

# Management Presentation

August 2013



# Forward looking statements

This presentation as well as oral statements made by officers or directors of Allegiant Travel Company, its advisors and affiliates (collectively or separately, the "Company") will contain forward-looking statements that are only predictions and involve risks and uncertainties. Forward-looking statements may include, among others, references to future performance and any comments about our strategic plans. There are many risk factors that could prevent us from achieving our goals and cause the underlying assumptions of these forward-looking statements, and our actual results, to differ materially from those expressed in, or implied by, our forward-looking statements. These risk factors and others are more fully discussed in our filings with the Securities and Exchange Commission. 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. The Company cautions users of this presentation not to place undue reliance on forward looking statements, which may be based on assumptions and anticipated events that do not materialize.

# Unique business model and results

- Highly resilient and profitable
  - Profitable last 42 quarters <sup>(1)</sup>
  - \$217mm EBITDA <sup>(2)</sup> LTM 2Q13
  - LTM Return on Capital 15.8% <sup>(2)</sup>
- Strong balance sheet
  - Rated BB- and Ba3 <sup>(3)</sup>
  - \$391mm unrestricted cash <sup>(4)</sup>
  - \$145mm debt
  - Debt/EBITDA 0.7x<sup>(2)</sup>
  - \$33mm in share repurchase YTD
- 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

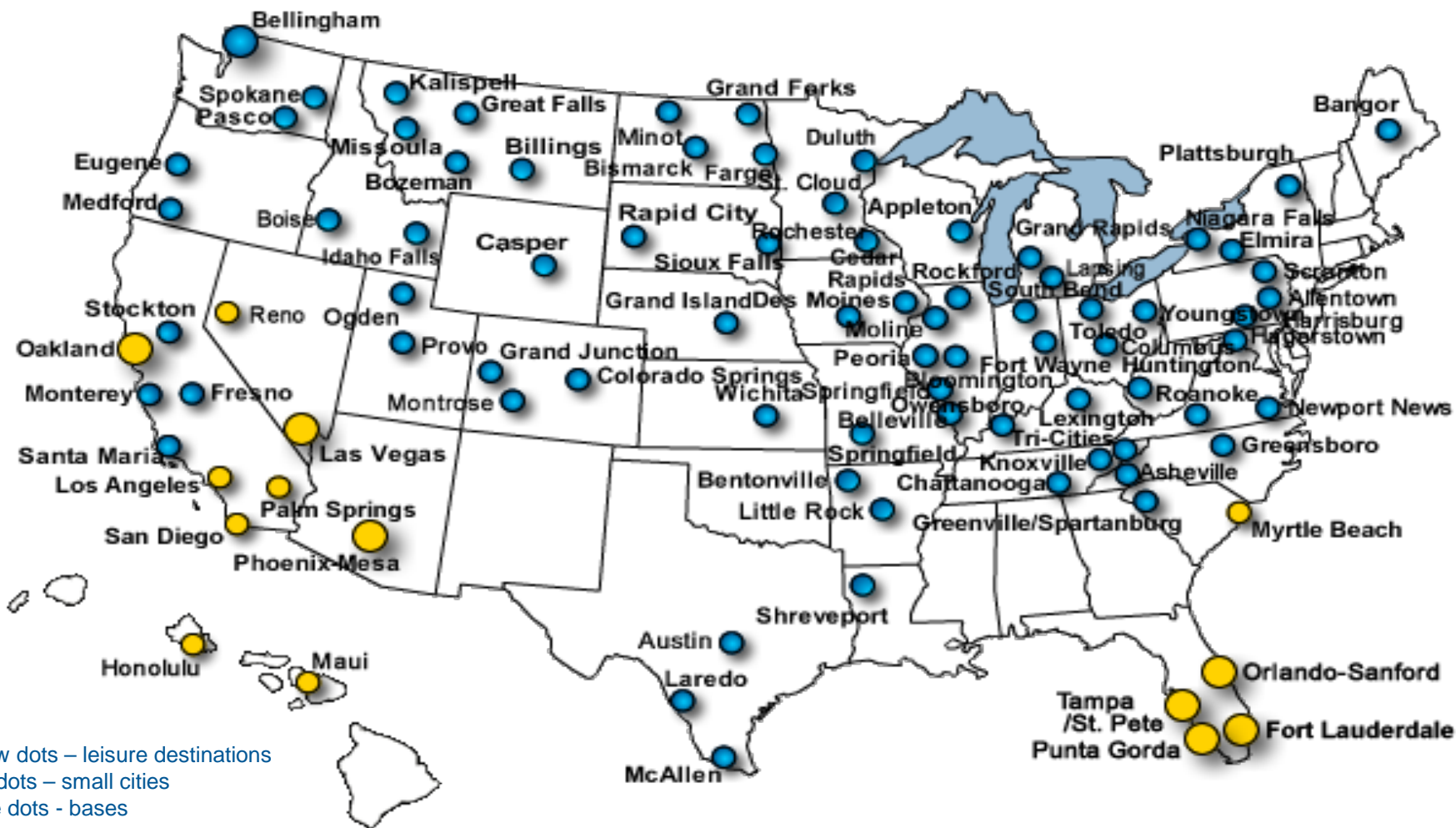
(1) Excluding non-cash mark to market hedge adjustments prior to 2008 and 4Q06 one time tax adjustment

(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 as of Jun 30, 2013

# Nationwide footprint



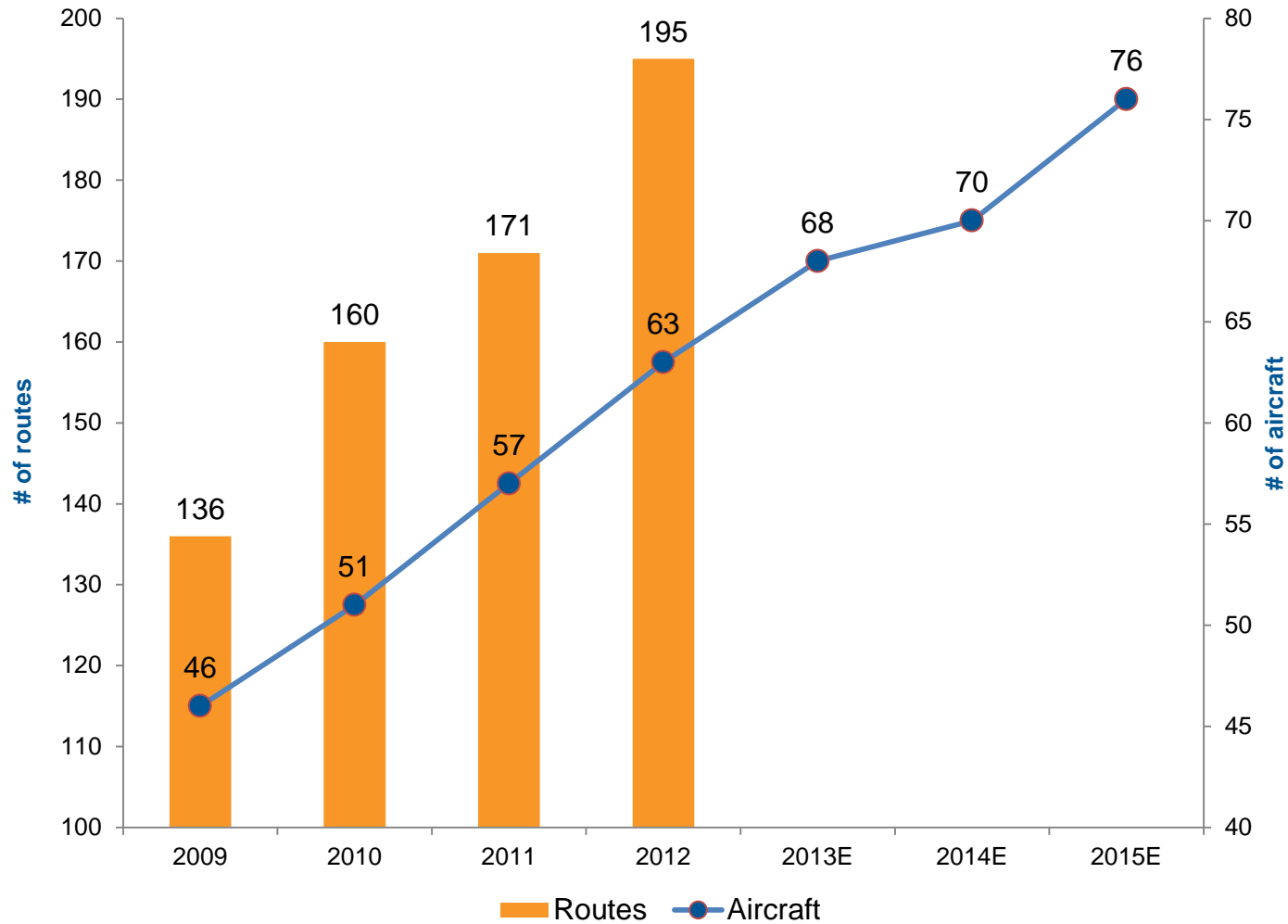
Based on current published schedule through February 11, 2014

