

Management Presentation

March 2013



Forward looking statements

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Unique business model and results

- Highly resilient and profitable
 - Profitable last 40 quarters ⁽¹⁾
 - \$190mm 2012 EBITDA ⁽²⁾
 - LTM Return on Capital 15.6% ⁽²⁾
- Strong balance sheet
 - Rated BB- and Ba3 ⁽³⁾
 - \$353mm unrestricted cash ⁽⁴⁾
 - \$151mm debt
 - Debt/EBITDA 0.8x⁽²⁾
- Management owns >20%

Built to be different
Leisure customer
Small cities
Little competition
Low cost aircraft
Low frequency/variable capacity
Unbundled pricing
Closed distribution
Bundled packages
Highly profitable

(1) Excluding non-cash mark to market hedge adjustments prior to 2008 and 4Q06 one time tax adjustment

(2) See GAAP reconciliation and other calculations in Appendix

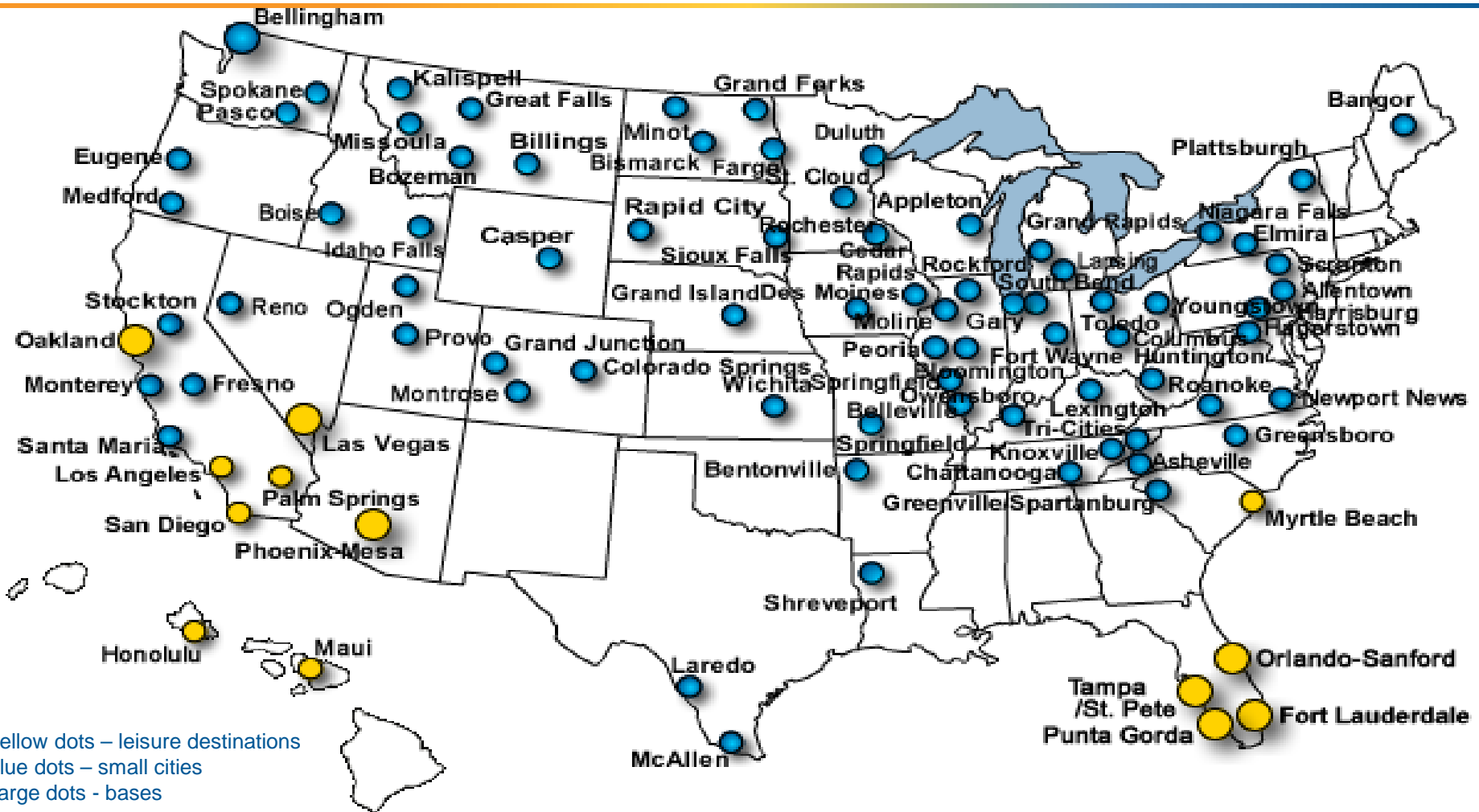
(3) Rated BB- by Standard & Poor's, rated Ba3 by Moody's

(4) Unrestricted cash includes investments in marketable securities

Leisure customer in small cities

- Taking people where they want to vacation
- Stimulation of demand - non-stop flights, low prices
- Prior to ALGT, small cities had few good options
- Leisure - more resilient than business, proven repeatedly
- Packages – air + hotels, cars, etc.
- Variable capacity to match seasonal demand patterns
- Small cities require less frequency due to size of market

