

# Management Presentation

May 2016



# 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 53 quarters <sup>(1)</sup>
  - LTM 1Q16 EBITDA \$483.3mm <sup>(2)</sup>
  - LTM 1Q16 Return on Capital 25.3%<sup>(2)</sup>
- Strong balance sheet
  - Rated BB and Ba3<sup>(3)</sup>
  - Adjusted debt/ EBITDAR 1.4x<sup>(2)</sup>
  - \$88mm returned to shareholders in 1Q16
    - \$100 mm in share repurchase authority as of 4/27/16
  - Recurring quarterly cash dividend of \$0.70 per share
- Management owns >20%

(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) Corporate rating of Ba3 by Moody's and BB by Standard & Poor's

# Advantages over the typical carrier

- Leisure customer
  - Will travel in all economic conditions
  - Vacations are valued – price dependent
- Small/medium cities
  - Filling a large void
  - Increasing opportunity - industry restructuring
  - Diversity of network - minimizes competition
- Flexibility
  - Adjust rapidly to changing macro (fuel/economy)
  - Changes in capacity - immediate impact on price
  - Minimize threat of irrational behavior from others
- Low cost fleet – used aircraft
  - Match capacity to demand, highly variable
  - Relatively low capital needs, higher free cash flow
  - Can grow and return cash to shareholders

