

American Airlines Group Inc.

J.P. MORGAN INDUSTRIALS CONFERENCE

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MARCH 12, 2024

Safe Harbor Statement

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, 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 Annual Report on Form 10-K for the year ended December 31, 2023 (especially in Part I, Item 1A. Risk Factors and Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations), 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.

Non-GAAP Financial Information and Financial Guidance

The Company sometimes uses financial measures that are derived from the condensed consolidated financial statements or otherwise provided in the form of guidance 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. 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. The Company does not provide a reconciliation of forward-looking measures where the Company is unable to reasonably predict certain items contained in the GAAP measures without unreasonable efforts. This is due to the inherent difficulty of forecasting the timing or amount of various items that have not yet occurred and are out of the Company’s control or cannot be reasonably predicted. For the same reasons, the Company is unable to address the probable significance of the unavailable information. Forward-looking non-GAAP financial measures provided without the most directly comparable GAAP financial measures may vary materially from the corresponding GAAP financial measures.



Creating shareholder value



The time is now



Constructive environment

- Demand has returned
- Favorable backdrop for American



American is a changed airline

- Delivering on commitments
- Driving value through execution and performance



Opportunities ahead

- Value-creating drivers
- Margin expansion and free cash flow growth

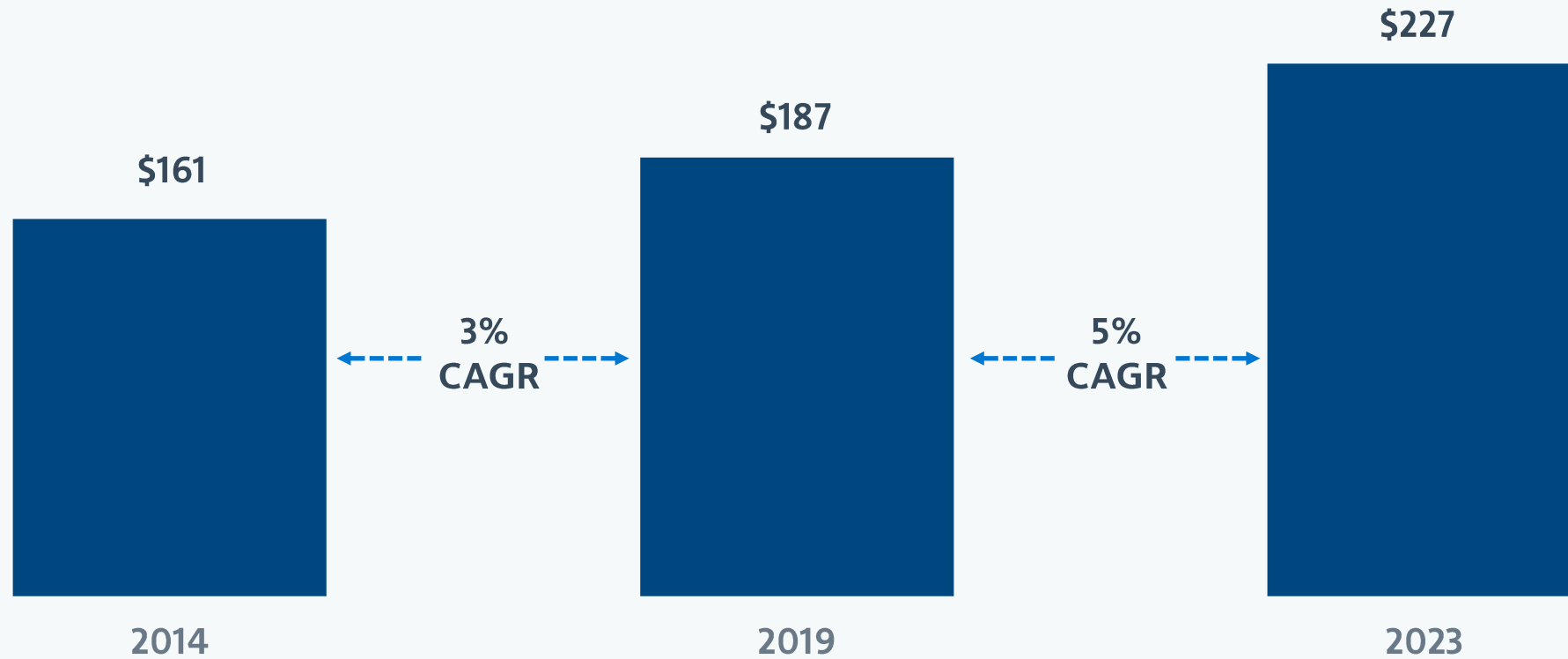


Demand for
air travel has
returned.



