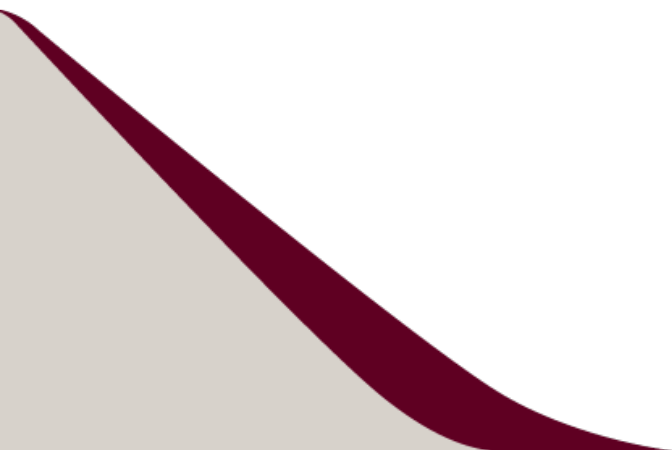


IAG results presentation

Quarter One 2013

10th May 2013



Q1 operating result summary

- Q1 Group reported operating loss before exceptional items €278 million (Q1 2012 loss €249 million), having been impacted by adverse currency effects of €67m
- Capacity decrease 2.1%; of which 0.6% caused by strike impact - 10 days of strike at Iberia, estimated cost of €29 million
- Reported passenger unit revenue up 3.9%; underlying at constant FX up 5.3%
- Reported fuel unit cost down 1.5%; constant FX down 1.1%
- Reported non-fuel unit cost up 5.8%; underlying at constant FX up 4.9% - impacted by short-term issues:
 - Iberia labour cost reduction lagged capacity cut
 - BA has increased its headcount in advance of new aircraft type introduction
 - Promotional activity related to Avios and BA Holidays