## Built to be different

Leisure customer

Underserved markets

Little competition

Low cost aircraft

Low frequency/variable capacity

Unbundled pricing

Closed distribution

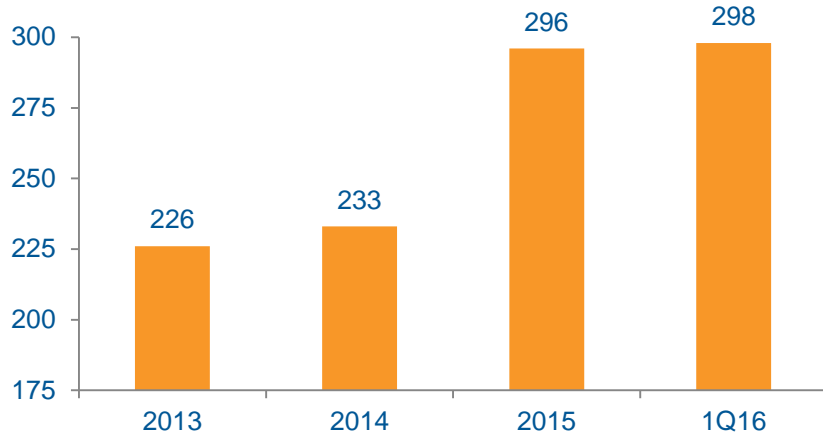
Bundled packages

Highly profitable

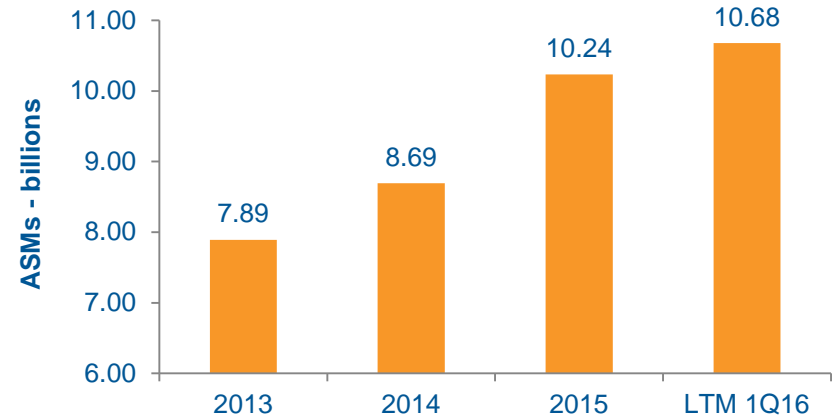


# Measured, profitable growth

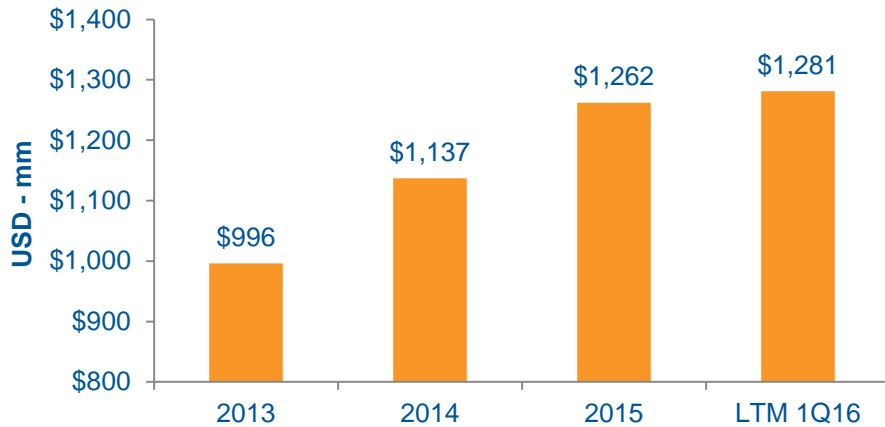
## Routes



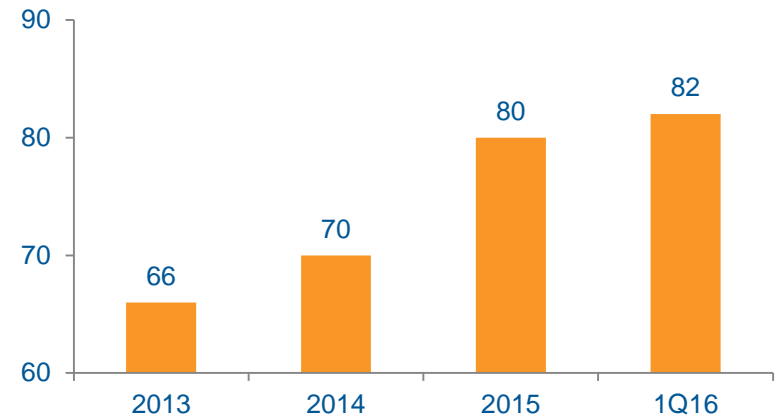
## Scheduled ASMs



## Total revenue



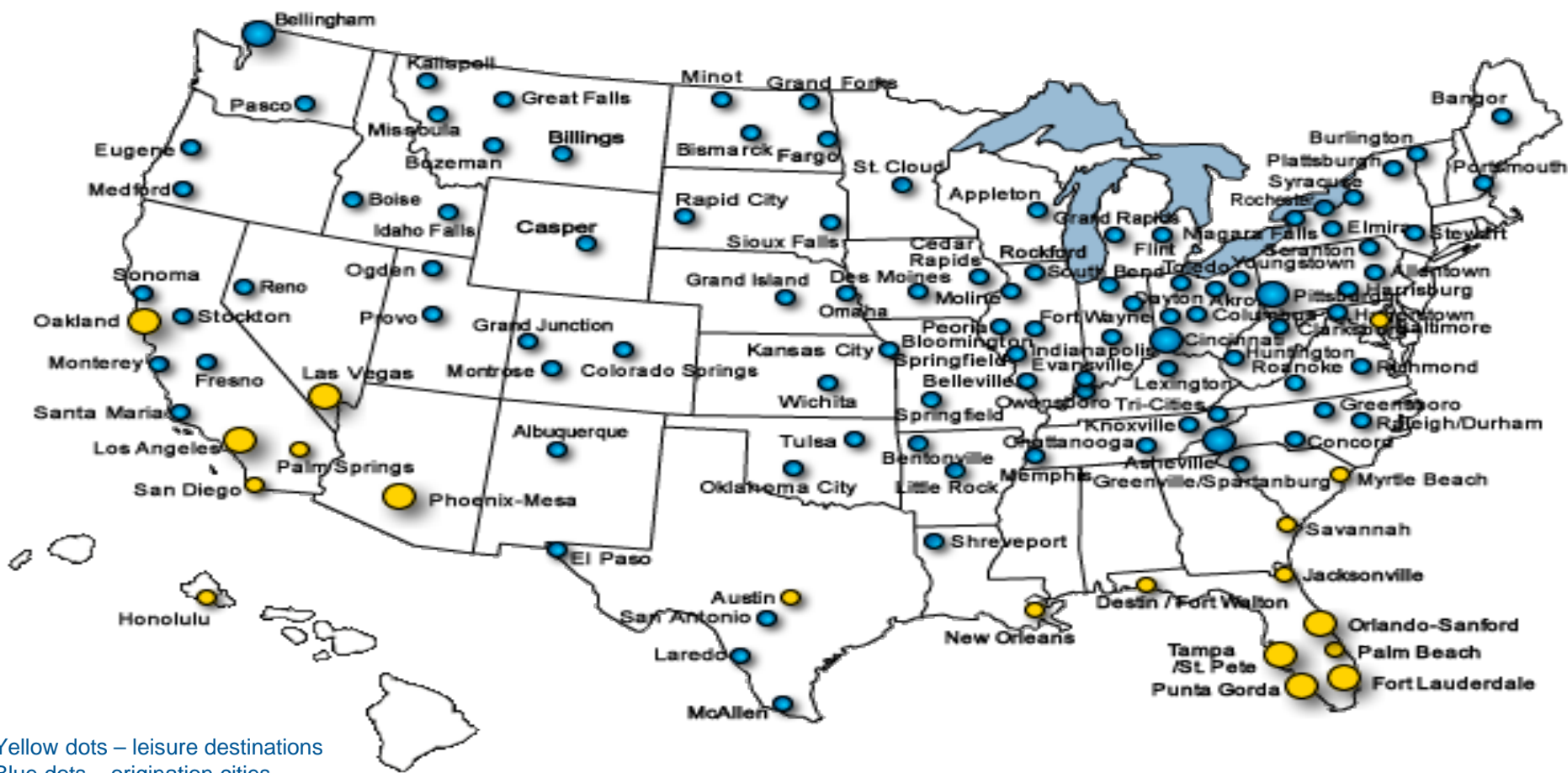
## Aircraft in service



Aircraft number and routes are end of period



# A very large niche



Based on current published schedule through November 15, 2016

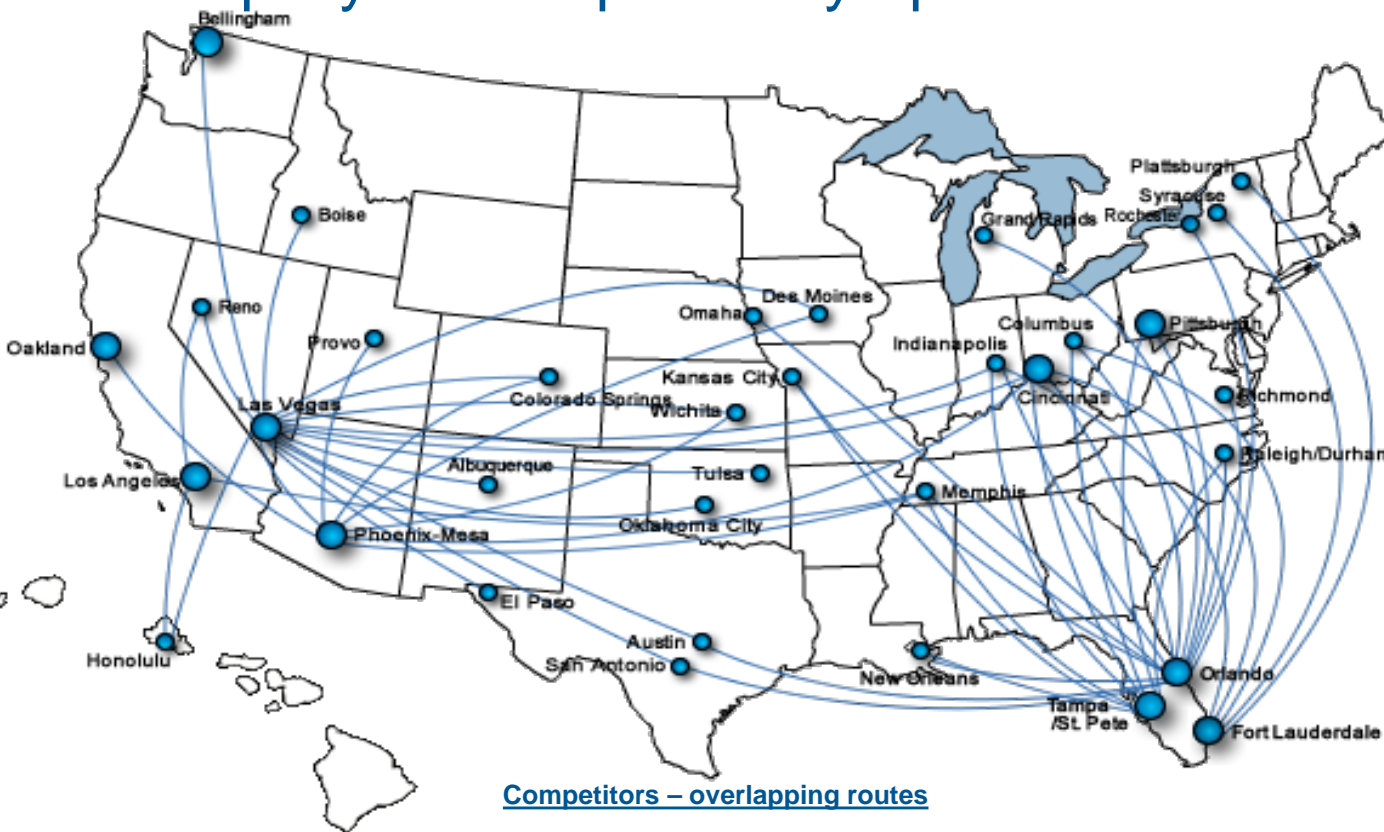
344 routes, 85 operating aircraft

95 small/medium cities, 19 leisure destinations



# Little competition

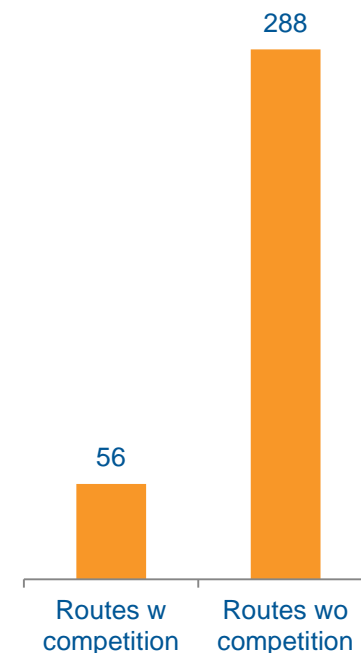
Uniquely built to profitably operate in underserved markets



## Competitors – overlapping routes

Legacy carriers	44
Brand / lower cost carriers	6
ULCC carriers	19

## Current competitive landscape



Based on current published schedule through November 15, 2016, announcements and cancellations as of May 2, 2016

Legacy carriers – American, Delta, Southwest, United. Brand / lower cost carriers – Alaska, Hawaiian, JetBlue

