

Southwest reports biggest ever quarterly loss on virus hit

Reuters Staff

(Reuters) - Southwest Airlines Co [LUV.N](#) reported on Thursday a loss of more than \$1 billion, its biggest ever, in the third quarter, while saying it would burn less cash in the months to come as leisure bookings show signs of recovery from this year's coronavirus-driven collapse.

FILE PHOTO: Southwest planes sit in a desert graveyard near Victorville, California, U.S. March 28, 2018. REUTERS/Lucy Nicholson

Southwest, which is blocking middle seats for social distancing through November, said it would resume selling all available seats for travel from Dec. 1, referencing recent medical research about the coronavirus that shows the risk of breathing COVID-19 particles on an airplane “is virtually non-existent, with the combination of air filtration and face covering requirements.”

It said the practise of keeping middle seats open had bridged it from the early days of the pandemic, “when we had little knowledge about the behavior of the virus, to now.”

However, it will allow passengers on fuller flights to rebook to another flight if they wish, and warned that until a COVID-19 vaccine was made widely available, passenger traffic would remain fragile.

The industry has so far failed to secure another \$25 billion in payroll support for airlines slammed by the virus outbreak.

“We urge our federal leaders to pass an economic relief package that includes a clean, six-month extension of the Payroll Support Program (PSP) to further protect jobs and crucial air travel,” Southwest Chief Executive Officer Gary Kelly said.

The airline forecast fourth-quarter average core cash burn of about \$11 million per day, compared with \$16 million per day in the third quarter and \$23 million per day in the second.

The Dallas-based company reported a net loss of \$1.16 billion, or \$1.96 per share, in the third quarter ended Sept. 30, compared with a profit of \$659 million, or \$1.23 per share, a year earlier.

On an adjusted basis, the company lost \$1.99 per share. Total operating revenue fell 68.2% to \$1.79 billion.

Southwest ended the second quarter with liquidity of \$15.6 billion.

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