

# Management Presentation

August 2015



# 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 50 quarters <sup>(1)</sup>
  - LTM 2Q15 Adjusted EBITDA \$385mm <sup>(2)</sup>
  - LTM 2Q15 Return on Capital 17.4%<sup>(2)</sup>
- Strong balance sheet
  - Rated BB and Ba3<sup>(3)</sup>
  - Debt/adjusted EBITDAR 1.7x<sup>(2)</sup>
  - \$148mm in share repurchases LTM 2Q15
    - \$100 mm in share repurchase authority as of 7/29/15
  - Recurring quarterly cash dividend of \$0.30 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 supply - immediate impact on price
  - Minimize threat of irrational behavior from others
- Low cost fleet
  - Match capacity to demand, highly variable
  - 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

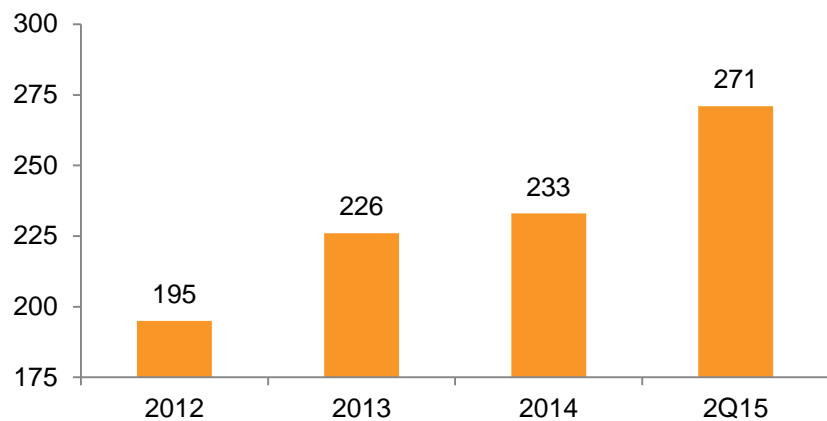
Bundled packages

Highly profitable

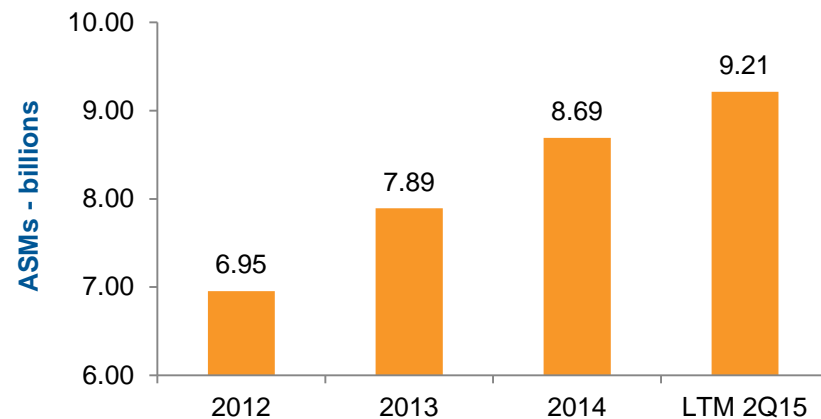


# Measured, profitable growth

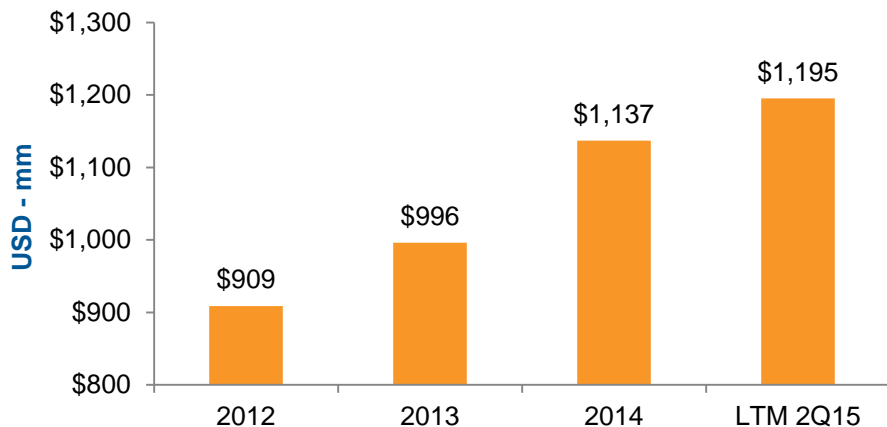
## Routes



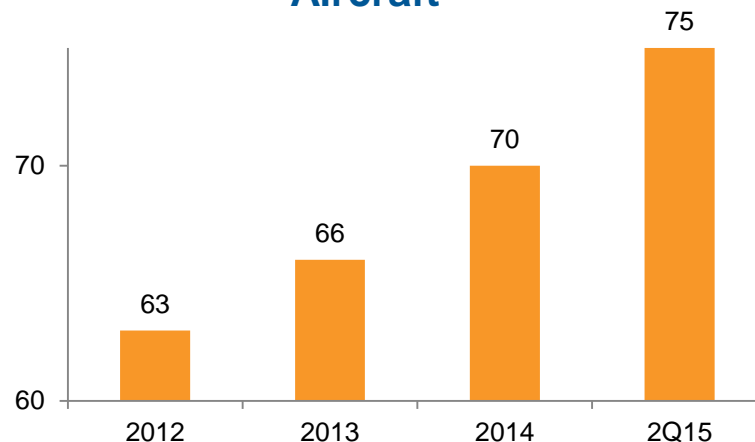
## Scheduled ASMs



## Total revenue



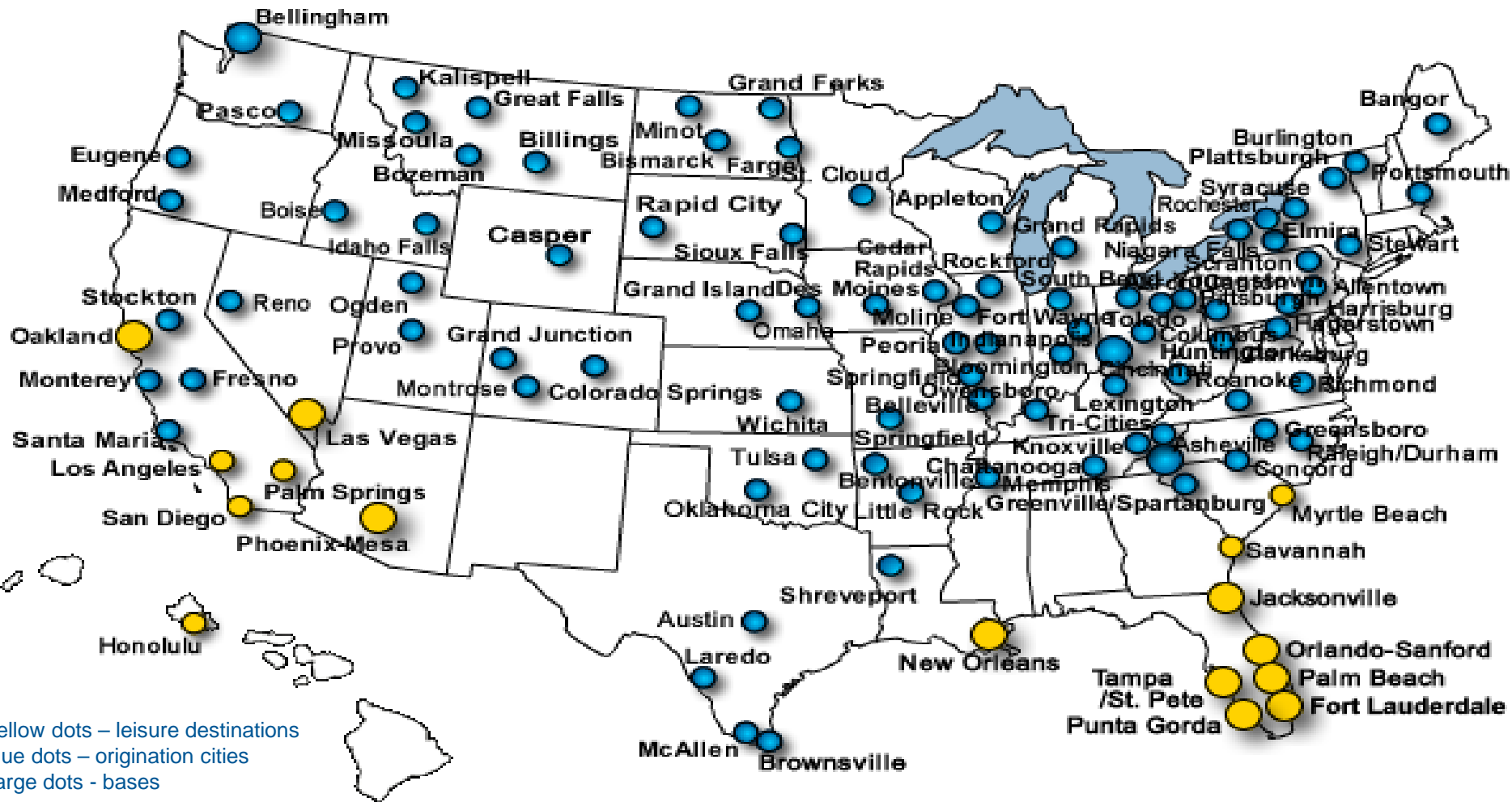
