billion	4.6 billion	3.8 billion	14.4%	39.5%
Yield	15.65¢	14.93¢	13.16¢	4.8%	18.9%
TRASM	12.29¢	13.23¢	11.50¢	(7.1%)	6.9%
CASM	11.14¢	12.75¢	9.22¢	(12.6%)	20.8%
CASM-ex	8.07¢	8.87¢	6.40¢	(9.0%)	26.1%
Fuel (econ)	$2.61	$3.03	$2.14	(13.9%)	22.0%

- FY 2025
  - Withdrew FY2025 guidance due to uncertain environment.
  - Aircraft CAPEX: $260 million - $280 million.
- 2Q
  - Capacity: system up 15%
  - Fuel: $2.40
  - Operating margin: 6.0%-8.0%.
  - Airline EPS: $0.50-$1.50

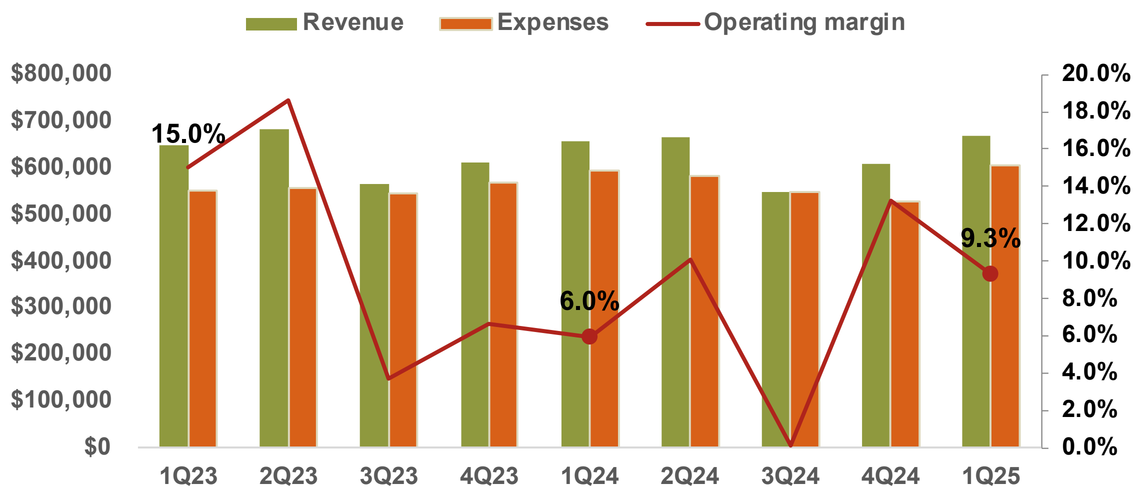
EFA takeaway: The airline has quickly pivoted to mitigate the drop in traffic, but pilot labor issues and the Sunseeker resort resolution could impact the airline.

Allegiant – Financial Performance

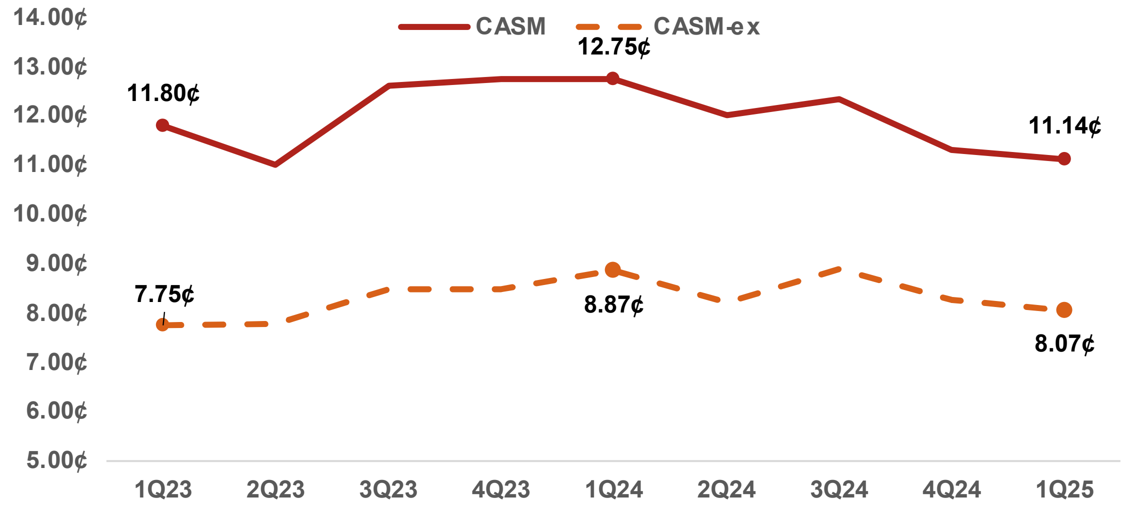
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



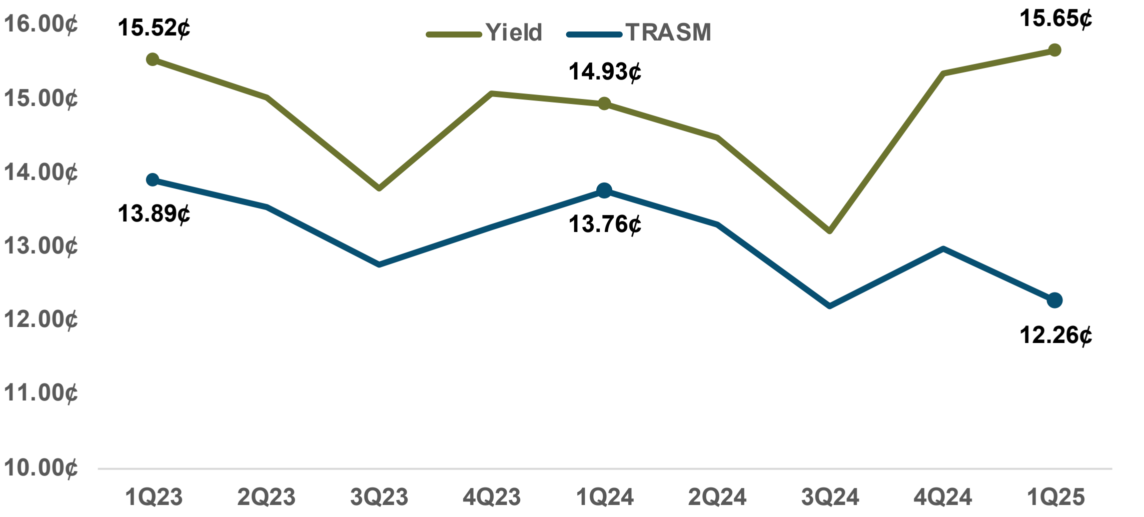
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM and CASM-ex

