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Delta Air Lines, Inc. (DAL)

Q4 2019 Earnings Call

CORPORATE PARTICIPANTS

Jill Sullivan Greer

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

Edward H. Bastian

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

Glen W. Hauenstein

President, Delta Air Lines, Inc.

Paul A. Jacobson

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

Tim Mapes

Senior Vice President and Chief Marketing & Communications Officer, Delta Air Lines, Inc.

Rahul Samant

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

OTHER PARTICIPANTS

J. David Scott Vernon

Analyst, Sanford C. Bernstein & Co. LLC

Helane Becker

Analyst, Cowen and Company

Hunter Keay

Analyst, Wolfe Research LLC

Andrew G. Didora

Analyst, Bank of America Merrill Lynch

Michael Linenberg

Analyst, Deutsche Bank Securities, Inc.

Jamie N. Baker

Analyst, JPMorgan Securities LLC

Duane Pfennigwerth

Analyst, Evercore Group LLC

Joe Caiado

Analyst, Credit Suisse Securities (USA) LLC

Brandon R. Ogleski

Analyst, Barclays Capital, Inc.

Savanthi Syth

Analyst, Raymond James & Associates, Inc.

Myles Walton

Analyst, UBS Securities LLC

Stephen Trent

Analyst, Citigroup Global Markets, Inc.

Leslie Josephs

Reporter, CNBC LLC

Mary Schlangensten

Reporter, Bloomberg LP

Ted Reed

Analyst, Forbes Media LLC

David Slotnick

Senior Reporter, Business Insider

Robert Silk

Senior Editor, Travel Weekly

Dan Reed

Senior Contributor, Forbes Media LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good morning everyone and welcome to the Delta Air Lines December Quarter and Full Year 2019 Financial Results Conference Call. My name is Shannon and I will be your coordinator. At this time, all participants are in a listen-only mode until we conduct a question-and-answer session following the presentation. As a reminder today's call is being recorded.

I would now like to turn the conference over to Jill Greer, Vice President of Investor Relations. Please go ahead ma'am.

Jill Sullivan Greer

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

Thanks, Shannon. Good morning, everyone, and thanks for joining us on our December quarter and full year call. Joining us from Atlanta today are our CEO, Ed Bastian; our President, Glen Hauenstein; and our CFO, Paul Jacobson. Our entire leadership team is here in the room with us for the Q&A.

Ed will open the call and give an overview of Delta's financial performance, Glen will then address the revenue environment, and Paul will conclude with a review of our cost performance and cash flow. To get in as many questions as possible during the Q&A, please limit yourself to one question and a brief follow-up.

Today's discussion does contain 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 our SEC filings.

We'll also discuss non-GAAP financial measures. All results exclude special items unless otherwise noted and you can find a reconciliation of our non-GAAP measures on the Investor Relations page at ir.delta.com.

And with that, Ed.

Edward H. Bastian

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

Thanks, Jill. Good morning, everyone. We appreciate you joining us today. Earlier Delta reported our full year results including a December quarter pre-tax profit of \$1.4 billion, which is up \$240 million compared to last year. Our EPS in the quarter increased 31% to \$1.70 with pre-tax margins expanding 140 basis points to 12.4%.

The December quarter performance was a great finish to what was truly an outstanding year on all fronts. Strategically, with the American Express renewal and the announcement of LATAM and Wheels Up partnerships; operationally, with best-in-class completion factor and on-time performance; and financially, with industry leading revenue, profits and cash flow, 2019 was the best year in our history.

The top line grew 7.5% to \$47 billion, positioning Delta as the largest carrier by revenue in the world. We delivered \$6.2 billion in pre-tax income, an improvement of more than \$1 billion over 2018, setting a new record for Delta and the U.S. airline industry. Full year earnings per share improved 30% over the prior year and we generated \$4.2 billion of free cash flow, with \$3 billion returned to owners.

These results simply would not be possible without the incredible work of our Delta team. I am pleased we'll recognize our employees' performance in 2019 with \$1.6 billion in profit sharing. This marks the highest profit sharing in Delta's history and is the sixth consecutive year of \$1 billion or more in profit sharing. We could not be happier for our people.

For our customers, we continue to run the world's most reliable airline. We ended the year with 165 cancel-free days across the entire Delta branded system, with 281 zero cancel days on our mainline operations, representing an entire month's worth of improvement over the record performance that we set in 2018.

Recently, Delta was named 2019's Most On-Time North American airline by FlightGlobal for the third year in a row. Exceptional operational performance along with unmatched customer service is why more people than ever are choosing to fly Delta. In 2019, we flew 204 million customers, a 6% increase over 2018. And over the last decade, we've significantly improved the quality and reliability of Delta's operations. And as a result, our customer satisfaction scores have more than tripled. Domestic Net Promoter Score is now regularly in the 50s, with nearly five point improvements over the course of 2019.

Delta's continued investment in our operations, products, service, airports and technology are reshaping customers' perception of our brand and our journey to improve continues daily. And we plan to keep climbing by powering our culture of service through technology. Last week, I had the honor of delivering the opening keynote address at the Consumer Electronics Show, where we outlined Delta's vision for the future of travel, unveiling innovative technologies to better serve customers and give our employees the best tools to use in the world.

Delta is leading the industry in every dimension. In five short years, Delta will celebrate its 100th anniversary. It's amazing to think how far we've come, but even more exciting to look ahead.

2020 is off to a good start. The U.S. consumer and travel demand remain healthy, our brand has strong momentum, and we have a pipeline of commercial initiatives that support another year of revenue growth in excess of GDP. Consistent with our plan that we outlined at Investor Day last month, we expect to grow 2020 revenue by 4% to 6%. This is on top of the 15% growth that we've delivered over the last two years.

Our full year earnings outlook of \$6.75 to \$7.75 per share positions Delta for the sixth straight year of pre-tax profits in excess of \$5 billion. Free cash flow is also expected to remain strong at \$4 billion in 2020. This would bring Delta's three year cumulative free cash flow to over \$10 billion by the end of this year.

By leveraging a solid financial foundation with increasingly diverse revenue streams and building brand momentum, we are demonstrating an unprecedented level of earnings and free cash flow consistency for this industry. This is enabling us to reinvest in our business at a level that others cannot match. This reinvestment is extending our competitive advantages and when combined with a great brand powered by the very best people in the business, we have the engine to drive meaningful long-term value for our customers, our employees and our owners.

