IAG results presentation

Quarter Three 2015

30th October 2015

IAG INTERNATIONAL AIRLINES GROUP

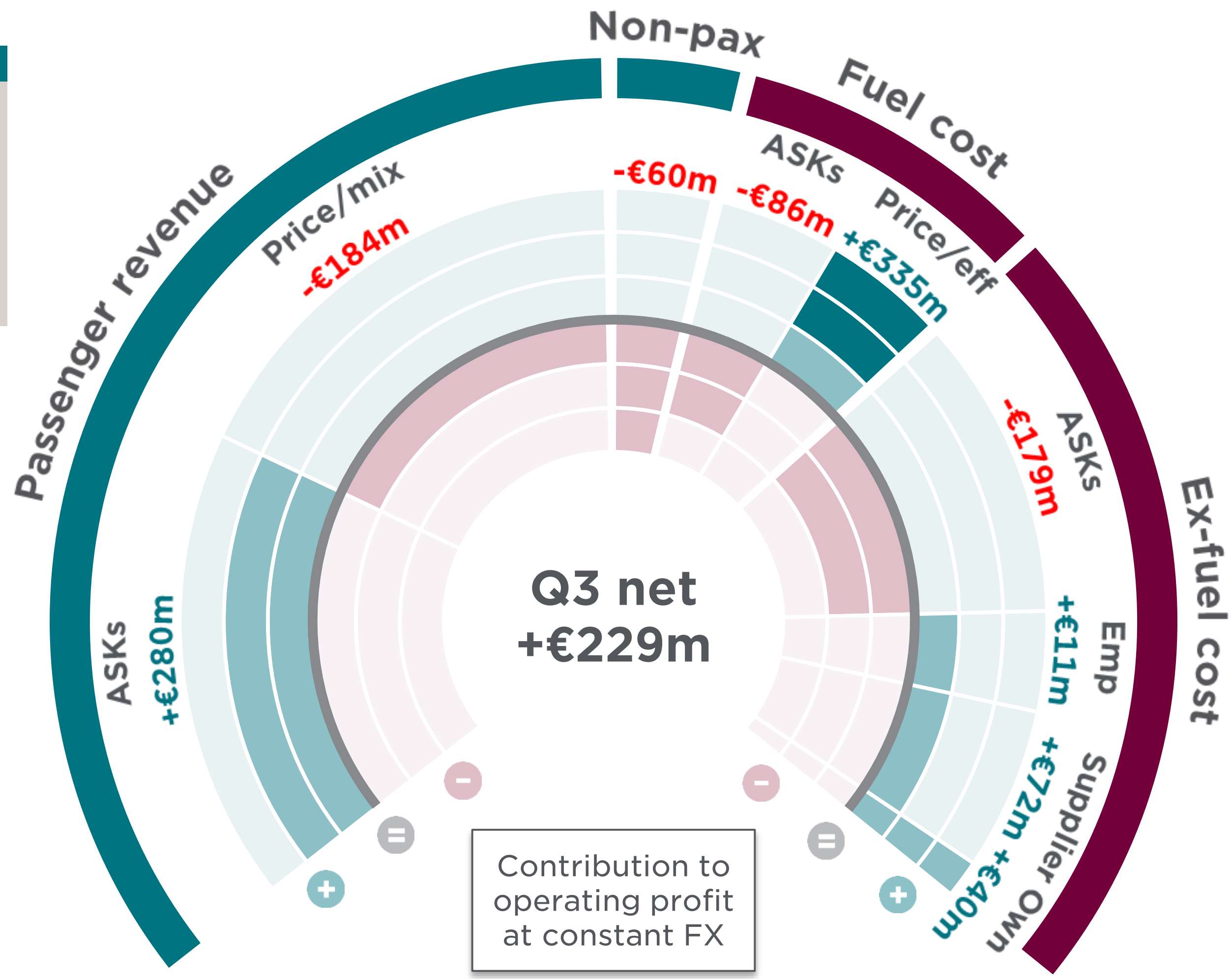
Q3 financial summary

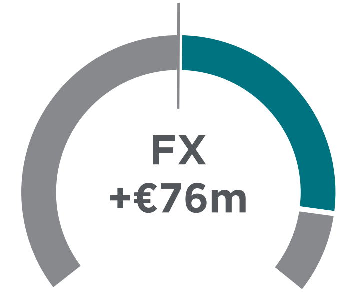
OPERATING PROFIT	TOTAL UNIT REVENUE	PAX UNIT REVENUE
€1,205m (pre-Aer Lingus, pre-exceptional items)	-4.5% (pre-Aer Lingus, constant FX)	**-3.3%** (pre-Aer Lingus, constant FX)
€1,250m (reported)	-4.3% (constant FX)	-2.9% (constant FX)
+€350m (reported change)	**+4.8%** (reported, €592m FX benefit)	+6.5% (reported)