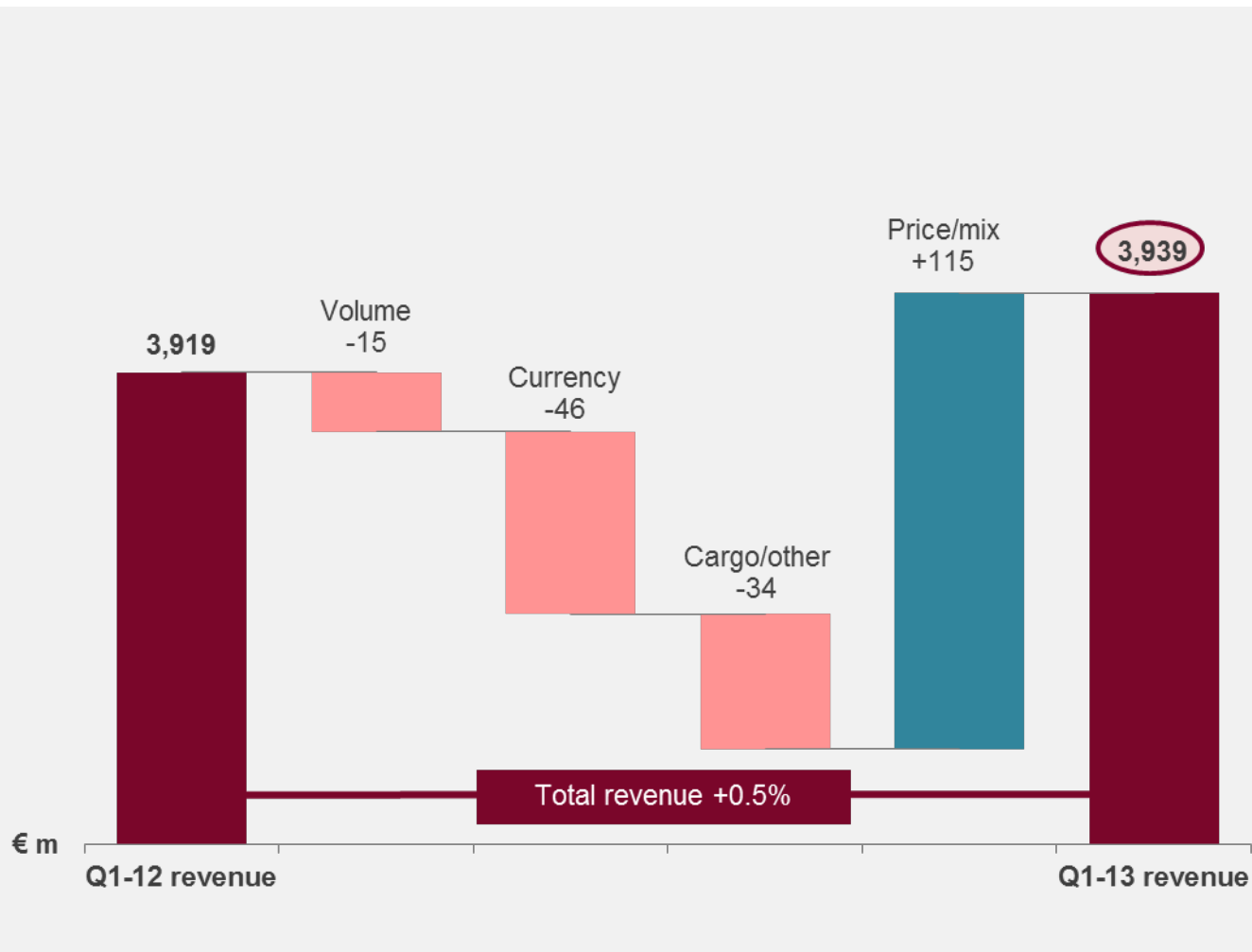
Q1 financial summary

Reported	Q1-13 (€m)	Q1-12 (€m)	vly
Revenue	3,939	3,919	+0.5%
Fuel cost	1,361	1,409	-3.4%
Ex-fuel cost	2,856	2,759	+3.5%
OPERATING RESULT pre exceptional items	-278	-249	-29
ASK (m)	50,359	51,447	-2.1%
RPK (m)	38,975	39,157	-0.5%
CTK (m)	1,364	1,482	-8.0%
Seat factor	77.4%	76.1%	1.3 pts
Passenger rev per ASK	6.64	6.39	+3.9%
Cargo rev per CTk	19.79	19.64	+0.8%
Cost per ASK	8.37	8.10	+3.3%
Ex-fuel cost per ASK	5.67	5.36	+5.8%

Underlying at constant FX

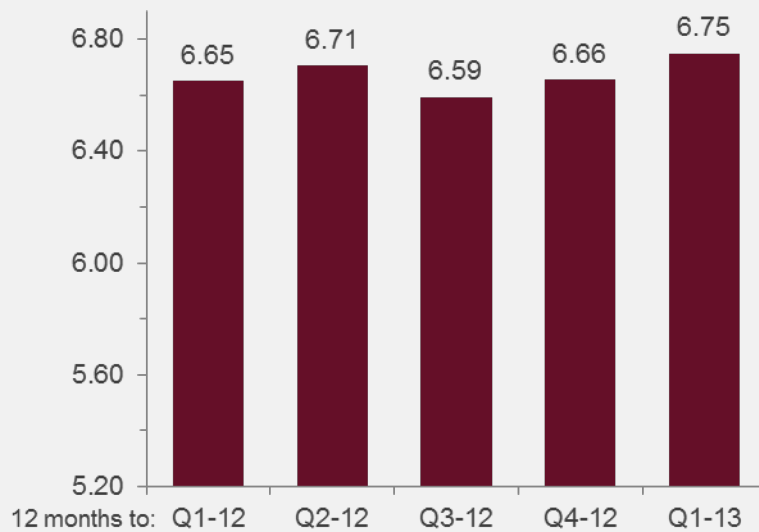
	Q1-13	vly
	6.73	+5.3%
	19.87	+1.2%
	8.33	+2.8%
	5.62	+4.9%