Demand for travel has accelerated

Total airline industry revenue
\$B

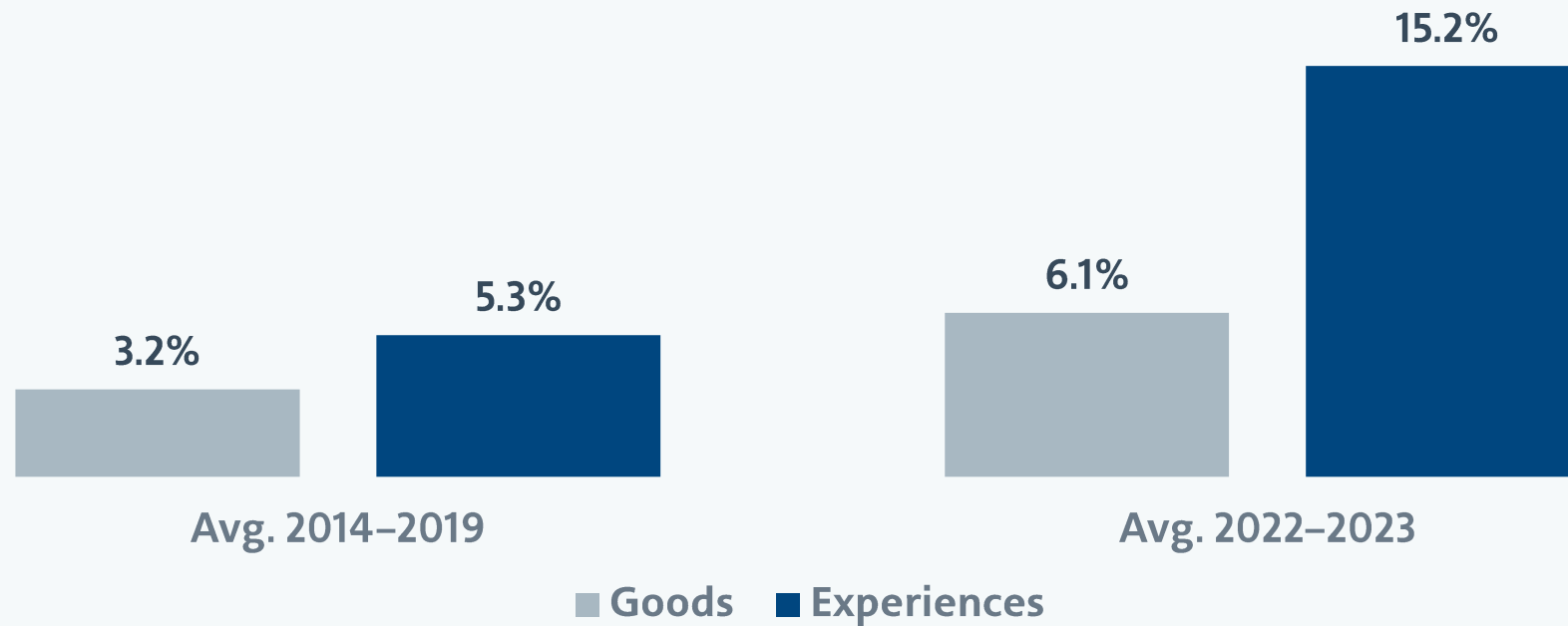


Note: U.S. carriers industry revenue. Compound annual growth rate (CAGR).
Source: Airline financials.

