Alata Investment Club

M&A Division

September 2026

allegiant® *acquires* sun country airlines

Deal Overview

Industry	Airlines
Target	Sun Country Airlines Holdings, Inc.
Enterprise Value	$1.5 B
Consideration Mix	$4.10 cash + 0.1557 shares of ALGT
Total Synergies	$140m of annual synergies by Year 3 post-close
Premium	19.8% vs SNCY's unaffected closing share price on Jan 9, 2026

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Valuation Disconnect (21–23)

Sun Country peaked above $43 post-IPO but compressed alongside the airline index due to macro headwinds, masking its core profitability

Structural Resilience (24–25)

Established a firm floor and decoupled from struggling pure-play low-cost peers; leveraged contractually backed Amazon cargo and VIP charter revenue to insulate operating margins

Premium Takeout (26)

Allegiant unlocked latent asset value via a definitive merger agreement on January 11, 2026, at an implied $18.89 per share, representing a 19.8% undisturbed premium

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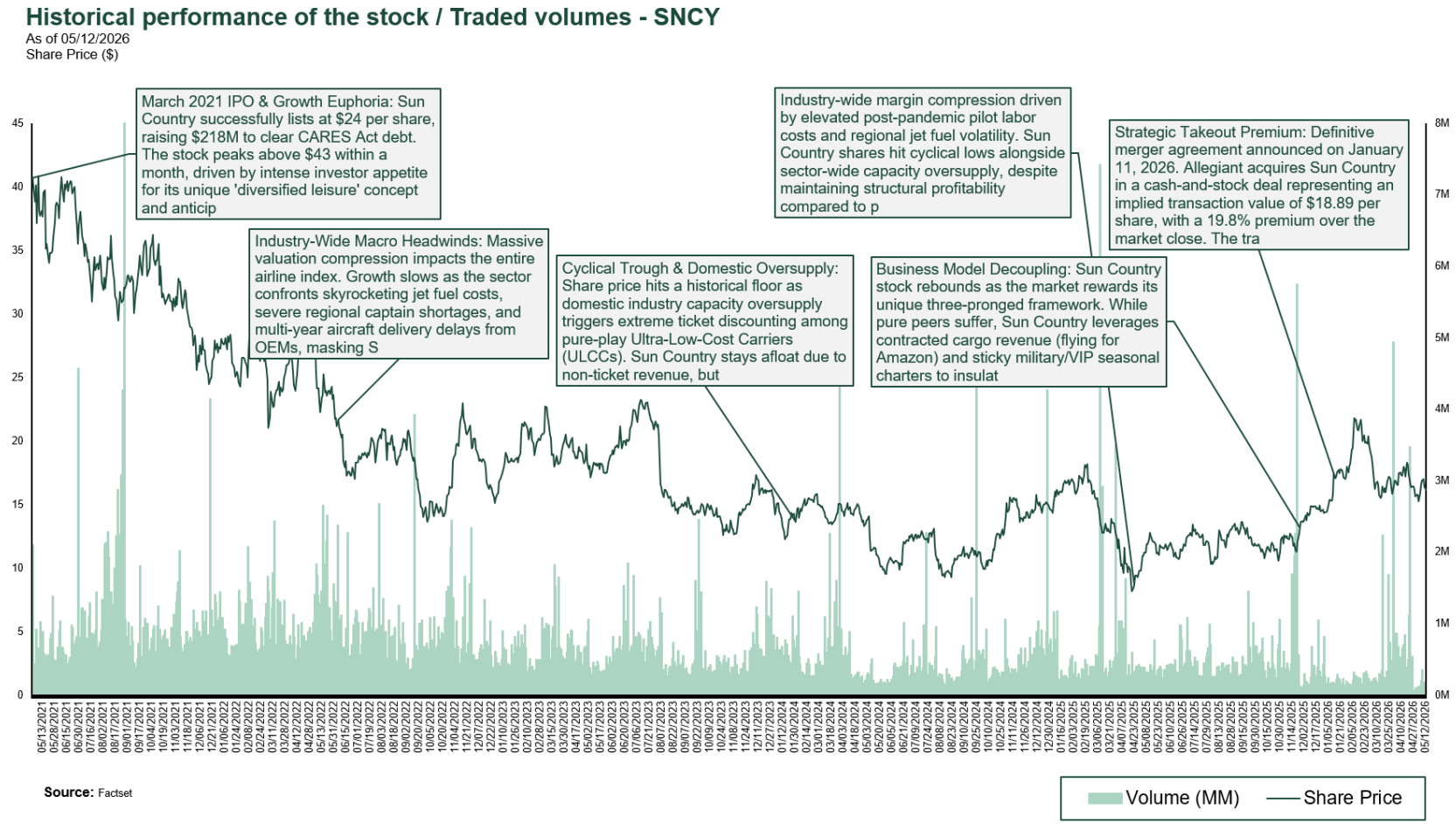
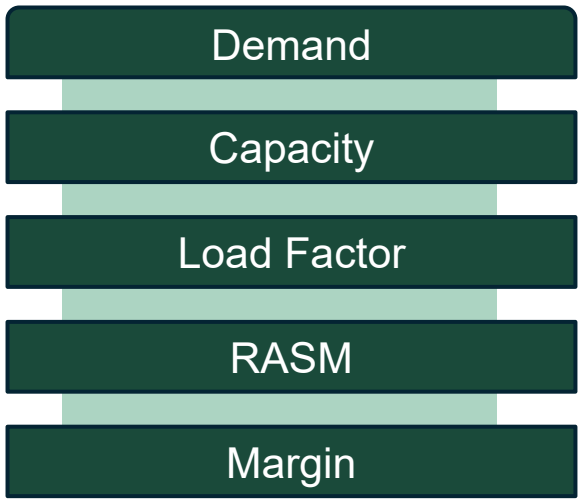
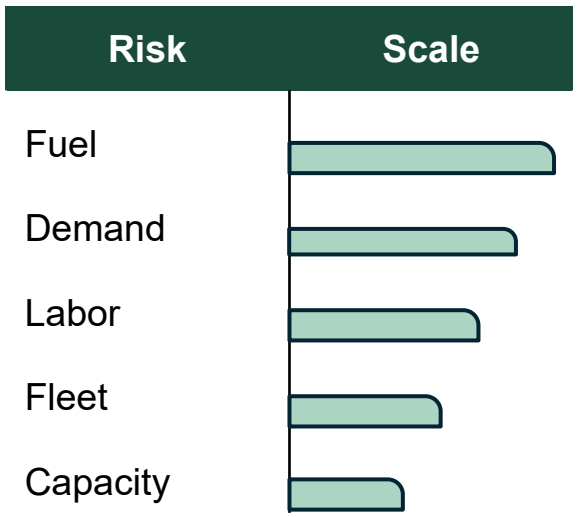
Sun Country Airlines







