

IAG results presentation

Quarter One 2015

30th April 2015



Q1 financial summary

OPERATING PROFIT

€25m
(reported)

+€175m
(reported change)

TOTAL UNIT REVENUE

-1.1%
(constant FX)

+6.7%
(reported, €348m FX benefit)

PAX UNIT REVENUE

-0.8%
(constant FX)

+6.9%
(reported)

TRAFFIC/CAPACITY

ASKs: **+5.0%**
(reported)

RPKs: **+6.2%**
(reported)

TOTAL UNIT COST

-5.3%
(constant FX)

+2.5%
(reported, €356m FX drag)

EX-FUEL UNIT COST

-2.7%
(constant FX)

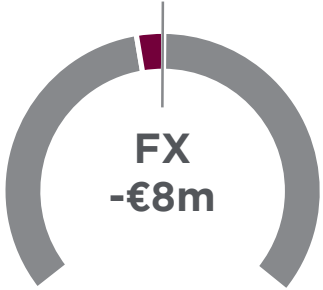
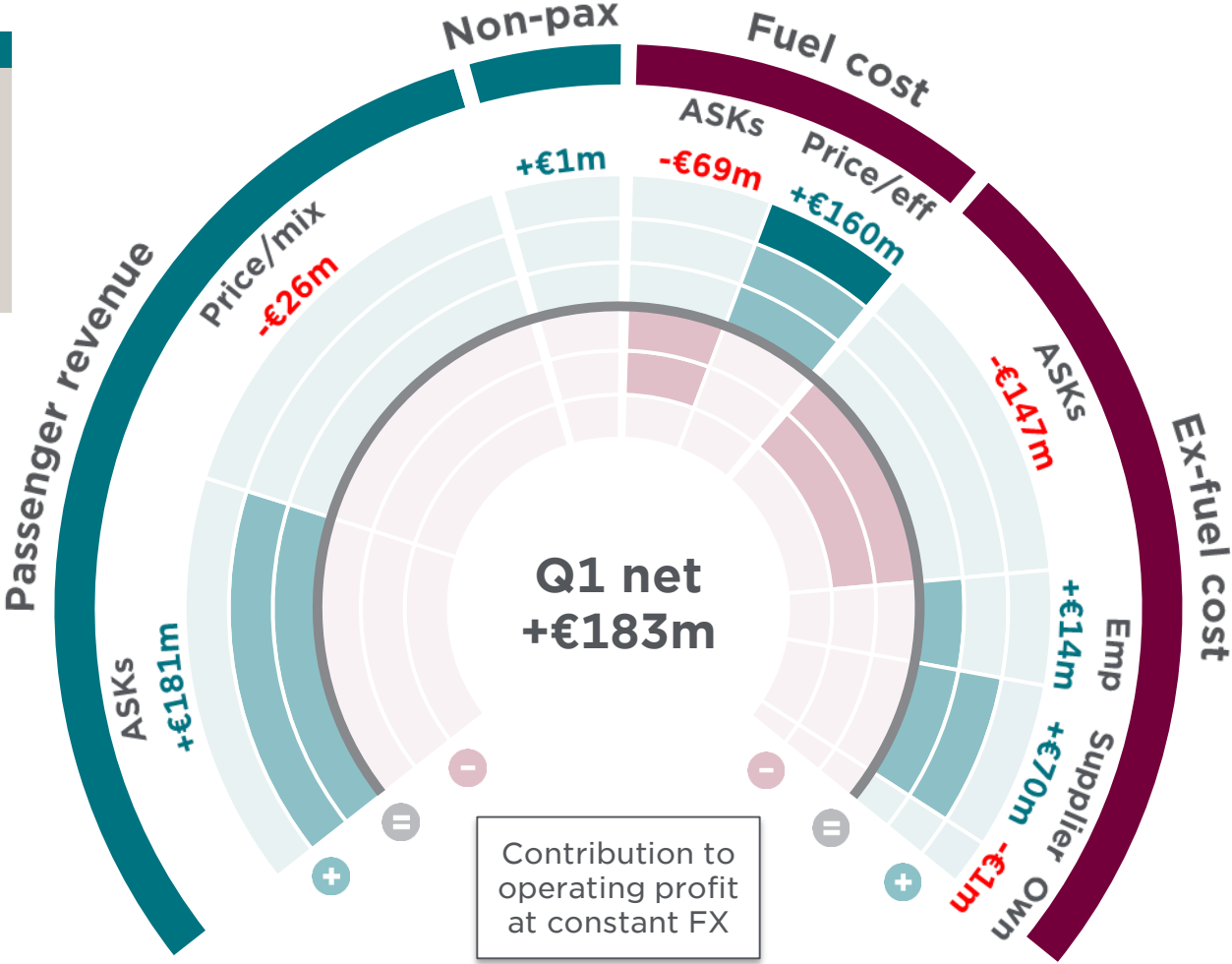
+5.9%
(reported)