Consumer spending continues to shift to experiences

Growth in spending on goods and experiences¹

%

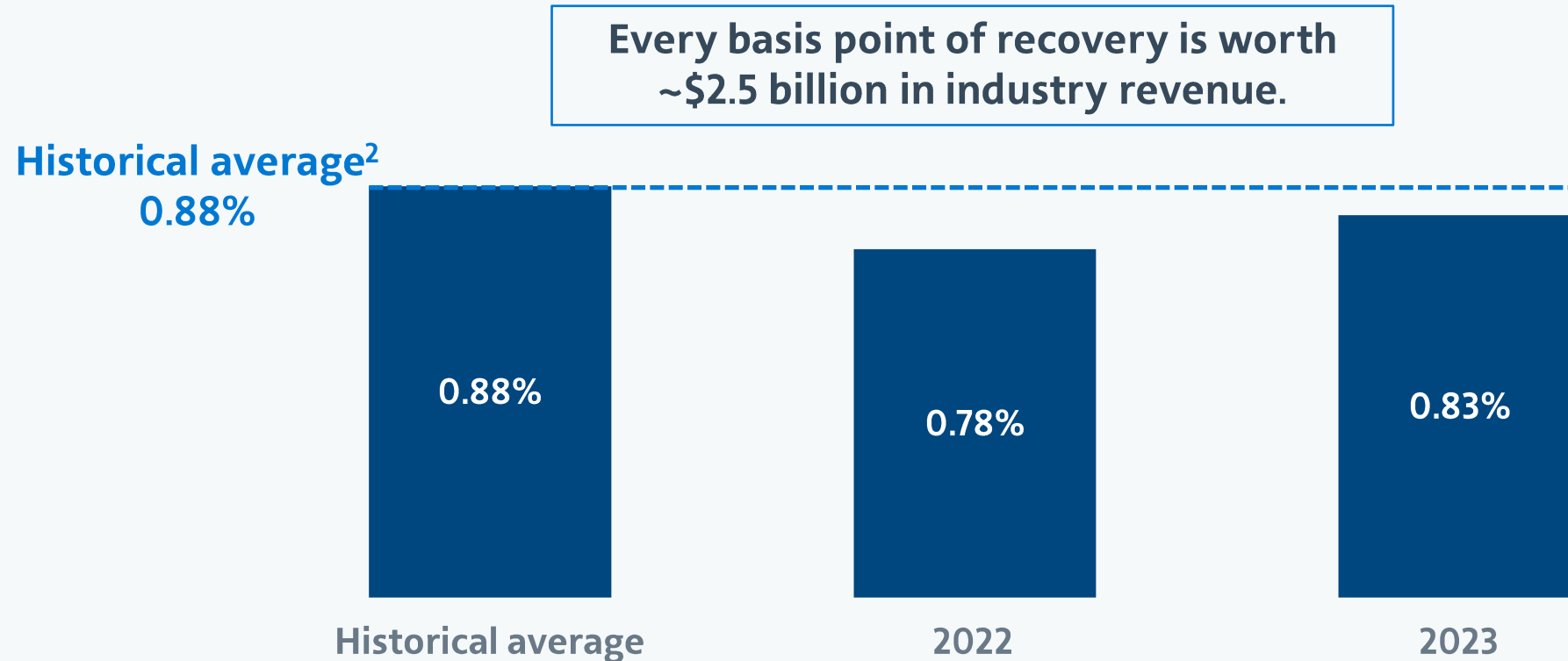


1. Nominal spending YoY growth.
Source: Bureau of Economic Analysis, Mastercard Economics Institute.

Revenue opportunity remains

Airline industry revenue

Percentage of GDP¹



1. U.S. carriers industry revenue.

2. Historical average 2010-2019.

Source: Philadelphia Federal Reserve and FRED database (GDP), Airline financials (Industry revenue).

Industry constraints persist



OEM delivery delays



Engine issues



Supply chain constraints



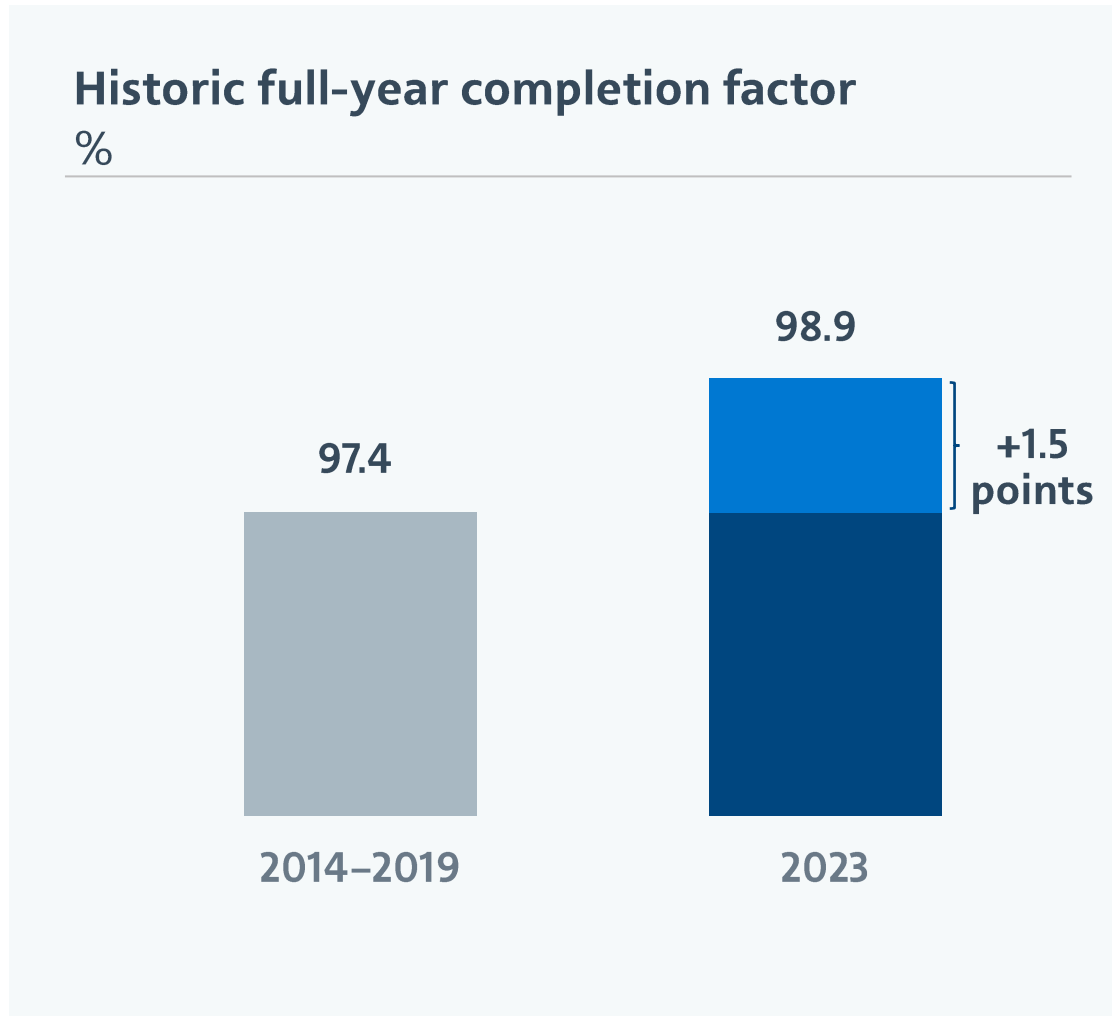
Air Traffic Control challenges



We are a
changed airline.