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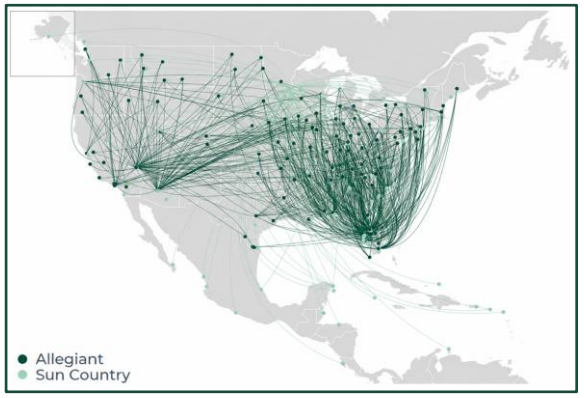
Sector Overview & Demand-Capacity Dynamics

1. The U.S. leisure airline industry is a capital-intensive, highly competitive market where profitability is dictated by the continuous interplay of demand, capacity, pricing, and operating costs. A flexible, low-cost model is paramount.
2. The critical metric for sector health is not passenger growth in isolation, but the strategic alignment of available capacity with demand. A flexible model enables the dynamic allocation of aircraft and crews, protecting margins in a volatile environment.
3. This logic is captured in the industry's core value chain: Demand → Capacity Deployment → Load Factor & Pricing → Revenue per Available Seat Mile (RASM) → Margin. Disciplined capacity management supports unit revenue and profitability, even when absolute growth is limited.
4. In 2025, both Allegiant and Sun Country faced common macro headwinds (economic uncertainty, tariffs, government shutdown), highlighting their resilience. Their differing models, however, produced varied outcomes: Allegiant leaned on cost efficiency for recovery, while Sun Country leveraged its diversified business mix (cargo/charter) to insulate itself.
5. A significant sector-wide opportunity lies in fleet flexibility and resource allocation. The combined entity will possess a powerful ability to redeploy aircraft and crews across Scheduled Service, Charter, and Cargo, optimizing returns by shifting resources to the highest-yield activities as market conditions evolve.

Sector Overview & Demand-Capacity Dynamics

The complementarity of routes



Hub concentration	
ALGT	SNCY
94%	Point-to-point

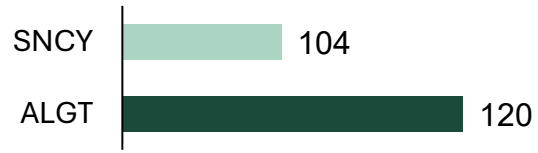
Sun Country Airlines

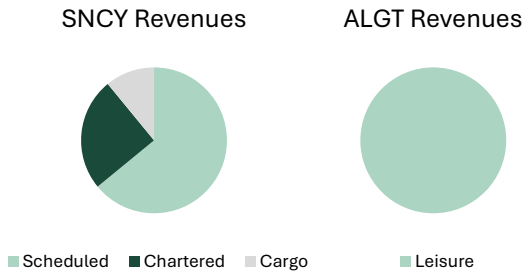
1. **Network & hub**
   Largest LCC at MSP. Roughly 94% of 2024 ASMs to/from MSP and approximately 104 markets served, up from half in 2019
2. **Leisure positioning**
   Leisure/VFR focus; agile peak-demand scheduling. Only 3% of routes flown daily, year-round
3. **Product differentiation**
   31" avg. seat pitch, free IFE, seat-back power and beverages at a near-ULCC cost base
4. **Business model**
   "Power Pattern": shares aircraft/crews across Scheduled, Charter and asset-light Amazon Cargo

Allegiant Air

1. **Network & hub**
   Point-to-point, no hub-and-spoke; 120+ destinations from roughly 24 bases linking underserved cities
2. **Leisure positioning**
   Leisure-only, self-pay travelers; capacity aligned to seasonal peaks, most routes a few days/week
3. **Product differentiation**
   Unbundled, ancillary-heavy fares; re-fleeting A320-family to 737 MAX (20% lower fuel burn)
4. **Business model**
   Base fares plus ancillary fees plus third-party commissions; single scheduled-service line, no fuel hedge

Destination Served 2024





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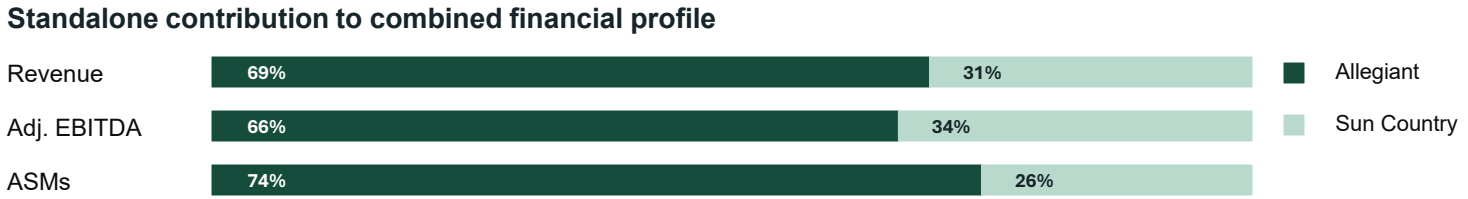
- Combined entity: $3.6B revenue, $640M Adj EBITDA, 191 aircraft across 156 domestic and 18 international destinations
- Allegiant contributes the larger share on most metrics (roughly 70% of revenue, ASMs and fleet), with Sun Country adding scale on top
- Combined customer base reaches 22 million across a 27 billion ASM network