Q1 revenue development

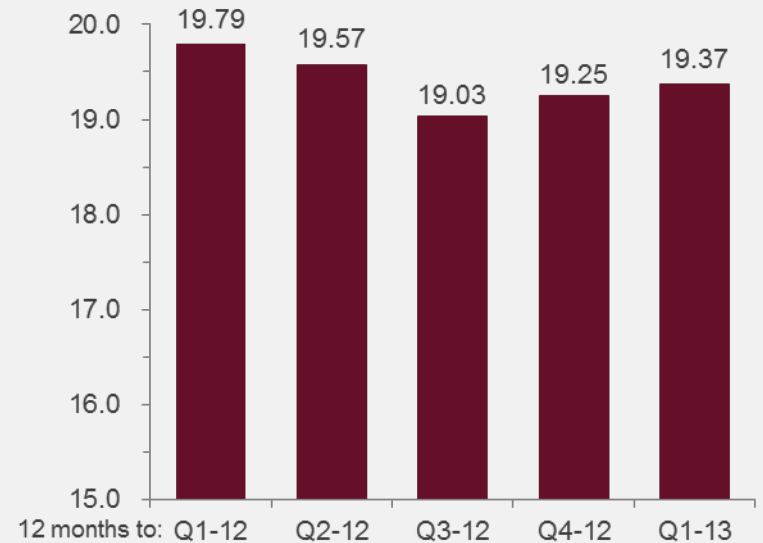


Q1 passenger and cargo unit revenue

Unit passenger revenue at constant FX, rolling 12 months, € cents

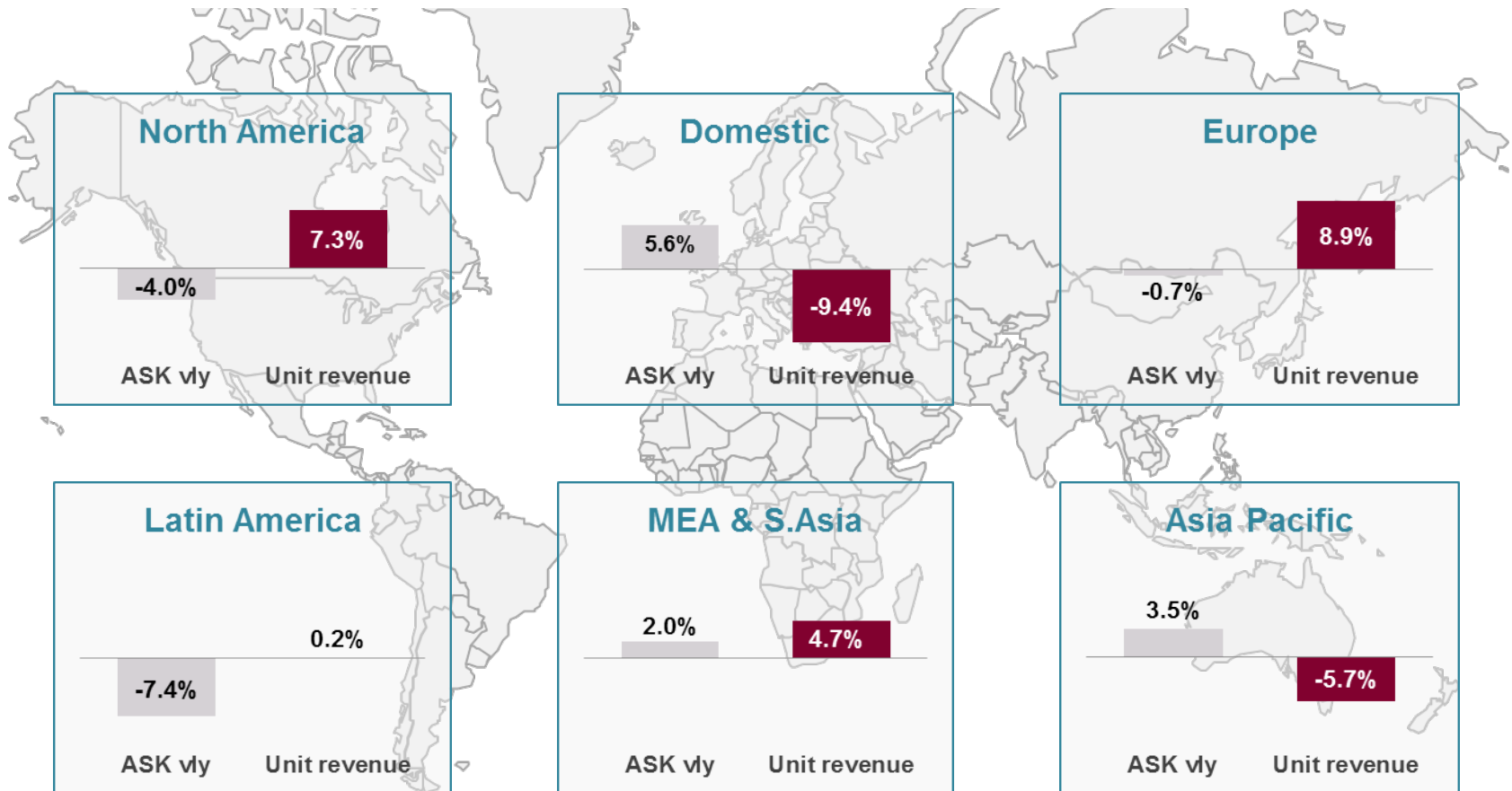


Cargo revenue per CTK at constant FX, rolling 12 months, € cents



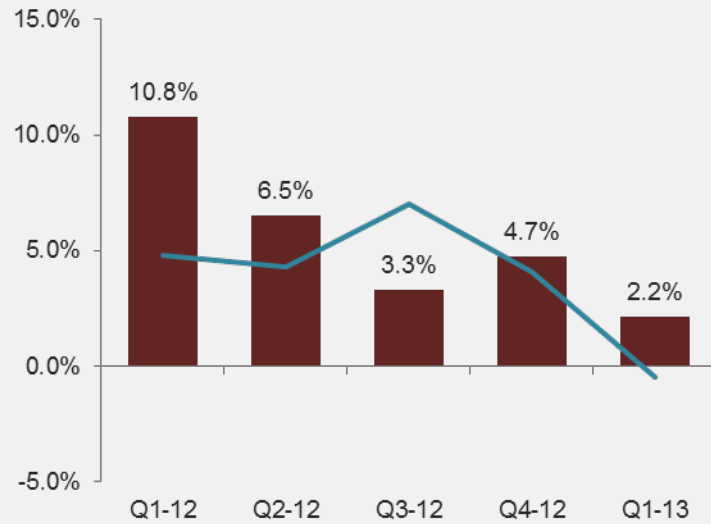
Q1 regional performance

% change in passenger unit revenue



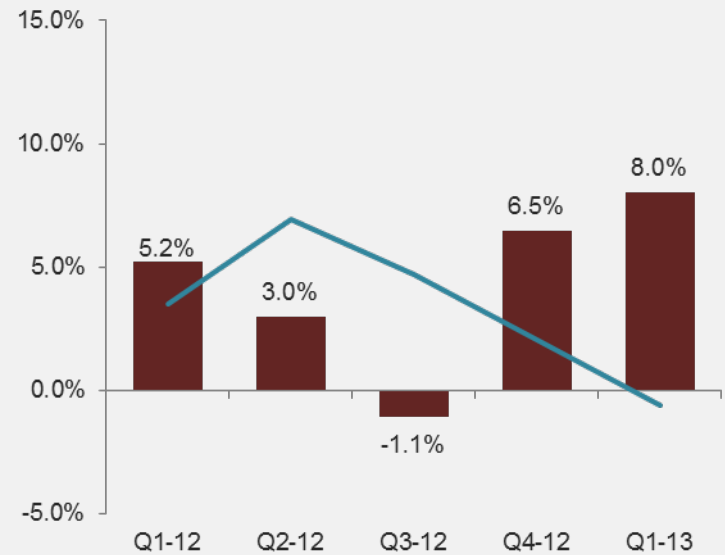
Q1 cabin mix development

Premium unit revenue* and volume : % vly



