



SkyWest Incorporated  
(NASDAQ: SKYW)  
November 2025



Ronan Sahajpal  
*Group Head*

Brandon DiPaola  
*Associate*

Matthew King  
*Associate*

Ryan Spitzer  
*Associate*

Bailee Shopka  
*Analyst*

James Riopelle  
*Analyst*

Max Quain  
*Analyst*

## Table of Contents

---



1. Company Overview
2. Industry Overview
3. Valuation
4. Thesis I – Superior Business Model
5. Thesis II – Strong Capital Allocation
6. Risks & Catalysts
7. Recommendation
8. Appendix



**Company Overview**

---

# Company Introduction



SkyWest operates one of the largest regional airline networks in North America, with a fleet of over 500 aircraft serving more than 250 destinations through partnerships with major U.S. carriers

## Business Description

- SkyWest is a leading regional airline founded in 1972 and headquartered in St. George, Utah
- The company went public in 1986, trading on the NASDAQ under the ticker "SKYW"
- Flights primarily service routes from smaller cities to major hubs through long-term partnerships with Delta, United, American, and Alaska Airlines
- Operates a cost-efficient fleet of Bombardier and Embraer aircraft under fixed-fee capacity purchase agreements

## Management Team



Russell A. Childs  
**CEO & President**

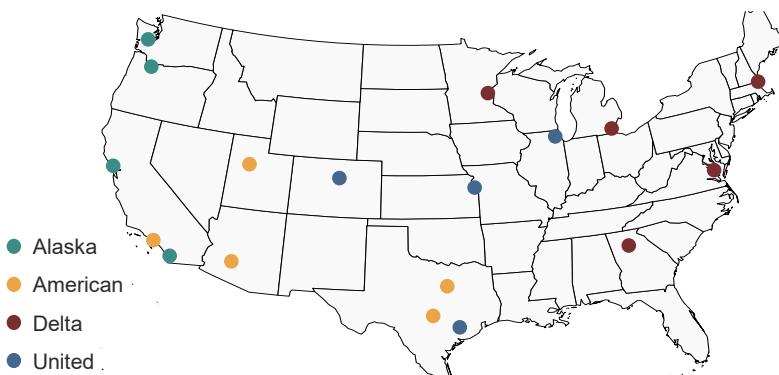


Robert J. Simmons  
**CFO**



Greg S. Wooley  
**VP Operations**

## Geographic Coverage

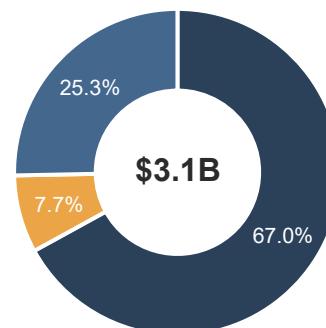


*SKYW services all regional hubs for leading airlines incl:  
Denver (DEN), Salt Lake City (SLC), Houston (IAH, HOU), Minneapolis-St. Paul  
(MSP), Detroit (DTW), Los Angeles (LAX), Seattle (SEA), New York City (LGA, JFK)*

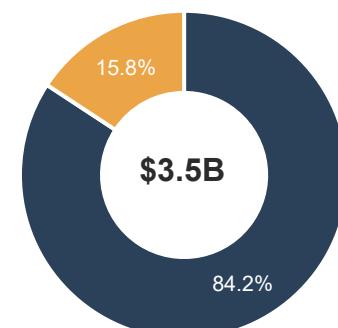
Source(s): Company Disclosures

(1) Express Jet segment divested to ManaAir on December 18, 2018

## Revenue Segmentation<sup>(1)</sup>



- SkyWest Airlines
- SkyWest Leasing
- Express Jet



- SkyWest Airlines
- SkyWest Leasing

# Business Model



SkyWest primarily functions as a regional airline, specializing in providing connecting or feeder services to major airlines

## Revenue Streams

### Capacity Purchase Agreements (CPA)



- Airlines pay SkyWest fixed fees to operate flights under their brand based on flight or block hours, independent of tickets sold
- CPA agreements are common on short-haul regional routes. SkyWest provides the aircraft, crew, and maintenance, while partner airlines handle ticketing and scheduling

### Leasing



- SkyWest owns and finances aircraft and engines, leasing them to major and regional airlines under long-term agreements
- Lease payments are received monthly and range from 4-10 years, providing stable, recurring cash flow and asset flexibility

## Strategic Objectives

### Code-share Agreements

- Operates regional flights under major airline brands
- Uses partners' flight codes and marketing to link smaller markets to hubs

### Operational Flexibility

- Adjusts flying among partners based on demand
- Relocates aircraft to maintain utilization and network efficiency

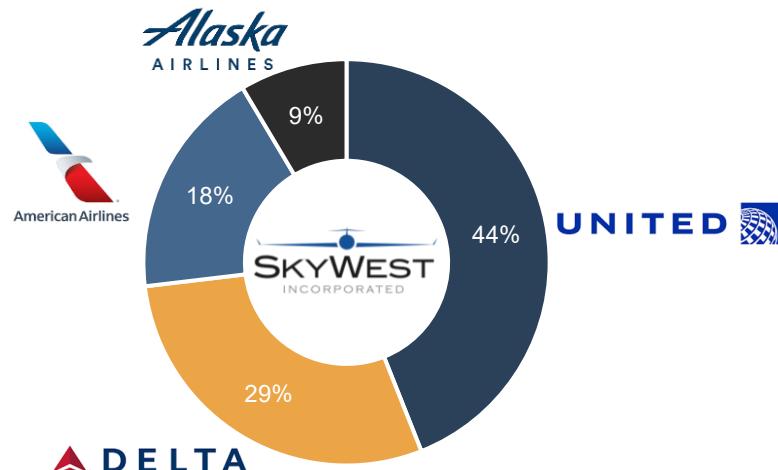
### Cost Management

- Maintains low costs through shared operations
- Fixed-fee CPA model limits exposure to fare and fuel volatility

### Diverse Fleet Management

- Operates CRJ and E175 aircraft for varied partner needs
- Leases aircraft through SkyWest Leasing for added flexibility

## Customer Breakdown

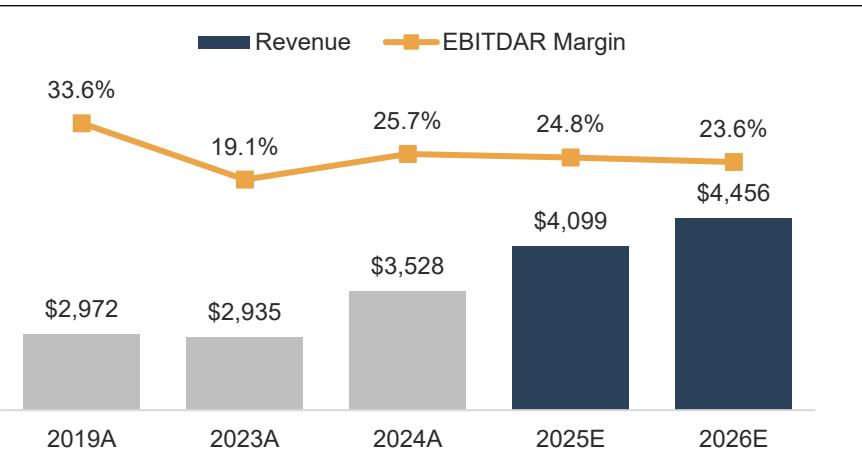


# Key Performance Indicators

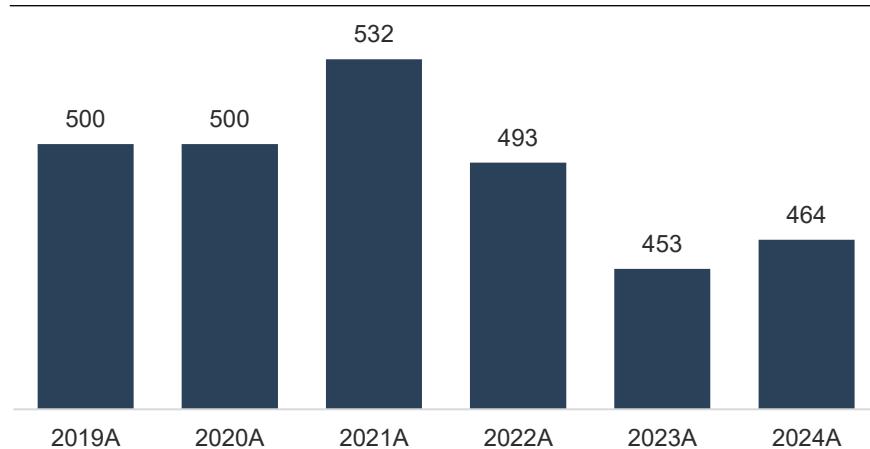


SkyWest has experienced revenue growth and stabilizing EBITDAR margins following the COVID-19 pandemic, driven by an increase in travel and a more favorable aircraft fleet

