

Delta Air Lines reports huge annual loss but eyes better 2021

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Delta Air Lines reported a huge loss for 2020 due to the coronavirus, but expects an improving market in 2021

Delta Air Lines reported a massive loss Thursday for 2020 following the devastating impact of the coronavirus on air travel, but said it expects to return to profitability later this year.

With traffic depressed in the wake of lockdowns and myriad restrictions to counter the pandemic, Delta suffered a \$12.4 billion loss for all of 2020, its first year in the red since 2009 and a big come-down from record profits in 2019.

Delta also reported a quarterly loss for the period ending December 31, capping what Chief Executive Ed Bastian called "the toughest year in Delta's history."

But shares of the US carrier rose solidly Thursday as Bastian projected a return to profitability later this year once vaccines become widespread.

"While our challenges continue in 2021, I am optimistic this will be a year of recovery and a turning point that results in an even stronger Delta returning to revenue growth, profitability and free

cash generation," Bastian said in a statement.

Airlines have cut tens of thousands of jobs and taken planes out of service in an effort to curtail costs during the prolonged downturn.

Delta has avoided involuntary layoffs, but has seen 40,000 workers leave the company with packages and voluntary leave. The company has also struck agreements with unions to reduce staffing hours in order to avoid layoffs.

The burden on US airline staff has been mitigated by large federal payroll support packages to retain pilots, [flight attendants](#) and other workers.

Delta expects to receive \$3 billion from the latest congressional agreement that will require the company to maintain payroll through the end of March.

Like its peers, the carrier has also taken on billions of dollars in debt since March to ride out the prolonged downturn. Executives vowed to work to reduce the debt load once the market improves.

Delta suffered a \$755 million loss in the fourth quarter as revenues plunged 65 percent to \$4.0 billion.

It said its cash burn in the [fourth quarter](#) was \$12 million daily, an improvement on the third-quarter daily burn rate of \$24 million.

The company expects "three [distinct phases](#)" of recovery in 2021, said President Glen Hauenstein, with a "choppy demand recovery" early in the year, followed by an inflection point and then a "sustained demand recovery as customer confidence gains momentum, vaccinations become widespread and offices reopen."

Delta anticipates a "sustained [recovery](#) to begin in the second half of 2021, with a return to profitability

this summer," Bastian said during the conference call.

Shares of Delta rose 3.5 percent to \$41.88 in afternoon trading.

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