Short JetBlue

Target price: $15.75
Current price: $20.04 (Short Interest Ratio: 3.89)
Implied downside: **21.4%** with a one year investment period

John Stauffer Nishant Reddy Jason Quill

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Section I

Thesis

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Our Thesis

The market is underestimating the effects of JetBlue's weak competitive position

Market View	Variant View
JetBlue increasing premium offerings through Mint along with Fair Options 2.0 and strong competitive position for leisure / VFR passengers	JetBlue does not have the established credibility or loyalty programs to attract business travels away from large network airlines such as DAL, UAL or AAL. JetBlue can attempt to compete with ULCCs but will not be able to offer competitive pricing with the features it guarantees even on Blue Basic
JetBlue is concentrated in east coast hubs such as NYC, Boston and Florida - 44% of the Company's revenue comes from the east coast	JetBlue's hubs in Boston and NYC are redundant to major hubs of network airline carriers. Hubs in smaller cities like Fort Lauderdale are secondary to ULCCs like Spirit Airlines. The Company only captures a plurality of seat miles in very small, regional airports
JetBlue has outperformed its expectation for planned savings through a number of initiatives across business units	JetBlue ultimately has not been able to increase the cost gap between itself and network carriers. JBLU has not gotten closer to ULCCs' margins. It will also suffer from inefficiencies of Embraer E190s in the medium term, and costs will also increase as employees seek to unionize

Typically JetBlue trades on RASM / CASM performance. Guidance given by management for RASM / CASM can fluctuate over the course of the year, and the stock price reacts accordingly. We believe the company is currently trading too much on expectations of margin expansion, fleet upgrades, and RASM capture in a number of high value hubs. In the coming quarters, JetBlue's failure, particularly in its ability to compete with both network airline carriers and low-cost carriers, will reveal itself through the company's performance and push the stock down.

Recommendation: Short with a target price of $15.75 (Implied 21.4% downside) with a one year investment period

Section II

Industry Overview

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Industry Overview

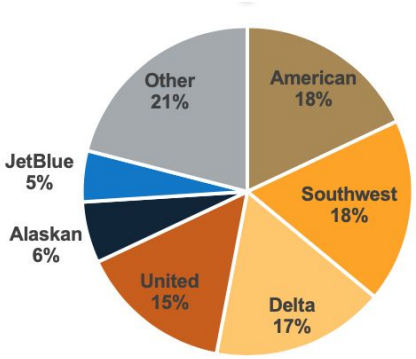
Airline Industry Trends

Consolidation

Maintaining Market Share

- Increased airline consolidation in the past decade has elevated profits
- Top 4 carriers had 62% of market share in 2005 (currently 68%)
- LCCs and ULCCs have taken over 7% of domestic market share from top 4 carriers in the past 3 years
- Airline carriers recently have cared less about maintaining their overall market share and instead focus on profits

Airline Domestic Market Share

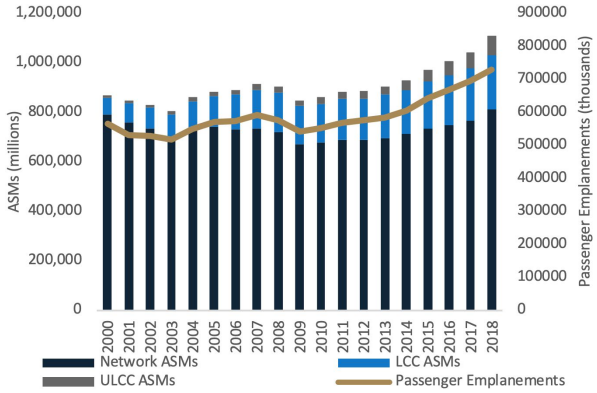


Capacity

Airline Travel Increasing

- IATA expects airline travelers to grow at a 3.5% CAGR
- 737 Max grounding causing a temporary decline in capacity
- Expected surplus of capacity once the 737 Max reenters the market
- Companies have been limiting capacity to maintain profit per ASM
- ULCCs increasing capacity to take price conscious passengers

ASMs and Passenger Enplanement

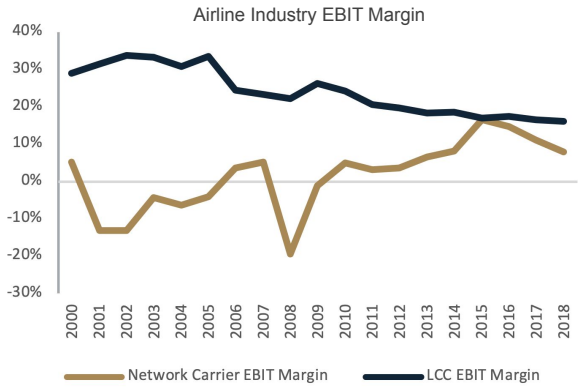


Profitability

Achieving Consistent Profits

- Cost gap compression between LCCs and network carriers
- Management teams are focused on margins over market share
- Low oil prices have elevated profits and margins
- Low interest rates have provided inexpensive financing for fleet upgrades and internal investments
- Recent decline from increases in capacity which has resulted in lower PRASM

Airline Profitability Over Time



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Industry Level Dynamics / Competition

Network carriers thrive while LCCs continue to compete on the basis of price

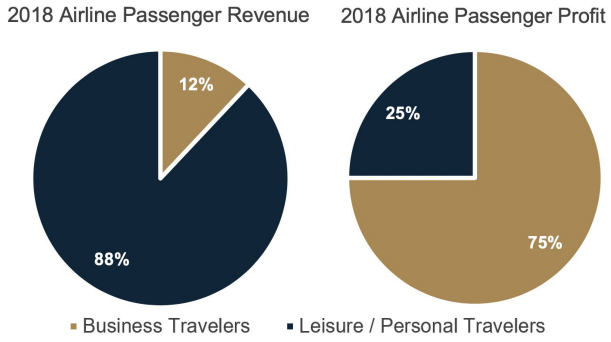
Network Carriers

American Airlines

DELTA

UNITED

- Focused on high margin business travelers
  - Beginning to offer basic economy seats to compete with LCCs and gain more leisure customers
- Trying to improve the flying experience and offer premium items to differentiate and build customer loyalty
- Hub-and-spoke models get customers “from anywhere to everywhere” without changing airlines
- Less exposed to increases in fuel prices because of their mix of less price conscious customers
- Have decreased cost gap with LCCs making them more competitive
- Strategy is to keep business customers, gain customer loyalty, and expand in the leisure segment
- Very exposed to declines in business travel



Low-Cost Carriers

Southwest

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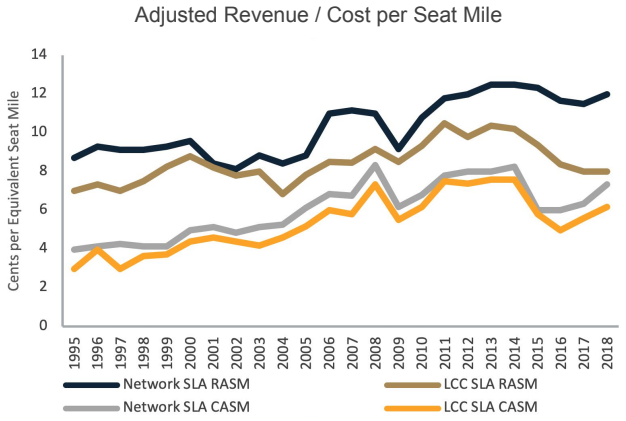
FRONTIER

spirit

- Focused on leisure customers
  - Have price-sensitive consumers
  - LCCs are trying to enter business travel
- Mainly point-to-point model
  - Southwest and jetBlue include a linear system where planes make stops between points
- Strategy is to continue to gain market share in their key airports and expanding profitable flight paths
- Strong pricing advantage compared to network carriers
- Exposed to fuel prices because of their price conscious consumer base
- Facing more competition from the “Ultra Low-Cost Carriers”



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Airlines as a Business

Competition

- Historically commoditized product
  - Leisure-consumers focus on price
  - More differentiation with loyalty programs and premium offers
- Thin economic moat
  - Branding and name recognition
- Minimal barriers to entry
  - Relatively easy to enter the airline market
  - Easy to increase capacity

Margins

- High unionization among workforce
- Dependent on extraneous factors
  - Oil prices
  - Terrorism
  - Political unrest
  - Infectious Disease
- Capital Intensive
  - Requires millions of dollars for planes and leases
- Volatile as margins expand and compress with load factors

Regulation

- One of the most heavily taxed industries
  - Taxed at 17% of fare even if charges can not be passed on to the customers
- Heavily regulated by the FAA, DOT, TSA, and state/local governments
  - Receives fines or shutdowns for noncompliance
- 10th most regulated industry
- Has over 59,000 regulations

Volatility

- Very cyclical industry based on economic cycle
  - GDP growth impacts business and leisure travel
- Airline fares and profits are significantly impacted by oil prices
- Exposure to infectious disease
  - Travelers decrease to key destinations
- Terrorism
  - Threats of terrorism affect passenger numbers

A combination of long-term secular factors make the airline industry a risky area for investors

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Section III

Company Overview

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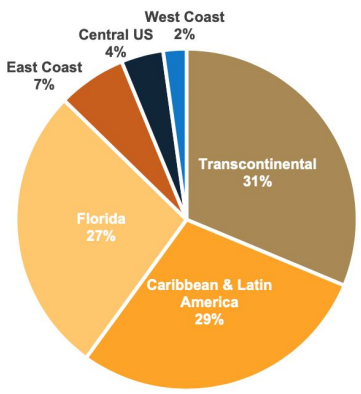
JetBlue Business Model

How does the company make money?

- 96.4% of JetBlue's revenue comes from flying millions of passengers within the United States and South America
  - JetBlue's 6 focus cities account for the majority of their revenue
  - 85% of flights take the customer directly to the final destination
  - Customers mainly book through JetBlue's website
- Value proposition is to provide a "JetBlue Experience" for customers who have been underserved by other airlines (flyers between frequent business travelers and ultra-price sensitive travelers
  - Has a Mint Service to provide premium options for customers
  - Targeting business and VFR customers to diversify customer mix
  - Relying on customer loyalty and building a strong brand
- Sells reward points to credit card companies
- Costs are largely related to fuel, labor and maintenance

JetBlue Capacity Mix



What is trackable?

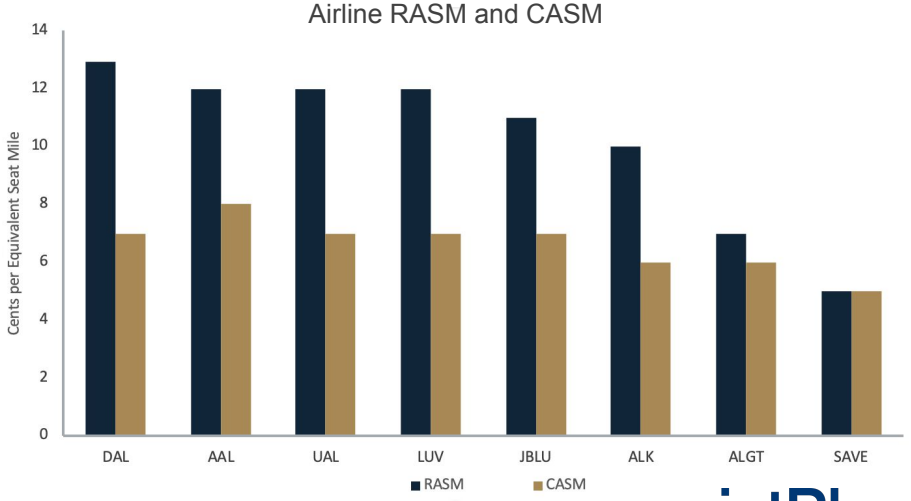
RASM - Revenue per Available Seat Mile

- RASM = $\frac{Passenger\ Revenue + Other\ Revenue}{number\ of\ seats * number\ of\ miles\ flown}$
  - Load Factor: proportion of airline output consumed (DOT data)
  - Available Seat Miles: aircraft seats flown one mile (DOT Data)
  - Passenger Yield: average fare paid per mile, per person (DOT Data)

CASM - Cost per Available Seat Mile

- CASM = $\frac{Operating\ Costs}{number\ of\ seats * number\ of\ miles\ flown}$
  - Operating costs: largely comprised of fuel, labor and maintenance
  - Impacted by fuel futures, union agreements and block hours
- Competitive Capacity - Airline capacity for the same flight routes
- Negatively impacts load factor and passenger yield

Airline RASM and CASM



Current and Future Business Prospects

Current Revenue

- Have 6 focus cities: NY (50% of flight origination / destination), Boston, Ft. Lauderdale, Orlando, Long Beach and San Juan
- Network building block strategies targeted growth in NY, BOS and Ft. Lauderdale for higher growth potential and higher RASM
- Product offering building block strategy driving ancillary revenue with JBLU Travel Products, segmentation and loyalty
- Fleet building block strategy to focus on restyling and Mint offerings to capture premium demand and increase RASM

Network Building | **Product Offering** | **Fleet Building**

Current Costs

- Achieved $257 million in cost savings from structural cost savings program (goal: $250 - $300M)
- Tech Ops ($100 - $125M): Executed V2500 maintenance control
- Corporate ($75 - $90M): Reduced in flight and data center costs
- Airports / Distribution ($75 - $85M): Adding technology to increase efficiency
- Embraer E190s account for 11% of capacity but 20% of operating expense despite having an average age of 10 years
  - Projected to remain in the fleet until 2024 (replaced with A220)
- Most fuel inefficient LCC because of Embraer E190s
- Hedges 7% of fuel costs

Tech Ops | **Corporate** | **Airports / Distribution**

Future Revenue

- Looking to expand presence in Boston, New York and California (expected to add $100 - 120M in run rate revenue benefit
- Adding business customers by undercutting competitors on price
  - Targeting VFR customers to smooth demand
- Entering transatlantic market by 2021 with A321LR purchases
  - Looking to expand to the UK and the EU
- Organically growing current customer base with loyalty programs
  - TrueBlue program (5% of RPMs) and co-branded credit cards
  - Historically has had good Net Promoter Score, an indicator of customer loyalty
- Net Promoter Score increasing for competitors (DAL, LUV, etc.)