## Aircraft



Aircraft number and routes are end of period



# A very large niche



Based on current published schedule through February 16, 2016

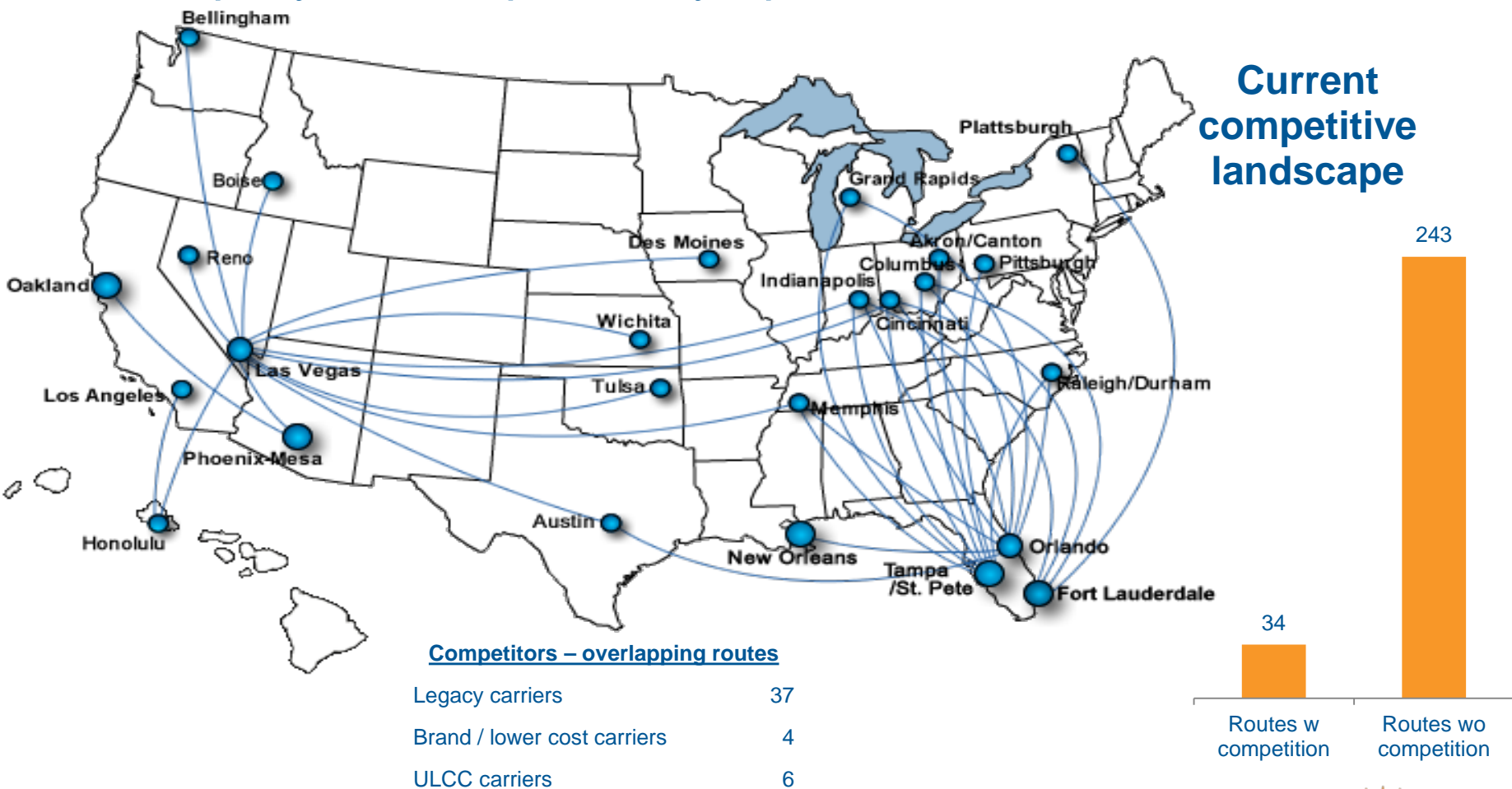
277 routes, 82 operating aircraft

89 small cities, 16 leisure destinations



# Little competition

Uniquely built to profitably operate in underserved markets



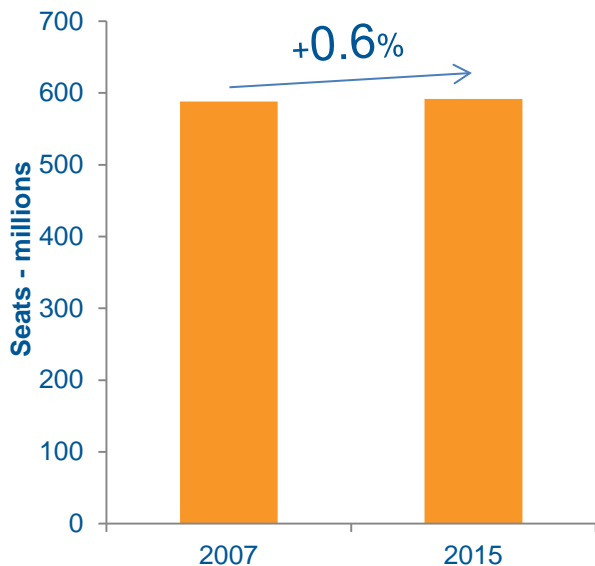
Based on current published schedule through Feb 16, 2016, announcements and cancellations as of July 24, 2015  
 Legacy carriers – American, Delta, Southwest, United. Brand / lower cost carriers – Alaska, Hawaiian, JetBlue  
 ULCC carriers – Frontier, Spirit



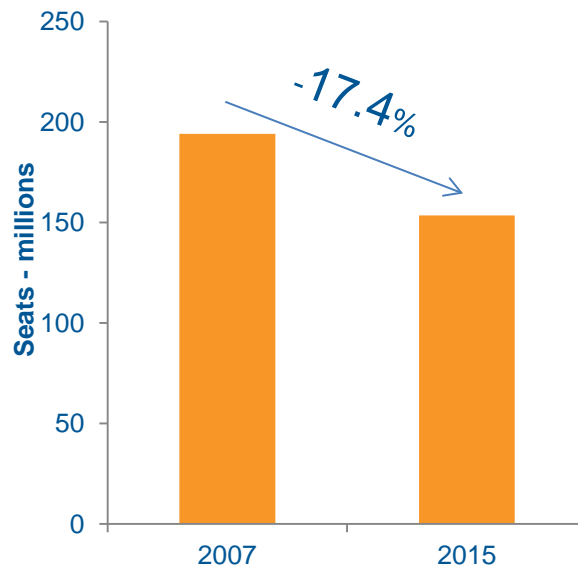
# Consolidation a catalyst

## US domestic seats 2007 vs 2015 by airport size

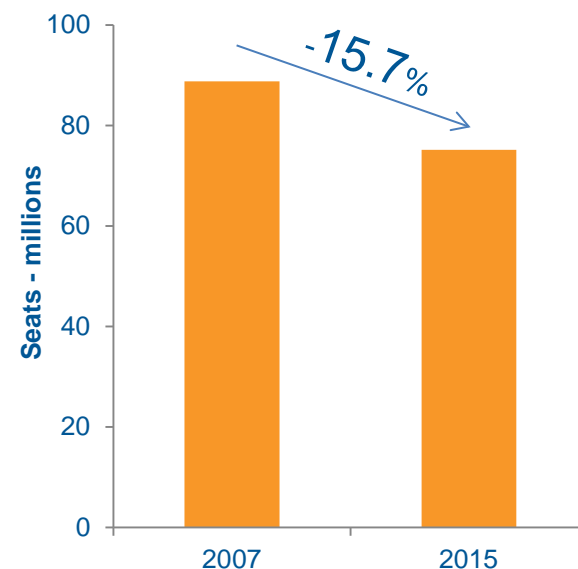
### Large hubs



### Medium hubs



### Small hubs



Hub classification by 2014 enplanements

Large = Over 1.0%

Medium = Between 0.25% and 1.0%

Small = Between 0.05% and 0.25%

2007 seats - DOT T100 data for CY2007 (Dio T100 Summary by Originating Airport)

