

Airlines

2024 Year Ahead: continued tough domestic; valuation drives UAL to Buy

Rating Change

Tough domestic environment to remain in 2024

Airline stocks meaningfully underperformed the market in 2023 (+5% vs S&P 500 +24%) as increasing domestic supply, cost inflation, and normalizing travel demand drove down estimates for domestic airlines. We continue to see an oversupplied domestic market in 2024 (unless 737 MAX 9 grounded for meaningful period) with cost pressures remaining particularly on maintenance. We downgrade [JBLU](#) to Underperform and ULCC to Neutral on these domestic trends while we upgrade [UAL](#) to Buy from Underperform on strong balance sheet execution despite high capex, favorable valuation, and steady demand.

Domestic airline market supply > demand

Based on 1H24 schedules, initial company commentary, GTF engine issues, and narrowbody orderbooks, we expect 2024 domestic capacity to grow nearly 4.5% on top of 10% growth in 2023, leaving domestic capacity about 9% higher in 2023 vs 2019. Historically, airline demand has grown at 1.5x real GDP, so with consensus 2024 GDP forecasts around 1.5%, we still see supply in excess of demand this year, driving an over -2.0% contraction in unit revenues across the industry.

International competition increasing as US carriers ease

2023 was the year of pent-up demand to Europe. Last summer, US carrier capacity to Europe was +18% vs 2019 compared to international carrier capacity -35%. We expect US carriers to grow into its transatlantic footprint in 2024 with 1H24 schedules +6% compared to international carrier capacity +24% as competition enters this profitable market. We also expect Pacific capacity to further ramp with China trailing given bilateral agreements. While this international normalization could be a risk for Buy-rated DAL and UAL, we believe we have adequately accounted for this in our estimates.

Unit cost pressures remain on maintenance, labor

We do expect the theme in early 2024 to be on unit cost pressures given maintenance headwinds, new labor contracts (and continued step ups in current contracts), and GTF engine issues (and potentially 737 MAX 9). We expect the most unit cost pressure from domestic airlines that have growth limitations such as JBLU and SAVE while unit cost growth could be in the low single digits for the network carriers. In total, we forecast over 1% unit cost growth for the industry on a -2.2% contraction in unit revenues.

M&A: two deals pending

There are 2 deals currently pending in the industry: JBLU's for SAVE and ALK's for Hawaiian (HA). The DoJ has tried to block the JBLU/SAVE acquisition, and we are awaiting a judge's ruling that is expected at any time. We do not expect any further deal activity.

Valuations: taking a middle of the road stance

We believe airline valuations price in the risks we outlined, and we adjust our estimates for fuel and costs. Our new price objectives are based on historical mid-points for the big 4 airlines with discounted valuations for the domestic carriers.

09 January 2024

Equity
United States
Airlines

Andrew G. Didora, CFA
Research Analyst
BofAS
+1 646 855 2924
andrew.didora@bofa.com

Samuel Clough
Research Analyst
BofAS
+1 646 855 5193
samuel.clough@bofa.com

Exhibit 1: New ratings and price objectives

We have 3 Buys, 3 Underperforms, and 2 Neutrals in our US airline universe

	New Rating	New PO	Old PO
UAL	Buy	\$56.00	\$40.00
DAL	Buy	\$50.00	\$50.00
ALK	Buy	\$50.00	\$42.00
ULCC	Neutral	\$6.00	\$8.00
LUV	Neutral	\$29.00	\$29.00
JBLU	Underperform	\$3.00	\$6.00
AAL	Underperform	\$10.00	\$8.00
ALGT	Underperform	\$70.00	\$64.00
SAVE	Not Rated	N/A	N/A

Source: BofA Global Research

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ALK	Alaska Air Group
ALGT	Allegiant
AAL	American Airline
DAL	Delta Air
ULCC	Frontier Airlines
JBLU	JetBlue
LUV	Southwest
SAVE	Spirit Airlines
UAL	United Airlines

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Timestamp: 09 January 2024 06:00AM EST

Key themes for 2024

We see 4 key themes for 2024:

1. A tough domestic environment will remain as domestic airline supply exceeds demand.
2. Competition on international routes, particular on transatlantic, will increase at a time when domestic carriers ease growth.
3. Unit cost pressures will remain as maintenance costs remain stubbornly high, supply chain issues remain, and domestic carriers like JBLU and SAVE deal with GTF engine issues.
4. M&A will remain a theme given two deals currently pending in the industry: JBLU's for SAVE and ALK's for HA. While we have long thought further consolidation is difficult given an already concentrated market, recent history has gone against us. We continue to believe additional M&A is a low likelihood.

Tough domestic environment to remain in 2024

Airline stocks meaningfully underperformed the market in 2023 (+5% vs S&P 500 +24%) as increasing domestic supply, cost inflation, and normalizing travel demand drove down estimates for domestic airlines. We continue to see an oversupplied domestic market in 2024 with cost pressures remaining, particularly on maintenance. We downgrade JBLU to Underperform and ULCC to Neutral on these domestic fundamentals while upgrade UAL to Buy from Underperform on better-than-expected balance sheet execution despite high capex, favorable valuation, and steady global demand.

Exhibit 2: BofA new vs old US Airline ratings and price objectives

We have the most upside to our price objectives in Buy-rated UAL and ALK

	New Rating	Old Rating	New PO	Old PO
UAL	Buy	Underperform	\$56.00	\$40.00
DAL	Buy	Buy	\$50.00	\$50.00
ALK	Buy	Buy	\$50.00	\$42.00
ULCC	Neutral	Buy	\$6.00	\$8.00
LUV	Neutral	Neutral	\$29.00	\$29.00
JBLU	Underperform	Neutral	\$3.00	\$6.00
AAL	Underperform	Underperform	\$10.00	\$8.00
ALGT	Underperform	Underperform	\$70.00	\$64.00
SAVE	Not Rated	Not Rated	N/A	N/A

Source: BofA Global Research

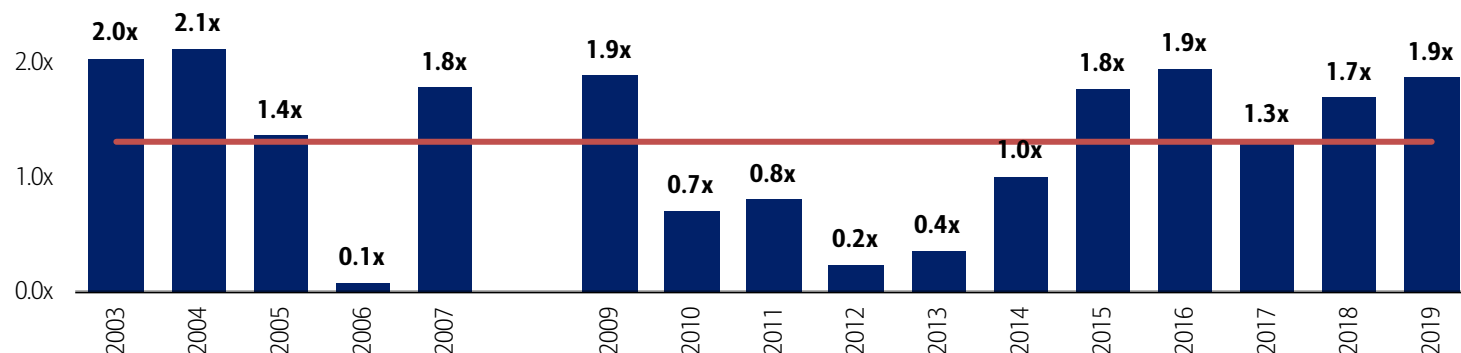
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Domestic airline market supply > demand

Based on 1H24 schedules, initial company commentary, GTF engine issues, and narrowbody orderbooks, we expect 2024 domestic capacity to grow nearly 4.5% on top of 10% growth in 2023, leaving domestic capacity about 9% higher in 2023 vs 2019. Historically, airline demand has grown at nearly 1.5x real GDP from 2003-2019, so with consensus 2024 GDP forecasts around 1.5%, we still see supply in excess of demand this year, driving an over -2.0% contraction in unit revenues across the industry.

