

Financial Analysis of the Airline Industry

Delta Airlines (DAL), Southwest Airlines (LUV), American Airlines (AAL) and United Airlines (UAL)

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GROUP – 4

To make a proper financial analysis during the last three years across any sector of business it is important to understand how the global pandemic affected that industry. When it comes to the airline industry and especially commercial airlines it was one of the business sectors that was hit the hardest during the peak pandemic year of 2020. With every country shutting borders, flights getting canceled, and airline companies having aircraft with pilots that were not allowed to fly costing them incredible amounts every day.

DELTA

According to a Wall Street Journal article that researched nine major airline carriers it ranked Delta number 1 overall. The most important categories that Delta was ranked number 1 in were On-Time Arrivals, Canceled Flights, and Extreme Delays. Meaning that of the nine major airlines Delta had the most flights that arrived on time, as well as the least number of canceled flights, and the fewest extreme delays.

Looking more specifically at Delta's financial statements and financial ratios it again shows a significant impact of the global pandemic. All numbers will refer to Figure 5. One of the most important financial ratios for airlines is Return on Assets (ROA). Delta had stable growth in ROA from 2018 to 2019 and it grew from 6.53% to 7.64%. Meaning that Delta had a higher net income when compared to the average total assets. This could also be interpreted as Delta's total assets shrunk during the period and net income could have remained the same however, total assets grew between 2018 and 2019 meaning that net income grew faster than the total assets did during the same period. As expected during 2020 ROA crashed and the ROA was -18.14%. This means that net income was negative during 2020. What is important is how well Delta recovered from the first pandemic year and ROA in 2021 was back to positive at 0.39%. It was still close to \$20,000 million less in 2021 when compared to 2019 but a big step towards pre-pandemic operations. There is a similar picture to ROA when we look at Delta's Profit Margin. Again, this number had a steady growth between 2018 to 2019 where it grew from 8.86% to 10.14%. Then in 2020, it drops massively down to -72.45%. But what is most important is that Delta is recovering quickly from the pandemic and its profit margin is back to a positive 0.94%.

SOUTHWEST AIRLINES

Southwest Airlines Co. runs one of the most lauded and honored airlines in the world, providing its unmatched value and hospitality at 121 airports in 11 different nations. Southwest, which marked its 50th anniversary in 2021, set off in 1971 with the mission of democratizing the sky through hospitable, dependable, affordable air travel. Today, Southwest flies more passengers nonstop within the United States than any other airline. Southwest Airlines, headquartered in Dallas and well-known for its employee-first company culture, has an unmatched history of never implementing layoffs or involuntary furloughs. The maverick airline cultivates a passionate devotion among as many as 130 million Customers carried each year by empowering its more than 64,000 employees to provide unmatched hospitality. 47 years of profitability and industry-leading prosperity have been brought about by this formula for success for Southwest Shareholders (NYSE: LUV).

Considering Southwest's Return on Assets (ROA), it decreased from 9.4% to 8.8% during 2018-2019. This was because the net income for the year ended December 31, 2019, was \$2.3 billion, a 6.7 percent decrease, as compared to 2018 net income of \$2.5 billion. During the pandemic year 2020, the ROA went down to as low as -10.2%. This is quite evident as the net income in 2020 was also negative. However, in 2021, as the situation improved, ROA increased to 2.8% as the net income also increased and became positive.

The next ratio we will analyze is the Profit Margin. Southwest's sales increased during 2018-19 but net income decreased during that period, resulting in the Profit Margin decreasing from 11.2% to 12.3%. As expected, the company's Profit Margin crashed to -34% during the Covid year 2020 but they recovered quickly in 2021 with the Profit Margin increasing to 6.2%.

AMERICAN AIRLINES

- *Historical Overview*

American Airlines, founded in 1926, is world's largest airlines in terms of fleet size (1,432 in 2021), total enplaned passengers (165,682k) and Revenue Passenger Miles (161,538M). Headquartered in Fort Worth, Dallas, the company's primary business activity is providing scheduled air transportation of passengers (~87% Sales in 2021) and cargo services.

American Airlines witnessed several highs and lows throughout its operational history. The “low gas price” period between 1970s and 1990s witnessed major expansion of the American Airlines. The airline widened its passenger routes from domestic to international destinations including Caribbean, Latin America, Europe, and Asia by acquiring Trans Caribbean airlines in 1970, Heathrow assets of Trans World Airlines in 1991 followed by the company acquisition itself in 2001 (<https://www.aa.com/i18n/customer-service/about-us/history-of-american-airlines.jsp>). It helped forge *One World Alliance* with other airline partners including British Airways, Cathay Pacific, Canadian Airlines, and Qantas in 1999.

Of all the shocks that American Airlines endured, including Sep’2001 aftermath wherein revenues fell by 531% in 2002 from 2000) and 2008 financial crisis (The net income dropped by 564% in 2008), the worst downfall came in 2020 when American Airlines – and the entire aviation industry – took a tailspin due to global Covid lockdown. The Operating income and Net Income of American Airlines fell 385% and 625% respectively (10K-2021). As of Q3 2022, American Airlines is still in the “recovery” mode. With hints of global recession, volatile oil prices, prevailing Russia-Ukraine war, and intensifying competition, it may take a while before American Airlines see their financial numbers in the positive territory.

- ***Liquidity (Quick Ratio) & Solvency (Cash Coverage Ratio)***

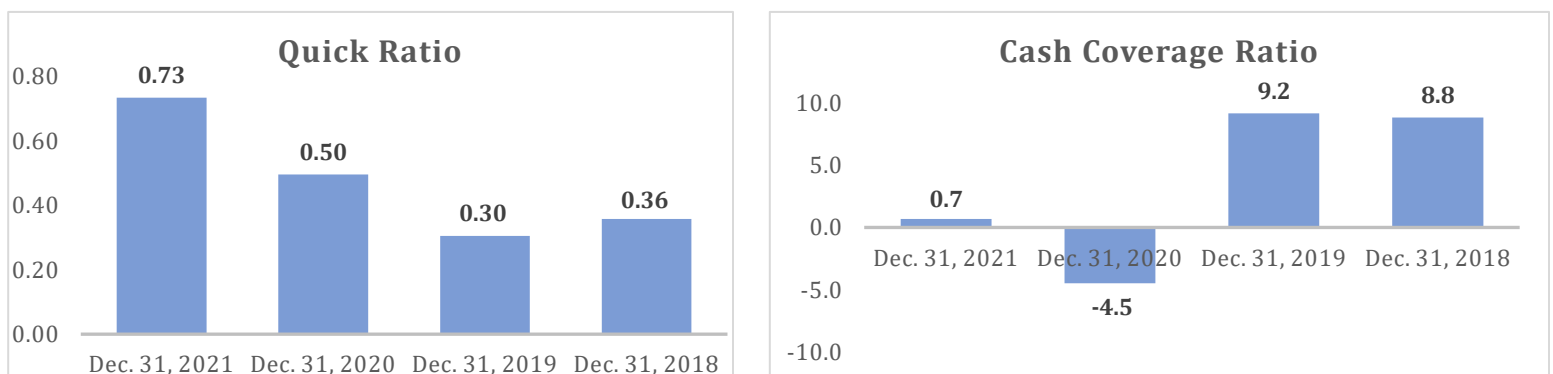


Figure 1.

While the *Cash Ratio* has been consistently positive over the last four years (although AA significantly increased Short-term investments in 2021), the *Cash Coverage Ratio*, reflecting upon AA’s ability to cover interest payments through EBITDA, suffered significantly due to Covid.