Future Costs

- Cost savings program can have additional savings in tech ops, corporate and airports
- Fleet upgrades (A220) have potential to decrease operating cost per seat mile by 25 - 30% compared to E190s
- Looking to increase on-time performance with investments in technology
- Has significant purchase agreements until 2025 for 145 Airbus aircraft (current fleet size is 253)
  - Will not be able to participate in new technological improvements in carbon fiber and polyethylene composites
- Increased unionization of workforce (current: 44%, Industry: 73%)
- EU 261 bill damaging transatlantic margins
  - Flight delays over 3 hours result in 250 - 600 Euro payments to passengers (JBLU averages 75 min delays)

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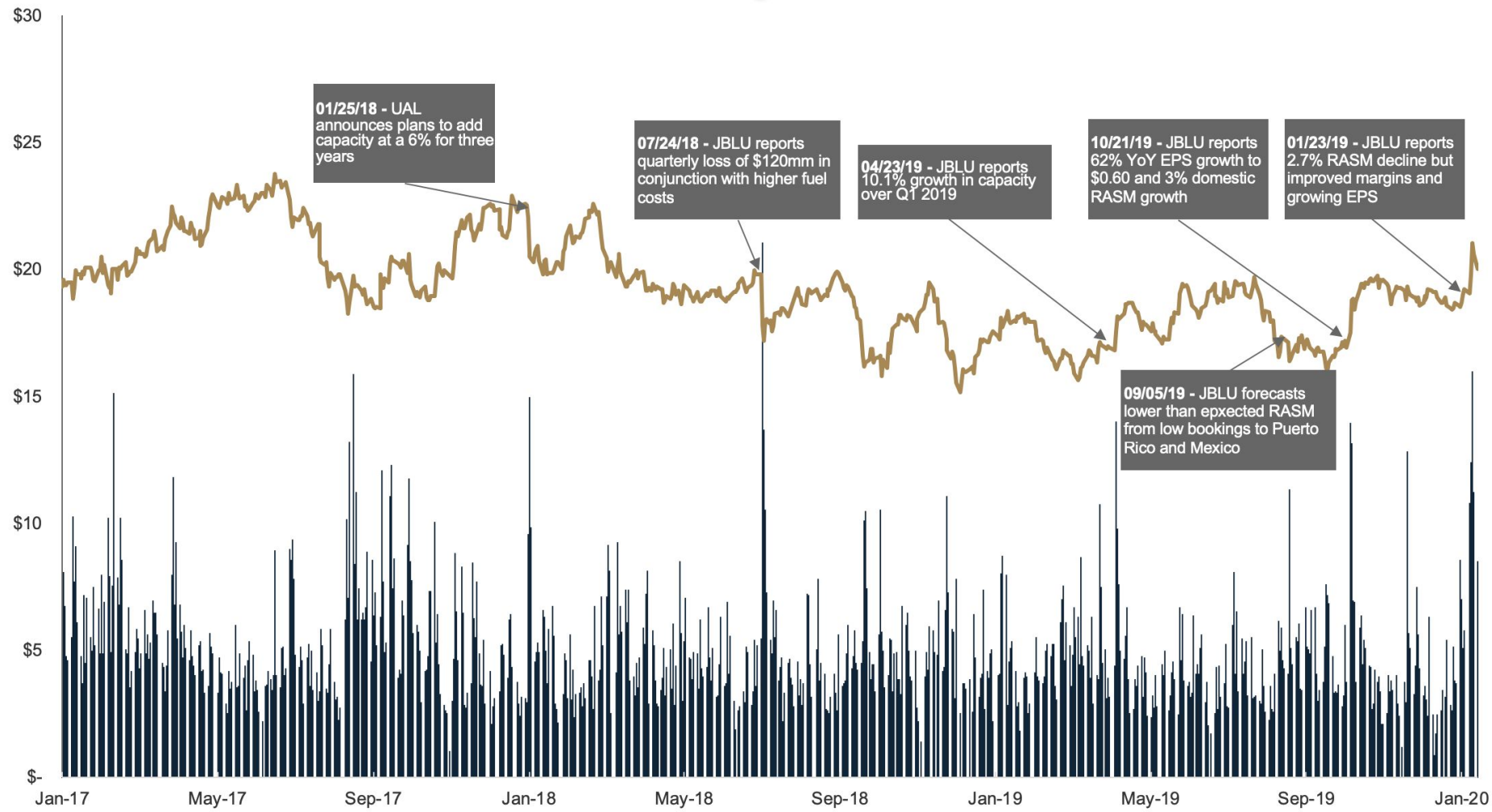
Share Price Performance

JBLU share price trades on Capacity, RASM and CASM



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Analysis of Key Metrics

ASM

Short Term ASM

- Calculated using average seats per plane, departures and stage length
- Forecasted company fleet purchases and decommissions to project average seats per plane
- Departures were grown at guidance and consensus levels
- Stage length was consensus for 2019 and company's guidance

Long Term ASM

- Company fleet purchases to determine average seats per plane
- Departures were grown based on 2018 rate because of similarities in fleet additions to projected additions in 2022 - 2024
- Stage length was grown due to company's goal to increase transcontinental and transatlantic flights
- JBLU has strong fleet orders and ambitious expansion plans which resulted in the ASM increase

Competitive Capacity (Above Consensus)

Short Term Competitive Capacity

- 737 Max reentering the market (likely Q2 2020)
- Spirit expanding capacity in Caribbean / Latin America
  - Adding 4 gates to Ft. Lauderdale-Hollywood
  - Increasing number of aircrafts 23% by 2021
- **Has no pricing advantage in 10 / 12 key routes**
- **JBLU is overpriced on 4 / 12 key routes**
- Recent EBIT margin expansion led to an increase in orderbook across the industry

Long Term Competitive Capacity

- **DAL looking to expand to 200 departures by 2021**
  - **DAL expanded capacity in Seattle against ALK and resulted in DAL doubling market share and cutting ALK's PRASM in half**
- **LUV expanding presence in Florida (19 gate additions in ORL)**
- Cost gap compression allowing network carriers to compete on price and offer basic economy tickets
- ULCCs increasing order books and moving in to key cities
- Increased competitive capacity in NY

Labor Expense (Above Consensus)

Short Term Labor Expense

- Tight labor market affecting workforce capabilities and increasing wages for new workers
- JBLU is looking to expand capacity and requires additional workforce
- Pilot shortage across industry resulting in higher wages and a very favorable collective bargaining agreement

Long Term Labor Expense

- Continued unionization and ratification of CBA for in flight staff
- **Potential for a $180M increase in wages if JBLU unionization reaches industry levels**
  - **Unionized airlines typically have significantly higher labor costs per ASM (9-17% greater)**
- In a downturn, JBLU cannot change its workforce
- Increase in labor and other expenses from transatlantic expansion

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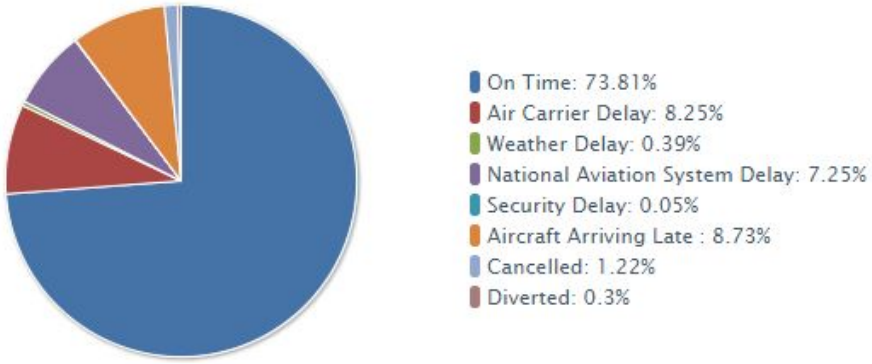
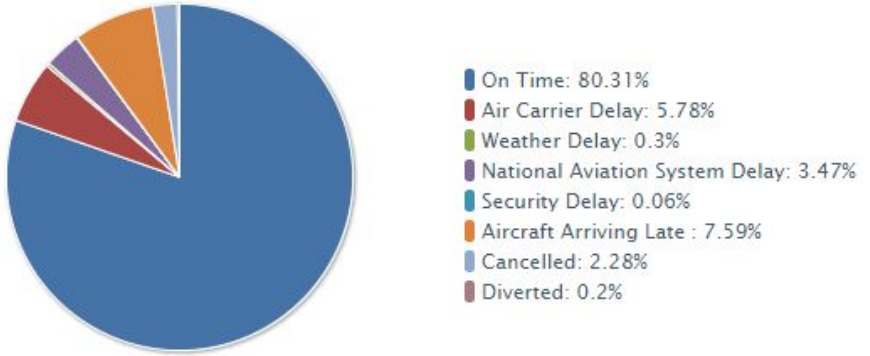
JBLU On-Time Arrival Analysis

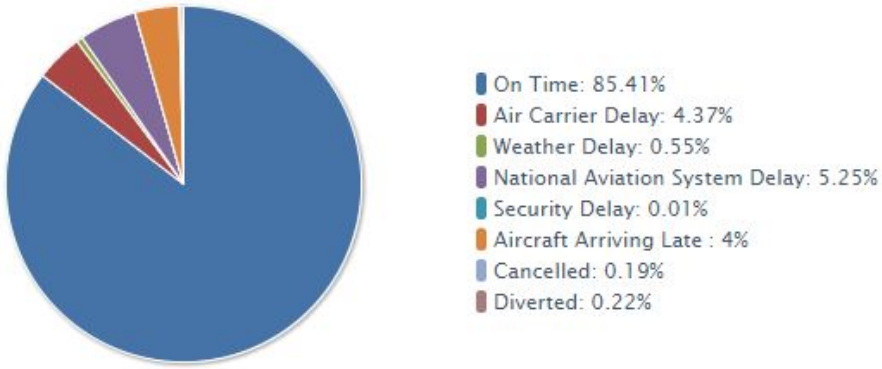
On-Time Arrival Performance
JetBlue Airways (B6) (October, 2018 - October, 2019)



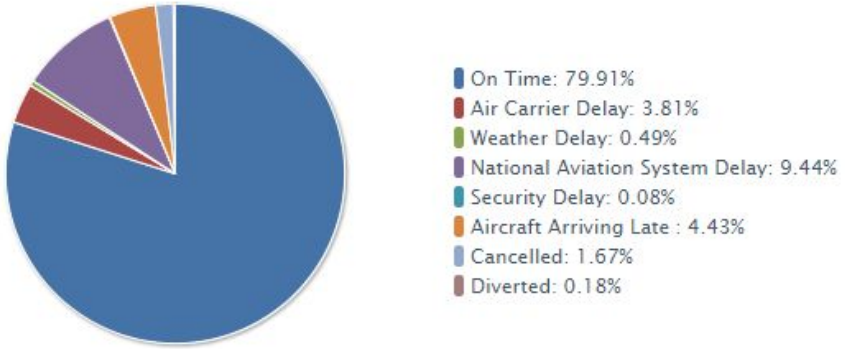
On-Time Arrival Performance
Southwest Airlines Co. (WN) (October, 2018 - October, 2019)



On-Time Arrival Performance
Delta Airlines Inc. (DL) (October, 2018 - October, 2019)



On-Time Arrival Performance
Spirit Airlines (NK) (October, 2018 - October, 2019)



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Analysis of JBLU Transatlantic Flight Plans

- JBLU looks to expand revenue streams with transatlantic flights
- JBLU has the lowest on-time flight rating of any major carrier which will result in heavy fines from EC 261 which can cause JBLU to pay passengers up to $700 for flight delays (per passenger per flight)
- Transatlantic Flights are even more competitive than domestic flights
- JBLU is heavily investing in planes to carry out these routes despite an inability to capitalize on the market
- EU Air Passenger Rights apply to all flights in the EU, arriving in the EU (on an EU airline), or departing from the EU regardless of carrier
- Market is inaccurately valuing transatlantic flights as it will shift capacity from higher margin routes to routes with potentially negative margins

Carriers	Late Flights							
	Total Number	Average Departure Delay (minutes)	Average Taxi-Out Time (minutes)	Average Scheduled Departure to Take-off (minutes)	Average Arrival Delay (minutes)	Average Airborne Time (minutes)	Average Taxi-In Time (minutes)	Percent Flights Late
B6	344,393	66.10	22.60	1.11	69.75	152.67	7.94	24.59

Airline: JetBlue Airways (B6)
Time Period: Thursday, January 1, 2015 to Wednesday, January 1, 2020

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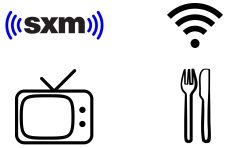
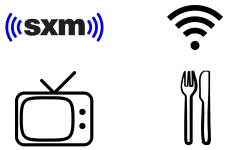
Section IV

Fleet Analysis

JetBlue Current Fleet

Embraer 190	**60** aircraft	**100** seats		**0** orders
Airbus A320	**130** aircraft	**150-162** seats		**0** orders
Airbus A321 HD	**28** aircraft	**200** seats		**0** orders
Airbus A321 Mint	**35** aircraft	**159** seats		**0** orders
Airbus A321neo HD	**1** aircraft	**200** seats		**84** orders

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JetBlue Proposed Fleet

Replacing E190 with A220

- Ordering **70** Airbus A-220s with first delivery planned late 2020
- Original launch customer for the E190 in 2005 and was Embraer's first airline customer for the aircraft
- Average age of Embraer fleet will reach **17.2 years in 2025E**
- A220s will have **~15 more seats** than the E190 and similar amenities
- JBLU management has intentions to use the A220s for transcontinental flights

Adding A321neo

- Upgrading existing fleet of A320s to new configuration with similar technology to the A321neo
  - Phase 2 upgrade - going from 150 to 162 seats in 87% of their A320 fleet
- A321neos will have 200 seats and have a range that could reach CDG and LHR from JFK, although the A321neo LR would be preferential for these routes

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A320 Upgrades Will Not Drive Incremental Profits

§ 121.391(a)(4) - Flight Attendants

- Original A320s had 3 crew members
- **Upgraded A320s (at minimum 87% of A320 fleet) must have 4 flight attendants**

"For airplanes having a seating capacity of more than 100 passengers - two flight attendants plus one additional flight attendant for each unit (or part of a unit) of 50 passenger seats above a seating capacity of 100 passengers."

