JetBlue Airways Corp (JBLU)

Financial Analysis & Valuation Summary

Equity Research Report

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Data Source:	Bloomberg Terminal (FA / MODL / RV)
Ticker:	JBLU US (NYSE)

Executive Summary

JetBlue Airways continues to face a challenging post-pandemic environment. Revenue recovered from the 2020 COVID nadir but has since plateaued and declined modestly ($-2.3% in FY2025). Adjusted EBITDA margins have compressed dramatically from 18.5% pre-COVID to just 5.1% in FY2025, with FY2026E expected to trough near 0.7% before a modeled recovery to 8.0% in FY2027E.

Free cash flow remains deeply negative (cumulative ¿$5 B since FY2022), driving net debt to $7.26 B and Net Debt/Equity to 342% by FY2025. Operating metrics show resilient demand (load factor 82.4%) but persistent cost inflation, particularly in labor and maintenance (CASM ex-fuel up significantly).

Valuation on an EV/Revenue basis appears inexpensive (∼0.98× LTM), but this largely reflects depressed profitability and high leverage rather than a compelling margin of safety. The investment case is speculative and dependent on successful execution of cost control and a return to sustainable positive free cash flow.

Recommended Stance: **HOLD / Underweight** for most portfolios. Suitable only for high-risk investors with a multi-year horizon and strict position sizing.

1 Key Financial Metrics Snapshot

Metric	FY2025A	LTM (Mar-26)	FY2026E	FY2027E
Revenue ($M)	9,062	9,162	10,080	10,796
YoY Growth (%)	−2.3	−0.5	+11.2	+7.1
EBITDA ($M)	463	311	69.5	860
EBITDA Margin (%)	5.1	3.4	0.7	8.0
Adj. Net Income ($M)	−590	−705	−974	−255
Adj. Diluted EPS	−1.63	−1.92	−2.63	−0.67
Free Cash Flow ($M)	−1,216	−1,354	−825	−170
Market Cap ($M)	1,684	1,808	—	—
Enterprise Value ($M)	8,941	8,973	—	—
Net Debt ($M)	7,257	—	—	—
Net Debt / Equity (%)	342	—	—	—

Table 1: Selected financial metrics. All figures in USD millions except percentages and per-share data. Source: Bloomberg Key Stats tab.

2 Historical Financial Performance

JetBlue's revenue recovered strongly from the 2020 COVID collapse ($2.96 B) to a peak of $9.62 B in FY2023. However, growth has since stalled, with FY2025 revenue declining 2.3% year-over-year. EBITDA margins, which stood at a healthy 18.5% in FY2019, collapsed during the pandemic and have only partially recovered to 5.1% in FY2025. FY2026E is modeled as a clear trough year before a rebound in FY2027E.