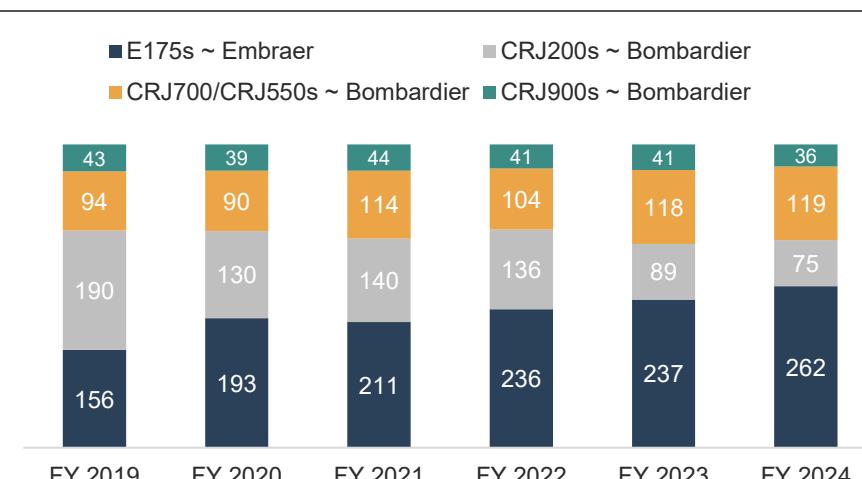
## Revenue and EBITDAR Margin<sup>(1)</sup>



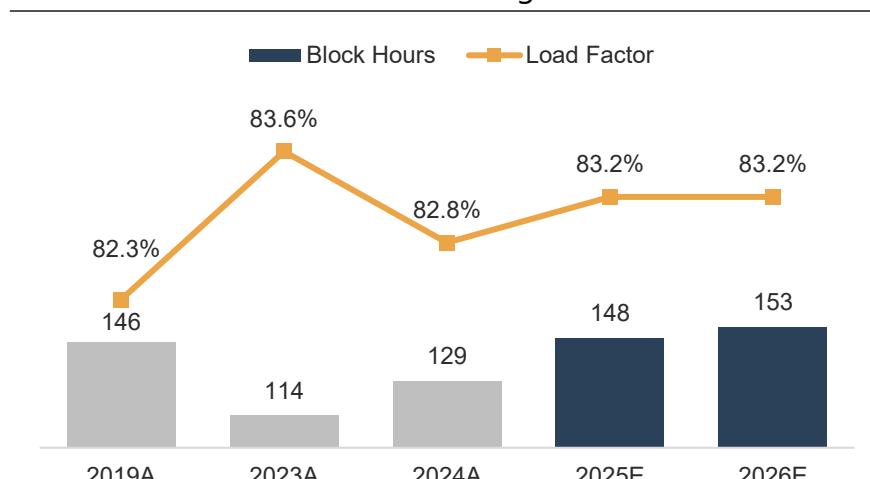
## Average Passenger Trip Length (Miles)



## Aircraft Mix Breakdown



## Block Hours<sup>(2)</sup> and Passenger Load Factor



Source(s): Bloomberg, Company Disclosures

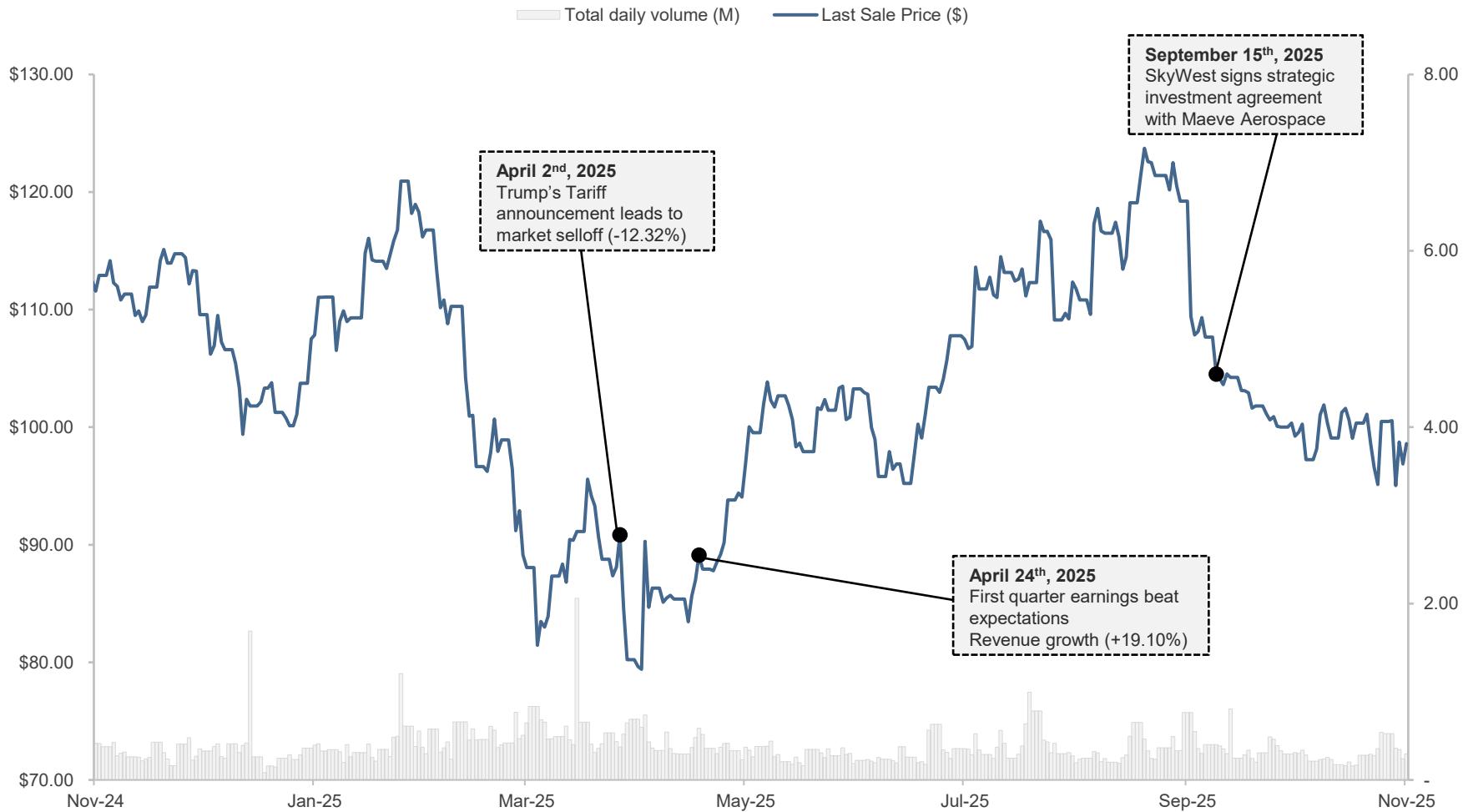
(1) EBITDAR = Earnings Before Interest, Taxes, Depreciation, Amortization, and Rent Obligations

(2) Block hours reflect the time from taxi to arrival, measured in 10,000 hours

# Annotated Price Chart



SkyWest's share price has experienced heightened volatility, influenced by broader market turbulence and ongoing operational initiatives to enhance long-term performance



# LTM Relative Trading



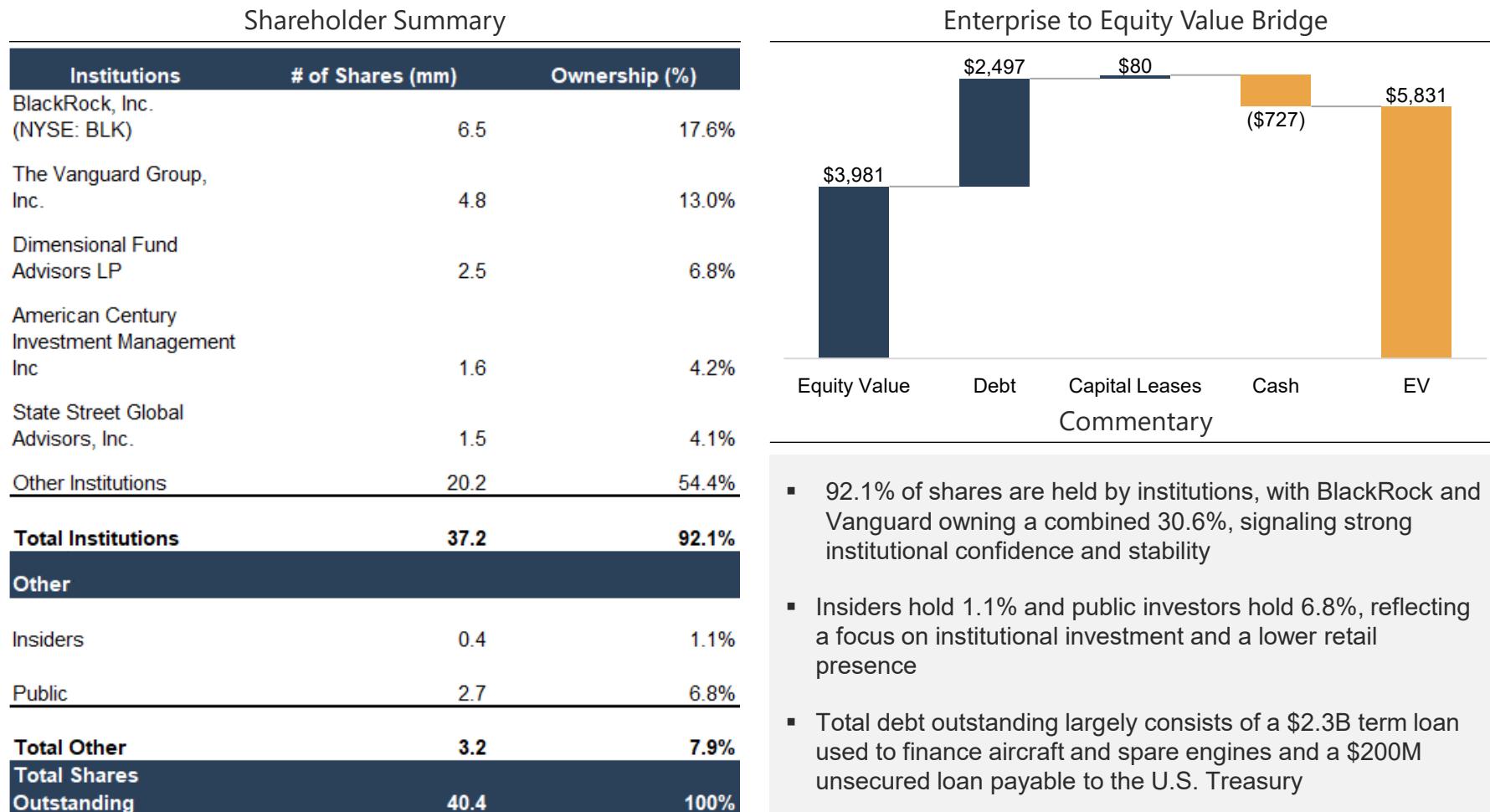
SkyWest falls below its peers and the industry average as its share price faces pressure from regulatory headwinds