Delivered a reliable operation



Source: Internal data.

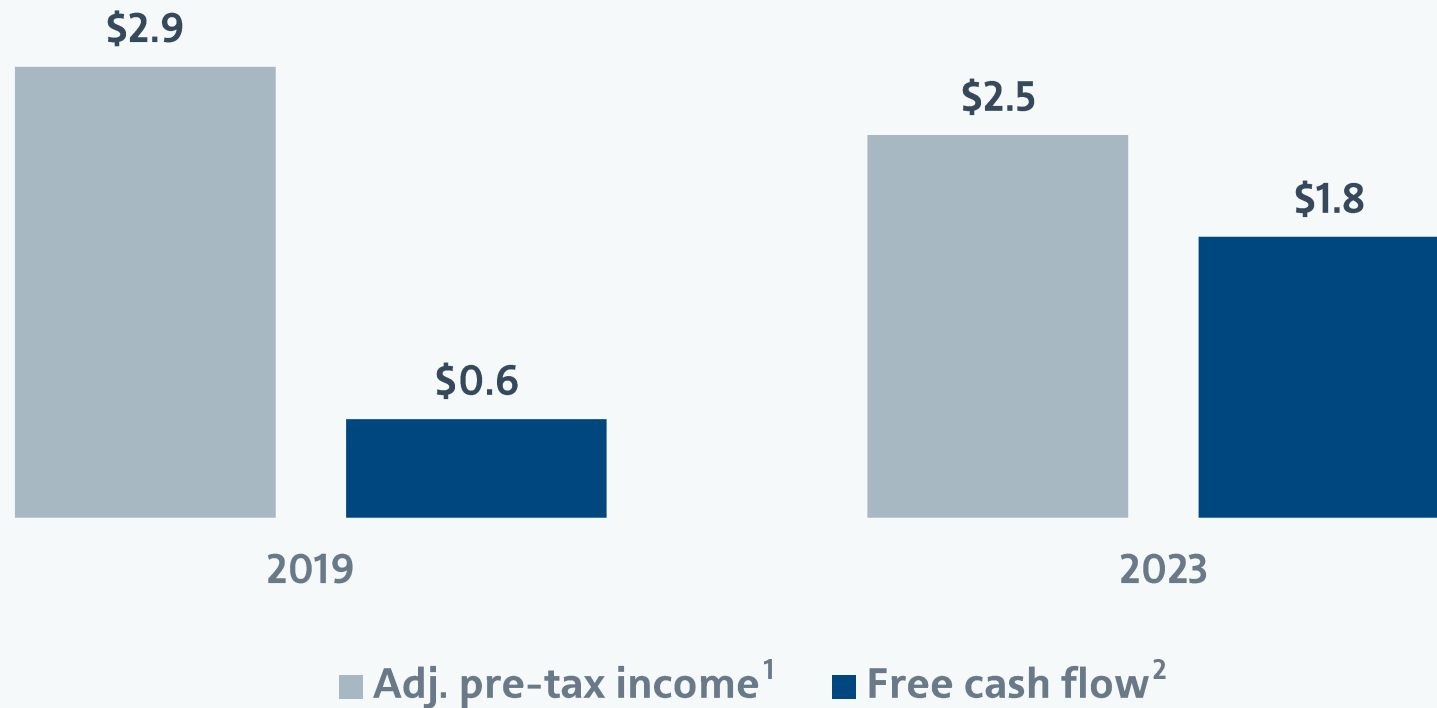


Source: Internal data and masFlight.

Returned American to profitability

Adj. pre-tax income¹ and free cash flow²

\$B



Note: See GAAP to non-GAAP reconciliation in Appendix.

