

United Airlines warns omicron will delay travel recovery

Posted on January 19, 2022 by Business Editor



United Airlines said the surge in Covid-19 infections has hurt bookings in recent weeks and will further delay its recovery from the pandemic.

The Chicago-based airline said it expects first-quarter revenue to be 20% to 25% below the same period in 2019 when it generated \$9.59 billion.

United lowered its 2022 growth forecast, saying it would fly less this year than it did three years ago, scrapping its plan to increase capacity by 5% from pre-pandemic levels. Costs for the first quarter would be up by as much as 15%, excluding fuel, and capacity down by 16% to 18% from three years earlier.

United's shares were off more than 2% in after-hours trading.

The airline said that bookings for spring and summer are strong, however.

"The United team has been fighting through unprecedented obstacles to, once again, overcome the new and daunting challenges that COVID-19 is bringing to aviation, and I am grateful to each one of them for their commitment to taking care of our customers," United Airlines CEO Scott Kirby said in an earnings release. "Omicron is impacting near term demand, we remain optimistic about the spring and excited about the summer and beyond."

Delta Air Lines last week also said the omicron variant dented early 2022 bookings early this year and that it would drive it to a first-quarter loss, but that it expected to be profitable by March, forecasting a rebound in travel demand.

American Airlines reports before the market opens on Thursday.

United posted a net loss of \$646 million, compared with a \$641 million profit in the fourth quarter of 2019 but a smaller loss than the \$1.9 billion it lost in the same quarter of 2020.

Revenue in the last three months of the year came in at \$8.19 billion, off nearly 25% from 2019 but it was its strongest quarter of the pandemic thanks to robust holiday bookings. It was ahead of analysts' estimates of \$7.97 billion.

Adjusting for one-time items, United had a loss per share of \$1.60, better than the \$2.11 analysts estimated.

Here's how United performed in the fourth quarter compared with what Wall Street expected, based on average estimates compiled by Refinitiv:

Adjusted results per share: a loss of \$1.60 versus an expected loss of \$2.11

Total revenue: \$8.19 billion versus expected \$7.97 billion.

United executives will hold a call with analysts and media on Thursday at 10:30 a.m. ET.

Leslie Josephs www.cnbc.com