# Shareholder Summary and Capitalization



SkyWest benefits from strong institutional ownership, reinforcing confidence, and supporting long-term shareholder value





**Industry Overview**

# Industry Drivers

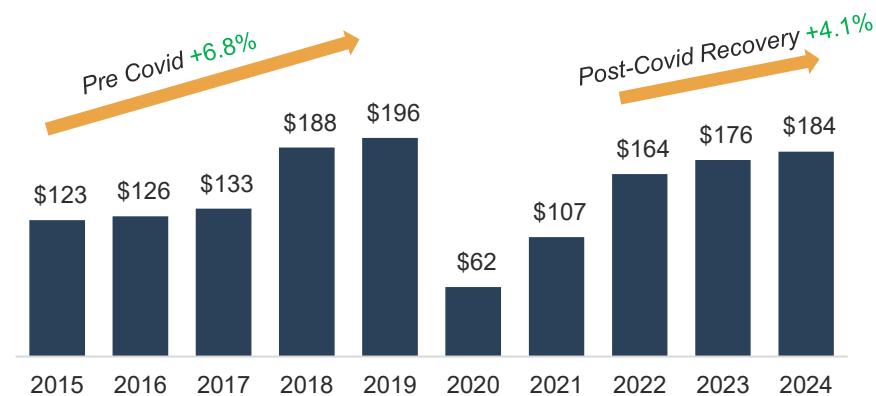


Strong post-COVID recovery driven by rising U.S. travel demand, regional connectivity, and SkyWest's multi-year full-service contracts

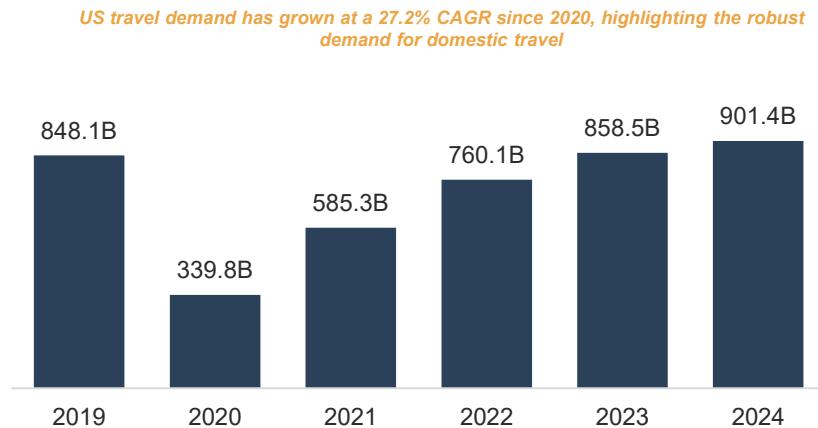
## Stable Contracted Revenue Model – Full-Service Growth

- Full-service seat growth projected in major airlines as Regionals rides, increasing regional flights
- SkyWest locked in multi-year contracts with Big 4 Airlines extending to 2034
- Major airlines are transitioning away from smaller aircrafts for regional portion of full-service regional flights

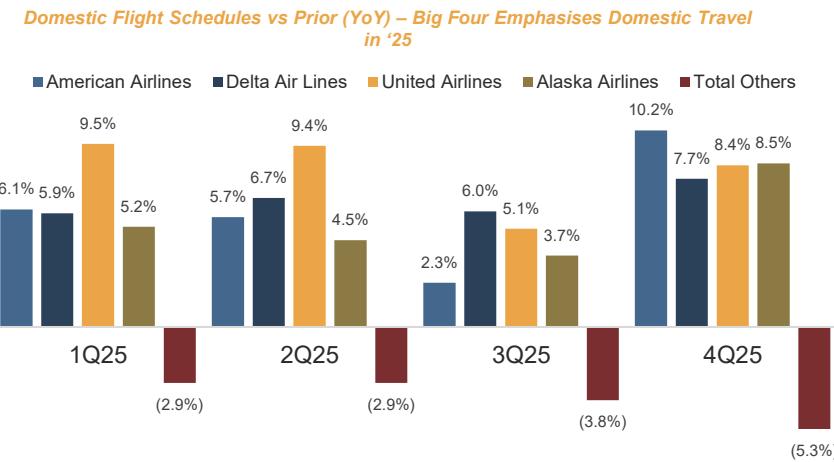
## US Domestic Airline Market (Revenue \$B)



## Growing Demand for US Travel (Billions of Passengers)



## Rising Demand for Regional Connectivity





# Competitive Landscape

SkyWest is the only third-party contractor to have contracts with all the big four airlines, contributing to their industry leading regional market share

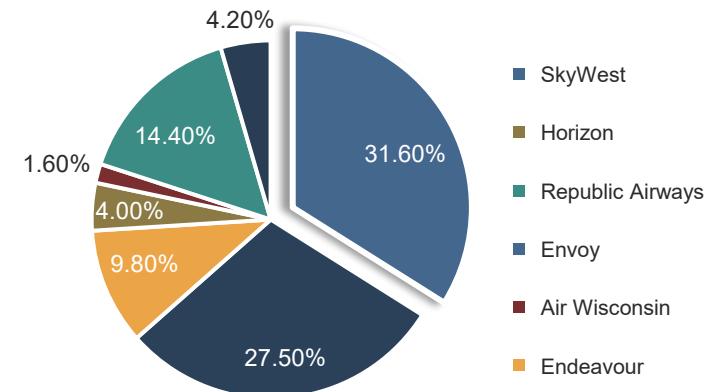
- Largest competitors are wholly owned subsidiaries of the “Big Four”, excluding United
- Low-cost carriers operating regionally, but not contracted with big four airlines
- SkyWest is the only regional carrier who has contracts with all Big Four airlines

SWOT Analysis



Source(s): Bloomberg, Company Disclosures

(1) Includes subsidiaries



# Industry Timeline



Since 2009, key mergers & acquisitions, bankruptcies, and pandemic implications have shaped the volatile yet opportunistic airline industry

- Apr, 1972: SkyWest is founded (formerly Dixie Airlines)
- Jun, 2009: Republic Airways acquires Midwest Airlines from TPG Capital
- Feb, 2016: Republic Airways Holdings Inc. files for Chapter 11 bankruptcy
- Jan, 2019: SkyWest sells Express Jet to ManaAir (a joint venture with United Airlines)
- Mar, 2020: The U.S. and Canada mutually agreed to close their borders to non-essential travel
- Jul, 2024: Delta Airlines suffers major operational disruption, leading to cancellation of 7,000 flights
- Apr, 2025: Republic Airways announces merger with Mesa Air group



**Valuation**

# Comparable Company Analysis



SkyWest's comparable analysis reflects a balanced mix of CPA-focused operators and leading regional airlines of similar scale, providing a comprehensive view of competitive positioning

## Comparable Company Analysis



### Key Insights

- Comparable analysis suggests that SkyWest is trading at a 28% discount relative to its current share price
- The industry has a wide range of EV / EBITDAR multiples ranging from 3.7x (Chorus) – 11.0x (JetBlue)
- SkyWest ranks above the industry average in EV / Revenue and below the average in EV / EBITDAR
- EV / EBITDAR multiple adds back lease expenses to better reflect the airlines' operational performance

### Implied Share Price

|                             | Unit            | Value           |
|-----------------------------|-----------------|-----------------|
| 2026E Mean EV / EBITDAR     | (0.0x)          | 6.5x            |
| 2026E EBITDAR               | (\$M)           | \$1,041         |
| <b>Implied EV</b>           | <b>(\$M)</b>    | <b>\$6,814</b>  |
| Less: Debt                  | (\$M)           | (\$2,470)       |
| Less: Minority Interest     | (\$M)           | -               |
| Add: Cash                   | (\$M)           | \$753           |
| <b>Implied Equity Value</b> | <b>(\$M)</b>    | <b>\$5,097</b>  |
| Diluted S/O                 | (M)             | 40              |
| <b>Share Price</b>          | <b>(\$0.00)</b> | <b>\$126.24</b> |

# Precedent Transactions Analysis



The following highlights strategic transactions across the regional airline sector, featuring acquisitions by Alaska Airlines, Onex Partners, Qatar Airways, and Chorus Aviation, while excluding deals completed during COVID-19