Q1 operating profit drivers

OPERATING PROFIT

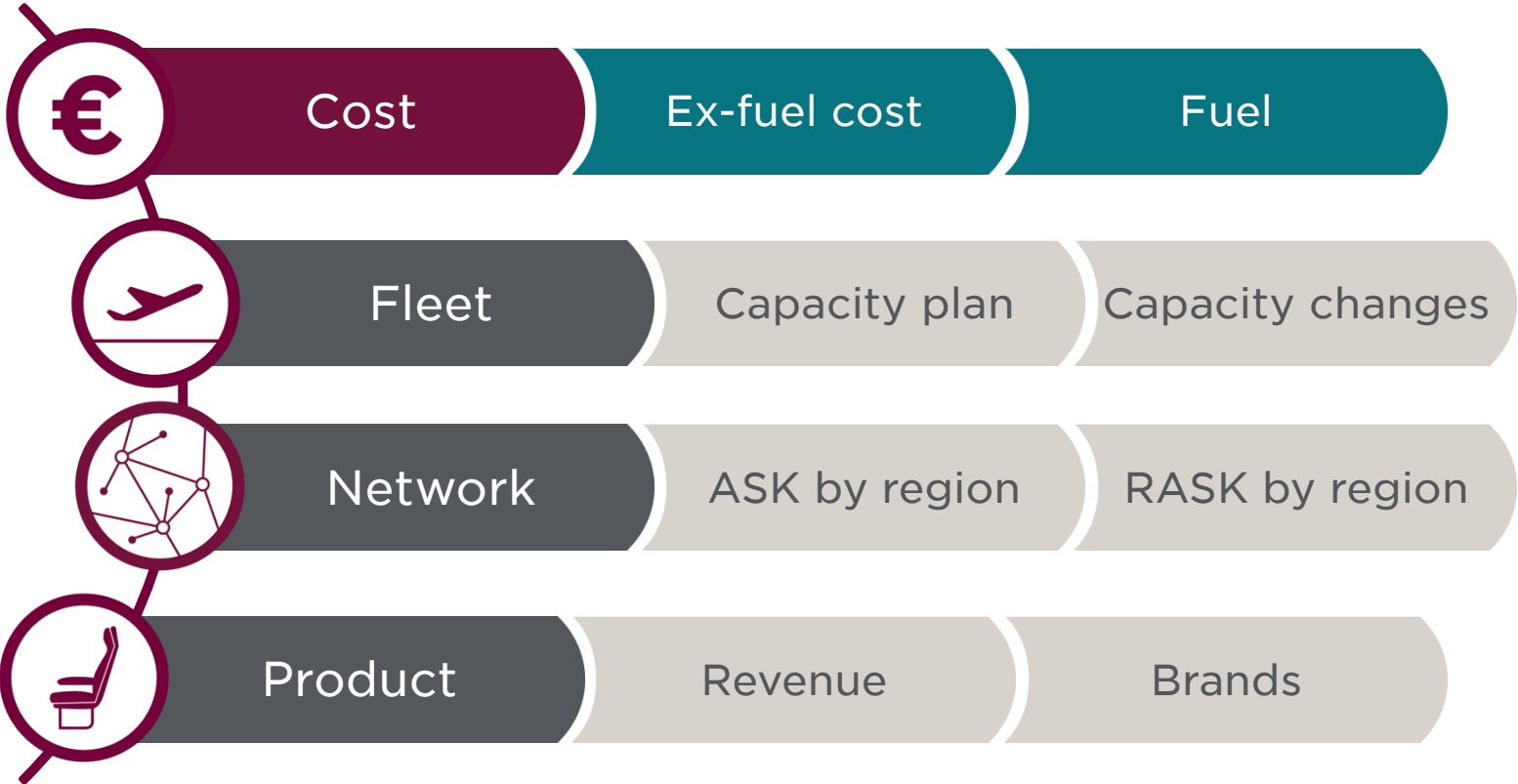
€25m
(reported)

+€175m
(reported change)



Contribution to operating profit at constant FX

Q1 results



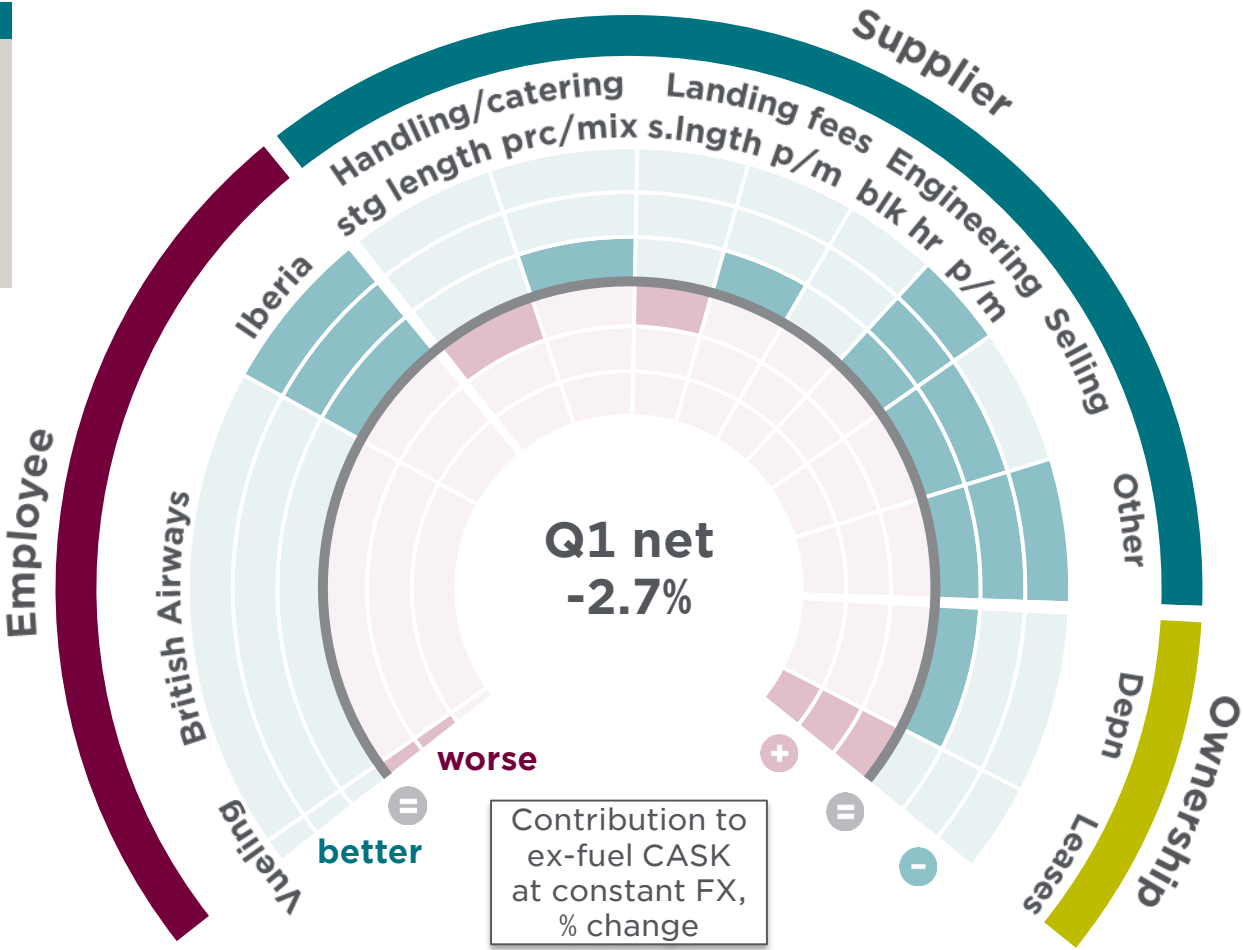
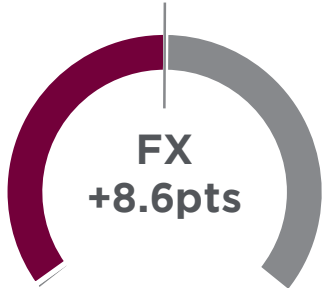
Q1 ex-fuel unit cost: continued cost discipline



