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Delta Air Lines, Inc. (DAL)

Q3 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, everyone, and welcome to the Delta Airlines September Quarter 2025 Financial Results Conference Call. My name is Matthew, and I'll be your coordinator. [Operator Instructions]

I'd now like to turn the conference over to Julie Stewart, Vice President of Investor Relations and Corporate Development. Please go ahead.

Julie Stewart

Vice President-Investor Relations & Corporate Development, Delta Air Lines, Inc.

Thank you Matthew. Good morning, and thank you for joining us for our September quarter 2025 earnings call. Joining us today from Atlanta are CEO, Ed Bastian; our President, Glen Hauenstein; and our CFO, Dan Janki. Ed will open the call with an overview of Delta's performance and strategy, Glen will provide an update on the revenue environment, and Dan will discuss costs and our balance sheet. After the prepared remarks, we'll take analyst questions. We ask you to please limit yourself to one question and a brief follow-up, so we can get to as many of you as possible. After the analyst Q&A, we will move to our media questions. As a reminder, today's discussion contains forward-looking statements that represent our beliefs or expectations about future events. All forward-looking statements involve risks and uncertainties that could cause the actual results to differ materially from the forward-looking statements.

Some of the factors that may cause such differences are described in Delta's SEC filings. We'll also discuss non-GAAP financial measures, and all results exclude special items, unless otherwise noted.

And with that, I'll turn it over to Ed.

Edward Herman Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

Thank you, Julie. Good morning, everyone. We appreciate you joining us today. This quarter's results reinforce that Delta's competitive advantages and differentiation have never been more evident. In the September quarter, Delta's revenue growth and earnings came in at the top end of our expectations, delivering performance that we anticipate will lead the industry across all key financial measures. Revenue grew 4%, led by premium, corporate, and loyalty; reflecting the power of Delta's brand, the financial strength of our customer base, and improving industry fundamentals. We reported pre-tax income of $1.5 billion and earnings of $1.71 per share, with an 11.2% operating margin. Free cash was $830 million, bringing our year-to-date free cash flow to $2.8 billion. We generate a return on invested capital of 13%, 5 points above our cost of capital and in the top half of the S&P 500.

Operationally, Delta once again led the industry on reliability and customer experience. Through a busy summer, our teams delivered for our customers, and I want to thank them for their outstanding work and dedication. Their professionalism and care create the trust that consumers have in the Delta brand. Sharing success with our people is core to our culture. We've accrued nearly $1 billion year-to-date towards next February's profit sharing because when Delta succeeds, so should our people. I also want to recognize the essential aviation workers, the controllers, TSA officers, federal air marshals, and many others who are keeping our system safe and secure during the ongoing government shutdown. Thank you for your professionalism and your commitment to the traveling public. We're hopeful that Congress will act to reopen the government as soon as possible.

Now, turning to our outlook. Our fundamentals are improving and the positive momentum is continuing. Since July, travel demand has strengthened, led by a rebound in business travel, which was up high-single digits in the quarter. The US economy remains on solid footing, and our customer base is financially strong, with rising preference for premium products and services. SkyMiles membership is expanding, particularly among younger consumers, and engagement is strong across all cohorts. Consumer spending on the Delta Amex co-brand card is up double digits year-to-date, with a recent acceleration in travel and entertainment that mirrors the improvement that we're seeing in bookings. Premium revenue growth remains robust, and main cabin trends are improving.

Structural change has taken hold across the industry as unprofitable flying is rationalized and carriers not earning their cost of capital adjust strategies to prioritize returns. Against this backdrop, we expect to deliver a double-digit operating margin again in the December quarter, with earnings comparable to what we earned in the September quarter. This would be at or above our all-time fourth quarter earnings performance. This brings our outlook for full-year earnings to approximately $6 per share, which is in the upper half of our July guidance range. Free cash generation remains a key differentiator for Delta, and we are updating our full-year outlook to $3.5 billion to $4 billion, growing our cash generation over last year and consistent with our long-term framework as we build a fortress balance sheet.

At the heart of our position of industry leadership is a relentless focus on elevating the customer experience. We're investing across every phase of the journey to make travel with Delta more seamless, personalized, and premium, growing our value proposition to customers. On the ground, we're harvesting the benefits of generational investments in our airport infrastructure. This includes upgraded airport facilities; modernized Sky Clubs; the launch of Delta One Lounges in JFK, LAX, Boston, and Seattle. By year-end, Delta One check-in will be available across all of our hubs. We've also partnered with Uber to begin streamlining the airport pickup and drop-off experiences, enhancing convenience from curb to gate. In the year, we're continuing to expand premium seating and enhance service offerings, ensuring more customers can experience our most elevated products.

Digitally, we're delivering a connected experience for SkyMiles members, with nearly 1,000 aircraft equipped with fast, free Wi-Fi, well more than all of our US competitors combined. Our integrated platform is setting the standard for inflight connectivity and personalization. Exclusive partnerships with American Express, Uber, and most recently YouTube extend SkyMiles further into our members' daily activities, deepening engagement and preference for the Delta brand beyond the flight. And it's all powered by our people, delivering welcomed, elevated, and caring service that reinforces our industry leadership, sustains our durable revenue premium, and underpins our strong financial foundation. In closing, our financial focus remains on profitable growth, margin expansion, and disciplined capital allocation, all aligned with the three to five-year framework that we shared last November.

As we enter the final stretch of our centennial year, I'm more optimistic than ever about Delta's future. Thank you for joining us today. And with that, I'll hand it over to Glen to discuss our commercial trends and demand, followed by Dan with the financial details.

Glen William Hauenstein

President, Delta Air Lines, Inc.

Thank you, Ed, and good morning. I want to begin by thanking the Delta team for their outstanding commitment throughout the busy summer season and to our customers for their continued loyalty to Delta. For the September quarter, revenue increased 4.1% year-over-year to $15.2 billion, a third quarter record and ahead of our guidance as momentum built through the quarter. Trends across our business are improving, and customer preference for the Delta brand is showing up in our results. Total unit revenue improved by 0.3% over last year. Importantly, domestic unit revenue turned positive, with sequential improvement as the quarter progressed. This was supported by a main cabin inflection as industry supply moderated and demand improved, materializing earlier than our initial expectations.

Internationally, profitability across all entities was strong, with premium continuing to bolster results. Corporate sales trended positively throughout the quarter, up 8% over prior year, with sequential improvement across all sectors. Domestic corporate sales grew double digits, including mid-teens growth in our coastal hubs. We see opportunities for further growth as corporate confidence rebuilds, reinforced by 90% of our most recent corporate survey respondents anticipating that their 2026 travel volumes will increase or remain steady year-over-year. Diverse high-margin revenue streams grew double digits year-over-year and contributed 60% of total revenue. Within that, premium revenue grew 9%, with improvement across all products driven by a strong demand and consistent investment in premium offerings. Loyalty revenue improved 9% and travel-adjacent products grew mid-teens as SkyMiles members engaged beyond the flight and throughout our loyalty ecosystem.

