

American Airlines Group Inc.

# FIRST- QUARTER 2024 FINANCIAL RESULTS

April 25, 2024



# Forward-looking statements

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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 Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 (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. 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.

# First-quarter results

- **Record first-quarter revenue of ~\$12.6 billion**
- First-quarter net loss per diluted share of (\$0.48). Excluding net special items<sup>1</sup>, first-quarter net loss per diluted share of (\$0.34).
- **Best-ever first-quarter completion factor**
- **Reduced total debt<sup>2</sup> by nearly \$950 million**
- Over 80% of the way to our \$15 billion total debt reduction goal by year end 2025
- **Generated ~\$1.4 billion of free cash flow<sup>1</sup>**



1. See GAAP to non-GAAP and free cash flow reconciliations at the end of this presentation.

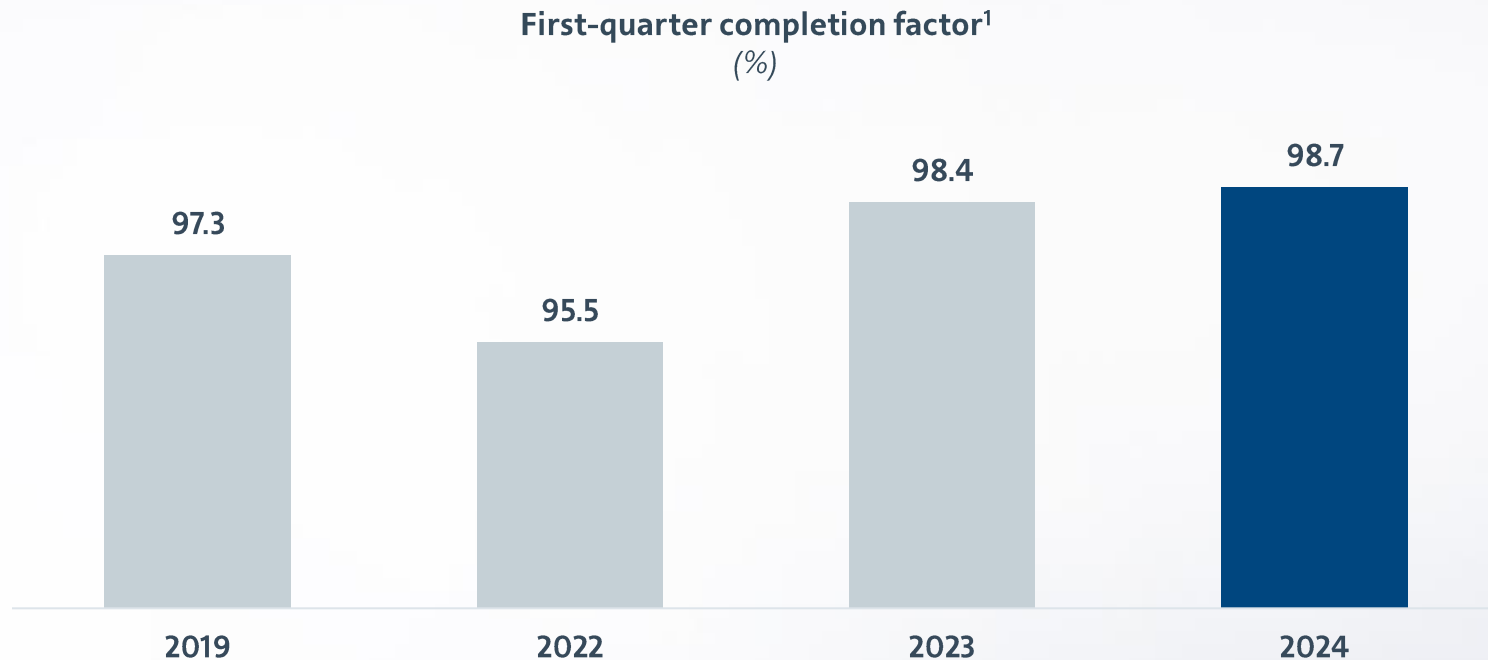
2. Total debt includes debt, finance and operating lease liabilities and pension obligations.

Source: Airline financials.

