



# Sun Country Airlines

March 2024

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## **Non-GAAP Financial Measures**

This presentation includes certain non-GAAP financial measures, including Adjusted EBIT, Adjusted EBIT Margin, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted Net Income, Adjusted CASM and free cash flow. These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing our financial results. Therefore, these measures should not be considered in isolation or as an alternative or superior to GAAP measures. You should be aware that our presentation of these measures may not be comparable to similarly-titled measures used by other companies. Please see the reconciliations included in the Appendix to this presentation.



## Business Overview

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# Unique Business Model With Diversified Revenue Streams



Cross Utilized Assets Reduce Unit Costs



Fleet: All 737NG aircraft - 44 pax and 12 freighters in operation + 7 pax now on lease to others



Pilots: 616 pilots seamlessly scheduled across all business lines

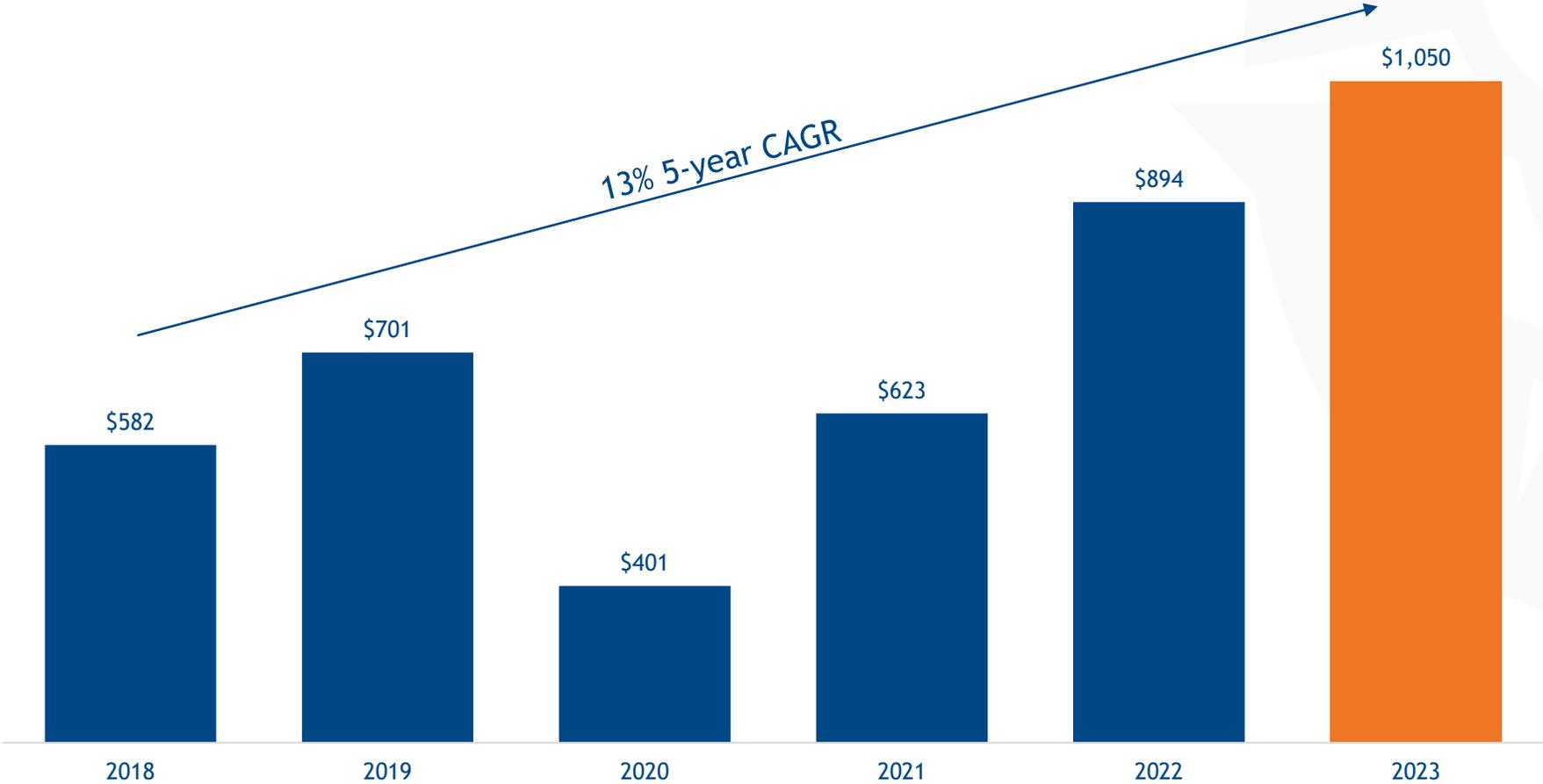


Operations and Back Office: Cross-utilized across the entire business

# Business Model Has Facilitated Rapid, Measured Growth...

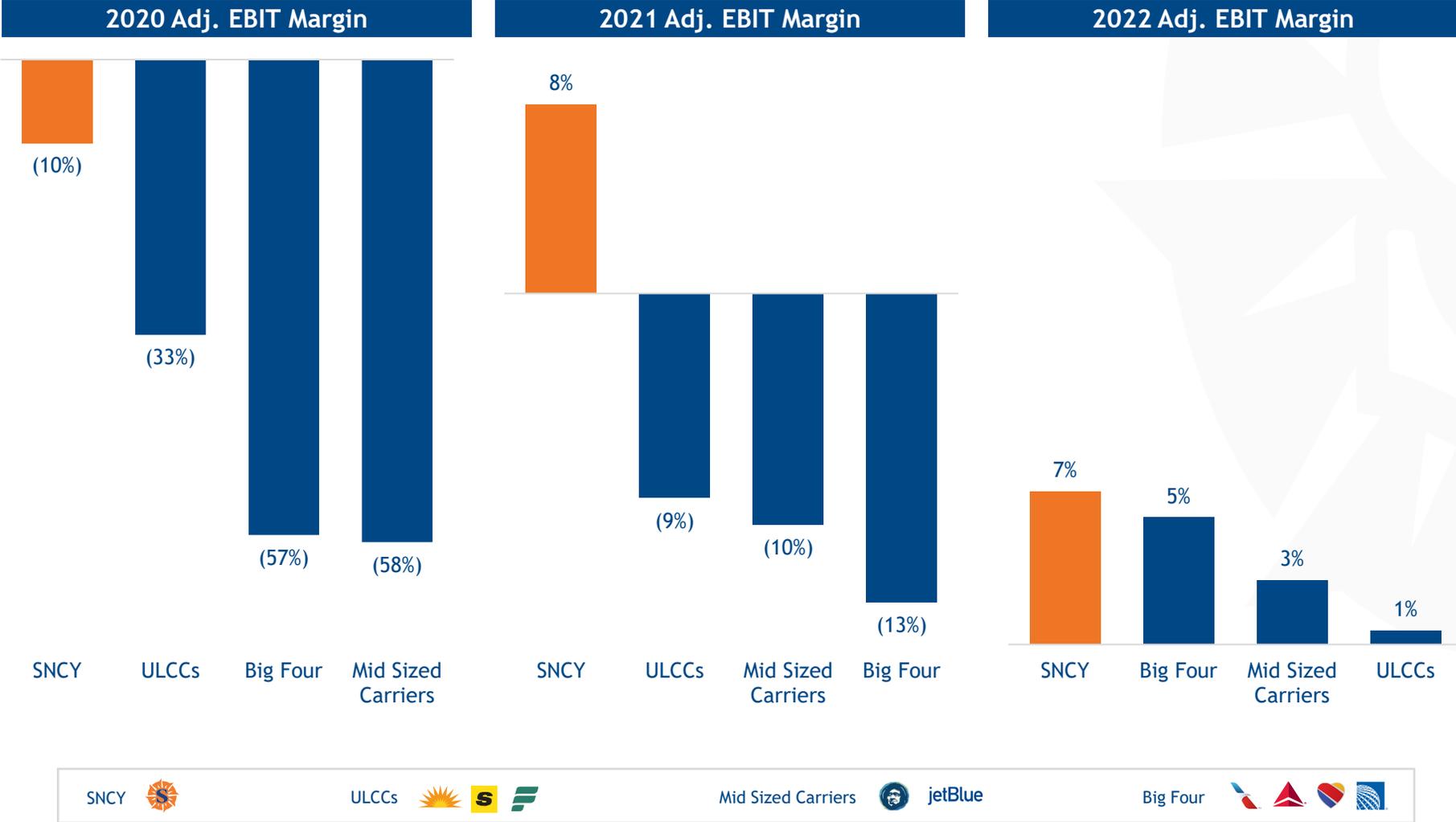
Revenue Has Grown by 80% Since Implementation of New Model

