

American Airlines Group Inc.

Baird 2020 Global Industrial Conference

Nov. 12, 2020

Robert Isom,
President



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 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 in the company’s Quarterly Report on Form 10-Q for the quarter ended September 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 the company’s other filings with the Securities and Exchange Commission. 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. 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.

Overview

3Q20 was a challenging quarter by historical standards

- Revenue down 73% to \$3.2 billion due to COVID-19 pandemic
- Concluded the quarter with \$13.6 billion in liquidity (\$15.6 billion on a pro-forma basis inclusive of CARES Act loan)



American is well prepared - aggressive actions have positioned American to lead as demand returns

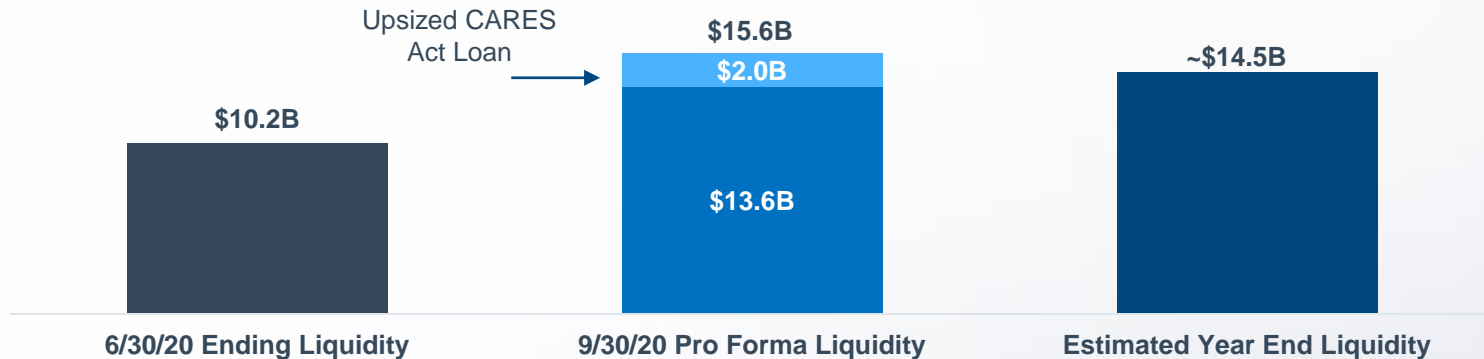
- Strong liquidity position provides long runway with no near term maturities
- Structural cost actions have reduced cash burn rate
- Network strength and innovative partnerships established
- Clean commitment reinforces customer confidence in air travel



Liquidity is Strong . . .

- Finalized a \$7.5 billion loan agreement under the CARES Act Loan Program and closed \$1.2 billion in financing with Goldman Sachs Merchant Bank
- Expect to end 2020 with approximately \$14.5 billion in total available liquidity including \$1.3 billion in equity issuances¹

4Q20 Estimated Liquidity



¹ The Company defines cash burn as net cash provided by (used in) operating activities, net cash provided by (used in) investing activities and net cash provided by (used in) financing activities, adjusted for (1) CARES Act Payroll Support Program grant proceeds, (2) net purchases (proceeds from sale) of short-term investments and restricted short-term investments, (3) proceeds from issuance of long-term debt, net of deferred financing costs, but excluding aircraft financing, (4) proceeds from issuance of equity, (5) prepayments of long-term debt and (6) other cash flows that are not representative of our core operating performance. See page 18 for detailed information. Assumes full exercise of greeshoe..