■ Premium passenger rev per ASK
— Premium RPK change

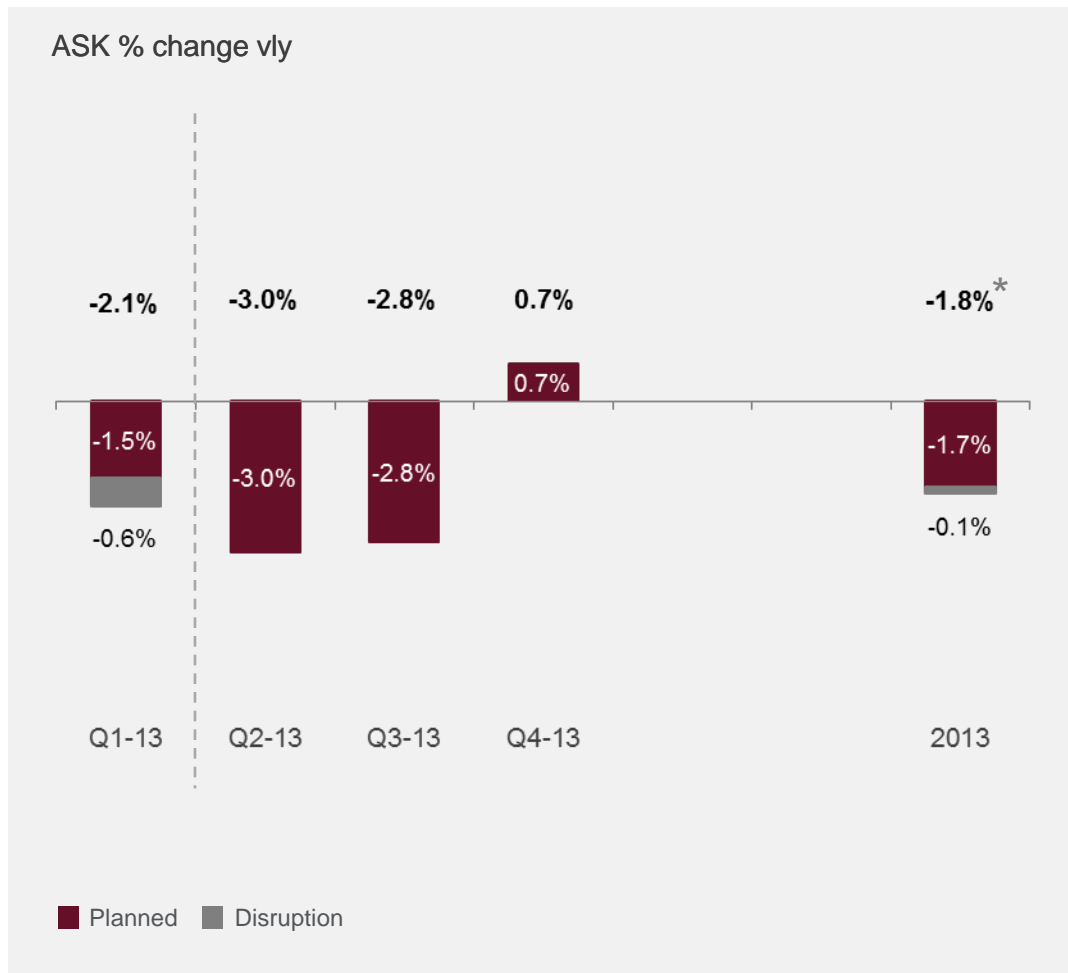
Non premium unit revenue* and volume : % vly



■ Non premium passenger rev per ASK
— Non premium RPK change

* Note revenue includes bmi; revenue at constant currency






Capacity plan 2013



- Planned 2013 capacity reduction of almost 2% (BA +2.8%, IB -14%)
- Capacity reduction for the quarter reflecting capacity discipline
- Q1 impacted by 10 days of strike at Iberia, or additional reduction of 0.6% to IAG ASKs