(Revenue, \$mm)



Financial performance has demonstrated the growth and resilience inherent in our business model

# ...And Outperformance During COVID, Through the Recovery...

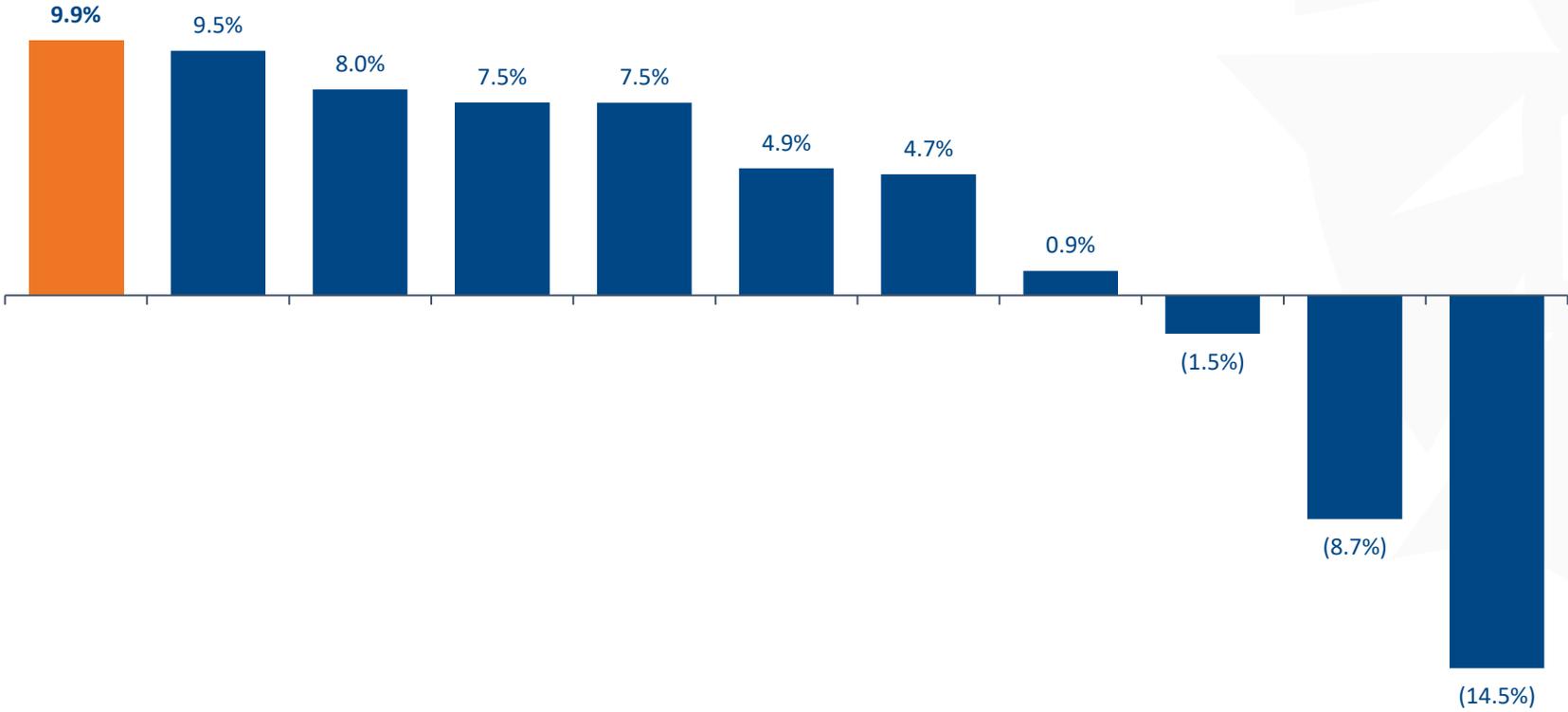


**Our business model results in stability through the business cycle**

Source: Public filing.