EX-FUEL UNIT COST

-2.7%
(constant FX)

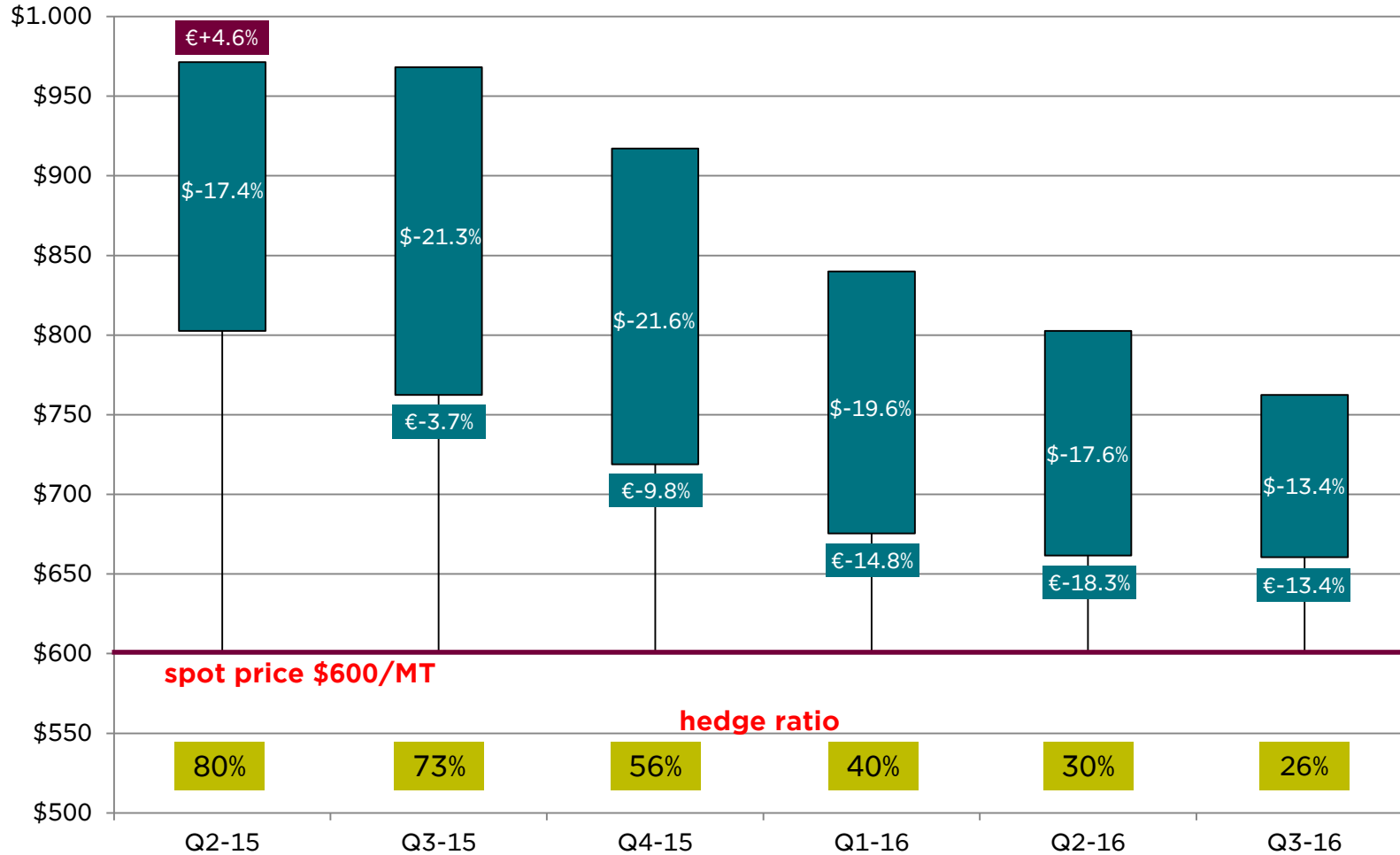
+5.9%
(reported)



Fuel: Euro price headwind in Q2-15



Jet fuel price (\$/MT)



spot price \$600/MT

hedge ratio

2015 fuel bill scenario - €6.0bn (at \$600/MT and 1.10\$/€)

Key:

