Travel Industry Update
February 8, 2021

Delta plans to offer vaccinations to employees ages 65 and older

- Starting Monday, Delta Air Lines plans to offer vaccinations to its Georgia employees who are 65 and older.
- Atlanta-based Delta will use part of Hartsfield-Jackson International Airport’s Concourse C, half of which has been closed off since early on in the pandemic because of the sharp decline in air travel. It also will use space at the Delta Flight Museum, which is on its headquarters campus and also has been closed to the public.

Union Says Flight Attendants Will Bear the Brunt of American Layoffs

- A spokesperson for the Association for Professional Flight Attendants said Friday it will be mostly flight attendants who bear the brunt of any furloughs if American Airlines is forced to implement involuntary layoffs on March 31.
- "These flight attendants have been through a lot," Paul Hartshorn, Jr. told WFAA in Dallas. “All unions at American have negotiated extended leaves of absence for flight attendants who are currently on the property, who might want to take some time from American to save a job of someone who’s been hired after them. We’re also going to have a voluntary early-out package as well offered to all employees, which would be starting on April 1, 2021, which is the day that these potential furloughs could take place.”
- Without an extension of the payroll support program, up to 13,000 American Airlines workers could be furloughed April 1, including 4,245 flight attendants, more than any other workforce in the airline.

Despite huge losses, US airlines are rolling in cash

- The US airline industry just closed the books on the worst year in its history, losing a combined $32 billion excluding special items. Yet it still ended 2020 awash in an ocean of cash.
- The nation’s four largest airlines -- American (AAL), Delta (DAL), United (UAL) and Southwest (LUV) -- among them had $31.5 billion in cash on their balance sheets at the end of 2020. That’s up from $13 billion a year earlier, before the pandemic hit. "Liquidity" has become a favorite buzzword of airline executives discussing their financial condition. Including the cash and yet untapped credit lines, the airlines have access to nearly $65 billion.
- "The liquidity is at record levels," said Philip Baggaley, chief credit analyst for the airline industry at Standard & Poor's. "That’s good, and it’s one of the few strong points they have at this point.”
- The airlines received substantial financial help from the federal government, but most of that money was required to be spent keeping staff on payrolls temporarily.
• The lion’s share of the borrowing and cash, then, comes from banks and Wall Street. Like a struggling family flooded with credit card offers, the airlines have a lot of people eager to give them cash.
• The airlines have sold bonds, borrowed money, mortgaged their planes, frequent flyer programs and other assets, and even sold additional shares of stock, a highly unusual move for an industry in this position.
• The borrowing has added about $40 billion in long-term debt to the balance sheets of the nation’s airlines.
• “I think the general feeling is they’re wounded but they’re going to make it,” said Baggaley. The low interest rate environment has helped the airlines, as investors and banks looking for yields have been willing to lend to the airlines, he added. All the carriers except Southwest have junk bond credit ratings.
• They have also made deep cost cuts, even with government help that prevented them from making permanent, involuntary job cuts.
• The airlines used buyouts and early retirement to cut about 16% of the staff they had at the start of 2021.

**EasyJet operating 10% capacity but eyes chances to pounce**

• EasyJet expects to operate only around 10% of its capacity during the first quarter of the calendar year as travel restrictions tighten, but believes it can quickly capitalise on opportunities at key airports where rivals have retrenched.
• In a trading update today, the UK low-cost carrier says it carried almost 2.9 million passengers across the last three months of 2020 – the first quarter of its financial year. That was achieved on operating 18% of the previous year’s capacity at a load factor of 65.7%.
• Group revenues for its first quarter fell 88% to £165 million ($226 million).

**Air France, unions rail against EU bailout conditions**

• Air France and its pilot unions protested on Wednesday against EU demands that the airline give up takeoff and landing slots at its Paris base in return for government aid.
• Brussels wants the French airline, part of Air France-KLM, to cede 24 Orly airport slots as a condition for approval of a state-backed recapitalisation, La Tribune reported this week.
• “We wouldn’t understand being subjected to drastic measures that weaken our position in Paris,” Group Chief Executive Ben Smith told L’Express magazine in an interview - adding the slot demands could give low-cost Ryanair a foothold at Orly.
• The SNPL pilot union accused the EU in a statement of seeking to “destroy the efforts of Air France employees”.

**TSA to fine mask violators up to $1,500**

• The Transportation Security Administration (TSA) has recommended a fine of $250, increasing to up to $1,500, for repeated violations of its recently released federal transportation face mask requirement.
• "Based on substantial aggravating or mitigating factors, TSA may seek a sanction amount that falls outside these ranges," the agency wrote in