

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 24, 2019

Allegiant Travel Company

(Exact name of registrant as specified in its charter)

Nevada

001-33166

20-4745737

(State or other jurisdiction of incorporation)

(Commission File Number)

(I.R.S. Employer Identification No.)

1201 N. Town Center Drive,
Las Vegas, NV

89144

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (702) 851-7300

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as in Rule 405 of the Securities Act of 1933 (Section 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (Section 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 2 Financial Information

Item 2.02 Results of Operations and Financial Condition.

On July 24, 2019, Allegiant Travel Company (the "Company") issued the press release attached as Exhibit 99.1 to this Form 8-K concerning our results of operations for the quarter and six months ended June 30, 2019.

This information is being furnished under Item 2.02 of Form 8-K. This report and Exhibit 99.1 are deemed to be furnished and are not considered "filed" with the Securities and Exchange Commission. As such, this information shall not be incorporated by reference into any of our reports or other filings made with the Securities and Exchange Commission.

Non-GAAP Financial Measures: The press release contains non-GAAP financial measures as such term is defined in Regulation G under the rules of the Securities and Exchange Commission. While the Company believes these financial measures are useful in evaluating the Company's performance, this information should be considered to be supplemental in nature and not as a substitute for or superior to the related financial information prepared in accordance with GAAP. Further, these non-GAAP financial measures may differ from similarly titled measures presented by other companies.

Forward-Looking Statements: Under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, statements in the press release that are not historical facts are forward-looking statements. These forward-looking statements are only estimates or predictions based on our management's beliefs and assumptions and on information currently available to our management. Forward-looking statements include our statements regarding future expenses, revenues, earnings, ASM growth, fuel consumption, expected capital expenditures, number of contracted aircraft to be placed in service in the future, the development and financing of our Sunseeker Resort, as well as other information concerning future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, the effects of future regulation and the effects of competition. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believe," "expect," "guidance," "anticipate," "intend," "plan," "estimate," "project", "hope" or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in the forward-looking statements. Important risk factors that could cause our results to differ materially from those expressed in the forward-looking statements generally may be found in our periodic reports and registration statements filed with the Securities and Exchange Commission at www.sec.gov. These risk factors include, without limitation, an accident involving, or problems with, our aircraft, public perception of our safety, our reliance on our automated systems, our reliance on third parties to deliver aircraft under contract to us on a timely basis, risk of breach of security of personal data, volatility of fuel costs, labor issues and costs, the ability to obtain regulatory approvals as needed, the effect of economic conditions on leisure travel, debt covenants and balances, the ability to finance aircraft under contract, terrorist attacks, risks inherent to airlines, our competitive environment, our reliance on third parties who provide facilities or services to us, the possible loss of key personnel, economic and other conditions in markets in which we operate, the ability to successfully develop and finance a resort in Southwest Florida, governmental regulation, increases in maintenance costs and cyclical and seasonal fluctuations in our operating results.

Any forward-looking statements are based on information available to us today and we undertake no obligation to update publicly any forward-looking statements, whether as a result of future events, new information or otherwise.

Section 9 Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Exhibits

| <u>Exhibit No.</u> | <u>Description of Document</u> |
|----------------------|--|
| 99.1 | Press Release issued by Allegiant Travel Company on July 24, 2019. |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, Allegiant Travel Company has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 24, 2019

ALLEGIANT TRAVEL COMPANY

By: /s/ Gregory Anderson
Name: Gregory Anderson
Title: Chief Financial Officer

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description of Document</u> |
|----------------------|--|
| 99.1 | Press Release issued by Allegiant Travel Company on July 24, 2019. |



**ALLEGiant TRAVEL COMPANY SECOND QUARTER 2019
FINANCIAL RESULTS**
Second quarter 2019 fully diluted earnings per share of \$4.33
Second quarter 2019 airline diluted earnings per share of \$4.81⁽¹⁾
66th consecutive profitable quarter

LAS VEGAS. July 24, 2019 — **Allegiant Travel Company** (NASDAQ: ALGT) today reported the following financial results for the second quarter 2019, as well as comparisons to the prior year:

| Consolidated (unaudited) | Three Months Ended June 30, | | | Six Months Ended June 30, Percent | | |
|---|------------------------------------|-------------|-----------------------|--|-------------|---------------|
| | 2019 | 2018 | Percent Change | 2019 | 2018 | Change |
| Total operating revenue (millions) | \$ 491.8 | \$ 436.8 | 12.6% | \$ 943.4 | \$ 862.2 | 9.4% |
| Operating income (millions) | 108.1 | 74.2 | 45.7 | 199.2 | 154.2 | 29.2 |
| Net income (millions) | 70.5 | 50.0 | 41.0 | 127.7 | 105.2 | 21.3 |
| Diluted earnings per share | \$ 4.33 | \$ 3.10 | 39.7% | \$ 7.84 | \$ 6.52 | 20.2% |