# American continues to lead in operational reliability

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- In 1Q 2024, American achieved its best-ever first-quarter completion factor



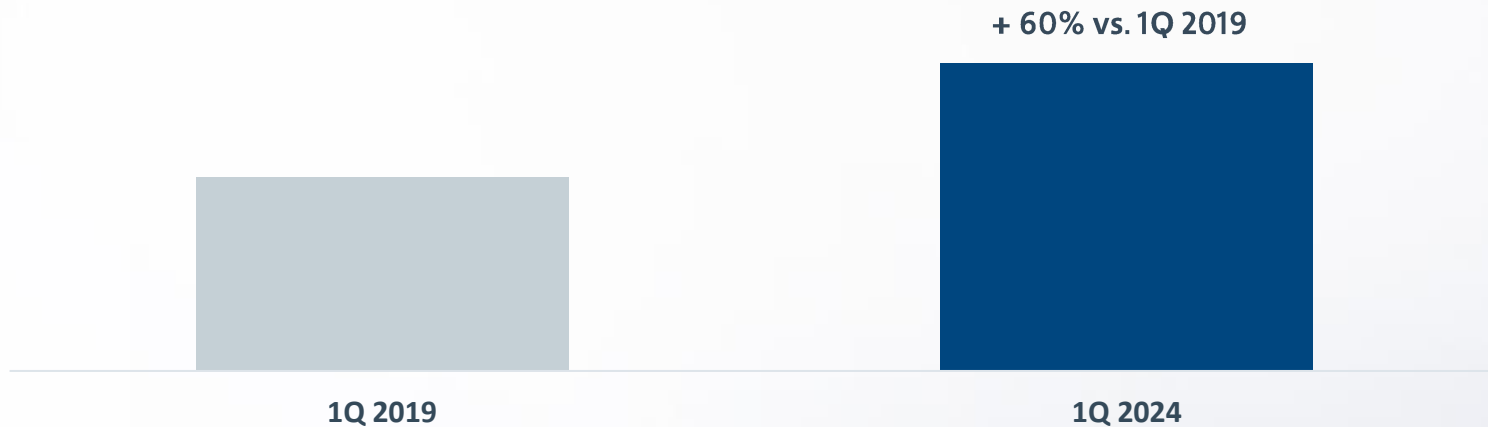
1. Combined Mainline and Regional completion factor. Excludes 2020 and 2021 as the impacts of COVID in these years limits their comparability.  
Source: Internal data.

# AAdvantage<sup>®</sup> growth continues

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- 1Q 2024 was another strong quarter for new members joining American's AAdvantage<sup>®</sup> loyalty and travel rewards program

## New loyalty member accounts

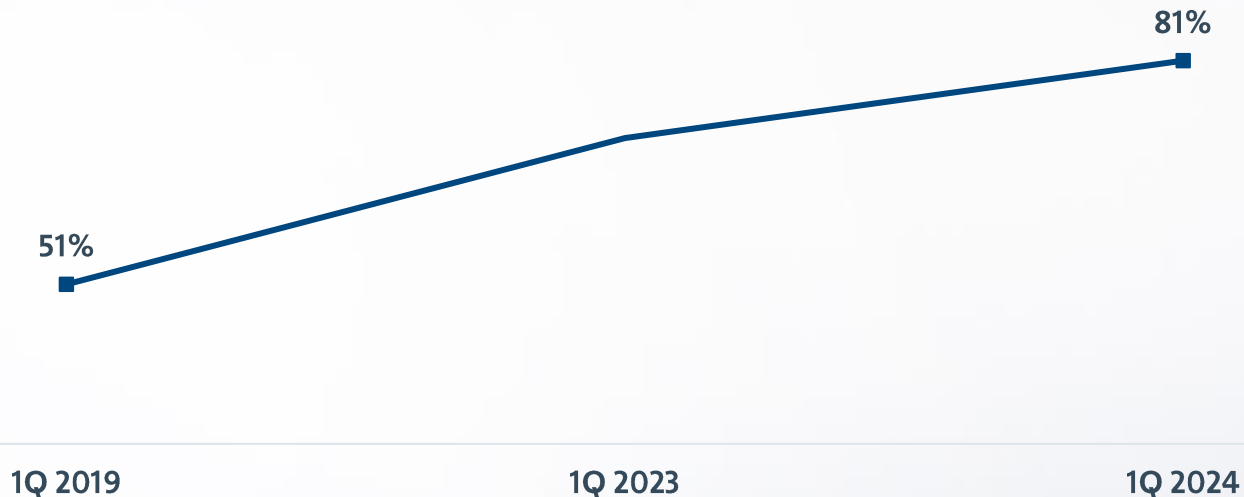


# First-quarter bookings contribution

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- American continues to see an increase in bookings from modern distribution technology