## Precedent Transactions Analysis

| Acquiror               | Target                                   | Date    | Implied EV (\$M) | EV / EBITDA | Target Description   |
|------------------------|--|---------|------------------|-------------|--|
| <b>Alaska AIRLINES</b> | <b>HAWAIIAN AIRLINES</b>                 | Dec '23 | \$1,842          | 10.3x       | Hawaiian Holdings, Inc., through its subsidiary, Hawaiian Airlines, Inc., engages in the scheduled air transportation of passengers and cargo. |
| <b>ONEX</b>            | <b>WESTJET</b>                           | May '19 | \$3,675          | 7.2x        | WestJet Airlines Ltd. owns and operates airplanes for commercial use.  |
| <b>QATAR AIRWAYS</b>   | <b>IAG INTERNATIONALS AIRLINES GROUP</b> | May '16 | \$17,970         | 4.2x        | International Airlines Group engages in the provision of passenger and cargo transportation services internationally.                          |
| <b>chorus</b>          | <b>voyageur AIRWAYS</b>                  | Mar '15 | \$63             | 4.7x        | Voyageur Airways is an airline based in North Bay, Ontario, Canada.  |
| <b>Mean</b>            |  |         |                  | <b>6.6x</b> |  |

### Overview

- Precedent transactions imply an EV / EBITDA multiple of 6.6x, indicating a ~31% discount to SkyWest's current share price
- Deal multiples range from 4.2x (IAG) – 10.3x (Hawaiian Airlines), highlighting differences in market positioning
- COVID-19 era transactions were excluded due to atypical market conditions and depressed valuations that do not reflect normalized industry performance

### Implied Share Price

|                             | Unit            | Value           |
|-----------------------------|-----------------|-----------------|
| Mean EV / EBITDA            | (0.0x)          | 6.6x            |
| 2026E EBITDA                | (\$M)           | \$1,050         |
| <b>Implied EV</b>           | <b>(\$M)</b>    | <b>\$6,923</b>  |
| Less: Debt                  | (\$M)           | (\$2,470)       |
| Less: Minority Interest     | (\$M)           | -               |
| Add: Cash                   | (\$M)           | \$753           |
| <b>Implied Equity Value</b> | <b>(\$M)</b>    | <b>\$5,207</b>  |
| Diluted S/O                 | (M)             | 40              |
| <b>Share Price</b>          | <b>(\$0.00)</b> | <b>\$128.97</b> |

# Discounted Cash Flow Analysis



Valuation is derived from 3 operating cases with a base case upside of 32.47%

| Bull Case  |  |
|--|--|
| ▪ Bull case guided by increased Revenue growth and OPEX decreases                                  |  |
| ▪ CAGR increased to 7.0% from Base Case of 6.3%  |  |
| Base Case  |  |
| ▪ Base case valuation guided by Equity Research and sector outlook through public company research |  |
| ▪ CAGR of 6.3%   |  |
| Bear Case  |  |
| ▪ Bear case guided by downturn in industry growth with CAGR of 5.4% and 2% increase to OpEx        |  |

| Valuation Analysis                            |                 |               |               |               |
|---|-----------------|---------------|---------------|---------------|
|   | Units           | Bear          | Base          | Bull          |
| WACC  | (%)             | 7.58%         | 7.58%         | 7.58%         |
| D/E Ratio                                     | 0.0x            | 0.5x          | 0.5x          | 0.5x          |
| Exit Multiple                                 | 0.0x            | 6.5x          | 6.5x          | 6.5x          |
| Terminal Growth Rate                          | (%)             | 1.00%         | 1.00%         | 1.00%         |
| Financial Metrics                             |                 |               |               |               |
| FY2025 Revenue                                | \$M             | \$4,046       | \$4,099       | \$4,153       |
| FY2030 Revenue                                | \$M             | \$5,270       | \$5,547       | \$5,824       |
| FY2025 EBITDAR                                | \$M             | \$1,016       | \$1,028       | \$1,040       |
| FY2030 EBITDAR                                | \$M             | \$1,142       | \$1,201       | \$1,260       |
| Avg. Implied EV                               | \$M             | \$6,521       | \$7,002       | \$7,497       |
| <b>Avg. Implied Share Price<sup>(1)</sup></b> | <b>\$/share</b> | <b>\$119</b>  | <b>\$131</b>  | <b>\$143</b>  |
| <b>Implied Upside</b>                         | <b>(%)</b>      | <b>20.40%</b> | <b>32.47%</b> | <b>44.88%</b> |

Source(s): Bloomberg, Company Disclosures, Deutsche Bank, Market data from S&P Capital IQ as of November 7, 2025

(1) Average Implied Share Price taken from an equally weighted mean of the Exit Multiple and Gordon Growth methods

# Take-Private Leveraged Buyout



Considering a 5-year holding period and a similar capital structure, a take-private LBO scenario returns 20% IRR, indicating undervaluation compared to market

## Sample Sponsors<sup>(1)</sup>



Blackstone

cerberus



terra firma



## Valuation Analysis

| Bull Case  |  |
|--|--|
| <ul style="list-style-type: none"> <li>Guided by growth in Revenue and favorable operating margins</li> <li>Increases IRR to 21.07%</li> </ul> |  |

| Base Case   |  |
|---|--|
| <ul style="list-style-type: none"> <li>Base case valuation guided by Equity Research and sector outlook</li> <li>IRR of 20.05%</li> </ul> |  |

| Bear Case   |  |
|---|--|
| <ul style="list-style-type: none"> <li>Bear case guided by downturn in industry growth with</li> <li>IRR of 18.96%</li> </ul> |  |

| Transaction Summary       |                |                     |
|---------------------------|----------------|---------------------|
| Entry EV/EBITDAR          |                | 5.7x <sup>(2)</sup> |
| EBITDAR @ Purchase (\$MM) |                | \$1,028             |
| Enterprise Value (\$MM)   |                | \$5,860             |
| Debt Financing            |                | 60%                 |
| Equity Financing          |                | 40%                 |
|                           | Holding Period | 5yrs <sup>(2)</sup> |

| Key Outputs |      |        |
|-------------|------|--------|
|             | IRR  | 20.05% |
|             | MOIC | 2.5x   |

| Leverage | IRR    | MOIC |
|----------|--------|------|
| 20%      | 6.80%  | 1.4x |
| 30%      | 9.12%  | 1.5x |
| 40%      | 11.94% | 1.8x |
| 50%      | 15.46% | 2.1x |
| 60%      | 20.05% | 2.5x |
| 70%      | 26.42% | 3.2x |
| 80%      | 36.28% | 4.7x |

Source(s): Bloomberg, Company Disclosures

(1) Sponsors chosen have historically made investments in aviation companies such as airlines or air lessors

(2) All scenarios assume same entry and exit multiple (5.7x) and same holding period (5yrs)



**Investment Theses**

# Thesis I – Superior Business Model to Other Airlines



A diversified portfolio of long-term CPAs with major US carriers drives capital efficiency, and a dominant market share in the regional airline market

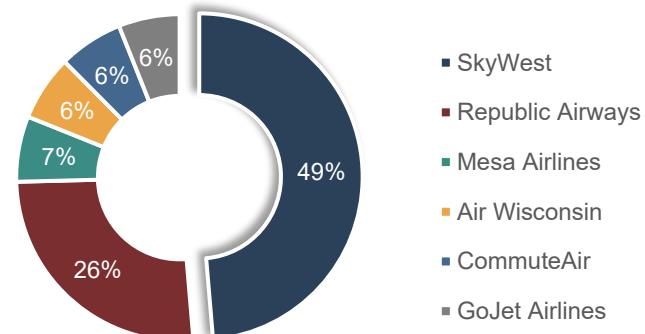
| Low-Risk Business Model   | Strength is Reflected in Valuation (EV/EBITDAR FY 2024)   |                    |                    |                    |              |      |     |                      |      |     |                |      |     |         |      |     |
|---|---|--------------------|--------------------|--------------------|--------------|------|-----|----------------------|------|-----|----------------|------|-----|---------|------|-----|
| <ul style="list-style-type: none"> <li>Big four airlines handle ticket sales and demand risk under CPA contracts</li> <li>SkyWest is paid for flights, not passenger numbers</li> <li>Long-term deals (5+ years) give financial stability to SkyWest</li> <li>Big four airlines need reliable feeder service, regardless of market swings</li> <li>CPAs shield regionals from downturns and seasonal drops</li> </ul> | <table border="1"> <thead> <tr> <th>Category</th> <th>EV/EBITDAR FY 2024</th> <th>EBITDAR Margin (%)</th> </tr> </thead> <tbody> <tr> <td>CPA Airlines</td> <td>2.2x</td> <td>18%</td> </tr> <tr> <td>Comparable Companies</td> <td>4.2x</td> <td>17%</td> </tr> <tr> <td>Big 4 Airlines</td> <td>3.6x</td> <td>19%</td> </tr> <tr> <td>SkyWest</td> <td>6.3x</td> <td>23%</td> </tr> </tbody> </table> | Category           | EV/EBITDAR FY 2024 | EBITDAR Margin (%) | CPA Airlines | 2.2x | 18% | Comparable Companies | 4.2x | 17% | Big 4 Airlines | 3.6x | 19% | SkyWest | 6.3x | 23% |
| Category  | EV/EBITDAR FY 2024  | EBITDAR Margin (%) |                    |                    |              |      |     |                      |      |     |                |      |     |         |      |     |
| CPA Airlines  | 2.2x  | 18%                |                    |                    |              |      |     |                      |      |     |                |      |     |         |      |     |
| Comparable Companies  | 4.2x  | 17%                |                    |                    |              |      |     |                      |      |     |                |      |     |         |      |     |
| Big 4 Airlines  | 3.6x  | 19%                |                    |                    |              |      |     |                      |      |     |                |      |     |         |      |     |
| SkyWest   | 6.3x  | 23%                |                    |                    |              |      |     |                      |      |     |                |      |     |         |      |     |

