

American Airlines Group Inc.

Cowen 12th Annual Global
Transportation Conference

September 4, 2019

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 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, 2019 (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. We do 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.

Focused on Delivering Value for Shareholders

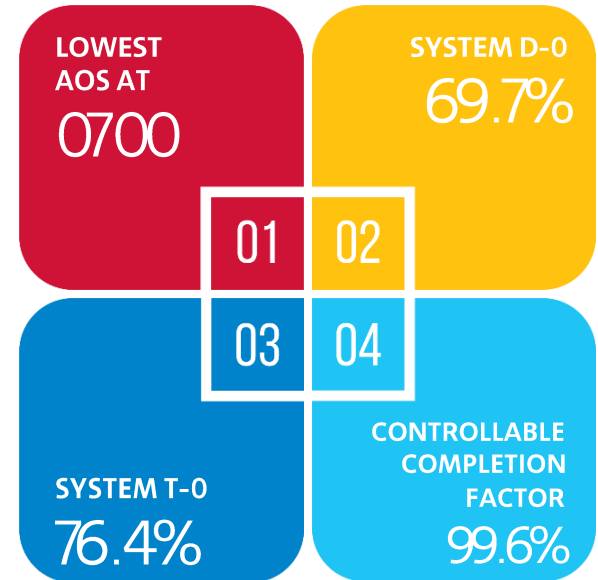
- Pre-tax income excluding net special items of \$1.1 billion¹ in the second quarter
- Returned \$690 million to shareholders through stock repurchases and dividends through June 30
- But, 2019 should have been much better for American...
 - Disruption from union labor action has had a significant impact on the operation
 - The grounding of the MAX fleet has slowed our progress on important margin improvement initiatives
- **NO EXCUSES**, we are taking decisive action that will strengthen the business and deliver value for our shareholders



Operations Strong: Tackling Labor Disruption

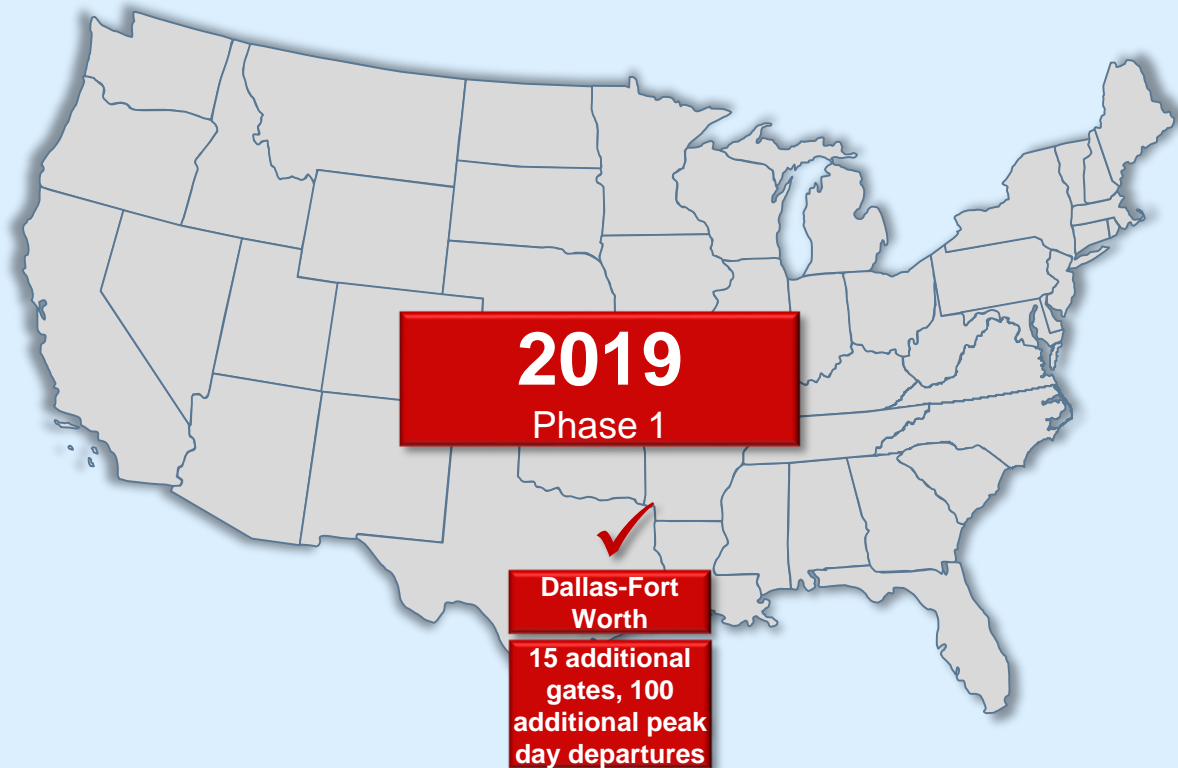
- 2019 operational initiatives were designed to allow American to run the best operation in its history
- Parts of our network not impacted by the slowdown are performing as we had hoped
- Illegal work actions and the grounding of the MAX have been disruptive. We have taken decisive action to mitigate the impact, but it has been expensive and frustrating
- Once these temporary headwinds are behind us, we are confident American will be back on track to deliver on our operational improvement initiatives in 2020 and beyond