| Airline only (unaudited) | Three Months Ended June 30, | | | Six Months Ended June 30, Percent | | |
|---|------------------------------------|----------------|-----------------------|--|----------------|---------------|
| | 2019 | 2018 | Percent Change | 2019 | 2018 | Change |
| Airline operating revenue (millions) | \$ 486.8 | \$ 434.6 | 12.0 % | \$ 935.1 | \$ 858.9 | 8.9 % |
| Airline operating income (millions) | 115.5 | 76.1 | 51.8 | 214.0 | 158.0 | 35.4 |
| Airline operating margin ⁽²⁾ | 23.7% | 17.5% | 6.2 | 22.9% | 18.4% | 4.5 |
| Airline diluted earnings per share⁽¹⁾ | \$ 4.81 | \$ 3.21 | 49.8 | \$ 8.80 | \$ 6.75 | 30.4 |
| Airline CASM ex fuel (cents) ⁽¹⁾ | 5.65 | 6.02 | (6.1) | 6.00 | 6.17 | (2.8) |

(1) Denotes a non-GAAP financial measure. Refer to the Non-GAAP Presentation section within this document for further information.

(2) Percent point change

"I'm happy to report the second quarter of 2019 was Allegiant's 66th consecutive profitable quarter," stated Maurice J. Gallagher, Jr., chairman and CEO of Allegiant Travel Company. "We commented last quarter about the benefits of our all Airbus fleet. These benefits are continuing and increasing. We led the industry in Q1 with a 22 percent airline operating margin; this quarter the airline generated a 24 percent operating margin, a six percentage point increase from the previous year. And we accomplished these results with seven fewer aircraft this year compared to 2018. The fuel efficiencies of the Airbus continue to impress. We consumed 4.9 percent more fuel in Q2 compared to last year but produced 13.4 percent more ASMs. Correspondingly, our CASM ex-fuel declined 6.1 percent year over year. I'm comfortable stating we believe we will be the only carrier this quarter who had lower unit costs this year versus last year.

"On the revenue front, scheduled service revenue was \$11 million per aircraft during the first six months of the year, over \$2 million more than last year's per aircraft revenue during the same period. Additionally, we generated approximately \$3.5 million of EBITDA per aircraft in the same period or about \$1.1 million greater per aircraft than the same period last year.

"Our operations continue to excel. We have solely led or tied for the industry lead in completion factor every month in 2019. One of our challenges in the past few years has been our ability to scale our operations during our peak periods in the summer months and maintain a high completion rate. In June 2018, we were number five in completion rate; this year we were number one. I'm happy to report we have had only ten days where we have had a mechanical cancellation since the beginning of the year.

"This combination of superior financial results and industry-leading operational performance, along with the proprietary model we have developed and continue to operate is a tribute to our excellent team members. Looking forward, we are excited about the opportunities in front of us including our ability to operate our leisure model to Mexico and the Caribbean in the coming years."

Airline operational highlights

- Departures in the second quarter up 13.8 percent year over year despite seven fewer average aircraft in service
 - **Average number of aircraft in service** decreased 7.6 percent from 92 to 85 year over year
 - **Spare aircraft** reduced from twelve down to four spares year over year
 - **Block hour utilization** increased by 20.5 percent to 8.8 block hours per aircraft per day
- Led industry in **completion** every month in 2019
 - **Maintenance cancellations** down 87.6 percent year over year
- **On time performance** (A-14) for the quarter was 77.7 percent up 2.8pts year over year
 - **Net promoter score** is up an average of 8pts year over year
- **Irregular operation costs** - second quarter down \$7.2 million or 57.6 percent

Airline only second quarter 2019 results

- Diluted **earnings per share** were \$4.81, up 49.8 percent year over year
 - 23.7 percent **operating margin** for the quarter and 22.9 percent year to date
 - **TRASM** decreased 1.6 percent on capacity growth of 13.6 percent
 - **May TRASM** grew 2.4 percent on 11 percent growth in ASMs
 - **June TRASM** grew 0.7 percent on 13.5 percent growth in ASMs
 - **Total fare** is down only 0.5 percent despite increasing aircraft utilization by 20.5 percent
 - Year-to-date average total fare has increased 1.0 percent to \$120.49
 - **Fixed fee flying** revenue increased 63.2 percent
 - **Fuel gallons** used increased only 4.9 percent on ASM growth of 13.4 percent
 - Increase in **ASMs per gallon** of 8.1 percent to 82.3
 - **Airline unit cost excluding fuel** decreased by 6.1 percent
 - Maintenance and operational improvements were the largest drivers
-

