

American Airlines Group Inc.

First-Quarter 2021 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, 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, 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 March 31, 2021 (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. In particular, the consequences of the coronavirus 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. 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

Doug Parker

Chairman and Chief Executive Officer

First-Quarter Results

First-quarter results affected by COVID-19

- Total revenue down 62% vs. 1Q 2019
- First-quarter net loss of \$1.3 billion; Excluding net special credits¹, net loss of \$2.7 billion

Key Accomplishments

- Flew more customers (24.2 million) than any other airline in the world
- Produced highest passenger unit revenue among global U.S. carriers
- Completed largest financing in airline history
- Daily cash burn rate¹ turned positive in March excluding debt principal and severance



2021: The Green Flag Plan

Green Flag Initiatives

Double Down on Operational Excellence

Reconnect with Our Customers

Build on Team Momentum

Passionately Pursue Efficiencies



Thanks to an Amazing Team



Commercial Update

Robert Isom
President

Recovery Timeline

- Continue to expect non-linear recovery with a quickening pace as we see widespread vaccinations and government restrictions ease.
- Line of sight on corporate travel returning beginning in the summer.

Revenue

Basis of early recovery path

Domestic Leisure

- Particular strength in beach/ski destinations
- Expanding now as vaccinations increase
- ~45% of 2019 passenger revenue

Current Status

Short-Haul International

- Similar trends as domestic leisure
- Significant efforts by hotel industry to support testing requirements
- ~ 10% of 2019 passenger revenue

Domestic Business

- Requires relaxation of corporate travel restrictions, return to work, etc.
- Green shoots appearing as vaccinations increase but still very small
- ~ 25% of 2019 passenger revenue