This is because the operating income fell by dropped by 385% and the interest expenses rose by 12% in 2020 creating a material issue to cover interest obligations

- **Profitability Ratios (Profit Margin, ROA & ROIC)**

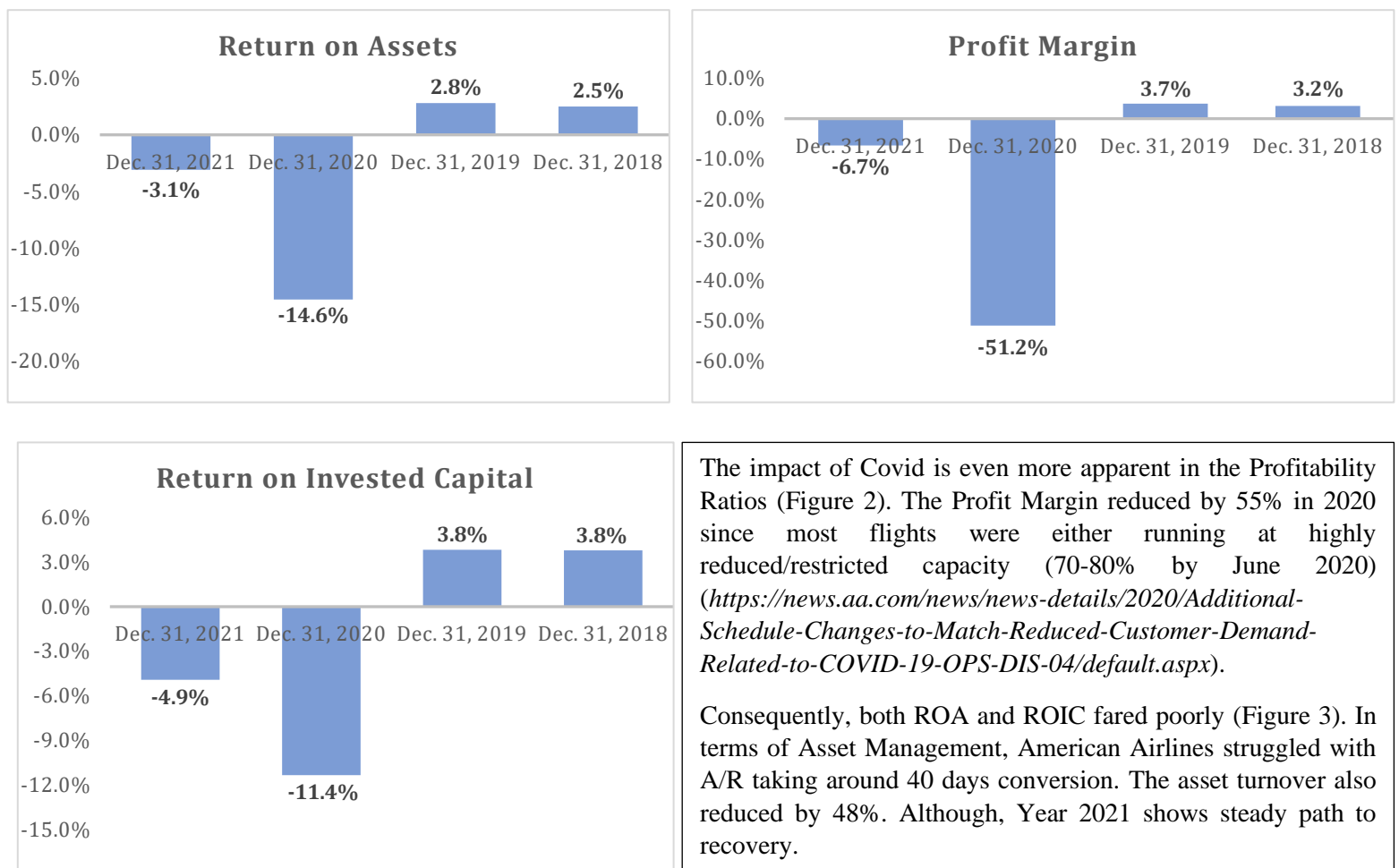


Figure 2.

- **Asset Management Ratios (Total Asset Turnover & DSO)**

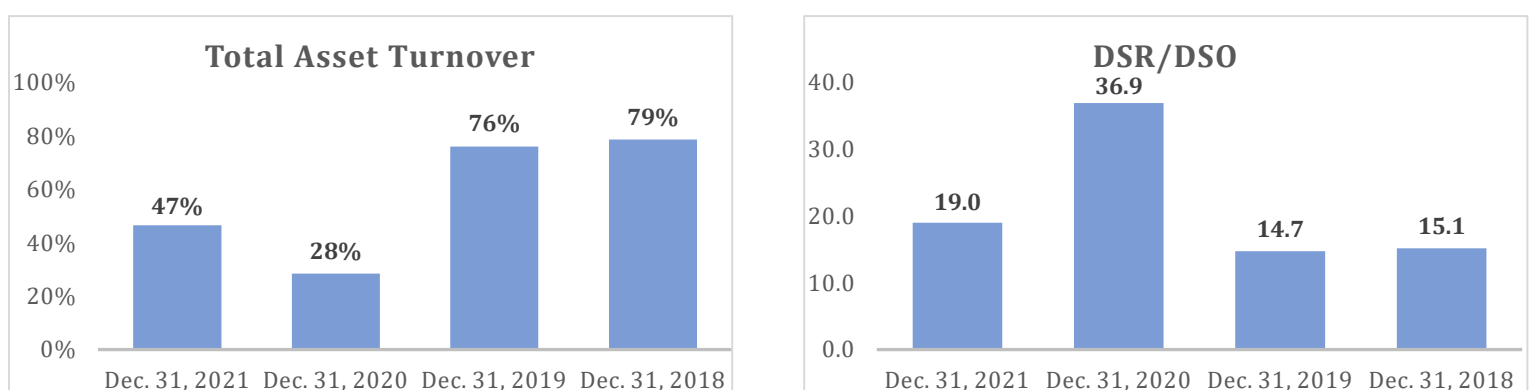


Figure 3.

UNITED AIRLINES

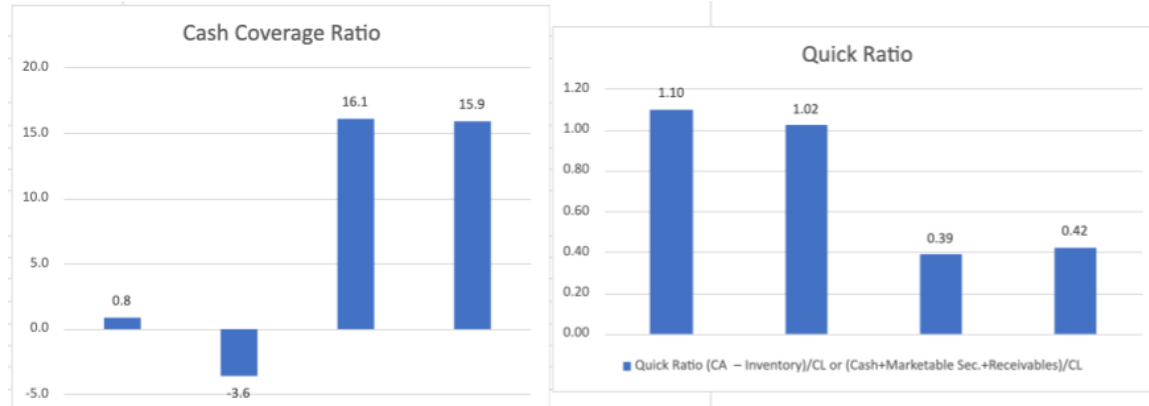
United Airlines, Inc. is a major American airline headquartered at the Willis Tower in Chicago, Illinois. United operates a large domestic and international route network spanning city large and small across the United States and all six inhabited continents. Measured by fleet size and the number of routes, it is the third-largest airline in the world after its merger with Continental Airlines in 2010.

United has eight hubs, with Chicago–O'Hare being its largest in terms of passengers carried and the number of departures. It is a founding member of the Star Alliance, the world's largest airline alliance with a total of 28 member airlines. The regional service is operated by independent carriers under the brand name United Express. The United brand name was established by the amalgamation of several airlines in the late 1920s, the oldest of these being Varney Air Lines, which was founded in 1926.

In December 2002, due largely to the post-9/11 drop-off in air travel, as well as to poor relations between the corporation and one of its key labor unions, the International Association of Machinists, United Airlines filed for bankruptcy. It remained under court protection for more than three years. This enabled it to cut costs ruthlessly. Finally, in early 2006, it emerged from court protection and resumed normal operations.

In January 2021, Chief Executive Scott Kirby put forward the possibility for the company to mandate employees to receive the COVID-19 vaccine while cautioning the potential difficulties in implementing the mandate. The company was the first major US airline to announce a vaccine mandate for all staff on Aug 6, at which point over 80% of flight attendants and 90% of pilots had been vaccinated, according to statements of the respective unions. Days before the internal deadline of Sept 27, the company announced that more than 97% of the US based staff were vaccinated.

