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Delta Air Lines, Inc. (DAL)

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MANAGEMENT DISCUSSION SECTION

Ravi Shanker
Analyst, Morgan Stanley & Co. LLC

Good. Next up, we have Delta Airlines, and very happy to have with us, CFO, Dan Janki; President, Glen Hauenstein; and Julie Stewart from IR. Team, thanks so much for coming out to Laguna.

Glen William Hauenstein
President, Delta Air Lines, Inc.

Well, thank you so much for having us. And it's a beautiful place. Thanks for having us.

Ravi Shanker
Analyst, Morgan Stanley & Co. LLC

Thank you. So you guys put out an 8-K this morning with a bit of a guidance update. So I don't know if you want to start with kind of walking us through some of the numbers there.

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

Absolutely...

Glen William Hauenstein
President, Delta Air Lines, Inc.

Sure. I guess I'll start. And I've got my cheat sheet here because our IR team has all the facts they want me to give, so I'll make sure I hit them all. So this morning we filed an investor update, reiterating our full-year guidance of EPS of \$6 to \$7 per share, and revising our third quarter earnings to higher fuel and non-fuel costs, which Dan will talk us through in just a few minutes.

On third quarter revenue, we expect growth to be in the upper-half of our initial guidance, with revenues down 2 to 3 points, TRASM down 2 to 3 points, including a 1-point pressure from the MRO and Cargo. So PRASM is really down in the 1 to 2 points category. So we think that's a pretty good number these days.

Domestics performed in line with our recent expectations. June was actually the low point for domestic PRASM year-over-year. I don't think most people would have expected that. And stability has been displayed through the entire 3Q where we expect the number to be down 4 points year-over-year. So solid domestic performance and continuing into the fall.

Performance within that has been led by strength in the premium demand cabins. So we actually ran a record-high premium-paid load factor domestically last month at 74%. For those of you who have followed us a long time, you'll recall when we started this project, that number was 13%. So, 13% paid load factor to 74% paid load factor over 8 to 10-year period. And also, real strength in Boston and New York where, of course, we have the leading position in both those markets.

Business demand, we're really encouraged about. After Labor Day, we wanted to see what those trends were and they're coming in very solid, up high single-digits year-over-year in terms of bookings. And our international demand remains robust, led by Transatlantic. And as you know, Transatlantic usually starts to trail down this time of year. We kept our peak schedules there in a little bit longer than usual to the full end of the IATA season, which was the end of October. And we're experiencing really incredible results right there. And the early returns for the winter in terms of bookings and yields look very, very encouraging.

And with that, I'm done on my part, so I'll turn it over to Dan.

Daniel C. Janki

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

Yeah. I'll add some additional color, as it relates to the third quarter operating margins of 13%, EPS \$1.85 to \$2.05. As it relates to the reduction versus our guidance, half of that is related to fuel. As you'd expect, fuel is up 30% since early July. It's been volatile all year.

The other half of that is related to non-fuel costs. We expect them to be up 1 to 2 points in the quarter on a year-over-year basis, and that's driven by maintenance, maintenance expense that we now expect maintenance expense to be flat in the second half of the year and third quarter in line with the first half. And really driven by three things, investment in fleet health, expanded work scope related to the PW2000 Engine, which is the workhorse for our 757 fleet and additional just challenges in the supply chain, as it relates to turnaround time, pace of productivity on that front. So those are the three items that drive that.

With that, we expect non-fuel costs to be up a couple points for the year versus flat. And when you look at the efficiencies that we're looking at, no change to that. When you look at the other costs, what the teams are driving in line with expectations, and when we look out, we've talked about \$1 billion of efficiencies – inefficiencies in our system, we still see line of sight to that and we'll execute those over the next 12 to 18 months.

QUESTION AND ANSWER SECTION

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

Got it. Then maybe, the first follow-up [indiscernible] (04:16) on the maintenance side, what is the slope of that curve? Kind of are you pulling forward future spending? Are you incurring new spending? And kind of how long does that last before that tails off?

Daniel C. Janki

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

A

Yeah. Let me give you a little more context on those three items. Flat with the first half, so in line with the run rate. Third of it is related to investment in the fleet health and reliability. As we went through the summer, we saw things like aircraft-out-of-service as an indicator of fleet health, up 30% from normalized levels. So, to ensure that we deliver the reliability that our customers expect and we expect of ourselves, we've put a set of fleet maintenance activities in place that will run through the back half of the year here.

