

American Airlines Reports First-Quarter 2021 Financial Results


4/22/2021

FORT WORTH, Texas — American Airlines Group Inc. (NASDAQ: AAL) today reported its first-quarter 2021 financial results, including: First-quarter revenue of \$4.0 billion, down 53% year over year on a 39% year-over-year reduction in total available seat miles (ASMs).

FORT WORTH, Texas — American Airlines Group Inc. (NASDAQ: AAL) today reported its first-quarter 2021 financial results, including:

- First-quarter revenue of \$4.0 billion, down 53% year over year on a 39% year-over-year reduction in total available seat miles (ASMs).
- First-quarter net loss of \$1.3 billion, or (\$1.97) per share. Excluding net special items¹, first-quarter net loss was \$2.7 billion, or (\$4.32) per share.
- Raised \$10 billion through debt offering backed by the AAdvantage program and used a portion of the proceeds to prepay in full the secured loan from the U.S. Department of the Treasury.
- Ended the first quarter with approximately \$17.3 billion of total available liquidity. Company expects to end the second quarter with approximately \$19.5 billion in total available liquidity.

“We are incredibly proud of the American Airlines team for their continued care of our customers and each other,” said American’s Chairman and CEO Doug Parker. “Our team has shown up every day throughout the pandemic and served more customers than any other airline. That focus has served as our inspiration and positions us well as even more customers return to the skies.

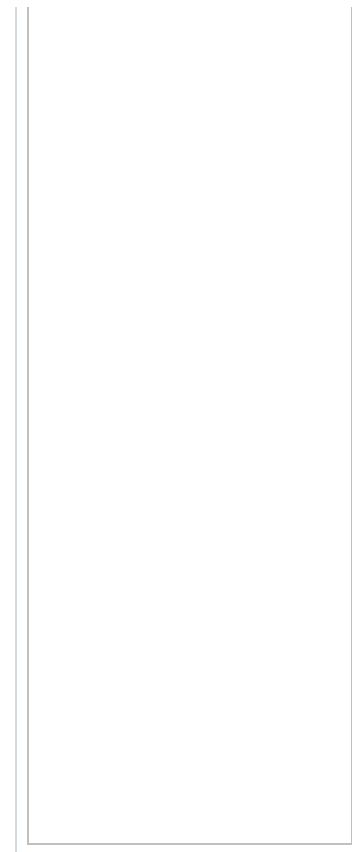
 **1Q 2021 Financial Results**

“Looking forward, with the momentum underway from the first quarter, we see signs of continued recovery in demand. We remain confident the network enhancements, customer-focused improvements and efficiency measures we’ve put into place will ensure American is well-positioned for the recovery.”

American continues to take steps to strengthen its business and respond to the pandemic, with an emphasis on supporting its customers, team members and communities; reducing costs; and improving its liquidity position and balance sheet.

TO SUPPORT ITS CUSTOMERS,
TEAM MEMBERS AND
COMMUNITIES, AMERICAN:

- Enhanced its travel planning tool to help customers make informed decisions on where to travel and what to expect upon arrival. With one click, customers can view quarantine, document or testing requirements, as well as book flights.
- Expanded acceptance of VeriFLY, the mobile health wallet that simplifies and verifies travel requirements, to include all international flights to the U.S. and flights from the U.S. to 11 countries. American’s partners Aer Lingus, British Airways, Iberia and Japan Airlines also began accepting VeriFLY during the first quarter.
- Expanded its touchless technology trial to allow customers to use biometric scanners to check their bags prior to departure at Dallas-Fort Worth International Airport (DFW). American will utilize the same technology to allow customers to gain entrance to an Admirals Club lounge at DFW later this year and will consider additional airport solutions going forward.
- Updated its mask requirement to align with directives from the Centers for Disease Control and Prevention and the Transportation Security Administration.
- Expanded preflight COVID-19 testing options to give customers access to in-person testing at more than 150 local urgent care facilities and hospitals through GoHealth Urgent Care. American also now allows customers to redeem AAdvantage® miles for at-home COVID-19 testing kits through LetsGetChecked.
- Canceled the 13,000 WARN notices sent to team members in February following the passage of the COVID-19 relief package that includes an extension of the Payroll Support Program (PSP).
- Introduced an incentive program to encourage team members to get the COVID-19 vaccine. American’s U.S.-based mainline and wholly owned team members who get vaccinated will receive an extra vacation day in



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2022 as well as \$50 in recognition points.

