



Investor Relations Update October 25, 2018

General Overview

- **Revenue** – The company expects its fourth quarter total revenue per available seat mile (TRASM) to be up approximately 1.5 to 3.5 percent year-over-year.
 - **Fuel** – Based on the October 24, 2018 forward curve, the company expects to pay an average of between \$2.30 and \$2.35 per gallon of consolidated jet fuel (including taxes) in the fourth quarter. Forecasted volume and fuel prices are provided on the following page.
 - **CASM** – The company continues to expect consolidated CASM excluding fuel and special items to be up approximately 1.5 percent¹ in 2018. Fourth quarter consolidated CASM excluding fuel and special items is expected to be flat¹ year-over-year, in line with previous guidance.

The company will provide an update on its 2019 CASM expectations following the conclusion of its annual planning process. However, based on preliminary estimates, the company continues to expect its 2019 and 2020 CASM excluding fuel, special items and new labor agreements each to be up between 1.0 percent and 2.0 percent year-over-year.
 - **Capacity** – The company expects its fourth quarter system capacity to be up approximately 1.6 percent year-over-year, which is in line with previous guidance.
 - **Liquidity** – As of September 30, 2018, the company had approximately \$7.4 billion in total available liquidity, comprised of unrestricted cash and investments of \$4.9 billion and \$2.5 billion in undrawn revolver capacity. The company also had a restricted cash position of \$154 million.
 - **Capital Expenditures** – The company continues to expect \$3.7 billion in capex in 2018, including \$1.9 billion in aircraft and \$1.8 billion in non-aircraft capex. The company also continues to expect aircraft capex spend of \$2.9 billion in 2019 and \$1.2 billion in 2020. The company now expects non-aircraft capex spend of \$1.7 billion in 2019 and 2020, versus its previous guidance of \$1.8 billion for 2019 and \$1.6 billion for 2020.
 - **Taxes** – As of December 31, 2017, the company had approximately \$10.0 billion of federal net operating losses (NOLs) and \$3.4 billion of state NOLs, substantially all of which are expected to be available in 2018 to reduce future federal and state taxable income. The company expects to recognize a provision for income taxes in 2018 at an effective rate of approximately 24 percent, which will be substantially non-cash.
- **Pre-tax Margin and EPS** - Based on the assumptions outlined above, the company presently expects its fourth quarter pre-tax margin excluding special items to be approximately 4.5 to 6.5 percent¹ and the company continues to expect to report full year 2018 earnings per diluted share excluding special items of between \$4.50 and \$5.00¹.

Notes:

1. The company is unable to reconcile certain forward-looking projections to GAAP as the nature or amount of special items cannot be determined at this time.

Please refer to the footnotes and the forward looking statements page of this document for additional information



Financial Update
October 25, 2018

Financial Comments

- All operating expenses are presented on a consolidated basis.

	1Q18A	2Q18A	3Q18A	4Q18E	FY18E ²
Consolidated Guidance¹					
Available Seat Miles (ASMs) (bil)	65.8	72.9	75.0	~68.4	~282.2
Cargo Revenues (\$ mil) ³	227	261	260	~270	~1,018
Other Revenues (\$ mil) ³	694	708	738	~695	~2,835
Average Fuel Price (incl. taxes) (\$/gal) (as of 10/24/2018)	2.10	2.24	2.30	2.30 to 2.35	2.22 to 2.27
Fuel Gallons Consumed (mil)	1,030	1,147	1,190	~1,082	~4,449
CASM ex fuel and special items (YOY % change) ⁴	11.57	10.83	10.60	-1% to +1%	+0.5% to +2.5%
Interest Income (\$ mil)	(25)	(30)	(29)	~(29)	~(113)
Interest Expense (\$ mil)	265	266	265	~270	~1,066
Other Non-Operating (Income)/Expense (\$ mil) ⁵	(82)	(57)	(58)	~(75)	~(271)
CAPEX Guidance (\$ mil) Inflow/(Outflow)					
Non-Aircraft CAPEX	(386)	(417)	(470)	~(526)	~(1,800)
Gross Aircraft CAPEX & net PDPs	(393)	(535)	(535)	~(477)	~(1,940)
Assumed Aircraft Financing	210	301	588	~486	~1,585
Net Aircraft CAPEX & PDPs ²	(183)	(233)	53	~8	~(355)

Notes:

- Includes guidance on certain non-GAAP measures, which exclude special items. The company is unable to reconcile certain forward-looking projections to GAAP as the nature or amount of special items cannot be determined at this time. Please see the GAAP to non-GAAP reconciliation at the end of this document.
- Numbers may not recalculate due to rounding.
- Cargo/Other revenue includes cargo revenue, loyalty program revenue, and contract services.
- CASM ex fuel and special items is a non-GAAP financial measure.
- Other Non-Operating (Income)/Expense primarily includes non-service related pension and retiree medical benefit income/costs, gains and losses from foreign currency, and income/loss from the company's approximate 25% ownership interest in Republic Airways Holdings Inc.