# ...And Into 2023

## 2023 Adj. Pre-Tax Margin

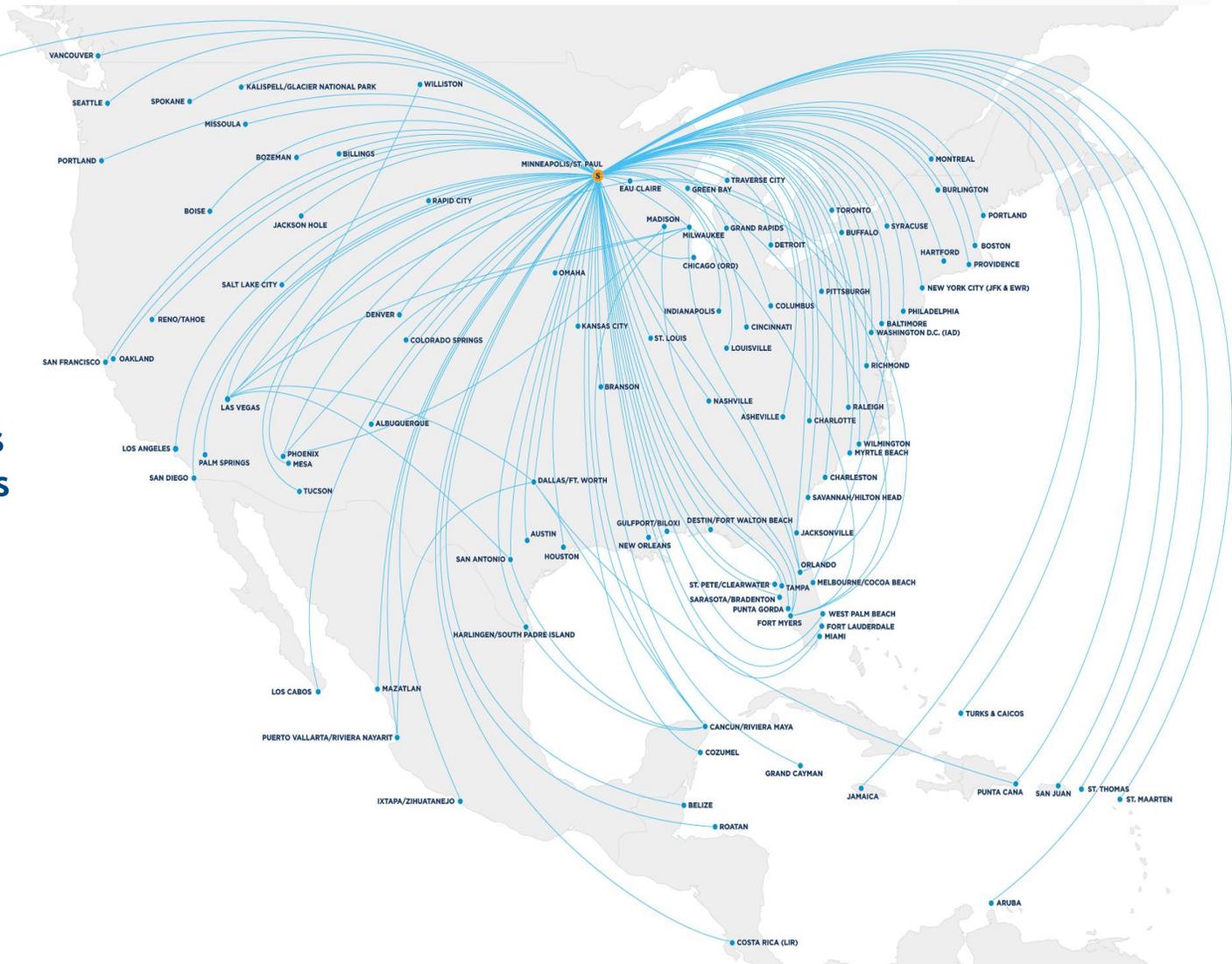


Industry-leading margins

Source: Public filing

# Scheduled Service Route Network Highly Variable

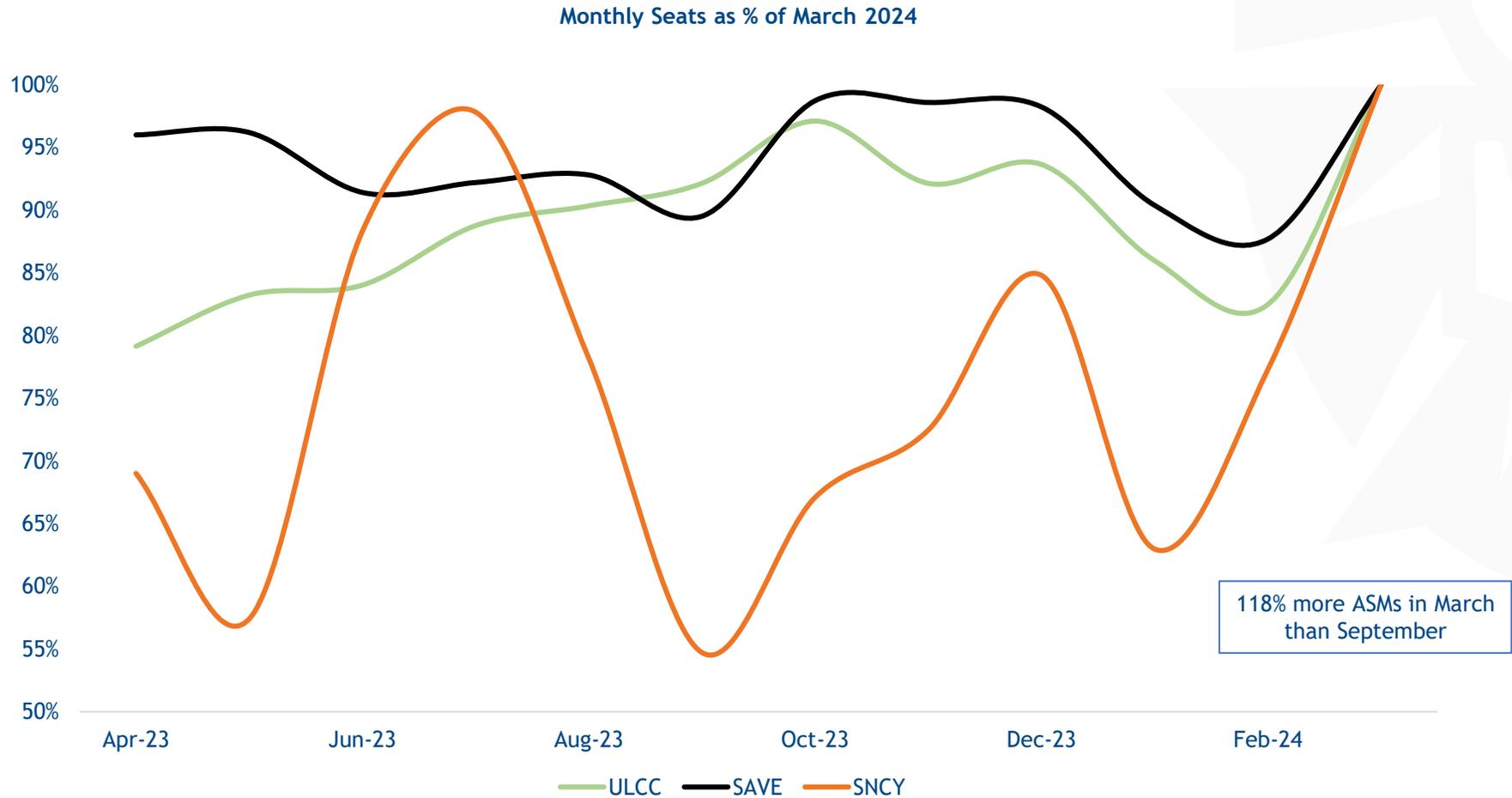
Operate 122 routes  
serving 108 airports