With that, I'd like to turn the call over to Glen and to Paul to go through the details of the quarter.

Glen W. Hauenstein

President, Delta Air Lines, Inc.

Thanks, Ed, and good morning. First, I'd like to thank the entire Delta team for delivering a record year end 2019. It's their hard work that enabled \$47 billion in revenue, an increase of more than \$3 billion over prior year. The

7.5% growth was broad-based with strength in both business and leisure, improvements in domestic and international, and double-digit growth in loyalty and MRO.

Total unit revenues improved 2.8% sustaining our revenue premium to the industry of more than 110% and outpacing non-fuel unit cost growth of 2%. We continue to diversify the top line with 53% of our revenue generated by premium products, loyalty and other non-ticket revenue sources.

Premium product revenue grew 9% in the year to \$15 billion. We've continued to improve and invest in the premium experience and we are seeing increasing product affinity. On average, 70% of customers that fly in premium products purchase an equal or better product on a future trip.

We are providing SkyMiles Members more options to use miles anywhere they can use cash with Delta. Since launching upsell with miles a little over a year ago, 1.2 million customers have redeemed miles, contributing \$135 million of incremental revenue and we continue to expand capabilities, most recently with the ability to pay for bag fees using miles.

Brand preference for Delta is stronger than ever. We are seeing momentum in customer satisfaction scores and in 2019, Business Travel News named Delta the world's best airline for business travel for the ninth year in a row. More customers are choosing to interact directly with us, with 52% of trips purchased directly from Delta during the year. Digital is our fastest-growing distribution channel. Mobile revenues grew by 35%, driven by an active user base of over 24 million customers.

Total loyalty revenues grew 18%. We added the highest number of SkyMiles Members in our history with over 6 million new enrollments. We also acquired 1.1 million new co-brand cards, setting a new record and marking the third consecutive year of more than 1 million co-brand acquisitions.

We deepened our customer engagement to drive 12% growth in mileage redemptions and co-brand spend. This is the fifth year of double-digit growth for portfolio of spend. In 2019, our renewed contract with American Express benefited revenue by approximately \$500 million.

Delta's close relationship with American Express is a strategic advantage that is truly unique. In 2019, the total contributions grew by 20% to \$4.1 billion. We expect this to reach \$4.4 billion in 2020 and grow to nearly \$7 billion by 2023 on a combination of improved rates, continued acquisition momentum and spend growth.

Enhancing customer loyalty and building trust is at the heart of our business. And together with American Express we are finding new and innovative ways to reward customers for their loyalty. Later this month we will be launching our new portfolio of card offerings. The redesigned cards deliver new and richer rewards that will continue to increase customer benefits and drive future card acquisitions.

Turning to the December quarter, we delivered a strong close to the year with top line revenue growth of 7.2%. Total unit revenue growth of 2.4% beat guidance and marked our 11th consecutive quarter of improvement over prior year. Passenger unit revenue was up 1.4% over prior year, led by strength in domestic and Latin.

Holiday travel came in ahead of expectations driven by strong consumer sentiment and a condensed booking period between Thanksgiving and Christmas. Domestically, we saw strength in business and leisure demand with solid yield gains on peak travel days.

Premium product revenue outpaced our expectations, growing 9% in the December quarter on top of last year's 10% growth. Domestically, revenue was up 7.7% on a 1.6% improvement in unit revenues. Corporate demand was strong at up 6% and premium products remain a key contributor, up 11% year-over-year.

Similar to the September quarter, we saw revenue and margin improvement in every domestic hub, with revenue up 10% in coastal hubs and 6% in core hubs. Internationally, revenue grew 2% on flat PRASM. Latin was the best-performing entity with 6.3% PRASM improvement, a 3 point improvement sequentially. Brazil and Mexico both delivered double-digit PRASM gains. In the Atlantic, PRASM declined 1.6%, almost entirely driven by FX.

Pacific revenue stabilized on a 3 point sequential PRASM improvement. While China remained soft, trends improved in Japan and Delta Premium Select performed well as we continue our fleet and product transformation. With new and reconfigured aircraft now on 80% of our Pacific routes, we have the Delta One suite and Premium Select products in place.

In the March quarter, we expect total unit revenues to increase by 5% to 7% on unit revenues up flat to up 2%. The sequential change in unit revenues from the December quarter is due to lapping last year's American Express contract benefits and MRO engine volume timing.

Importantly, PRASM growth remains consistent at approximately 1.5% in both 4Q 2019 and 1Q 2020. March quarter expected capacity growth includes approximately 2 points of leap year and the launch of service to India.

In 2020, our plan of 4% to 6% revenue growth is driven by four areas: strengthening brand preference, better selling and servicing of our products, continuing to win with business and corporate travelers, and driving increased loyalty with more customers. Corporate and leisure demand trends remain healthy. The overall outlook for Corporate Travel is positive. In our most recent survey, 80% of travel managers expect to maintain or increase their spend in 2020.

Momentum in premium product revenue is continuing in 2020 with the ongoing modernization of our wide-body fleet and improvements in how we sell and distribute premium products. We also expect additional growth from American Express and MRO albeit at a more moderate rate than in 2019.

In our network, we are expanding service in coastal hubs, refocusing on opportunities in our core, and developing our partnerships with LATAM. We expect to begin our codeshare relationship in the March quarter.

In December, we launched new service from JFK to Mumbai and revenue trends are ahead of forecast. We expect approximately a 1 point unit revenue pressure in the transatlantic as the route develops throughout the year.

In the first half of the year, Delta will consolidate Tokyo operations at the preferred downtown Haneda Airport. We will also shift Beijing service to the new Beijing Daxing Airport. These moves are strategically important and are the final steps in our multiyear restructuring journey in the Pacific.

Over the last decade, Delta has established a global scale advantage through an unprecedented network transformation and by building a leading portfolio of partnerships around the world. This evolution provides the foundation for an acceleration of returns over the next decade as we mature and grow investments in fleet, partners, facilities and technology.

Delta's continued investment ensures that we extend our competitive advantages, our culture, operational reliability, global network, customer loyalty and an investment-grade balance sheet to retain our leadership position in the industry.

In closing, we delivered an outstanding 2019 and are off to a very strong start in 2020.

And now, I'll turn it over to Paul.