Cargo revenues increased 19% driven by the Pacific. Maintenance, repair, and overhaul revenue grew more than 60% on higher volumes and timing of shipments. Delta's loyalty ecosystem continues to be a powerful driver of enterprise value, anchored by the attractiveness of the SkyMiles program; a financially healthy, highly engaged member base; and our exclusive co-brand partnership with American Express. Co-brand holders are among our most valuable customers, traveling more often and spending more on Delta. While roughly one-third of active SkyMiles members hold a co-brand card today, we have further runway as both engagement and member penetration continue to rise. A key proof point is the sustained momentum on spend growth, which has outpaced other consumer credit cards by 2x over the last few years.

During the quarter, spend grew at double-digit pace, with new card acquisitions up year-over-year and a record mix of customers choosing the premium cards. With that, remuneration from American Express increased 12% over prior year to $2 billion in the quarter, keeping us on track to deliver over $8 billion this year and advancing towards our long-term goal of $10 billion within the next few years. Turning to the outlook, the environment continues to improve. Over the past six weeks, sales trends have accelerated across all geographies and in every advanced purchase window, positioning Delta to close the year from a position of strength. While we are monitoring potential impacts from the US government shutdown, we have not seen a material effect to-date. For the December quarter, we expect total revenue to grow 2% to 4% year-over-year on top of last year's record performance, with solidly profitable unit revenues.

Passenger RASM is showing healthy improvement sequentially, reflecting continued strength in domestic and a step-change improvement in the Transatlantic on firmer main cabin trends and corporate demand. At the same time, financial divergence across the industry has never been greater as carriers prioritize earning their cost of capital and eliminate unprofitable flying. Competitive capacity in our hubs is down year-over-year, and we expect a very healthy supply/demand balance across the industry into 2026. In closing, I'm very optimistic as we enter the final quarter, building our momentum and positioning Delta for continued top line growth and margin expansion into 2026.

And with that, I'll turn it over to Dan to cover the financials.

Daniel C. Janki

Executive Vice President & Chief Financial Officer, Delta Air Lines, Inc.

Thank you, Glen, and good morning to everyone. Delta's competitive advantages drove another strong quarter as we continue to set the pace for the industry. Our teams are delivering operationally for our customers and driving efficiency. Year-to-date, we are outperforming the industry across on-time performance, completion factor, and

Net Promoter Score. Our premium offerings, industry-leading loyalty programs, and elevated experiences we provide across the entire travel journey is driving increased customer preference for flying Delta and underpins our differentiated financial results. In the September quarter, we delivered record third quarter revenue of $15.2 billion, with an operating margin of 11.2% and earnings of $1.71 per share.

Non-fuel unit cost growth was approximately flat to prior year, bringing the year-to-date non-fuel unit cost growth to less than 2%, consistent with our low-single digit guidance at the start of the year, even as we've reduced capacity after the summer peak to align to demand. I want to thank the entire Delta team for their hard work to achieve these results. Delta generated third quarter operating cash flow of $1.8 billion. And after reinvesting $1.1 billion into the business, we generated free cash flow of $830 million. On our capital structure, we continue to take an opportunistic approach. Last month, we successfully repriced our SkyMiles term loan, reducing the rate by 225 basis points. This demonstrating the strength of our balance sheet and the attractiveness of Delta credit. Strong cash generation has enabled debt paydown of nearly $2 billion year-to-date, with gross leverage ending the quarter at 2.4 times.

Now, turning to the outlook. For the December quarter, as Glen shared, we expect revenue growth of 2% to 4% year-over-year with positive unit revenue. On the cost side, disciplined execution supports non-fuel unit cost growth in low-single digits, in line with our full-year guidance. With that, we expect fourth quarter earnings of $1.60 to $1.90 per share and an operating margin of 10.5% to 12%. For the full year, this brings earnings per share of approximately $6, in the upper half of our guidance range we provided in July. On free cash flow, we are updating our guidance to $3.5 billion to $4 billion. This outlook is within our long-term target range, enables us to pay down debt, while returning cash to shareholders.

Our capital allocation priorities remain unchanged; reinvesting where returns are strong, reducing debt, and maintaining our fortress investment grade balance sheet, which was recently recognized by Fitch with a revised outlook from stable to positive during the quarter. Our investments are focused on the customer experience as Ed and Glen spoke about and on driving efficiency through technology and our fleet. We continue to advance our fleet renewal strategy with approximately 40 aircraft deliveries this year and next. These additions drive meaningful value for our customers through expanded premium seating and for our shareholders through increased efficiency and greater scale among our key fleets.

Looking into 2026 and beyond, our focus is on profitable growth and delivering long-term financial targets outlined at our Investor Day last November, including earnings growth, durable free cash flow, debt repayment to drive sustained value for our shareholders. In closing, I want to extend my sincere thanks to the entire Delta team for their commitment to one another and to our customers.

And with that, I'll turn it back to Julie for Q&A.

Julie Stewart

Vice President-Investor Relations & Corporate Development, Delta Air Lines, Inc.

Thank you, Dan. Matthew, can you please remind the analysts how to enter the call queue and go to our first question from Duane Pfennigwerth of Evercore ISI?

QUESTION AND ANSWER SECTION

Operator: Certainly. [Operator Instructions] Your first question is coming from Duane Pfennigwerth from Evercore ISI. Your line is live.

Duane Pfennigwerth
Analyst, Evercore ISI

Q

Hey, thank you. Good morning. With respect to the strong improvement in cash flow year-over-year and operating cash flow, can you just expand on the drivers of that improvement? How much of that is just the working capital benefit of maybe the booking curve normalizing versus earlier in the year maybe there's some dynamics around MRO? Any thoughts you have would be helpful.

Daniel C. Janki
Executive Vice President & Chief Financial Officer, Delta Air Lines, Inc.

A

Yeah, certainly, Duane. Thank you for the question. Year-to-date, we're on track to where we were last year on similar earnings, and that even with actually a headwind as it relates to the booking curve. As we talked about over the summer, that spring and summer that compressed, it's starting to expand. We haven't yet gotten all that back. We expect more of that to materialize here in the fourth quarter. And the underlying improvement to offset that is coming out of working capital. We built up a lot of just, I won't call it inefficiencies, but excess as we were rebuilding the airline and now is our time as we drive efficiency to work that off, and you're seeing that in working capital.

Duane Pfennigwerth
Analyst, Evercore ISI

Q

Thanks. And then maybe, Glen, for my follow-up. One of the questions we got from a journalist this morning was can you put the corporate recovery in context, excluding any benefit from a CrowdStrike comp? In other words, are we fully back? How would you put this corporate recovery in context? Thank you.

