



Sun Country Airlines

September 2021

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Third quarter update

Resiliency of business model demonstrated as strength in cargo and charter businesses largely offsetting some softness in scheduled passenger business

Guidance for Third Quarter 2021

	New guidance	Previous guidance
Total revenue - millions	\$170 to \$175	\$170 to \$175
Fuel cost per gallon – excluding derivatives	\$2.14	\$2.30
Operating income margin – percentage	7.0% - 9.5%	5.5% - 9.5%
Effective tax rate	25%	25%
Total system ASMs - millions	1,500 to 1,560	1,500 to 1,560



Business Overview

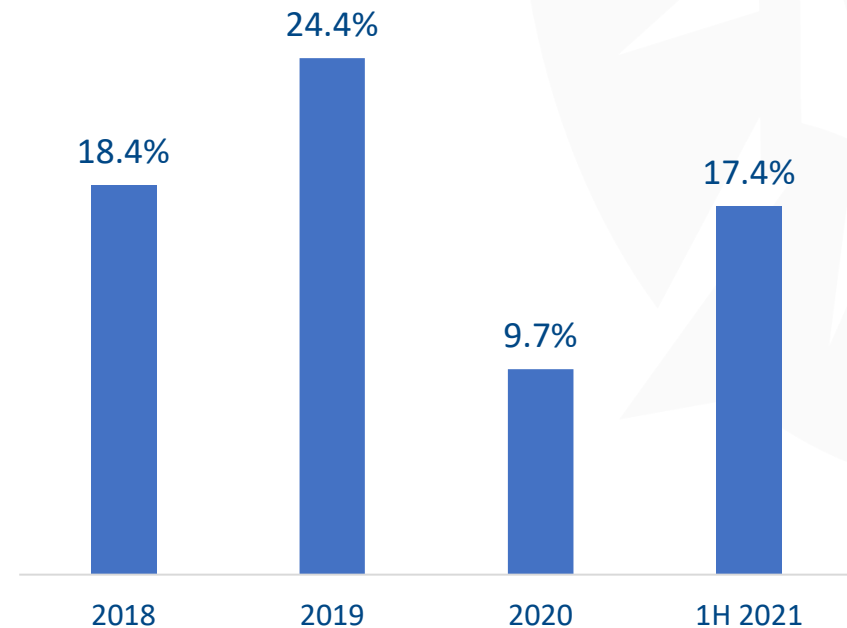
A New Breed of Hybrid LCC

Sun Country Overview

- High growth low cost airline with a unique and resilient business model
- Serves the VFR and leisure passenger, charter and cargo sectors
- Differentiated low fixed cost, asset light business model
- Dynamically allocate capacity to match demand patterns, maximize unit revenue
- Leading financial performance during one of the worst periods in industry history

Adjusted EBITDAR Margin ⁽¹⁾

Rebound in performance well underway

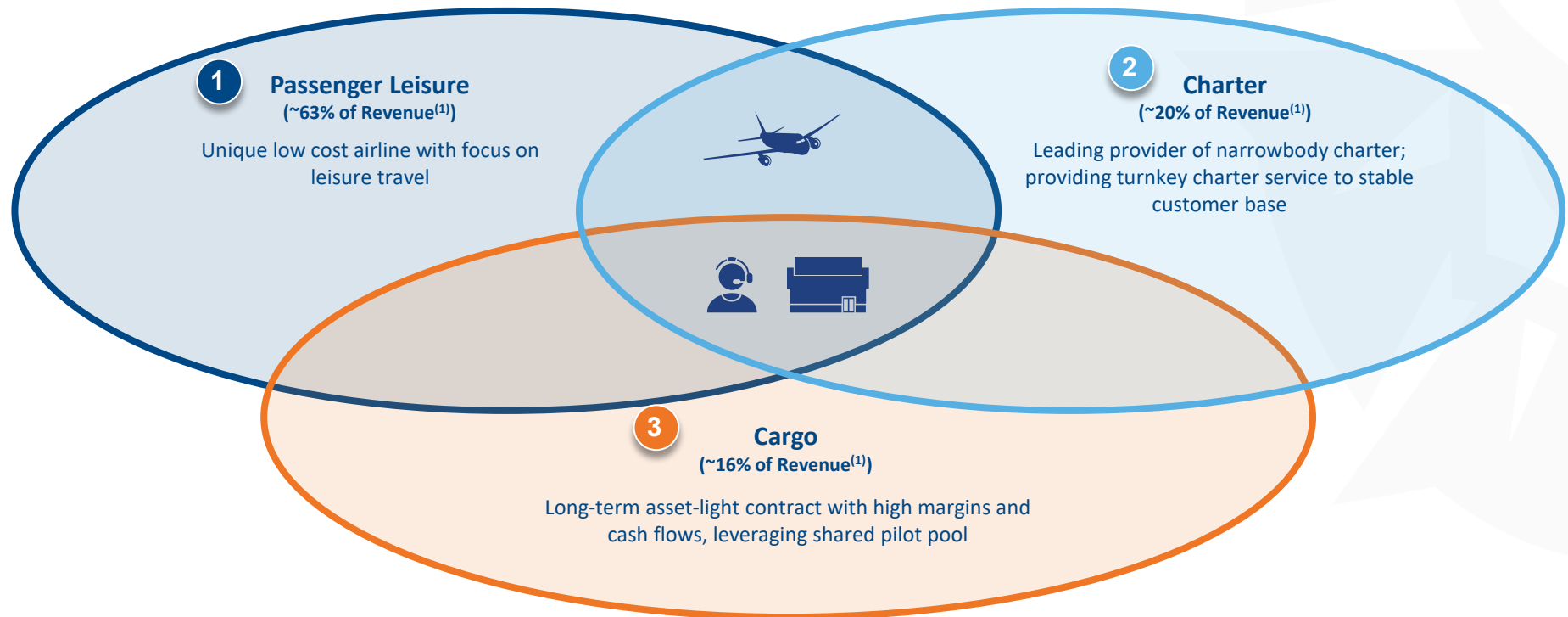


Resiliency demonstrated in the most difficult times




Unique, Diversified Business Model

Sun Country's symbiotic business lines share assets to maximize operating leverage

Sun Country Business Line Synergies



Shared Foundational Assets

Aircraft	Pilots	Shared Services
 Standard fleet of 34 Boeing 737s that are used across scheduled service and charter	 433 ⁽²⁾ Pilots that serve across the entire set of assets	 An already lean operation supporting the entire set of assets

1. Percentage of revenue for the first half of 2021

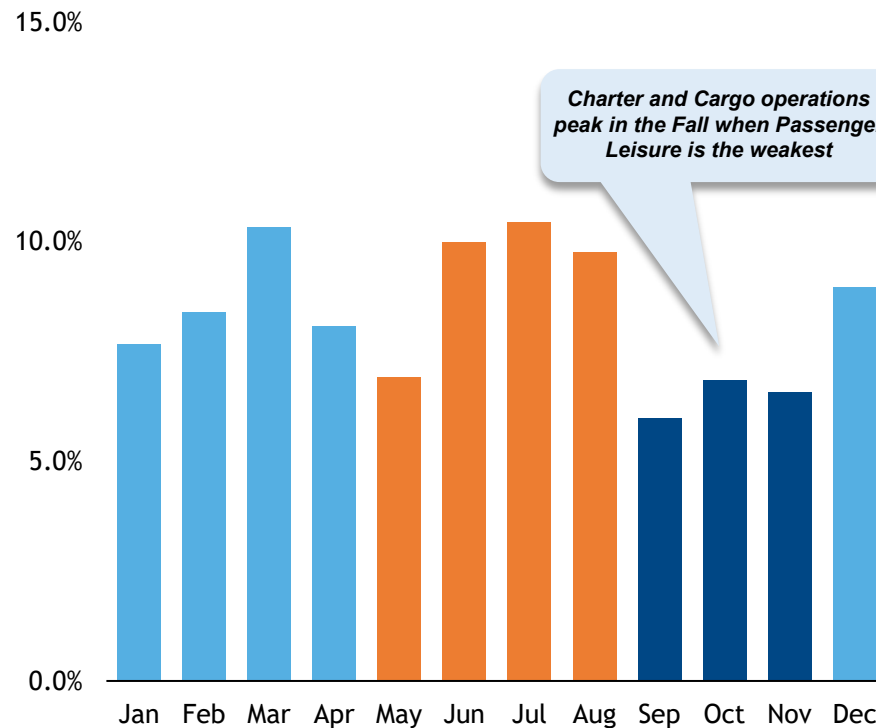
2. As of June 30, 2021

Agile Passenger Capacity Built to Capture Peak Demand

Unlike other passenger airlines, we quickly shift our capacity to focus flying when demand is high which results in higher yields

