Moschovakis Capital

United Airlines Holdings, Inc.

UAL

EQUITY RESEARCH REPORT

November 13, 2026

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UAL — United Airlines Holdings, Inc.

Report Date: November 13, 2026

Analyst: Moschovakis Capital Research

EXECUTIVE SUMMARY

Metric	Value
Recommendation	AVOID
Current Price	$111.25 (€100.57)
Fair Value (Base Case)	$156.19 (€141.20)
Margin of Safety	+40.4% to base-case fair value
Target Entry (if HOLD)	N/A — AVOID

Return Profile	Value
Dividend Yield	0.0%
Expected Dividend Growth	0.0%
Expected Price Appreciation	+3.25% CAGR (10-year base case)
Total Expected Return (Base)	+3.25% CAGR
Bear Case Total Return	-10.1% CAGR
Bull Case Total Return	+8.8% CAGR
Probability-Weighted Return	+1.3% CAGR

Risk Assessment	Value
Wealth Preservation Score	19 / 100
Downside Protection Score	15 / 100
Quality Score	25 / 100
Risk Level	ELEVATED
Probability of >50% Loss	25–30%
Recession Profile	VULNERABLE

One-Line Thesis:

United Airlines runs a genuine hub-and-network franchise with a strong transatlantic and premium position, but its leveraged balance sheet, cyclical earnings, zero dividend, and negative bear case produce a base return below the 7% hurdle and an unacceptable permanent-loss profile for a wealth preservation mandate.

INVESTMENT THESIS

Airlines sit in the most demanding bucket of the Moschovakis framework. The sector is highly cyclical, driven by GDP-sensitive demand, volatile fuel, fixed high operating costs, and intense price competition. A 30% revenue decline in a recession flows through the income statement with operating leverage that turns modest pre-tax profits into large losses. Stage 1 therefore requires two conditions before any airline can be considered for a preservation account: exceptional balance-sheet strength and a valuation discount large enough to absorb the cycle. UAL clears the second condition on some GAAP metrics and fails the first on the numbers we have.

The business itself is real and competitive. United carried 181.1 million passengers in 2025, operates more than 300 destinations in 60 countries, and holds the largest U.S. airline footprint by available seat miles. Its hubs in Chicago, Denver, Houston, Newark, Los Angeles, San Francisco, Washington Dulles, and Guam give it meaningful domestic and international connectivity. The transatlantic position is particularly strong. In calendar 2024 United carried more transatlantic passengers than Delta for the first time. United also produced the largest share of international revenue among Delta, American, and itself, according to S&P Global Ratings. That international and premium mix generates real earnings resilience in normal times. The loyalty program, premium cabin, and slot-constrained Newark access are durable operational assets.

Those assets do not solve the preservation problem. The downside math dominates. In the bear case we model a severe recession with EPS falling to $5.50 and the multiple contracting to 7.0x, the kind of multiple airline stocks reach in genuine downturns. That produces a 10-year price target of $38.50, a 65% drawdown from $111.25, and a -10.1% annualized loss over a decade with no dividend cushion. That violates the absolute requirement that the bear case total return be non-negative. The permanent loss test fails as well. A leveraged airline that loses money in a demand shock can remain below prior highs for many years and can be forced to issue equity near the bottom. We estimate the probability of a greater than 50% decline not recovered within five years at 25% to 30%, far above the 10% maximum the framework permits.

The base case also fails the hurdle. If United grows EPS from $10.92 to $14.60 over ten years and exits at a still-below-sector 10.5x multiple, the stock reaches $153.30. That produces a 3.25% annual total return with no dividend. It does not beat a 4% high-yield savings account, and it does not approach the inflation-plus-4% hurdle of roughly 7%. The probability-weighted expected return is only 1.3% annually because the bear case subtracts more than the bull case adds. UAL is a cyclical valuation call, not a preservation candidate.

The market multiple tells the same story. UAL trades at 10.84x GAAP TTM earnings, which looks cheap, but the forward non-GAAP multiple is 16.73x and EV/EBITDA is 19% above its own five-year average. P/FCF is 35.1x. The market is pricing near-peak TTM earnings and rising fuel costs, not a stable cash machine. A cheap multiple on cyclical peak earnings is not a margin of safety. It is a discount for known volatility. A 4% savings account offers better risk-adjusted return with effectively no drawdown. UAL does not clear the bar.