Nationwide footprint



Based on current published schedule through August 13, 2013

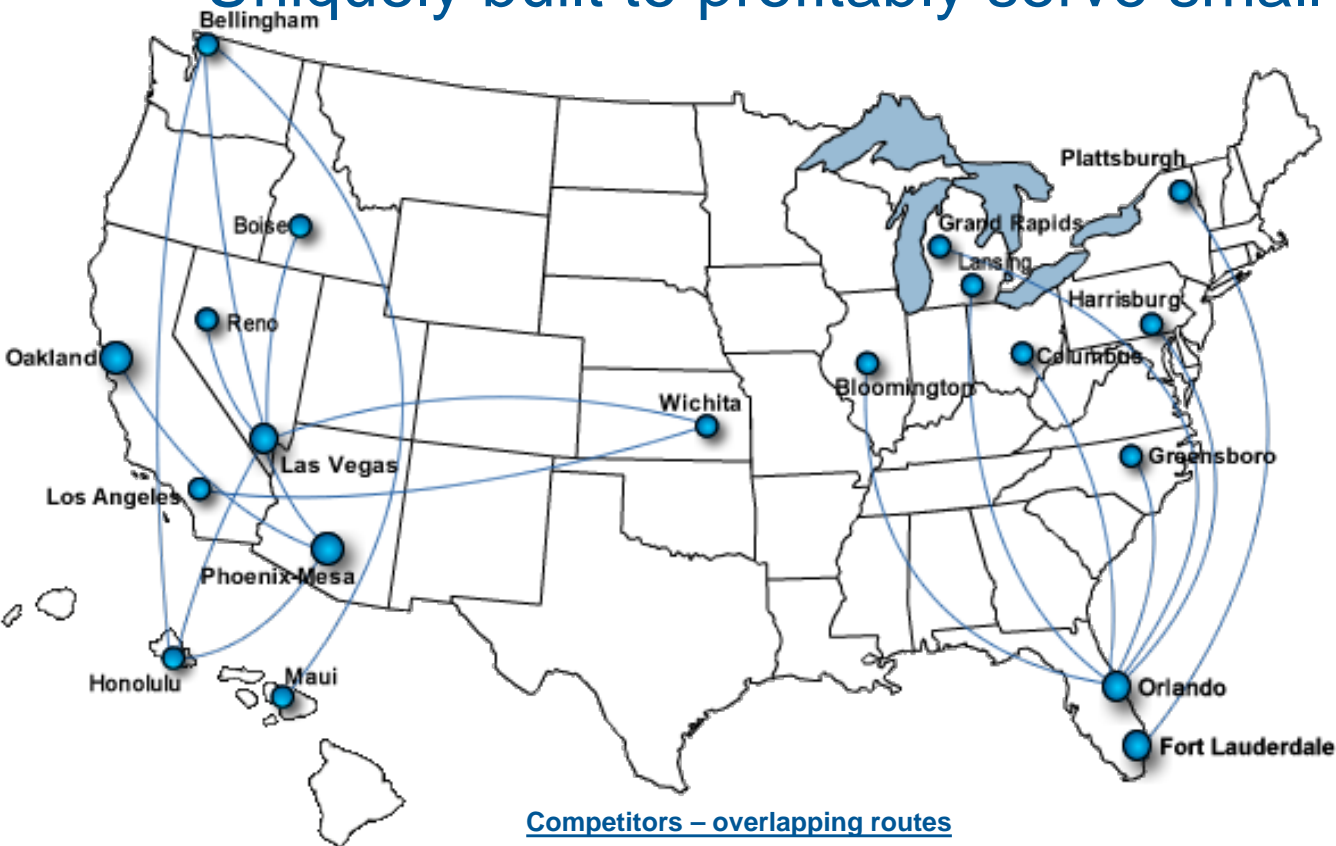
198 routes, 62 operating aircraft

74 small cities, 13 leisure destinations



Little competition

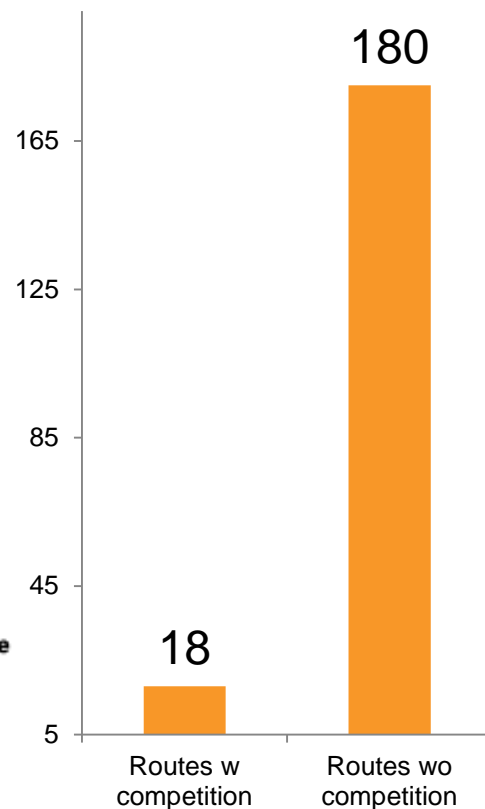
Uniquely built to profitably serve small city markets



Competitors – overlapping routes

Frontier – 3	Spirit – 1
Southwest – 7	US Airways - 3
Hawaiian – 2	Alaska – 3
Sun Country – 1	United - 1

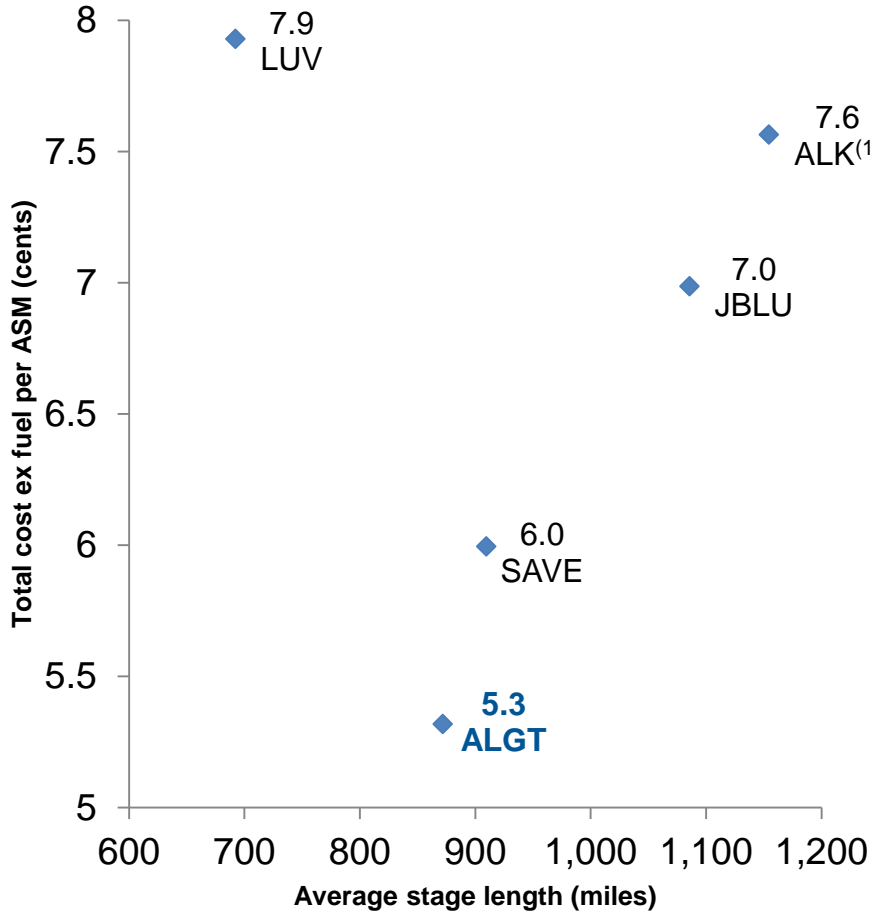
Based on current published schedule through Aug 13, 2013



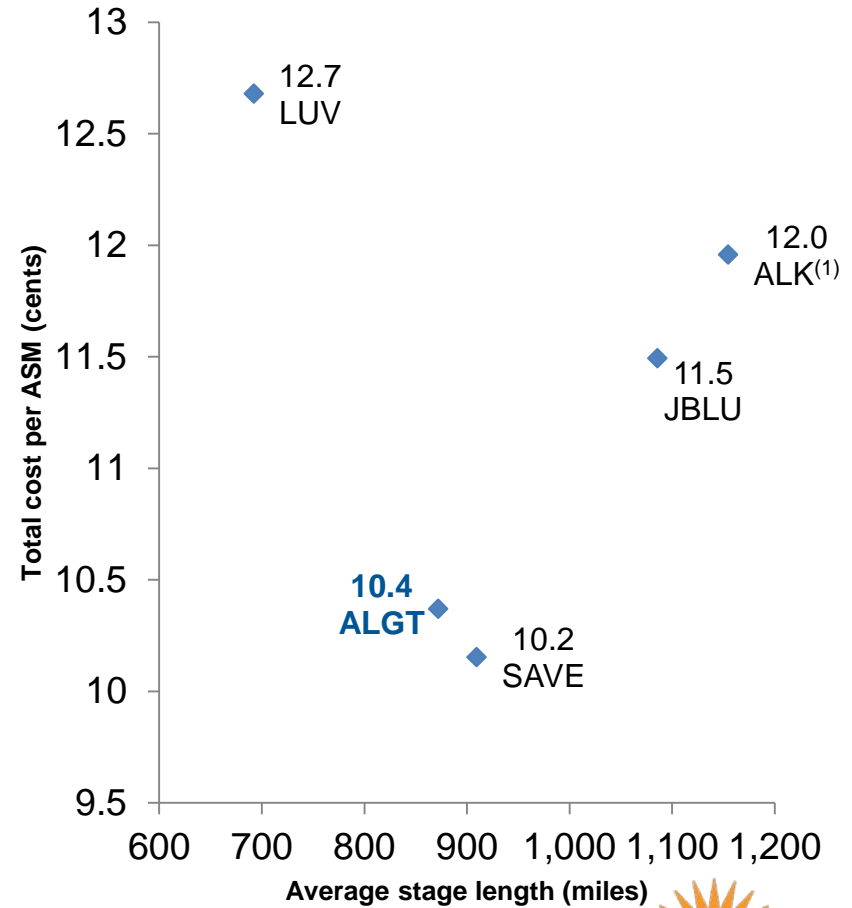
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Travel is our deal.