2015 seats - Dio Scheduled Level of Ops Report- 1/1/15-12/31/15

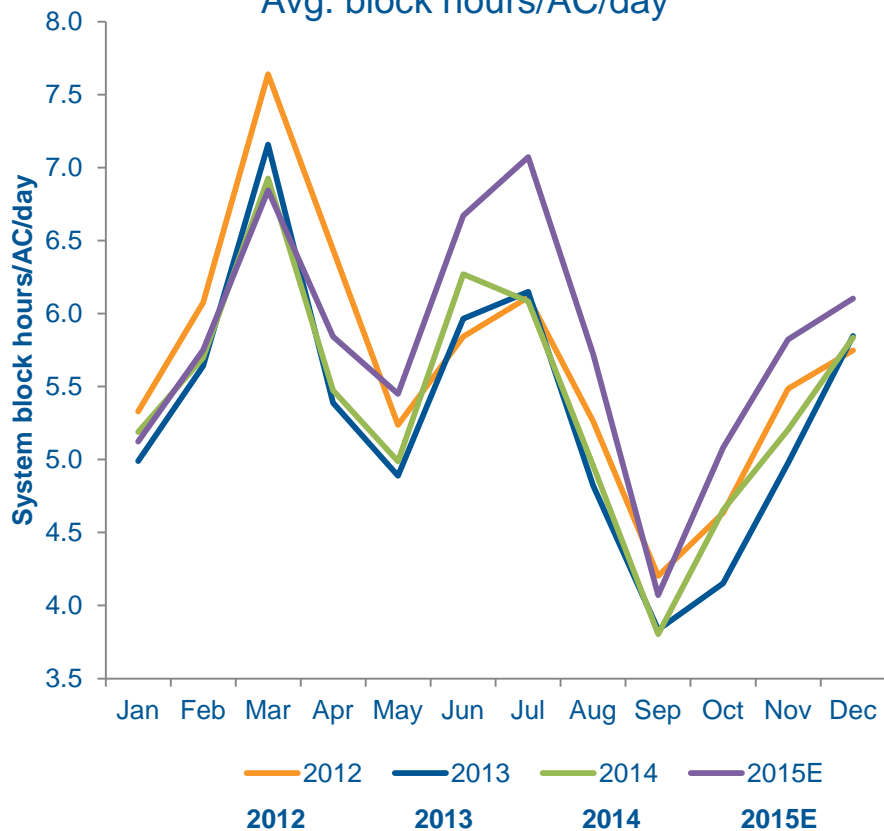




# Low frequency model

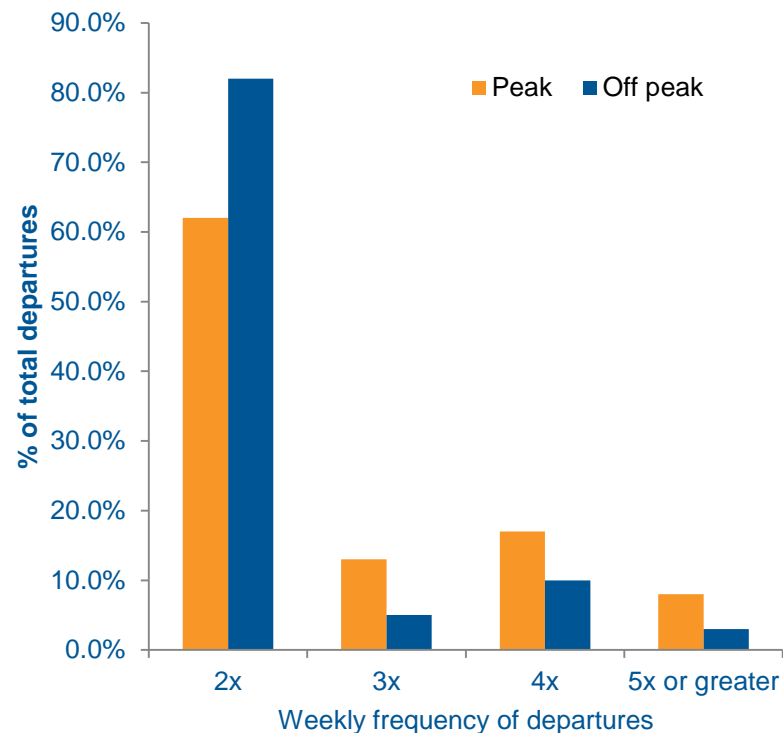
## Leisure = seasonality

Avg. block hours/AC/day



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

Weekly market frequency



Sched AC <sup>2</sup>

2012      2013      2014      2015E

58          65          70          82

1 - Peak = peak is defined as 2/13-4/9, 6/5-8/13, 11/20-12/3, 12/18-12/31. Remaining is off peak

2 - Scheduled aircraft are end of year



# Aircraft utilization

- Airbus aircraft allows previously marginal flying to be profitable
  - Longer routes (Bismarck, ND to Orlando)
  - Off-peak day flying (Columbus, OH to St. Pete Wed/Sat 2x weekly)
  - Off-peak season flying (Syracuse, NY to St. Pete in September)
  - Previously canceled markets (Ft. Wayne, IN to Phoenix)

## LTM 2Q15 Utilization by A/C type

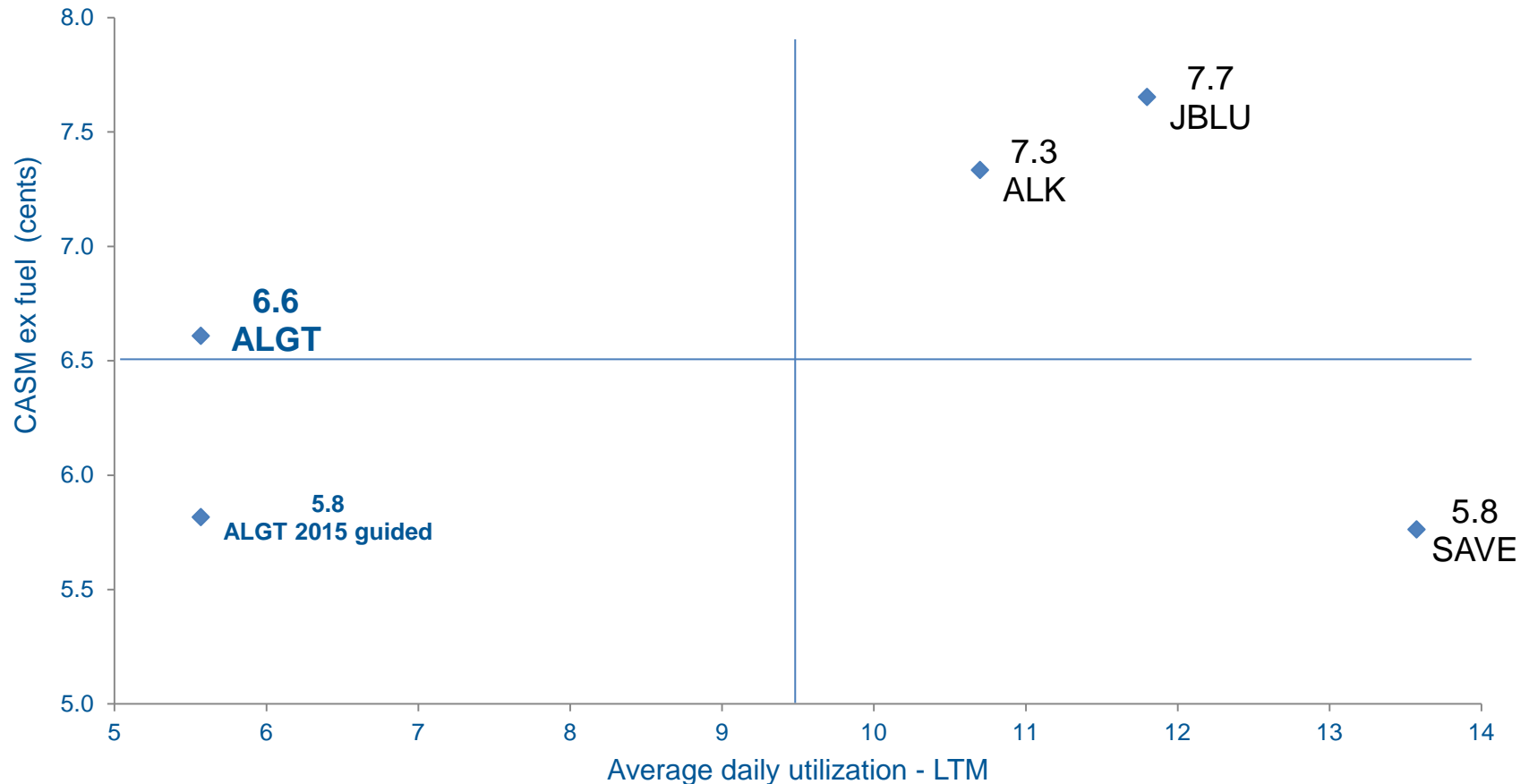
	Peak	Off-Peak	Average
<b>Airbus</b>	11.6	7.0	9.6
<b>Non-Airbus</b>	7.2	2.0	5.0
<b>All Aircraft</b>	7.9	2.8	5.7

