

Figure 3: Airline Enterprise Value to 2014E EBITDAR

| Company            | Ticker     | Price<br>6/25/2014 | Shares<br>Out. | Equity<br>Market<br>Value | Preferred<br>Equity | Minority<br>Interest | Long-Term<br>Debt | Short-Term<br>Debt | Capitalized<br>Operating<br>Leases | Cash &<br>Marketable<br>Securities | Enterprise<br>Value | Pretax<br>Income | Interest<br>Expense | D&A       | Aircraft<br>Rentals | Other<br>Rentals | 2014E<br>EBITDAR | EV/<br>EBITDAR |       |            |           |   |           |   |           |   |           |   |       |   |           |       |
|--------------------|------------|--------------------|----------------|---------------------------|---------------------|----------------------|-------------------|--------------------|------------------------------------|------------------------------------|---------------------|------------------|---------------------|-----------|---------------------|------------------|------------------|----------------|-------|------------|-----------|---|-----------|---|-----------|---|-----------|---|-------|---|-----------|-------|
| LEGACY AIRLINES    |            |                    |                |                           |                     |                      |                   |                    |                                    |                                    |                     |                  |                     |           |                     |                  |                  |                |       |            |           |   |           |   |           |   |           |   |       |   |           |       |
| Major Networks     |            |                    |                |                           |                     |                      |                   |                    |                                    |                                    |                     |                  |                     |           |                     |                  |                  |                |       |            |           |   |           |   |           |   |           |   |       |   |           |       |
| Alaska             | ALK-US     | \$95.30            | x              | 68.8                      | =                   | \$6,556              | +                 | \$0                | +                                  | \$0                                | +                   | \$721            | +                   | \$113     | +                   | \$2,325          | -                | \$1,420        | =     | \$8,294    | \$675     | + | \$35      | + | \$286     | + | \$119     | + | \$214 | = | \$1,327   | 6.25x |
| American           | AAL-US     | 43.91              | x              | 736.1                     | =                   | 32,320               | +                 | 0                  | +                                  | 0                                  | +                   | 14,714           | +                   | 1,764     | +                   | 16,755           | -                | 11,569         | =     | 53,985     | 3,716     | + | 862       | + | 1,235     | + | 1,357     | + | 1,037 | = | 8,206     | 6.58x |
| Delta              | DAL-US     | 39.35              | x              | 848.0                     | =                   | 33,369               | +                 | 0                  | +                                  | 0                                  | +                   | 9,466            | +                   | 1,578     | +                   | 8,004            | -                | 3,783          | =     | 48,634     | 4,222     | + | 756       | + | 1,689     | + | 208       | + | 936   | = | 7,810     | 6.23x |
| Hawaiian           | HA-US      | 14.03              | x              | 53.2                      | =                   | 746                  | +                 | 0                  | +                                  | 0                                  | +                   | 787              | +                   | 153       | +                   | 1,199            | -                | 355            | =     | 2,530      | 119       | + | 53        | + | 94        | + | 116       | + | 56    | = | 437       | 5.79x |
| United Continental | UAL-US     | 41.81              | x              | 373.5                     | =                   | 15,616               | +                 | 0                  | +                                  | 0                                  | +                   | 10,834           | +                   | 1,290     | +                   | 16,668           | -                | 5,073          | =     | 39,335     | 1,402     | + | 698       | + | 1,660     | + | 890       | + | 1,491 | = | 6,142     | 6.40x |
| Average            |            |                    |                |                           |                     |                      |                   |                    |                                    |                                    |                     |                  |                     |           |                     |                  |                  |                | 6.25x |            |           |   |           |   |           |   |           |   |       |   |           |       |
| GROWTH AIRLINES    |            |                    |                |                           |                     |                      |                   |                    |                                    |                                    |                     |                  |                     |           |                     |                  |                  |                |       |            |           |   |           |   |           |   |           |   |       |   |           |       |
| Low Cost Carriers  |            |                    |                |                           |                     |                      |                   |                    |                                    |                                    |                     |                  |                     |           |                     |                  |                  |                |       |            |           |   |           |   |           |   |           |   |       |   |           |       |
| Allegiant          | ALGT-US    | \$118.33           | x              | 17.9                      | =                   | \$2,119              | +                 | \$0                | +                                  | \$0                                | +                   | \$209            | +                   | \$20      | +                   | \$298            | -                | \$356          | =     | \$2,291    | \$178     | + | \$13      | + | \$75      | + | \$32      | + | \$10  | = | \$309     | 7.42x |
| JetBlue            | JBLU-US    | 10.66              | x              | 296.8                     | =                   | 3,164                | +                 | 0                  | +                                  | 0                                  | +                   | 2,830            | +                   | 307       | +                   | 2,336            | -                | 771            | =     | 7,866      | 394       | + | 146       | + | 326       | + | 141       | + | 192   | = | 1,200     | 6.56x |
| Southwest          | LUV-US     | 26.97              | x              | 681.8                     | =                   | 18,659               | +                 | 0                  | +                                  | 0                                  | +                   | 2,172            | +                   | 642       | +                   | 7,150            | -                | 3,498          | =     | 25,125     | 1,534     | + | 102       | + | 915       | + | 357       | + | 664   | = | 3,572     | 7.03x |