## Long-Term CPA Contract Pipeline

| Agreement         | # of Aircraft | Term Duration   |
|-------------------|---------------|---|
| United Express    | 194           | Individual aircraft have scheduled removal date, 2033 |
| Delta Airlines    | 126           | Individual aircraft have scheduled removal date, 2034 |
| American Airlines | 88            | Individual aircraft have scheduled removal date, 2034 |
| Alaska Airlines   | 42            | Individual aircraft have scheduled removal date, 2034 |

## US CPA Market Share

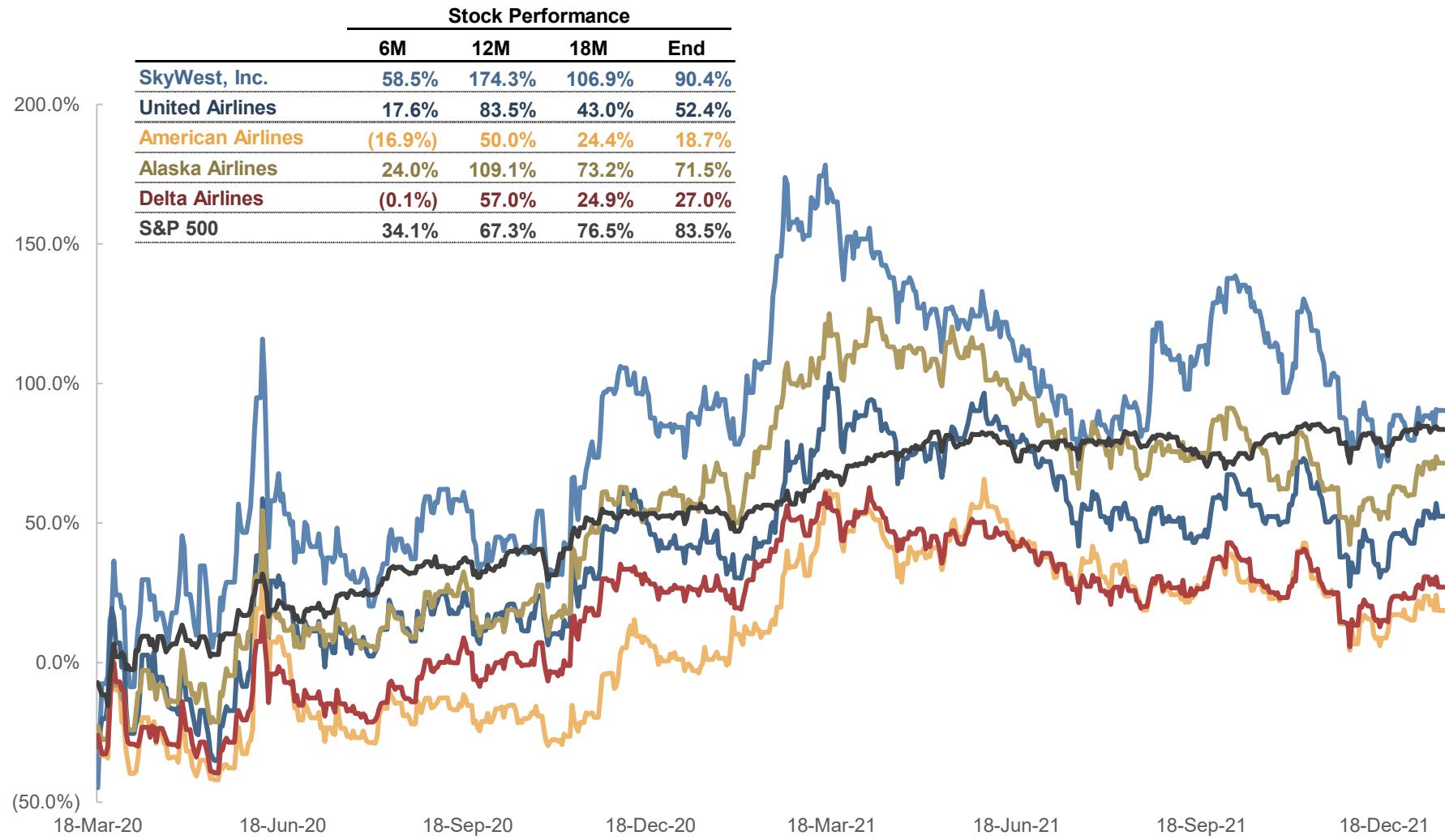
*SkyWest dominates the CPA market with almost 50% Market Share, with its next closest competitor only holding 26%*





## Thesis I – Case Study: COVID-19 Bounce-back

While major airline companies declined during the COVID-19 pandemic, SkyWest's share price remained resilient due to its fixed-fee capacity purchase agreements and stable regional service demand



## Thesis II – Strong Capital Allocation

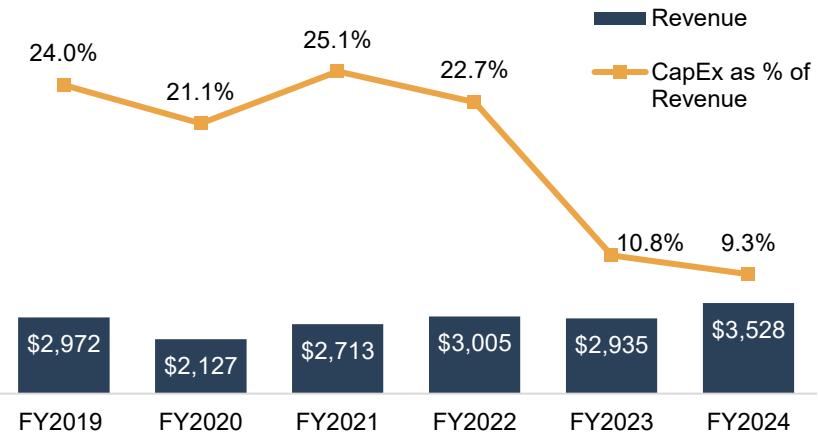


SkyWest prioritizes disciplined capital spending to modernize its fleet, boost efficiency, and deliver long-term growth

### Disciplined Capital Management

- Post COVID-19, SkyWest's strategic capital deployment has fueled sustained revenue growth
- The 2019 sale of ExpressJet Airlines marked a decisive exit from underperforming assets, reinforcing SkyWest's focus on core operations
- SkyWest's equity investment in Maeve Aerospace highlights its commitment to innovation in aviation
- Investments in top-of-the-line Embraer 175 aircraft enhance network flexibility and passenger experience

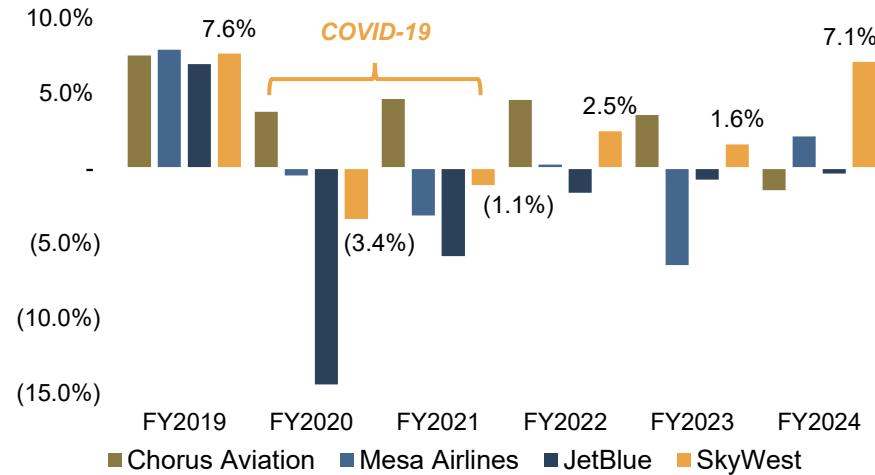
### Strategic Capital Expenditure Allocation



### Fleet Scale Under Active Contracts (FY2024)

| Model        |                 | SKYWEST INCORPORATED | chorus | MESA AIRLINES |
|--------------|-----------------|----------------------|--------|---------------|
| Embraer      | E175            | 262                  | 25     | 54            |
| Bombardier   | CRJ900          | 36                   | 35     | 6             |
|              | CRJ550 / CRJ700 | 119                  | -      | -             |
|              | CRJ200          | 75                   | 15     | -             |
| De Havilland | Dash 8-400      | -                    | 39     | -             |
| Total        |                 | 492                  | 114    | 60            |