Value Drivers

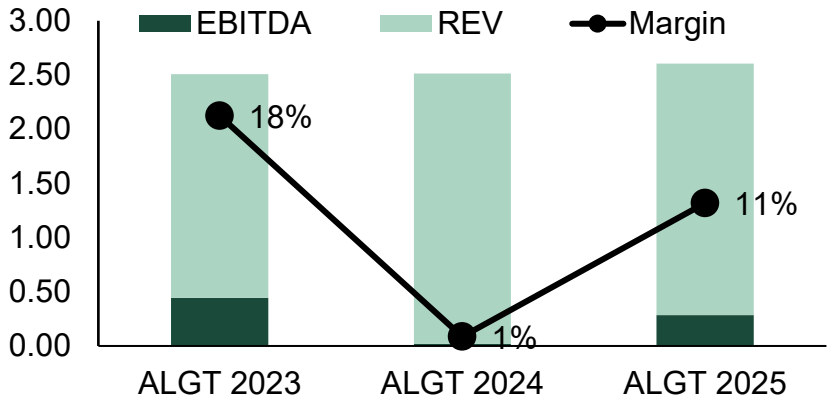
	Allegiant	Sun Country	Combined
Revenues	$2.5 B	$1.1 B	$3.6 B
Adj EBITDA	$425 M	$215 M	$640 M
Adj EBITDA margin	17.0%	19.5%	17.8%
ASMs	20 billion	7 billion	27 billion
Customers	18 million	4 million	22 million
Fleet	121	70	191

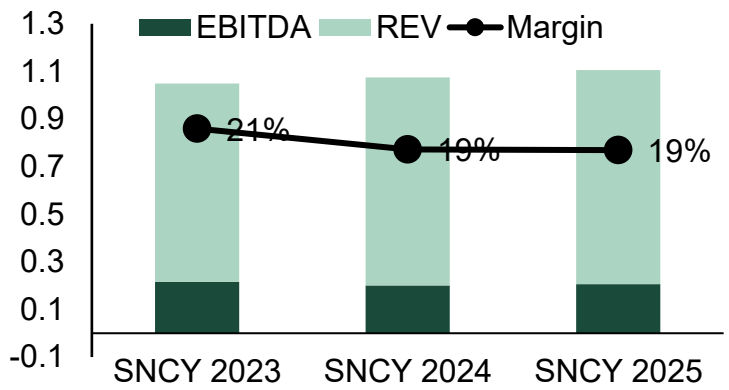


- Capacity diverges: Allegiant ASMs +12.6%; Sun Country flat, shifting toward Cargo
- Unit revenue splits: Allegiant RASM down to 12.20¢; Sun Country up to 13.76¢
- Costs move opposite ways: Allegiant CASM down to 8.04¢; Sun Country up to 12.41¢ on labor
- Bottom line: Allegiant swings to +1.43% margin; Sun Country stays profitable but softens

Value Drivers (cont'd)

	Company	2024	2025
ASMs	Allegiant	18,984.7M	21,369.5M
	Sun Country	8,071.9M	8,038.4M
Load Factor	Allegiant	83.6%	82.0%
	Sun Country	84.2%	83.3%
RASM	Allegiant	13.23¢	12.20¢
	Sun Country	13.33¢	13.76¢
CASM	Allegiant	8.56¢	8.04¢
	Sun Country	12.01¢	12.41¢
Operating Margin	Allegiant	-9.55%	1.43%
	Sun Country	9.9%	9.8%





Allegiant Air (ALGT)
Unhedged Fuel Vulnerability: Zero financial hedging leaves FY25 fuel expenses at $639.7M (24.9% of Opex).

Elevated Interest Rate Sensitivity: Holds $747.5M in floating-rate debt ($1.8B total); a +100 bps rate hike drives a +$7.4M annualized interest expense escalation.

Sticky Labor Costs: FY25 labor expenses up +4.5% YoY, representing a significant 32.4% of total Opex structure.

Sun Country (SNCY)
Structural Fuel Mitigation: Lacks financial derivatives but utilizes fuel pass-through clauses in Charter/Cargo segments to insulate margins from spot price volatility.

De-leveraged Capital Structure: Slashed total debt from $401.6M to $301.3M, locking in low-cost fixed EETCs (5.04%–5.43%) to cap +100 bps rate sensitivity at just +$331k.

Front-Loaded Labor Inflation: Facing near-term cost pressure (+11% in FY24; +14% in 9M25) driven by headcount expansion and new CBA implementations.

