

## Airlines

# January scorecard: Airline stocks underperform S&P after weak 2023

Industry Overview

## Airline stocks underperform S&P 500 in January

Airline stocks declined -1% in January compared to the S&P 500's +2% after meaningfully underperforming the market in 2023 (+5% vs S&P 500 +24%). 1Q24 revenue outlooks have generally met or exceeded our expectations, while valuation multiples have moved lower in January on other industry risks and events. We note that Buy rated DAL and UAL each trade at 10-20% discounts to average historical multiples despite steady execution and resilient travel demand.

## Geopolitics, OEM concerns are an overhang for the group

As we have been writing in our weekly booking notes, sales have seen strength in recent months, particularly in the domestic US. However, macro, geopolitical, and original equipment manufacturer (OEM) concerns were an overhang for the group in January as investors contemplated demand and capacity impacts. We see little risk to estimates from the events in the Middle East/Red Sea given de minimis regional exposure, with fuel volatility the only concern. From an OEM perspective, we view production constraints as a positive for airlines given limited ability to grow capacity versus plan.

## Domestic EBITDAR multiples reconverge

After the January moves in the stocks, DAL/AAL/UAL each trade at 4.7x/5.2x/4.1x on 2024E EBITDAR, below the midpoint of historical ranges. We would argue AAL should trade like DAL/UAL as opposed to where it traded in the past given changes in the carrier's leverage profile (higher leverage kept its relative EBITDAR multiple higher). This month, ALK's multiple fell further below its midpoint at -21.3%, driven at least in part by MAX 9 concerns through much of the month, while LUV moved back below historical levels to -4.2% below its midpoint. Low-cost carrier ULCC now trades 5.2% above SAVE's historical midpoint.

## Insider transactions: light activity in January

We detail recent insider transactions on pages 15-17 of this report. January activity out of most airlines was light. Spirit saw the greatest level of insider activity, with transactions split mostly even between grants and sale activity.

## Airline bond performance inside

We include key airline bonds with corresponding maturity dates, current pricing, and yields, as well as 1-month, 3-month and 6-month returns. Fixed income investors remain focused on airlines given the meaningful capital raised since the start of the pandemic (~\$77B excluding government support). Bonds were mostly flat across the airlines in January, while SAVE's issuances continue to see significant volatility, especially following the blocking of the proposed merger with JetBlue by a US District Court judge as a significant September 2025 maturity approaches.

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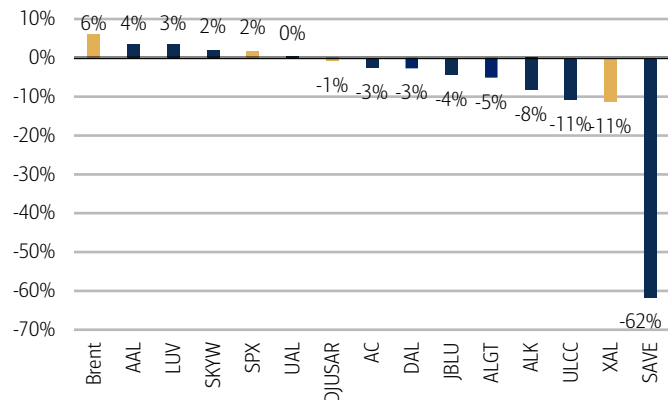
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# Airlines underperform in January

**Chart 1: Monthly airline stock performance**

In January, airlines underperformed the S&P 500 by -3%

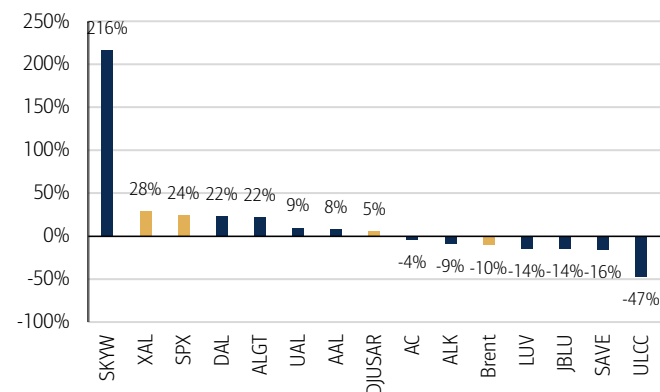


Source: Bloomberg

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**Exhibit 1: 2023 airline stock performance**

In 2023, airline stocks were +5% compared to the S&P 500's +24%



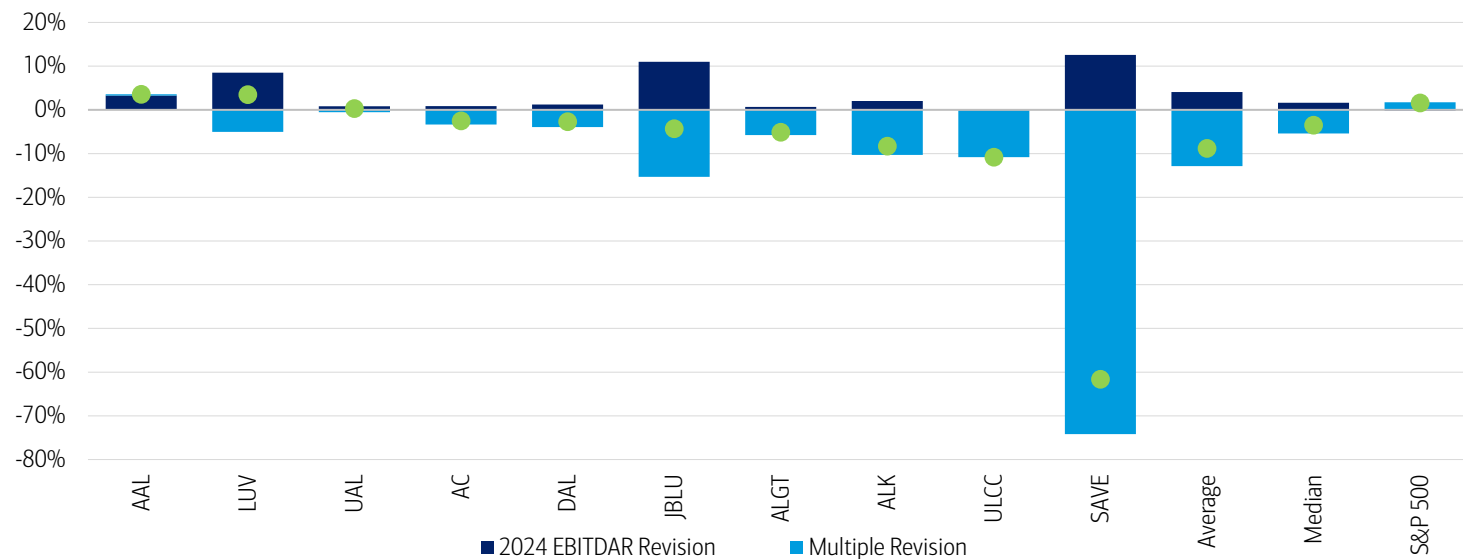
Source: Bloomberg

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## Monthly stock performance attribution

**Exhibit 2: Stock performance attribution (Multiple revision vs. 2024 EBITDAR revision)**

In January, stock performance across our coverage was driven primarily multiple revisions as 2024 EBITDAR estimates moved higher



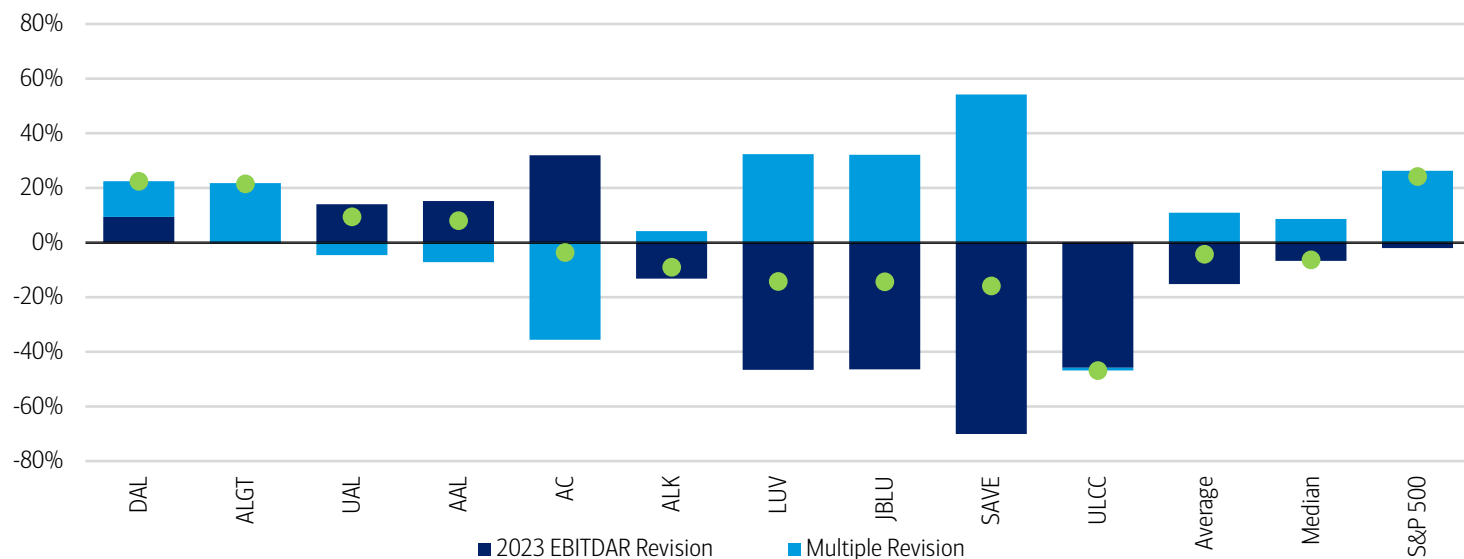
Source: Visible Alpha, Bloomberg

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## 2023 stock performance attribution

### Exhibit 3: Stock performance attribution (Multiple revision vs 2023 EBITDAR revision)

In 2023, stock performance across our coverage was driven by both multiple and EBITDAR revisions



Source: Visible Alpha, Bloomberg

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### Exhibit 4: Consensus estimate changes for 2024 EPS and EBITDAR

2024 EBITDAR estimates on average are +4.1% higher since 12/31/23

2024 EPS						2024 EBITDAR				
Ticker	Current Est.	12/31/2023	12/31/2023	Monthly Revision	YTD Revision	Current Est.	12/31/2023	12/31/2023	Monthly Revision	YTD Revision
DAL	\$6.25	\$6.11	\$6.11	2.4%	2.4%	\$9,206	\$9,094	\$9,094	1.2%	1.2%
AAL	\$2.66	\$2.41	\$2.41	10.3%	10.3%	\$7,317	\$7,084	\$7,084	3.3%	3.3%
UAL	\$10.06	\$9.74	\$9.74	3.3%	3.3%	\$8,028	\$7,963	\$7,963	0.8%	0.8%
LUV	\$1.59	\$1.34	\$1.34	18.4%	18.4%	\$2,471	\$2,277	\$2,277	8.5%	8.5%
ALK	\$4.53	\$4.48	\$4.48	1.2%	1.2%	\$1,491	\$1,461	\$1,461	2.0%	2.0%
JBLU	(\$0.46)	(\$0.59)	(\$0.59)	22.6%	22.6%	\$715	\$644	\$644	11.0%	11.0%
ULCC	(\$0.12)	(\$0.12)	(\$0.12)	-0.9%	-0.9%	\$565	\$565	\$565	-0.1%	-0.1%
SAVE	(\$3.30)	(\$3.53)	(\$3.53)	6.6%	6.6%	\$296	\$263	\$263	12.6%	12.6%
ALGT	\$7.26	\$7.14	\$7.14	1.8%	1.8%	\$491	\$487	\$487	0.7%	0.7%
AC CN	\$4.97	\$4.91	\$4.91	1.2%	1.2%	\$3,997	\$3,964	\$3,964	0.8%	0.8%
<b>Average</b>				<b>6.7%</b>	<b>6.7%</b>				<b>4.1%</b>	<b>4.1%</b>