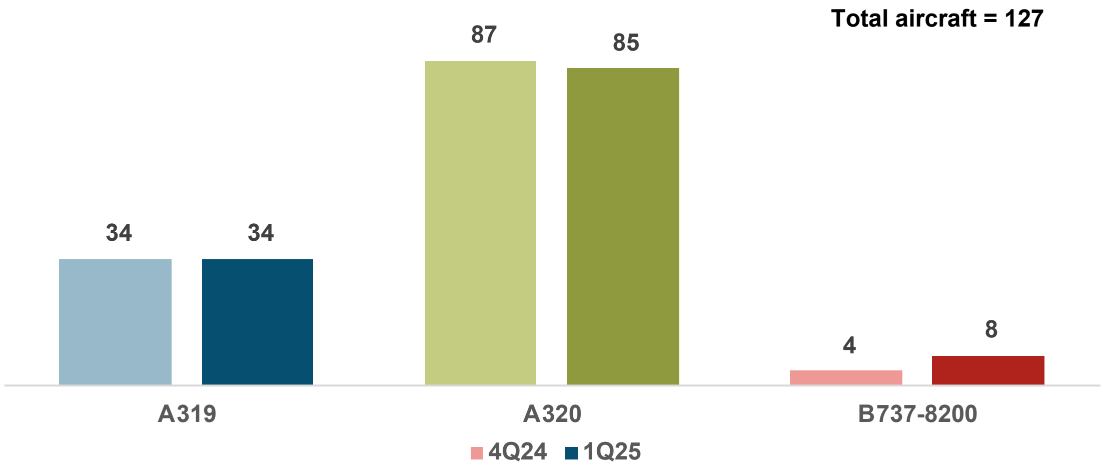


Yields and TRASM



Allegiant – Network, Fleet, and Analyst Commentary

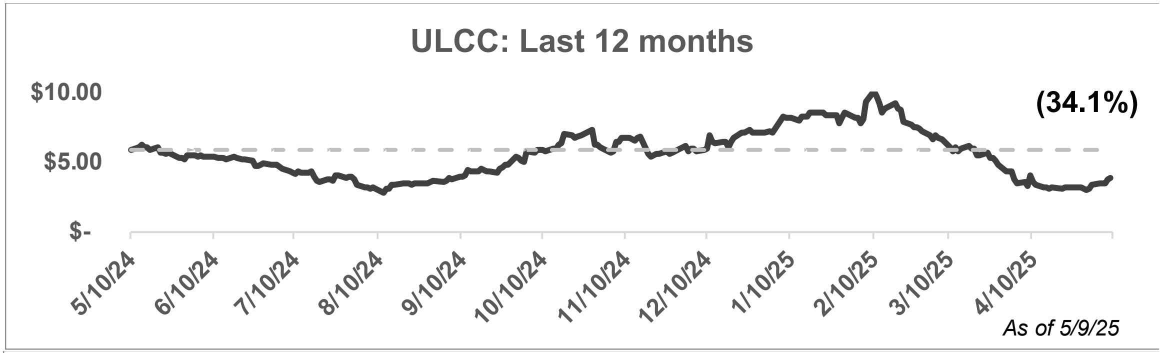
- Placed four 737 MAX-8-200 in service in 1Q and retired two A320's for an ending quarter total of 127 aircraft.
- **Expect 12 MAX-8-200 deliveries in 2025,** with 15 A320 retirements for a year-end fleet total of 122 aircraft.
- **Closing LAX base effective September 2025**. Discontinuing nine routes from LAX, including BIL, DSM, LRD, MEM and RAP.
- Added new cities of Columbia (CAE), Colorado Springs (COS) and Gulf Shores, AL (GUF) and 44 new nonstop routes by June.