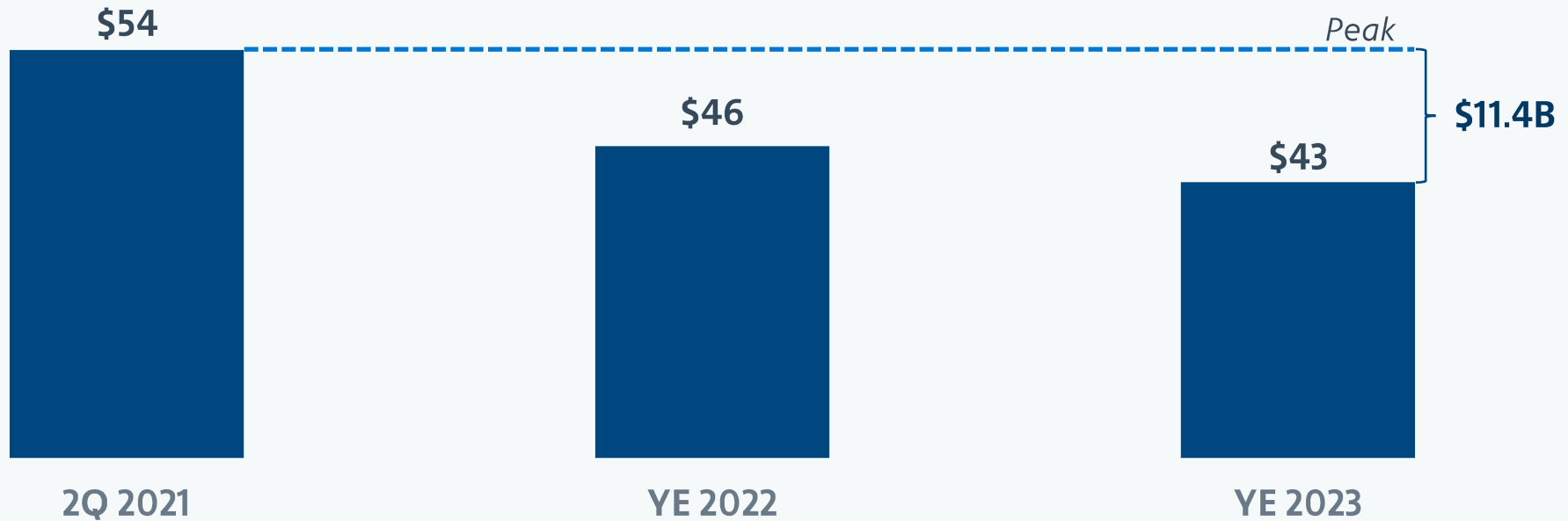
1. Adjusted pre-tax income (loss) excludes the impact of pre-tax net special items and is a non-GAAP measure.

2. Adjusted free cash flow is a non-GAAP measure and is defined as net cash provided by operating activities less net cash used in investing activities, adjusted for (1) net sales of short-term investments and (2) change in restricted cash.

Source: Airline financials.

Strengthened our balance sheet

Total debt^{1,2}
\$B



Upgraded by all three major credit rating agencies in 2023

1. As of respective period end.
2. Total debt includes debt, finance and operating lease liabilities and pension obligations.
Source: Airline financials.

Opportunities
ahead
drive value.



Compelling value-creating drivers



Fleet

Young & simplified



Operational excellence

Strong, reliable operation



Network

Strongest domestic & short-haul international network



Rewards

Leading travel rewards program & co-branded credit card opportunity



Reengineering the business

Asset utilization, productivity, procurement

Margin expansion

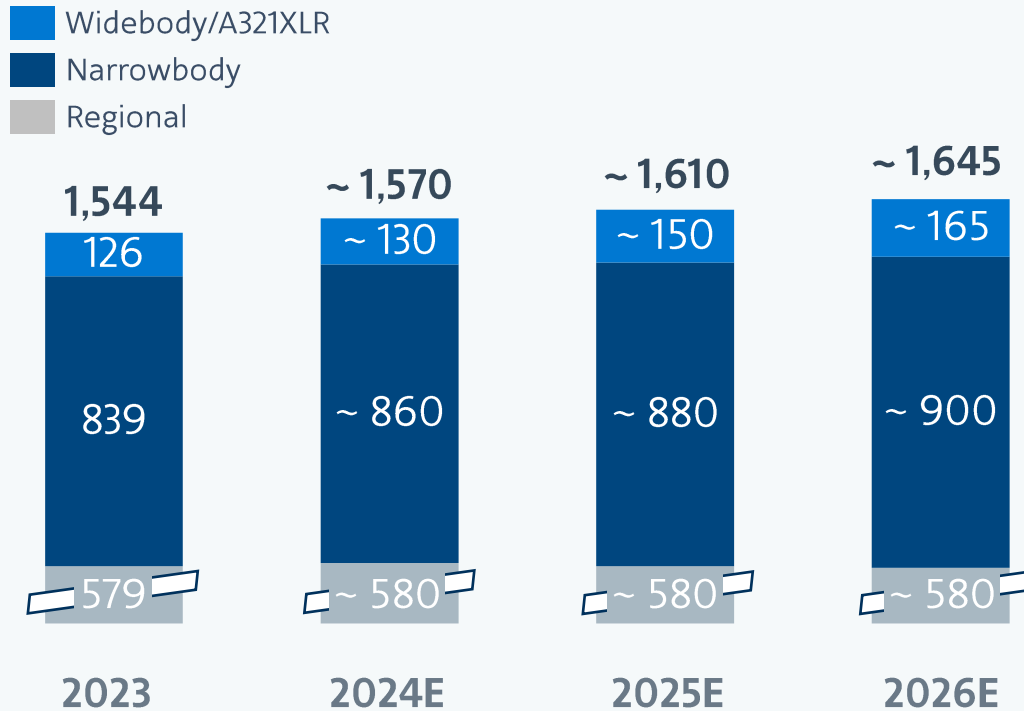
Long-term free cash flow generation



Fleet plan enables flexibility

New aircraft order smooths deliveries and aircraft capex over the decade (\$3-\$3.5B)