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

Yeah. I think we're well beyond where the CrowdStrike impact was from last year, and we're seeing similar results to what we disclosed in the third quarter earnings moving into the 4Q. And I'd just remind you and other people on the call that while corporate revenues have recovered to 2019 levels and are actually slightly above those now, that the number of passengers that are booking because fares are higher are still in the high 70s. So, we think as business continues to normalize, we have a lot of runway to continue to expand the corporate demand.

Duane Pfennigwerth
Analyst, Evercore ISI

Q

Thank you.

Operator: Thank you. Your next question is coming from Tom Fitzgerald from TD Cowen. Your line is live.

Thomas Fitzgerald
Analyst, TD Cowen

Q

Hi, everyone. Thanks very much for the time. I was wondering if you could unpack the improvements you're seeing in the domestic market and how much that might be unique to you, just given your exposure to higher income households?

Glen William Hauenstein
President, Delta Air Lines, Inc. A

Well, certainly, I think our exposure to higher household income cohort has enhanced our relative position versus carriers that are catering to a more stressed lower to middle income environment. So, we'll see as everybody else reports. I can only speak for Delta in the strength that we've seen and continuing to accelerate as we head into the fourth quarter.

Thomas Fitzgerald
Analyst, TD Cowen Q

Okay. That's really helpful. And then, just kind of on the same topic, I was wondering if you could unpack some of the mix shift benefit that you might see as we move into 2026 and 2027 as you take on delivery of new aircraft. Thanks, again for the time.

Glen William Hauenstein
President, Delta Air Lines, Inc. A

Well, we continue to invest in the higher-end products, whether or not that's opening up new Delta One Lounges or check-in areas. And so, as we continue to take delivery, they come with a higher mix of premium products. And if you look next year, well, we haven't given any guidance, but most of our growth, if not almost all of it will be in the premium sectors.

Daniel C. Janki
Executive Vice President & Chief Financial Officer, Delta Air Lines, Inc. A

Yes.

Operator: Thank you. Your next question is coming from Catie O'Brien from Goldman Sachs. Your line is live.

Catherine O'Brien
Analyst, Goldman Sachs & Co. LLC Q

Hey, good morning, team. Thanks for the time. Maybe one for Dan, not asking for 2026 guidance. But this year, your unit cost performance benefited from efficiency gains from growing into your workforce and your fleet and your airport assets. I guess, what inning are we in, in that efficiency growth? And are there further tailwinds from this into next year?

Daniel C. Janki
Executive Vice President & Chief Financial Officer, Delta Air Lines, Inc. A

Yeah. We talked a bunch about this at the Investor Day last November, and those – all those trends are intact. We certainly are still in the early to middle innings where we believe over the long term we can continue to drive efficiency by growing into that workforce, continuing to get growth in the generational airports that we've built that are actually in our run rate, the investment that we've made in fleet as we get scale and efficiency as we continue on the fleet renewal. And then, the other element, Catie, that we talked about is just the role of technology and that it will have in regards to enabling our workforce and giving them tools and transparency to just be more efficient. And we think that is certainly in the very, very early innings of the unlock, and we have years of that in front of us.

Catherine O'Brien
Analyst, Goldman Sachs & Co. LLC
Q

Okay, that's great. And then, my second one is actually a bit of a follow-up to Tom's. I wanted to dig in a bit on domestic main cabin turning positive specifically. Can you give a little more color there? I know one driver of that is that domestic main cabin seats for Delta are down year-over-year. Can you tell us by how much? And then, maybe the converse of that, I know back in August when I was in Atlanta, we spoke about how you're adding – you're doing some retrofits to add incremental Delta Comfort seats this year. What does this year's retrofits do for premium seat mix into next year? I know you said most of next year's growth driven by premium seats, but just wondering specifically how the retrofits contribute to that as well. Thanks so much.

Glen William Hauenstein
President, Delta Air Lines, Inc.
A

Right. Certainly, as we continue to – the premiumization, if you will, of the Delta ecosystem is really dependent on two things. One is the retrofits, which you mentioned, which accounts for probably about 25% to 30% of the incremental premium seats and then new aircraft deliveries that are continuing to come with a higher mix of premium as they roll out of the factory. So, both those contributing to the continuation of improving the experience for our customers. And then, lastly, on main cabin demand, we have seen an inflection. Our main cabin seats are down slightly. They're not down significantly from last year, so relatively flat. But what we have seen is the rationalization of capacity in many of our hubs. As a matter of fact, if you look forward through November, capacity in almost all of our hubs is down year-over-year from competitive sets, which is allowing us to rationalize the seats that are there and continue to drive unit revenues up.

Catherine O'Brien
Analyst, Goldman Sachs & Co. LLC
Q

Very helpful. Thank you.

Operator: Thank you. Your next question is coming from Jamie Baker from JPMorgan. Your line is live.

Jamie N. Baker
Analyst, JPMorgan Securities LLC
Q

Thanks. For Glen, premium revenue growth exceeded that of main cabin by 13 points. It's obviously a new record. And I guess, my question is a bit of a follow-up to Catie. I mean, obviously, part of the outcome is driven by weakness in low end consumer, but can you drill down a bit deeper into actual changes in consumer behavior? So – for example, if you look at SkyMiles member behavior, how much premium growth is driven by your more affluent members taking more trips versus maybe less affluent flyers trading up to a better experience? There seemed to be so many moving pieces to explain the 9% rise in premium, the 4% contraction in main. We obviously know the outcome is great. But any further comment on the specific building blocks would be helpful.

Glen William Hauenstein
President, Delta Air Lines, Inc.
A

Well, Jamie, I think we've been outlining this for many years that we think that premium still has a long runway. And as you know, following this industry for a long time, we were not selling premium seats 10 years or 15 years ago. We were giving them away. And the reengineering of the whole purchase process where we made them much more affordable and much more attainable has allowed people to buy up into those categories. And we've always said that we aren't really at the end state in terms of getting the distribution systems where we need them to be to make sure that those products are being displayed to end consumers or agencies the way that they need to be, and that's been a long journey, too. So, yes, it's been a transformation. And yes, all of the above are true that people are attaching to these products, and then the repeat rate on them is incredibly high.

And I think in previous calls I've equated it to the car that you drive today, is it better than the first car you had. The answer is probably yes, and you don't see many people going back to cars that are worse. And I think once people get used to traveling in a certain product, whether it's Comfort+, Delta Premium Select, or Delta One, they tend not to go back. Their retention rates in the mid-80s. And so, the intent to repurchase is very high. They're continuing to expand the availability of the products, the price points on the products. And this is a journey, a long journey we're on. So, I think it's a great question. And I think we see that there are many, many more opportunities in premium as in the coming years.

[indiscernible] (00:26:48)

Edward Herman Bastian
Chief Executive Officer & Director, Delta Air Lines, Inc.
A

Jamie, if I could add to that...