Liquidity (Quick Ratio) & Solvency (Cash Coverage Ratio)



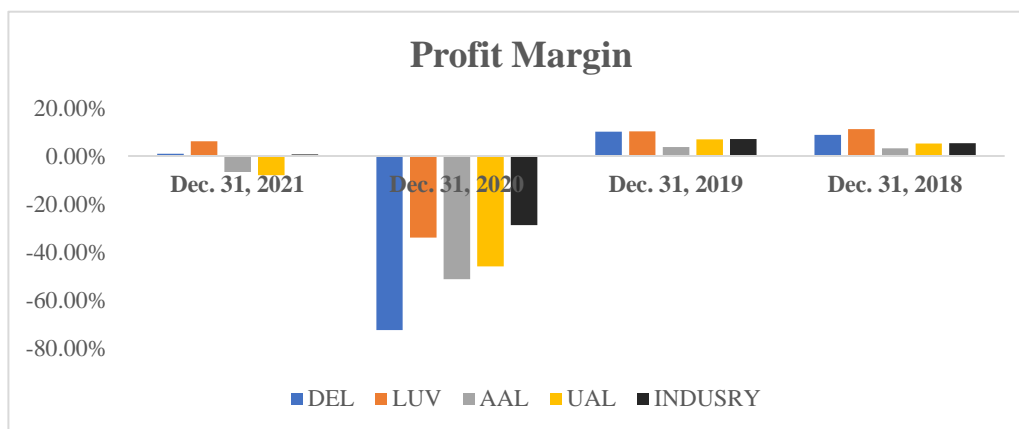
Although the Quick Ratio has been consistently positive throughout the 4 years, the cash coverage ratio (although UAL significantly increased Short-term investments in 2021), the Cash Coverage Ratio, reflecting upon AA's ability to cover interest payments through EBITDA, suffered significantly due to Covid. This is because the operating income fell by dropped by 385% and the interest expenses rose by 12% in 2020 creating a material issue to cover interest obligations

CROSS COMPANIES COMPARISON

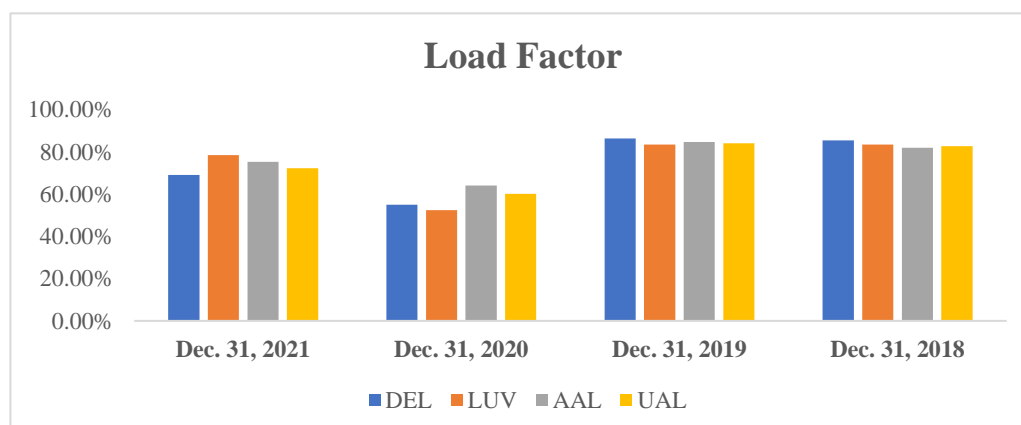
For us to be able to properly decide which company, if any, we think would be the best to invest in it is important to compare the financial ratios that each company has reported individually and compare our ratios with an overall industry benchmark. We were able to find a benchmark for ROA on the website "readyratios.com". All four of our companies follow the industry benchmark. This is something that we expected given that we are comparing four of the biggest airlines in the world when they are compared by market capitalization. Delta, American Airlines, and United all had increasing ROAs from 2018 to 2019. However, as can be seen above Southwest's ROA decreased from 2018 to 2019. All four companies follow the industry benchmark and turn negative in 2020, with Delta having the worst ROA at negative 18.14% and Southwest having the least negative at 10.2%. What happened after 2020 is interesting and could show an indication of how quickly and well each individual company was able to recover. Delta and Southwest were able to ROA positive again in 2021 at 0.39% and 2.8% respectively. We are interpreting this as those two were able to quickly and safely return to more regular business operations and therefore, turn net income positive. However, American and United were not able to make net income positive in 2021 and still had a negative ROA. The benchmark for the airline industry was 0.5% in 2021

meaning that Delta was following the benchmark closely, American and United were underperforming when looking at ROA, and Southwest was outperforming the industry benchmark.

The Net Profit margins across all four margins were higher than the industry average in 2020. This is because most of the US airlines reduced the capacity by 70 – 80% by June 2020 during the peak of Covid. Except for Southwest (healthy) and Delta (moderate), profit margins of American Airlines, and United Airlines were still in the negative zone along with the industry in 2021. Prior to Covid, in 2018 & 2019, except for American Airlines, all other four airlines performed better than the industry average. The Profit Margins of Southwest Airlines were consistently better than the industry and other three airlines over the past four years.

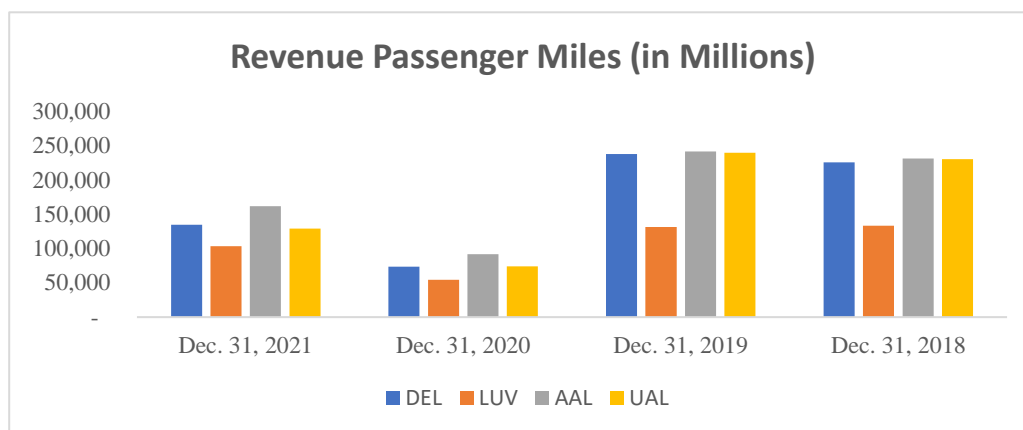


One of the airline industry metrics is Load Factor, which measures the percentage of available seating capacity that has been filled by passengers. Load Factor, in other words, measures the optimization capability of airlines to fill a flight seat. All four airlines had similar load factors in 2018 and 2019. However, in 2020, Southwest, being predominantly a domestic carrier was hit the



highest. However, post Covid, it in 2021, Southwest quickly regained its pre Covid Load Factor.

To understand the impact of Covid on the financial health of all the four major US carriers, we investigated another industry metric, Revenue Passenger Miles. It shows the number of miles flown by the paying passengers. The pre Covid levels across all four airlines were consistent for both 2018 & 2019, with Southwest having the lowest of them since majority of its flights are domestic. During Covid, the RPM reduced by more than 50% across all airlines thereby significantly impacting all the financial ratios. In 2021, all the airlines have partially recovered from the impact, although the RPM were at 75% pre Covid levels.



After carefully considering Liquidity, ROA, Profit Margin, Post-Covid recovery (measured by 2021 Load Factors and RPM), we identify **Southwest Airlines** to show stronger performance in 2022 and beyond as compared to its competitors in terms of growth and risk