Seasonal Demand Dictates Monthly Schedule⁽¹⁾

(% of Block Hours)



Charter and Cargo operations peak in the Fall when Passenger Leisure is the weakest

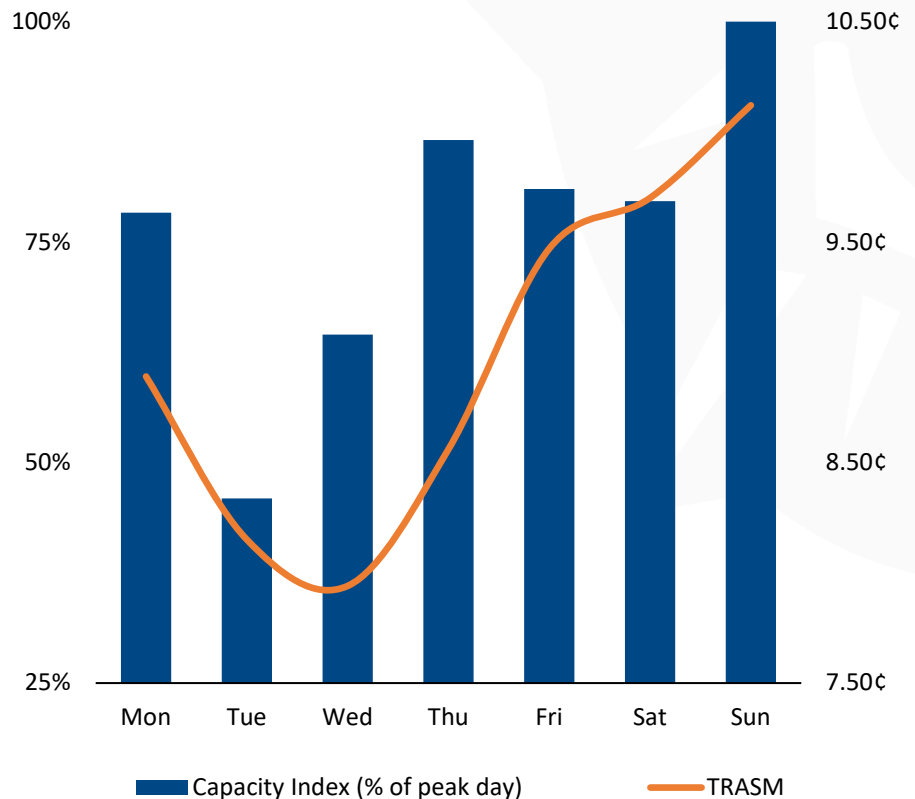
- | | | |
|--|---|---|
| Winter <ul style="list-style-type: none"> • MSP to warm leisure • Midwest origination | Summer <ul style="list-style-type: none"> • MSP to VFR⁽²⁾ • MSP to leisure • Hawaii • Southern big city to Mexico/Caribbean | Fall <ul style="list-style-type: none"> • MSP to VFR⁽²⁾ • Big cities to LAS • Holiday scheduling |
|--|---|---|

- Based on FY2019 data.
- Visiting Friends and Relatives.

Day-of-Week Capacity Determined by Demand Patterns⁽¹⁾

(% of Peak Day ASMs)

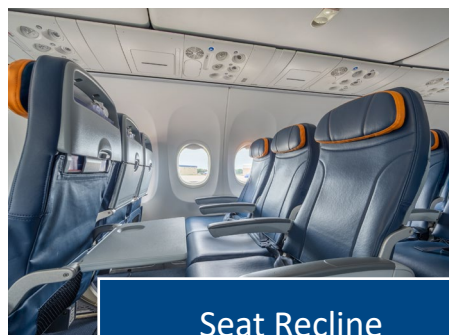
(TRASM)



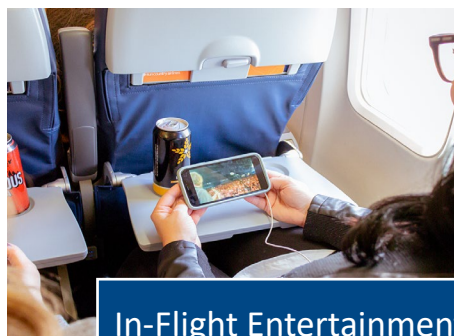
Superior Passenger Product Offering



Weighted Average Seat Pitch: 31"