ULCC carriers – Frontier, Spirit

Competitive routes are those that have non-stop flights between similar markets

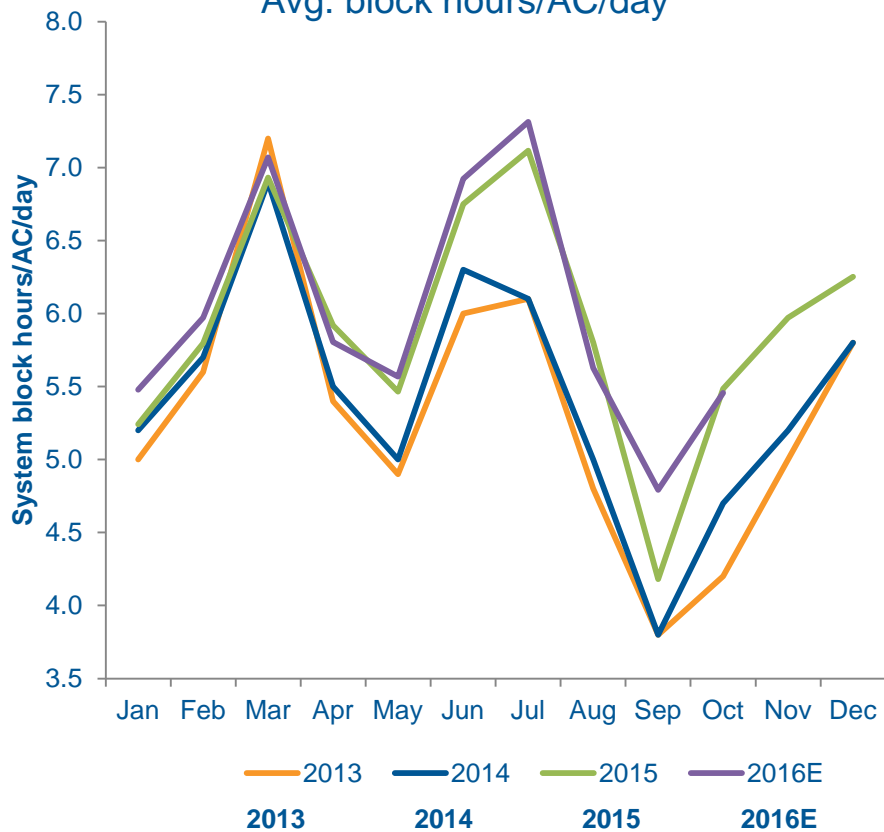




# Low frequency model

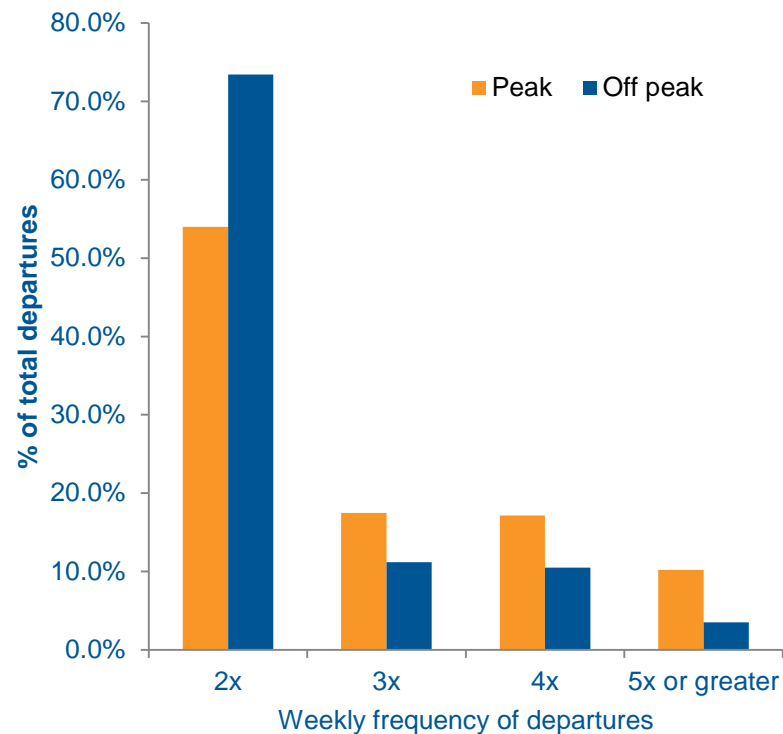
## Leisure = seasonality

Avg. block hours/AC/day



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

Weekly market frequency



Aircraft - <sup>2</sup>

2013      2014      2015      2016E

66      70      80      85

1 - Peak = peak is defined as 11/23 – 12/1, 12/21 – 1/3, 2/18 – 4/14, 6/3 – 8/18. Remaining is off peak

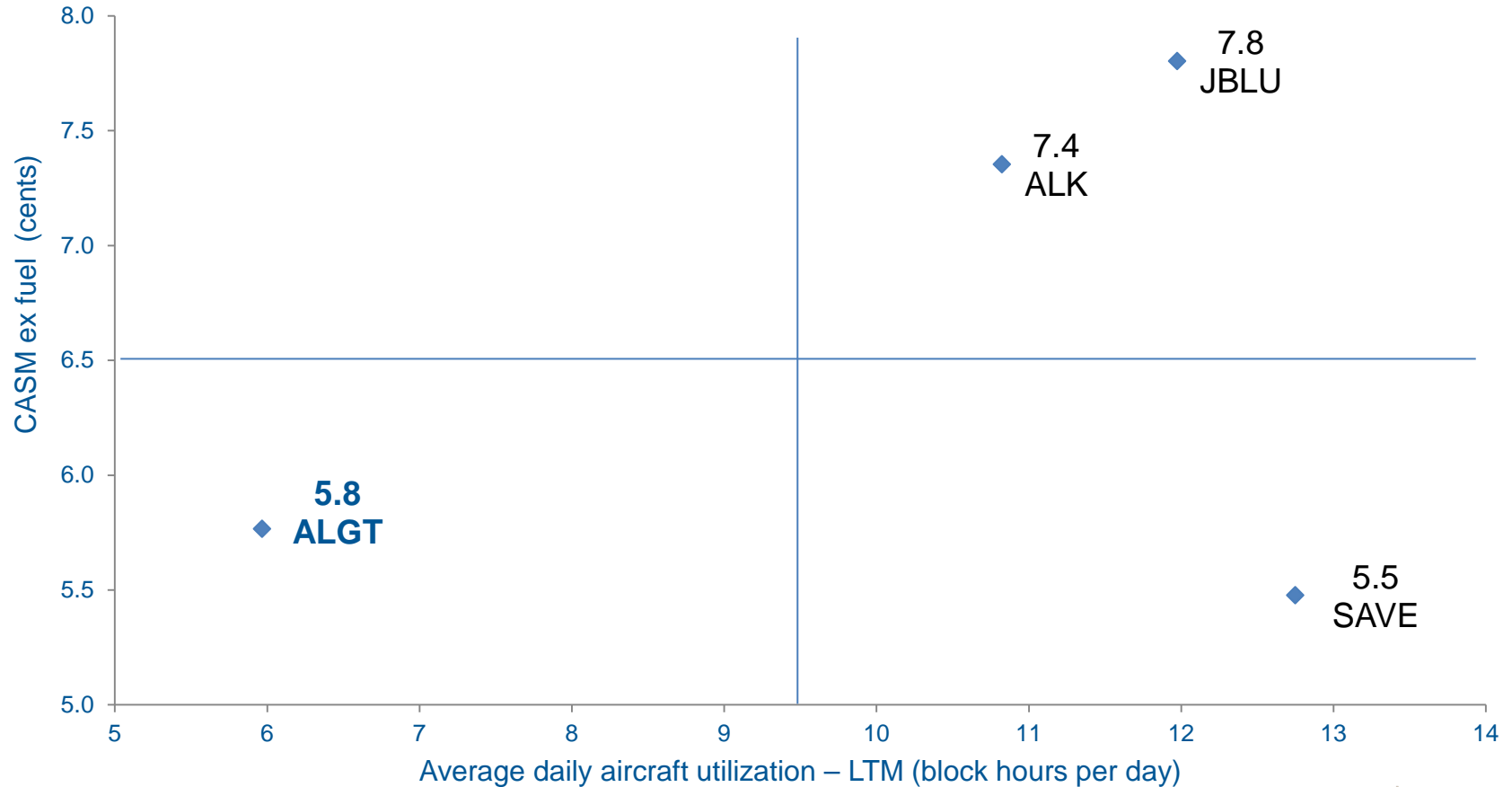
2 – Aircraft are end of year





# Low costs even with low utilization

## CASM ex fuel vs daily aircraft utilization



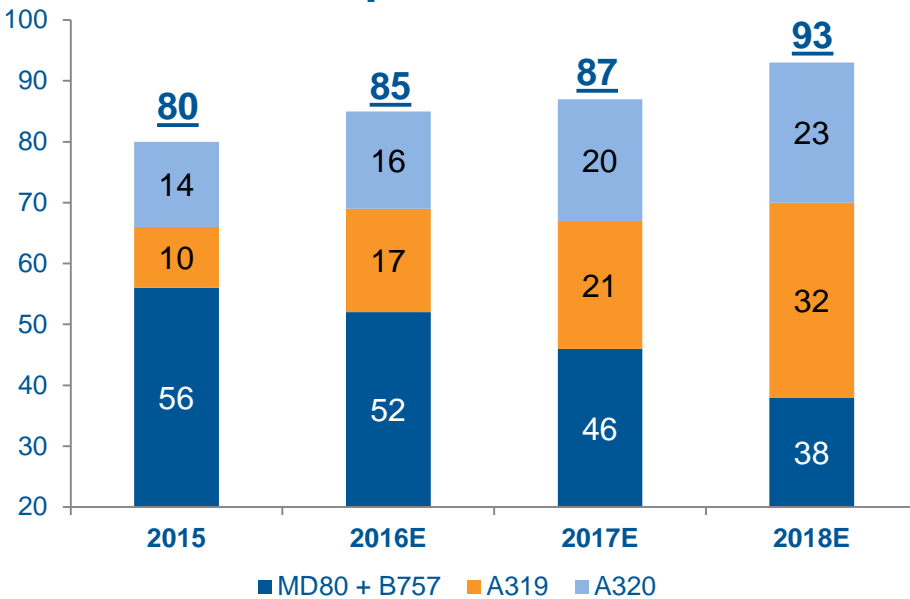
As of LTM 1Q16, ALGT – Allegiant, JBLU – JetBlue, ALK – Alaska mainline, SAVE – Spirit