Appendix

DELTA

Consolidated Statements of Operations - USD (\$) \$ in Millions	12 Months Ended			
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Operating Revenue:				
Total operating revenue	\$ 29,899	\$ 17,095	\$ 47,007	\$ 44,438
Operating Expense:				
Salaries and related costs	9,728	9,001	11,601	10,743
Aircraft fuel and related taxes	5,633	3,176	8,519	9,020
Ancillary businesses and refinery	3,957	1,785	1,245	1,695
Contracted services	2,420	1,953	2,942	2,175
Landing fees and other rents	2,019	1,833	2,176	1,662
Depreciation and amortization	1,998	2,312	2,581	2,329
Regional carrier expense	1,736	1,584	2,158	3,438
Aircraft maintenance materials and outside repairs	1,401	822	1,751	1,575
Passenger commissions and other selling expenses	953	643	2,211	1,941
Passenger service	756	551	1,312	1,178
Aircraft rent	430	399	423	394
Restructuring charges	(19)	8,219	0	0
Profit sharing	108	0	1,643	1,301
Government grant recognition	(4,512)	(3,946)	0	0
Other	1,405	1,232	1,827	1,723
Total operating expense	28,013	29,564	40,389	39,174
Operating Income/(Loss)	1,886	(12,469)	6,618	5,264
Non-Operating Expense:				
Interest expense, net	(1,279)	(929)	(301)	(311)
Impairments and equity method losses	(337)	(2,432)	(62)	0
Gain/(loss) on investments, net	56	(105)	119	38
Loss on extinguishment of debt	(319)	(8)	0	0
Pension and related benefit/(expense)	451	219	(65)	0
Miscellaneous, net	(60)	137	(111)	160
Total non-operating expense, net	(1,488)	(3,118)	(420)	(113)
Income/(Loss) Before Income Taxes	398	(15,587)	6,198	5,151
Income Tax (Provision)/Benefit	(118)	3,202	(1,431)	(1,216)
Net Income/(Loss)	\$ 280	\$ (12,385)	\$ 4,767	\$ 3,935
Basic Earnings/(Loss) Per Share (USD per share)	\$ 0.44	\$ (19.49)	\$ 7.32	\$ 5.69
Diluted Earnings (Loss) Per Share (USD per share)	0.44	(19.49)	7.30	5.67
Cash Dividends Declared Per Share (USD per share)	\$ 0	\$ 0.40	\$ 1.51	\$ 1.31
Passenger				
Operating Revenue:				
Total operating revenue	\$ 22,519	\$ 12,883	\$ 42,277	\$ 39,755
Cargo				
Operating Revenue:				
Total operating revenue	1,032	608	753	865
Other				
Operating Revenue:				
Total operating revenue	\$ 6,348	\$ 3,604	\$ 3,977	\$ 3,818

Figure A1 Delta Consolidated Statement of Operations

Consolidated Balance Sheets - USD (\$) \$ in Millions	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Current Assets:				
Cash and cash equivalents	\$ 7,933	\$ 8,307	\$ 2,882	\$ 1,565
Short-term investments	3,386	5,789	0	0
Accounts receivable, net of an allowance for uncollectible accounts of \$50 and \$89	2,404	1,396	2,854	2,314
Fuel inventory, Expendable parts and supplies inventories, net of an allowance for obsolescence of \$176 and	1,098	732	1,251	1,055
Prepaid expenses and other	1,119	1,180	1,262	1,406
Total current assets	15,940	17,404	8,249	6,340
Noncurrent Assets:				
Property and equipment, net of accumulated depreciation and amortization of \$18,671 and \$17,511	28,749	26,529	31,310	28,335
Operating lease right-of-use assets	7,237	5,733	5,627	5,994
Goodwill	9,753	9,753	9,781	9,781
Identifiable intangibles, net of accumulated amortization of \$893 and \$883	6,001	6,011	5,163	4,830
Cash restricted for airport construction	473	1,556	636	1,136
Equity investments	1,712	1,665	0	0
Deferred income taxes, net	1,294	1,988	0	0
Other noncurrent assets	1,300	1,357	3,766	3,850
Total noncurrent assets	56,519	54,592	56,283	53,926
Total assets	72,459	71,996	64,532	60,266
Current Liabilities:				
Current maturities of debt and finance leases	1,782	1,732	2,287	1,518
Current maturities of operating leases	703	678	801	955
Accounts payable	4,240	2,840	3,266	2,976
Accrued salaries and related benefits	2,457	2,086	3,701	3,287
Fuel card obligation	1,100	1,100	736	1,075
Other accrued liabilities	1,746	1,670	1,078	1,117
Total current liabilities	20,966	15,927	20,204	18,578
Noncurrent Liabilities:				
Debt and finance leases	25,138	27,425	8,873	8,253
Pension, postretirement and related benefits	6,035	10,630	8,452	9,163
Noncurrent operating leases	7,056	5,713	5,294	5,801
Deferred income taxes, net	0	0	1,456	163
Other noncurrent liabilities	4,398	4,862	1,386	969
Total noncurrent liabilities	47,606	54,535	28,970	28,001
Commitments and Contingencies				
Stockholders' Equity:				
Common stock at \$0.0001 par value; 1,500,000,000 shares authorized, 649,720,387 and 647,352,203 shares	0	0	0	0
Additional paid-in capital	11,447	11,259	11,129	11,671
Accumulated deficit	(148)	(428)	12,454	10,039
Accumulated other comprehensive loss	(7,130)	(9,038)	(7,989)	(7,825)
Treasury stock, at cost, 9,752,872 and 9,169,683	(282)	(259)	(236)	(198)
Total stockholders' equity	3,887	1,534	15,358	13,687
Total liabilities and stockholders' equity	72,459	71,996	64,532	60,266
Air traffic				
Current Liabilities:				
Deferred revenue liability, current	6,228	4,044	5,116	4,661
Noncurrent Liabilities:				
Deferred revenue liability, noncurrent	130	500	0	0
Loyalty program				
Current Liabilities:				
Deferred revenue liability, current	2,710	1,777	3,219	2,989
Noncurrent Liabilities:				
Deferred revenue liability, noncurrent	\$ 4,849	\$ 5,405	\$ 3,509	\$ 3,652

Figure A2 Delta Consolidated Balance Sheet

Common Sized Statements of Operation				Percentage Changer Per Year		
12 Months Ended						
Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	2021-2020	2020-2019	2019-2018
100%	100%	100%	100%	74.9%	-63.6%	5.8%
33%	53%	25%	24%	8%	-22%	8%
19%	19%	18%	20%	77%	-63%	-6%
13%	10%	3%	4%	122%	43%	-27%
8%	11%	6%	5%	24%	-34%	35%
7%	11%	5%	4%	10%	-16%	31%
7%	14%	5%	5%	-14%	-10%	11%
6%	9%	5%	8%	10%	-27%	-37%
5%	5%	4%	4%	70%	-53%	11%
3%	4%	5%	4%	48%	-71%	14%
3%	3%	3%	3%	37%	-58%	11%
1%	2%	1%	1%	8%	-6%	7%
0%	48%	0%	0%	-100%	N/A	N/A
0%	0%	3%	3%	N/A	-100%	26%
-15%	-23%	0%	0%	-14%	N/A	N/A
5%	7%	4%	4%	14%	-33%	6%
94%	173%	86%	88%	-5%	-27%	3%
6%	-73%	14%	12%	115%	-288%	26%
-4%	-5%	-1%	-1%	-38%	-209%	3%
-1%	-14%	0%	0%	86%	-3823%	N/A
0%	-1%	0%	0%	153%	-188%	213%
-1%	0%	0%	0%	-3888%	N/A	N/A
2%	1%	0%	0%	106%	437%	N/A
0%	1%	0%	0%	-144%	223%	-169%
-5%	-18%	-1%	0%	52%	-642%	-272%
1%	-91%	13%	12%	103%	-351%	20%
0%	19%	-3%	-3%	-104%	324%	-18%
1%	-72%	10%	9%	102%	-360%	21%
0%	0%	0%	0%	102%	-366%	29%
0%	0%	0%	0%	102%	-367%	29%
0%	0%	0%	0%	-100%	-74%	15%
75%	75%	90%	89%	75%	-70%	6%
3%	4%	2%	2%	70%	-19%	-13%
21%	21%	8%	9%	76%	-9%	4%

Figure A3 Delta Common Sized Statements of Operation and Percentage Change per Year

Common Sized Balance Sheet

Dec. 31, 2021 Dec. 31, 2020 Dec. 31, 2019 Dec. 31, 2018

11%	12%	4%	3%
5%	8%	0%	0%
3%	2%	4%	4%
2%	1%	2%	2%
2%	2%	2%	2%
22%	24%	13%	11%
40%	37%	49%	47%
10%	8%	9%	10%
13%	14%	15%	16%
8%	8%	8%	8%
1%	2%	1%	2%
2%	2%	0%	0%
2%	3%	0%	0%
2%	2%	6%	6%
78%	76%	87%	89%
100%	100%	100%	100%
2%	2%	4%	3%
1%	1%	1%	2%
6%	4%	5%	5%
3%	3%	6%	5%
2%	2%	1%	2%
2%	2%	2%	2%
29%	22%	31%	31%
35%	38%	14%	14%
8%	15%	13%	15%
10%	8%	8%	10%
0%	0%	2%	0.3%
6%	7%	2%	2%
66%	76%	45%	46%
0%	0%	0%	0%
16%	16%	17%	19%
0%	-1%	19%	17%
-10%	-13%	-12%	-13%
0%	0%	0%	0%
5%	2%	24%	23%
100%	100%	100%	100%
9%	6%	8%	8%
0.2%	0.7%	0%	0%
4%	2%	5%	5%
7%	8%	5%	6%