Effective blended price post fuel and FX hedging current year

fuel price headwind

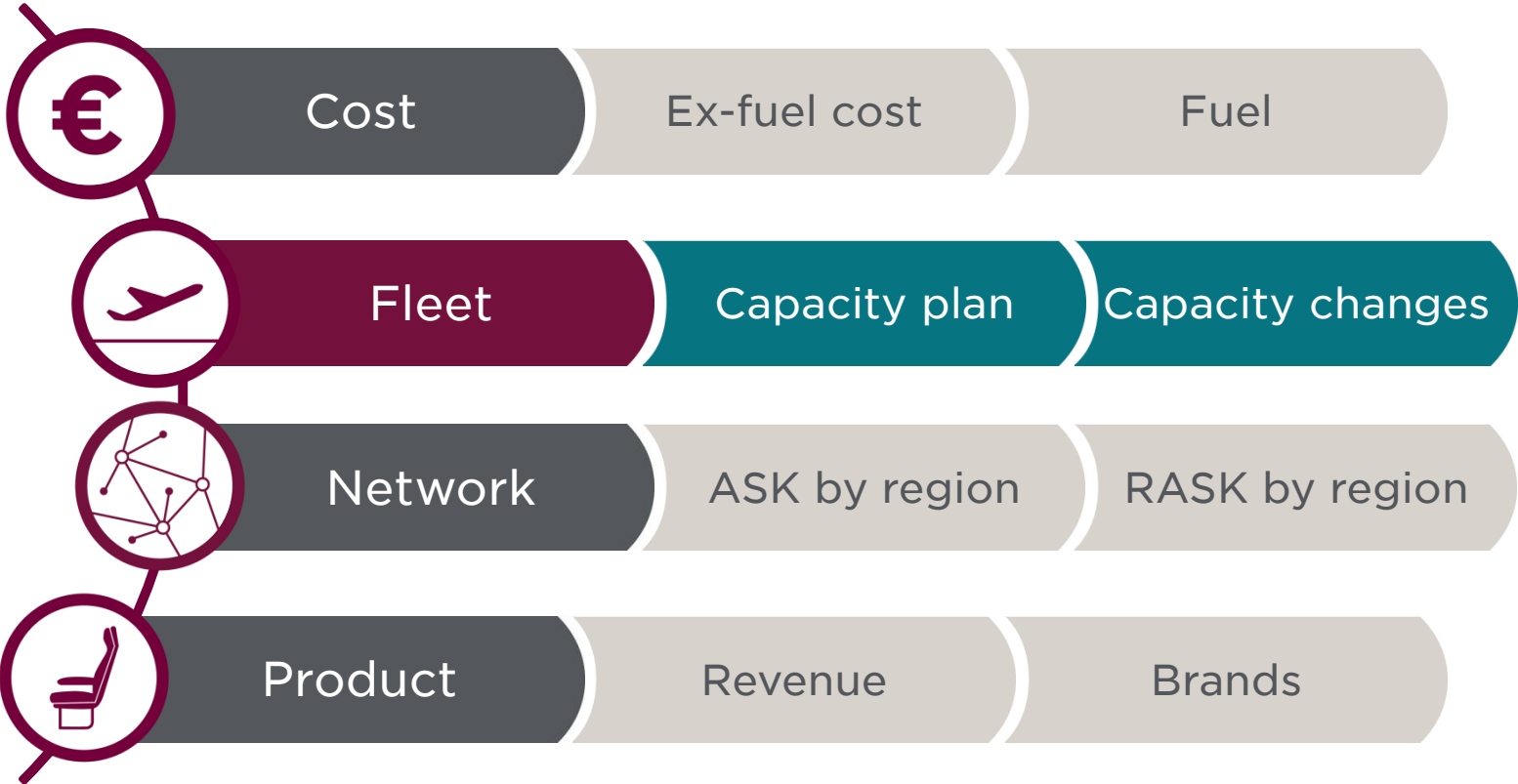
Effective blended price post fuel and FX hedging previous year