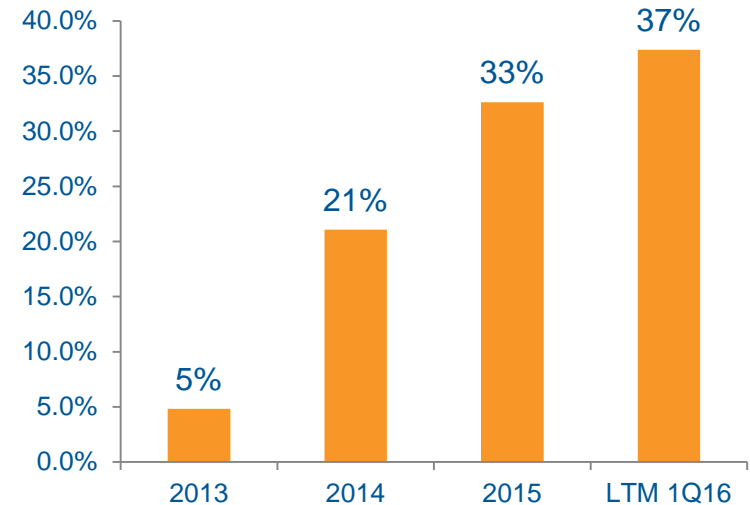
# Airbus

- Continuously evaluate potential aircraft transactions and seek to acquire additional aircraft opportunistically
- MD-80s can be retired at our pace

### Expected fleet



### Airbus % of scheduled service ASMs



Actual and projected fleet count of in service aircraft (based on signed contracts only) – end of period

Total fleet includes A320, A319, MD-80 and Boeing 757

Total fleet count reflects assumptions of current market expectations, demand for Allegiant service, aircraft retirements, and is subject to change



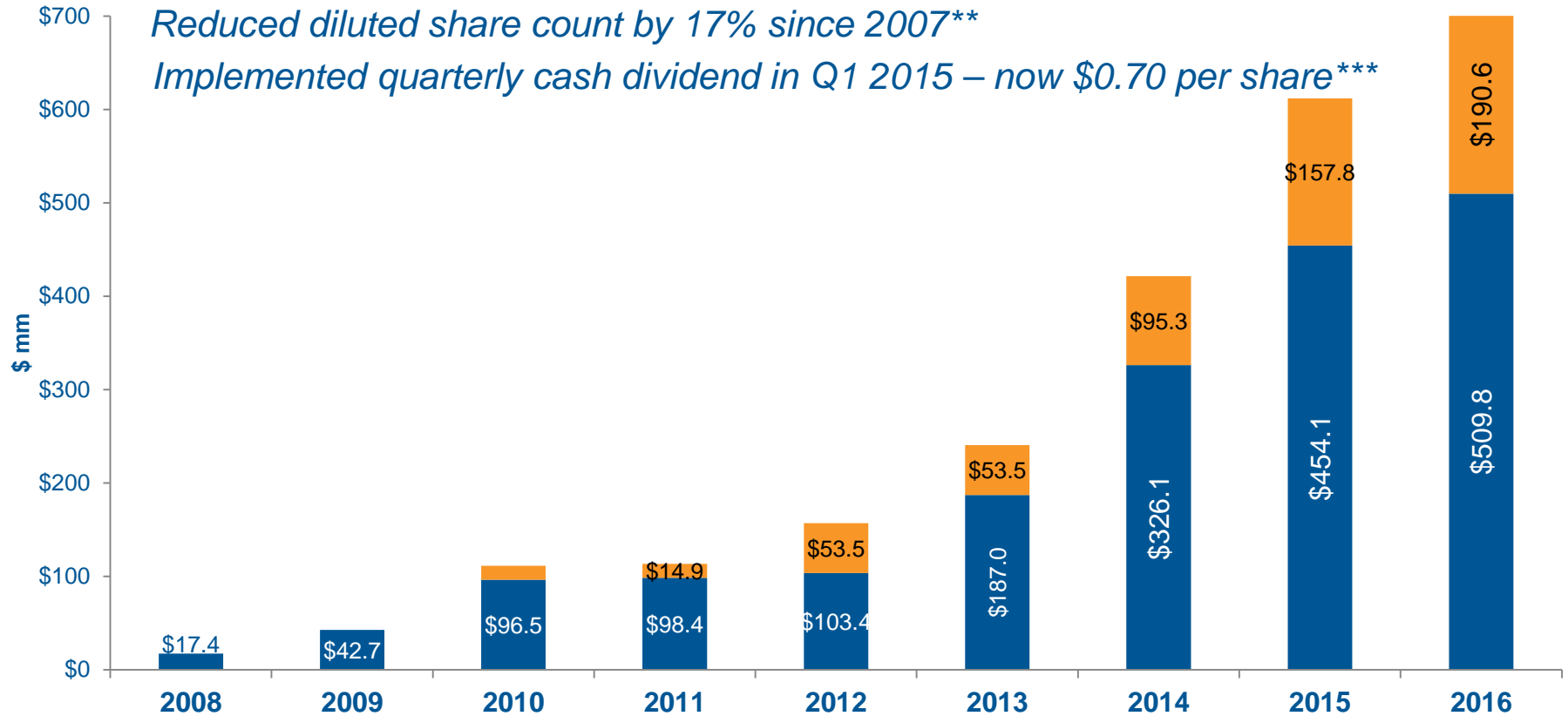
# Cumulative return to shareholders

## \$700m returned to shareholders since 2007

*\$100m remaining in share repurchase authority\**

*Reduced diluted share count by 17% since 2007\*\**

*Implemented quarterly cash dividend in Q1 2015 – now \$0.70 per share\*\*\**



\*- As per announcement on April 27, 2016

■ Share repurchases ■ Dividends

\*\*-Diluted share count in 2007 was 20.5m, share count for 2015 was 17.0m

\*\*\* - As of Q2 2016

2014 includes \$42m returned through a special dividend declared in 2013 and paid in January 2014

2015 includes \$44m returned through a special dividend declared in 2014 and paid in January 2015

2016 includes \$28m returned through a special dividend declared in 2015 and paid in January 2016



# Existing guidance

- 2Q16 TRASM (10) to (8)% vs 2Q15
- 2Q16 CASM ex fuel 4 to 6% vs 2Q15
- FY16 CASM ex fuel 0 to 4% vs 2015
- 2Q16 fixed fee + other revenue \$12mm to \$14mm
- FY16 CAPEX \$210mm
- FY16 maintenance per aircraft per month \$115 to \$125 thousand
- FY16 ownership per aircraft per month \$100 to \$110 thousand

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	<b>2<sup>nd</sup> Quarter 2016</b>	<b>3<sup>rd</sup> Quarter 2016</b>	<b>Full year 2016</b>
System departures	14 to 18%	18 to 22%	
System ASMs	13 to 17%	15 to 19%	12 to 16%
Scheduled departures	14 to 18%	18 to 22%	
Scheduled ASMs	13 to 17%	15 to 19%	12 to 16%