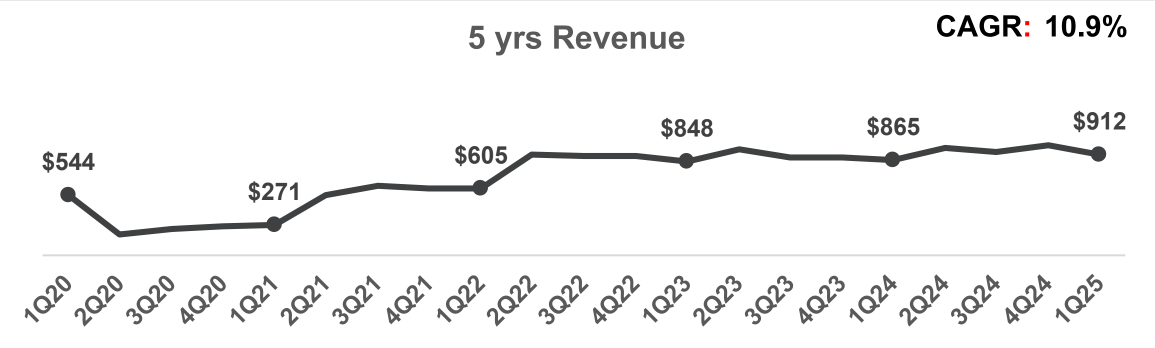


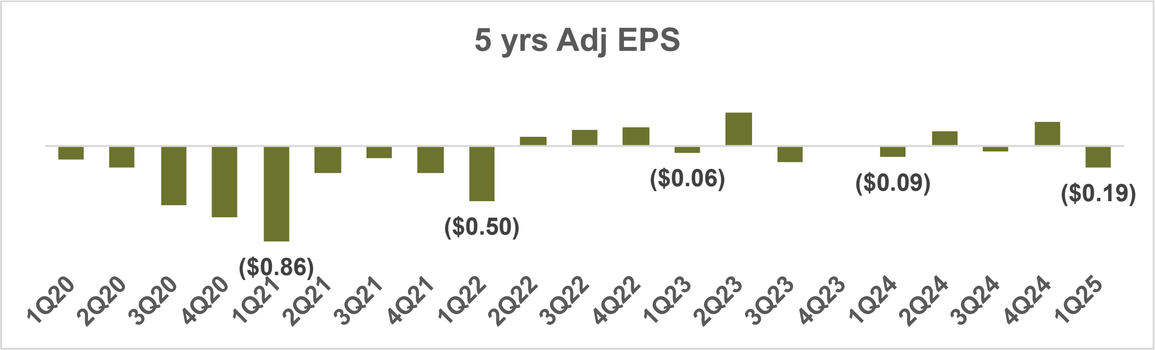
- *ALGT reported earnings that bettered consensus by over 10%, leaving the company as one of two airlines that produced 1Q within their initial January guidance. Despite this, we are cutting our estimates due to economic uncertainty.*
- *We are frustrated that an earnings recovery is once again pushed out on macro headlines. Near-term, ALGT is exposed to the leisure demand pillar that is most under pressure.*
- *Second quarter unit revenues are expected to be down sequentially as softer leisure demand, particularly during off-peak periods, will impact the carrier.*
- ***Management provided a glimpse of hope, suggesting bookings have improved recently over the past week,** but not enough to give a range on what could be expected in the second quarter.*
- *On the cost side, actions taken such as reducing off-peak day flights, closing LAX crew base and voluntary employee reductions will help ($20 million annual savings) but near-term savings are not enough to offset the demand issue.*
- *Historically, downturns have proved out Allegiant's unique model of low asset utilization. The outlook today mirrors many of the previous downturns, but the difference is the airline models that are struggling the most are the historical winners.*
- ***Allegiant can cut more capacity, but ultimately what needs to happen is further industry reductions in leisure supply either through route exits or M&A optimization**.*
- *Allegiant is in a relative position of strength compared to other US domestic leisure airlines which could enable them to take advantage of a fluid situation.*
- *Sunseeker continues to weigh on results, although there was some improvement in the quarter. The strategic review continues with resolution expected by summer.*
- ***Without a sustained improvement in demand, Allegiant likely faces a difficult year.***
- *We are encouraged by steps to cut structural costs, which should help profitability.*

Frontier Airlines

FRONTIER AIRLINES







SWAPA

Frontier

1Q25 adj. pretax income (loss): ($40 million)

- *Our results for the quarter were lower than original expectations due to a sudden change in demand as a result of the macroeconomic uncertainty. We experienced an outsized impact given the domestic leisure concentration of our business.*
- *Current booking trends suggest demand for May and early summer has stabilized, supported by our recent revenue, network enhancements and capacity optimization.*
- *The economic uncertainty weighed heavily on demand and was met with aggressive pricing and promotions. Our adjustments in capacity will continue for the remainder of the year such that off-peak flying in summer will be half that of peak day flights.*
- ***The value proposition is clear with the introduction of the "New Frontier",** which in this environment takes on heightened importance. Our enhanced product offerings, loyalty offerings and simplified network enables us to provide our customers with more for less.*
- ***Most of the benefits of our capacity reductions, cost reductions and capital deferrals will be realized in the second half of the year**. The revenue network enhancements and our significant cost advantage should provide the opportunity to target profitability in the back half of the year.*

- **Total revenues were a record for any first quarter**, 5% higher y/y. RASM was roughly flat. Constrained domestic travel demand, particularly in March was highlighted.
- Enplanements and departures increased 12% and 6% on an average stage length of 925 miles, a 3% decrease y/y. Total revenue per passenger was $116.
- Quarterly expenses were up 8%, mainly due to lower aircraft utilization, increase in station costs, fleet growth and lower sale-leaseback gains.
- **The "New Frontier" includes bundled offering while removing fees**. UpFront and First Class, enhanced digital experience through a new App and increased loyalty benefits through a new credit card are all part of the new branding.
- Liquidity of $889 million including a line of credit. Reductions of capital spending is expected to save $300 million over the balance of the year.