Only 2% of our total Scheduled Service routes are daily, year-round routes

# Agile Passenger Capacity Built to Capture Peak Demand

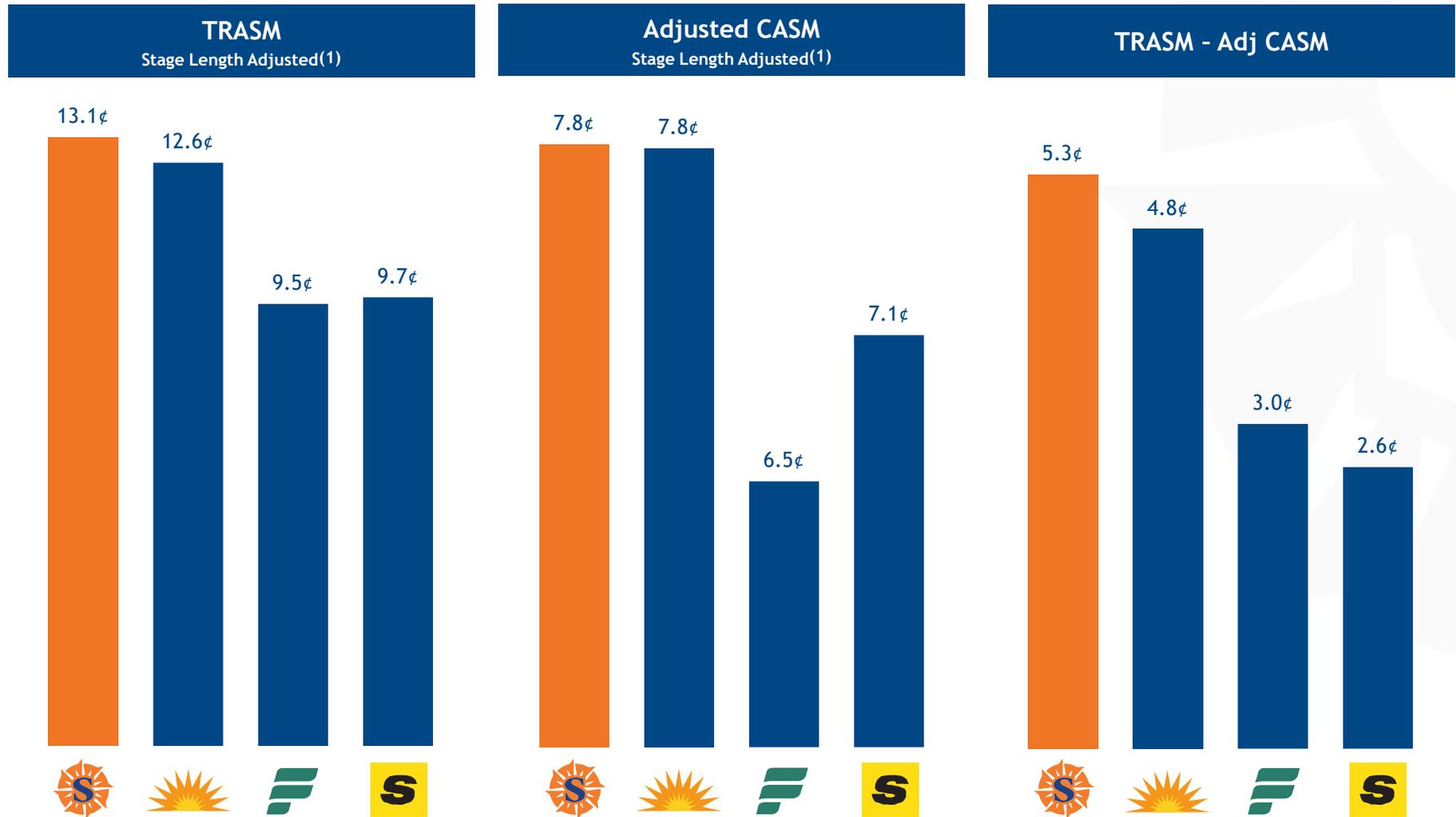
## Seasonal Demand Dictates Monthly Schedule



Dynamic reallocation of capacity to focus flying during peak demand to maximize our yields