Guidance subject to change



# Appendix

# GAAP reconciliation

EBITDA calculations				
\$mm	LTM 1Q16	2015	2014	2013
Net Income attributable to Allegiant Travel Co.	227.5	220.4	86.7	92.3
+Total comprehensive income (loss)	0	(.4)	1.2	.1
+Provision for Income Taxes	132.7	126.4	50.8	54.9
+Other Expenses <sup>1</sup>	24.7	25.1	20.4	8.5
+Depreciation and Amortization	98.4	98.1	83.4	69.3
<b>=EBITDA</b>	<b>483.3</b>	<b>469.6</b>	<b>242.5</b>	<b>225.1</b>
<b>+ Write down of Boeing 757 fleet</b>			<b>43.3</b>	
<b>=Adjusted EBITDA</b>			<b>285.8</b>	
+ Aircraft lease rental	1.8	2.3	15.9	9.2
<b>=EBITDAR</b>	<b>485.1</b>	<b>471.9</b>	<b>301.7</b>	<b>234.3</b>
Total debt	651.0	641.7 <sup>2</sup>	593.1	234.3
+7 x annual aircraft lease rent	<u>12.6</u>	<u>16.1</u>	<u>111.3</u>	<u>64.4</u>
Adjusted total debt	663.6	657.8	704.4	298.7
<b>=Adjusted Debt to EBITDAR</b>	<b>1.4x</b>	<b>1.4x</b>	<b>2.3x</b>	<b>1.3x</b>
Average # of in service aircraft in period	77	74	69	63
<b>=EBITDA per aircraft</b>	<b>6.3</b>	<b>6.3</b>	<b>4.1</b>	<b>3.6</b>
Interest expense	26.9	26.5	21.2	9.5
<b>= Interest coverage</b>	<b>18.0x</b>	<b>17.7x</b>	<b>13.5x</b>	<b>23.7x</b>

1- Ex unconsolidated affiliate earnings

2 - Prior to 2015, total debt does not include debt issuance costs reclassification per GAAP guidance update  
2014 EBITDA and subsequent calculations are adjusted to exclude a one time write-down of \$43.3m



# GAAP reconciliation

## Return on equity

\$mm	LTM 1Q16	2015	2014	2013	2012
Net Income attributable to Allegiant Travel Co.	227.5	220.4	113.2	92.3	78.6

	Mar 2016	Dec 2015	Mar 2015	Dec 2014	Dec 2013	Dec 2012
Total shareholders equity	362.5	350.0	302.4	294.1	377.3	401.7
<b>Return on equity</b>	<b>68%</b>	<b>68%</b>		<b>34%</b>	<b>24%</b>	<b>21%</b>

ROE = Net income / Avg shareholders equity

2014 net income calculation found on Adjustment for special item GAAP reconciliation table





# GAAP reconciliation

## Return on capital employed calculation

\$mm	LTM 1Q16	2015	2014	2013
+ Net income attributable to Allegiant Travel Co.	227.5	220.4	113.2	92.3
+ Income tax	132.7	126.4	66.8	54.9
+ Interest expense	26.9	26.5	21.2	9.5
- Interest income	2.3	1.4	0.8	1.0
	384.8	371.9	200.4	155.7
+ Interest income	2.3	1.4	0.8	1.0
Tax rate	36.8%	36.5%	37.1%	37.4%
<b>Numerator</b>	<b>244.6</b>	<b>237.0</b>	<b>126.6</b>	<b>98.1</b>
Total assets prior year <sup>(1)</sup>	1,299.0	1,235.1	930.2	798.2
- Current liabilities prior year <sup>(1)</sup>	394.0	362.0	290.7	210.5
+ ST debt of prior year <sup>(1)</sup>	60.8	52.6	20.2	11.6
<b>Denominator</b>	<b>965.8</b>	<b>925.7</b>	<b>659.7</b>	<b>599.3</b>
<b>= Return on capital employed</b>	<b>25.3%</b>	<b>25.6%</b>	<b>19.2%</b>	<b>16.4%</b>

1 - Prior to 2015, total debt does not include debt issuance costs reclassification per GAAP guidance update 2014 net income calculation found on Adjustment for special item GAAP reconciliation table



# GAAP reconciliation

## Free cash flow calculations

\$mm	LTM 1Q16	2015	2014	2013
Cash from operations	362.8	365.4	269.8	196.9
- Cash CAPEX	260.2	252.7	279.4	177.5
<b>= Free cash flow</b>	<b>102.6</b>	<b>112.7</b>	<b>(9.6)</b>	<b>19.4</b>

2014 CAPEX does not include \$142m in assumed debt included in the \$236.1m SPC Aircraft Acquisitions closed in June 2014



# GAAP reconciliation

Net debt				
\$mm	Mar 2016	Dec 2015	Dec 2014	Dec 2013
Current maturities of long term debt <sup>(1)</sup>	79.8	74.1	53.8	20.2
Long term debt, net of current maturities <sup>(1)</sup>	571.3	567.6	539.3	214.1
Total debt <sup>1</sup>	651.1	641.7	593.1	234.3
Cash and cash equivalents	102.1	87.1	89.6	97.7
Short term investments	240.7	245.6	269.8	253.4
Long term investments	68.4	64.8	57.4	36.0
Total cash and investments	411.2	397.5	416.8	387.1
<b>= Net debt</b>	<b>239.9</b>	<b>\$244.2</b>	<b>\$176.3</b>	<b>(\$152.8)</b>

End of period

1 - Prior to 2015, debt does not include debt issuance costs reclassification per GAAP guidance update



# GAAP reconciliation

## Adjustment for special item

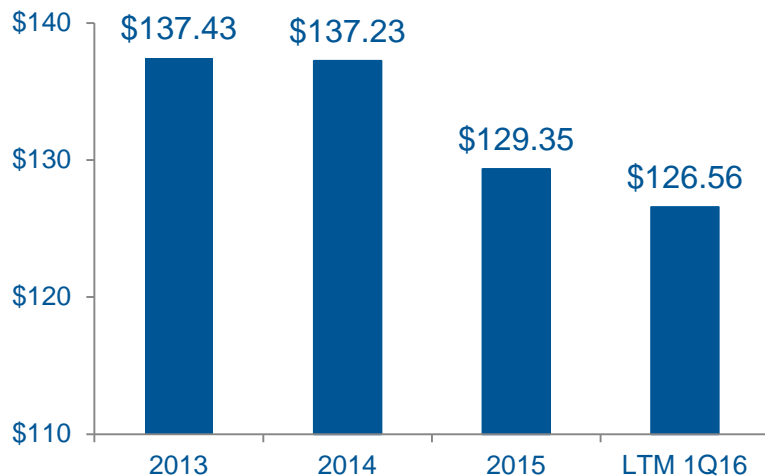
<b>\$mm – except per share amounts</b>	<b>2014</b>
Net income as reported	86.3
+ Add provision for income taxes, as reported	<u>50.8</u>
Income before income taxes as reported	137.1
+ Other expense	<u>20.2</u>
Operating income	157.3
+ Boeing 757 fleet write down	<u>43.3</u>
Adjusted operating income	200.6
- Other expense	<u>20.2</u>
Adjusted pre-tax income	180.4
- Provision for income tax	<u>66.8</u>
Adjusted net income	113.6
+ Net loss attributable to noncontrolling interest	<u>(0.4)</u>
Adjusted net income attributable to Allegiant Travel Co	113.2
Diluted shares (millions)	<u>17.8</u>
<b>Earnings per share as adjusted for special item</b>	<b>\$6.36</b>
Total revenue	1,137.0
Adjusted operating margin	17.6%
Adjusted EBITDA*margin	25.2%