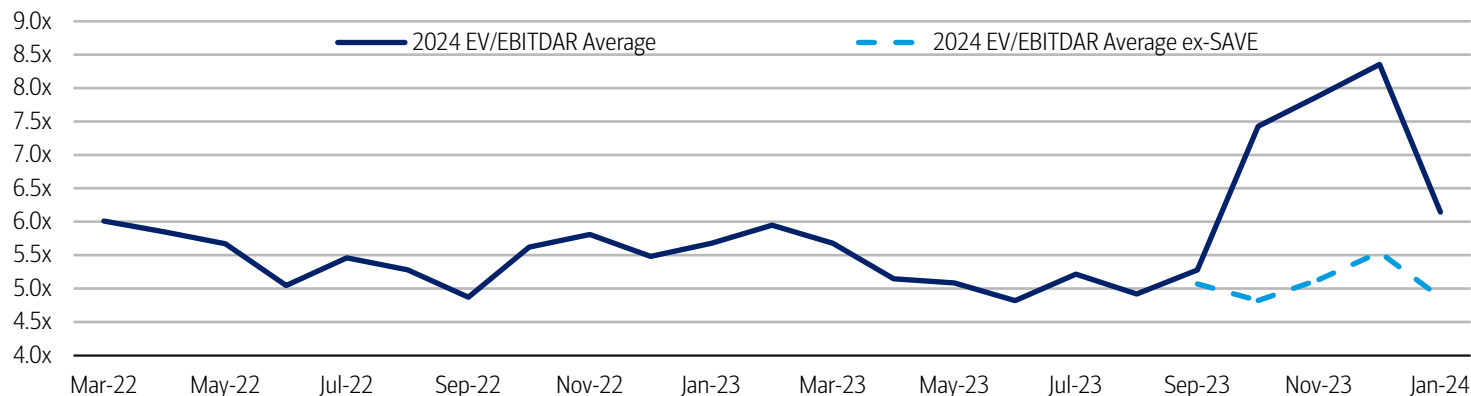
Source: BofA Global Research, Bloomberg

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**Exhibit 5: Average monthly EV/EBITDAR multiple**

The January average EV/EBITDAR ex-SAVE was 4.9x (on 2024E)



Source: BofA Global Research, Bloomberg

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**Exhibit 6: Historical current year valuation ranges vs current multiples on 2024 EBITDAR**

80% of airlines are below historical multiples on 2024E EBITDAR

Historical current year EV/EBITDAR multiples percentile						Current Multiple on 2024 EBITDAR	% from 50th Percentile	% from 75th Percentile
	5th	25th	50th	75th	95th			
DAL	3.8x	4.8x	5.2x	6.0x	11.5x	4.7x	-9.6%	-20.7%
AAL	4.5x	5.4x	6.1x	7.1x	12.9x	5.2x	-14.6%	-26.2%
UAL	3.5x	4.2x	5.1x	5.9x	10.9x	4.1x	-18.9%	-29.9%
LUV	4.3x	5.0x	6.1x	7.2x	8.9x	5.8x	-5.0%	-19.0%
ALK	3.6x	4.5x	5.6x	6.5x	16.8x	4.4x	-21.8%	-32.9%
JBLU	3.9x	5.1x	6.0x	7.9x	12.8x	6.9x	15.2%	-13.1%
SAVE	5.3x	5.7x	6.5x	7.9x	23.4x	14.0x	115.6%	77.8%
ALGT	4.2x	5.6x	6.8x	7.8x	12.2x	5.5x	-18.7%	-29.1%
ULCC	5.3x	5.7x	6.5x	7.9x	23.4x	5.2x	-20.1%	-34.1%
AC CN	2.9x	3.7x	4.2x	4.7x	11.0x	2.6x	-38.7%	-45.6%

\*BofA 2024 estimates for all inputs; ULCC's historical multiples are based on SAVE given limited history since IPO on 4/1/21

Source: BofA Global Research, Bloomberg

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**Exhibit 7: Historical 1-year forward valuation ranges vs current multiples on 2025 EBITDAR**

70% of airlines are below historical multiples on 2025E EBITDAR

Historical 1-year forward EV/EBITDAR multiples percentile						Current Multiple on 2025 EBITDAR	% from 50th Percentile	% from 75th Percentile
	5th	25th	50th	75th	95th			
DAL	3.2x	4.0x	4.6x	5.1x	6.0x	4.2x	-9.7%	-18.4%
AAL	4.1x	4.8x	5.6x	6.4x	9.3x	5.3x	-6.2%	-18.0%
UAL	3.3x	3.8x	4.5x	5.3x	7.7x	3.8x	-15.4%	-28.2%
LUV	3.4x	4.3x	5.2x	6.2x	7.8x	5.3x	1.0%	-14.5%
ALK	3.3x	4.0x	4.8x	5.5x	7.0x	4.3x	-12.0%	-22.5%
JBLU	3.2x	4.3x	5.1x	6.1x	9.0x	5.2x	3.4%	-14.0%
SAVE	4.4x	5.4x	5.8x	7.2x	9.0x	11.8x	102.7%	64.4%
ALGT	3.8x	4.8x	5.7x	6.4x	7.4x	5.1x	-10.7%	-20.5%
ULCC	4.4x	5.4x	5.8x	7.2x	9.0x	4.5x	-22.9%	-37.4%
AC CN	2.4x	3.2x	3.6x	4.4x	5.5x	2.0x	-43.3%	-53.6%

\*BofA 2025 estimates for all inputs; ULCC's historical multiples are based on SAVE given limited history since IPO on 4/1/2021

Source: BofA Global Research, Bloomberg

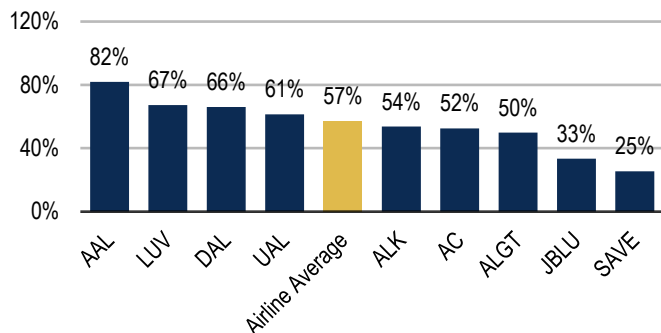
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## Market caps and enterprise values vs 2019

### Exhibit 8: Market caps across airline stocks compared to year-end 2019

Average market caps are 57% of 2019 levels

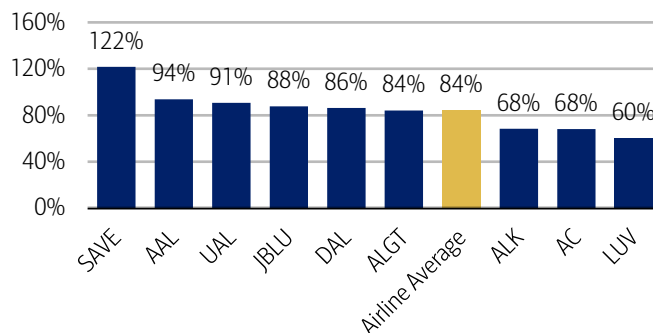


Source: BofA Global Research

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### Exhibit 9: Enterprise values across airline stocks compared to year-end 2019

Average enterprise values are 84% of 2019 levels

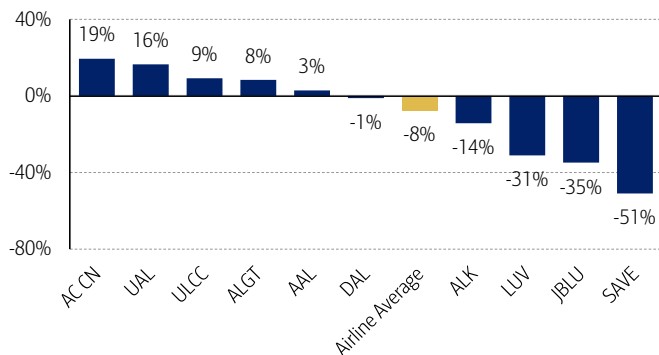


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### Exhibit 10: BofA 2024E EBITDAR vs 2019

We forecast half of airlines earnings in 2024 above 2019 levels

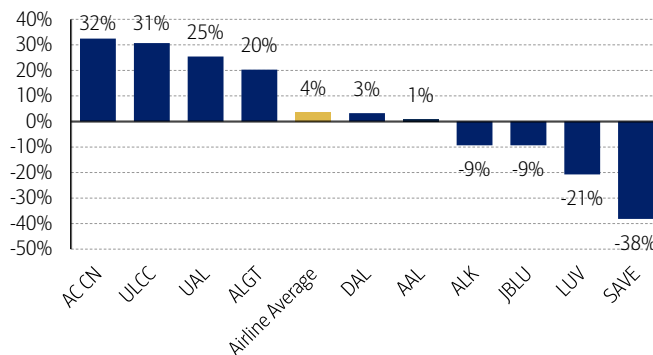


Source: BofA Global Research

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### Exhibit 11: BofA 2025E EBITDAR vs 2019

We forecast most airlines earnings in 2025 above 2019 levels



Source: BofA Global Research

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**Exhibit 12: Airline comparable valuations (\$ in millions, except per share data)**