Jamie N. Baker
Analyst, JPMorgan Securities LLC
Q

Yeah, Ed.

Edward Herman Bastian
Chief Executive Officer & Director, Delta Air Lines, Inc.
A

...a couple of things. There's also – you need to look at the geographies, right? Look at the investment we've made in LA and Boston and New York, the coastal investment in Seattle. That's where a considerable amount of premium lives. And Delta historically wasn't as big in those markets as we are now. Not only have we moved in there, we've built generational experiences through the airports, the Delta One Lounges. Corporate travel is our bread and butter. We are the very best at it, very best serving it. Corporate travel is premium, right? And so, all of these things go in as you said in your question. There's a lot to that, but we see a considerable amount of continued momentum forward in premium. And the question we get from customers all the time is when can we get more.

Jamie N. Baker
Analyst, JPMorgan Securities LLC
Q

Well, thanks for that gentlemen. And that actually leads to my follow-up. What does the Venn diagram look like between premium and corporate? So, if JPMorgan buys me a main cabin ticket to Miami, that's clearly going to show up as corporate for you. It's going to be on our discount. But if JPMorgan buys me Delta One to Los Angeles, I guess that counts as both corporate and premium?

Glen William Hauenstein
President, Delta Air Lines, Inc.
A

Yes. Corporate and premium.

Jamie N. Baker
Analyst, JPMorgan Securities LLC
Q

Could you quantify sort of what that overlaps?

Glen William Hauenstein
President, Delta Air Lines, Inc.
A

What percentage of premium is corporate?

Jamie N. Baker
Analyst, JPMorgan Securities LLC
Q

Yeah.

Glen William Hauenstein
President, Delta Air Lines, Inc.
A

It's probably 30% to 40%. We can get the exact number.

Jamie N. Baker
Analyst, JPMorgan Securities LLC
Q

Okay. Okay, good.

Glen William Hauenstein
President, Delta Air Lines, Inc.
A

More and more – and I think this is the exciting part for us. If you think about one of the issues we had many years back, the difference between yields on corporate and high-yield leisure were very, very different.

Daniel C. Janki
Executive Vice President & Chief Financial Officer, Delta Air Lines, Inc.
A

Yeah.

Glen William Hauenstein
President, Delta Air Lines, Inc.
A

And so, it was a steep cliff if you weren't filling your planes with corporate on what you had to fill them with. And now, those have diverged. In some cases, corporate – personal leisure is higher than corporate these days, so it's given us a really nice ability to manage. And one of the issues we've had with our team that we've been working on is sometimes we run out of seats for corporate and we have to go and put more seats in the market because corporate was getting squeezed out by higher-yielding leisure.

Jamie N. Baker
Analyst, JPMorgan Securities LLC
Q

Excellent. And if I could just squeeze in a third follow-up just because you brought that point up. You had said 2027 was the year in which premium would overtake main cabin. Any reason we wouldn't see that occur in a quarter or two next year?

Glen William Hauenstein
President, Delta Air Lines, Inc.
A

I think you will.

Jamie N. Baker
Analyst, JPMorgan Securities LLC

Q

Okay. Thank you very much everybody.

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

Thank you, Jamie.

Operator: Thank you. Your next question is coming from Conor Cunningham from Melius Research. Your line is live.

Conor Cunningham
Analyst, Melius Research LLC

Q

Hi, everyone. Thank you. Glen, you had a chance to talk about your first car. I think it was the Rambler. I think you referenced that a couple investor days ago.

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

You remember, a Rambler Classic. [ph] I was in high school (00:29:47).

Conor Cunningham
Analyst, Melius Research LLC

Q

Maybe we can stick with the premium discussion because there still seems to be a fair underappreciation for what's going on here, I think, out there. So like obviously, the revenue growth on premium versus main cabin has been very, very strong for quite some time. But I was hoping you could talk about the profitability of the segments of the cabin. I think that – I mean, should we look at the gap just in terms of the growth overall as a good benchmark for the differences in overall contribution? It just – there seems to be another step function change coming on seat mix, so it just seems like there's a further step function change coming on on profitability as well. So, if you could just talk about the segments on a profitability standpoint, that would be helpful.

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

I just think that when you think about what's different and what's changed over the last 10 or 15 years, the premium products used to be loss leaders and now they're the highest-margin products. That's really the headline. And really in descending order of premiumness is their margin. So, the best margins are in the most premium products and you just work your way down. Now, we've had some convergence on Delta Premium Select, which has actually been so popular as we've introduced it, that the margins are starting to converge with D One, and we're working on separating those back out again, but really exciting opportunities. These are relatively new products for the airline. We've only had them, and we've only been selling them, and we've only been selling them in widely available distribution for less than 10 years.

Conor Cunningham
Analyst, Melius Research LLC

Q

Interesting. Great. Maybe on corporate, just a follow-up to Duane's question in general. I got a similar question as well. Like – so, I know that there's some CrowdStrike noise within it, but the 8% number is obviously a lot. And if you look at some of the other travel industries out there, they're not calling out a game like that. So to me, kind of it seems like you're driving additional share gains. Or maybe you could just talk about how the overall market is expanding in general and how you're continuing to drive share within it. Thank you.

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

Well, first of all, I'd like to call out our sales team there, the best sales team in the industry, doing an amazing job for us. And clearly, we are continuing to take share on the margin. So, we monitor our share and then we reconcile it later. But I think we're seeing mild gains in total share, and certainly higher gains in revenue share. But, yeah, there's a lot of opportunity as we look forward here, that corporations are still not traveling in the volumes they did pre-pandemic. And so, as that travel continues to come back, and I think we could look at third quarter sales and...

Daniel C. Janki
Executive Vice President & Chief Financial Officer, Delta Air Lines, Inc.

A

Yeah.

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

...and take the CrowdStrike out of it, we're still in the double digits.

Daniel C. Janki
Executive Vice President & Chief Financial Officer, Delta Air Lines, Inc.

A

I think what I'd add on corporate, because I've heard it a couple times that somehow it might be driven by CrowdStrike. Actually, that 8% September was higher than 8%. It was 9%...

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

Right.

Daniel C. Janki
Executive Vice President & Chief Financial Officer, Delta Air Lines, Inc.

A

...and that didn't have CrowdStrike in it. So, I think that's – there's real momentum here with corporate. It's across all the segments. This hasn't anything to do with the technology outage.

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

Yeah. And one other thing, Conor, I'd add is corporate suspended travel in the early part of the year. So, there's also what was some level of pent-up demand to get back out, and I don't think you can underestimate that. I don't see that stopping by the way because our outlook, when we ask the corporates, they're going to continue to grow. But there was clearly for four, five months this spring, we were not seeing any corporate growth, and then they all got back on the road together at the same time.

Conor Cunningham
Analyst, Melius Research LLC

Q

Awesome, thank you.