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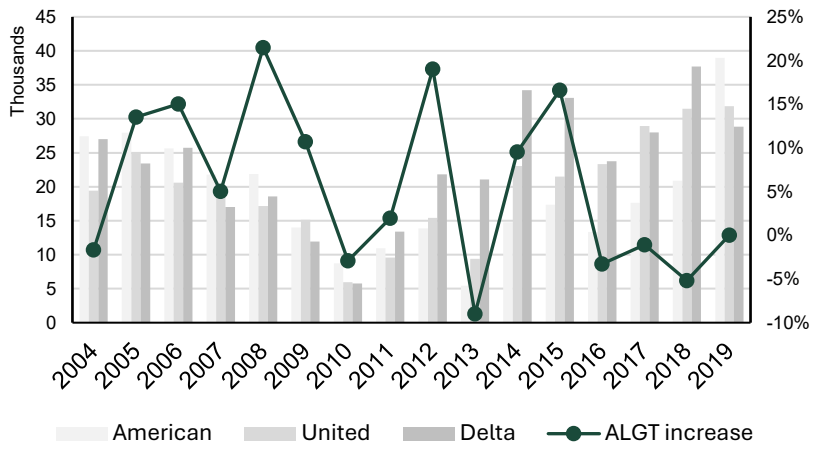
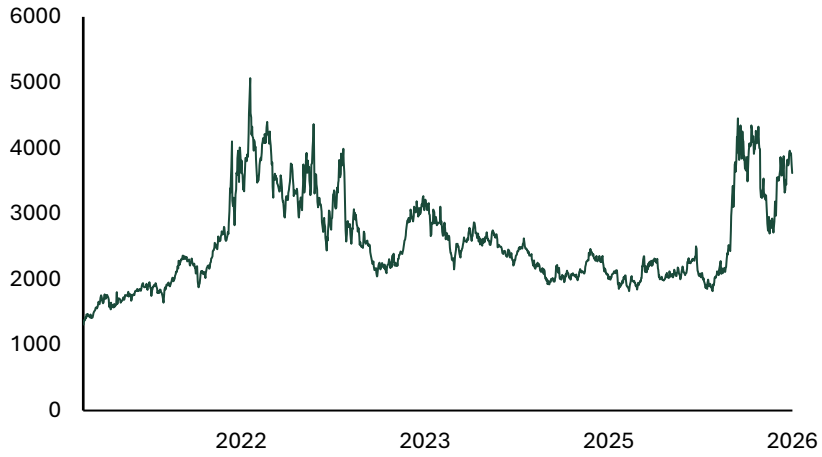
Macro & Markets

Legacy Carrier Spread - Labor Cost Increase



U.S. Gulf Coast Kerosene-Type Jet Fuel Spot Price FOB



Carrier	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
American	28,268	27,436	27,941	25,636	21,777	21,893	14,027	8,716	10,946	13,853	5,422	14,745	17,367	13,357	17,639	20,884	38,971
United	27,777	19,410	25,036	20,593	18,939	17,171	15,122	5,977	9,585	15,405	9,381	23,063	21,502	23,335	28,917	31,489	31,857
Delta	42,133	27,007	23,411	25,734	17,033	18,561	11,925	5,784	13,391	21,815	21,074	34,227	33,081	23,771	27,997	37,676	28,845
ALGT	**15%**	**-2%**	**14%**	**15%**	**5%**	**21%**	**11%**	**-3%**	**2%**	**19%**	**-9%**	**10%**	**17%**	**-3%**	**-1%**	**-5%**	

Spread between average salary for Legacy Carrier and Allegiant. The increase in ALGT cost is in the t+1 year

SNCY Changein Fuel Cost - Sensitivity Analysis (mm)

Change in Fuel Price \ Change in ASMs (in thousands)	500	250	0	-250	-500
0.50 $	47.7	40.1	32.5	24.9	17.2
0.25 $	32.0	24.4	16.7	9.1	1.5
0.10 $	22.5	14.9	7.3	-0.3	-7.9
0.00 $	16.3	8.6	1.0	-6.6	-14.2
-0.10 $	10.0	2.4	-5.3	-12.9	-20.5
-0.25 $	0.5	-7.1	-14.7	-22.3	-29.9
-0.50 $	-15.2	-22.8	-30.4	-38.0	-45.6

ALGT Change in Fuel Cost - Sensitivity Analysis (mm)

Change in Fuel Price \ Change in ASMs (in thousands)	500	250	0	-250	-500
0.50 $	122.0	113.9	105.7	97.6	89.5
0.25 $	68.5	60.4	52.3	44.2	36.1
0.10 $	36.5	28.4	20.3	12.2	4.0
0.00 $	15.1	7.0	-1.1	-9.2	-17.3
-0.10 $	-6.3	-14.4	-22.5	-30.6	-38.7
-0.25 $	-38.3	-46.4	-54.5	-62.6	-70.7
-0.50 $	-91.7	-99.8	-107.9	-116.1	-124.2

- SNCY's EBITDA margin outpaces the LCC and ULCC medians and matches the Legacy median
- Net margin sits above the LCC and ULCC medians, in line with the Legacy carrier group
- Leverage is moderate: Debt/EBITDA 2.7x vs. Legacy median 3.1x, though below LCC median 3.8x
- Interest coverage is solid: EBITDA/Interest Expense 5.3x vs. Legacy median 6.7x and LCC median 6.1x

- Sun Country trades below legacy and LCC EBITDA multiples despite superior margins
- Discount Legacy