fuel price tailwind

Effective blended price post fuel and FX hedging current year

FX sensitivity in fuel bill: EURUSD
±10% = ±5% fuel cost at current hedging

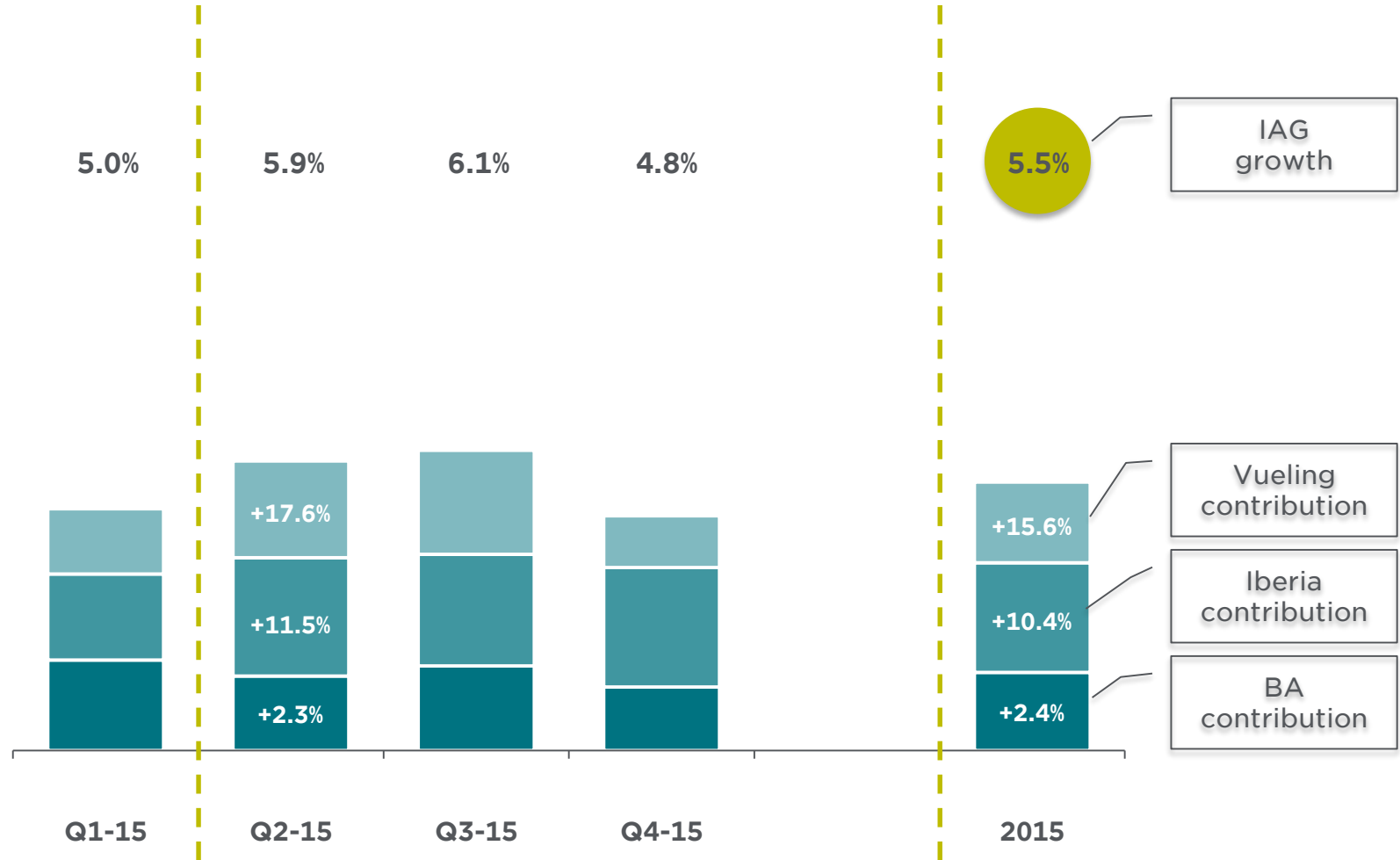
Q1 results



2015 capacity growth and contributions



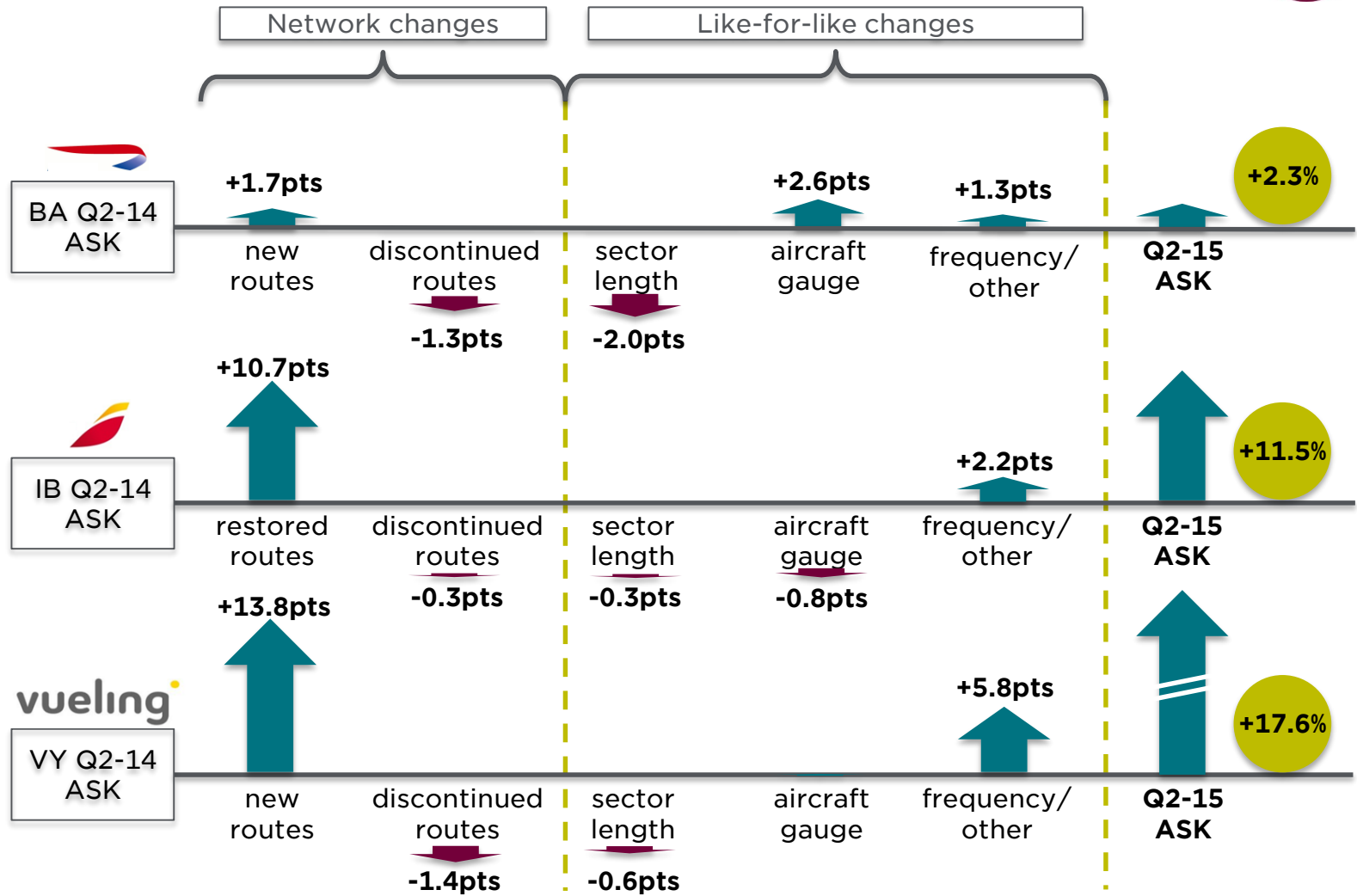
- **BA:** Q2-15 and FY2015 capacity planned to be +2.3% and +2.4% respectively
- **Iberia:** Q2-15 and FY2015 capacity planned to be +11.5% and +10.4% respectively
- **Vueling:** Q2-15 and FY2015 capacity planned to be +17.6% and +15.6% respectively