# Model Generates High TRASM, Competitive CASM

Full year 2023 numbers in cents

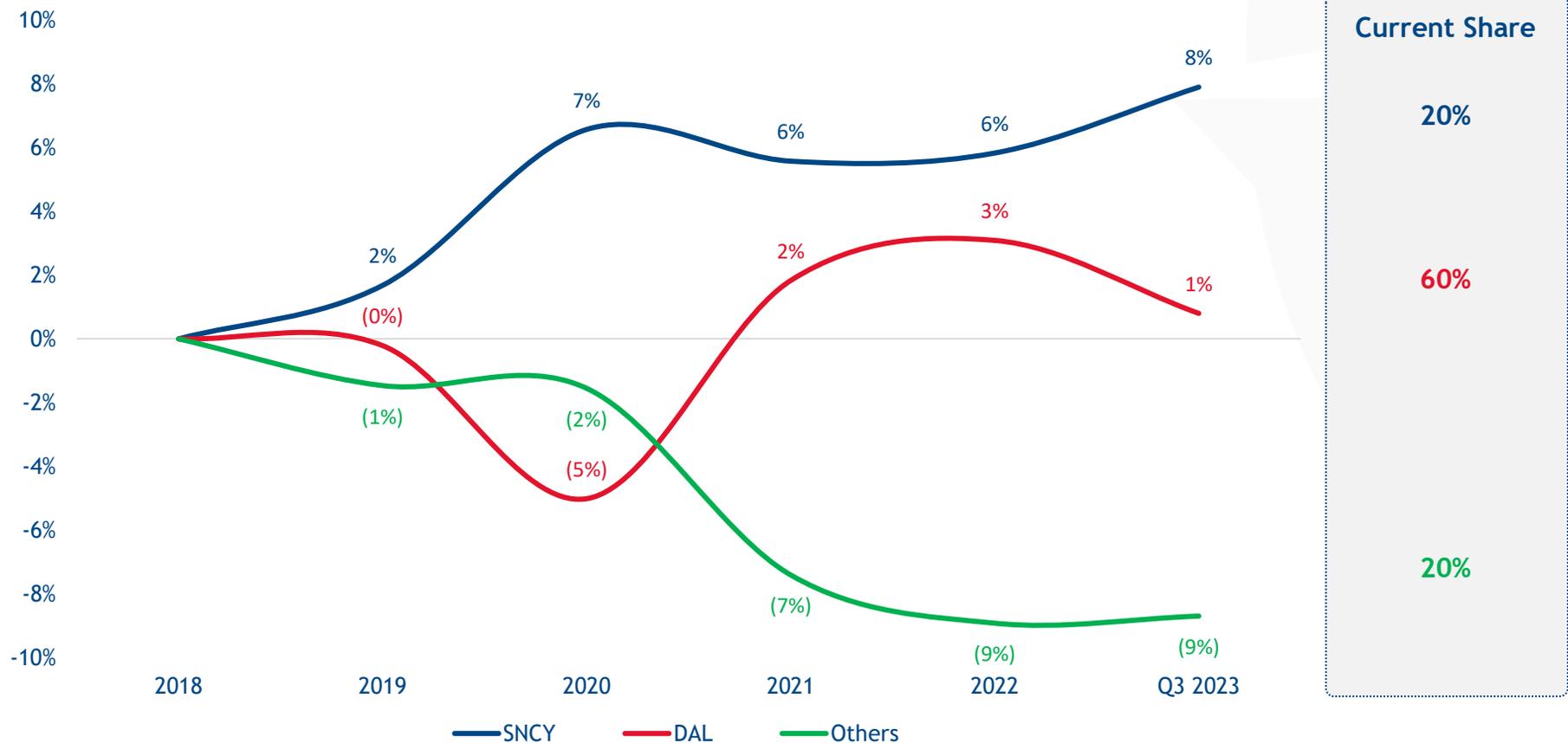


Spread between unit revenue and unit cost best among low-cost competitors

Source: Public filings  
 1 - Stage length adjusted to 1,000 miles  
 See appendix for Adjusted CASM reconciliation

# Sun Country Has Been Growing its Share at MSP

Cumulative Change in MSP Point-of-Origin Passenger Share Since 2018<sup>(1)(2)</sup>



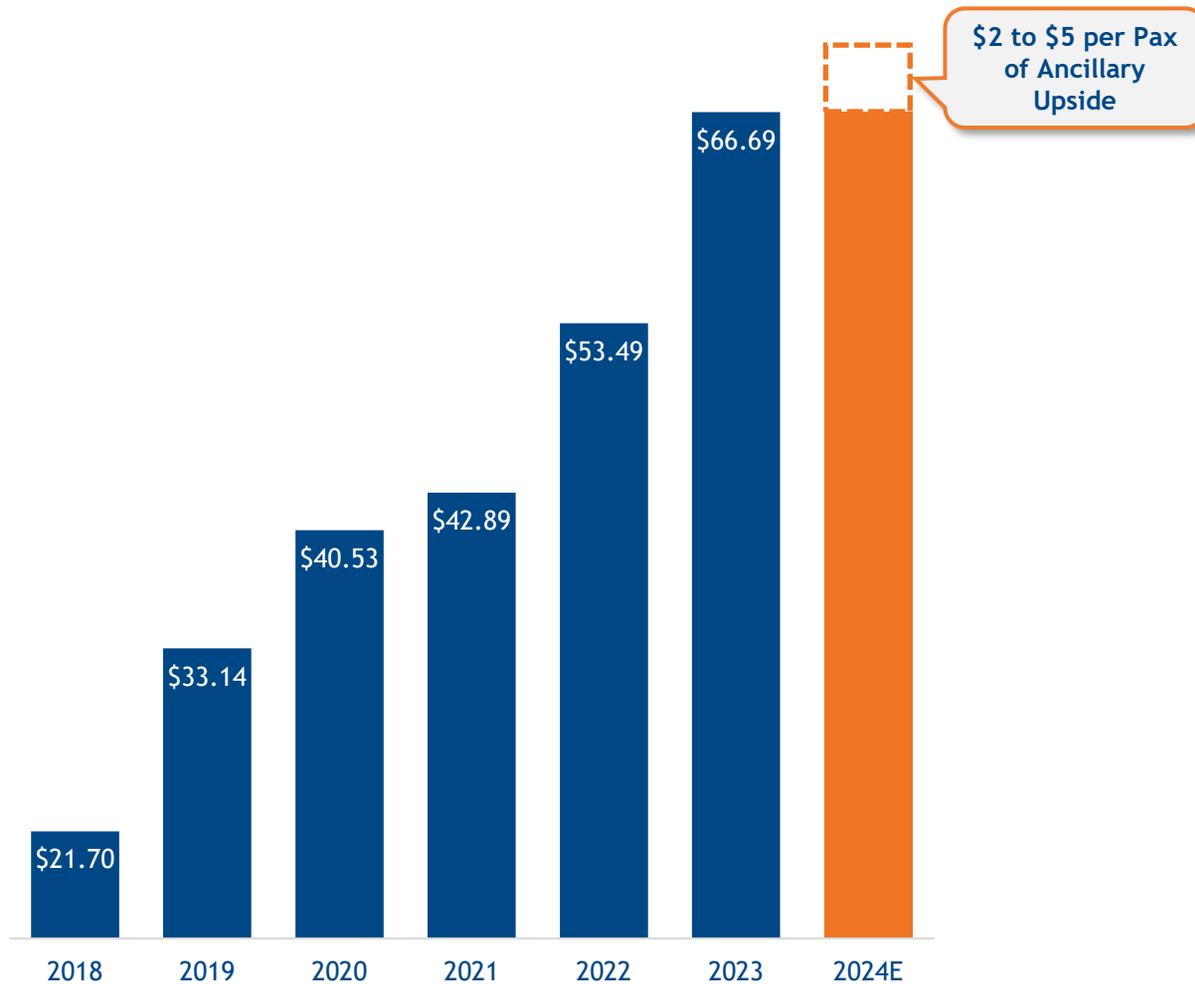
MSP share growth has been achieved at the expense of smaller scale carriers

Source: Diio Mi, DOT O&D.  
 1. Based on rolling 4-quarter passengers per day data  
 2. SNCY - Sun Country, DAL - Delta.

# Ancillary Revenue Growth Potential

## Ancillary Revenue per Passenger Growth <sup>(1)(2)</sup>

## Initiative Areas



- Enhanced Merchandising
- Pricing Optimization
- 3rd Party Products

More upside in ancillary revenue per passenger

1. Includes ancillary and other revenue per passenger.  
2. There can be no assurance that projections or estimates of future performance will be realized.