Seat Recline

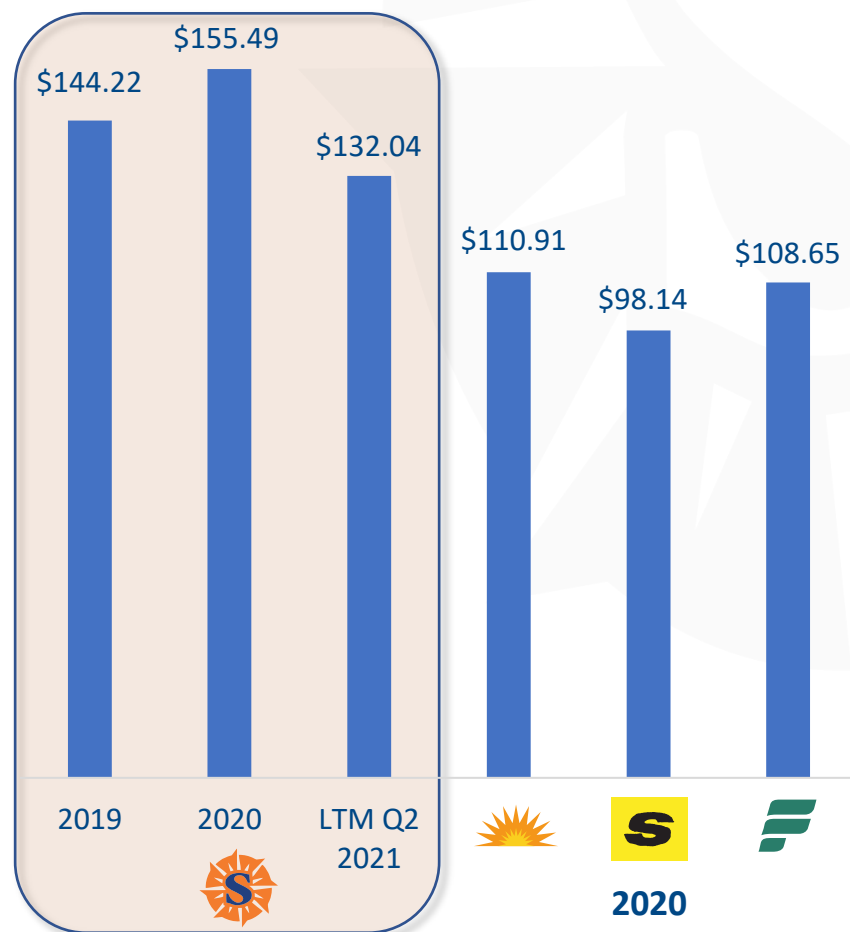


In-Flight Entertainment



In-Seat Power

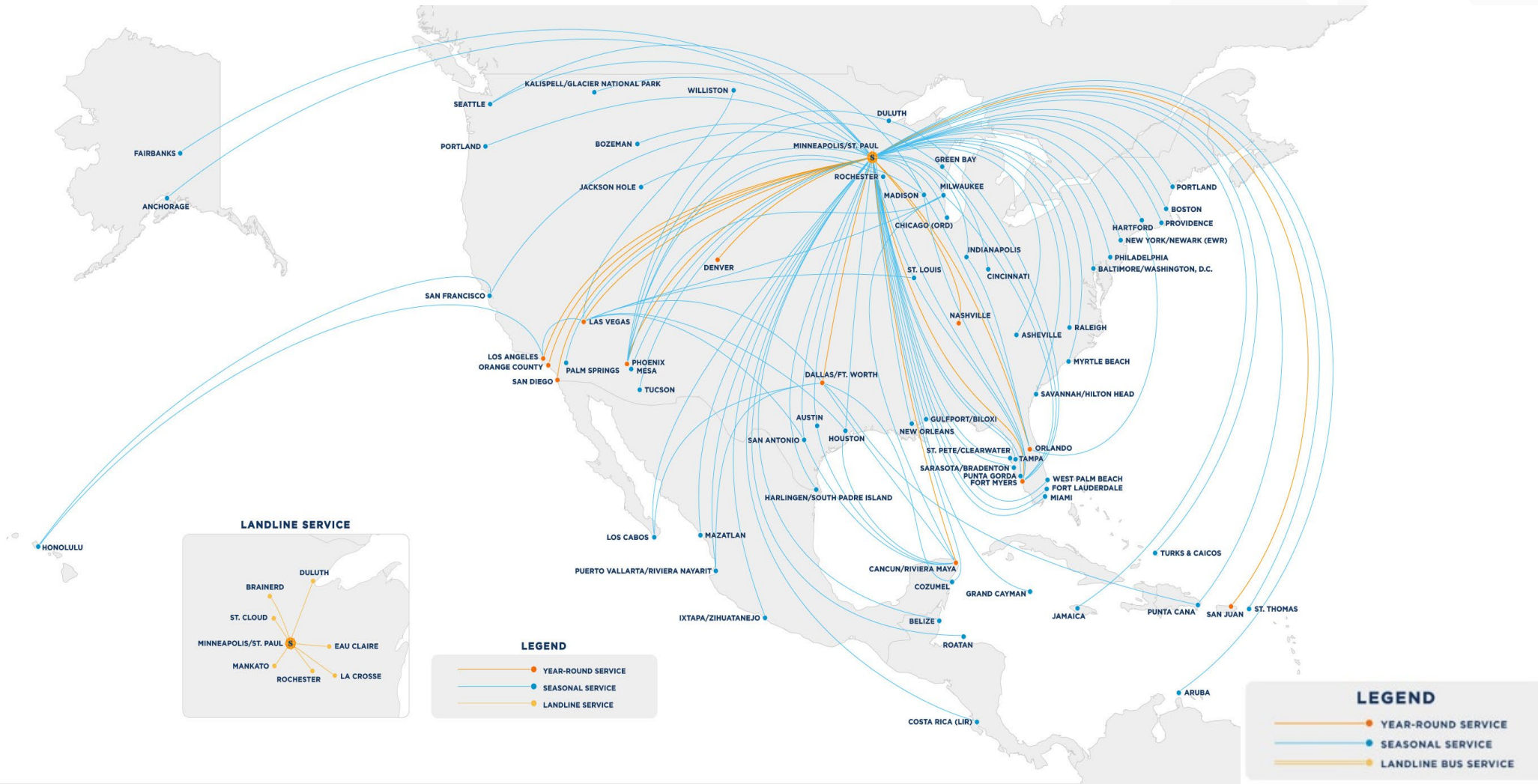
Average Revenue per Passenger⁽¹⁾



1 - Sun Country revenue/passenger = average base fare + ancillary revenue per passenger, Allegiant is average fare – total, Spirit is total revenue per passenger flight segment, Frontier is total revenue per passenger

Sun Country Route Network

Current Passenger Leisure Operations



~97% of our markets are seasonal which reflects demand trends of our customer

Leading Charter Business

NCAA and professional sports, casino/VIP, US military, among other customers

Overview

- High growth and high margin market leader in narrow body charter market
- Only U.S. passenger airline with a meaningful charter business
- Scheduled seamlessly with passenger business
- Contract based business – provides recurring revenues
- Pass-through fuel and other costs
- Largely insulated from economic cycles

Charter Revenue per Block Hour



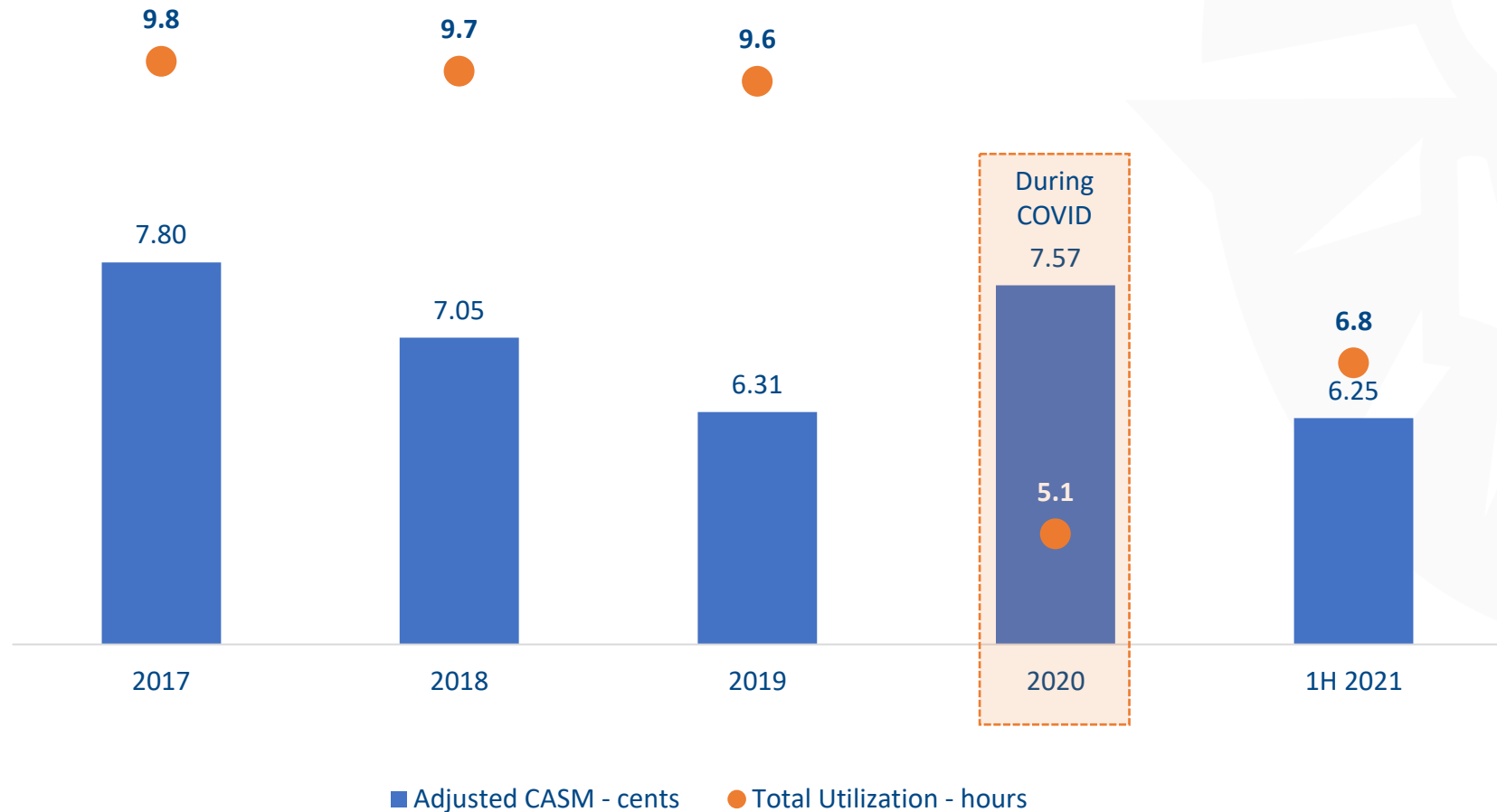
Return of track charter flying that had stopped during COVID is underway

Cargo Business - Source of Significant, Stable Cash Flow

- 12 Boeing 737-800 converted freighter aircraft operated on behalf of Amazon
 - Increased from original plan of 10 aircraft
- 10 year contract, initial term six years and two additional, two-year extension options
- Partnership with one of the fastest growing companies globally
- Only ULCC with a meaningful cargo business
- Complements passenger leisure and charter operations; pilots scheduled seamlessly between passenger, charter, cargo business

