

# International Airlines Group

## Inaugural Capital Markets Day – Introduction

Antonio Vazquez  
*Chairman*



IAG

Inaugural Capital Markets Day



# Agenda

0900	Introduction	Antonio Vazquez <i>Chairman, IAG</i>
0905	Finance and Targets	Enrique Dupuy <i>Chief Financial Officer, IAG</i>
0950	Cost synergies Global Services Platform	Ignacio de Torres <i>Director of Global Services, IAG</i>
		Nigel Underwood <i>Group Chief Information Officer, IAG</i>
1030	Coffee	



# Agenda

1100	Revenue synergies Strategy, Commercial	Robert Boyle <i>Director of Strategy, IAG</i>
		Drew Crawley <i>Commercial Director, British Airways</i>
1300	Lunch	
1400	BA – Fit for growth	Keith Williams <i>Chief Executive Officer, British Airways</i>
1445	IB – Renewal under way	Rafael Sanchez-Lozano <i>Chief Executive Officer, Iberia</i>

# Agenda

1530	Close and Q&A	Willie Walsh <i>Chief Executive Officer, IAG</i>
1645	Finish	
1715	Bus to airport for BA461	
1745	Bus to airport for BA463	

# Finance

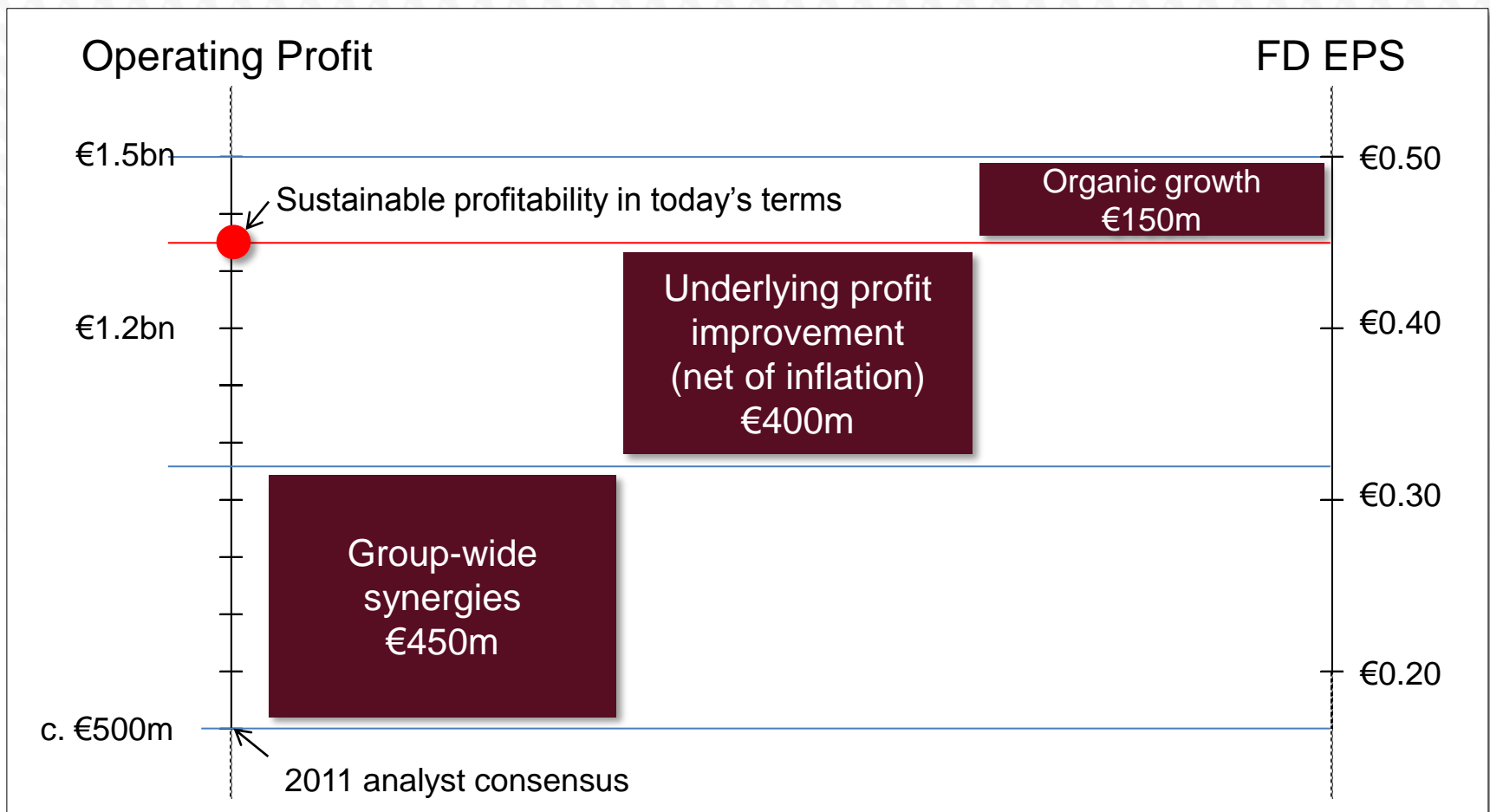
Enrique Dupuy

*Group Chief Financial Officer*

# 2015 financial targets – headlines

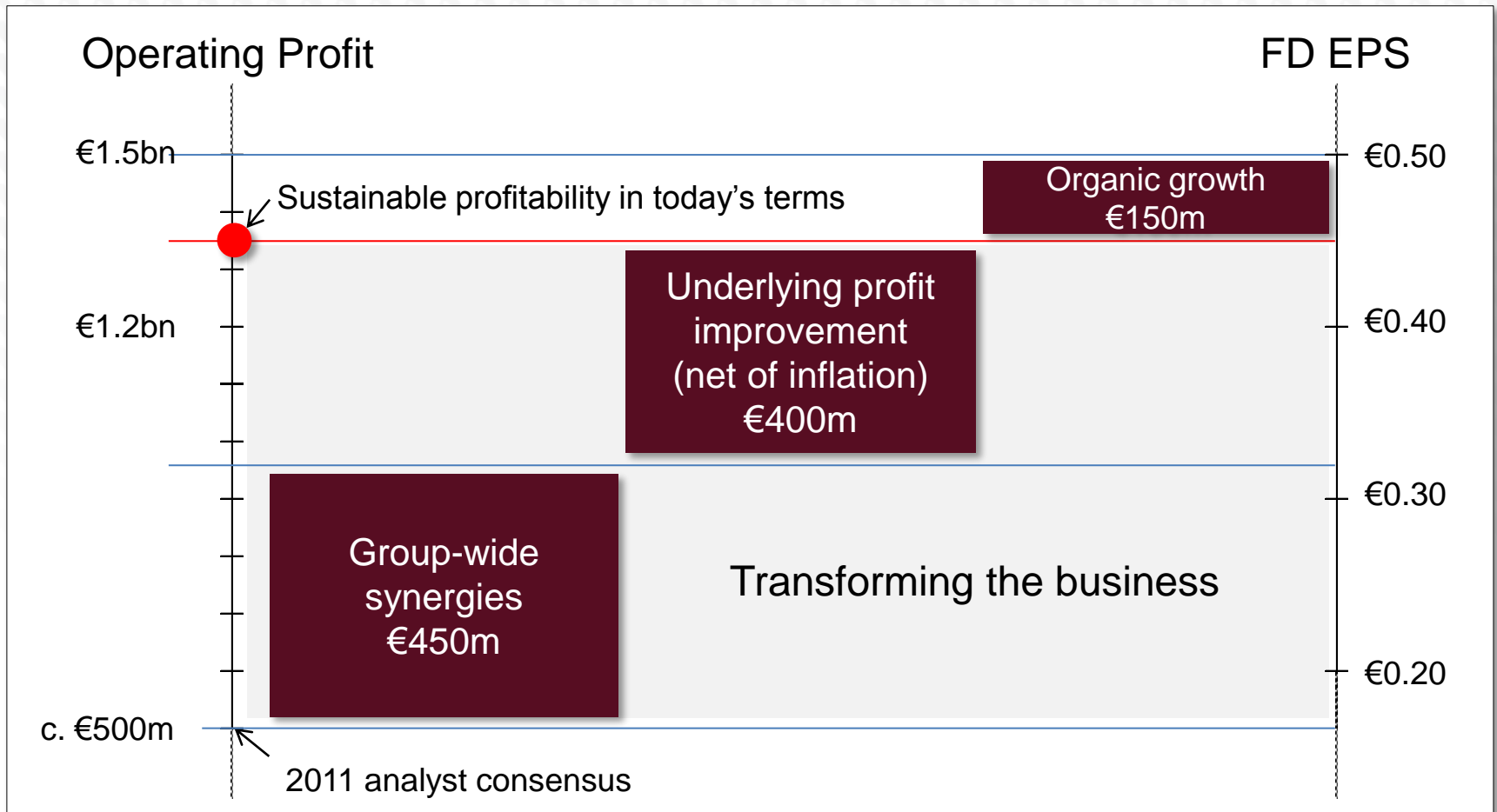
- **Targeting €0.50 fully-diluted EPS by 2015**
- Equates to approx. €1.5bn operating profit, 12% RoCE
- Assumes organic growth rate on average of +2.5% ASK per annum
- Improvement in underlying profitability to come approximately half from synergy retention, and half from structural profit improvements – *sustainable through the cycle*
- Inorganic opportunities will be judged on their ability to enhance these targets, and only if they also fit with our network strategy

