

# American Airlines Group Inc.

Third-Quarter 2022

Financial Results



# 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, 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 September 30, 2022 (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 and commercial update

**Robert Isom**  
Chief Executive Officer

# Strong third-quarter results

## American Airlines produced highest quarterly revenue in company history

- Third-quarter net income of \$483 million. Excluding net special items<sup>1</sup>, net income of \$478 million
- Total revenue 13% higher vs. Q3 2019 on 9.6% less capacity
- Operated more than 500,000 flights in the quarter, with an average load factor of 85.3% (6.6 points higher vs. Q3 2021)
- Third-quarter schedule was more than 25% larger than closest competitor as measured by total departures

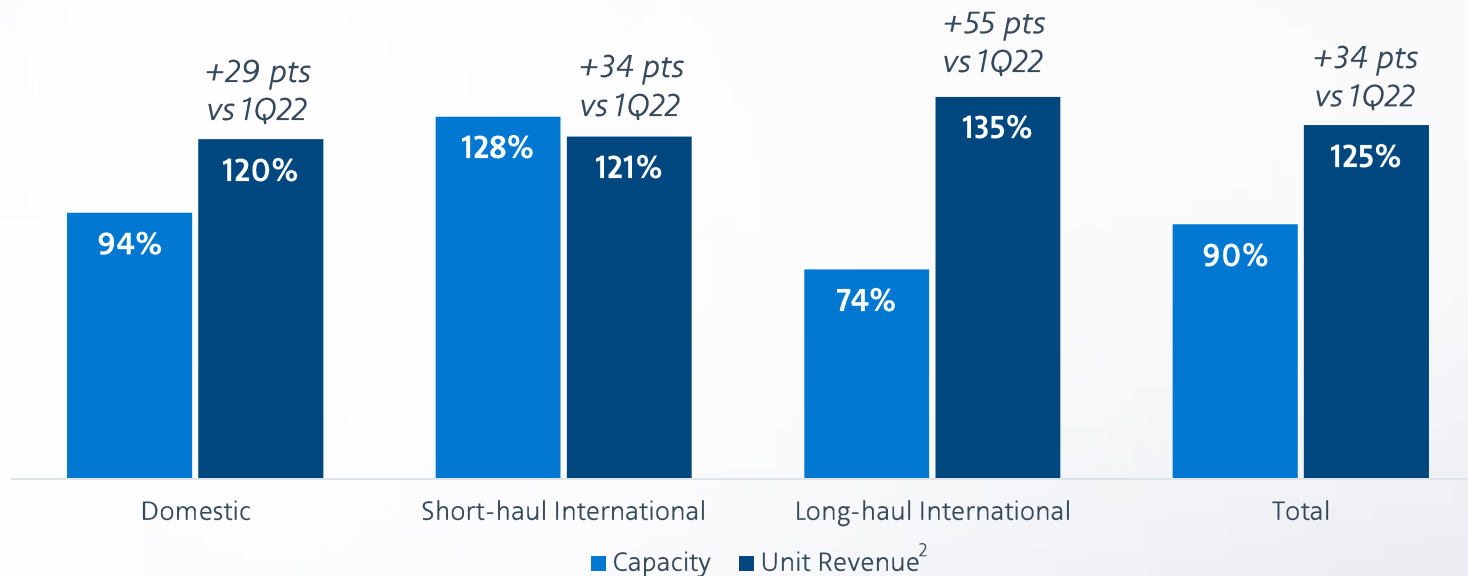


<sup>1</sup>/ See GAAP to non-GAAP reconciliation at the end of this presentation.

# Revenue recovery

- Domestic and short-haul international<sup>1</sup> continue to lead the revenue recovery
- Long-haul international improvement continues, driven by unit revenue strength

## 3Q22 Capacity & Unit Revenue<sup>2</sup>, % of 3Q19



<sup>1/</sup> Short-haul International consists of Mexico, Caribbean, Central America and northern South America.  
<sup>2/</sup> PRASM depicted.

