

# American Airlines Reports Fourth-Quarter and Full-Year 2020 Financial Results

1/28/2021


FORT WORTH, Texas — American Airlines Group Inc. (NASDAQ: AAL) today reported its fourth-quarter and full-year 2020 financial results, including: Fourth-quarter revenue of \$4.0 billion, down 64% year over year on a 53% year-over-year reduction in total available seat miles (ASMs).

FORT WORTH, Texas — American Airlines Group Inc. (NASDAQ: AAL) today reported its fourth-quarter and full-year 2020 financial results, including:

- Fourth-quarter revenue of \$4.0 billion, down 64% year over year on a 53% year-over-year reduction in total available seat miles (ASMs).
- Fourth-quarter net loss of \$2.2 billion, or (\$3.81) per share. Excluding net special items<sup>1</sup>, fourth-quarter net loss was \$2.2 billion, or (\$3.86) per share.
- Full-year net loss of \$8.9 billion, or (\$18.36) per share. Excluding net special items<sup>2</sup>, full-year net loss was \$9.5 billion, or (\$19.66) per share.
- Ended fourth quarter with approximately \$14.3 billion of total available liquidity. Company expects to end the first quarter of 2021 with approximately \$15.0 billion in total available liquidity.
- Incorporated more than \$1.3 billion of permanent non-volume, non-fuel efficiency cost-saving measures into 2021 operating plan.

“Our fourth-quarter financial results close out the most challenging year in our company’s history,” said American Airlines Chairman and CEO Doug Parker.

“However, we couldn’t be prouder of the American Airlines team and the great things they accomplished last year. Through collaboration, resourcefulness and

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hard work, our team did its part to keep the economy moving. The American team flew more customers than any other airline in 2020, and they did so safely and with the utmost care.

“As we look to the year ahead, 2021 will be a year of recovery. While we don’t know exactly when passenger demand will return, as vaccine distribution takes hold and travel restrictions are lifted, we will be ready. We are confident that the actions we have taken to improve our customer experience, enhance our network and increase our efficiency position us well for the future.”

American took a number of steps in 2020 to respond to the pandemic and strengthen its business, with an emphasis on supporting its team members, customers and communities; reducing costs; and improving its liquidity position.

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

- **Enhanced** its cleaning procedures at airports and onboard aircraft under the guidance of its Travel Health Advisory Panel, earning the STAR® Accreditation from the Global Biorisk Advisory Council for effective cleaning, disinfection and infectious disease prevention practices onboard its aircraft and in its lounges.
- Introduced a preflight coronavirus (COVID-19) testing program to help reopen certain international travel markets. American now offers testing for many international destinations and has introduced at-home testing for customers traveling to all U.S. locations that require negative tests.
- Began the rollout of mobile wellness wallet solution VeriFLY to make domestic and international travel simpler. Travelers can now easily understand COVID-19 testing and documentation requirements for their destination and streamline airport check-in through digital verification. Starting today, customers also will be able to use VeriFLY for travel from the United States to the U.K. and Canada.
- Eliminated fees for:
  - Ticket changes on all domestic and international itineraries when traveling from North and South America, with the exception of Basic Economy fares that are nonchangeable.
  - Mileage redeposits for canceled award bookings.
  - Domestic same-day standby.
  - Booking reservations by phone.

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- Made it easier for top-tier customers to earn AAdvantage® elite status in 2020 and 2021, paused mileage expiration through June 30, 2021, and extended 2020 AAdvantage status into early 2022 for all members.
- Launched the company's first cargo-only flights since 1984 to transport critical goods, including the COVID-19 vaccine, and increased service to include 41 destinations for strategic cargo-only opportunities. American helped customers move nearly 800 million pounds of critical goods around the world in 2020, including 167 million pounds on the airline's more than 5,200 cargo-only flights.
- Announced its goal to reach net-zero carbon emissions by 2050 and detailed the company's strategy and pathway in its **ESG Report**.