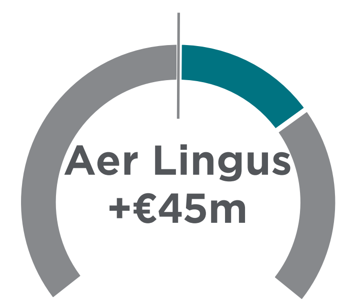
TRAFFIC/CAPACITY	TOTAL UNIT COST	EX-FUEL UNIT COST
ASKs: +5.3% (pre-Aer Lingus)	-8.8% (pre-Aer Lingus, constant FX)	**-3.5%** (pre-Aer Lingus, constant FX)
ASKs: +9.8% (reported)	-8.4% (constant FX)	-3.1% (constant FX)
RPKs: +12.1% (reported)	**+1.0%** (reported, €514m FX drag)	+5.6% (reported)

Q3 operating profit drivers

OPERATING PROFIT
€1,205m (pre-Aer Lingus, pre-exceptional items)
€1,250m (reported)
+€350m (reported change)





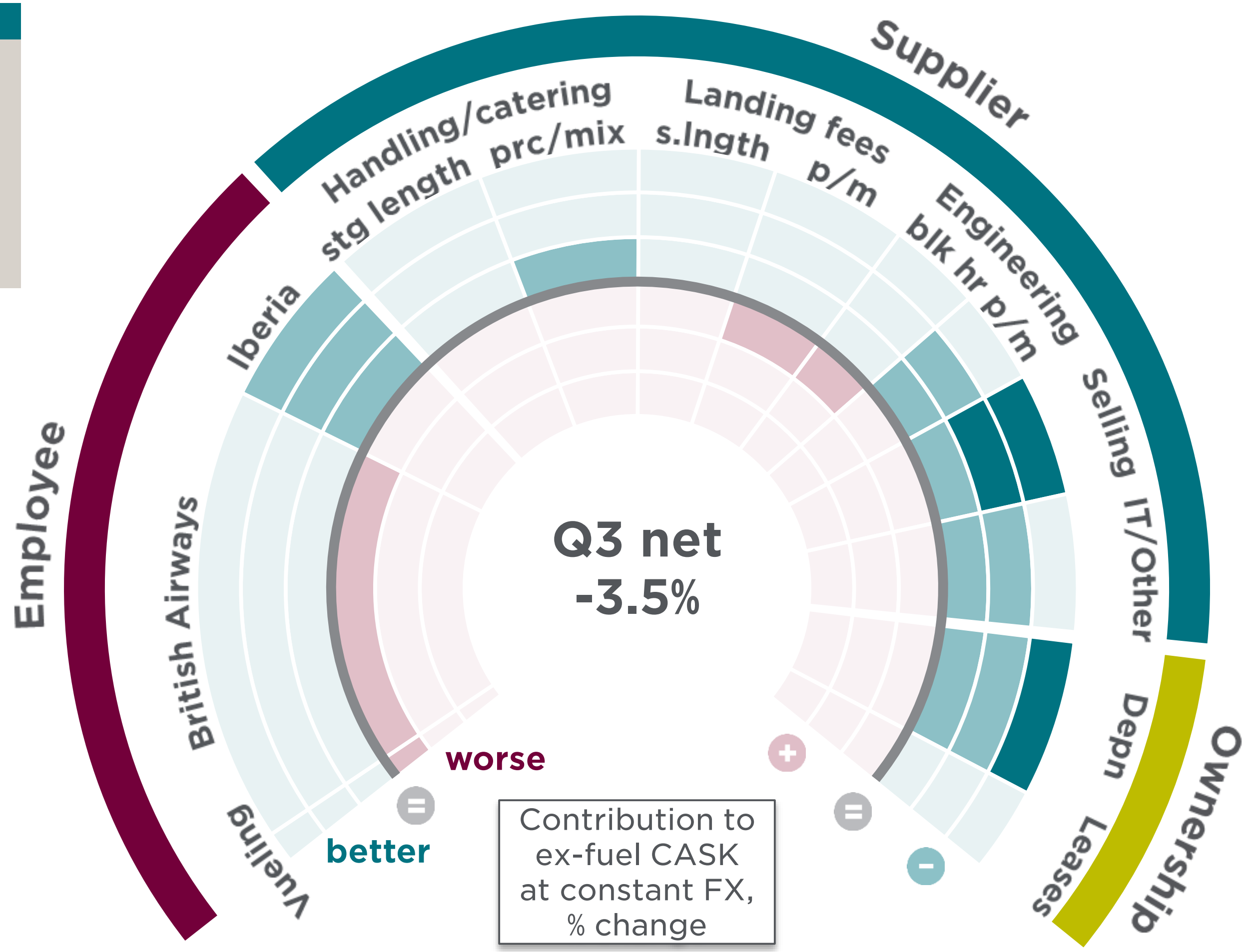


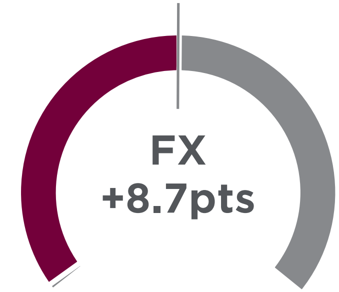
Q3 results

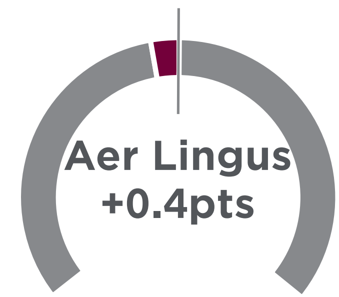
Cost	Ex-fuel cost	Fuel
Fleet	Capacity plan	Capacity changes
Network	ASK by region	RASK by region
Product	Revenue	Brands