Paul A. Jacobson

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

Thank you, Glen. Good morning, everyone, and thank you also for joining us. In 2019, we delivered pre-tax income of \$6.2 billion, more than \$1 billion improvement versus prior year and over \$300 million higher than Delta's prior record. Pre-tax margin expanded by 160 basis points to 13.2%. Earnings grew 30% to \$7.31 per share.

Cash flow was also a key performance highlight. We generated over \$4 billion in free cash flow while continuing to invest in our people, our fleet, our partners, and technology. These investments are generating strong returns with an after-tax return on invested capital of 16.2% in 2019. This represents nearly 500 basis points of improvement since 2010, all while doubling our invested capital base.

In the December quarter, pre-tax margin expanded 140 basis points to 12.4%. This was above guidance on stronger unit revenue, lower fuel, and a net \$80 million gain that resulted from selling our stake in GOL and beginning to unwind our relationship. Excluding this gain, pre-tax margin grew 70 basis points and earnings beat consensus by approximately \$0.21.

While total expense grew 6.9% in the quarter, half of that growth was due to pension expense, the markup of benefit-related balance sheet obligations, and profit sharing from the growth in profits. These cost increases were partially offset by lower fuel expense which declined \$370 million, primarily on lower market fuel prices.

Non-fuel unit costs were up 4.4% in the quarter in line with our guidance. For the full year, non-fuel unit cost came in at 2%, consistent with our long-term target despite the pressures we saw in the back half of the year.

For the March quarter, we expect non-fuel unit costs to increase 2% to 3%. While fuel has been volatile over the last month, based on yesterday's price, we expect March quarter fuel price of \$2 to \$2.20 per gallon, in line to slightly above prior year. Combined with the outlook on revenue Glen provided, we expect March quarter pre-tax margin to be roughly flat year-over-year.

Turning to the balance sheet and cash flow, during 2019, we generated \$8.4 billion of operating cash and invested \$4.5 billion back into the business. Free cash flow of \$4.2 billion resulted in nearly 90% of net income converted to free cash flow.

As outlined at Investor Day, we are planning capital spending of \$4.5 billion in 2020 as we continue to replace our fleet and invest in product and technology. These investments are transforming Delta's fleet to drive margin benefits through higher customer satisfaction, increased premium seats, and significant fuel efficiency improvements which is helping to drive our sustainability goals. Returns on these investments are strong and the compounding benefits of reinvestments support long-term growth.

Delta's investment-grade balance sheet remains an important competitive advantage. Including the debt we raised during the quarter, our leverage ratio was 1.7 times at year end. This puts us at the low end of our targeted adjusted debt-to-EBITDA range of 1.5 to 2.5 times.

That debt issuance was \$1.5 billion of unsecured debt made up of 5 and 10-year notes. The blended unsecured rate of 3.24% is the lowest for these durations in Delta's history. The proceeds funded the majority of the acquisition of 20% equity stake in LATAM. With LATAM tender now complete, we will begin recognizing 20% of LATAM's earnings in the non-operating line beginning in the March quarter.

Moving to pension, we are actively managing our obligation through a combination of funding and asset returns. In the December quarter, we contributed an incremental \$500 million of voluntary contributions into the plan, bringing elective contributions in 2019 to \$1 billion.

For the year, planned asset returns were about 19.5% fueled by strength in the U.S. equity markets which will drive favorability in our 2020 pension expense. And while lower discount rates impacted the liability, our funding strategy and strong returns helped improve our funded status to 75%. This is a 700 basis point improvement over prior year and nearly double the funded status in 2012.

In 2019, Delta's unfunded liability also improved by \$1 billion. We plan to make \$500 million of elective contributions in 2020. Under airline relief, recall, we have no mandatory contributions through 2024. Strong cash generation allows us to reinvest in the business while also addressing these balance sheet obligations and simultaneously consistently returning capital to shareholders.

In the December quarter, we returned \$225 million in share repurchases and \$259 million in dividends for a total of \$3 billion in 2019. We ended 2019 with \$1 billion remaining on our repurchase authorization, which we expect to complete by the middle of this year.

It is our powerful brand, unmatched competitive advantages, and the collective efforts of all Delta people that allow us to continue to deliver industry-leading results and drive long-term values for our owners, our customers and for our people. And I'm truly excited for the year ahead.

Consistent with the guidance changes announced at Investor Day, we are no longer providing quarterly EPS, but are well on track to deliver full year earnings per share of \$6.75 to \$7.75 per share in 2020. And we expect another strong year of free cash flow with expectations for \$4 billion again this year, bringing our three-year cumulative free cash flow total to over \$10 billion by the end of 2020.

And with that, I'll turn the call back over to Jill to begin the Q&A.

Jill Sullivan Greer

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

Thanks, Paul. Shannon, we're ready for the question-and-answer period with the analysts, if you could give them instructions on how to get in the queue.

QUESTION AND ANSWER SECTION

Operator: Certainly. [Operator Instructions] And our first question will come from David Vernon of Bernstein.

J. David Scott Vernon

Analyst, Sanford C. Bernstein & Co. LLC

Hey, good morning, guys. Thanks for the time. So, Ed, as you think about the decision to sort of accelerate the investments in technology and experience, maybe even going after some adjacent revenues in rideshare through partnership and that kind of thing, are these activities going to be funded kind of within the existing capital envelope, or do you expect Delta to kind of maybe spend a little bit more over the next couple years as you look on kind of executing the vision you laid out at CES?

Edward H. Bastian

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

Hey, David, thanks. Yes, the capital that we spoke of at CES and the technology that we displayed is within the envelope that we've been working with in technology. One of the things that we've done over the last several years is upped our investment in technology, and we're now on a capital level running at about \$500 million a year in technology. However, for the first couple of years of that, a lot of it was just focused on infrastructure and resiliency and the data sets and data architecture that's now finally starting to be able to produce this type of technology and innovation that you're seeing. And so it's going to be more heavily weighed going forward towards business and commercial application as compared to infrastructure. But it sits within the envelope we've been using.

J. David Scott Vernon

Analyst, Sanford C. Bernstein & Co. LLC

And maybe just as a quick follow-up, as you think about the return on this incremental investment, is this going to be sort of a gradual enhancement to the revenue premium that you earn? Or do you see some sort of step changes in opportunity along the way, whether it's material cost-out or revenue opportunities kind of within the next three to five years?