1. BUSINESS QUALITY ASSESSMENT

United reports one operating segment, air transportation. Under that single segment sits scheduled passenger travel, ancillary fees, loyalty-related revenue, lounge and subscription products, and cargo. FY2024 operating revenue was $57.06 billion under one source, with GlobalData putting 2024 revenue at $59.1 billion and Britannica listing $65.55 billion. The source differences reflect period and definition, but the direction is clear: United is a large, stable-revenue network carrier. FY2025 revenue reached $59.07 billion and rose 3.5% from FY2024. Trailing twelve-month revenue to September 30, 2026 reached $65.6 billion. Q3 2026 revenue of $17.875 billion rose 17.4% year over year, although fuel expense rose 61.6% and average fuel price jumped from $2.43 to $3.90 per gallon.

The route network is the primary business-quality asset. United operates hubs in Chicago, Denver, Houston, Newark, Los Angeles, San Francisco, Washington Dulles, and Guam. Those hubs create connectivity economics

that smaller networks cannot replicate. Newark has schedule-limited access, which gives United a slot-constrained advantage on dense New York area transatlantic traffic. The Star Alliance membership and Lufthansa codeshare extend its reach into Europe. The company runs more than 300 destinations in 60 countries and carries more than 181 million passengers per year. In 2024 United overtook Delta in transatlantic passengers, a meaningful milestone for premium long-haul.

The loyalty and premium mix adds resilience. S&P Global Ratings notes United generates the largest share of revenue from international travel among Delta, American, and United. Premium, loyalty, and international revenue have grown faster than main cabin and supported margins over the past two years. That mix is a real advantage in normal economic conditions. MileagePlus creates recurring revenue separated from the fuel-sensitive seat. Premium cabins command fares that offset some cost pressure.

The moat fails in a downturn. Hub density and loyalty do not prevent operating losses when demand collapses and fuel spikes. The 2020 pandemic produced sharp demand destruction across the industry. The 2002 Chapter 11 restructuring in United's own history shows how quickly airline balance sheets unravel in a shock. The current business has not eliminated that structural fragility. The fixed-cost base is high. Aircraft, labor, fuel, and landing fees must be paid regardless of load factor. A 30% revenue decline does not produce a proportional cost decline, so pre-tax profit swings violently.

Capital efficiency confirms the issue. Using LTM operating income of $4.2 billion, a 25% tax rate, and invested capital approximated by $34.3 billion of debt plus roughly $18.1 billion of book equity, NOPAT is about $3.15 billion and invested capital is about $52.4 billion. ROIC is approximately 6.0%. That compares unfavorably with a typical airline WACC near 8% to 9%. The business generates accounting profit but does not clearly earn its cost of capital across the cycle. For a wealth preservation account that values durable value creation, this is a mark against the franchise. The operational moat is genuine but does not translate into preservation-grade capital efficiency.

2. FINANCIAL FORTRESS ANALYSIS

United enters the solvency gate with a leveraged balance sheet. Trefis data at November 10, 2026 shows debt of $34.3 billion, cash of $14.7 billion, and a market cap of $39.2 billion. Implied book equity using a 2.17x price-to-book ratio is approximately $18.1 billion. The debt-to-equity ratio is therefore about 1.89x, well above the 1.0x maximum threshold in the framework and far above the 0.5x preferred level. Net debt of $19.6 billion produces net leverage of approximately 2.2x on the EBITDA base provided. DWU Consulting confirms net leverage of 2.2x in FY2025 and again in Q2 2026, after improving briefly to 2.0x in Q1 2026. Leverage is not declining fast enough to change the preservation picture.

Interest coverage is the sharpest failure. We do not have a separate interest expense line in the packet. Using $34.3 billion of debt and an assumed average cost near 4.5%, annual interest expense is approximately $1.5 billion. Against LTM operating income of $4.2 billion, EBIT interest coverage is roughly 2.7x. The framework requires 5.0x minimum and prefers 8.0x or higher. Even allowing for the estimate, United does not pass the interest coverage gate. A normal cyclical earnings dip would push coverage below 2.0x very quickly.

Free cash flow history is mixed. FY2025 FCF was $2.7 billion, positive and a real improvement. But Q3 2026 FCF was negative $1.7 billion, and the 2020 and 2021 COVID years produced large cash losses and equity raises. The framework requires positive FCF in four of the last five years. United likely fails that test once 2020 and 2021 are included. Nine-month 2026 operating cash flow of $6.874 billion compares well against nine-month net income of $2.533 billion, because depreciation and amortization are large non-cash charges. That is an earnings-quality positive but does not erase the negative FCF quarters.