- Partnered with health care providers and airports to establish on-site team member vaccination locations in Chicago, Charlotte, Dallas-Fort Worth and Tulsa.
- Continued to transport critical goods, including the COVID-19 vaccine, through strategic cargo-only flights. American helped customers move 230 million pounds of goods around the world in the first quarter, including 98 million pounds on its nearly 2,700 cargo-only flights.
- Reached agreements with Deloitte and Kuehne+Nagel to help stimulate more production of sustainable aviation fuel and help our customers reduce their emissions from travel.

TO REDUCE COSTS AND CONSERVE CASH, AMERICAN:

- Incorporated more than \$1.3 billion of permanent non-volume cost reductions into its 2021 plans. This includes approximately \$500 million in management reductions, \$600 million in labor productivity enhancements, and \$200 million in other permanent cost reductions.
- Reached an agreement with Boeing to defer and convert five 787-8 aircraft to 787-9 aircraft. These deliveries are now expected to occur in 2023 and will retain their existing financing. American's remaining 14 787-8 aircraft will now be delivered by the end of the first quarter of 2022.
- Exercised its remaining deferral rights on the Boeing 737 MAX aircraft that were previously scheduled to be delivered in 2021 and 2022. With this adjustment, the delivery of these 18 MAX aircraft is now expected to occur in 2023 and 2024.
- Accelerated its cabin-standardization program by a year with all Boeing 737s expected to be completed by the second quarter of 2021 and all Airbus A321s expected to be completed by the end of 2021.
- Enhanced its technology capabilities through a virtual assistant for customers in the American Airlines mobile app; ConnectMe, a real-time chat tool for airport team members; and an automated crew recovery program.
- Opened a new voluntary early out program in February, which approximately 1,600 team members opted into.

TO IMPROVE ITS LIQUIDITY POSITION AND BALANCE SHEET, AMERICAN:

- Reduced its average cash burn rate² to approximately \$27 million per day in the first quarter. This includes approximately \$9 million per day in regular debt principal and cash severance payments. For the month of March, the Company's estimated average daily cash burn rate was approximately \$4 million. Excluding approximately \$8 million per day of regular debt principal and cash severance payments, the Company's cash

burn rate turned positive in March.

- Obtained the right to access an additional \$3.3 billion in financial assistance through the COVID-19 relief package passed and signed into law in early March. In addition to extending the PSP, the legislation will allow the Company to defer approximately \$2 billion in pension funding over the next five years.
- Issued \$6.5 billion of bonds and entered into a new \$3.5 billion term loan facility, using the AAdvantage program as collateral for both.
- Used a portion of the proceeds from the AAdvantage financing to prepay its secured loan from the U.S. Department of the Treasury. In doing so, American has terminated its loan commitments under the secured loan agreement authorized by the CARES Act.
- Repaid in full \$2.8 billion under three separate revolving credit facilities, reducing the Company's outstanding debt by \$2.8 billion without changing its total available liquidity. American is able to draw upon the revolving commitments again or leave them undrawn, per the terms of the underlying credit agreements until such commitments expire, which is currently scheduled to occur in October 2024 for substantially all of the commitments.
- Related to the aforementioned deferral of Boeing 737 MAX aircraft, in April the Company elected to prepay \$248 million of outstanding loans under its pre-delivery payment 737 MAX credit facility with the related pre-delivery deposits to be returned to the Company from the resulting deferral.
- Expects to end the second quarter with approximately \$19.5 billion in total available liquidity.