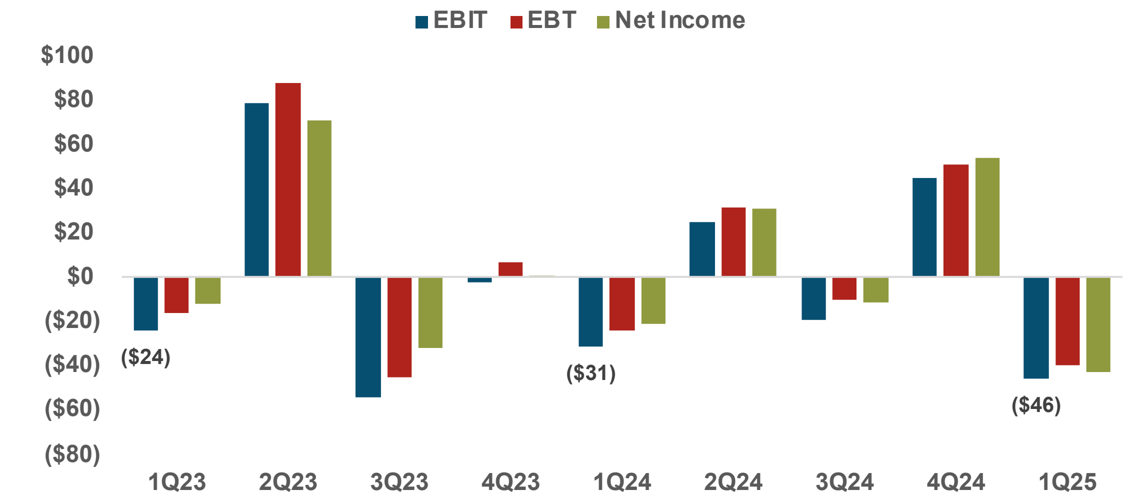
Frontier	1Q25	1Q24	1Q19	YOY	y/6y
Revenues	$912M	$865M	$547M	5.4%	66.8%
Adj Operating Income (EBIT)	($46M)	($31M)	$64M	n.m.	n.m.
Adj Operating Margin	(5.0%)	(3.6%)	11.6%		
Adj Pretax Income	($40M)	($24M)	$25M	n.m.	n.m.
Adj Net Income	($43M)	($21M)	$52M	n.m.	n.m.
Adj EPS	($0.19)	($0.09)		n.m.	
Capacity (ASMs)	9.9 billion	9.4 billion	6.2 billion	5.3%	60.0%
Yield	11.86¢	12.30¢	9.97¢	(3.6%)	18.9%
TRASM	9.17¢	9.16¢	8.79¢	0.1%	4.3%
CASM	9.63¢	9.49¢	7.77¢	1.5%	24.0%
CASM-ex	7.24¢	6.71¢	5.50¢	7.9%	31.6%
Fuel (econ)	$2.55	$2.93	$2.20	(13.0%)	15.9%

- FY 2025
  - Withdrew FY2025 guidance due to uncertain environment.
- 2Q
  - EPS: $(0.23) to $ (0.37).
  - Fuel: $2.38.

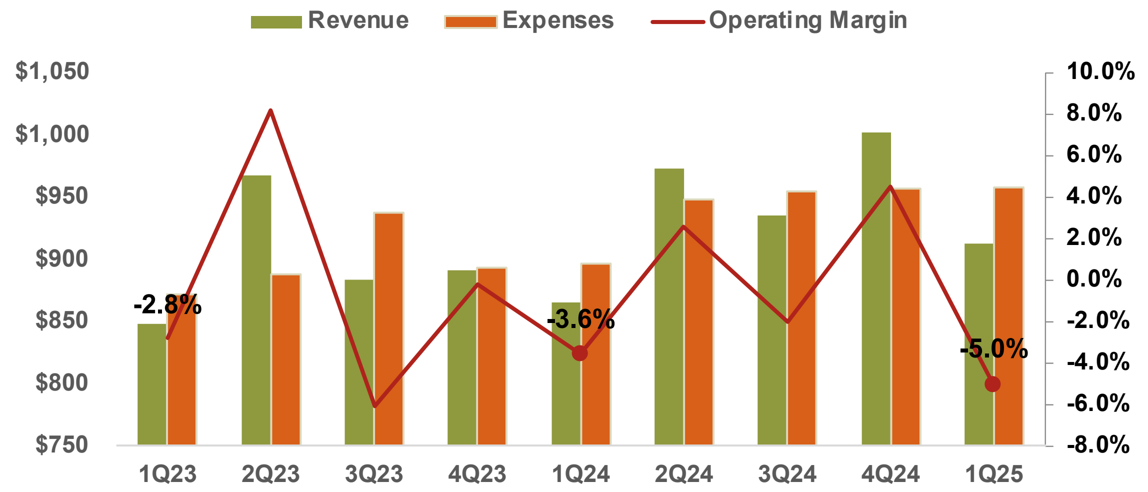
EFA takeaway: Frontier's rebranding and product changes should help a return to profitability -- but can the ULCC's still compete against Legacy airlines?

Frontier – Financial Performance

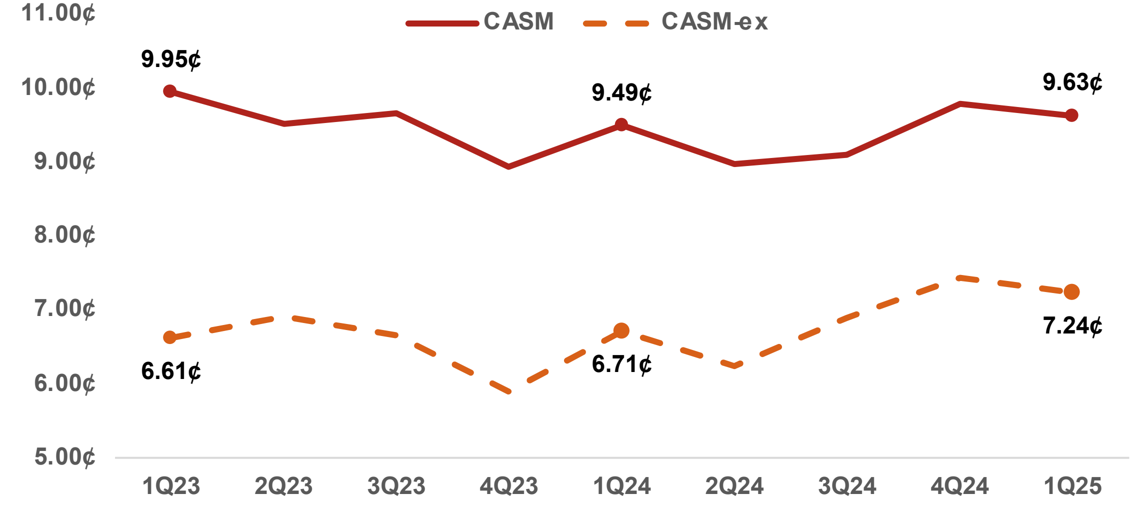
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