Financial Analysis - Impact to Costs

- A320 used mainly on mid haul flights for JetBlue with a maximum range of ~2,700nmi
- Additional flight attendant hiring plus one time upgrade costs does not lift marginal costs for the project over marginal revenue
- Even if the net present value of the A320 upgrades project was positive, we do not see why additional seats were added (this only adds ~9 available passengers per flight) to add another crew member to the plane
- Success of other US airlines has been based on raming out depreciation or leasing expense across longer periods of times

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A321neos Might Offer Fuel Savings, But Fail to Compete in High-Margin Market

A321neo Not Competitive for Transoceaning

- Upgrading existing fleet of A320s to new configuration with similar technology to the A321neo
  - Phase 2 upgrade - going from 150 to 162 seats in 87% of their A320 fleet **(represents 53% of their entire fleet)**
- A321neos will have 200 seats and have a range that could reach CDG and LHR from JFK, although the A321neo LR would be preferential for these routes
  - **Current A321neo configuration is all economy-class seats**
- Competition (in other words, capacity) in this market is fierce and JetBlue does not have a clear competitive advantage

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JetBlue Fleet Look-Ahead

Our estimates for the next 7 years

	2019 E	2020 E	2021 E	2022 E	2023 E	2024 E	2025 E	2026 E	2027 E
E190 Total	60	56	51	37	19	5	2	0	0
A320 Total	130	130	130	128	125	123	122	120	118
A321 Total	63	63	63	63	63	63	63	64	66
A321neo Total	6	21	44	67	100	134	146	153	153
A220 Total	0	1	7	15	34	56	68	70	70
Total Fleet Size (airplanes)	**259**	**271**	**295**	**310**	**341**	**381**	**401**	**407**	**407**
Average Fleet Age (yrs)	**10.6**	**11.0**	**10.9**	**10.6**	**9.8**	**9.2**	**9.6**	**10.4**	**11.3**

This table reflects our view that JetBlue will begin phasing out “Phase 1” A320s in 2022E in favor of purchasing additional A321neos compared to current estimates

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Fleet Age by Airline

Current Ages	
Network Carriers	13.9 years
Low Cost Carriers	8.6 years
JetBlue	**10.6 years**

- JetBlue's purchases of new aircraft will put its average fleet age below 10 years in 2023E per our estimates
- Competitive advantage for Delta has been keeping the MD-88 for nearly 30 years
- If JetBlue remains on the proposed course management is arguing for, **they will retire the Embraer at the average age of Delta's entire fleet**
- Moving from a 100-seat E190 to a 130 to 140-seat A220-300 aircraft on certain routes is sure to drive some unit revenue erosion
- The planned fleet transition from the E190 to the A220 will increase JetBlue's unit costs due to various one-time transition costs and accelerated depreciation
  - A220-300 will use about 40% less fuel per seat than JetBlue's E190s, while non-fuel unit costs will be 22% lower
  - Total cost improvement of ~29%
  - Quick fleet turnover is not a sustainable business practice. JetBlue will have to fill seats in the newer, larger aircraft to prove them to be a worthy investment

Section VI

Valuation

Relative Valuation

RASM and CASM 1 Year Change - Network Carriers

Carrier	RASM (Q4 2019)	CASM Ex Fuel (Q4 2019)
JetBlue	-1.1%	+1.2%
Delta	+1.7%	+1.1%
American	+2.2%	+3.0%
United	+1.5%	-2.7%

- JBLU's focus in Florida markets have proven ineffective due to lower-cost carriers like Spirit undercutting JBLU and others particularly with VFR (visiting friends and relatives) travel to South America and Central America
- All numbers are adjusted non-GAAP metrics

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Relative Valuation

RASM and CASM 1 Year Change - Low Cost Carriers

Carrier	RASM (Q4 2019)	CASM Ex Fuel (Q4 2019)
JetBlue	-1.1%	+1.2%
Southwest	+3.1%	+3.7%
Spirit*	-1.7%	+8.4%

- Spirit RASM decline was driven by softer yields and lower Load Factor, amongst other factors
  - Non-ticket revenue increased +1.7% nonetheless
- Southwest RASM numbers were greatly helped from the 737 MAX woes

**Spirit figures are as of Q3 2019*

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Relative Valuation

Delta, American, and United versus JetBlue - Key Metrics

Ticker	FY 19 Adj Gross Margin	FY 19 Adj Net Margin	**P/CF**	T12 P/E	**Fwd P/E**	3Y Rev Growth CAGR	ROA	**ROE**	D/E	Dvd Yld
JBLU	10.1%	7.0%	**3.6x**	10.5x	**8.3x**	6.9%	5.1%	**12.1%**	0.48	0.00%
DAL	13.0%	10.1%	**4.1x**	8.0x	**7.9x**	6.0%	7.6%	**32.7%**	1.11	2.80%
AAL	8.1%	3.7%	**2.6x**	5.4x	**5.3x**	4.4%	2.8%	**-**	**-**	1.51%
UAL	10.7%	7.0%	**3.1x**	6.5x	**6.2x**	5.8%	5.9%	**27.9%**	1.77	0.00%

- JetBlue is being valued by the market **as if it were Delta** - Delta can charge nearly 12% more for equivalent routes versus AAL and UAL due to corporate sales relationships and strong business demand
  - Higher net margin and large increase in quarterly dividend by DAL, but no real reason for JBLU to be fundamentally valued higher than DAL
- **JetBlue does not fit in a niche with these companies** in our view, but is relatively more expensive
  - Proven by weaker numbers in ROE and no dividend yield, yet stock is trading more expensive on a forward P/E basis and also on a P/CF basis than the average DAL/AAL/UAL

Bottom Line: JBLU is being valued as a premium airline despite poor operational performance

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Relative Valuation

Spirit and Southwest versus JetBlue - Key Metrics

Ticker	**FY 19 Adj Gross Margin**	**FY 19 Adj Net Margin**	P/CF	T12 P/E	**Fwd P/E**	3Y Rev Growth CAGR	ROA	**ROE**	D/E	Dvd Yld
JBLU	**10.1%**	**7.0%**	3.6x	10.5x	**8.3x**	6.9%	5.1%	**12.1%**	0.48	0.00%
SAVE*	**14.2%**	**9.3%**	4.5x	8.0x	**8.7x**	16.0%	6.1%	**17.2%**	1.13	0.00%
LUV	**13.2%**	**10.3%**	7.6x	13.6x	**12.6x**	3.2%	8.8%	**23.4%**	0.40	1.26%

- Weak margins from JBLU on both a Gross Margin and Net Margin basis
  - LUV has historically had 31%+ gross margins from operational efficiencies, but was set back in Q3 2019 due to continued delays from 737 Max
  - SAVE has a higher net margin than JBLU, showing that Spirit can effectively win on cost more than JBLU can win on value-add services
- Forward P/E shows JetBlue at the lowest, but we believe this **forward P/E is unjustified**
  - JetBlue in our opinion has higher business risk than AAL but lower financial risk than AAL as shown in the previous slide
    - This is supported by a lower ROA - ignoring amplifying effects of leverage, JBLU cannot earn as much with the same dollar amount of assets (absolute ROA) as SAVE or LUV

Bottom Line: Market values JBLU as being able to compete with both network and LCCs

**Spirit figures are as of Q3 2019 - numbers are trailing 12 months*

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DCF Model

Key Assumptions

- **10.00% WACC**
  - We believe JBLU's WACC should be above consensus estimates of 8.2% due to a relatively low FY-1 Beta reported this year and a credit downgrade
- **2.75x Terminal EV/EBITDA multiple**
  - Low end of their 5 year trailing EV/EBITDA multiple is ~3.2x, and the market will realize this when JBLU's longer term operations deteriorate once the 737 Max is back in flight

DCF Intrinsic Value

- **$15.50 / share versus $20.04 current share price** (market ~22.7% more expensive than fair value)

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Forward P/E Multiple Model (non-GAAP)

Current Implied Px / 2020E EPS	7.9x
Our FV Px / 2020E EPS	6.5x
Our Implied FV	$15.50
Upside / (Downside) based on Fwd P/E multiple	**(22.7%)**

- JBLU should trade in between AAL and DAL's Fwd P/E multiple
  - **Lower financial leverage than AAL but higher operational leverage than AAL**
- DAL has a lower overall business risk, yet higher financial risk, than JBLU, and we believe **~1.5x P/E discount** is fair to account for Delta's superior business model to JBLU

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Football Field - JBLU Fair Value

RASM and CASM - 25%	Relative Valuation - 25%
6.9x Fwd P/E (1.0x discount to DAL)	6.5x 2020E earnings, ~3.75x Px / 2020CFE
$16.50 target	**$15.50 target**

DCF Valuation - 25%	Forward P/E Multiple - 25%
2.75x EV/EBITDA multiple; 10.00% WACC	6.5x multiple (AAL/DAL combined fair value)
$15.50 target	**$15.50 target**

COMBINED 1 YEAR PRICE TARGET: $15.75

Downside: 21.4%

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Section VII

Risks

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Risks

Risks to our investment thesis involve JetBlue significantly outperforming consensus expectations

- **Harvesting and Expanding Focus Cities**
  - Increase seat shares in major hubs (NY, BOS, FL) to the level that other carriers have in their major hubs (up to 75%)
  - Enhanced loyalty programs and increasing customer satisfaction
  - Growth in Mint offerings and demand to drive higher RASM
- **Structural Cost Program Outperformance**
  - Realized $275M of $250-$300M in planned savings
  - Has remaining opportunities in tech ops, corporate and airports
  - Entry into long-term maintenance agreements with remaining V2500 engines
- **Customer Segmentation and Premium Offerings**
  - Fair Options 2.0: Customer segmentation with increased offerings to drive incremental revenue (Blue "SAVE", BLUE, BLUE "MORE")
- **Ancillary Revenue Increases**
  - Higher attach rates for JetBlue Vacations (above 1.5%)
  - Success in partnerships with Allianz, Avis, Budget and Lyft
  - Maintenance programs / fleet, management redundancies, airport expenses and sales / distribution programs for cost reductions
- **Decline in Business Travelers**
  - JetBlue outperforms the industry during downturns because of their mix in VFR and leisure passengers

Section VIII

Summary

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Summary

- RASM decline from either a decrease in yield or load factor due to an increase in competitive capacity
- No moat to defend against network, LCCs, and ULCCs
- Key airports and routes facing price competition
- Transatlantic flights do not provide a good opportunity for revenue growth
- Trading similar to more profitable and successful competitors

Price Target: $15.75 (21.4% implied downside)