When you look at the early September trends that we're seeing, they're starting to have an impact. We're starting to move that needle on fleet health and improving it with aircraft-out-of-service down, delay minutes, other factors. But we're going to stay at that through the second half of the year.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

Right.

Daniel C. Janki

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

A

As it relates to the PW2000 workshop, we're in a wave of heavy maintenance overhauls. And as we've gotten into them through the summer, the engines that came off-wing, they require more material and more labor. And with the material consumption, we've depleted our used material. So we're putting in new material. So, as we forecast forward, third quarter actuals and the rate going forward related to those overhauls, we've now factored in the increased material costs, both on volume and rate, along with labor, and that's now in that second half forecast.

And the third piece is the – just related to supply chains. If you look at turnaround times, they haven't improved, whether it's components, airframes, engines. So this is really the pace at which we can get after productivity. So we've adjusted that pace for the back half of the year and we'll get after that as we get into next year.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

Got it. So, Glen, numbers coming down, obviously very understandable, [ph] and it gives us (06:08) fuel, and again, very prudent in the case of the maintenance cost. And the big relief is that kind of your messaging on the top line continues to remain very robust, very resilient. Not asking you to answer for other people, but yesterday was an interesting day at the conference with updates from some other peers, especially on the low-cost side, pointing to a big drop-off in domestic demand in the last few weeks. In particular, it doesn't sound like you're seeing [indiscernible] (06:33).

Glen William Hauenstein

President, Delta Air Lines, Inc.

A

Yeah, I think we were surprised to see some of the comments and some of the magnitudes of those changes. And I think you have to look at what's the demand and what's the supply. And those tend to also be the fastest-growing carriers. So maybe they're a little bit over their skis in terms of allowing the demand [indiscernible] (06:49) to catch up. But we see really strong, particularly business and high-yield demand through the fall and we're pretty excited.

I think when you think about what we have to achieve between here and the end of the year, it's a decent business October, it's a good Thanksgiving and Christmas, and they're both shaping nicely. And then, making sure that we have traffic in that lull period between Thanksgiving and Christmas. And then you're kind of done with the year. So, I think we have a good line of sight to what demand looks like to the end of this year. And the markets that have longer booking curves, like the international long-hauls, look very good through January, February, March, even now.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

Got it. You guys have done a really good job and you've been very vocal about the job you've done about becoming a premium airline, a premium product, kind of driving the front of the cabin, et cetera, and kind of attracting a premium customer. Is there a possibility that the low-end customer here is very weak, and the mid and premium customer is very resilient? And if that is the case, what is the likelihood that the low end is the canary in the coal mine and will spread to the rest of the industry in the coming months?

Glen William Hauenstein

President, Delta Air Lines, Inc.

A

Well, I think we look at all the same economic data you do, and what we see is our customer and our customer generally is a customer with an average household income of over \$100,000. So, and their savings is still at record levels, right? And if you look at also their intent to purchase and what they want to do with that savings, what's really exciting I think for us is where travel sits in that spectrum. And it's still even to this day, at the most recent survey I saw just I think came out on Monday or Tuesday, where travel was the number one. And so people say, well, when is revenge travel going to be over? I think it's got a long way to go and I think it's got – for our customer, it will work well through 2024.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

Got it. Again, not asking you to answer for other people, but there was a stat raised yesterday that the ARC data was down 15% over the last several weeks. And so, that was viewed as an indicator that it is not an isolated problem for one or two airlines because if the industry is down, like, everybody should be down, especially the big guys like yourselves. How would you explain that discrepancy?

Glen William Hauenstein

President, Delta Air Lines, Inc.

A

Well, I think ARC is becoming less and less relevant as a macro dipstick, because more of your bookings are coming direct every day. So, we used to all depend on ARC as one of the big benchmarks, less and less so these days, because more of our business and more of our high-yield business is coming direct than ever. So I – listen, we don't discount ARC. We don't say that that's not something we should continue to look at. But its relevance as a percent of total, it's less than 30% of our – 30%, 35% of our bookings.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

Yeah. That's a very important point that may be overlooked by the market. So thanks for raising that. Maybe kind of shifting gears a little bit, obviously, you and your network peers had a record Transatlantic record international year. There's some talk about 2023 over-indexing on the international side, and that pendulum is swinging back towards domestic going into 2024. Do you see that happening and what would that mean for your numbers?

Glen William Hauenstein

President, Delta Air Lines, Inc.

