

American Airlines Group Inc.

Fourth-Quarter and Full-Year 2022 Financial Results



Forward-looking statements

Certain of the statements contained in this presentation 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, the continuing availability of borrowings under revolving lines of credit, 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, 2022 (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.

Introductory remarks and commercial update



Strong fourth-quarter and full-year results

Full-year 2022 profitability driven by the highest annual revenue recorded in company history

- Net income in the fourth quarter of \$803 million and full-year net income of \$127 million. Excluding net special items¹, net income of \$827 million and \$328 million, respectively
- **Record 4Q revenue contributing to 4Q 2022 margins higher than in 4Q 2019**, despite fuel cost per gallon ~70% higher
- Operated more than 475,000 flights in the quarter, with an average load factor of 83.9%
- **Strong operational performance** during the holiday travel period, serving 10.2 million customers and outperforming the industry, ranking first in completion factor
- Ended the year with \$12 billion in total available liquidity

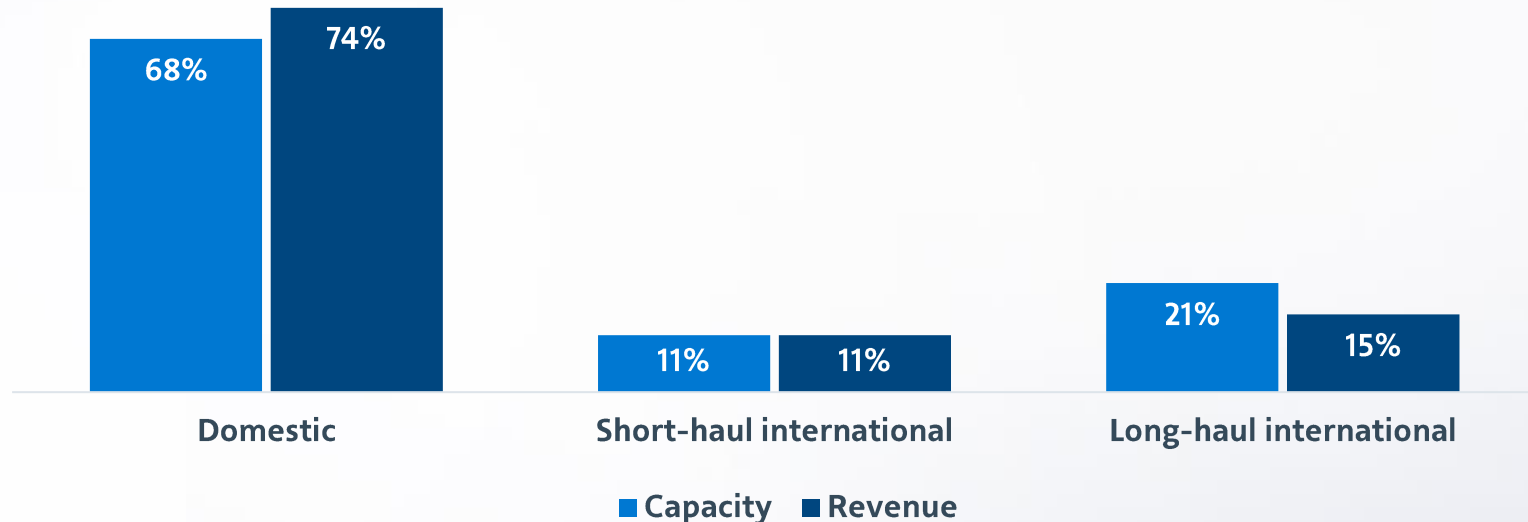


¹/ See GAAP to non-GAAP reconciliation at the end of this presentation.