Liquidity and shareholder returns

- Total **cash and investments** at June 30 were \$695 million
 - Paid off high yield bond balance of \$102 million in July
- Currently, we have 26 **unencumbered aircraft**
- \$81 million available under the revolving credit facility
- Returned \$11 million in **dividends** in the second quarter
 - Expect to pay dividend of \$0.70 per share on September 27, 2019 to shareholders of record as of September 20, 2019

Non-airline highlights

- **Non-airline** businesses resulted in a combined operating loss of \$7.4 million during second quarter
- Evaluating strategic alternatives for **Teesnap**
 - Triggered the business classification of an entity held for sale in July 2019
- **Sunseeker Resorts** FY19 CAPEX reduced to a range between \$150 and \$175 million
- Operated two **family entertainment centers** (FEC's) during second quarter
 - Rebranded FEC's from G4CE to Allegiant Nonstop effective June 1, 2019

Guidance, subject to revision

| <u>Full year 2019 guidance</u> | Previous | Current |
|---|---------------------------|---------------------------|
| Fuel cost per gallon | \$2.26 | \$2.15 |
| Available seat miles (ASMs) / gallon | 81.0 to 83.0 | 82.0 to 83.0 |
| Interest expense (millions) | \$70 to \$80 | \$75 to \$80 |
| Tax rate | 24 to 25% | 23 to 24% |
| Share count (millions) | 15.9 | 15.9 |
| Earnings per share | \$13.25 to \$14.75 | \$13.50 to \$14.25 |
| System ASMs - year over year change | 7.5 to 9.5% | 8 to 9% |
| Scheduled service ASMs - year over year change | 7.5 to 9.5% | 8 to 9% |
| Depreciation expense (millions) | \$150 to \$160 | \$155 to \$160 |
| Airline operating CASM excluding fuel - year over year change | (3.5) to (1.5)% | (4) to (3)% |
| Non airline operating income (millions) | (\$17) to (\$12) | **** |
| <u>Airline CAPEX - full year 2019</u> | | |
| Capital expenditures (millions) | \$400 to 410 | \$385 to 390 |
| Capitalized Airbus deferred heavy maintenance (millions) * | \$85 to 105 | \$85 to 95 |
| <u>Sunseeker Resorts CAPEX</u> | | |
| Project to date (millions) | \$54 | \$67 |
| Expected 2019 spend (millions) | \$250 to 300 | \$150 to 175 |
| Total project spend remaining ** | \$416 | \$403 |
| <u>Other CAPEX - full year 2019***</u> | | |
| Capital expenditures (millions) | \$15 to 20 | \$15 to 20 |

Previous guidance as of April 24, 2019

* Not included in capital expenditure total

** Of the total remaining capex, expect to receive \$175m in third party financing from an affiliate of TPG Sixth Street Partners as the last funds in the project, of which 2/3 will be non-recourse to Allegiant Travel Company

*** Includes Allegiant Nonstop

**** With Teesnap entity being held for sale, suspending guidance

Aircraft fleet plan by end of period

| Aircraft - (seats per AC) | YE18 | 1Q19 | 2Q19 | 3Q19 | YE19 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| A319 (156 seats) | 32 | 37 | 37 | 37 | 38 |
| A320 (177/186 seats) | <u>44</u> | <u>47</u> | <u>49</u> | <u>53</u> | <u>55</u> |
| Total | 76 | 84 | 86 | 90 | 93 |

Aircraft listed in table above include only in-service aircraft and future aircraft under contract (subject to change)

Allegiant Travel Company will host a conference call with analysts at 4:30 p.m. ET Wednesday, July 24, 2019 to discuss its second quarter 2019 financial results. A live broadcast of the conference call will be available via the Company's Investor Relations website homepage at <http://ir.allegiantair.com>. The webcast will also be archived in the "Events & Presentations" section of the website.

Allegiant Travel Company

Las Vegas-based Allegiant (NASDAQ: ALGT) is an integrated travel company with an airline at its heart, focused on connecting customers with premier leisure experiences - from vacations to hometown family entertainment. Since 1999, Allegiant Air has linked travelers in small-to-medium cities to world-class vacation destinations with all-nonstop flights and industry-low average fares. Today, Allegiant serves more than 450 routes across the country, with base airfares less than half the cost of the average domestic roundtrip ticket. Allegiant's Sunseeker Resorts subsidiary is currently under construction with its inaugural resort property, Sunseeker Resort Charlotte Harbor in Southwest Florida - a unique waterside integrated resort like no other. And a growing group of Allegiant Nonstop family entertainment centers offer state-of-the-art indoor games and attractions to thrill seekers of all ages. For more information, visit us at Allegiant.com. Media information, including photos, is available at <http://gofly.us/iiFa303wrtF>

