

American Airlines Reports Third-Quarter 2021 Financial Results

10/21/2021

FORT WORTH, Texas — American Airlines Group Inc. (NASDAQ: AAL) today reported its third-quarter 2021 financial results, including: Third-quarter net profit of \$169 million, or \$0.25 per diluted share. Excluding net special items¹, third-quarter net loss of \$641 million, or (\$0.99) per share.

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

- Third-quarter net profit of \$169 million, or \$0.25 per diluted share. Excluding net special items¹, third-quarter net loss of \$641 million, or (\$0.99) per share.
- Third-quarter revenue of \$9.0 billion, up 20% sequentially from the second quarter of 2021.
- Ended the third quarter with approximately \$18 billion of total available liquidity, after prepayment of \$950 million spare parts term loan during the quarter.
- Company continues to expect robust demand during peak travel periods in the fourth quarter, with more than 6,000 peak day departures.
- Company continues to execute on its plan to pay down approximately \$15 billion of debt by the end of 2025.



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“The American Airlines team continues to demonstrate its resilience and ability to execute, enabling us to deliver our best quarter since the pandemic began as measured by pre-tax financial results,” said American’s Chairman and CEO Doug Parker. “While the rise of the COVID-19 delta variant delayed some of our revenue recovery, it has not stopped our progress. We are incredibly proud of the team’s hard work to operate a great airline, and with the network, cost and fleet simplification actions we have taken, we’re confident American is well-positioned as the

recovery takes hold.”

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:

- Reopened its industry-leading premium Flagship Lounges at John F. Kennedy International Airport (JFK) and Miami International Airport, with new chefs and creative menus in partnership with the James Beard Foundation.
- Introduced free access to live sports and news, 24/7, on the airline’s domestic narrowbody aircraft. American has the fastest Wi-Fi on more aircraft than any other carrier.
- Was recognized by the American Society of Travel Advisors (ASTA) as Airline Partner of the Year for the third year in a row for its work supporting travel advisors. ASTA is the world's largest association of travel professionals and strives to promote excellence within the travel industry, while recognizing professionals who make lasting contributions to the industry.
- Announced a new codeshare agreement with IndiGo, India’s leading airline. The agreement will place American’s code on 29 IndiGo domestic routes in India, providing a convenient option for customers arriving on American’s new Bengaluru (BLR) and Delhi (DEL) flights.
- Signed letters of intent to establish a partnership with JetSMART and expand its partnership with GOL to build on its strong South American network and increase long-haul flying. Both transactions are subject to the completion of definitive documents and certain regulatory approvals.

TO MAKE CULTURE A COMPETITIVE
ADVANTAGE, AMERICAN:

- Operated 26 missions as part of the U.S. Civil Reserve Air Fleet (CRAF) program, aiding in the effort to bring thousands of evacuees from Afghanistan to the U.S. Team members throughout the airline and around the world came together to support American’s CRAF activation.
- Delivered 4.5 million COVID-19 vaccine doses to Guatemala as part of the White House’s plan to share at least 80 million U.S. vaccine doses globally this summer.
- Was named to the Seramount 2021 Inclusion Index, which recognizes organizations for their efforts to create



an inclusive workplace. Seramount evaluates nearly 200 organizations and helps them understand trends and gaps in demographic representation and identify diversity, equity and inclusion solutions to close the gaps.

- Received a top score of 100 on the Disability Equality Index (DEI) and was named one of the best places to work for disability inclusion in 2021. The DEI was launched in 2015 by Disability:IN and The American Association of People with Disabilities and is acknowledged as the most robust disability inclusion assessment tool in business.

TO BUILD AMERICAN TO THRIVE FOREVER, AMERICAN:

- Announced that it is an anchor partner to Breakthrough Energy Catalyst, committing to invest \$100 million in a groundbreaking collaborative effort to accelerate the clean energy technologies necessary for achieving a net zero economy by 2050. Breakthrough Energy Catalyst is a first-of-its-kind model that brings together companies, governments, and private philanthropy to accelerate the adoption of critical, next-generation clean technologies.
- 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 carbon-neutral sustainable aviation fuel (SAF) produced by Prometheus Fuels, which uses a novel process to make net-zero carbon transportation fuels, including SAF.

NORTHEAST ALLIANCE

American and JetBlue continue to roll out benefits to create a seamless customer experience. AAdvantage® and TrueBlue Mosaic members now receive their elite benefits, including priority check-in, priority baggage, priority security and priority boarding, when traveling on both airlines. American also expects to introduce AAdvantage award redemption on JetBlue soon.

Since January, American and JetBlue have brought more service to customers in New York and Boston, including 58 new routes, increased frequencies on more than 130 routes and codesharing on 175 routes. The alliance is connecting the Northeast to almost 150 global destinations, including 10 new international routes on American. These routes, made possible by the Northeast Alliance, include new services from JFK to Tel Aviv, Israel (TLV); Athens, Greece (ATH); and Delhi (DEL).

LIQUIDITY AND BALANCE SHEET

American ended the third quarter with approximately \$18 billion of total available liquidity. During the quarter, the Company announced its intention to reduce its debt by \$15 billion by the end of 2025. American plans to accomplish this through naturally occurring amortization and by using excess cash and free cash flow to pay down prepayable debt. As part of that plan, the Company prepaid in full its \$950 million spare parts term loan facility in the third quarter. In addition, during the third quarter, American had scheduled debt amortization payments of approximately \$649 million and unencumbered 20 Boeing 777-200 aircraft.

GUIDANCE AND INVESTOR UPDATE

American will continue to match its forward capacity with observed bookings trends. Based on current trends, the Company expects its fourth-quarter capacity to be down approximately 11% to 13% compared to the fourth quarter of 2019. American expects its fourth-quarter total revenue to be down approximately 20% versus the fourth quarter of 2019. The Company also expects its fourth quarter pre-tax margin excluding net special items will be between negative 16% and negative 18%².

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 also be available at [aa.com/investorrelations](https://www.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](https://www.aa.com/investorrelations). An archive of the webcast will be available on the website through at least Nov. 21.

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 \$1.04 billion of net special credits before the effect of taxes in the third quarter of 2021 principally related to the financial assistance received pursuant to Payroll Support Program Agreements with the U.S. Department of Treasury.

²American 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 3Q21 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 September 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.