# 2015 financial targets – framework

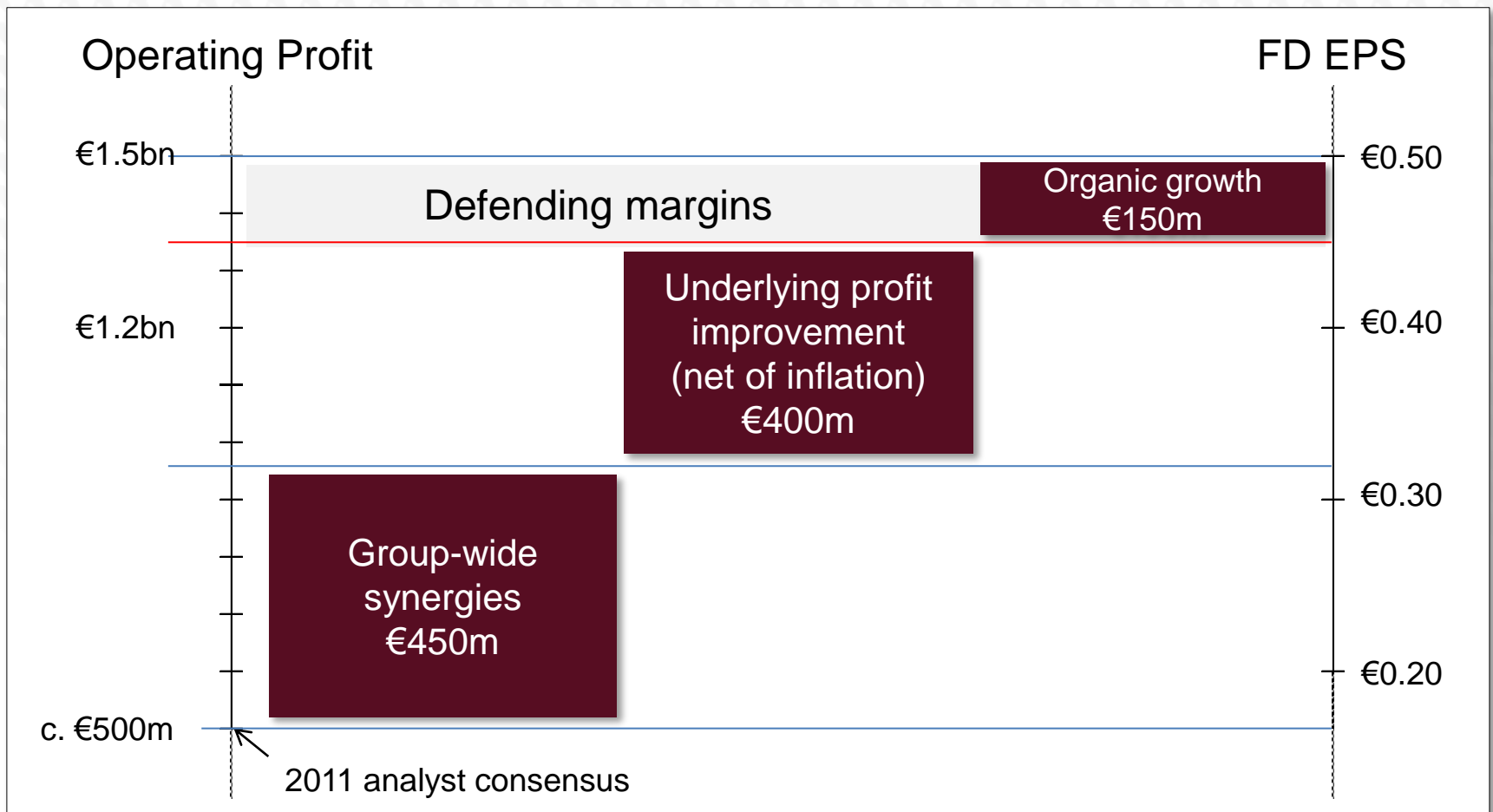




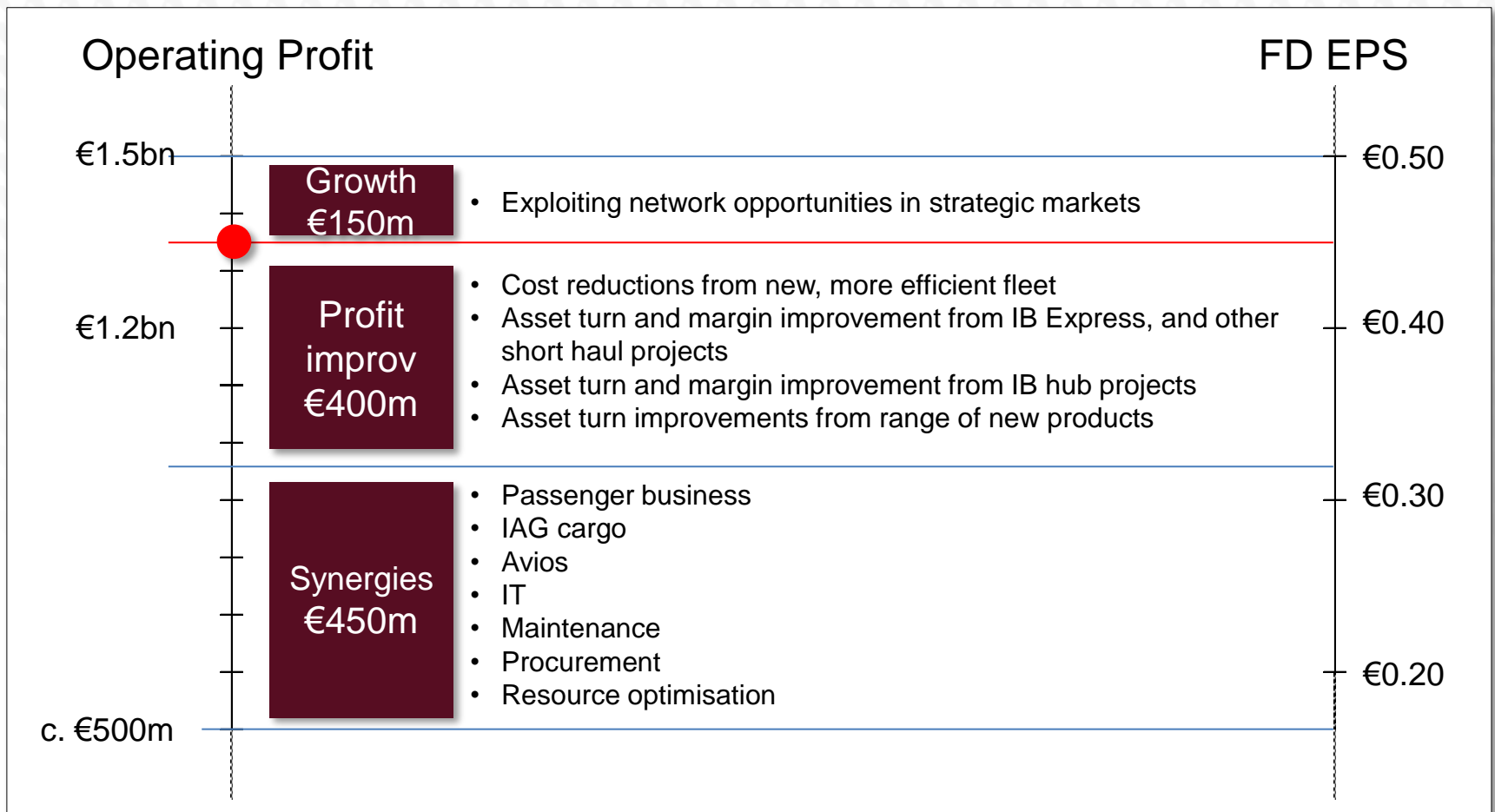
# 2015 financial targets – framework



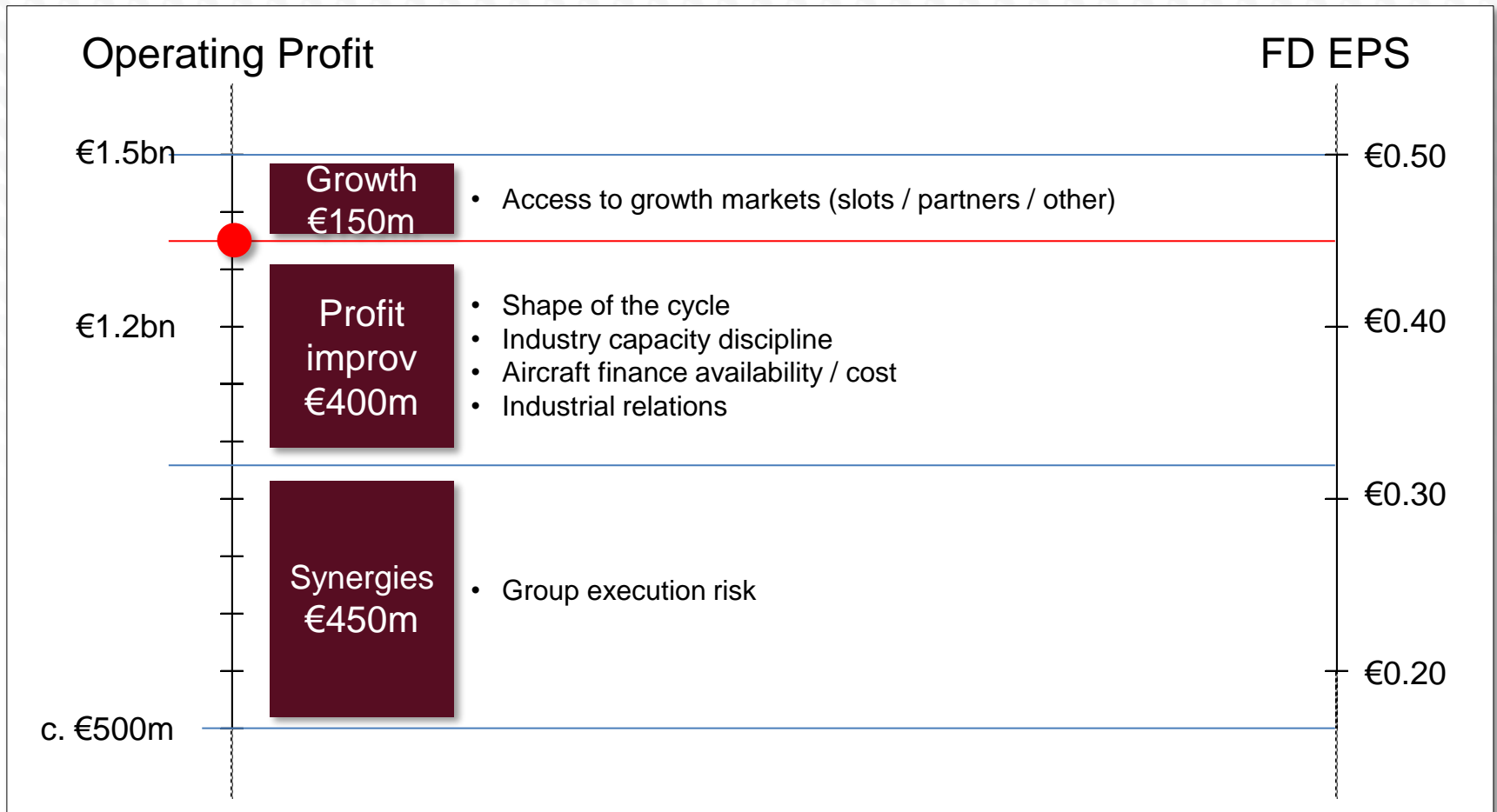