Excellent cost structure

Operating cost ex fuel/ASM (CASM ex) vs stage length



Operating cost/ASM (CASM) vs stage length



(1) ALK is mainline statistics

LUV = Southwest Airlines, ALK = Alaska Airlines, JBLU = JetBlue Airways, SAVE = Spirit

Time period – 2012, ASM – available seat miles,



Low cost aircraft

	MD-80	757	A319	A320
Depreciation/amortization or rent ⁽¹⁾	\$65	\$100	\$75 - \$150	
Seats	166	223	156	177
# Owned	58	6		9 ⁽²⁾
# Leased			9 ⁽³⁾	
In svc EOY 2013	51 ⁽⁴⁾	6	2	7

- 2012 EBITDA per aircraft \$3.2mm⁽⁵⁾
 - \$267k per aircraft per month

Acquisition costs = purchase + induction costs

(1) - Either depreciation or AC rent per aircraft per month in thousands USD. A319 and A320 monthly rates are blended together

(2) - to be delivered through 2014

(3) - to be delivered through 2015

(4) - retiring 7 MD-80 aircraft throughout 2013

(5) - see GAAP reconciliation in Appendix

Low cost drivers

2012 cost per passenger

Avg length of haul
(miles)

918

906

939

1,086

Ex fuel cost = \$57

Fuel cost = \$54

Total Allegiant = \$111

Ex fuel cost = \$65

Fuel cost = \$45

Total Spirit = \$110

Ex fuel cost = \$92

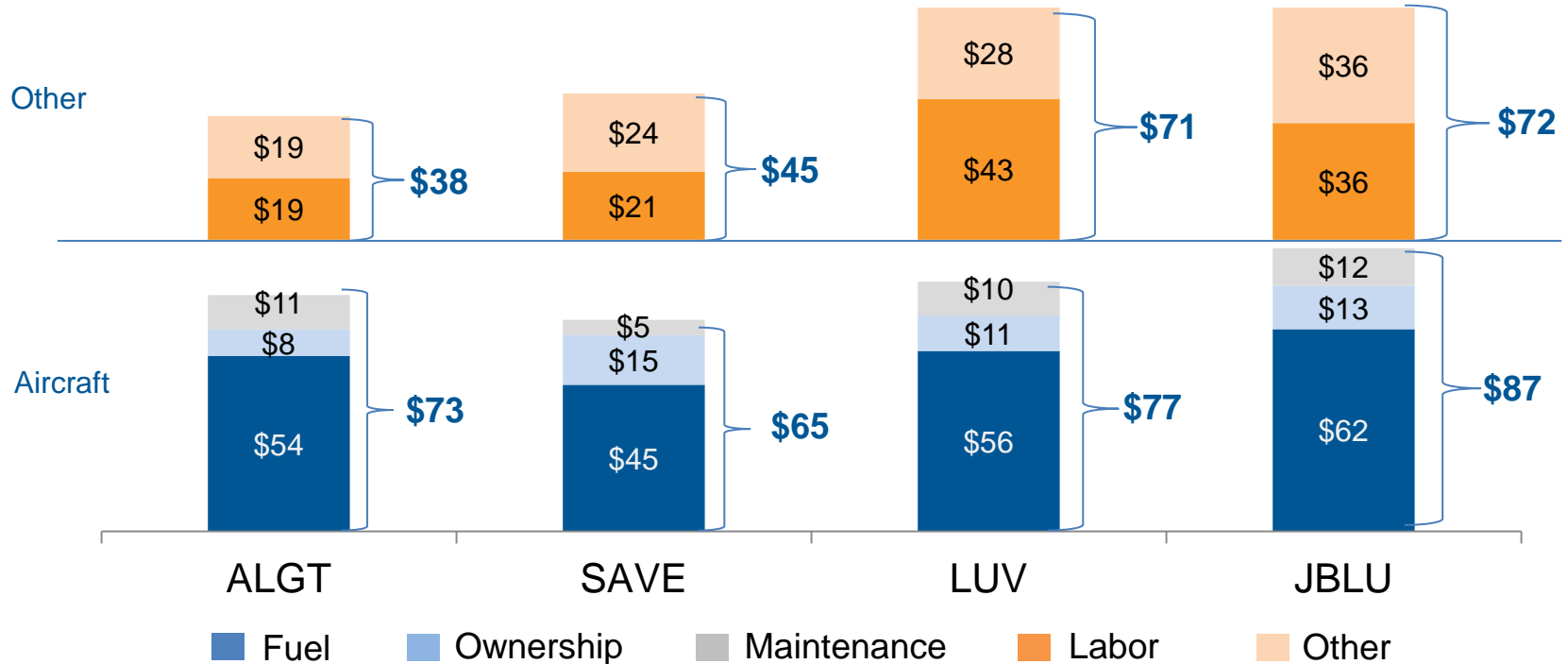
Fuel cost = \$56

Total Southwest = \$148

Ex fuel cost = \$97

Fuel cost = \$62

Total JetBlue = \$159



Source: Company filings

Ownership includes depreciation & amortization + aircraft rent

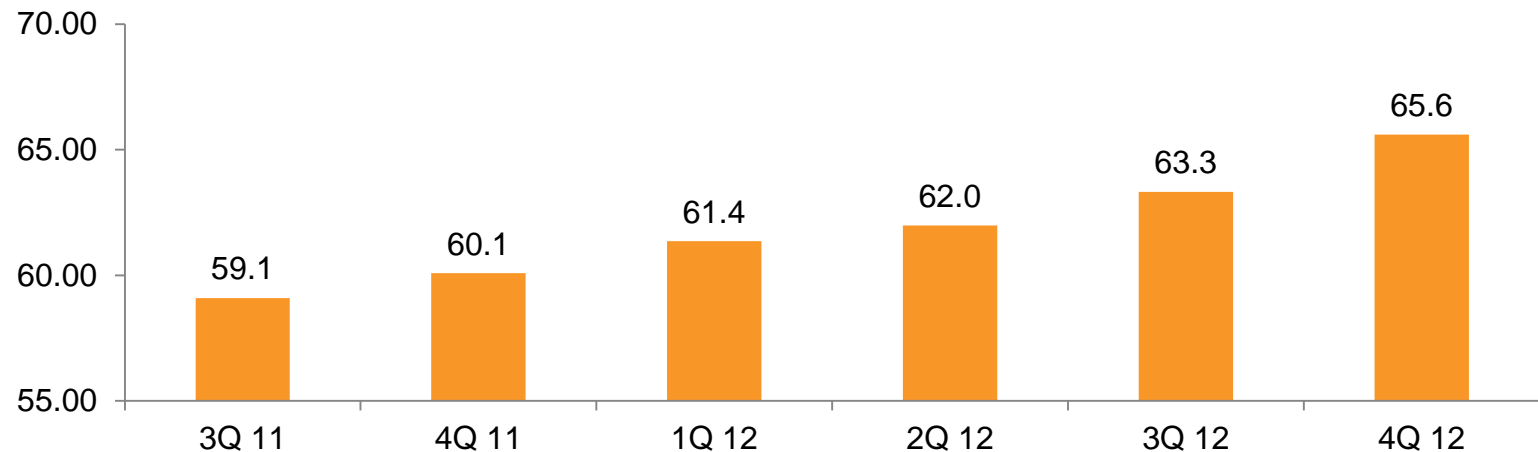
Other excludes special items and one-time charges for other carriers



Aircraft fuel

- Improving fuel efficiency even before adding A319s
 - Over 9% improvement 4Q12 vs 4Q11

ASMs per gallon



	3Q 11	4Q 11	1Q 12	2Q 12	3Q 12	4Q 12
150 seat MD-80	49	47	39	30	20	11
166 seat MD-80	1	7	17	26	36	45
757	1	1	1	3	4	5
\$ per gallon	\$3.12	\$3.08	\$3.28	\$3.14	\$3.11	\$3.20

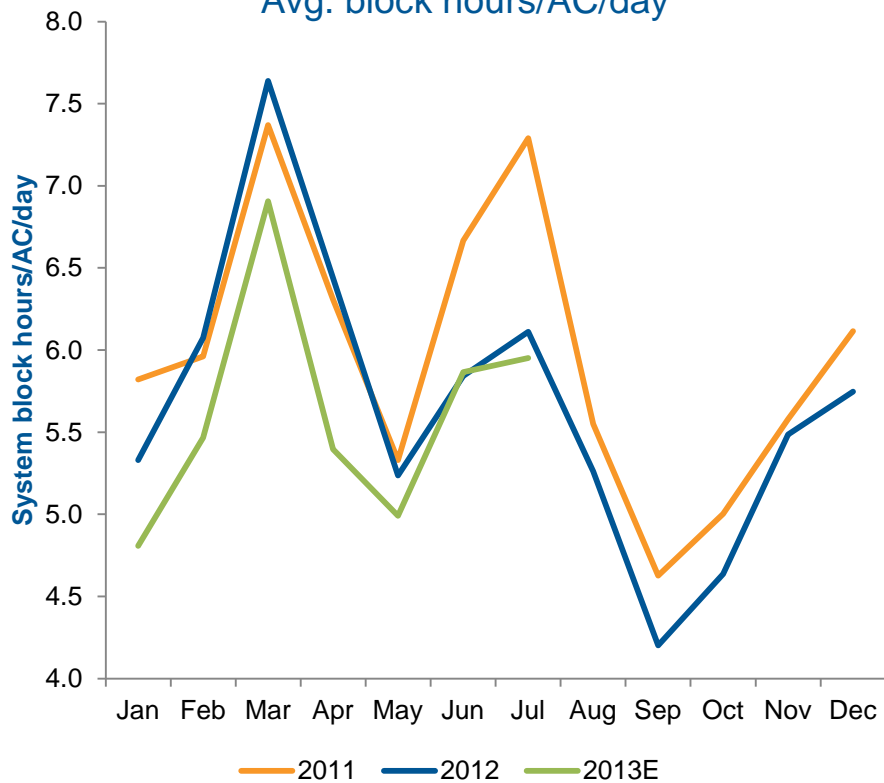
Aircraft counts are end of period
\$ per gallon is system \$ per gallon