Media Inquiries: mediarelations@allegiantair.com

Investor Inquiries: ir@allegiantair.com

Under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, statements in this press release that are not historical facts are forward-looking statements. These forward-looking statements are only estimates or predictions based on our management's beliefs and assumptions and on information currently available to our management. Forward-looking statements include our statements regarding future expenses, revenues, earnings, ASM growth, fuel consumption, expected capital expenditures, number of contracted aircraft to be placed in service in the future, the development and financing of our Sunseeker Resort, as well as other information concerning future results of operations, business strategies, financing plans, industry environment and potential growth opportunities. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believe," "expect," "guidance," "anticipate," "intend," "plan," "estimate", "project", "hope" or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in the forward-looking statements. Important risk factors that could cause our results to differ materially from those expressed in the forward-looking statements generally may be found in our periodic reports filed with the Securities and Exchange Commission at www.sec.gov. These risk factors include, without limitation, an accident involving, or problems with, our aircraft, public perception of our safety, our reliance on our automated systems, our reliance on third parties to deliver aircraft under contract to us on a timely basis, risk of breach of security of personal data, volatility of fuel costs, labor issues and costs, the ability to obtain regulatory approvals as needed, the effect of economic conditions on leisure travel, debt covenants and balances, the ability to finance aircraft under contract, terrorist attacks, risks inherent to airlines, our competitive environment, our reliance on third parties who provide facilities or services to us, the possible loss of key personnel, economic and other conditions in markets in which we operate, the ability to successfully develop and finance a resort in Southwest Florida, governmental regulation, increases in maintenance costs and cyclical and seasonal fluctuations in our operating results.

Any forward-looking statements are based on information available to us today and we undertake no obligation to update publicly any forward-looking statements, whether as a result of future events, new information or otherwise.

Detailed financial information follows:

Allegiant Travel Company
Consolidated Statements of Income
(in thousands, except per share amounts)
(Unaudited)

| | Three Months Ended June 30, | | Percent change |
|---|------------------------------------|------------------|---------------------------|
| | 2019 | 2018 | |
| OPERATING REVENUE: | | | |
| Passenger revenue | \$ 454,779 | \$ 405,572 | 12.1 |
| Third party products | 18,208 | 17,799 | 2.3 |
| Fixed fee contract revenue | 12,487 | 7,653 | 63.2 |
| Other revenue | 6,285 | 5,756 | 9.2 |
| Total operating revenue | <u>491,759</u> | <u>436,780</u> | 12.6 |
| OPERATING EXPENSES: | | | |
| Aircraft fuel | 119,987 | 122,454 | (2.0) |
| Salary and benefits | 113,592 | 101,645 | 11.8 |
| Station operations | 45,870 | 41,553 | 10.4 |
| Maintenance and repairs | 20,877 | 24,611 | (15.2) |
| Depreciation and amortization | 38,494 | 29,833 | 29.0 |
| Sales and marketing | 20,540 | 18,348 | 11.9 |
| Aircraft lease rental | — | 75 | (100.0) |
| Other | 24,294 | 24,039 | 1.1 |
| Total operating expense | <u>383,654</u> | <u>362,558</u> | 5.8 |
| OPERATING INCOME | <u>108,105</u> | <u>74,222</u> | 45.7 |
| OTHER (INCOME) EXPENSE: | | | |
| Interest expense | 20,942 | 13,251 | 58.0 |
| Capitalized interest | (1,038) | (95) | NM |
| Interest income | (3,502) | (1,927) | 81.7 |
| Other, net | (86) | (50) | 72.0 |
| Total other expense | <u>16,316</u> | <u>11,179</u> | 46.0 |
| INCOME BEFORE INCOME TAXES | 91,789 | 63,043 | 45.6 |
| PROVISION FOR INCOME TAXES | 21,246 | 13,027 | 63.1 |
| NET INCOME | <u>\$ 70,543</u> | <u>\$ 50,016</u> | 41.0 |
| Earnings per share to common shareholders⁽¹⁾: | | | |
| Basic | \$4.33 | \$3.10 | 39.7 |
| Diluted | \$4.33 | \$3.10 | 39.7 |
| Weighted average shares outstanding used in computing earnings per share to common shareholders⁽¹⁾: | | | |
| Basic | 16,063 | 15,939 | 0.8 |
| Diluted | 16,069 | 15,945 | 0.8 |

NM - Not meaningful

(1) The Company's unvested restricted stock awards are considered participating securities as they receive non-forfeitable rights to cash dividends at the same rate as common stock. The Basic and Diluted earnings per share calculations for the periods presented reflect the two-class method mandated by ASC Topic 260, "Earnings Per Share." The two-class method adjusts both the net income and the shares used in the calculation. Application of the two-class method did not have a significant impact on the Basic and Diluted earnings per share for the periods presented.