Utilization is block hours per aircraft per day



# Low costs even with low utilization

## CASM ex fuel vs daily utilization



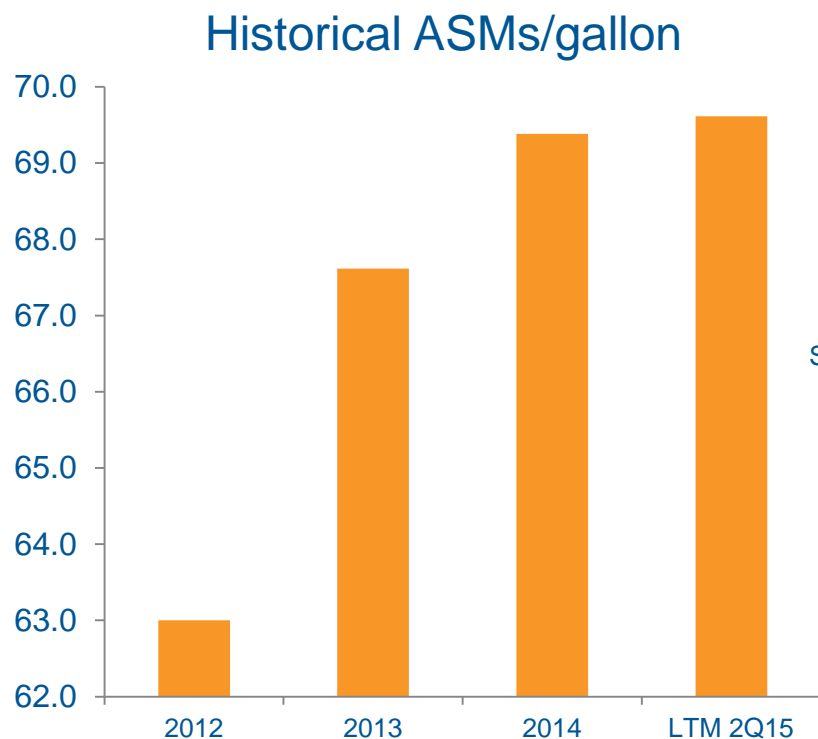
As of LTM 2Q15, ALGT – Allegiant, JBLU – JetBlue, ALK – Alaska mainline, SAVE – Spirit  
ALGT 2015 – midpoint of 2015 guided range for CASM ex fuel of (13) to (11)%



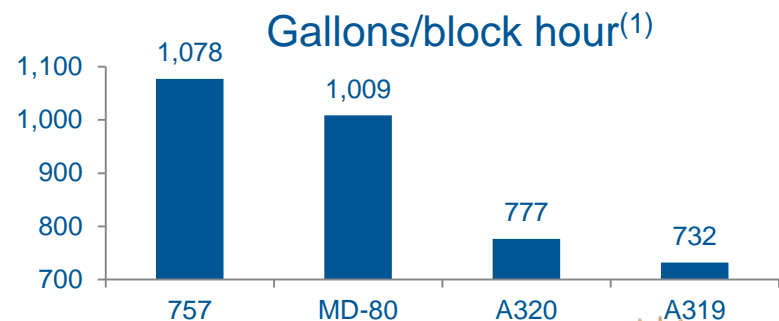
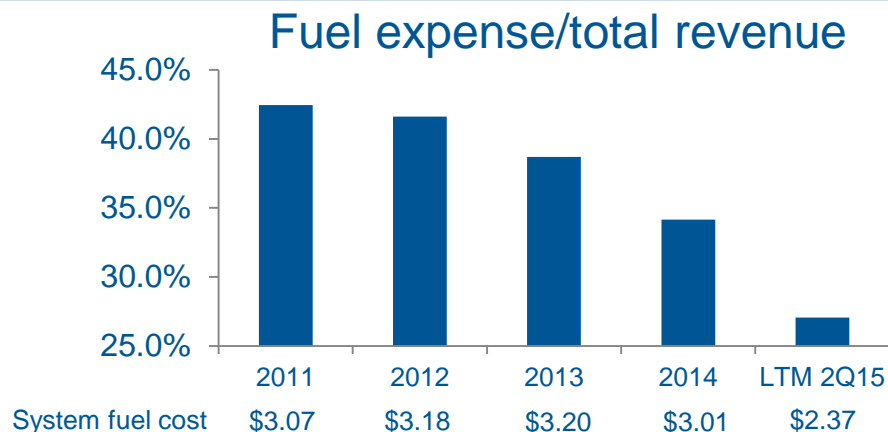
# Airbus growth will help improve fuel burn

## ■ Fuel has greatest leverage to earnings

- Fuel ~ 34% of total operating expense<sup>(1)</sup>
- Airbus aircraft flew 26% of LTM 2Q15 scheduled block hours



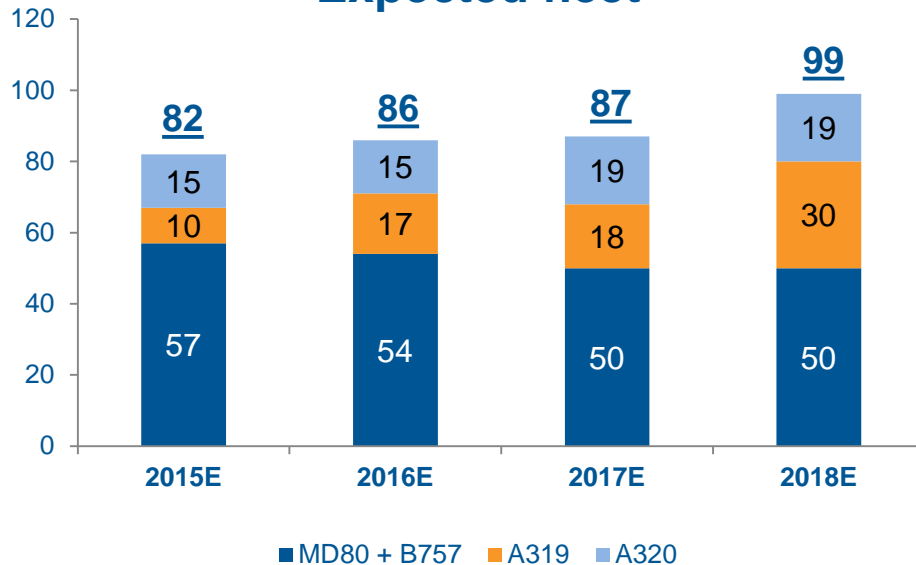
1 - As of LTM 2Q15



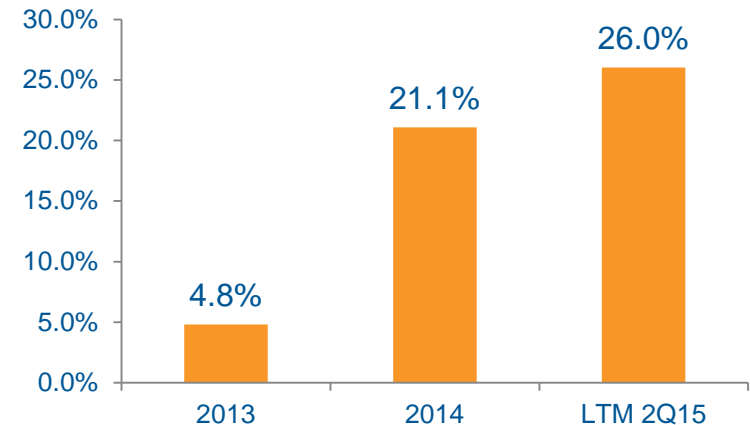
# Airbus

- Incremental growth aircraft
- Continuously evaluate potential aircraft transactions and seek to acquire additional aircraft opportunistically

### Expected fleet



### Airbus % of scheduled service ASMs



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

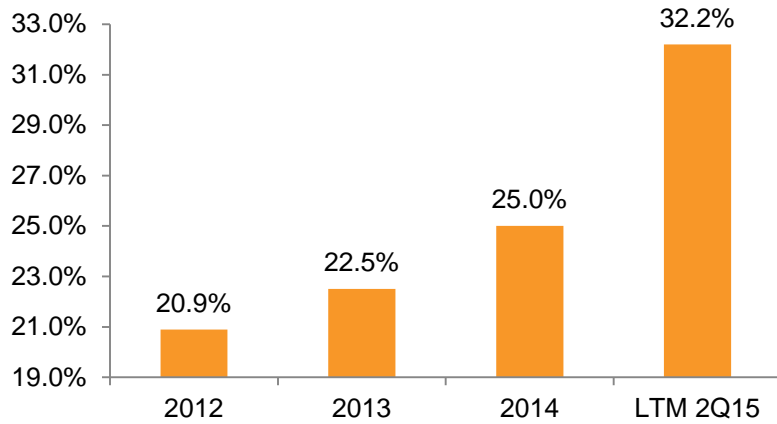
Total fleet includes A320, A319, MD-80 and Boeing 757