*The capacity plan shown in this slide does not include Vueling

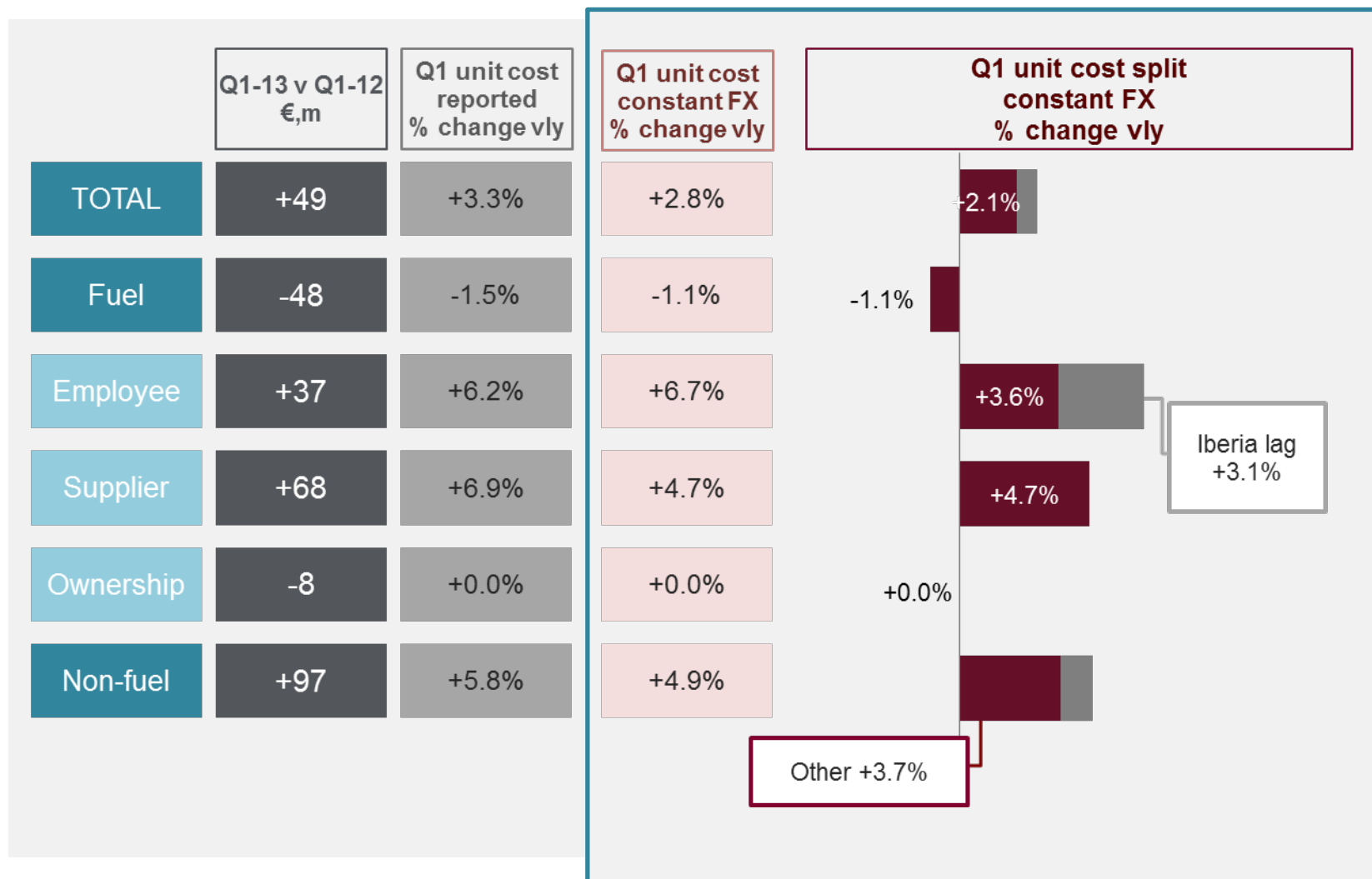
Underlying unit revenue environment

	Short haul	Long haul
Non premium	 Stable/ Strong	 Stable
Premium	 Soft	 Stable
Cargo		 Weak