... With Additional Levers Available

- The Company retains more than \$3.2 billion of unencumbered assets and has an additional \$7.3 billion of available borrowing capacity

Unencumbered Assets as of Sep. 30, 2020

	<u>Value (\$ mm)</u>
Aircraft, Parts, and Equipment	1,555
Corporate Real Estate	1,130
Other	600
Total Unencumbered Assets	3,285

First Lien Available Capacity under Current Credit Facilities as of Sep. 30, 2020

	<u>Value (\$ mm)</u>
2014 Atlantic SGR	1,180
2013 South America SGR	448
Apr 2016 Mainline Spare Parts	425
2020 Secured Note	1,250
IP Notes	4,000
Total	7,303

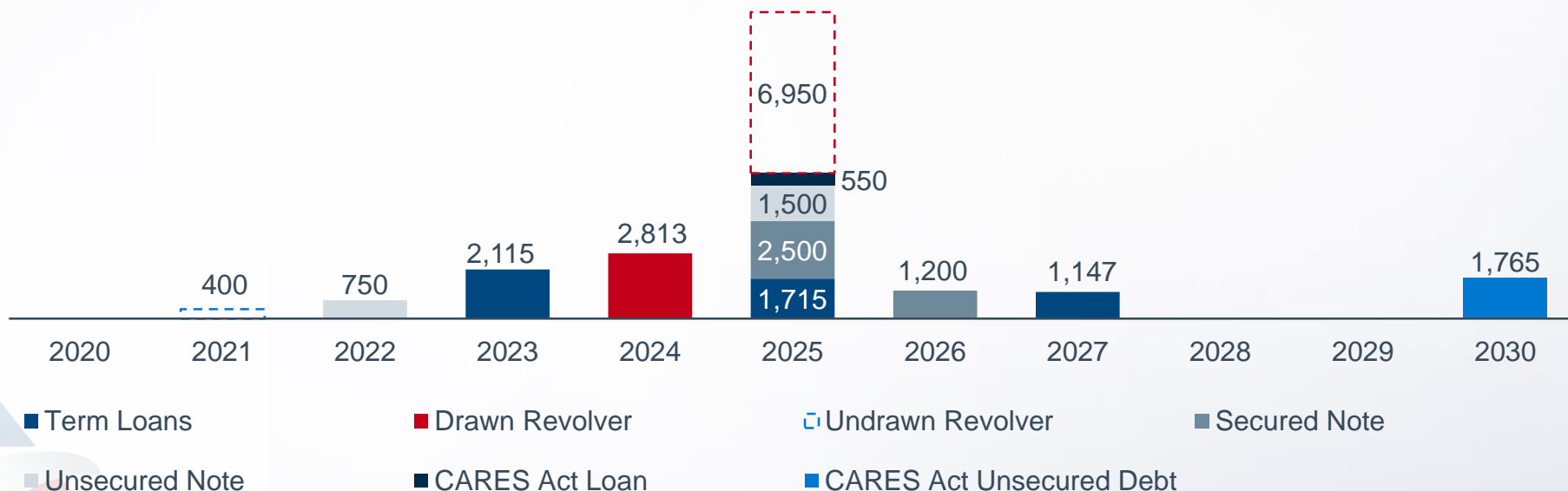


No Near-Term Maturities

American's balance sheet is efficient and flexible

- The average cost of debt is ~4.1%
- ~40% of total debt is pre-payable without prepayment penalties

Leveraged Finance Maturity Profile¹ (\$M)

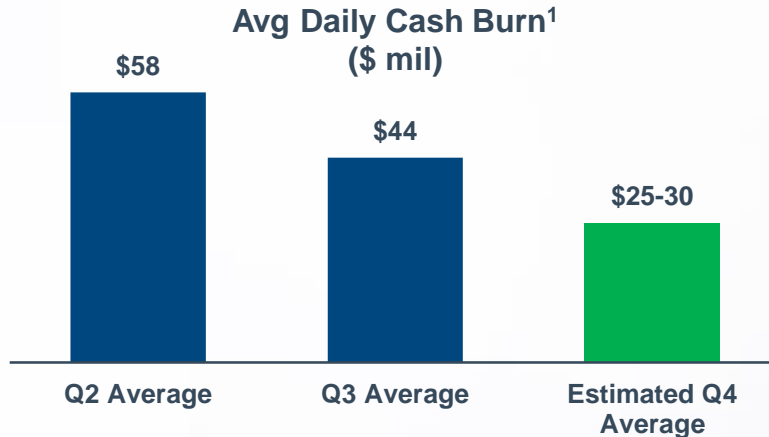


^{1/} Data as of 3Q20 - Excludes EETCs, private aircraft mortgage debt

Swift Cash Burn Management

Expect to realize operating and capital cost savings of approximately \$17 billion in 2020 of which more than \$1 billion is permanent