204 routes, 68 operating aircraft

75 small cities, 14 leisure destinations



# Continuous growth



Above data represents values at end of period



# International service<sup>(1)</sup>

- 2014
- Small cities to Las Vegas – Hermosillo, Mexico
- Destination markets – Cabo
- Automation - payment, taxes
- Bilingual capabilities - website, call center, inflight & stations
- Regulatory

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

# Little competition

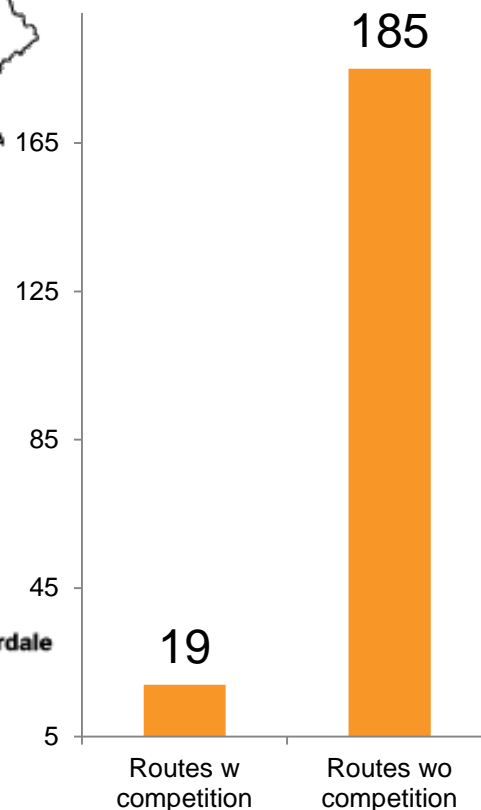
## Uniquely built to profitably serve small city markets



### Competitors – overlapping routes

Frontier – 1	Spirit – 1	United – 1
Southwest – 10	US Airways - 3	Delta - 1
Hawaiian – 3	Alaska – 3	
Sun Country – 1	American - 1	

Based on current published schedule through Feb 11, 2014  
Announcements and cancellations as of Jul 17, 2013



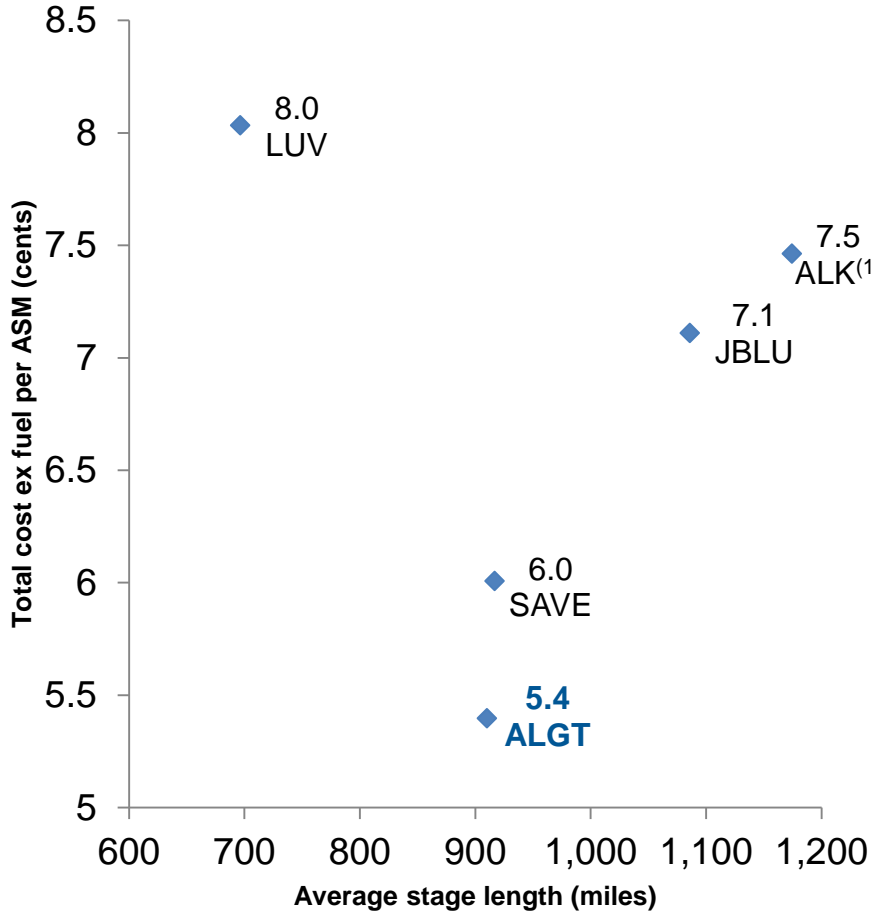
# Changing competitive landscape

- Mergers – rationalizing capacity
  - Southwest/AirTran – rationalize markets
    - Operate in 12 markets that they left, 7 of which coincided with their exit
  - Delta/Northwest – rationalize hubs
    - Memphis & Cincinnati – 40% & 60% less seats than in 2007
  - American/US Airways – hubs in Dallas, Phoenix and Los Angeles
- Bankruptcy
  - Direct Air
    - Responded with growth into Punta Gorda, FL