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

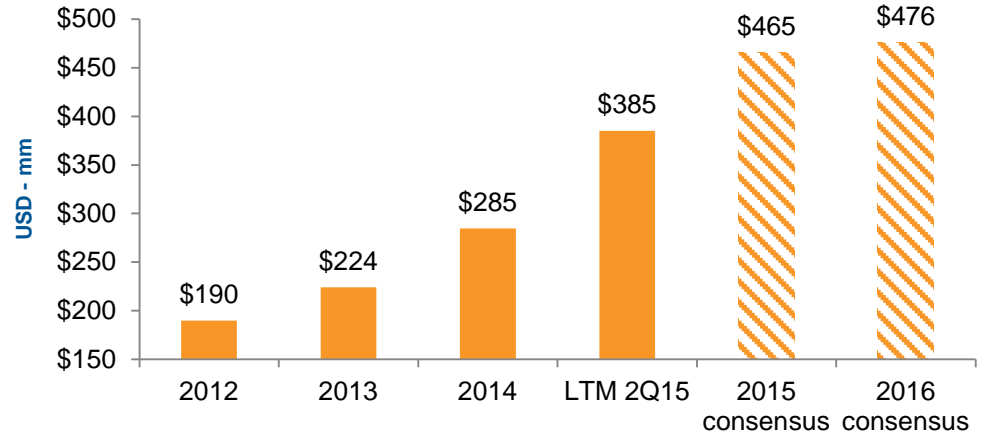


# Financial growth without sacrificing margin

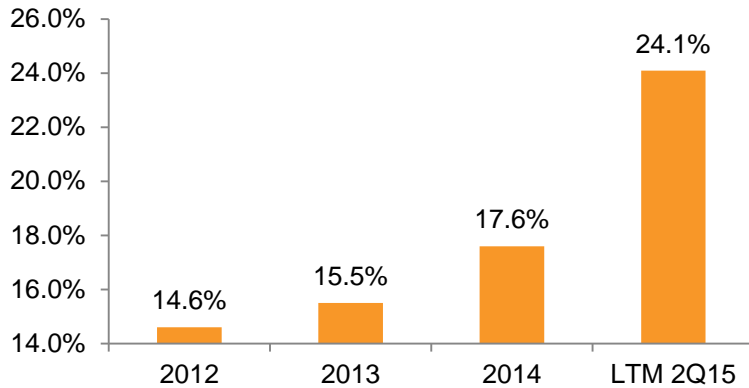
## Adjusted EBITDA margin



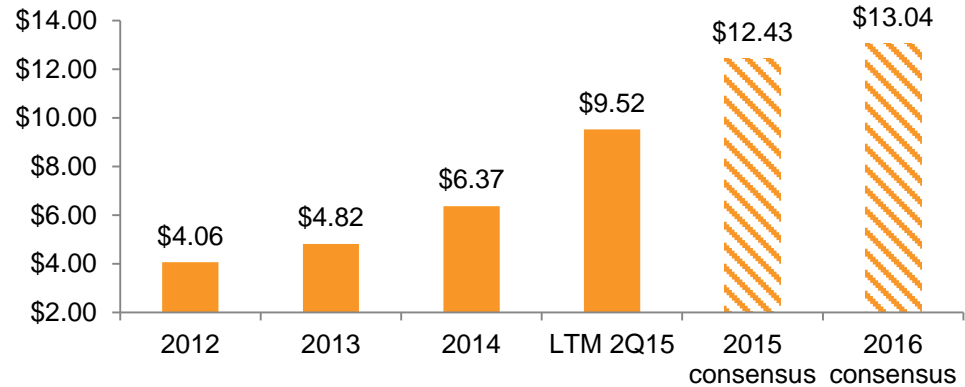
## Adjusted EBITDA



## Adjusted Operating margin



## Adjusted EPS



Consensus - as of 8/6/15, First Call. EPS consensus reflects 12 analysts, EBITDA consensus reflects 9 analysts

Adjusted amounts - see GAAP reconciliation and other calculations in Appendix



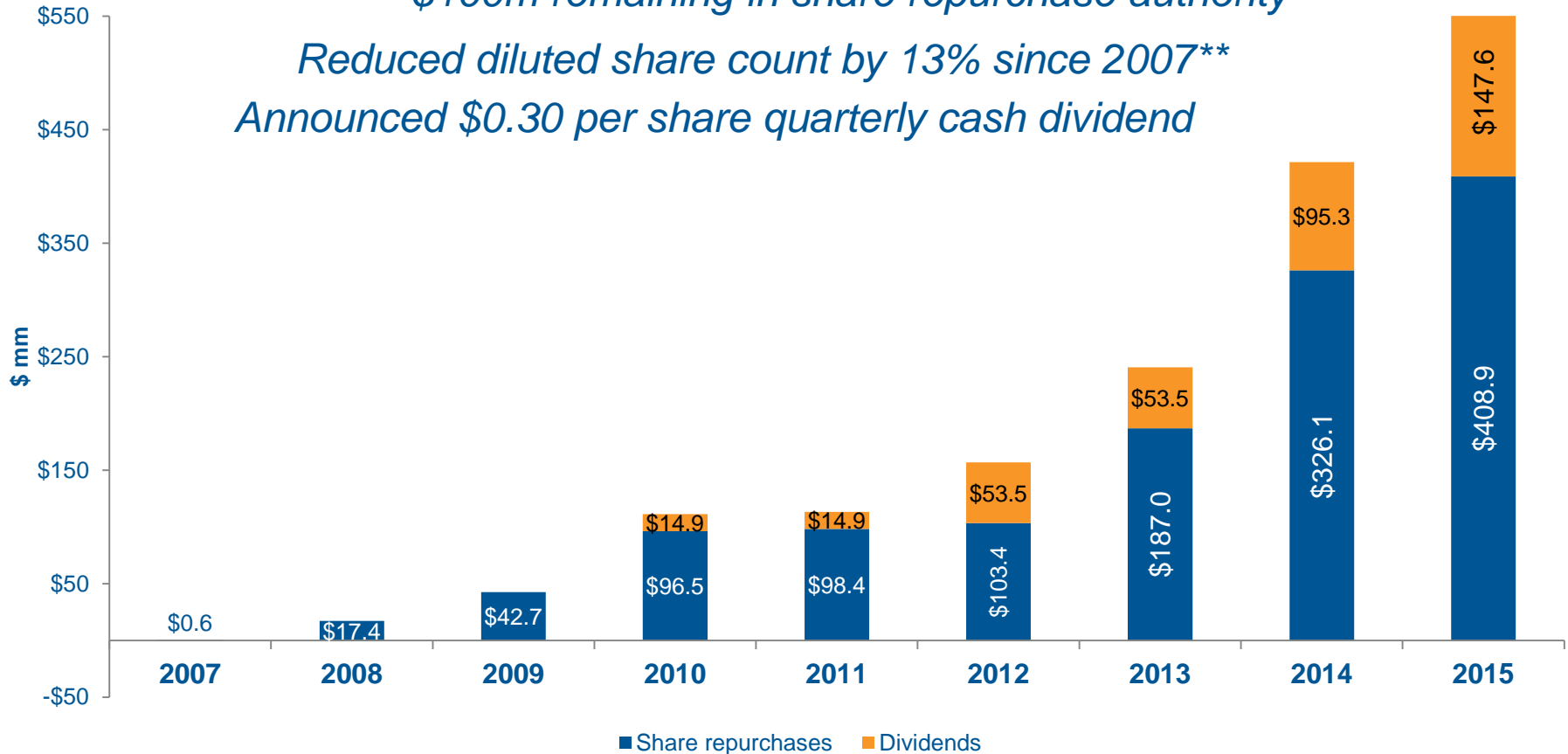
# Cumulative return to shareholders

\$557m returned to shareholders since 2007

\$100m remaining in share repurchase authority\*

Reduced diluted share count by 13% since 2007\*\*

Announced \$0.30 per share quarterly cash dividend



\*- As per announcement on July 29, 2015

\*\*-Diluted share count in 2007 20.5m, share count 2014 17.8 m

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

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



# Existing guidance

- 3Q15 TRASM (9) to (7)%
- 3Q15 CASM ex fuel (10) to (8)%
- FY15 CASM ex fuel (13) to (11)%
- 3Q15 Fixed fee + other revenue \$11mm to \$13mm
- FY15 CAPEX ~\$290mm

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	<b>3rd Quarter 2015</b>	<b>4th Quarter 2015</b>	<b>Full year 2015</b>
System departures	23 to 27%	21 to 26%	
System ASMs	21 to 25%	21 to 26%	15 to 18%
Scheduled departures	23 to 27%	21 to 26%	
Scheduled ASMs	21 to 25%	21 to 26%	15 to 18%

Guidance subject to change





# Appendix

# GAAP reconciliation

## Adjustment for special item

<b>\$mm – except per share amounts</b>	<b>LTM 2Q15</b>	<b>2014</b>
Net income as reported	138.2	86.7
+ Add provision for income taxes, as reported	<u>79.3</u>	<u>50.8</u>
Income before income taxes as reported	217.5	137.1
+ Other expense	<u>27.2</u>	<u>20.2</u>
Operating income	244.7	157.3
+ Boeing 757 fleet write down	<u>43.3</u>	<u>43.3</u>
Adjusted operating income	288	200.6
- Other expense	<u>27.2</u>	<u>20.2</u>
Adjusted pre-tax income	260.8	180.4
- Provision for income tax	<u>95.1</u>	<u>66.8</u>
Adjusted net income	165.7	113.6
+ Net loss attributable to noncontrolling interest	<u>(0.1)</u>	<u>(0.4)</u>
Adjusted net income attributable to Allegiant Travel Co	165.6	113.2
Diluted shares (millions)	<u>17.4</u>	<u>17.8</u>
<b>Earnings per share as adjusted for special item</b>	<b>\$9.52</b>	<b>\$6.37</b>
Total revenue	1,195.3	1,137.0
Adjusted operating margin	24.1%	17.6%
Adjusted EBITDA margin	32.2%	25.2%