Allegiant Travel Company
Operating Statistics
(Unaudited)

| | Three Months Ended June 30, | | Percent change (1) |
|--|-----------------------------|-----------|-----------------------|
| | 2019 | 2018 | |
| OPERATING STATISTICS | | | |
| Total system statistics: | | | |
| Passengers | 4,169,536 | 3,704,113 | 12.6 |
| Revenue passenger miles (RPMs) (thousands) | 3,654,369 | 3,276,599 | 11.5 |
| Available seat miles (ASMs) (thousands) | 4,447,066 | 3,922,294 | 13.4 |
| Load factor | 82.2% | 83.5% | (1.3) |
| Airline operating expense per ASM (CASM) (cents) | 8.35 | 9.14 | (8.6) |
| Fuel expense per ASM (cents) | 2.70 | 3.12 | (13.5) |
| Airline operating CASM, excluding fuel (cents) | 5.65 | 6.02 | (6.1) |
| ASMs per gallon of fuel | 82.3 | 76.1 | 8.1 |
| Departures | 30,547 | 27,063 | 12.9 |
| Block hours | 68,332 | 60,707 | 12.6 |
| Average stage length (miles) | 853 | 858 | (0.6) |
| Average number of operating aircraft during period | 85.0 | 92.0 | (7.6) |
| Average block hours per aircraft per day | 8.8 | 7.3 | 20.5 |
| Full-time equivalent employees at end of period | 4,179 | 3,840 | 8.8 |
| Fuel gallons consumed (thousands) | 54,064 | 51,516 | 4.9 |
| Average fuel cost per gallon | \$ 2.22 | \$ 2.38 | (6.7) |
| Scheduled service statistics: | | | |
| Passengers | 4,131,855 | 3,681,944 | 12.2 |
| Revenue passenger miles (RPMs) (thousands) | 3,603,076 | 3,245,774 | 11.0 |
| Available seat miles (ASMs) (thousands) | 4,311,182 | 3,795,815 | 13.6 |
| Load factor | 83.6% | 85.5% | (1.9) |
| Departures | 29,567 | 25,992 | 13.8 |
| Block hours | 66,135 | 58,536 | 13.0 |
| Total passenger revenue per ASM (TRASM) (cents) ⁽²⁾ | 10.97 | 11.15 | (1.6) |
| Average fare - scheduled service ⁽³⁾ | \$ 58.39 | \$ 64.62 | (9.6) |
| Average fare - air-related charges ⁽³⁾ | \$ 51.68 | \$ 45.53 | 13.5 |
| Average fare - third party products | \$ 4.40 | \$ 4.84 | (9.1) |
| Average fare - total | \$ 114.47 | \$ 114.99 | (0.5) |
| Average stage length (miles) | 853 | 864 | (1.3) |
| Fuel gallons consumed (thousands) | 52,327 | 49,671 | 5.3 |
| Average fuel cost per gallon | \$ 2.22 | \$ 2.37 | (6.3) |
| Percent of sales through website during period | 93.5% | 93.9% | (0.4) |
| Other data: | | | |
| Rental car days sold | 540,960 | 404,355 | 33.8 |
| Hotel room nights sold | 114,191 | 93,484 | 22.2 |

(1) Except load factor and percent of sales through website, which is percentage point change.

(2) Various components of this measurement do not have a direct correlation to ASMs. These figures are provided on a per ASM basis to facilitate comparison with airlines reporting revenues on a per ASM basis.

(3) Reflects division of passenger revenue between scheduled service and air-related charges in Company's booking path.

Allegiant Travel Company
Consolidated Statements of Income
(in thousands, except per share amounts)
(Unaudited)