Bookings through modern distribution technology<sup>1</sup>



1. Modern distribution technology includes website, mobile app and NDC direct bookings.  
Source: Internal data.

# Financial update



# First-quarter financial results

	GAAP		Non-GAAP <sup>1</sup>	
	<i>(in millions, except share and per share amounts)</i>			
	1Q 2024	1Q 2023	1Q 2024	1Q 2023
Operating Income	\$7	\$438	\$77	\$451
Pre-Tax Income (Loss)	(\$413)	\$17	(\$297)	\$45
Net Income (Loss)	(\$312)	\$10	(\$226)	\$33
Earnings (Loss) per common share:				
Basic	(\$0.48)	\$0.02	(\$0.34)	\$0.05
Diluted	(\$0.48)	\$0.02	(\$0.34)	\$0.05
Weighted average shares outstanding (in thousands):				
Basic	655,847	652,000	655,847	652,000
Diluted	655,847	656,707	655,847	656,707

Note: May not recalculate due to rounding.

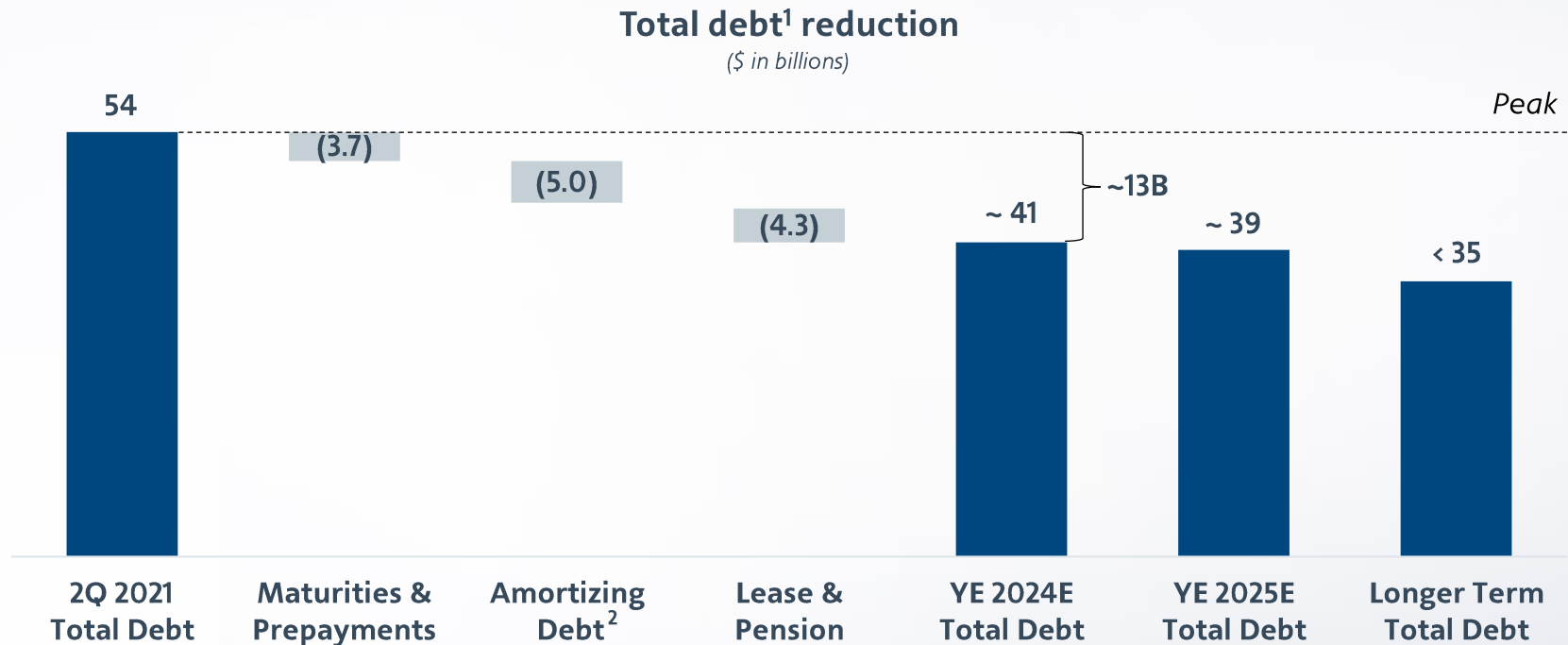
1. See GAAP to non-GAAP reconciliation at the end of this presentation.