Revenue mix

- Domestic and short-haul international¹ continue to lead the way, with a combined 85% of total passenger revenue on 79% of system capacity
- Long-haul international improvement continues, driven by unit revenue strength

4Q22 capacity and revenue², % of total

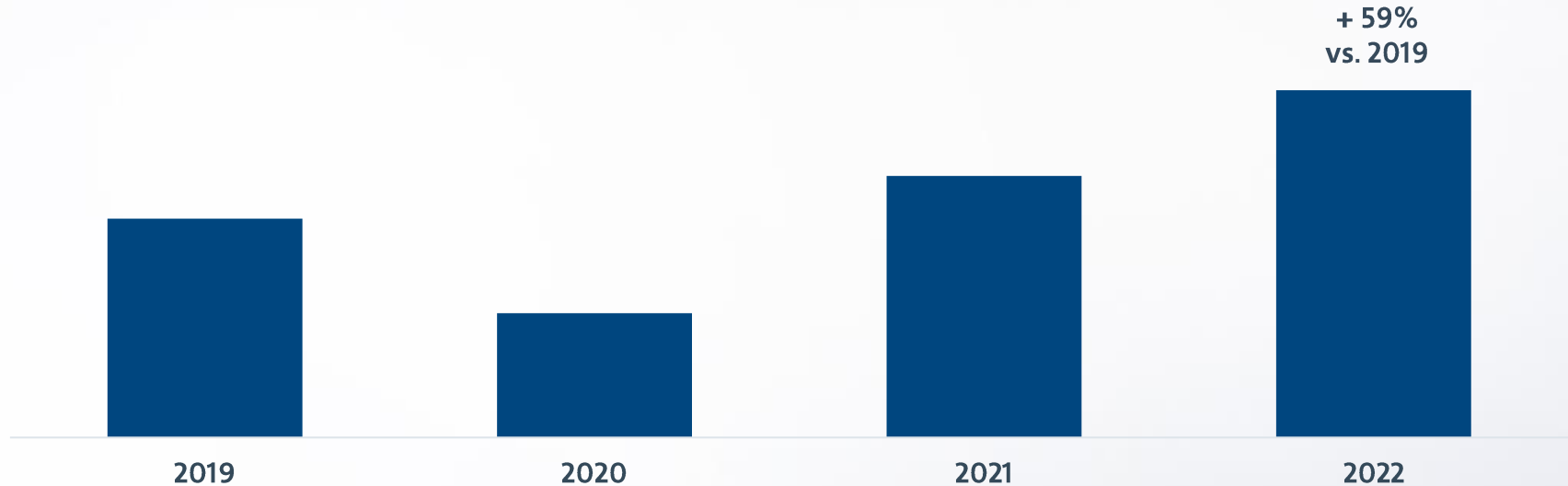


^{1/} Short-haul international consists of Mexico, Caribbean, Central America and Northern South America.
^{2/} Passenger revenue depicted.

Loyalty program remains strong

- 2022 was another record year for new members joining American's AAdvantage loyalty and travel rewards program, with enrollments up 59% vs. 2019

New loyalty member accounts



Financial update



Fourth-quarter results¹

	GAAP		Non-GAAP	
	4Q22	4Q21	4Q22	4Q21
Operating Income (Loss)	\$ 1,383	\$ (780)	\$ 1,389	\$ (800)
Income (Loss) Before Income Taxes	\$ 1,011	\$ (1,191)	\$ 1,057	\$ (1,182)
Net Income (Loss)	\$ 803	\$ (931)	\$ 827	\$ (921)
Earnings (Loss) per common share:				
Basic	\$ 1.23	\$ (1.44)	\$ 1.27	\$ (1.42)
Diluted	\$ 1.14	\$ (1.44)	\$ 1.17	\$ (1.42)
Weighted average shares outstanding (in thousands):				
Basic	650,944	648,766	650,944	648,766
Diluted	716,070	648,766	716,070	648,766

Note: May not recalculate due to rounding.

^{1/} See GAAP to non-GAAP reconciliation at the end of this presentation.