Figure A4 Delta Common Sized Balance Sheet

			<u>Dec. 31, 2021</u>	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
ST Liquidity	Quick Ratio	$(CA - \text{Inventory})/CL$	0.71	1.05	0.35	0.28
LT Solvency	Cash Coverage Ratio	$(EBIT + \text{Depr} + \text{Amort})/ \text{Interest}$	-3.05	11.45	-29.22	-22.27
Profitability	Return on Assets (ROA)	$\text{Net Income}/\text{Avg. Total Assets}$	0.39%	-18.14%	7.64%	6.53%
Profitability	Return on Invested Capital (ROIC or ROI)	$[\text{EBIT}*(1-T)]/(\text{Avg. Total Assets})$	1.84%	-14.51%	8.16%	6.67%
Profitability	Profit Margin	$\text{Net Income}/\text{Sales}$	0.94%	-72.45%	10.14%	8.86%
Asset Management	Total Asset Turnover	$\text{Sales}/\text{Avg. Total Assets}$	0.41	0.25	0.75	0.74
Asset Management	DSR or DSO	$\text{Receivables}/(\text{sales}/365)$	29.35	29.81	22.16	19.01

Figure A5 Delta Financial Ratios

SOUTHWEST

Consolidated Statements of Operations - USD (\$) in Millions	12 Months Ended			
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Operating revenues:				
Passenger	14,066.00	7,665.00	20,776.00	20,455.00
Cargo	187.00	161.00	172.00	175.00
Other	1,537.00	1,222.00	1,480.00	1,335.00
Total operating revenues	15,790.00	\$9,048.00	\$22,428.00	\$21,965.00
Operating expenses:				
Aircraft fuel and related taxes	3,310.00	1,849.00	4,347.00	4,616.00
Salaries, wages and benefits	7,743.00	6,811.00	8,293.00	7,649.00
Payroll support and voluntary Employee programs, net	(2,960.00)	(967.00)	-	-
Maintenance, materials and repairs	854.00	750.00	1,223.00	1,107.00
Other rent and landing fees	1,456.00	1,240.00	1,363.00	1,334.00
Aircraft rent	-	-	-	-
Selling expenses	-	-	-	-
Depreciation and amortization	1,272.00	1,255.00	1,219.00	1,201.00
Special items, net	-	-	-	-
Other Operating Expenses	2,394.00	1,926.00	3,026.00	2,852.00
Total operating expenses	14,069.00	\$12,864.00	\$19,471.00	\$18,759.00
Operating income (loss) (A9-A22)	\$1,721.00	(\$3,816.00)	\$2,957.00	\$3,206.00
Nonoperating income (expense):				
Interest income	(13.00)	(32.00)	(90.00)	(69.00)
Interest expense	467.00	349.00	118.00	131.00
Capitalized Interest	(36.00)	(35.00)	(36.00)	(38.00)
Other income, net	(22.00)	158.00	8.00	18.00
Total nonoperating expense, net	\$396.00	\$440.00	\$0.00	42.00
Income (loss) before income taxes (A24-A31)	\$1,325.00	(4,256.00)	2,957.00	3,164.00
Income tax provision (benefit)	348.00	(1,182.00)	657.00	699.00
Net income (loss) (A33-A34)	\$977.00	(\$3,074.00)	\$2,300.00	2,465.00
Earnings (loss) per common share:				
Basic	\$1.65	(\$5.44)	\$4.28	\$4.30
Diluted	\$1.61	(\$5.44)	\$4.27	\$4.29
Weighted average shares outstanding (in thousands):				
Basic	5,92,000	5,65,000	5,39,000	5,73,000
Diluted	6,09,000	5,65,000	5,38,000	5,74,000
Cash dividends declared per common share	\$0.00	\$0.80	\$0.70	\$0.61

Figure A6 – Southwest Consolidated Statements of Operations

Consolidated Statements of Balance Sheet - USD (\$) in Millions	12 Months Ended			
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
ASSETS				
<i>Current assets</i>				
Cash	12,480.00	11,063.00	2,548.00	1,854.00
Short-term investments	3,024.00	2,271.00	1,524.00	1,835.00
<i>Total Cash & Short Term Equivalents</i>	<u>15,504.00</u>	<u>13,334.00</u>	<u>4,072.00</u>	<u>3,689.00</u>
Accounts receivable, net	1,357.00	1,130.00	\$1,086.00	\$568.00
<i>Total Recievables</i>	<u>1,357.00</u>	<u>1,130.00</u>	<u>1,086.00</u>	<u>568.00</u>
Aircraft fuel, spare parts and supplies, net	537.00	414.00	529.00	461.00
Prepaid expenses and other	638.00	295.00	287.00	310.00
<i>Total current assets</i>	<u>\$18,036.00</u>	<u>\$15,173.00</u>	<u>\$5,974.00</u>	<u>\$5,028.00</u>
<i>Operating property and equipment</i>				
Flight equipment	21,226.00	20,877.00	21,629.00	21,753.00
Ground property and equipment	6,342.00	6,083.00	5,672.00	4,960.00
Deposits on Flights & Constructed Assets	6.00	614.00	412.00	2,543.00
<i>Total property and equipment, at cost</i>	<u>27,574.00</u>	<u>\$27,574.00</u>	<u>\$27,713.00</u>	<u>\$29,256.00</u>
Less accumulated depreciation and amortization	<u>(12,732.00)</u>	<u>(11,743.00)</u>	<u>(10,688.00)</u>	<u>(9,731.00)</u>
<i>Total property and equipment, net</i>	<u>\$14,842.00</u>	<u>\$15,831.00</u>	<u>\$17,025.00</u>	<u>\$19,525.00</u>
<i>Other assets</i>				
Goodwill	970.00	970.00	970.00	970.00
Operating Lease Rights of Use	1,590.00	1,892.00	1,349.00	-
Other assets	882	722	577	720
<i>Total other assets</i>	<u>3,442.00</u>	<u>\$3,584.00</u>	<u>\$2,896.00</u>	<u>\$1,690.00</u>
TOTAL ASSETS (A16,A24,A30)	<u>\$36,320.00</u>	<u>\$34,588.00</u>	<u>\$25,895.00</u>	<u>\$26,243.00</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)				
<i>Current liabilities</i>				
Current maturities of long-term debt and finance leases	453.00	220.00	819.00	606.00
Accounts payable	1,282.00	931.00	1,574.00	1,416.00
Air traffic liability (current)	5,566.00	3,790.00	4,457.00	4,134.00
Operating lease liabilities (current)	239.00	306.00	353.00	-
Other accrued liabilities	1,624.00	2,259.00	1,749.00	1,749.00
<i>Total current liabilities</i>	<u>\$9,164.00</u>	<u>\$7,506.00</u>	<u>\$8,952.00</u>	<u>\$7,905.00</u>
<i>Noncurrent liabilities</i>				
Long-term debt and finance leases, net of current maturities	10,274.00	10,111.00	1,846.00	2,771.00
Air traffic liability (non-current)	2,159.00	3,343.00	1,053.00	936.00
Deferred Income Taxes	1,770.00	1,634.00	2,364.00	2,427.00
Construction Obligations	-	309.00	164.00	1,701.00
Operating lease liabilities (non-current)	1,315.00	1,562.00	978.00	-
Other liabilities (non-current)	1,224.00	1,247.00	706.00	650.00
<i>Total noncurrent liabilities</i>	<u>\$16,742.00</u>	<u>\$18,206.00</u>	<u>\$7,111.00</u>	<u>\$8,485.00</u>
TOTAL LIABILITIES (A41,A50)	<u>\$25,906.00</u>	<u>\$25,712.00</u>	<u>\$16,063.00</u>	<u>\$16,390.00</u>
<i>Stockholders' equity (deficit)</i>				
Common stock, \$0.01 par value; 1,750,000,000 shares authorized (*Refer notes)	888.00	888.00	808.00	808.00
Treasury Stock at Cost (#Refer notes)	(10,860.00)	(10,875.00)	(10,441.00)	(8,452.00)
Additional paid-in capital	4,224.00	4,191.00	1,581.00	1,510.00
Accumulated other comprehensive loss	388.00	(105.00)	(61.00)	20.00
Retained earnings	15,774.00	14,777.00	17,945.00	15,967.00
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	<u>\$10,414.00</u>	<u>\$8,876.00</u>	<u>\$9,832.00</u>	<u>\$9,853.00</u>
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT) (A52,A60)	<u>\$36,320.00</u>	<u>\$34,588.00</u>	<u>\$25,895.00</u>	<u>\$26,243.00</u>