Exhibit 3: Domestic passenger growth vs real US GDP growth and average from 2003-2019 (ex 2008 Financial Crisis)

Domestic passenger growth grew at 1.3x real US GDP from 2003-2019

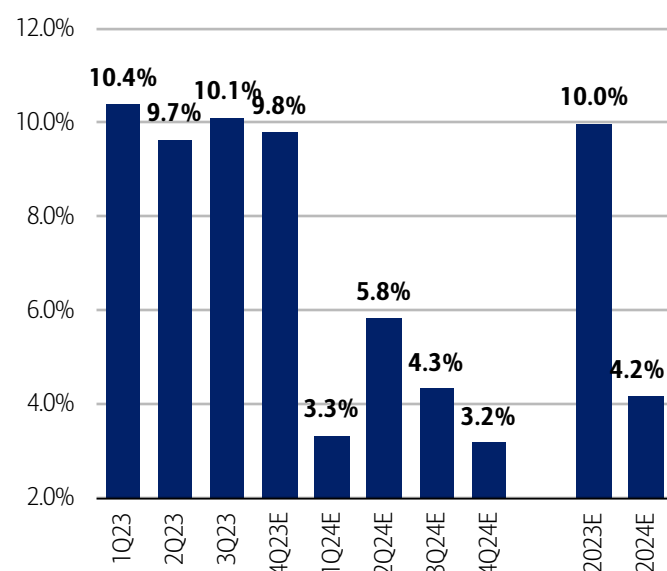


Source: BofA Global Research

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Exhibit 4: BofA domestic capacity year-over-year forecasts

We forecast 2024 domestic capacity growth of 4.2%

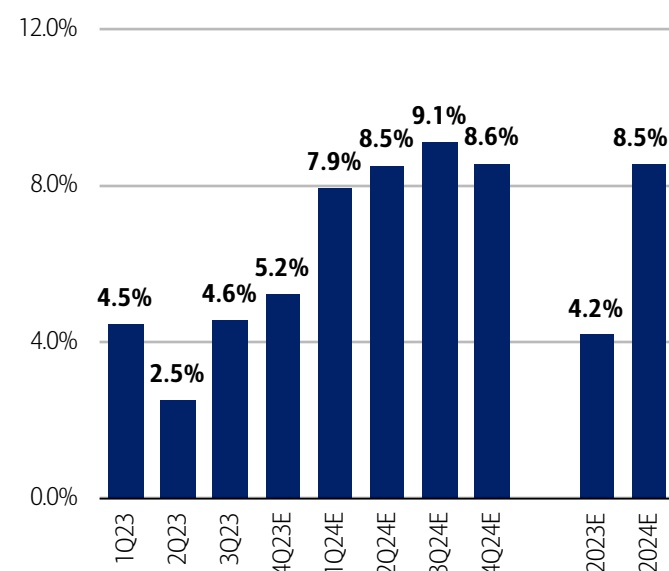


Source: BofA Global Research

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Exhibit 5: BofA domestic capacity vs 2019 forecasts

We forecast 2024 domestic capacity will finish the year 8.5% ahead of 2019



Source: BofA Global Research

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International competition increasing as US carriers ease

2023 was the year of pent-up demand to Europe. Last 2Q/3Q, US carrier capacity to Europe was +18% vs 2019 compared to international carrier capacity -35%. We expect US carriers to grow into its transatlantic footprint in 2024 with 1H24 schedules +6% compared to international carrier capacity +24% as competition enters this profitable market. We also expect Pacific capacity to further ramp but China trailing given bilateral agreements. While this international normalization could be a risk for Buy-rated DAL and UAL, we believe we have adequately accounted for this in our estimates.

Exhibit 6: International capacity growth by domicile (year-over-year)

Foreign carriers lead US in 2024 Atlantic capacity adds

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
Atlantic							
US Carriers	47.10%	23.02%	15.56%	10.00%	2.52%	8.60%	5.18%
Foreign Carriers	29.31%	-3.18%	5.71%	23.01%	23.57%	23.70%	12.84%
Pacific							
US Carriers	105.13%	136.65%	104.59%	77.15%	63.18%	50.06%	48.56%
Foreign Carriers	123.73%	90.78%	50.74%	33.51%	28.58%	23.38%	14.62%
Latin America							
US Carriers	0.22%	1.86%	9.31%	13.66%	19.67%	8.79%	-2.74%
Foreign Carriers	42.54%	45.48%	20.07%	23.63%	17.45%	-5.39%	2.95%

Source: OAG

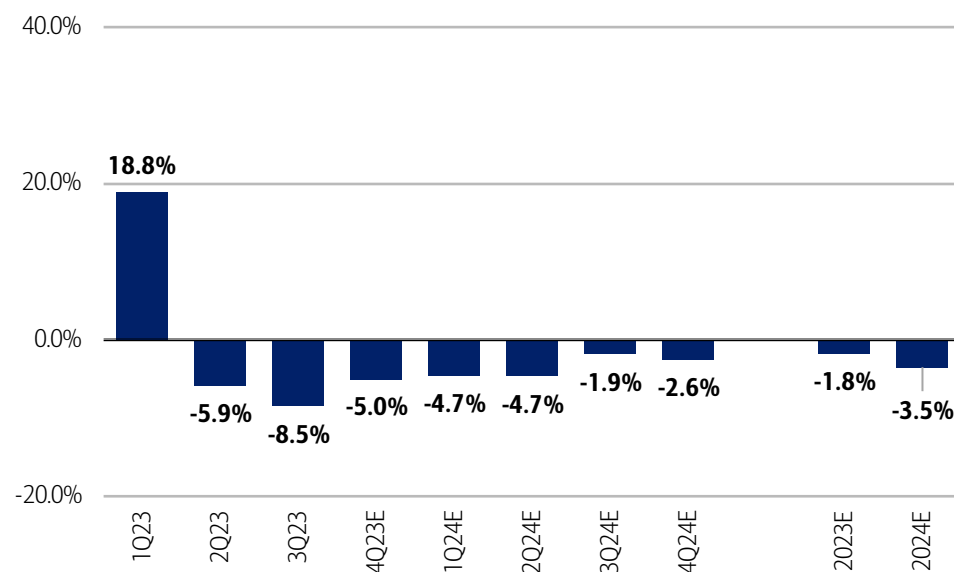
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We do expect the theme in early 2024 to be on unit cost pressures given maintenance headwinds, new labor contracts (and continued step ups in current contracts), and GTF engine issues. We expect the most unit cost pressure from domestic airlines that have growth limitations such as JBLU and SAVE while unit cost growth could be in the low single digits for the network carriers. In total, we forecast over 1% unit cost growth for the industry on a -2.2% contraction in unit revenues.