US legacy airlines are +1.3% YTD; US domestic airlines are -11.6% YTD

	Ticker	Price	YTD	SI as a %	Dividend	Equity	Total Ent.	Price / EPS			EV / EBITDA			EV / EBITDAR			Free Cash Flow Yield		
		1/31/24	Return	of Float	Yield	Mkt Cap	Value	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E
US Legacy Airlines																			
Delta Air Lines	DAL	\$39.76	-1.2%	2.3%	1.0%	\$25,586	\$48,268	6.4x	6.2x	5.4x	5.6x	5.0x	4.4x	5.2x	4.7x	4.2x	4.5%	13.7%	15.8%
American Airlines	AAL	\$14.34	4.4%	7.6%	---	\$10,308	\$41,380	5.4x	5.4x	5.4x	6.6x	6.4x	6.4x	5.4x	5.2x	5.3x	11.7%	18.9%	7.2%
United Airlines	UAL	\$41.50	0.6%	5.4%	---	\$13,749	\$33,712	4.1x	4.2x	3.8x	4.3x	4.2x	3.9x	4.2x	4.1x	3.8x	N.M.	N.M.	2.1%
Average / Total			1.3%	5.1%	1.0%	\$49,642	\$123,359	5.3x	5.3x	4.9x	5.5x	5.2x	4.9x	5.0x	4.7x	4.4x	8.1%	16.3%	8.3%
US Domestic Airlines																			
Southwest Airlines	LUV	\$30.18	4.5%	3.5%	2.4%	\$19,311	\$15,426	19.0x	16.8x	14.2x	6.3x	6.2x	5.6x	6.0x	5.8x	5.3x	N.M.	N.M.	N.M.
Alaska Air Group	ALK	\$36.26	-7.2%	2.4%	---	\$4,640	\$6,640	8.0x	8.6x	6.8x	5.2x	5.0x	4.9x	4.4x	4.4x	4.3x	N.M.	N.M.	N.M.
JetBlue Airways	JBLU	\$5.58	0.5%	11.1%	---	\$1,891	\$5,701	N.M.	N.M.	N.M.	9.7x	7.8x	5.7x	8.0x	6.9x	5.2x	N.M.	N.M.	N.M.
Frontier Airlines	ULCC	\$5.31	-2.7%	36.9%	---	\$1,167	\$4,062	N.M.	9.8x	5.4x	N.M.	23.3x	14.8x	7.0x	5.2x	4.5x	N.M.	9.1%	14.2%
Spirit Airlines	SAVE	\$6.36	-61.2%	19.8%	---	\$709	\$6,493	N.M.	N.M.	N.M.	N.M.	N.M.	55.5x	21.0x	14.0x	11.8x	N.M.	N.M.	N.M.
Allegiant	ALGT	\$79.92	-3.3%	4.5%	3.0%	\$1,416	\$2,904	9.6x	10.4x	7.8x	5.9x	5.8x	5.3x	5.6x	5.5x	5.1x	N.M.	N.M.	N.M.
Average / Total			-11.6%	13.0%	2.7%	\$29,134	\$41,226	12.2x	11.4x	8.5x	6.8x	9.6x	15.3x	8.7x	7.0x	6.0x	N.M.	9.1%	14.2%
Canadian Airlines																			
Air Canada	AC CN	\$18.25	-2.4%	2.4%	---	\$6,861	\$12,102	3.8x	4.1x	3.5x	3.0x	2.6x	2.0x	3.0x	2.6x	2.0x	37.8%	14.9%	23.6%
US Regional Airlines																			
SkyWest <sup>(2)</sup>	SKYW	\$54.09	3.6%	4.7%	---	\$2,215	\$4,197	N.M.	9.4x	7.9x	8.5x	4.9x	4.2x	7.9x	4.7x	4.1x	14.1%	15.9%	22.2%
Average				4.7%	N.M.	\$2,215	\$4,197	N.M.	9.4x	7.9x	8.5x	4.9x	4.2x	7.9x	4.7x	4.1x	N.M.	N.M.	N.M.
Coverage Average / Total			-5.8%	9.1%	2.1%	\$87,852	\$180,884	8.0x	8.3x	6.7x	6.1x	7.1x	10.2x	7.1x	5.7x	5.0x	17.0%	14.5%	14.2%

Source: BofA Global Research

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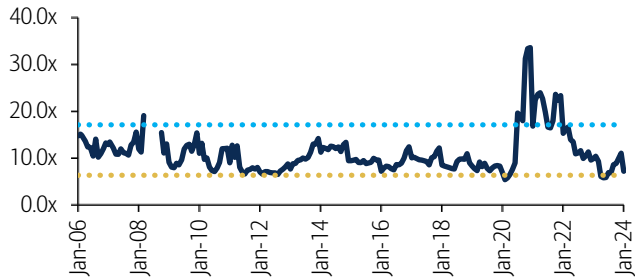


## Historical airline valuations

Dotted lines denotes plus and minus one standard deviation from long-term average

### Exhibit 13: US airlines historical 1-year forward P/E multiples

US airlines 1-year forward P/E is 39% lower than the long-term average

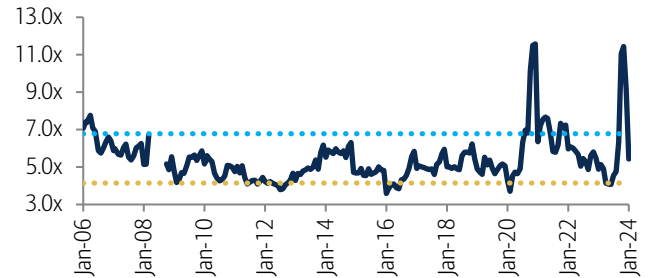


Source: BofA Global Research

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### Chart 2: US airlines historical 1-year forward EV/EBITDAR multiples

US airlines' 1-year forward EV/EBITDAR is 1% lower than the long-term average

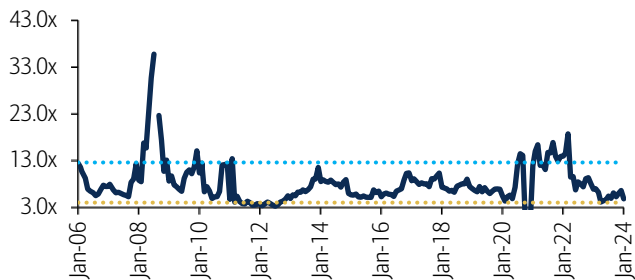


Source: BofA Global Research

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### Chart 3: Legacy airlines historical 1-year forward P/E multiples

Legacy airlines' 1-year forward P/E is 42% lower than the long-term average

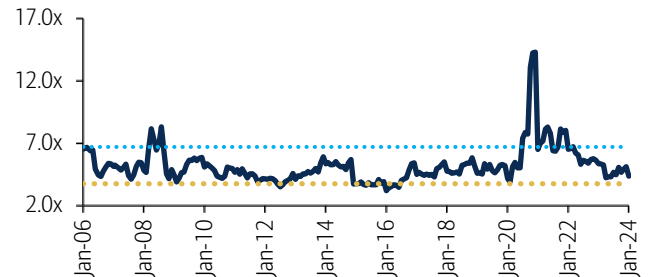


Source: BofA Global Research

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### Chart 4: Legacy airlines historical 1-year forward EV/EBITDAR multiples

Legacy airlines' 1-year forward EV/EBITDAR is 17% lower than the long-term average

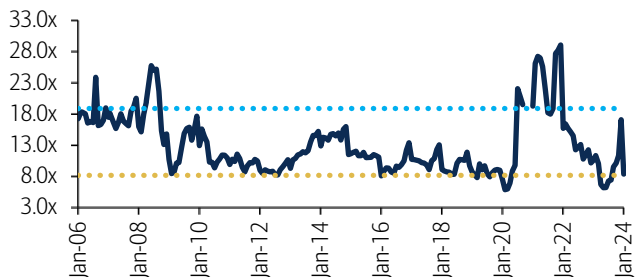


Source: BofA Global Research

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### Chart 5: US domestic carriers historical 1-year forward P/E multiples

US domestic airlines' 1-year forward P/E is 38% lower than the long-term average

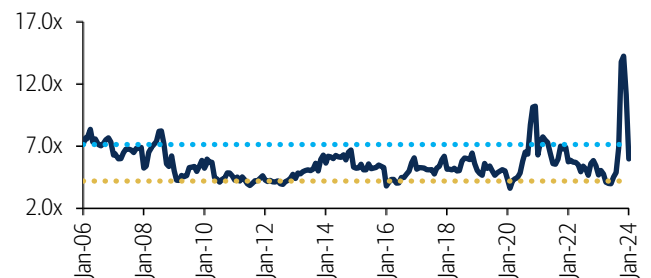


Source: BofA Global Research

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### Chart 6: US domestic carriers historical 1-year forward EV/EBITDAR

US domestic airlines' 1-year forward EV/EBITDAR is 6% higher than the long-term average

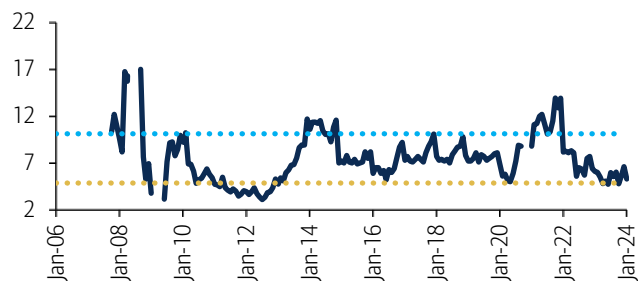


Source: BofA Global Research

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**Chart 7: DAL historical 1-year forward P/E multiples**

DAL's 1-year forward P/E is 29% lower than the long-term average

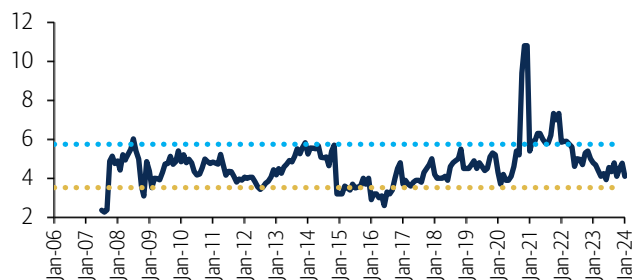


Source: BofA Global Research

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**Chart 8: DAL historical 1-year forward EV/EBITDAR multiples**

DAL's 1-year forward EV/EBITDAR is 12% lower than the long-term average

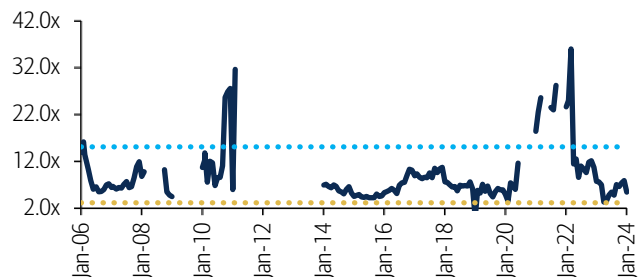


Source: BofA Global Research

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**Chart 9: AAL historical 1-year forward P/E multiples**

AAL's 1-year forward P/E is 41% lower than the long-term average

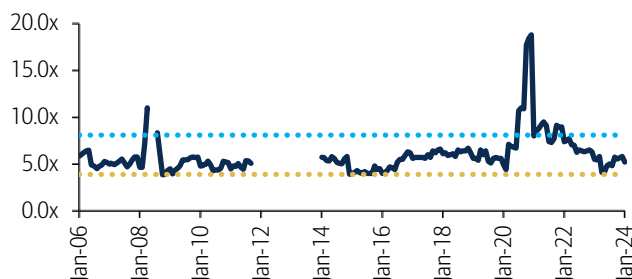


Source: BofA Global Research

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**Exhibit 14: AAL historical 1-year forward EV/EBITDAR multiples**

AAL's 1-year forward EV/EBITDA is 13% lower than the long-term average

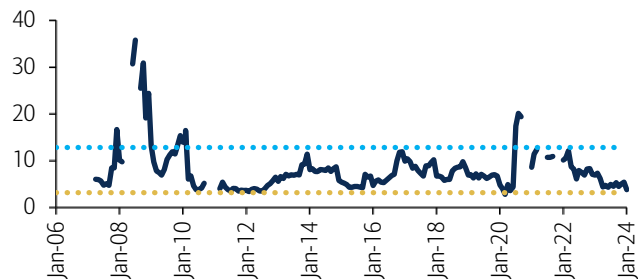


Source: BofA Global Research

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**Chart 10: UAL historical 1-year forward P/E multiples**

UAL's 1-year forward P/E is 52% lower than the long-term average

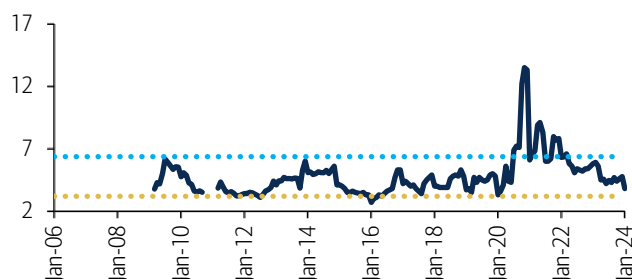


Source: BofA Global Research

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**Chart 11: UAL historical 1-year forward EV/EBITDAR multiples**