Continue to Reduce CASM Even in Lower Utilization Environment

Adjusted CASM vs Historical Utilization

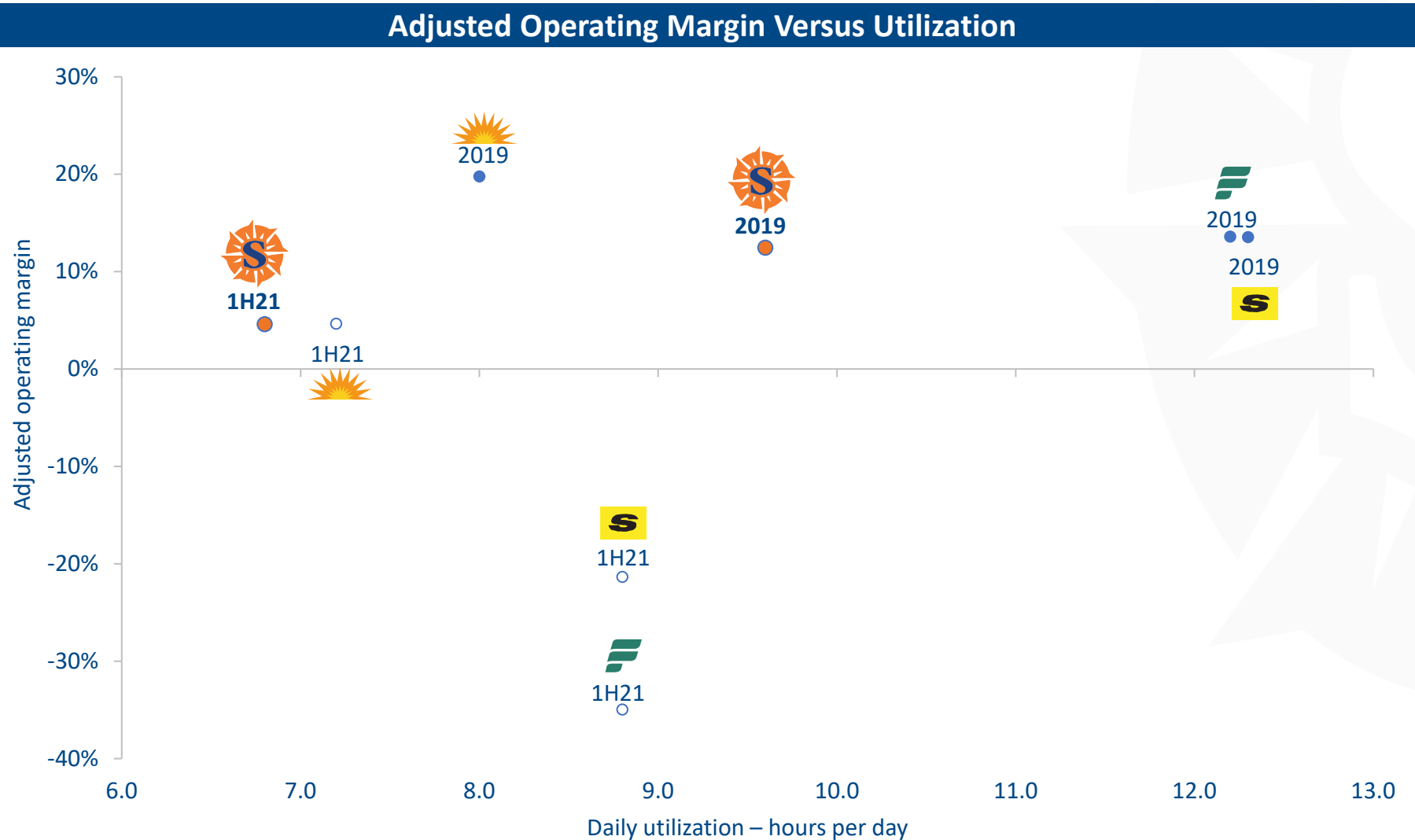


Still in demand recovery phase, expect CASM to improve as we grow

See appendix for Adjusted CASM reconciliation

This is reflective of our views with respect to future events as of the date of this presentation and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

Strongly Profitable Even at Lower Utilization



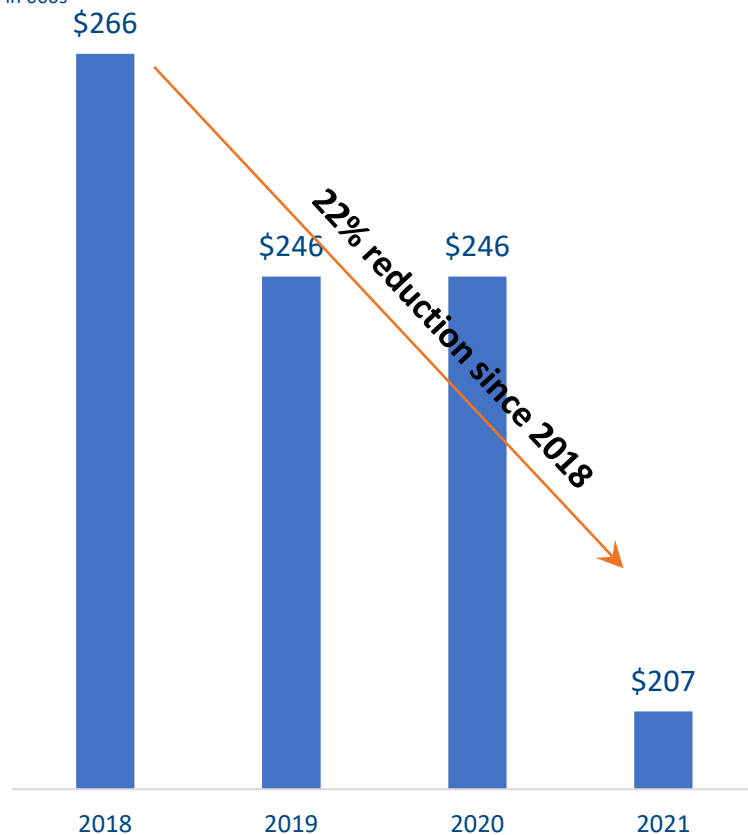
Built to be different, difficult to replicate

Decline in Fleet Costs Over Time

Better fleet deals and transition from leased to owned aircraft has significantly lowered average monthly costs