Exhibit 7: Unit revenues less unit costs ex-fuel spread

We expect a unit revenues-unit cost ex-fuel spread of -3.5% in 2024, below 2023



Source: BofA Global Research

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M&A: two deals pending

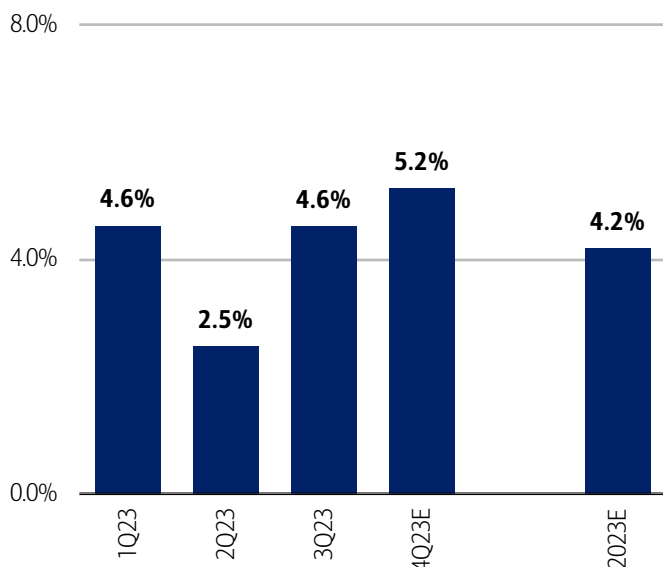
There are two deals currently pending in the industry: JBLU's for SAVE and ALK's for HA. The DoJ has tried to block the JBLU/SAVE acquisition, and we are awaiting a judge's ruling that is expected at any time. While we have long thought further consolidation is difficult given an already concentrated market, recent history has gone against us. We continue to believe additional M&A is a low likelihood.

A review of 2023

Several of our [key themes in 2023](#) came to light throughout the year: demand remained steady and continued its recovery from the pandemic to end the year slightly ahead of 2019 levels; utilization drove capacity to +5% vs 2019 levels by 4Q23; the RASM-CASM spread would continue to narrow; and DAL was the relative outperformer in our airlines coverage.

Exhibit 8: 2023 domestic capacity vs 2019

In 2023, domestic capacity was 4.2% ahead of 2019 levels

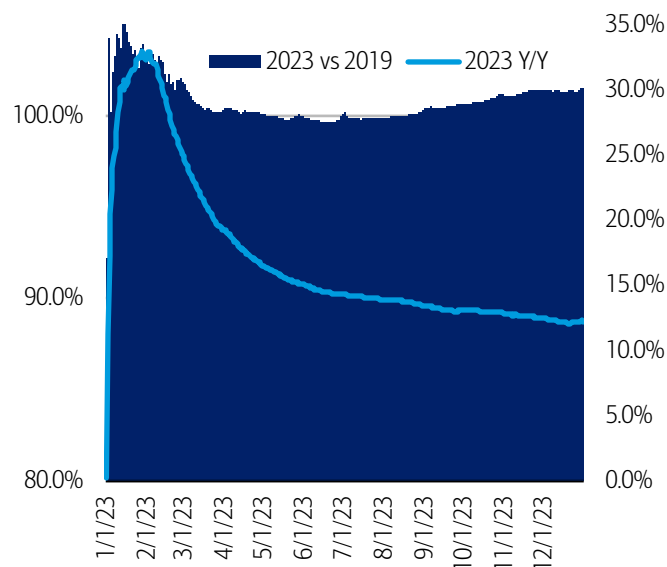


Source: Department of Transportation, OAG

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Exhibit 9: TSA throughput vs 2019

In 2023, TSA throughput exceeded 2019 levels

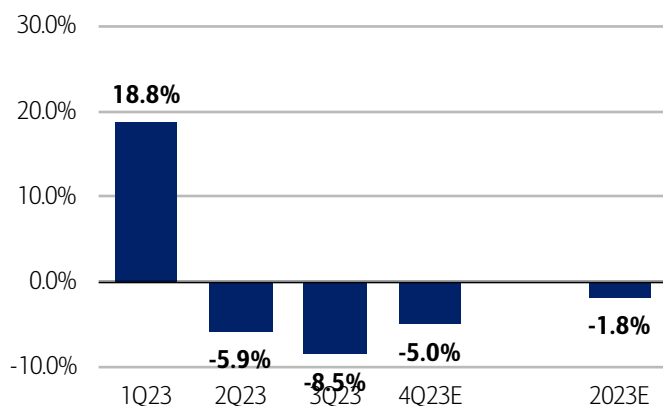


Source: TSA

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Exhibit 10: RASM-CASM YoY growth spread

In 2023, the RASM-CASM growth spread turned negative given cost pressures and a challenged revenue environment

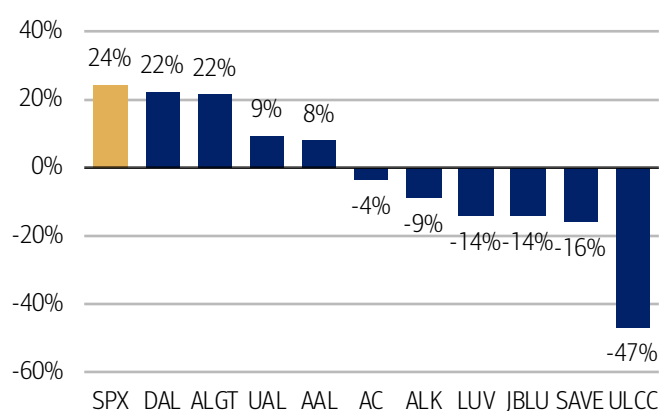


Source: BofA Global Research

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Exhibit 11: 2023 airline stock performance

Airline stocks lagged the S&P 500 in 2023



Source: Bloomberg

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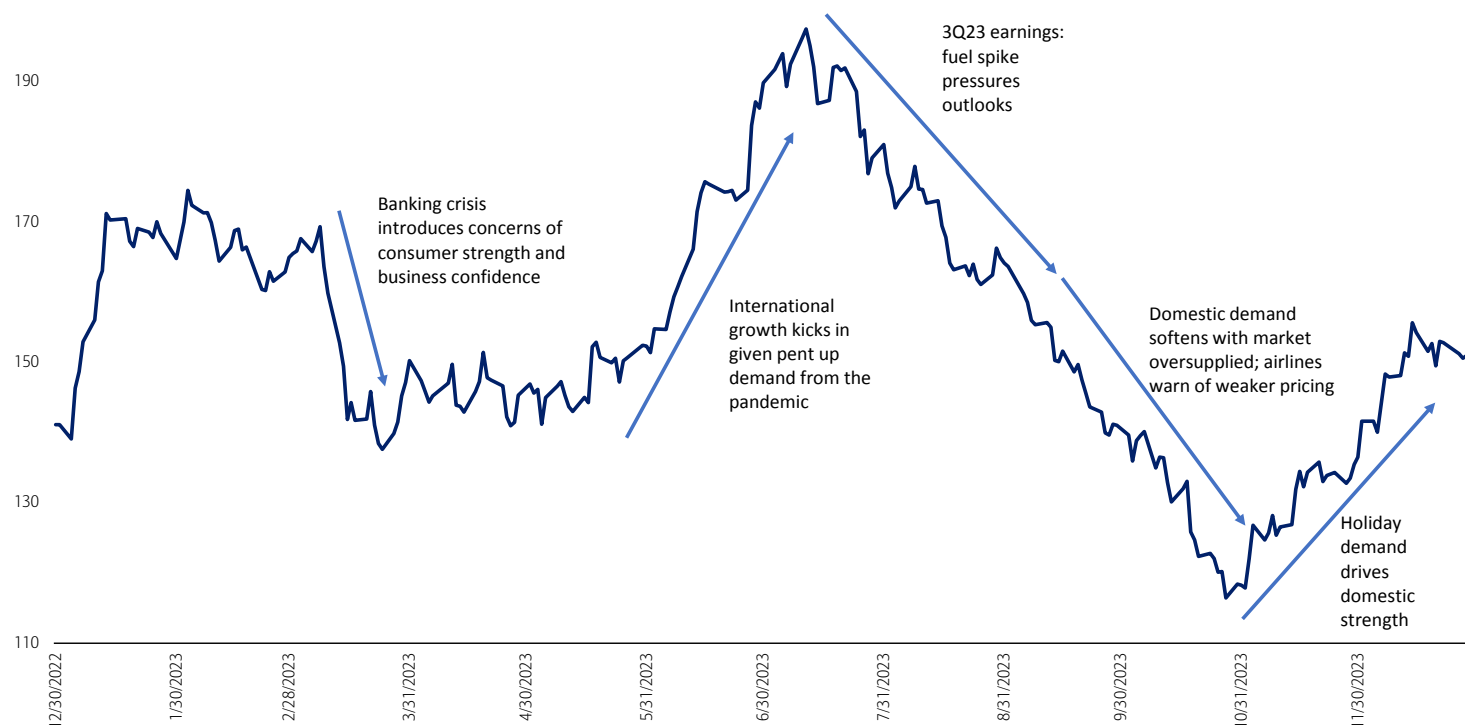
While many of our key themes came to light, we did not anticipate how meaningful the decline in domestic airline profitability would be, leading to significant share price declines in ULCC, JBLU, and SAVE.