| | Six Months Ended June 30, | | Percent change |
|---|---------------------------|-------------------|-------------------|
| | 2019 | 2018 | |
| OPERATING REVENUE: | | | |
| Passenger revenue | \$ 874,755 | \$ 802,343 | 9.0 |
| Third party products | 35,350 | 28,124 | 25.7 |
| Fixed fee contract revenue | 23,061 | 18,209 | 26.6 |
| Other revenue | 10,215 | 13,548 | (24.6) |
| Total operating revenue | <u>943,381</u> | <u>862,224</u> | 9.4 |
| OPERATING EXPENSES: | | | |
| Aircraft fuel | 219,670 | 228,481 | (3.9) |
| Salary and benefits | 233,003 | 214,608 | 8.6 |
| Station operations | 84,835 | 79,137 | 7.2 |
| Maintenance and repairs | 43,701 | 43,881 | (0.4) |
| Depreciation and amortization | 74,676 | 57,983 | 28.8 |
| Sales and marketing | 41,466 | 37,426 | 10.8 |
| Aircraft lease rentals | — | 96 | (100.0) |
| Other | 46,849 | 46,422 | 0.9 |
| Total operating expense | <u>744,200</u> | <u>708,034</u> | 5.1 |
| OPERATING INCOME | <u>199,181</u> | <u>154,190</u> | 29.2 |
| OTHER (INCOME) EXPENSE: | | | |
| Interest expense | 39,025 | 26,158 | 49.2 |
| Capitalized interest | (2,541) | (278) | NM |
| Interest income | (6,703) | (3,834) | 74.8 |
| Loss on extinguishment of debt | 3,677 | — | NM |
| Other, net | 15 | (290) | (105.2) |
| Total other expense | <u>33,473</u> | <u>21,756</u> | 53.9 |
| INCOME BEFORE INCOME TAXES | <u>165,708</u> | <u>132,434</u> | 25.1 |
| PROVISION FOR INCOME TAXES | <u>38,041</u> | <u>27,225</u> | 39.7 |
| NET INCOME | <u>\$ 127,667</u> | <u>\$ 105,209</u> | 21.3 |
| Earnings per share to common shareholders⁽¹⁾: | | | |
| Basic | \$7.85 | \$6.53 | 20.2 |
| Diluted | \$7.84 | \$6.52 | 20.2 |
| Weighted average shares outstanding used in computing earnings per share to common shareholders⁽¹⁾: | | | |
| Basic | 16,037 | 15,898 | 0.9 |
| Diluted | 16,050 | 15,914 | 0.9 |

NM - Not meaningful

(1) The Company's unvested restricted stock awards are considered participating securities as they receive non-forfeitable rights to cash dividends at the same rate as common stock. The Basic and Diluted earnings per share calculations for the periods presented reflect the two-class method mandated by ASC Topic 260, "Earnings Per Share." The two-class method adjusts both the net income and the shares used in the calculation. Application of the two-class method did not have a significant impact on the Basic and Diluted earnings per share for the periods presented.

Allegiant Travel Company
Operating Statistics
(Unaudited)

| | Six Months Ended June 30, | | Percent change (1) |
|--|---------------------------|-----------|-----------------------|
| | 2019 | 2018 | |
| OPERATING STATISTICS | | | |
| Total system statistics: | | | |
| Passengers | 7,619,814 | 7,007,064 | 8.7 |
| Revenue passenger miles (RPMs) (thousands) | 6,882,963 | 6,371,403 | 8.0 |
| Available seat miles (ASMs) (thousands) | 8,357,304 | 7,650,857 | 9.2 |
| Load factor | 82.4% | 83.3% | (0.9) |
| Airline operating expense per ASM (CASM) (cents) | 8.63 | 9.16 | (5.8) |
| Fuel expense per ASM (cents) | 2.63 | 2.99 | (12.0) |
| Airline operating CASM, excluding fuel (cents) | 6.00 | 6.17 | (2.8) |
| ASMs per gallon of fuel | 83.1 | 76.4 | 8.8 |
| Departures | 55,747 | 51,311 | 8.6 |
| Block hours | 128,151 | 118,510 | 8.1 |
| Average stage length (miles) | 876 | 883 | (0.8) |
| Average number of operating aircraft during period | 82.3 | 90.8 | (9.4) |
| Average block hours per aircraft per day | 8.6 | 7.2 | 19.4 |
| Full-time equivalent employees at end of period | 4,179 | 3,840 | 8.8 |
| Fuel gallons consumed (thousands) | 100,537 | 100,156 | 0.4 |
| Average fuel cost per gallon | \$ 2.18 | \$ 2.28 | (4.4) |
| Scheduled service statistics: | | | |
| Passengers | 7,553,393 | 6,961,312 | 8.5 |
| Revenue passenger miles (RPMs) (thousands) | 6,794,122 | 6,310,393 | 7.7 |
| Available seat miles (ASMs) (thousands) | 8,113,315 | 7,397,830 | 9.7 |
| Load factor | 83.7% | 85.3% | (1.6) |
| Departures | 53,911 | 49,256 | 9.5 |
| Block hours | 124,098 | 114,224 | 8.6 |
| Total passenger revenue per ASM (TRASM) (cents) ⁽²⁾ | 11.22 | 11.23 | (0.1) |
| Average fare - scheduled service ⁽³⁾ | \$ 63.49 | \$ 68.95 | (7.9) |
| Average fare - air-related charges ⁽³⁾ | \$ 52.32 | \$ 46.31 | 13.0 |
| Average fare - third party products | \$ 4.68 | \$ 4.04 | 15.8 |
| Average fare - total | \$ 120.49 | \$ 119.30 | 1.0 |
| Average stage length (miles) | 878 | 889 | (1.2) |
| Fuel gallons consumed (thousands) | 97,395 | 96,542 | 0.9 |
| Average fuel cost per gallon | \$ 2.18 | \$ 2.27 | (4.0) |
| Percent of sales through website during period | 93.5% | 93.9% | (0.4) |
| Other data: | | | |
| Rental car days sold | 1,012,558 | 802,942 | 26.1 |
| Hotel room nights sold | 219,206 | 202,468 | 8.3 |

(1) Except load factor and percent of sales through website, which is percentage point change.