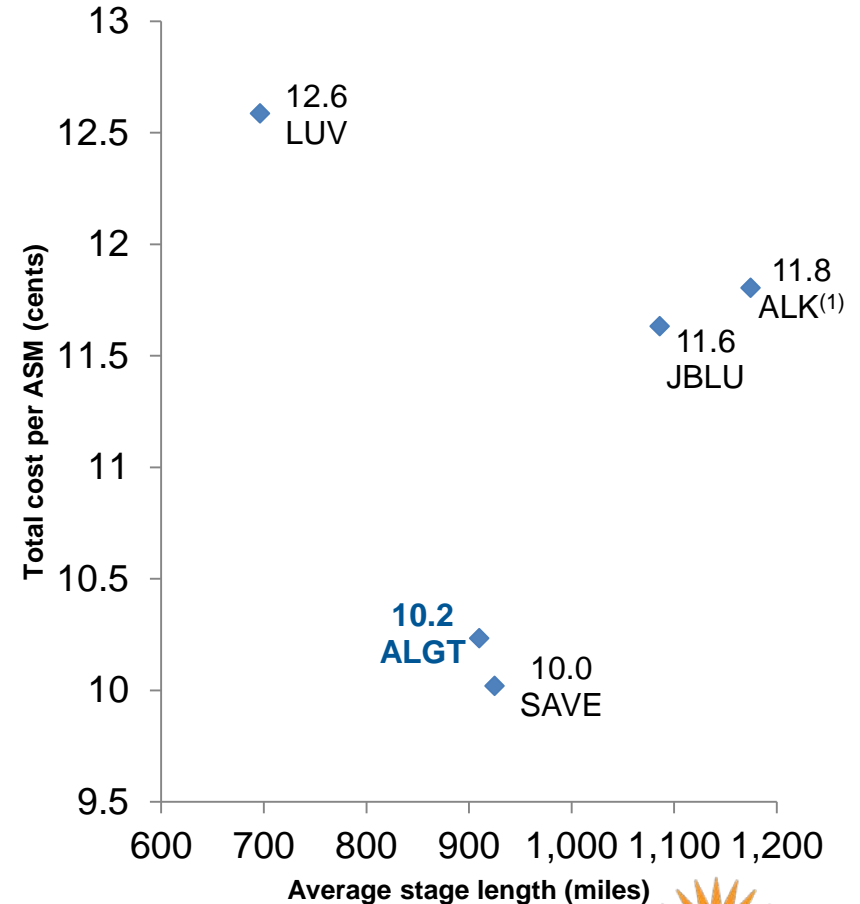


# Excellent cost structure

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



Operating cost/ASM (CASM) vs stage length



(1) ALK is mainline statistics

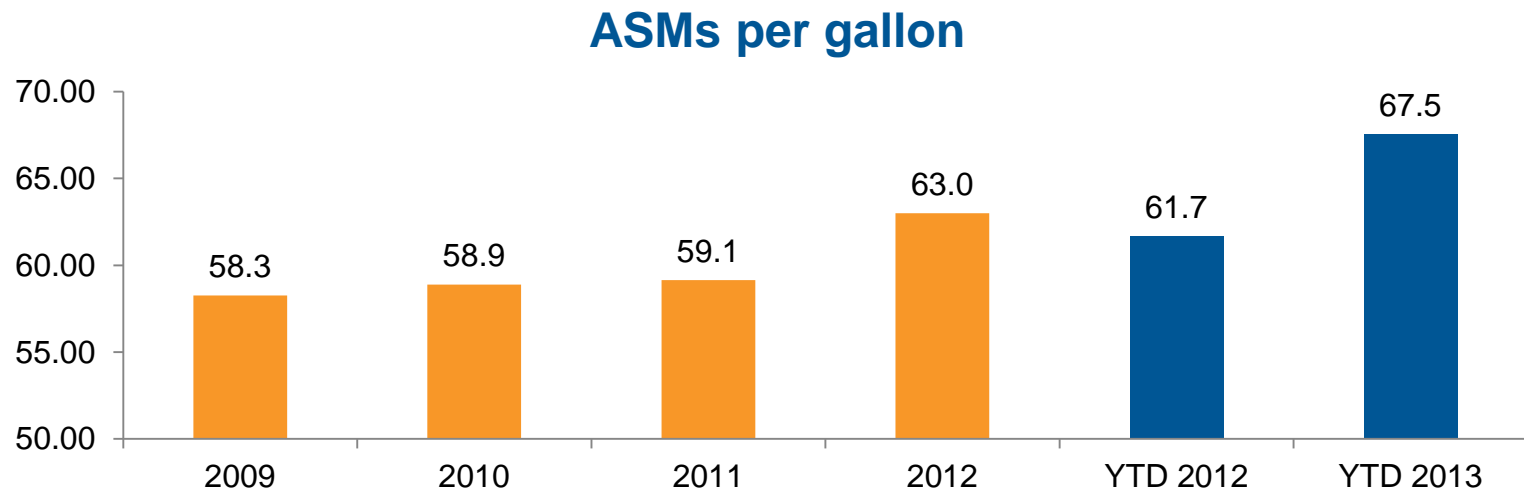
LUV = Southwest Airlines, ALK = Alaska Airlines, JBLU = JetBlue Airways, SAVE = Spirit

Time period – LTM 2Q13, ASM – available seat miles,



# Aircraft fuel

- Converted MD-80s to 166 seats
  - Improves ASMs per gallon
- Growing with Airbus aircraft
  - Airbus is at least 15% more fuel efficient <sup>(1)</sup> than MD-80

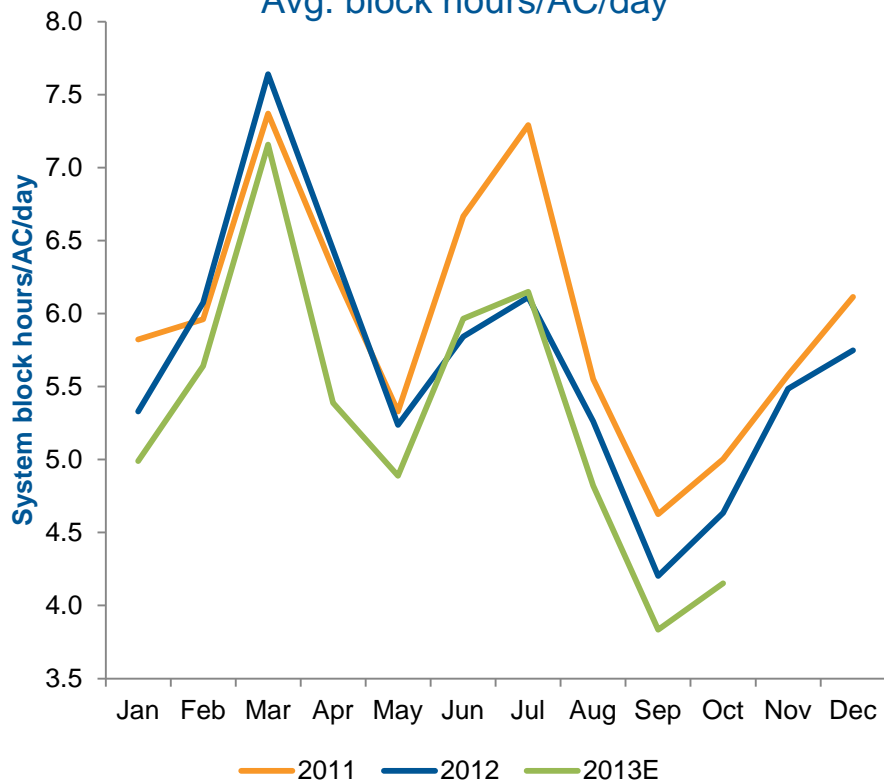


1 - Fuel efficiency measured in block hours per gallon  
Fuel price is system fuel price

# Staying profitable in small cities

## Leisure = seasonality

Avg. block hours/AC/day



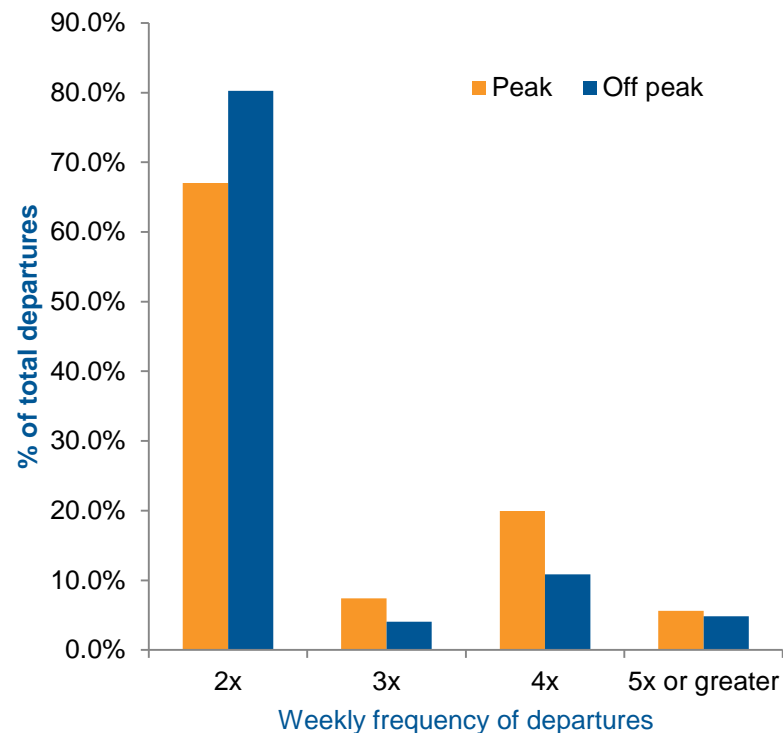
2011      2012      2013E

Avg Sched AC <sup>(2)</sup>

50      58      68

## Small cities = low frequency<sup>(1)</sup>

Weekly market frequency



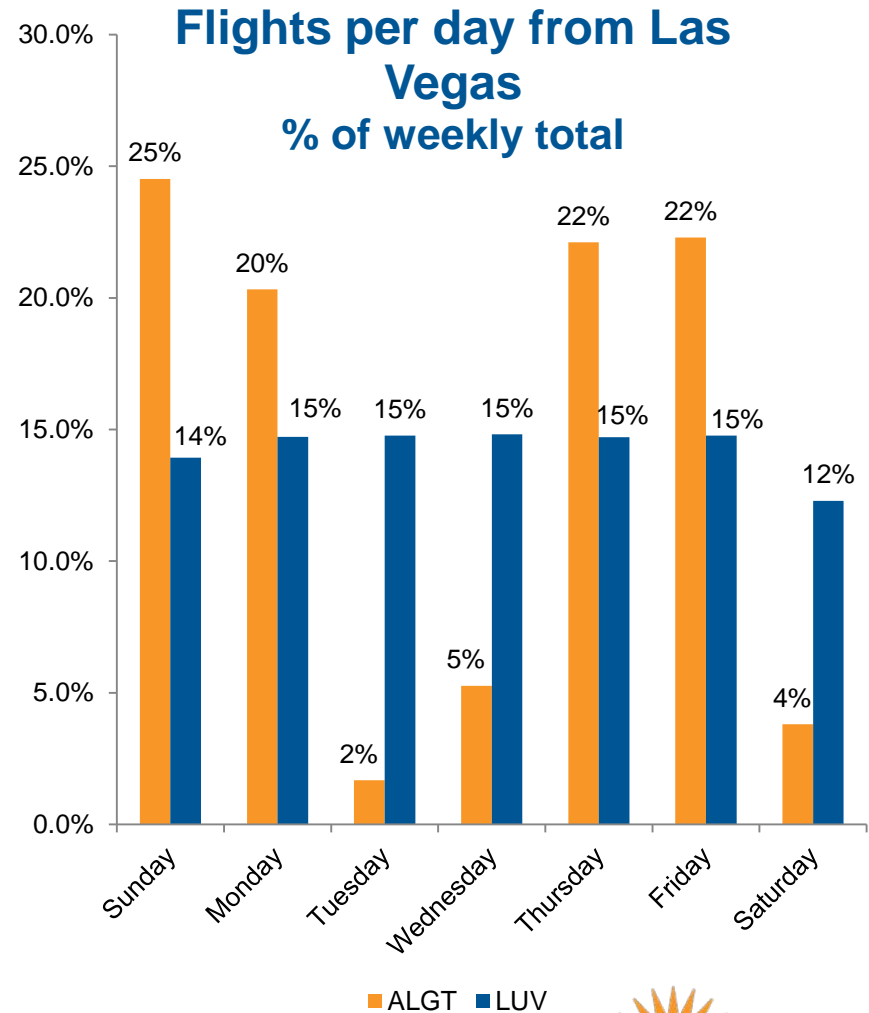
1 - Peak = sample peak travel time from week of June 11 – Aug 5, 2012, sample off peak = Aug 13 – Sept 16, 2012