### ROIC Comparison Across Peers (%)





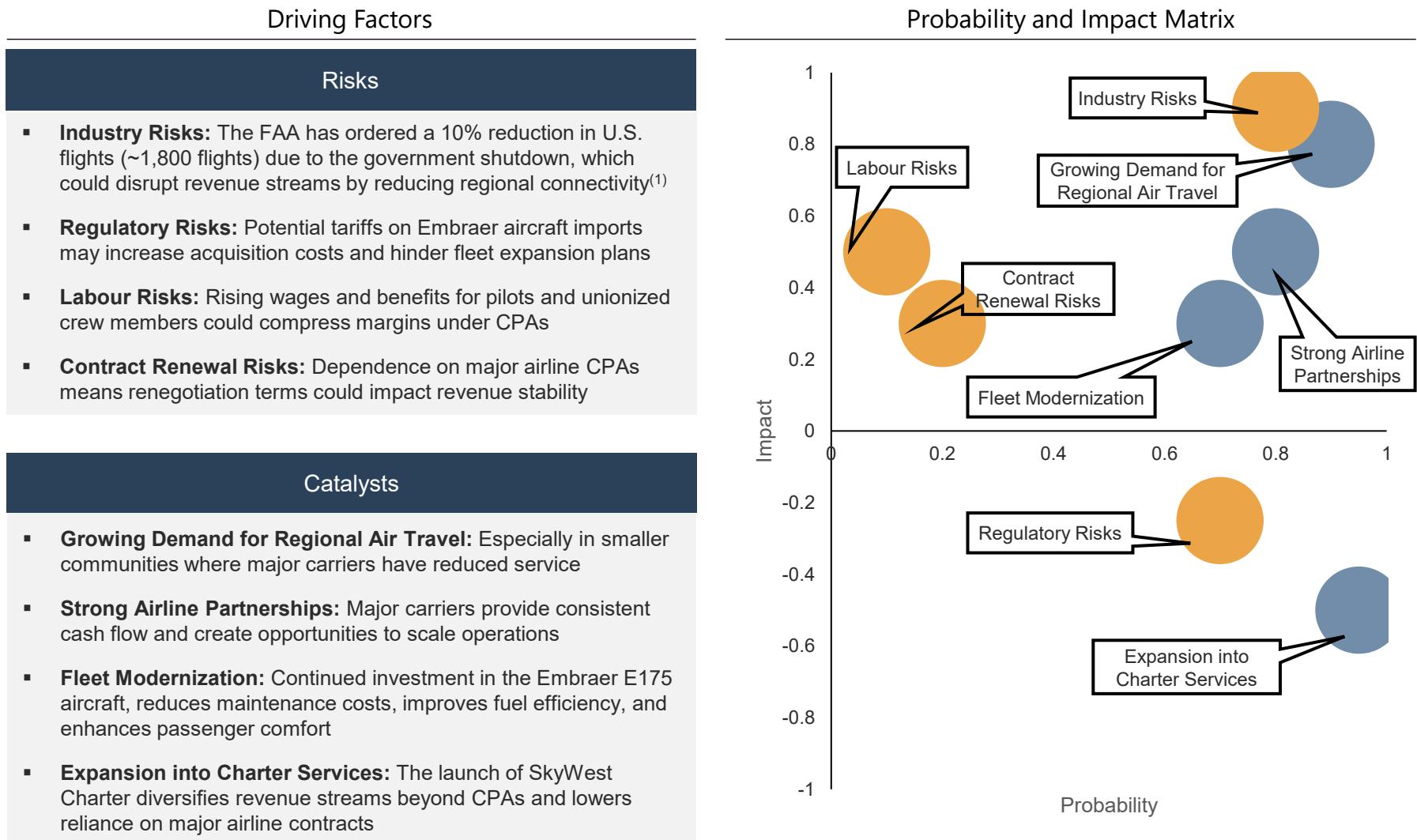
**Risks & Catalysts**

---

# Risks & Catalysts



SkyWest faces multiple operational and regulatory challenges amid current market dynamics; however, tailwinds, such as rising regional demand, strong partnerships, fleet modernization, and charter expansion could propel future growth





**Recommendation**

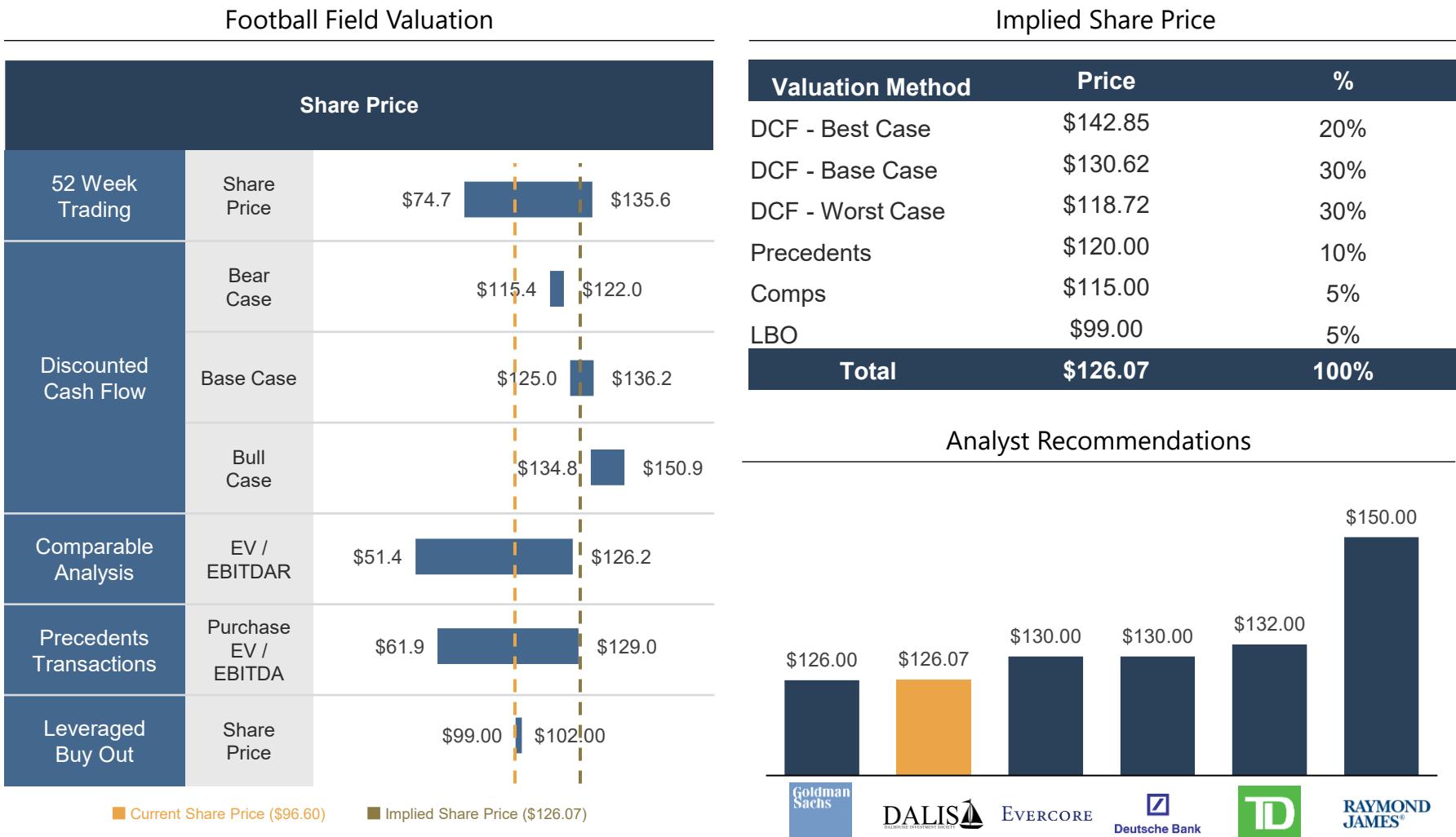
**SKYWEST**  
INCORPORATED





# Recommendation

Implied Share Price of \$128.87 derived from weighted average of valuation methods, in line with the street



Source(s): Bloomberg, Company Disclosures, Equity Research Estimates



**Appendix**

**SKYWEST**  
INCORPORATED



# Fleet Breakdown



SkyWest's fleet contains 5 aircraft models from Embraer and Bombardier. Skywest and other regional carriers are shifting towards single-plane fleets consisting of Embraer E-175s

| Manufacturer   | Model      | Aircraft   | Range<br>(Miles) | Capacity<br>(Seats) | Quantity <sup>1</sup> |
|--|------------|--|------------------|---------------------|-----------------------|
|                        | E-175      |    | 2,100            | 76                  | 265                   |
|  | CRJ900     |    | 1,500            | 76                  | 36                    |
| <br><b>Bombardier</b> | CRJ700/550 |    | 1,600            | 70                  | 121                   |
|  | CRJ200     |  | 1,200            | 50                  | 80                    |
| <b>Total</b>   |            |  | <b>6,400</b>     |                     | <b>502</b>            |

Source(s): Bloomberg, Company Disclosures

(1) Quantity in use or under contract

# Comparable Company Analysis



Publicly traded CPA Airlines and American Regional Carriers with similar coverage were chosen for comparable companies