A

Well, first of all, I don't think that the customers that were going to Europe this summer were people who might have otherwise been on budget carriers, because it was incredibly expensive to – having just gotten back from Europe on Sunday and looking at my credit card statement.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

An Amex card, no doubt just the Amex card.

Glen William Hauenstein

President, Delta Air Lines, Inc.

A

My Amex card, of course. That seems like you're mixing apples and oranges a bit, right? As the people who are going on budget-conscious airlines are people who are looking for budget vacations, and Europe by all measures this year was not a budget vacation for anybody.

So I discount that a little bit in saying that they're going to return to domestic. I do think we see a bit of weakness in some of the beach resorts and closer-in markets. But that's in August, right? And August is not notoriously a great time to go to a place like Cancun or the Dominican Republic, where it's really hot and sticky, and you run the risk of a storm hitting you. So, we're in the bottom of the demand set for those markets right now, and still, they're doing quite well.

So I think the international, again, from what we can see, is going to be strong through next year. And from all the indications and surveys of our customers, we think long-haul international will be strong. We've got China opening up a bit, right? It's not fully open, but it'll open a bit. If you look at Europe, China's to-Europe traffic has been restored to about 50%. Right now, we're in the single-digits right now between the US and China. But when you look at what's about to be restored, it's probably in the 25% to 30% range. So if the Europe -- we think there'll be a good supply/demand balance for the foreseeable future in China. It won't be margin accretive for China, but it will be P&L accretive for China.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

Right.

Glen William Hauenstein

President, Delta Air Lines, Inc.

A

So we're excited about that. The Pacific is really having a very strong year and I think underappreciated how well the Pacific is doing. And we continue to add more capacity into the Pacific.

And then of course, Latin America is a big story for us with our LATAM relationship and really working with them for the first time since we've now had ATI for less than a year, but coming up on a year of getting those synchronized and getting the connectivity there and getting our corporate clients to have agreements that include LATAM all in different phases of work. But we're really excited about what's going on in South America.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

Got it. Just a couple more questions on demand side. There's some speculation that if 2023 was a year of Europe, 2024 could be the year of Asia. And I personally know a number of people who are planning trips to Asia over the next six, nine months. Do you see that happening? And again, you touched upon that very lightly, but can you expand a little bit more kind of what your Asia expansion plans are? And, B, what does it mean if more capacity gets routed to Asia from Europe? What does it mean to the [ph] overall network (13:05)?

Glen William Hauenstein

President, Delta Air Lines, Inc.

A

Right. I think we're not going to give 2024 capacity levels, but...

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

I tried.

Glen William Hauenstein

President, Delta Air Lines, Inc.

A

Right, right. Nice job. But I think we will have a moderate expansion in Europe, but very – more to what we would usually do in an average year between 2023 and 2024 to Europe. And – but we do have probably an outsized growth to Asia with the start of our new Auckland services, which we begin at the beginning of winter, IATA. Advanced bookings for that market look incredibly strong. We've gone to double daily in Sydney for peak, single peak year round. Bringing back Tahiti, for those of you in this room who might want to go to Tahiti, I highly recommend it.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

Not great for the Amex, either.

Glen William Hauenstein

President, Delta Air Lines, Inc.

A

Right. And then our northern and more of the industrial markets leveraging Incheon as the connecting hub. And for any of you who have used Incheon, if you have not, it's a really wonderful connecting hub. We think it's the best in Asia, and very efficient and very reliable. So, continuing to leverage that, as well as the increased China frequency. That should give you an idea of where that portfolio is going.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

Got it. Let's talk about corporate. Kind of as you mentioned earlier in your comments, there was expectation that there would be a big push to return to office post-Labor Day. It does feel like that is happening, especially on the tech side, kind of there are – friends that I have who are now being asked to go back to the office more often than

they were before the pandemic. Again, where is your – like, obviously your corporate surveys are extremely good, extremely reliable, what do they tell you in terms of the return to office and the travel process?

Glen William Hauenstein

President, Delta Air Lines, Inc.

A

Well, very strong in tech, right? And tech was the big laggard, and I think, as much as six months ago, there was corporate on tech was down in the high-teens.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

Yeah.

Glen William Hauenstein

President, Delta Air Lines, Inc.

A

And so, we're seeing a really nice uptick as we head into the fall, as people are returning to office. But there's some counterbalances to that. In aggregate, we're really excited, but we're also big in the E&P industry here, particularly in Los Angeles, as being LA's number one carrier. The writers and the actors being on strike is not a great thing for that sector. So you see a combination. We're also, of course, watching the automotive industry as we head into potential strikes there.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

Yeah.