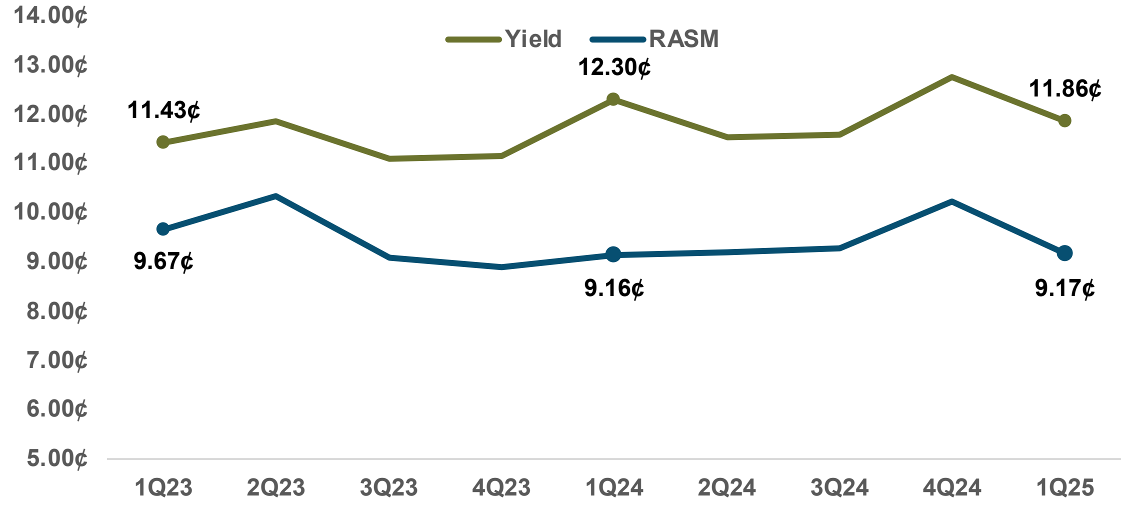
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM and CASM-ex

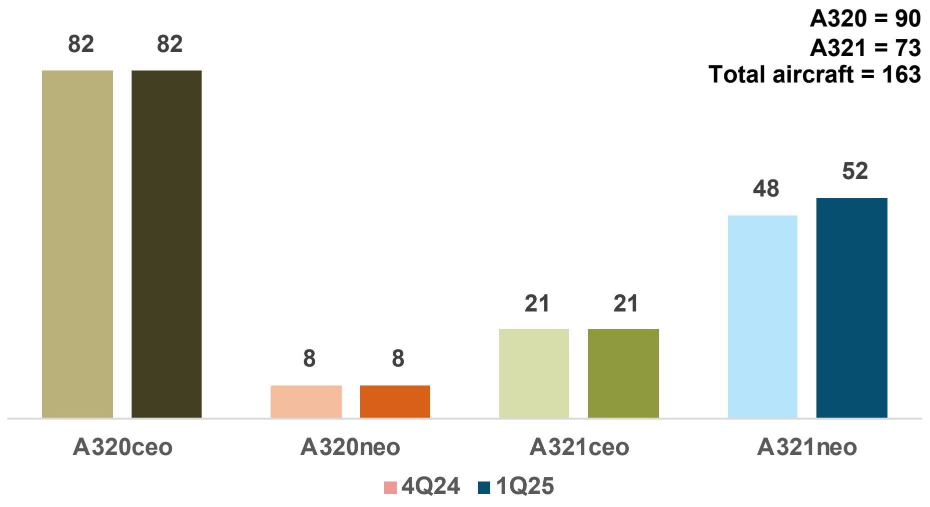


Yields and TRASM



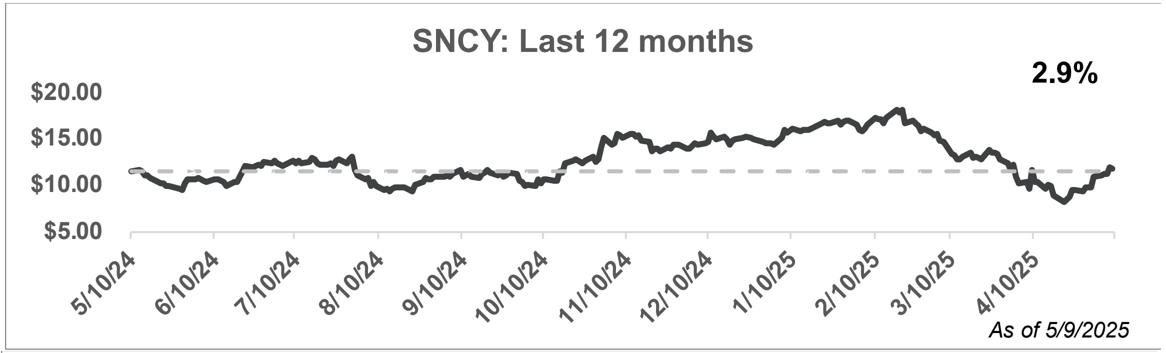
Frontier – Network, Fleet, and Analyst Commentary