(2) Various components of this measurement do not have a direct correlation to ASMs. These figures are provided on a per ASM basis to facilitate comparison with airlines reporting revenues on a per ASM basis.

(3) Reflects division of passenger revenue between scheduled service and air-related charges in Company's booking path.

Summary Balance Sheet

| Unaudited (millions) | 6/30/2019 | 12/31/2018 | Percent |
|---|-------------|------------|---------|
| | (unaudited) | | Change |
| Unrestricted cash | | | |
| Cash and cash equivalents | \$ 453.9 | \$ 81.5 | NM |
| Short-term investments | 216.7 | 314.5 | (31.1) |
| Long-term investments | 24.7 | 51.5 | (52.0) |
| Total unrestricted cash and investments | 695.3 | 447.5 | 55.4 |
| Debt | | | |
| Current maturities of long-term debt and capital lease obligations, net of related costs ⁽¹⁾ | 160.5 | 152.3 | 5.4 |
| Long-term debt and capital lease obligations, net of current maturities and related costs | 1,338.7 | 1,119.4 | 19.6 |
| Total debt | 1,499.2 | 1,271.7 | 17.9 |
| Total Allegiant Travel Company shareholders' equity | 804.5 | 690.3 | 16.5 |

(1) As of June 30, 2019, and December 31, 2018, respectively, \$80.1 million and \$428.0 million of the Company's Unsecured Senior Notes (which matured on July 15, 2019) were classified as long-term as management refinanced the borrowings on a long-term basis in February 2019.

Summary Cash Flow

| Unaudited (millions) | Six Months Ended June 30, | | Percent |
|--|---------------------------|----------|---------|
| | 2019 | 2018 | |
| Cash provided by operating activities | \$ 277.5 | \$ 283.2 | (2.0)% |
| Purchase of property and equipment, including capitalized interest | 234.5 | 187.5 | 25.1 |
| Cash dividends paid to shareholders | 22.8 | 22.6 | 0.9 |
| Proceeds from the issuance of long-term debt | 770.4 | 10.8 | NM |
| Principal payments on long-term debt & capital lease obligations | 522.6 | 142.4 | 267.0 |

NM - Not meaningful

EPS Calculation

The following table sets forth the computation of net income per share, on a basic and diluted basis, for the periods indicated (share count and dollar amounts other than per-share amounts in table are in thousands):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|-----------|---------------------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| Basic: | | | | |
| Net income | \$ 70,543 | \$ 50,016 | \$ 127,667 | \$ 105,209 |
| Less net income allocated to participating securities | (997) | (659) | (1,791) | (1,427) |
| Net income attributable to common stock | \$ 69,546 | \$ 49,357 | \$ 125,876 | \$ 103,782 |
| Earnings per share, basic | \$ 4.33 | \$ 3.10 | \$ 7.85 | \$ 6.53 |
| Weighted-average shares outstanding | 16,063 | 15,939 | 16,037 | 15,898 |
| Diluted: | | | | |
| Net income | \$ 70,543 | \$ 50,016 | \$ 127,667 | \$ 105,209 |
| Less net income allocated to participating securities | (996) | (658) | (1,790) | (1,425) |
| Net income attributable to common stock | \$ 69,547 | \$ 49,358 | \$ 125,877 | \$ 103,784 |
| Earnings per share, diluted | \$ 4.33 | \$ 3.10 | \$ 7.84 | \$ 6.52 |
| Weighted-average shares outstanding | 16,063 | 15,939 | 16,037 | 15,898 |
| Dilutive effect of stock options and restricted stock | 39 | 44 | 39 | 63 |
| Adjusted weighted-average shares outstanding under treasury stock method | 16,102 | 15,983 | 16,076 | 15,961 |
| Participating securities excluded under two-class method | (33) | (38) | (26) | (47) |
| Adjusted weighted-average shares outstanding under two-class method | 16,069 | 15,945 | 16,050 | 15,914 |

Appendix A
Non-GAAP Presentations
Three and Six Months Ended June 30, 2019 and 2018
(Unaudited)

Airline operating revenue, airline operating income, airline net income, airline operating expense, and airline diluted earnings per share all eliminate the effects of non-airline operating activity, which is not reflective of the airline operating performance. Airline earnings before interest, taxes, depreciation and amortization ("Airline EBITDA") eliminates the effects of non-airline operating activity and other items. As such, all of these are non-GAAP financial measures. We believe the presentation of these measures is relevant and useful for investors because it allows them to better gauge the performance of the airline and to compare our results to other airlines.