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

Sales up into this week are staying at or above the numbers we disclosed for the third quarter.

Conor Cunningham
Analyst, Melius Research LLC

Q

Awesome. Thank you.

Operator: Thank you. Your next question is coming from Andrew Didora from Bank of America. Your line is live.

Andrew G. Didora
Analyst, BofA Securities, Inc.

Q

Hey. Good morning, everyone. Maybe, Glen, maybe switching gears a little bit and speaking about Atlantic here. Obviously, RASM down 7% in 3Q. I know you spoke about a step function change happening here, but I kind of doubt you're expecting to get back to flat in 4Q. But maybe could you speak to how Atlantic performed throughout 3Q and kind of what you need to see in order for that entity to climb back to flat unit revenue?

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

Well, yeah, I think third quarter was clearly disappointing, and I think it was a host of things. Some of it might have been our fault in terms of where we thought the booking curves would be and how we held out for higher fares. And so, next year, we're going to be much more aggressive in building a solid book earlier in the year. I think the other thing was the booking, as Ed refers to it as the spring swoon. When the spring swoon was happening, everybody got a little nervous when tariffs were introduced, that was the booking window for the latter part of the summer. So, that had some impact on main cabin as well. And then, finally, I think we've discussed earlier is that given that the cohort on the premium products is really – it's in their 60s, the fall has become a relatively more attractive period than the summer in terms of high-yield leisure.

So, it's a combination of all three. So, we're going to attack it multifaceted next year. I think we're going to hopefully not have any kind of swoon in the whole demand set. We're going to be a little bit more aggressive in terms of main cabin and filling up those cabins earlier in the booking curve. And then, we're going to adjust our capacity to make sure that we're not creating the church for Easter Sunday in July and August. We're going to flatten that out more for the summer IATA season to have a better distribution of capacity.

Andrew G. Didora
Analyst, BofA Securities, Inc.

Q

That's interesting. Thank you. And then, Glen, since you spoke about kind of margins within the cabin, curious if you'd be willing to rank your geographies by margin performance thus far in 2025 and maybe how you expect that to change, if at all, heading into 4Q and 2026? Thank you.

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

Historically, we had a domestic premium and an international, and I'm not going to go beyond the international as a whole. But this year, they're relatively similar. They've converged on each other, and we're going to have a race. We've got our domestic for 2026, our domestic improvement versus our international improvement, and we're going to compete them against each other and see which one can generate the higher returns next year.

Andrew G. Didora
Analyst, BofA Securities, Inc.

Q

Great. Thank you.

Operator: Thank you. Your next question is coming from Mike Linenberg from Deutsche Bank. Your line is live.

Michael Linenberg
Analyst, Deutsche Bank Securities, Inc.

Q

Oh, yeah. Hey, good morning, everyone. Hey, Glen, back to the government shutdown, if you sort of think back to 2018, 2019, when did it start to bite? I mean, we're day nine in and what – can you recall what that financial impact was to Delta?

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

We said at the time it was a little bit less than – it was about $1 million a day. And now, it's less than $1 million a day for various reasons. One is that DCA travel was off even before. So, DCA has not been a real driver in terms of revenue improvement this year. So, less than $1 million a day now, and it was about $1 million a day previously.

Michael Linenberg
Analyst, Deutsche Bank Securities, Inc.

Q

Great. And then, just a second quick one here. I thought it was interesting you called out Austin in your release. Clearly, non-hub flying historically, non-hub flying tended to be lower margin, RASM dilutive. What's changed? What makes the Delta product or maybe I'm answering the question, I'll leave it to you. Why is it different this time? Thank you.

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

I think we used to look at the airline at a route level, but that wasn't really thinking about what's inside the minds of customers and what makes customers choose Delta over a different carrier. And I think the answer is relevance, right? If we don't – if we're not relevant, we cannot acquire the SkyMiles, we cannot acquire the frequent flyer, the credit cards. And so, the ecosystem, you have to have relevance. And that's why it's important for us to have focus cities.

Daniel C. Janki
Executive Vice President & Chief Financial Officer, Delta Air Lines, Inc.

A

Yeah.

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

And those focus cities have been quite profitable for us, sometimes exceeding that of the hubs. And we're continuing to invest in focus cities. We don't have a lot of them, but the ones we do have we've chosen for specific reasons. And I say Austin we've chosen because we don't have a Texas hub. Everybody else has a Texas hub, except Delta. And as you know, Texas is a – in and of itself is a huge revenue market. So, seeing those opportunities, looking at the demographics, looking at the GDP of generation for these cities and saying where do we need to have a relevant offer so that people will join our SkyMiles program, they will join our and get our credit cards, and we can produce a relevance.

Michael Linenberg
Analyst, Deutsche Bank Securities, Inc.

Q

Very good. Thank you.

Operator: Thank you. Your next question is coming from Sheila Kahyaoglu from Jefferies. Your line is live.

Sheila Kahyaoglu
Analyst, Jefferies LLC

Q

Good morning, guys, and thank you for the time. I want to maybe follow-up on the Atlantic comments. So, two questions there. How do we think about Atlantic capacity next year? Glen, you mentioned more evenly dispersed, I guess how are you thinking about that? And maybe secondly, given your competitor just announced some new additions, how are you thinking about competitive capacity, your own network planning, as well as the A330, A350 product?

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

Well, I think our product is best in class in the Transatlantic. We continue to monitor our relative performance in terms of Net Promoter Scores. And I think it's got – it's leading right now, and it's going to get much better as we continue to deliver new airplanes with the Delta One suites and with the enhanced Delta Premium Select and larger Delta C+ cabin. So, I'm really excited about the product that we're putting in market. We've chosen not to fly narrowbodies in the Transatlantic because of product and brand issues. And so, we're not going to go in that direction. And – but next year's capacity, I don't know. I mean, I think it's early in the game, not everybody has announced what they're going to fly. And usually, everybody announces what they're going to fly, not what they're not going to fly. And so, that usually follows after what we're going to fly next year.

So, we'll see how it all shakes out. I think it's going to be probably low-single digits. And as far as our summer, we'll be probably in the very, very low-single digits growth at all in the very peak months of July and August, with a slightly higher shoulder season, which is becoming more peaky.

Sheila Kahyaoglu
Analyst, Jefferies LLC

Q

Great. Thank you.

Operator: Thank you. Your next question is coming from Savi Syth from Raymond James. Your line is live.

Savanthi Syth
Analyst, Raymond James & Associates, Inc.

Q

Hey, good morning. I wonder if you could share what you're seeing on the Latin America side, perhaps kind of broken out by international and long haul.

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

Latin America...

Daniel C. Janki
Executive Vice President & Chief Financial Officer, Delta Air Lines, Inc.

A

Latin America, long haul, short haul.

