



NEWS RELEASE

American Airlines reports second-quarter 2024 financial results

7/25/2024

FORT WORTH, Texas — American Airlines Group Inc. (NASDAQ: AAL) today reported its second-quarter 2024 financial results, including:

- Highest-ever quarterly revenue of \$14.3 billion.
- Second-quarter net income of \$717 million, or \$1.01 per diluted share. Excluding net special items¹, second-quarter net income of \$774 million, or \$1.09 per diluted share.
- Generated operating cash flow of approximately \$1.1 billion and free cash flow² of approximately \$850 million in the second quarter.
- Reduced total debt³ by approximately \$680 million in the second quarter.
- On track to reduce total debt³ from peak levels by \$15 billion by year-end 2025.
- Full-year adjusted earnings per diluted share⁴ expected to be between \$0.70 and \$1.30.

“American has a fleet, network and product built to deliver results, but during the second quarter, we did not perform to our initial expectations due to our prior sales and distribution strategy and an imbalance of domestic supply and demand,” said American’s CEO Robert Isom. “We are taking this challenge head-on, with clear and decisive actions to deliver on a strategy that maximizes our revenue and profitability, and importantly, one that makes it easy for customers to do business with American. When we return to the level of revenue generation we know we can achieve, and we couple that with our operational reliability and best-in-class cost management, we will unlock significant value.”

2Q 2024 Financial Results

A. Operating Revenues



1. Passenger revenue
Revenue from air transportation, as well as revenue associated with AAdvantage mileage credit redemptions and ancillary fees

+



2. Cargo revenue
Revenue from transporting freight and mail

+

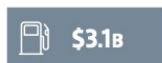


3. Other revenue
Includes the AAdvantage affinity card program and other partners and airport lounges

\$14.3B

A. Total Operating Revenues

B. Operating Expenses



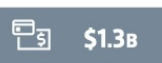
4. Fuel and related taxes
Aircraft fuel and related taxes

+



5. Salaries, wages and benefits
Pay and benefits

+



6. Regional expenses
Cost of regional carriers

+



7. Maintenance expenses
The cost to maintain our fleet

+



8. Other rent and landing fees
Rent for airport facilities and landing fees

\$13.0B

B. Total Operating Expenses



9. Aircraft rent
The cost of leasing aircraft

+



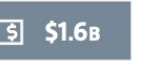
10. Selling expenses
Credit card fees, global distribution system fees, commissions and advertising

+



11. Depreciation and amortization
The cost of using aircraft, spare parts and ground equipment that is expensed over the life of the asset

+



12. Other expenses
Includes costs such as catering, crew travel, airport lounge operations and ground handling

\$1.4B

C. Total Operating Income (A - B)

D. Total Nonoperating Expenses, Net

Includes items such as interest expense and income, pension and other postretirement benefit plan income and costs. Also includes \$12 million of net special charges.

(\$356M)

E. Pretax Income (C + D)

\$1.0B

*F. Add: Total Pretax Net Special Items

Includes \$12 million of nonoperating net special charges (D).

\$12M

*G. Pretax Income, Excluding Net Special Items (E + F)

\$1.0B

*H. Income Tax Provision

We recorded a provision for income taxes, which was substantially noncash.

\$266M

*I. Net Income, Excluding Net Special Items (G - H)

\$774M

(or earnings of \$1.09 per diluted share)

J. GAAP Net Income

\$717M¹

(or earnings of \$1.01 per diluted share)

*We use pretax income excluding net special items and net income excluding net special items (non-GAAP financial measures) to evaluate the company's current operating performance and to allow for period-to-period comparisons. As net special items may vary from period to period in nature and amount, the adjustment to exclude net special items allows management an additional tool to understand the company's core operating performance. We believe these non-GAAP financial measures may also provide useful information to investors and others. These non-GAAP measures may not be comparable to similarly titled non-GAAP measures of other companies and should be considered in addition to, and not as a substitute for or superior to, any measure of performance, cash flow or liquidity prepared in accordance with GAAP.

Note: Amounts may not recalculate due to rounding.

