# Southwest Airlines Co.

**LUV**

NYSE; other; SIC 4512, Air Transportation, Scheduled; CIK 0000092380

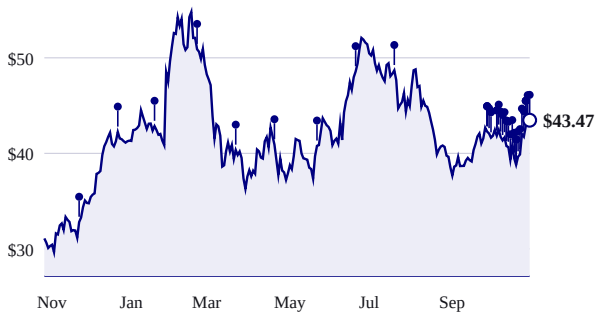
# None

### No letter

6 of 14 inputs computable; 7 are required, with a score in every sleeve

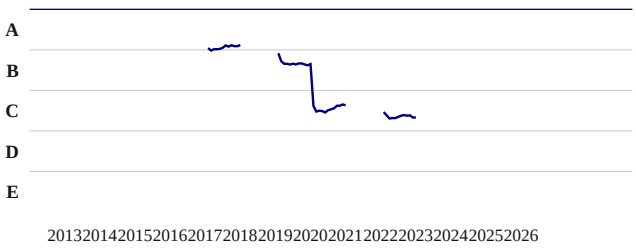
| Scoreboard | |
|---|---|
| **Reliability** | 0.94 AUC<br>filers with over $2.67B assets; 95% interval 0.88 to 0.97; 61 events, 2020 to 2025 |
| **Peer failure rate** | 0.52% a year<br>Item 1.03 bankruptcies, same asset band, 2012 to 2025 |
| **Size band** | over $2.67B assets<br>total assets $29.1B |
| **Standard universe** | inside<br>revenue above $1M and assets above $10M |
| **Warnings** | thin data<br>not computable: distress |
| **Inputs computable** | 6 of 14 |
| **Graded from** | filings received through Feb 6, 2026<br>265 days before the rescan; latest periodic filing 10-Q received Oct 22, 2026 |
| **Last close** | $43.48<br>2026-10-28; market equity $21.3B; no price enters the letter |

**Share price, twelve months to the rescan**




*Split-adjusted close. Each lollipop is a rescan and carries the letter held then.*

**Letter at every rescan, 2012 to 2026**




*Sector percentile at each rescan, stronger toward the top; facts filed by each date only.*

## Business, in the company's words

*opening of Item 1 of the 10-K received Feb 5, 2026*

Southwest Airlines Co. (the "Company" or "Southwest") operates Southwest Airlines, a major passenger airline that provides scheduled air transportation in the United States and near-international markets. Southwest commenced service on June 18, 1971, with three Boeing 737 aircraft serving three Texas cities: Dallas, Houston, and San Antonio. Southwest's unique route network, competitive fares, and famous Hospitality continue to make the Company an attractive choice for Customers in cities across the United States and near-international destinations.

## The fourteen inputs

*lower percentile is stronger; sleeves and inputs within a sleeve carry equal weight*

| Input | Value | Peer median | Percentile, 0 to 100 | Pct | Peers | Period end |
|---|---|---|---|---|---|---|
| **Profitability, sleeve percentile 66.8** | | | | | | |
| Gross profitability | not computable | 27.0% | | | | |
| *one or more required annual facts are missing* | | | | | | |
| Return on invested capital | 3.9% | 10.0% | | 74.7 | 151 | 2025-12-31 |

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| | | | | | |
|---|---|---|---|---|---|
| Accruals ratio | (4.5%) | (5.8%) | 59.0 | 503 | 2025-12-31 |
| Gross margin stability, five years | not computable | 2.2 pts | | | |
| *five annual gross margins are required; found 0* | | | | | |
| **Solvency, sleeve percentile 87.9** | | | | | |
| Twelve-month failure probability | not computable | 0.04% | | | |
| *liabilities and a nearby cover-page share count are required at 2026-09-30* | | | | | |
| Altman Z double-prime | not computable | 2.05 | | | |
| *one or more required annual facts are missing* | | | | | |
| Net debt to EBITDA | not computable | 2.52x | | | |
| *one or more required annual facts are missing* | | | | | |
| Interest coverage | not computable | 2.45x | | | |
| *latest aligned inputs end 2019-12-31; latest annual assets end 2025-12-31* | | | | | |
| Current ratio | 0.52x | 1.33x | 87.9 | 507 | 2025-12-31 |
| **Growth and financing, sleeve percentile 43.0** | | | | | |
| Revenue growth, three-year compound | 5.6% | 5.1% | 45.1 | 400 | 2025-12-31 |
| Free cash flow growth, three-year compound | not computable | 8.8% | | | |
| *current FCF must be positive and base FCF must exceed $100,000* | | | | | |
| Reinvestment rate | not computable | 11.6% | | | |
| *one or more required annual facts are missing* | | | | | |
| Asset growth, three years | (6.3%) | 4.2% | 83.7 | 437 | 2025-12-31 |
| Net share issuance, one year | (17.1%) | (0.5%) | 0.3 | 353 | 2026-02-03 |