Q3 ex-fuel unit cost: continued cost discipline

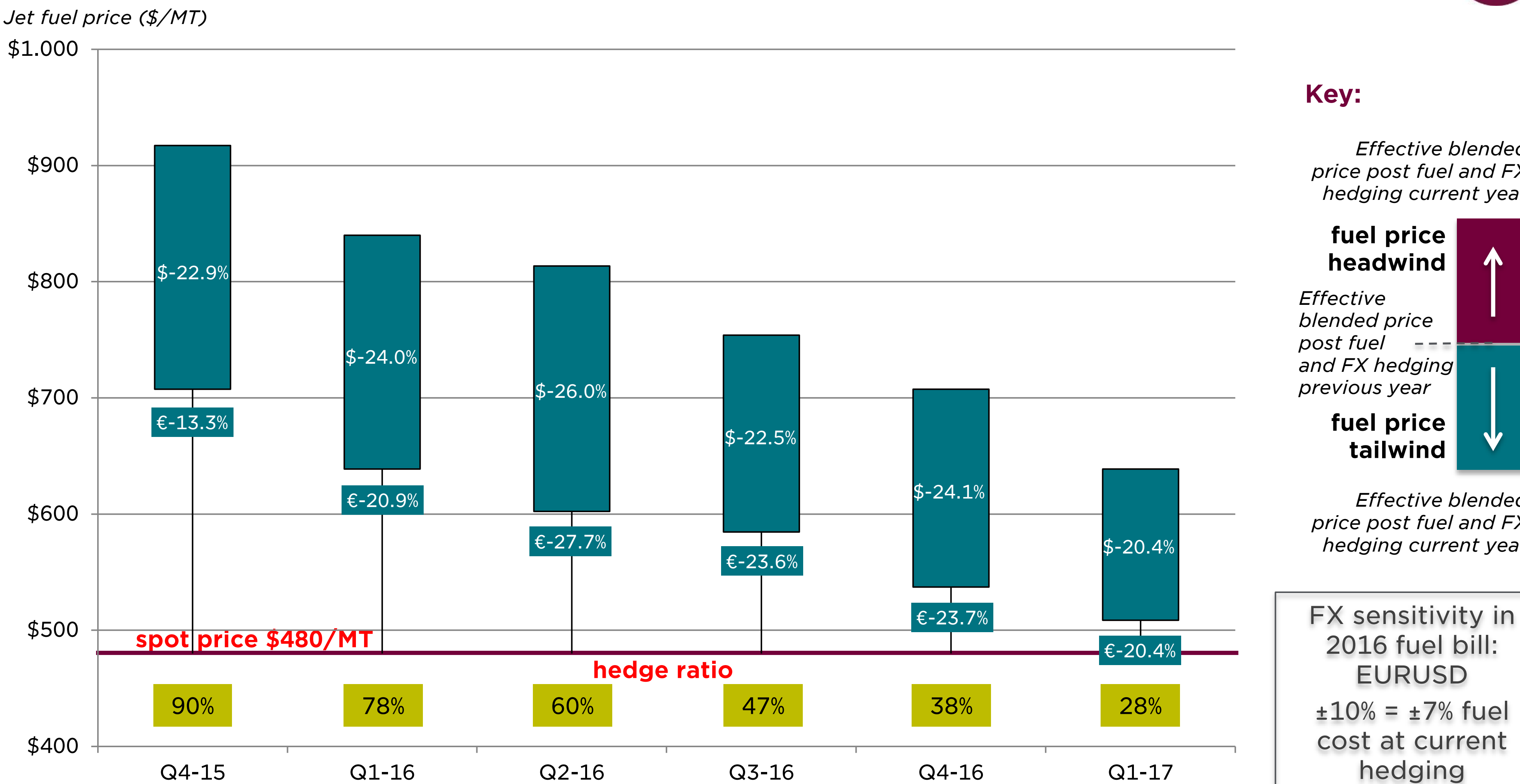
EX-FUEL UNIT COST
-3.5% (pre-Aer Lingus, constant FX)
-3.1% (constant FX)
+5.6% (reported)







Fuel scenario: significant reductions in 2016



FX sensitivity in 2016 fuel bill: EURUSD

±10% = ±7% fuel cost at current hedging

2015 fuel bill scenario - €6.0bn (at $480/MT and 1.12$/€)