¹Reconciliation to GAAP Net Income:

E. Pretax Income	\$1.0B
K. Income Tax Provision	\$311M
J. GAAP Net Income (E - K)	\$717M

- [Fact sheet PDF »](#)
- [Earnings conference call »](#)

SALES AND DISTRIBUTION

American has taken swift and aggressive action to reorient its sales and distribution strategy in ways that continue to be customer-centric, while addressing feedback from corporate and agency partners. Since May, the airline has focused its near-term efforts in three areas:

Ensuring content availability

- Restored content. American has reinstated competitive fares in the distribution channel traditionally used by travel agencies and corporate managed travel programs.
- Removed plans to differentiate mileage earn by channel. Travelers continue to earn in the AAdvantage® program as usual, no matter where they book.

Making it easy, attractive and rewarding to do business with American

- Expanded availability of AAdvantage Business™ benefits to agencies. Companies will earn AAdvantage® miles and travelers will earn Loyalty Points anywhere business travel is booked, including when booked through travel agencies.
- Announced new features coming to AAdvantage Business™. Improvements will enhance the travel management and end-traveler experience.

Strengthening relationships and regaining the trust of partners

- Listening to feedback. The company has conducted extensive outreach to customers to inform them of changes being made to address pain points.
- Updating agreements. American is renegotiating contracts with corporate customers and travel agencies.
- Improving support. The airline is adding account managers for corporate customers, has established a dedicated AAdvantage Business™ customer service team and is increasing sales support for agencies.

OPERATIONAL PERFORMANCE

The American Airlines team continues to produce strong operational results and demonstrate its resilience in recovering from irregular operations, as evidenced by its second-quarter performance, despite significant storms that impacted several key hubs in May and June. The airline also delivered a fantastic operation over the Fourth of July holiday, carrying 7.2 million customers and operating its largest-ever schedule while producing its best-ever combined completion factor over the holiday period. American quickly rebounded from the technology outage that impacted businesses worldwide on July 19. By that evening, its operation had fully recovered, and the airline delivered a 98.9% completion factor the next day — the best operational performance among U.S. network carriers.

FINANCIAL PERFORMANCE

American produced record quarterly revenue of \$14.3 billion in the second quarter, an increase of 2% year over year. On both a GAAP basis and excluding the impact of net special items¹, the company produced an operating margin of 9.7% in the quarter.

BALANCE SHEET AND LIQUIDITY

American remains committed to strengthening its balance sheet. In the second quarter, the company reduced total debt³ by approximately \$680 million and is now more than \$13 billion, or approximately 87%, toward its goal of reducing total debt³ by \$15 billion by the end of 2025. The company ended the quarter with approximately \$11.7 billion of total available liquidity, comprised of cash and short-term investments plus undrawn capacity under revolving credit facilities.

GUIDANCE AND INVESTOR UPDATE

American has taken aggressive action to improve its revenue performance, however, the company's previous sales and distribution strategy will continue to impact its revenue performance and earnings through the remainder of the year. Accounting for these impacts and based on present demand trends, the current fuel price forecast and excluding the impact of special items, the company expects its third-quarter 2024 adjusted earnings per diluted share⁴ to be approximately breakeven. The company now expects its full-year 2024 adjusted earnings per diluted share⁴ to be between \$0.70 and \$1.30.

For additional financial forecasting detail, please refer to the company's investor update, furnished with this press release with the SEC on Form 8-K. This filing is also 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. CT 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 through Aug. 25.

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 and the calculation of free cash flow.

The company recognized \$57 million of net special items in the second quarter after the effect of taxes, which principally included nonoperating net special items for charges associated with debt refinancings and mark-to-market net unrealized losses on certain equity investments.

Please see the accompanying notes for the company's definition of free cash flow, which is a non-GAAP measure. All references to total debt include debt, finance and operating lease liabilities and pension obligations. Adjusted earnings per diluted share guidance excludes the impact of net special items. The company is unable to reconcile certain forward-looking information 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 second-quarter 2024 financial results.

View the PDF

About American Airlines Group

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 [@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 Exchange Act of 1934, as amended, 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, 2024 (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. 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.