# GAAP reconciliation

EBITDA calculations				
\$mm	LTM 2Q15	2014	2013	2012
Net Income	138.2	86.7	92.3	78.6
+Total comprehensive income (loss)	2.6	2.3	.6	(.4)
+Provision for Income Taxes	79.3	50.8	54.9	46.2
+Other Expenses <sup>1</sup>	27.3	20.4	8.5	7.8
+Depreciation and Amortization	94.5	83.4	69.3	57.5
<b>=EBITDA</b>	<b>341.9</b>	<b>243.6</b>	<b>225.6</b>	<b>189.7</b>
<b>+ Write down of Boeing 757 fleet</b>	<b>43.3</b>	<b>43.3</b>		
<b>=Adjusted EBITDA</b>	<b>385.2</b>	<b>286.9</b>		
+ Aircraft lease rental	6.0	15.9	9.2	0
<b>=Adjusted EBITDAR</b>	<b>391.2</b>	<b>302.8</b>	<b>234.8</b>	<b>189.7</b>
Total debt	627.6	593.1	234.3	150.9
+7 x annual rent	<u>42</u>	<u>111.3</u>	<u>64.6</u>	<u>0</u>
Adjusted total debt	669.6	704.4	298.9	150.9
<b>=Adjusted Debt to Adjusted EBITDAR</b>	<b>1.7x</b>	<b>2.3x</b>	<b>1.3x</b>	<b>0.8x</b>
Average # of in service aircraft in period	71	69	63	60
<b>=Adjusted EBITDA per aircraft</b>	<b>5.4</b>	<b>4.2</b>	<b>3.6</b>	<b>3.2</b>
Interest expense	28.3	21.2	9.5	8.7
<b>= Adjusted interest coverage</b>	<b>13.8x</b>	<b>14.3x</b>	<b>24.7x</b>	<b>21.8x</b>

1- Ex unconsolidated affiliate earnings



# GAAP reconciliation

## Return on equity

<b>\$mm</b>	<b>LTM 2Q15</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	
Adjusted net Income	165.6	113.6	92.3	78.6	49.4	
	<b>Jun 2015</b>	<b>Jun 2014</b>	<b>Dec 2014</b>	<b>Dec 2013</b>	<b>Dec 2012</b>	<b>Dec 2011</b>
Total shareholders equity	326.2	378.0	294.1	377.3	401.7	351.5
<b>Return on equity</b>	<b>47%</b>		<b>34%</b>	<b>24%</b>	<b>21%</b>	<b>15%</b>

ROE = Net income / Avg shareholders equity

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



# GAAP reconciliation

## Return on capital employed calculation

\$mm	LTM 2Q15	2014	2013	2012	2011
+ Adjusted net income	165.6	113.6	92.3	78.6	49.4
+ Income tax	95.1	66.8	54.9	46.2	30.1
+ Interest expense	28.3	21.2	9.5	8.7	7.2
- Interest income	1.0	0.8	1.0	1.0	1.2
	288.0	200.4	155.7	132.5	85.5
+ Interest income	1.0	0.8	1.0	1.0	1.2
Tax rate	36.4%	37.1%	37.4%	37.1%	37.9%
<b>Numerator</b>	<b>183.5</b>	<b>126.6</b>	<b>98.1</b>	<b>84.0</b>	<b>53.9</b>
Total assets prior year	1,317.3	926.9	798.2	706.7	501.3
- Current liabilities prior year	315.4	287.5	210.7	177.6	166.6
+ ST debt of prior year	51.5	20.2	11.6	8.0	16.5
<b>Denominator</b>	<b>1,053.4</b>	<b>659.6</b>	<b>599.3</b>	<b>537.1</b>	<b>351.2</b>
<b>= Return on capital employed</b>	<b>17.4%</b>	<b>19.2%</b>	<b>16.4%</b>	<b>15.6%</b>	<b>15.3%</b>

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



# GAAP reconciliation

## Free cash flow calculations

\$mm	LTM 2Q15	2014	2013	2012	2011
Cash from operations	356.3	269.8	196.9	176.8	129.9
- Cash CAPEX	296.9	279.4	177.5	105.1	88.0
<b>= Free cash flow</b>	<b>59.4</b>	<b>(9.6)</b>	<b>19.4</b>	<b>71.7</b>	<b>41.9</b>

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



# GAAP reconciliation

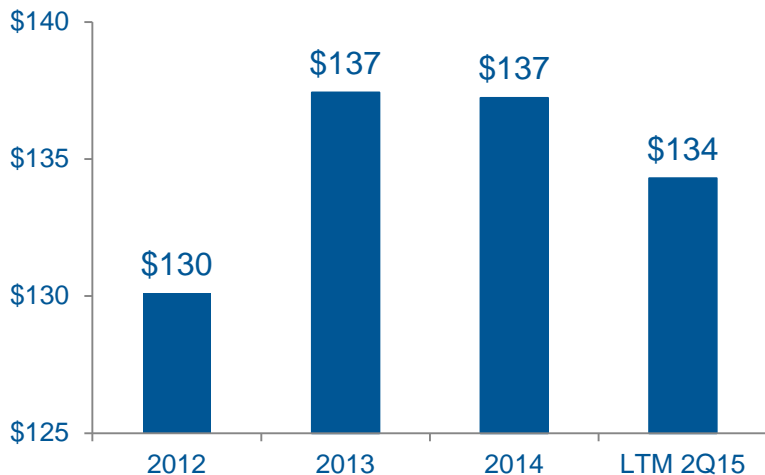
Net debt					
\$mm	Jun 2015	Dec 2014	Dec 2013	Dec 2012	Dec 2011
Current maturities of long term debt	65.2	53.8	20.2	11.6	7.9
Long term debt, net of current maturities	562.4	539.3	214.1	139.2	138.2
Total debt	627.6	593.1	234.3	150.8	146.1
Cash and cash equivalents	93.5	89.6	97.7	89.6	150.7
Short term investments	286.9	269.8	253.4	239.1	154.8
Long term investments	34.6	57.4	36.0	24.0	14.0
Total cash	415.0	416.8	387.1	352.7	319.5
<b>= Net debt</b>	<b>\$212.6</b>	<b>\$176.3</b>	<b>(\$152.8)</b>	<b>(\$201.9)</b>	<b>(\$173.4)</b>