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

Yes. Long haul has been very solid for us. It's – it comes into season in the winter. It's looking for a very good strong winter season. Short haul has been a mixed bag. Caribbean doing well. Mexican beach is under a little pressure, but all still very profitable for us. So, continuing to make investments in those regions.

Savanthi Syth
Analyst, Raymond James & Associates, Inc.

Q

That's helpful. And if I might, on the maintenance side, Dan, do you expect 2026 to be above or below in terms of heavy maintenance events? And setting that aside, like what do you see in terms of inflation on maintenance and parts? Is that getting better?

Daniel C. Janki
Executive Vice President & Chief Financial Officer, Delta Air Lines, Inc.

A

Savi, we apologize. We weren't able to hear you clearly on this side. I know it related to 2026, but I couldn't hear the context of the question. Could you repeat it?

Savanthi Syth
Analyst, Raymond James & Associates, Inc.

Q

Sorry about that. Just on the maintenance side, do you expect 2026 to have kind of more or less heavy maintenance events? And beyond the events, just on inflation, just what are you seeing the maintenance and parts? I mean, is that improving from kind of heavy levels?

Daniel C. Janki
Executive Vice President & Chief Financial Officer, Delta Air Lines, Inc.

A

Yeah. We're still – we're in the early stages of our planning for 2026. So, we haven't worked through all our capacity and maintenance. So, more to come on that as we work through the fall here. As it relates to inflation, yes, I think that's still one part of the supply chain, both as it relates to material availability, to repair, the components, all those have had inflation above the normal. They're coming more in line as the industry continues to get better, but it's got a long ways to go. We've kind of said that, that part of the supply chain is multiyear in nature as it relates to the opportunities in front of it to any aspect of it you can look at. The turn times and performance are still not at levels that we experienced in that 2017, 2018, 2019 perspective. And as those come more in line and get healthier, you're going to see greater efficiency out of that.

Savanthi Syth
Analyst, Raymond James & Associates, Inc.

Q

Understood. Thank you.

Operator: Thank you. Your next question is coming from Scott Group from Wolfe Research. Your line is live.

Scott H. Group
Analyst, Wolfe Research LLC

Q

Hey, thanks. Good morning. So, the fourth quarter earnings guidance is basically the same as Q3 earnings, and we've never really seen that before, I guess, if you exclude CrowdStrike last year. I guess, I'm trying to understand, do you think this is just the new seasonality that makes Q4 a lot stronger or would you say maybe that you under-earned in Q3 and maybe it's some of both. I think the implications for how to think about next year would be different based on how you think about that dynamic.

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

Yeah. Fourth quarter, it's actually at or slightly better than third quarter. And I think it's being driven by strong premium demands and corporate travel in season. So, we have a nice long season. If you remember, last year, we had the election, and in the October period, we had – the country kind of froze right before the election and it unlocked a little bit after the election, but we had that period. We also have some favorability in terms of the calendar. So, I think fourth quarter is as long as business is traveling is a very strong quarter for us. And I think in third quarter, particularly in the Transatlantic, we are going to strive to do better in next year's third quarter because we think we have some opportunity should we had – if we had to replay that to improve our results on the margin.

Scott H. Group
Analyst, Wolfe Research LLC

Q

Okay. So, maybe some of both. And then, about a point of the revenue growth in Q3 was from MRO, maybe a little help from cargo. Is that sort of sustainable into Q4 and going forward that MRO strength?

Daniel C. Janki
Executive Vice President & Chief Financial Officer, Delta Air Lines, Inc.

A

The MRO over the long term, yes, you're going to see it. You won't see it every quarter at 60% plus. I'd say both the second and third quarter were quite strong as it related to MRO for the year. You think of it more in that 20% to 30% range, but we would like to see many years of MRO growth well above the growth of the core airline and being double-digit. But you won't see it at those levels. You'll see much – actually, I think as you – fourth quarter, it's probably closer to flat year-over-year.

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

And on cargo, great third quarter and shout out to our cargo team. I think they did a fabulous job. We have seen some, I'd say, choppiness as we enter the fourth quarter, and we'll see how that – what the final result is. But I wouldn't expect that the 19% would be sustainable into 4Q, it's probably going to come down from there.

Daniel C. Janki
Executive Vice President & Chief Financial Officer, Delta Air Lines, Inc.

A

Yeah.

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

And we'll see, but still probably growth in cargo.

Scott H. Group
Analyst, Wolfe Research LLC

Q

Thank you, guys. Very helpful.

Operator: Thank you. Your next question is coming from Ravi Shanker from Morgan Stanley. Your line is live.

Ravi Shanker
Analyst, Morgan Stanley & Co. LLC

Q

Great. Good morning, everyone. Glen, maybe a couple of follow-ups to your earlier comments kind of specifically focused on 1Q. Can you help us understand how you're thinking about 1Q network planning, just given all the continual noise that continues to be out there and also what happened last year with the kind of close-in weakness and corporate and everything else? Are you treating last year as a one-off or are you kind of being more cautious going into next year because of that?

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

I think we're going to head into 1Q the same way we're exiting 4Q, which is with a very strong backdrop. The quarter we know the most about is the quarter we're in and the quarter we know the least about is the fourth quarter of next year. But as the first quarter comes into focus, the demand is looking quite robust. And so, let's hope that, that spring swoon doesn't occur again next year.

Ravi Shanker
Analyst, Morgan Stanley & Co. LLC

Q

Understood. And just kind of on that topic of 1Q and kind of focusing on Transatlantic, you guys have been talking about that shoulder season strength for some time now clearly manifesting right now. Last year in December, you said that 1Q of 2025 in Transatlantic was setting up for one of the strongest years you've ever seen, and part of that was driven by a favorable US dollar. The dollar is not as favorable right now. But are you – from what you can see right now, do you see European strength continuing into 1Q 2026 similar to what you saw coming into this year?

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

Yes.

Ravi Shanker
Analyst, Morgan Stanley & Co. LLC

Q

Easy enough. Thank you.

Operator: Thank you. Your next question is coming from Brandon Oglenski from Barclays. Your line is live.

Brandon R. Oglenski
Analyst, Barclays Capital, Inc.

Q

Hey. Good morning and thanks for taking the question. Maybe this one is for Ed or Dan. But you guys, I think, in your prepared comments talked about your long-term goals of margin improvement. And I think everyone would agree on this call that airline stocks could be pretty cheap, but maybe margin growth would really be welcomed for investors. So I guess in that context, what is in your control here as you look into 2026? I'm not necessarily looking for guidance, but does it just have to be a market that's growing capacity a lot less than we have in the past three years? Or is it all these things that we're talking about on the commercial side that just gain more momentum? And what can you do on the cost side as well? I think Dan was just hinting at efficiencies there, too. Thank you.

Daniel C. Janki
Executive Vice President & Chief Financial Officer, Delta Air Lines, Inc.

