

# Delta profits up on strong demand, but shares fall on cost hit

October 10 2019

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Delta Air Lines reported higher third-quarter profits on Thursday and offered an upbeat outlook on US consumers but shares fell over a fourth-quarter forecast that reflects higher-than-expected costs.

Executives said customer demand remained strong during the quarter ending September 30 following a record summer, with gains in both corporate and leisure travel.

Chief Executive Ed Bastian said the carrier expects another strong holiday season. The company has seen no tapering off in activity even as [economic data](#) has shown weakness in US manufacturing amid increased talk of a broader economic slowdown or recession.

"Our business is heavily levered to the US consumer and the US consumer is doing quite well," Bastian said on a conference call with analysts.

Net income rose 13.1 percent to \$1.5 billion. Revenues climbed five percent to \$12.6 billion.

But shares tumbled after the company projected fourth-quarter profits of between \$1.20 and \$1.50 per share, below the \$1.51 projected by analysts.

The company is spending more on staff and infrastructure to address a network that one executive said was practically "bursting at the seams" as the company has scrambled in recent months with heavy consumer loads and rebookings due to [bad weather](#).

Bastian described the spending as a "long-term investment that I'm confident is going to have long-term returns" by meeting expectations on [customer service](#).

Delta last week sharply criticized new 10 percent tariffs announced by the Trump administration that hit US aircraft imports from Europe following a World Trade Organization ruling in a long-standing trade dispute involving Airbus and Boeing.

Bastian said the tariffs would not affect new Airbus A321 narrow-body planes that are built in Alabama. But larger Airbus aircraft are made overseas.

"At this point, we're looking at our options," Bastian said. "We do not expect this is going to be a material cost to Delta."

Shares of Delta were down 3.4 percent at \$52.12 near midday.

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Citation: Delta profits up on strong demand, but shares fall on cost hit (2019, October 10)  
retrieved 27 April 2024 from  
<https://techxplore.com/news/2019-10-delta-profits-strong-demand-fall.html>

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