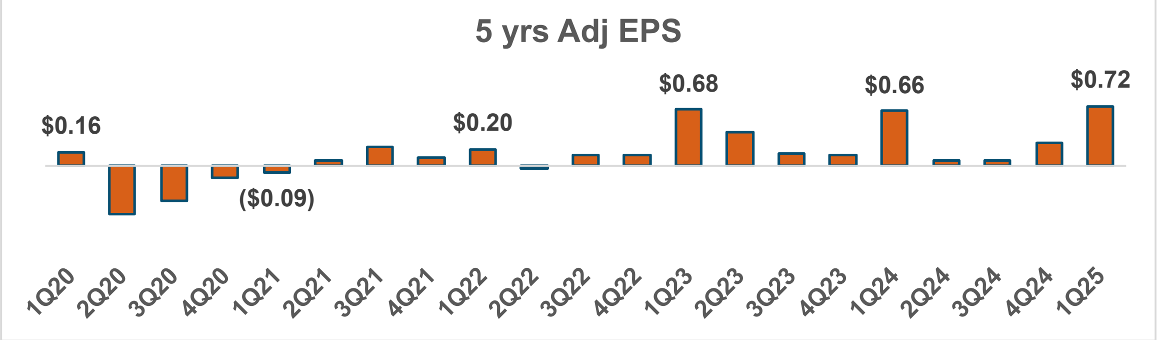
- Took delivery of four A321neo's and two spare aircraft engines in the first quarter. **As of March 31, the company had commitments for an additional 183 aircraft to be delivered through 2031.**
- Expecting three deliveries (A321neo's) in the second quarter, one less than previously expected. All have committed sale-leaseback financing.
- 13 deliveries in second half of 2025, all with sale-leaseback financing as well as 40% of 2026 deliveries.
- Launched 17 new routes, including returning to RNO and TUS. Building up LAX and JFK service to capture spill traffic from Legacy airlines.
- Announced 22 new routes to start this spring, including new service to Paine Field and Puerta Plata, Dominican Republic. **Will continue to grow Caribbean service from SJU hub.**



- *There were few surprises in Frontier's earnings report, with expectations also muted following reports from peers. In contrast to peers, the second quarter guide does not reflect any seasonal improvement, in part driven by lower gains on sale/leasebacks.*
- ***Encouragingly, Frontier noted bookings for May/June have stabilized, and they are rationalizing off-peak day-of-week capacity aggressively.***
- *While the demand environment remains challenged, as a spill carrier, Frontier is likely to continue to be challenged. However, we suspect the challenges are much greater at Spirit, and any industry consolidation (merger or otherwise) would be a positive catalyst.*
- *Consistent with capacity cuts, Frontier is also targeting cash preservation from lower fuel expense, variable cost savings and maintenance deferrals.*
- *We think the company will continue to underperform, given the lower domestic demand environment. While we see a return the profitability in the second half of 2025, we also see a full year loss.*
- *The company is guiding to a sequentially worse second quarter loss despite the fact that the June quarter is typically a seasonally stronger quarter. This is due to lower sale/leaseback gains and reversal of accrued lease return costs.*
- *Following a negative update on first quarter results, Frontier provided a somber 2Q outlook, dented by softer travel demand. It will get worse before it gets better, but capacity changes, cost control and commercial initiatives will drive management's plan to reach hopefully reach profitability in the back half of 2025.*
- *Longer term, the "New Frontier" remains a potential source of upside as the low-cost airline introduces greater fare bundling, enhanced frequent flier and a first-class product.* ***With competitor Southwest to charge for bags, there may be an opportunity to win share, offering product matches which could improve revenues.***
- *While Frontier's low-cost structure allows the airline to generate profits at a lower price point relative to other US airlines, market oversupply and weaker pricing threaten their margin-generating abilities.*

Sun Country Airlines





Sun Country

1Q25 adj. pretax income: $52 million

- ***We believe due to our structural advantages we will be able to reliably deliver industry-leading profitability throughout all cycles.***
- *We are reporting quarterly records for revenue and earnings, which is typically our strongest quarter of the year.*
- *With cargo growth outpacing system growth, we expect to draw down scheduled service temporarily as we absorb the opportunity in cargo. Eight new aircraft by Sept.*
- *Due to built-in buffers for the cargo growth, we expect to have surplus passenger aircraft and crew time that we plan to allocate into the charter market. For this reason, we expect that segment to perform well the remainder of the year.*
- ***Given our focus on Amazon, coupled with six aircraft on lease to third parties, we don't anticipate a need to purchase aircraft until looking for 2027 capacity.***
- *Our liquidity is north of 20% of our annual revenue. We are very comfortable with our liquidity position here. We will continue to maintain low levels of debt.*
- *I think the leisure space needs to get smaller to get back to pricing power. And that will either be done by reorganizations or merger/acquisition activity.*

- **Highest total quarterly revenue with robust growth in charter and cargo businesses**, offset by lower-than-expected scheduled service revenue, still produced an 18% adjusted operating margin, higher than the year ago period.
- Average schedule service fare was up roughly 1%, offset by LF decrease of nearly 4%. Scheduled service will decrease 7% in 2Q as pilot schedules are redirected to cargo flying**. Charter revenues up 21%** with additional ad hoc opportunities in 2Q.
- **Cargo revenues grew 17%,** with cargo revenue per block hour up to almost 20%. This will inflect sharply higher as the company takes delivery of 8 more cargo A/C.
- Entered partnership with Synchrony Bank to issue the company's first co-brand credit card by the third quarter. Will not show an addition to earnings until 1Q26.
- Non-fuel costs increased due to SWB, airport costs and a 12% increase in maintenance costs. Liquidity of $227 million with a new $75 million revolving line.