24%

- EBITDA Margin

18.7%

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Trading Comparables

						Enterprise Value /									EBITDA /		Price /		LT
		Current	% of	Equity	Enterprise	Sales			EBITDA			EBIT			Total Debt	LTM	2026A	2027E	EPS
Company	Ticker	Share Price	52-wk. High	Value	Value	LTM	2026A	2027E	LTM	2026A	2027E	LTM	2026A	2027E	LTM	EPS	EPS	EPS	Growth
Sun Country Airlines	SNCY	**$11.81**	**65%**	**646**	**999**	**0.9x**	**0.9x**	**-**	**4.8x**	**5.0x**	**-**	**9.2x**	**9.9x**	**-**	**0.4x**	**11.2x**	**12.3x**	**39.4x**	**318%**
Legacy Carrier																			
United Airlines	UAL	$95.50	86%	31,546	49,234	0.8x	0.8x	0.7x	6.1x	6.2x	6.1x	9.5x	9.9x	9.9x	0.3x	9.6x	9.4x	8.5x	10%
Delta Airlines	DAL	$56.75	82%	37,115	54,145	0.9x	0.9x	0.8x	6.3x	6.6x	5.9x	8.9x	9.3x	8.5x	0.4x	8.0x	7.4x	9.0x	3%
American Airlines	AAL	$11.24	60%	7,423	35,865	0.7x	0.7x	0.6x	8.4x	9.3x	10.5x	15.9x	22.1x	25.2x	0.1x	13.5x	66.1x	66.1x	(2%)
Mean						**0.8x**	**0.8x**	**0.7x**	**6.9x**	**7.4x**	**7.5x**	**11.4x**	**13.8x**	**14.6x**	**0.3x**	**10.4x**	**27.6x**	**27.9x**	**4%**
Median						**0.8x**	**0.8x**	**0.7x**	**6.3x**	**6.6x**	**6.1x**	**9.5x**	**9.9x**	**9.9x**	**0.3x**	**9.6x**	**9.4x**	**9.0x**	**3%**
LCC (Low Cost Carrier)																			
Southwest Airlines	LUV	$31.91	85%	16,785	18,742	0.7x	0.7x	0.6x	8.3x	8.5x	5.0x	28.7x	23.1x	8.6x	0.4x	48.3x	40.4x	9.8x	15%
JetBlue Airways	JBLU	$4.92	61%	1,789	8,539	0.9x	0.9x	0.8x	18.5x	24.4x	27.5x	-39.2x	-25.3x	-20.9x	0.0x	-3.8x	-3.0x	-2.3x	34%
Alaska Air Group	ALK	$49.78	66%	5,849	9,907	0.7x	0.7x	0.6x	7.4x	7.3x	12.0x	18.1x	17.9x	-582.8x	0.2x	39.8x	60.0x	-63.8x	15%
Mean						**0.8x**	**0.8x**	**0.7x**	**11.4x**	**13.4x**	**14.8x**	**2.6x**	**5.2x**	**-198.3x**	**0.2x**	**28.1x**	**32.5x**	**-18.8x**	**21%**
Median						**0.7x**	**0.7x**	**0.6x**	**8.3x**	**8.5x**	**12.0x**	**18.1x**	**17.9x**	**-20.9x**	**0.2x**	**39.8x**	**40.4x**	**-2.3x**	**15%**
ULCC (Ultra Low Cost Carrier)																			
Frontier Airlines	ULCC	$4.42	44%	1,009	5,474	1.5x	1.5x	-1.1x	-18.1x	-15.2x	-65.9x	-14.2x	-12.1x	-39.7x	-0.1x	-7.4x	-7.4x	-9.2x	161%
Volaris	VLRS	$7.18	80%	825	3,897	1.3x	1.3x	1.1x	6.7x	6.8x	5.1x	-58.2x	-44.5x	205.1x	0.2x	-13.1x	-7.9x	-4.2x	(88%)
Mean						**1.4x**	**1.4x**	**0.0x**	**-5.7x**	**-4.2x**	**-30.4x**	**-36.2x**	**-28.3x**	**82.7x**	**0.0x**	**-10.2x**	**-7.6x**	**-6.7x**	**36%**
Median						**1.4x**	**1.4x**	**0.0x**	**-5.7x**	**-4.2x**	**-30.4x**	**-36.2x**	**-28.3x**	**82.7x**	**0.0x**	**-10.2x**	**-7.6x**	**-6.7x**	**36%**
Overall																			
Mean						**0.9x**	**0.9x**	**0.5x**	**5.5x**	**6.7x**	**0.8x**	**-3.8x**	**0.0x**	**-48.2x**	**0.2x**	**11.9x**	**20.6x**	**1.7x**	**18%**
Median						**0.9x**	**0.8x**	**0.7x**	**7.1x**	**7.1x**	**6.0x**	**9.2x**	**9.6x**	**8.6x**	**0.2x**	**8.8x**	**8.4x**	**3.1x**	**12%**
High		**$95.50**	**86%**	**37,115**	**54,145**	**1.5x**	**1.5x**	**1.1x**	**18.5x**	**24.4x**	**27.5x**	**28.7x**	**23.1x**	**205.1x**	**0.4x**	**48.3x**	**66.1x**	**66.1x**	**161%**
Low		**$4.42**	**44%**	**825**	**3,897**	**0.7x**	**0.7x**	**-1.1x**	**-18.1x**	**-15.2x**	**-65.9x**	**-58.2x**	**-44.5x**	**-582.8x**	**-0.1x**	**-13.1x**	**-7.9x**	**-63.8x**	**(88%)**



Transaction Comparables

- EV/EBITDA ranges widely, from -47.4x to 21.1x across the six precedent deals, driven by targets with negative LTM EBITDA
- EV/Sales shows a tighter range: 0.6x to 2.6x, with a median of 0.9x
- Target EBITDA margins across the set range from -4% to 12%
- The Onex Corp/WestJet transaction is the only sponsor-led (PE) deal in this set; all others are strategic acquirers

- IAG/Aer Lingus and Onex/WestJet were originally denominated in EUR and CAD respectively, converted to USD at:

- 1 USD = 0.8468 EUR
- 1 USD = 1.3450 CAD

Date Announced	Acquirer	Target	Equity Value	Enterprise Value	EV/ Sales	EV/ EBITDA	EBITDA Margin	Equity / Net Income
3/12/2023	Alaska Air Group	Hawaiian Holdings	$929	$1,842	0.7x	-20.3x	-3%	-4.4x
5/4/2022	JetBlue Airways	Spirit Airlines	$4,158	$7,858	2.1x	-47.4x	-4%	-7.4x
4/4/2016	Alaska Air Group	Virgin America	$2,606	$4,006	2.6x	21.1x	12%	7.7x
27/9/2010	Southwest Airlines	AirTran Holdings	$1,326	$1,880	0.8x	14.3x	5%	47.6x
13/5/2019	Onex Corp	WestJet Airlines	$2,719	$3,678	1.0x	9.2x	11%	35.5x
9/1/2015	IAG Group	Aer Lingus Group	$1,608	$1,043	0.6x	6.2x	10%	30.1x
Mean					**1.3x**	**-2.8x**	**5%**	**18.2x**
Median					**0.9x**	**7.7x**	**8%**	**18.9x**
High					**2.6x**	**21.1x**	**12%**	**47.6x**
Low					**0.6x**	**-47.4x**	**-4%**	**-7.4x**

