

American Airlines reports higher profits despite MAX hit

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American Airlines reported a jump in fourth-quarter profits on continued strong consumer demand that offset the hit from the 737 MAX grounding

American Airlines reported a jump in fourth-quarter profits on Thursday due to continued strong consumer demand that offset the hit from the

grounding of Boeing's 737 MAX jets.

Earnings for the quarter ending December 31 jumped 27.4 percent to \$414 million.

Sales rose 3.4 percent to \$11.3 percent.

The company pointed to record passenger loads, including a strong holiday travel season as demand for flying outpaced economic growth.

Executives said American had taken positive steps in [customer service](#), an area in which the carrier has lagged rivals according to key benchmarks and where it suffered flight cancelations over the summer due to a dispute with a mechanics union.

The company has invested in Wi-Fi on more planes, as well as upgrades in airport gates.

Chief Executive Doug Parker said American "made important progress to address the issues that impacted our business in 2019."

Parker added on a conference call that "we know we can perform better and we will."

Like other US carriers United Airlines and Southwest Airlines, American Airlines' fleet has been constrained by the grounding of the 737 MAX plane following two crashes.

American had previously estimated that the grounding would cost it \$540 million in pre-tax profits in 2019 due to thousands of flight cancelations.

Earlier this month, American announced it reached a confidential

settlement with Boeing to cover losses from the MAX.

Executives declined to elaborate on the settlement on Thursday but Parker said "we'll continue to hold Boeing accountable."

American has pulled the MAX from its schedule through June 4 and executives said that grounding would be extended further following Boeing's announcement this week that it does not expect to win regulatory approval to return the jet to service until mid-2020.

Shares were down 4 percent to \$26.22 in early trade on Thursday.

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