Figure A7 – Southwest Consolidated Statements of Balance Sheet

Common Sized Statements of Operation				Percentage Changer Per Year		
12 Months Ended						
Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	2021-2020	2020-2019	2019-2018
89%	85%	93%	93%	84%	-63%	2%
1%	2%	1%	1%	16%	-6%	-2%
10%	14%	7%	6%	26%	-17%	11%
100%	100%	100%	100%	75%	-60%	2%
21%	20%	19%	21%	79%	-57%	-6%
49%	75%	37%	35%	14%	-18%	8%
-19%	-11%	0%	0%	-206%		
5%	8%	5%	5%	14%	-39%	10%
9%	14%	6%	6%	17%	-9%	2%
0%	0%	0%	0%			
0%	0%	0%	0%			
8%	14%	5%	5%	1%	3%	1%
0%	0%	0%	0%			
15%	21%	13%	13%	24%	-36%	6%
89%	142%	87%	85%	9%	-34%	4%
11%	-42%	13%	15%	145%	-229%	-8%
0%	0%	0%	0%	59%	64%	-30%
3%	4%	1%	1%	34%	196%	-10%
0%	0%	0%	0%	-3%	3%	5%
0%	2%	0%	0%	-114%	1875%	-56%
3%	5%	0%	0%	-10%		-100%
8%	-47%	13%	14%	131%	-244%	-7%
2%	-13%	3%	3%	129%	-280%	-6%
6%	-34%	10%	11%	132%	-234%	-7%
0.010%	-0.060%	0.019%	0.020%	130%	-227%	0%
0.010%	-0.060%	0.019%	0.020%	130%	-227%	0%
				5%	5%	-6%
				7.79%	5.02%	-6.27%
				-100.00%	14.29%	14.75%

Figure A8 – Southwest Common Sized Statements of Operations and Percentage Change Per Year

Common Sized Balance Sheet			
12 Months Ended			
Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
34.4%	32.0%	9.8%	7.1%
8.3%	6.6%	5.9%	7.0%
42.7%	38.6%	15.7%	14.1%
3.7%	3.3%	4.2%	2.2%
3.7%	3.3%	4.2%	2.2%
1.5%	1.2%	2.0%	1.8%
1.8%	0.9%	1.1%	1.2%
49.7%	43.9%	23.1%	19.2%
58.4%	60.4%	83.5%	82.9%
17.5%	17.6%	21.9%	18.9%
0.0%	1.8%	1.6%	9.7%
75.9%	79.7%	107.0%	111.5%
-35.1%	-34.0%	-41.3%	-37.1%
40.9%	45.8%	65.7%	74.4%
2.7%	2.8%	3.7%	3.7%
4.4%	5.5%	5.2%	0.0%
2.4%	2.1%	2.2%	2.7%
9.5%	10.4%	11.2%	6.4%
100%	100%	100%	100%
1.25%	0.64%	3.16%	2.31%
3.53%	2.69%	6.08%	5.40%
15.32%	10.96%	17.21%	15.75%
0.66%	0.88%	1.36%	0.00%
4.47%	6.53%	6.75%	6.66%
25.23%	21.70%	34.57%	30.12%
28.29%	29.23%	7.13%	10.56%
5.94%	9.67%	4.07%	3.57%
0.00%	0.89%	0.63%	6.48%
3.62%	4.52%	3.78%	0.00%
3.37%	3.61%	2.73%	2.48%
46.10%	52.64%	27.46%	32.33%
71%	74%	62%	62%
2.44%	2.57%	3.12%	3.08%
11.63%	12.12%	6.11%	5.75%
1.07%	-0.30%	-0.24%	0.08%
43.43%	42.72%	69.30%	60.84%
28.67%	25.66%	37.97%	37.55%
100.00%	100.00%	100.00%	100.00%

Figure A9 – Southwest Common Sized Balance Sheet

Ratio Analysis - AAL			12 Months Ended			
			Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
ST Liquidity	Current Ratio	Current Assets/Current Liabilities	1.97	2.02	0.67	0.64
ST Liquidity	Quick Ratio	(CA – Inventory)/CL or (Cash+Marketable Sec.+Receivables)/CL	1.84	1.93	0.58	0.54
ST Liquidity	Cash Ratio	Cash/Current Liabilities	0.25	-0.25	0.41	0.48
LT Solvency	Total Debt Ratio	(Total Debt)/Total Assets	0.71	0.74	0.62	0.62
LT Solvency	Debt-Equity Ratio	Total Debt/Total Equity	118%	137%	41%	34%
LT Solvency	Equity Multiplier	Total Assets/Total Equity or 1 + Debt-Equity Ratio	3.5	3.9	2.6	2.7
LT Solvency	Times Interest Earned (TIE)	EBIT/Interest	-2.7	-15.5	37.5	35.4
LT Solvency	Cash Coverage Ratio	(EBIT + Depr + Amort)/ Interest	3.6	-7.3	69.3	45.9
LT Solvency	Debt / EBITDA or Net Debt / EBITDA	Debt / EBITDA	7.8	-5.3	0.7	0.8
Asset Management	Inventory Turnover	COGS/Avg. Inventory	28.1	22.6	30.8	31.9
Asset Management	Days in Inventory	365/Inventory Turnover	13.0	16.2	11.9	11.4
Asset Management	Receivables Turnover	Sales/Avg. Receivables*	128.4	62.9	180.6	56.4
Asset Management	DSR or DSO	Receivables/(sales/365)	2.8	5.8	2.0	6.5
Asset Management	Total Asset Turnover	Sales/Avg. Total Assets	0.4	0.3	0.9	0.8
Asset Management	Fixed Asset Turnover	Sales/Avg. Fixed Assets	0.9	0.5	1.2	2.2
Profitability	Gross Profit Margin	Gross Profit/Sales	15.4%	-17.7%	32.1%	33.0%
Profitability	Operating Profit Margin	(Operating Profit or EBIT)/Sales	-7.4%	-53.9%	13.7%	15.0%
Profitability	Profit Margin	Net Income/Sales	6.2%	-34.0%	10.3%	11.2%
Profitability	Return on Assets (ROA)	Net Income/Avg. Total Assets	2.8%	-10.2%	8.8%	9.4%
Profitability	Basic Earning Power (BEP)	EBIT/Avg. Total Assets	-3.3%	-16.1%	11.8%	12.6%
Profitability	Return on Equity (ROE)	Net Income/Avg. Total Equity	10.1%	-32.9%	23.4%	25.3%
Profitability	Dupont ROE	ROE = Profit Margin x Asset Turnover x Equity Multiplier	9.6%	-39.6%	23.2%	25.0%
Profitability	Return on Invested Capital (ROIC or ROI)	ROIC = [EBIT*(1-T)]/(BV of Equity + Debt) or = [EBIT*(1-T)]/(Avg. Total Assets)	-2.1%	-10.1%	7.4%	8.0%
Earning per Share	EPS	Net Income / Outstanding Share	1.65	-5.44	4.28	4.30
Price to Earning	P/E	Price per Share/Earning per Share	27.1	0.0	12.8	13.0
Price to Sales	P/Sales	Price per Share/ Sales per share	1.7	2.9	1.3	1.4
Price to Book	P/Book	Price per Share/Book Value per Share	2.54	2.92	2.89	3.13
		Tax Rate	37.5%	37.5%	37.5%	37.5%
		Stock price (01-Jan(22,21,20,19))	44.76	43.94	54.77	55.78
		Shares Outstanding (in million)	592.12	590.47	519.06	552.60
		Book Value per share	17.59	15.03	18.94	17.83