- Removed more than 150 aircraft, including 5 mainline fleet types
- Removed or deferred non-operation critical capex of \$700 million in 2020 and \$300 million in 2021
- Reduced headcount by ~40,000 through a combination of long-term leaves, early outs, and furloughs



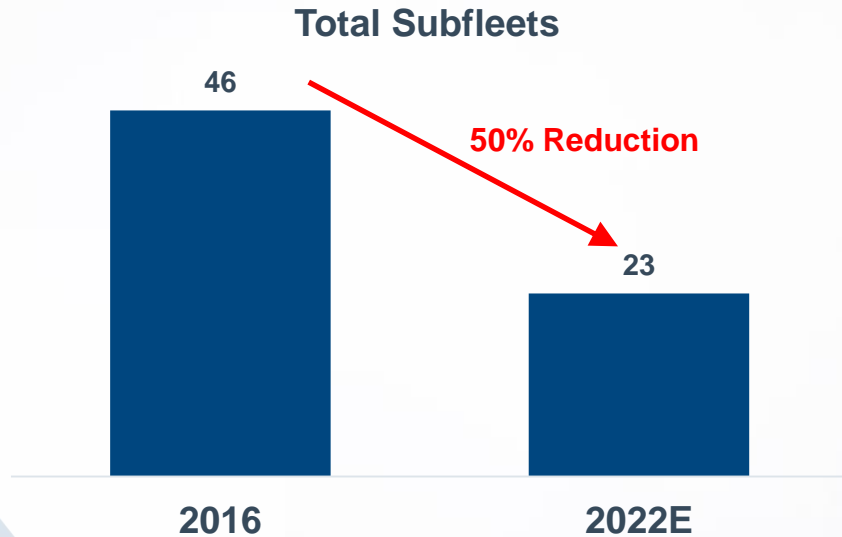
The Road to 2021 Cash Positive

- Goal to be cash positive as soon as possible as demand for air travel gradually improves
- Reset the international network for future growth as demand returns
- Continued fleet flexibility through lease returns and older aircraft
- Workforce flexibility

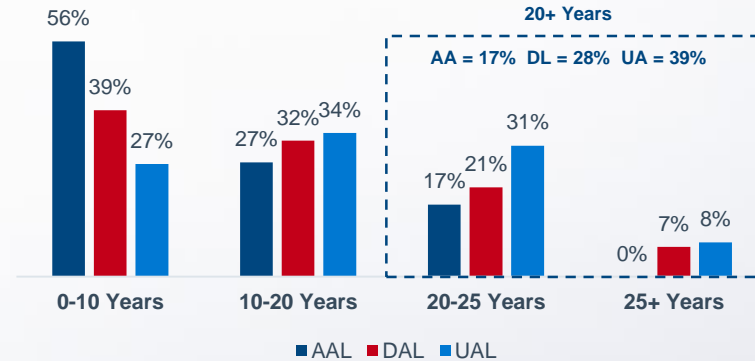
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Fleet Simplification Strategy Drives Long Term Value

- Reducing fleet complexity reduces operational friction, supports higher aircraft utilization, and improves customer experience with more consistent product
- With an average fleet age of ~11 years, future fleet investment needs are low