Cash provides a cushion. Unrestricted cash and short-term investments at September 30, 2026 totaled $14.7 billion. Cash equals 43% of total debt, which passes the 20% preferred threshold comfortably. On October 16, 2026, United amended its revolving credit facility and increased total commitments from $3.0 billion to $5.0 billion, extending maturity to October 16, 2031. The company reported no drawings under the facility. Covenants require at least $2.0 billion of unrestricted liquidity and a minimum collateral coverage ratio of 1.6 to 1.0. Those are positive liquidity facts. They do not make the company a fortress.

Metric	UAL	Preservation Threshold	Assessment
Debt/Equity (book)	~1.89x	<1.0x ideal <0.5x	FAIL
Net Debt/EBITDA	2.2x	<2.0x preferred	WATCH
Interest Coverage (EBIT/interest, 2.7x)	~2.7x	>5.0x min	FAIL
Current Ratio	Not disclosed	>1.5x	Manual check required
FCF Last 5 Years	Mixed, negative 2020–21	Positive 4 of 5	FAIL
Cash / Total Debt	43%	>20%	PASS
Debt Maturity Cliff	Not disclosed	No >30% in any 2-year window	Manual check required

The recession stress test produces a MARGINAL solvency assessment. If revenue dropped 30% for two years, United would likely generate material operating losses. Fixed costs are high, and fuel, labor, aircraft ownership, and interest payments continue. Cash of $14.7 billion would provide runway, but the company would almost certainly violate its collateral coverage or liquidity covenant if the shock persisted. There is no dividend to cut, but that is not a strength. It is the absence of an income buffer. For the framework, solvency must be FORTRESS or ADEQUATE to proceed. United rates MARGINAL.

3. DIVIDEND ANALYSIS

United Airlines pays no dividend. No dividend sustainability analysis applies. The absence of cash distributions means total return depends entirely on price appreciation. For a preservation account, that absence removes the worst-case cushion. A sustainable 3% dividend would partially offset a cyclical decline. United offers no such offset. A dividend that does not exist cannot be cut, but it also cannot compound through a bear market.

4. VALUATION ANALYSIS

UAL looks cheap on trailing GAAP earnings and less cheap on forward and cash-flow metrics. Seeking Alpha shows 10.84x GAAP TTM and 13.42x non-GAAP TTM P/E. The GAAP multiple is 55% below the 24.13x sector median, and the non-GAAP multiple is 36% below the 20.98x sector median. That is the core value case. The market pays less for United's trailing earnings than it pays for the average sector company.

The forward picture changes the conclusion. Non-GAAP forward P/E is 16.73x, still below the 19.99x sector median but 16% below, not 36%. Forward EV/EBITDA is 8.50x versus 12.06x sector median. TTM EV/EBITDA of 8.25x sits 40% below the sector median but 19% above United's own five-year average of 6.92x. That last point matters. On the multiple most relevant to an asset-heavy airline, United is more expensive than its own recent history, not cheaper.

P/FCF is the largest red flag. Trefis shows 35.1x P/FCF against a 12.6x sector average, roughly 2.8x the sector. MarketScreener shows EV/FCF of 49.3x and a 2.03% FCF yield. An airline at 35x FCF is not a value investment. It is a business with large capex and cyclical cash generation priced for smooth earnings that do not exist.

Price-to-book at 2.17x is 28% below sector and 6% below United's five-year average, but book value is not the operative metric for a levered cyclical. If earnings normalize downward, the P/B support weakens.

We use $156.19 as the base-case fair value. That figure aligns with the MarketBeat consensus target and implies 40.4% upside from $111.25. Applying the transportation industry multiple of 15x to management's $9.00 to $11.00 FY EPS guidance produces a fair-value range of $134.00 to $163.90, with $156.19 near the high end. The margin of safety appears positive. But margin of safety is only meaningful if the downside case is bounded. For United, the bear case is not bounded by asset value or dividend support. A 40% gap to fair value in a cyclical can close downward through earnings contraction as easily as upward through multiple re-rating. The valuation is not compelling enough to override the solvency and downside failures.

Valuation Metric	UAL	Sector Median/Avg	UAL 5Y Avg	Assessment
P/E GAAP TTM	10.84x	24.13x	NM	Discount
P/E Non-GAAP TTM	13.42x	20.98x	NM	Discount
P/E Non-GAAP FWD	16.73x	19.99x	29.32x	Discount
EV/EBITDA TTM	8.25x	13.74x	6.92x	Above own avg
EV/EBITDA FWD	8.50x	12.06x	NM	Discount
P/B TTM	2.17x	3.00x	2.32x	Discount
P/FCF	35.1x	12.6x sector avg	No explicit 5Y avg	Expensive

5. SCENARIO ANALYSIS

The 10-year scenario model produces an expected return below all available alternatives. The scenarios assume no dividend throughout, because United pays none. Total return therefore equals price appreciation only. Current price is $111.25.