2022 results¹

	GAAP		Non-GAAP	
	<i>(in millions, except share and per share amounts)</i>			
	FY 2022	FY 2021	FY 2022	FY 2021
Operating Income (Loss)	\$ 1,607	\$ (1,059)	\$ 1,805	\$ (5,514)
Income (Loss) Before Income Taxes	\$ 186	\$ (2,548)	\$ 458	\$ (6,943)
Net Income (Loss)	\$ 127	\$ (1,993)	\$ 328	\$ (5,395)
Earnings (Loss) per common share:				
Basic	<u>\$ 0.20</u>	<u>\$ (3.09)</u>	<u>\$ 0.50</u>	<u>\$ (8.38)</u>
Diluted	<u>\$ 0.19</u>	<u>\$ (3.09)</u>	<u>\$ 0.50</u>	<u>\$ (8.38)</u>
Weighted average shares outstanding (in thousands):				
Basic	<u>650,345</u>	<u>644,015</u>	<u>650,345</u>	<u>644,015</u>
Diluted	<u>655,122</u>	<u>644,015</u>	<u>655,122</u>	<u>644,015</u>

Note: May not recalculate due to rounding.

^{1/} See GAAP to non-GAAP reconciliation at the end of this presentation.

Balance sheet repair

Strong liquidity and confidence in recovery facilitates deleveraging

Continued focus on debt reduction

- Prepaid a \$1.2 billion term loan in the fourth quarter, addressing the most significant 2023 maturity
- In the fourth quarter and full year, made approximately \$539 million and \$2.6 billion in debt and finance lease payments¹, respectively
- Total debt² down by over \$8 billion since 2Q 2021 peak, **achieving more than half of debt reduction goal** only 18 months into deleveraging program
- Continue to target \$15 billion in total debt reduction by end of 2025

Future priorities for excess liquidity

- Address short end of maturity curve – next significant maturities in 2025
- Free up high-quality collateral
- Pay down prepayable debt (~\$10 billion opportunity)

1/ Excludes the prepayment of the \$1.2 billion term loan in the fourth quarter.

2/ Total debt includes debt, finance leases, operating lease liability and pension obligations.

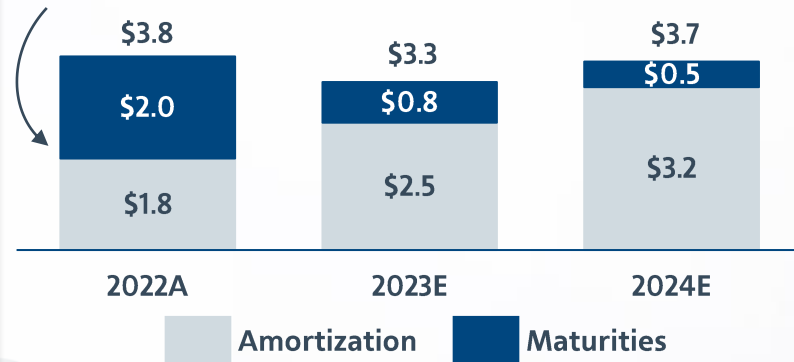
Limited capex and debt maturities support deleveraging

- Continue to target \$15 billion in total debt¹ reduction by end of 2025
- Manufacturer delivery delays have pushed aircraft capex requirements to outer years

Limited maturities minimize refi risk

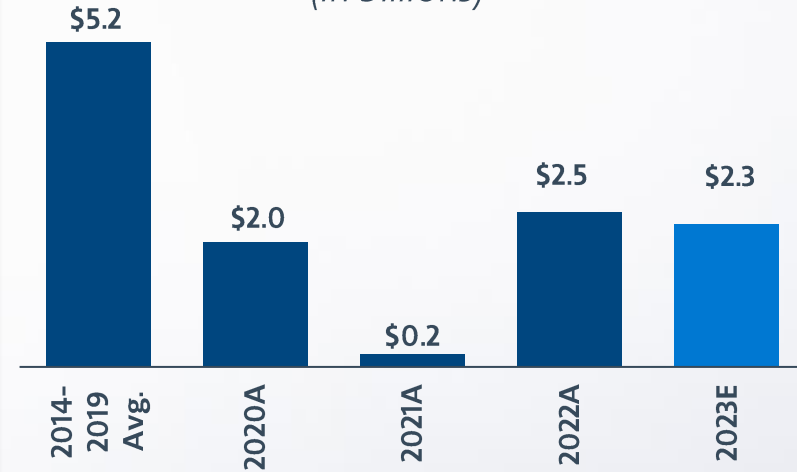
Total debt payments² (in billions)

Includes prepayment
of \$1.2B term loan
in December 2022



Younger fleet drives lower capex

Total capex forecast³ (in billions)



Note: May not recalculate due to rounding.