Forward numbers in this case include Aer Lingus

IAG | Q3 cost | Fuel

Q3 results

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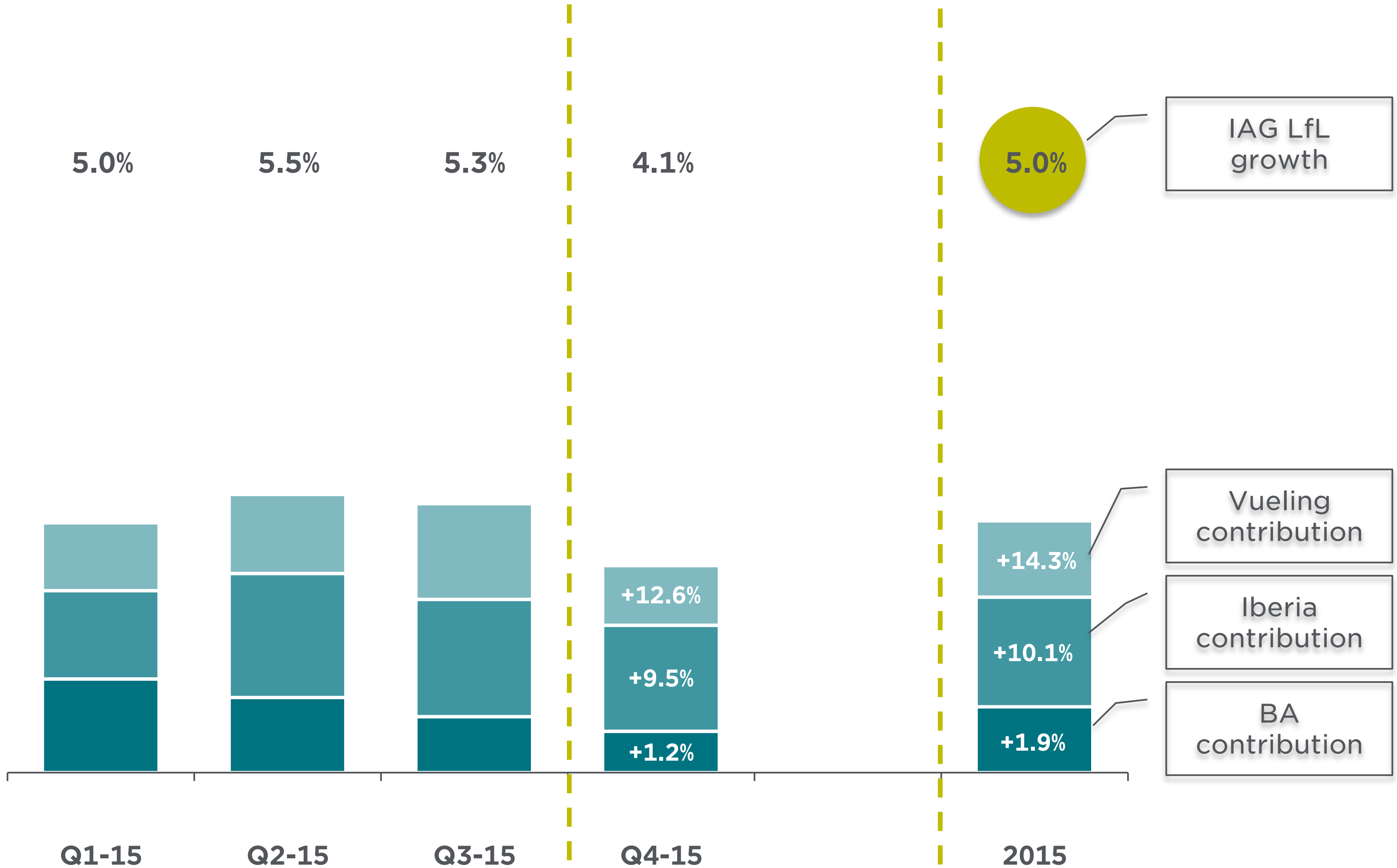
2015 capacity growth and contributions