Glen William Hauenstein

President, Delta Air Lines, Inc.

A

So there are really puts and takes here. The net of all that together, and hopefully all these strikes get resolved at some point here in the near future. But the net of that is that we're in a very positive, in terms of volume, period for total corporate business.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

Got it. Let's shift gears a little bit and talk about the operations. It was a little bit of a shock earlier this year to see the FAA say, hey, we don't have the ATC capacity. So all you airlines take down your capacity over the summer, which again is like they're telling you to fly less. Is that a new normal for the industry? Is there anything you can do to kind of work around that and help resolve the situation? Do we need ATC reform? Kind of what's the way out of that?

Glen William Hauenstein

President, Delta Air Lines, Inc.

A

Do you want to take it or...

Daniel C. Janki

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

A

You can start and I'll add.

Glen William Hauenstein

President, Delta Air Lines, Inc.

A

So, we've been in very close contact with the FAA and they're great partners. And what I would say is they had very similar issues to what we had in terms of people leaving during COVID and not knowing how long that was going to stay in place.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

Yeah.

Glen William Hauenstein

President, Delta Air Lines, Inc.

A

I think all of us got behind the hiring curve as demand came back so rapidly. That's the good news. The bad news is it takes quite a while, as we understand it, for the controllers to get fully trained. And so that's a two to three-year process. And while they've been adding controllers, in terms of total numbers, that hasn't impacted the total number available on any individual day. And that's going to take a little bit while longer.

And so, what are we going to do in the interim there? First, I'd say this is not a new problem. I remember when I started in the airline industry in 1982, most of the people in the room probably weren't born then, but – and working in Newark Airport, and it was a blue sky day, and there was a storm over Pennsylvania and everything was four hours late. So, that was 40 years ago. It hasn't changed that much.

So we need to work together. We need to find better solutions. Obviously, taking capacity down is not one of our first lines of defense, but we're willing and happy to do that because we want to offer a reliable product. That's our real priority is reliability.

And so, there are some things we can do, improving our overwater airplanes. So, we want to maybe have a fleet that's more capable because if the west gates are closed, we'll just go south over the water until you get down to where there's not a storm line. And so, there are things we're doing, increased sparing ratios, redundancies in the hub so we can operate even later. So we're working really hard on what we can control, but this is a partnership with the FAA. And I think as we continue to get to the fall, winter, next spring, I think we're going to need some more relief.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

Got it.

Daniel C. Janki

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

A

And I think that that partnership, after every event, the team spent a lot of time together, decomposing what happened and what could each side have done better. And so, it is a deep partnership and it's just continuous learning until the longer-term staffing and technology come into play starts.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

Glen, I cannot imagine being stuck in Newark Airport without Internet in my phone, so it must have been a difficult time. Dan, maybe kind of to follow up again on the maintenance stuff. Does the efforts you're putting in right now get you to the point you want to be where kind of operational reliability is going to be like really good for the foreseeable future? Or do you need to be more aggressive with renewing the fleet and maybe taking out some of the old aircraft?

Daniel C. Janki

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

A

We believe that the – one is we've been on a fleet renewal, as it relates to it and especially around our – the narrow-body and what we're doing with the neos and the 220s and the work that we've done on that. We believe that these efforts that we're putting in in the back half of the year, the whole intent is to ensure that we – ensure that operational reliability. We want to reduce the delay minutes from maintenance events, cancellations from maintenance events, and ensure the reliability of the fleet. So, yes, the actions we're taking in the back half of the year has that intent.

Glen William Hauenstein

President, Delta Air Lines, Inc.

A

Probably, if I might add just one thing, is that between 2019 and where we are today, our narrow-body fleet has actually gotten younger as we retired some of the older airplanes, the MD-88s and the MD-90s, in particular, the old 777s. So we know how to operate an older fleet reliably. Even though our fleet has gotten younger, I don't think that should be our impediment to operating a really reliable, and I think the steps that we have in place, we feel very confident will get us back to where we need to be in terms of maintenance dispatch reliability.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

Got it. Shifting gears a little bit and talking about loyalty, you guys have arguably the best brand in the airline industry, probably in any kind of US brand. Loyalty is a huge driver of revenues for you, but you guys made a very big change to the SkyMiles program yesterday. So maybe you want to talk through what that means to – I won't talk about what it means to me [indiscernible] (20:14) qualifying for status anymore. But for investors in this room, kind of how does that move numbers?