The bear case assumes a severe recession within the first two years of the holding period. Business and international travel fall sharply, load factors decline, and fuel remains elevated. Unit revenue fails to offset unit cost. EPS contracts from $10.92 to $5.50, which is still above the worst pandemic loss but well below current profitability. The terminal multiple contracts to 7.0x, consistent with airline trough valuations. The resulting price is $38.50, a 65% decline from today. The 10-year annualized return is -10.1%. There is no dividend income to offset any of that loss. This scenario alone disqualifies the investment. The preservation framework requires a bear case total return of at least zero.

The base case assumes a normal recovery from the current fuel shock without a recession. Revenue compounds near 5% annually, supported by international share gains and premiumization. Operating margin recovers from 8.1% in Q3 2026 toward 9.5% over the decade. EPS reaches $14.60. The terminal multiple is 10.5x, still below the 15x transportation sector median and below United's non-GAAP forward multiple today. The resulting price is $153.30. The 10-year annual total return is 3.25%. That is below the inflation-plus-4% hurdle of roughly 7% and below a 4% high-yield savings account with no equity risk. The company grows in this scenario, but the starting valuation and cyclical multiple compression keep the investor's annual return low.

The bull case assumes fuel normalizes, premium and loyalty demand continues to outgrow main cabin, and margin expansion reaches a low-teens operating margin. EPS climbs to $22.50 and the terminal multiple re-rates to 11.5x. The resulting price is $258.75, a 2.33x return over ten years or 8.8% annually. That clears the hurdle, but it receives only 25% weight. The bull case requires a decade of successful execution, benign fuel, and

multiple expansion, all within a cyclical industry that historically reverts.

Scenario	10-Yr EPS	Terminal P/E	10-Yr Price Target	Total CAGR	Weight	Contribution
Bear	$5.50	7.0x	$38.50	-10.1%	25%	-2.53%
Base	$14.60	10.5x	$153.30	+3.25%	50%	+1.63%
Bull	$22.50	11.5x	$258.75	+8.80%	25%	+2.20%
Expected				+1.30%		

The probability-weighted expected return is 1.30% annually. That is not sufficient compensation for a leveraged, cyclical, no-dividend balance sheet. The bear case dominates the arithmetic because the downside magnitude outweighs the upside probability. A preservation investor does not buy an expected 1.3% return with a 25% probability of a 65% drawdown.

6. RISK ASSESSMENT

The primary risk is permanent capital loss from cyclicality and leverage. United's high fixed-cost model means a recession compresses pricing and demand and sharply reduces operating income. The company has survived past shocks, including the 2020 pandemic and a 2002 Chapter 11 restructuring, but survival does not shield equity holders. Airlines in distress raise equity near the bottom, diluting existing shareholders permanently. United carried net leverage of 2.2x and debt-to-EBITDA above comfort for a preservation account. A 30% revenue decline would stress the $2.0 billion liquidity covenant and the 1.6x collateral coverage ratio. The balance sheet is stronger than 2019, but not strong enough to place the business in the ADEQUATE or FORTRESS solvency bucket.

Fuel is the second risk and the most visible current pressure. Q3 2026 average fuel cost was $3.90 per gallon, up from $2.43 a year earlier. Fuel expense rose 61.6% to $4.843 billion in the quarter. Adjusted EPS fell 8.6% to $2.54 and adjusted pre-tax earnings fell 8.7%. Management has guided to fuel-cost recovery of 40% to 100% over Q2 through Q4, but that assumes pricing power that can disappear in a demand slowdown. If fuel stays elevated or spikes again, EPS tracks the $7.04 to $7.17 consensus rather than management's $9.00 to $11.00 guidance. The equity would not recover as the current TTM P/E implies.

Labor and regulatory costs add to the risk stack. United has approximately 113,200 employees and 83% union representation. Multiple contracts are open for amendment. Wage inflation pressures CASM-ex-fuel and narrows the unit-revenue spread. Environmental and climate rules, including CORSIA and EU-related measures, add compliance cost. The FAA has already suggested deeper flight restrictions at Chicago O'Hare, which could cap United's capacity expansion at one of its core hubs. Government shutdowns cost United an estimated $250 million in Q4 2025. These are recurring operational frictions, not one-time events.

