

With no 737 MAX exposure, Delta reports banner quarter

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Delta raised its full-year profit forecast

Delta Air Lines rode strong consumer travel demand to banner earnings last quarter, benefiting from the company's lack of exposure to Boeing's grounded 737 MAX planes.

In earnings posted Thursday, the US carrier pointed to a double-digit revenue boost in premium product tickets off of strong demand in leisure and corporate customers as it lifted its full-year profit forecast.

"Fundamental demand for the product in this business is very strong and we're capitalizing on it," chief executive Ed Bastian said on a conference call with analysts and reporters.

Shares rose on the results in which Delta also lifted its profit forecast and boosted its dividend.

Net earnings in the second quarter were \$1.4 billion, up 39.3 percent from the year-ago period.

Revenues rose 6.5 percent to \$12.5 billion, which the company said was a record.

The results also underscored Delta's improved competitive position this summer over rivals such as American Airlines and United Continental that have been forced to cancel flights because of the grounding of the Boeing 737 MAX.

The Boeing plane has been off line since mid-March following two crashes that claimed 346 lives. Boeing is working closely with the Federal Aviation Administration and other regulators to bring the MAX back into service but there is still no timetable for doing so.

A Delta executive told an earnings conference call that the MAX is a "good product" and that it was a "close call" when Delta opted a couple of years ago for the rival Airbus 321 as it was updating its narrow-body fleet.

Executives said they planned to stick with the Airbus product and were

not tempted to shift to the MAX because of "opportunistic" pricing offered by Boeing, as one analyst put it.

Bastian sidestepped a question on how the MAX should be reintroduced so as not to lead to seat overcapacity that can pressure fares.

"It's really not appropriate for us to be speculating on what other carriers ought to do," Bastian said.

"It's clear the MAX has had a dramatic impact on our industry. I think the reintroduction when the time comes is going to have to be carefully managed. But in the interim, we're going to watch and see the developments there."

Shares of Delta had climbed 1.3 percent at midday to \$60.22.

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