| Spirit             | SAVE-US    | 62.83              | x              | 72.7                      | =                   | 4,570                | +                 | 0                  | +                                  | 0                                  | +                   | 0                | +                   | 0         | +                   | 1,779            | -                | 544            | =     | 5,805      | 329       | + | 0         | + | 51        | + | 194       | + | 60    | = | 634       | 9.15x |
| Average            |            |                    |                |                           |                     |                      |                   |                    |                                    |                                    |                     |                  |                     |           |                     |                  |                  |                | 7.54x |            |           |   |           |   |           |   |           |   |       |   |           |       |
| Regional Airlines  |            |                    |                |                           |                     |                      |                   |                    |                                    |                                    |                     |                  |                     |           |                     |                  |                  |                |       |            |           |   |           |   |           |   |           |   |       |   |           |       |
| Republic           | RJET-US    | \$10.80            | x              | 49.8                      | =                   | \$538                | +                 | \$0                | +                                  | \$0                                | +                   | \$1,920          | +                   | \$304     | +                   | \$994            | -                | \$303          | =     | \$3,453    | \$113     | + | \$122     | + | \$162     | + | \$137     | + | \$5   | = | \$538     | 6.41x |
| SkyWest            | SKYW-US    | 11.91              | x              | 51.1                      | =                   | 609                  | +                 | 0                  | +                                  | 0                                  | +                   | 1,286            | +                   | 181       | +                   | 2,579            | -                | 543            | =     | 4,112      | 41        | + | 81        | + | 253       | + | 349       | + | 19    | = | 743       | 5.54x |
| Average            |            |                    |                |                           |                     |                      |                   |                    |                                    |                                    |                     |                  |                     |           |                     |                  |                  |                | 5.97x |            |           |   |           |   |           |   |           |   |       |   |           |       |
| Emerging Market    |            |                    |                |                           |                     |                      |                   |                    |                                    |                                    |                     |                  |                     |           |                     |                  |                  |                |       |            |           |   |           |   |           |   |           |   |       |   |           |       |
| Aeromexico         | AEROMEX-MX | P/\$21.90          | x              | 713.6                     | =                   | P/\$15,627           | +                 | P/\$0              | +                                  | P/\$6                              | +                   | P/\$7,737        | +                   | P/\$1,325 | +                   | P/\$28,601       | -                | P/\$3,615      | =     | P/\$49,681 | P/\$1,628 | + | P/\$1,283 | + | P/\$1,720 | + | P/\$4,086 | + | P/\$0 | = | P/\$8,717 | 5.70x |
| Avianca            | AVH-US     | \$16.32            | x              | 137.7                     | =                   | \$2,247              | +                 | \$0                | +                                  | \$6                                | +                   | \$1,990          | +                   | \$327     | +                   | \$2,121          | -                | \$573          | =     | \$6,118    | \$149     | + | \$114     | + | \$254     | + | \$303     | + | \$0   | = | \$821     | 7.45x |
| Copa               | CPA-US     | 143.36             | x              | 44.4                      | =                   | 6,361                | +                 | 0                  | +                                  | 0                                  | +                   | 883              | +                   | 156       | +                   | 774              | -                | 1,116          | =     | 7,058      | 594       | + | 34        | + | 119       | + | 104       | + | 6     | = | 858       | 8.23x |
| GOL                | GOL-US     | 5.59               | x              | 276.7                     | =                   | 1,547                | +                 | 0                  | +                                  | 270                                | +                   | 2,105            | +                   | 202       | +                   | 2,520            | -                | 1,103          | =     | 5,541      | 50        | + | 218       | + | 258       | + | 354       | + | 6     | = | 886       | 6.26x |
| LATAM              | LFL-US     | 13.60              | x              | 541.0                     | =                   | 7,358                | +                 | 0                  | +                                  | 85                                 | +                   | 7,287            | +                   | 1,521     | +                   | 4,234            | -                | 1,970          | =     | 18,515     | 538       | + | 441       | + | 1,033     | + | 469       | + | 136   | = | 2,818     | 7.07x |
| Volaris            | VLR-US     | 8.54               | x              | 101.2                     | =                   | 864                  | +                 | 0                  | +                                  | 0                                  | +                   | 42               | +                   | 0         | +                   | 1,281            | -                | 177            | =     | 2,011      | 3         | + | 1         | + | 24        | + | 183       | + | 0     | = | 212       | 9.50x |
| Average            |            |                    |                |                           |                     |                      |                   |                    |                                    |                                    |                     |                  |                     |           |                     |                  |                  |                | 7.37x |            |           |   |           |   |           |   |           |   |       |   |           |       |

Source: Thomson One, Company Filings, and Deutsche Bank Airline Research.