Source: Airline financials.



# Balance sheet strengthening continues

- \$12.3 billion total debt<sup>1</sup> reduction from peak levels through first-quarter 2024
- On track to reduce total debt from peak levels by ~\$13 billion by the end of 2024



1. Total debt includes debt, finance and operating lease liabilities and pension obligations.

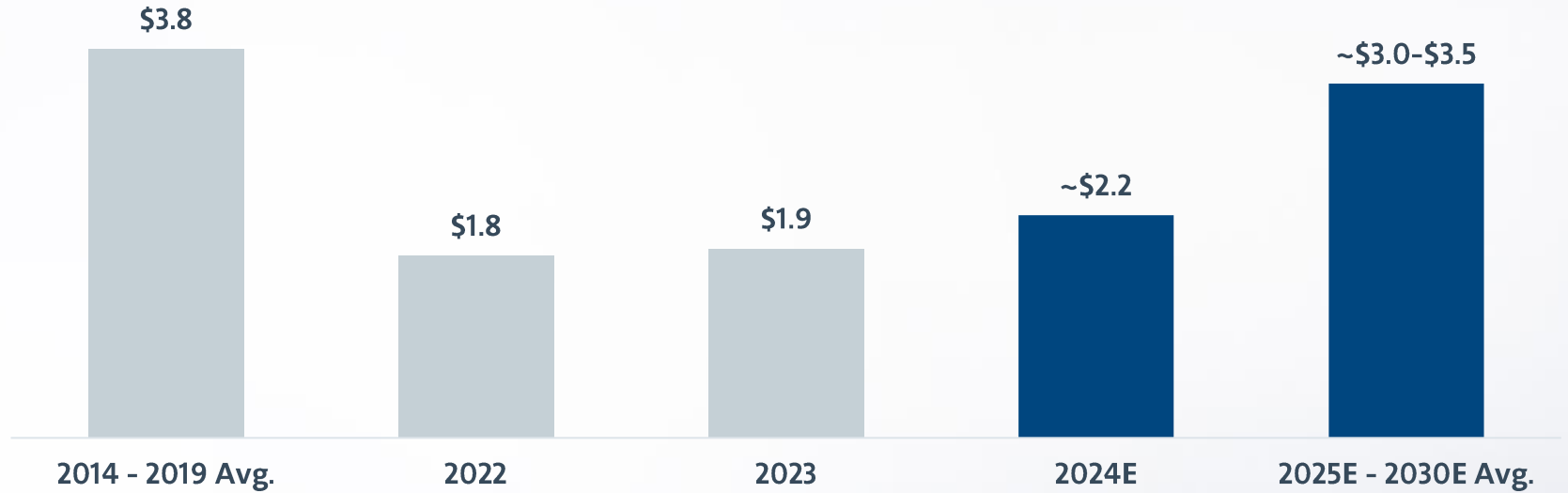
2. Net of new financings.

Source: Airline financials.

# Young fleet enables a moderate capex profile

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Total aircraft capex  
(*\$ in billions*)



# Second-quarter and full-year outlook

	2Q 2024
Total capacity (ASMs) (vs. 2Q 2023)	~ +7% to +9%
TRASM (vs. 2Q 2023)	~ -1% to -3%
CASM-ex <sup>1</sup> (vs. 2Q 2023)	~ +1% to +3%
Fuel (\$/gallon) <sup>2</sup>	~ \$2.75 to \$2.95
Adjusted operating margin <sup>1</sup>	~ 9.5% to 11.5%
Adjusted earnings per diluted share <sup>1</sup>	~ \$1.15 to \$1.45
	FY 2024
Total capacity (ASMs) (vs. 2023)	~ Up mid-single digits
CASM-ex <sup>1</sup> (vs. 2023)	~ +0.5% to +3.5%
Adjusted earnings per diluted share <sup>1</sup>	~ \$2.25 to \$3.25
Free cash flow <sup>3</sup>	~ \$2B

1. CASM-ex is cost per available seat mile (CASM) excluding fuel and net special items and is a non-GAAP measure. All adjusted operating margin and adjusted earnings per diluted share guidance excludes the impact of net special items and are non-GAAP measures. The Company is unable to reconcile certain forward-looking information to GAAP as the nature or amount of net special items cannot be determined at this time.