Litigation and governance create additional downside. United faces a certified class action relating to its employee vaccination requirements. The overselling crisis has persisted since 2017. An accident, catastrophe, or incident involving United, a regional carrier, or a codeshare partner could produce adverse publicity, reduced travel demand, and tort liability. The merger speculation with American Airlines, reported by Reuters and pitched by CEO Scott Kirby to U.S. officials, adds regulatory uncertainty. A blocked or prolonged merger process could distract management. The bear-case probability of a greater than 50% permanent loss sits at 25% to 30% after weighting these risks. The framework permits no more than 10%.

The Wealth Preservation scoring confirms the assessment.

Score Component	Points Available	Points Assigned	Basis
Downside Protection	100	15	Negative bear case, >20% drawdown, hig
Return Adequacy	100	20	Base case 3.25% CAGR, below 6% thres
Business Quality	100	25	Weak balance sheet, no dividend, low RO
Wealth Preservation Score	100	19	Weighted 45%/30%/25%

The absolute requirement table is decisive.

Absolute Requirement	Status
Bear case total return >= 0%	FAIL: -10.1% CAGR
Base case total return >= 7%	FAIL: +3.25% CAGR
Solvency FORTRESS or ADEQUATE	FAIL: MARGINAL
Dividend sustainability ROCK SOLID or SUSTAINABLE	N/A: no dividend
Probability of >50% permanent loss < 10%	FAIL: estimated 25–30%

7. MANAGEMENT & GOVERNANCE

The public record on management quality is incomplete. CEO J. Scott Kirby is the only named executive in the packet. No tenure, compensation, insider-ownership, or capital-allocation track record data appears. That absence prevents a full governance assessment. Operating execution receives credit in the sources for disciplined revenue management, cost control, and aggressive transatlantic expansion. The 2024 transatlantic passenger lead over Delta and the premiumization strategy are execution wins. The company delivered record FY2025 results despite a $250 million government-shutdown impact and periods of demand softness.

Capital allocation during the past five years is only fragmentary. The packet contains no full dividend, buyback, or annual capex table. After the 2020 near-death experience and pandemic equity raises, United has reduced debt and improved liquidity. The October 2026 revolver extension to 2031 and increase to $5.0 billion signal proactive debt management. The company is investing in fleet renewal, premium cabins, the Dulles concourse, and sustainable aviation fuel partnerships. Those are growth-oriented uses of capital. What is missing is the return framework. Fleet and hub investments are only capital-preserving if they earn above the cost of capital over a full cycle. The current ROIC near 6% suggests they have not yet done so on a consistent basis.

Governance alarm bells are not loud, but they exist. The reported merger pitch to American Airlines raises strategic uncertainty. A combination of United and American would be the largest airline consolidation in more than a decade, would face major regulatory hurdles, and could distract management for years. The vaccination-requirement class action creates legal overhang. The overselling crisis, which the source says has persisted since 2017, indicates an operational and cultural blind spot. None of these individually changes the investment thesis, but collectively they reinforce that United is a company managing high fixed costs, high labor complexity, and high regulatory exposure. That is not the profile of a preservation-grade management team.

8. PEER COMPARISON

The packet does not provide dollar-level peer metrics for Delta, American, or Southwest. The comparison is therefore directional and based on qualitative statements in the sources. Delta carries lower leverage than United, according to United Airlines Financials: Revenue, Debt & Credit (2025). Delta and United both reached

9% operating margins in fiscal 2025, per TIKR. Delta historically maintains a stronger balance sheet and more consistent capital returns. American carries its own high leverage and has not demonstrated United's international revenue mix. Southwest preserves a dividend, which United and American do not, and historically runs a lower-debt, higher-liquidity balance sheet than the network carriers.

Dimension	UAL	Delta (DAL)	American (AAL)	Southwest (LUV)	Best for Preservati
Debt/Equity	~1.89x	Lower than UAL	Historically high	Lower than UAL	LUV/DAL
Interest Coverage	~2.7x est.	Higher than UAL	Lower	Higher	LUV/DAL
Dividend Yield	0.0%	Modest	0.0%	Positive	LUV
FCF Margin	4.6% FY25	Higher	Lower	Higher	LUV/DAL
ROIC	~6.0%	Higher	Lower	Higher	DAL/LUV
5Y Dilution	Not disclosed	Lower	Higher	Lower	DAL/LUV
P/E vs. History	10.84x GAAP	Comparable	Higher	Higher	DAL/U
International Revenue Mix	Largest share	Strong	Weaker	Weaker	UAL

United's strongest peer-relative trait is its international and premium mix. That produces revenue resilience in normal periods. Its weakest trait is leverage. No preservation-oriented investor should choose the most leveraged member of a levered peer group unless the valuation discount is extreme. The valuation discount on trailing earnings is real, but it does not outweigh the balance-sheet disadvantage. Southwest and Delta offer better preservation profiles, with Southwest's dividend providing an income cushion that United lacks. If an investor wants airline exposure at all, the framework would direct attention to those names before UAL.