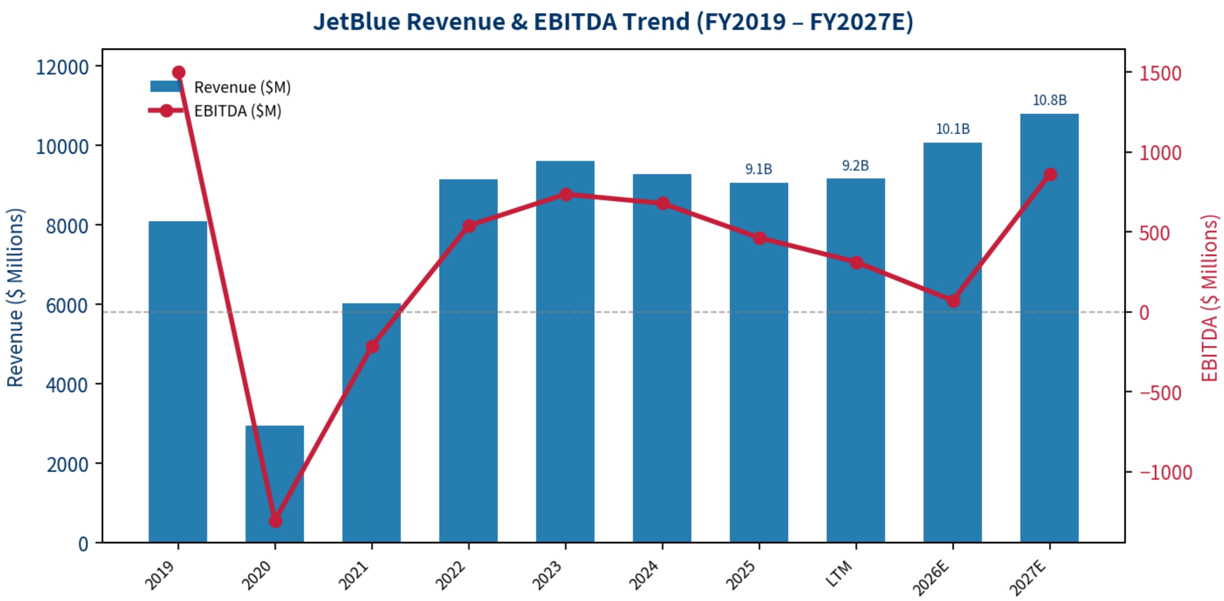

Figure 1: Revenue and Adjusted EBITDA trend (FY2019–FY2027E). FY2026E represents a sharp profitability trough before modeled recovery.

Metric ($M)	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Revenue (Adj.)	8,094	2,957	6,037	9,158	9,615	9,279	9,062	10,080	10,796
YoY Growth (%)	5.7	−63.5	104.2	51.7	5.0	−3.5	−2.3	11.2	7.1
EBITDA (Adj.)	1,500	−1,307	−218	538	735	678	463	69.5	860
EBITDA Margin (%)	18.5	−44.2	−3.6	5.9	7.6	7.3	5.1	0.7	8.0
Adj. Net Income	584	−1,568	−735	−260	−162	−209	−590	−974	−255
Adj. Dil. EPS	1.96	−5.65	−2.31	−0.80	−0.49	−0.61	−1.63	−2.63	−0.67
Free Cash Flow	293	−1,474	647	−544	−806	−1,475	−1,216	−825	−170

Table 2: Historical and estimated key financials (FY2019–FY2027E). Negative values shown in parentheses in source data.

3 Cash Flow, Balance Sheet & Leverage Analysis

JetBlue has generated consistently negative free cash flow since FY2022, driven by operating pressure, elevated capital expenditures for fleet modernization, and working-capital dynamics. Cumulative FCF from FY2022–FY2025 totaled approximately $-4.0 B. Cash from operations turned negative in FY2025 (-$94 M) and remained negative on an LTM basis (-$88 M).

The company has funded operations and capex primarily through debt issuance, pushing total debt above $9.4 B and net debt to $7.3 B by FY2025. Shareholder equity has declined steadily from $$\sim 4.8\,B(FY\,2019)to\$2.1\,B(FY\,2025)duetoretained-earningserosion.Thisleverageprofileseverelyconstrainss$

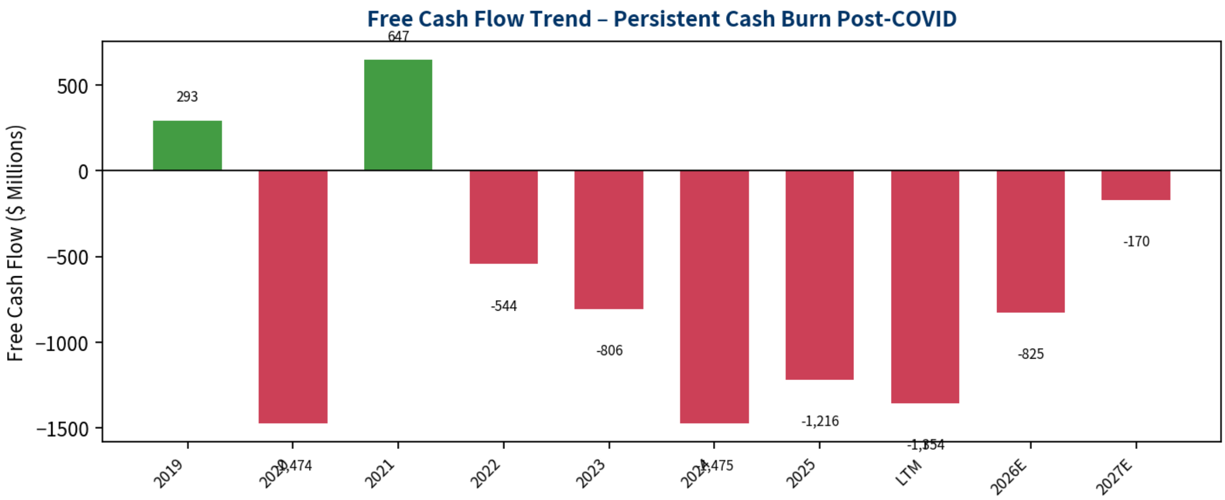

Figure 2: Free Cash Flow trend showing persistent cash burn. Color coding: green = positive, red = negative.