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Section IX

Financials

Income Statement - Historicals

Fiscal Year	2017A	2018A	2018A	2018A	2018A	2018A	2019A	2019A	2019A
Quarter	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3
Quarter End Date	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/30/2018	12/30/2018	3/30/2019	6/30/2019	9/30/2019
Passenger Revenue	6288	1692	1858	1941	1890	7381	1802	2031	2005
Other Revenue	727	62	70	67	78	277	69	74	81
Total Operating Revenues	**7015**	**1754**	**1928**	**2008**	**1968**	**7658**	**1871**	**2105**	**2086**
Operating Expenses:									
Aircraft Fuel and Related Taxes	1363	417	491	515	476	1899	437	484	471
Salaries, Wages, and Benefits	1887	499	486	515	544	2044	575	576	580
Landing Fees and Other Rents	397	100	110	114	96	420	115	121	125
Gross Profit	**3368**	**738**	**841**	**864**	**852**	**3295**	**744**	**924**	**910**
Depreciation and Amortization	446	117	120	125	129	491	124	127	134
Aircraft Rent	100	24	23	27	29	103	25	25	26
Sales and Marketing	267	67	75	72	80	294	66	75	74
Maintenance, Materials, and Repairs	622	142	188	168	127	625	155	168	158
Other Operating Expenses	933	260	260	277	262	1059	286	277	271
Special Items	0	0	319	112	4	435	12	2	0
Total Operating Expenses	6015	1626	2072	1925	1747	7370	1795	1855	1839
Operating Income (EBIT)	**1000**	**128**	**-144**	**83**	**221**	**288**	**76**	**250**	**247**
Other Income (Expense):									
Interest Expense	-95	-22	-22	-23	-25	-92	-20	-19	-18
Capitalized Interest	10	2	3	2	3	10	3	3	4
Interest Income and Other	6	2	3	6	2	13	-1	2	21
Total Other Income (Expense)	-79	-18	-16	-15	-20	-69	-18	-14	7
Income Before Taxes	**921**	**110**	**-160**	**68**	**201**	**219**	**58**	**236**	**254**
Income Tax Expense (Benefit)	-226	22	-40	18	31	31	16	57	67
Net Income	**1147**	**88**	**-120**	**50**	**170**	**188**	**42**	**179**	**187**
Basic Shares Outstanding	328.7	320.6	315	308.7	313	313	305	300	294
Impact of Dilutive Securities	1.7	1.7	0	1.6	1	1	2	2	1.9
Diluted Shares Outstanding	330.4	322.3	315	310.3	314	314	307	302	295.9
Basic EPS	3.49	0.27	-0.38	0.16	0.54	0.60	0.14	0.60	0.64
Diluted EPS	3.47	0.27	-0.38	0.16	0.54	0.60	0.14	0.59	0.63
Growth Rates and Margins									
Revenue Growth						9.17%	6.67%	9.18%	3.88%
Aircraft Fuel and Related Taxes (% of Revenu	19%	24%	25%	26%	24%	25%	23%	23%	23%
Salaries, Wages, and Benefits (% of Revenue	27%	28%	25%	26%	28%	27%	31%	27%	28%
Landing Fees and Other Rents (% of Revenue	6%	6%	6%	6%	5%	5%	6%	6%	6%
Gross Profit (% of Revenue)	48%	42%	44%	43%	43%	43%	40%	44%	44%
Operating Margin	14%	7%	-7%	4%	11%	4%	4%	12%	12%
Tax Rate	-25%	20%	25%	26%	15%	14%	28%	24%	26%
EBITDA Reconciliation									
Depreciation and Amortization	446	117	120	125	129	491	124	127	134
Stock Based Compensation	0	0	0	0	0	0	0	0	0
EBITDA	1593	205	0	175	299	679	166	306	321

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Income Statement - Projections

Fiscal Year	2019P	2019P	2020P	2020P	2020P	2020P	2020P	2021P	2021P	2021P	2021P	2021P
Quarter	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
Quarter End Date	12/30/2019	12/30/2019	3/30/2020	6/30/2020	9/30/2020	12/30/2020	12/30/2020	3/30/2021	6/30/2021	9/30/2021	12/30/2021	12/30/2021
Passenger Revenue	2008	7846	1980	2155	2129	2145	8408	2060	2314	2297	2306	8977
Other Revenue	80	304	81	85	85	84	335	87	90	90	89	356
Total Operating Revenues	**2088**	**8150**	**2061**	**2240**	**2214**	**2228**	**8743**	**2147**	**2404**	**2387**	**2395**	**9334**
Operating Expenses:												
Aircraft Fuel and Related Taxes	493	1885	502	521	500	525	2049	536	562	533	558	2188
Salaries, Wages, and Benefits	586	2317	610	623	621	634	2488	665	667	665	679	2676
Landing Fees and Other Rents	101	462	125	132	136	111	504	140	147	154	121	562
Gross Profit	**907**	**3485**	**824**	**964**	**956**	**958**	**3703**	**806**	**1028**	**1036**	**1038**	**3908**
Depreciation and Amortization	136	521	136	141	145	150	572	158	164	170	177	669
Aircraft Rent	27	103	25	25	26	27	102	24	24	24	25	97
Sales and Marketing	73	288	72	78	77	78	306	75	84	84	84	327
Maintenance, Materials, and Repairs	133	614	158	173	163	141	635	161	173	168	136	638
Other Operating Expenses	271	1105	268	291	288	290	1137	258	288	286	287	1120
Special Items	0	14	0	0	0	0	0	0	0	0	0	0
Total Operating Expenses	1822	7311	1896	1984	1957	1955	7793	2017	2109	2084	2066	8276
Operating Income (EBIT)	**266**	**839**	**165**	**255**	**257**	**273**	**950**	**130**	**295**	**304**	**329**	**1057**
Other Income (Expense):												
Interest Expense	-16	-73	-16	-15	-15	-16	-62	-16	-15	-15	-16	-62
Capitalized Interest	3	13	3	3	3	3	12	3	3	3	3	12
Interest Income and Other	0	22	0	0	0	0	0	0	0	0	0	0
Total Other Income (Expense)	-13	-38	-13	-12	-12	-13	-50	-13	-12	-12	-13	-50
Income Before Taxes	**253**	**801**	**152**	**243**	**245**	**260**	**900**	**117**	**283**	**292**	**316**	**1007**
Income Tax Expense (Benefit)	66	208	40	63	64	68	234	30	73	76	82	262
Net Income	**187**	**593**	**112**	**180**	**181**	**192**	**666**	**86**	**209**	**216**	**234**	**745**
Basic Shares Outstanding	294	299	292	291	291	290	292	287	285	284	283	288
Impact of Dilutive Securities	2	2	1	0	-1	-2	-1	-1	-1	-1	-1	-3
Diluted Shares Outstanding	296	301	293	291	290	288	291	286	284	283	282	285
Basic EPS	0.64	1.98	0.39	0.62	0.62	0.66	2.28	0.30	0.73	0.76	0.83	2.59
Diluted EPS	0.63	1.97	0.38	0.62	0.62	0.67	2.29	0.30	0.74	0.76	0.83	2.62
Growth Rates and Margins												
Revenue Growth	6.08%	6.42%	10.14%	6.40%	6.14%	6.74%	7.28%	4.19%	7.33%	7.82%	7.49%	6.76%
Aircraft Fuel and Related Taxes (% of Revenu	24%	23%	24%	23%	23%	24%	23%	25%	23%	22%	23%	23%
Salaries, Wages, and Benefits (% of Revenue	28%	28%	30%	28%	28%	28%	28%	31%	28%	28%	28%	29%
Landing Fees and Other Rents (% of Revenue	5%	6%	6%	6%	6%	5%	6%	7%	6%	6%	5%	6%
Gross Profit (% of Revenue)	43%	43%	40%	43%	43%	43%	42%	38%	43%	43%	43%	42%
Operating Margin	13%	10%	8%	11%	12%	12%	11%	6%	12%	13%	14%	11%
Tax Rate	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%
EBITDA Reconciliation												
Depreciation and Amortization	136	521	136	141	145	150	572	158	164	170	177	669
Stock Based Compensation	0	0	0	0	0	0	0	0	0	0	0	0
EBITDA	323	1114	249	321	327	342	1238	245	373	386	411	1414

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Income Statement Full

Fiscal Year	2019P	2019P	2020P	2020P	2020P	2020P	2020P	2021P	2021P	2021P	2021P	2021P	2022P	2022P	2022P	2022P	2022P	2023P	2023P	2023P	2023P	2023P	2024P	2024P	2024P	2024P	2024P
Quarter	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
Quarter End Date	12/31/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020	12/31/2020	3/31/2021	6/30/2021	9/30/2021	12/31/2021	12/31/2021	3/31/2022	6/30/2022	9/30/2022	12/31/2022	12/31/2022	3/31/2023	6/30/2023	9/30/2023	12/31/2023	12/31/2023	3/31/2024	6/30/2024	9/30/2024	12/31/2024	12/31/2024
Passenger Revenue	2008	7846	1980	2155	2129	2145	8408	2060	2314	2297	2306	8977	2187	2506	2472	2468	9633	2351	2696	2642	2610	10300	2505	2864	2839	2808	10957
Other Revenue	80	304	81	85	85	84	335	87	90	89	356	93	97	97	96	384	100	104	104	102	411	107	111	111	109	438	
Total Operating Revenues	**2088**	**8150**	**2061**	**2240**	**2214**	**2228**	**8743**	**2147**	**2404**	**2387**	**2395**	**9334**	**2281**	**2603**	**2570**	**2563**	**10017**	**2451**	**2790**	**2746**	**2732**	**10720**	**2612**	**2975**	**2950**	**2917**	**11435**
Operating Expenses:																											
Aircraft Fuel and Related Taxes	493	1885	502	521	500	525	2049	536	562	533	558	2188	605	634	602	630	2472	677	707	669	699	2752	750	784	743	776	3053
Salaries, Wages, and Benefits	586	2317	610	623	621	634	2488	665	667	665	679	2676	692	694	692	706	2784	720	722	720	734	2896	749	751	749	764	3012
Landing Fees and Other Rents	101	462	125	132	136	111	504	140	147	154	121	562	150	157	164	129	630	160	168	175	138	641	171	179	187	147	684
Gross Profit	**907**	**3485**	**824**	**964**	**956**	**958**	**3703**	**806**	**1028**	**1036**	**1038**	**3908**	**833**	**1118**	**1112**	**1098**	**4161**	**895**	**1193**	**1182**	**1161**	**4431**	**943**	**1261**	**1252**	**1230**	**4685**
Depreciation and Amortization	136	521	136	141	145	150	572	158	164	170	177	669	159	162	166	169	656	172	176	179	183	709	186	190	194	197	766
Aircraft Rent	27	108	25	25	26	27	102	24	24	24	25	97	26	26	26	26	104	26	26	26	26	104	26	26	26	26	104
Sales and Marketing	73	288	72	78	77	78	306	75	84	84	84	327	80	91	90	90	351	86	98	96	96	375	91	104	103	102	400
Maintenance, Materials, and Repairs	133	634	158	173	163	141	635	161	173	168	136	638	169	182	177	143	671	179	193	190	155	717	191	203	196	157	746
Other Operating Expenses	271	1105	268	291	288	290	1137	258	288	286	287	1120	274	312	308	308	1202	294	335	330	328	1286	313	357	352	350	1372
Special Items	0	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Expenses	**1922**	**7317**	**1896**	**1984**	**1957**	**1955**	**7758**	**2017**	**2109**	**2094**	**2066**	**8276**	**2155**	**2259**	**2225**	**2203**	**8840**	**2313**	**2424**	**2385**	**2358**	**9481**	**2477**	**2594**	**2548**	**2519**	**10138**
Operating Income (EBIT)	**266**	**839**	**165**	**255**	**257**	**273**	**950**	**130**	**295**	**304**	**329**	**1067**	**126**	**344**	**345**	**363**	**1177**	**138**	**366**	**361**	**374**	**1239**	**135**	**381**	**383**	**398**	**1297**
Other Income (Expense):																											
Interest Expense	-16	-73	-16	-15	-15	-16	-62	-16	-15	-15	-16	-62	-16	-15	-15	-16	-62	-16	-15	-15	-16	-62	-16	-15	-15	-16	-62
Capitalized Interest	3	13	3	3	3	3	12	3	3	3	3	12	3	3	3	3	12	3	3	3	3	12	3	3	3	3	12
Interest Income and Other	0	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Income (Expense)	-13	-38	-13	-12	-12	-13	-50	-13	-12	-12	-13	-50	-13	-12	-12	-13	-50	-13	-12	-12	-13	-50	-13	-12	-12	-13	-50
Income Before Taxes	**253**	**801**	**152**	**243**	**245**	**260**	**900**	**117**	**283**	**292**	**316**	**1007**	**113**	**332**	**333**	**350**	**1127**	**125**	**354**	**349**	**361**	**1189**	**122**	**369**	**371**	**385**	**1247**
Income Tax Expense (Benefit)	66	208	40	63	64	68	234	30	73	76	82	262	29	86	86	91	293	33	92	91	94	309	32	96	96	100	324
Net Income	**187**	**593**	**112**	**180**	**181**	**192**	**666**	**86**	**209**	**216**	**234**	**745**	**83**	**246**	**246**	**259**	**834**	**93**	**262**	**258**	**267**	**880**	**90**	**273**	**274**	**285**	**922**
Basic Shares Outstanding	294	299	292	291	291	290	292	287	285	284	283	288	272	270	267	265	268	262	260	257	255	259	253	250	248	245	249
Impact of Dilutive Securities	2	2	1	0	-1	-2	-1	-1	-1	-1	-1	-3	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Diluted Shares Outstanding	296	301	293	291	290	288	291	286	284	283	282	285	274	272	269	267	270	264	262	259	257	261	255	252	250	247	251
Basic EPS	0.64	1.98	0.39	0.62	0.62	0.66	2.28	0.30	0.73	0.76	0.83	2.59	0.31	0.91	0.92	0.98	3.11	0.35	1.01	1.01	1.05	3.40	0.36	1.09	1.11	1.16	3.70
Diluted EPS	0.63	1.97	0.38	0.62	0.62	0.67	2.29	0.30	0.74	0.76	0.83	2.62	0.30	0.90	0.92	0.97	3.09	0.35	1.00	1.00	1.04	3.37	0.35	1.08	1.10	1.15	3.67
Growth Rates and Margins																											
Revenue Growth	6.08%	6.42%	10.14%	6.40%	6.14%	6.74%	7.28%	4.19%	7.33%	7.82%	7.49%	6.76%	6.22%	8.29%	7.64%	7.02%	7.32%	7.48%	7.17%	6.87%	6.58%	7.02%	6.56%	6.64%	6.70%	6.77%	6.67%
Aircraft Fuel and Related Taxes (% of Revenu	24%	23%	24%	23%	23%	24%	23%	25%	23%	22%	23%	23%	27%	24%	23%	25%	25%	28%	25%	24%	26%	26%	29%	26%	25%	27%	27%
Salaries, Wages, and Benefits (% of Revenue	28%	28%	30%	28%	28%	28%	28%	33%	28%	28%	28%	29%	30%	27%	27%	28%	28%	29%	26%	26%	27%	27%	29%	25%	26%	26%	26%
Landing Fees and Other Rents (% of Revenue	5%	6%	6%	6%	6%	5%	6%	7%	6%	6%	5%	6%	7%	6%	6%	5%	6%	7%	6%	6%	5%	6%	7%	6%	6%	5%	6%
Gross Profit (% of Revenue)	43%	43%	40%	43%	43%	43%	42%	38%	43%	43%	43%	42%	37%	43%	43%	43%	42%	37%	43%	43%	43%	41%	36%	42%	43%	42%	41%
Operating Margin	13%	10%	8%	11%	12%	12%	11%	6%	12%	13%	14%	11%	6%	13%	13%	14%	12%	6%	13%	13%	14%	12%	5%	13%	13%	14%	11%
Tax Rate	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%
EBITDA Reconciliation																											
Depreciation and Amortization	136	521	136	141	145	150	572	158	164	170	177	669	159	162	166	169	656	172	176	179	183	709	186	190	194	197	766
Stock-Based Compensation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EBITDA	323	1114	249	321	327	342	1238	245	373	386	411	1414	242	408	412	428	1490	264	437	438	450	1589	276	463	468	482	1688