Figure A10 – Southwest - Ratio Analysis

AMERICAN AIRLINES

Consolidated Statements of Operations - USD (\$) \$ in Millions	12 Months Ended			
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Operating revenues:				
Passenger	26,063.00	14,518.00	42,010.00	40,676.00
Cargo	1,314.00	769.00	863.00	1,013.00
Other	2,505.00	2,050.00	2,895.00	2,852.00
Total operating revenues	\$29,882.00	\$17,337.00	\$45,768.00	\$44,541.00
Operating expenses:				
Aircraft fuel and related taxes	6,792.00	3,402.00	9,395.00	8,053.00
Salaries, wages and benefits	11,817.00	11,229.00	12,895.00	12,251.00
Regional expenses	3,204.00	2,962.00	3,985.00	7,133.00
Maintenance, materials and repairs	1,979.00	1,585.00	2,381.00	2,050.00
Other rent and landing fees	2,619.00	2,004.00	2,672.00	1,900.00
Aircraft rent	1,425.00	1,341.00	1,326.00	1,264.00
Selling expenses	1,098.00	666.00	2,004.00	1,520.00
Depreciation and amortization	2,019.00	2,040.00	1,982.00	1,839.00
Special items, net	(4,006.00)	(657.00)	635.00	787.00
Other Operating Expenses	3,994.00	3,186.00	5,428.00	5,088.00
Total operating expenses	\$30,941.00	\$27,758.00	\$42,703.00	\$41,885.00
Operating income (loss) (A9-A22)	(\$1,059.00)	(\$10,421.00)	\$3,065.00	\$2,656.00
Nonoperating income (expense):				
Interest income	18.00	41.00	127.00	118.00
Interest expense, net	(1,800.00)	(1,227.00)	(1,095.00)	(1,056.00)
Other income, net	293.00	154.00	159.00	166.00
Total nonoperating expense, net	(\$1,489.00)	(\$1,032.00)	(\$809.00)	(\$772.00)
Income (loss) before income taxes (A24+A30)	(2,548.00)	(11,453.00)	2,256.00	1,884.00
Income tax provision (benefit)	(555.00)	(2,568.00)	570.00	472.00
Net income (loss) (A32-A33)	(\$1,993.00)	(\$8,885.00)	\$1,686.00	\$1,412.00
Earnings (loss) per common share:				
Basic	(\$3.09)	(\$18.36)	\$3.80	\$3.04
Diluted	(\$3.09)	(\$18.36)	\$3.79	\$3.03
Weighted average shares outstanding (in thousands):				
Basic	644,015	483,888	443,363	464,236
Diluted	644,015	483,888	444,269	465,660
Cash dividends declared per common share	\$0.00	\$0.10	\$0.40	\$0.40

Figure A11 – American Airlines - Consolidated Statements of Operations

Consolidated Statements of Balance Sheet - USD (\$) \$ in Millions	12 Months Ended			
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
ASSETS				
Current assets				
Cash	273.00	245.00	280.00	275.00
Short-term investments	12,158.00	6,619.00	3,546.00	4,485.00
<i>Total Cash & Short Term Equivalents</i>	<i>12,431.00</i>	<i>6,864.00</i>	<i>3,826.00</i>	<i>4,760.00</i>
Accounts receivable, net	1,505.00	1,342.00	\$1,750.00	\$1,706.00
<i>Total Receivables</i>	<i>1,505.00</i>	<i>1,342.00</i>	<i>1,750.00</i>	<i>1,706.00</i>
Restricted cash and short-term investments	990.00	609.00	158.00	154.00
Aircraft fuel, spare parts and supplies, net	1,795.00	1,614.00	1,851.00	1,522.00
Prepaid expenses and other	615.00	666.00	621.00	495.00
Total current assets	\$17,336.00	\$11,095.00	\$8,206.00	\$8,637.00
Operating property and equipment				
Flight equipment	37,856.00	37,816.00	42,537.00	41,499.00
Ground property and equipment	9,335.00	9,194.00	9,443.00	8,764.00
Operating lease right-of-use assets	7,850.00	8,039.00	8,737.00	9,151.00
<i>Total property and equipment, at cost</i>	<i>55,041.00</i>	<i>\$55,049.00</i>	<i>\$60,717.00</i>	<i>\$59,414.00</i>
Less accumulated depreciation and amortization	(18,171.00)	(16,757.00)	(18,659.00)	(17,443.00)
Total property and equipment, net	36,870.00	\$38,292.00	\$42,058.00	\$41,971.00
Other assets				
Goodwill	4,091.00	4,091.00	4,091.00	4,091.00
Intangibles, net of accumulated amortization of 786s and 745s, respectively	1,988.00	2,029.00	2,084.00	2,137.00
Deferred tax asset	3,556.00	3,239.00	645.00	1,145.00
Equipment purchase deposits	517.00	1,446.00	1,674.00	1,278.00
Other assets	2,109	1,816	1,237	1,321
Total other assets	12,261.00	\$12,621.00	\$9,731.00	\$9,972.00
TOTAL ASSETS (A17,A25,A33)	\$66,467.00	\$62,008.00	\$59,995.00	\$60,580.00
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)				
Current liabilities				
Current maturities of long-term debt and finance leases	2,489.00	2,797.00	2,861.00	3,294.00
Accounts payable	1,772.00	1,196.00	2,062.00	1,773.00
Accrued salaries and wages	1,489.00	1,716.00	1,541.00	1,427.00
Air traffic liability	6,087.00	4,757.00	4,808.00	4,339.00
Loyalty program liability	2,896.00	2,033.00	3,193.00	3,267.00
Operating lease liabilities	1,507.00	1,651.00	1,708.00	1,654.00
Other accrued liabilities	2,766.00	2,419.00	2,138.00	2,342.00
Total current liabilities	\$19,006.00	\$16,569.00	\$18,311.00	\$18,096.00
Noncurrent liabilities				
Long-term debt and finance leases, net of current maturities	35,571.00	29,796.00	21,454.00	21,179.00
Pension and postretirement benefits	5,053.00	7,069.00	6,052.00	6,907.00
Loyalty program liability	6,239.00	7,162.00	5,422.00	5,272.00
Operating lease liabilities	6,610.00	6,777.00	7,421.00	7,902.00
Other liabilities	1,328.00	1,502.00	1,453.00	1,393.00
Total noncurrent liabilities	\$54,801.00	\$52,306.00	\$41,802.00	\$42,653.00
TOTAL LIABILITIES (A46, A54)	\$73,807.00	\$68,875.00	\$60,113.00	\$60,749.00
Stockholders' equity (deficit)				
Common stock, \$0.01 par value;				
1,750,000,000 shares authorized (*Refer notes)	6.00	6.00	4.00	5.00
Additional paid-in capital	7,234.00	6,894.00	3,945.00	4,964.00
Accumulated other comprehensive loss	(5,942.00)	(7,103.00)	(6,331.00)	(5,896.00)
Retained earnings	(8,638.00)	(6,664.00)	2,264.00	758.00
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	(\$7,340.00)	(\$6,867.00)	(\$118.00)	(\$169.00)
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT) (A56,A63)	\$66,467.00	\$62,008.00	\$59,995.00	\$60,580.00

* 647,727,595 shares issued and outstanding at December 31, 2021;
621,479,522 shares issued and outstanding at December 31, 2020;
428,202,506 shares issued and outstanding at December 31, 2019;
460,610,870 shares issued and outstanding at December 31, 2018;

Figure A12 – American Airlines - Consolidated Balance Sheet

Consolidated Statements of Operations - USD (\$) \$ in Millions	Common Sized Statements of Operation				Percentage Changer Per Year		
	12 Months Ended				2021-2020	2020-2019	2019-2018
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018			
Operating revenues:							
Passenger	87%	84%	92%	91%	80%	-65%	3%
Cargo	4%	4%	2%	2%	71%	-11%	-15%
Other	8%	12%	6%	6%	22%	-29%	2%
Total operating revenues	100%	100%	100%	100%	72%	-62%	3%
Operating expenses:							
Aircraft fuel and related taxes	23%	20%	21%	18%	100%	-64%	17%
Salaries, wages and benefits	40%	65%	28%	28%	5%	-13%	5%
Regional expenses	11%	17%	9%	16%	8%	-26%	-44%
Maintenance, materials and repairs	7%	9%	5%	5%	25%	-33%	16%
Other rent and landing fees	9%	12%	6%	4%	31%	-25%	41%
Aircraft rent	5%	8%	3%	3%	6%	1%	5%
Selling expenses	4%	4%	4%	3%	65%	-67%	32%
Depreciation and amortization	7%	12%	4%	4%	-1%	3%	8%
Special items, net	-13%	-4%	1%	2%	-510%	-203%	-19%
Other Operating Expenses	13%	18%	12%	11%	25%	-41%	7%
Total operating expenses	104%	160%	93%	94%	11%	-35%	2%
Operating income (loss) (A9-A22)	-4%	-60%	7%	6%	90%	-440%	15%
Nonoperating income (expense):							
Interest income	0%	0%	0%	0%	-56%	-68%	8%
Interest expense, net	-6%	-7%	-2%	-2%	-47%	-12%	-4%
Other income, net	1%	1%	0%	0%	90%	-3%	-4%
Total nonoperating expense, net	-5%	-6%	-2%	-2%	-44%	-28%	-5%
Income (loss) before income taxes (A24+A30)	-9%	-66%	5%	4%	78%	-608%	20%
Income tax provision (benefit)	-2%	-15%	1%	1%	78%	-551%	21%
Net income (loss) (A32-A33)	-7%	-51%	4%	3%	78%	-627%	19%