Edward H. Bastian

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

I think it's both, David. Certainly the revenue opportunities are significant. We do go through in this past year, we looked at what we thought our digital investments and new product offerings this year generated and we estimate about \$200 million of incremental revenue, whether it be using SkyMiles as a currency to upsell, the new-generation shopping and booking tools that we have. Opportunities also sit on the cost front with better decision support in IROPs, and optimizing the fleet and making certain that we're able to ensure that our crew are best utilized and any downtimes are minimized. And I could go on there's a long list of opportunities that we have.

So I think it's going to be both a cost opportunity as well as a strong enhancement through the brand as we build closer and closer digital connections with our customers, 204 million customers a year. The only way you can build that connection with them at the personal level that they choose is digital and we're off to a great start.

J. David Scott Vernon

Analyst, Sanford C. Bernstein & Co. LLC

All right. Thanks, Ed.

Q

Operator: Our next question will come from Helane Becker of Cowen.

Helane Becker

Analyst, Cowen and Company

Thanks very much, operator. Hi, everybody and thank you very much for your time. Glen, I know you said that you're seeing strong demand on the corporate side and I'm sure that's true. But I'm starting to hear from some companies that they're thinking about cutting expenses and asking their employees to rethink some travel. And I'm wondering if you're seeing any signs of that among your top corporates, or if you could just mention maybe where you're seeing the strength, if it's a particular industry group.

Q

Glen W. Hauenstein

President, Delta Air Lines, Inc.

No, I think we're seeing strength across the board. And we've heard this from time to time that people are worried about corporate spend and travel, but it seems to be in a very good position as we head into 2020. And as a matter of fact, last year we did see a little bit of weakness in manufacturing but we're starting to lap that and we're starting to see some positive momentum coming out of that sector. So generally, we're seeing some very good signs from our corporate.

A

Edward H. Bastian

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

Yeah, I think the only thing I'd add to that, Helane, is that is we're certainly seeing some weakness as Glen touched on in Asia, with the China issues and some of the tariff discussions that's bled over into Korea and a few of the other Asian economies. But fundamentally, Glen's right, the health of our businesses in the U.S. and the U.S. corporate's doing quite well.

A

Helane Becker

Analyst, Cowen and Company

Okay, okay. Thank you. And then just as a follow-up to that. Would you rather see faster growth in leisure traffic or faster growth in corporate traffic?

Q

Glen W. Hauenstein

President, Delta Air Lines, Inc.

We've experienced both. I think we like them both equally.

A

Helane Becker

Analyst, Cowen and Company

Okay.

Q

Glen W. Hauenstein

President, Delta Air Lines, Inc.

A

And I think what we're seeing in leisure is really – what we're seeing in leisure, really, is an interesting separation of people who are looking for quality and willing to pay higher fares or upsell into better products and services at the highest quality airline in the U.S. So we see an increase in yields on the leisure, which is very good for the industry.

Helane Becker

Analyst, Cowen and Company

Right. So what you're seeing is leisure travelers buying up and fewer people in that basic economy bucket, is that a way to interpret your comment?

Glen W. Hauenstein

President, Delta Air Lines, Inc.

That's a way to look at it.

Helane Becker

Analyst, Cowen and Company

Okay. All right. Great. Well, okay, thanks very much for your help. I appreciate it.

Operator: And our next question will come from Hunter Keay with Wolfe Research.

Hunter Keay

Analyst, Wolfe Research LLC

Hey, good morning. Thanks. Helane, just segued nicely into my question actually. You mentioned leisure seeking quality. Glen, is there a point where you view basic economy as being brand dilutive to the point where maybe it doesn't really fit the Delta concept anymore as you guys try to focus on that higher quality?

Glen W. Hauenstein

President, Delta Air Lines, Inc.

I think from the beginning we've been really clear that we want to have the best-in-class products and services no matter what your travel needs are. And I think we would always see for entry-level customers who are only sensitive to price that we would have best-in-class there. As a matter of fact, you might think that our overinvestment is highest in basic economy. But that's the entry point and once they see the quality of service the Delta people provide, I think they stay with us throughout their entire life cycle. And I think that's an important product for us to continue to maintain.

Hunter Keay

Analyst, Wolfe Research LLC

Okay. And then if you think big picture, take a step back for a second, think over the next 5 to 10 years, would you ever get so comfortable with your loyalty and value proposition to intentionally drive down your load factors just a few points with an eye on driving RASM, pretty much entirely through driving a yield premium, which – so the idea would be, really, you change the overall feel of the flying experience with less crowds and less pricing volatility to really truly differentiate yourself as a premium brand and feel airline?

Glen W. Hauenstein

President, Delta Air Lines, Inc.

I think we're always looking at what that is. And I think we've taken steps really structurally. Let's say we invented Comfort+ in the domestic arena. And I think what we would see maybe is the continued adoption and demand for that product builds over time that we might create more of that on existing fleets, which would take the density out. I can't see us ever wanting to fly with empty seats, but I can see us wanting to sell a plane that is meeting the demands of our customer base that might include more premium even than we have today.

Hunter Keay

Analyst, Wolfe Research LLC

Okay. Great. Thank you.

Q

Operator: Our next question will come from Andrew Didora of Bank of America.

Andrew G. Didora

Analyst, Bank of America Merrill Lynch

Hi, good morning, everyone. Ed, I actually had a follow-up question on the tech investments. I guess the \$500 million you're spending on tech CapEx, how do you think about the ROI needed on that spend relative to, say, on a new plane order or a plane refresh?

Q

Edward H. Bastian

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

Well, Andrew, we need to do both, right. We're not trading off technology for planes. So, we need to have continued enhancement of our fleet. That's clearly where the bulk of our CapEx goes is into our fleet and the modification of our aircraft. We're going to be taking 80 new airplanes into the fleet this year. But those fleet investments are also then facilitating technology as we bring new technology on board the fleet.

A

So, I don't look at them as differentiated or as trade-offs. We've got an overall CapEx budget that we look at as a company. We try to stay within the 50% threshold, plus or minus, of operating cash. And that's how we get there.

Now we do certainly look at ROI and returns on every one of our digital investments and capital initiatives. And I'm pleased to say they've been producing, largely, the results we'd expect.

Andrew G. Didora

Analyst, Bank of America Merrill Lynch

Great. Thank you. And Glen, I know in the press release you've been breaking out the domestic results by both core hubs and coastal hubs. As you think about growing your network over the next one to two years, what segment of those do you see the biggest capacity opportunities in?

Q

And then as a follow-up, I assume the core hubs are Atlanta, Detroit, Minneapolis, and Salt Lake, but do you see any of the coastal markets moving into the core bucket anytime soon? Thank you.