# Financial update

**Derek Kerr**  
Chief Financial Officer

# Third-quarter results<sup>1</sup>

	GAAP		Non-GAAP	
	(in millions except share and per share amounts)			
	3Q22	3Q21	3Q22	3Q21
Operating Income (Loss)	\$ 930	\$ 595	\$ 969	\$ (462)
Income (Loss) Before Income Taxes	\$ 658	\$ 206	\$ 640	\$ (833)
Net Income (Loss)	\$ 483	\$ 169	\$ 478	\$ (641)
Earnings (Loss) per common share:				
Basic	<u>\$ 0.74</u>	<u>\$ 0.26</u>	<u>\$ 0.73</u>	<u>\$ (0.99)</u>
Diluted	<u>\$ 0.69</u>	<u>\$ 0.25</u>	<u>\$ 0.69</u>	<u>\$ (0.99)</u>
Weighted average shares outstanding (in thousands):				
Basic	<u>650,586</u>	<u>648,564</u>	<u>650,586</u>	<u>648,564</u>
Diluted	<u>715,985</u>	<u>721,142</u>	<u>715,985</u>	<u>648,564</u>

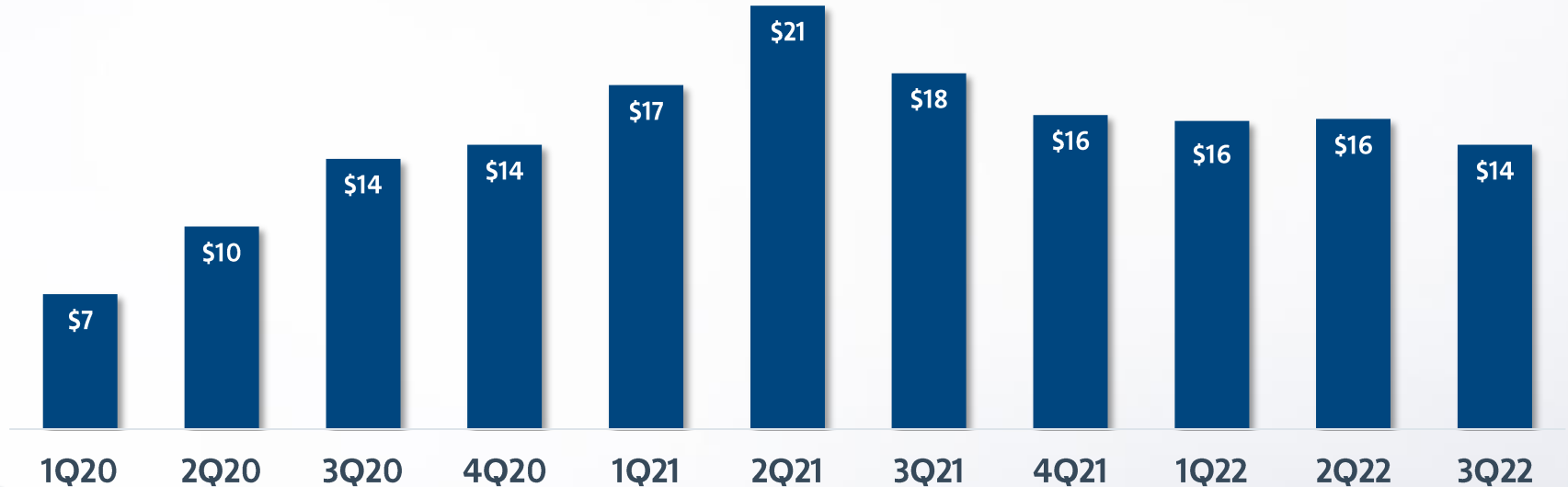
Note: May not recalculate due to rounding.

<sup>1/</sup> See GAAP to non-GAAP reconciliation at the end of this presentation.

# Strong liquidity position

- Continue to maintain elevated total available liquidity balance, ending the third quarter with \$14.3 billion, more than double the total available liquidity at year-end 2019

## Total available liquidity<sup>1</sup> (in billions)



<sup>1/</sup> Total available liquidity is defined as unrestricted cash and marketable securities plus available undrawn revolver capacity and other undrawn facilities.



# Balance sheet repair

## Strong liquidity and confidence in recovery facilitates deleveraging

### Continued focus on debt reduction

- In the third quarter, made approximately \$380 million in scheduled debt and finance lease payments
- Continue to target \$15 billion in total debt<sup>1</sup> reduction by end of 2025
- Total debt down by \$5.6 billion since Q2 2021 peak

### Future priorities for excess liquidity

- Address short end of maturity curve – next significant maturity in December 2023
- Free up high-quality collateral
- Pay down prepayable debt (~\$11 billion opportunity)