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Revenue Build Historicals

Fiscal Year	2018A	2019A	2019A	2019A
Quarter	Annual	Q1	Q2	Q3
Quarter End Date	12/30/2018	3/30/2019	6/30/2019	9/30/2019
Available Seat Miles (ASM) (Mmiles)	59882	15437	16029	16296
Passenger Revenue per ASM (PRASM $ Cents)	12	12	13	12
Passenger Revenue	7381	1802	2031	2005
Available Seat Miles (ASM) (Mmiles)	59882	15437	16029	16296
Other Revenue per ASM ($ Cents)	0	0	0	0
Other Revenue	299	62	80	81
Total Revenue	7680	1864	2111	2086
Consensus Total Revenue				
ASM Build				
Departures	366619	89236	93040	94191
Average Stage Length	1096	1153	1147	1132
Average Seats per Plane	149	150	150	153
Total ASMs (Mmiles)	59882	15437	16029	16296
Load Factor				
Load Factor	85%	82%	86%	85.50%
Yield				
Yield per Passenger Mile (USD Cents)	14.5	14.2	14.7	14.4
PRASM				
Passenger Revenue per ASM (PRASM) (USD Cen	12.3	11.7	12.7	12.3
Available Seat Miles Growth YoY	6.92%	10.07%	5.89%	4.60%
Passenger Revenue per ASM Growth YoY	1.65%	-3.31%	3.25%	1.76%
Other Revenue per ASM Growth YoY	25%	0%	0%	0%
Departures Growth YoY	3.66%	3.71%	-0.69%	-0.70%
Average Stage Length Growth YoY	2.24%	5.01%	5.42%	4.00%
Average Seats per Plane Growth YoY	0.89%	1.07%	1.14%	1.29%
Load Factor % Change YoY	0.48%	-2.12%	-0.18%	0.08%
Yield per Passenger Mile Growth YoY	1.40%	-0.70%	3.52%	2.00%

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Revenue Build Projections

Fiscal Year	2019P	2019P	2020P	2020P	2020P	2020P	2020P
Quarter	Q4	Annual	Q1	Q2	Q3	Q4	Annual
Quarter End Date	12/30/2019	12/30/2019	3/30/2020	6/30/2020	9/30/2020	12/30/2020	12/30/2020
Available Seat Miles (ASM) (Mmiles)	15917	63680	16253	16931	16976	16777	66937
Passenger Revenue per ASM (PRASM $ Cents)	13		12	13	13	13	
Passenger Revenue	2008	7846	1980	2155	2129	2145	8408
Available Seat Miles (ASM) (Mmiles)	15917		16253	16931	16976	16777	
Other Revenue per ASM ($ Cents)	1		1	1	1	1	
Other Revenue	80		81	85	85	84	
Total Revenue	2088	8149	2061	2240	2214	2228	8743
Consensus Total Revenue	2090	8190	2026	2237	2284	2233	8781
ASM Build							
Departures	91307	367774	92502	96445	97638	94649	381235
Average Stage Length	1149		1153	1147	1132	1149	
Average Seats per Plane	152	152	152	153	154	154	154
Total ASMs (Mmiles)	15917	63680	16253	16931	16976	16777	66937
Load Factor							
Load Factor	83%	84%	84%	86%	86%	83%	85%
Yield							
Yield per Passenger Mile (USD Cents)	15.2	14.7	14.5	14.8	14.6	15.4	14.9
PRASM							
Passenger Revenue per ASM (PRASM) (USD Cen	12.6	12.3	12.2	12.7	12.5	12.8	12.7
Available Seat Miles Growth YoY	4.93%		5.28%	5.63%	4.17%	5.40%	
Passenger Revenue per ASM Growth YoY	0.64%		4.35%	0.45%	1.94%	1.32%	
Other Revenue per ASM Growth YoY	0%		31%	6%	5%	5%	
Departures Growth YoY	-0.50%		3.66%	3.66%	3.66%	3.66%	
Average Stage Length Growth YoY	4.00%		0.00%	0.00%	0.00%	0.00%	
Average Seats per Plane Growth YoY	1.40%						
Load Factor % Change YoY	0.22%	-0.94%	2.19%	-0.23%	0.58%	0.00%	1.19%
Yield per Passenger Mile Growth YoY	0.66%	1.38%	2.11%	0.68%	1.35%	1.32%	1.36%

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Revenue Build Projections - Fleet

Fiscal Year	2019P	2019P	2020P	2020P	2020P	2020P	2020P
Quarter	Q4	Annual	Q1	Q2	Q3	Q4	Annual
Quarter End Date	12/30/2019	12/30/2019	3/30/2020	6/30/2020	9/30/2020	12/30/2020	12/30/2020
Models							
Airbus A320	130	130	130	130	130	130	130
Airbus A321	64	64	64	64	64	64	64
Airbus A321neo	12	12	15	18	22	26	26
Airbus A321LR	0	0	0	0	0	0	0
Airbus A220	0	0	0	0	1	1	1
Embraer E190	60	60	57	54	51	48	48
Total	266	266	266	266	268	269	269
Additions/New Purchases							
Airbus A320	0	0	0	0	0	0	0
Airbus A321	0	1	0	0	0	0	0
Airbus A321neo	6	12	3	3	4	4	14
Airbus A321LR	0	0	0	0	0	0	0
Airbus A220	0	0	0	0	1	0	1
Embraer E190	0	0	0	0	0	0	0
Total	6	13	3	3	5	4	15
Decommissions							
Airbus A320	0	0	0	0	0	0	0
Airbus A321	0	0	0	0	0	0	0
Airbus A321neo	0	0	0	0	0	0	0
Airbus A321LR	0	0	0	0	0	0	0
Airbus A220	0	0	0	0	0	0	0
Embraer E190	0	0	3	3	3	3	12
Total	0	0	3	3	3	3	12
Seats per Model							
Airbus A320	161	161	161	161	161	161	161
Airbus A321	180	180	180	180	180	180	180
Airbus A321neo	159	159	159	159	159	159	159
Airbus A321LR	150	150	150	150	150	150	150
Airbus A220	115	115	115	115	115	115	115
Embraer E190	100	100	100	100	100	100	100
Total Seats	40358	40358	40535	40712	41163	41499	41499
Average Seats Per Plane	151.7	151.7	152.4	153.1	153.6	154.3	154.3

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Cost Build - Historicals

Fiscal Year	2018A	2019A	2019A	2019A
Quarter	Annual	Q1	Q2	Q3
Quarter End Date	12/30/2018	3/30/2019	6/30/2019	9/30/2019
ASM	59882	15437	16029	16296
Departures	366619	89236	93040	94191
Aircraft Fuel and Related Taxes				
Aircraft Fuel and Related Taxes (millions)	1899	437	484	471
Aircraft Fuel and Related Taxes per ASM	0.031712368	0.02830861	0.03019527	0.0289028
Aircraft Fuel and Related Taxes per ASM % Change	1%	-11%	7%	-7%
Salaries, Wages, and Benefits				
Average Full Time Employees	17442	18029	18384	18528
Average Full Time Employees Change YoY	6%	4%	4%	4%
Salaries, Wages, and Benefits per Employee	117188.3958	31893.0612	31331.5927	31303.9724
Salaries, Wages, and Benefits per Employee % Change YoY	2%	11%	13%	6%
Salaries, Wages, and Benefits (Millions)	2044	575	576	580
Landing Fees and Other Rents				
Landing Fees and Other Rents	442	115	121	125
Landing Fees and Other Rents per Departure	1205.611275	1288.71756	1300.51591	1327.0907
Landing Fees and Other Rents per Departure % Change YoY	8%	2%	0%	6%
Depreciation and Amortization				
Depreciation and Amortization	491	124	127	134
Aircraft Rent				
Aircraft Rent	103	25	25	26
Sales and Marketing				
Sales and Marketing	294	66	75	74
Sales and Marketing as % of Revenue	4%	4%	4%	4%
Maintenance, Materials, and Repairs				
Maintenance, Materials, and Repairs	625	155	168	158
Average Aircraft Utilization (hours per day per aircraft)	11.8	11.8	12.1	11.9
Total Block Hours	2985.4	2985.4	3073.4	3094
Maintenance, Materials, and Repairs per Block Hour	0.209352181	0.05191934	0.05466259	0.05106658
Maintenance, Materials, and Repairs per Block Hour % change YoY	-4%	2%	-13%	-3%
Other Operating Expenses				
Other Operating Expenses	1059	286	277	271
Other Operating Expenses as % of Revenue	14%	15%	13%	13%
Operating Costs ex. Fuel				
Operating Costs ex. Fuel	5058	1346	1369	1368
Operating Costs ex. Fuel per ASM (CASM)	0.084466117	0.08719311	0.0854077	0.08394698

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Cost Build - Projections

Fiscal Year	2019P	2019P	2020P	2020P	2020P	2020P	2020P
Quarter	Q4	Annual	Q1	Q2	Q3	Q4	Annual
Quarter End Date	12/30/2019	12/30/2019	3/30/2020	6/30/2020	9/30/2020	12/30/2020	12/30/2020
ASM	15917.39896	63679.7561	16252.8358	16931.0981	16976.1524	16777.24546	66937.33167
Departures	91307	367774	92502.0376	96445.264	97638.3906	94648.8362	381234.5284
Aircraft Fuel and Related Taxes							
Aircraft Fuel and Related Taxes (millions)	493.4393678	1885.439368	501.503742	521.463878	500.471472	525.2955554	2048.734648
Aircraft Fuel and Related Taxes per ASM	0.031		0.03085638	0.03079918	0.02948085	0.03131	
Aircraft Fuel and Related Taxes per ASM% Change	-2%		9%	2%	2%	1%	
Salaries, Wages, and Benefits							
Average Full Time Employees	18696	18314.1	18750.16	18751.68	18898.56	18882.96	18863.523
Average Full Time Employees Change YoY	5%	5%	4%	2%	2%	1%	3%
Salaries, Wages, and Benefits per Employee	31370	126563.4675	32530.9224	33211.4883	32869.171	33565.9	131626.0062
Salaries, Wages, and Benefits per Employee % Change YoY	2%	8%	2%	6%	5%	7%	4%
Salaries, Wages, and Benefits (Millions)	586.49352	2317.896	609.96	622.7712	621.18	633.8235471	2482.930195
Landing Fees and Other Rents							
Landing Fees and Other Rents	101	462	125.16945	131.70003	136.05375	110.978396	503.901626
Landing Fees and Other Rents per Departure	1106.158345		1353.15344	1365.5417	1393.44523	1172.527846	
Landing Fees and Other Rents per Departure % Change YoY	5%		5%	5%	5%	6%	
Depreciation and Amortization							
Depreciation and Amortization	135.8	520.8	136.1	140.6	145.3	150.1	572.1
Aircraft Rent							
Aircraft Rent	27.3	103.3	25	24.9	25.8	26.6	102.3
Sales and Marketing							
Sales and Marketing	73.07041168	288.0704117	72.1282694	78.387394	77.4938227	77.99550021	306.0049864
Sales and Marketing as % of Revenue	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Maintenance, Materials, and Repairs							
Maintenance, Materials, and Repairs	133	614	158.075494	173.290683	163.107884	140.982093	635.4561533
Average Aircraft Utilization (hours per day per aircraft)	11.8	11.8	11.8	11.8	11.8	11.8	11.8
Total Block Hours	3138.8	3138.8	3138.8	3138.8	3162.4	3174.2	3174.2
Maintenance, Materials, and Repairs per Block Hour	0.0423		0.05036176	0.05520921	0.05157725	0.044415	
Maintenance, Materials, and Repairs per Block Hour % change YoY	-3%		-3%	1%	1%	5%	
Other Operating Expenses							
Other Operating Expenses	271.4043862	1105.404386	267.905001	291.153178	287.834199	289.6975722	1136.589949
Other Operating Expenses as % of Revenue	13%		13%	13%	13%	13%	
Operating Costs ex. Fuel							
Operating Costs ex. Fuel	1328.068318	5411.470798	1394.33821	1462.80248	1456.76966	1430.177108	5739.28291
Operating Costs ex. Fuel per ASM (CASM)	0.083435009	0.084979452	0.08579046	0.08639738	0.08581271	0.085245049	0.085741137