# Integrated, Leading Charter Business

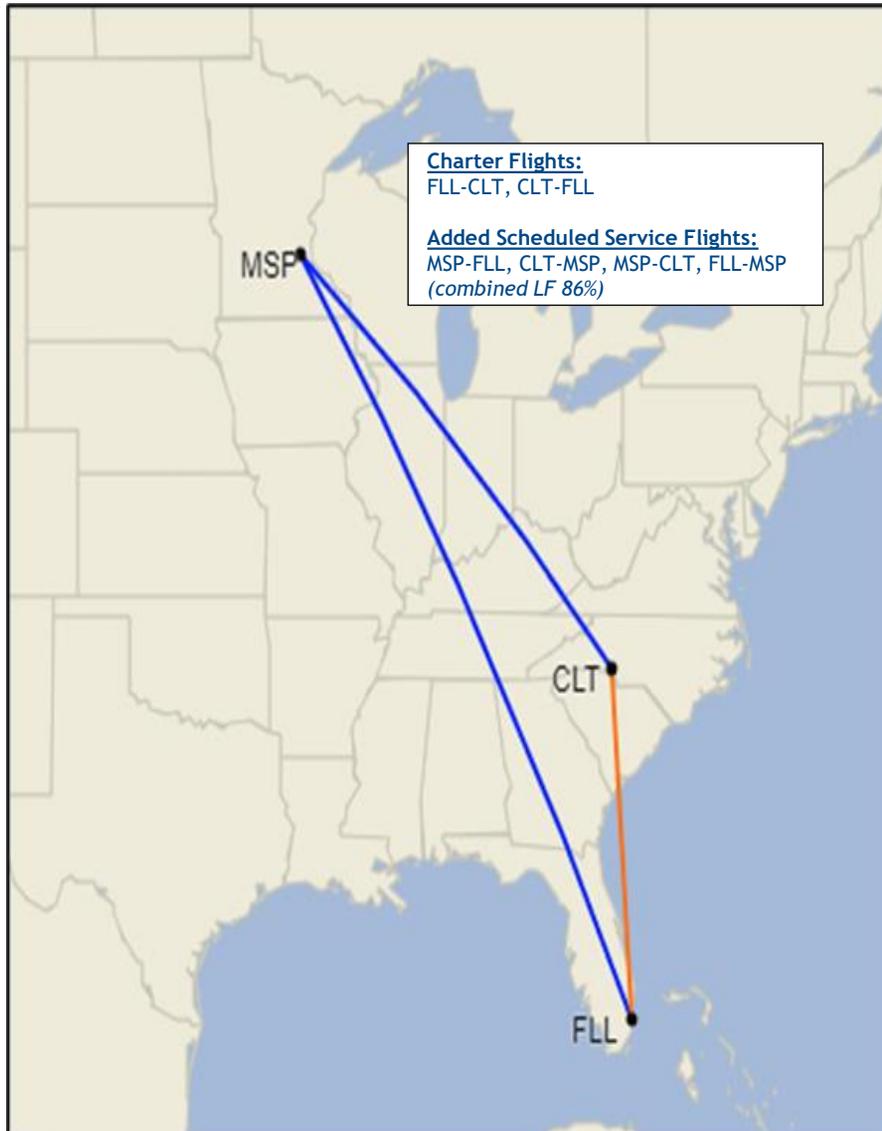
- Charter business uses the same aircraft and flight crew as scheduled service and integrated scheduling drives efficiencies
  - NCAA and professional sports, Casino, VIP, US military
  - In 2023, 80% contracted revenue under long-term agreements



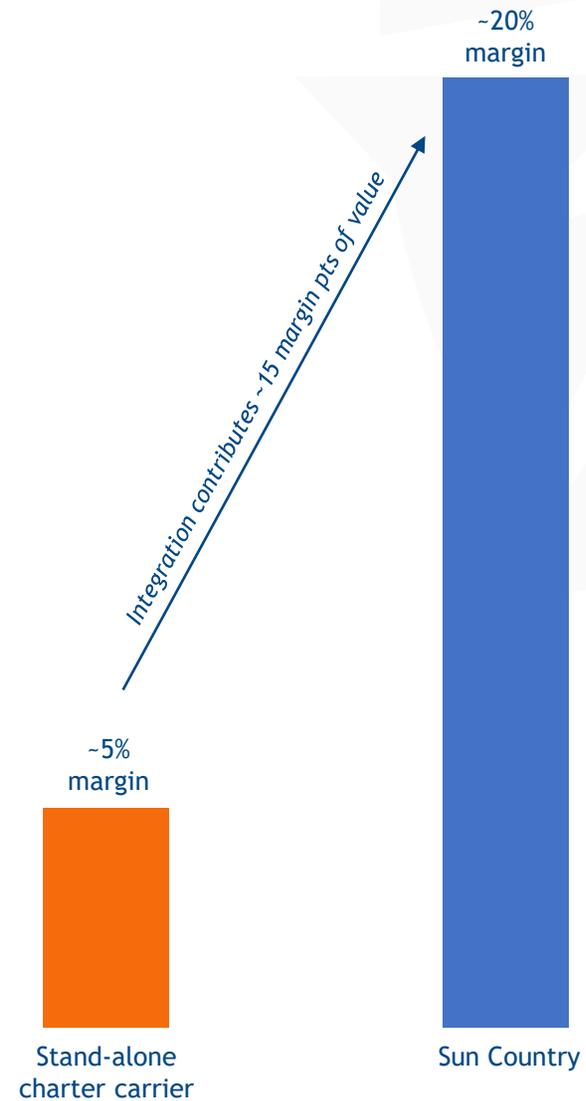
Charter growth through long term contracts, opportunity through normalizing ad-hoc

# Schedule Integration Drives Profitability

## Integrated Scheduling Example



## Contribution Margin of Example Customer



# Unique, Asset-Light Cargo Business

- 12 Boeing 737-800 freighter aircraft operated on behalf of Amazon
- Amazon supplies the aircraft, pays for many flight expenses, including fuel and is responsible for all cargo-related activities (including loading / unloading)
- Synergistic with other business lines, leveraging pilots and other shared resources
- 10 year contract, initial term six years and two, two-year extension options

## Statistics

**\$100mm**

2023 Revenue

**100%**

Fuel Costs Paid by  
Amazon

**\$0**

Ongoing Capital  
Expenditures

**11%**

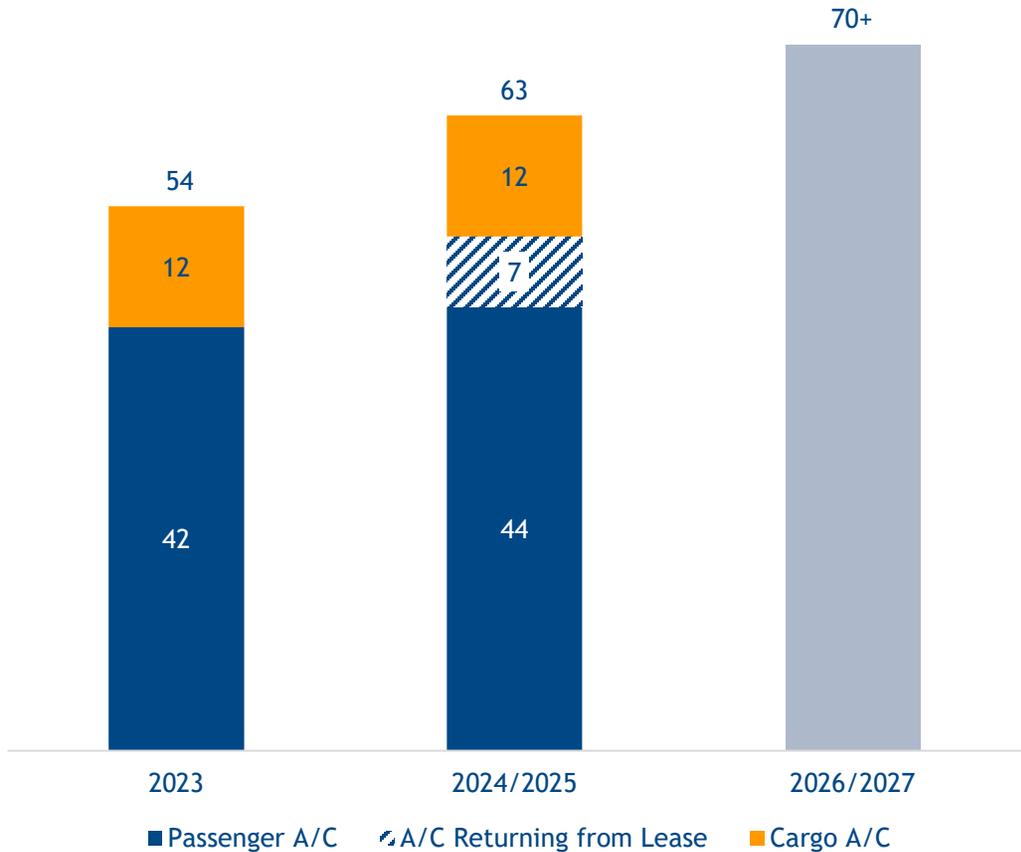
Low Variance in Daily  
Block Hours, Driving  
Operational Stability