2019 Ops Targets



Efficient Growth in Our Strongest Hubs

- Despite these challenges, American is aggressively executing on growth at our most profitable hubs, adding high margin flying to the network



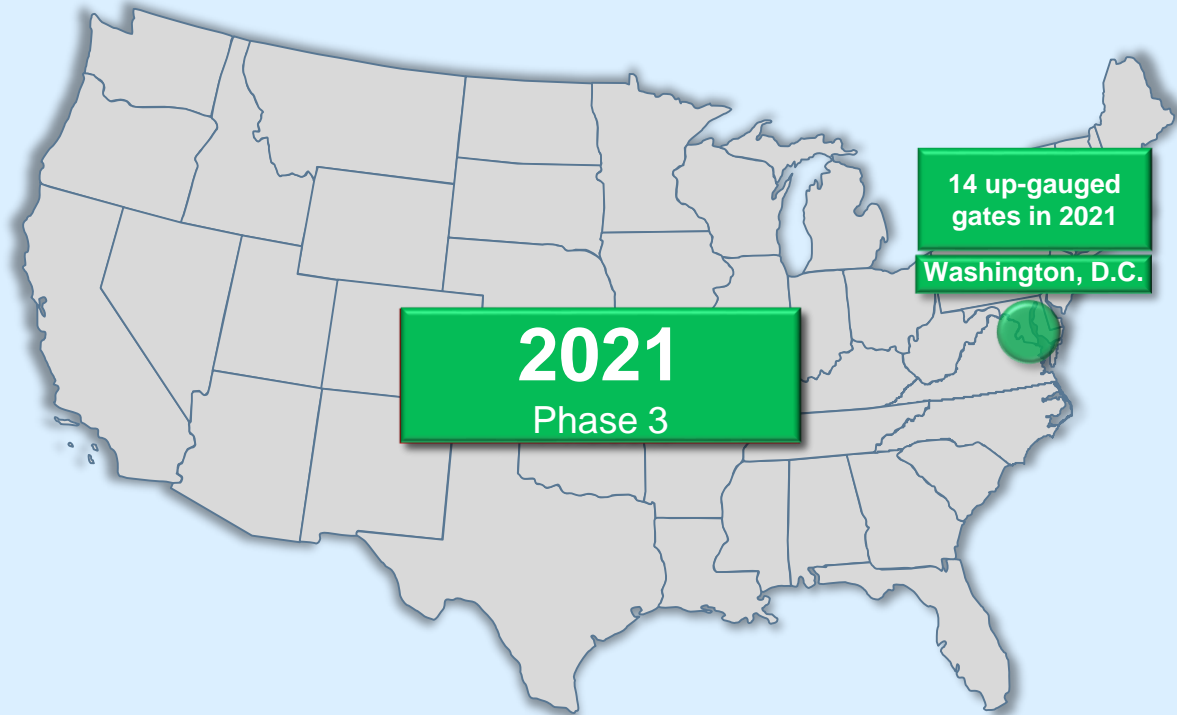
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Efficient Growth in Our Strongest Hubs

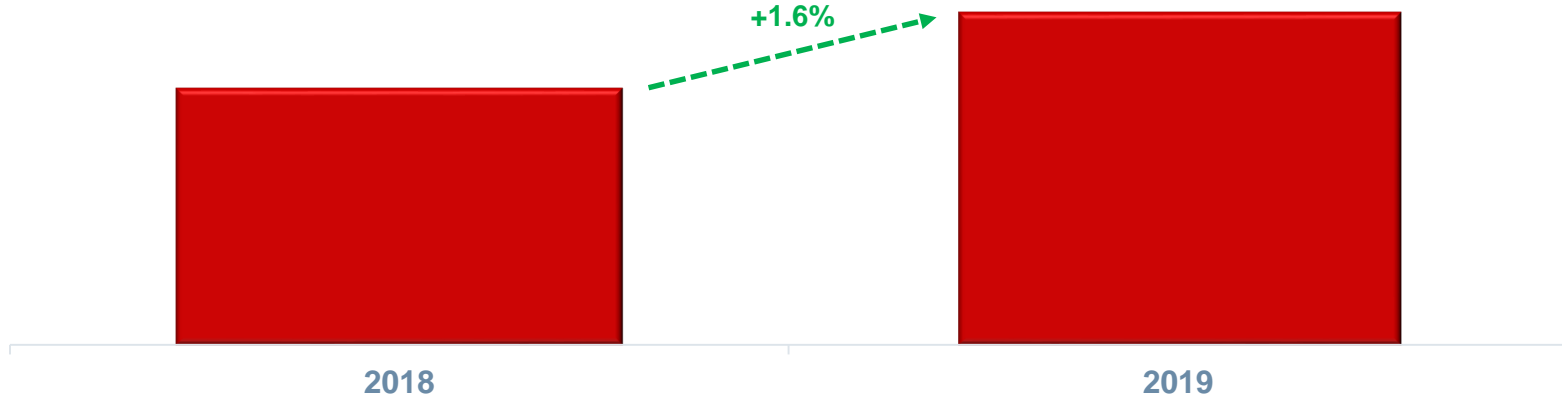
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The Early Results Have Exceeded Expectations