9. KEY METRICS SUMMARY

Category	Metric	Value
Price	Current Price	$111.25 (€100.57)
Market	Market Cap	~$38.5B
Market	Exchange	NASDAQ
Valuation	P/E GAAP TTM	10.84x
Valuation	P/E Non-GAAP TTM	13.42x
Valuation	P/E Non-GAAP FWD	16.73x
Valuation	EV/EBITDA TTM	8.25x
Valuation	EV/EBITDA FWD	8.50x
Valuation	P/B TTM	2.17x
Valuation	P/FCF	35.1x
Profitability	FY2025 Operating Margin	8.0%
Profitability	FY2025 Net Margin	5.7%

Category	Metric	Value
Profitability	TTM Net Income	$3.577B
Profitability	TTM EPS	$10.92
Balance Sheet	Total Debt	$34.3B
Balance Sheet	Cash and ST Investments	$14.7B
Balance Sheet	Net Debt	$19.6B
Balance Sheet	Net Leverage	2.2x
Balance Sheet	Debt/Equity (book)	~1.89x
Cash Flow	FY2025 FCF	$2.7B
Cash Flow	9M 2026 Operating Cash Flow	$6.874B
Cash Flow	Q3 2026 FCF	-$1.7B
Dividend	Dividend Yield	0.0%
Risk	WP Score	19/100
Risk	Recession Profile	VULNERABLE

10. MONITORING CHECKLIST

Item	Frequency	Trigger
Net leverage	Quarterly	Re-evaluate if below 1.5x
Interest coverage	Quarterly	Re-evaluate if above 5.0x
FCF (LTM)	Quarterly	Re-evaluate if positive four consecutive quarters
Fuel price per gallon	Monthly	Re-evaluate if below $2.75
TRASM vs. CASM-ex-fuel spread	Quarterly	Re-evaluate if spread widens for four quarters
Operating margin	Quarterly	Re-evaluate if above 10% for two consecutive quarte
FY EPS vs. guidance	Quarterly	Re-evaluate if within $9.00–$11.00
Credit facility covenants	Quarterly	Re-evaluate if no drawings and liquidity >$5B
Dividend initiation	Annually	Full re-approval if dividend starts with payout <40%
WP Score on refreshed data	Annually	Re-approve only if WP Score reaches 65+

11. MARKET EXPECTATIONS & CONSENSUS

Wall Street shows a dispersed consensus. Yahoo Finance/Barchart reports 25 analysts covering UAL with 21 Strong Buys, two Moderate Buys, one Hold, and one Strong Sell. The mean target is $147.67 with a Street high of $203, implying 37.7% upside from a $107.24 reference price. TIKR reports 19 Buys, five Outperforms, two Holds, and one Sell, with a mean target near $131. WallStreetZen shows 15 analysts, a Strong Buy consensus, and a $156.67 target with 38.96% upside. MarketBeat uses a $156.19 average target with a $125 low and $203 high. Wells Fargo maintained Overweight on October 22 but cut its target to $155 from $160. The spread from

$131 to $163 across sources reflects genuine disagreement about margin recovery and fuel.

The current stock price embeds a low-growth, execution-risk discount, but the packet does not provide a reverse-DCF implied growth rate. We can infer the required earnings path. At a 10.2x TTM P/E, with no dividend and no multiple change, EPS must compound at 7% annually to produce a 7% price return. That means EPS of roughly $21.50 in ten years from $10.92 today. The base case models only 2.9% annual EPS growth to $14.60. The bull case reaches $22.50 and clears the path, but only under sustained margin expansion. The current price does not require a 7% return. It reflects the market's expectation of cyclical uncertainty below the hurdle.

Short interest and days-to-cover are not disclosed in the packet. No deep_dive_metrics block was supplied for forward P/E, PEG, beta, analyst target, short float, or 52-week range. The forward valuation table therefore uses the closest available Seeking Alpha and Trefis figures and marks unavailable fields.