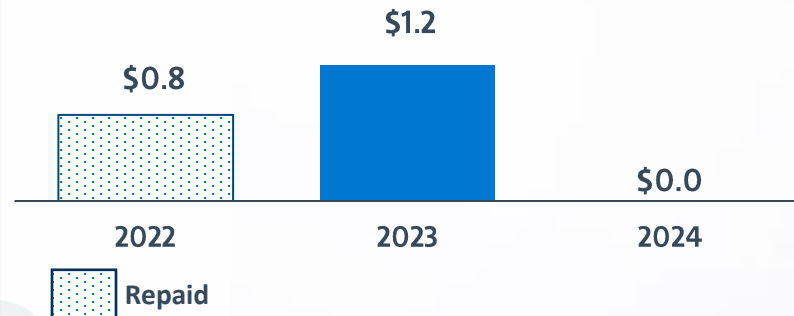
1/ Total debt includes debt, finance leases, operating lease liability and pension obligations.

# Limited capex and debt maturities support deleveraging

- Continue to target \$15 billion in total debt<sup>1</sup> reduction by end of 2025

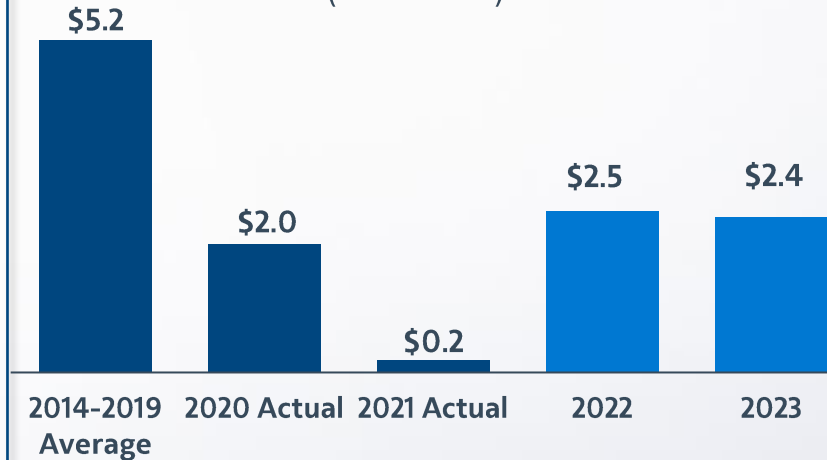
## Limited maturities minimize refi risk

### Final term loan and unsecured debt maturities<sup>2</sup> (in billions)



## Younger fleet drives lower capex

### Total capex forecast<sup>3</sup> (in billions)

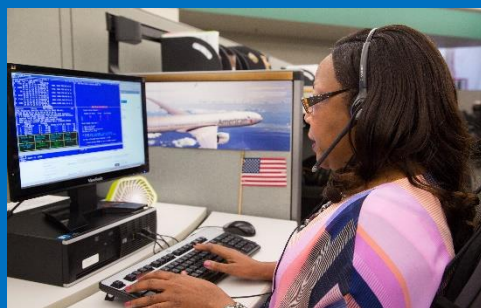


1/ Total debt includes debt, finance leases, operating lease liability and pension obligations.  
2/ Source: Company filings, as of September 30, 2022. Amounts shown net of scheduled payments on amortizing debt.  
3/ Source: Company filings, 2021 includes net inflows from return of PDPs.

# Fourth-quarter and full-year outlook

	2022 vs 2019	
Total capacity (ASMs)	4Q22: Down ~5% to 7% FY22: Down ~8% to 10%	
Total revenue	4Q22: Up ~11% to 13%	
TRASM	4Q22: Up ~18% to 20%	
CASM excluding fuel and net special items <sup>1</sup>	4Q22: Up ~8% to 10% FY22: Up ~11% to 13%	
Operating margin excluding net special items <sup>1</sup>	4Q22: ~5.5% to 7.5%	
Nonoperating expense excluding net special items <sup>1</sup>	4Q22: ~\$335 million	
	4Q22	Comments
Fuel (\$/gallon)	~\$3.51 to \$3.56	Consumption of ~990 million gallons and based on Oct 12, 2022 forward fuel curve
Earnings per diluted share excluding net special items <sup>1</sup>	\$0.50 to \$0.70	

<sup>1</sup>/CASM guidance excludes the impact of fuel and net special items. All operating margin, nonoperating expense and earnings per diluted share guidance exclude the impact of net special items. 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.