Figure A13 – American Airlines - Common Size Statement & Percentage Change (Operations)

Consolidated Statements of Balance Sheet - USD (\$) \$ in Millions	Common Sized Statements of Operation			
	12 Months Ended			
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
ASSETS				
<i>Current assets</i>				
Cash	0.4%	0.4%	0.5%	0.5%
Short-term investments	18.3%	10.7%	5.9%	7.4%
<i>Total Cash & Short Term Equivalents</i>	18.7%	11.1%	6.4%	7.9%
Accounts receivable, net	2.3%	2.2%	2.9%	2.8%
<i>Total Receivables</i>	2.3%	2.2%	2.9%	2.8%
Restricted cash and short-term investments	1.5%	1.0%	0.3%	0.3%
Aircraft fuel, spare parts and supplies, net	2.7%	2.6%	3.1%	2.5%
Prepaid expenses and other	0.9%	1.1%	1.0%	0.8%
Total current assets	26.1%	17.9%	13.7%	14.3%
<i>Operating property and equipment</i>				
Flight equipment	57.0%	61.0%	70.9%	68.5%
Ground property and equipment	14.0%	14.8%	15.7%	14.5%
Operating lease right-of-use assets	11.8%	13.0%	14.6%	15.1%
<i>Total property and equipment, at cost</i>	82.8%	88.8%	101.2%	98.1%
Less accumulated depreciation and amortization	-27.3%	-27.0%	-31.1%	-28.8%
Total property and equipment, net	55.5%	61.8%	70.1%	69.3%
<i>Other assets</i>				
Goodwill	6.2%	6.6%	6.8%	6.8%
Intangibles, net of accumulated amortization of 786s and 745s, respectively	3.0%	3.3%	3.5%	3.5%
Deferred tax asset	5.4%	5.2%	1.1%	1.9%
Equipment purchase deposits	0.8%	2.3%	2.8%	2.1%
Other assets	3.2%	2.9%	2.1%	2.2%
Total other assets	18.4%	20.4%	16.2%	16.5%
TOTAL ASSETS (A17,A25,A33)	100%	100%	100%	100%
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)				
<i>Current liabilities</i>				
Current maturities of long-term debt and finance leases	3.74%	4.51%	4.77%	5.44%
Accounts payable	2.67%	1.93%	3.44%	2.93%
Accrued salaries and wages	2.24%	2.77%	2.57%	2.36%
Air traffic liability	9.16%	7.67%	8.01%	7.16%
Loyalty program liability	4.36%	3.28%	5.32%	5.39%
Operating lease liabilities	2.27%	2.66%	2.85%	2.73%
Other accrued liabilities	4.16%	3.90%	3.56%	3.87%
Total current liabilities	28.59%	26.72%	30.52%	29.87%
<i>Noncurrent liabilities</i>				
Long-term debt and finance leases, net of current maturities	53.52%	48.05%	35.76%	34.96%
Pension and postretirement benefits	7.60%	11.40%	10.09%	11.40%
Loyalty program liability	9.39%	11.55%	9.04%	8.70%
Operating lease liabilities	9.94%	10.93%	12.37%	13.04%
Other liabilities	2.00%	2.42%	2.42%	2.30%
Total noncurrent liabilities	82.45%	84.35%	69.68%	70.41%
TOTAL LIABILITIES (A46, A54)	111%	111%	100%	100%
<i>Stockholders' equity (deficit)</i>				
Common stock, \$0.01 par value; 1,750,000,000 shares authorized (*Refer notes)	0.01%	0.01%	0.01%	0.01%
Additional paid-in capital	10.88%	11.12%	6.58%	8.19%
Accumulated other comprehensive loss	-8.94%	-11.45%	-10.55%	-9.73%
Retained earnings	-13.00%	-10.75%	3.77%	1.25%
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	-11.04%	-11.07%	-0.20%	-0.28%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT) (A56,A63)	100.00%	100.00%	100.00%	100.00%

Figure A14 – American Airlines - Common Size Statement (Balance Sheet)

Ratio Analysis - AAL			12 Months Ended			
			Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
ST Liquidity	Current Ratio	Current Assets/Current Liabilities	0.91	0.67	0.45	0.48
ST Liquidity	Quick Ratio	(CA - Inventory)/CL or (Cash+Marketable Sec.+Receivables)/CL	0.73	0.50	0.30	0.36
ST Liquidity	Cash Ratio	Cash/Current Liabilities	0.01	0.01	0.02	0.02
LT Solvency	Total Debt Ratio	(Total Debt)/Total Assets	1.11	1.11	1.00	1.00
LT Solvency	Debt-Equity Ratio	Total Debt/Total Equity	NA	NA	NA	NA
LT Solvency	Equity Multiplier	Total Assets/Total Equity or 1 + Debt-Equity Ratio	NA	NA	NA	NA
LT Solvency	Times Interest Earned (TIE)	EBIT/Interest	-2.8	-9.0	3.4	3.3
LT Solvency	Cash Coverage Ratio	(EBIT + Depr + Amort)/ Interest	0.7	-4.5	9.2	8.8
LT Solvency	Debt / EBITDA or Net Debt / EBITDA	Debt / EBITDA	27.1	-7.2	3.0	3.1
Asset Management	Inventory Turnover	COGS/Avg. Inventory	16.3	13.0	19.4	22.7
Asset Management	Days in Inventory	365/Inventory Turnover	22.4	28.1	18.9	16.1
Asset Management	Receivables Turnover	Sales/Avg. Receivables	19.2	9.9	24.8	24.1
Asset Management	DSR or DSO	Receivables/(sales/365)	19.0	36.9	14.7	15.1
Asset Management	Total Asset Turnover	Sales/Avg. Total Assets	0.5	0.3	0.8	0.8
Asset Management	Fixed Asset Turnover	Sales/Avg. Fixed Assets	0.8	0.4	1.1	1.2
Profitability	Gross Profit Margin	Gross Profit/Sales	6.8%	-29.9%	28.7%	26.7%
Profitability	Operating Profit Margin	(Operating Profit or EBIT)/Sales	-17.0%	-63.9%	8.1%	7.7%
Profitability	Profit Margin	Net Income/Sales	-6.7%	-51.2%	3.7%	3.2%
Profitability	Return on Assets (ROA)	Net Income/Avg. Total Assets	-3.1%	-14.6%	2.8%	2.5%
Profitability	Basic Earning Power (BEP)	EBIT/Avg. Total Assets	-7.9%	-18.2%	6.1%	6.1%
Profitability	Return on Equity (ROE)	Net Income/Avg. Total Equity	ND	ND	ND	ND
Profitability	Dupont ROE	ROE = Profit Margin x Asset Turnover x Equity Multiplier	ND	ND	ND	ND
Profitability	Return on Invested Capital (ROIC or ROI)	ROIC = [EBIT*(1-T)]/(BV of Equity + Debt) or = [EBIT*(1-T)]/(Avg. Total Assets)	-4.9%	-11.4%	3.8%	3.8%
Earning per Share	EPS	Net Income / Outstanding Share	-3.1	-18.4	3.8	3.0
Price to Earning	P/E	Price per Share/Earning per Share	0.0	0.0	7.6	10.3
Price to Sales	P/Sales	Price per Share/ Sales per share	0.4	0.6	0.3	0.3
Price to Book	P/Book	Price per Share/Book Value per Share	-1.61	-1.43	-105.16	-85.74
		Tax Rate	37.5%	37.5%	37.5%	37.5%
		Stock price (01-Jan(22,21,20,19))	18.23	15.85	28.98	31.46
		Shares Outstanding (in million)	648	621	428	461
		Book Value per share	-11.33	-11.05	-0.28	-0.37

Figure A15 – American Airlines - Ratio Analysis

UNITED AIRLINES

- Profitability Ratios (Profit Margin, ROA & ROIC)*



Figure A16 – United Airlines – Profitability Ratios