Leverage Metric	2019	2020	2021	2022	2023	2024	2025
Total Debt ($M)	3,152	5,728	4,802	4,383	5,380	9,142	9,416
Net Debt ($M)	1,824	2,675	1,960	2,991	3,813	5,532	7,257
Total Equity ($M)	4,799	3,951	3,849	3,563	3,337	2,641	2,120
Net Debt / Equity (%)	38	68	51	84	114	209	**342**
Total Assets ($M)	11,918	13,406	13,642	13,045	13,853	16,841	16,570
Cash & ST Investments	1,328	3,053	2,842	1,392	1,567	3,610	2,159
Current Ratio	0.67x	1.25x	0.95x	0.51x	0.60x	1.10x	0.74x

Table 3: Balance sheet leverage and liquidity trends. Net Debt/Equity has deteriorated sharply since FY2022.

4 Operating Performance & Airline KPIs

Demand has largely recovered (load factor 82.4% in FY2025 vs. 56.9% in 2020), but remains below the pre-COVID peak of 84.0%. Yield improved post-pandemic due to pricing power and mix shift but has moderated recently. CASM ex-fuel has risen materially (from ~8.5¢ in FY2019 to ~11.4¢), reflecting labor inflation, maintenance costs, and other operating expenses. Fleet size has remained relatively stable at approximately 288–296 aircraft.

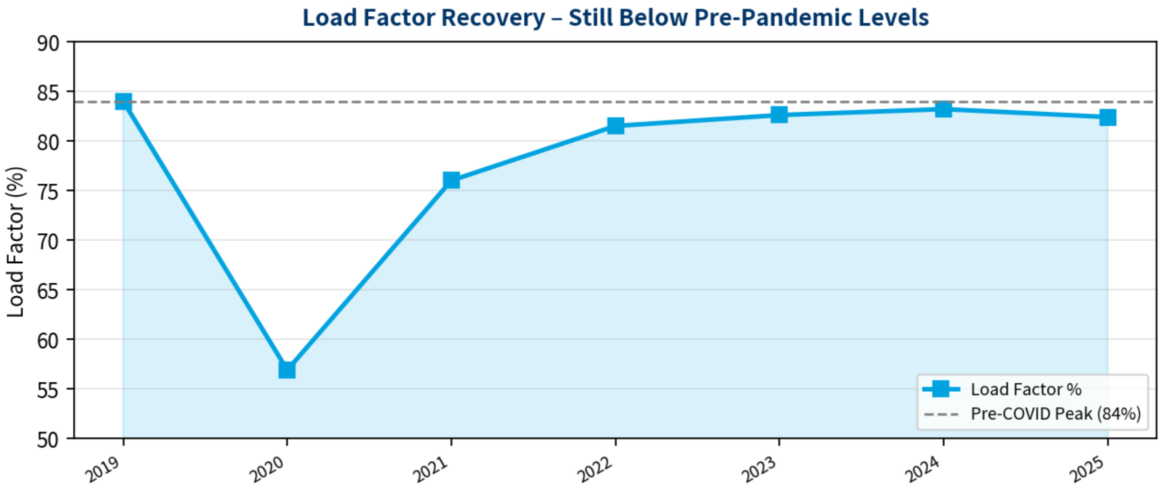

Figure 3: Load factor recovery trajectory. Dashed line indicates pre-COVID peak (84%).

Operating Metric	2019	2020	2021	2022	2023	2024	2025
Load Factor (%)	84.0	56.9	76.0	81.5	82.6	83.2	82.4
Yield (¢ per RPM)	14.52	14.69	13.63	16.34	15.92	15.68	15.57
ASM (millions)	63,841	32,689	54,113	64,475	68,497	66,082	65,007
RPM (millions)	53,617	18,598	41,152	52,552	56,578	54,958	53,535
Passengers (000s)	42,728	14,274	30,094	39,562	42,534	40,498	39,336
Fleet Size (avg)	259	271	282	290	296	290	288
CASM ex-Fuel (¢)	8.54	12.36	8.65	9.85	10.40	11.35	11.35

Table 4: Key airline operating metrics (FY2019–FY2025). Source: MODL tab (Bloomberg).