Exhibit 12: 2023 Airline year in review

Airline shares performed very differently in 1H23 vs 2H23

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Source: BofA Global Research

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Key ideas for 2024

Maintain Buy rating on DAL as FCF remains differentiator

We maintain our Buy rating on DAL and \$50 price objective. We expect DAL to continue to generate \$4.3B in free cash flow in 2024 after returning to meaningful FCF generation in 2023, presenting the biggest differentiator among the big four airlines. DAL's relative margin strength, reasonable capex levels and free cash flow generation should allow for further deleveraging justifying, in our view, a premium valuation. [See our recent earnings preview here.](#)

Upgrade UAL to Buy; first time at Buy since early 2020

We upgrade UAL to Buy from Underperform and raise our PO to \$56 from \$40. Our last Buy rating on UAL was March 2020 as relatively high valuation, robust capex, and leverage concerns left us more cautious. Today, we see a valuation disconnect vs UAL's execution and its more favorable leverage outlook than expected. While industry risks remain and capex is above historical norms, UAL has outperformed the industry on revenues, can maintain about 2.5x leverage through this capex cycle, and trades at just 4.5x our 2024E EBITDAR, towards the low end of historical valuations.

Network focus driving outsized revenues

UAL has been opportunistic post-pandemic by being first mover in the transatlantic (2Q23/3Q23 capacity +16% vs rest of market +13%) and focusing on premium products (business class seat share up 200bps), helping to drive 2023E revenues 24% ahead of 2019 vs peers 16% ahead. Similarly, gauge has been a strategic focus with average seats per departure up +19% vs 2019. While we expect international trends to normalize this year, we forecast UAL will continue to drive outsized revenue growth vs its peers.

Over \$8B of 2023 capex yet leverage nearly back to 2019

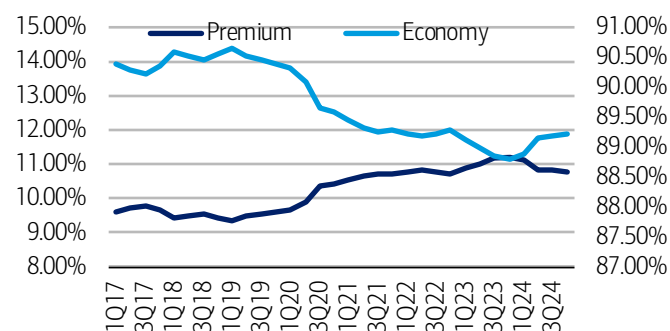
UAL expects \$8.5B of capex in 2023 on top of \$4.8B in 2022 and well above the 2015-2019 average of \$3.7B. Based on our forecasts, capex will remain over \$8B in 2024/2025 as UAL takes delivery of approximately 200 narrowbodies and nearly 20 787's the next two years. Despite this spend, the balance sheet impact has not been as harsh as we expected. We forecast net leverage at 2.4x today vs. 2.2x in 2017-19 and can hold around 2.5x through its investment cycle, below the industry average of >4.0x.

Risks remain but reflected in valuation

The risk to UAL is that transatlantic over-earned in 2023. However, in our new 2024 EPS forecast of \$8.42 (\$7.61 prior), we assume transatlantic revenues are -2% (vs total revenues +3.7%) as the market calibrates additional capacity. We have also captured higher unit costs (+2.2%) this year as maintenance and inflation remain high. However, UAL trades at just 4.5x our 2024E EBITDAR, which is the 25th percentile of historical valuation. As a comparison, UAL traded at 6.4x at the end of 2022 and 5.4x at the end of 2019. Our new \$56 PO is based on 5x our 2024E EBITDAR, in line with historical levels.

Exhibit 13: UAL premium cabin mix

UAL's premium cabin mix is ~100bps above pre-pandemic levels

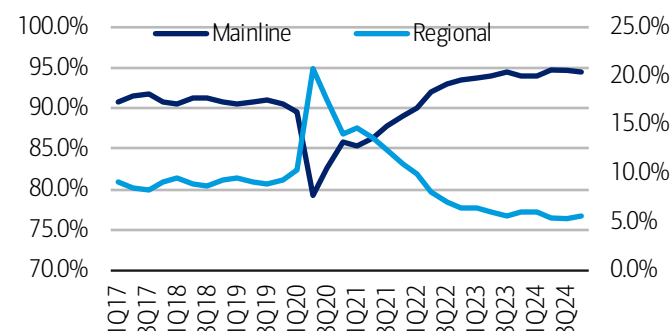


Source: OAG

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Exhibit 14: UAL mainline share of total capacity

Mainline operations as a share of UAL's total capacity exceeds 2019 levels



Source: OAG

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Downgrade JBLU to Underperform from Neutral; PO to \$3

After rallying over 56% from the early November trough in share price, we downgrade JBLU to Underperform from Neutral as the tough domestic airline industry backdrop coupled with GTF engine issues that will likely pressure growth and costs in 2024 will continue to hurt the post-pandemic earnings recovery (2024 EBITDAR still 34% below 2019). In addition, we think there is further execution risk as the market awaits the judge's ruling in JBLU's lawsuit with the DoJ with regards to purchasing SAVE. We lower our price objective to \$3 from \$6.

2024 capacity to be down and drives unit costs +6%

We forecast -1.4% capacity growth in 2024 (Visible Alpha consensus is flat) as the number of aircraft out of service due to GTF maintenance nearly doubles from 6 in 4Q23 to over 10 by year end 2024 (approximately 3% of its current fleet). Historically, JBLU has needed to grow nearly mid- to high-single digits to get flattish unit costs (CASM), so our new capacity forecast results in CASM +6%. On the lower capacity, we do expect JBLU to outperform on unit revenues compared to the overall domestic industry, however, our current forecast of slightly up unit revenues produces one of the widest RASM-CASM gaps in the industry.

Waiting on judge's ruling in SAVE deal

The DoJ sued to block JBLU's acquisition of SAVE, and the parties are currently awaiting the judge's decision. If the deal is approved as is, JBLU would pay about \$29.70 per share (after pre-payments and ticking fees paid, implying a \$3.7B equity value and \$9.5B enterprise value) for an airline that we estimate will generate about \$400M of EBITDAR

in 2024 (compared to \$927M in 2019). If the deal is not approved, there is likely near-term relief in JBLU's share price, but our Underperform rating is based on a stand-alone JBLU entity with SAVE acquisition and integration risk an incremental negative.

Fundamentals, deal risk drive valuation discount to history

Our new \$3 price objective is based on approximately 5.0x our 2024E EBITDAR. We believe a discount to its long-term historical valuation of over 6.0x is justified given the current domestic fundamental back drop and deal risks. We are returning our valuation methodology to EV/EBITDAR from EV/Sales previously as the domestic demand environment has somewhat stabilized from the period of stress which justified our earlier methodology change. Upside risks to our price objective include a better domestic capacity environment that would allow JBLU to be more aggressive pricing its tickets and a quicker resolution of its GTF issues.