1/ Total debt includes debt, finance leases, operating lease liability and pension obligations.

2/ Source: Company filings, as of December 31, 2022. Total debt amounts show both amortization and final maturity payments.

3/ Source: Company filings, 2021 includes net inflows from return of PDPs.

Fleet outlook¹

- Plan to take delivery of two A321neos, seventeen 737 MAX 8s and four 787-8s in 2023
- Intend to reactivate nine 737-800s from long-term storage

Active mainline fleet count

Aircraft type	2019A	2022A	2023E
A319/320/321/A321neo	410	467	469
737-800/MAX 8	328	336	362
777-200ER/300ER	67	67	67
787-8/9	42	55	59
	847	925	957

Active regional fleet count

Aircraft type	2019A	2022A	2023E
Single-class (44-50 seats)	183	75	90
Dual-class (>65 seats)	422	461	467
Total regional aircraft	605	536	557

Retired fleet

EMB-190	20	-	-
757-200/767-300ER	51	-	-
A330-200/300	24	-	-
Total mainline aircraft	942	925	957

First-quarter and full-year outlook

	1Q 2023	FY 2023
Total capacity (ASMs) (vs. 2022)	~+8% to +10%	~+5% to +8%
TRASM (vs. 2022)	~+24% to +27%	~Up low single digits
CASM excluding fuel and net special items ^{1, 2} (vs. 2022)	~-3% to Flat	~+2% to +5%
Fuel (\$/gallon) ³	~\$3.33 to \$3.38	~\$3.00 to \$3.10
Adjusted operating margin ¹	~-2.5% to 4.5%	~7% to 9%
Adjusted earnings per diluted share ¹	~Breakeven	~\$2.50 to \$3.50

^{1/} CASM-ex is cost per available seat mile (CASM) excluding fuel and net special items. All operating margin and earnings per diluted share guidance excludes the impact of net special items. The Company 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.

^{2/} The Company's full-year 2023 forecast includes approximately 3 points for the estimated CASM-ex impact of anticipated new labor agreements; any impact associated with any potential signing bonus is not included.

^{3/} Consumption of ~955 million gallons in 1Q 2023 and ~4,100 million gallons in FY 2023. Based on Jan 20, 2023 forward fuel curve.



Thank you,
#AAteam!

GAAP to non-GAAP reconciliation

Reconciliation of GAAP Financial Information to Non-GAAP Financial Information

American Airlines Group Inc. (the Company) sometimes uses financial measures that are derived from the condensed consolidated financial statements but that are not presented in accordance with GAAP to understand and evaluate its current operating performance and to allow for period-to-period comparisons. The Company believes 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. The Company is providing a reconciliation of reported non-GAAP financial measures to their comparable financial measures on a GAAP basis.

The tables below present the reconciliations of the following GAAP measures to their non-GAAP measures:

- Operating Income (Loss) (GAAP measure) to Operating Income (Loss) Excluding Net Special Items (non-GAAP measure)
- Operating Margin (GAAP measure) to Operating Margin Excluding Net Special Items (non-GAAP measure)
- Pre-Tax Income (Loss) (GAAP measure) to Pre-Tax Income (Loss) Excluding Net Special Items (non-GAAP measure)
- Pre-Tax Margin (GAAP measure) to Pre-Tax Margin Excluding Net Special Items (non-GAAP measure)
- Net Income (Loss) (GAAP measure) to Net Income (Loss) Excluding Net Special Items (non-GAAP measure)
- Basic and Diluted Earnings (Loss) Per Share (GAAP measure) to Basic and Diluted Earnings (Loss) Per Share Excluding Net Special Items (non-GAAP measure)

Management uses these 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.

