

American Airlines loses \$1.6 billion but sees better outlook

April 21 2022



American Airlines passenger jets prepare for departure, Wednesday, July 21, 2021, near a terminal at Boston Logan International Airport, in Boston. American said Thursday, April 21, 2022, it lost \$1.64 billion in the first quarter, which was marred by thousands of flight cancellations, many of them because pilots and flight attendants were out with COVID-19. Credit: AP Photo/Steven Senne, File

American Airlines lost \$1.64 billion in the first quarter, a wider loss than a year ago, but said Thursday that it expects to turn profitable in the spring as travel demand strengthens.

The airline's shares soared more than 10% higher in early trading before the market opened.

Air travel was subdued early in the year by the omicron variant that caused an increase in COVID-19 cases, but passengers returned in March, and American said it earned a profit that month, excluding certain items.

Revenue more than doubled from a year earlier, returning to 84% of the pre-pandemic level from early 2019.

"The demand environment is very strong, and as a result, we expect to be profitable in the [second quarter](#) based on our current fuel price assumptions," new CEO Robert Isom said in a statement from the Fort Worth, Texas-based airline.

The airline said it is getting a boost from the easing of pandemic travel restrictions and improvement in business travel, which has been a weak point for airlines. American said corporate bookings were the highest since the start of the pandemic.

Along with higher revenue, however, airlines are facing [higher costs](#) for fuel and labor. American's fuel bill more than doubled from a year earlier, and payroll costs rose more than 15%.

American's upbeat commentary about the rest of 2022 echoed comments by Delta Air Lines and United Airlines, which both predicted they will earn full-year profits as travel continues to rebound from the depths of the pandemic.

The [first quarter](#), however, was less rosy. It started with massive flight cancellations due to winter storms and high numbers of pilots and flight attendants out with omicron. Cancellations decreased and revenue rose during the rest of the quarter, as the variant subsided.

American said that excluding special items it lost \$2.32 a share, a slightly better result than the average forecast of an adjusted loss of \$2.43 per share, according to a Zacks Investment Research survey of eight analysts.

Still, the loss was wider than American's \$1.25 billion loss a year earlier.

Revenue rose to \$8.9 billion.

Through Wednesday, American Airlines Group shares had gained 8.5% since the beginning of the year. The stock has dropped slightly more than 4% in the last 12 months.

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Citation: American Airlines loses \$1.6 billion but sees better outlook (2022, April 21) retrieved 26 April 2024 from <https://techxplore.com/news/2022-04-american-airlines-billion-outlook.html>

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