Valuations: taking a middle of the road stance

We believe airline valuations price in the risks we outlined. Our new price objectives are based on historical mid-points for the big 4 airlines with discounted valuations for the domestic carriers.

Exhibit 15: Airlines historical valuations and target multiples

We expect major airlines to trade at midpoints of historical ranges

	Historical current year EV / EBITDAR multiple Percentile Ranges					Target Multiple
	5th	25th	50th	75th	95th	
Delta Air Lines	3.8x	4.8x	5.2x	6.0x	11.5x	5.5x
American Airlines	4.5x	5.4x	6.2x	7.1x	12.9x	5.0x
United Airlines	3.5x	4.2x	5.1x	5.9x	10.9x	5.0x
Southwest Airlines	4.3x	5.0x	6.2x	7.2x	9.0x	6.0x
Alaska Air Group	3.6x	4.5x	5.6x	6.5x	16.8x	5.5x
JetBlue Airways	3.9x	5.1x	6.0x	8.0x	12.8x	5.0x
Frontier Airlines	5.3x	5.7x	6.5x	7.9x	23.4x	5.0x
Allegiant	4.2x	5.6x	6.8x	7.8x	12.2x	5.0x

Source: BofA Global Research

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Estimates

Exhibit 16: DAL estimates versus Street

We estimate DAL 2024 EPS of \$6.26, below Street at \$6.49

	4Q23			1Q24			FY-24			FY-25		
	BofA	Street	Variance	BofA	Street	Variance	BofA	Street	Variance	BofA	Street	Variance
Capacity	68,224	68,139	0.1%	64,768	64,137	1.0%	284,903	284,203	0.2%	294,897	296,884	-0.7%
Capacity Y/Y	14.6%	14.5%	0.1%	5.6%	4.6%	1.0%	4.8%	4.6%	0.2%	3.5%	4.5%	-1.0%
Revenue (ex refinery)	13,483	13,554	-0.5%	12,483	12,267	1.8%	56,405	56,632	-0.4%	59,264	59,111	0.3%
Revenue Y/Y	9.7%	10.3%	-0.6%	5.4%	3.6%	1.8%	3.5%	3.8%	-0.3%	5.1%	4.4%	0.7%
CASM-ex	13.31¢	13.28¢	0.2%	14.22¢	14.17¢	0.4%	13.45¢	13.19¢	1.9%	13.72¢	13.17¢	4.2%
CASM-ex Y/Y	1.3%	1.0%	0.2%	2.0%	1.7%	0.4%	2.0%	0.1%	1.8%	2.0%	-0.2%	2.2%
RASM	19.76¢	19.88¢	-0.6%	19.27¢	19.16¢	0.6%	19.80¢	19.85¢	-0.3%	20.10¢	19.85¢	1.3%
RASM Y/Y	-4.3%	-3.8%	-0.6%	-0.2%	-0.8%	0.6%	-1.3%	-1.1%	-0.1%	1.5%	0.0%	1.5%
Pre-tax Income	1,024	979	4.6%	482	253	90.8%	5,288	5,494	-3.8%	6,211	6,533	-4.9%
Pre-tax Margin	7.6%	7.2%	0.4%	3.9%	2.1%	1.8%	9.4%	9.7%	-0.3%	10.5%	11.1%	-0.6%
EPS	\$1.16	\$1.14	1.5%	\$0.57	\$0.30	91.2%	\$6.26	\$6.49	-3.5%	\$7.35	\$7.70	-4.6%
EBITDAR	\$2,026	\$1,970	2.8%	\$1,479	\$1,246	18.7%	\$9,351	\$9,421	-0.7%	\$9,899	\$10,387	-4.7%
Fuel Gallons	982	987	-0.6%	924	919	0.5%	4,058	4,062	-0.1%	4,159	4,199	-1.0%
ASMs per gallon	69.5	69.0	0.7%	70.1	69.8	0.4%	70.2	70.0	0.3%	70.9	70.7	0.3%
Fuel Price (\$/gal)	\$3.05	\$3.05	0.1%	\$2.62	\$2.84	-7.6%	\$2.61	\$2.76	-5.2%	\$2.59	\$2.66	-2.9%

Source: BofA Global Research, Visible Alpha

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Exhibit 18: AAL estimates versus Street

We estimate AAL 2024 EPS of \$2.08, ahead of Street at \$2.04

	4Q23			1Q24			FY-24			FY-25		
	BofA	Street	Variance	BofA	Street	Variance	BofA	Street	Variance	BofA	Street	Variance
Capacity	69,587	69,489	0.1%	68,540	69,401	-1.2%	291,258	292,016	-0.3%	300,330	305,183	-1.6%
Capacity YoY	5.5%	5.3%	0.1%	5.4%	6.8%	-1.3%	4.9%	5.3%	-0.3%	3.1%	4.5%	-1.4%
Revenue	13,001	12,998	0.0%	12,538	12,595	-0.5%	54,188	54,852	-1.2%	56,328	57,387	-1.8%
Revenue YoY	-1.4%	-1.5%	0.0%	2.9%	3.3%	-0.5%	2.8%	4.0%	-1.3%	4.0%	4.6%	-0.7%
CASM-ex	13.46¢	13.42¢	0.3%	13.85¢	13.69¢	1.2%	13.59¢	13.41¢	1.3%	13.98¢	13.45¢	3.9%
CASM-ex YoY	6.0%	5.6%	0.3%	5.0%	3.8%	1.2%	2.9%	1.9%	1.0%	2.9%	0.3%	2.6%
RASM	18.68¢	18.70¢	-0.1%	18.29¢	18.15¢	0.8%	18.60¢	18.76¢	-0.9%	18.76¢	18.78¢	-0.1%
RASM YoY	-6.56%	-6.5%	-0.1%	-2.44%	-3.2%	0.7%	-2.1%	-1.3%	-0.8%	0.8%	0.1%	0.8%
Pre-tax Income	36	49	-27.1%	46	(211)	-122.0%	1,888	1,846	2.3%	1,594	2,680	-40.5%
Pre-tax Margin	0.3%	0.4%	-27.1%	0.4%	-1.7%	-122.1%	3.5%	3.4%	3.6%	2.8%	45.2%	-93.7%
EPS	\$0.06	\$0.07	-21.7%	\$0.07	(\$0.24)	-128.4%	\$2.08	\$2.04	2.4%	\$1.77	\$2.93	-39.5%
EBITDAR	\$1,330	\$1,271	4.7%	\$1,281	\$971	31.9%	\$6,862	\$6,622	3.6%	\$6,623	\$7,390	-10.4%
Fuel Gallons	1,050	1,038	1.2%	1,017	1,027	-0.9%	4,364	4,314	1.2%	4,477	4,437	0.9%
ASMs per gallon	66.3	66.9	-1.0%	67.4	68.0	-0.9%	66.7	67.6	-1.3%	67.1	68.8	-2.5%
Fuel Price (\$/gal)	\$3.06	\$3.05	0.2%	\$2.63	\$2.85	-7.5%	\$2.62	\$2.82	-7.0%	\$2.60	\$2.73	-4.8%

Source: BofA Global Research, Visible Alpha

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Exhibit 19: UAL estimates versus Street