Capacity management

Leisure = seasonality

Avg. block hours/AC/day



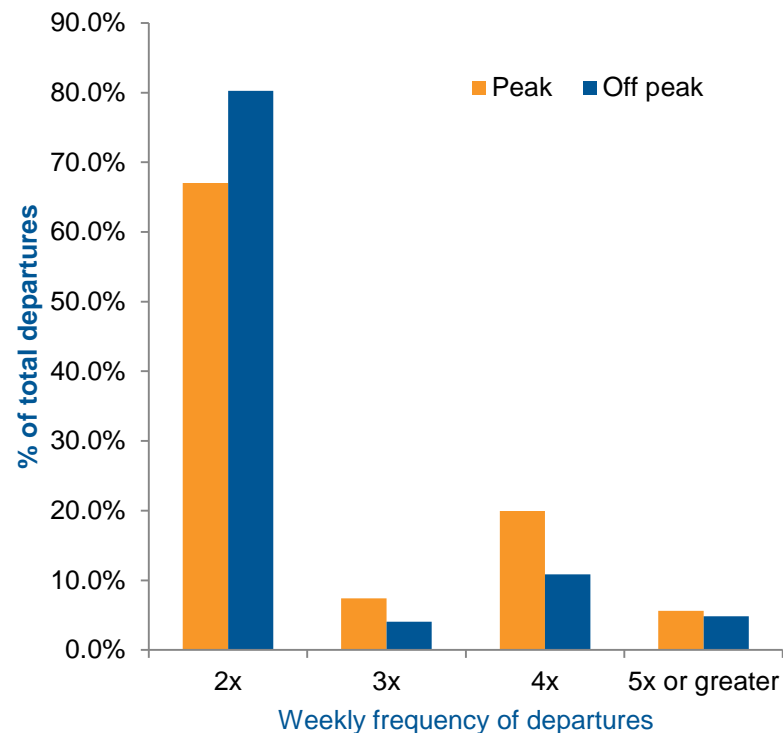
2011 2012 2013E

Avg Sched AC ⁽²⁾

50 58 64

Small cities = low frequency⁽¹⁾

Weekly market frequency



1 - Peak = sample peak travel time from week of June 11 – Aug 5, 2012, sample off peak = Aug 13 – Sept 16, 2012

2 – Scheduled aircraft does not include the MD-80s dedicated to charter service

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Flight + Hotel

From: Select a departure city

To: Select a destination city

Round Trip

Departure Date

Return Date

Adults (15+) 2 Children (0-14) 0 Rooms 1

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- Low acquisition costs
- Low transaction costs
 - High debit card usage
 - Debit discount
- 92% of 4Q12 sales were through the site

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Tampa / St. Petersburg

Oakland / San Francisco

Los Angeles

Phoenix / Mesa

Hard Rock Hotel & Casino Las Vegas

Wynn Las Vegas

Flamingo

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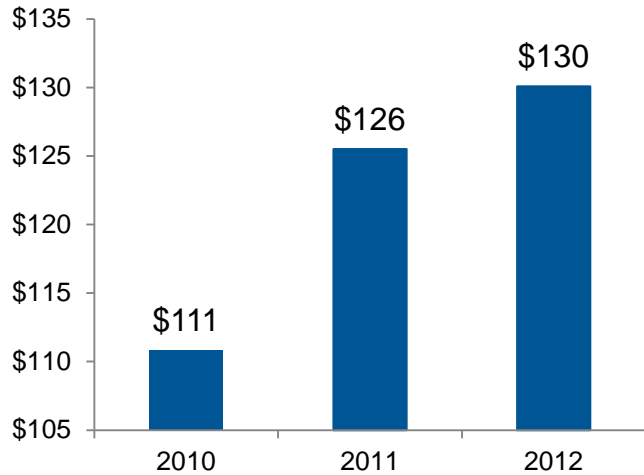
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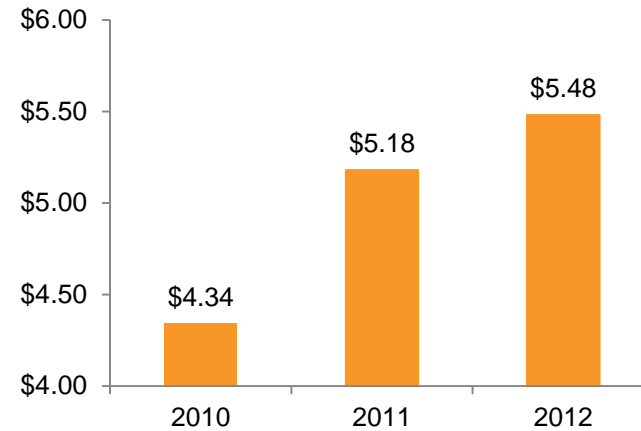


Revenue momentum

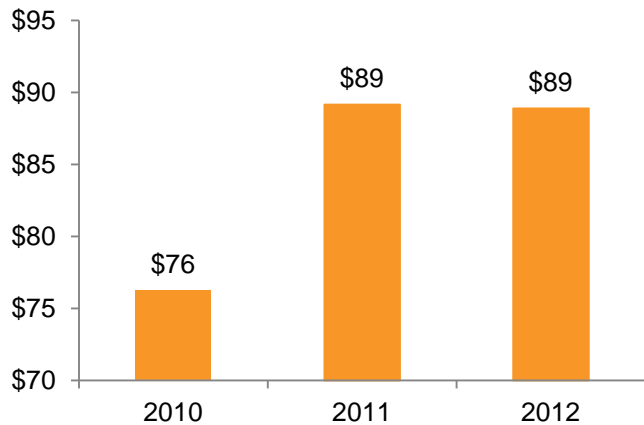
Average fare - total



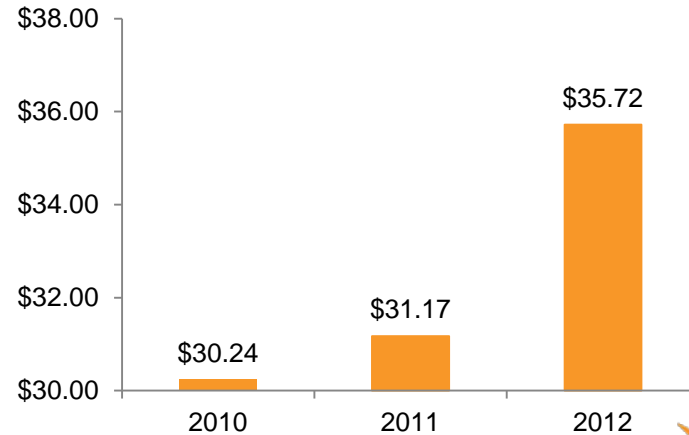
Average fare - ancillary third party products