Glen W. Hauenstein

President, Delta Air Lines, Inc.

Well, I think they're core; they're just not geographically centered. So, your ability to connect traffic when you're in Seattle is a lot less than when you're in Salt Lake City or Atlanta or the other ones you named. So, we have really used our first-mover advantage, post-merger, to take advantage of having the opportunity to consolidate positions in some of the key coastal markets like Seattle, Boston, Los Angeles, New York.

A

But we did that a little bit at the expense of growing connectivity in our interior hubs. And so over the next several years, we'll be working on continuing to improve the products and services we offer at the coastal hubs, but really refocusing a little bit on growing the interior hubs to improve the connectivity of the airline.

Andrew G. Didora

Analyst, Bank of America Merrill Lynch

Great. Thank you.

Q

Operator: Our next question comes from Michael Linenberg of Deutsche Bank.

Michael Linenberg

Analyst, Deutsche Bank Securities, Inc.

Yeah. Hey, good morning, everyone. I guess just two quick ones here. Paul, I just want to make sure I heard you right. The LATAM running that through the P&L, I know it closed late in the fourth quarter, but I guess nothing really shows up in the fourth quarter. Is it beginning in the March quarter, did I hear you right on that?

Q

Paul A. Jacobson

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

That's correct, Mike. Beginning in the March quarter.

A

Michael Linenberg

Analyst, Deutsche Bank Securities, Inc.

Okay. And then with respect to getting to the 20%, as I recall, I don't know if there was a sort of the conversation about whether or not it was going to be one or two board seats. Do you have a better sense? Do you know whether or not you have two board seats at LATAM as a result of that? Has that been figured out?

Q

Edward H. Bastian

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

Yes, Mike. This is Ed. Yes, we have two board seats, Mike.

A

Michael Linenberg

Analyst, Deutsche Bank Securities, Inc.

Okay, great. Great quarter. Thank you.

Q

Edward H. Bastian

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

Thank you.

A

Glen W. Hauenstein

President, Delta Air Lines, Inc.

Thanks, Mike.

A

Operator: And we'll now hear from Jamie Baker of JPMorgan.

Jamie N. Baker

Analyst, JPMorgan Securities LLC

Q

Hey, good morning, everybody. First question for Glen and it's a follow-up to a topic that we discussed last quarter regarding the potential to generate an international RASM premium at some point. I'm curious if the fourth quarter results or the first quarter outlook shows any progress in this regard. And secondly, does the full year guide have any specific assumptions, or should we treat any potential evidence of an international RASM premium as upside to the guide?

Glen W. Hauenstein

President, Delta Air Lines, Inc.

A

Yeah. I think we're continually working to improve our international unit revenues and I think this fourth quarter was – we're moving in the right direction and we see those trends continuing into the first quarter. We can't see yet what our competitors are doing, but I think we have an opportunity to continue to increase our relative performance and our absolute performance as we go through 2020 and, hopefully, beyond what we have in our plan.

Jamie N. Baker

Analyst, JPMorgan Securities LLC

Q

Okay. Second for Ed. It's related to ESG. I know you spoke about the topic at Investor Day. You gave some examples of Delta's environmental consciousness. I'm not sure if you saw Larry Fink's letter this morning. I mean what I keep struggling with on this topic is fleet. We've commended your fleet strategy for some time now, specifically running a higher average age than your competitors.

I just have to wonder if we're on the cusp of that possibly coming back to haunt you and whether ESG compliance necessitates bringing the fleet age down which in turn has CapEx implications. I'm not quite sure how to phrase the question, but how would you respond to somebody telling you that your fleet strategy is incompatible with growing ESG mandates? How about that?

Edward H. Bastian

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

A

It's an interesting way to put it, Jamie. Listen, we take our ESG and very specifically, our environmental and sustainability requirements and goals to heart. And hopefully you heard me not only at the Investor Day but also at CES, I closed on that topic specifically. It's something that fleet plays a big part of, candidly, being somewhat of having an older fleet actually has given us opportunities to move faster in that space maybe than others. Every plane we put in, and we're putting in 80 new planes are 25% more fuel-efficient than the planes that we're retiring.

We at Delta, we're the only airline back in 2012 that voluntarily capped our carbon footprint at 2012 levels. No other airline has done anything like that. We're looking at ways by which we can go even more aggressively. Fleet is only – fleet's an important part of the solution, but there's many more things to this in terms of how we engage. And I think you're going to be hearing us talk more and more about that over the course of the year. I didn't get a chance to see Larry's letter though I did hear a little bit about it this morning. And I think his message is right.

Jamie N. Baker

Analyst, JPMorgan Securities LLC

Q

That's helpful. I really appreciate it. And I know it's been a busy morning. I wasn't calling you out for not having seen the letter yet. You got bigger things to deal with. Thanks again, great quarter. Bye bye.

Edward H. Bastian

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

Thanks, Jamie.

A

Glen W. Hauenstein

President, Delta Air Lines, Inc.

Thanks, Jamie.

A

Operator: And our next question will come from Duane Pfennigwerth of Evercore ISI.

Duane Pfennigwerth

Analyst, Evercore Group LLC

Hey, thanks for taking the questions. Can you clarify your revenue growth guidance versus your RASM guidance into the first quarter? It feels like based on what schedules are showing, the implied RASM guidance is flattish, whereas your explicit RASM guidance is up 1%. Is that just a lower refinery year-over-year? What accounts for that difference?

Q

Jill Sullivan Greer

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

Hey, Duane, it's Jill. The refinery sales are slightly lower year-over-year, but we exclude those from TRASM anyways. And so I think you're just – their schedule, there's a completion factor adjustment you have to make to schedule, but the revenue growth that we're looking at is a solid 5% to 7% in the first quarter, the total revenue growth.

A

Duane Pfennigwerth

Analyst, Evercore Group LLC

Okay. Great. And then just on the pension, understand you expect a tailwind this year. But can you just talk explicitly about what pension expense was in 2019 and what you expect it to be in 2020? Thanks for taking the questions.

Q

Paul A. Jacobson

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

Yeah. So, thanks, Duane. We had mentioned going in that we had about \$250 million of pressure year-over-year in 2019 as a result of the pension returns in 2018. While we haven't given specific guidance, if you look at year-over-year, we were up about, I think, 16% in 2017. So, you can look back and see the sensitivity around that.