|   | Share<br>Price<br>(US\$) | Market<br>Cap. <sup>(1)</sup><br>(US\$M) | Ent.<br>Value<br>(US\$M) | EV / Revenue <sup>(2)</sup> |             | EV / EBITDAR <sup>(2)</sup> |             | EBITDAR<br>Margin <sup>(3)</sup><br>(%) | Revenue Growth <sup>(2)</sup> |              |
|---|--------------------------|--|--------------------------|-----------------------------|-------------|-----------------------------|-------------|---|-------------------------------|--------------|
|   |                          |  |                          | 2025E                       | 2026E       | 2025E                       | 2026E       |   | 22-24                         | 24-26        |
|   |                          |  |                          | (x)                         | (x)         | (x)                         | (x)         |   | (%)                           | (%)          |
| <b>CPA Airlines and Regional Carriers</b> |                          |  |                          |                             |             |                             |             |   |                               |              |
| Chorus Aviation Inc.                      | \$16.58                  | \$445                                    | \$672                    | 0.7x                        | 0.7x        | 3.2x                        | 3.7x        | 19.0%                                   | (12.0%)                       | (8.0%)       |
| Southwest Airlines Co.                    | \$32.45                  | \$16,782                                 | \$19,022                 | 0.7x                        | 0.6x        | 8.6x                        | 5.6x        | 12.3%                                   | 15.4%                         | 10.1%        |
| Frontier Group Holdings, Inc.             | \$3.93                   | \$900                                    | \$5,366                  | 1.4x                        | 1.3x        | 8.3x                        | 5.9x        | 24.4%                                   | 13.5%                         | 13.1%        |
| JetBlue Airways Corporation               | \$4.42                   | \$1,608                                  | \$8,410                  | 0.9x                        | 0.9x        | 21.9x                       | 11.0x       | 8.4%                                    | 1.3%                          | 6.0%         |
| <b>Average</b>                            |                          |  |                          | <b>0.9x</b>                 | <b>0.9x</b> | <b>10.5x</b>                | <b>6.5x</b> | <b>16.1%</b>                            | <b>4.6%</b>                   | <b>5.3%</b>  |
| <b>Median</b>                             |                          |  |                          | <b>0.8x</b>                 | <b>0.8x</b> | <b>8.5x</b>                 | <b>5.7x</b> | <b>15.7%</b>                            | <b>7.4%</b>                   | <b>8.1%</b>  |
| <b>SkyWest, Inc.</b>                      | <b>\$98.60</b>           | <b>\$3,954</b>                           | <b>\$5,670</b>           | <b>1.4x</b>                 | <b>1.4x</b> | <b>5.7x</b>                 | <b>5.4x</b> | <b>26.2%</b>                            | <b>17.4%</b>                  | <b>20.0%</b> |

Source(s): Bloomberg, Company Disclosures, Market data from S&P Capital IQ as of November 7, 2025

(1) Shares outstanding based on the treasury stock method

(2) Estimates based on broker consensus average from S&P Capital IQ

(3) Based on 2026E results

# Discounted Cash Flow Analysis - WACC



WACC of 7.58%

## Assumptions

- Unlevered Beta: *5Y Beta from C/IQ*
- Re-levered Beta: *Average D/E and Betas used from Chorus Aviation, Southwest Airlines, Frontier Group, and JetBlue Airways*
- Risk Free Rate: *US 5Y yield, at market close November 7, 2025*
- Equity Risk Premium: *Damodaran, November 7, 2025*
- Weighted Average Interest Rate: *Listed in FY 2025 Q3 10-Q, released October 31, 2025*
- Capital Structure: *SkyWest's current, November 7, 2025*

## WACC

| WACC                           |              |                |
|--------------------------------|--------------|----------------|
| Cost of Equity (CAPM)          | Units        |                |
| Unlevered Beta                 | (0.00)       | 1.63           |
| Risk Free Rate                 | (%)          | 3.68%          |
| Equity Risk Premium            | (%)          | 4.33%          |
| Re-levered Beta                | (0.00)       | 1.52           |
| <b>Cost of Equity (CAPM)</b>   | <b>(%)</b>   | <b>10.26%</b>  |
| <b>Cost of Debt</b>            |              |                |
| Weighted Average Interest Rate | (%)          | 4.30%          |
| Tax Rate                       | (%)          | 21.00%         |
| <b>After Tax Cost of Debt</b>  | <b>(%)</b>   | <b>3.40%</b>   |
| <b>Capital Structure</b>       |              |                |
| Market Capitalization          | (\$M)        | \$3,885        |
| Market Value of Debt           | (\$M)        | \$2,485        |
| <b>Total Capital Structure</b> | <b>(\$M)</b> | <b>\$6,370</b> |
| % Equity                       | (%)          | 60.98%         |
| % Debt                         | (%)          | 39.02%         |
| <b>WACC</b>                    | <b>(%)</b>   | <b>7.58%</b>   |

## Debt Outstanding

| Instrument                         | Units        | Amt O/S        | % Weight      | Interest Rate | Maturity  |
|------------------------------------|--------------|----------------|---------------|---------------|-----------|
| Operating Lease                    | (\$M)        | \$85           | 3.4%          | 6.200%        | unknown   |
| Revolver                           | (\$M)        | -              | -             | SOFR + 3.5%   | 25-Mar-28 |
| Unsecured Debt to US Treasury      | (\$M)        | \$201          | 8.1%          | 4.000%        | unknown   |
| Finance Aircraft and Spare Engines | (\$M)        | \$2,200        | 88.5%         | unknown       | unknown   |
| <b>Total</b>                       | <b>(\$M)</b> | <b>\$2,485</b> | <b>100.0%</b> |               |           |

# Discounted Cash Flow Analysis - Base Case UFCF Build



Base Case DCF results in an implied share price of \$125.03 using a 6.5x EV/EBITDAR Exit Multiple, and \$136.20 using a 1.0% terminal growth rate

## UFCF Build

| Period                                | Units  | Historic     |                |                |              |              |              | Projected      |              |                |                |                |                |
|---------------------------------------|--------|--------------|----------------|----------------|--------------|--------------|--------------|----------------|--------------|----------------|----------------|----------------|----------------|
|                                       |        | FY 2019A     | FY 2020A       | FY 2021A       | FY 2022A     | FY 2023A     | FY 2024A     | FY 2025E       | FY 2026E     | FY 2027E       | FY 2028E       | FY 2029E       | FY 2030E       |
| Total Revenue                         | (\$M)  | \$2,972      | \$2,127        | \$2,714        | \$3,005      | \$2,935      | \$3,528      | \$4,099        | \$4,456      | \$4,819        | \$5,149        | \$5,378        | \$5,547        |
| COGS & OpEx                           | (\$M)  | (\$2,070)    | (\$1,889)      | (\$2,335)      | (\$2,378)    | (\$2,446)    | (\$2,654)    | (\$3,114)      | (\$3,601)    | (\$3,839)      | (\$4,051)      | (\$4,287)      | (\$4,401)      |
| <b>EBITDA</b>                         | (\$M)  | <b>\$902</b> | <b>\$238</b>   | <b>\$378</b>   | <b>\$627</b> | <b>\$490</b> | <b>\$874</b> | <b>\$986</b>   | <b>\$855</b> | <b>\$980</b>   | <b>\$1,098</b> | <b>\$1,092</b> | <b>\$1,146</b> |
| <i>EBITDA Margin</i>                  | (%)    | 30.4%        | 11.2%          | 13.9%          | 20.9%        | 16.7%        | 24.8%        | 24.0%          | 19.2%        | 20.3%          | 21.3%          | 20.3%          | 20.7%          |
| D&A                                   | (\$M)  | (\$368)      | (\$475)        | (\$440)        | (\$394)      | (\$383)      | (\$384)      | (\$398)        | (\$500)      | (\$512)        | (\$541)        | (\$580)        | (\$590)        |
| <b>EBIT</b>                           | (\$M)  | <b>\$534</b> | <b>(\$237)</b> | <b>(\$62)</b>  | <b>\$233</b> | <b>\$106</b> | <b>\$490</b> | <b>\$588</b>   | <b>\$355</b> | <b>\$468</b>   | <b>\$557</b>   | <b>\$512</b>   | <b>\$556</b>   |
| Tax Expense                           | (\$M)  | (\$127.4)    | \$57.9         | \$21.6         | (\$52.6)     | (\$13.6)     | (\$123.7)    | (\$91.2)       | \$74.6       | \$98.3         | \$116.9        | \$107.5        | \$116.8        |
| <i>Effective Tax Rate</i>             | (%)    | 22.9%        | 23.7%          | 23.1%          | 25.8%        | 23.3%        | 22.6%        | (21.0%)        | (21.0%)      | (21.0%)        | (21.0%)        | (21.0%)        | (21.0%)        |
| <b>NOPAT</b>                          | (\$M)  | <b>\$407</b> | <b>(\$179)</b> | <b>(\$40)</b>  | <b>\$180</b> | <b>\$93</b>  | <b>\$367</b> | <b>\$496</b>   | <b>\$430</b> | <b>\$566</b>   | <b>\$674</b>   | <b>\$619</b>   | <b>\$673</b>   |
| Add: D&A                              | (\$M)  | \$368        | \$475          | \$440          | \$394        | \$383        | \$384        | \$398          | \$500        | \$512          | \$541          | \$580          | \$590          |
| Less: Increases in NWC                | (\$M)  | \$56         | (\$63)         | (\$191)        | \$158        | (\$100)      | (\$70)       | \$16           | (\$155)      | (\$48)         | (\$21)         | (\$41)         | (\$46)         |
| Less: CapEx                           | (\$M)  | (\$216)      | (\$448)        | (\$681)        | (\$683)      | (\$316)      | (\$322)      | (\$598)        | (\$509)      | (\$560)        | (\$643)        | (\$635)        | (\$663)        |
| <b>Unlevered Free Cash Flow</b>       | (\$M)  |              | <b>(\$215)</b> | <b>(\$473)</b> | <b>\$50</b>  | <b>\$59</b>  | <b>\$358</b> | <b>\$313</b>   | <b>\$267</b> | <b>\$470</b>   | <b>\$551</b>   | <b>\$523</b>   | <b>\$555</b>   |
| Discount Factor                       | (0.0x) |              |                |                |              |              |              | 1.0x           | 2.0x         | 3.0x           | 4.0x           | 5.0x           | 6.0x           |
| <b>PV of Unlevered Free Cash Flow</b> | (\$M)  |              |                |                |              |              |              | <b>\$290</b>   | <b>\$230</b> | <b>\$377</b>   | <b>\$411</b>   | <b>\$363</b>   | <b>\$358</b>   |
| <b>EBITDAR</b>                        | (\$M)  | <b>\$983</b> | <b>\$672</b>   | <b>\$799</b>   | <b>\$666</b> | <b>\$530</b> | <b>\$902</b> | <b>\$1,028</b> | <b>\$903</b> | <b>\$1,026</b> | <b>\$1,150</b> | <b>\$1,146</b> | <b>\$1,201</b> |
| <i>EBITDAR Margin</i>                 | (%)    | 33%          | 32%            | 29%            | 22%          | 18%          | 26%          | 25%            | 20%          | 21%            | 22%            | 21%            | 22%            |