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Revenue Build Full

Fiscal Year	2019 P	2020 P	2020 P	2020 P	2020 P	2020 P	2021 P	2021 P	2021 P	2021 P	2021 P	2022 P	2022 P	2022 P	2022 P	2022 P	2023 P	2023 P	2023 P	2023 P	2023 P	2024 P	2024 P	2024 P	2024 P	2024 P
Quarter	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
Quarter End Date	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020	12/31/2020	3/31/2021	6/30/2021	9/30/2021	12/31/2021	12/31/2021	3/31/2022	6/30/2022	9/30/2022	12/31/2022	12/31/2022	3/31/2023	6/30/2023	9/30/2023	12/31/2023	12/31/2023	3/31/2024	6/30/2024	9/30/2024	12/31/2024	12/31/2024
Available Seat Miles (ASM) (Mmiles)	63680	16253	16931	16976	16777	66937	17360	18054	18070	17807	71291	18867	19425	19450	19178	76739	20085	20818	20786	20440	82129	21403	22199	22380	23824	87807
Passenger Revenue per ASM (PRASM $Cents)		12	13	13	13		12	13	13	13		12	13	13	13		12	13	13	13		12	13	13	13	
Passenger Revenue	7846	1980	2155	2129	2145	8408	2060	2314	2297	2306	8977	2187	2506	2472	2468	9633	2351	2686	2642	2630	10309	2505	2864	2819	2808	10997
Available Seat Miles (ASM) (Mmiles)		16253	16931	16976	16777		17360	18054	18070	17807		18867	19425	19450	19178		20085	20818	20786	20440		21403	22199	22380	23824	
Other Revenue per ASM ($ Cents)		1	1	1	1		1	1	1	1		1	1	1	1		1	1	1	1		1	1	1	1	
Other Revenue		81	85	85	84		87	90	90	89		93	97	97	96		100	104	104	102		107	111	111	109	
Total Revenue	8149	2061	2240	2214	2228	8743	2147	2404	2387	2395	9334	2281	2603	2570	2563	10017	2451	2790	2746	2732	10720	2612	2975	2930	2917	11435
Consensus Total Revenue	8190	2026	2237	2284	2233	8781	2164	2419	2461	2395	9382	2376	2673	2713	2643	10404	2599	2924	2968	2892	11383	NA	NA	NA	NA	NA
ASM Build																										
Departures	367774	92502	96445	97638	94649	381235	98888	99075	101212	98113	395188	99897	101684	104986	102704	409652	108085	107427	108756	105426	424645	106806	111359	112737	109285	440187
Average Stage Length		1153	1147	1132	1140		1170	1164	1149	1166		1205	1199	1183	1206		1242	1235	1233	1237		1279	1272	1256	1274	
Average Seats per Plane	152	152	153	154	154	154	155	155	155	156	156	156	156	157	157	157	157	157	157	157	157	157	157	157	157	157
Total ASMs (Mmiles)	63680	16253	16931	16976	16777	66937	17360	18054	18070	17807	71291	18867	19425	19450	19178	76739	20085	20818	20786	20440	82129	21403	22199	22380	23824	87807
Load Factor																										
Load Factor	84%	84%	88%	86%	83%	85%	83%	86%	86%	83%	85%	83%	86%	86%	83%	85%	83%	86%	86%	83%	85%	83%	86%	86%	83%	85%
Yield																										
Yield per Passenger Mile (USD Cents)	14.7	14.5	14.8	14.6	15.4	14.9	14.3	14.9	14.8	15.6	14.9	14.1	15.0	14.8	15.5	14.9	14.1	15.0	14.8	15.5	14.9	14.1	15.0	14.8	15.5	14.9
PRASM																										
Passenger Revenue per ASM (PRASM) (USD Cen	12.3	12.2	12.7	12.5	12.8	12.7	11.9	12.8	12.7	13.0	12.7	11.7	12.9	12.7	12.9	12.7	11.7	12.9	12.7	12.9	12.7	11.7	12.9	12.7	12.9	12.7
Available Seat Miles Growth YoY		5.28%	5.63%	4.17%	5.40%		6.83%	6.63%	6.44%	6.14%		7.64%	7.59%	7.64%	7.70%		7.48%	7.17%	6.87%	6.58%		6.56%	6.64%	6.70%	6.77%	
Passenger Revenue per ASM Growth YoY		4.35%	0.45%	1.94%	1.32%		-2.59%	0.68%	1.35%	1.32%		-1.38%	0.68%	0.00%	-0.69%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%	
Other Revenue per ASM Growth YoY		31%	6%	5%	5%		7%	7%	6%	6%		8%	8%	8%	8%		7%	7%	7%	7%		7%	7%	7%	7%	
Departures Growth YoY		3.66%	3.66%	3.66%	3.66%		3.66%	3.66%	3.66%	3.66%		3.66%	3.66%	3.66%	3.66%		3.66%	3.66%	3.66%	3.66%		3.66%	3.66%	3.66%	3.66%	
Average Stage Length Growth YoY		0.00%	0.00%	0.00%	0.00%		1.50%	1.50%	1.50%	1.50%		3.00%	3.00%	3.00%	3.00%		3.00%	3.00%	3.00%	3.00%		3.00%	3.00%	3.00%	3.00%	
Average Seats per Plane Growth YoY																										
Load Factor% Change YoY	-0.94%	2.19%	-0.23%	0.58%	0.00%	1.19%	-1.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Yield per Passenger Mile Growth YoY	1.38%	2.11%	0.68%	1.35%	1.32%	1.36%	-1.38%	0.68%	1.35%	1.32%	0.00%	-1.38%	0.68%	0.00%	-0.69%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Models																										
Airbus A320	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130
Airbus A321	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64
Airbus A321neo	12	15	18	22	26	26	27	28	29	30	30	33	37	41	45	45	48	51	55	59	59	59	59	59	59	59
Airbus A321LR	0	0	0	0	0	0	3	6	9	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13
Airbus A220	0	0	0	1	1	1	2	3	5	7	7	9	11	13	15	15	19	24	29	34	34	34	34	34	34	34
Embraer E190	60	57	54	51	48	48	45	42	39	36	36	33	30	27	24	24	21	18	15	12	12	12	12	12	12	12
Total	266	266	266	268	269	269	271	273	276	280	280	282	285	288	291	291	295	300	306	312	312	312	312	312	312	312
Additions/New Purchases																										
Airbus A320	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Airbus A321	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Airbus A321neo	12	3	3	4	4	14	1	1	1	1	4	3	4	4	4	15	3	3	4	4	14	0	0	0	0	0
Airbus A321LR	0	0	0	0	0	0	3	3	3	4	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Airbus A220	0	0	0	1	0	1	1	1	2	2	6	2	2	2	2	8	4	5	5	5	19	0	0	0	0	0
Embraer E190	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	13	3	3	5	4	15	5	5	6	7	23	5	6	6	6	23	7	8	9	9	33	0	0	0	0	0
Decommissions																										
Airbus A320	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Airbus A321	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Airbus A321neo	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Airbus A321LR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Airbus A220	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Embraer E190	0	3	3	3	3	12	3	3	3	3	12	3	3	3	3	12	3	3	3	3	12	0	0	0	0	0
Total	0	3	3	3	3	12	3	3	3	3	12	3	3	3	3	12	3	3	3	3	12	0	0	0	0	0
Seats per Model																										
Airbus A320	161	161	161	161	161	161	161	161	161	161	161	161	161	161	161	161	161	161	161	161	161	161	161	161	161	161
Airbus A321	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180
Airbus A321neo	159	159	159	159	159	159	159	159	159	159	159	159	159	159	159	159	159	159	159	159	159	159	159	159	159	159
Airbus A321LR	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
Airbus A220	115	115	115	115	115	115	115	115	115	115	115	115	115	115	115	115	115	115	115	115	115	115	115	115	115	115
Embraer E190	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Total Seats	40358	40535	40712	41163	41499	41499	42023	42347	42886	43575	43575	43982	44548	45114	45680	45680	46317	47069	47980	48891	48891	48891	48891	48891	48891	48891
Average Seats Per Plane	151.7	152.4	153.1	153.6	154.3	154.3	154.7	155.1	155.4	155.6	155.6	156.0	156.3	156.6	157.0	157.0	157.0	156.9	156.8	156.7	156.7	156.7	156.7	156.7	156.7	156.7