Metric	Value	vs. Sector Avg	Assessment
Fwd P/E (non-GAAP)	16.73x	19.99x	Modest discount
PEG	Not available	Not available	Unavailable
EV/EBITDA FWD	8.50x	12.06x	Discount
Beta	Not available	Not available	Unavailable
Analyst Consensus	Strong Buy to Moderate Buy	N/A	Dispersion
Analyst Target	$131–$163 mean	$156.19 MarketBeat	Upside exists
Short Interest	Not available	Not available	Unavailable

What validates the consensus is fuel normalization and realized margin recovery. United must deliver the guided 40% to 100% fuel-cost recovery by Q4, land fiscal-year EPS inside $9.00 to $11.00, and show EBITDA recovering from $1.63 billion in Q2 to $2.54 billion in Q4. A re-rating from 10x toward the 15x transportation multiple would support the $134 to $163.90 range. What disappoints is fuel staying elevated, guidance cuts, EPS tracking the $7.04 to $7.17 consensus instead of company guidance, and revenue growth settling near the 2.3% bear case rather than the 7.41% consensus. The latter would keep the stock cheap for a reason.

12. KEY BUSINESS DRIVERS

Driver 1: TRASM/PRASM vs. CASM-ex-fuel spread

Why it matters: This spread measures whether unit revenue growth exceeds non-fuel unit cost growth, the core airline profit equation.

Current level: Q2 2026 total unit revenue rose 12.1% versus 6.1% non-fuel unit cost growth. FY2025 TRASM was 17.88 cents, CASM 16.46 cents, and CASM-ex-fuel about 12.6 cents.

Bull threshold: Spread widens for four consecutive quarters and PRASM stays above CASM.

Bear threshold: PRASM growth falls below CASM-ex-fuel growth or PRASM drops below CASM.

Next data point: Q4 2026 earnings release, expected late January 2027.

Driver 2: Operating margin and fuel-cost recovery

Why it matters: Operating margin determines whether United reaches the management-guide of double-digit margins by 2027 and protects earnings through fuel swings.

Current level: Q3 2026 operating margin 8.1%, down from 9.2% a year earlier. Q2 2026 pre-tax margin was 5.8% GAAP, 4.8% adjusted, with fuel at $4.19 per gallon, up 79.4%.

Bull threshold: Operating margin reaches double digits by 2027 and fuel-cost recovery hits at least 100% of the guided 40% to 100% range.

Bear threshold: Fuel recovery falls below 40% and operating margin stagnates below 9%.

Next data point: Q4 2026 adjusted EBITDA and operating margin.

Driver 3: Traffic, capacity, and load factor

Why it matters: Capacity growth must convert into revenue and load factor; unproductive capacity is a cash drain.

Current level: Q2 2026 load factor 83.4%, up 0.3 points, on 3.5% more capacity. 2024 load factor was 83.1%, down from 83.9%.

Bull threshold: RPM and load-factor growth accompany unit-revenue expansion and revenue growth above the 11.1% sell-side expectation.

Bear threshold: Capacity growth outpaces RPMs, load factor falls, and revenue growth decelerates below 11.1%.

Next data point: Monthly traffic reports and quarterly ASM/RPM disclosures.

Driver 4: Premium, loyalty, and international revenue mix

Why it matters: S&P Global Ratings identifies this mix as United's earnings resilience engine and the source of margin support.

Current level: Largest share of international revenue among Delta, American, and United. Premium, loyalty, and international revenue have grown faster than main cabin for over two years.

Bull threshold: These segments continue to outgrow main cabin and support durable unit-revenue expansion.

Bear threshold: Premium/loyalty/international growth stops outpacing main cabin or domestic capacity additions temper fare momentum.

Next data point: Quarterly segment-revenue commentary and MileagePlus deferred revenue disclosures.

Driver 5: Leverage and balance-sheet strength

Why it matters: Investment-grade credit metrics reduce refinancing risk and protect equity holders in a downturn.

Current level: Net leverage 2.2x in FY2025 and Q2 2026. S&P Global Ratings expects FFO-to-debt near 35% in 2025.

Bull threshold: Net leverage below 2.2x and FFO-to-debt at or above 35%.

Bear threshold: Net leverage stuck at or above 2.2x and FFO-to-debt misses the 35% expectation.

Next data point: Quarterly balance sheet and credit agency updates.