Asset light, long-term partnership with Amazon

# Responsible Fleet Growth With Low Capital Outlays

## Total Aircraft in Service

(# of aircraft)



## Opportunistic Aircraft Sourcing

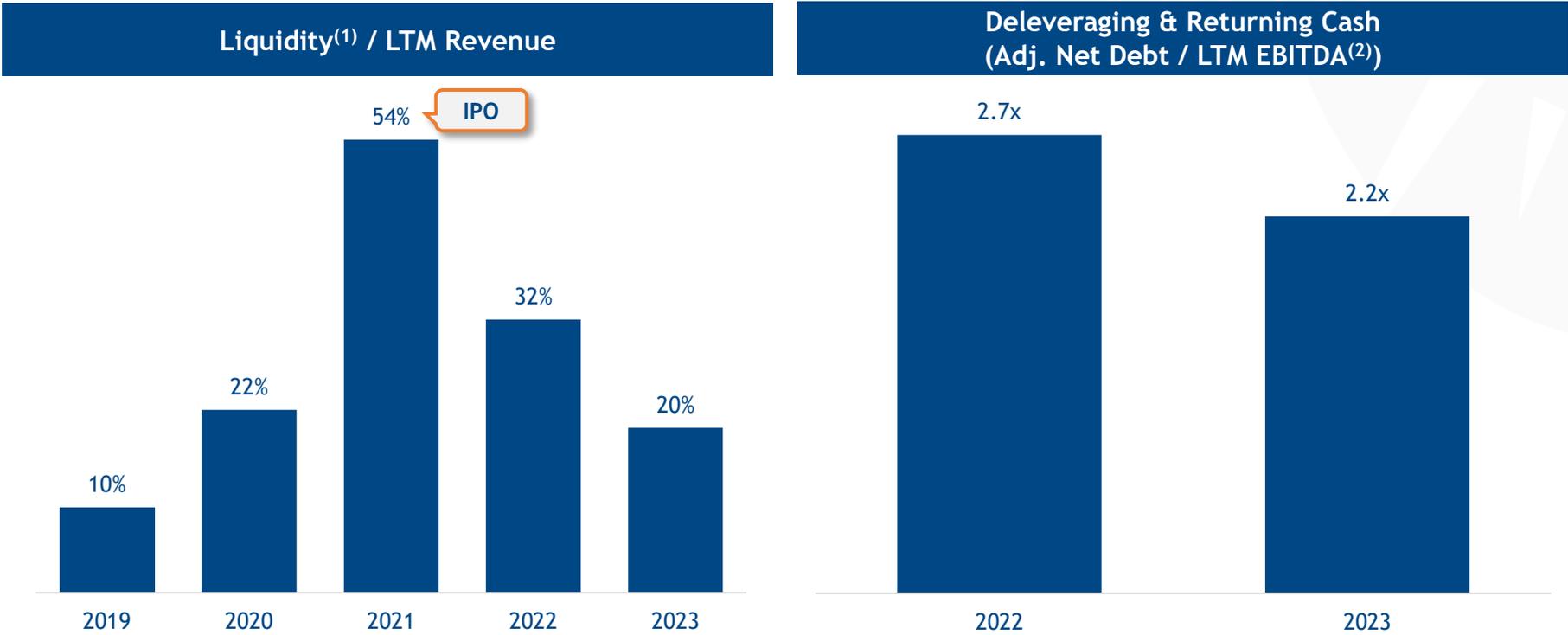
- Acquire aircraft based on demand needs - no order book
- Focus on owning mid-life Boeing 737 NGs with low capital commitments
- 9 aircraft to support growth in '25/'26 already acquired
  - 2 deliveries in Q1 2024
  - 5 737-900ERs currently on lease to another carrier; deliver to SNCY Q4'24 - Q4'25
  - 2 737-800s currently on lease to another carrier, delivery to SNCY Q4'24 - Q1'25

With no order book and extensive experience purchasing mid-life aircraft, Sun Country opportunistically acquires aircraft at lower prices