Q2-15 changes: slower growth at BA

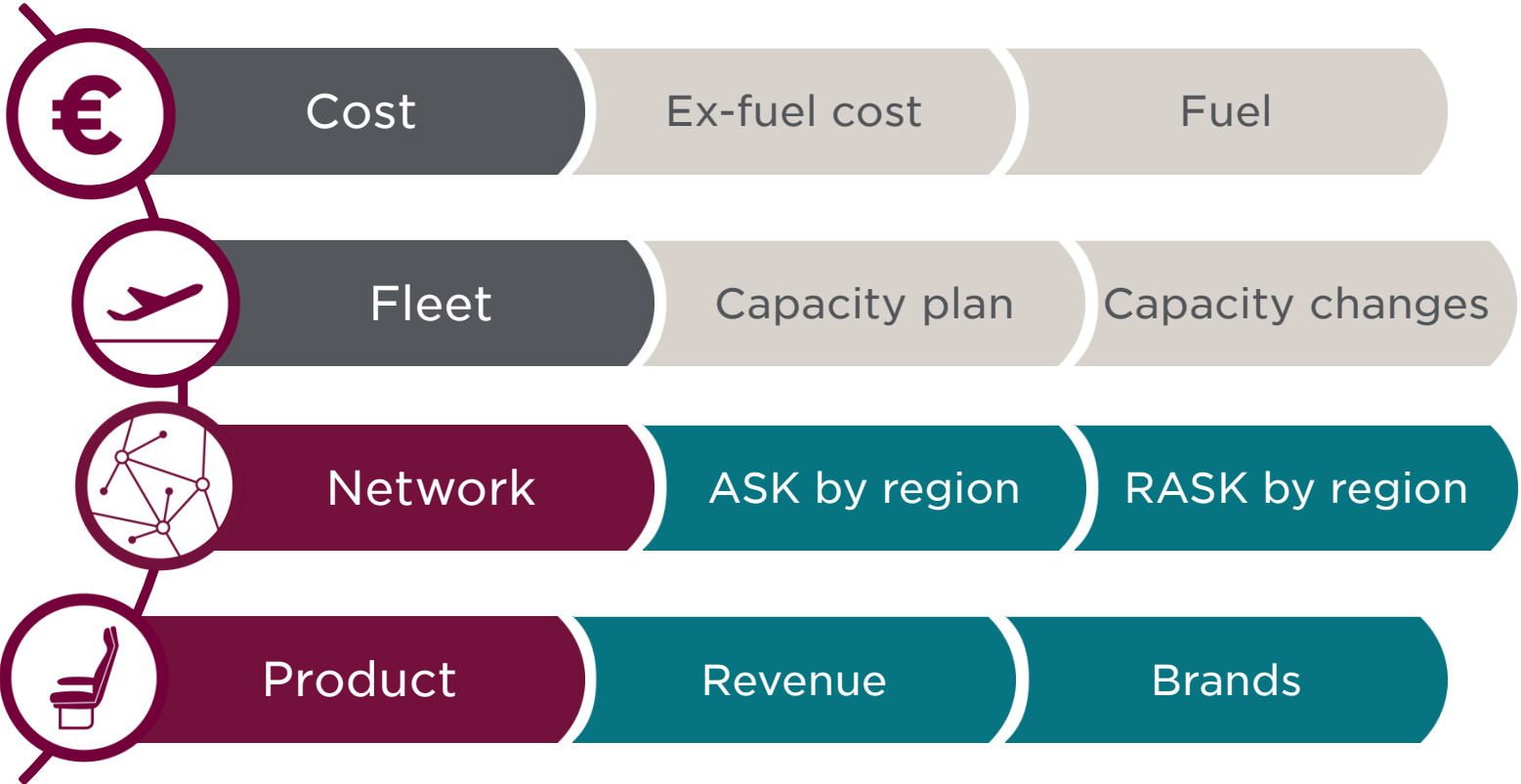


- IB restored routes: Montevideo, Santo Domingo, Havana, Amsterdam, Istanbul and Berlin
- New routes driven by Kuala Lumpur (BA) / Rome (VY)
- BA frequency change driven by Larnaca / Cape Town
- IB frequency change: Mexico, Panama, Tel Aviv, and Tenerife
- VY frequency change: increase in frequency on c.60% of existing routes