UAL's 1-year forward EV/EBITDAR is 20% lower than the long-term average



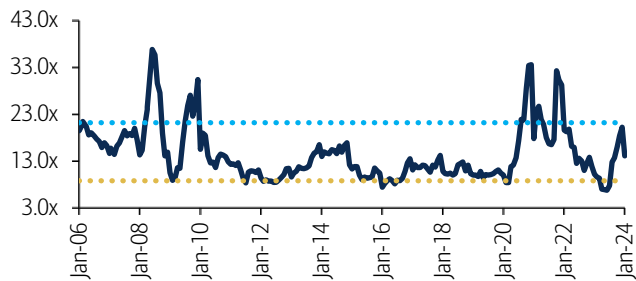
Source: BofA Global Research

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**Chart 12: LUV historical 1-year forward P/E multiples**

LUV's 1-year forward P/E is 6% lower than the long-term average

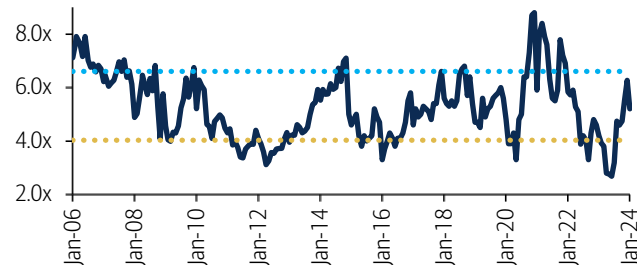


Source: BofA Global Research

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**Chart 13: LUV historical 1-year forward EV/EBITDAR multiples**

LUV's 1-year forward EV/EBITDAR is 2% lower than the long-term average

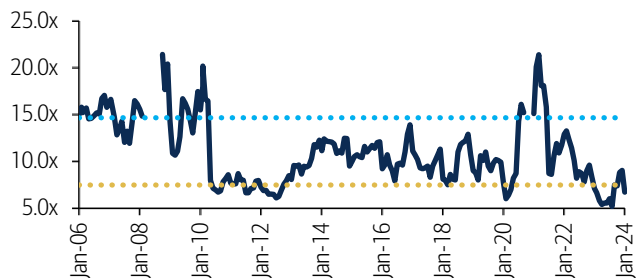


Source: BofA Global Research

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**Chart 14: ALK historical 1-year forward P/E multiples**

ALK's 1-year forward P/E is 39% lower than the long-term average

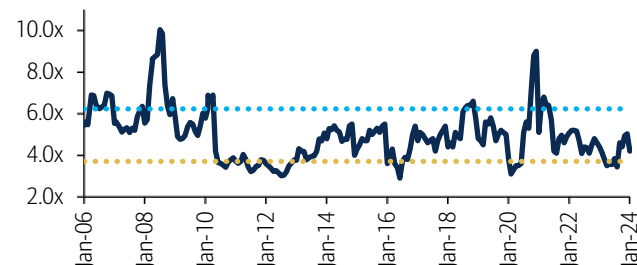


Source: BofA Global Research

BofA GLOBAL RESEARCH

**Chart 15: ALK historical 1-year forward EV/EBITDAR multiples**

ALK's 1-year forward EV/EBITDAR is 15% lower than the long-term average

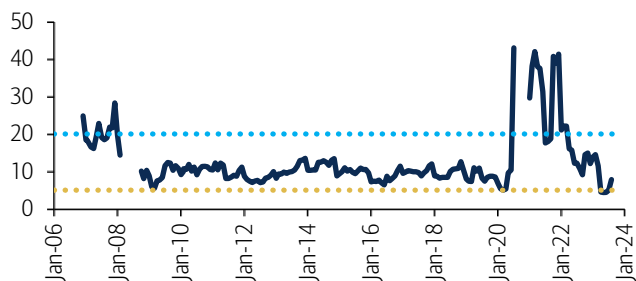


Source: BofA Global Research

BofA GLOBAL RESEARCH

**Exhibit 15: JBLU historical 1-year forward P/E multiples**

JBLU's 1-year forward P/E is well above the long-term average

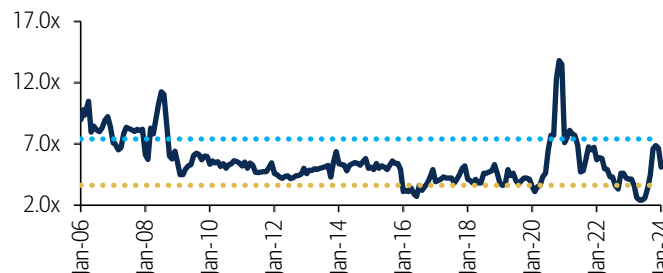


Source: BofA Global Research

BofA GLOBAL RESEARCH

**Chart 16: JBLU historical 1-year forward EV/EBITDAR multiples**

JBLU's 1-year forward EV/EBITDAR is 7% lower than the long-term average

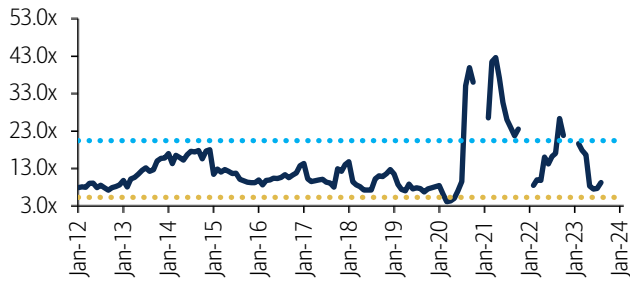


Source: BofA Global Research

BofA GLOBAL RESEARCH

**Exhibit 16: SAVE historical 1-year forward P/E multiples**

SAVE's 1-year forward P/E is well above the long-term average

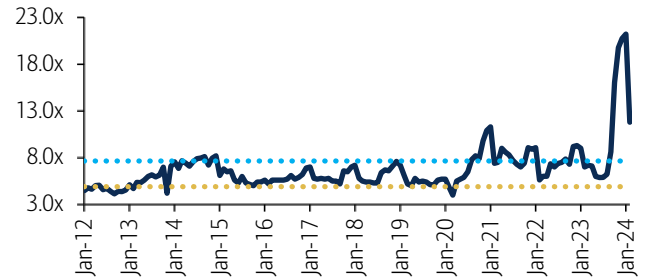


Source: BofA Global Research

BofA GLOBAL RESEARCH

**Chart 17: SAVE historical 1-year forward EV/EBITDAR multiples**

SAVE's 1-year forward EV/EBITDAR is 88% higher than the long-term average

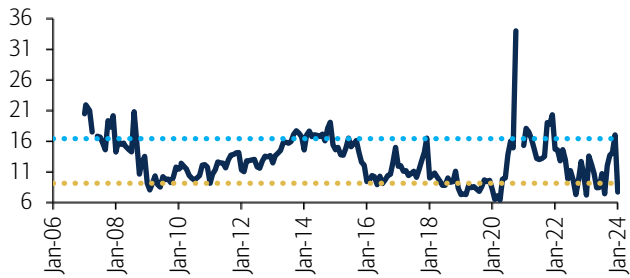


Source: BofA Global Research

BofA GLOBAL RESEARCH

**Chart 18: ALGT historical 1-year forward P/E multiples**

ALGT's 1-year forward P/E is 40% lower than the long-term average

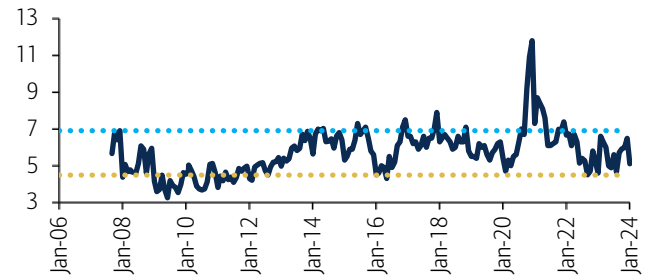


Source: BofA Global Research

BofA GLOBAL RESEARCH

**Chart 19: ALGT historical 1-year forward EV/EBITDAR multiples**

ALGT's 1-year forward EV/EBITDAR is 10% lower than the long-term average

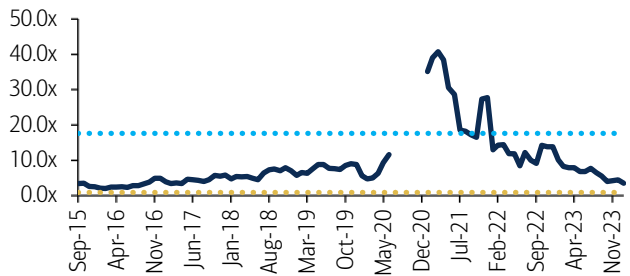


Source: BofA Global Research

BofA GLOBAL RESEARCH

**Chart 20: AC historical 1-year forward P/E multiples**

AC's 1-year forward P/E is 62% lower than the long-term average

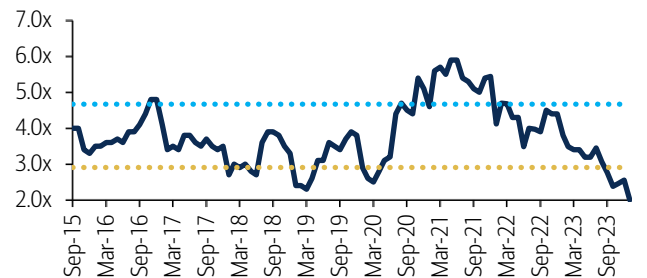


Source: BofA Global Research

BofA GLOBAL RESEARCH

**Chart 21: AC historical 1-year forward EV/EBITDAR multiples**

AC's 1-year forward EV/EBITDAR is 47% lower than the long-term average



Source: BofA Global Research

BofA GLOBAL RESEARCH

## A look at seasonality of airline returns since 2000

We have looked at historical returns of the Dow Jones US Airlines Index versus the S&P 500 since 2000 and highlight that 2H has historically been the stronger half of the year as the airlines have typically outperformed in 4 of the 6 months.

Table 1 below details this data, and we would highlight the following:

- Historically, the airline stocks have outperformed the market for 4 out of the 12 months, with each month of relative outperformance falling in the second half of the year.
- April and June are the weakest months for the airline stocks as the group has historically underperformed at least 70% of the time.
- Meanwhile, October is the best month from a relative perspective, as the group has historically outperformed at least 75% of the time. The 4Q has been the best quarter for airline stocks, outperforming the S&P an average of 62% of the time.
- In January 2024, the group underperformed by -2.4%.

