

A busy summer pushes United Airlines to a \$1.14 billion profit, but fuel cost will hurt 4Q results

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In this July 2, 2021 file photo, a United Airlines jetliner taxis down a runway for take off from Denver International Airport in Denver. United Airlines reports earnings on Tuesday, Oct. 17, 2023. Credit: AP Photo/David Zalubowski, file

United Airlines said Tuesday that it earned \$1.14 billion in the vacation-heavy third quarter, but the airline forecast weaker profit the rest of the year due to surging jet fuel prices and the suspension of flights to Tel Aviv during the Israel-Hamas war.

United said its fourth-quarter adjusted profit would be between \$1.50 and \$1.80 per share, far short of Wall Street expectations for \$2.09 per share.

The high end of the United forecast assumes that the airline will resume Tel Aviv flights next month, while the low end assumes no more flights this year. United and many other airlines halted the flights shortly after Hamas militants attacked Israel on Oct. 7.

Jet fuel prices have risen by about one-third since the beginning of July, tracking the increase in oil prices. United paid an average of \$2.95 a gallon in the third quarter—a windfall because it paid nearly a dollar more per gallon a year ago—but it expects to pay \$3.28 a gallon in the fourth quarter.

Shares of United's parent fell more than 4% in extended trading.

While the fourth-quarter outlook is muted, the third quarter was strong all around for the Chicago-based airline. United said after the market closed Tuesday that revenue increased more than 12% over the same period last year, led by [international flights](#).

United said it set quarterly profit records for service to both Europe and Asia, as more Americans traveled beyond U.S. borders. Domestic revenue also grew, though not as much.

United's net income of \$1.14 billion compared with \$942 million a year earlier. The airline said earnings adjusted to exclude unusual items

worked out to \$3.65 per share, beating the Wall Street forecast of \$3.38 per [share](#), according to a FactSet survey of analysts.

Revenue rose to \$14.48 billion, topping the analysts' prediction of \$14.43 billion.

United's report comes after rival Delta Air Lines posted a \$1.1 billion profit last week. Delta saw particular strength in sales of premium seats and international flights. It predicted that fourth-quarter revenue would rise as much 11% compared with a year ago.

Both airlines are seeing the cost of new labor contracts—particularly with pilots—weigh on their results. United agreed in July to raise pilot pay by up to 40% over four years in a deal that the Air Line Pilots Association valued at \$10 billion over that span.

United is also ordering more planes—lots of them—from Boeing and Airbus. This month, the airline placed its [second huge order](#) in less than a year. However, United and other carriers face delays in getting those planes because of production problems, especially at Boeing.

Christopher Raite, an analyst at business-research firm Third Bridge Group, said the decline in deliveries from Boeing is affecting United's fleet and also contributing to lower fourth-quarter earnings for the airline.

United declined to make officials available for comment on the results until Wednesday, when they hold a conference call with analysts and reporters.

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