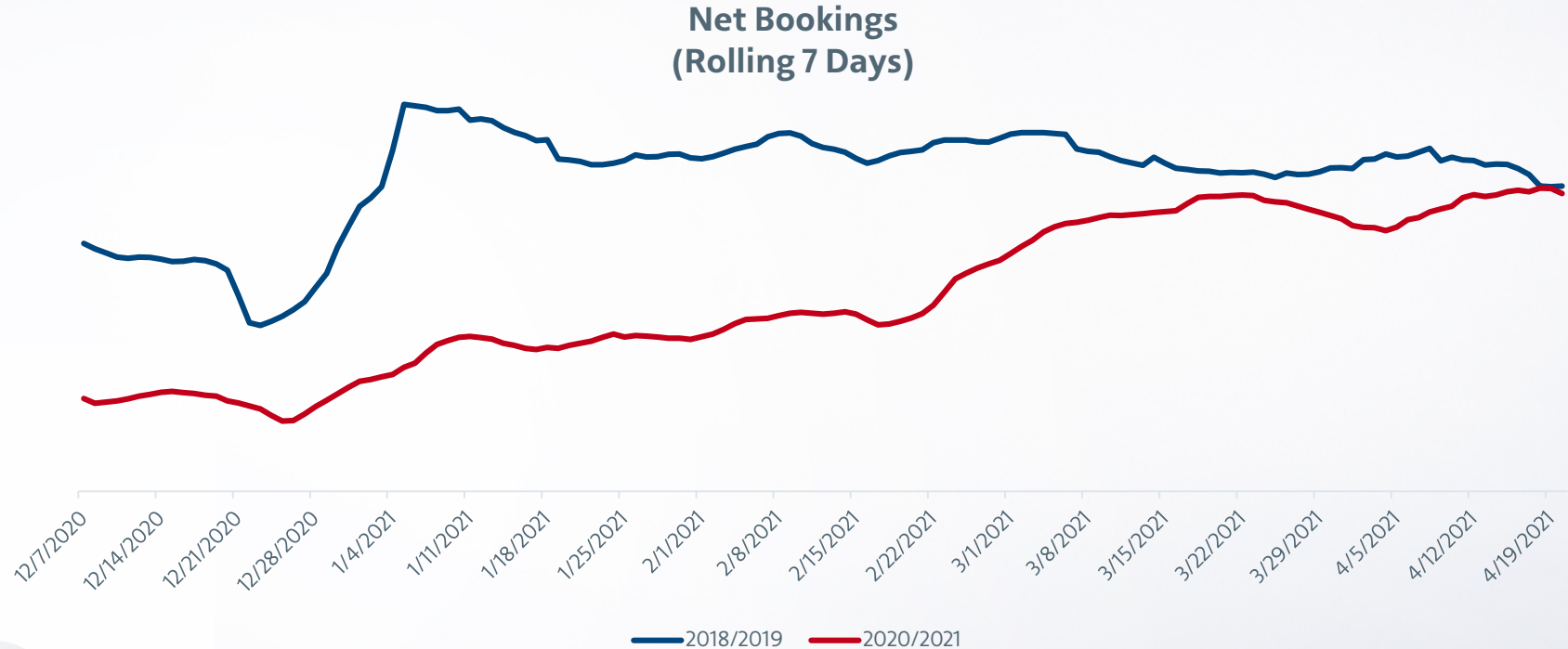
Long-Haul International

- Travel unlocks with wider vaccine distribution, relaxation of government and corporate travel restrictions
- Requires countries to relax international travel restrictions
- ~ 20% of 2019 passenger revenue

Recovery timeline

Bookings Data Improving

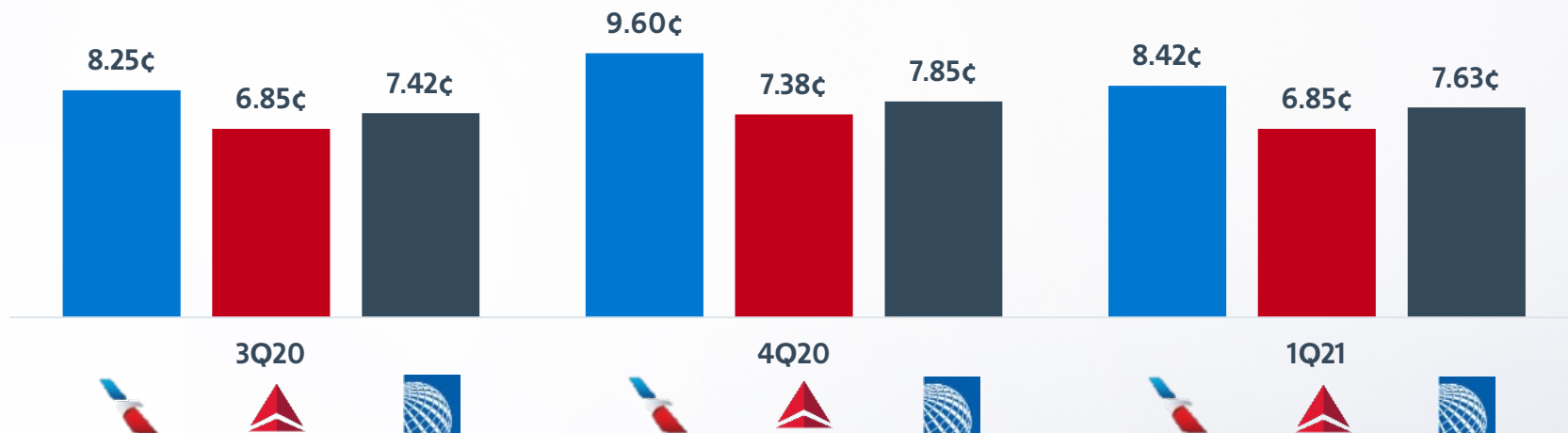
- Net bookings are improving with the reopening of the economy and expansion of the booking curve.



Unit Revenue Performance

- Three consecutive quarters of strong unit revenue performance compared to U.S. global peers.