- Growth at DFW drove \$175 million in increased revenue at the hub in the second quarter
- Second quarter DFW ASMs grew 6.3% with PRASM growth of 1.6%

Apr – Jun DFW PRASM¹



Additional Future Revenue Opportunities

Initiatives expected to grow revenue and improve earnings



Cabin standardization – All Boeing 737s standardized at 172 seats and A321 classics at 190



Load factor initiatives – Closing load factor gap to other airlines in off- peak periods



Instant upsell – Allows customers to upgrade their seat post-purchase



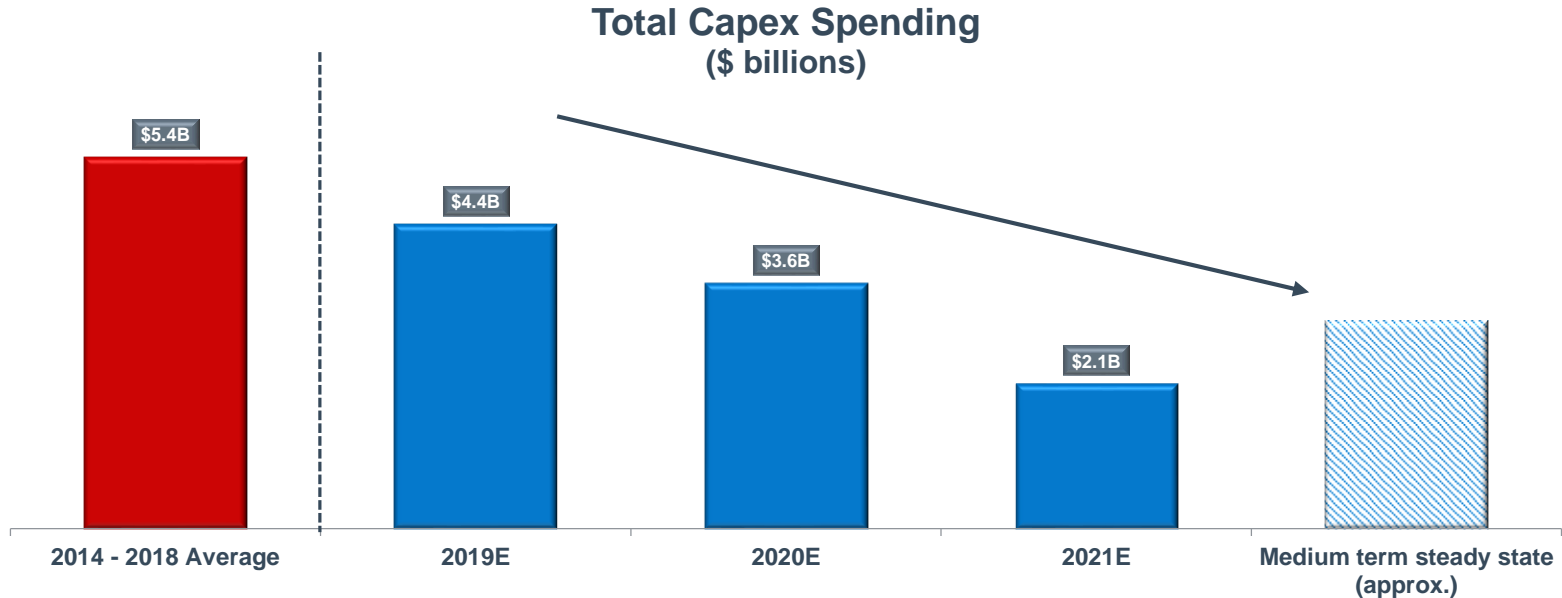
Pre-paid bags – Currently available domestically with plans to rollout to international markets in the future



Handling oversales – Auction process will reward customer flexibility, reduce stress at the gate, and drive higher yields

Nearing the End of Extraordinary Capital Requirements

- By the end of 2019, we will have invested more than \$30 billion in the airline. Lower future capex requirements are expected to allow for significant free cash flow in 2020 and beyond



Why American?

- Despite near-term challenges, our underlying fundamentals are strong
- We are taking decisive action and will continue to improve where we know we need to
- To deliver value for our shareholders, in 2020 we will:
 - Execute on our earnings improvement initiatives
 - Efficiently grow capacity at our most profitable hubs
 - Relentlessly pursue operational excellence
 - Maximize free cash flow production



Questions?



GAAP to non-GAAP Reconciliations

	3 Months Ended June 30, 2019 (in millions)
Reconciliation of Pre-Tax Income Excluding Special Items	
Pre-tax income as reported	\$ 882
Pre-tax special items:	
Special items, net	121
Nonoperating special items, net	<u>69</u>
Total pre-tax special items	190
Pre-tax income excluding special items	\$ 1,072