End of period

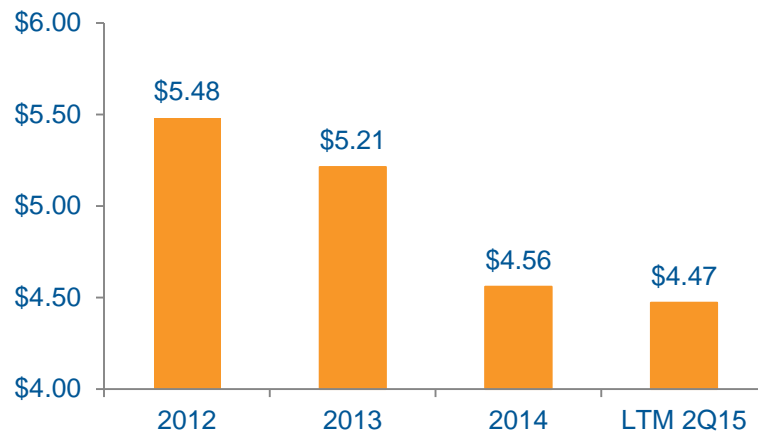


# Revenue components

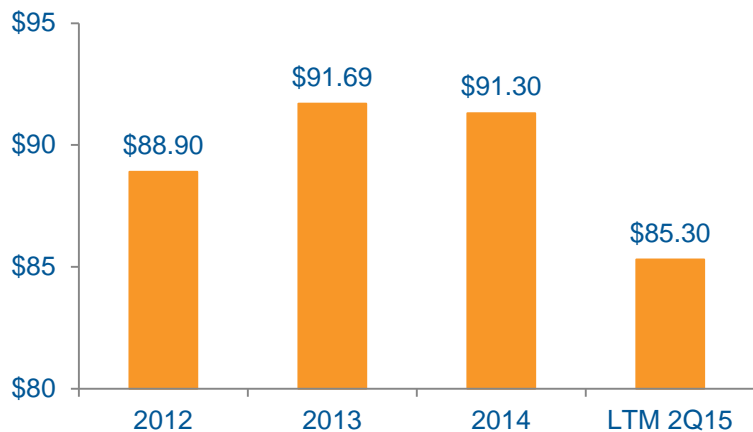
Average fare - total



Average fare - ancillary third party products



Average fare - scheduled service



Average fare - ancillary air-related charges

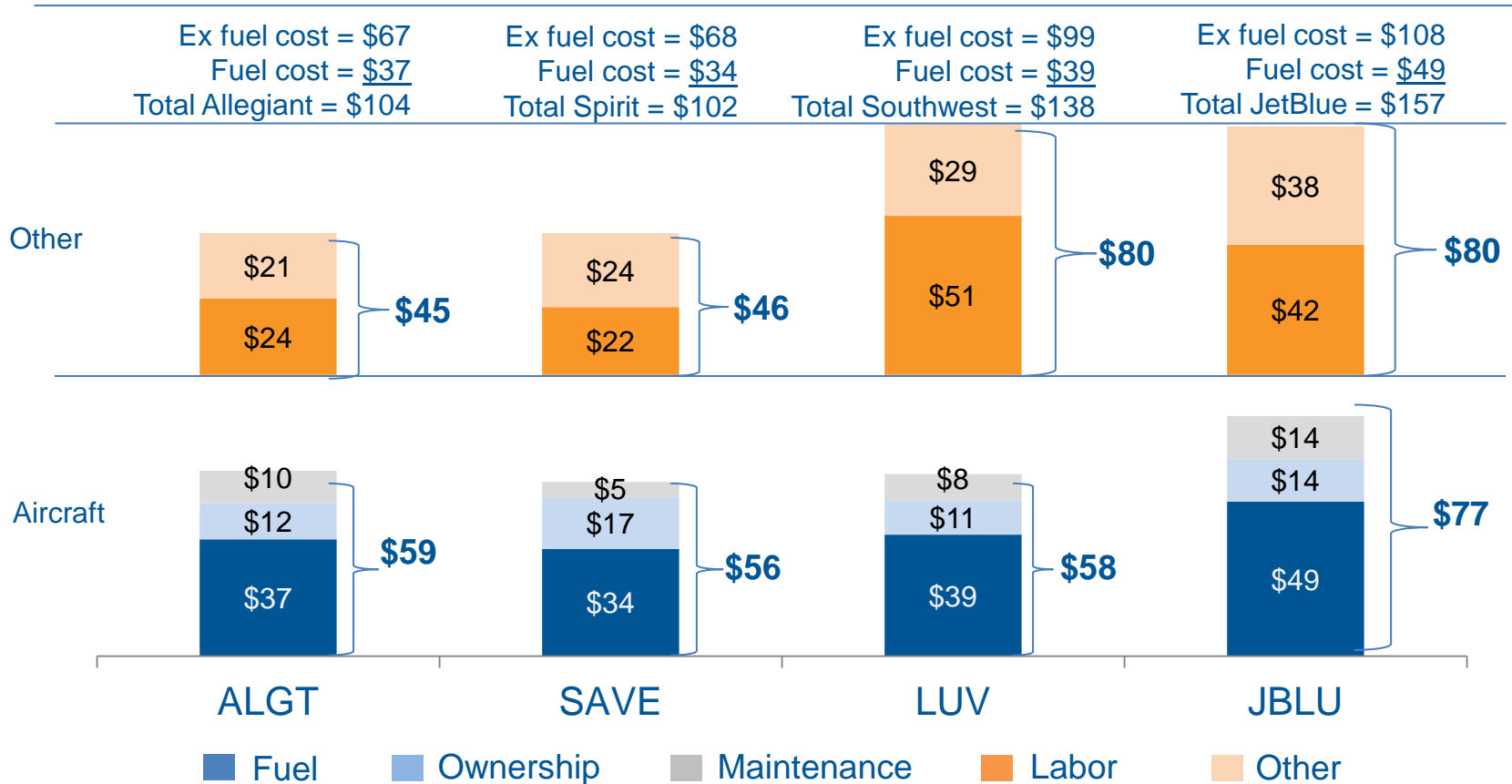


All revenue is revenue per scheduled passenger



# Low cost drivers

## LTM 2Q15 cost per passenger

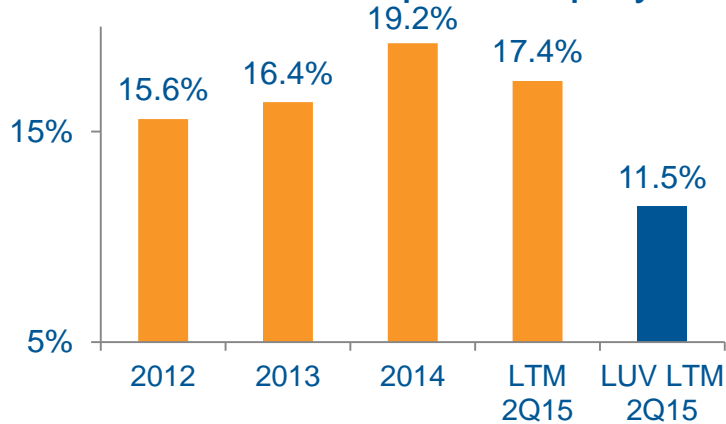


Source: Company filings  
 Ownership includes depreciation & amortization + aircraft rent  
 Other excludes special items and one-time charges for other carriers  
 ALGT other excludes \$43m Boeing 757 fleet write down