2 – Scheduled aircraft does not include the MD-80s dedicated to charter service, refers to end of period



# Matching capacity to demand

- Peak day revenue premium
- Not scheduled for business travel
  - Less of a threat to competition
  - Little competitive response
- Low cost assets = flexibility
  - Maintain flexibility with Airbus



Flights per day from Las Vegas – based on published schedules from Nov 2011 – Oct 2013



# Low cost aircraft

	<b>MD-80</b>	<b>757</b>	<b>A319</b>	<b>A320</b>
Depreciation/amortization or rent <sup>(1)</sup>	\$65	\$100	\$75 - \$150	
Seats	166	223	156	177
Gallons per block hour - 2012	950	1,100	725 – 780 <sup>(2)</sup>	
Block hours per departure – 2012	2.4	3.6		
% of 2012 scheduled departures	97%	3%		
% of total aircraft – EOY 2014 <sup>(2)</sup>	73%	9%	6%	13%
% of scheduled ASMs - EOY 2014 <sup>(2)</sup>			18% to 20%	
% of total aircraft – EOY 2015 <sup>(2)</sup>	67%	8%	13%	12%
% of scheduled ASMs – EOY 2015 <sup>(2)</sup>			26% to 28%	

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

(2) - estimated

Aircraft EOY 2014 & 2015 are aircraft currently under contract

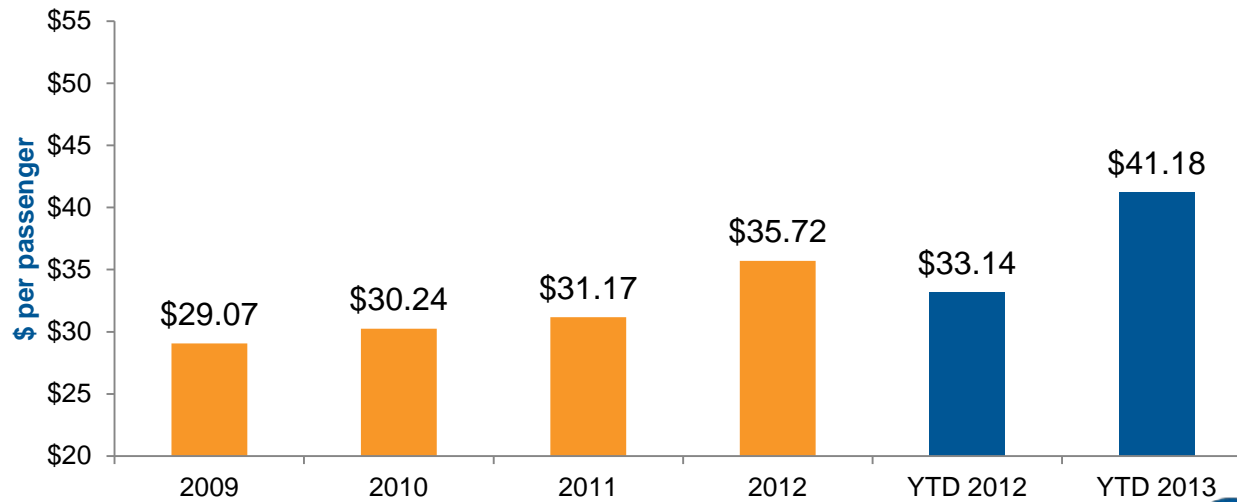
Airbus % of scheduled ASMs is projected and subject to revision



# Ancillary air related fees

- Carry on bag fee – introduced April 2012
  - YTD 2013 total bag fees per passenger +65% YoY
- Manage existing fees
  - YTD 2013 seat fee per passenger +22% YoY
- New products – loyalty program, co-branded credit card

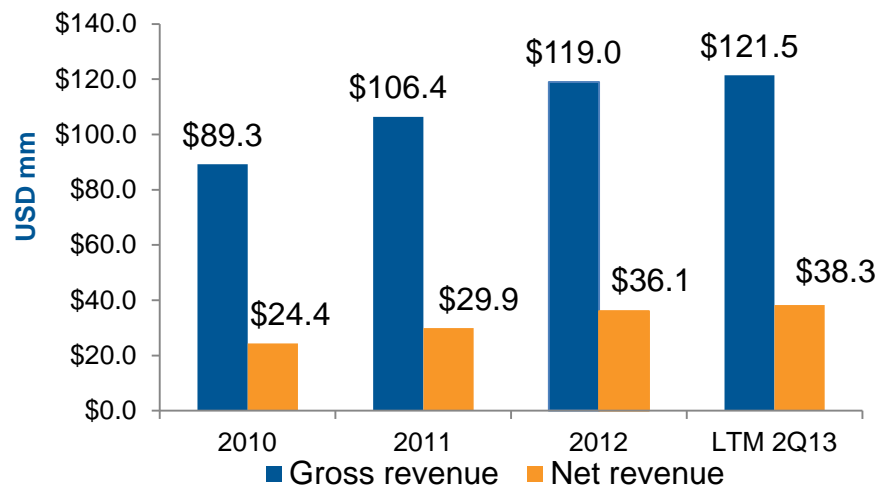
## Avg fare – ancillary air related



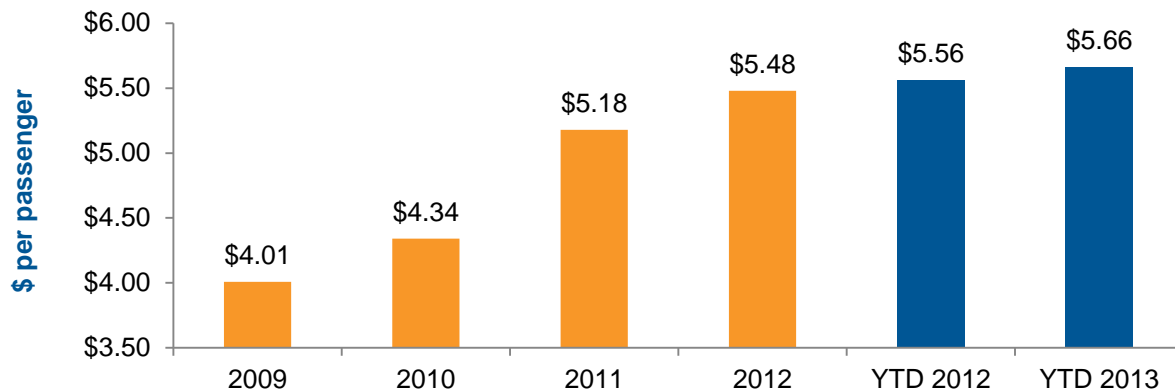
# Ancillary revenue – third party products

- Bundled vacation packages
- Very high margins
  - 25% of LTM 2Q13 pre-tax income
- Wholesale price for hotel & car, we manage margin, no inventory risk

## Ancillary revenue – 3<sup>rd</sup> party



## Third party net revenue per passenger



# Our website is our only store

allegiant® Travel is our deal.® [Travel Advisory!](#) [Like](#)

Welcome! | [Sign In](#) | [Need Help?](#)

[Book Vacation](#) | [Hotels](#) | [Cars](#) | [Activities](#) | [Destinations](#) | [Travel Tools](#) | [Flight Status](#) | [Check-In](#) | [My Allegiant®](#)

**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

**Save a bundle when you bundle.**

**Air + Hotel = BIG Savings!**

**Say GOODBYE to winter and HELLO to hot travel deals!**

**Low, low prices on flights & hotels are just a click away. Find your best deal NOW!**

Optional Services & Fees | Changed Bag Fees & Policy

**We pledge the best travel deals.**

**Travel is our deal.®**

We are committed to saving you money on more than just airfare.