NETWORK AND PARTNERSHIPS

American advanced its newly formed partnerships with Alaska Airlines and JetBlue Airways in the first quarter. Alaska officially joined oneworld as a full member, giving customers more choices and benefits and a seamless travel experience not only on the West Coast but throughout the world. American also expanded its codeshare with Alaska and launched new service between Seattle and London. Additionally, American and JetBlue together will introduce 57 new domestic and international routes for customers in New York and Boston beginning in June. The airlines are also significantly expanding their codeshare to include more than 100 new flights. The Alaska and JetBlue partnerships will continue to deliver significant benefits for consumers and allow for efficient growth, with new service launching later this year between Seattle and Shanghai and Bangalore, and between New York and Tel Aviv, Athens, Santiago and New Delhi.

FORWARD OUTLOOK

The Company will continue to match its forward capacity with observed bookings trends. Based on current trends, American expects its second-quarter capacity to be down 20 to 25% compared to the second quarter of 2019. The

Company expects its second-quarter total revenue to be down approximately 40% versus the second quarter 2019. The Company also expects its second quarter pre-tax margin excluding net special items³ will be between negative 27% and negative 30%.

For additional financial forecasting detail, please refer to the Company's investor update, filed with this press release with the SEC on Form 8-K. This filing will be available at aa.com/investorrelations.

CONFERENCE CALL AND WEBCAST DETAILS

The Company will conduct a live audio webcast of its financial results conference call at 7:30 a.m. CDT today. The call will be available to the public on a listen-only basis at aa.com/investorrelations. An archive of the webcast will be available on the website through May 22.

NOTES

See the accompanying notes in the Financial Tables section of this press release for further explanation, including a reconciliation of all GAAP to non-GAAP financial information.

¹The Company recognized \$1.95 billion of net special credits before the effect of taxes in the first quarter. Net special credits principally include a credit of \$2.1 billion related to the financial assistance received pursuant to Payroll Support Program Extension Agreement offset in part by severance charges related to voluntary early retirement programs offered to team members during the first quarter.

² A reconciliation of this calculation can be found in the tables that follow.

³ American is unable to reconcile certain forward-looking projections to GAAP, as the nature or amount of net special items cannot be determined at this time.

Financial results

Click the button below to download the 1Q21 financial results.

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About American Airlines Group

American's purpose is to care for people on life's journey. Shares of American Airlines Group Inc. trade on Nasdaq under the ticker symbol AAL and the company's stock is included in the S&P 500. Learn more about what's happening at American by visiting news.aa.com and connect with American on Twitter [@AmericanAir](https://twitter.com/AmericanAir) and at Facebook.com/AmericanAirlines.

Cautionary Statement Regarding Forward-Looking Statements and Information

Certain of the statements contained in this report should be considered forward-looking statements within the meaning of the Securities Act of 1933, as amended (the Securities Act), the Securities Exchange Act of 1934, as amended (the Exchange Act), and the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by words such as "may," "will," "expect," "intend," "anticipate," "believe," "estimate," "plan," "project," "could," "should," "would," "continue," "seek," "target," "guidance," "outlook," "if current trends continue," "optimistic," "forecast" and other similar words. Such statements include, but are not limited to, statements about our plans, objectives, expectations, intentions, estimates and strategies for the future, and other statements that are not historical facts. These forward-looking statements are based on our current objectives, beliefs and expectations, and they are subject to significant risks and uncertainties that may cause actual results and financial position and timing of certain events to differ materially from the information in the forward-looking statements. These risks and uncertainties include, but are not limited to, those set forth in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 (especially in Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, and Part II, Item 1A. Risk Factors), and other risks and uncertainties listed from time to time in our other filings with the Securities and Exchange Commission. There may be other factors of which we are not currently aware that may affect matters discussed in the forward-looking statements and may also cause actual results to differ materially from those discussed. In particular, the consequences of the COVID-19 outbreak to economic conditions and the travel industry in general and the financial position and operating results of the company in particular have been material, are changing rapidly, and cannot be predicted. The company does not assume any obligation to publicly update or supplement any forward-looking statement to reflect actual results, changes in assumptions or changes in other factors affecting these forward-looking statements other than as required by law. Forward looking statements speak only as of the date hereof or as of the dates indicated in the statement.