The SEC has adopted rules (Regulation G) regulating the use of non-GAAP financial measures. Because of our use of non-GAAP financial measures in this press release to supplement our consolidated financial statements presented on a GAAP basis, Regulation G requires us to include in this press release a presentation of the most directly comparable GAAP measure, which is operating revenue, operating income, net income, operating expenses, and diluted earnings per share and a reconciliation of the non-GAAP measures to the most comparable GAAP measure. Our utilization of non-GAAP measurements is not meant to be considered in isolation or as a substitute for operating income, net income or other measures of financial performance prepared in accordance with GAAP. Our use of these non-GAAP measures may not be comparable to similarly titled measures employed by other companies in the airline and travel industry. The reconciliation of each of these measures to the most comparable GAAP measure for the periods is indicated below.

Reconciliation of Non-GAAP Financial Measures

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|----------|---------------------------|----------|
| | 2019 | 2018 | 2019 | 2018 |
| Reconciliation of airline operating CASM excluding fuel (millions) | | | | |
| Consolidated operating expense (GAAP) | \$ 383.7 | \$ 362.6 | \$ 744.2 | \$ 708.0 |
| Less aircraft fuel expense | 120.0 | 122.5 | 219.7 | 228.5 |
| Less non-airline operating expense | 12.4 | 4.1 | 23.1 | 7.1 |
| Total airline operating expense less fuel expense ⁽¹⁾ | 251.3 | 236.0 | 501.4 | 472.4 |
| System available seat miles (millions) | 4,447.1 | 3,922.3 | 8,357.3 | 7,650.9 |
| Cost per available seat mile (cents) as reported | 8.63 | 9.24 | 8.90 | 9.25 |
| Cost per available seat mile excluding fuel and non-airline expense (cents) ⁽¹⁾ | 5.65 | 6.02 | 6.00 | 6.17 |

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|----------|---------------------------|----------|
| | 2019 | 2018 | 2019 | 2018 |
| Reconciliation of airline operating revenue, operating income, net income, and EBITDA (millions) | | | | |
| Operating revenue as reported (GAAP) | \$ 491.8 | \$ 436.8 | \$ 943.4 | \$ 862.2 |
| Non-airline operating revenue ⁽¹⁾ | 5.0 | 2.2 | 8.3 | 3.3 |
| Airline operating revenue ⁽¹⁾ | 486.8 | 434.6 | 935.1 | 858.9 |
| Operating income as reported (GAAP) | 108.1 | 74.2 | 199.2 | 154.2 |
| Non-airline operating loss ⁽¹⁾ | (7.4) | (1.9) | (14.8) | (3.8) |
| Airline operating income ⁽¹⁾ | 115.5 | 76.1 | 214.0 | 158.0 |
| Airline operating margin | 23.7% | 17.5% | 22.9% | 18.4% |
| Net income as reported (GAAP) | 70.5 | 50.0 | 127.7 | 105.2 |
| Non-airline net loss ⁽¹⁾ | (7.9) | (1.8) | (15.5) | (3.8) |
| Airline net income ⁽¹⁾ | 78.4 | 51.8 | 143.2 | 109.0 |
| Airline operating income ⁽¹⁾ | 115.5 | 76.1 | 214.0 | 158.0 |
| Add: Airline depreciation and amortization ⁽¹⁾ | 36.9 | 29.4 | 72.1 | 57.2 |
| Airline EBITDA ⁽¹⁾ | 152.4 | 105.5 | 286.1 | 215.2 |
| Average number of aircraft in service (#) | 85.0 | 92.0 | 82.3 | 90.8 |
| Airline EBITDA per aircraft | 1.8 | 1.1 | 3.5 | 2.4 |

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|---------|---------------------------|----------|
| | 2019 | 2018 | 2019 | 2018 |
| Reconciliation of airline diluted earnings per share | | | | |
| Net income as reported (GAAP) | \$ 70.5 | \$ 50.0 | \$ 127.7 | \$ 105.2 |
| Airline net income ⁽¹⁾ | 78.4 | 51.8 | 143.2 | 109.0 |
| Diluted shares used for computation (thousands) | 16,069 | 15,945 | 16,050 | 15,914 |
| Diluted earnings per share as reported (per share) (GAAP) | \$ 4.33 | \$ 3.10 | \$ 7.84 | \$ 6.52 |
| Airline diluted earnings per share ⁽¹⁾ | \$ 4.81 | \$ 3.21 | \$ 8.80 | \$ 6.75 |

(1) Denotes non-GAAP figure.