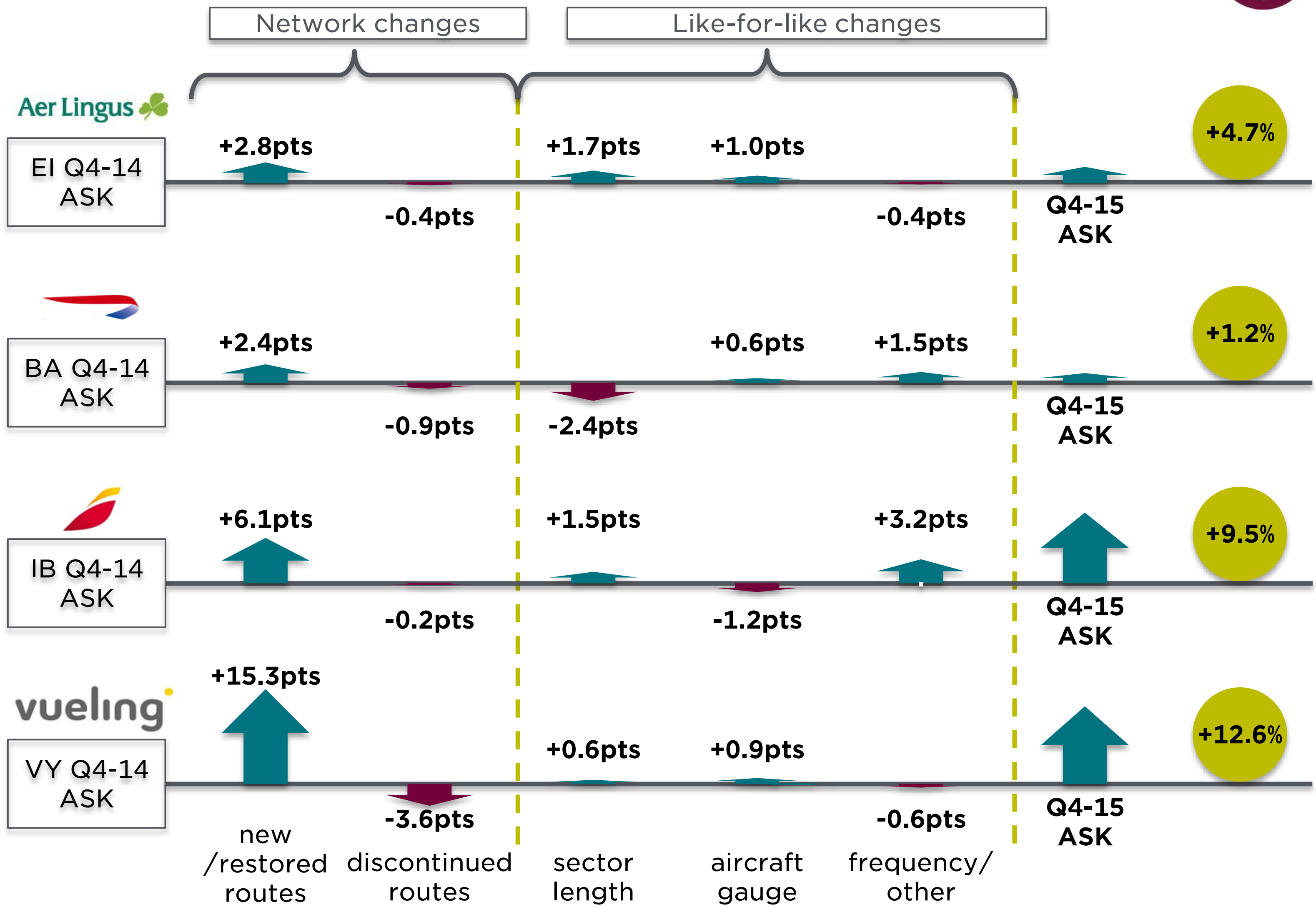
- **BA:** Q4-15 and FY2015 capacity planned to be +1.2% and +1.9% respectively
- **Iberia:** Q4-15 and FY2015 capacity planned to be +9.5% and +10.1% respectively
- **Vueling:** Q4-15 and FY2015 capacity planned to be +12.6% and +14.3% respectively
- ***Aer Lingus:*** *Q4-15 and FY2015 capacity planned to be +4.7% and 5.1% respectively*



Aer Lingus not included in chart

Q4-15 changes: slower growth in Q4

- IB restored/new routes include: Havana, Gatwick, Cali/Medellín
- New routes driven by KL (BA), Washington (EI)
- New routes for Vueling driven by Rome/Barcelona/ Sevilla
- BA frequency change driven by JFK/Las Vegas
- IB frequency change: Mexico, Santo Domingo, Las Palmas, and Miami