A

Duane Pfennigwerth

Analyst, Evercore Group LLC

Okay. Thank you.

Q

Operator: Our next question will come from Joe Caiado of Credit Suisse.

Joe Caiado

Analyst, Credit Suisse Securities (USA) LLC

Q

Hey. Thanks very much. Good morning, everyone. My first question just on the LATAM partnership, apologies if I missed it and Glen, you may have talked about it, but I think the code share with some of the affiliates slated to begin here in Q1, can you just give us an update on where you are with those government approvals and when in Q1 you think you can launch that? And just as a quick follow-up to that, is there a rough estimate that you could share with us on expected 2020 revenue contribution from LATAM?

Glen W. Hauenstein

President, Delta Air Lines, Inc.

A

I'll start with the first one, which is easier is that, no, we're not going to share that today. On the second issue it's by country. And I believe this week we received the ability to code in Colombia. We expect Peru and Ecuador to follow shortly. And then the longer – a little bit longer tent in the pole. So those should all be up and running by end 1Q. A little bit longer pole in the tent is Brazil and Chile, which we expect later this year.

Joe Caiado

Analyst, Credit Suisse Securities (USA) LLC

Q

Got it. Thank you for that. And then just a quick one for Paul on CASM-Ex, your Q1 guidance right in line with the full year. Should we expect that to be fairly level loaded through the year, or are there any big sort of moving pieces that you expect in the year that could drive some quarterly swings in that 2% to 3% trajectory?

Paul A. Jacobson

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

A

Yeah, Joe, what I would say is we're obviously not going to give quarterly guidance on CASM for the rest of the year. But as a general rule, if you look at our CASM trajectory in past years, it's been pretty skewed with a lot of volatility. We've taken a conscious effort in 2020 to try to balance that across to make that cost performance more disciplined throughout the year and that's very intentional.

Joe Caiado

Analyst, Credit Suisse Securities (USA) LLC

Q

Okay. I appreciate that. Thanks, everyone.

Operator: Our next question will come from Brandon Oglenski of Barclays.

Brandon R. Oglenski

Analyst, Barclays Capital, Inc.

Q

Hey, good morning, everyone and congratulations on a pretty impressive quarter. So Paul, you guys have had really strong cash flow here. And not to be too much of a cheerleader but it is a differentiated experience on your carrier. So I guess, is there any positive momentum here in CapEx, where you'd say, hey, actually we want to spend a little bit more? Does it reprioritize fleet over the airport streams, over technology or maybe strategic? Or do you want to stay with this very balanced capital allocation strategy?

Paul A. Jacobson

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

A

Well, first of all thank you for the comments Brandon. I think the balanced approach has worked very, very well for us in an effort to balance multiple constituencies, whether it's cash flow performance into the enterprise but driving return on invested capital.

We obviously have a lot of demands on capital when you look across the space and the things that we want to do. Prioritization and pace of implementation is an important piece of that. It's not always just capital. It's having the resources to deploy that capital and make sure that it's delivering the benefits and the results.

So while I'd say we do have some room around the edges, you've seen us do that over time, take advantage of opportunities that are out there. We want to hold roughly to that balanced allocation over time.

Edward H. Bastian

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

A

Brandon, if I could weigh in also – it's Ed. I'd say, if there was any area that we'd look, if we had opportunities to accelerate somewhat, it's in the airport infrastructure and construction. We're in the midst of a very significant buildout. And clearly the sooner we can get that done the better. So not suggesting that we're going to change any CapEx assumptions but to the extent we had any capital that was available to be allocated, that would be one place I look for using it.

Brandon R. Oglenski

Analyst, Barclays Capital, Inc.

Q

Okay, everyone. Thank you.

Operator: And we'll hear next from Savi Syth of Raymond James.

Savanthi Syth

Analyst, Raymond James & Associates, Inc.

Q

Hey, Glen. Good morning, everybody. Glen, I just wanted to ask a little bit more on the regional trends. LATAM, you had a tougher comp versus 3Q but the performance is still pretty good. I'm just wondering as you, kind of, look forward, generally what are you seeing from a trend perspective? And is there any kind of region where we start to come on tough comp?

Glen W. Hauenstein

President, Delta Air Lines, Inc.

A

So, we're seeing continued strength in the domestic U.S. arena. That's great news for us. And we're seeing I think some really good green shoots in the transatlantic. We've had currency issues over the last couple of years since 2018. And now that we're going to be lapping them as we move through this year, I think we're poised really well for a nice run in the transatlantic.

We've seen in the trans-Pacific, after our multiyear restructuring, that this is the last piece and there's some uncertainty maybe around the airport moves that we are going to have. Those are two major airport moves for us closing Tokyo Narita after being there for almost 50 years. That's a big move. And so uncertainty over how many people will prefer Haneda. But I think ultimately we are very, very confident that Haneda is a better airport to serve Tokyo than Narita. And so there may be some ripples there that it would be unique to us as we have the largest footprint in Haneda.

And then, of course, moving to Daxing and Beijing might be a little bit of a headwind for a short period of time. But again, we think that's the right move for us because the connectivity at that airport is going to be far superior in the long run to what's at capital.

So the Pacific I think we're encouraged at the signs. Today's signing or the signing of the Phase One agreement with China is going to be a good thing for us. And if there's an upside to the Chinese, there's been really no capacity to bring capacity reductions in the U.S. to China for the first time in years. So traffic continues to build into China and capacity is being reduced. So that's always a good thing for the airline industry.

And then in Latin, we've seen really good strength in both Mexico and Brazil and we expect that to continue and then accelerate as we can begin to code with LATAM throughout the year. So I think we've got a really good base for international, which is encouraging. And the sequential trends and the improvements are all moving in the right direction for us.

Savanthi Syth

Analyst, Raymond James & Associates, Inc.

That's very helpful. Thank you. And Paul, if I could quickly ask just on Trainer, generally, what you're expecting especially now that IMO 2020 has come and gone, just some quick thoughts on what your expectations are for Trainer and steel in general.

Paul A. Jacobson

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

Sure, Savi. So 2019 saw Trainer produce a profit at \$75 million free cash flow positive and really a strong contribution to our overall relative fuel story. In 2020, obviously, we've seen, at least where we sit today, significant improvement in crack spreads at the refinery over last year. We expect about breakeven performance compared to about a \$35 million loss last year. So we're looking forward to another sizable contribution, overall, both in terms of the performance of the refinery as well as the contribution across the commercial space and our fuel procurement.