Average fare - scheduled service



Average fare - ancillary air-related charges



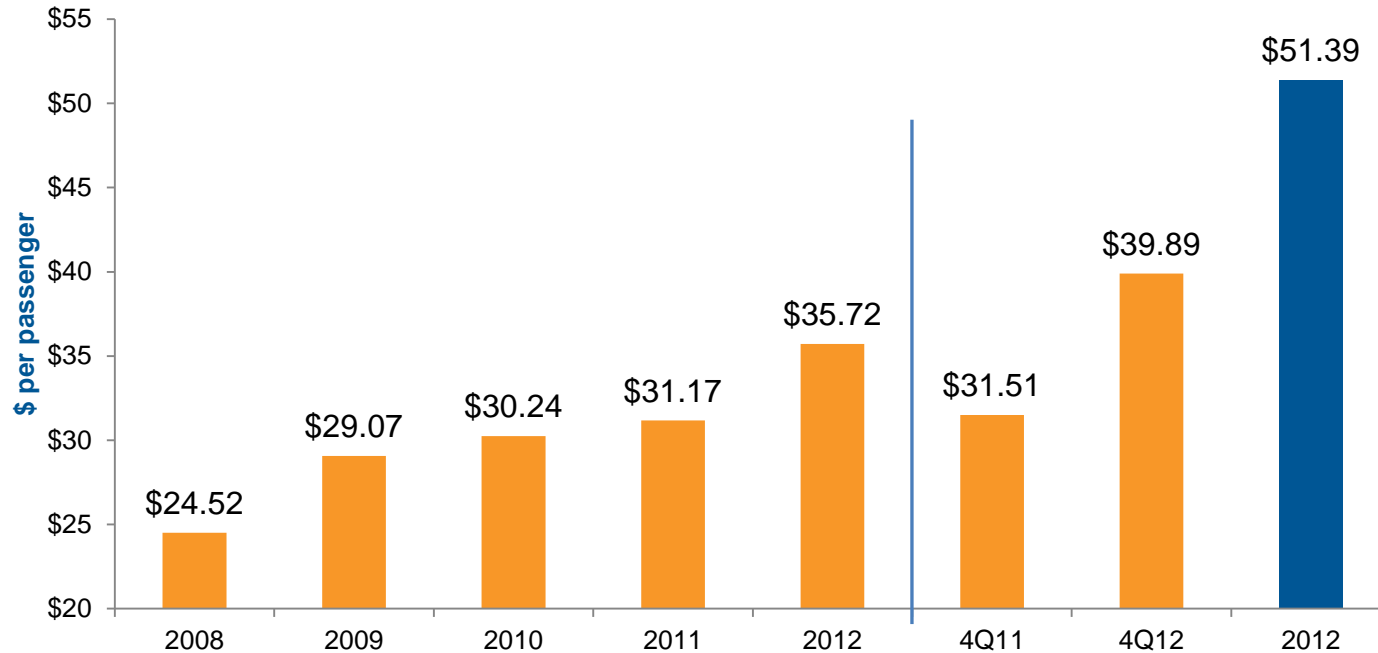
All revenue is revenue per scheduled passenger



Ancillary air related fees

- April 2012 – introduced carry on bag fee

Avg fare – ancillary air related



SAVE = Spirit, non-ticket revenue / flight segments



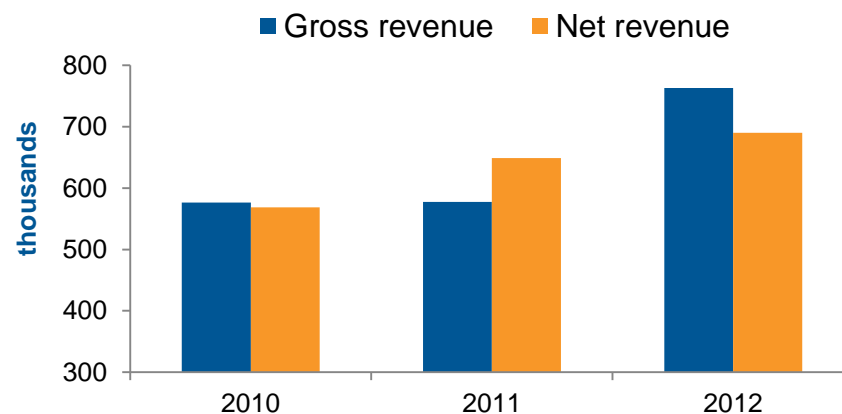
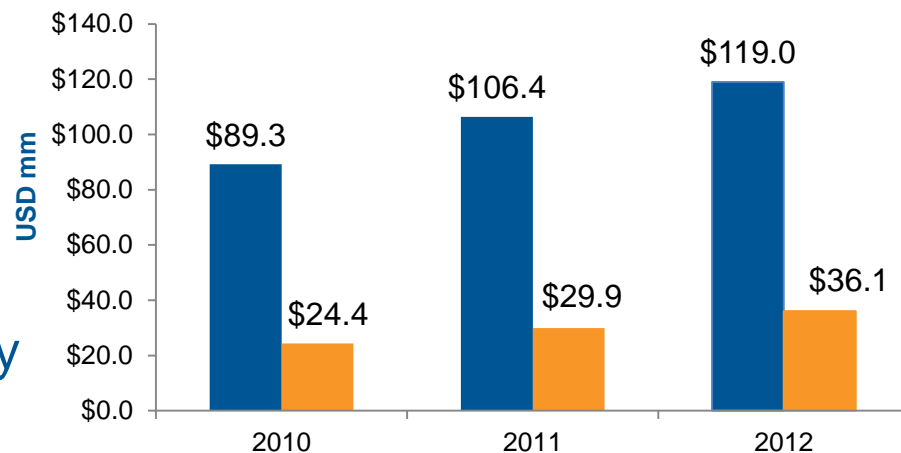
Ancillary revenue – third party products

- Bundled vacation packages
- Very high margins
 - 29% of 2012 pre-tax income
- Wholesale price for hotel & car, we manage margin, no inventory risk

Growth	YoY 2012	YoY 4Q12
Gross revenue	+12%	+9%
Net revenue	+21%	+21%
Room nights	+7%	(4)%
Rental car days	+32%	+49%