		Premiums Paid Days Prior to Announcement	
Acquirer	Target	1	30
Alaska Air Group	Hawaiian Holdings	270%	297%
JetBlue Airways	Spirit Airlines	52%	50%
Alaska Air Group	Virgin America	47%	90%
Southwest Airlines	AirTran Holdings	64%	64%
Onex Corp	WestJet Airlines	67%	58%
IAG Group	Aer Lingus Group	12%	40%
Mean		**86%**	**100%**
Median		**58%**	**61%**
High		**270%**	**297%**
Low		**12%**	**40%**

Median EV / Sales

0.9x

Median EV / EBITDA

7.7x

Median 1-day Premium

61%

- Sun Country's revenue is expected to grow at a 4.8% CAGR between FY2026E and FY2031E, reaching approximately $1.5bn. Growth is front-loaded, with a 15.6% increase projected in FY2027E, before normalizing to approximately 3.0% in the terminal years

- EBITDA increases from $211m in FY2026E to $318m in FY2031E, while the EBITDA margin recovers from 18.0% to approximately 20.6%. The valuation therefore assumes a meaningful improvement in profitability after FY2026E, followed by broadly stable margins

Unlevered free cash flow rises from $116m in FY2026E to approximately $195m in FY2031E

Discounted Cash Flow

	Historic Period			Projection Period					
	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31
Sales	**1,050**	**1,076**	**1,106**	**1,170**	**1,352**	**1,412**	**1,458**	**1,502**	**1,547**
% Growth	*NA*	*2.5%*	*2.8%*	*5.8%*	*15.6%*	*4.4%*	*3.3%*	*3.0%*	*3.0%*
Operating Costs	(834)	(875)	(899)	(959)	(1,076)	(1,118)	(1,158)	(1,193)	(1,229)
D&A	(88)	(95)	(98)	(106)	(113)	(111)	(114)	(117)	(121)
EBITDA	**216**	**201**	**207**	**211**	**276**	**294**	**300**	**309**	**318**
% margin	*20.5%*	*18.7%*	*18.7%*	*18.0%*	*20.4%*	*20.8%*	*20.6%*	*20.6%*	*20.6%*
D&A	(88)	(95)	(98)	(106)	(113)	(111)	(114)	(117)	(121)
EBIT	**128**	**106**	**108**	**105**	**163**	**183**	**186**	**192**	**197**
% margin	*12.1%*	*9.9%*	*9.8%*	*9.0%*	*12.1%*	*13.0%*	*12.8%*	*12.8%*	*12.8%*
Taxes	(22)	(17)	(18)	(25)	(38)	(43)	(43)	(45)	(46)
NOPAT	**106**	**89**	**91**	**80**	**125**	**140**	**143**	**147**	**151**
Plus: D&A	88	95	98	106	113	111	114	117	121
Less: CAPEX	(218)	(47)	(34)	(81)	(57)	(69)	(76)	(80)	(85)
Less: NWC	(25)	(6)	(9)	11	31	10	8	8	8
Unlevered Free Cash Flow	**(50)**	**131**	**146**	**116**	**212**	**193**	**189**	**192**	**195**
WACC	12.63%								
Discount Period				*1.26*	*2.26*	*3.26*	*4.26*	*5.26*	*6.26*
Discount Factor				*0.861*	*0.765*	*0.679*	*0.603*	*0.535*	*0.475*
Present Value of Free Cash Flow				**126**	**162**	**131**	**114**	**103**	**93**

Comparable Companies Unlevered Beta

Company	Predicted Levered Beta	Market Value of Debt	Market Value of Equity	Debt/ Equity	Marginal Tax Rate	Unlevered Beta
Allegiant Travel (ALGT)	1.35	1,450	2,270	0.64	24.10%	0.91
Southwest Airlines (LUV)	1.15	3,200	19,800	0.16	24.10%	1.02
JetBlue Airways (JBLU)	1.70	3,450	1,850	1.86	24.10%	0.70
Alaska Air Group (ALK)	1.25	4,100	4,600	0.89	24.10%	0.75
Mean	**1.36**			**0.89**		**0.85**
Median	**1.30**			**0.77**		**0.83**

Discounted Cash Flow (cont'd)

- Exit-multiple cross-check implies $1,212m of Enterprise Value and $830m of Equity Value, based on a 3.2x effective exit multiple (4.0x pre-discount) applied to FY31E EBITDA of $318m
- Terminal Value represents 39.9% of Enterprise Value
- The implied perpetuity growth rate is negative, highlighting the conservatism of the discounted terminal multiple
- Implied share price ranges from $12.53 to $18.93 across the model's WACC and exit-multiple sensitivity cases

Note: sensitivity headers should be read as effective multiples after the 20% size and liquidity discount.

Enterprise Value		
Sum of Present Value of future FCF	$	**728**
Terminal Value		
Terminal Year EBITDA	$	318
Exit Multiple		6.7 x
Liquidity and Size Discount		*20%*
Exit Multiple		5.4 x
Terminal Value	**$**	**1,706**
Discount Factor		0.48
PV of TV	**$**	**811**
% of Enterprise Value		52.7%
Enterprise Value	**$**	**1,538**

Implied Equity Value		
Enterprise Value	$	1,538
Less: Total Debt	$	(558)
Less: Privileged	$	-
Less: Noncontrolling Interests	$	-
Plus: Cash and Cash Equivalents	$	176
Implied Equity Value	**$**	**1,157**
Total Shares Outstanding		53,300,000
Implied Share Price		**$21.71**
Upside		37.6%

Enterprise Value

WACC \ Exit Multiple	5.7 x	6.2 x	6.7 x	7.2 x	7.7 x
11.6%	1,480	1,544	1,608	1,672	1,736
12.1%	1,448	1,510	1,573	1,635	1,697
12.6%	1,417	1,478	**1,538**	1,599	1,659
13.1%	1,387	1,446	1,505	1,564	1,623
13.6%	1,358	1,415	1,473	1,530	1,587