2. Consumption of ~1.12 to 1.14 billion gallons in 2Q 2024, based on April 16, 2024 forward fuel curve.

3. The Company defines free cash flow as net cash provided by operating activities less net cash used in investing activities, adjusted for (1) net purchases of short-term investments and (2) change in restricted cash. Free cash flow is a non-GAAP measure.



Thank you, #AATeam

# GAAP to non-GAAP reconciliation

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## Reconciliation of GAAP Financial Information to Non-GAAP Financial Information

American Airlines Group Inc. (the Company) sometimes uses financial measures that are derived from the condensed 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 tables below present the reconciliations of the following GAAP measures to their non-GAAP measures:

- Operating Income (GAAP measure) to Operating Income Excluding Net Special Items (non-GAAP measure)
- Operating Margin (GAAP measure) to Operating Margin Excluding Net Special Items (non-GAAP measure)
- Pre-Tax Income (Loss) (GAAP measure) to Pre-Tax Income (Loss) Excluding Net Special Items (non-GAAP measure)
- Pre-Tax Margin (GAAP measure) to Pre-Tax Margin Excluding Net Special Items (non-GAAP measure)
- Net Income (Loss) (GAAP measure) to Net Income (Loss) Excluding Net Special Items (non-GAAP measure)
- Basic and Diluted Earnings (Loss) Per Share (GAAP measure) to Basic and Diluted Earnings (Loss) Per Share Excluding Net Special Items (non-GAAP measure)

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.

Additionally, the tables below present the reconciliations of total operating costs (GAAP measure) to total operating costs excluding net special items and fuel (non-GAAP measure) and total operating costs per ASM (CASM) to CASM excluding net special items and fuel. Management uses total operating costs excluding net special items and fuel and CASM excluding net 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. The adjustment to exclude fuel and net special items allows management an additional tool to understand and analyze the Company's non-fuel costs and core operating performance.

# GAAP to non-GAAP reconciliation

<b>Reconciliation of Operating Income Excluding Net Special Items</b>	3 Months Ended March 31,		Percent Increase (Decrease)
	2024	2023	
	(in millions)		
Operating income as reported	\$ 7	\$ 438	
Operating net special items:			
Mainline operating special items, net <sup>(1)</sup>	70	13	
Operating income excluding net special items	\$ 77	\$ 451	(83.0%)
<b>Calculation of Operating Margin</b>			
Operating income as reported	\$ 7	\$ 438	
Total operating revenues as reported	\$ 12,570	\$ 12,189	
Operating margin	0.1%	3.6%	
<b>Calculation of Operating Margin Excluding Net Special Items</b>			
Operating income excluding net special items	\$ 77	\$ 451	
Total operating revenues as reported	\$ 12,570	\$ 12,189	
Operating margin excluding net special items	0.6%	3.7%	
<b>Reconciliation of Pre-Tax Income (Loss) Excluding Net Special Items</b>			
Pre-tax income (loss) as reported	\$ (413)	\$ 17	
Pre-tax net special items:			
Mainline operating special items, net <sup>(1)</sup>	70	13	
Nonoperating special items, net <sup>(2)</sup>	46	15	
Total pre-tax net special items	116	28	
Pre-tax income (loss) excluding net special items	\$ (297)	\$ 45	nm
<b>Calculation of Pre-Tax Margin</b>			
Pre-tax income (loss) as reported	\$ (413)	\$ 17	
Total operating revenues as reported	\$ 12,570	\$ 12,189	
Pre-tax margin	(3.3%)	0.1%	
<b>Calculation of Pre-Tax Margin Excluding Net Special Items</b>			
Pre-tax income (loss) excluding net special items	\$ (297)	\$ 45	
Total operating revenues as reported	\$ 12,570	\$ 12,189	
Pre-tax margin excluding net special items	(2.4%)	0.4%	