13. PROXY TRACKERS & LEADING INDICATORS

Proxy	Ticker/Symbol	Relationship	Signal
U.S. Global Jets ETF	JETS	Correlates with airline equity sentiment	Bullish if JETS breaks above 50-day MA;
WTI Crude Oil	CL=F	Inverse driver of fuel cost	Bearish for UAL if crude sustains above $
Delta Air Lines	DAL	Sector bellwether and margin benchmark	Bullish if DAL guides margins up; bearish

Proxy	Ticker/Symbol	Relationship	Signal
U.S. High-Yield Credit Spread	HYG/option-adjusted spread	Risk appetite and refinancing conditions	Bullish if spreads narrow; bearish if sprea
American Airlines	AAL	Merger speculation and sector risk	Bullish if M&A premium persists; bearish i

Monitoring rule: If JETS breaks below its 50-day moving average and WTI crude sustains above $75 for two weeks, re-run the downside scenario and re-evaluate the WP Score within five days.

EXIT TRIGGERS

No exit triggers are set because the recommendation is AVOID. The following events would cause Moschovakis Capital to re-open the file:

- Net leverage falls below 1.5x and interest coverage rises above 5.0x for two consecutive quarters.
- United initiates a sustainable dividend with payout below 40% of FCF.
- The bear case total return becomes non-negative and the base case total return exceeds 7% with refreshed data.
- Fuel cost normalizes and the company posts positive FCF in four consecutive quarters.
- The WP Score rises to 65 or above on refreshed financials and sector conditions.
- A severe share price drawdown to the $75 area, if balance-sheet metrics improve, would trigger a full re-approval rather than automatic rejection.

FINAL RECOMMENDATION

RECOMMENDATION: AVOID

United Airlines Holdings fails the wealth preservation standard. The bear case produces a -10.1% annual total return over ten years, violating the absolute requirement that the bear case be non-negative. The base case produces a 3.25% annual total return, failing the 7% hurdle and underperforming a 4% high-yield savings account with no equity risk. The probability-weighted expected return is 1.3% annually. Solvency rates MARGINAL with debt-to-equity near 1.89x, net leverage of 2.2x, and estimated interest coverage below 3.0x. The company pays no dividend, removing the income cushion a preservation account normally requires to weather a cyclical decline. The probability of a greater than 50% permanent loss is 25% to 30%, above the 10% threshold. The Wealth Preservation Score is 19 out of 100.

The business quality is genuine. United's hubs, transatlantic lead, loyalty program, and premium mix are durable operational advantages in normal times. But those advantages do not protect equity value in a demand shock, and the current valuation does not pay the investor enough to accept that risk. The trailing P/E looks cheap only because it smooths near-peak earnings while the forward multiple and P/FCF reveal a cyclically expensive business. The airline sector can create enormous upside in a recovery, but it is not a wealth preservation sector. United is a leveraged bet on fuel normalization, economic stability, and margin recovery. The mandate is to protect and grow capital with severe downside protection. UAL does neither.

What would change the assessment: a durable reduction in net leverage toward 1.5x, the initiation of a sustainable dividend, four consecutive quarters of positive FCF, and a demonstrated ability to hold operating margins above 10% across a fuel cycle. If those conditions appear, we will re-run the numbers and re-open the file.

ANALYST NOTES

Key Assumptions:

- Current price $111.25 and euro conversion €100.57 are authoritative.
- Ten-year scenario model assumes no dividend, because United pays none.
- Bear-case EPS of $5.50 and terminal P/E of 7.0x, base-case EPS of $14.60 and terminal P/E of 10.5x, bull-case EPS of $22.50 and terminal P/E of 11.5x.
- Interest expense estimated at 4.5% of $34.3 billion debt because the packet does not provide a separate interest line.
- Book equity estimated from $39.2 billion market cap divided by 2.17x price-to-book, approximately $18.1 billion.

Limitations:

- The packet does not include the pre-extracted deep_dive_metrics fields for forward P/E, PEG, beta, short interest, analyst target, 52-week range, or debt-to-equity. Those fields are marked unavailable.
- Peer-level financials for Delta, American, and Southwest are not provided. The peer comparison is directional, not dollar-precise.
- Five-year share count history, current ratio, debt maturity schedule, and full capital allocation history are not available.
- Source revenue figures for FY2024 differ across providers: $57.06 billion, $59.1 billion, and $65.55 billion.
- The exact next earnings date is not confirmed; late January 2027 is the expected pattern.

Confidence Level: HIGH

The confidence level reflects the clear failure of the absolute requirements for wealth preservation. The bear case is negative on even conservative assumptions, the base case misses the hurdle without any dividend, and the solvency and leverage metrics fail the framework thresholds. The business quality discussion is more nuanced, but the recommendation does not depend on resolving every data gap. United Airlines is an avoid under this mandate.

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