We estimate UAL 2024 EPS of \$8.42, below Street at \$9.43

	4Q23			1Q24			FY-24			FY-25		
	BofA	Street	Variance	BofA	Street	Variance	BofA	Street	Variance	BofA	Street	Variance
Capacity	73,293	73,467	-0.2%	71,783	72,279	-0.7%	311,245	311,809	-0.2%	327,787	330,719	-0.9%
Capacity YoY	14.0%	14.3%	-0.3%	9.2%	10.0%	-0.8%	7.0%	7.2%	-0.2%	5.3%	6.3%	-0.9%
Revenue	13,519	13,536	-0.1%	12,212	12,312	-0.8%	55,583	56,510	-1.6%	58,776	59,858	-1.8%
Revenue YoY	9.0%	9.2%	-0.1%	6.8%	7.7%	-0.9%	3.7%	5.4%	-1.7%	5.7%	7.7%	-1.9%
CASM-ex	12.30¢	12.27¢	0.2%	12.98¢	12.62¢	2.9%	12.29¢	12.13¢	1.3%	12.54¢	12.11¢	3.6%
CASM-ex YoY	5.0%	4.8%	0.2%	3.5%	0.6%	2.9%	2.2%	0.8%	1.3%	2.1%	-1.5%	3.6%
RASM	18.45¢	18.44¢	0.0%	17.01¢	17.04¢	-0.2%	17.86¢	18.07¢	-1.2%	17.93¢	18.06¢	-0.7%
RASM YoY	-4.4%	-4.4%	0.0%	-2.2%	-2.0%	-0.2%	-3.1%	-1.9%	-1.2%	0.4%	1.1%	-0.7%
Pre-tax Income	693	715	-3.1%	(80)	(63)	27.5%	3,683	4,101	-10.2%	3,688	5,018	-26.5%
Pre-tax Margin	5.1%	5.3%	-0.2%	-0.7%	-0.5%	-0.1%	6.6%	7.3%	-0.6%	6.3%	8.4%	-2.1%
EPS	\$1.58	\$1.66	-4.6%	(\$0.18)	(\$0.18)	-0.6%	\$8.42	\$9.43	-10.7%	\$8.43	\$11.47	-26.5%
EBITDAR	\$1,686	\$1,706	-1.2%	\$902	\$892	1.2%	\$7,725	\$8,063	-4.2%	\$7,963	\$9,229	-13.7%
Fuel Gallons	1,060	1,063	-0.3%	1,030	1,036	-0.6%	4,455	4,455	0.0%	4,600	4,652	-1.1%
ASMs per gallon	69.2	69.1	0.1%	69.7	69.8	-0.1%	69.9	70.0	-0.2%	71.3	71.1	0.2%
Fuel Price (\$/gal)	\$3.15	\$3.21	-1.8%	\$2.63	\$2.91	-9.5%	\$2.62	\$2.86	-8.2%	\$2.60	\$2.77	-6.4%

Source: BofA Global Research, Visible Alpha

BofA GLOBAL RESEARCH

Exhibit 20: LUV estimates versus Street

We estimate LUV 2024 EPS of \$1.54, above Street at \$1.47

	4Q23			1Q24			FY-24			FY-25		
	BofA	Street	Variance	BofA	Street	Variance	BofA	Street	Variance	BofA	Street	Variance
Capacity	45,363	45,333	0.1%	42,249	42,263	0.0%	181,745	182,078	-0.2%	189,015	190,982	-1.0%
Capacity YoY	21.0%	20.9%	0.1%	11.0%	11.0%	0.0%	6.8%	7.0%	-0.2%	4.0%	4.9%	-0.9%
Revenue	6,751	6,739	0.2%	6,172	6,215	-0.7%	27,842	27,740	0.4%	29,324	29,706	-1.3%
Revenue YoY	9.4%	9.2%	0.2%	8.2%	8.9%	-0.7%	7.0%	6.7%	0.3%	5.3%	7.1%	-1.8%
CASM-ex	11.04¢	11.02¢	0.2%	11.71¢	11.84¢	-1.1%	11.31¢	11.28¢	0.2%	11.49¢	11.31¢	1.5%
CASM-ex YoY	-17.6%	-17.7%	0.1%	0.3%	1.5%	-1.1%	2.0%	1.7%	0.3%	1.6%	0.3%	1.3%
RASM	14.88¢	14.86¢	0.2%	14.61¢	14.70¢	-0.6%	15.32¢	15.21¢	0.7%	15.51¢	15.49¢	0.2%
RASM YoY	-9.6%	-9.7%	0.1%	-2.5%	-1.9%	-0.6%	0.2%	-0.5%	0.7%	1.3%	1.8%	-0.6%
Pre-tax Income	63	101	-37.8%	(112)	(182)	-38.6%	1,263	1,328	-4.8%	1,414	1,997	-29.2%
Pre-tax Margin	0.9%	1.5%	-0.6%	-1.8%	-2.9%	1.1%	4.5%	4.8%	-0.2%	4.8%	6.7%	-1.9%
EPS	\$0.08	\$0.12	-33.5%	(\$0.14)	(\$0.27)	-48.5%	\$1.54	\$1.47	5.0%	\$1.73	\$2.28	-24.2%
EBITDAR	\$422	\$402	5.0%	\$264	\$141	87.1%	\$2,833	\$2,551	11.1%	\$3,156	\$3,563	-11.4%
Fuel Gallons	575	574	0.1%	523	528	-0.9%	2,259	2,255	0.2%	2,318	2,320	-0.1%
ASMs per gallon	78.9	79.0	0.0%	80.8	80.0	0.9%	80.5	80.8	-0.4%	81.5	82.3	-0.9%
Fuel Price per Gallon	\$3.05	\$3.01	1.2%	\$2.68	\$2.81	-4.4%	\$2.67	\$2.74	-2.6%	\$2.65	\$2.67	-0.7%

Source: BofA Global Research, Visible Alpha

BofA GLOBAL RESEARCH



Exhibit 21: ALK estimates versus Street

We estimate ALK 2024 EPS of \$5.02, slightly below Street at \$5.10

	4Q23			1Q24			FY-24			FY-25		
	BofA	Street	Variance	BofA	Street	Variance	BofA	Street	Variance	BofA	Street	Variance
Capacity	17,062	17,011	0.3%	16,107	16,156	-0.3%	72,068	71,868	0.3%	75,672	75,961	-0.4%
Capacity YoY	13.5%	13.2%	0.3%	2.6%	2.9%	-0.3%	5.2%	4.9%	0.3%	5.0%	5.4%	-0.4%
Revenue	2,548	2,548	0.0%	2,279	2,255	1.1%	10,732	10,877	-1.3%	11,355	11,463	-0.9%
Revenue YoY	2.8%	2.8%	0.0%	3.8%	2.7%	1.1%	3.0%	4.4%	-1.4%	5.8%	6.8%	-1.0%
CASM-ex	10.58¢	10.64¢	-0.6%	10.73¢	10.86¢	-1.2%	10.34¢	10.31¢	0.3%	10.59¢	10.21¢	3.8%
CASM-ex YoY	-0.4%	-4.5%	4.1%	1.8%	3.2%	-1.4%	1.4%	1.2%	0.2%	2.5%	-1.3%	3.8%
RASM	14.93¢	14.98¢	-0.3%	14.15¢	13.96¢	1.4%	14.89¢	15.12¢	-1.5%	15.01¢	15.06¢	-0.4%
RASM YoY	-9.5%	-9.2%	-0.3%	1.2%	-0.2%	1.4%	-2.1%	-0.6%	-1.5%	0.8%	1.2%	-0.4%
Pre-tax Income	30	36	-18.4%	4	(89)	-104.4%	853	882	-3.2%	896	1,059	-15.4%
Pre-tax Margin	1.2%	1.4%	-0.3%	0.2%	-4.0%	4.1%	7.9%	8.1%	-0.2%	7.9%	9.2%	-1.3%
EPS	\$0.18	\$0.20	-13.5%	\$0.02	(\$0.56)	-104.1%	\$5.02	\$5.10	-1.7%	\$5.34	\$6.24	-14.4%
EBITDAR	\$207	\$216	-4.0%	\$182	\$98	86.3%	\$1,602	\$1,618	-1.0%	\$1,703	\$1,817	-6.2%
Fuel Gallons	206	204	0.7%	193	193	0.2%	862	859	0.2%	896	898	-0.3%
ASMs per gallon	82.9	83.1	-0.2%	83.4	73.7	13.1%	83.6	76.6	9.1%	84.5	84.7	-0.3%
Fuel Price per Gallon	\$3.40	\$3.37	0.9%	\$2.76	\$3.00	-7.9%	\$2.75	\$2.99	-8.0%	\$2.66	\$2.91	-8.4%