# 2015 financial targets – framework



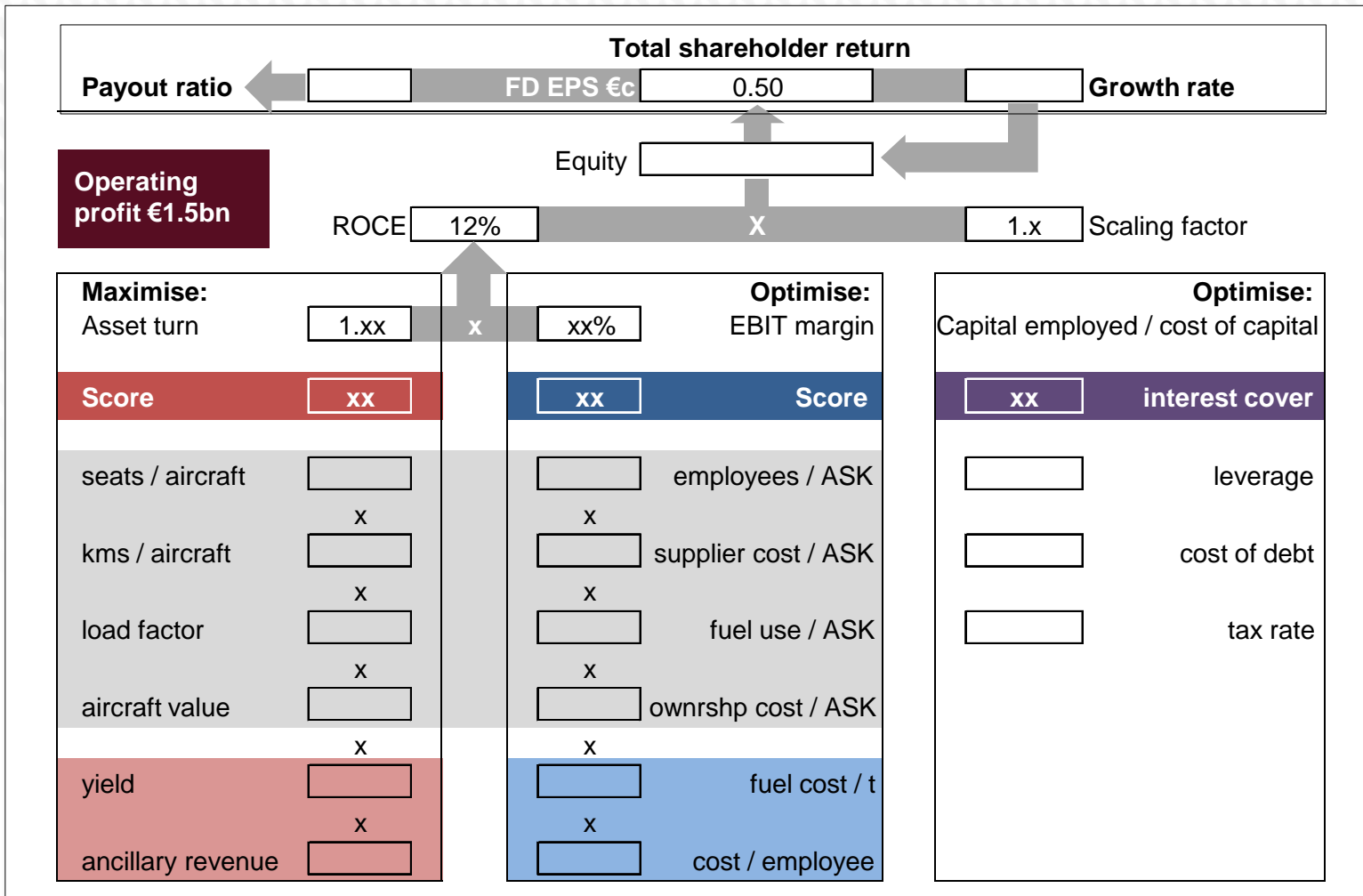
# 2015 financial targets – delivery



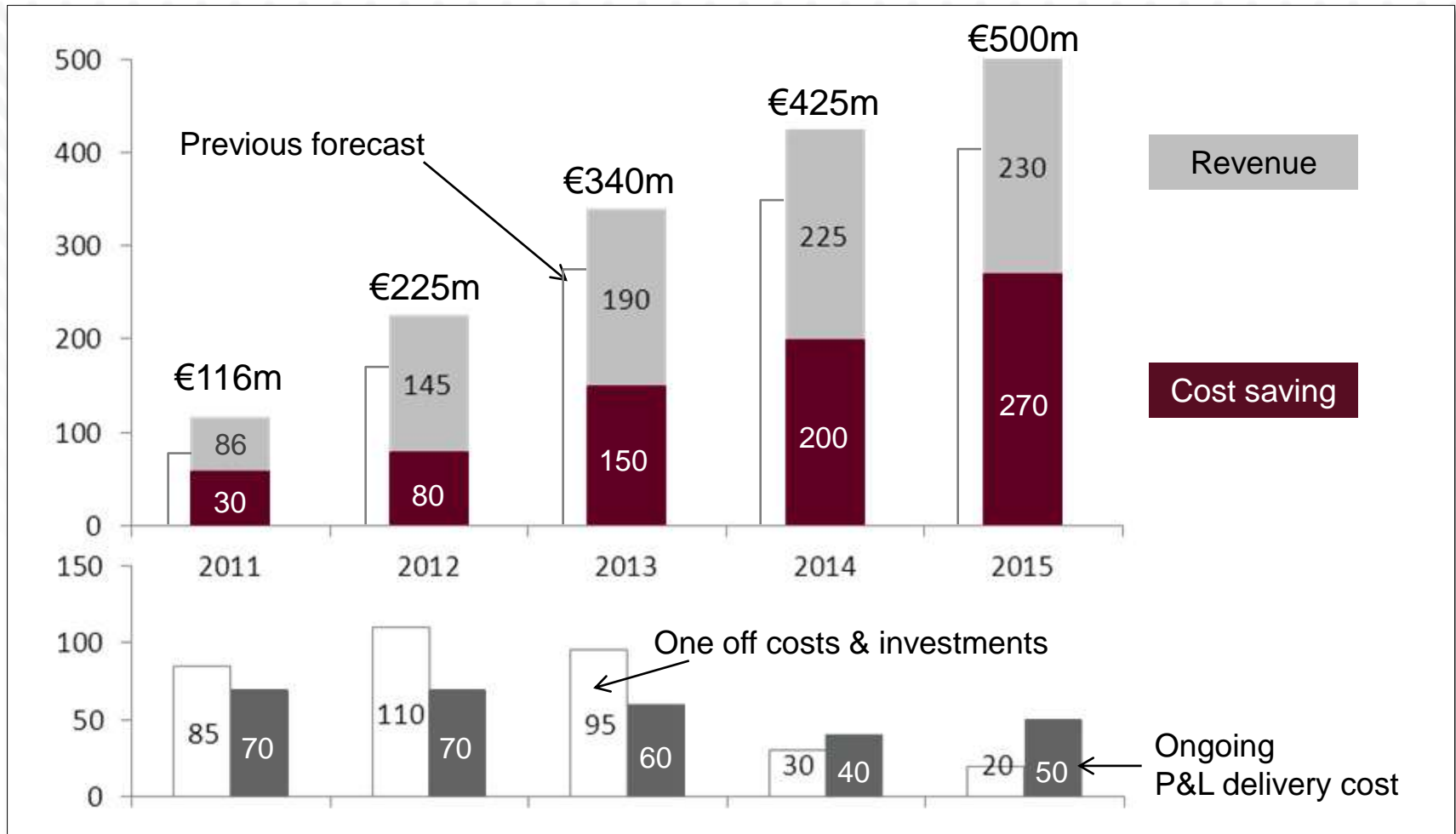
# 2015 financial targets – risks



# How IAG calibrates OpCo