Savanthi Syth

Analyst, Raymond James & Associates, Inc.

Thank you.

Operator: And our next question will come from Myles Walton of UBS.

Myles Walton

Analyst, UBS Securities LLC

Thanks. Good morning. A lot has changed in the month since the Analyst Day and the MAX continued pushout there, shut down the line, likely a slower delivery rate. So I'm kind of curious, as you look at your place in the ecosystem, are you taking a lot of active decisions to capture some of that, or is this more of a view to benefit through pretty much passive behavior, let it come to you? I'm just curious how much active management you're thinking about versus simply having the premium revenue come your way. Thanks.

Edward H. Bastian

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

Myles this is Ed. Well, we've all been watching the MAX story for the last year and none of us have a very good crystal ball. We're operating our plan. We're not deviating on the plan based on news flow. We have a strong plan for 2020. And to the extent we pick up some marginal revenue, which we clearly have this year, that's great.

Again, I would caution everyone, I would not suggest that's premium revenue that we're picking up because I think the other airlines have done a very nice job of covering their most important revenue pools. But on the margin, we've clearly been a beneficiary and as long as the MAX stays out of the sky, I guess, we'll continue to be one.

Myles Walton

Analyst, UBS Securities LLC

Q

And a follow-up on the MRO benefit you might get from further aftermarket work running hot, what's the growth rate? I know you said deceleration, what was the growth rate you've baked in for 2020?

Edward H. Bastian

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

A

Growth rate in 2020?

Myles Walton

Analyst, UBS Securities LLC

Q

Yes.

Edward H. Bastian

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

A

I don't think we've disclosed that. What we've talked about really as longer term, there is some growth but the big growth story in the MRO is a couple years out. The geared turbofan platform and the Rolls platforms start to enter more service and start to mature, that's where we do expect the MRO revenues to double over the next two to three years from today's level.

Myles Walton

Analyst, UBS Securities LLC

Q

Okay, thank you.

Jill Sullivan Greer

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

A

Shannon, we're going to have time for one more question from the analyst community.

Operator: Certainly. We'll take our final question from Stephen Trent with Citi.

Stephen Trent

Analyst, Citigroup Global Markets, Inc.

Q

Good morning, everybody, and thanks very much for taking my time. Just first you mentioned on your Amex credit card growth through 2023. To what degree should the revenue growth be driven by the new brands you're introducing?

Glen W. Hauenstein

President, Delta Air Lines, Inc.

A

We don't disclose the makeup of the construction of the increases. But what we have said is that we expect it to grow from \$4.1 billion this year to \$7 billion by 2023. And we have a very good component plan. I think we

outlined the three pieces that include card spend growth, that included new acquisitions and rate changes in the core contract. And those three make up those components.

Stephen Trent

Analyst, Citigroup Global Markets, Inc.

Okay, very helpful. And just one quick follow-up as a follow-up to Mike Linenberg's question way back. When you think about LATAM Airlines, are there any things that you see in the business that perhaps at this very early stage are a little stronger than you expected or maybe a little bit more challenging than you expected? I appreciate you might not be able to give us much color, but I just thought I'd ask.

Glen W. Hauenstein

President, Delta Air Lines, Inc.

No, these are the very early days and we are very, very excited about that partnership and we think it's going to have great long-term benefits. We can only see a little bit as the relationship is just starting, and we're just starting to put some of the key components in place with interline agreements. But what we have seen has exceeded our expectations in the early days and we're very optimistic that this is going to be a game changer for us in Latin America.

Edward H. Bastian

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

If I could echo Glen's comments, we're very impressed with the leadership team at LATAM. The Cuertos, Roberto, the entire team is a first-class group. I think we're going to find, as we start to build out the JV with the appropriate regulatory approvals, that you're going to see this spool up faster than probably any of our other JVs. There's really good alignment. There's focus and there's a lot of growth opportunity for both carriers throughout the Americas. So we're very, very pleased.

Stephen Trent

Analyst, Citigroup Global Markets, Inc.

Okay. That's very helpful. Let me leave it there. And thank you again.

Edward H. Bastian

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

Thank you.

Jill Sullivan Greer

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

That's going to wrap-up the analyst portion of the call. And I will now turn it over to Tim Mapes, our Chief Marketing & Communications Officer.

Tim Mapes

Senior Vice President and Chief Marketing & Communications Officer, Delta Air Lines, Inc.

So we have a few more minutes with the team. I'd reiterate Jill's comments earlier to please just hold your questions to one, maybe a short brief follow-up then we'll try to get through as many of these as we can. Thank you.

Operator: Thank you. [Operator Instructions] And our first question will come from Leslie Josephs of CNBC.

Leslie Josephs

Reporter, CNBC LLC

Q

Hi. Good morning. Thanks for taking the question. On the investments on tech, do you guys see Delta becoming sort of a travel platform like for corporate travelers, sort of like an Amex or a Concur, something like that? And then my second question, if you just have any update on what's going on with the pilots and the mediation. Thank you.

Edward H. Bastian

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

A

Leslie, on your first question we absolutely do see ourselves as becoming an extended travel platform. We're not going to be looking to get in the TMC space or compete with outfits like Concur. But what we are doing is, from a consumer standpoint, looking to continue to extend the brand using the Fly Delta app as more of a digital concierge, bringing partners such as Lyft closer in through the app, so making it easier for our customers to have an end-to-end experience, through travel on the Delta app and all the way through hotel partners and other ways by which we can take stress out of the consumers' experience. That was the message at CES, and I think it was received well and that's where we're going. We're not going to comment on pilot negotiations. So I'll pass on your second question.

Leslie Josephs

Reporter, CNBC LLC

Q

Okay. And just on the app, so that's more for individual consumers not corporate platforms – or corporations rather?

Edward H. Bastian

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

A

It's very much focused on individual consumers. There's clearly some corporate benefits, but right now we're really focused on serving all customers.

Leslie Josephs

Reporter, CNBC LLC

Q

Okay. Thank you.

Operator: Our next question will come from Mary Schlangensteen of Bloomberg News.

Mary Schlangensteen

Reporter, Bloomberg LP

Q

Hi. I just wanted to try again on the pilots. Would you at least confirm whether or not you're seeking intervention by the National Mediation Board in the negotiations?

Edward H. Bastian

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

A

We are not going to comment on the state of any negotiations with the pilots on any questions. Sorry, Mary.