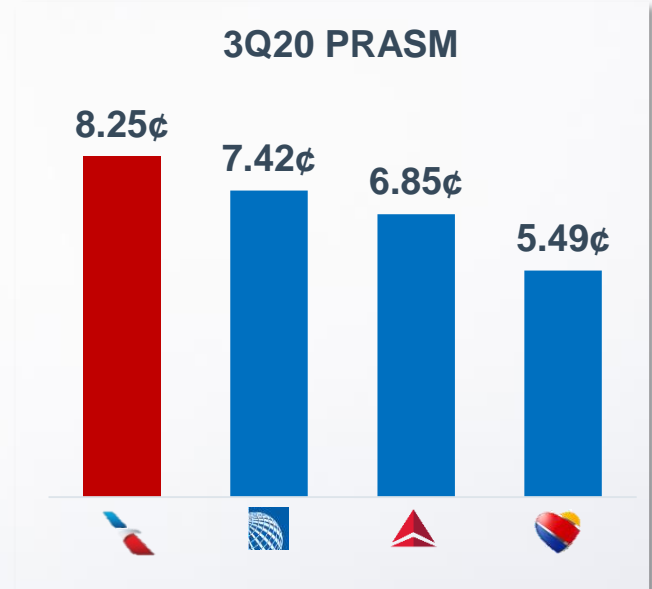
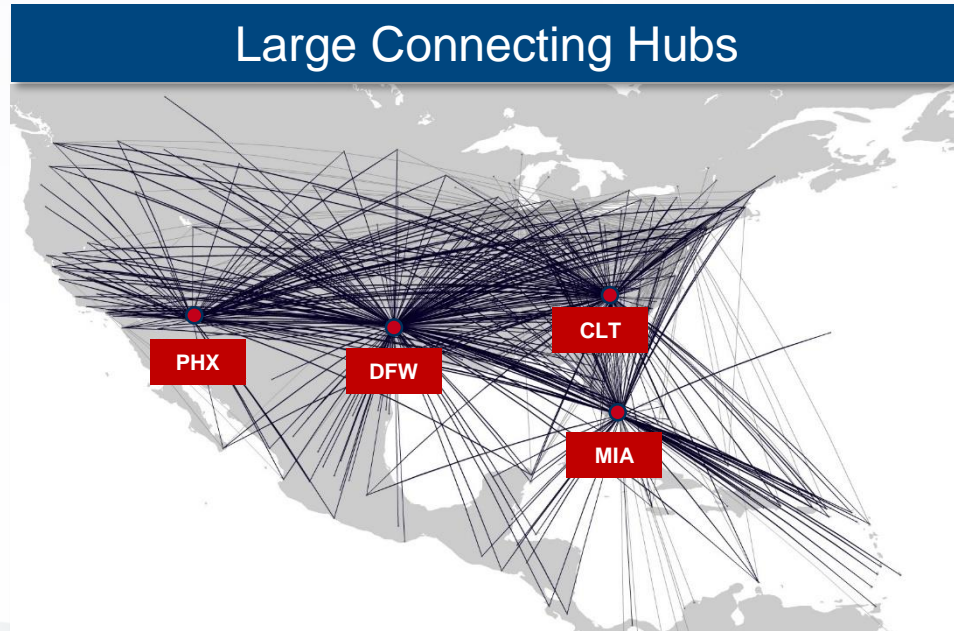


Mainline Fleet Breakdown by Age¹



American's Network Strength

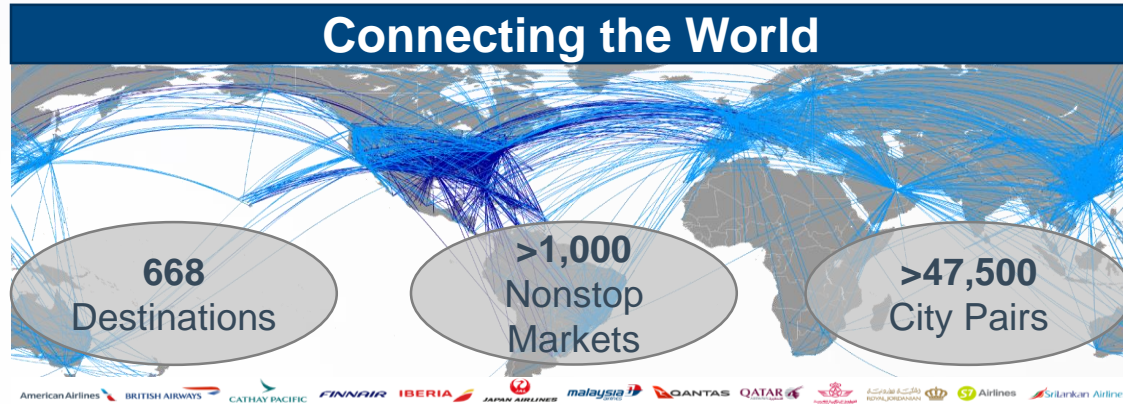
- American maintained size and connectivity to meet demand
- This enables American to fly the most capacity with the highest passenger unit revenue