### Exhibit 17: Dow Jones US Total Market Airlines Index monthly return relative to the S&P 500

DJUSAR underperforms the S&P 66% of the time in January, including this year

	January	February	March	April	May	June	July	August	September	October	November	December
2000	-7.9%	-1.2%	17.3%	5.4%	-0.6%	-2.9%	14.7%	-12.0%	2.2%	10.5%	11.8%	7.5%
2001	-6.1%	-2.1%	2.1%	-1.6%	4.9%	-2.8%	2.9%	-4.6%	-25.1%	0.3%	14.5%	-0.8%
2002	6.9%	9.4%	-8.0%	-3.4%	-5.5%	-3.6%	-12.4%	-1.8%	-10.1%	4.4%	9.8%	-7.8%
2003	-7.6%	-8.0%	13.1%	10.5%	-0.6%	16.0%	-6.8%	4.5%	7.2%	2.0%	-6.6%	-15.9%
2004	-5.7%	-6.9%	-0.2%	-0.6%	4.0%	5.1%	-14.3%	2.6%	-10.4%	11.9%	1.5%	1.3%
2005	-12.3%	-6.6%	7.3%	2.7%	1.3%	-4.7%	2.4%	-5.9%	1.5%	12.4%	2.4%	7.8%
2006	-3.4%	2.6%	6.0%	-9.3%	2.6%	5.4%	-3.3%	-6.4%	-1.8%	4.9%	6.7%	-2.6%
2007	2.3%	-2.5%	-7.1%	-12.3%	1.7%	-1.3%	2.3%	-0.4%	-7.1%	2.1%	-5.0%	-17.5%
2008	12.7%	-8.4%	-16.9%	-7.6%	-16.9%	-2.1%	31.6%	5.6%	2.2%	23.2%	-12.8%	15.3%
2009	-19.8%	-14.7%	-6.9%	3.9%	-11.4%	-2.5%	13.5%	5.2%	18.0%	-17.6%	7.5%	27.3%
2010	3.3%	10.0%	2.4%	-7.7%	10.1%	-3.6%	1.8%	-6.1%	3.9%	11.4%	-1.6%	-13.7%
2011	-6.2%	-6.4%	-1.9%	-4.2%	2.8%	-3.8%	-14.2%	-0.7%	4.7%	-3.7%	-6.7%	3.1%
2012	15.6%	-12.7%	-3.6%	5.1%	17.3%	-6.9%	-11.9%	-7.7%	0.3%	5.7%	5.6%	11.3%
2013	4.5%	4.1%	14.4%	-0.4%	-0.4%	-1.2%	7.0%	-7.5%	11.4%	9.2%	7.8%	-4.9%
2014	17.6%	2.2%	2.4%	-0.3%	6.8%	-3.3%	0.2%	1.6%	-3.0%	8.8%	14.7%	6.1%
2015	2.6%	-9.7%	6.1%	-7.2%	-8.4%	-2.9%	4.6%	5.0%	3.9%	4.0%	-5.9%	3.5%
2016	-6.3%	9.9%	-3.5%	-12.7%	-4.3%	-10.8%	4.1%	-0.7%	4.3%	8.6%	13.0%	2.6%
2017	-3.5%	2.2%	-6.4%	-0.3%	6.9%	2.8%	-9.5%	-7.8%	1.3%	-3.6%	5.9%	4.8%
2018	-7.5%	1.1%	2.0%	-7.2%	-1.9%	-5.3%	6.0%	3.4%	0.4%	-4.1%	11.4%	-7.2%
2019	0.4%	-3.9%	-6.5%	5.5%	-5.8%	3.4%	1.4%	-3.8%	0.5%	0.7%	-1.6%	-4.9%
2020	-4.3%	-10.7%	-24.3%	-18.8%	-5.3%	10.2%	-15.2%	12.1%	1.8%	4.0%	15.4%	-3.2%
2021	-3.0%	26.4%	1.6%	-7.2%	1.7%	-14.1%	-9.0%	-3.3%	8.2%	-14.1%	-6.2%	-1.8%
2022	5.1%	4.5%	-0.5%	11.3%	-3.7%	-16.9%	-2.1%	0.6%	-2.0%	12.9%	-0.5%	-6.4%
2023	12.4%	1.2%	-12.4%	-4.7%	4.6%	18.2%	-7.4%	-8.2%	-8.9%	-13.9%	6.5%	4.5%
2024	-2.4%											
<b>Average</b>	<b>-0.5%</b>	<b>-0.8%</b>	<b>-1.0%</b>	<b>-2.5%</b>	<b>0.0%</b>	<b>-1.2%</b>	<b>-0.6%</b>	<b>-1.5%</b>	<b>0.1%</b>	<b>3.3%</b>	<b>3.6%</b>	<b>0.3%</b>
Years in Data	25	24	24	24	24	24	24	24	24	24	24	24
Years Airlines Outperform S&P	11	11	11	7	12	7	13	9	16	18	15	12
Years Airlines Underperform S&P	14	13	13	17	12	17	11	15	8	6	9	12
<b>% of Times Airlines Outperform S&amp;P</b>	<b>44%</b>	<b>46%</b>	<b>46%</b>	<b>29%</b>	<b>50%</b>	<b>29%</b>	<b>54%</b>	<b>38%</b>	<b>67%</b>	<b>75%</b>	<b>63%</b>	<b>50%</b>

Source: BofA Global Research, Bloomberg

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## Short interest across the airlines

### Exhibit 18: Airline short interest data

Short interest declined by -7.2% this month

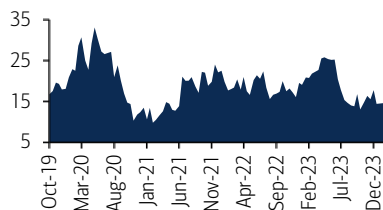
	Ticker	Short Interest (SI)			Diluted Shares	Float	Avg Daily Vol	SI as a % of Float	Days to Cover	Float / Diluted Shares
		Current	12/29/2023	% Chg						
US Legacy Airlines										
Delta Air Lines	DAL	14,578,774	14,391,141	1.3%	643,500,000	641,186,000	12,840,417	2.3%	1.1	99.6%
American Airlines	AAL	48,995,330	58,639,828	-16.4%	718,807,000	644,012,200	54,399,600	7.6%	0.9	89.6%
United Airlines	UAL	17,676,566	17,468,305	1.2%	331,300,000	326,516,700	15,641,674	5.4%	1.1	98.6%
Average / Total		81,250,670	90,499,274	-10.2%	1,693,607,000	1,611,714,900	82,881,691	5.0%	1.0	95.2%
US Domestic Airlines										
Southwest Airlines	LUV	20,610,146	23,466,251	-12.2%	639,865,904	593,787,200	11,683,817	3.5%	1.8	92.8%
Alaska Air Group	ALK	3,066,822	3,934,453	-22.1%	127,976,000	125,627,900	3,048,044	2.4%	1.0	98.2%
JetBlue Airways	JBLU	37,001,048	39,686,702	-6.8%	338,900,000	332,235,400	18,614,288	11.1%	2.0	98.0%
Frontier Airlines	ULCC	14,347,983	13,958,770	2.8%	219,689,470	38,932,530	2,584,780	36.9%	5.6	17.7%
Spirit Airlines	SAVE	21,421,781	18,658,371	14.8%	111,464,000	108,038,600	44,932,364	19.8%	0.5	96.9%
Allegiant	ALGT	698,648	901,558	-22.5%	17,721,000	15,444,520	236,066	4.5%	3.0	87.2%
Average / Total		97,146,428	100,606,105	-3.4%	1,455,616,374	1,214,066,150	81,099,360	8.0%	1.2	83.4%
US Regional Airlines										
SkyWest	SKYW	1,886,708	2,008,879	-6.1%	44,527,333	40,008,800	356,406	4.7%	5.3	89.9%
Average / Total		1,886,708	2,535,693	-25.6%	44,527,333	40,008,800	356,406	4.7%	5.3	89.9%
Canadian Airlines										
Air Canada	AC	7,876,435	9,567,023	-17.7%	375,952,207	331,495,700	3,563,532	2.4%	2.2	88.2%
Average / Total		7,876,435	9,567,023	-17.7%	375,952,207	331,495,700	3,563,532	2.4%	2.2	88.2%
Airlines Total		188,565,436	203,208,095	-7.2%	3,569,702,915	3,197,285,550	170,257,406	5.9%	1.1	89.6%

Source: Bloomberg

BofA GLOBAL RESEARCH

**Chart 22: Delta short interest (in millions)**

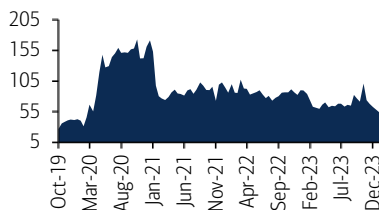
DAL short interest +1.3% in Jan vs. Dec.



Source: BofA Global Research, Bloomberg  
BofA GLOBAL RESEARCH

**Chart 23: American short interest (in millions)**

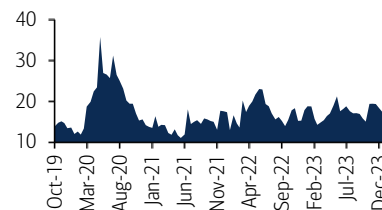
AAL short interest -16.4% in Jan vs. Dec.



Source: BofA Global Research, Bloomberg  
BofA GLOBAL RESEARCH

**Chart 24: United short interest (in millions)**

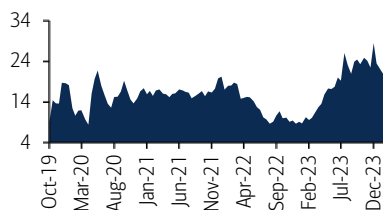
UAL short interest +1.2% in Jan vs. Dec.



Source: BofA Global Research, Bloomberg  
BofA GLOBAL RESEARCH

**Chart 25: Southwest short interest (in millions)**

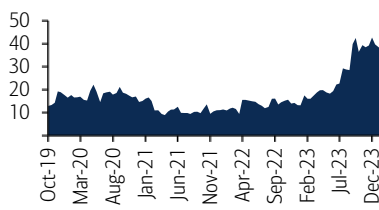
LUV short interest -12.2% in Jan vs. Dec.



Source: BofA Global Research, Bloomberg  
BofA GLOBAL RESEARCH

**Chart 26: JetBlue short interest (in millions)**

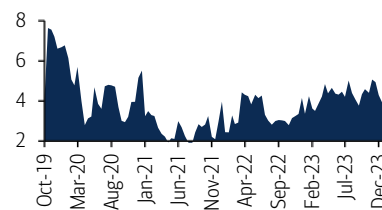
JBLU short interest -6.8% in Jan vs. Dec.



Source: BofA Global Research, Bloomberg  
BofA GLOBAL RESEARCH

**Chart 27: Alaska short interest (in millions)**

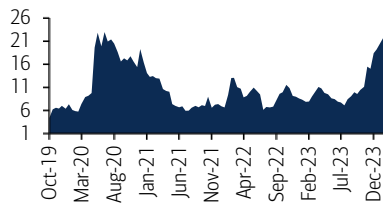
ALK short interest -22.1% in Jan vs. Dec.



Source: BofA Global Research, Bloomberg  
BofA GLOBAL RESEARCH

**Chart 28: Spirit short interest (in millions)**

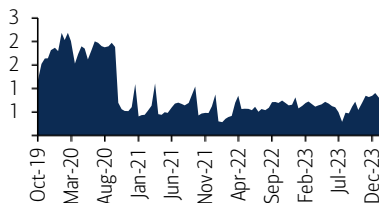
SAVE short interest +14.8% in Jan vs. Dec.



Source: BofA Global Research, Bloomberg  
BofA GLOBAL RESEARCH

**Chart 29: Allegiant short interest (in millions)**

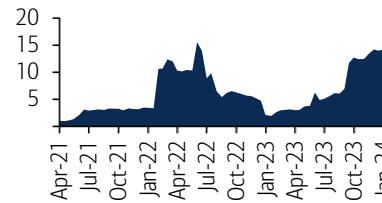
ALGT short interest -22.5% in Jan vs. Dec.



Source: BofA Global Research, Bloomberg  
BofA GLOBAL RESEARCH

**Chart 30: Frontier short interest (in millions)**

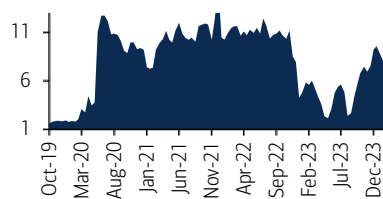
ULCC short interest +2.8% in Jan vs. Dec.



Source: BofA Global Research, Bloomberg  
BofA GLOBAL RESEARCH

**Chart 31: Air Canada short interest (in millions)**

AC short interest -17.7% in Jan vs. Dec.



