

# *Delta remains cautious after massive \$12.4 billion loss in 2020*

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New York, January 15 (RHC)-- Delta Air Lines closed the books on a disastrous 2020 with a comparatively small fourth-quarter loss, and executives expect a few more rocky months before — they hope — widespread coronavirus vaccinations and testing might salvage something of the upcoming

summer travel season.

Delta on Thursday reported a quarterly loss of \$755 million and \$12.4 billion in losses for all of 2020. It is the largest annual loss in the history of the airline, which dates to the 1920s, and the global pandemic ended a decade in which Delta churned out a profit each and every year.

The fourth-quarter numbers likely would have been worse but for a December increase in air travel that likely contributed to another surge in virus infections as millions crossed the United States to spend time with family and friends during the holidays.

Delta is the first major U.S. airline to report year-end financial results and the numbers suggest more big losses to come as other carriers post quarterly results. U.S. air travel in the fourth quarter was down more than 60 percent compared with the previous year, as travel restrictions and fear of contracting the virus kept most travellers grounded.

Much like most of last year, the 2021 outlook for Delta and other airlines is intertwined with how quickly the US and other nations can vaccinate enough of their citizens against the coronavirus so that travel restrictions can be eased.

Delta predicts that first-quarter revenue will fall 60 percent to 65 percent from the same period in 2019 — almost the same as the 65 percent decline in the fourth quarter. It expects to lose \$10m to \$15m a day in the next three months. After that, however, Delta sees things getting.

CEO Ed Bastian is sticking to a prediction that Delta will reach the break-even point in the second quarter. “Hopefully the vaccines will be distributed at a much-heightened level, that the virus will be much more contained, and that people will be ready to get on with their lives,” Bastian said. People will soon be planning summer vacations and, Bastian said in an interview, Delta expects bookings “to start opening up again.”

Bastian said he expects that international travel this summer will be better than 2020, “a very low bar”, but will take another 12 to 18 months to fully recover. And by the second half of this year, business travel will still be only 25 percent to 50 percent of what it used to be, he said.

So far in January, air travel in the US is down nearly 60 percent from a year ago. While that is a huge improvement over last April, when travel fell 95 percent, public health officials are again asking people to avoid travel.

Christmas and New Year’s gatherings might have contributed to a recent increase in reported cases of COVID-19. The seven-day rolling average for daily new cases in the US rose over the past two weeks from about 182,000 to 249,000, according to data from Johns Hopkins University.

Excluding some one-time gains, Delta’s fourth-quarter loss amounted to \$2.53 per share. That was close to Wall Street expectations. Analyst polled by FactSet were looking for a per-share loss of \$2.50.

Revenue plunged to \$3.97bn from \$11.44bn a year earlier, when the pandemic was just beginning to affect US travel. The figure was \$30m more than expected in the FactSet survey. Services between the US and both Asia and Europe were particularly hard hit, down nearly 90 percent.

The average flight was 42 percent full in the last quarter compared with 86 percent a year earlier. Delta slashed its flight schedule, which helped it save \$1.3bn on fuel. Buyouts and early retirements allowed the company to cut spending on wages and benefits by \$1bn.

For all the grim travel statistics since the pandemic started, there is less talk lately of possible bankruptcy filings by US carriers. Helped by two rounds of government aid, plus billions more from issuing new debt, Delta ended 2020 with \$16.7bn in liquidity. Delta shares rose almost four percent at the opening bell.

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