Additionally, the tables below present the reconciliations of total operating costs (GAAP measure) to total operating costs excluding net special items and fuel (non-GAAP measure) and total operating costs per ASM (CASM) to CASM excluding net special items and fuel. Management uses total operating costs excluding net special items and fuel and CASM excluding net special items and fuel to evaluate the Company's current operating performance and for period-to-period comparisons. The price of fuel, over which the Company has no control, impacts the comparability of period-to-period financial performance. The adjustment to exclude fuel and net special items allows management an additional tool to understand and analyze the Company's non-fuel costs and core operating performance.

GAAP to non-GAAP reconciliation

Reconciliation of Operating Income (Loss) Excluding Net Special Items	3 Months Ended December 31,		Percent Increase (Decrease)	12 Months Ended December 31,		Percent Increase (Decrease)
	2022	2021		2022	2021	
	(in millions)			(in millions)		
Operating income (loss) as reported	\$ 1,383	\$ (780)		\$ 1,607	\$ (1,059)	
Operating net special items:						
Mainline operating special items, net ⁽¹⁾	4	(20)		193	(4,006)	
Regional operating special items, net ⁽²⁾	2	-		5	(449)	
Operating income (loss) excluding net special items	\$ 1,389	\$ (800)	nm	\$ 1,805	\$ (5,514)	nm
Calculation of Operating Margin						
Operating income (loss) as reported	\$ 1,383	\$ (780)		\$ 1,607	\$ (1,059)	
Total operating revenues as reported	\$ 13,189	\$ 9,427		\$ 48,971	\$ 29,882	
Operating margin	10.5%	(8.3%)		3.3%	(3.5%)	
Calculation of Operating Margin Excluding Net Special Items						
Operating income (loss) excluding net special items	\$ 1,389	\$ (800)		\$ 1,805	\$ (5,514)	
Total operating revenues as reported	\$ 13,189	\$ 9,427		\$ 48,971	\$ 29,882	
Operating margin excluding net special items	10.5%	(8.5%)		3.7%	(18.4%)	
Reconciliation of Pre-Tax Income (Loss) Excluding Net Special Items						
Pre-tax income (loss) as reported	\$ 1,011	\$ (1,191)		\$ 186	\$ (2,548)	
Pre-tax net special items:						
Mainline operating special items, net ⁽¹⁾	4	(20)		193	(4,006)	
Regional operating special items, net ⁽²⁾	2	-		5	(449)	
Nonoperating special items, net ⁽³⁾	40	29		74	60	
Total pre-tax net special items	46	9		272	(4,395)	
Pre-tax income (loss) excluding net special items	\$ 1,057	\$ (1,182)	nm	\$ 458	\$ (6,943)	nm
Calculation of Pre-Tax Margin						
Pre-tax income (loss) as reported	\$ 1,011	\$ (1,191)		\$ 186	\$ (2,548)	
Total operating revenues as reported	\$ 13,189	\$ 9,427		\$ 48,971	\$ 29,882	
Pre-tax margin	7.7%	(12.6%)		0.4%	(8.5%)	
Calculation of Pre-Tax Margin Excluding Net Special Items						
Pre-tax income (loss) excluding net special items	\$ 1,057	\$ (1,182)		\$ 458	\$ (6,943)	
Total operating revenues as reported	\$ 13,189	\$ 9,427		\$ 48,971	\$ 29,882	
Pre-tax margin excluding net special items	8.0%	(12.5%)		0.9%	(23.2%)	