Mary Schlangensteen

Reporter, Bloomberg LP

Q

Okay. Thank you.

Edward H. Bastian

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

A

Just to clarify, we think it's not appropriate to be talking publicly about it. Obviously, it's a great opportunity for us and our Delta pilots to work together to make sure that they're best compensated and rewarded for what they do.

Operator: And our next question will come from Ted Reed of Forbes.

Ted Reed

Analyst, Forbes Media LLC

Q

Thank you. My question's for Glen. I imagine that the 10% coastal growth in hubs includes Boston, and I'd like to know if you anticipated that American would start to grow so fast in Boston, they're growing very rapidly there and they added three new routes this morning.

Glen W. Hauenstein

President, Delta Air Lines, Inc.

A

Yeah. I think we've had an incredible success in Boston. And Boston customers are choosing us [indiscernible] (55:00). As a matter of fact, the third quarter data from the government just came out and we were in a virtual dead heat with JetBlue as the largest revenue carrier in Boston. So I think we've made great progress and I think customers will stick with us. And so we'll see who ultimately are the winners and losers in Boston. But I know we'll be a winner.

Ted Reed

Analyst, Forbes Media LLC

Q

Do you anticipate that American might start to grow there?

Glen W. Hauenstein

President, Delta Air Lines, Inc.

A

I don't know what anybody else is going to do. And so this is a very competitive industry and people grow and shrink. And I think that in the long term, the better products what we've consistently stayed with is, as long as we think we can provide the best products and services, we're ultimately going to win.

Ted Reed

Analyst, Forbes Media LLC

Q

All right. Thank you.

Operator: And our next question will come from David Slotnick of Business Insider.

David Slotnick

Senior Reporter, Business Insider

Q

Hey, how are you? Thanks for taking my question. I was just wondering if you're starting to think about the B757 replacement. Are you waiting on Boeing's offering for the NMA, or are you starting to consider the A321XLR?

Edward H. Bastian

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

David, we have spoken many times on that topic. We are looking at the NMA. Certainly we're looking at Airbus offerings. We're not close to any decisions on that yet.

A

David Slotnick

Senior Reporter, Business Insider

Okay. Do you have a timeline or anything that you're anticipating having to replace those planes?

Q

Edward H. Bastian

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

We have not commented on timelines either.

A

David Slotnick

Senior Reporter, Business Insider

Okay. Thanks very much.

Q

Operator: And we'll hear next from Robert Silk of Travel Weekly.

Robert Silk

Senior Editor, Travel Weekly

Yes. So Ed, you spoke a lot – at CES you put out a lot of technology, really exciting stuff. But I wanted to ask about maybe some of the things that aren't quite as exciting. For example, can you update me on how you're coming in distribution technology improvement? Also, any improvements to just your core system, Atlanta, and also your PSS?

Q

Edward H. Bastian

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

I'm sorry. Your question broke up. Could you simplify maybe. You had a lot in there. We had a hard time hearing?

A

Robert Silk

Senior Editor, Travel Weekly

Yeah, can you hear me now?

Q

Edward H. Bastian

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

Yeah.

A

Robert Silk

Senior Editor, Travel Weekly

Your distribution technology PSS and also just improvements to the core – your core systems, how much are you investing in that and how is that coming along?

Q

Glen W. Hauenstein

President, Delta Air Lines, Inc.

A

Well, clearly we've been investing a significant amount of money on trying to continue to improve the digital experience and the distribution system, and giving customers more choices and more ways to interact with us, more optionality. We have continued to release the new updates of delta.com. And I believe we're now at 7 million downloads just this past year on the app.

So we continue to evolve in that space and we continue to work with all of our partners and continue to work on making sure that the distribution systems are capable of describing the products that we're trying to sell to our customers, which really can't be done any longer in green screens. So that's been a continual evolution and we've been working with all the partners, the GDS-es and all the distributors of our products and services to try and highlight what the differentiated products are that we're bringing to market.

Robert Silk

Senior Editor, Travel Weekly

Q

Okay. Thanks. And anything else related to the core systems or the – or your PSS improvement?

Edward H. Bastian

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

A

We can. Could you repeat that? Again, I'm having a hard time hearing it.

Robert Silk

Senior Editor, Travel Weekly

Q

I'm sorry. Anything else related to any additional improvements with the PSS or the core systems?

Rahul Samant

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

A

Well, I think – this is Rahul Samant. I'm the CIO here. And we do, I mean that is our core engine, the PSS Deltamatic, which we own. We have an advantage because we own it. We control the entire experience. And to Glen's point, it allows us then to do better with the customer experience and channel improvement because we own the end-to-end technology.

Robert Silk

Senior Editor, Travel Weekly

Q

Okay. Thank you all

Tim Mapes

Senior Vice President and Chief Marketing & Communications Officer, Delta Air Lines, Inc.

A

Guys, we have time for one final question.

Operator: And our final question will come from Dan Reed of Forbes.com.

Dan Reed

Senior Contributor, Forbes Media LLC

Q

Hi, Glen. Glen, you guys obviously are gaining share in the above average yield, the premium segment. Where can we look to see data that actually shows competitive data or competitive metrics where you guys are gaining the premium share? It's hard to put a finger on that number.

Glen W. Hauenstein

President, Delta Air Lines, Inc.

A

Well, there's a lot of data points out there. There's no shortage of data in this industry. Most recently, the U.S. government data came out for the third quarter. That's always about 180 days in arrears here or 90 days in arrears. So we did really well. And I think you could look at that. You could look at GDS-es, you could look at corporate shares. So there's plenty of data. And if you'd like, we could have somebody follow up with you on places you can go find that.

Dan Reed

Senior Contributor, Forbes Media LLC

Q

Please. And what is it, just your selling quality is what's governing the share – the premium share gain?

Glen W. Hauenstein

President, Delta Air Lines, Inc.

A

I think the Delta brand is really about providing the best quality airline service in the world and we continue to emphasize that and focus on that. And we have 80,000 of the world's best people delivering it every day.

Dan Reed

Senior Contributor, Forbes Media LLC

Q

Okay. Thank you.

Tim Mapes

Senior Vice President and Chief Marketing & Communications Officer, Delta Air Lines, Inc.

With that, I will wrap up this call. Thank you, operator. Just to remind everybody, we'll see and look forward to being with everyone on the next call on April 9. Thank you again for your time today.

Operator: And that does conclude today's teleconference. Thank you all for your participation.

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