# 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 (Loss) (GAAP measure) to Operating Income (Loss) 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

Reconciliation of Operating Income (Loss) Excluding Net Special Items	3 Months Ended September 30,		Percent Increase (Decrease)
	2022	2021	
	(in millions)		
Operating income (loss) as reported	\$ 930	\$ 595	
Operating net special items:			
Mainline operating special items, net <sup>(1)</sup>	37	(990)	
Regional operating special items, net <sup>(2)</sup>	2	(67)	
Operating income (loss) excluding net special items	\$ 969	\$ (462)	nm
<b>Calculation of Operating Margin</b>			
Operating income (loss) as reported	\$ 930	\$ 595	
Total operating revenues as reported	\$ 13,462	\$ 8,969	
Operating margin	6.9%	6.6%	
<b>Calculation of Operating Margin Excluding Net Special Items</b>			
Operating income (loss) excluding net special items	\$ 969	\$ (462)	
Total operating revenues as reported	\$ 13,462	\$ 8,969	
Operating margin excluding net special items	7.2%	(5.2%)	
<b>Reconciliation of Pre-Tax Income (Loss) Excluding Net Special Items</b>			
Pre-tax income (loss) as reported	\$ 658	\$ 206	
Pre-tax net special items:			
Mainline operating special items, net <sup>(1)</sup>	37	(990)	
Regional operating special items, net <sup>(2)</sup>	2	(67)	
Nonoperating special items, net <sup>(3)</sup>	(57)	18	
Total pre-tax net special items	(18)	(1,039)	
Pre-tax income (loss) excluding net special items	\$ 640	\$ (833)	nm
<b>Calculation of Pre-Tax Margin</b>			
Pre-tax income (loss) as reported	\$ 658	\$ 206	
Total operating revenues as reported	\$ 13,462	\$ 8,969	
Pre-tax margin	4.9%	2.3%	
<b>Calculation of Pre-Tax Margin Excluding Net Special Items</b>			
Pre-tax income (loss) excluding net special items	\$ 640	\$ (833)	
Total operating revenues as reported	\$ 13,462	\$ 8,969	
Pre-tax margin excluding net special items	4.8%	(9.3%)	

Reconciliation of Net Income (Loss) Excluding Net Special Items	3 Months Ended September 30,		Percent Increase (Decrease)
	2022	2021	
	(in millions, except share and per share amounts)		
Net income (loss) as reported	\$ 483	\$ 169	
Net special items:			
Total pre-tax net special items <sup>(1), (2), (3)</sup>	(18)	(1,039)	
Income tax special items, net	-	-	
Net tax effect of net special items	13	229	
Net income (loss) excluding net special items	\$ 478	\$ (641)	nm
<b>Reconciliation of Basic and Diluted Earnings (Loss) Per Share Excluding Net Special Items</b>			
Net income (loss) excluding net special items	\$ 478	\$ (641)	
Shares used for computation (in thousands):			
Basic	650,586	648,564	
Diluted	715,985	648,564	
Earnings (loss) per share excluding net special items:			
Basic	\$ 0.73	\$ (0.99)	
Diluted	\$ 0.69	\$ (0.99)	
<b>Reconciliation of Total Operating Costs per ASM Excluding Net Special Items and Fuel</b>			
Total operating expenses as reported	\$ 12,532	\$ 8,374	
Operating net special items:			
Mainline operating special items, net <sup>(1)</sup>	(37)	990	
Regional operating special items, net <sup>(2)</sup>	(2)	67	
Total operating expenses excluding net special items	12,493	9,431	
Aircraft fuel and related taxes	(3,847)	(1,952)	
Total operating expenses excluding net special items and fuel	\$ 8,646	\$ 7,479	
	(in cents)		
Total operating expenses per ASM as reported	18.28	13.70	
Operating net special items per ASM:			
Mainline operating special items, net <sup>(1)</sup>	(0.05)	1.62	
Regional operating special items, net <sup>(2)</sup>	-	0.11	
Total operating expenses per ASM excluding net special items	18.22	15.43	
Aircraft fuel and related taxes per ASM	(5.61)	(3.19)	
Total operating expenses per ASM excluding net special items and fuel	12.61	12.24	

Note: Amounts may not recalculate due to rounding.

## FOOTNOTES:

- The 2021 third quarter mainline operating special items, net principally included \$992 million of Payroll Support Program (PSP) financial assistance.
- The 2021 third quarter regional operating special items, net principally included \$126 million of PSP financial assistance.
- Primarily included mark-to-market net unrealized gains and losses associated with certain equity and other investments as well as non-cash charges associated with debt refinancings and extinguishments.

**American  
Airlines**