A

Yeah. No, I think I'd point you back – thanks for the question – to a lot that we talked about last November. There were a lot of things in there that we talked about that were Delta-specific as it related to things that are in our control as we look forward, and we want to drive – we run the company for margins. We want to drive margins up into the mid-teens as we laid out, and we feel that the playbook and the strategies and priorities in front of us enable us to do that. It starts with those growing the high-margin revenue streams faster than the core, premiums at the core of that. We talked about premium seats growing, main cabin – outpacing main cabin, so you have more product out there. Continue to grow the Amex relationship and loyalty faster. So, those are things that help you as it relates to the top line. The fleet renewal supports that.

And then, you look at the things that we want to do that and still drive good cost performance of low-single digit. And again, it goes back to the growing into the airports that are already in our run rate. It goes into the fleet actions that we've been growing and simplifying the fleet and getting scale out of it – associated with it. And then, long-term continue to grow and get more efficiency out of not only our workforce, but the entire supply base, but also the benefits that technology bring to it. So, we want a steady march over time of doing that. Now, certainly, the industry backdrop is – could be beneficial to that supply and demand stay in balance, there's real opportunity for that also to support additional margin growth in excess of the things that are Delta specific and controlled.

Brandon R. Oglenski
Analyst, Barclays Capital, Inc.

Q

And just maybe as a really quick follow-up. I think you guys said co-brand spend was up 12%. I might be off on that, but can you talk to some of the loyalty drivers right now and how sustainable that is looking into next year?

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

Well, I think it's been driven by two things. One is the premiumization of the card itself. So, we've been acquiring a record number of premium card holders, and their spend is a multiple of what our base member card spend is. So, while you look at the total acquisition numbers and say, I think this is our seventh year of a million or more acquisitions, that the mix of those acquisitions is skewing higher and higher in terms of getting – reaching a more premium audience. And those customers have better credit scores so they get approved more often and they spend more on their cards. So, that's been really one of the key drivers for us, is not only in the total volume but the number of premium cards we've been able to acquire. And that's driven versus the – our 2x versus growth versus total card spend. And that's been year-after-year that we've been able to do that and looking to continue to do that through 2026.

And as the more attractive and the more – if you think about the question that was preceded about why Austin or why Raleigh, well, these are high-income growth areas. These are places that we've acquired a lot of cards in and trying to understand the interaction between the airline and the card and how to maximize both of those together as opposed to just looking at an individual route.

Brandon R. Oglenski
Analyst, Barclays Capital, Inc.

Q

Thank you, Glen. Thanks, Dan.

Operator: Thank you. Your next question is coming from Tom Wadewitz from UBS. Your line is live.

Thomas Wadewitz
Analyst, UBS Securities LLC

Q

Yeah. Good morning and thanks for the question. Wanted to see if you could give maybe a little bit of additional sense of the – looking at 2026, you're saying that you'll be in line with the multi-year view, so let's say 10% earnings growth, something like that. Do you assume that you get to revenue growth, low single-digit revenue growth, some kind of revenue growth in main cabin? Or should we think about this where you really get there with the good visibility you have on the premium and card and other things and that you kind of get to that multi-year growth without a meaningful swing up in main cabin?

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

Well, I think we've already seen an inflection in main cabin, which is very exciting to us, and the trends that we see today are probably the trends that are going to carry us at least through the beginning part of 2026. So, I would expect that main cabin does have improvement as part of our base revenue assumptions for 2026. And on top of that, the continued growth of the premium products and the card spend as well. So, yeah, I'm excited about the fact that we have finally inflected in the main cabin.

Thomas Wadewitz
Analyst, UBS Securities LLC

Q

Okay. But you wouldn't necessarily see that as upside that's kind of assumed within getting to what the multi-year is?

Glen William Hauenstein
President, Delta Air Lines, Inc.

A

We haven't given any guidance on that yet, so stay tuned.

Thomas Wadewitz
Analyst, UBS Securities LLC

Q

Yeah. Okay, okay. I appreciate that. That's fair enough. The improvement in main cabin, do you think that that's like – I think the consumer, and especially kind of lower end consumer is – it's unclear whether how optimistic you should be. So, do you think that what you've seen in the sales trend that's been favorable is that consumers flying more? Do you think it's just Delta share and kind of industry capacity rationalization that's been beneficial? Or what do you think the kind of bigger driver would be of that improvement you've seen in 4Q and carrying into 2026?

Glen William Hauenstein A

President, Delta Air Lines, Inc.

At the low end of the industry, there's been a lot of seats removed and that's allowed us to get a footing on fares. I think when you think about the financial performance of the carriers that are catering to the lower income customers, they have not been good and some had to declare bankruptcy. It's the restructurings that they're going through. And having to get higher fares, they can't – they need more money to survive. And so, we had one of our competitors say something that it's just math. Well, it is just math that, but they have to get their fares higher in terms of – and that helps us get a footing on our own main cabin as well.

Julie Stewart A

Vice President-Investor Relations & Corporate Development, Delta Air Lines, Inc.

Matthew, we'll now go to our final analyst question.

Operator: Certainly. Your last question is coming from David Vernon from Bernstein. Your line is live.

David Vernon Q

Analyst, Bernstein Institutional Services LLC

Hey, good morning, team, and thanks for fitting me in here. So, Glen, maybe just a quick micro question for you in terms of the competitive capacity being down in Delta hubs year-over-year. I'm wondering if you're seeing any kind of difference in domestic revenue trends in your hubs versus some of the point-to-point leisure markets. I'm trying to get a lot of questions about whether kind of what you're seeing in main cabin is going to be an industry-wide thing or more of a Delta-specific thing.

Glen William Hauenstein A

President, Delta Air Lines, Inc.

Well, we have three categories. We have coastal gateways, we have core hubs, and then we have focus cities. And they've all been behaving well. I'd say the biggest improvements have been in the coastal cities where we've seen a big uptick. And these are also the biggest and wealthiest cities in the country, the New Yorks, the L.A.s, the Bostons, Seattles, where corporate travel is significantly improving year-over-year and our share is improving. So, that's really been driver – a big driver of it, and the hubs have been performing very, very well. And our focus cities, the ones that we're investing in are as expected. So, yeah, I think it's a broad brush improvement from where we were just 90 days ago.

David Vernon Q

Analyst, Bernstein Institutional Services LLC

Excellent. Thanks for that. And then maybe just if we kind of step back for a second, coming back to the commentary around earnings consistent with the long-term financial framework. Given the weakness and the weirdness of, frankly, of 2025 with the second quarter slowdown, some of the regular ops days, I mean, if we don't have something like that repeat, is there any reason to think that we shouldn't be at the upper end of the framework you guys have laid out in the past? I'm just thinking just the comps are just going to be so much easier in for a big part of next year that maybe we shouldn't be thinking that. I'm wondering if there's a reason we shouldn't be thinking it would be at the higher end of your longer-term financial framework.