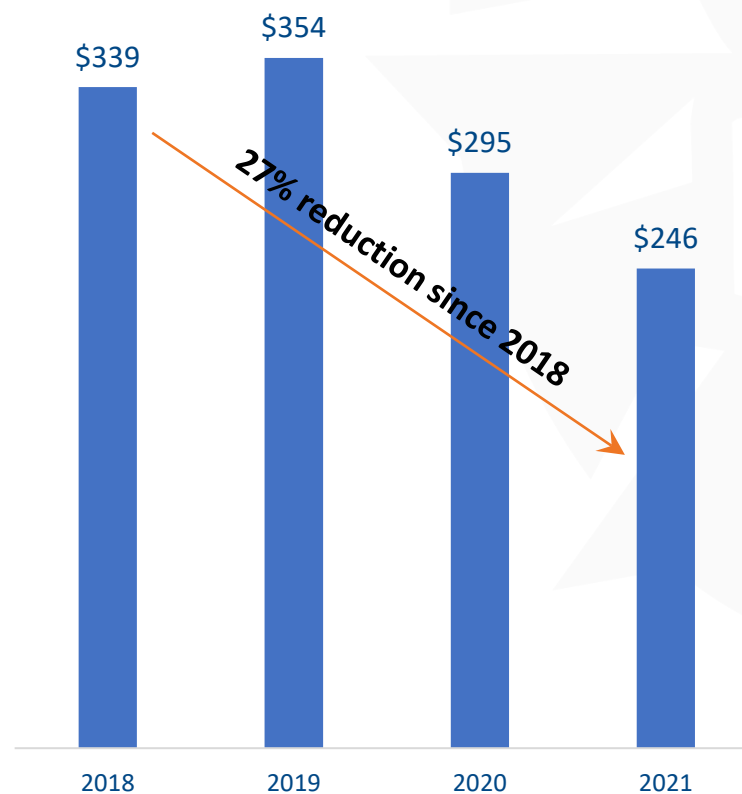
P&L Total Expense per AC⁽¹⁾ per Month

USD in 000s



Cash Payments⁽²⁾ per AC⁽¹⁾ per Month

USD in 000s

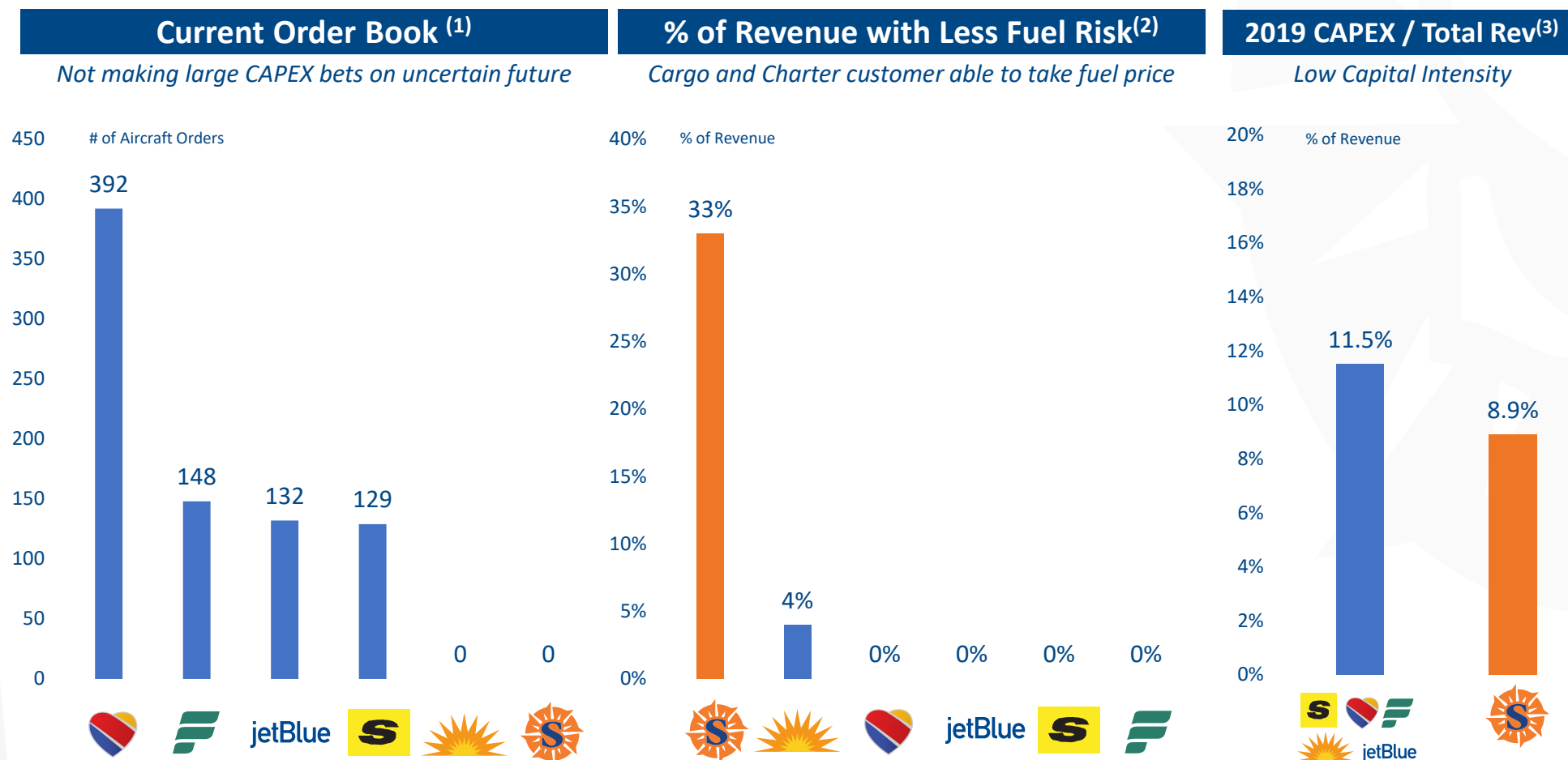


1 – AC are passenger aircraft only

2 – Includes rent, debt service, and reserves

Capital Light Model

Lower exposure to fuel price fluctuations and lower ongoing capital requirements



Source: Company filings, CAPA, Form 41 Financial Data.

1. As of most recent available data (July 2021 for Allegiant, Q2 2021 for Southwest, Spirit, JetBlue, Frontier and Sun Country).

2. Sun Country revenue defined as 2019 revenue (\$701mm) plus Amazon December 2020 Revenue Annualized (\$85mm). Other carriers based on reported 2019 revenue per DOT Form 41.










3. Peers based on 2019 revenue and capital expenditures. Peer Average includes Spirit, Allegiant, Southwest, Frontier and JetBlue. Sun Country revenue defined as 2019 revenue (\$701mm) plus Amazon December 2020 Revenue Annualized (\$85mm), totaling ~\$787mm; Sun Country capital expenditures based on reported 2019 figures.

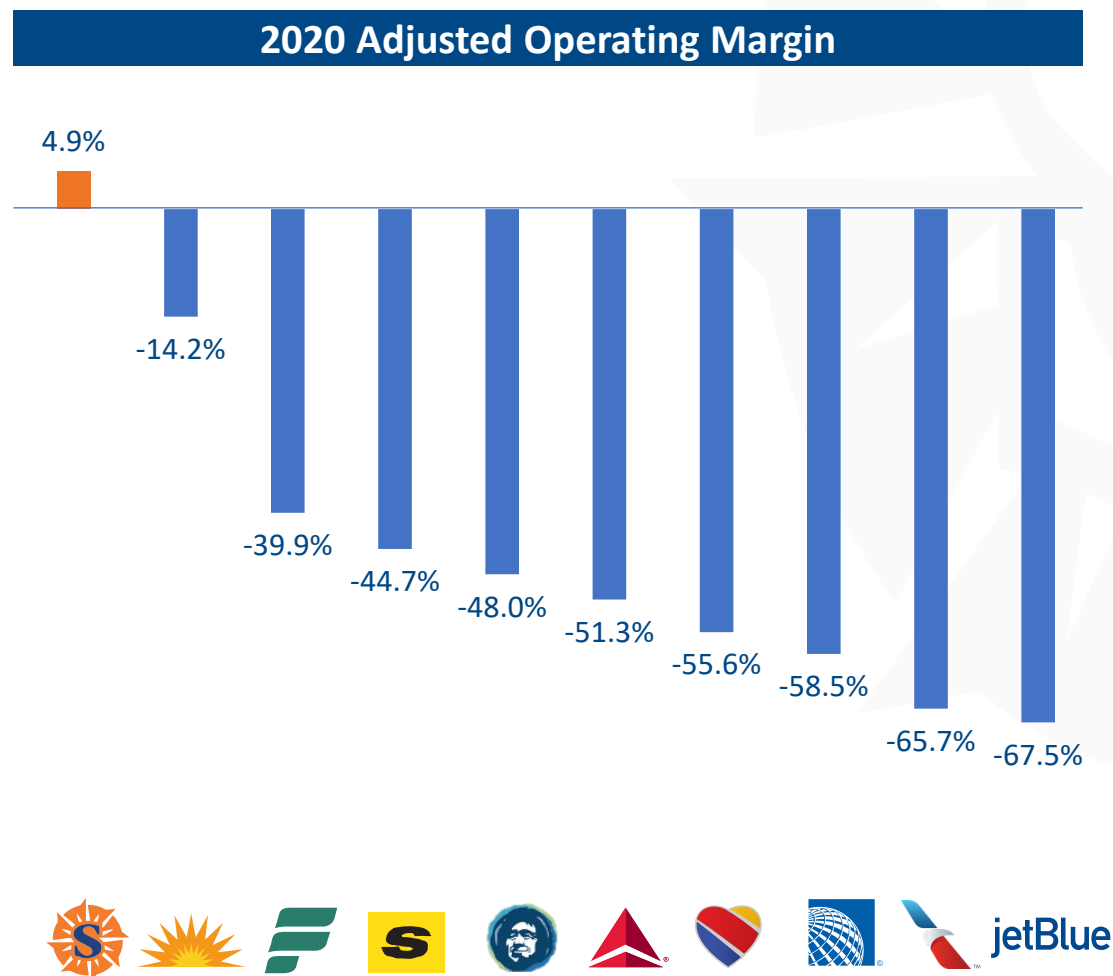


Resilient and Positioned for Growth

Best Performance During COVID in 2020

Since 2017, Sun Country has gone from the lowest operating margin airline to the best, even through one of the worst periods in aviation history in 2020