Net revenue = gross revenue – cost of goods sold – transaction costs

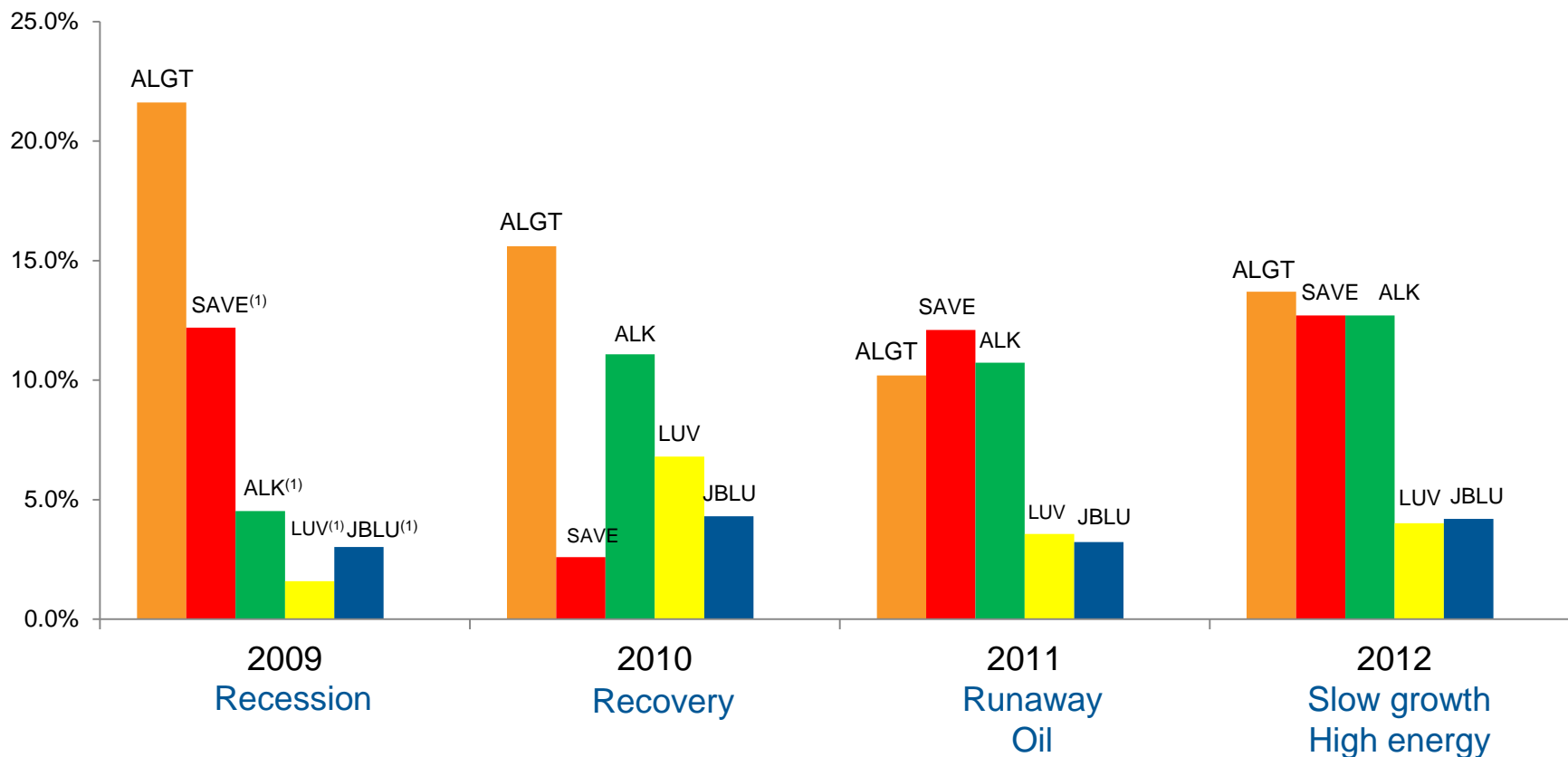
Ancillary revenue – 3rd party



■ Rental car days ■ Room nights



Best pre-tax margins



Avg AC in period

43

49

52

60

Avg scheduled service fuel cost

\$1.90

\$2.43

\$3.30

\$3.37

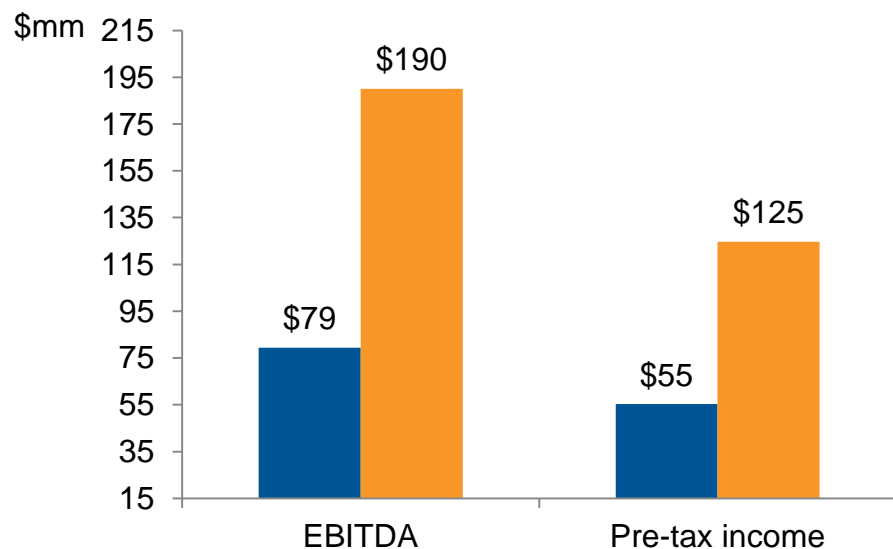
(1) LUV = Southwest Airlines; JBLU = JetBlue Airways; SAVE = Spirit Airlines

ALK = Consolidated Alaska Air Group non-GAAP pre-tax margin, SAVE – non-GAAP pre-tax margin

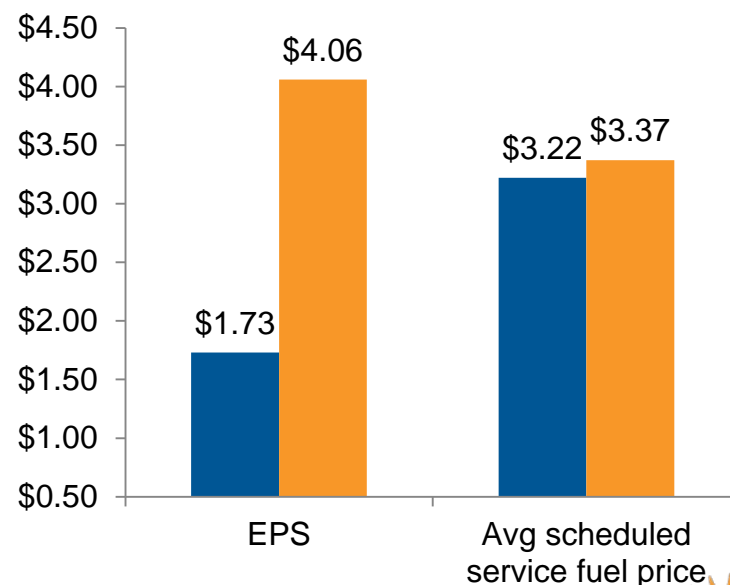


Better equipped to handle higher fuel

	2008	2012	% change
System ASMs (billions)	4.4	7.5	71%
Average # of aircraft	36	60	67%
Avg fare – scheduled service	\$84.97	\$88.90	5%
Avg ancillary - total	\$29.43	\$41.20	40%
Avg fare - total	\$114.40	\$130.10	14%
Pre-tax margin	11.0%	13.7%	