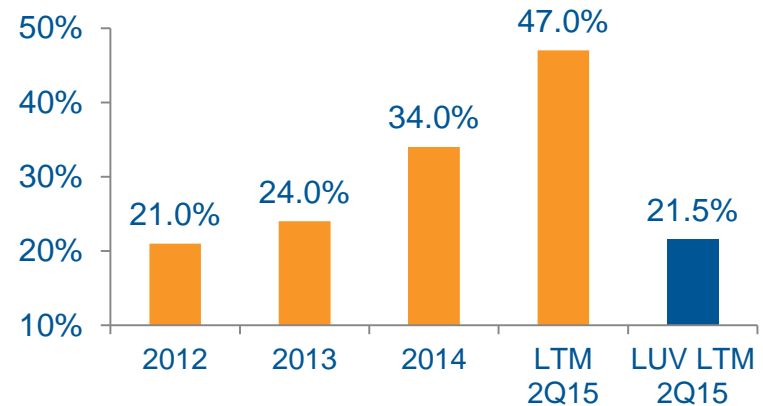


# Credit metrics

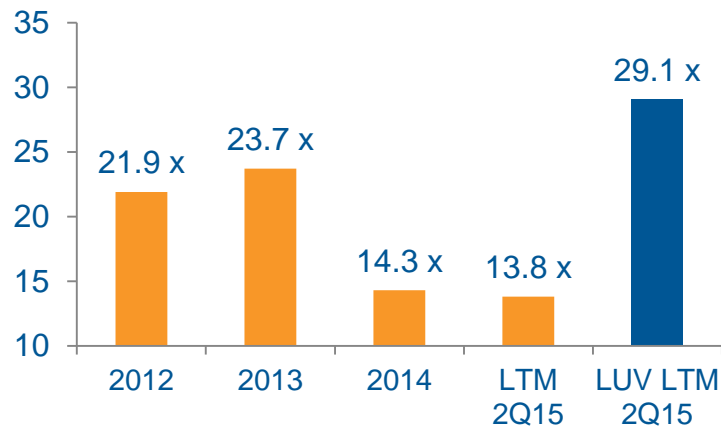
## Return on capital employed



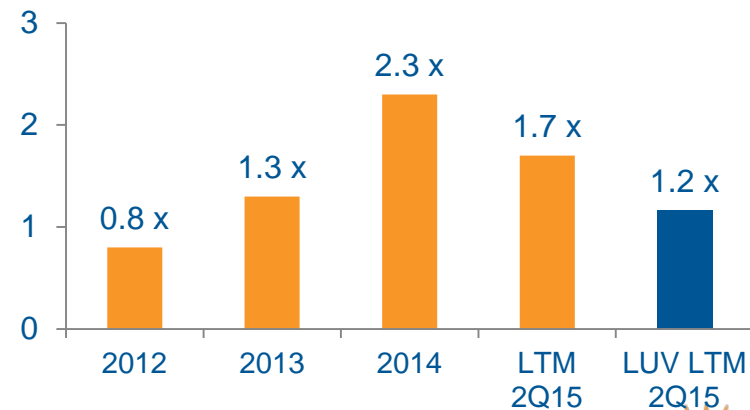
## Return on equity



## Interest coverage



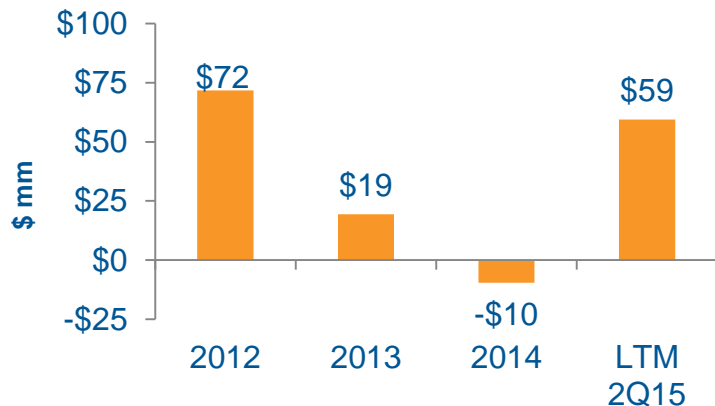
## Debt / Adjusted EBITDAR



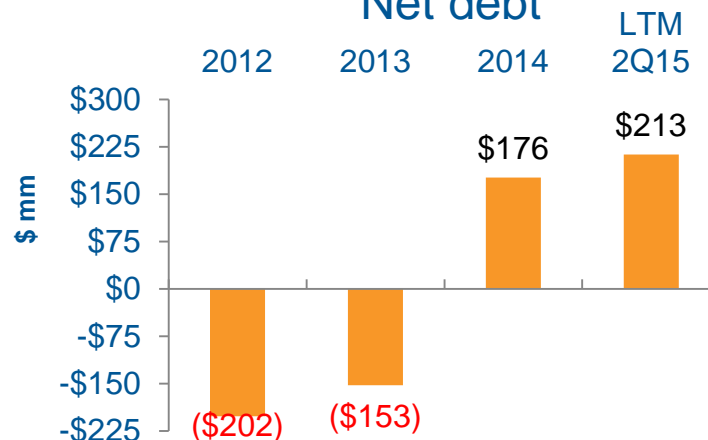
LUV = Southwest Airlines, based on published information  
Please see GAAP reconciliation table in appendix for calculation

# Strong cash generation

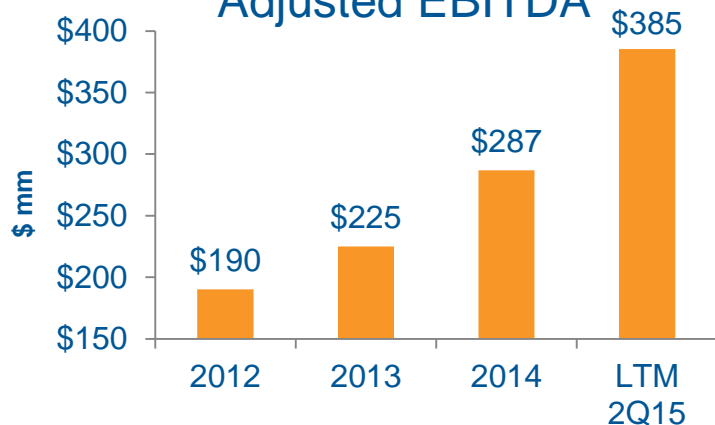
## Free cash flow



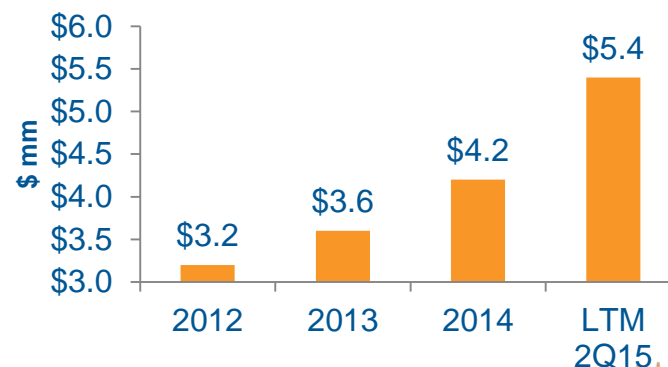
## Net debt



## Adjusted EBITDA



## Adj EBITDA per AC



See reconciliation tables

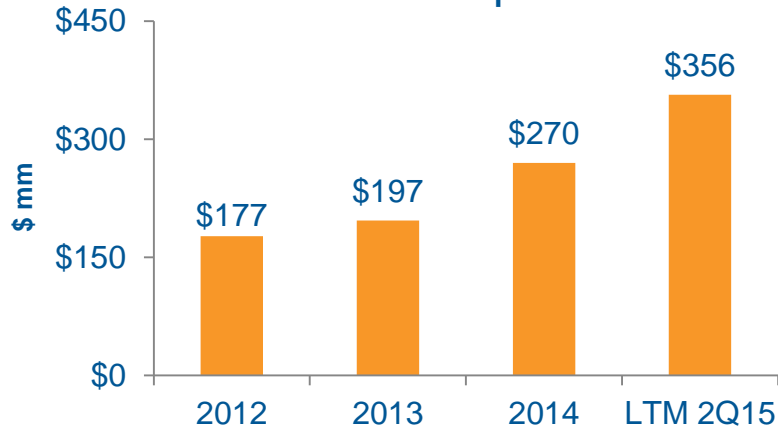
Net debt is end of period

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

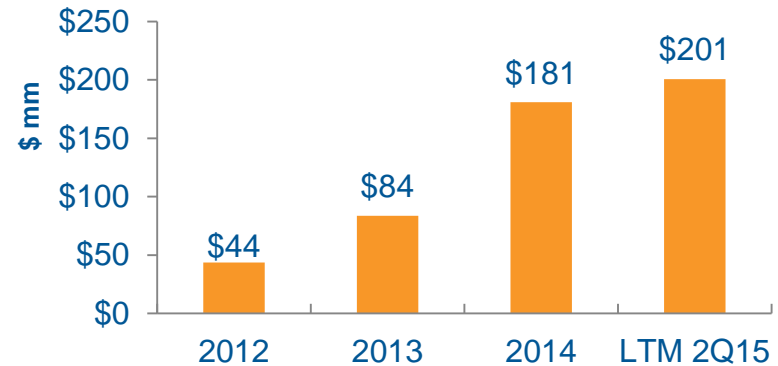


# Sources/uses of cash

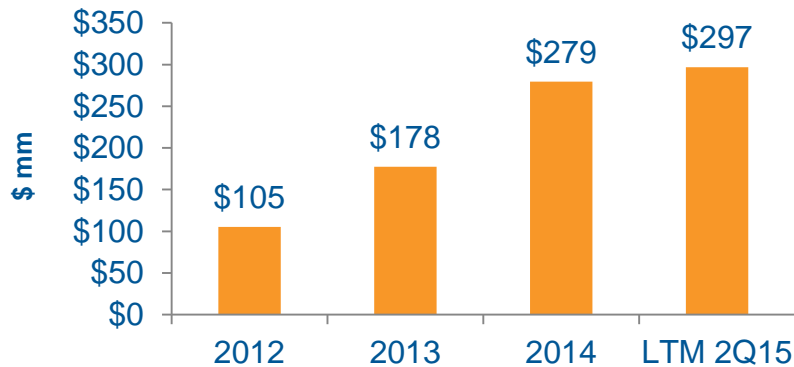
## Cash from operations



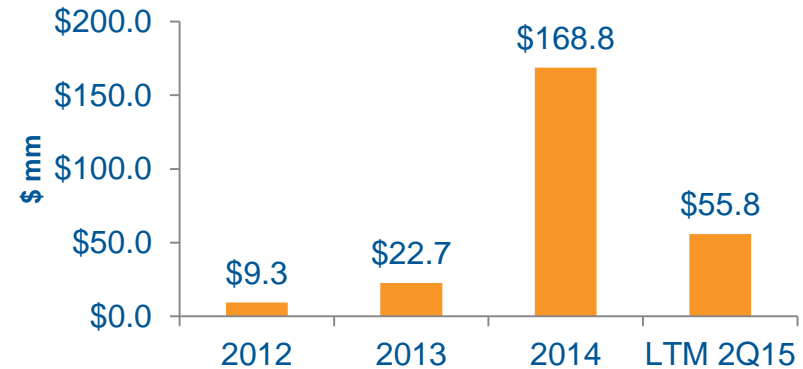
## Returning cash to shareholders



## 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



# Capitalization structure

	Actual 6/30/15 (MM USD)	Debt to LTM Adj EBITDAR	Rate	Maturity
Unrestricted cash	415.0			
LTM Adjusted EBITDAR	391.2			
Secured by AC	32.1		L + 2.95%	Apr 2018
Secured by AC	122.2		L + 3.08%	May 2018
Secured by AC	30.5		L + 2.95%	May 2018
Secured by AC	32.2		3.99%	Oct 2018
Secured by real estate	9.5		2.86%	Oct 2018
Secured by AC	38.5		L + 2.46%	Nov 2019
Secured by real estate	7.5		2.86%	Mar 2020
Secured by AC	28.6		L + 1.70%	Mar 2020
Secured by AC	<u>26.5</u>		L + 1.70%	Jun 2020
<b>Total secured debt</b>	<b>327.6</b>	<b>0.8x</b>		
Senior notes	<u>300</u>		5.5%	Jul 2019
<b>Total debt</b>	<b>627.6</b>	<b>1.6x</b>		
7x LTM aircraft rent	<u>42.1</u>			
<b>Adjusted debt</b>	<b>669.7</b>	<b>1.7x</b>		