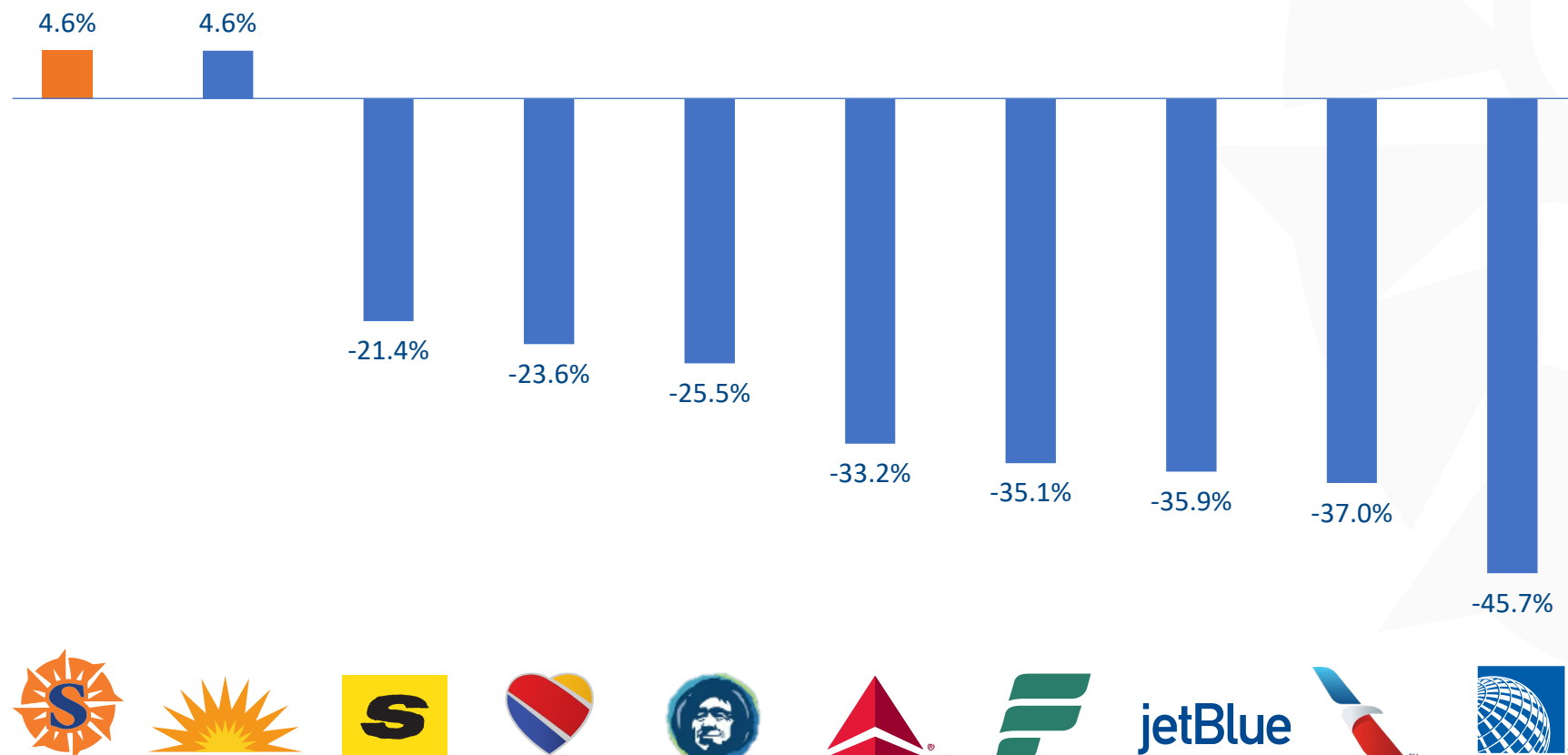
2017 Rank	
	Allegiant
	Alaska
	Southwest
	Spirit
	JetBlue
	Delta
	American
	United
	Sun Country



Cargo only fully ramped up in November 2020

Financial Momentum Continuing During Recovery

1st Half 2021 Adjusted Operating Margin

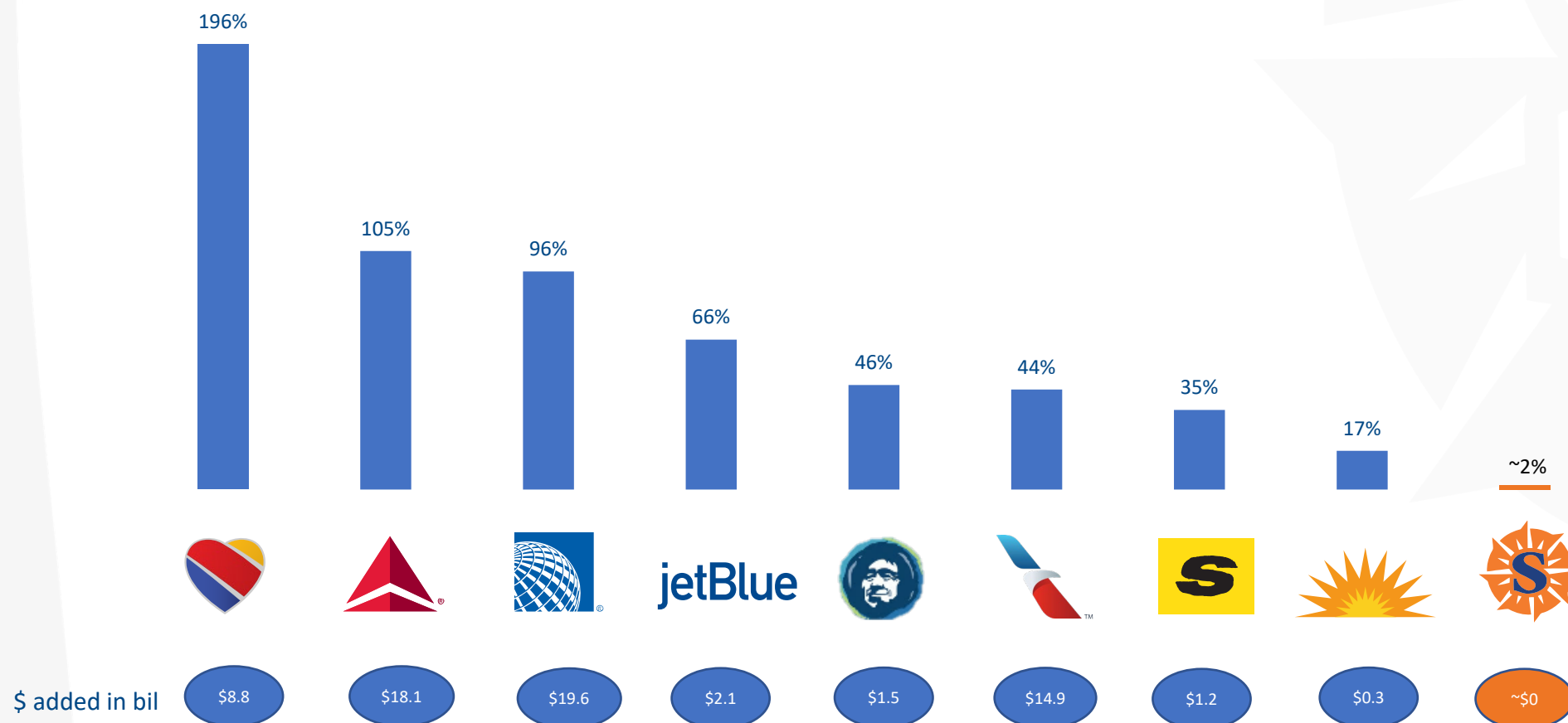


Multi-segment business strategy offsets some of leisure demand weakness

Deleveraged Through the Crisis

Adjusted Gross Debt Change Post-COVID

Change in Adjusted Gross Debt Since Beginning of Crisis ⁽¹⁾



Leverage has remained nearly unchanged through COVID

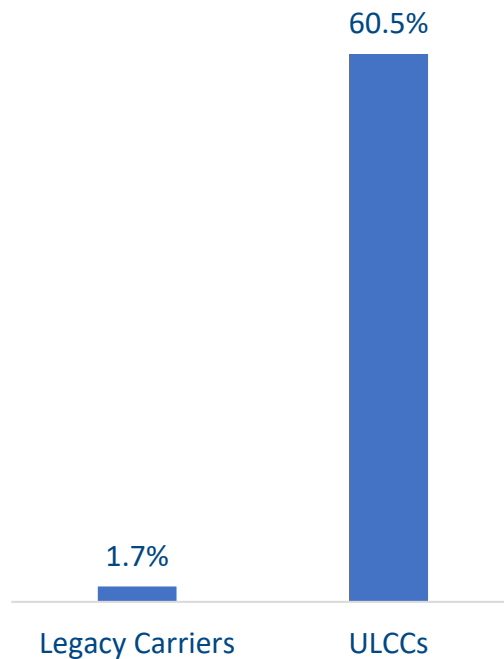
1. Represents change in adjusted debt (financial debt + operating leases) since February 2020, including reductions for amortization and repayment, through Q2 2021
Source Company filings