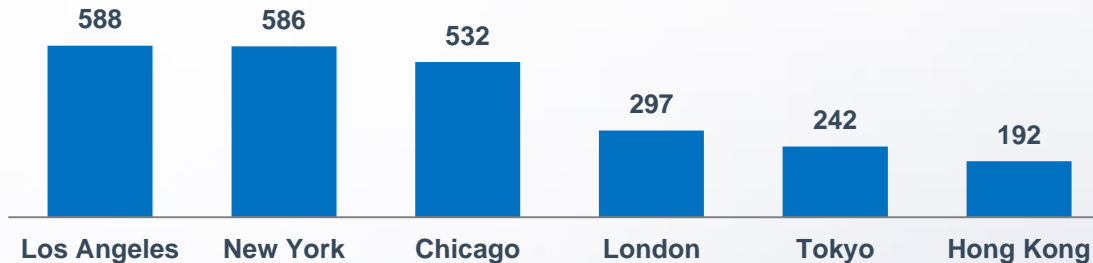
1 of 3 passengers flew on American in the third quarter

Premier Global Alliance in the Biggest Markets

- Our Domestic network advantage enables key partnerships that add more connectivity to the global network



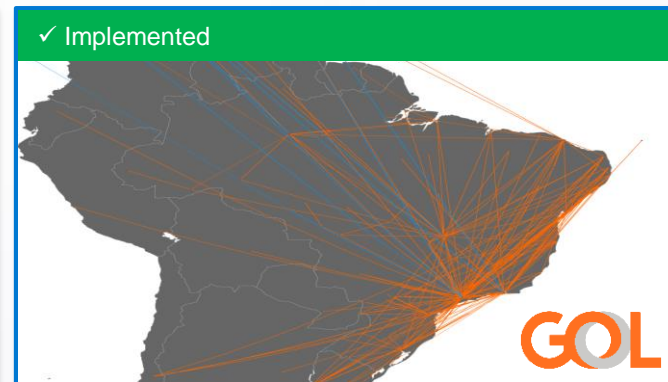
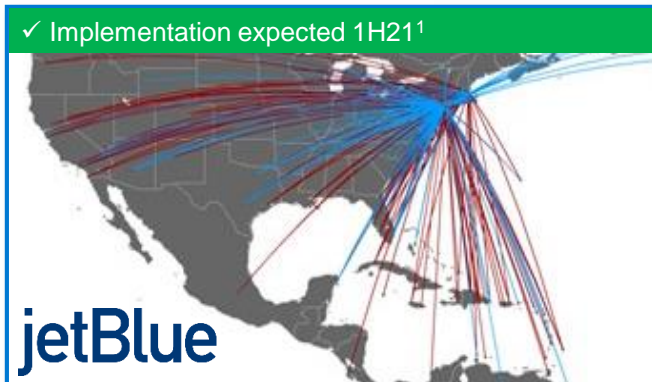
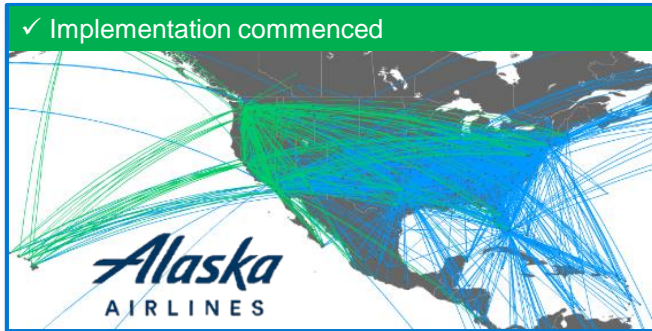
Markets Served by American & Partners to/from North America¹