Implied Equity Value

WACC \ Exit Multiple	5.7 x	6.2 x	6.7 x	7.2 x	7.7 x
11.6%	1,099	1,163	1,227	1,291	1,355
12.1%	1,067	1,129	1,191	1,254	1,316
12.6%	1,036	1,096	**1,157**	1,217	1,278
13.1%	1,006	1,065	1,124	1,182	1,241
13.6%	977	1,034	1,091	1,148	1,206

Implied Growth Rate

WACC \ Exit Multiple	5.7 x	6.2 x	6.7 x	7.2 x	7.7 x
11.6%	-1.81%	-0.73%	0.20%	0.99%	1.68%
12.1%	-1.31%	-0.23%	0.70%	1.49%	2.18%
12.6%	-0.81%	0.27%	**1.20%**	1.99%	2.68%
13.1%	-0.31%	0.77%	1.70%	2.49%	3.18%
13.6%	0.19%	1.27%	2.20%	2.99%	3.68%

Implied Exit multiple

WACC \ Exit Multiple	3.0 x	3.5 x	4.0 x	4.5 x	5.0 x
11.6%	3.7 x	3.7 x	3.7 x	3.7 x	3.7 x
12.1%	3.9 x	3.9 x	3.9 x	3.9 x	3.9 x
12.6%	4.1 x	4.1 x	**4.1x**	4.1 x	4.1 x
13.1%	4.3 x	4.3 x	4.3 x	4.3 x	4.3 x
13.6%	4.5 x	4.5 x	4.5 x	4.5 x	4.5 x

% of the PV of the Terminal Value on the Valuation

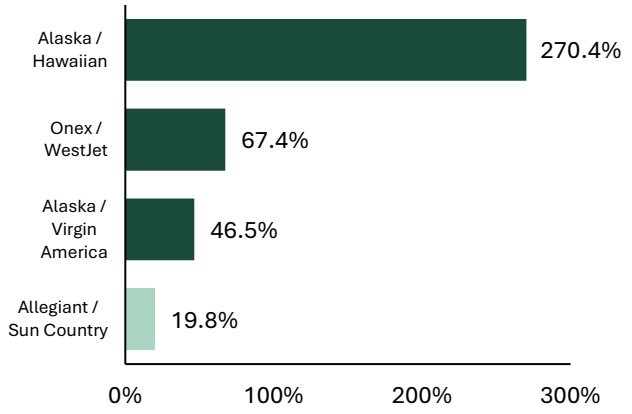
WACC \ Exit Multiple	3.0 x	3.5 x	4.0 x	4.5 x	5.0 x
11.6%	25.93%	29.00%	31.82%	34.43%	36.85%
12.1%	25.77%	28.83%	31.64%	34.24%	36.65%
12.6%	25.61%	28.65%	**31.46%**	34.05%	36.46%
13.1%	25.45%	28.48%	31.28%	33.86%	36.26%
13.6%	25.29%	28.31%	31.10%	33.67%	36.07%

Implied Stock Price

WACC \ Exit Multiple	3.0 x	3.5 x	4.0 x	4.5 x	5.0 x
11.6%	$20.61	$21.81	$23.01	$24.21	$25.41
12.1%	$20.02	$21.18	$22.35	$23.52	$24.69
12.6%	$19.44	$20.57	**$21.71**	$22.84	$23.98
13.1%	$18.87	$19.98	$21.08	$22.19	$23.29
13.6%	$18.33	$19.40	$20.47	$21.55	$22.62

- Allegiant's 19.8% spot premium is 47.6 percentage points below the closed-deal median
- The 18.8% 30-day VWAP premium confirms that the bid was modest across reference periods
- Hawaiian's 270% premium reflects a depressed unaffected price and should be treated as an outlier
- Small sample size limits statistical inference

Premiums paid in the airline sector



Premium Analysis

All transactions

Number of Transactions 4

	Premium Paid 1 Day Prior	1 Week Prior	4 Weeks Prior
Median	57.0%	64.5%	89.6%
High	270.4%	309.1%	297.4%
75th Percentile	118.1%	186.8%	193.5%
Mean	100.8%	141.6%	148.2%
25th Percentile	39.6%	57.9%	73.6%
Low	19.0%	51.2%	57.5%

All Cash transactions

Number of Transactions 3

	Premium Paid 1 Day Prior	1 Week Prior	4 Weeks Prior
Median	67.4%	64.5%	89.6%
High	270.4%	309.1%	297.4%
75th Percentile	168.9%	186.8%	193.5%
Mean	128.1%	141.6%	148.2%
25th Percentile	57.0%	57.9%	73.6%
Low	46.5%	51.2%	57.5%

Strategic Buyers

Number of Transactions 3

	Premium Paid 1 Day Prior	1 Week Prior	4 Weeks Prior
Median	46.5%	180.1%	193.5%
High	270.4%	309.1%	297.4%
75th Percentile	158.5%	244.6%	245.4%
Mean	112.0%	180.1%	193.5%
25th Percentile	32.8%	115.7%	141.6%
Low	19.0%	51.2%	89.6%

Buyer is a Financial Sponsor

Number of Transactions 1

	Premium Paid 1 Day Prior	1 Week Prior	4 Weeks Prior
Median	67.4%	64.5%	57.5%
High	67.4%	64.5%	57.5%
75th Percentile	67.4%	64.5%	57.5%
Mean	67.4%	64.5%	57.5%
25th Percentile	67.4%	64.5%	57.5%
Low	67.4%	64.5%	57.5%