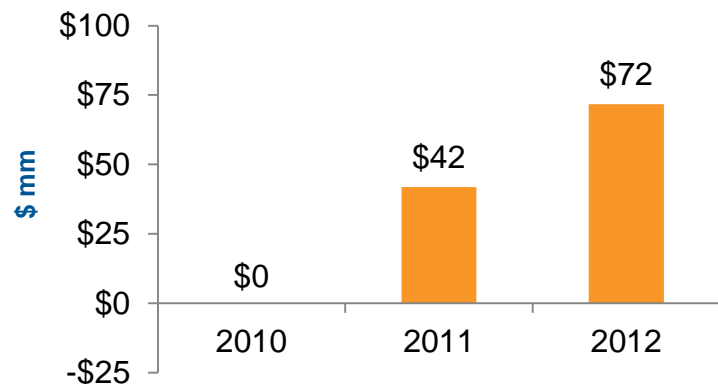


EBITDA – see GAAP reconciliation in appendix

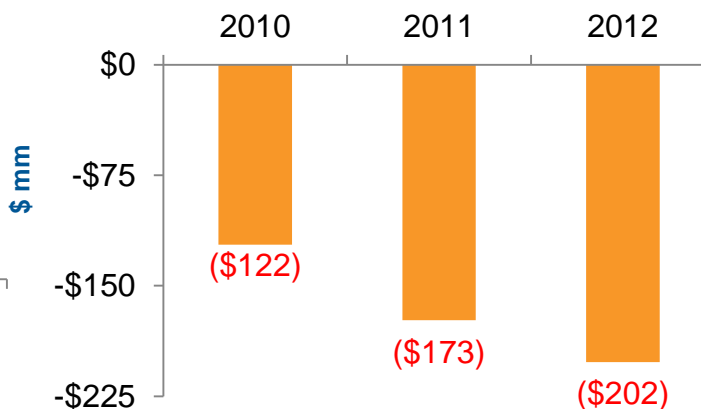


Strong cash generation

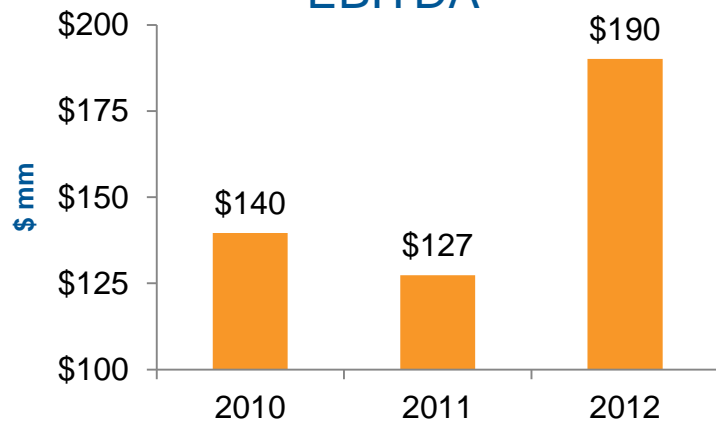
Free cash flow



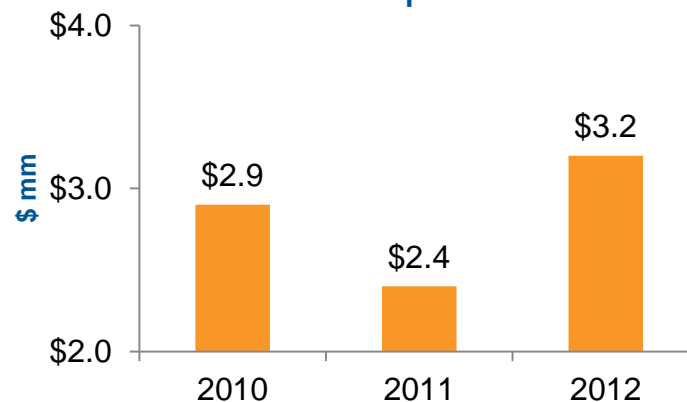
Net debt



EBITDA



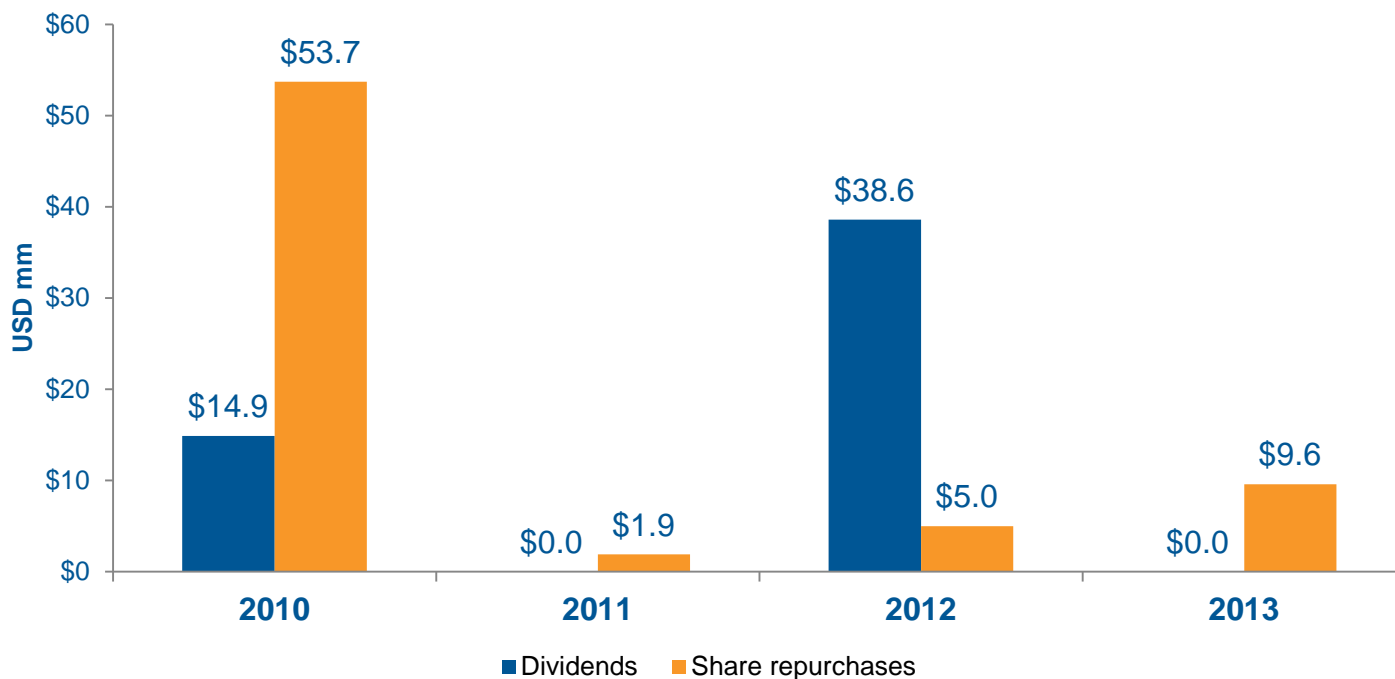
EBITDA per AC



See reconciliation tables

Returning cash to shareholders

■ Over \$156mm since 2008



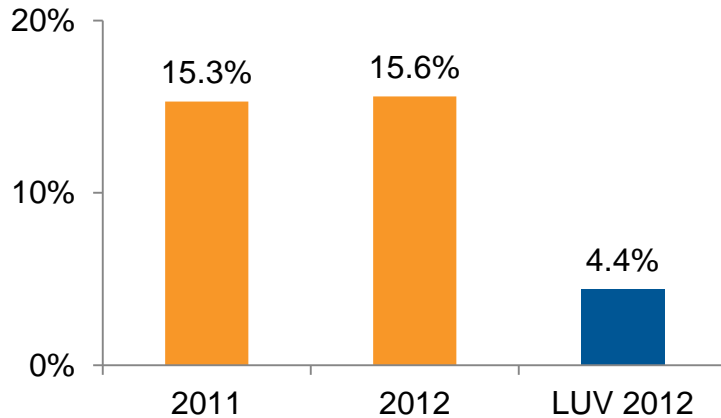
	2010	2011	2012	2013
Shares repurchased (000)	1,207.0	34.3	54.7	126.0

2013 share repurchases as of Feb 11, 2013

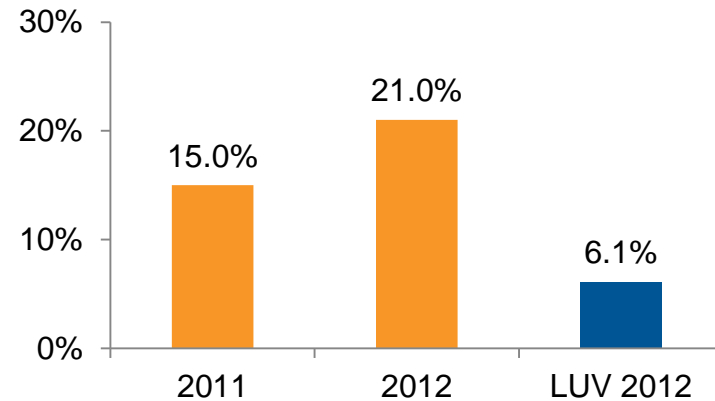


Credit metrics

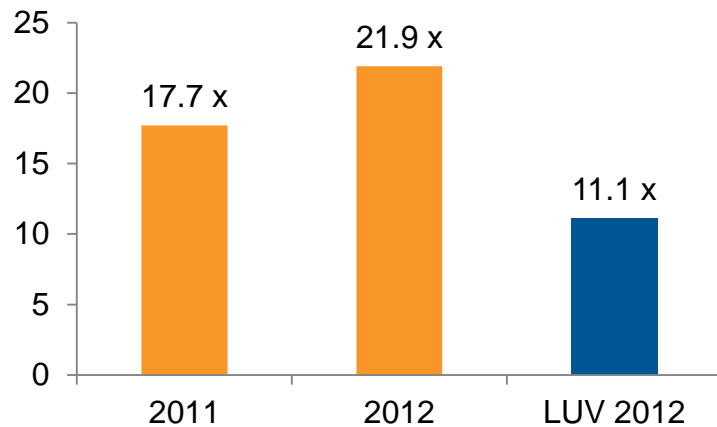
Return on capital employed



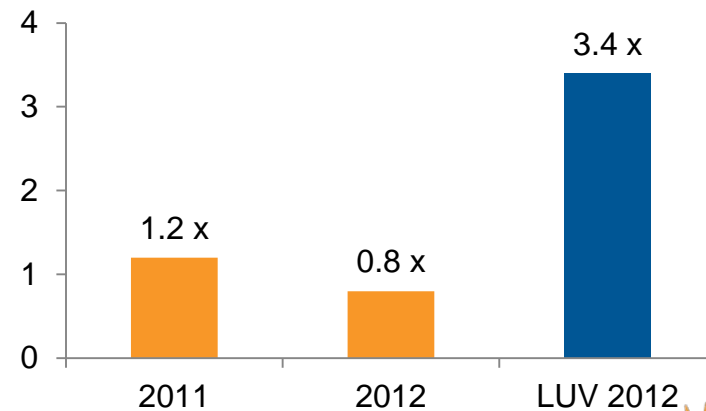
Return on equity



Interest coverage



Debt / EBITDA



LUV = Southwest Airlines, based on published information

Current events

- Finished converting 51 MD-80s with 166 seats
- Have taken delivery of 1 A319 aircraft
 - 2 A319s expected to be in service 2Q13
- Currently flying 9 routes to Hawaii
- Currently operating 6 757 aircraft

International service⁽¹⁾

- Late 2013 / early 2014
- Small cities to Las Vegas / Orlando
- Destination markets – Cancun
- Automation - payment, taxes
- Bilingual capabilities - website, call center, inflight & stations
- Regulatory
- A319

1 – In planning stages. Implementation of service subject to various conditions which may not be achieved within projected time table, if at all.