- 29mm unique visitors in 2012
- Low acquisition costs
- Low transaction costs
  - High debit card usage
  - Debit discount
- 93% of 2Q13 sales were through the site

Las Vegas | Honolulu | **Top Hotel Deals** | Orlando / Sanford | Tampa / St. Petersburg | Oakland / San Francisco | Los Angeles | Phoenix / Mesa

★★★★	★★★★★	★★★★	★★★★
Hard Rock Hotel & Casino Las Vegas	Wynn Las Vegas	Flamingo	MGM Grand

**Travel Tools**

Where Do We Fly? Chances are Allegiant flies to a city near you.

**my allegiant**

Manage Your Itinerary You can now make changes to your itinerary online! Start here to log in to your account.

**Allegiant Travel Deals**

Sign up Now to Receive Our Latest Deals!

Enter your email address...

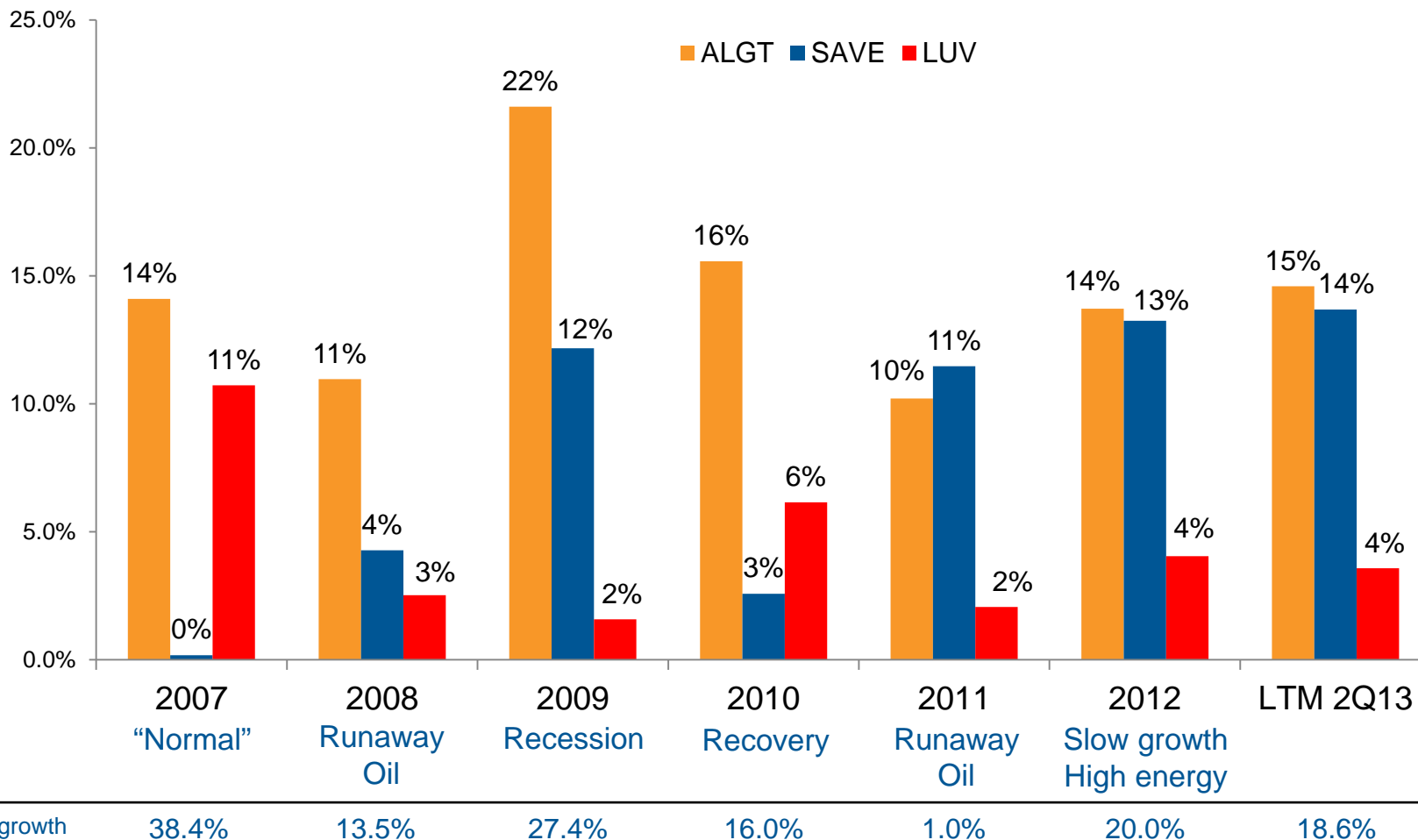
<b>TRAVEL WITH US</b>	<b>COMPANY</b>	<b>TRAVEL TOOLS</b>	<b>HELP</b>	<b>FOLLOW US</b>
<a href="#">Book Vacation</a>	<a href="#">About Allegiant</a>	<a href="#">Online Check-In</a>	<a href="#">Contact Us</a>	<a href="#">f</a> <a href="#">t</a> <a href="#">You Tube</a>
<a href="#">Hotel Partners</a>	<a href="#">Newsroom</a>	<a href="#">My Allegiant®</a>	<a href="#">FAQ</a>	
<a href="#">Activities</a>	<a href="#">Careers</a>	<a href="#">Route Map</a>	<a href="#">Sitemap</a>	
<a href="#">Charters</a>	<a href="#">Investors</a>	<a href="#">Flight Status</a>	<a href="#">Travel Agents</a>	
<a href="#">Travel Vouchers</a>	<a href="#">Contract of Carriage</a>	<a href="#">Flight Status Alerts</a>	<a href="#">Optional Services &amp; Fees</a>	
<a href="#">Home</a>	<a href="#">Privacy Policy</a>			

© 2013 Allegiant Travel Company®. All rights reserved.





# Best pre-tax margins



LUV = Southwest Airlines; SAVE = Spirit Airlines  
 Sched ASM growth – Allegiant year over year scheduled ASM growth



# Appendix

# GAAP reconciliation

## EBITDA calculations

\$mm	LTM 2Q13	2012	2011	2010	2009	2008
Net Income	89.1	78.6	49.4	65.7	76.3	35.4
+Provision for Income Taxes	52.5	46.2	30.1	37.6	44.2	19.8
+Other Expenses	8.0	7.8	5.9	1.3	1.6	.7
+Depreciation and Amortization	67.2	57.5	42.0	35.0	29.6	23.5
<b>=EBITDA</b>	<b>216.8</b>	<b>190.1</b>	<b>127.4</b>	<b>139.6</b>	<b>151.8</b>	<b>79.4</b>
Total debt	145.1	150.9	146.0	28.1	45.8	64.7
+7 x annual rent	<u>11.7</u>	<u>0</u>	<u>7.7</u>	<u>12.0</u>	<u>13.5</u>	<u>19.7</u>
Adjusted total debt	156.8	150.9	153.7	40.1	59.3	84.4
<b>=Adjusted Debt to EBITDA</b>	<b>0.7x</b>	<b>0.8x</b>	<b>1.2x</b>	<b>0.3x</b>	<b>0.4x</b>	<b>1.1x</b>
Average aircraft in period	63	60	52.3	47	43	36
<b>=EBITDA per aircraft</b>	<b>3.4</b>	<b>3.2</b>	<b>2.4</b>	<b>2.9</b>	<b>3.6</b>	<b>2.2</b>
Interest expense	8.9	8.7	7.2	2.5	4.1	5.4
<b>= Interest coverage</b>	<b>24.2x</b>	<b>21.9x</b>	<b>17.7x</b>	<b>55.4x</b>	<b>37.2x</b>	<b>14.7x</b>



# GAAP reconciliation

## Return on equity

\$mm	LTM 2Q13	2012	2011	2010	2009
Net Income (\$mm)	89.1	78.6	49.4	65.7	76.3

	Jun 2013	Jun 2012	Dec 2012	Dec 2011	Dec 2010	Dec 2009
Total shareholders equity (\$mm)	429.6	403.0	400.5	351.5	297.7	292.0
<b>Return on equity</b>	<b>21%</b>		<b>21%</b>	<b>15%</b>	<b>22%</b>	