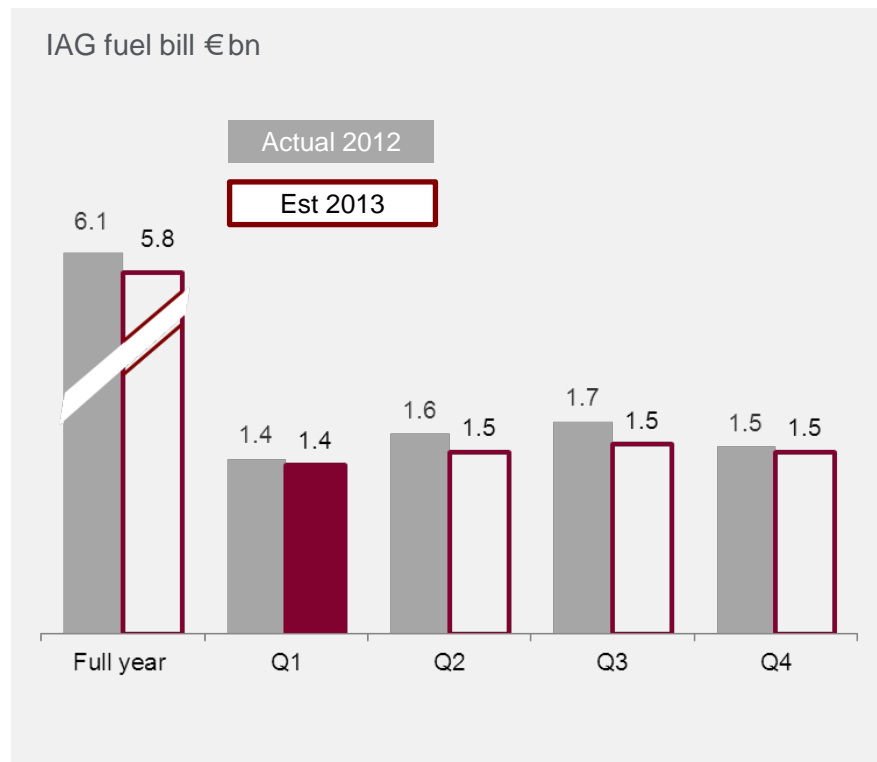
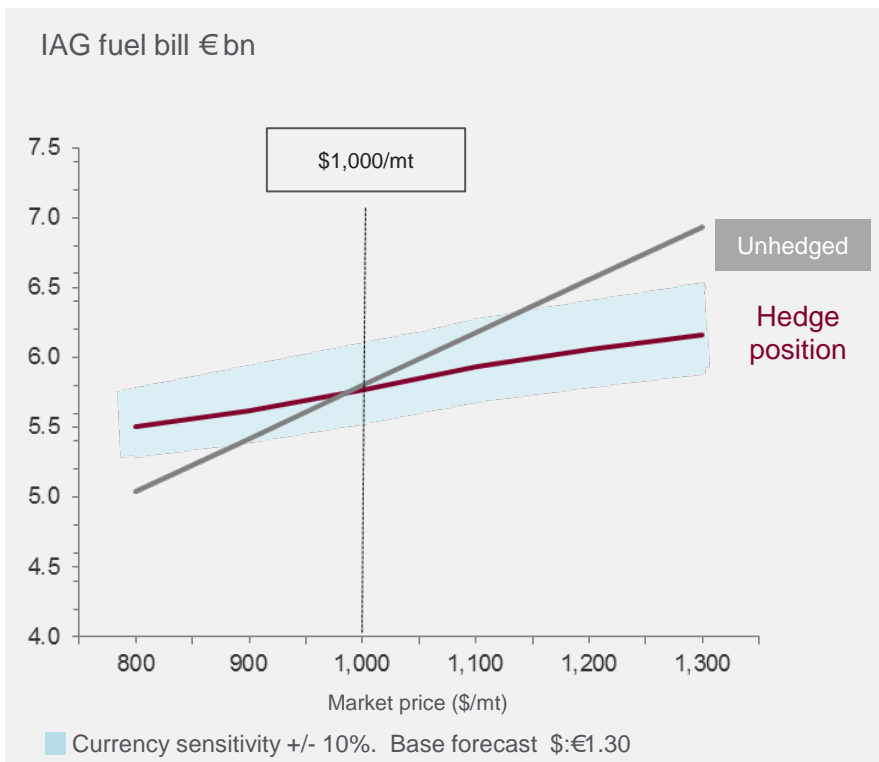
 Change from last quarter

Cost and cash flow trends

Q1 unit cost growth



Fuel hedging & guidance: 2013



Current fuel hedging (%)