Premium Analysis

Premium to Unaffected Price	Closing Price Close	Closing Price Premium	Average Prices Average	Average Prices Premium	TEV Premium
Unaffected Price	15.77	19.78%			12.69%
1 Week Prior	14.49	30.37%	15.31	23.38%	18.89%
2 Weeks Prior	14.58	29.56%	15	25.93%	18.43%
4 Weeks Prior	14.83	27.38%	14.87	27.03%	17.18%
3 Months Prior	11.19	68.81%	13.01	45.20%	38.50%
6 Months Prior	11.88	59.01%	12.51	51.00%	33.89%
1 Year Prior	15.66	20.63%	12.65	49.33%	13.20%
2 Years Prior	14.49	30.37%			18.89%
52 Weeks High - at Closing	18.17	3.96%			2.67%
52 Weeks Low - at Closing	8.21	130.09%			62.76%

Pro Forma Income Statement and Synergies

- FY2025 standalone revenue aggregates to $3.73bn
- GAAP-style EBITDA before deal adjustments is approximately $486m
- Full run-rate synergies of $140m lift illustrative EBITDA to approximately $626m and margin to 16.8%
- Purchase accounting, financing and integration costs are excluded pending a validated model

	Historical / Pro Forma Period					Projection Period		
				LTM	Pro Forma	Year 1	Year 2	Year 3
	FY22	FY23	FY24	9/30/2025	FY26	FY27	FY28	FY29
Income Statement								
Sales					4,241	4,435	4,586	4,724
Sales Allegiant	2,510	2,513	2,578	2,731	2,889	3,023	3,128	3,222
% growth		0.11%	2.61%	5.95%	5.77%	4.62%	3.50%	3.00%
Sales Sun Country	1,050	1,076	1,106	1,170	1,352	1,412	1,458	1,502
% growth		*2.5%*	*2.8%*	*5.8%*	*15.6%*	*4.4%*	*3.3%*	*3.0%*
COGS					2,887	2,999	3,089	3,166
Allegiant	*1,789*	*1,869*	*1,931*	*2,008*	*2,110*	*2,192*	*2,253*	*2,305*
Sun Country	*605*	*633*	*647*	*692*	*777*	*807*	*836*	*861*
Operating Expenses					877	892	898	899
Allegiant	*277*	*625*	*685*	*569*	*578*	*581*	*576*	*568*
Sun Country	*229*	*242*	*252*	*267*	*299*	*311*	*322*	*332*
EBIT					477	543	599	659
Allegiant	*444*	*18*	*(38)*	*154*	*201*	*249*	*299*	*350*
Sun Country	*216*	*201*	*207*	*211*	*276*	*294*	*300*	*309*
D&A						383	396	407
Allegiant	*223*	*258*	*256*	*246*	*260*	*272*	*282*	*290*
Sun Country	*88*	*95*	*98*	*106*	*113*	*111*	*114*	*117*
EBITDA — Target Stand-Alone	**660**	**219**	**169**	**365**	**477**	**543**	**599**	**659**
Allegiant	*444*	*18*	*(38)*	*154*	*201*	*249*	*299*	*350*
Sun Country	*216*	*201*	*207*	*211*	*276*	*294*	*300*	*309*
% margin	*18.5%*	*6.1%*	*4.6%*	*9.4%*	*11.2%*	*12.3%*	*13.1%*	*13.9%*

- The transaction is expected to be EPS accretive from the first full year following closing.
- Despite an initial $172m integration-related drag in FY26 and a c.45% increase in Allegiant's diluted share count, the combined group generates EPS of $4.05 versus standalone EPS of $(2.80)
- Accretion strengthens significantly as synergies ramp up, with combined EPS reaching $13.38 in FY27 and $16.51 in FY28. The analysis implies dollar EPS accretion of $6.85, $14.13 and $14.34 across the projected period

Note: percentage accretion is not meaningful in FY26–27 because Allegiant's standalone EPS is negative.

Alata Investment Club

Accretion / Dilution

Assumption			
Purchase Price		Financing	
Purchase Price	995,612	Shares Issued by Allegiant	8,208
% Stock Consideration	21.71%	Debt Financing	0
% Cash Consideration	78.29%	Cost of Debt	-

	Projected Period		
	Year 1	Year 2	Year 3
	FY26	FY27	FY28
Allegiant EBIT	201	249	299
Sun Country EBIT	276	294	300
Synergies	(172.0)	84	126
Pro Forma Combined EBIT	**305**	**627**	**725**
Standalone Net Interest Expense	-165	-165	-155
Incremental Net Interest Expense			
EBT	**140**	**462**	**570**
Income Tax Expense	-32	-106	-131
Pro Forma Combined Net Income	**108**	**356**	**439**
Allegiant Standalone Net Income	-51	-14	40
Standalone Fully Diluted Shares Outstanding	18.378	18.378	18.378
Net New Shares Issued in Transaction	8.208	8.208	8.208
Pro Forma Fully Diluted Shares Outstanding	**26.585**	**26.585**	**26.585**
Pro Forma Combined Diluted EPS	4.05	13.38	16.51
StrategicCo Standalone Diluted EPS	-2.80	-0.74	2.17
Accretion / (Dilution) - $	**6.85**	**14.13**	**14.34**
Accretive / Dilutive	**Accretive**	**Accretive**	**Accretive**

- The transaction was well received initially: Allegiant shares rose approximately 70% from the January 2026 level before the trend reversed
- The subsequent pullback reflects execution risk, airline-sector volatility, fuel and labor-cost pressure, and investor skepticism around the timing of integration benefits
- These factors do not invalidate the industrial rationale. Sun Country adds a complementary network, charter and cargo exposure, and a higher-margin earnings base
- Revenue synergies remain logical and potentially material; cost synergies require a more conservative underwriting case

Investment Thesis

The market reaction has weakened, but the strategic logic remains compelling

Why the deal still works

01 **Strategic fit**

Complementary leisure networks broaden reach and improve schedule flexibility.

02 **Revenue opportunity**

Cross-selling, network expansion and higher aircraft utilization provide credible revenue upside.

03 **Execution caveat**

Airline cost synergies are harder to realize given unionized labor and potential integration dis-synergies.