Crises Historically Create Opportunity for ULCC Growth

9/11 and 2001 Recession

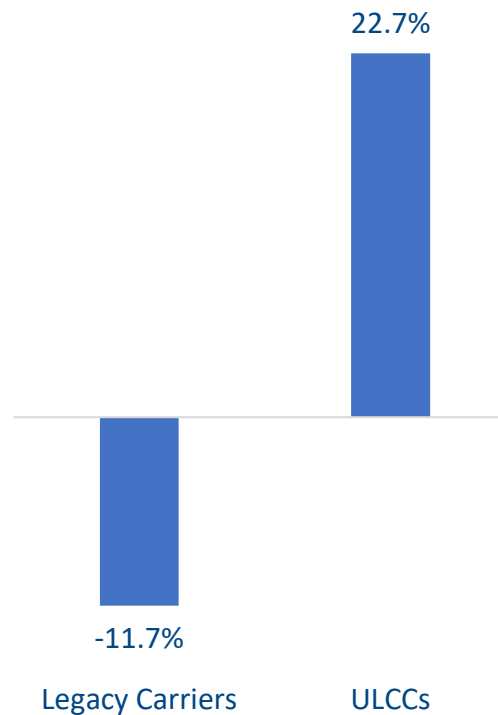
(Change in Domestic US ASMs between two periods)

2000 - 2005



Great Recession

2007 - 2012



ULCCs Post Crisis

- ULCC ASM share 5x larger in 2019 than 2000
- Shallower decline and more rapid recovery in leisure demand benefits ULCCs
- Lower costs facilitate profitability in reduced demand environments
- Higher variable nature of costs provides flexibility to deal with unpredictable changes in demand

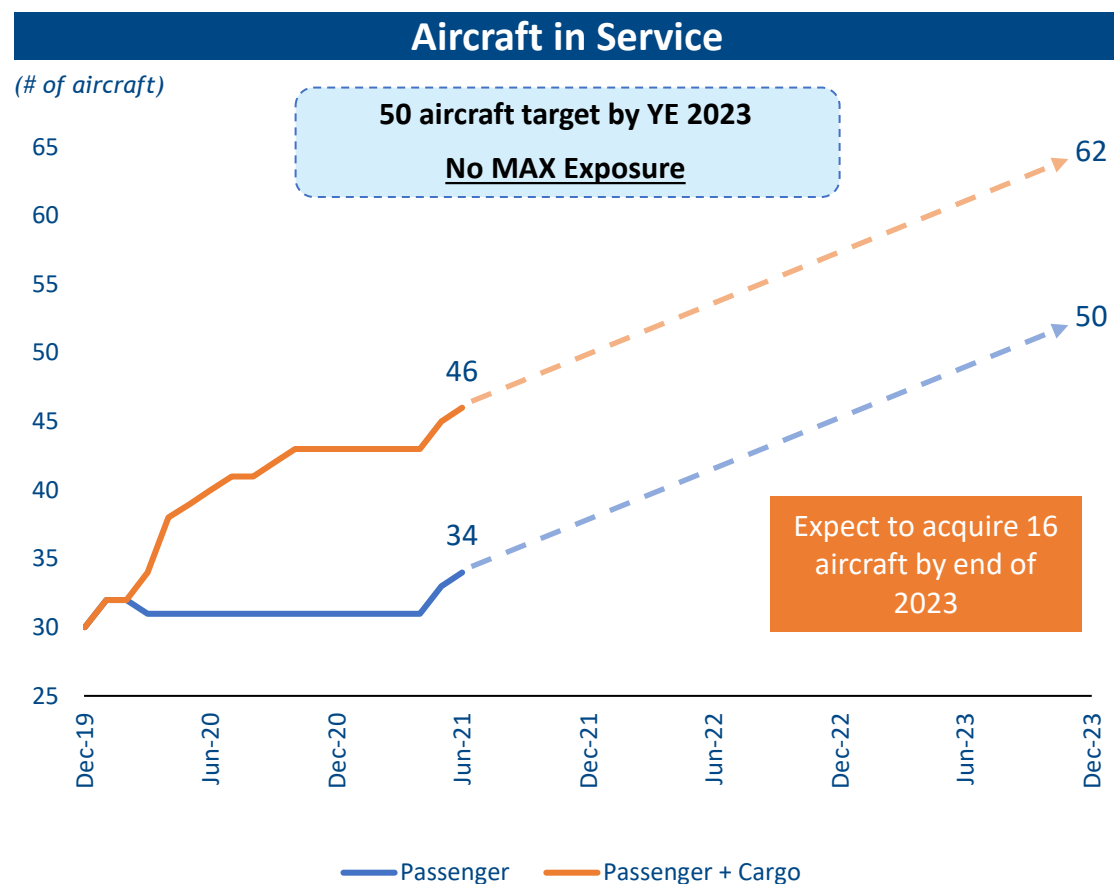
Set up to succeed in difficult times

Source: T-100

Legacy includes American, Delta and United. American historical market share pro forma for US Airways and America West. Delta historical market share pro forma for Northwest Airlines. United Airlines historical market share pro forma for Continental Airlines. ULCC includes Spirit, Frontier, Allegiant and Sun Country. Past performance is not indicative of future performance.

Fleet Plan: Responsible Growth

With no aircraft order book and experience purchasing mid-life aircraft, Sun Country can opportunistically acquire aircraft at best prices



Strategy in Place to Support Fleet Growth

- Restructured fleet with a focus on ownership of Boeing 737-800s and no planned lease redeliveries prior to 2024
 - Allows focus on growth with low capital commitments
- Focus on the 737-800 – the LCC stalwart for airlines such as Southwest and Ryanair
- COVID creates unique opportunities to acquire mid-life aircraft at even cheaper rates
- Sun Country maintains no order book and acquires aircraft based on demand needs

No order book is an advantage vs. our competitors that are locked into expensive pre-COVID aircraft prices

Balance Sheet Positions Sun Country for Growth

- \$336m⁽¹⁾ in total liquidity, 73% of LTM total revenue⁽²⁾
- Free cash flow⁽³⁾ positive in 1H 2021
- De minimis non aircraft debt
- Mid-life, low CAPEX passenger fleet; cargo segment asset-lite

1 – Cash and equivalents + \$25m in undrawn revolver as of June 30, 2021

2 – LTM is last twelve months as of June 30, 2021

3 – Free cash flow defined as Cash From Operations less CAPEX

In Summary...



Resilient and Diverse Business Model



Low Cost Capital Light Operations



Outperformance in Difficult Environments



Well Positioned for High Growth in Rebound



Poised for Long-Term Growth Beyond the Rebound



Appendix

Description of Special Items

Special Items, Net – in millions USD						
	FY 2018	FY 2019	FY 2020	LTM 2Q 2021	1H 2020	1H 2021
CARES Act grant recognition	\$0.0	\$0.0	(\$62.3)	(\$102.4)	(\$31.5)	(\$71.6)
CARES Act employee retention credit	-	-	(2.3)	(3.1)	-	(0.8)
Contractual obligations for retired technology	-	7.6	-	-	-	-
Sale of airport slot rights	-	(1.2)	-	-	-	-
Sun Country Rewards program modifications	(8.5)	-	-	-	-	-
Early-out payments and other outsourcing expenses	2.0	-	-	-	-	-
Aircraft purchases impacts	-	-	-	7.0	-	7.0
Other	-	<u>0.7</u>	<u>0.1</u>	<u>0.1</u>	-	-
Total Special Items, net	(\$6.4)	\$7.1	(\$64.6)	(\$98.4)	(\$31.5)	(65.4)

Non-GAAP Reconciliation - Adj EBITDAR

Adjusted Earnings Before Interest, Taxes, Depreciation & Amortization and Aircraft Rent ("EBITDAR") is included as a supplemental disclosure because we believe it is a useful indicator of our operating performance. Adjusted EBITDAR is a well recognized performance measurement in the airline industry that is frequently used by our management, as well as by investors, securities analysts and other interested parties in comparing the operating performance of companies in our industry.