ROE = Net income / Avg shareholders equity



# GAAP reconciliation

## Return on capital employed calculation

\$mm	LTM 2Q13	2012	2011	2010
+ Net income	89.1	78.6	49.4	65.7
+ Income tax	52.5	46.2	30.1	37.6
+ Interest expense	8.9	8.7	7.2	2.5
- Interest income	1.0	1.0	1.2	1.2
EBIT	149.6	132.5	85.5	104.6
+ Interest income	1.0	1.0	1.2	1.2
Tax rate	37.1%	37.1%	37.9%	36.4%
<b>Numerator</b>	<b>94.7</b>	<b>84.0</b>	<b>53.9</b>	<b>67.3</b>
Total assets prior year	820.7	706.7	501.3	499.6
- Current liabilities prior year	234.0	177.6	166.6	158.6
+ ST debt of prior year	11.4	8.0	16.5	23.3
<b>Denominator</b>	<b>598.1</b>	<b>537.1</b>	<b>351.2</b>	<b>364.3</b>
<b>= Return on capital employed</b>	<b>15.8%</b>	<b>15.6%</b>	<b>15.3%</b>	<b>18.5%</b>

# GAAP reconciliation

## Free cash flow calculations

\$mm	LTM 2Q13	2012	2011	2010
Cash from operations	201.2	176.8	129.9	98.0
- CAPEX	121.0	105.1	88.0	98.5
<b>= Free cash flow</b>	<b>80.1</b>	<b>71.7</b>	<b>41.9</b>	<b>(0.5)</b>

# GAAP reconciliation

## Net debt

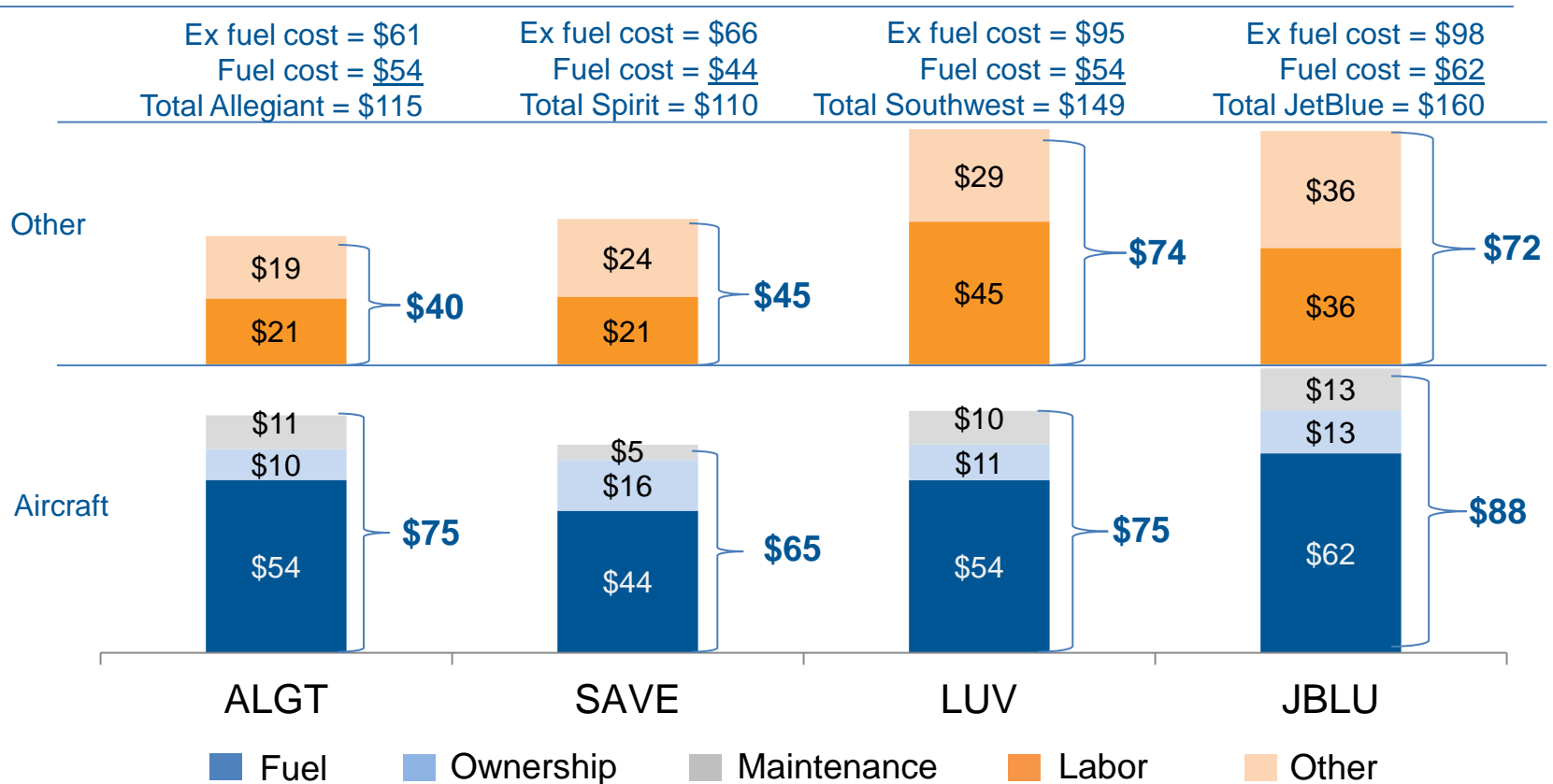
\$mm

	Jun 2013	Dec 2012	Dec 2011	Dec 2010
Current maturities of long term debt	12.0	11.6	7.9	16.5
Long term debt, net of current maturities	133.1	139.2	138.2	11.6
Total debt	145.1	150.8	146.1	28.1
Cash and cash equivalents	86.4	89.6	150.7	113.3
Short term investments	272.1	239.1	154.8	35.7
Long term investments	32.8	24.0	14.0	1.3
Total cash	391.3	352.7	319.5	150.3
<b>= Net debt</b>	<b>(\$246.2)</b>	<b>(\$201.9)</b>	<b>(\$173.4)</b>	<b>(\$122.2)</b>



# Low cost drivers

## LTM 2Q13 cost per passenger



Source: Company filings

Ownership includes depreciation & amortization + aircraft rent

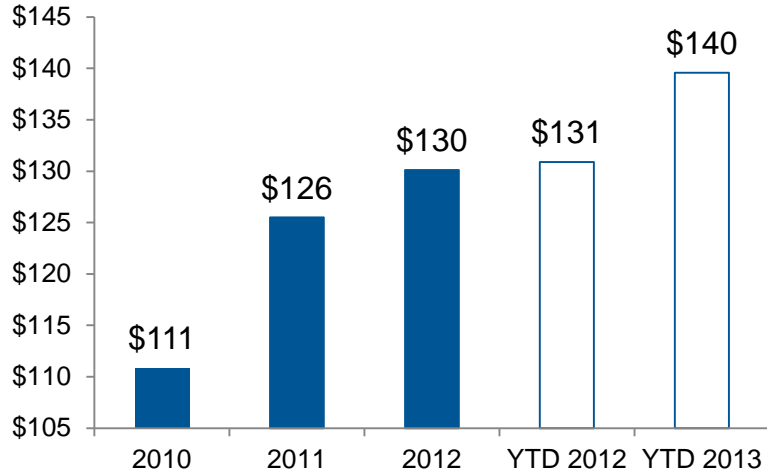
Other excludes special items and one-time charges for other carriers



