

American Airlines Reports Second-Quarter 2021 Financial Results

7/22/2021


FORT WORTH, Texas — American Airlines Group Inc. (NASDAQ: AAL) today reported its second-quarter 2021 financial results, including: Second-quarter net profit of \$19 million, or \$0.03 per diluted share.

Record liquidity and confidence in recovery drive accelerated deleveraging

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

- Second-quarter net profit of \$19 million, or \$0.03 per diluted share. Excluding net special items¹, second-quarter net loss of \$1.1 billion, or (\$1.69) per share.
- Second-quarter revenue of \$7.5 billion, up 87% sequentially from the first quarter of 2021.
- Ended the second quarter with approximately \$21.3 billion of total available liquidity, a record for the Company.
- Accelerated the deleveraging process with prepayment of \$950 million spare parts term loan.
- Company plans to pay down approximately \$15 billion of debt by the end of 2025.

“We have taken a number of steps to solidify our business through our Green Flag Plan and it shows in our second-quarter results,” said American’s Chairman and CEO Doug Parker. “We have reshaped our network, simplified our fleet and made

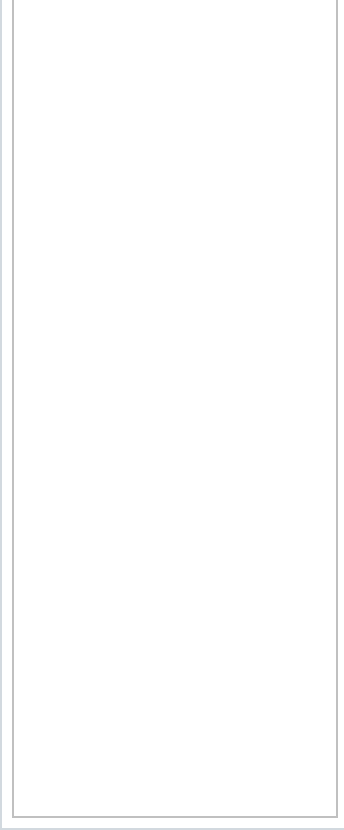
 **2Q 2021 Financial Results**

our cost structure more efficient, all to create an airline that will outperform competitors and deliver for customers. The green flag has dropped and we are ready thanks to the tremendous efforts and dedication of the American Airlines team.”

American is committed to strengthening its business and returning to profitability by focusing on its three strategic objectives: Create a world-class customer experience, make culture a competitive advantage and build American to thrive forever.

**TO CREATE A WORLD-CLASS
CUSTOMER EXPERIENCE,
AMERICAN:**

- Plans to operate more than 150 new routes this summer, including several new destinations and greater connectivity in Miami, Austin, Texas, and Orlando, Florida. During the summer season, American expects to fly more than 90% of its domestic seat capacity and 80% of its international seat capacity, in each case as compared to 2019.
- Scheduled 10 new domestic and four new international destinations from Austin for this fall as a result of increased customer demand. American and its partners will offer the most options in Austin this fall, with nearly 100 peak day departures.
- Transitioned regional flight operations at Reagan National Airport from Gate 35X to a new 14-gate concourse, providing customers with a range of new amenities, including an all dual-class operation.
- Continued to launch COVID-19 testing tools to make flying safer and easier, including self-administered and packable home tests.
- Worked with VeriFLY to expand the app's capabilities to include COVID-19 vaccination verification, which is now available in 11 countries, with more planned in the third quarter. Customer usage of VeriFLY has quadrupled since the first quarter and the app can be used at expedited check-in lanes at most U.S. hub airports.
- Introduced Five Star Essentials at Charlotte Douglas International Airport, Dallas Fort Worth International Airport and Miami International Airport. The service provides an extra set of hands during the customer journey from check-in to the gate.
- Continued to welcome back customers to Admirals Club lounges across the system with new signature menu offerings and the expansion of innovative touchless technology. All Admirals Club lounges will reopen by the



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end of August and American's Flagship Lounge locations will start reopening this fall.

- Reintroduced full beverage service in all domestic premium cabins and resumed offering canned drinks, juice and water in the main cabin.
- Revamped its premium cabin onboard amenity kits in partnership with Shinola and D.S. & Durga, brands celebrated for thoughtful design and creativity.
- Refreshed its inflight entertainment offerings by adding new lifestyle entertainment choices with free access to Rosetta Stone and Skillshare, making it the first U.S. airline to tap into online/remote learning from 35,000 feet.