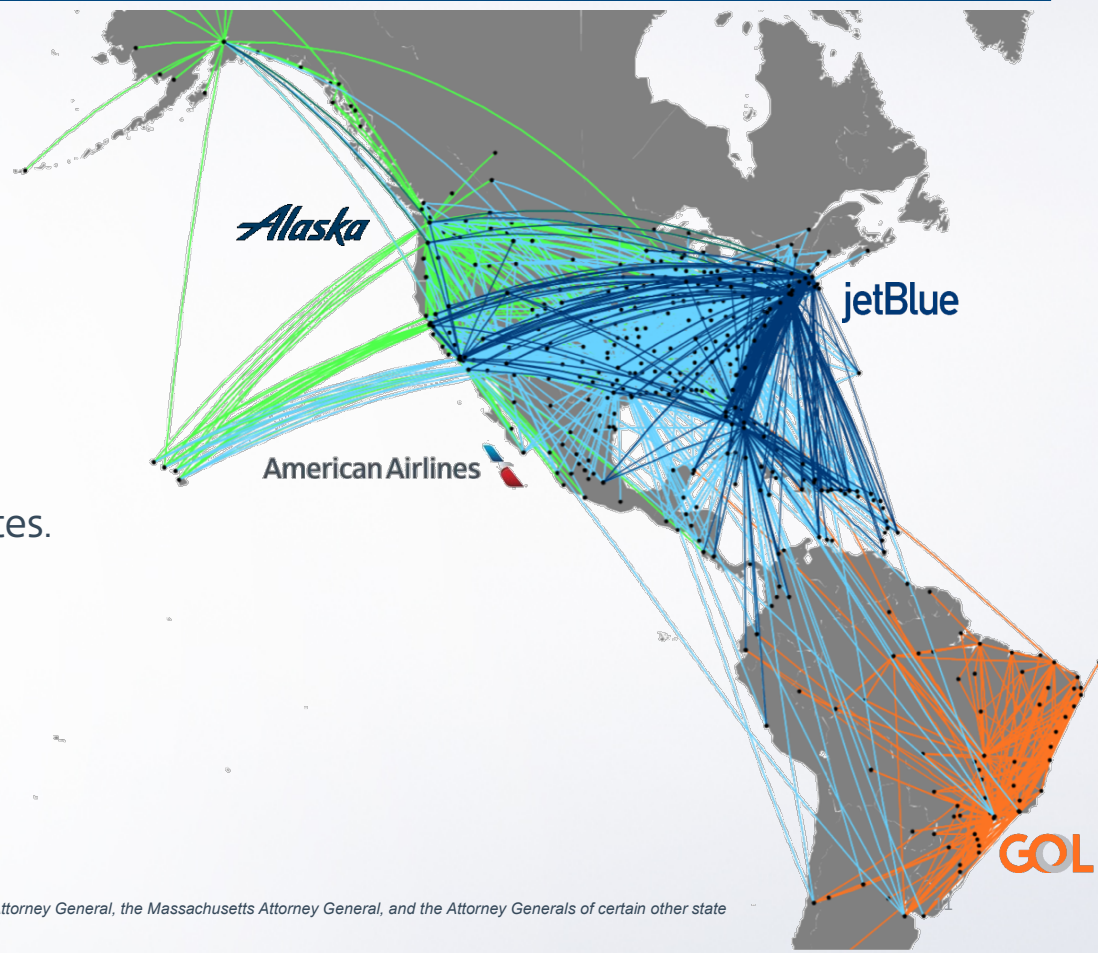
Relative Passenger
Unit Revenue Performance
(PRASM¹)



Reconnecting with Customers

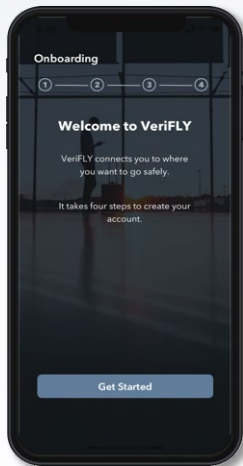
Building the best network in the Americas with new and innovative partnerships

- Alaska Airlines entered **oneworld**, enabling a more seamless customer experience.
- Launched Northeast Alliance with JetBlue¹ and announced 57 new routes.
- New codeshare with GOL will drive connectivity in Brazil.



^{1/} Subject to ongoing investigation by the US Department of Justice and the New York Attorney General, the Massachusetts Attorney General, and the Attorney Generals of certain other state and local jurisdictions

Reconnecting with Customers



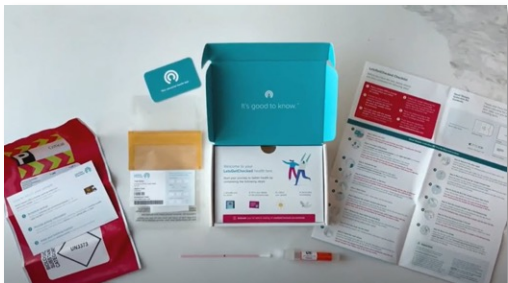
VeriFLY



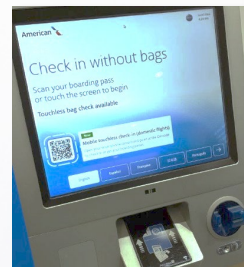
Biometrics



Digital Wallet



LetsGetChecked



Touchless Kiosk

American Airlines

Prepared for the Air

Your guide to making travel easier to manage

Steps to follow when you fly

- 1

BOOK WITH CONFIDENCE

 - ✓ Find the latest travel and health regulations by destination with our [travel tool](#)
 - ✓ Enjoy greater travel flexibility – including no change fees for most flights.
- 2