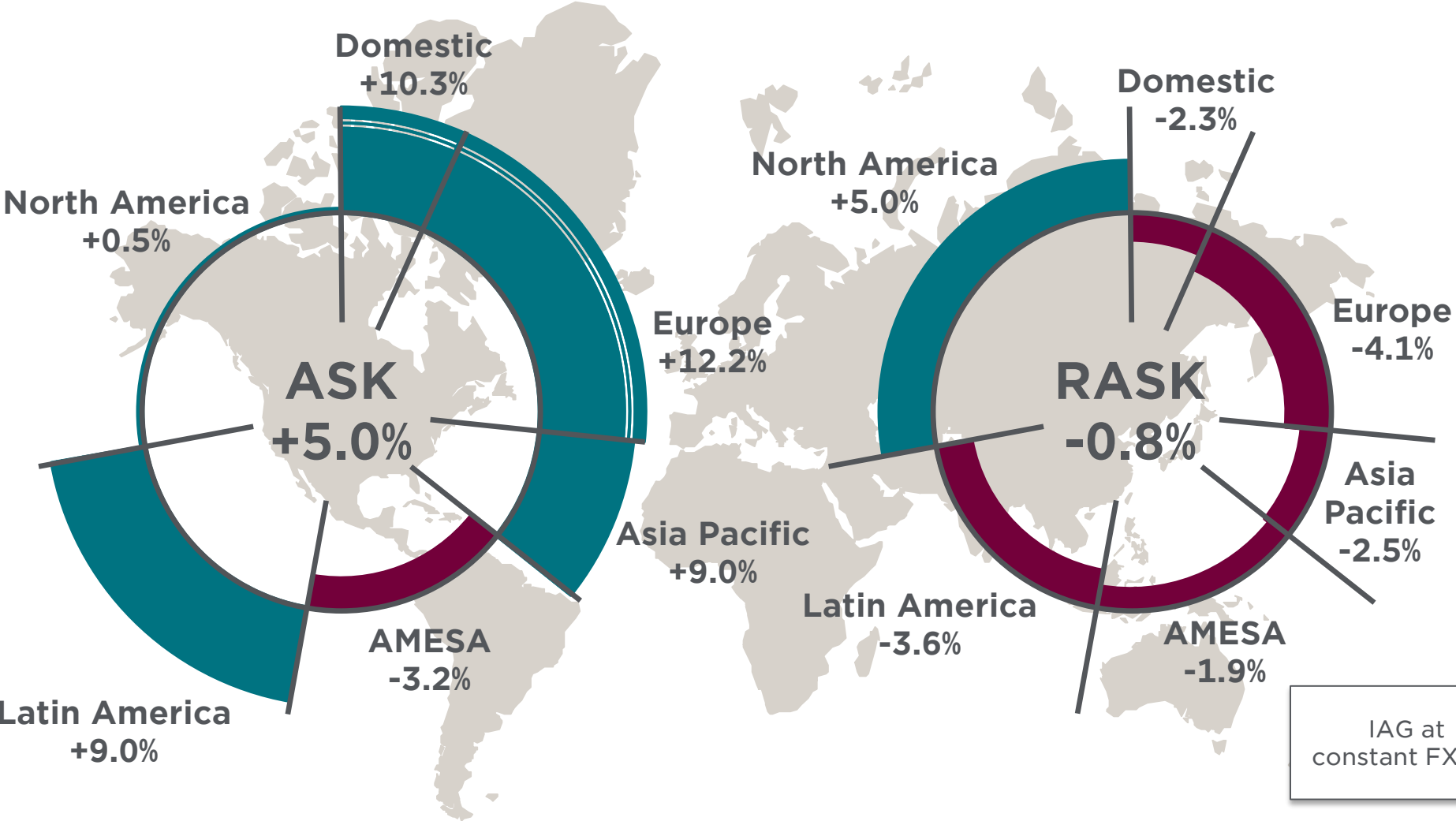


New routes are routes that were not operated for the whole period last year

Q1 results



Q1 capacity and passenger unit revenue change



IAG at constant FX vly

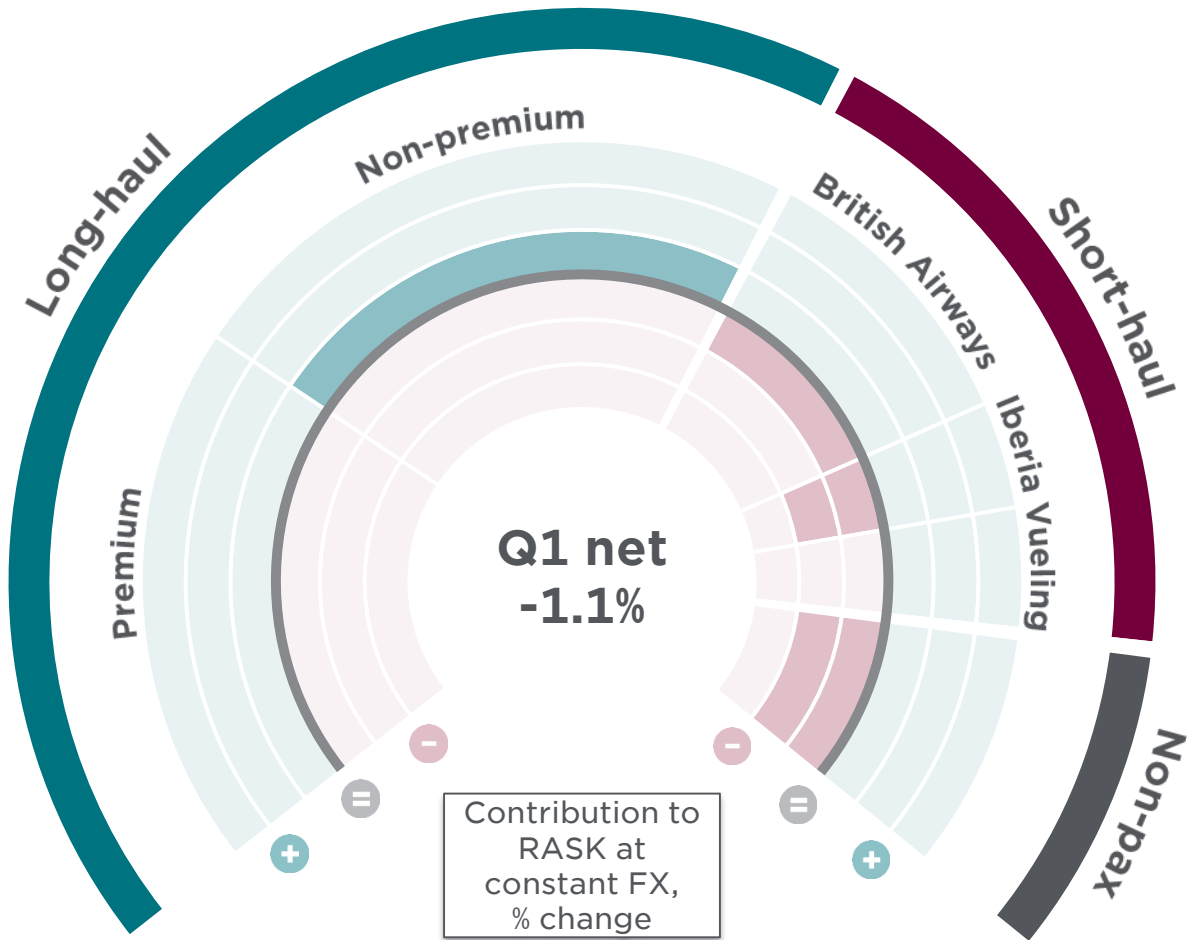
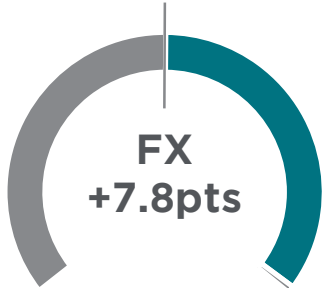
Q1 products: continued stability



TOTAL UNIT REVENUE

-1.1%
(constant FX)

+6.7%
(reported, €348m FX benefit)



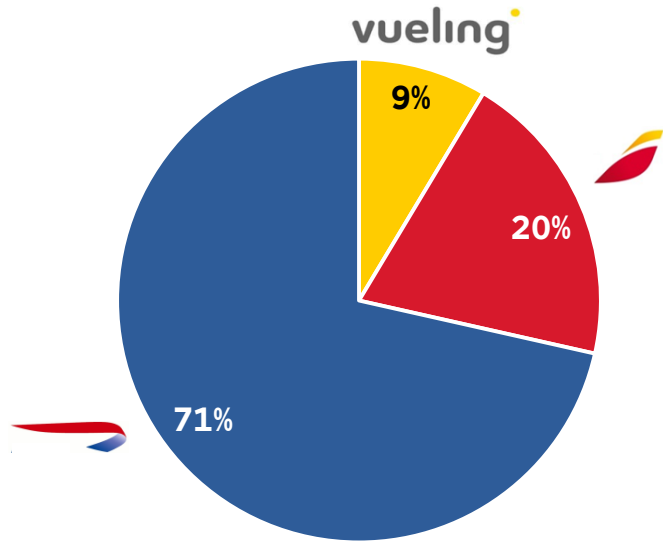
Financial target tracker: profitability trend by airline

IAG

Op. margin: Q1 2015	1.5%
Op. margin trend vly	+4.1 pts.
Nml. margin: last 4Qs	7.8%
RoIC: last 4Qs	8.4%

vueling

Op. margin: Q1 2015	-5.1%
Op. margin trend vly	+3.0 pts.
Nml. margin: last 4Qs	12.1%
RoIC: last 4Qs	13.1%



IAG capital allocation Q1-15

Notes:

Op. margin	Reported margin, lease adj.
Nml. margin	As above, adjusted for inflation, for comparability with Invested Capital
Invested Capital	Tangible fixed assets NBV, fleet inflation and leases adj.