business plans

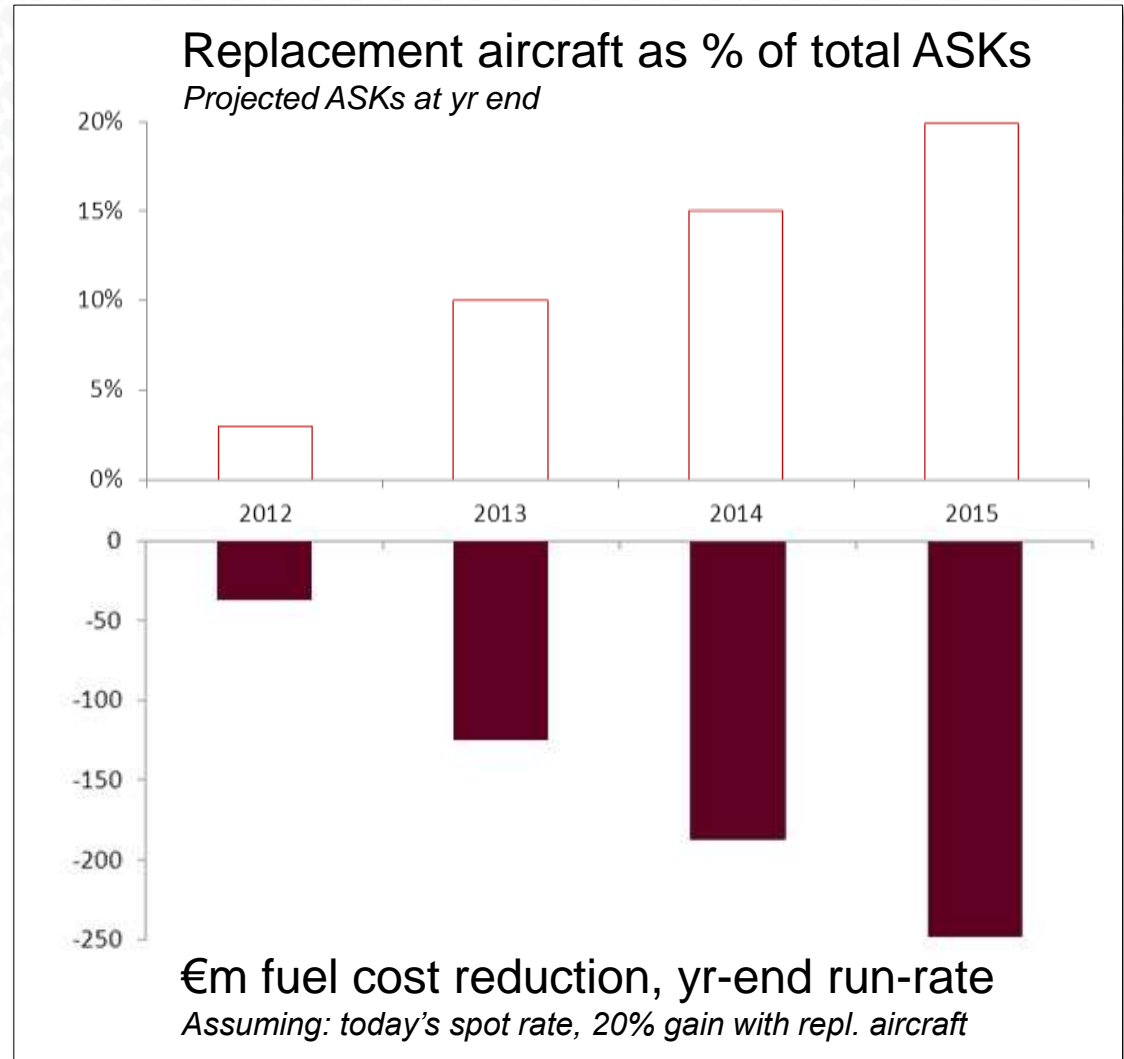


# Synergies: new target €450m net EBIT impact





# OpCo profit improvement – fleet replacement

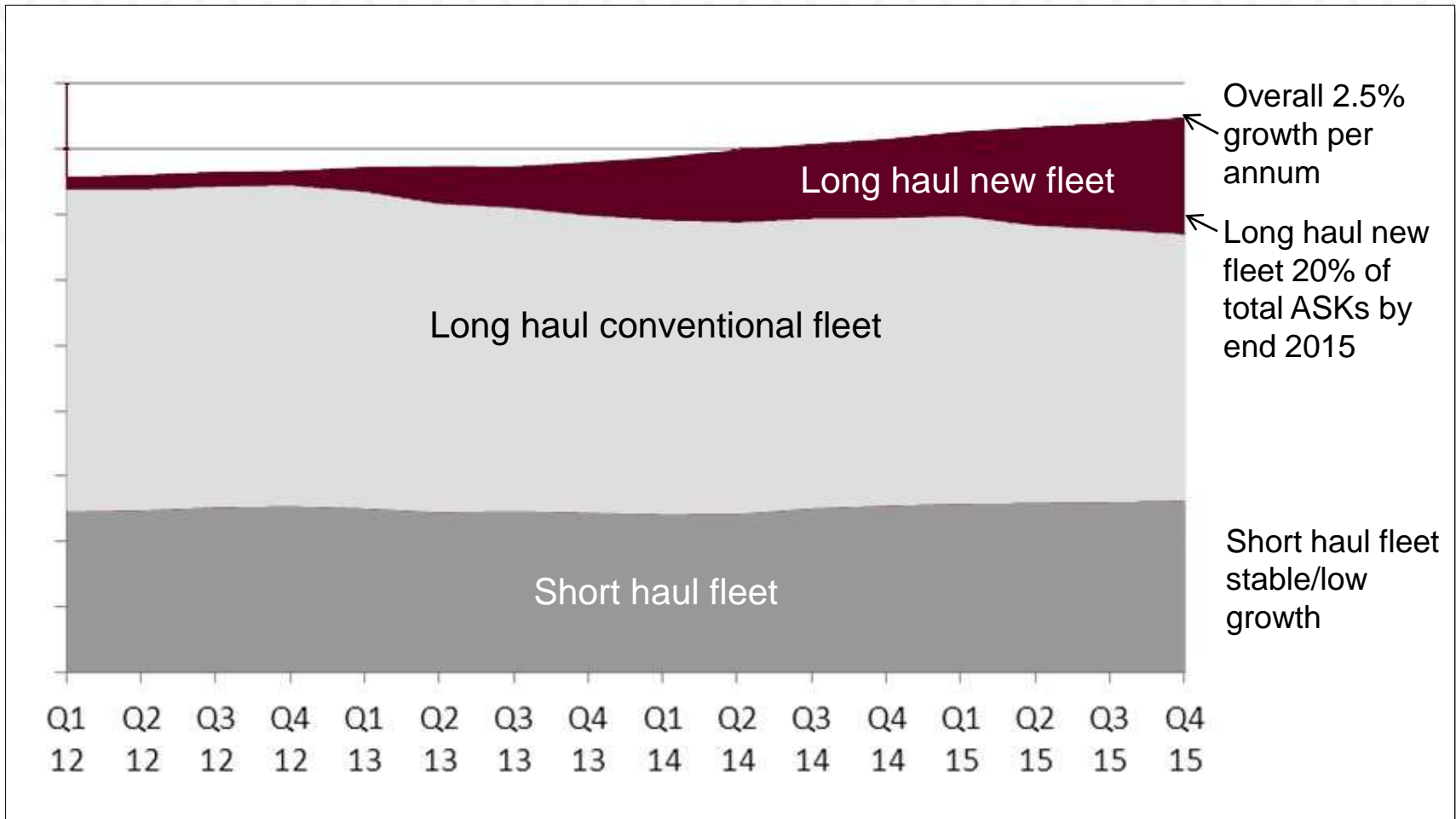