#### TO REDUCE COSTS AND CONSERVE CASH, AMERICAN:

- Removed more than \$17 billion from its operating and capital budgets for 2020 primarily through reduced flying.
- Incorporated more than \$1.3 billion of permanent non-volume, non-fuel efficiency cost-saving measures into 2021 operating plan.
- Retired five aircraft types (Embraer 190, Boeing 757, Boeing 767, Airbus A330 and Bombardier CRJ200), along with a number of older regional aircraft. The company also placed certain older Boeing 737-800 aircraft into temporary storage. These changes removed more than 150 aircraft from the fleet and brought forward significant cost savings and efficiencies associated with operating fewer aircraft types, giving American the youngest fleet among the U.S. network carriers.
- Reached an agreement with Boeing to secure rights to defer deliveries of 18 Boeing 737 MAX aircraft and finalized a series of sale-leaseback transactions to finance its Airbus A321 aircraft deliveries in 2021. To date, five of the 18 737 MAX deferral rights have been exercised.
- Reset its international capacity and network for 2021, including exiting 19 international routes from six hubs.
- Reduced non-aircraft capital expense by \$700 million in 2020 and another \$300 million in 2021 through reductions in fleet modification work, the elimination of ground service equipment purchases, and pausing noncritical facility investments and IT projects.
- Introduced programs to right-size its frontline and management teams. In total, more than 20,000 team members opted to participate in a voluntary early out or long-term partially paid leave during the year, and the company reduced its management and support staff team by approximately 30%.
- Made the difficult decision to proceed with furloughs to reduce headcount absent an extension of the CARES Act Payroll Support Program (PSP). American's furloughed team members have since had their pay and benefits reinstated with the passage of a bipartisan COVID-19 relief package that renewed the PSP from Dec. 1, 2020, through March 31, 2021.

## TO IMPROVE ITS LIQUIDITY POSITION, AMERICAN:

- Reduced its daily cash burn rate<sup>3</sup> from nearly \$100 million in April 2020 to approximately \$30 million in the fourth quarter. This improvement was driven by the company's revenue and cost-reduction initiatives throughout the year.
- Secured approximately \$9 billion in financial assistance through two rounds of PSP legislation and executed an agreement with the U.S. Department of the Treasury through the CARES Act loan program that gives the company access to up to \$7.5 billion of secured term loans, of which \$550 million has been drawn.
- Raised more than \$13 billion during the year through various other equity and debt offerings.
- Expects to end the first quarter with approximately \$15.0 billion in total available liquidity.

## NETWORK AND PARTNERSHIPS

American reset its network in 2020 to play to the strengths of its hubs and take advantage of its younger and simplified fleet. The airline also established new and innovative partnerships with Alaska Airlines and JetBlue Airways that will create the best and largest network for customers on the West Coast and in the Northeast. These partnerships will allow for efficient growth, including the launch of new service in 2021 between Seattle and London, Shanghai and Bangalore, and between New York and Tel Aviv and Athens.

## DEMAND AND CAPACITY OUTLOOK

The company will continue to match its forward capacity with observed bookings trends. Compared to the first quarter of 2019, American expects its first-quarter system capacity to be down 45%, with total revenue expected to be down 60 to 65%.

## CONFERENCE CALL AND WEBCAST DETAILS

The company will conduct a live audio webcast of its financial results call at 7:30 a.m. CST today. The call will be available to the public on a listen-only basis at [aa.com/investorrelations](https://aa.com/investorrelations). An archive of the webcast will be available on the website through Feb. 28.

## NOTES

<sup>1</sup>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.

The company recognized \$36 million of nonoperating net special items during the fourth quarter of 2020. These net special items principally included mark-to-market net unrealized gains and losses associated with certain equity investments and treasury rate lock derivative instruments.

<sup>2</sup>The 2020 12-month period mainline operating special items, net principally included \$3.7 billion of PSP financial assistance, offset in part by \$1.5 billion of fleet impairment charges, \$1.4 billion of salary and medical costs primarily associated with certain team members who opted in to voluntary early retirement programs offered as a result of reductions to the company's operation due to COVID-19, and \$228 million of one-time labor contract expenses resulting from the ratification of a new contract with the company's maintenance and fleet service team members, including signing bonuses and adjustments to vacation accruals resulting from pay rate increases.

The 2020 12-month period regional operating special items, net principally included \$444 million of PSP financial assistance, offset in part by \$117 million of fleet impairment charges and \$18 million of salary and medical costs primarily associated with the voluntary early retirement programs as discussed above.

The company recognized \$170 million of nonoperating net special items in 2020. These net special items principally included mark-to-market net unrealized gains and losses associated with certain equity investments and treasury rate lock derivative instruments as well as charges associated with debt refinancings and extinguishments.

<sup>3</sup>A reconciliation of this calculation can be found in the tables that follow.

Financial results

Click the button below to download the 4Q20 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](https://news.aa.com) and connect with American on Twitter [@AmericanAir](https://twitter.com/AmericanAir) and at [Facebook.com/AmericanAirlines](https://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.