Op. margin: Q1 2015	-4.8%
Op. margin trend vly	+4.7 pts.
Nml. margin: last 4Qs	4.8%
RoIC: last 4Qs	5.5%



Op. margin: Q1 2015	3.6%
Op. margin trend vly	+3.5 pts.
Nml. margin: last 4Qs	7.9%
RoIC: last 4Qs	8.5%

Balance sheet

Balance sheet: improved leverage

- Excludes IAS 19 amendments

Cash:

- BA £2.9bn/€4.0bn (Dec 14: £2.5bn/€3.2bn)
- Iberia €0.9bn (Dec 14: €0.9bn),
- Vueling €0.8bn (Dec 14: €0.7bn),
- Parent and other Group companies €0.3bn (Dec 14: €0.2bn)

€m	Dec 2014	Mar 2015
Adjusted equity	5,743	6,154
Gross debt	6,617	7,228
Cash, cash equivalents & interest bearing deposits	4,944	6,003
On balance sheet net debt	1,673	1,225
Gearing	23%	17%
Aircraft lease capitalisation (x8)	4,408	4,552
Adjusted net debt	6,081	5,777
Adjusted gearing	51%	48%
Adjusted net debt / EBITDAR	1.9x	1.7x

Outlook

Current trading

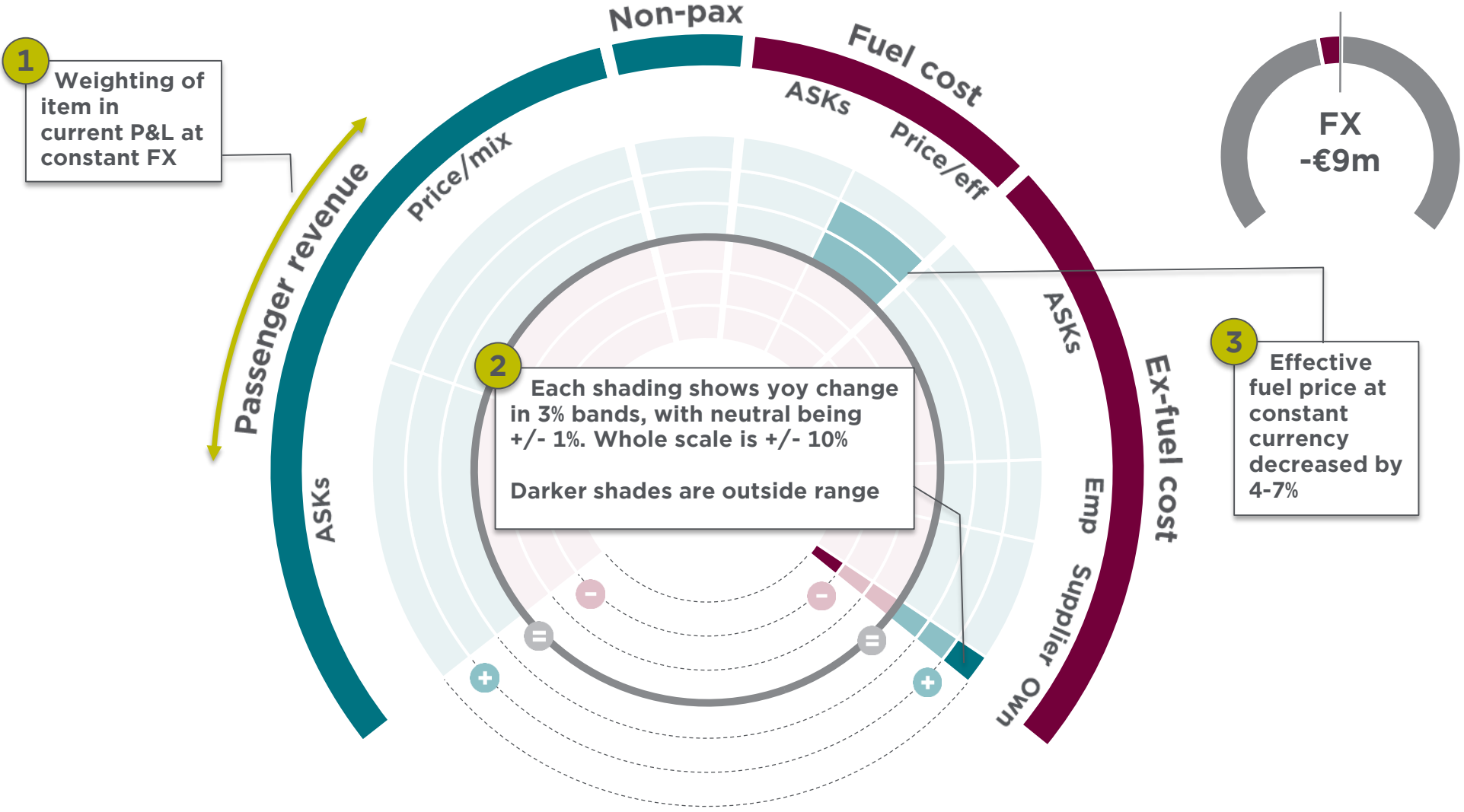
	Short-haul	Long-haul
Non-premium	➡ Stable	➡ Stable
Premium	➡ Stable	➡ Stable
Cargo		➡ Stable

Guidance for FY2015

Operating profit	€2.2bn+
Fuel bill scenario	€6.0bn (\$600/MT and 1.10\$/€)
ASK	+5.5%

Appendix

Contribution heat map - how it works



Disclaimer

Certain statements included in this report are forward-looking and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such forward-looking statements.

Forward-looking statements can typically be identified by the use of forward-looking terminology, such as “expects”, “may”, “will”, “could”, “should”, “intends”, “plans”, “predicts”, “envisages” or “anticipates” and include, without limitation, any projections relating to results of operations and financial conditions of International Consolidated Airlines Group S.A. and its subsidiary undertakings from time to time (the ‘Group’), as well as plans and objectives for future operations, expected future revenues, financing plans, expected expenditures and divestments relating to the Group and discussions of the Group’s Business plan. All forward-looking statements in this report are based upon information known to the Group on the date of this report. The Group undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

It is not reasonably possible to itemise all of the many factors and specific events that could cause the forward-looking statements in this report to be incorrect or that could otherwise have a material adverse effect on the future operations or results of an airline operating in the global economy. Further information on the primary risks of the business and the risk management process of the Group is given in the Annual Report and Accounts 2014; these documents are available on www.iagshares.com.