\* - see GAAP reconciliation table

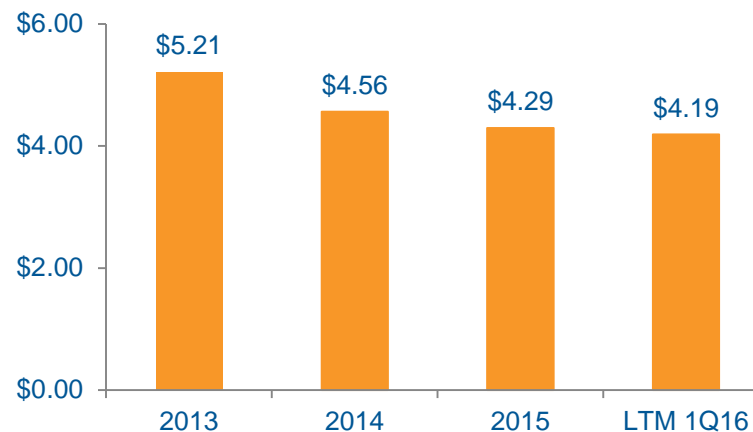


# Revenue components

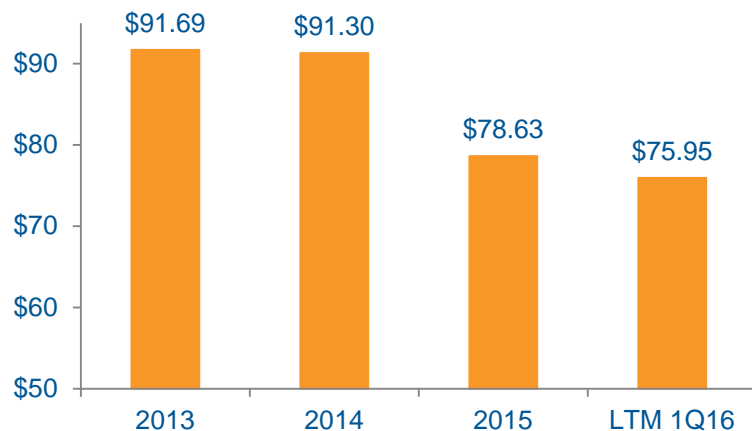
Average fare - total



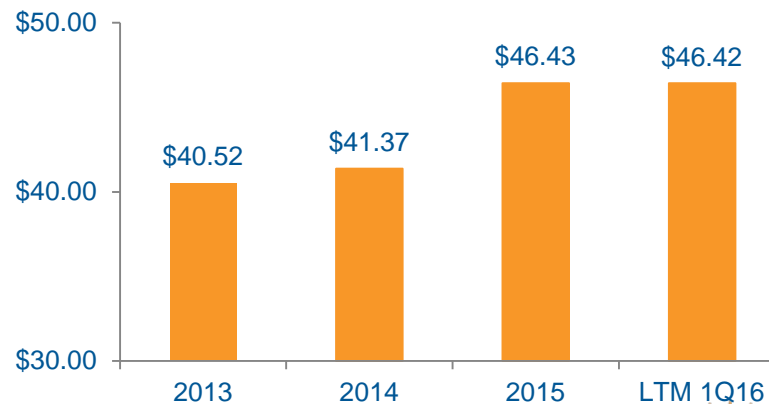
Average fare - ancillary third party products



Average fare - scheduled service



Average fare - ancillary air-related charges

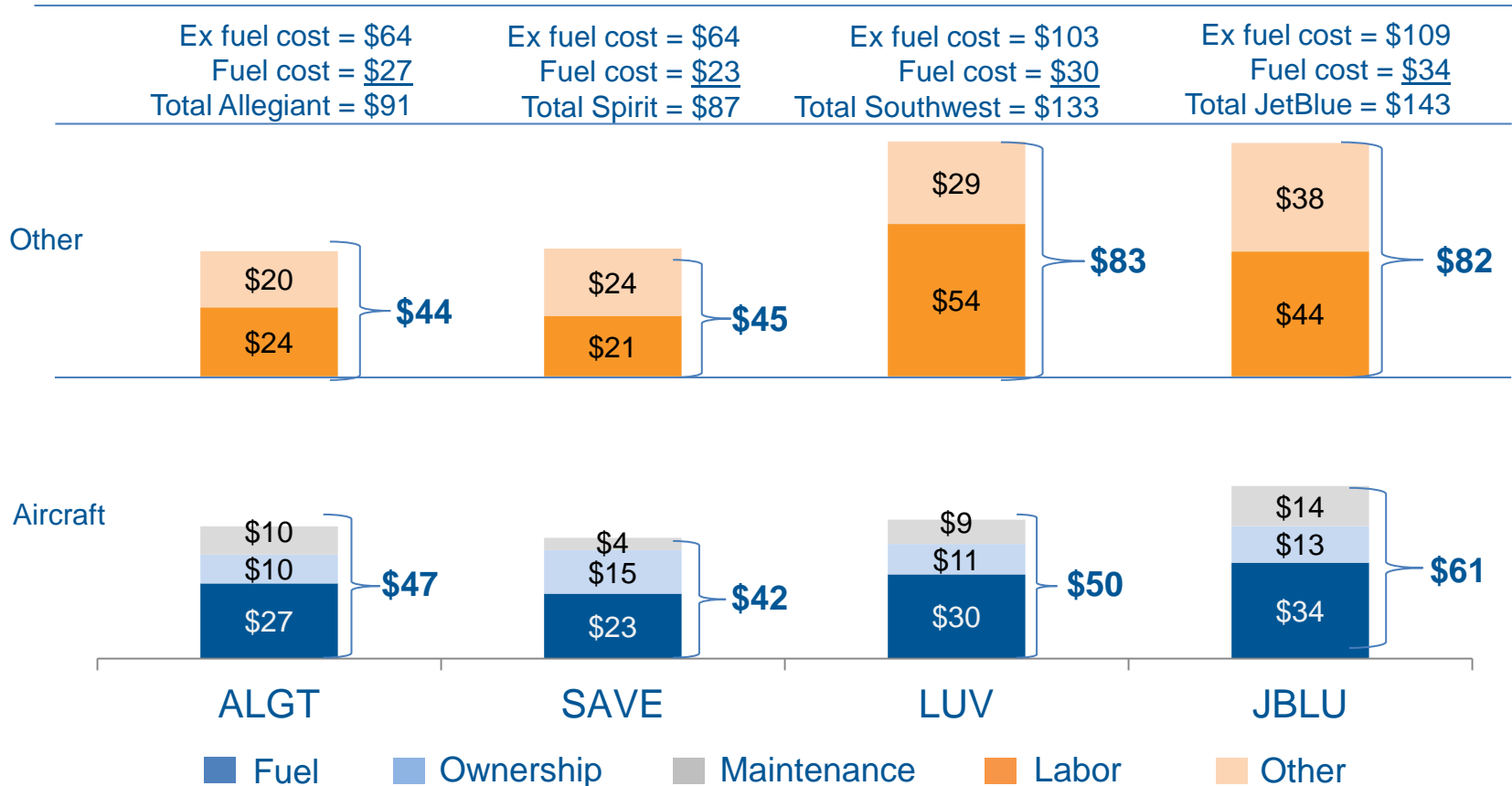


All revenue is revenue per scheduled passenger



# Low cost drivers

## LTM 1Q16 cost per passenger

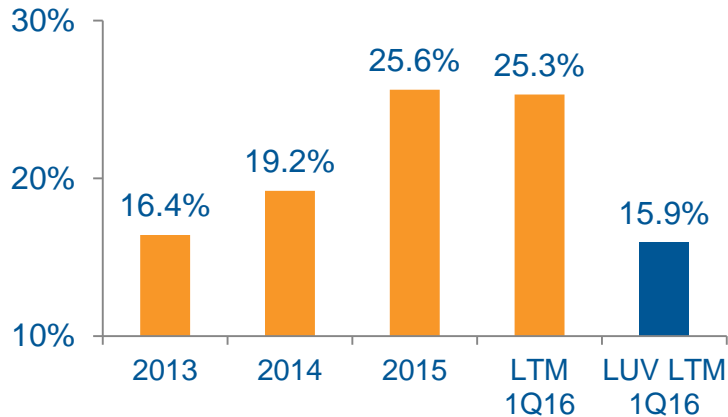


Source: Company filings  
 Ownership includes depreciation & amortization + aircraft rent  
 Other excludes special items and one-time charges for other carriers

