

American Airlines reports lower profits but wins on IT outage

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Robert Isom, CEO of American Airlines, said the company had made progress in addressing problems from an ill-conceived booking systems upgrade, but that the issues would weigh on profits for 2024.

American Airlines lowered its 2024 outlook Thursday on lingering effects of a botched booking system upgrade, but shares rallied as it

touted a speedy recovery to last week's IT outage that plagued rivals.

While the big US carrier has taken "aggressive" steps to remedy the ill-conceived booking system changes that drove away consumers, the problem "will continue to impact (American's) revenue performance and earnings through the remainder of the year," the carrier said.

American now expects full-year profits per share of between 70 cents and \$1.30, down significantly from the range provided in April of between \$2.25 and \$3.25 per share.

Profits in the [second quarter](#) were \$717 million, down 46.4 percent from the year-ago period. Revenues rose two percent to \$14.3 billion, a record.

In May, American announced the departure of Vasu Raja as chief commercial officer who had overseen a revamp that was meant to have customers book directly through the airline and its app instead of going through corporate travel managers or online platforms.

After declaring the change a disaster, American has moved to reinstate fares in distribution channels used by travel managers and corporate programs, end plans to differential mileage by channel and undertaken extensive outreach to customers.

"We're taking actions that will improve our performance but a reset will take some time," said Chief Executive Robert Isom, who tapped senior executive Steve Johnson to oversee the process.

Besides the American-specific issues surrounding its booking practices, the carrier is also contending with an industry-wide excess of seat capacity that has pressured fares in recent weeks.

Isom said the company had trimmed capacity in the third quarter and was mapping out plans for 2025 so that the carrier is "not outgrowing demand."

Notwithstanding the booking system issues, American won praise for its breakneck recovery to last Friday's CrowdStrike information technology outage that led to thousands of canceled flights at rival Delta.

Isom credited an "incredible" IT team as well as strong technology investment. But he described the issue as an ongoing challenge.

"Technology today, it's something that we're going to have to continue to make sure that we build resilience around and ensure against a patch being put in place that can knock out so much of the world's communications," Isom said.

American also pointed to a strong operational performance over the July 4 Independence Day holiday and to a breakthrough in protracted labor talks with its flight attendant union. A union vote on the agreement is expected later this year.

Shares of American Airlines rose 4.8 percent near midday.

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