Source: BofA Global Research, Visible Alpha

BofA GLOBAL RESEARCH

Exhibit 22: JBLU estimates versus Street

We estimate JBLU 2024 EPS of \$(0.46), above Street at \$(0.61)

	4Q23			1Q24			FY-24			FY-25		
	BofA	Street	Variance	BofA	Street	Variance	BofA	Street	Variance	BofA	Street	Variance
Capacity	16,882	16,870	0.1%	16,350	16,595	-1.5%	67,431	68,257	-1.2%	70,802	72,005	-1.7%
Capacity YoY	2.5%	2.4%	0.1%	-2.5%	-1.0%	-1.5%	-1.4%	-0.1%	-1.2%	5.0%	5.5%	-0.5%
Revenue	2,280	2,276	0.2%	2,243	2,221	1.0%	9,549	9,685	-1.4%	10,214	10,403	-1.8%
Revenue YoY	-5.6%	-5.8%	0.2%	-3.7%	-4.6%	0.9%	-0.2%	1.2%	-1.5%	7.0%	7.4%	-0.4%
CASM-ex	9.97¢	9.99¢	-0.2%	10.92¢	10.71¢	1.9%	10.66¢	10.66¢	0.1%	10.84¢	10.64¢	1.9%
CASM-ex YoY	9.2%	9.4%	-0.2%	9.4%	7.3%	2.1%	6.0%	5.8%	0.3%	1.6%	-0.1%	1.8%
RASM	13.50¢	13.48¢	0.2%	13.72¢	13.39¢	2.5%	14.16¢	14.17¢	0.0%	14.43¢	14.42¢	0.1%
RASM YoY	-7.9%	-8.1%	0.2%	-1.2%	-3.6%	2.4%	1.2%	1.2%	-0.1%	1.9%	1.8%	0.1%
Pre-tax Income	(128)	(150)	-14.5%	(157)	(198)	-20.7%	(215)	(215)	0.1%	(188)	7	-2706.4%
Pre-tax Margin	-5.6%	-6.6%	1.0%	-7.0%	-8.9%	1.9%	-2.3%	-2.2%	0.0%	-1.8%	0.1%	-1.9%
EPS	(\$0.27)	(\$0.31)	-11.6%	(\$0.33)	(\$0.44)	-24.5%	(\$0.46)	(\$0.61)	-24.5%	(\$0.40)	(\$0.08)	406.5%
EBITDAR	\$118	\$96	22.8%	\$105	\$27	294.0%	\$950	\$690	37.6%	\$1,281	\$1,014	26.3%
Fuel Gallons	221	222	-0.3%	210	214	-1.8%	873	887	-1.5%	908	925	-1.8%
ASMs per gallon	76.3	76.0	0.3%	77.7	77.4	0.4%	77.2	76.9	0.3%	78.0	77.7	0.3%
Fuel Price per Gallon	\$3.00	\$3.07	-2.4%	\$2.62	\$2.88	-9.0%	\$2.61	\$2.82	-7.6%	\$2.58	\$2.78	-7.3%

Source: BofA Global Research, Visible Alpha

BofA GLOBAL RESEARCH

Exhibit 23: SAVE estimates versus Street

We estimate SAVE 2024 EPS of \$(2.98), above Street at \$(3.18)

	4Q23			1Q24			FY-24			FY-25		
	BofA	Street	Variance	BofA	Street	Variance	BofA	Street	Variance	BofA	Street	Variance
Capacity	14,674	14,560	0.8%	13,870	14,134	-1.9%	56,762	58,190	-2.5%	60,162	63,083	-4.6%
Capacity YoY	14.0%	13.1%	0.9%	5.0%	7.0%	-2.0%	2.2%	4.9%	-2.8%	6.0%	8.4%	-2.4%
Revenue	1,296	1,302	-0.5%	1,230	1,285	-4.2%	5,458	5,647	-3.4%	5,752	6,236	-7.8%
Revenue YoY	-6.9%	-6.4%	-0.4%	-8.9%	-4.8%	-4.0%	2.3%	5.7%	-3.4%	5.4%	10.4%	-5.0%
CASM-ex	6.96¢	7.06¢	-1.5%	7.57¢	7.30¢	3.7%	7.41¢	7.27¢	1.9%	7.39¢	7.16¢	3.2%
CASM-ex YoY	6.7%	8.3%	-1.6%	4.9%	1.1%	3.8%	4.1%	1.6%	2.5%	-0.2%	-1.5%	1.2%
RASM	8.83¢	8.94¢	-1.2%	8.87¢	9.08¢	-2.3%	9.62¢	9.75¢	-1.3%	9.56¢	9.95¢	-3.9%
RASM YoY	-18.3%	-17.3%	-1.0%	-13.2%	-11.1%	-2.1%	0.1%	1.2%	-1.1%	-0.6%	2.1%	-2.7%
Pre-tax Income	(225)	(235)	-4.3%	(239)	(214)	11.4%	(434)	(441)	-1.7%	(483)	(254)	89.9%
Pre-tax Margin	-17.3%	-18.0%	0.7%	-19.4%	-16.7%	-2.7%	-7.9%	-7.8%	-0.1%	-8.4%	-4.1%	-4.3%
EPS	(\$1.55)	(\$1.66)	-6.1%	(\$1.65)	(\$1.51)	9.2%	(\$2.98)	(\$3.18)	-6.5%	(\$3.33)	(\$1.81)	84.2%
EBITDAR	(\$24)	(\$33)	-27.0%	(\$33)	(\$16)	113.1%	\$397	\$377	5.4%	\$415	\$681	-39.0%
Fuel Gallons	155	155	0.0%	148	151	-1.9%	599	618	-3.1%	628	663	-5.3%
ASMs per gallon	94.5	93.8	0.7%	93.7	93.7	0.0%	94.7	94.1	0.6%	95.8	95.2	0.6%
Fuel Price per Gallon	\$3.09	\$3.12	-1.0%	\$2.67	\$2.95	-9.2%	\$2.66	\$2.91	-8.4%	\$2.64	\$2.82	-6.6%