CHECK AND COMPLETE TRIP REQUIREMENTS

 - ✓ Download the mobile health passport app [VeriFLY](#) to check if there are specific travel requirements to your destination.
 - ✓ If COVID-19 testing is required, use [LetsGetChecked](#) at-home testing or visit your local clinic.
 - ✓ Upload your travel and health documents to VeriFLY, and receive your clearance to fly.
- 3

TRAVEL WITH EASE

Download the [American](#) app to:

 - Check in for your flight
 - Access your boarding pass
 - Track your bag
 - And more

Financial Update

Derek Kerr
Chief Financial Officer

First-Quarter Results

	GAAP			Non-GAAP		
	1Q21	1Q20	% Increase (Decrease)	1Q21	1Q20	% Increase (Decrease)
Total Operating Revenues	4,008	8,515	(52.9)	4,008	8,515	(52.9)
Total Operating Expenses	5,323	11,064	(51.9)	7,246	9,839	(26.4)
Total Non-operating Expense, net	<u>(258)</u>	<u>(341)</u>		<u>(281)</u>	<u>(124)</u>	
Loss Before Income Taxes	(1,573)	(2,890)		(3,519)	(1,448)	
Income Tax Benefit	<u>323</u>	<u>649</u>		<u>776</u>	<u>319</u>	
Net Loss	<u>\$ (1,250)</u>	<u>\$ (2,241)</u>		<u>\$ (2,743)</u>	<u>\$ (1,129)</u>	
Loss per Common Share; Basic and Diluted	<u>\$ (1.97)</u>	<u>\$ (5.26)</u>		<u>\$ (4.32)</u>	<u>\$ (2.65)</u>	
Weighted Average Shares Outstanding (in thousands): Basic and Diluted	<u>634,609</u>	<u>425,713</u>		<u>634,609</u>	<u>425,713</u>	

Note: May not calculate due to rounding.

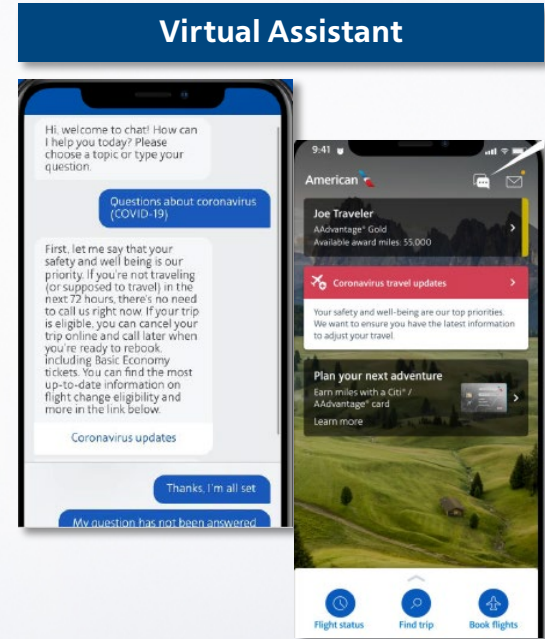
Passionately Pursuing Efficiencies

\$1.3 billion of permanent cost reductions in 2021

- \$500 million in management reductions.
- \$600 million in labor productivity enhancements.
- \$200 million in other identified permanent cost reductions.