TO MAKE CULTURE A COMPETITIVE ADVANTAGE, AMERICAN:

- Fortified its staffing by completing all required recall pilot training and bringing back more than 3,000 team members from leaves — with thousands more flight attendants returning from leaves this fall. American has hired nearly 3,500 new team members so far in 2021 and plans to hire 350 pilots this year and more than 1,000 pilots and 800 flight attendants in 2022.
- Donated 10 million AAdvantage® miles to Make-A-Wish, the organization that creates life-changing wishes for children with critical illnesses, to help grant 95 wishes, in honor of American's 95th birthday.
- Initiated a new partnership with the National Park Foundation to encourage exploration of some of the country's most iconic natural wonders, historic sites, and cultural treasures, and to connect customers with opportunities to support the future of America's national parks. Customers donated more than 37 million AAdvantage miles to the National Park Foundation through the airline's new Miles for Our Planet initiative.
- Raised nearly \$1.5 million in support of the American Red Cross and Red Crescent Societies' efforts to fight the COVID-19 pandemic around the world, including in Brazil, India and other countries in need of assistance to battle the devastating virus. The airline and more than 11,000 AAdvantage members raised the full amount in less than one month.
- Partnered with United Way of Miami-Dade to provide travel assistance and help reunite families that were impacted by the tragic building collapse in Surfside, Florida.

TO BUILD AMERICAN TO THRIVE FOREVER, AMERICAN:

- Committed to develop a science-based target for reducing its greenhouse gas emissions by 2035, supporting the airline's existing commitment to reach net-zero emissions by 2050. American also agreed to terms to purchase up to 10 million gallons of carbon-neutral sustainable aviation fuel (SAF) produced by Prometheus Fuels, which uses a novel process to make net zero carbon transportation fuels, including SAF.

- Announced investment in Vertical Aerospace, a leading U.K.-based engineering and aeronautical business developing electric vertical takeoff and landing aircraft. With the investment, American is demonstrating its focus on emerging technologies to reduce carbon emissions and investing in innovative ways that could improve the customer journey.
- During the second quarter, American had debt amortization and prepayments of approximately \$985 million.

LIQUIDITY AND BALANCE SHEET

The Company's daily cash burn rate turned positive for the second quarter to a cash build rate of approximately \$1 million per day². American ended the second quarter with a record of approximately \$21.3 billion of total available liquidity. The Company expects to keep near-term liquidity at elevated levels but expects to step down its target liquidity to approximately \$10 billion to \$12 billion in 2022.

American is committed to improving its balance sheet. The Company now expects to reduce its debt by more than \$15 billion by the end of 2025 versus its previous guidance of \$8 billion to \$10 billion. American plans to accomplish this objective through naturally occurring amortization, by using excess cash and free cash flow to pay down prepayable debt, and by potentially using cash instead of debt for certain future aircraft deliveries.

As evidence of the Company's commitment to delever and its confidence in the future, today American is prepaying the entirety of its \$950 million spare parts term loan that was scheduled to mature in April 2023.

NETWORK AND PARTNERSHIPS

American and JetBlue continue to roll out benefits for customers to create a seamless customer experience. Starting this fall, AAdvantage elite and TrueBlue Mosaic members will also begin to enjoy benefits across both carriers. This next phase of benefits will include priority check-in, security and boarding, plus up to two complimentary checked bags. American's AAdvantage members and JetBlue's TrueBlue members already earn miles or points traveling on either carrier. AAdvantage is now the only loyalty program that allows elite status-earning opportunities when flying across three U.S. carriers — American, JetBlue and Alaska Airlines.

As a result of American's Northeast Alliance with JetBlue, New York and Boston travelers are seeing significantly expanded travel opportunities with new nonstop service and additional codeshare routes. As part of the alliance, American and JetBlue will operate more than 700 daily flights from New York and Boston this winter, giving customers more choice than any other airline can offer. Additionally, customers traveling on a joint American-JetBlue itinerary will now experience the fastest secure side connector at New York — JFK and an industry-leading

network. Expansion of the airline's network will provide better global connectivity for growing markets like Austin, Texas, and Nashville, Tennessee.

With American's extensive network, partnerships and membership in oneworld, customers returning to travel have access to an unmatched global network.

GUIDANCE AND INVESTOR UPDATE

American will continue to match its forward capacity with observed bookings trends. Based on current trends, the Company expects its third-quarter capacity to be down approximately 15% to 20% compared to the third quarter of 2019. American expects its third-quarter total revenue to be down approximately 20% versus the third quarter of 2019. The Company also expects its third quarter pre-tax margin excluding net special items will be between negative 3% and negative 7%.

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 at least Aug. 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 \$1.4 billion of net special credits before the effect of taxes in the second quarter of 2021 principally related to the financial assistance received pursuant to Payroll Support Program Agreements.

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

³American 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 2Q21 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, 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 the Company's 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 the Company's 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 herein as well as in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 (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 the Company's other filings with the Securities and Exchange Commission. In particular, the consequences of the coronavirus 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. Additionally, there may be other factors of which the Company is 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. 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. Any forward-looking statements speak only as of the date hereof or as of the dates indicated in the statement.