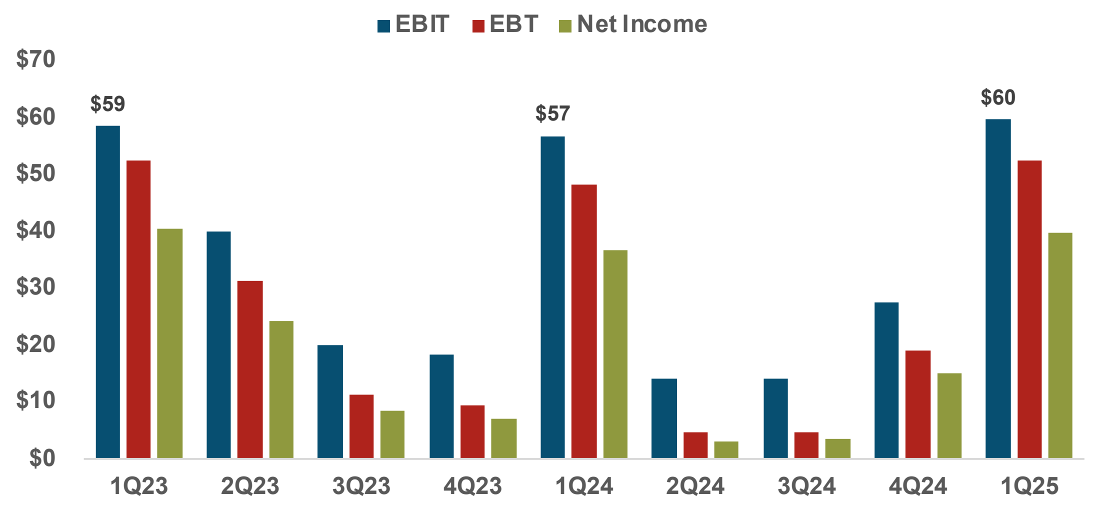
Sun Country	1Q25	1Q24	1Q19	YOY	y/6y
Revenues	$327M	$311M	$197M	4.9%	66.1%
Adj Operating Income (EBIT)	$60M	$57M	$46M	5.3%	28.8%
Adj Operating Margin	18.3%	18.2%	23.6%		
Adj Pretax Income	$52M	$48M	$43M	8.7%	22.0%
Adj Net Income	$40M	$37M	$33M	8.8%	19.0%
Adj EPS	$0.72	$0.66	$0.63	9.1%	14.9%
Scheduled Capacity (ASMs)	2.02 billion	1.89 billion	1.53 billion	6.7%	31.8%
Yield	16.95¢	16.60¢	14.93¢	2.1%	13.5%
TRASM	12.23¢	12.58¢	10.85¢	(2.8%)	12.7%
CASM	11.41¢	11.59¢	8.30¢	(1.6%)	37.5%
CASM-ex	7.34¢	7.09¢	6.27¢	3.5%	17.0%
Fuel (econ)	$2.66	$3.01	$1.81	(11.6%)	46.7%

- FY 2025
  - Capacity: Scheduled service down 3% - 5%.
- 2Q
  - Revenue: $250 million-$260 million.
  - Capacity: Block hours down 1% -3%. Scheduled service ASMs down 7%
  - Fuel: $2.44
  - Operating margin: 4% - 7%
  - CASM-ex: Up mid-to-high single digit..

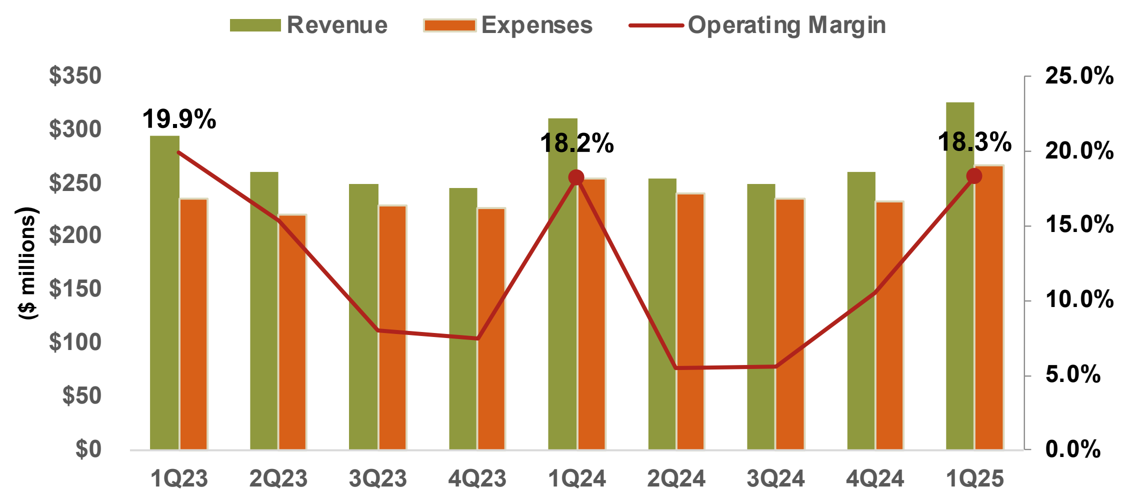
EFA takeaway: Sun Country's diversified model (scheduled/charter/cargo) is well suited and delivers consistent profitability for the current uncertain times.

Sun Country – Financial Performance

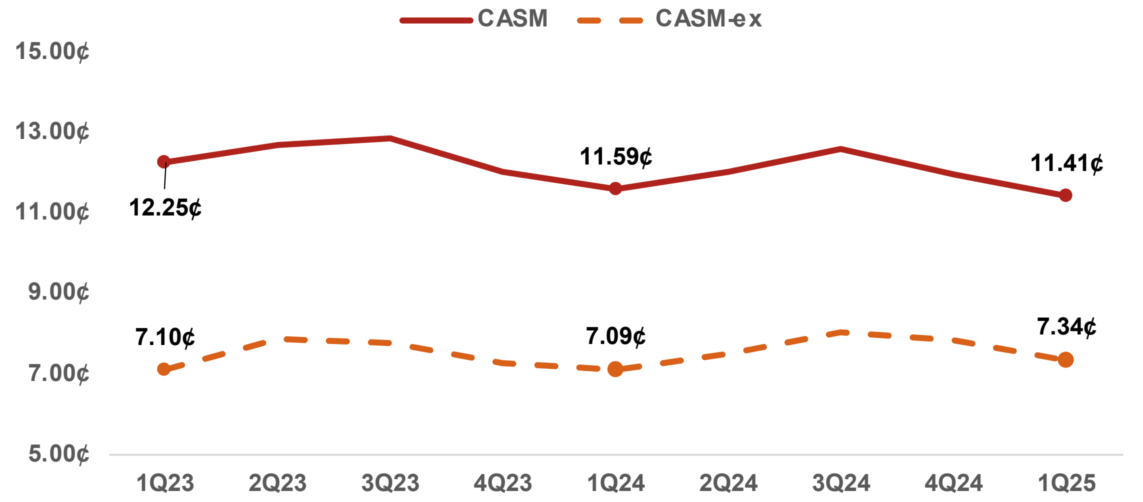
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