GAAP to non-GAAP reconciliation

Reconciliation of Net Income (Loss) Excluding Net Special Items	3 Months Ended December 31,		Percent Increase (Decrease)	12 Months Ended December 31,		Percent Increase (Decrease)
	2022	2021		2022	2021	
	(in millions, except share and per share amounts)			(in millions, except share and per share amounts)		
Net income (loss) as reported	\$ 803	\$ (931)		\$ 127	\$ (1,993)	
Net special items:						
Total pre-tax net special items ^{(1), (2), (3)}	46	9		272	(4,395)	
Income tax special items, net	-	-		(9)	-	
Net tax effect of net special items	(22)	1		(62)	993	
Net income (loss) excluding net special items	\$ 827	\$ (921)	nm	\$ 328	\$ (5,395)	nm
Reconciliation of Basic and Diluted Earnings (Loss) Per Share Excluding Net Special Items						
Net income (loss) excluding net special items	\$ 827	\$ (921)		\$ 328	\$ (5,395)	
Shares used for computation (in thousands):						
Basic	650,944	648,766		650,345	644,015	
Diluted	716,070	648,766		655,122	644,015	
Earnings (loss) per share excluding net special items:						
Basic	\$ 1.27	\$ (1.42)		\$ 0.50	\$ (8.38)	
Diluted ⁽⁴⁾	\$ 1.17	\$ (1.42)		\$ 0.50	\$ (8.38)	
Reconciliation of Total Operating Costs per ASM Excluding Net Special Items and Fuel						
Total operating expenses as reported	\$ 11,806	\$ 10,207		\$ 47,364	\$ 30,941	
Operating net special items:						
Mainline operating special items, net ⁽¹⁾	(4)	20		(193)	4,006	
Regional operating special items, net ⁽²⁾	(2)	-		(5)	449	
Total operating expenses excluding net special items	11,800	10,227		47,166	35,396	
Aircraft fuel and related taxes	(3,421)	(2,196)		(13,791)	(6,792)	
Total operating expenses excluding net special items and fuel	\$ 8,379	\$ 8,031		\$ 33,375	\$ 28,604	
	(in cents)			(in cents)		
Total operating expenses per ASM as reported	17.90	16.70		18.20	14.42	
Operating net special items per ASM:						
Mainline operating special items, net ⁽¹⁾	(0.01)	0.03		(0.07)	1.87	
Regional operating special items, net ⁽²⁾	-	-		-	0.21	
Total operating expenses per ASM excluding net special items	17.89	16.74		18.13	16.50	
Aircraft fuel and related taxes per ASM	(5.19)	(3.59)		(5.30)	(3.17)	
Total operating expenses per ASM excluding net special items and fuel	12.70	13.14		12.83	13.33	

Note: Amounts may not recalculate due to rounding.

GAAP to non-GAAP reconciliation

FOOTNOTES:

- (1) The 2022 twelve month period mainline operating special items, net principally included a non-cash impairment charge to write down the carrying value of the Company's retired Airbus A330 fleet to the estimated fair value due to the market conditions for certain used aircraft. The Company retired its Airbus A330 fleet in 2020 as a result of the decline in demand for air travel due to the COVID-19 pandemic.
- The 2021 twelve month period mainline operating special items, net principally included \$4.2 billion of Payroll Support Program (PSP) financial assistance, offset in part by \$168 million of salary and medical costs associated with certain team members who opted into voluntary early retirement programs offered as a result of reductions to the Company's operation due to the COVID-19 pandemic.
- (2) The 2021 twelve month period regional operating special items, net principally included \$539 million of PSP financial assistance, offset in part by a \$61 million charge associated with the regional pilot retention program which provides for, among other things, a cash retention bonus paid in the fourth quarter of 2021 to eligible captains at the wholly-owned regional airlines included on the pilot seniority list as of September 1, 2021 and a \$27 million non-cash impairment charge to write down regional aircraft resulting from the retirement of the remaining Embraer 140 fleet earlier than planned.
- (3) Principally included mark-to-market net unrealized gains and losses associated with certain equity and other investments as well as non-cash charges associated with debt refinancings and extinguishments.
- (4) The fourth quarter of 2022 diluted earnings per share gives effect to, among other things, the Company's outstanding 6.5% senior convertible notes by (a) adding back to earnings \$11 million of interest expense related to such convertible notes, net of estimated profit sharing, short-term incentive and tax effects and (b) including in the diluted shares outstanding, 61.7 million shares issuable in respect to such convertible notes.

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