Source: BofA Global Research, Bloomberg  
BofA GLOBAL RESEARCH

## Airline bond returns: heightened focus given capital needs in pandemic

### Exhibit 19: Airline bond returns

Airline's loyalty programs have proved valuable with \$27.5B in loyalty-backed deals

Issue/Description	Amt.	Issuance	Maturity	Ratings	Call Data	Next Call	Ask	YTM	YTW	STW	Returns		
	(\$ Mil.)			Mdy's/S&P	Date	Price	Price	(%)	(%)	(bps)	1 Month	3 Months	6 Months
Airlines													
American Airlines (AAL)													
3.75% Senior Notes	\$487	2/20/2020	3/1/2025	B3/B-	NC	---	97.84	5.75	5.75	101	0.3%	4.7%	2.3%
American 6.5% Convertible Notes	\$1,000	6/23/2020	7/1/2025	-/-	N/A	---	113.63	(2.87)	(2.87)	(747)	1.7%	12.5%	-6.6%
AAdvantage 5.5% Senior Notes	\$2,625	3/8/2021	4/20/2026	Ba1/-	NC	---	98.93	5.97	6.34	171	-0.4%	1.7%	0.3%
AAdvantage Secured Term Loan	\$2,975	3/8/2021	4/20/2028	Ba1/-	3/24/2024	104.00	102.63	8.87	8.45	N/A	-0.1%	1.0%	-1.0%
AAdvantage 5.75% Senior Notes	\$3,000	3/8/2021	4/20/2029	Ba1/-	NC	---	98.44	6.08	6.18	218	0.6%	9.1%	1.7%
7.25% Senior Notes	\$750	2/8/2023	2/15/2028	Ba2/BB-	NC	---	101.74	6.65	6.47	236	0.5%	9.3%	2.3%
8.5% Secured Notes	\$1,000	11/16/2023	5/15/2029	Ba2/BB	11/15/2025	104.25	106.06	7.08	6.63	258	0.2%		
Southwest (LUV)													
1.25% Convertible Notes	\$1,611	4/29/2020	5/1/2025	Baa1/BBB	NC	---	102.98	(1.11)	(1.11)	(578)	1.1%	7.4%	-6.7%
5.25% Senior Notes	\$1,332	4/29/2020	5/4/2025	Baa1/BBB	4/4/2025	100.00	100.04	5.13	5.12	43	0.0%	1.6%	0.3%
3.0% Senior Notes	\$300	11/1/2016	11/15/2026	Baa1/BBB	8/15/2026	100.00	95.11	4.84	4.84	68	0.0%	3.5%	2.0%
7.375% Senior Notes	\$100	2/25/1997	3/1/2027	Baa1/BBB	NC	---	106.45	4.96	4.96	85	0.0%	3.3%	0.2%
5.125% Senior Notes	\$1,801	6/3/2020	6/15/2027	Baa1/BBB	4/15/2027	100.00	100.85	4.81	4.80	70	0.3%	4.5%	0.8%
3.45% Senior Notes	\$300	11/14/2017	11/16/2027	Baa1/BBB	8/16/2027	100.00	95.12	4.79	4.79	73	0.3%	5.3%	1.7%
2.625% Senior Notes	\$500	2/5/2020	2/10/2030	Baa1/BBB	11/10/2029	100.00	88.05	4.91	4.91	92	0.5%	9.2%	2.9%
Delta Air Lines (DAL)													
2.9% Senior Notes	\$900	10/21/2019	10/28/2024	Baa3/BB+	9/28/2024	100.00	97.98	5.57	5.57	58	0.6%	2.0%	1.8%
7.0% Secured Notes	\$1,274	4/23/2020	5/1/2025	Baa2/BBB	NC	---	101.85	5.39	5.39	73	0.0%	1.3%	-0.5%
Delta SkyMiles 4.5% IP Secured Notes	\$959	9/14/2020	10/20/2025	Baa1/-	NC	---	98.74	5.25	5.82	107	-0.1%	1.6%	0.8%
7.375% Senior Notes	\$857	6/10/2020	1/15/2026	Baa3/BB+	12/15/2025	100.00	103.57	5.35	5.27	88	0.0%	2.5%	-0.2%
Delta SkyMiles Secured Term Loan	\$1,741	9/14/2020	10/20/2027	Baa1/-	3/1/2024	104.00	102.38	7.32	6.94	N/A	-0.2%	-0.2%	-1.7%
4.375% Senior Notes	\$410	4/16/2018	4/19/2028	Baa3/BB+	1/19/2028	100.00	96.58	5.23	5.23	120	-0.9%	5.2%	1.7%
Delta SkyMiles 4.75% IP Secured Notes	\$3,500	9/14/2020	10/20/2028	Baa1/-	NC	---	98.63	5.07	5.19	114	0.2%	4.9%	1.9%
3.75% Senior Notes	\$474	10/21/2019	10/28/2029	Baa3/BB+	7/28/2029	100.00	91.92	5.35	5.35	137	-0.2%	8.3%	1.5%
United Airlines (UAL)													
5.0% Senior Notes	\$300	1/23/2017	2/1/2024	Ba3/BB-	NC	---	100.21	0.00	0.00	(535)	0.1%	0.7%	0.7%
4.875% Senior Notes	\$350	5/7/2019	1/15/2025	Ba3/BB-	NC	---	99.10	5.57	5.57	77	-0.3%	2.1%	1.0%
4.375% Senior Notes	\$2,000	4/12/2021	4/15/2026	Ba1/BB	10/15/2025	100.00	96.57	5.99	5.99	170	-1.0%	3.9%	1.8%
MileagePlus 6.5% Secured Notes	\$2,660	6/23/2020	6/20/2027	Baa3/-	3/4/2024	103.25	100.27	6.27	6.27	187	-0.2%	1.5%	0.1%
MileagePlus Secured Term Loan	\$2,100	6/15/2020	6/21/2027	Baa3/-	3/1/2024	104.00	103.13	8.51	6.28	N/A	-0.3%	-0.1%	-1.3%
4.625% Senior Notes	\$2,000	4/12/2021	4/15/2029	Ba1/BB	10/15/2028	100.00	92.65	6.27	6.27	230	-0.8%	10.0%	2.2%
Allegiant Travel (ALGT)													
7.25% Secured Notes	\$550	8/10/2022	8/15/2027	Ba3/BB-	8/15/2024	103.63	98.03	7.87	7.87	380	-0.7%	7.8%	-1.0%
Spirit Airlines (SAVE)													
Spirit Loyalty 8.0% Secured Notes	\$510	8/31/2020	9/20/2025	Caa2/-	2/12/2024	104.00	65.58	36.69	36.69	3,388	-8.6%	-12.6%	-35.1%
Spirit 4.75% Convertible Notes	\$25	5/6/2020	5/15/2025	-/-	N/A	N/A	82.46	18.68	18.68	1,403	-51.0%	-36.6%	-55.1%
Spirit 1.0% Convertible Notes	\$500	4/27/2021	5/15/2026	-/-	N/A	N/A	38.96	47.62	47.62	4,335	-44.8%	-33.7%	-55.7%
Spirit Loyalty 8.0% Secured Notes	\$510	8/31/2020	9/20/2025	Caa2/-	N/A	N/A	65.58	36.69	36.69	3,388	-8.6%	-12.6%	-35.1%
Hawaiian Airlines (HA)													
Hawaiian Loyalty 5.75% Secured Notes	\$1,200	1/26/2021	1/20/2026	B2 */-	2/12/2024	102.88	93.99	8.82	8.82	457	-0.6%	27.3%	-0.5%
JetBlue Airways (JBLU)													
JetBlue 0.5% Convertible Notes	\$750	3/22/2021	4/1/2026	-/-	N/A	N/A	81.10	10.49	10.49	619	13.4%	30.0%	-0.6%

Source: Bloomberg

BofA GLOBAL RESEARCH

## Insider transaction review

Below we summarize insider trading across the group for October 2023 – January 2024

### Exhibit 20: Airline insider transactions

DAL/AAL/UAL/LUV/ALK/JBLU/HA/SAVE/ALGT/AC/ULCC/SNCC

Company	Transaction Date	Reporting person	Position	Transaction Type	Shares	Transaction	Trade Price
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**Exhibit 20: Airline insider transactions**