Edward Herman Bastian
Chief Executive Officer & Director, Delta Air Lines, Inc.
A

Hi, David, this is Ed. I'll take that. We haven't given 2026 specific insights yet nor have we completed our planning process. So, we'll probably be better equipped to talk about that towards the end of this year or early next year. But no question, we saw some pretty strong headwinds that came quite abruptly, hit us in late January, early February. We had the aircraft incidents, which certainly hurt revenue growth in some important markets. We had a lot of the trade uncertainty, you saw consumer confidence plummeting. And to the point where Delta, as you recall, we wound up pulling our guide where there was so much uncertainty for a short period of time. So, no question, we have some tailwinds as we look forward into the new year. And if today's environment projects into 2026, I think 2026 is going to be a really strong year.

David Vernon
Analyst, Bernstein Institutional Services LLC
Q

All right. That's very helpful. Thank you very much for the time.

Julie Stewart
Vice President-Investor Relations & Corporate Development, Delta Air Lines, Inc.
A

All right, Matthew, that will wrap up the analyst portion of the call. I'll now turn it over to Tim Mapes to start the media questions.

Tim Mapes
Senior Vice President & Chief Communications Officer, Delta Air Lines, Inc.
A

Thank you, Julie. Matthew, as we transition from the analysts to members of the media, if you wouldn't mind please, describing how best to enter into the call queue and the process for one follow-up, please.

Operator: Certainly. [Operator Instructions] Your first question is coming from Leslie Josephs. Your line is live.

Leslie Josephs
Reporter, CNBC
Q

Hi, everyone. We've seen Amex, Chase, and some others raise credit card fees. Just wondering if you see any pushback from customers in terms of acquisitions on your end if you think that credit card annual fees at least can keep going up? And then, my second question, also seeing really long upgrade list, which, I guess, would be good for you guys because you have a lot of elites, not just on your airline, but others. And curious how you're managing that and if the percentage of paid seats in premium has gone up since the last time you've updated everybody? Thanks.

Glen William Hauenstein
President, Delta Air Lines, Inc.
A

[audio gap] (00:59:44) in card fees, but we also injected a lot of value for customers, and we had a record acquisition in that this year. And so, we're very pleased with the results. I can't really comment to the results of Amex or Chase. But I would say, as long you're providing more value to the customers, it seems like a pretty safe bet that there's going to be strong demand for those premium products across the spectrum. And in terms of our standby list, yes, there's a long standby list, and we have a lot of premium customers. And that's one of the reasons we've expanded our Comfort+ offerings because our most elite customers are allowed to upgrade into those products at time of booking, and we didn't have enough of those. If you look across the spectrum, we were generally sold out of Comfort+ early in the booking curve and now being able to increase that so we can accommodate more of our most premium customers with premium offerings at time of booking.

Leslie Josephs
Reporter, CNBC
Q

Thank you.

Operator: Thank you. Your next question is coming from Mary Schlangenstein from Bloomberg News. Your line is live.

Mary Schlangenstein
Reporter, Bloomberg News
Q

Good morning. In your forecast for Transatlantic travel, I'm wondering if you still expect that to be mostly driven by US point-of-sale or do you see a rebound from non-US-based customers?

Glen William Hauenstein
President, Delta Air Lines, Inc.
A

It's always been US point-of-sale driven. And so, the question is how US point-of-sale will it be? And our point-of-sale revenue on our revenue, we're approaching 80% US point of origin. So, yes, that – we hope that there's going to be more. The dollar, of course, has strengthened. That makes coming to America more of a bargain for customers. And so, hopefully, we see that translate into a little bit higher European point-of-sale, but we are mostly a US point of origin-driven company.

Mary Schlangenstein
Reporter, Bloomberg News
Q

And what are some of the other factors that are ongoing that you see constricting non-US point-of-sale? Is it still some of the concerns over immigration policies, things like that?

Glen William Hauenstein
President, Delta Air Lines, Inc.
A

There's clearly safety concerns. There is a whole host of concerns of travel to the US. But I think we still have a great product here, and we have great cities, and we have people with relatives and friends and family. And so, it's going to be – there's going to be demand. The question is, how much demand? And the good news for us is we're not totally dependent on that. It's not our core business. But I would expect, hopefully, that next year is a little bit better than this year for European point-of-sale. If for nothing else is that the appreciation of the euro has made European fares look relatively more attractive.

Edward Herman Bastian
Chief Executive Officer & Director, Delta Air Lines, Inc.
A

And Mary, this is Ed. The conversation, it's also on the margins, right? It isn't as if Europeans have stopped traveling. They're still travelling in large numbers. The numbers may be down 5%, 7% in some of the markets. We're – long term, we think our business model is very healthy for global expansion, and you're going to continue to see us pursue that.

Mary Schlangenstein
Reporter, Bloomberg News
Q

Great. Thank you very much.

Tim Mapes
Senior Vice President & Chief Communications Officer, Delta Air Lines, Inc.

A

Thanks, Mary, and congratulations. Matthew, let's squeeze one more in, please.

Operator: Certainly. Your last question is coming from Niraj Chokshi from New York Times. Your line is live.

Niraj Chokshi
Reporter, The New York Times

Q

Hey, thank you. I was just curious, there's some talk about the industry sort of bifurcating Delta and United on one side doing very well and then sort of the rest. And, I guess, do you agree with that assessment? And then, if so, is it structural? Is it sort of industry phase? Just sort of curious to get your sort of sense of what's happening.

Edward Herman Bastian
Chief Executive Officer & Director, Delta Air Lines, Inc.

A

It's clearly happening. If you look at the results this quarter, as I mentioned on CNBC this morning, we expect 60% of the overall industry profits to be driven by Delta. Expect the rest of it probably to be driven by United largely. And then, you have everybody else. And this is not a new phenomenon. This has been happening really since COVID hit over the last four years or five years. There's a lot about the industry fundamentals that have changed that we at Delta are driving a much higher level of quality experience, whether it's reliability, whether it's the product and services that we offer, whether it's the partners we're bringing to the table, whether it's the expansion internationally.

And if you are in a category that is seen as more of a commodity purchase, they're having a very difficult time. Their cost structures have increased as labor costs have gone up. It's been very difficult to get airplanes to get supply growth. Those lower-end models depend on high growth, and there's a lot of congestion in the US marketplace in terms of the sky. So, I think the bifurcation you're seeing is going to continue. And eventually, there will need to be rationalization to enable the lower end of the price spectrum to continue to sustain itself to be able to continue to attract capital. And I think we're seeing this all play out right in front of our eyes.

Niraj Chokshi
Reporter, The New York Times

Q

Thank you.

Tim Mapes
Senior Vice President & Chief Communications Officer, Delta Air Lines, Inc.

Matthew, that will wrap us up, please.

Operator: Certainly. Ladies and gentlemen, that concludes today's conference. Thank you for your participation today.