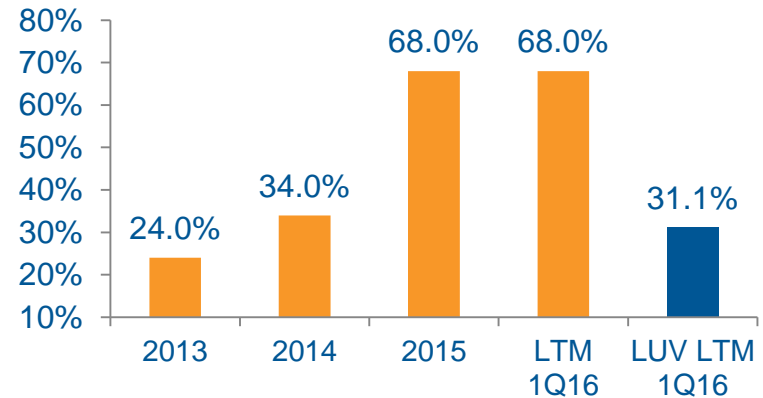


# Credit metrics

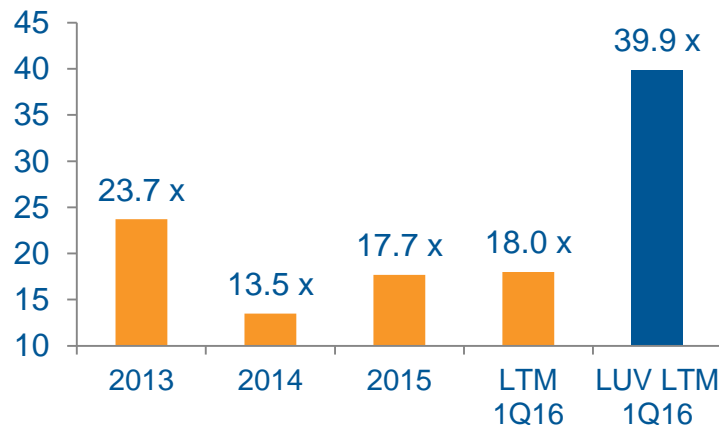
## Return on capital employed



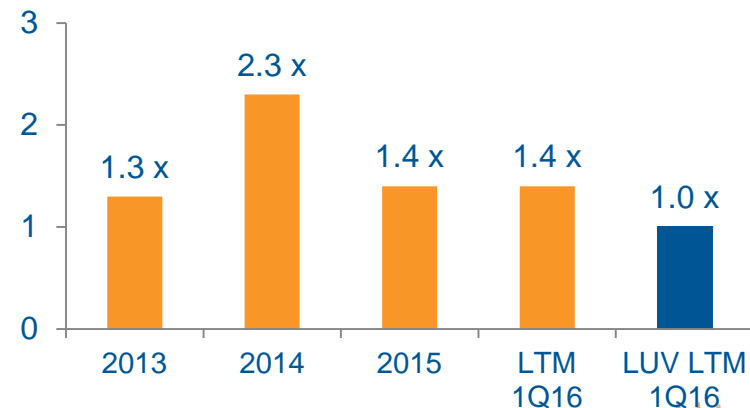
## Return on equity



## Interest coverage



## Adjusted Debt / EBITDAR



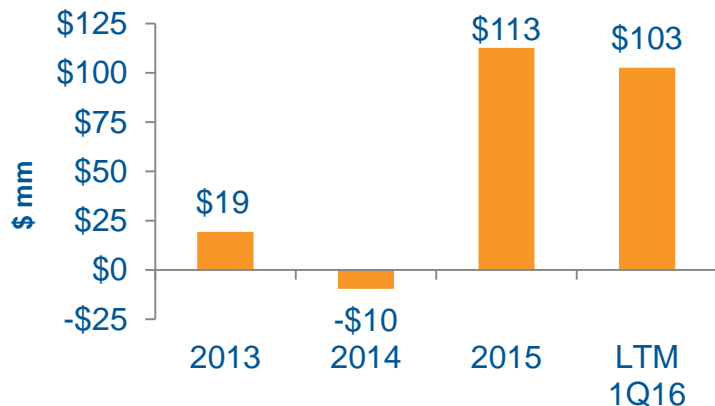
LUV = Southwest Airlines, based on published information  
 Please see GAAP reconciliation table in appendix for calculation  
 2014 EBITDAR refers to an adjusted amount found in EBITDA tables in appendix