Total fleet plan¹



Mainline aircraft deliveries

	2024	2025	2026	2027	2028	2029+
A321neo/XLR	3	16	21	31	14	64
B737 MAX	20	14	10	-	20	95
B787	6	5	4	5	5	5
Total	29	35	35	36	39	164

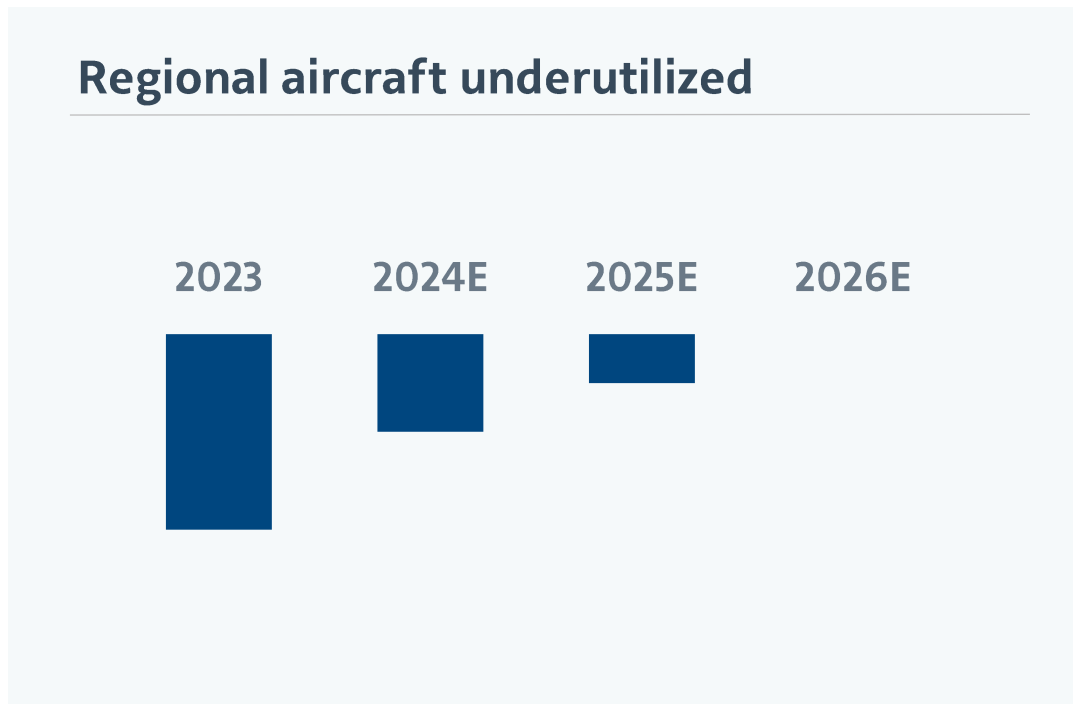
1. Fleet counts at year end. 2023 regional count is inclusive of 23 regional aircraft planned to return to service in 2024. Delivery schedule represents our best estimate as of the date of this presentation. Actual delivery dates are subject to change, which could be material based on various potential factors including production delays by the manufacturer and regulatory concerns. Source: Internal data.