5 Valuation Analysis

Valuation Lens	Commentary
EV / LTM Revenue (~0.98×)	Appears inexpensive vs. historical averages, but reflects depressed profitability.
EV / FY2027E EBITDA (~10.4×)	More normalized multiple assuming successful recovery to 8%+ margins.
Price / Book (est.)	Trading near or below book value – common for asset-heavy airlines in recovery/distress.
DCF (Illustrative)	Near-term negative FCF makes explicit-period contribution limited; terminal value dominates. High WACC (~9%) due to leverage and beta.
GPCM / Peer Context	JBLU likely trades at a discount to larger, more profitable carriers (DAL, UAL) due to scale, leverage, and recent performance.

Table 5: Valuation summary. Multiples calculated using current Enterprise Value of approximately $8.97 B (LTM).

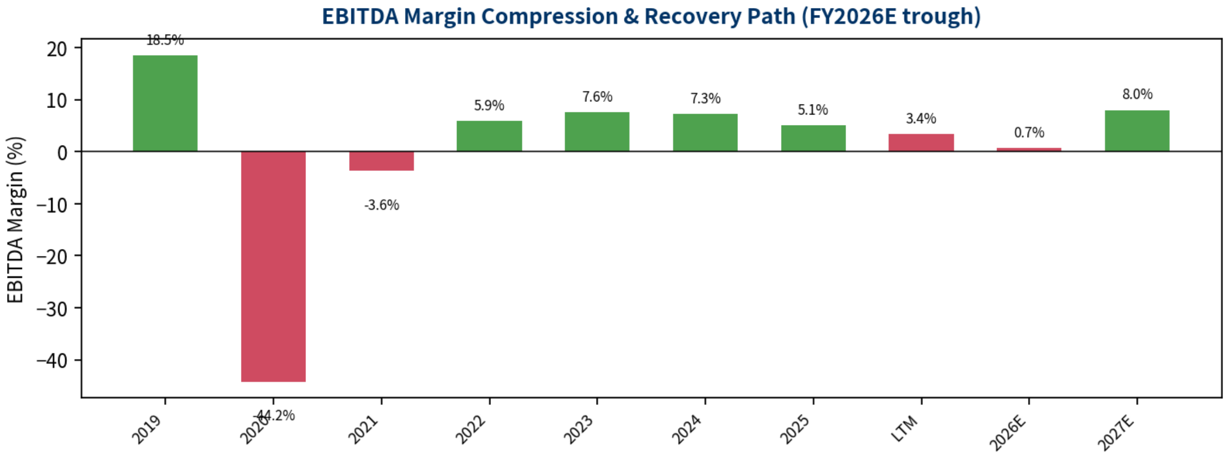

Figure 4: EBITDA margin compression and the modeled recovery path. FY2026E represents the trough year.

A traditional DCF is challenging given persistently negative near-term free cash flow. Terminal value (via exit EBITDA multiple of 8–10× on normalized \$800–900 M EBITDA or perpetual growth) would constitute 60–80% of total enterprise value. Key sensitivities include: (1) speed and sustainability of margin recovery, (2) FCF conversion rate, (3) WACC assumption, and (4) long-term growth rate (2–3%).

6 Risks & Conclusion

Key Risks:

- **Execution Risk:** FY2026E is a clear trough. Failure to deliver on cost control or revenue initiatives would further pressure liquidity and valuation.
- **Leverage & Refinancing:** \$9.4 B+ debt load with upcoming maturities. Rising interest expense already visible; credit stress could increase funding costs sharply.
- **Industry Cyclicality:** Fuel price volatility, labor negotiations, economic slowdown, and intense competition from larger legacy carriers.
- **Operational & Reputational:** History of service disruptions and strategic missteps may limit pricing power.

Conclusion: JetBlue exhibits many characteristics of a value trap or slow-motion decline rather than a clear high-conviction turnaround. While valuation multiples appear inexpensive, they largely price in the current challenges. The risk/reward profile is asymmetric to the downside for new capital in the absence of clear evidence of sustainable positive free cash flow generation and balance-sheet repair.

Recommended Stance: **HOLD / Underweight** for the majority of investors. Speculative long positions may be appropriate only for high-risk-tolerance accounts with a 2–3 year horizon and very small position sizing. Short positions are not recommended at current levels due to already depressed valuation and potential for sharp squeezes on any positive catalyst.

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