Q2-13	Q3-13	Q4-13	Q1-14	Fwd12m
80%	79%	65%	45%	63%

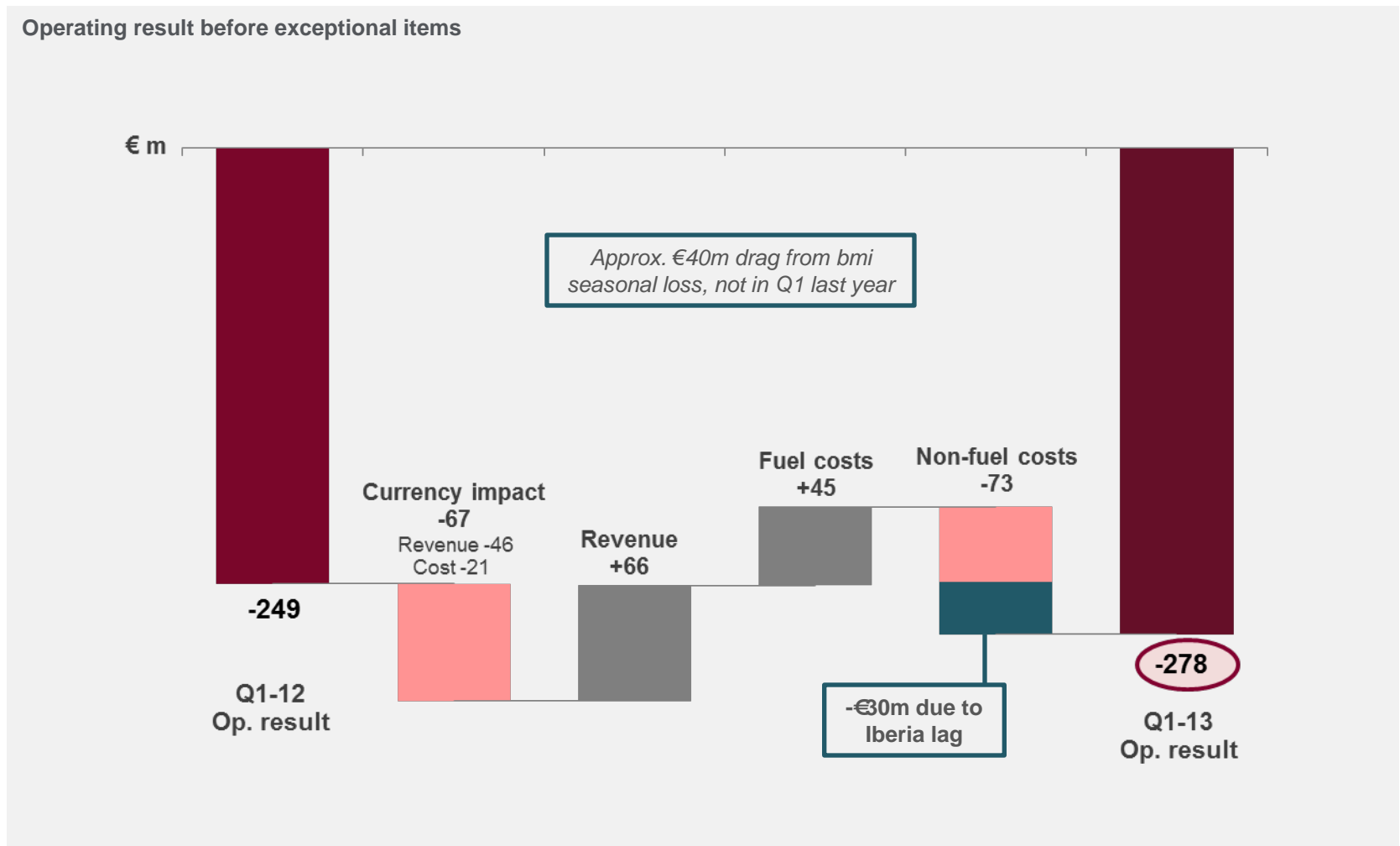
Blended price (\$/mt)

Q1-13	Q2-13	Q3-13	Q4-13	FY2013
990	970	954	952	966

The fuel and hedging guidance for 2013 does not include Vueling

Blended price: average price paid for hedged and unhedged fuel

Q1 operating result evolution



Exceptional and non-operating items

Iberia transformation charges

Reminder


- Q4-12 restructuring charge reflected the initial restructuring of Iberia approved by the Board at the beginning of the year
- Q4-12: €202m exceptional provision in addition to existing €68m redundancy provision



Q4-12 restructure provision - labour	
Existing provision	- 68
Additional	- 202
	- 270

New charges

- 13th March 2013 Iberia and unions agreed to accept the mediator's proposal
- Q1-13: €265m exceptional provision in addition to existing €55m redundancy provision
- Q1-13: €47m exceptional in relation with aircraft charges



Q1-13 restructure provision - labour	
Existing provision	- 55
Additional	- 265
	- 320

Q1-13 restructure provision - other	
Fleet related	- 47

Change in pension accounting - IAS 19 impact

Balance sheet

- On balance sheet “employee benefit obligations” increased to reflect previously unrecognised cumulative gains; consequently equity has been reduced by €2,077m, net of tax effect

Income statement

- No impact at the operating level
- FY12 original charge of €266m will decrease to €26m – for details, please see Annual Report pg. 98

Cash flow

- IAS 19 does not result in a change of the cash contributions in relation to the funding of the deficit. The current APS and NAPS scheduled cash contributions are as follows:

Annual FY (€m)*	Dec'13	Dec'14	Dec'15	Dec'16	Dec'17	Dec'18	Dec'19	Dec'20	Dec'21	Dec'22	Dec'23	Dec'24	Dec'25	Dec'26
TOTAL	286	303	321	341	363	386	410	437	466	481	443	437	449	113

(see also pension update slide in Strategic Developments)

* EURGBP 1.18

Balance Sheet

Adjusted balance sheet summary

€m	Mar 2013*	Dec 2012*
Adjusted Equity	4,383	5,055
Gross debt	4,565	4,798
Cash, cash equivalents & interest bearing deposits	2,833	2,909
On balance-sheet net debt	1,732	1,889
<hr/>		
Gearing	28%	27%
<hr/>		
Aircraft lease cap (x8)	3,040	3,456
Adjusted net debt	4,772	5,345
Adjusted gearing	52%	51%