Other efficiencies enabled by technology

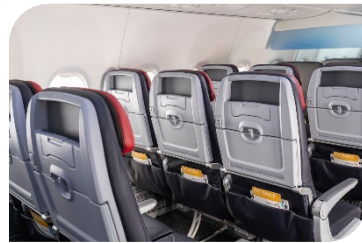
- ConnectMe
- Virtual Assistant
- Automated crew recovery



Passionately Pursuing Efficiencies

Fleet

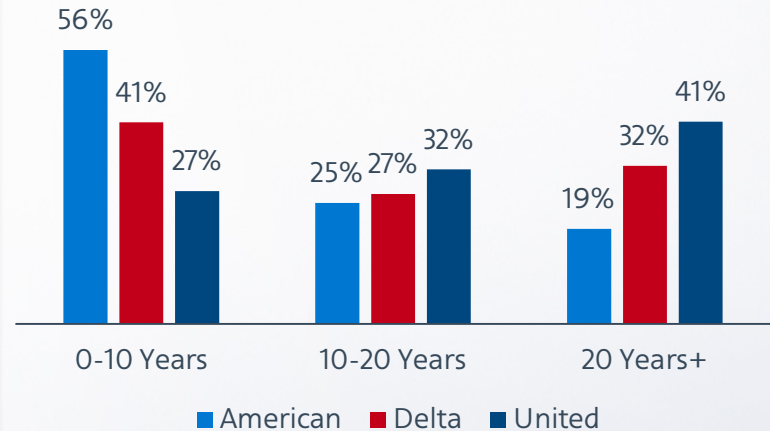
- Retirement of more than 150 aircraft and accelerated fleet simplification strategy and removed five different fleet types.
- Accelerated cabin standardization program by a year with all B737s complete by 2Q 2021 and A321s complete by YE 2021.



Younger fleet drives lower capex

- Deferred 18 737 MAX deliveries from 2021-2022 to 2023-2024.
- Converted 5 787-8 from 2021 to 5 787-9 in 2023.

Mainline Fleet Age ¹



Strong Liquidity Position

- Ended 1Q 2021 with \$17.3 billion in total available liquidity.
- Expect to end 2Q 2021 with approximately \$19.5 billion in total available liquidity.

Total available liquidity¹



^{1/} Total available liquidity is defined as unrestricted cash and marketable securities plus available undrawn revolver capacity and other undrawn facilities.

2Q21 Outlook

	2Q21 vs 2Q19	
Total Capacity	~ - 20% to -25%	
Total Revenue	~ - 40%	
CASM excluding fuel and special items ¹	~ +13% to +17%	
	2Q21	2Q21 Comments
Fuel	\$1.84 to \$1.89 / gal	Based on April 21, 2021 forward curve and planned consumption of ~873 million gallons
Pretax margin excluding net special items ¹	~ -27% to -30%	Includes non-operating expense of ~\$385 million
Liquidity ²	~\$19.5 billion	Includes PSP3 financial assistance
Capex (inflow)	FY 2021 (\$100 mil)	Sale-leaseback financing and return of PDPs drives \$100 million inflow in FY 2021

¹/ CASM excluding fuel, net special items is a non-GAAP financial measure. 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/ Total available liquidity is defined as unrestricted cash and marketable securities plus available undrawn revolver capacity and other undrawn facilities.



GAAP to non-GAAP reconciliation

	3 Months Ended March 31,	
	2021	2020
	(in millions, except share and per share amounts)	
Reconciliation of Pre-Tax Loss Excluding Net Special Items		
Pre-tax loss as reported	\$ (1,573)	\$ (2,890)
Pre-tax net special items:		
Mainline operating special items, net ⁽¹⁾	(1,709)	1,132
Regional operating special items, net ⁽²⁾	(215)	93
Nonoperating special items, net ⁽³⁾	(23)	217
Total pre-tax net special items	(1,946)	1,442
Pre-tax loss excluding net special items	\$ (3,519)	\$ (1,448)
Calculation of Pre-Tax Margin		
Pre-tax loss as reported	\$ (1,573)	\$ (2,890)
Total operating revenues as reported	\$ 4,008	\$ 8,515
Pre-tax margin	-39.3%	-33.9%
Calculation of Pre-Tax Margin Excluding Net Special Items		
Pre-tax loss excluding net special items	\$ (3,519)	\$ (1,448)
Total operating revenues as reported	\$ 4,008	\$ 8,515
Pre-tax margin excluding net special items	-87.8%	-17.0%
Reconciliation of Net Loss Excluding Net Special Items		
Net loss as reported	\$ (1,250)	\$ (2,241)
Net special items:		
Total pre-tax net special items ^{(1), (2), (3)}	(1,946)	1,442
Net tax effect of net special items	453	(330)
Net loss excluding net special items	\$ (2,743)	\$ (1,129)
Reconciliation of Basic and Diluted Loss Per Share Excluding Net Special Items		
Net loss excluding net special items	\$ (2,743)	\$ (1,129)
Shares used for computation (in thousands):		
Basic and diluted	634,609	425,713
Loss per share excluding net special items:		
Basic and diluted	\$ (4.32)	\$ (2.65)

Note: Amounts may not recalculate due to rounding.