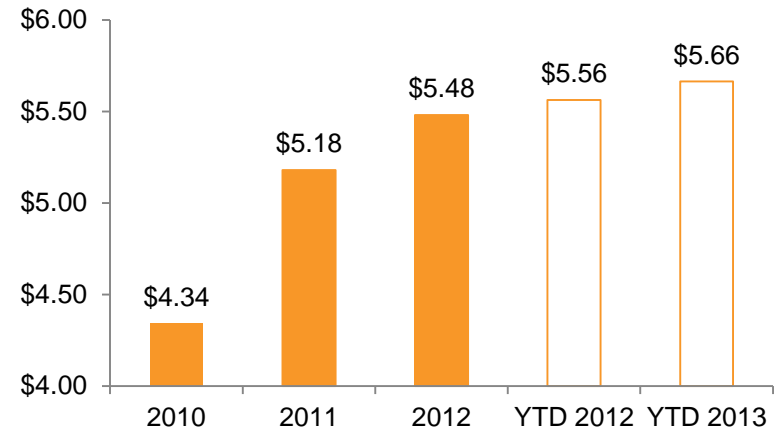


# Revenue momentum

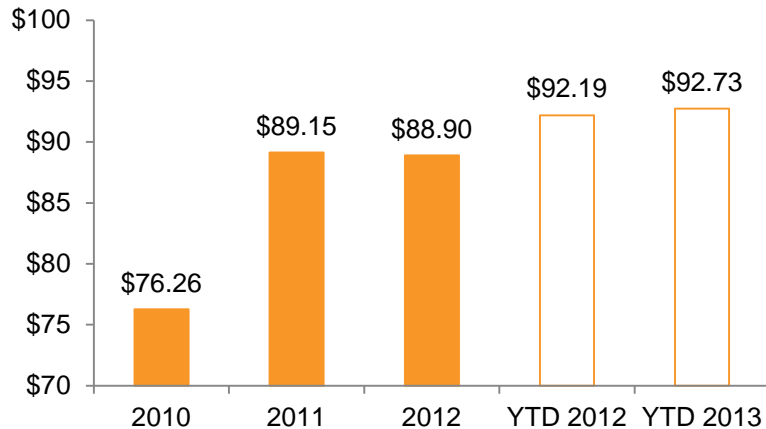
Average fare - total



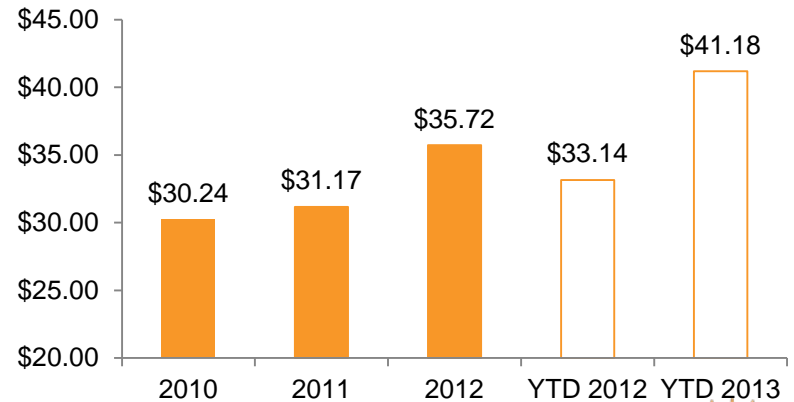
Average fare - ancillary third party products



Average fare - scheduled service



Average fare - ancillary air-related charges

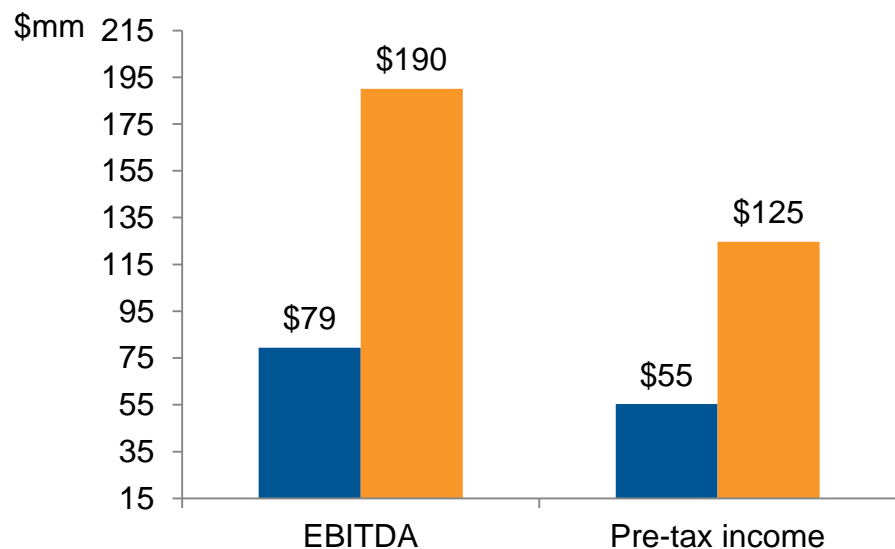


All revenue is revenue per scheduled passenger



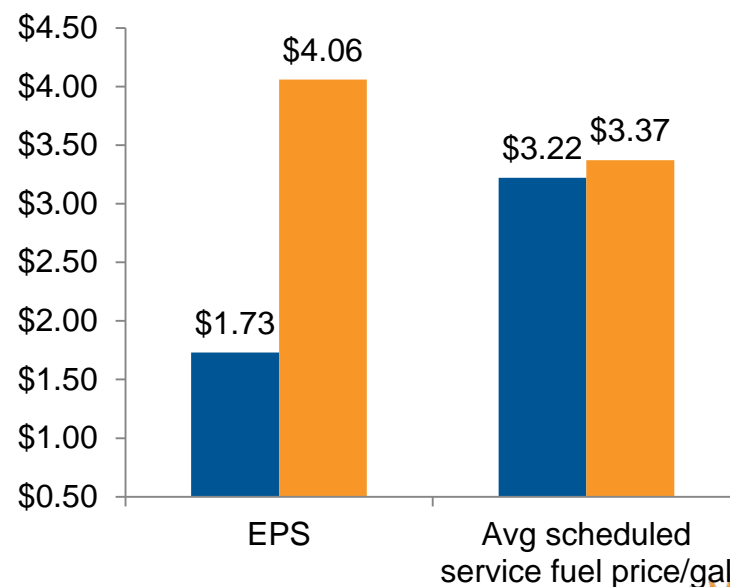
# Better equipped to handle higher fuel

	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%	



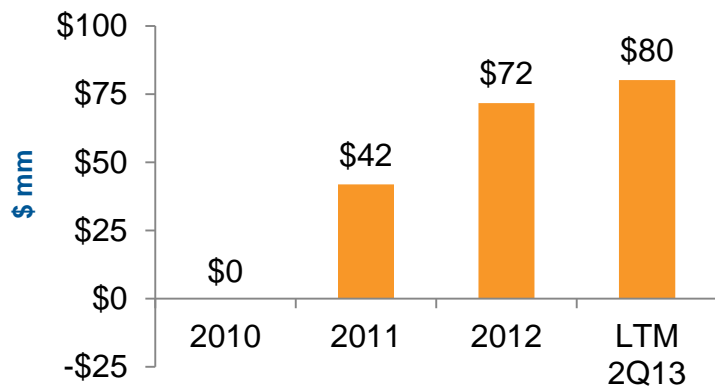
EBITDA – see GAAP reconciliation in appendix