Adjusted EBITDAR Reconciliation – in millions USD						
	FY 2018	FY 2019	FY 2020	LTM Q2 2021	1H 2020	1H 2021
Net income (loss)	\$25.5	\$46.1	(\$3.9)	\$59.1	\$1.2	\$64.2
Provision for income taxes	0.2	14.1	(0.8)	13.6	0.5	14.9
Interest expense	6.4	17.2	22.1	24.2	11.1	13.2
Interest income	(0.4)	(0.9)	(0.4)	(0.1)	(0.3)	-
Special items, net ⁽¹⁾	(6.4)	7.1	(64.6)	(98.5)	(31.5)	(65.4)
Tax receivable agreement expense ⁽³⁾	-	-	-	0.3	-	0.3
Tax receivable agreement adjustment ⁽⁴⁾	-	-	-	(18.7)	-	(18.7)
Stock compensation expense	0.4	1.9	2.1	4.9	0.8	3.6
Loss (gain) on asset transactions, net	(0.8)	0.7	0.4	-	0.4	-
Other adjustments ⁽²⁾	-	0.2	4.9	3.0	2.5	0.6
Depreciation and amortization	16.9	34.9	48.1	51.5	22.7	26.1
Aircraft rent	65.2	49.9	31.0	23.4	17.0	9.4
Adjusted EBITDAR	107.0	171.1	38.9	62.7	24.4	48.2
Adjusted EBITDAR margin	18.4%	24.4%	9.7%	13.6%	11.3%	17.4%
Adjusted EBITDA	41.8	121.2	7.9	39.3	7.4	38.8
Adjusted EBITDA margin	7.2%	17.3%	2.0%	8.5%	3.4%	14.0%
Total revenue	\$582.4	\$701.4	\$401.5	\$462.6	\$215.7	\$276.8

1. See Description of Special Items table in this Appendix.

2. Other adjustments for FY 2020 include expenses related to a voluntary employee leave program in response to the COVID-19 pandemic, a portion of which is offset by the CARES Act Payroll Support Program as the benefit of this program is also adjusted as a component of special items. Other adjustments for FY 2019 include expenses incurred in terminating work on a planned new crew base. Other adjustment for Q1 2021 and Q1 LTM 2020 represents the one-time costs to establish the Tax Receivable Agreement with our pre-IPO stockholders

3. This represents the one-time costs to establish the Tax Receivable Agreement ("TRA") with our pre-IPO stockholders

4. This represents the adjustment to the TRA for the period, which is recorded in Non-operating (Income) / Expense

Non-GAAP Reconciliation - Adj Operating Income

Adjusted Operating Income is included as a supplemental disclosure because we believe it is a useful indicator of our operating performance. Adjusted Operating Income is a well recognized performance measurement in the airline industry that is frequently used by our management, as well as by investors, securities analysts and other interested parties in comparing the operating performance of companies in our industry.

Adjusted Operating Income Reconciliation – in millions USD					
	FY 2019	FY 2020	LTM Q2 2021	1H 2020	1H 2021
Operating Income	\$78.1	\$17.4	\$78.6	\$13.0	\$74.2
Special items, net ⁽¹⁾	-	-	(33.9)	(31.5)	(65.4)
Stock compensation expense	1.9	2.1	4.9	0.8	3.6
Employee relocation and costs to exit Sun Country's prior headquarters building and base closures	0.7	0.1	0.1	-	-
Contractual obligations for retired technology	7.6	-	-	-	-
Sale of airport slot rights	(1.2)	-	-	-	-
Tax receivable agreement expense ⁽²⁾			0.3	-	0.3
Voluntary leave expense ⁽³⁾			(2.5)	2.5	-
Other adjustments	0.2	-	-	-	-
Adjusted operating income	87.3	19.6	47.5	(15.2)	12.7
Total revenue	\$701.4	\$401.5	\$462.6	\$215.7	\$276.8
Adjusted operating income margin	12.5%	4.9%	10.3%	(7.0%)	4.6%

1. See Description of Special Items table in this Appendix

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3. This includes expenses related to a voluntary employee leave program in response to the COVID-19 pandemic, a portion of which is offset by the CARES Act Payroll Support Program as the benefit of this program is also adjusted as a component of special items

Non-GAAP Reconciliation - Adj Pre-tax Income

Adjusted Pre-tax Income is included as a supplemental disclosure because we believe it is a useful indicator of our operating performance. Adjusted Pre-tax Income is a well recognized performance measurement in the airline industry that is frequently used by our management, as well as by investors, securities analysts and other interested parties in comparing the operating performance of companies in our industry.

Adjusted Pre-tax Income Reconciliation – in millions USD						
	FY 2018	FY 2019	FY 2020	LTM Q2 2021	1H 2020	1H 2021
Pre-tax income (loss)	\$25.7	\$60.2	(\$4.7)	\$72.5	\$1.8	\$79.0
Special items, net ⁽¹⁾	(6.4)	7.1	(64.6)	(98.5)	(31.5)	(65.4)
Stock compensation expense	0.4	1.9	2.1	4.9	0.8	3.6
Loss (gain) on asset transactions, net	(0.8)	0.7	0.4	-	0.4	-
Early pay-off of US Treasury loan	-	-	-	0.8	-	0.8
Loss on refinancing credit facility	-	-	-	0.4	-	0.4
Tax receivable agreement expense ⁽²⁾				0.3	-	0.3
Tax receivable agreement adjustment ⁽³⁾				(18.7)	-	(18.7)
Voluntary leave expense ⁽⁴⁾				(2.5)	2.5	-
Other adjustments	-	0.2	4.9	5.5	-	0.6
Adjusted Pre-tax income (loss)	\$18.9	\$70.1	(\$61.9)	(\$35.2)	(\$26.0)	\$0.7

1. See Description of Special Items table in this Appendix
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Non-GAAP Reconciliation - Adj Net Income

Adjusted Net Income is included as a supplemental disclosure because we believe it is a useful indicator of our operating performance. Adjusted Net Income is a well recognized performance measurement in the airline industry that is frequently used by our management, as well as by investors, securities analysts and other interested parties in comparing the operating performance of companies in our industry.

Adjusted Net Income Reconciliation – in millions USD						
	FY 2018	FY 2019	FY 2020	LTM Q2 2021	1H 2020	1H 2021
Net income (loss)	\$25.5	\$46.1	(\$3.9)	\$59.1	\$1.2	64.2
Special items, net ⁽¹⁾	(6.4)	7.1	(64.6)	(98.5)	(31.5)	(65.4)
Stock compensation expense	0.4	1.9	2.1	4.9	0.8	3.6
Loss (gain) on asset transactions, net	(0.8)	0.7	0.4	-	0.4	-
Early pay-off of US Treasury loan	-	-	-	0.8	-	0.8
Loss on refinancing credit facility	-	-	-	0.4	-	0.4
Tax receivable agreement expense ⁽²⁾				0.3	-	0.3
Tax receivable agreement adjustment ⁽³⁾				(18.7)	-	(18.7)
Voluntary leave expense ⁽⁴⁾				(2.5)	2.5	-
Other adjustments	-	0.2	4.9	5.5	-	0.6
Income tax effect of adjusting items, net	1.6	(2.3)	13.1	20.4	6.4	13.7
Adjusted net income (loss)	\$20.3	\$53.7	(\$47.9)	(\$28.1)	(\$20.2)	(\$0.4)

1. See Description of Special Items table in this Appendix

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Non-GAAP Reconciliation - Adj CASM

Adjusted CASM, which is a non-GAAP financial measure, is also a key airline cost metric and excludes fuel costs, costs related to our freighter operations (starting in 2020 when we launched our freighter operation), certain commissions and other costs of selling our vacations product from this measure as these costs are unrelated to our airline operations and improve comparability to our peers. Adjusted CASM is one of the most important measures used by management and by our board of directors in assessing quarterly and annual cost performance. Adjusted CASM is also a measure commonly used by industry analysts and we believe it is an important metric by which they compare our airline to others in the industry, although other airlines may exclude certain other costs in their calculation of Adjusted CASM.

Adjusted CASM Reconciliation – in millions USD, except for ASMs and Adjusted CASM							
	FY 2017	FY 2018	FY 2019	FY 2020	LTM Q2 2021	1H 2020	1H 2021
Operating expense – as reported	\$530.0	\$549.0	\$623.3	\$384.1	\$384.0	\$202.7	\$202.6
Aircraft fuel	(118.4)	(165.3)	(165.7)	(83.4)	(81.2)	(56.2)	(54.0)
Cargo expenses, not already adjusted	-	-	-	(31.4)	(60.3)	(4.5)	(33.4)
Sun Country Vacations	(2.1)	(4.5)	(2.4)	(0.6)	(0.7)	(0.3)	(0.4)
Special items, net ⁽¹⁾	-	6.4	(7.1)	64.6	98.5	31.5	65.4
Stock compensation expense	-	(0.4)	(1.9)	(2.1)	(4.9)	(4.9)	(3.6)
Tax receivable agreement expense ⁽²⁾	-	-	-	-	(0.3)	(0.3)	(0.3)
Voluntary leave expense ⁽³⁾	-	-	-	-	2.5	(2.5)	-
Other adjustments	-	-	(0.2)	(4.9)	(4.9)	-	-
Adjusted operating expense	\$409.5	\$385.2	\$445.9	\$326.3	\$332.7	\$169.8	\$176.3
Available seat miles (ASMs) – millions	5,250.5	5,463.2	7,064.6	4,311.1	4,956.0	2,174.6	2,819.5
Adjusted CASM - cents	7.80	7.05	6.31	7.57	6.71	7.81	6.25

1. See Description of Special Items table in this Appendix

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