# OpCo profit improvement – other initiatives

Initiative	Impact by 2015	Asset turn	Margin
IB Express	>€100m	+	++
Short haul projects		++	++
IB product and brand		+	
IB hub improvement	>€100m	++	++
BA “mixed fleet” crew	>€30m		++
BA product and brand		+	
North Atlantic JBA *	>€150m	++	+
Other joint businesses		++	+

\* Improvement on 2010 base

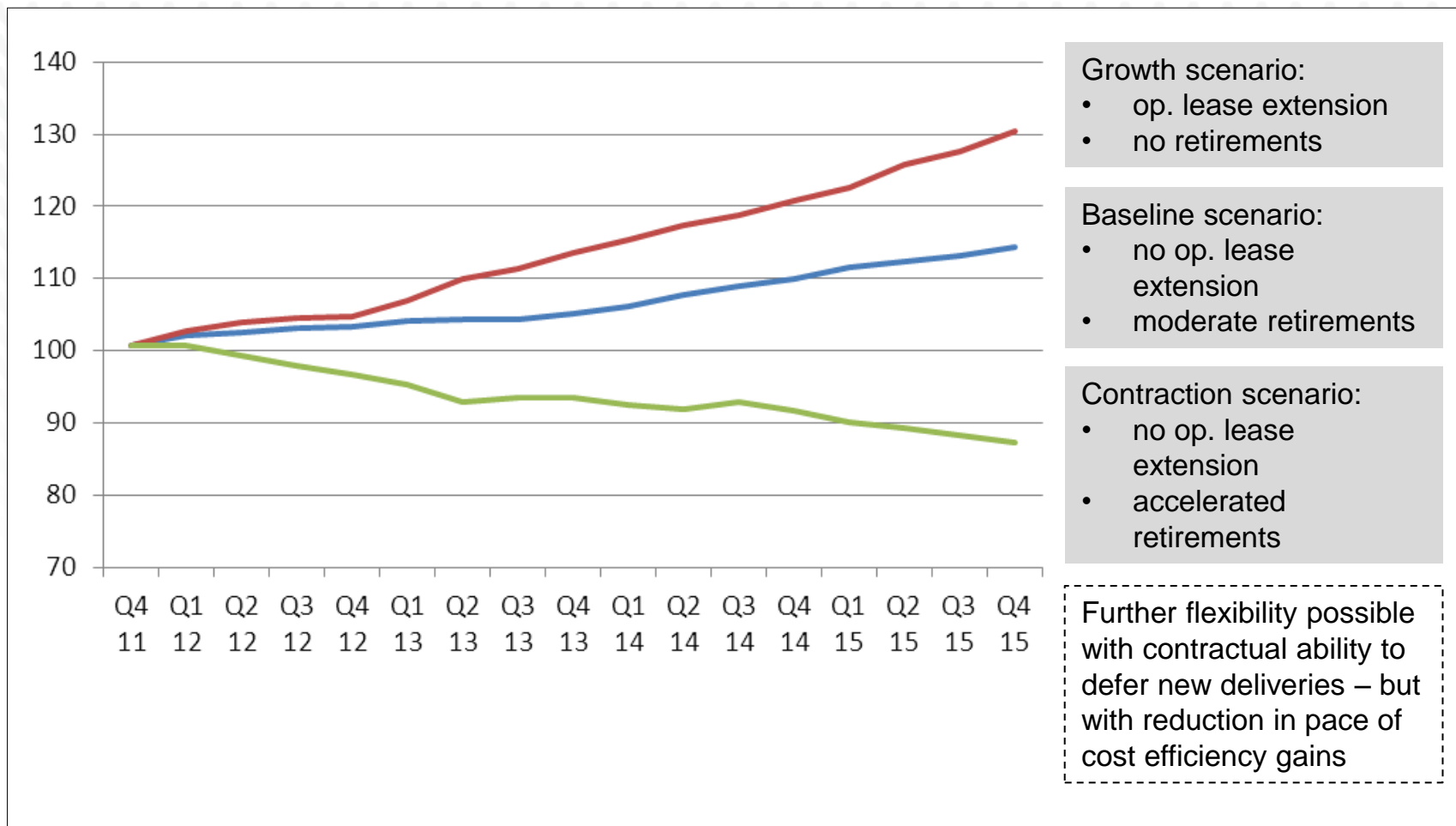
# Fleet plan overview: ASK progression 2012-15