# GAAP to non-GAAP reconciliation

<b>Reconciliation of Net Income (Loss) Excluding Net Special Items</b>	3 Months Ended March 31,		Percent Increase (Decrease)
	2024	2023	
	(in millions, except share and per share amounts)		
Net income (loss) as reported	\$ (312)	\$ 10	
Net special items:			
Total pre-tax net special items <sup>(1), (2)</sup>	116	28	
Net tax effect of net special items	(30)	(5)	
Net income (loss) excluding net special items	\$ (226)	\$ 33	nm
<b>Reconciliation of Basic and Diluted Earnings (Loss) Per Share Excluding Net Special Items</b>			
Net income (loss) excluding net special items	\$ (226)	\$ 33	
Shares used for computation (in thousands):			
Basic	655,847	652,000	
Diluted	655,847	656,707	
Earnings (loss) per share excluding net special items:			
Basic	\$ (0.34)	\$ 0.05	
Diluted	\$ (0.34)	\$ 0.05	
<b>Reconciliation of Total Operating Costs per ASM Excluding Net Special Items and Fuel</b>			
Total operating expenses as reported	\$ 12,563	\$ 11,751	
Operating net special items:			
Mainline operating special items, net <sup>(1)</sup>	(70)	(13)	
Total operating expenses excluding net special items	12,493	11,738	
Aircraft fuel and related taxes	(2,980)	(3,167)	
Total operating expenses excluding net special items and fuel	\$ 9,513	\$ 8,571	
	(in cents)		
Total operating expenses per ASM as reported	17.82	18.08	
Operating net special items per ASM:			
Mainline operating special items, net <sup>(1)</sup>	(0.10)	(0.02)	
Total operating expenses per ASM excluding net special items	17.72	18.06	
Aircraft fuel and related taxes per ASM	(4.23)	(4.87)	
Total operating expenses per ASM excluding net special items and fuel	13.49	13.18	

**Note: Amounts may not recalculate due to rounding.**

## FOOTNOTES:

<sup>(1)</sup> The 2024 first quarter mainline operating special items, net principally included \$57 million of one-time charges resulting from the ratification of a new collective bargaining agreement with our mainline passenger service team members, including a one-time signing bonus.

<sup>(2)</sup> Principally included mark-to-market net unrealized gains and losses associated with certain equity investments.

# Free cash flow reconciliation

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 purchases 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.

	3 Months Ended March 31, 2024 (in millions)
<b>Net cash provided by operating activities</b>	\$ 2,180
<b>Adjusted net cash used in investing activities <sup>(1)</sup></b>	(810)
<b>Free cash flow</b>	<u>\$ 1,370</u>

<sup>(1)</sup> The following table provides a reconciliation of adjusted net cash used in investing activities for the three months ended March 31, 2024 (in millions):

Net cash used in investing activities	\$ (1,516)
Adjustments:	
Net purchases of short-term investments	702
Decrease in restricted cash	4
Adjusted net cash used in investing activities	<u>\$ (810)</u>



# Adjusted EBITDAR margin reconciliation

The Company's adjusted EBITDAR and adjusted EBITDAR margin are presented below, which are non-GAAP measures that management uses to evaluate the Company's current operating performance. 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.

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.

<b>Adjusted EBITDAR</b>	3 Months Ended March 31, 2024 (in millions)	
Operating income as reported	\$	7
Adjustments:		
Aircraft rent <sup>(1)</sup>		330
Depreciation and amortization <sup>(1)</sup>		549
EBITDAR	\$	886
Operating special items, net <sup>(1)</sup>		70
Adjusted EBITDAR	\$	956
<b>Calculation of Adjusted EBITDAR Margin</b>		
Adjusted EBITDAR	\$	956
Total operating revenues as reported	\$	12,570
Adjusted EBITDAR Margin		7.6%

<sup>(1)</sup> Includes amounts associated with regional operations that are reflected in regional expenses in the condensed consolidated statements of operations.

# Net debt reconciliation

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Net debt is defined as debt, finance and operating lease liabilities and pension obligations, net of unrestricted cash and short-term investments.

<b>Net Debt (at end of period)</b>	<b>December 31, 2019</b>		<b>March 31, 2024</b>	
Debt and finance leases	\$	24,315	\$	32,330
Operating lease liabilities		9,129		7,730
Pension obligations		5,461		1,636
Total debt		38,905		41,696
Less: cash and short-term investments		3,826		8,300
Net debt	\$	35,079	\$	33,396

American  
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