Reengineering the business

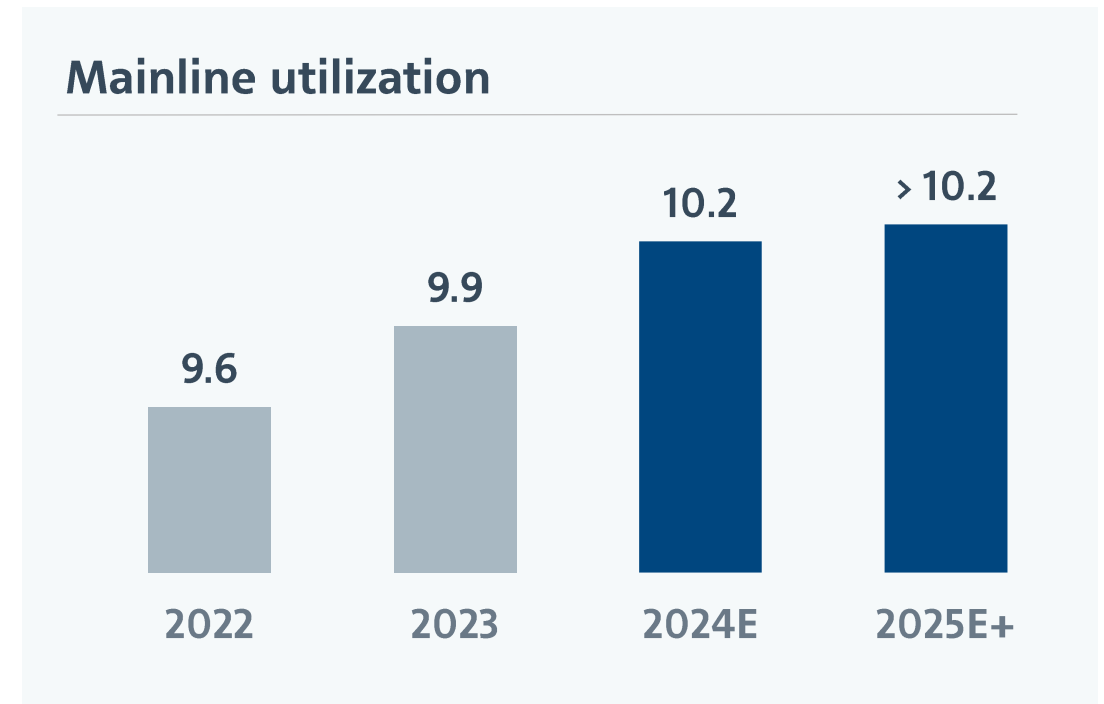


Improve asset utilization

Full supportability of the regional fleet

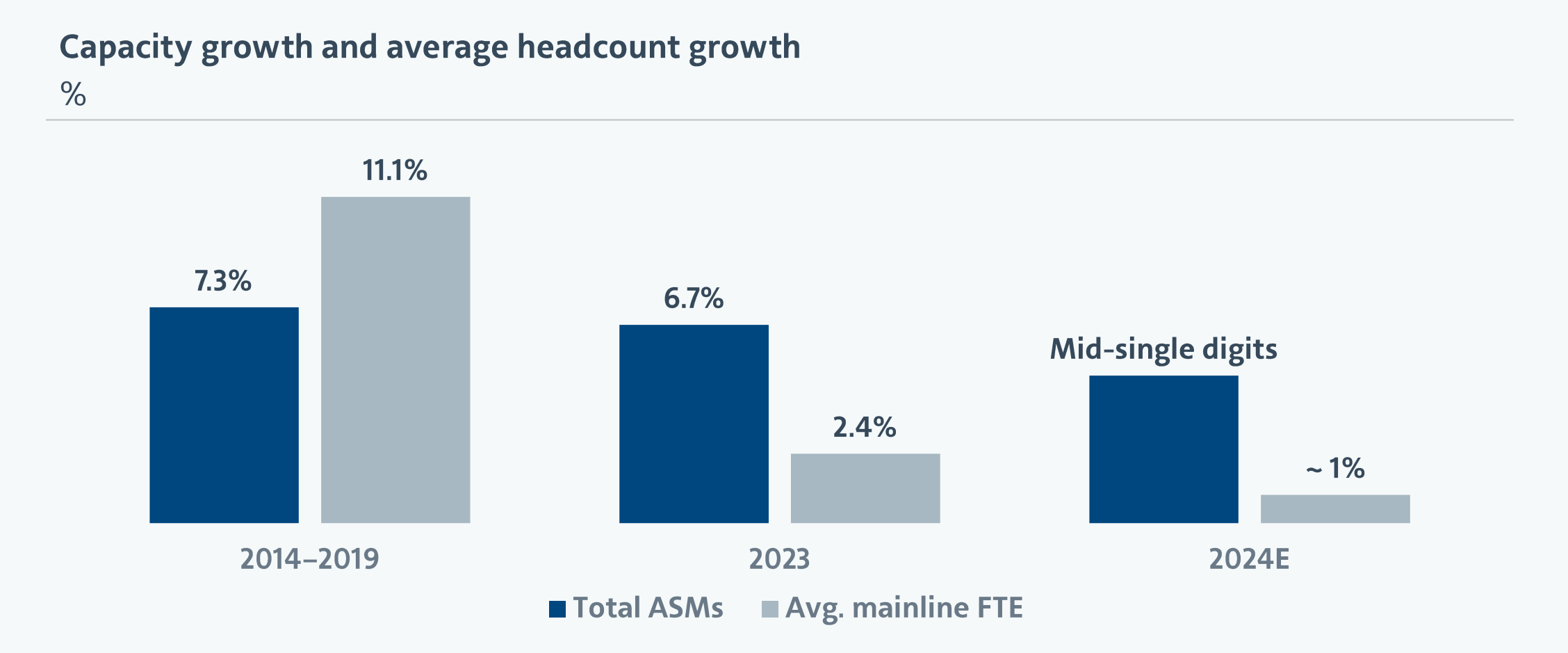


Optimized fleet allows for improved utilization



Growing efficiently and enhancing productivity

New tools and processes enable efficient and productive growth to drive unit cost improvement



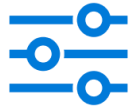
Source: Internal data.