* Exclude IAS 19 amendments

- Excludes IAS 19 amendments
- Adjusted equity change based primarily on Q1 2013 earnings
- Cash: BA £1.7bn (Dec 12: £1.6bn), Iberia €732m (Dec 12: €808m)
- IB also has access to €520m credit facility, secured on Amadeus stake

Outlook

Outlook for 2013

In light of the requirement for the Group to seek shareholder approval for its previously announced BA fleet replacement orders and the consequent requirement to report on any outstanding profit forecast as part of that process, IAG is no longer giving guidance at the operating profit level for 2013. However, it provides the following statement on the outlook:

Current trading is in line with our expectations. For 2013, excluding Vueling, we expect to reduce Group capacity by 1.8%, and keep non-fuel unit cost flat versus last year

Strategic developments

Significant strategic milestones so far this year

- British Airways triennial negotiation with pension trustees ongoing – aiming for agreement by end-June
- IAG takes control of Vueling, Europe's third-largest low-cost carrier
- Signing of Iberia Mediation Agreement
- Appointment of new Iberia CEO and new leadership team
- Large fleet order for long-term British Airways 747 replacement, and potential for next-generation fleet for Iberia too

British Airways pension update

- Aim remains to reach agreement by 30 June 2013 for triennial valuation at 31 March 2012
- Agreement addresses treatment of issues including:
 - updating actuarial valuation at 31 March 2012 and any impact on contribution payments made under the recovery plan (we believe the plan is on track)
 - ability for BA to move to a normal level of dividend payment over time, once profitability is sustainably improved
 - retention of the cash sweep to allow acceleration of recovery plan contributions
- Discussions to date have been constructive, but at this stage there can be no certainty of their outcome
- If agreement not reached by 30 June 2013, discussions will continue with involvement from the UK Pensions Regulator

IAG airline structure post Vueling offer

IAG

Iberia

Vueling*

British Airways

Iberia Express

Key strengths:

- Hub operator Madrid
- South Atlantic leader

Key strengths:

- LCC cost structure
- Hub operator Barcelona
- Track record of co-operation with network carriers

*** IAG Group now owns 90.51% of Vueling stock**

Key strengths:

- Hub operator Heathrow
- North Atlantic leader
- Pre-eminent global network

Vueling roundup

- IAG offer for Vueling stock completed 26th April 2013
- IAG Group now owns 90.51% of Vueling stock, which keeps separate listing
- Vueling to be consolidated in IAG accounts from May 2013 (first full month)
- Not yet included in any IAG guidance

Iberia transformation – latest outlook

- Mediation agreement of 13th March allowed for workforce reduction of 3,300 people, or 17% of the baseline 2012 workforce; and an average salary cut of 11% initially (7% ground and 14% flight crews), followed by a further 4% if April productivity talks failed
- Our initial estimates are that this will lead to a gross labour cost saving by 2015 of around €360m, with a total labour restructuring provisions of €467m
 - 11% and further 4% salary cuts have been implemented
 - headcount reduction has begun: 80% of redundancies to exit during 2013, 1.400 people exited as of end of May
- Initial savings (~3% unit labour cost reduction), plus fuel tailwind, expected to lead to substantial reduction in IB operating loss in 2013 vs. 2012, and to halt cash burn from H2
- Cost savings will have to be augmented by unit revenue improvements to achieve “Transformation Spain” operating result turnaround plan of €450m between 2012 and 2015 (see Capital Markets Day, November 2012)
- Full investor update in June

Iberia transformation: change since March

New CEO, Luis Gallego



- Founder CEO, Iberia Express (2012 - 13)
- COO, Vueling (2009 - 11)
- Founder COO, Clickair (2006 – 09)
- Air Nostrum, Technical Director / various other positions (1997 – 2006)
- INDRA & AVIACO (1995-1997)
- Graduate, Technical University of Madrid (Aeronautical Engineering) & IESE Business School (PDD)

New Leadership Team, to be announced 10th May

Fleet update (subject to shareholder approval)

Airbus A350 XWB



- 18 A350-1000 firm orders
- Powered by Rolls-Royce Trent XWB
- Delivery begins in 2018

Boeing 787



- 18 existing 787 options converted
- Powered by Rolls-Royce Trent 1000
- Delivery begins in 2017

By 2017 there will be 37 Boeing 747-400s in the BA fleet

The 36 firm orders are to replace 30 Boeing 747-400s between 2017 and 2023

In addition to the firm orders, options can be used to replace aircraft or provide opportunities for growth

For Iberia, IAG has also reached agreement with Airbus as well as Boeing to secure commercial terms and delivery slots that could lead to firm orders for A350s and/or B787s. Firm orders will only be made when Iberia is in a position to grow profitably, having restructured and reduced its cost base.

Questions and Answers

Disclaimer

Certain information included in these statements is forward-looking and involves risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of the Company's Business Plan, expected future revenues, financing plans and expected expenditures and divestments. All forward-looking statements in this report are based upon information known to the Company on the date of this report. All subsequent oral or written forward-looking statements attributable to IAG or any of its members, directors, officers, employees or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. The Company 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 Company's forward-looking statements 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 2012; this document is available on www.iagshares.com.