Source: BofA Global Research, Visible Alpha

BofA GLOBAL RESEARCH



Exhibit 24: ALGT estimates versus Street

We estimate ALGT 2024 EPS of \$7.67, above Street at \$7.34

	4Q23			1Q24			FY-24			FY-25		
	BofA	Street	Variance	BofA	Street	Variance	BofA	Street	Variance	BofA	Street	Variance
Capacity	4,561	4,579	-0.4%	4,593	4,734	-3.0%	19,327	19,674	-1.8%	20,844	21,671	-3.8%
Capacity YoY	4.7%	5.1%	-0.4%	-1.8%	1.2%	-3.0%	3.2%	5.0%	-1.8%	7.9%	10.2%	-2.3%
Revenue	594	596	-0.4%	639	650	-1.8%	2,564	2,681	-4.3%	2,796	2,959	-5.5%
Revenue YoY	-2.9%	-2.5%	-0.3%	-1.7%	0.0%	-1.8%	2.9%	7.4%	-4.6%	9.0%	10.4%	-1.3%
CASM-ex	8.30¢	8.99¢	-7.7%	8.55¢	8.79¢	-2.6%	8.50¢	8.79¢	-3.3%	8.55¢	8.74¢	-2.1%
CASM-ex YoY	9.9%	19.1%	-9.2%	9.9%	12.9%	-3.0%	5.2%	5.6%	-0.4%	0.7%	-0.5%	1.2%
RASM	12.98¢	13.02¢	-0.3%	13.85¢	13.73¢	0.9%	13.31¢	13.62¢	-2.3%	13.45¢	13.65¢	-1.5%
RASM YoY	-7.5%	-7.2%	-0.2%	-0.3%	-1.2%	0.9%	-0.3%	2.1%	-2.4%	1.0%	0.2%	0.8%
Pre-tax Income	20	(8)	-339.5%	68	48	40.0%	177	174	1.3%	236	264	-10.7%
Pre-tax Margin	3.3%	-1.4%	4.7%	10.6%	7.4%	3.2%	6.9%	6.5%	0.4%	8.4%	8.9%	-0.5%
EPS	\$0.85	(\$0.36)	-338.4%	\$2.94	\$2.03	44.6%	\$7.67	\$7.34	4.5%	\$10.25	\$11.04	-7.2%
EBITDAR	\$101	\$75	34.4%	\$164	\$136	20.1%	\$563	\$545	3.4%	\$625	\$664	-5.8%
Fuel Gallons	54	54	0.0%	54	55	-1.9%	230	230	-0.1%	243	246	-1.1%
ASMs per gallon	84.6	84.9	-0.4%	84.4	85.3	-1.1%	84.0	85.5	-1.7%	85.7	88.1	-2.8%
Fuel Price per Gallon	\$3.25	\$3.23	0.8%	\$2.73	\$3.00	-8.9%	\$2.72	\$2.94	-7.7%	\$2.69	\$2.85	-5.4%

Source: BofA Global Research, Visible Alpha

BofA GLOBAL RESEARCH

Exhibit 25: ULCC estimates versus Street

We estimate ULCC 2024 EPS \$0.54, above Street at \$0.06

	4Q23			1Q24			FY-24			FY-25		
	BofA	Street	Variance	BofA	Street	Variance	BofA	Street	Variance	BofA	Street	Variance
Capacity	9,797	9,849	-0.5%	9,389	9,279	1.2%	43,116	42,611	1.2%	47,719	48,239	-1.1%
Capacity YoY	13.0%	13.6%	-0.6%	7.0%	5.7%	1.3%	14.7%	13.2%	1.5%	10.7%	13.2%	-2.5%
Revenue	898	894	0.5%	849	841	0.9%	4,124	4,043	2.0%	4,692	4,685	0.1%
Revenue YoY	-0.8%	-1.3%	0.5%	0.0%	-0.9%	0.9%	14.6%	12.5%	2.1%	13.8%	15.9%	-2.1%
CASM-ex	6.72¢	6.73¢	-0.1%	7.15¢	7.15¢	0.1%	6.66¢	6.69¢	-0.5%	6.78¢	6.69¢	1.3%
CASM-ex YoY	5.0%	5.1%	-0.1%	8.2%	8.1%	0.1%	-1.0%	-0.5%	-0.4%	1.8%	0.0%	1.8%
RASM	9.17¢	9.08¢	1.0%	9.04¢	9.06¢	-0.2%	9.56¢	9.45¢	1.2%	9.83¢	9.68¢	1.6%
RASM YoY	-12.2%	-13.1%	0.9%	-6.5%	-6.3%	-0.2%	0.0%	-0.9%	0.9%	2.8%	2.4%	0.4%
Pre-tax Income	(50)	(68)	-25.5%	(64)	(81)	-21.2%	151	21	607.5%	273	173	58.3%
Pre-tax Margin	-5.6%	-7.6%	2.0%	-7.6%	-9.7%	2.1%	3.7%	0.5%	3.1%	81.2%	710.1%	-628.9%
EPS	(\$0.18)	(\$0.24)	-23.9%	(\$0.23)	(\$0.28)	-17.4%	\$0.54	\$0.06	740.9%	\$0.99	\$0.59	67.0%
EBITDAR	\$113	\$98	15.2%	\$101	\$79	27.3%	\$825	\$698	18.2%	\$987	\$919	7.4%
Fuel Gallons	92	95	-3.4%	89	89	-0.4%	407	409	-0.3%	444	458	-2.9%
ASMs per gallon	106.6	103.6	3.0%	105.8	104.1	1.6%	105.9	104.3	1.5%	107.4	105.3	1.9%
Fuel Price (\$/gal)	\$3.18	\$3.22	-1.2%	\$2.76	\$2.97	-7.0%	\$2.75	\$2.93	-6.0%	\$2.73	\$2.85	-4.4%

Source: BofA Global Research, Visible Alpha

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Investment Rationale**Frontier Airlines**

With 90% of its revenues coming from the leisure consumer, Frontier is exposed to the fastest growing segment of the travel market. That said, a tough domestic airline industry backdrop presents headwinds. While its low cost structure allows the airline to generate profits at lower price points relative to other US airlines, market oversupply and weaker pricing threatens ULCC's margin-generating abilities.

JetBlue Airways

JBLU is pressured by a tough domestic capacity environment and GTF engine issues hamstringing growth and cost plans. Execution risks related to the Spirit merger are a further challenge should the deal obtain the judge's approval after an antitrust lawsuit by the Department of Justice.



Price objective basis & risk

Alaska Air Group (ALK)

Our \$50 price objective for ALK is based on approximately 5.5x our 2024E EBITDAR. Our target multiple is approximately at the middle of its historical 3-7x middle range. We believe this is reasonable given its balance sheet strength and cost focus.

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

Allegiant Travel Company (ALGT)

For ALGT, our \$70 PO is based on approximately 5x our 2024E EBITDAR. This is at the middle of its historical 4-7x range, which we believe is reasonable given ALGT's leisure exposure, monopolistic network, and solid balance sheet (net debt back below pre-pandemic levels). However, we do see heightened cost risks for ALGT given its recent 737 MAX order.

Upside risks to our price objective are a faster than anticipated travel recovery, better operations that drive lower unit costs, and the ability to drive pricing despite increasing industry supply.

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

American Airlines Group (AAL)

Our \$10 PO is based on approximately 5x our 2024E EBITDAR. Our target multiple is in line with AAL'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 significant moves in fuel, general economic weakness, government regulation/taxes, safety concerns, and terrorism/geopolitical events.

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.

Frontier Airlines (ULCC)

Our \$6 price objective is based on approximately 5x our 2024E EBITDAR adjusted for our estimate of a new pilot deal (41 cents to unit costs). This multiple is a discount from ultra-low cost carrier's historical average, reflecting current operational risks and softening demand environment.

Downside risks to our price objective are a slower travel recovery, rising industry supply, and poor operational performance.

JetBlue Airways (JBLU)

Our \$3 PO is based on approximately 5.0x our 2024E EBITDAR. We believe a discount to its long-term historical multiple of 6.0x is justified given the domestic fundamental backdrop and deal risks.

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.

Southwest (LUV)

Our \$29 PO is based on approximately 6.0x our 2024E EBITDAR. Our target multiple is below LUV's long-term historical average of 6.2x given the tough domestic operating environment.

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

Spirit Airlines (SAVE)

We have removed the investment opinion on the company's stock. Investors should no longer rely on our previous opinion or price objective.

United Airlines Holdings (UAL)

Our \$56 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

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US - Airlines and Cruise Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	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
NEUTRAL				
	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
UNDERPERFORM				
	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
RSTR				
	Hawaiian Holdings	HA	HA US	Andrew G. Didora, CFA

Disclosures

Important Disclosures

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

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	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 ^{R1}	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%

^{R1} 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 ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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