UNITED AIRLINES' ACTING CEO AIMS TO REASSURE INVESTORS AMID STRONG RESULTS

News / Airlines, Finance

United Airlines on Thursday tried to dismiss concerns that executive shake-ups have left an amateur team running its business, promising better service for travelers and moderate expansion in 2016 for investors worried about weak demand.

Shares of parent United Continental Holdings Inc. rose more than 2 percent after it forecast a pre-tax profit margin of up to 11.5 percent in the fourth quarter, compared with 5 percent a year earlier. The forecast surprised analysts who expected higher costs would keep margins lower.

The forecast follows two rocky months at United. Its CEO of five years Jeff Smisek resigned in September after a probe into the airline's relationship with the Port Authority of New York and New Jersey. A week ago, his successor Oscar Munoz suffered a heart attack, and it remains unclear if Munoz will return.

© 2015-2026 50SKYSHADES.COM — Reproduction, copying, or redistribution for commercial purposes is prohibited.

United's general counsel Brett Hart now serves as acting CEO.

"At its core, this is a team that has been here through the first quarter, which resulted in record results; the second quarter, which resulted in record results; and the third quarter which resulted in record results," Hart told investors on a call to discuss earnings.

This week, S&P Capital IQ cut its rating on the company's stock to "Buy" from "Strong Buy." It cited Hart's "limited experience in finance, operations or customer service, the areas that (United) is most in need of improving."

Hart said his agenda does not differ "at all" from the one set by Munoz, who met with workers to rebuild morale after years of strained labor relations.

He said United will announce changes in upcoming weeks to service on board the second-largest U.S. airline by capacity.

For the just-ended third quarter, United reported adjusted profit of $1.7 billion, up 58 percent from a year earlier thanks to lower fuel costs.

United forecast unit revenue will decline between 4 and 6 percent in the fourth quarter, in line with analysts' expectations. Rival Delta Air Lines Inc. expects a drop in the same measure between 2.5 and 4.5 percent.

A strong U.S. dollar has dented sales to foreign travelers, and the tumbling price of oil has reduced revenue from energy clients by 35 percent for United, which has a Houston hub.

United said capacity will rise between 1.5 and 2.5 percent in 2016, more than 2015's expansion. This includes a new route to China, where United sees demand and competition growing.

23 OCTOBER 2015

SOURCE: REUTERS
ARTICLE LINK:
https://ids.50skyshades.com/news/airlines/united-airlines-acting-ceo-aims-to-reassure-investors-amid-strong-results

© 2015-2026 50SKYSHADES.COM — Reproduction, copying, or redistribution for commercial purposes is prohibited.