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

Q3 results

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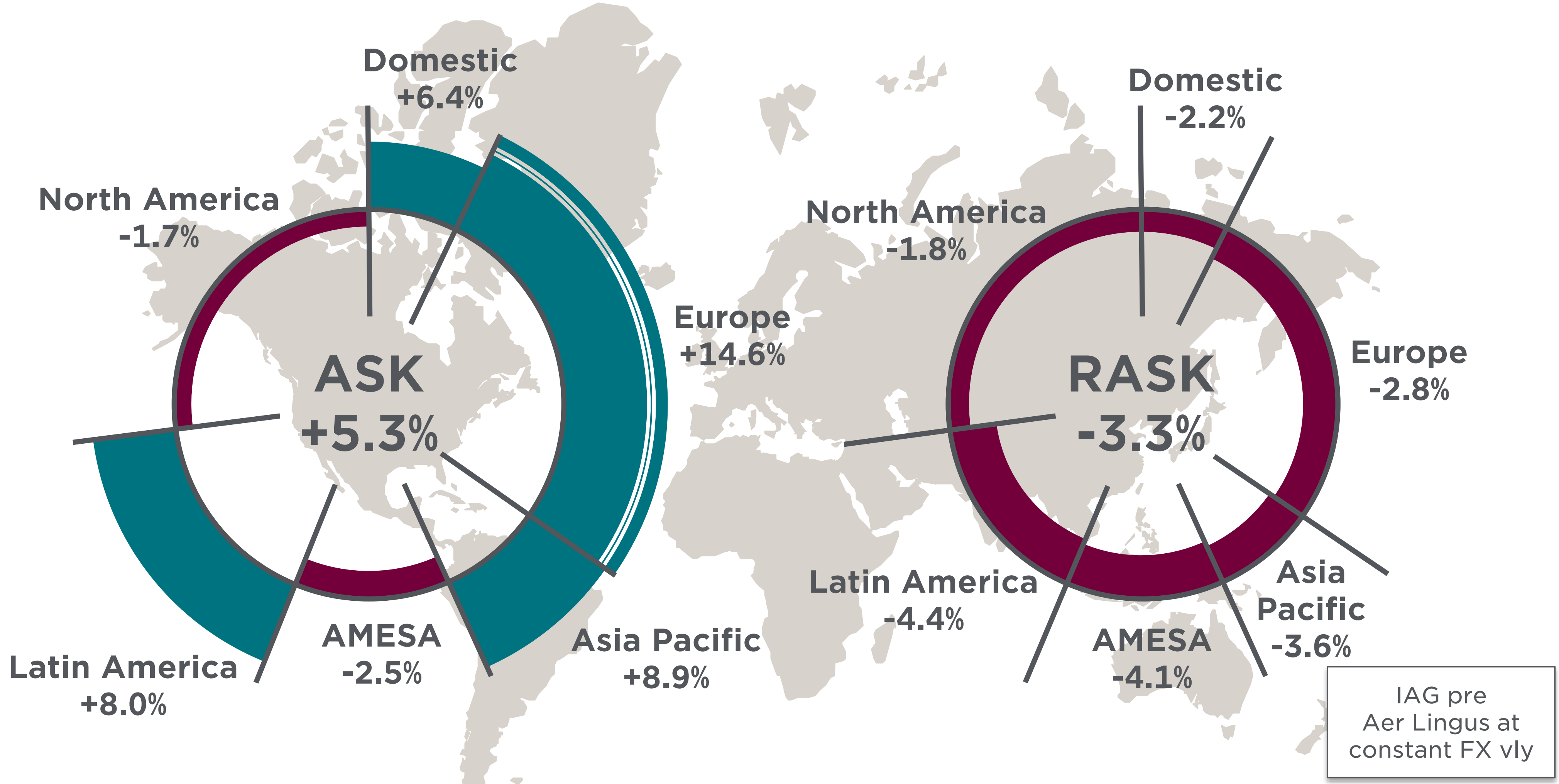
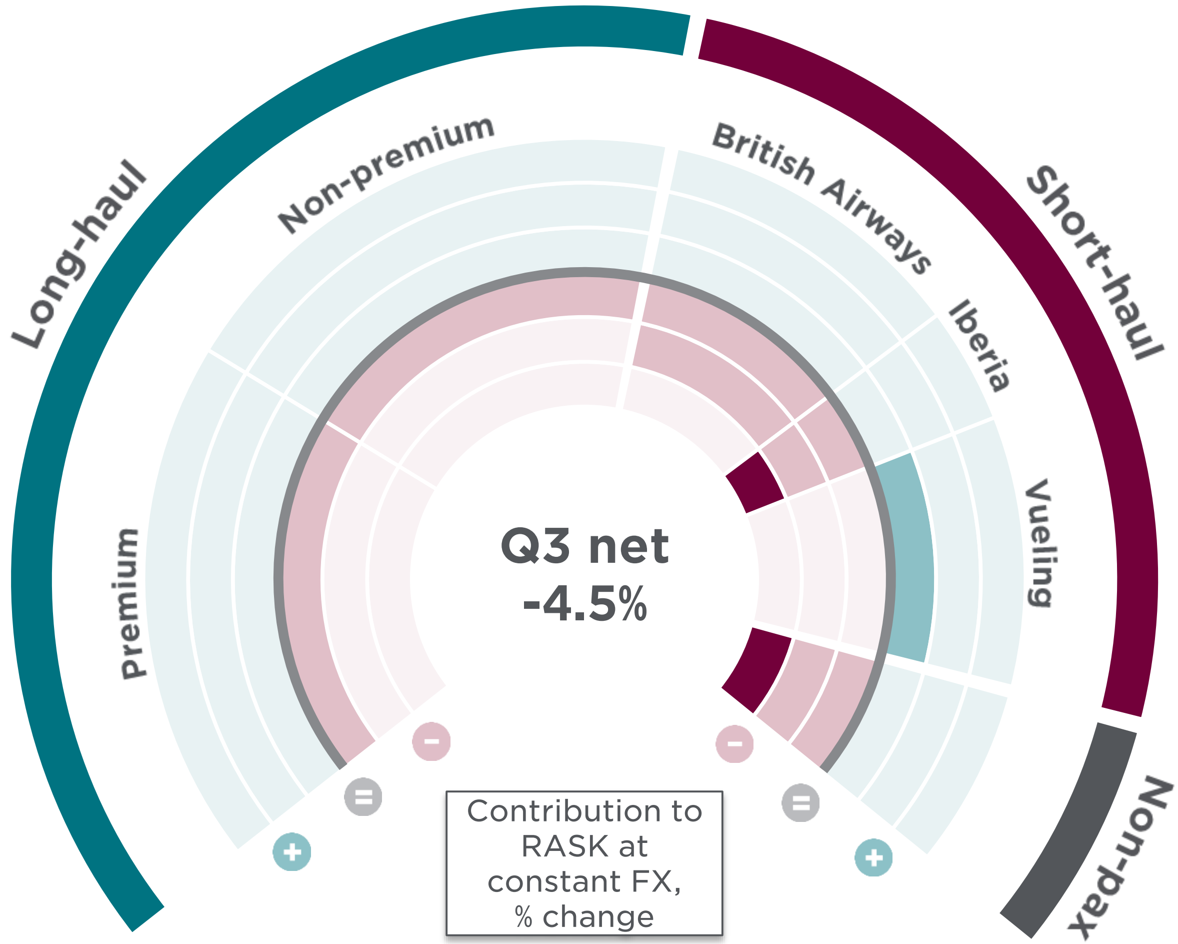
Q3 capacity and passenger unit revenue change