DAL/AAL/UAL/LUV/ALK/JBLU/HA/SAVE/ALGT/AC/ULCC/SNCY

Company	Transaction Date	Reporting person	Position	Transaction Type	Shares	Transaction	Trade Price
DAL	January 25, 2024	BELLEMARE ALAIN	EVP/Pres. International	Payment of exercise price by delivery	11,709	Disposed	\$40.18
	October 19, 2023	SMITH JOANNE	EVP: Chief People Officer	Open Market Sale	3,030	Disposed	\$33.29
	October 18, 2023	TAYLOR DAVID	Director	Open Market Purchase	10,000	Acquired	\$33.09
	October 17, 2023	SMITH JOANNE	EVP: Chief People Officer	Open Market Sale	9,390	Disposed	\$34.80
AAL	December 14, 2023	RAJA VASU	Chief Commercial Officer	Open Market Sale	7,545	Disposed	\$14.30
	December 12, 2023	AIYAR PRIYA	EVP/Chief Legal Officer	Payment of exercise price by delivery	14,549	Disposed	\$14.04
	December 12, 2023	MAY DEVON	CFO	Payment of exercise price by delivery	11,547	Disposed	\$14.04
	December 12, 2023	OWENS ANGELA	Pres./CEO: Credit Union	Payment of exercise price by delivery	2,858	Disposed	\$14.04
	December 12, 2023	SEYMOUR DAVID	Exec VP/COO	Payment of exercise price by delivery	21,985	Disposed	\$14.04
	December 12, 2023	RAJA VASU	Chief Commercial Officer	Payment of exercise price by delivery	4,896	Disposed	\$14.04
	November 21, 2023	RAJA VASU	Chief Commercial Officer	Open Market Sale	5,121	Disposed	\$12.29
	November 20, 2023	RAJA VASU	Chief Commercial Officer	Open Market Sale	5,928	Disposed	\$12.23
	November 17, 2023	OWENS ANGELA	Pres./CEO: Credit Union	Payment of exercise price by delivery	1,904	Disposed	\$12.29
	November 17, 2023	AIYAR PRIYA	EVP/Chief Legal Officer	Payment of exercise price by delivery	7,692	Disposed	\$12.29
	November 17, 2023	RAJA VASU	Chief Commercial Officer	Payment of exercise price by delivery	3,323	Disposed	\$12.29
	November 17, 2023	SEYMOUR DAVID	Exec VP/COO	Payment of exercise price by delivery	14,645	Disposed	\$12.29
	November 17, 2023	MAY DEVON	CFO	Payment of exercise price by delivery	7,692	Disposed	\$12.29
	November 16, 2023	OWENS ANGELA	Pres./CEO: Credit Union	Payment of exercise price by delivery	2,046	Disposed	\$12.19
	November 16, 2023	AIYAR PRIYA	EVP/Chief Legal Officer	Payment of exercise price by delivery	10,413	Disposed	\$12.19
	November 16, 2023	RAJA VASU	Chief Commercial Officer	Payment of exercise price by delivery	3,438	Disposed	\$12.19
	November 16, 2023	SEYMOUR DAVID	Exec VP/COO	Payment of exercise price by delivery	15,702	Disposed	\$12.19
	November 16, 2023	MAY DEVON	CFO	Payment of exercise price by delivery	8,264	Disposed	\$12.19
UAL	November 7, 2023	KENNEDY JAMES	Director	Open Market Purchase	1,500	Acquired	\$36.67
	November 6, 2023	KENNEDY JAMES	Director	Open Market Purchase	4,500	Acquired	\$36.43
ALK	December 7, 2023	MINICUCCI BENITO	CEO	Open Market Purchase	56	Acquired	\$36.27
	December 1, 2023	HALVERSON EMILY	VP: Finance/Controller	Payment of exercise price by delivery	42	Disposed	\$39.73
	December 1, 2023	HALVERSON EMILY	VP: Finance/Controller	Exercise or conversion of derivative security	170	Acquired	N/A
	November 3, 2023	LEVINE KYLE	Senior VP: Legal	Payment of exercise price by delivery	389	Disposed	\$33.56
	November 3, 2023	BIRKETT RAKOW DIANA	Senior VP: Public Affairs	Payment of exercise price by delivery	389	Disposed	\$33.56
	November 3, 2023	HARRISON ANDREW	Chief Commercial Officer	Payment of exercise price by delivery	1,294	Disposed	\$33.56
	November 3, 2023	MINICUCCI BENITO	CEO	Payment of exercise price by delivery	1,940	Disposed	\$33.56
	November 3, 2023	MINICUCCI BENITO	CEO	Payment of exercise price by delivery	1,552	Disposed	\$33.56
	November 3, 2023	SCHNEIDER ANDREA	Senior VP: People	Payment of exercise price by delivery	389	Disposed	\$33.56
	November 3, 2023	SPRAGUE JOSEPH	Pres: Horizon Air	Payment of exercise price by delivery	389	Disposed	\$33.56
	November 3, 2023	TACKETT SHANE	CFO	Payment of exercise price by delivery	1,294	Disposed	\$33.56
	November 3, 2023	VON MUEHLEN CONSTANCE	Exec VP: COO	Payment of exercise price by delivery	389	Disposed	\$33.56
	November 3, 2023	LEVINE KYLE	Senior VP: Legal	Exercise or conversion of derivative security	987	Acquired	N/A
	November 3, 2023	BIRKETT RAKOW DIANA	Senior VP: Public Affairs	Exercise or conversion of derivative security	987	Acquired	N/A
	November 3, 2023	HARRISON ANDREW	Chief Commercial Officer	Exercise or conversion of derivative security	3,287	Acquired	N/A
	November 3, 2023	MINICUCCI BENITO	CEO	Exercise or conversion of derivative security	4,930	Acquired	N/A
	November 3, 2023	MINICUCCI BENITO	CEO	Exercise or conversion of derivative security	3,942	Acquired	N/A
	November 3, 2023	SCHNEIDER ANDREA	Senior VP: People	Exercise or conversion of derivative security	987	Acquired	N/A
	November 3, 2023	SPRAGUE JOSEPH	Pres: Horizon Air	Exercise or conversion of derivative security	987	Acquired	N/A
	November 3, 2023	TACKETT SHANE	CFO	Exercise or conversion of derivative security	3,287	Acquired	N/A
	November 3, 2023	VON MUEHLEN CONSTANCE	Exec VP: COO	Exercise or conversion of derivative security	987	Acquired	N/A
JBLU	November 10, 2023	HAYES ROBIN	CEO	Payment of exercise price by delivery	14,255	Disposed	\$3.87
	November 10, 2023	HAYES ROBIN	CEO	Payment of exercise price by delivery	6,659	Disposed	\$3.87
	November 10, 2023	HAYES ROBIN	CEO	Exercise or conversion of derivative security	14,255	Acquired	N/A
	November 10, 2023	HAYES ROBIN	CEO	Exercise or conversion of derivative security	6,659	Acquired	N/A
	October 31, 2023	CLARK DAVID	Head: Revenue & Planning	Grant, Award acquisition	1,076	Acquired	\$3.57
HA	October 31, 2023	HURLEY URSULA	CFO	Grant, Award acquisition	1,030	Acquired	\$3.57
	December 22, 2023	ALTER AARON	Chief Legal Officer/Secretary	Payment of exercise price by delivery	12,628	Disposed	\$14.29
	December 22, 2023	INGRAM PETER	CEO	Payment of exercise price by delivery	27,084	Disposed	\$14.29
	December 22, 2023	MANNIS AVI	Chief Marketing Officer	Payment of exercise price by delivery	7,670	Disposed	\$14.29
	December 22, 2023	OKINAKA SHANNON	CFO	Payment of exercise price by delivery	10,024	Disposed	\$14.29
	December 22, 2023	OVERBEEK BRENT	Chief Revenue Officer	Payment of exercise price by delivery	5,146	Disposed	\$14.29
	December 22, 2023	SNOOK JONATHAN	COO	Payment of exercise price by delivery	11,507	Disposed	\$14.29
HA	October 27, 2023	ALTER AARON	Exec VP/CLO/Secretary	Open Market Sale	3,000	Disposed	\$3.93





**Exhibit 20: Airline insider transactions**

DAL/AAL/UAL/LUV/ALK/JBLU/HA/SAVE/ALGT/AC/ULCC/SNCY

Company	Transaction Date	Reporting person	Position	Transaction Type	Shares	Transaction	Trade Price
SAVE	January 24, 2024	RICHARDS CHRISTINE	Director	Grant, Award acquisition	16,901	Acquired	\$7.10
	January 24, 2024	GARDNER H MCINTYRE	Chairman	Grant, Award acquisition	23,943	Acquired	\$7.10
	January 24, 2024	ZIER DAWN	Director	Grant, Award acquisition	16,901	Acquired	\$7.10
	January 24, 2024	SOTO MYRNA	Director	Grant, Award acquisition	16,901	Acquired	\$7.10
	January 24, 2024	MCMENAMY BRIAN	VP/Controller	Grant, Award acquisition	17,605	Acquired	\$7.10
	January 24, 2024	DUNKERLEY MARK	Director	Grant, Award acquisition	16,901	Acquired	\$7.10
	January 24, 2024	JONES BARCLAY	Director	Grant, Award acquisition	16,901	Acquired	\$7.10
	January 24, 2024	JOHNSON ROBERT	Director	Grant, Award acquisition	16,901	Acquired	\$7.10
	January 24, 2024	VANIER K	VP: FP&A	Grant, Award acquisition	14,084	Acquired	\$7.10
	January 22, 2024	GRINDLE MELINDA	Senior VP: Human Resources	Payment of exercise price by delivery	2,465	Disposed	\$7.98
	January 16, 2024	BENDORAITIS JOHN	COO	Payment of exercise price by delivery	2,676	Disposed	\$7.92
	January 16, 2024	MCMENAMY BRIAN	VP/Controller	Payment of exercise price by delivery	271	Disposed	\$7.92
	January 16, 2024	KLEIN MATTHEW	Chief Commercial Officer	Payment of exercise price by delivery	1,528	Disposed	\$7.92
	January 16, 2024	CHRISTIE EDWARD	CEO	Payment of exercise price by delivery	4,004	Disposed	\$7.92
	January 16, 2024	HARALSON SCOTT	CFO	Payment of exercise price by delivery	863	Disposed	\$7.92
	January 16, 2024	WIGGINS ROCKY	Chief Information Officer	Payment of exercise price by delivery	949	Disposed	\$7.92
	January 16, 2024	VANIER K	VP: FP&A	Payment of exercise price by delivery	333	Disposed	\$7.92
	January 16, 2024	CANFIELD THOMAS	Senior VP: General Counsel/Secretary	Payment of exercise price by delivery	830	Disposed	\$7.92
	December 28, 2023	CHRISTIE EDWARD	President/CEO	Payment of exercise price by delivery	6,697	Disposed	\$16.40
	December 28, 2023	KLEIN MATTHEW	Chief Commercial Officer	Payment of exercise price by delivery	2,790	Disposed	\$16.40
	December 28, 2023	MCMENAMY BRIAN	VP/Controller	Payment of exercise price by delivery	441	Disposed	\$16.40
	December 28, 2023	CANFIELD THOMAS	Senior VP: General Counsel/Secretary	Payment of exercise price by delivery	2,065	Disposed	\$16.40
	December 28, 2023	HARALSON SCOTT	CFO	Payment of exercise price by delivery	2,260	Disposed	\$16.40
	December 28, 2023	WIGGINS ROCKY	Chief Information Officer	Payment of exercise price by delivery	1,744	Disposed	\$16.40
	December 28, 2023	BENDORAITIS JOHN	COO	Payment of exercise price by delivery	2,790	Disposed	\$16.40
	December 28, 2023	VANIER K	VP: FP&A	Payment of exercise price by delivery	768	Disposed	\$16.40
	December 27, 2023	BENDORAITIS JOHN	COO	Payment of exercise price by delivery	2,605	Disposed	\$16.46
	December 27, 2023	CANFIELD THOMAS	Senior VP: General Counsel/Secretary	Payment of exercise price by delivery	1,928	Disposed	\$16.46
	December 27, 2023	KLEIN MATTHEW	Chief Commercial Officer	Payment of exercise price by delivery	2,605	Disposed	\$16.46
	December 27, 2023	WIGGINS ROCKY	Chief Information Officer	Payment of exercise price by delivery	1,629	Disposed	\$16.46
	December 27, 2023	MCMENAMY BRIAN	VP/Controller	Payment of exercise price by delivery	412	Disposed	\$16.46
	December 27, 2023	HARALSON SCOTT	CFO	Payment of exercise price by delivery	2,110	Disposed	\$16.46
	December 27, 2023	CHRISTIE EDWARD	President/CEO	Payment of exercise price by delivery	6,253	Disposed	\$16.46
	December 27, 2023	VANIER K	VP: FP&A	Payment of exercise price by delivery	610	Disposed	\$16.46
	December 18, 2024	HARALSON SCOTT	CFO	Payment of exercise price by delivery	515	Disposed	\$16.03
	December 18, 2024	KLEIN MATTHEW	Chief Commercial Officer	Payment of exercise price by delivery	1,286	Disposed	\$16.03
	December 18, 2024	BENDORAITIS JOHN	COO	Payment of exercise price by delivery	1,286	Disposed	\$16.03
ALGT	January 29, 2024	GALLAGHER MAURICE	CEO	Payment of exercise price by delivery	738	Disposed	\$80.35
	January 26, 2024	NEAL ROBERT JAMES	Senior VP: CFO	Payment of exercise price by delivery	53	Disposed	\$80.91
	January 26, 2024	WELLS DREW	Chief Revenue Officer	Payment of exercise price by delivery	53	Disposed	\$80.91
	January 26, 2024	ARETOS REBECCA	VP: Chief Accounting Officer	Payment of exercise price by delivery	34	Disposed	\$80.91
	November 7, 2023	DEANGELO SCOTT	Exec VP: CMO	Open Market Sale	3,680	Disposed	\$61.07
	October 25, 2023	WILPER KENY	Senior VP: COO	Open Market Sale	1,270	Disposed	\$71.10
	October 20, 2023	ARETOS REBECCA	VP: Chief Accounting Officer	Payment of exercise price by delivery	390	Disposed	\$73.31
	October 20, 2023	WELLS DREW	Chief Revenue Officer	Payment of exercise price by delivery	355	Disposed	\$73.31
	October 20, 2023	WILPER KENY	Senior VP: COO	Payment of exercise price by delivery	410	Disposed	\$73.31
	October 20, 2023	NEAL ROBERT	Senior VP: CFO	Payment of exercise price by delivery	403	Disposed	\$73.31
ULCC	October 5, 2023	WILPER KENY	Senior VP: COO	Open Market Sale	591	Disposed	\$73.31
	November 20, 2023	DEMPSY JIMMY	President	Open Market Sale	245,000	Disposed	\$3.99
	November 20, 2023	DIAMOND HOWARD	Senior VP: Secretary/General Counsel	Open Market Sale	58,000	Disposed	\$3.92
	November 20, 2023	DEMPSY JIMMY	President	Exercise or conversion of derivative security	480,955	Acquired	\$0.26
	November 20, 2023	DIAMOND HOWARD	Senior VP: Secretary/General Counsel	Exercise or conversion of derivative security	113,394	Acquired	\$0.26
	November 17, 2023	DEMPSY JIMMY	President	Open Market Sale	240,000	Disposed	\$3.90
	November 17, 2023	DIAMOND HOWARD	Senior VP: Secretary/General Counsel	Open Market Sale	47,250	Disposed	\$3.94
	November 17, 2023	DEMPSY JIMMY	President	Exercise or conversion of derivative security	500,000	Acquired	\$0.26
	November 17, 2023	DIAMOND HOWARD	Senior VP: Secretary/General Counsel	Exercise or conversion of derivative security	100,000	Acquired	\$0.26
	November 1, 2023	DIAMOND HOWARD	Senior VP: Secretary/General Counsel	Exercise or conversion of derivative security	50,000	Acquired	\$0.26
	October 31, 2023	DIAMOND HOWARD	Senior VP: Secretary/General Counsel	Exercise or conversion of derivative security	50,000	Acquired	\$0.26





