

American Airlines forecasts third-quarter profit but scales back growth after flight disruptions

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American Airlines posted its first quarterly profit since the Covid pandemic started without government aid but joined competitors in scaling back growth plans after a host of disruptions this year. The carrier on Thursday forecast a third-quarter profit, however, another sign of strong travel demand, even at high prices.

American posted a second-quarter profit of \$476 million, up from \$19 million a year earlier, though the airline was still benefiting from federal coronavirus payroll support last year.

Second-quarter revenue of \$13.4 billion was up 12% from before the pandemic, even though American flew 8.5% less than the same period of 2019, the airline said.

American has been more aggressive than rivals United Airlines and Delta Air Lines in restoring capacity, but American's CEO said the carrier would limit its expansion this year.

"As we look to the rest of the year, we have taken proactive steps to build additional buffer into our schedule and will continue to limit capacity to the resources we have and the operating conditions we face," CEO Robert Isom said in a note to staff.

The airline said it would fly 8% to 10% below 2019 levels in the third quarter but said revenue would be up as much as 12% from three years earlier as high fares continue into the summer.

Here's how the carrier performed in the second quarter, compared with Wall Street expectations according to Refinitiv consensus estimates:

Adjusted earnings per share: 76 cents versus an expected 76 cents.

Total revenue: \$13.42 billion versus expected \$13.40 billion.

Unit costs surged 45% in the second quarter from 2021 as the airline, like its rivals, faced a jump in fuel and other expenses.

Alaska Airlines posted net income of \$139 million on record revenue of nearly \$2.7 billion when it reported its own second-quarter results Thursday. It also said it would be cautious on building up capacity.

"As is the case for the entire economy, supply chains remain disrupted by the pandemic," CEO Ben Minicucci said on an earnings call after the report. "We are working with key partners closer than ever before and will be more conservative in planning our operation and capacity until we see higher levels of stability and

predictability.”

For the third quarter Alaska plans to fly a schedule down 5% to 8% compared with the same period of 2019 and expects revenue up as much as 19% over three years earlier.

United late Wednesday reported its first profit since the pandemic without the help of government aid, but said it would cut its growth plans through 2023.

American shares fell 7.4% on Thursday, United lost 10.2% and Alaska fell 0.5%, while the S&P 500 ended nearly 1% higher.

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