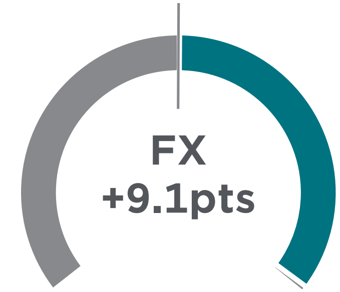


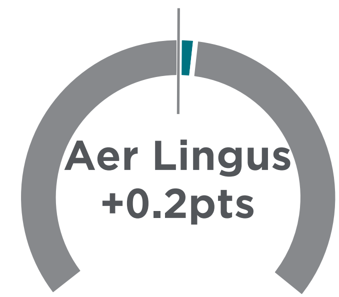
Data in the chart represents flown passenger revenue before transfer payments, Avios reconciliation and ancillaries

Q3 products: continued FX impact

TOTAL UNIT REVENUE
-4.5% (pre-Aer Lingus, constant FX)
-4.3% (constant FX)
+4.8% (reported, €592m FX benefit)







Financial performance by brand

	BRITISH AIRWAYS		IBERIA		vueling	
	Q3 2015 (£m)	vly	Q3 2015 (€m)	vly	Q3 2015 (€m)	vly
Revenue	3,141	-2.7%	1,395	+13.2%	790	+16.7%
Cost	2,552	-7.0%	1,195	+11.7%	612	+14.2%
Operating result	589	+105	200	+38	178	+38
Operating margin	18.8%	+3.8pts	14.3%	+1.2pts	22.5%	+1.8pts
Lease adjusted margin	19.0%	+3.8pts	16.0%	+0.8pts	25.0%	+1.9pts
ASK (m)	45,543	+1.7%	16,688	+10.7%	10,808	+13.8%
RPK (m)	39,135	+2.6%	14,216	+16.2%	9,220	+17.6%
Sector length (kms)	3,039	-2.7%	2,827	-0.9%	1,015	+0.9%
RASK	6.90	-4.3%	8.36	+2.3%	7.31	+2.5%
CASK	5.60	-8.6%	7.16	+0.8%	5.66	+0.2%
CASK ex-fuel	3.99	-2.9%	5.07	+0.6%	3.95	+4.4%
Employee cost per ASK	1.37	+1.5%	1.59	-7.6%	0.51	+3.6%

Numbers stated before currency impact and effect of Avios restructuring

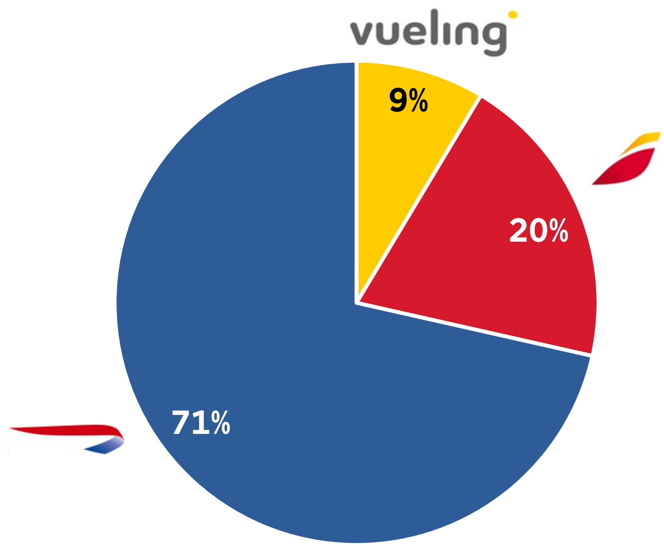
Financial target tracker: profitability trend by airline

	IAG
Op. margin: Q3 2015	19.4%
Op. margin trend vly	3.2pts.
Nml. margin: last 4Qs	9.6%
RoIC: last 4Qs	10.8%

	vueling
Op. margin: Q3 2015	25.0%
Op. margin trend vly	1.9pts.
Nml. margin: last 4Qs	13.1%
RoIC: last 4Qs	13.6%

Op. margin: Q3 2015	16.0%
Op. margin trend vly	0.8pts.
Nml. margin: last 4Qs	6.1%
RoIC: last 4Qs	7.5%

Op. margin: Q3 2015	19.0%
Op. margin trend vly	3.8pts.
Nml. margin: last 4Qs	9.9%
RoIC: last 4Qs	11.4%



IAG capital allocation
Q3 2015

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.