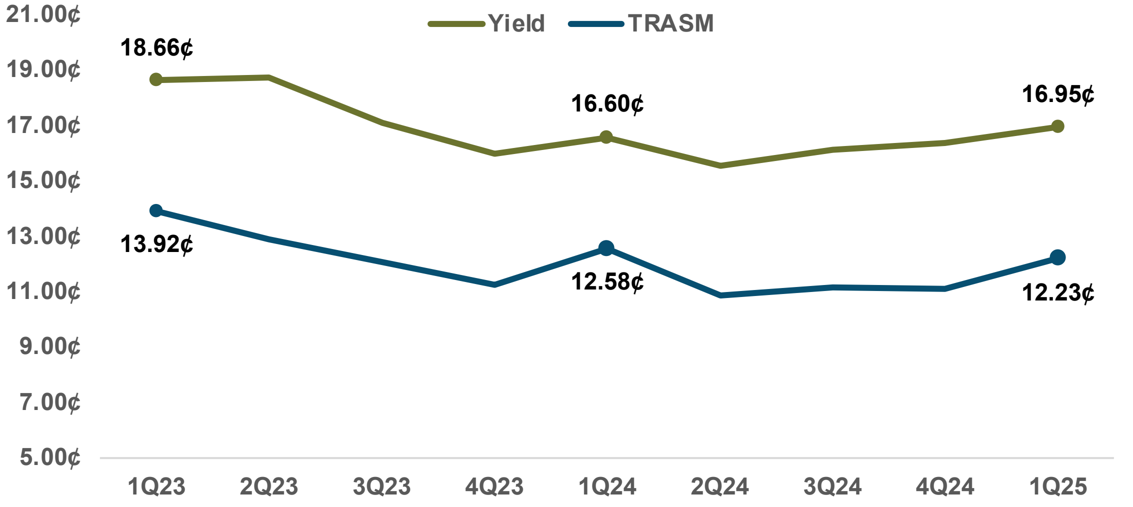
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM and CASM-ex

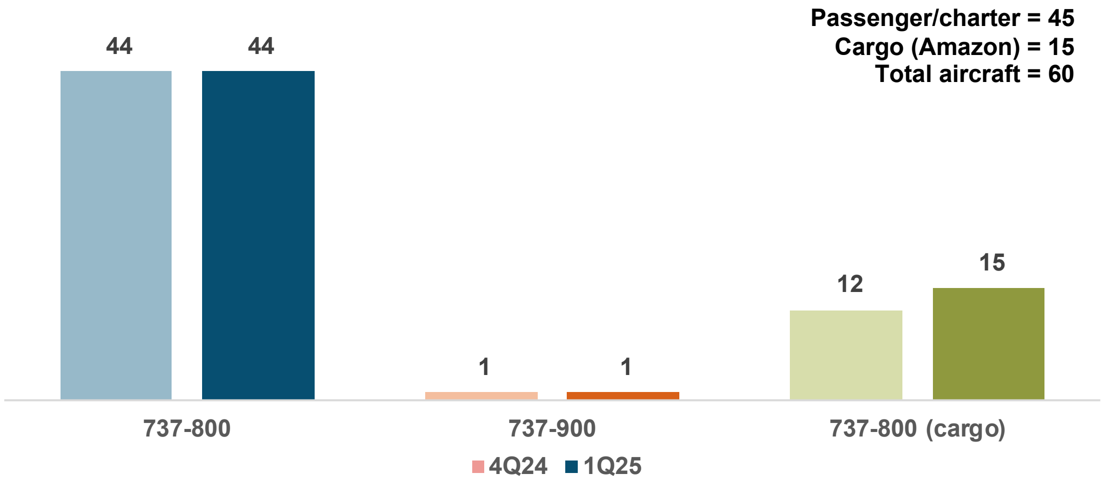


Yields and TRASM



Sun Country – Network, Fleet, and Analyst Commentary

- Redelivered one 737-900 from off lease and expect one more delivery in second quarter. Will delay induction into service as the company has a temporary surplus of passenger aircraft as the new cargo service ramps up.
- Will retire an older -800 to use for components for the remaining aircraft.
- **Currently have 15 aircraft in the freighter configuration**, with two in the induction process for adding during the second quarter to support Amazon flying.
- Extended schedule through December, with additional flights from LAS, MCO, PHX, and RSW. Will restart MSP-AVL in November.



- *Sun Country provided a relatively upbeat earnings outlook relative to other airlines this quarter as the low-cost peak time operator stands to benefit from increased contract air cargo flying for Amazon. The company will reduce scheduled flying to meet that need, seemingly at a perfect time amongst a weakening leisure US demand backdrop.*
- ***We view Sun Country as a stable operator through the macro uncertainty due to the diversified revenue streams from the three types of operations**. The company's operating margins could be near industry leading in 2025 and we remain positive on the equity as the recent sell-off could provide an attractive opportunity.*
- *Management's revenue outlook was essentially in-line with expectations, despite a somewhat stale consensus previously. We are positive on the commentary, as close-in bookings are bolstered by capacity cuts while executing on cargo growth.*
- ***It seems Sun Country is one of the few low fare carriers to have "cracked the code" in maintaining consistent profitability**, thriving in what is expected to be a challenging 2025. The well-diversified, resilient, well-capitalized, low-cost carrier remains attractive to us.*
- *We are modestly reducing our 2025 estimates which reflects weaker-than-expected scheduled service, partially offset by a growing cargo operation and healthy charter business. The company did note an additional authorization for stock repurchases of approximately $25 million. We still forecast strong margins this year.*

Economic and Financial Analysis Committee

Industry Financials

1st Quarter 2025