Glen William Hauenstein

President, Delta Air Lines, Inc.

A

Well, this all stems really with a couple of concepts that we had as our prerequisite. One was simpler. If you looked at how you got to be Elite status, it was quite complex. And I've got to say that even I was in meetings where I didn't quite comprehend...

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

Yeah, I agree with that.

Glen William Hauenstein

President, Delta Air Lines, Inc.

A

...the difference between the MQDs and the MQSs and...

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Yeah.

Q

Glen William Hauenstein

President, Delta Air Lines, Inc.

So, getting it to be one currency was really one of the paramount things. And then we wanted to emphasize where we are going as a company in terms of the brand and expand ways to earn miles. So, previous to this, if you used our network to buy your rental car, your hotel, or your Delta vacation, you were not necessarily rewarded in terms of your loyalty to our ecosystem. And so, adding those in was really paramount to us.

And then, third was making sure that we had the right people in the right categories, because when you have too many in certain categories, you're unable to fulfill the commitments that you make in terms of really being an upscale brand. And I think people saw that in our club visits. People saw that in lines waiting for the clubs. And I think, particularly in New York, for example, where that's most acute in JFK, between now and next year we opened even more facilities there that we should have those problems pretty much solved.

Now, this doesn't take effect till 2025 as you know. So you've all got – if you are, thank you for being a Delta frequent flier, so I'd like to thank you, and ensure that there are now many more ways to win here.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Yes. Got it. And for those who are newer to the industry, when was the last time you made kind of a dramatic change to the SkyMiles program like this? And what's the near-term outcome? Because I know that among my friends' circle, and kind of online, there was little bit of chatter about, hey, could I qualify? What's going on? It's harder now, which is kind of the plan. But like, do you see people try more and kind of get new targets? Do you see people drop off because they're kind of disenchanted? Kind of how does that turnover happen?

Q

Glen William Hauenstein

President, Delta Air Lines, Inc.

I think the last big thing we did was the transition from mileage to dollars spent.

A

Daniel C. Janki

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

[indiscernible] (22:37) yeah.

A

Glen William Hauenstein

President, Delta Air Lines, Inc.

And when you think about transformative things, that was clearly transformative. I think there are – this is another step in that direction. I think over the next several years, we'll announce additional changes to not only the qualifications, but to how a mile is awarded. I think there's opportunity for us to continue to work that. When you think about this was structured back, I don't know when, in the 1980s where mileage counted, and when you think about who was rewarded then, it was people who were on low fares. The arbitrage was low fares and high distances.

A

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Yes, correct. Right.

Q

Glen William Hauenstein

President, Delta Air Lines, Inc.

Moving to dollars, I think that was a good step forward in trying to match the value to us, the value to you, and I think this is the next step in matching that values. But I think there are additional steps we'll take over the next years to make sure that our best customers, I mean, this is the real [ph] tenant that is (23:37) our best customers are receiving truly premium experiences, and continuing to work to elevate those for our best customers.

A

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Absolutely. Any questions from the audience? Yeah, one here.

Q

And so, earlier this week, we got a lot more information from RTX about the GTF engine issues. I just wanted to see if you had a sense of that might impact your capacity growth plans over the next few years?

Q

Daniel C. Janki

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

Still in the early stages of assessing that. Pratt owes us the more detailed assessment at the end of this month. We've taken delivery later in the cycle for our A321neos, we'll end this year just under 50 neos. So we think in the near-term, they'll be less impacted. But it's something I think just beyond just the direct impact, we think will be minimal at this point, but we got to assess it. You got to look at the secondary impacts as it relates to new deliveries, other knock-on effects in a supply chain that continues to be fragile in nature. So that's something that we've got to keep our eye on and our operating teams will.

A

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Just from a commercial perspective, obviously, two of the lower-cost carriers appear to be the most impacted by this. Is this a Max issue all over again where you take capacity out and that rising tide kind of lifts the pricing boat across the industry? Or do you think it's much more limited than that?

Q

Glen William Hauenstein

President, Delta Air Lines, Inc.

I think we'll see what happens. I don't think we understand it for our own fleet yet, so it's hard for us to make judgments on what it's going to mean for other fleets. So I think 29th of September, we'll get...

A

Daniel C. Janki

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

We'll get the detailed analysis, yeah, the next phase of analysis.