Airbus growth opportunities

■ Range

- A319 range 3,600 nm ⁽¹⁾
- A320 range 3,200 nm ⁽¹⁾
- MD-80 range 1,400 nm

■ Performance

- Short field
- Hot & high conditions
- Obstacles

■ Opens many new route opportunities

1 – Airbus published maximum range

Guidance

- 1Q 13 PRASM (8) to (6)%
- 1Q 13 CASM ex fuel 1% to 3%
- 1Q 13 Fixed fee + other revenue \$4mm to \$6mm
- 2013 CAPEX \$150mm to \$160mm

	1st Quarter 2013	2nd Quarter 2013
System departures	(8) to (4)%	(7) to (3)%
System ASMs	12 to 16%	14 to 18%
Scheduled departures	(2) to 2%	0 to 4%
Scheduled ASMs	15 to 19%	19 to 23%

Guidance subject to change



Appendix

GAAP reconciliation

EBITDA calculations

\$mm	2012	2011	2010	2009	2008
Net Income	78.6	49.4	65.7	76.3	35.4
+Provision for Income Taxes	46.2	30.1	37.6	44.2	19.8
+Other Expenses	7.8	5.9	1.3	1.6	.7
+Depreciation and Amortization	57.5	42.0	35.0	29.6	23.5
=EBITDA	190.1	127.4	139.6	151.8	79.4
Total debt	150.9	146.0	28.1	45.8	64.7
+7 x annual rent	<u>0</u>	<u>7.7</u>	<u>12.0</u>	<u>13.5</u>	<u>19.7</u>
Adjusted total debt	150.9	153.7	40.1	59.3	84.4
=Adjusted Debt to EBITDA	0.8x	1.2x	0.3x	0.4x	1.1x
Average aircraft in period	60	52.3	47	43	36
=EBITDA per aircraft	3.2	2.4	2.9	3.6	2.2
Interest expense	8.7	7.2	2.5	4.1	5.4
= Interest coverage	21.9x	17.7x	55.4x	37.2x	14.7x

GAAP reconciliation

Return on equity

\$mm	2012	2011	2010	2009
Net Income (\$mm)	78.6	49.4	65.7	76.3

	Dec 2012	Dec 2011	Dec 2010	Dec 2009
Total shareholders equity (\$mm)	400.6	351.5	297.7	292.0
Return on equity	21%	15%	22%	

ROE = Net income / Avg shareholders equity



GAAP reconciliation

Return on capital employed calculation

\$mm	2012	2011	2010	2009
+ Net income	78.6	49.4	65.7	76.3
+ Income tax	46.2	30.1	37.6	44.2
+ Interest expense	8.7	7.2	2.5	4.7
- Interest income	1.0	1.2	1.2	2.5
EBIT	132.5	85.5	104.6	122.7
+ Interest income	1.0	1.2	1.2	2.5
Tax rate	37.1%	37.9%	36.4%	36.2%
Numerator	84.0	53.9	67.3	79.6
Total assets prior year	706.7	501.3	499.6	424.0
- Current liabilities prior year	177.6	166.6	158.6	131.0
+ ST debt of prior year	8.0	16.5	23.3	25.3
Denominator	537.1	351.2	364.3	318.3
= Return on capital employed	15.6%	15.3%	18.5%	25.0%

GAAP reconciliation

Free cash flow calculations

\$mm	2012	2011	2010
Cash from operations	176.8	129.9	98.0
- CAPEX	105.1	88.0	98.5
= Free cash flow	71.7	41.9	(0.5)

GAAP reconciliation

Net debt

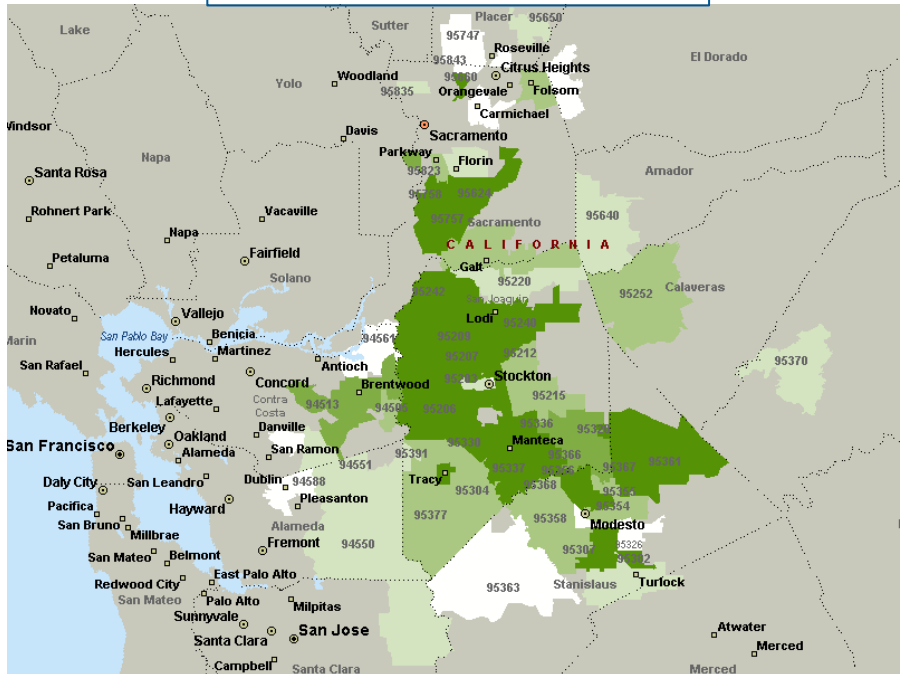
\$mm

	Dec 2012	Dec 2011	Dec 2010
Current maturities of long term debt	11.7	7.9	16.5
Long term debt, net of current maturities	<u>139.1</u>	<u>138.2</u>	<u>11.6</u>
Total debt	150.8	146.1	28.1
Cash and cash equivalents	89.6	150.7	113.3
Short term investments	239.1	154.8	35.7
Long term investments	<u>24.0</u>	<u>14.0</u>	<u>1.3</u>
Total cash	<u>352.7</u>	<u>319.5</u>	<u>150.3</u>
= Net debt	(\$201.9)	(\$173.4)	(\$122.2)

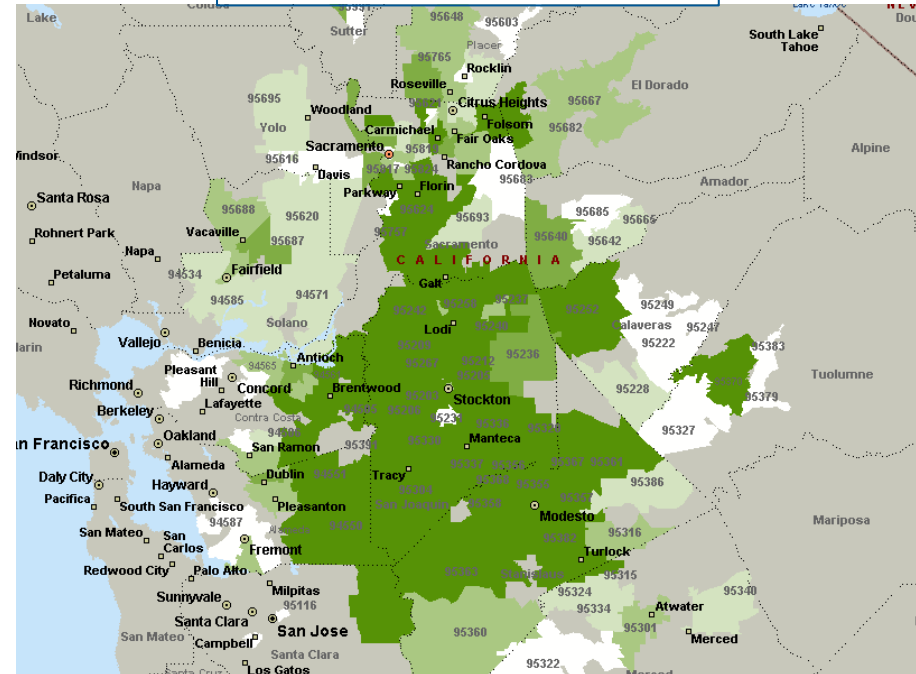
Catchment area expansion

- Continue to see market growth in mature markets
- Customers show willingness to travel for access to low fares

Stockton Catchment 2009



Stockton Catchment 2012



Heat map by credit card zip code; darkest green is more than 400 segments