¹/ July peak day, 2 stop itinerary

New Innovative Partnerships

- American further enhances its network advantage with unique partnerships to provide a more attractive network for the customer in an asset light manner



The American Airlines Clean Commitment



COVID-19
symptom
checklist



Face
coverings
required



EPA-approved
electrostatic
spray



HEPA
air filters



Enhanced
cleaning



Key focus areas of our Clean Commitment

Trust



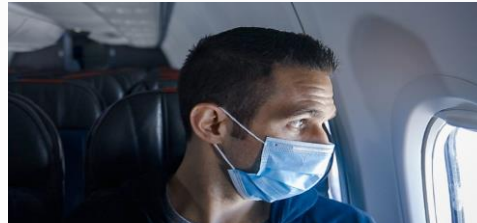
Travel Advisory Panel with infectious disease experts from Vanderbilt University Medical Center



First airline to seek accreditation for our aircraft and lounges



Peace of Mind

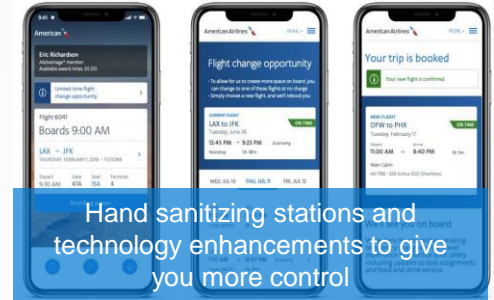


Face coverings required while traveling in all areas

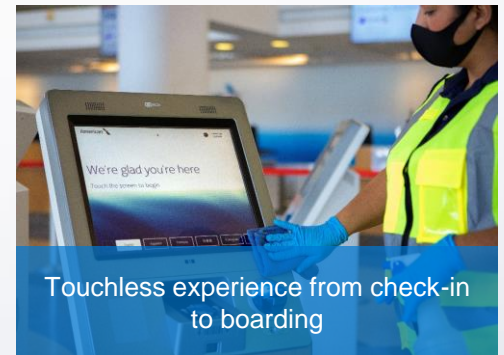


Electrostatic spraying with an EPA-approved disinfectant, providing protection from bacteria and viruses

Control



Hand sanitizing stations and technology enhancements to give you more control



Touchless experience from check-in to boarding

Reopening Markets with Testing

American announced a preflight COVID-19 testing program to help reopen domestic and international markets

- Preflight testing program launched for DFW-Hawaii
- Initial testing program for MIA-Jamaica began in October
- Engaged with the Bahamas and CARICOM to expand the testing program across the Caribbean

Three ways to get tested

- At-home test from LetsGetChecked
- In-person testing at select urgent care locations in the DFW area
- Onsite rapid testing at DFW airport, administered by CareNow