A

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Yeah. We'll see. Any more questions from the audience? [indiscernible] (25:21)

This is just back to the loyalty and kind of SkyMiles. Just curious, your thoughts, is there enough demand where people are going to continue to try to spend to get to the next upgrade? Or do you think there will be like a slower and less spend for people, just if they're like, okay, maybe I can't get status this year?

Glen William Hauenstein

President, Delta Air Lines, Inc.

I think when you look at what this is designed to do, it's to get a higher share of wallet for the people who we know can spend. And so, our hypothesis is that people will find their way to get to the levels they want to. That's the whole premise of the frequent flyer program. The loyalty program, to begin with, is to encourage behaviors that demonstrate loyalty to us, and in return, we give you benefits, right? And so, I think that's what this is designed to do. I think it's hopefully going to be stimulative.

We didn't mention it, but we're expecting our Amex remuneration to be just under \$7 billion this year, which was, I think, an increase from where we were just a bit ago. So that continues to work well, and we did this all in conjunction with our partners at Amex. This was really an integral where we did a lot of research with customers as to what was going to drive their decisions to use cards. And I think we feel very comfortable that – where we came out and this is something that should be accretive to our customer base in the long run and us in the long run.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Yeah. Maybe just to wrap, you gave us three-year guidance and you said that you'll be doing \$7 of EPS by 2024. If fuel breaks back your way in the last couple of months of the year, you may get there this year, and to the high end of your full-year guidance range. Obviously, that's really impressive if you get there one year early. What's next in the plan? Again, I'm trying to use your 2024 Investor Day and your long-term targets again. But just big picture, like what's the next stage here?

Glen William Hauenstein

President, Delta Air Lines, Inc.

I think we have a lot of exciting things. We're not in a position to announce them today. But I just say, think about the way we have gone about segmenting the Main Cabin. And I think when you think about that, you think of all the value we unlock by introducing things like Basic Economy, all the way up the ladder. But we really haven't touched any of the premium products. And as you think of our revenues now coming close to 50/50 Premium versus Main Cabin, the ability to now start working to segment the higher-end and offering even better experiences, but being able to demonstrate value to our customers through the purchase plan, just like we did in coach, is something that's going to drive, I think, extraordinary value. That's a hint towards what's coming.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Yeah.

Glen William Hauenstein

President, Delta Air Lines, Inc.

A

And...

Daniel C. Janki

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

A

We talk a lot about them at Investor Day and set the foundation for them, but not all in building and enhancing a better core. But the things that we can build off that core.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

Got it.

Daniel C. Janki

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

A

And over time.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

I think we are just about out of time. But maybe one last question, an important one here. What can Tom Brady do for the airline? What can he do for me?

Glen William Hauenstein

President, Delta Air Lines, Inc.

A

Well, he was at our leadership conference yesterday. We just...

Daniel C. Janki

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

A

Yeah.

Glen William Hauenstein

President, Delta Air Lines, Inc.

A

We just had the – we missed him, unfortunately...

[indiscernible] (28:36)

Daniel C. Janki

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

A

...to make sure that we're able to get here, and also to see our Los Angeles facility.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Q

It would have been a justifiable skip.

Glen William Hauenstein

President, Delta Air Lines, Inc.

Yeah.

A

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Or you should have brought him here.

Q

Glen William Hauenstein

President, Delta Air Lines, Inc.

No, but I heard he was fantastic, from our employees. And I think it's about – what he brings is the culture of winning, the culture of teamwork and how you create a dynasty. And that's really, I think, where we are. We've had an incredible amount of success. And I'd say one of the things about success is that it's actually harder to stay there than to achieve it.

A

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Yeah.

Q

Glen William Hauenstein

President, Delta Air Lines, Inc.

And our goal over the next 5 to 7 years or 10 years or forever is to stay in the position we're in, which we've enjoyed now for many years, and we need to enjoy into the future. And who better to help us along that journey than somebody who is the master of that?

A

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Yeah. As a Giants fan, I will grudgingly acknowledge that he is the GOAT, so.

Daniel C. Janki

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

There you go.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

Well done. Great. Glen, Dan, Julie, thanks so much for being here. And we will see you on your conference call.

Daniel C. Janki

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

Thank you, Ravi.

Glen William Hauenstein

President, Delta Air Lines, Inc.

Great. Thank you.

Julie Stewart

Vice President-Investor Relations, Delta Air Lines, Inc.

Thank you.

Ravi Shanker

Analyst, Morgan Stanley & Co. LLC

I appreciate it.

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