**Exhibit 20: Airline insider transactions**

DAL/AAL/UAL/LUV/ALK/JBLU/HA/SAVE/ALGT/AC/ULCC/SNCY

Company	Transaction Date	Reporting person	Position	Transaction Type	Shares	Transaction	Trade Price
	October 30, 2023	BIFFLE BARRY	CEO	Exercise or conversion of derivative security	30,000	Acquired	\$0.26
SNCY	December 14, 2023	APOLLO MGMT HOLDINGS LP	10% Owner	Open Market Sale	4,000,000	Disposed	\$16.00
	December 7, 2023	DAVIS DAVID M	President/CFO	Open Market Sale	2,138	Disposed	\$17.28
	October 16, 2023	TROUSDALE WILLIAM	VP: FP&A/Treasurer	Open Market Sale	2,500	Disposed	\$14.24
	October 16, 2023	TROUSDALE WILLIAM	VP: FP&A/Treasurer	Exercise or conversion of derivative	2,500	Acquired	\$5.30
	October 9, 2023	TROUSDALE WILLIAM	VP: FP&A/Treasurer	Open Market Sale	2,500	Disposed	\$14.40
	October 9, 2023	TROUSDALE WILLIAM	VP: FP&A/Treasurer	Exercise or conversion of derivative	2,500	Acquired	\$5.30
	October 4, 2023	NEALE ERIN	Secretary/General Counsel	Open Market Sale	1,759	Disposed	\$14.13
	October 4, 2023	TROUSDALE WILLIAM	VP: FP&A/Treasurer	Open Market Sale	997	Disposed	\$14.51
	October 4, 2023	WHITNEY GRANT	EVP: Chief Revenue Officer	Open Market Sale	891	Disposed	\$14.13
	October 3, 2023	TROUSDALE WILLIAM	VP: FP&A/Treasurer	Open Market Sale	444	Disposed	\$14.37
	October 3, 2023	WHITNEY GRANT	EVP: Chief Revenue Officer	Open Market Sale	397	Disposed	\$14.39
	October 3, 2023	BRICKER JUDE	CEO	Open Market Sale	2,145	Disposed	\$14.25
	October 3, 2023	DAVIS BRIAN	Senior VP: Chief Marketing Officer	Open Market Sale	575	Disposed	\$14.42
	October 3, 2023	DAVIS DAVID M	President/CFO	Open Market Sale	956	Disposed	\$14.31
	October 3, 2023	GYURCI JOHN	VP: Finance/Chief Accounting Officer	Open Market Sale	311	Disposed	\$14.33
	October 3, 2023	LEVENHAGEN ERIC	CAO/Secy/Gen Counsel	Open Market Sale	575	Disposed	\$14.40
	October 3, 2023	NEALE ERIN	Secretary/General Counsel	Open Market Sale	787	Disposed	\$14.31
	October 3, 2023	MAYS GREGORY	Exec VP/COO	Open Market Sale	871	Disposed	\$14.32
	October 2, 2023	TROUSDALE WILLIAM	VP: FP&A/Treasurer	Open Market Sale	2,500	Disposed	\$14.43
	October 2, 2023	WHITNEY GRANT	EVP: Chief Revenue Officer	Open Market Sale	3,597	Disposed	\$14.41
	October 2, 2023	TROUSDALE WILLIAM	VP: FP&A/Treasurer	Exercise or conversion of derivative	2,500	Acquired	\$5.30
	October 2, 2023	WHITNEY GRANT	EVP: Chief Revenue Officer	Exercise or conversion of derivative	3,597	Acquired	\$5.30

Source: Bloomberg

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**Exhibit 21: Stocks mentioned**

Rating and pricing summary

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
DAL	DAL US	Delta Air	US\$ 39.98	B-1-9
UAL	UAL US	United Airlines	US\$ 41.37	C-1-9

Source: BofA Global Research

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**Price objective basis & risk****Delta Air Lines (DAL)**

Our \$50 PO is based on approximately 5.5x our 2024E EBITDAR. We believe the network carriers can trade towards the middle of their historical valuation ranges (4-6x).

Downside risks to our price objective are higher fuel prices, general economic weakness, a slower corporate travel recovery, government regulation/taxes, safety concerns, a prolonged government shutdown and terrorism/geopolitical events.

**United Airlines Holdings (UAL)**

Our \$60 PO is based on approximately 5x our 2024E EBITDAR. Our target multiple is in line with UAL's legacy peers. We believe the network carriers can trade towards the middle of their historical valuation ranges (4-6x).

Upside risks to our price objective are better than expected pricing, a faster than expected resolution of labor contracts, and a stronger macro backdrop.



Downside risks to our price objective are higher fuel prices, general economic weakness, government regulation/taxes, safety concerns, and terrorism/geopolitical events.

## **Analyst Certification**

I, Andrew G. Didora, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

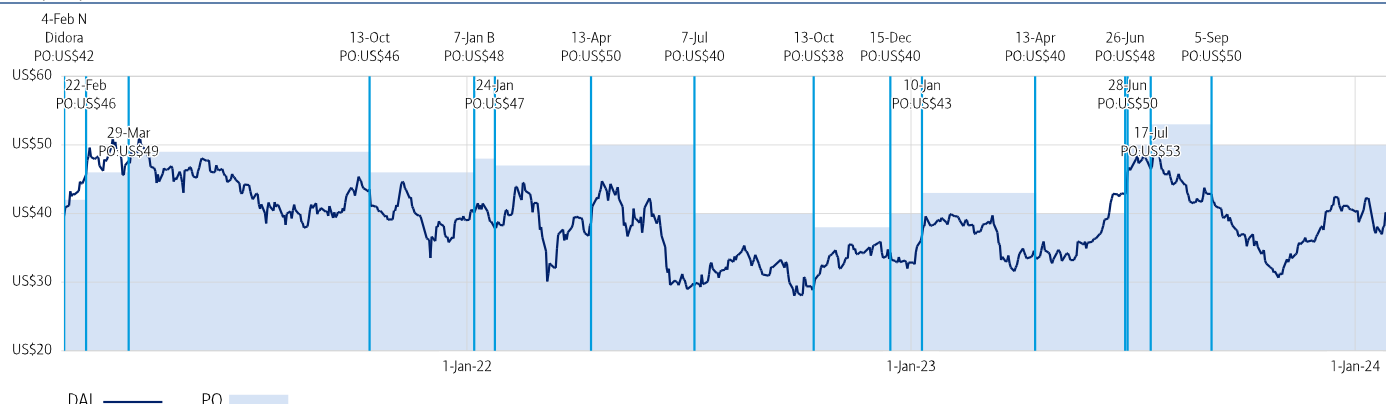
## US - Airlines and Cruise Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Air Canada	YAC	AC CN	Andrew G. Didora, CFA
	Air Canada	ACDVF	ACDVF US	Andrew G. Didora, CFA
	Alaska Air Group	ALK	ALK US	Andrew G. Didora, CFA
	Carnival Corporation	CCL	CCL US	Andrew G. Didora, CFA
	Carnival Plc	CUKPF	CCL LN	Andrew G. Didora, CFA
	Delta Air Lines	DAL	DAL US	Andrew G. Didora, CFA
	United Airlines Holdings	UAL	UAL US	Andrew G. Didora, CFA
<b>NEUTRAL</b>				
	Frontier Airlines	ULCC	ULCC US	Andrew G. Didora, CFA
	Norwegian Cruise Line Holdings	NCLH	NCLH US	Andrew G. Didora, CFA
	Royal Caribbean Group	RCL	RCL US	Andrew G. Didora, CFA
	Southwest	LUV	LUV US	Andrew G. Didora, CFA
<b>UNDERPERFORM</b>				
	Allegiant Travel Company	ALGT	ALGT US	Andrew G. Didora, CFA
	American Airlines Group	AAL	AAL US	Andrew G. Didora, CFA
	JetBlue Airways	JBLU	JBLU US	Andrew G. Didora, CFA
	Spirit Airlines	SAVE	SAVE US	Andrew G. Didora, CFA
<b>RSTR</b>				
	Hawaiian Holdings	HA	HA US	Andrew G. Didora, CFA

## Disclosures

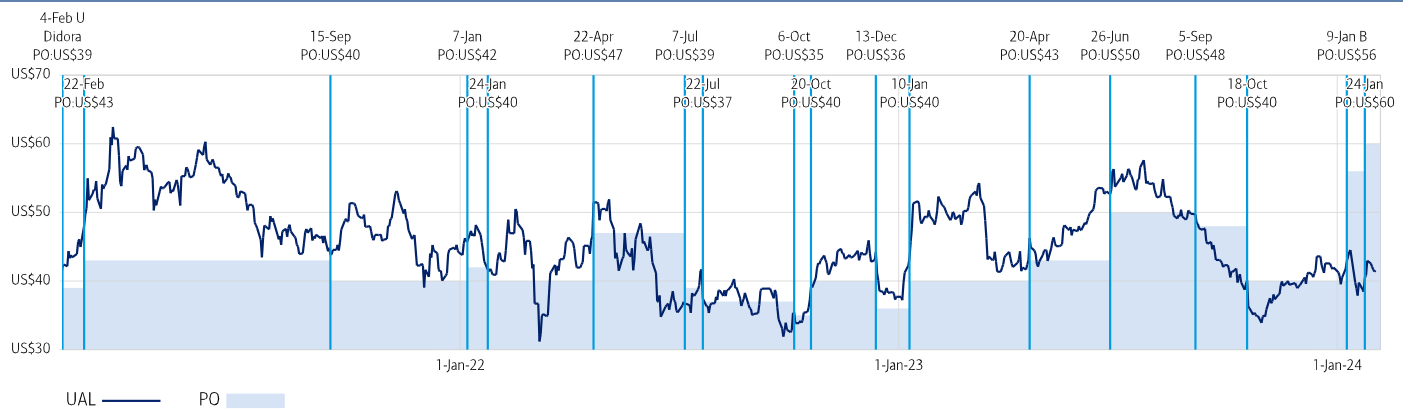
## Important Disclosures

## Delta Air (DAL) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

**United Airlines (UAL) Price Chart**

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

**Equity Investment Rating Distribution: Transport/Infrastructure Group (as of 31 Dec 2023)**

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	67	50.38%	Buy	44	65.67%
Hold	31	23.31%	Hold	13	41.94%
Sell	35	26.32%	Sell	17	48.57%

**Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)**

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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