FOOTNOTES:

⁽¹⁾ The 2021 first quarter mainline operating special items, net principally included \$1.9 billion of Payroll Support Program (PSP) financial assistance, offset in part by \$168 million of salary and medical costs primarily associated with certain team members who opted in to voluntary early retirement programs offered as a result of reductions to the Company's operation due to the COVID-19 pandemic.

Cash payments for salary and medical costs associated with our voluntary early retirement programs were approximately \$170 million for the 2021 first quarter.

The 2020 first quarter mainline operating special items, net principally included \$744 million of fleet impairment charges, \$218 million of one-time labor contract expenses resulting from the ratification of a new contract with the Company's maintenance and fleet service team members, including signing bonuses and adjustments to vacation accruals resulting from pay rate increases, and \$205 million of salary and medical costs primarily associated with certain team members who opted in to a voluntary early retirement program.

Fleet impairment charges in the 2020 first quarter included a \$676 million non-cash write-down of aircraft and spare parts and \$68 million in write-offs of right-of-use assets and lease return costs associated with our mainline fleet, principally Boeing 737, Boeing 767, Airbus A330-300 and Embraer 190 fleets, which were retired as a result of the decline in demand for air travel due to the COVID-19 pandemic.

⁽²⁾ The 2021 first quarter regional operating special items, net included \$244 million of PSP financial assistance, offset in part by \$27 million of fleet impairment charges. The fleet impairment charges principally included a non-cash write-down of regional aircraft resulting from the Company's decision to retire its remaining fleet of Embraer 140 aircraft earlier than planned.

The 2020 first quarter regional operating special items, net primarily included an \$88 million non-cash write-down of regional aircraft, principally related to the retirement of certain Embraer 140 and Bombardier CRJ200 aircraft as a result of the decline in demand for air travel due to the COVID-19 pandemic.

⁽³⁾ Principally included mark-to-market net unrealized gains and losses associated with certain equity investments and treasury rate lock derivative instruments as well as non-cash charges associated with debt refinancings and extinguishments.

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) Payroll Support Program financial assistance, (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 the Company's 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 March 31, 2021	3 Months Ended December 31, 2020	3 Months Ended September 30, 2020	3 Months Ended June 30, 2020
	(in millions, except days in period)			
Net cash provided by (used in) operating activities	\$ 174	\$ (2,800)	\$ (2,612)	\$ (963)
Net cash provided by (used in) investing activities	(7,152)	1,696	923	(6,799)
Net cash provided by financing activities	7,013	1,206	1,519	7,743
Adjustments:				
Payroll Support Program financial assistance	(2,191)	-	(525)	(3,693)
Net purchases (proceeds from sale) of short-term investments and restricted short-term investments	7,336	(1,422)	(1,391)	6,608
Proceeds from issuance of non-aircraft long-term debt, net of deferred financing costs	(10,699)	-	(1,926)	(7,714)
Proceeds from issuance of equity	(316)	(1,443)	-	(1,525)
Prepayments of long-term debt	3,393	-	-	1,047
Other	-	-	-	-
Total cash burn ⁽¹⁾	<u>\$ (2,442)</u>	<u>\$ (2,763)</u>	<u>\$ (4,012)</u>	<u>\$ (5,296)</u>
Days in period	90	92	92	91
Average daily cash burn	<u>\$ (27)</u>	<u>\$ (30)</u>	<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 March 31, 2021, December 31, 2020, September 30, 2020 and June 30, 2020, approximately \$660 million, \$515 million, \$540 million and \$505 million were cash payments for debt amortization, respectively, and approximately \$170 million, \$195 million, \$120 million and \$50 million were cash payments for salary and medical costs principally for the Company's voluntary early retirement programs, respectively, totaling an equivalent of approximately \$9 million, \$8 million, \$8 million and \$6 million per day, respectively.

**American
Airlines**

