

United Airlines posts \$1.9 billion loss in pandemic-laden 4Q

January 21 2021, by David Koenig



In this Oct. 15, 2020, file photo, a United Airlines airplane takes off over another United plane on the runway at San Francisco International Airport in San Francisco. United Airlines said Wednesday, Jan. 20, 2021, that it finished one of the worst years in its history by losing \$1.9 billion in the last three months of 2020, and it predicted more of the same in the first quarter of this year. (AP Photo/Jeff Chiu, File)

United Airlines said Wednesday that it finished one of the worst years in its history by losing \$1.9 billion in the last three months of 2020, and it predicted more of the same in the first quarter of this year.

The loss was wider than analysts expected. The number of U.S. airline passengers had been building slowly since May but was hammered again when COVID-19 cases began surging in the fall, causing health experts to beg people to stay home.

United lost \$7.1 billion in 2020, an amount exceeded only in 2005, when bankruptcy-related costs pushed the company to a \$21 billion loss. Including debt and severance payments, the airline burned through \$33 million in cash per day.

Revenue plunged 69% in the [fourth quarter](#) compared with a year earlier. United predicted a similar decrease—between 65% and 70%—in the first quarter of 2021, a slightly more pessimistic view than the one expressed by Delta Air Lines last week.

Analysts believe that Americans who have been cooped up since March are eager to travel again once it is safer. But the slow pace of vaccinating Americans against COVID-19 and concern about new variants of the virus are hurting airline bookings.

Chicago-based United tried to reassure investors that it is laying the groundwork for a gradual recovery once the coronavirus outbreak is contained.

United said that it starting to cut \$2 billion in annual structural costs from its operations. At the same time, the airline expressed confidence that crucial business travel will eventually bounce back, although not as quickly as leisure travel.

The combination will result in higher profit margins in 2023 than United saw in 2019, before the pandemic, the company predicted.

"Aggressively managing the challenges of 2020 depended on our innovation and fast-paced decision making," CEO Scott Kirby said in a statement. "But, the truth is that COVID-19 has changed United Airlines forever."

Peter McNally, an analyst for market-research firm Third Bridge, said United's [revenue](#) forecast for the first quarter "is a little disappointing," and he wants United to say more precisely when it might stop losing money. On the plus side, he noted that United has raised \$26 billion from government and private sources and has nearly \$20 billion in liquidity left to survive the pandemic.

"They are not running out of money," McNally said. "There's one thing we've learned from this crisis: The market doesn't stop giving these airlines money."

Excluding some one-time gains, United said its fourth-quarter loss worked out to \$7 per share. That was worse than the \$6.62 per share loss predicted, on average, by 19 analysts in a FactSet survey. In the same quarter of 2019, United earned \$641 million.

Revenue tumbled to \$3.41 billion, nearly matching the \$3.42 billion that was forecast by analysts. Revenue from [international flights](#) plunged 83%, compared with a 72% drop in domestic revenue.

About 56% of seats were sold on the average flight in the fourth quarter, and that was after United cut thousands of flights because of weak demand.

Cargo was a rare bright spot, with revenue up 77% from a year earlier,

but cargo makes up a tiny part of United's overall business.

The company scheduled a conference call with analysts on Thursday.

Shares of United Airlines Holdings Inc. rose 1% to \$45.18 in regular trading before the [financial results](#) were released. During extended trading, they were down about 2%.

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