Please refer to the footnotes and the forward looking statements page of this document for additional information



**Fleet Update
October 25, 2018**

Fleet Comments

- In 2018, the company expects to take delivery of 24 mainline aircraft comprised of 16 B738 MAX aircraft, 6 B789 aircraft and 2 used A319 aircraft. The company also expects to retire 15 MD80 mainline aircraft.
- In 2018, the company expects to reduce the regional fleet count by a net of 2 aircraft, resulting from the addition of 9 CRJ700 aircraft and 6 E175 aircraft and the activation of 30 ERJ140 aircraft from temporary storage, as well as the reduction of 33 CRJ200 aircraft, 3 DASH 8-100 aircraft and 11 DASH 8-300 aircraft.

	Active Mainline Year Ending Fleet Count			
	2017A	2018E	2019E	2020E
A319	125	127	133	133
A320	48	48	48	48
A321	219	219	219	219
A321neo	-	-	17	32
A332	15	15	15	15
A333	9	9	9	9
B738	304	304	304	299
B738 MAX	4	20	40	50
B757	34	34	24	24
B763	24	24	18	5
B772	47	47	47	47
B773	20	20	20	20
B788	20	20	20	32
B789	14	20	22	22
E190	20	20	14	-
MD80	45	30	-	-
	948	957	950	955

	Active Regional Year Ending Fleet Count ¹			
	2017A	2018E	2019E	2020E
CRJ200	68	35	21	21
CRJ700	110	119	113	113
CRJ900	118	118	132	133
DASH 8-100	3	-	-	-
DASH 8-300	11	-	-	-
E175	148	154	174	174
ERJ140	21	51	49	49
ERJ145	118	118	118	118
	597	595	607	608

Notes:

1. At the end of the third quarter, the company had 8 ERJ140 regional aircraft in temporary storage, which are not included in the active regional ending fleet count.

Please refer to the footnotes and the forward looking statements page of this document for additional information



Shares Outstanding
October 25, 2018

Shares Outstanding Comments

- The estimated weighted average shares outstanding for 2018 are listed below.
- On April 25, 2018, the company's Board authorized a new \$2.0 billion share repurchase program to expire by the end of 2020. This brings the total amount authorized for share repurchase programs to \$13.0 billion since the merger. All previous repurchase programs had been fully expended as of March 31, 2018.

2018 Shares Outstanding (shares mil)¹

For Q4	Shares	
	Basic	Diluted
Earnings	461	462
Net loss	461	461

For FY 2018 Average	Shares	
	Basic	Diluted
Earnings	464	466
Net loss	464	464

Notes:

1. *Shares outstanding are based upon several estimates and assumptions, including average per share stock price and stock award activity and does not assume any future share repurchases. The number of shares in actual calculations of earnings per share will likely be different from those set forth above.*

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GAAP to Non-GAAP Reconciliation October 25, 2018

The company sometimes uses financial measures that are derived from the 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 table below presents the reconciliation of total operating costs (GAAP measure) to total operating costs excluding special items and fuel (non-GAAP measure). Management uses total operating costs excluding 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. Additionally, special items may vary from period-to-period in nature and amount. These adjustments to exclude aircraft fuel and special items allow management an additional tool to better understand and analyze the company's non-fuel costs and core operating performance. Additionally, the table below presents the reconciliation of other non-operating expense (GAAP measure) to other non-operating expense excluding special items (non-GAAP measure). Management uses this non-GAAP financial measure to evaluate the company's current performance and to allow for period-to-period comparisons. As special items may vary from period-to-period in nature and amount, the adjustment to exclude special items allows management an additional tool to better understand the company's core operating performance.

American Airlines Group Inc. GAAP to Non-GAAP Reconciliation (\$ mil except ASM and CASM data)

	1Q18	2Q18	3Q18	4Q18 Range		FY18 Range	
	Actual	Actual	Actual	Low	High	Low	High
Consolidated¹							
Consolidated operating expenses	\$ 9,970	\$ 10,615	\$ 10,910	\$ 10,168	\$ 10,377	\$ 41,435	\$ 42,104
Less fuel expense	2,161	2,568	2,740	2,489	2,543	9,958	10,012
Less special items	195	152	217	-	-	564	564
Consolidated operating expense excluding fuel and special items	7,614	7,895	7,953	7,679	7,834	30,914	31,529
Consolidated CASM (cts)	15.15	14.56	14.54	14.86	15.17	14.68	14.92
Consolidated CASM excluding fuel and special items (Non-GAAP) (cts)	11.57	10.83	10.60	11.23	11.45	10.95	11.17
YOY (%)	2.8%	2.4%	0.8%	-1.0%	1.0%	0.5%	2.5%
Consolidated ASMs (bil)	65.8	72.9	75.0	68.4	68.4	282.2	282.2
Other non-operating (income)/expense¹							
Other non-operating (income)/expense	\$ (82)	\$ 23	\$ (43)	\$ (75)	\$ (75)	\$ (177)	\$ (177)
Less special items	-	80	15	-	-	95	95
Other non-operating (income)/expense excluding special items	(82)	(57)	(58)	(75)	(75)	(272)	(272)

Notes: Amounts may not recalculate due to rounding.

1. Certain of the guidance provided excludes special items. The company is unable to fully reconcile such forward-looking guidance to the corresponding GAAP measure because the full nature and amount of the special items cannot be determined at this time. Special items for this period may include, among others, merger integration expenses and fleet restructuring expenses.

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American Airlines

Forward Looking Statements October 25, 2018

Cautionary Statement Regarding Forward-Looking Statements

This document includes 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 future financial and operating results, the company’s plans, objectives, estimates, expectations and intentions, 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, 2018 (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. 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 statements.