Aer Lingus to be included from Q4 2015

Balance sheet

INTERNATIONAL
AIRLINES
GROUP

Balance sheet: reflects Aer Lingus acquisition

- Excludes IAS 19 amendments

Cash:

- BA £2.6bn/€3.6bn (Dec 14: £2.5bn/€3.2bn)
- Iberia €1.1bn (Dec 14: €0.9bn),
- Vueling €0.9bn (Dec 14: €0.7bn),
- Parent and other Group companies €0.3bn (Dec 14: €0.2bn)
- Aer Lingus €1.0bn

€m	Dec 2014	Sep 2015
Adjusted equity	5,743	7,382
Gross debt	6,617	8,219
Cash, cash equivalents & interest bearing deposits	4,944	6,786
On balance sheet net debt	1,673	1,433
Gearing	23%	16%
Aircraft lease capitalisation (x8)	4,408	5,728
Adjusted net debt	6,081	7,161
Adjusted gearing	51%	49%
Adjusted net debt / EBITDAR	1.9x	1.8x

Numbers stated include Aer Lingus

Outlook

INTERNATIONAL AIRLINES GROUP

Guidance for FY2015

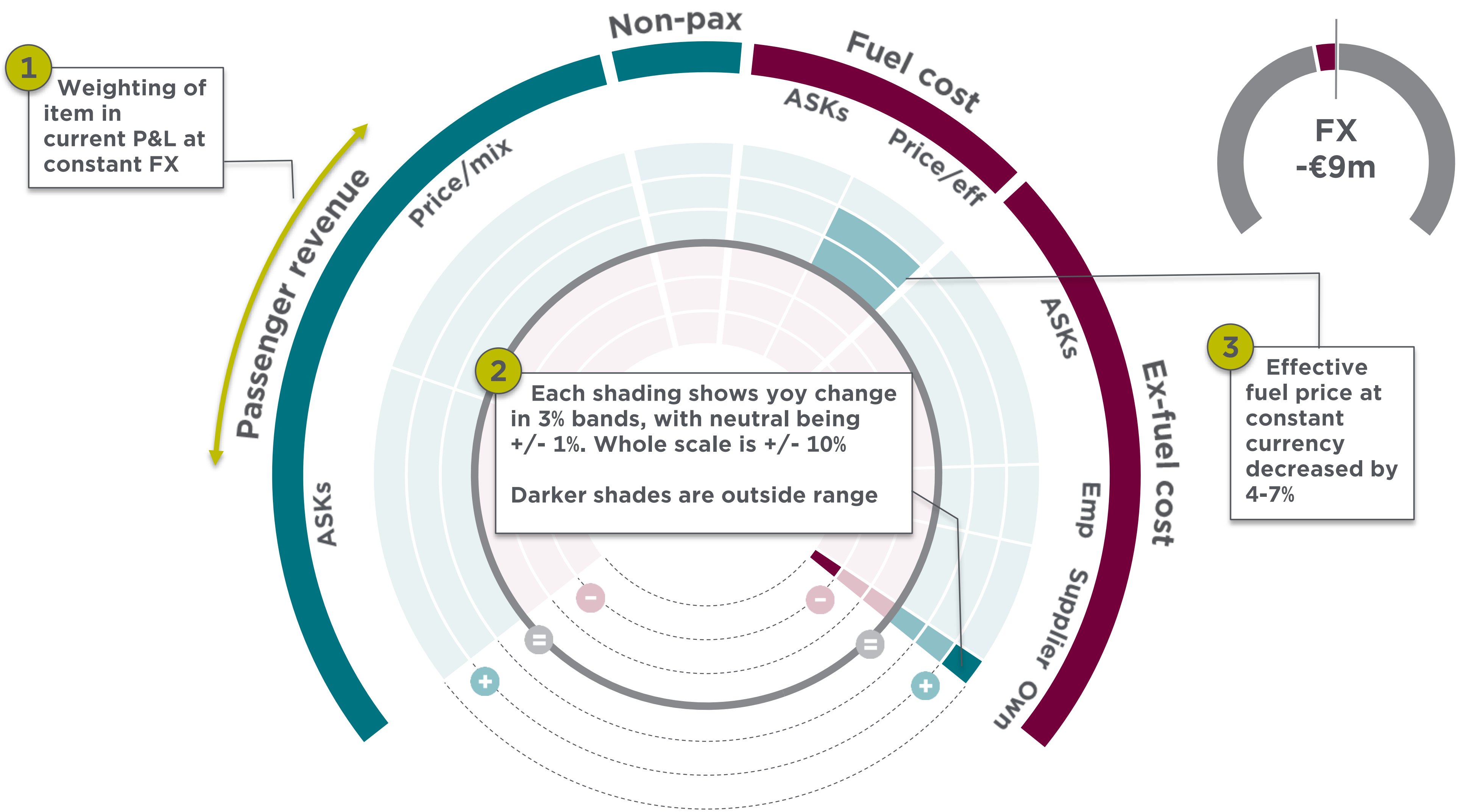
Trading outlook
At current fuel prices and exchange rates, IAG expects to generate an operating profit between €2.25 billion and €2.3 billion for the full year, excluding Aer Lingus.

Dividend statement
For the full year we expect to pay out 25 per cent of our underlying profit after tax in dividends and plan to announce a proposal for a final dividend for 2015 when the full year results are published.

Appendix

INTERNATIONAL AIRLINES GROUP

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.