## Exit Multiple Sensitivity - EBITDAR

|      | 5.6%     | 6.6%     | 7.6%     | 8.6%     | 9.6%     |
|------|----------|----------|----------|----------|----------|
| 4.5x | \$100.49 | \$93.40  | \$86.73  | \$80.47  | \$74.58  |
| 5.5x | \$121.91 | \$113.65 | \$105.88 | \$98.58  | \$91.72  |
| 6.5x | \$143.34 | \$133.90 | \$125.03 | \$116.69 | \$108.86 |
| 7.5x | \$164.77 | \$154.14 | \$144.17 | \$134.81 | \$126.01 |
| 8.5x | \$186.20 | \$174.39 | \$163.32 | \$152.92 | \$143.15 |

## Gordon Growth Sensitivity

|      | 6.6%     | 7.1%     | 7.6%     | 8.1%     | 8.6%     |
|------|----------|----------|----------|----------|----------|
| 0.5% | \$156.73 | \$140.19 | \$126.00 | \$113.70 | \$102.94 |
| 0.8% | \$163.75 | \$146.03 | \$130.92 | \$117.88 | \$106.53 |
| 1.0% | \$171.40 | \$152.34 | \$136.20 | \$122.35 | \$110.35 |
| 1.3% | \$179.77 | \$159.20 | \$141.90 | \$127.15 | \$114.43 |
| 1.5% | \$188.95 | \$166.67 | \$148.07 | \$132.32 | \$118.80 |

# Leveraged Buyout Assumptions (1/2)



Base case LBO results in a 2.6x MOIC and 21.1% IRR, assuming a 5-year holding period and a 5.7x entry and exit multiple

## Entry Assumptions

| <b>Enterprise Value</b>       |           |
|-------------------------------|-----------|
| Entry EV/EBITDAR              | 5.7x      |
| EBITDAR at Purchase           | \$1,040   |
| Enterprise Value              | \$5,928   |
| <b>Equity Offer Value</b>     |           |
| Enterprise Value              | \$5,928   |
| Less: Debt Balance            | (\$2,470) |
| Plus: Cash Balance            | \$753     |
| Equity Offer Value            | \$4,212   |
| Shares Outstanding (000,000s) | 40 s/o    |
| \$USD/Share                   | \$104     |
| <b>Premium (Discount)</b>     |           |
| Share Price                   | \$98.60   |
| Premium (Discount)            | 6%        |

## Sources and Uses

| <b>Debt Breakdown</b>  |  | \$             | %             | x    | Term (Y) | Int. Rate            |
|------------------------|--|----------------|---------------|------|----------|----------------------|
| Debt Tranche A         |  | \$3,557        | 60%           | 3.4x | 7        | 5.45% <sup>(1)</sup> |
| <b>Sources of Cash</b> |  |                |               |      |          |                      |
| Debt Tranche A         |  | \$3,475        | 60%           | 3.4x |          |                      |
| Sponsor Equity         |  | \$2,316        | 40%           | 2.3x |          |                      |
| <b>Total Sources</b>   |  | <b>\$5,791</b> | <b>100.0%</b> |      |          | <b>5.7x</b>          |
| <b>Uses of Cash</b>    |  |                |               |      |          |                      |
| Equity Purchase Price  |  | \$4,075        | 70%           | 4.0x |          |                      |
| Retired Debt           |  | \$1,716        | 30%           | 1.7x |          |                      |
| <b>Total Uses</b>      |  | <b>\$5,791</b> | <b>100.0%</b> |      |          | <b>5.7x</b>          |

## Base Case IRR

|                               | TTM              | Year 1  | Year 2  | Year 3  | Year 4  | Year 5  |
|-------------------------------|------------------|---------|---------|---------|---------|---------|
| TTM EBITDAR                   | \$1,040          | \$947   | \$1,076 | \$1,207 | \$1,202 | \$1,260 |
| Net Debt                      |                  | \$3,049 | \$2,541 | \$2,033 | \$1,524 | \$1,016 |
| <b>Cash to (from) Sponsor</b> |                  |         |         |         |         |         |
| Initial Investment            | (\$2,371)        |         |         |         |         |         |
| Exit                          |                  |         |         |         | \$6,168 |         |
| <b>Cash to (from) Sponsor</b> | <b>(\$2,371)</b> | -       | -       | -       | -       | \$6,168 |

## Base Case Debt Schedule

|  | TTM | Year 1         | Year 2     | Year 3      | Year 4      | Year 5      |
|--|-----|----------------|------------|-------------|-------------|-------------|
| Unlevered FCF                                    |     | \$296          | \$508      | \$594       | \$566       | \$600       |
| Less: Mandatory Debt Paydown                     |     | (\$508)        | (\$508)    | (\$508)     | (\$508)     | (\$508)     |
| <b>Cash Surplus/Shortfall After Debt Paydown</b> |     | <b>(\$212)</b> | <b>\$0</b> | <b>\$86</b> | <b>\$58</b> | <b>\$92</b> |
| <b>Term Loan A</b>                               |     |                |            |             |             |             |
| Beginning Balance                                |     | \$3,557        | \$3,049    | \$2,541     | \$2,033     | \$1,524     |
| Mandatory Paydown                                |     | (\$508)        | (\$508)    | (\$508)     | (\$508)     | (\$508)     |
| Ending Balance                                   |     | \$3,557        | \$3,049    | \$2,541     | \$2,033     | \$1,524     |

|                  |               |
|------------------|---------------|
| Exit Multiple    | 5.7x          |
| Enterprise Value | \$7,184       |
| Net Debt         | \$1,016       |
| Equity Value     | \$6,168       |
| Invested Capital | (\$2,371)     |
| <b>MOIC</b>      | <b>2.6x</b>   |
| <b>IRR</b>       | <b>21.07%</b> |



Source(s): Bloomberg, Company Disclosures.

(1) 1-month SOFR as of November 7, 2025 + 150bps spread

## Leveraged Buyout Assumptions (2/2)



Base case LBO results in a 2.6x MOIC and 21.1% IRR, assuming a 5-year holding period and a 5.7x entry and exit multiple

### Base Case Sensitivity Analysis

| Enterprise Value |              |         |         |         |         |         | MOIC          |      |         |        |        |        |        |
|------------------|--------------|---------|---------|---------|---------|---------|---------------|------|---------|--------|--------|--------|--------|
| Exit Multiple    | TTM          | Year 1  | Year 2  | Year 3  | Year 4  | Year 5  | Exit Multiple | TTM  | Year 1  | Year 2 | Year 3 | Year 4 | Year 5 |
|                  | 4.7x         | \$4,451 | \$5,057 | \$5,672 | \$5,651 | \$5,924 |               | 4.7x | 0.6x    | 1.1x   | 1.5x   | 1.7x   | 2.1x   |
|                  | 5.2x         | \$4,924 | \$5,595 | \$6,276 | \$6,252 | \$6,554 |               | 5.2x | 0.8x    | 1.3x   | 1.8x   | 2.0x   | 2.3x   |
|                  | 5.7x         | \$5,397 | \$6,133 | \$6,879 | \$6,854 | \$7,184 |               | 5.7x | 1.0x    | 1.5x   | 2.0x   | 2.2x   | 2.6x   |
|                  | 6.2x         | \$5,871 | \$6,671 | \$7,483 | \$7,455 | \$7,814 |               | 6.2x | 1.2x    | 1.7x   | 2.3x   | 2.5x   | 2.9x   |
|                  | 6.7x         | \$6,344 | \$7,209 | \$8,086 | \$8,056 | \$8,444 |               | 6.7x | 1.4x    | 2.0x   | 2.6x   | 2.8x   | 3.1x   |
|                  | Equity Value |         |         |         |         |         | IRR           |      |         |        |        |        |        |
| Exit Multiple    | TTM          | Year 1  | Year 2  | Year 3  | Year 4  | Year 5  | Exit Multiple | TTM  | Year 1  | Year 2 | Year 3 | Year 4 | Year 5 |
|                  | 4.7x         | \$1,402 | \$2,516 | \$3,640 | \$4,127 | \$4,907 |               | 4.7x | (40.9%) | 3.0%   | 15.4%  | 14.9%  | 15.7%  |
|                  | 5.2x         | \$1,875 | \$3,054 | \$4,243 | \$4,728 | \$5,538 |               | 5.2x | (20.9%) | 13.5%  | 21.4%  | 18.8%  | 18.5%  |
|                  | 5.7x         | \$2,349 | \$3,592 | \$4,847 | \$5,329 | \$6,168 |               | 5.7x | (1.0%)  | 23.1%  | 26.9%  | 22.4%  | 21.1%  |
|                  | 6.2x         | \$2,822 | \$4,130 | \$5,450 | \$5,930 | \$6,798 |               | 6.2x | 19.0%   | 32.0%  | 32.0%  | 25.8%  | 23.4%  |
|                  | 6.7x         | \$3,296 | \$4,668 | \$6,053 | \$6,532 | \$7,428 |               | 6.7x | 39.0%   | 40.3%  | 36.7%  | 28.8%  | 25.7%  |