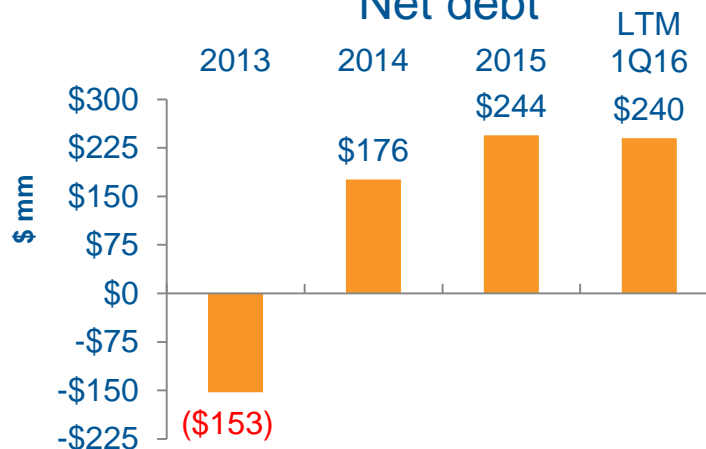


# Strong cash generation

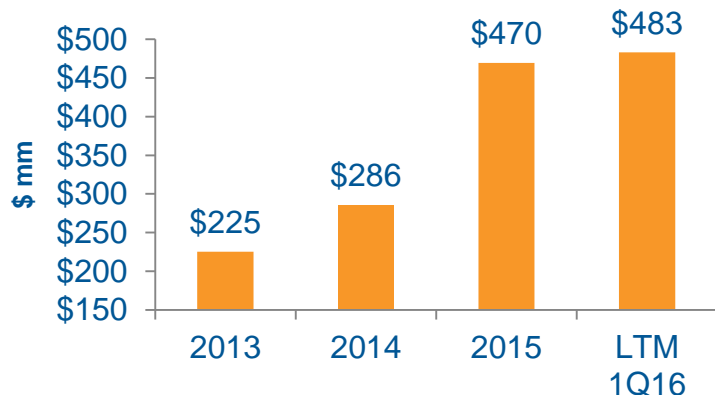
## Free cash flow



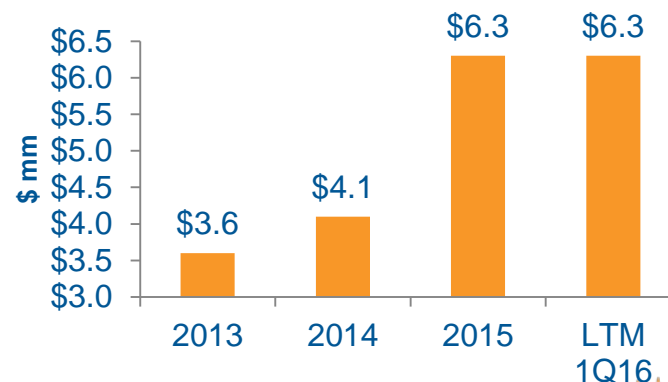
## Net debt



## EBITDA



## EBITDA per AC



2014 EBITDA is adjusted for 757 write-down. See reconciliation tables for calculation

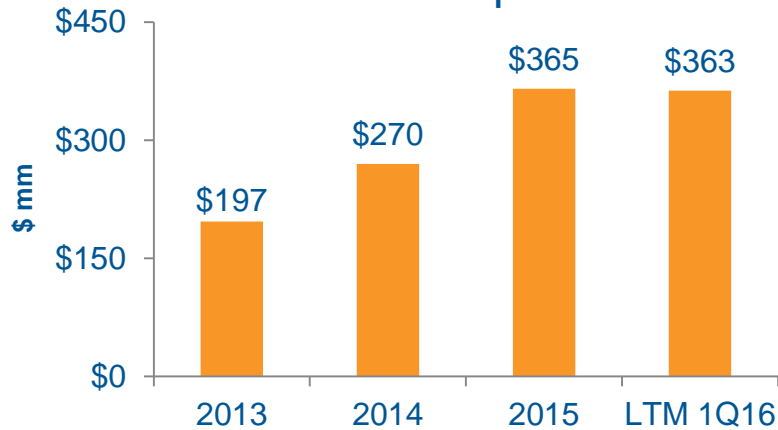
Net debt is end of period

EBITDA per AC is referring to average number of aircraft in service

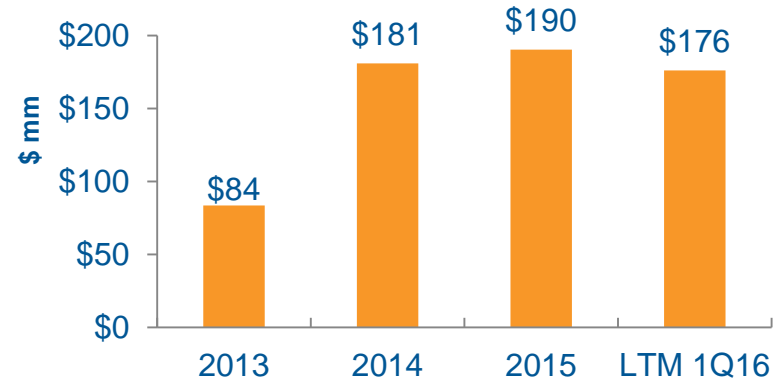


# Sources/uses of cash

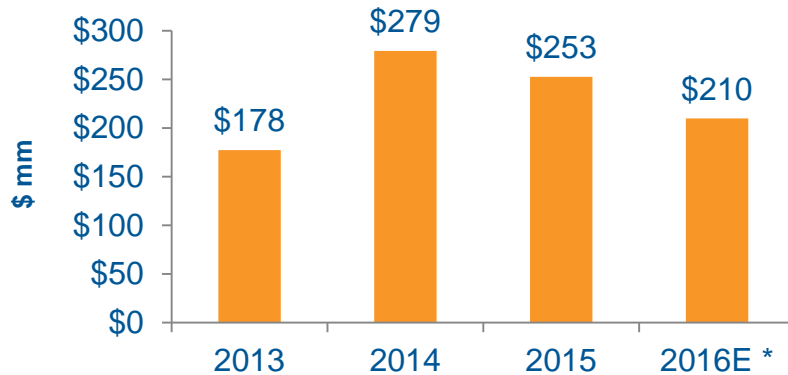
## Cash from operations



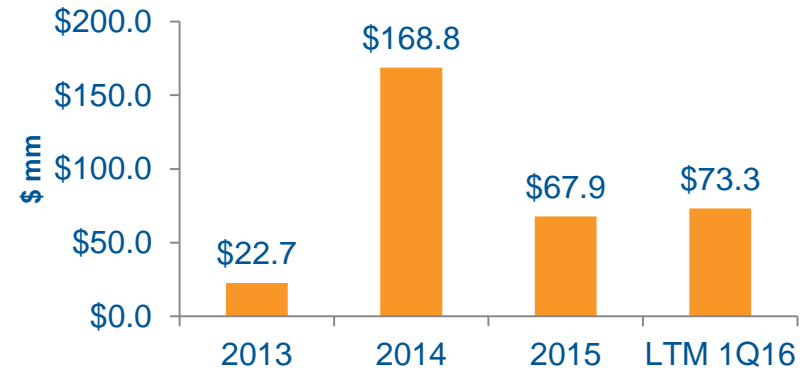
## Returning cash to shareholders



## CAPEX



## Debt payments



2014 CAPEX is cash CAPEX and does not include \$142m in assumed debt included in the \$236.1m SPC

Aircraft Acquisition closed in June 2014

\* - 2016 CAPEX guidance as of 4/27/16, subject to change

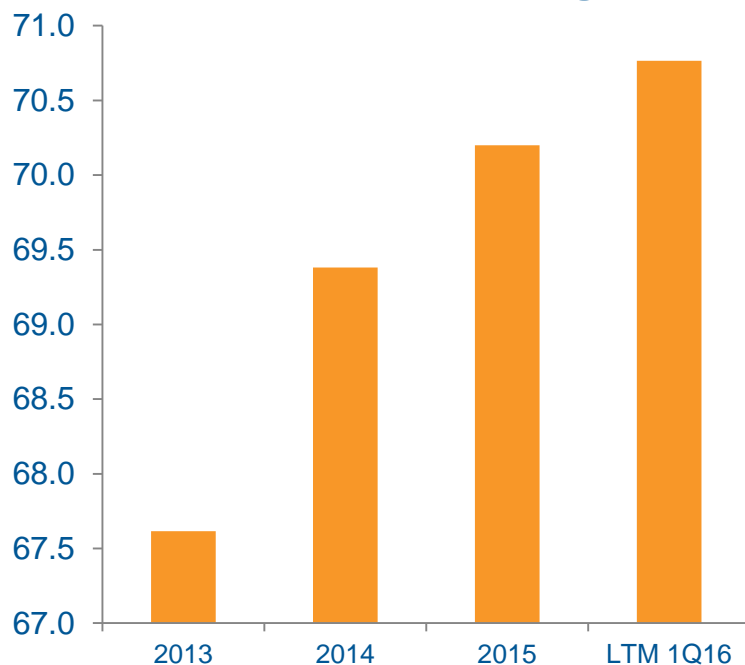


# Airbus growth will help improve fuel burn

## ■ Fuel has greatest leverage to earnings

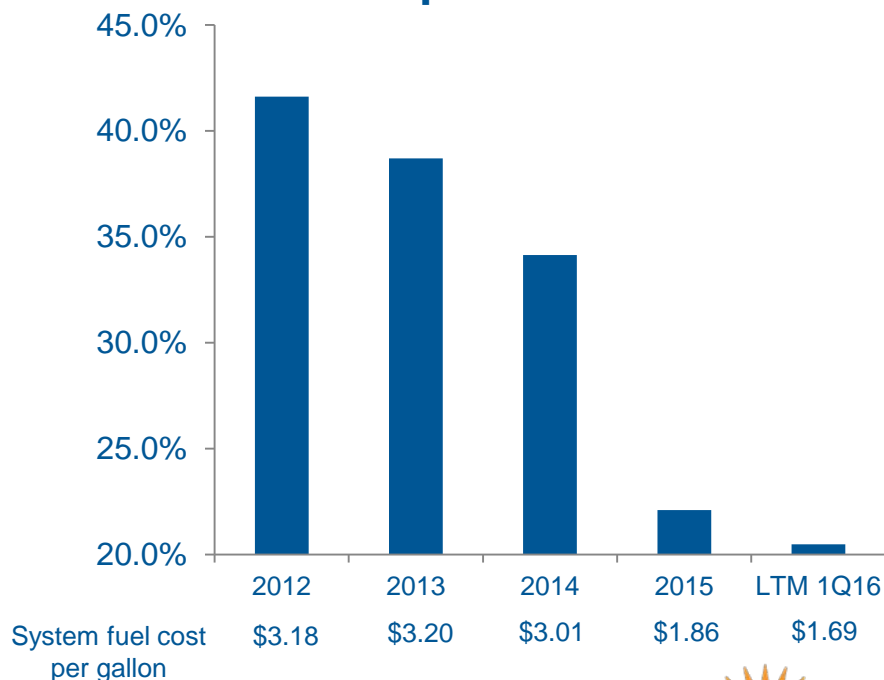
- Fuel ~ 29% of total operating expense<sup>(1)</sup>
- Airbus aircraft flew 38% of LTM 1Q16 scheduled block hours

### Historical ASMs/gallon



1 - As of LTM 1Q16

### Fuel expense/total revenue



# Capitalization structure

	Actual 3/31/16 (MM USD)	Debt to LTM EBITDAR	Rate	Maturity
LTM EBITDAR	485.1			
Secured by AC	24.1		L+2.95%	Apr 2018
Secured by AC	107.9		L+3.08%	May 2018
Secured by AC	19.6		L+2.95%	May 2018
Secured by AC	25.1		L+3.99%	Oct 2018
Secured by AC	33.1		L+2.46%	Nov 2019
Secured by AC	24.1		L+1.70%	Mar 2020
Secured by AC	22.6		L+1.70%	Jun 2020
Secured by AC	26.1		L+1.75%	Sep 2020
Secured by AC	26.4		L+1.70%	Dec 2020
Secured by AC	27.8		L+1.75%	Jan 2021
Secured by real estate	9.3		2.86%	Oct 2018
Secured by real estate	<u>7.3</u>		2.86%	Mar 2020
<b>Total secured debt</b>	<b>353.4</b>	<b>0.7x</b>		
Senior notes	<u>298.1</u>		5.5%	Jul 2019
<b>Total debt</b>	<b>651.5</b>	<b>1.3x</b>		
7x LTM aircraft rent	<u>12.6</u>			
<b>Adjusted debt</b>	<b>664.1</b>	<b>1.4x</b>		