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Cost Build Full

Fiscal Year	2019P	2019P	2020P	2020P	2020P	2020P	2020P	2021P	2021P	2021P	2021P	2021P	2022P	2022P	2022P	2022P	2022P	2023P	2023P	2023P	2023P	2023P	2024P	2024P	2024P	2024P	2024P
Quarter	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
Quarter End Date	12/30/2019	12/30/2019	3/30/2020	6/30/2020	9/30/2020	12/30/2020	12/30/2020	3/30/2021	6/30/2021	9/30/2021	12/30/2021	12/30/2021	3/30/2022	6/30/2022	9/30/2022	12/30/2022	12/30/2022	3/30/2023	6/30/2023	9/30/2023	12/30/2023	12/30/2023	3/30/2024	6/30/2024	9/30/2024	12/30/2024	12/30/2024
ASM	19917.39896	63679.75563	16252.8358	16933.0981	16976.1524	16777.24546	66837.33167	17359.648	18054.3382	18069.6918	17807.04754	71210.72553	18686.68	19424.6567	19449.6398	19177.59263	76738.56907	20085.0598	20817.6713	20786.4326	20440.13399	82129.29712	21408.1388	22193.3973	22180.1204	21823.89038	87606.54672
Departures	91307	367774	92502.0876	96445.264	97638.3906	94648.8362	381234.5284	95887.6122	99975.1607	101211.956	98112.9836	395187.7121	99897.0088	103634.252	104936.313	101708.9188	409651.5824	108085.033	107427.265	106756.25	105426.2822	424644.8308	106806.115	111359.103	112736.729	109284.8842	440186.8311
Aircraft Fuel and Related Taxes																											
Aircraft Fuel and Related Taxes (millions)	493.4838678	1885.439368	501.503742	521.463878	500.471472	525.2955554	2048.734648	535.659566	561.689335	532.700949	557.5386585	2187.523909	605.483543	634.458366	602.061594	630.4729466	2472.426645	676.769534	707.156053	669.179553	698.85681	2751.963029	750.029725	784.255622	742.608542	776.0369598	3052.910849
Aircraft Fuel and Related Taxes per ASM	0.0181		0.0308563	0.0307993	0.0294808	0.03133		0.0308563	0.0311071	0.0294808	0.03131		0.0323912	0.0326253	0.0309549	0.0328755		0.0336951	0.0339603	0.0321939	0.0341905		0.0350429	0.0353279	0.0334806	0.0355581	
Aircraft Fuel and Related Taxes per ASM % Change	-2%		9%	2%	2%	1%		0%	1%	0%	0%		5%	5%	5%	5%		4%	4%	4%	4%		4%	4%	4%	4%	
Salaries, Wages, and Benefits																											
Average Full Time Employees	18896	18314.1	18750.16	18751.68	18898.56	18882.96	18863.523	18937.6636	18939.1968	19087.5456	19071.7896	19105.215823	19127.0382	19128.5888	19278.4211	19262.5075	19242.67981	19318.3086	19319.8747	19471.2053	19455.13257	19435.10661	19511.4917	19513.0734	19665.9173	19649.6839	19629.45768
Average Full Time Employees Change YoY	5%	5%	4%	2%	2%	1%	3%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Salaries, Wages, and Benefits per Employee	31370	126563.4675	32530.9224	33211.4883	32869.171	33565.9	132626.0062	35133.3962	35204.1775	34841.3212	35579.854	139523.5666	36187.3981	36260.3029	35886.5609	36647.24962	143709.2736	37273.02	37348.112	36963.1577	37746.66711	148020.5538	38391.2106	38468.5553	38072.0524	38879.06712	152461.3683
Salaries, Wages, and Benefits per Employee % Change YoY	2%	8%	2%	6%	5%	7%	4%	8%	6%	6%	6%	6%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Salaries, Wages, and Benefits (Millions)	586.40352	2317.896	609.96	622.7712	621.18	633.8235471	2482.930195	665.344368	666.738847	665.035308	678.5734895	2658.225067	692.157746	693.608422	691.836231	705.9179205	2765.351537	720.051708	721.560842	719.717231	734.3664127	2876.795204	749.089787	750.630744	748.721835	763.9613791	2912.730051
Landing Fees and Other Rents																											
Landing Fees and Other Rents	101	462	125.16945	131.70008	136.05375	110.978396	503.901626	140.130704	147.441871	153.726316	120.7922156	562.091066	149.617272	157.423391	164.13328	128.969607	600.1435503	159.746063	168.08064	175.244775	137.7009914	640.772084	170.560551	179.493363	187.108405	147.0226461	684.1510559
Landing Fees and Other Rents per Departure	1106.158345		1353.15344	1365.5417	1393.44523	1172.527846		1461.40571	1474.78504	1518.8553	1231.154238		1505.24788	1519.02859	1564.42096	1268.068865		1550.40532	1564.50945	1611.35359	1306.133531		1596.91748	1611.53743	1659.6942	1345.315477	
Landing Fees and Other Rents per Departure % Change YoY	5%		9%	9%	5%	6%		8%	8%	9%	5%		3%	3%	3%	3%		3%	3%	3%	3%		3%	3%	3%	3%	
Depreciation and Amortization																											
Depreciation and Amortization	135.8	520.8	136.1	140.6	145.3	150.1	572.1	158.2	164.3	169.9	176.6	669	159.2	162.4	165.6	168.7	655.9	171.8	175.5	179.2	182.8	709.3	185.544	189.54	193.536	197.424	766.044
Aircraft Rent																											
Aircraft Rent	27.3	103.3	25	24.9	25.8	26.6	102.3	24.1	24.1	24.3	24.8	97.3	26	26	26	26	104	26	26	26	26	104	26	26	26	26	104
Sales and Marketing																											
Sales and Marketing	73.07041368	288.0704117	72.1282694	78.387394	77.40382227	77.99550021	306.0049864	75.1501261	84.1346816	83.5565484	83.83453301	326.675877	79.83264727	91.11288279	89.93760 3	89.72192789	350.5960635	85.79709809	97.64683 3	96.11981027	95.62869871	375.1918153	91.42758186	104.128028	102.563692	102.1025704	400.2219945
Sales and Marketing as % of Revenue	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Maintenance, Materials, and Repairs																											
Maintenance, Materials, and Repairs	133	634	158.075494	173.290683	163.107884	140.982093	635.456 533	161.046838	172.535435	167.976776	136.4748568	638.0139073	169.259632	181.899516	177.032915	143.2547348	671.4467983	178.833005	193.387907	189.978447	155.1286324	717.3279912	191.080022	203.134657	195.64055	156.6799188	746.4853479
Average Aircraft Utilization (hours per day per aircraft)	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8
Total Block Hours	3138.8	3138.8	3138.8	3138.8	3162.4	3174.2	3174.2	3197.8	3221.4	3256.8	3304	3304	3327.6	3363	3398.4	3433.8	3433.8	3481	3540	3610.8	3681.6	3681.6	3681.6	3681.6	3681.6	3681.6	3681.6
Maintenance, Materials, and Repairs per Block Hour	0.0423		0.0503676	0.0552021	0.0515725	0.044415		0.0503676	0.0535294	0.0515725	0.0413 0595		0.0508658	0.0540847	0.0520302	0.0417901		0.0513403	0.0546298	0.0526 895	0.0421362		0.0518777	0.0551565	0.0534009	0.0425575 62	
Maintenance, Materials, and Repairs per Block Hour % change YoY	-3%		-3%	3%	1%	5%		0%	-3%	0%	-7%		3%	1%	1%	3%		3%	1%	1%	3%		3%	1%	1%	3%	
Other Operating Expenses																											
Other Operating Expenses	271.4043862	1105.404388	267.905001	291.353178	287.834199	289.6975722	1136.589949	257.657575	288.461724	286.479504	287.4326846	1120.031578	273.681061	312.387044	308.357496	307.6880885	1202.043639	294.16142	334.789485	329.551209	327.8898242	1286.371938	333.465727	357.010383	351.646944	350.0659555	1392.18101
Other Operating Expenses as % of Revenue	13%		13%	13%	13%	13%		12%	12%	12%	12%		12%	12%	12%	12%		12%	12%	12%	12%		12%	12%	12%	12%	
Operating Costs ex. Fuel																											
Operating Costs ex. Fuel	1328.068318	5411.470798	1394.33821	1462.80248	1456.76966	1430.177308	5739.28291	1481.62161	1547.69255	1550.57454	1508.505781	6071.337536	1549.73935	1624.83126	1622.89752	1570.382229	6349.481587	1636.38027	1736.96581	1715.81076	1669.494159	6709.759017	1727.09759	1809.91218	1805.21752	1743.29647	7065.823059
Operating Costs ex. Fuel per ASM (CASM)	0.0834 5009	0.0849 79452	0.0857 9046	0.0863 9738	0.0858 3271	0.0852 46049	0.0857 41137	0.0853 4906	0.0857 2414	0.0858 3293	0.0847 13975	0.0851 63077	0.0829 3284	0.0836 4788	0.0834 4101	0.0818 7878	0.0827 41725	0.0814 7296	0.0824 7636	0.0825 4474	0.0811 88027	0.0816 97509	0.0809 3666	0.0815 2979	0.0813 8899	0.0798 78356	0.0806 54103

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Section X

Appendix

Appendix Links

General Analysis

1. Analysis of Key Airports and Routes - JFK
2. Analysis of Key Airports and Routes - BOS
3. Analysis of Key Airports and Routes - FLL
4. Analysis of Key Airports and Routes - ORL
5. Analysis of Key Airports and Routes - LGB
6. Analysis of Key Airports and Routes - SJU
7. Overview of Sell-Side Market Theses
8. JetBlue Fleet Look-Ahead
9. 737 Max Update

Financials

1. Income Statement - Historicals
2. Income Statement - Projections
3. Income Statement Full
4. Revenue Build Historicals
5. Revenue Build Projections
6. Revenue Build Projections - Fleet
7. Cost Build - Historical
8. Cost Build - Projections
9. Revenue Build Full
10. Cost Build Full

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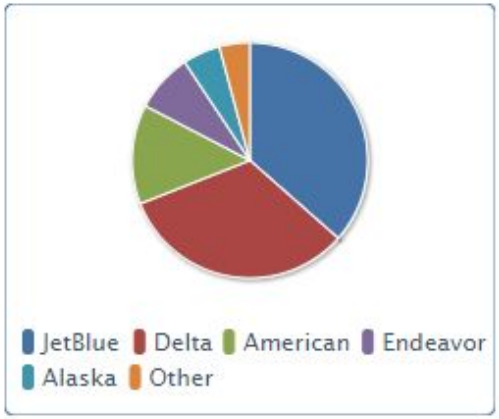
Analysis of Key Airports and Routes - JFK

- Delta Air Lines makes a $800M investment in terminal 4
- Delta Air Lines has increased capacity by 400,000 passengers in the past 5 months
  - Plans to continue to increase capacity
- JFK - LGB: Very little competition
  - Not a top 10 destination for JFK but competitors may pick LAX instead of LGB or competitors will expand to LGB
- JFK - LAX: Intense price competition with all carriers having the same price
- JFK - SJU: Mediocre price competition with DAL and JBLU being priced equally
- JFK - FLL: Intense price competition with all carriers having the same price
- JFK - ORL: Intense price competition with all carriers having the same price

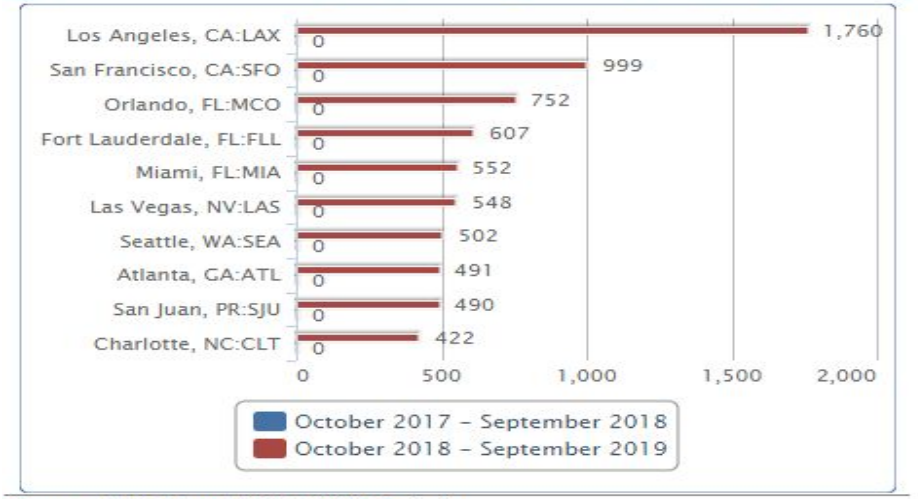
Carrier Shares for October 2018 - September 2019

Carrier	Passengers	Share
JetBlue	10,397	36.50%
Delta	9,259	32.50%
American	3,888	13.65%
Endeavor	2,285	8.02%
Alaska	1,465	5.14%
Other	1,190	4.18%



Based on enplaned passengers(000) both arriving and departing.

Top 10 Destination Airports (U.S. Only, Passengers (000))



Source: T-100 Domestic Market (US Carriers).

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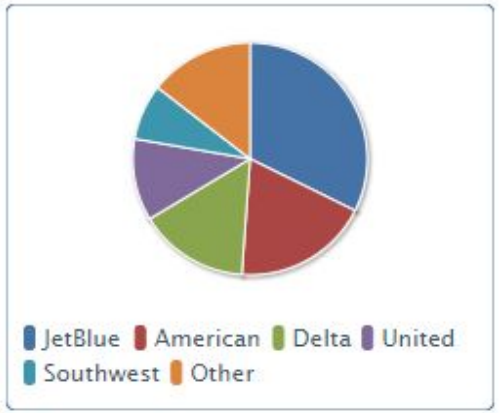
Analysis of Key Airports and Routes - BOS

- Delta Air Lines identifies Boston as a hub
- Delta Air Lines creates plans to increase departures to 200 from Boston by 2021
  - Potentially flood the market with 40,000 additional capacity
- BOS - LGB: Minimal price competition
  - Not a top 10 destination
- BOS - LAX: Intense price competition with all network carriers having the exact same price ($237)
- BOS - SJU: Mediocre competition with Spirit providing the lowest cost flight but JBLU currently having the lowest priced non-stop
  - LUV is expanding their presence along this route
- BOS - FLL: Intense price competition with DAL, JBLU, and Spirit all having the same price
- BOS - ORL: Intense price competition with Frontier and Spirit having prices 30% below competitors and DAL and JBLU having the same price

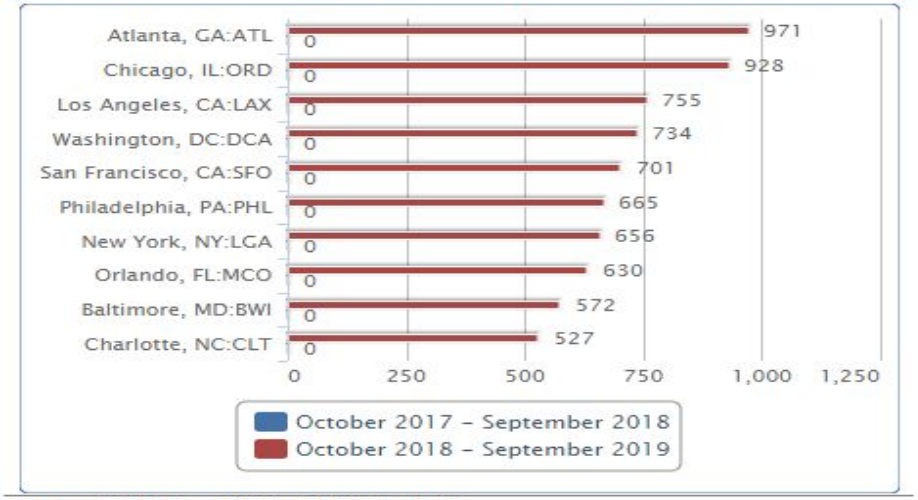
Carrier Shares for October 2018 - September 2019

Carrier	Passengers	Share
JetBlue	10,799	32.36%
American	6,264	18.77%
Delta	5,085	15.24%
United	3,799	11.38%
Southwest	2,592	7.77%
Other	4,832	14.48%



Based on enplaned passengers(000) both arriving and departing.

Top 10 Destination Airports (U.S. Only, Passengers (000))



Source: T-100 Domestic Market (US Carriers).