■ 2008  
■ 2012

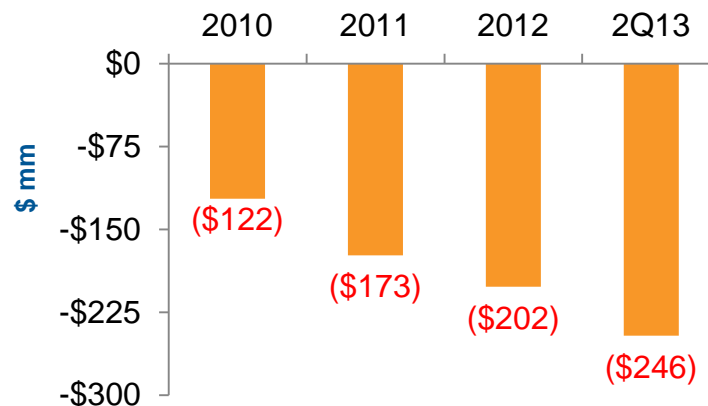


# Strong cash generation

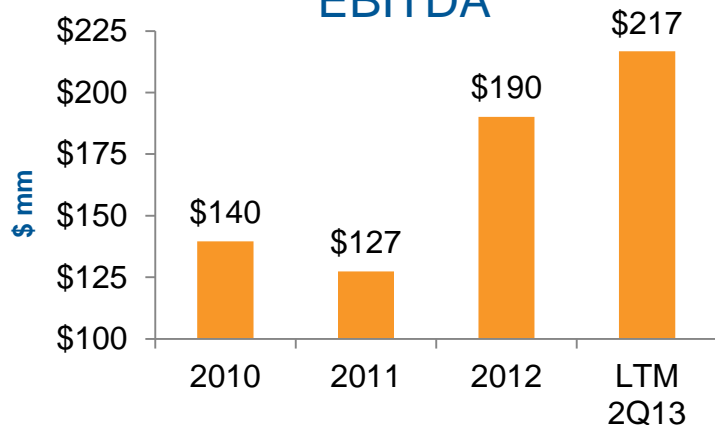
## Free cash flow



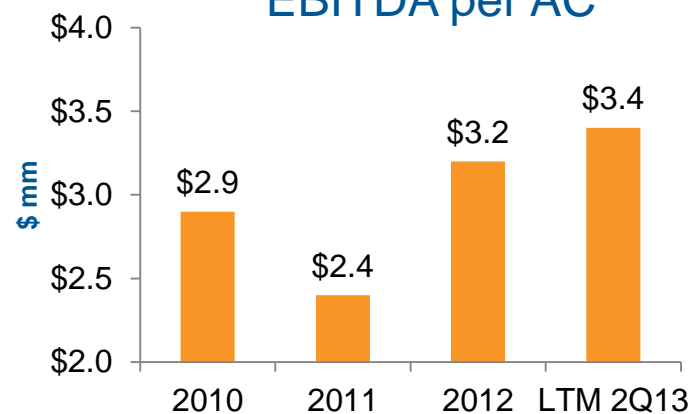
## Net debt



## EBITDA



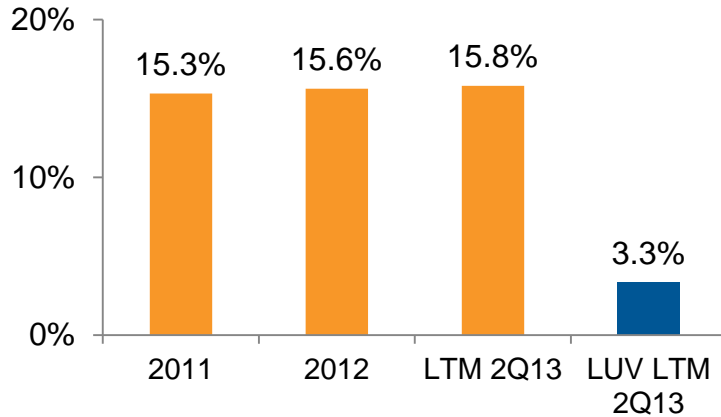
## EBITDA per AC



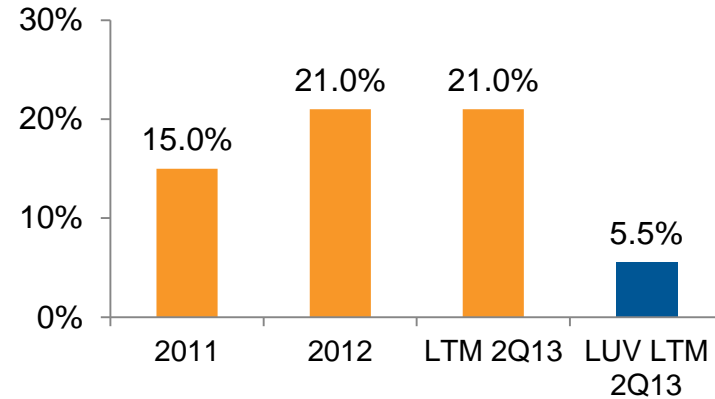
See reconciliation tables

# Credit metrics

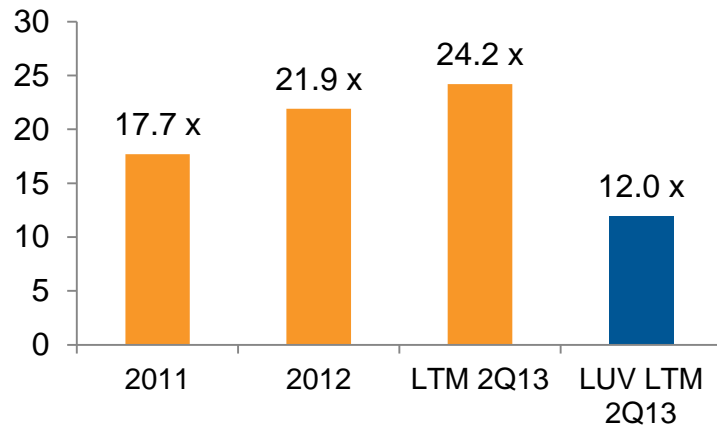
## Return on capital employed



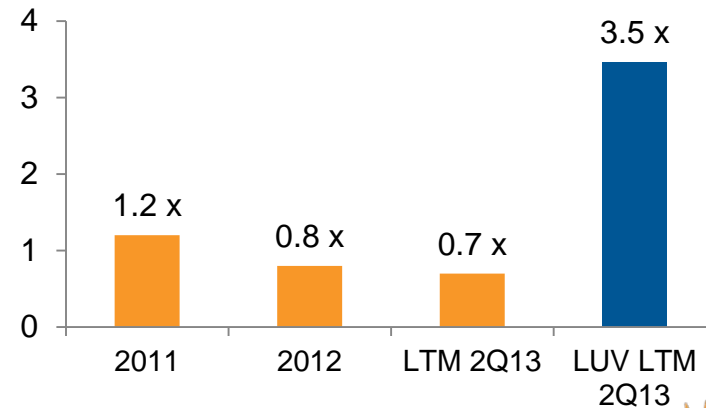
## Return on equity



## Interest coverage



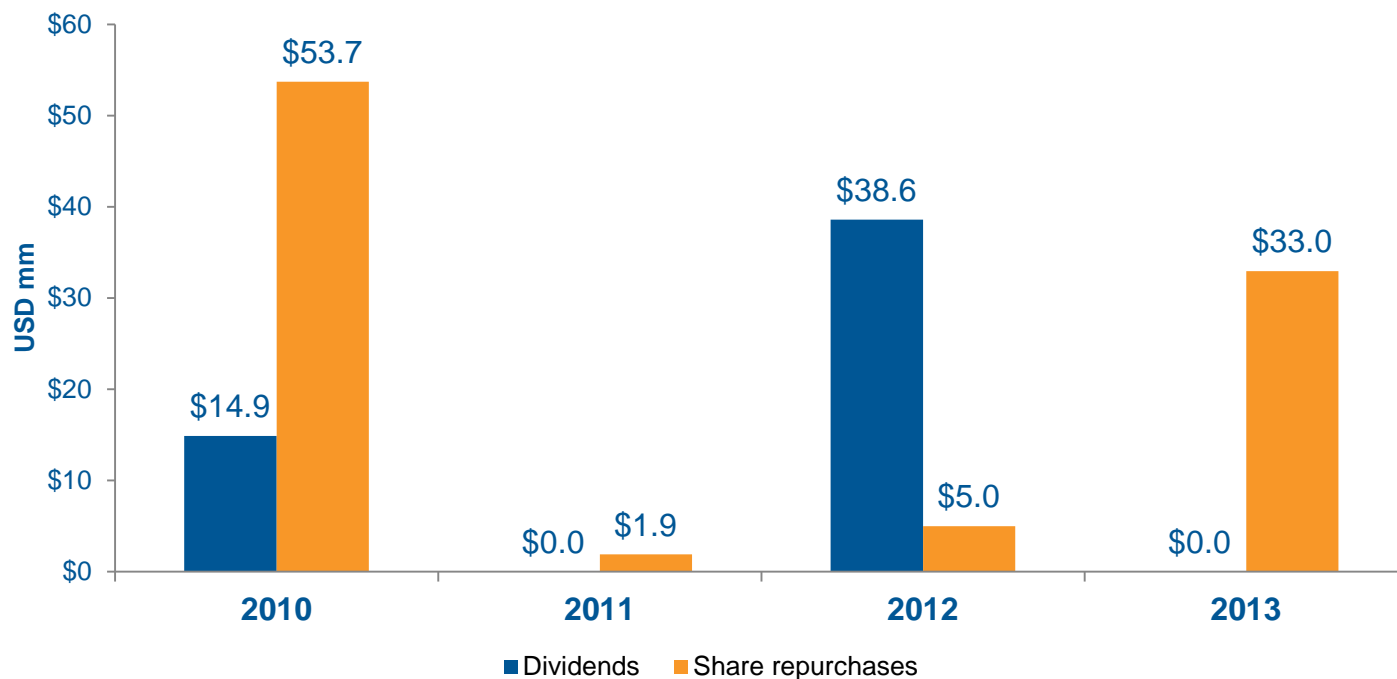
## Debt / EBITDA



LUV = Southwest Airlines, based on published information

# Returning cash to shareholders

■ Over \$189mm since 2006



	2010	2011	2012	2013
Shares repurchased (000)	1,207.0	34.3	54.7	391

2013 share repurchases as of 2nd quarter 2013



# Existing guidance

- 3Q13 PRASM 1.5 to 3.5%
- 3Q13 TRASM 0.5 to 2.5%
- 3Q13 CASM ex fuel 7 to 9%
- FY13 CASM ex fuel 2 to 5%
- 3Q13 Fixed fee + other revenue \$3mm to \$5mm
- FY13 CAPEX \$170mm to \$180mm

---

	<b>3rd Quarter 2013</b>	<b>4th Quarter 2013</b>	<b>Full year 2013</b>
System departures	(12) to (8)%	(3) to 1%	
System ASMs	1 to 5%	6 to 10%	7 to 11%
Scheduled departures	(5) to (1)%	3 to 7%	
Scheduled ASMs	5 to 9%	10 to 14%	12 to 16%

Guidance subject to change