Transforming procurement

Our focus



Modernize procurement operating model



Strategic category management



Improve net working capital



Digital automation

Third-party spend category

~ \$30B



■ Fuel ■ Other third-party spend

1Q 2024E guidance update

	Current	Prior
Capacity (ASMs) (vs. 1Q 2023)	No change	~ +6.5% to +8.5%
TRASM ¹ (vs. 1Q 2023)	No change	~ -3.5% to -5.5%
CASM-ex ² (vs. 1Q 2023)	No change	~ +2% to +4%
Avg. fuel price ³	~ \$2.80 to \$2.90	~ \$2.65 to \$2.85
Adj. loss per diluted share ⁴	Low end of prior range	~ (\$0.15) to (\$0.35)



1. Total revenue per available seat mile.
 2. CASM-ex is cost per available seat mile (CASM) excluding fuel and net special items and is a non-GAAP measure.
 3. Unit metric is \$/gallon. Based on the forward fuel curve as of March 8, 2024, and is inclusive of taxes. Consumption of ~1.04 to 1.06 billion gallons assumed in 1Q 2024.
 4. Adjusted loss per diluted share excludes net special items and is a non-GAAP measure. Adjusted loss per diluted share calculation assumes a diluted share count of 655.7 million for 1Q 2024. Shares outstanding are based upon several estimates and assumptions, including average per share stock price and stock award activity. The number of shares in actual calculations of loss per share will likely differ from those set forth above.

Long-term financial targets

	2024E	2025E	2026E+
Adj. EBITDAR Margin¹	~ 14%	~ 14%–16%	~ 15%–18%
Free cash flow²	~ \$2B	> \$2B	> \$3B
Total debt³	~ \$41B	~ \$39B	< \$35B



Note: The Company is unable to fully reconcile certain forward-looking guidance to the corresponding GAAP measure because the full nature and amount of net special items cannot be determined at this time.
 1. Adjusted EBITDAR margin is a non-GAAP measure. Adjusted EBITDAR is defined as earnings excluding the impact of net special items before net interest and other nonoperating expenses, taxes, depreciation, amortization and aircraft rent.
 2. Adjusted free cash flow is a non-GAAP measure. Adjusted free cash flow is defined as net cash provided by operating activities less net cash used in investing activities, adjusted for (1) net sales of short-term investments and (2) change in restricted cash.
 3. Total debt includes debt, finance and operating lease liabilities and pension obligations.

Appendix



GAAP to non-GAAP reconciliation

The Company sometimes uses financial measures that are derived from the condensed consolidated financial statements or otherwise provided in the form of guidance 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 table below presents the reconciliation of pre-tax income (GAAP measure) to pre-tax income excluding net special items (non-GAAP measure) 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.

Reconciliation of Pre-Tax Income Excluding Net Special Items	12 Months Ended December 31,	
	2019	2023
	(in millions)	
Pre-tax income as reported	\$ 2,256	\$ 1,121
Pre-tax net special items:		
Mainline operating special items, net ⁽¹⁾	635	971
Regional operating special items, net	6	8
Nonoperating special items, net ⁽²⁾	3	362
Total pre-tax net special items	644	1,341
Pre-tax income excluding net special items	\$ 2,900	\$ 2,462

Note: Amounts may not recalculate due to rounding.

Footnotes:

⁽¹⁾ The 2019 twelve month period mainline operating special items, net principally included \$271 million of fleet restructuring expenses, a \$213 million non-cash impairment charge principally related to the retirement of the Company's Embraer E190 fleet and \$191 million of merger integration expenses, offset in part by a \$53 million credit to reduce certain litigation reserves.

The 2023 twelve month period mainline operating special items, net principally included \$989 million of one-time charges resulting from the ratification of a new collective bargaining agreement with our mainline pilots, including a one-time payment of \$754 million as well as adjustments to other benefit-related items of \$235 million.

⁽²⁾ Principally included charges associated with debt refinancings and extinguishments as well as mark-to-market net unrealized gains and losses associated with certain equity investments.

GAAP to non-GAAP reconciliation

Free Cash Flow

The Company's free cash flow summary is presented in the table below, which is a non-GAAP measure that management believes is useful information to investors and others in evaluating the Company's ability to generate cash from its core operating performance that is available for use to reinvest in the business or to reduce debt. The Company defines free cash flows as net cash provided by operating activities less net cash used in investing activities, adjusted for (1) net sales of short-term investments and (2) change in restricted cash. We believe that calculating free cash flow as adjusted for these items is more useful for investors because short-term investment activity and restricted cash are not representative of activity core to our operations.

This non-GAAP measure 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. Our calculation of free cash flow is not intended, and should not be used, to measure the residual cash flow available for discretionary expenditures because, among other things, it excludes mandatory debt service requirements and certain other non-discretionary expenditures.

	Year Ended December 31,	
	2019	2023
	(in millions)	
Net cash provided by operating activities	\$ 3,815	\$ 3,803
Adjusted net cash used in investing activities ⁽¹⁾	(3,202)	(1,997)
Free cash flow	<u>\$ 613</u>	<u>\$ 1,806</u>

⁽¹⁾ The following table provides a reconciliation of adjusted net cash used in investing activities for the years ended December 31, 2019 and 2023, respectively (in millions):

Net cash used in investing activities	\$ (2,243)	\$ (502)
Adjustments:		
Net sales of short-term investments	(960)	(1,538)
Decrease in restricted cash	1	43
Adjusted net cash used in investing activities	<u>\$ (3,202)</u>	<u>\$ (1,997)</u>