Bookings Data is Slowly Improving

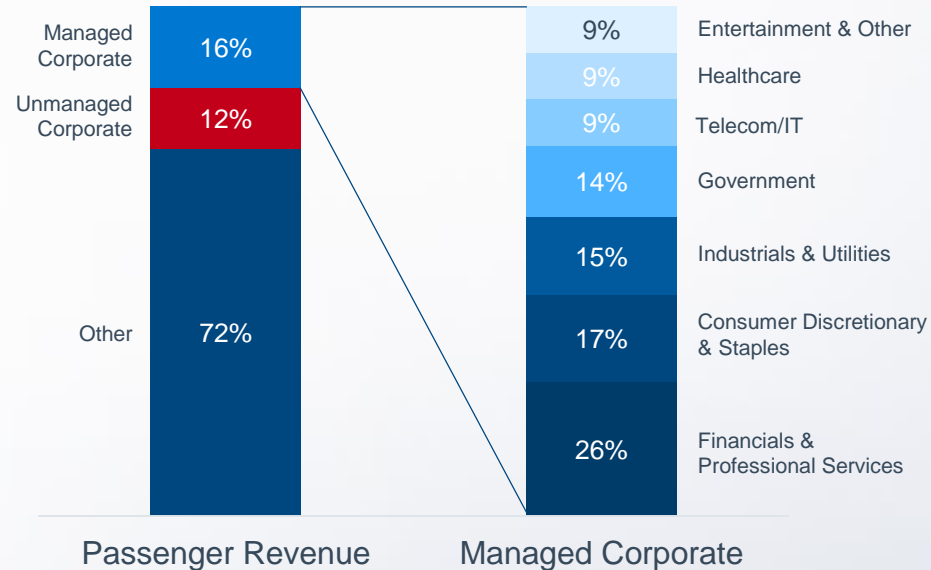
- TSA daily throughput has increased steadily since hitting a low in mid April
- Total managed corporate revenue will recover more slowly, but certain sectors will rebound faster

Weekly Rolling TSA Traveler Throughput
(% of 2019 Same Day)¹



¹/Source: TSA. Data as of 11/10/2020
²/Revenue split of domestic passenger revenue

2019 Passenger Revenue Composition²



Summary

American is positioned to lead as demand returns

- Strong liquidity position provides long runway with no near term maturities
- Structural cost actions have reduced cash burn rate
- Network strength and innovative partnerships
- Clean commitment reinforces customer confidence in air travel

American will maximize value to all stakeholders, by:

- Driving efficiencies throughout the organization
- Leveraging network strengths and new partnerships to drive a revenue premium
- Delivering operational excellence for our customers

Questions?
Thank you for your time.



GAAP to non-GAAP Reconciliation

Average Daily Cash Burn

The company's average daily cash burn 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 liquidity position and cash flows from its core operating performance. The company defines cash burn as net cash provided by (used in) operating activities, net cash provided by (used in) investing activities and net cash provided by (used in) financing activities, adjusted for (1) CARES Act Payroll Support Program grant proceeds, (2) net purchases (proceeds from sale) of short-term investments and restricted short-term investments, (3) proceeds from issuance of long-term debt, net of deferred financing costs, but excluding aircraft financing, (4) proceeds from issuance of equity, (5) prepayments of long-term debt and (6) other cash flows that are not representative of our core operating performance.

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.

	3 Months Ended September 30, 2020	3 Months Ended June 30, 2020
	(in millions, except days in period)	
Net cash used in operating activities	\$ (2,604)	\$ (908)
Net cash provided by (used in) investing activities	923	(6,799)
Net cash provided by financing activities	1,511	7,688
Adjustments:		
CARES Act Payroll Support Program grant proceeds	(525)	(3,693)
Net purchases (proceeds from sale) of short-term investments and restricted short-term investments	(1,391)	6,608
Proceeds from issuance of non-aircraft long-term debt, net of deferred financing costs	(1,926)	(7,714)
Proceeds from issuance of equity	-	(1,525)
Prepayments of long-term debt	-	1,047
Other	-	-
Total cash burn ⁽¹⁾	<u>\$ (4,012)</u>	<u>\$ (5,296)</u>
Days in period	92	91
Average daily cash burn	<u>\$ (44)</u>	<u>\$ (58)</u>

Note: Amounts may not recalculate due to rounding.

⁽¹⁾ Of the total cash burn for each of the three months ended September 30, 2020 and June 30, 2020, approximately \$540 million and \$505 million were cash payments for debt amortization, respectively, and approximately \$120 million and \$50 million were cash payments for salary and medical costs for our voluntary early retirement programs, respectively, totaling an equivalent of approximately \$8 million per day and \$6 million per day, respectively.