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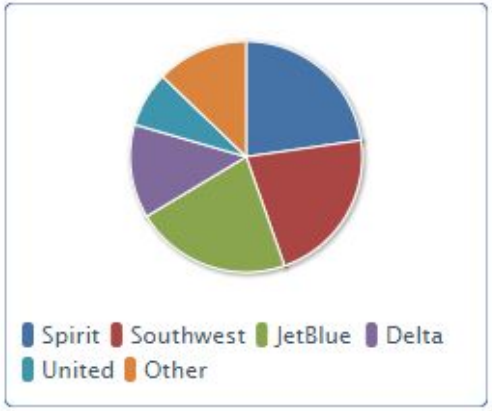
Analysis of Key Airports and Routes - FLL

- Spirit is adding four gates to the airport to increase capacity
- Spirit is planning on increasing the number of aircrafts by 23% by 2021
- LUV recently finished a new terminal with 5 gates which costed $333M
  - Looking to significantly increase capacity
- FLL - SJU: Intense price competition with Spirit undercutting JBLU by 30%
- FLL - JFK: Intense price competition with all carriers having the same price
- FLL - BOS: Intense price competition with all carriers having the same price

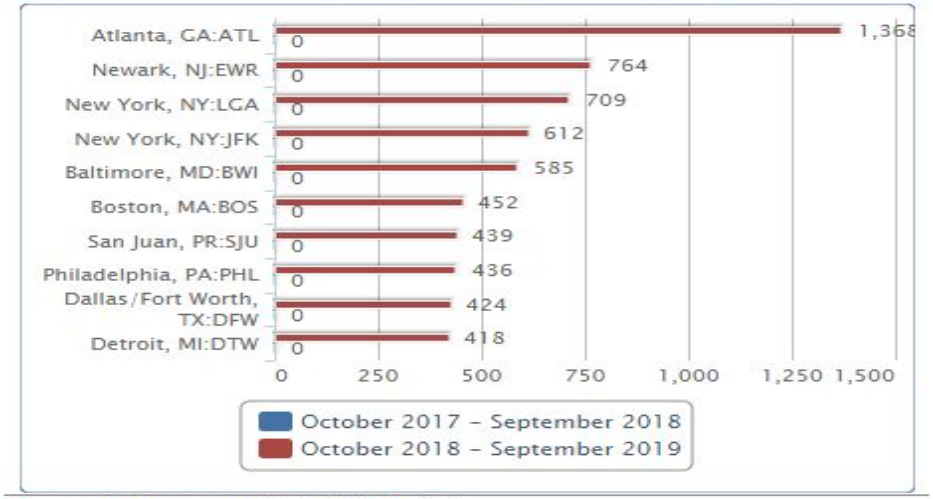
Carrier Shares for October 2018 - September 2019

Carrier	Passengers	Share
Spirit	6,171	22.73%
Southwest	5,950	21.92%
JetBlue	5,901	21.74%
Delta	3,557	13.10%
United	2,097	7.73%
Other	3,471	12.79%



Based on enplaned passengers(000) both arriving and departing.

Top 10 Destination Airports (U.S. Only, Passengers (000))



Source: T-100 Domestic Market (US Carriers).

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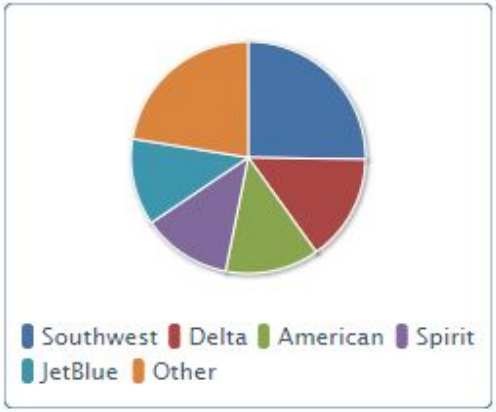
Analysis of Key Airports and Routes - ORL

- LUV has identified Florida as a key geography for further expansion (Southwest Effect)
- LUV plans to add 19 gates to Orlando which will dramatically increase capacity
- Spirit has identified Orlando as a key airport and plans to target the airport in the following years (10-K)
- ORL - SJU: Intense price competition with Spirit and Frontier undercutting JBLU by 40-50%
- All other routes have intense price competition with all carriers having the same price

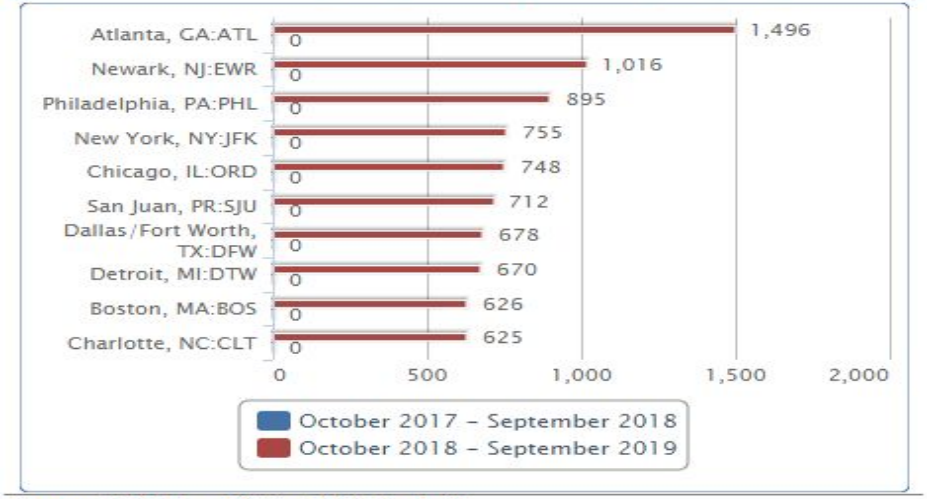
Carrier Shares for October 2018 - September 2019

Carrier	Passengers	Share
Southwest	10,503	25.26%
Delta	6,192	14.89%
American	5,384	12.95%
Spirit	5,151	12.39%
JetBlue	5,027	12.09%
Other	9,321	22.42%



Based on enplaned passengers(000) both arriving and departing.

Top 10 Destination Airports (U.S. Only, Passengers (000))



Source: T-100 Domestic Market (US Carriers).

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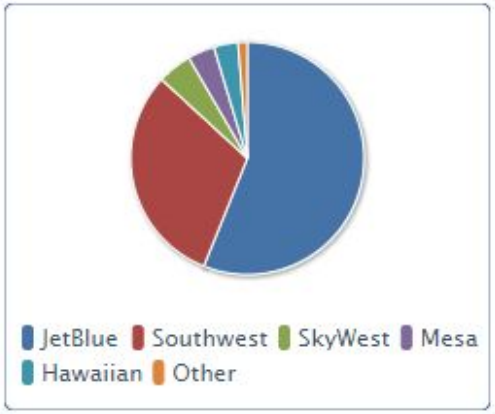
Analysis of Key Airports and Routes - LGB

- Long Beach has been a hub for JBLU but may face an increase in competition at the airport if margins remain high
- LAX is a great substitute where customers will fly to achieve lower prices
- Limited competition on the flights due to the size of the airport

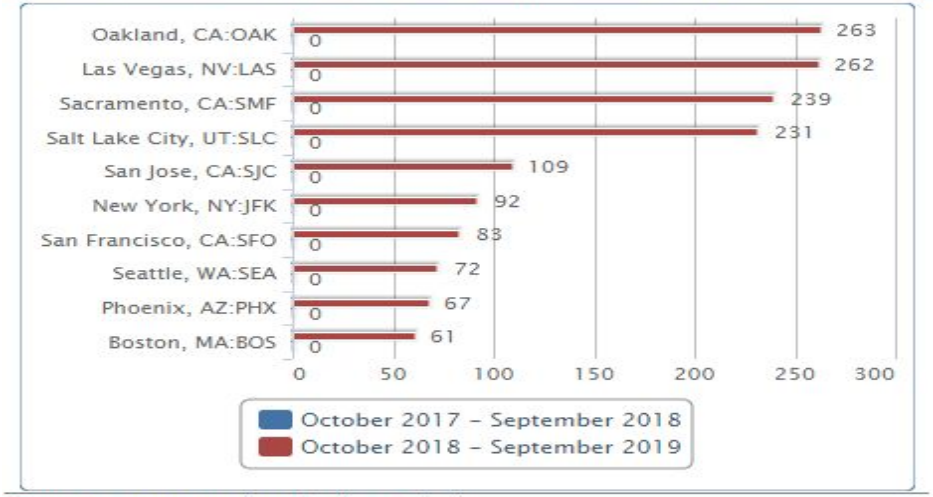
Carrier Shares for October 2018 - September 2019

Carrier	Passengers	Share
JetBlue	1,938	56.10%
Southwest	1,063	30.76%
SkyWest	165	4.78%
Mesa	129	3.72%
Hawaiian	116	3.36%
Other	44.19	1.28%



Based on enplaned passengers(000) both arriving and departing.

Top 10 Destination Airports (U.S. Only, Passengers (000))



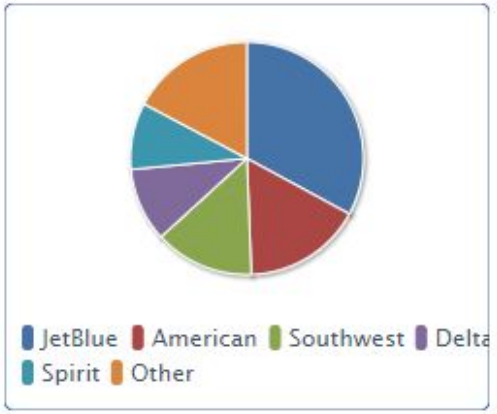
Source: T-100 Domestic Market (US Carriers).

Analysis of Key Airports and Routes - SJU

- LUV is planning on expanding into the Caribbean and has identified SJU as a dkey airport to increase capacity
- Can decrease yields by 20%+ and significantly decrease the load factor of JBLU
- All routes face significant price competition with JBLU not having the lowest price in any key destination

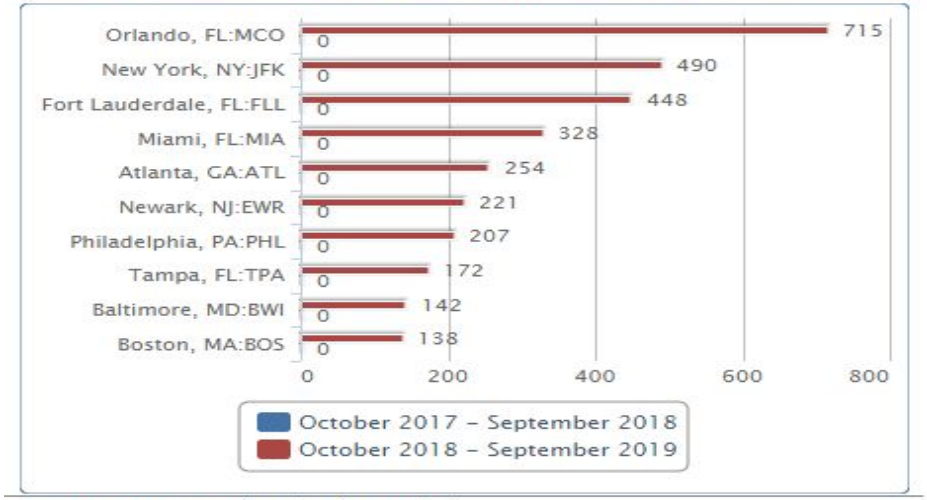
Carrier Shares for October 2018 - September 2019

Carrier	Passengers	Share
JetBlue	2,595	32.92%
American	1,298	16.48%
Southwest	1,089	13.81%
Delta	810	10.27%
Spirit	731	9.28%
Other	1,358	17.24%



Based on enplaned passengers(000) both arriving and departing.

Top 10 Destination Airports (U.S. Only, Passengers (000))



Source: T-100 Domestic Market (US Carriers).

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Overview of Sell-Side Market Theses

Bull Case

- Harvesting and Expanding Focus Cities
  - Increase seat shares in major hubs (NY, BOS, FL) to the level that other carriers have in their major hubs (up to 75%)
  - Enhanced loyalty programs and increasing customer satisfaction
  - Growth in Mint offerings and demand to drive higher RASM
- Structural Cost Program Outperformance
  - Realized $275M of $250-$300M in planned savings
  - Has remaining opportunities in tech ops, corporate and airports
  - Entry into long-term maintenance agreements with remaining V2500 engines
- Customer Segmentation and Premium Offerings
  - Fair Options 2.0: Customer segmentation with increased offerings to drive incremental revenue (Blue “SAVE”, BLUE, BLUE “MORE”)
- Ancillary Revenue Increases
  - Higher attach rates for JetBlue Vacations (above 1.5%)
  - Success in partnerships with Allianz, Avis, Budget and Lyft
  - Maintenance programs / fleet, management redundancies, airport expenses and sales / distribution programs for cost reductions
- Decline in Business Travelers
  - JetBlue outperforms the industry during downturns because of their mix in VFR and leisure passengers

Bear Case

- Increased Competitive Capacity
  - Very reliant on NYC area (50% of their flights)
  - Increased competition with Delta in Boston and Southwest increasing capacity
  - ULCC increasing capacity and taking leisure customers from JBLU
- Inability to Hit Cost Reduction Targets and Cost Gap Compression
  - Inability to hit cost reduction targets; and cost reduction initiatives to this point have not increased the cost gap between JBLU and network carriers or gotten them closer to the ULCCs’ margins
- Continued Unionization
  - JetBlue’s unionization rate could reach the industry average (73%) which could result in significant labor cost increases from CBA
- Rising Fuel Prices
  - Increase in fuel prices will erode profit margins
  - E190s remain in the fleet past 2024
- Aircraft Delivery Delays
  - Decreased capacity from Airbus delays for A220 and A321

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JetBlue Fleet Look-Ahead

Our estimates for the next 7 years as a percent of the total fleet

	2019 E	2020 E	2021 E	2022 E	2023 E	2024 E	2025 E	2026 E	2027 E
E190	23%	21%	17%	12%	6%	1%	0%	0%	0%
A320	50%	48%	44%	41%	37%	32%	30%	29%	29%
A321	24%	23%	21%	20%	18%	17%	16%	16%	16%
A321neo	2%	8%	15%	22%	29%	35%	36%	38%	38%
A220	0%	0%	2%	5%	10%	15%	17%	17%	17%

This table reflects our view that JetBlue will begin phasing out “Phase 1” A320s in 2022E in favor of purchasing additional A321neos compared to current estimates

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737 Max Update

- 737 Max expected to return in Q2 2020, although this tentative date is already later than expected
- Regulators are “pleased” with progress on 737 Max, which caused Boeing’s stock price to jump intraday last week
- Airlines are having difficult times without flying the Max, and the impact should be positive in the short term for airlines with little or no exposure to the Max such as JBLU

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