## Warnings

*1 of 7 checks triggered; none of them enters the letter*

| Check | Measured |
|---|---|
| Thin data | 6 of 14 grade factors are computable; minimum is 7 |

## What the price implies

*at the 2026-10-28 close; none of these enters the grade*

| Measure | Value | Peer median | Percentile |
|---|---|---|---|
| Twelve-month price change, skipping the latest month | 21.7% | 2.0% | 68 |
| Distance from 52-week high | (20.7%) | (26.4%) | 56 |
| EBIT to enterprise value | 2.0% | 4.3% | 26 |
| Free cash flow yield | (3.9%) | 4.2% | 18 |
| Book value to price | 0.34 | 0.34 | 52 |
| Sales to price | 1.32 | 0.71 | 70 |
| Composite equity issuance, five years | (26.8%) | (8.9%) | 17 |
| Relative strength against the sector, log excess return | 0.05 | (0.13) | 68 |

## Diagnostics

*shown on every report; none enters the grade*

| Measure | Value |
|---|---|
| **Piotroski F-score None of 9, period end 2025-12-31** | |
| Return on assets above zero | pass |
| Operating cash flow above zero | pass |
| Return on assets improved | pass |
| Operating cash flow exceeds net income | pass |
| Long-term leverage fell | fail |
| Current ratio improved | fail |
| No new shares issued | pass |
| Gross margin improved | fail |
| Asset turnover improved | pass |

| Cash, filings, liquidity | |
|---|---|
| Cash and equivalents | $3.6B |
| Operating cash flow, four quarters | $2.8B |
| Months of runway | not finite |
| Days since last periodic filing | 7 (10-Q received Oct 22, 2026) |
| Median daily dollar volume, 63 sessions | $214.0M |

## Sources

*every fact behind the inputs; each row links to its filing index on sec.gov*

| # | Concept | XBRL tag | Value | Period end | Received | Form | Accession |
|---|---|---|---|---|---|---|---|
| 1 | operating income | us-gaap:OperatingIncomeLoss | $428.0M | 2025-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 2 | pretax income | us-gaap:IncomeLossFromContinuingOperationsBeforeInc... | $563.0M | 2025-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 3 | income tax | us-gaap:IncomeTaxExpenseBenefit | $122.0M | 2025-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 4 | total debt | us-gaap:LongTermDebtAndCapitalLeaseObligations | $4.6B | 2025-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 5 | book equity | us-gaap:StockholdersEquity | $8.0B | 2025-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 6 | cash | us-gaap:CashAndCashEquivalentsAtCarryingValue | $3.2B | 2025-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 7 | total debt | us-gaap:LongTermDebtAndCapitalLeaseObligations | $5.1B | 2024-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 8 | book equity | us-gaap:StockholdersEquity | $10.3B | 2024-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 9 | cash | us-gaap:CashAndCashEquivalentsAtCarryingValue | $7.5B | 2024-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 10 | net income | us-gaap:NetIncomeLoss | $441.0M | 2025-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 11 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $1.8B | 2025-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 12 | assets | us-gaap:Assets | $29.1B | 2025-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 13 | assets | us-gaap:Assets | $33.8B | 2024-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 14 | operating income | us-gaap:OperatingIncomeLoss | $3.0B | 2019-12-31 | 2022-02-07 | 10-K | 22-000007 |
| 15 | interest expense | us-gaap:InterestExpense | $118.0M | 2019-12-31 | 2020-02-04 | 10-K | 20-000024 |
| 16 | current assets | us-gaap:AssetsCurrent | $5.6B | 2025-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 17 | current liabilities | us-gaap:LiabilitiesCurrent | $10.9B | 2025-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 18 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $28.1B | 2025-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 19 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $27.5B | 2024-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 20 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $26.1B | 2023-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 21 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $23.8B | 2022-12-31 | 2025-02-07 | 10-K | 25-000024 |
| 22 | capital expenditure | us-gaap:PaymentsToAcquireProductiveAssets | $2.7B | 2025-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 23 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $462.0M | 2024-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 24 | capital expenditure | us-gaap:PaymentsToAcquireProductiveAssets | $2.1B | 2024-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 25 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $3.2B | 2023-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 26 | capital expenditure | us-gaap:PaymentsToAcquireProductiveAssets | $3.5B | 2023-12-31 | 2026-02-05 | 10-K | 26-000004 |
| 27 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $3.8B | 2022-12-31 | 2025-02-07 | 10-K | 25-000024 |
| 28 | capital expenditure | us-gaap:PaymentsToAcquireProductiveAssets | $3.9B | 2022-12-31 | 2025-02-07 | 10-K | 25-000024 |
| 29 | assets | us-gaap:Assets | $36.5B | 2023-12-31 | 2025-02-07 | 10-K | 25-000024 |
| 30 | assets | us-gaap:Assets | $35.4B | 2022-12-31 | 2024-02-06 | 10-K | 24-000027 |
| 31 | shares outstanding | dei:EntityCommonStockSharesOutstanding | 491,317,990 | 2026-02-03 | 2026-02-06 | 10-K/A | 26-000006 |
| 32 | shares outstanding | dei:EntityCommonStockSharesOutstanding | 592,661,084 | 2025-02-05 | 2025-02-07 | 10-K | 25-000024 |

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