1. There can be no assurance that projections or estimates of future performance will be realized.

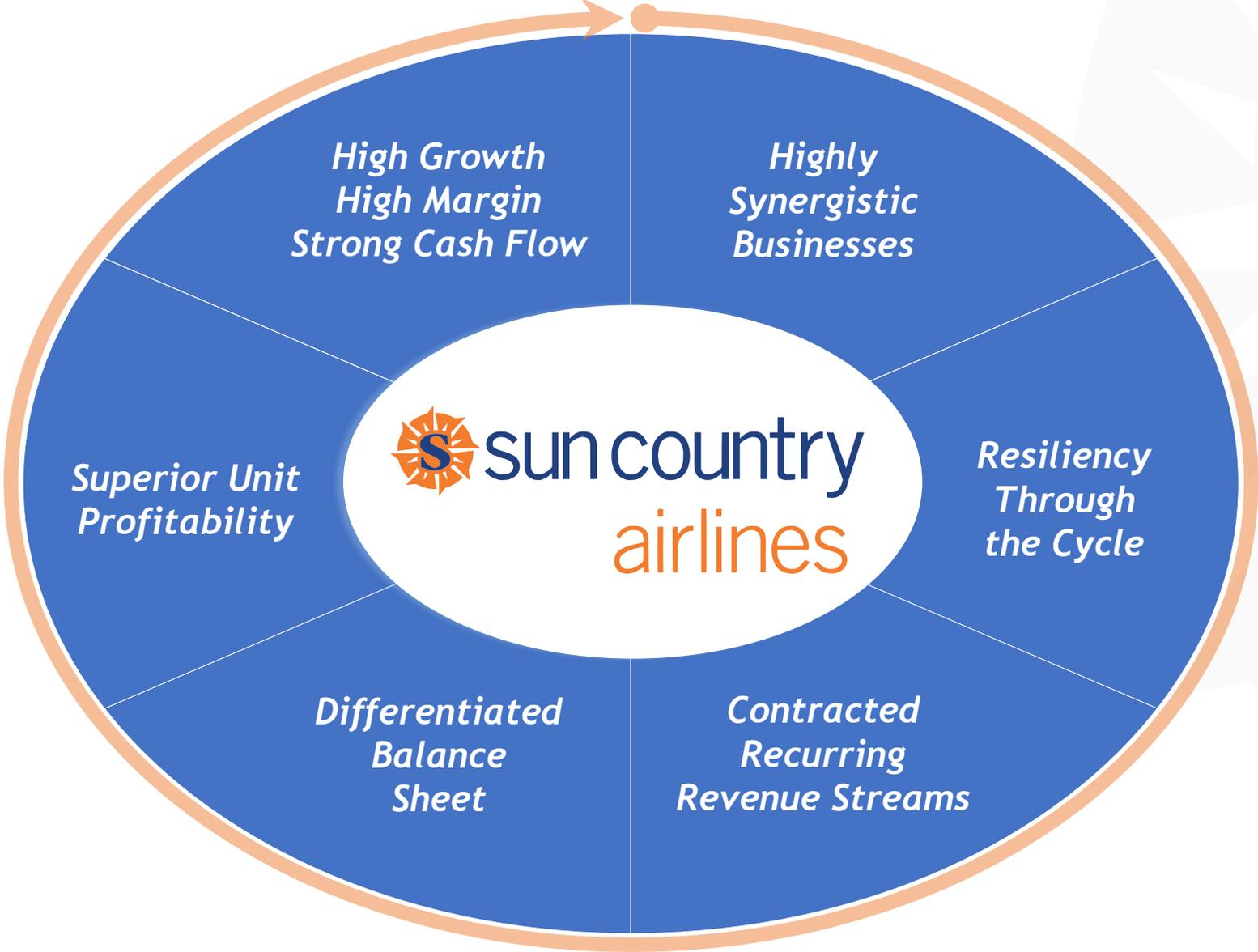
# Balance Sheet Positions Sun Country for Growth

- Highly competitive, rapidly de-leveraging balance sheet
- De minimis non-aircraft debt and limited CAPEX requirements given mid-life passenger fleet and asset-lite cargo segment
- Expect 2024 CAPEX to be less than one half of the \$218m spent in 2023
- Returned \$105m to shareholders through share repurchases since Nov 2022



1. Liquidity is cash balance + undrawn portion of revolver.  
 2. Adjusted Net Leverage calculated as Adj. Net Debt / EBITDA; Adj. Net Debt defined as long-term debt, finance leases, less cash & equivalents.

# Differentiated and Unique Aviation Company



Sun Country was built to generate best in class performance in most environments



Appendix

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# Description of Special Items

Special items, net - in millions USD			
	FY 2019	FY 2020	FY 2021
CARES Act grant recognition	-	(\$62.3)	(\$71.6)
CARES Act employee retention credit	-	(2.3)	(0.8)
Contractual obligations for retired technology <sup>1</sup>	7.6	-	-
Sale of airport slot rights <sup>2</sup>	(1.2)	-	-
Other <sup>3</sup>	0.7	-	-
<b>Total special items, net</b>	<b>\$7.1</b>	<b>(\$64.6)</b>	<b>(\$72.4)</b>

*Numbers may not add due to rounding*

*1 - represents contractual obligation for retired technology*

*2 - represents proceeds from the sale of unused airport slot rights*

*3 - costs related to Company's prior headquarters building*

# Adjusted Operating Income

Adjusted operating income - in millions USD				
	FY 2020	FY 2021	FY 2022	FY 2023
Operating revenue	\$401.5	\$623.0	\$894.4	\$1,049.6
Operating income	17.4	111.9	55.7	127.5
Special items, net	(64.6)	(72.4)	-	
Stock compensation expense	2.1	5.6	2.8	9.3
Other adjustments <sup>1</sup>	4.9	3.0	-	
Taxable receivable agreement expense	-	0.3	-	
<b>Adjusted operating income</b>	<b>(\$40.2)</b>	<b>\$48.4</b>	<b>\$58.5</b>	<b>\$136.8</b>
Adjusted operating income margin	(10.0%)	7.8%	6.5%	13.0%

*Numbers may not add due to rounding*

*1 - includes an adjustment to record the impact on pilot vacation pay resulting from the new pilot labor contract and the expenses related to voluntary employee leave program in response to COVID-19*

# Adjusted EBITDA

Adjusted EBITDA Reconciliation - in millions USD			
	FY 2019	FY 2022	FY 2023
Net income (loss)	\$46.1	\$17.7	\$72.2
Provision for income taxes	14.1	6.3	22.0
Interest expense	17.2	31.0	42.6
Interest income	(0.9)	(4.5)	(10.2)
Special items, net	7.1	-	-
Secondary offering costs	-	-	1.1
Tax receivable agreement adjustment <sup>1</sup>	-	5.0	(0.3)
Stock compensation expense	1.9	2.8	9.3
Loss (gain) on asset transactions, net	0.7	(0.3)	-
Depreciation and amortization	34.9	67.6	88.2
<b>Adjusted EBITDA</b>	<b>\$121.2</b>	<b>\$125.6</b>	<b>\$224.8</b>

*Numbers may not add due to rounding*

*1 - represents adjustment to the TRA for the period, which is recorded in non-operating income*

# Adjusted Pre-Tax Margin

Adjusted operating income - in millions USD		
	FY 2022	FY 2023
Net income (Loss)	\$17.7	\$72.2
Add: Provision for income tax expense	6.3	22.2
Income before income tax, as reported	24.0	94.2
Stock compensation expense	2.8	9.3
Gain on asset transactions, net	(0.3)	-
Tax receivable agreement adjustment	5.0	(0.3)
Loss on refinancing credit facility	1.6	-
Secondary offering costs	-	1.1
<b>Adjusted income before income tax</b>	<b>\$33.1</b>	<b>\$104.2</b>
Total revenue	894.4	1,049.6
Pre-tax margin	3.7%	9.9%

*Numbers may not add due to rounding*

# Adjusted CASM

Adjusted CASM - FY 2023		
	Operating Expenses - mm	Per ASM (cents)
CASM	\$922.1	12.43
Less:		
Aircraft Fuel	246.7	3.33
Stock Compensation Expense	9.3	0.12
Cargo Expenses, Not Already Adjusted Above	103.0	1.39
Sun Country Vacations	1.1	0.01
Leased Aircraft, Depreciation Expense	6.7	0.09
Adjusted CASM	\$555.4	7.49
Available Seat Miles (ASMs)	7,416.2	
Adjusted CASM Stage Length Adjusted to 1,000 miles		7.82

*Numbers may not add due to rounding*