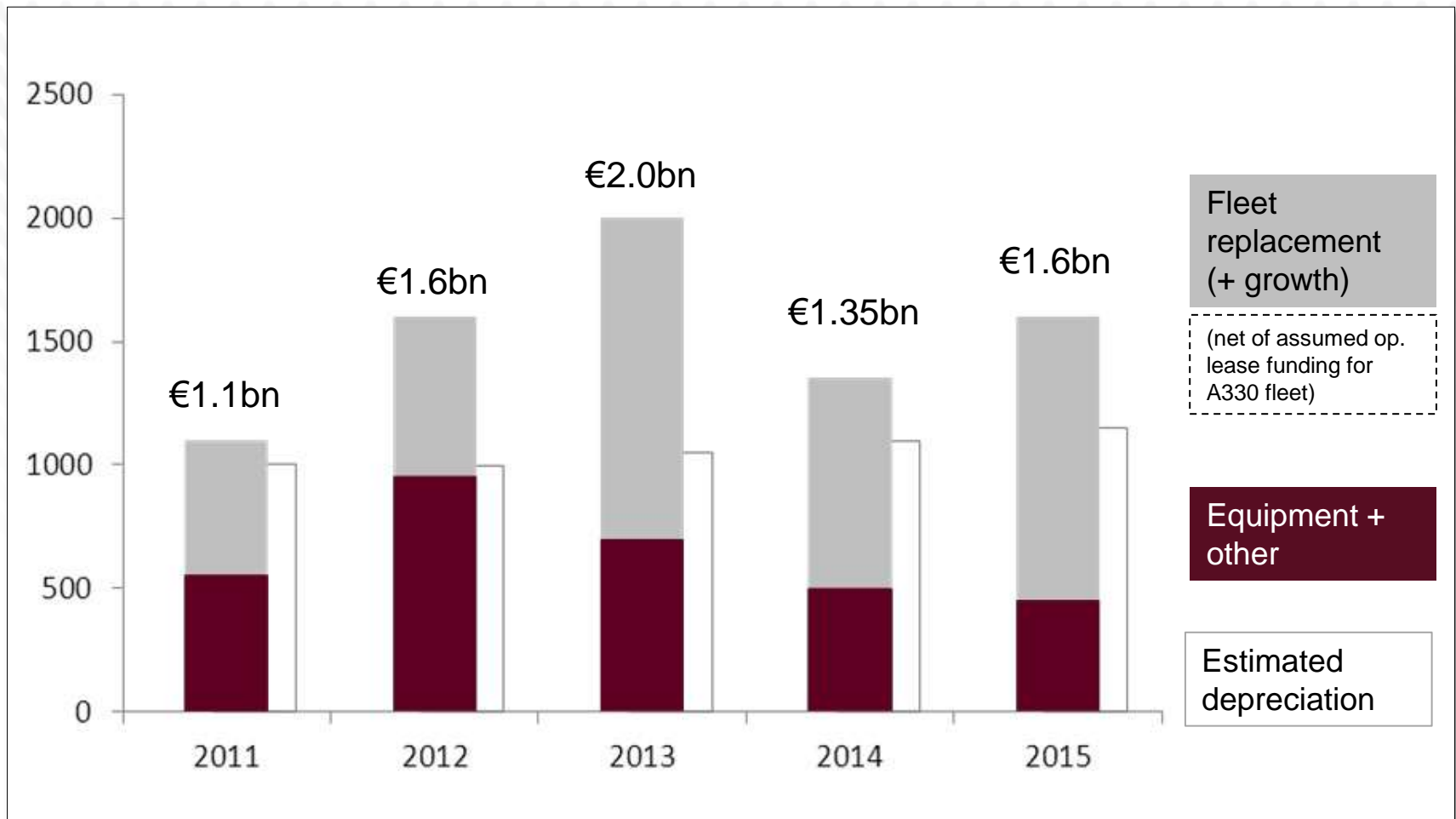
# Fleet plan - detail

Aircraft		2011	2015	Deliveries before end 2015	Outstanding orders post 2015	Further options
IB	A330 / 340	36	40	16*Includes 8 options		
BA	B747	52	45	Flexible lease extension/retirement		
	B767	14	1			
	B777	49	54	5		
	B787		16	16	8	28
	A380		9	9	3	7
	A318	2	2			
Total long haul		153	167	34	11	35
IB	A320 family	68	76	9		
BA	A320 family	84	95	10	12	
	Other	39	34			
Total short haul		191	205	19	12	16
<b>Total fleet</b>		<b>344</b>	<b>372</b>	<b>53</b>	<b>23</b>	<b>51</b>

# Fleet plan – baseline growth and flexibility



# Capex plan





# Financing plan - overview

Area	Item	Source of funds
Fleet (1)	Interim aircraft	Synthetic + pure operating leases
Fleet (2)	Newgen - core	Diversified approach encompassing: syndicated term facilities / tax-based leasing / secured debt capital markets / pure operating leases
Fleet (3)	Newgen - flex	Backstop financing + flexible operating leases
Non-fleet	New aircraft intro cost BA new products IB new long-haul IB brand relaunch Synergy investment	Internal cash flow + structured financings

# Financing plan - principles

Securing implementation of business plan / limit impact of shocks / allowing transformational opportunities

- Maintain liquidity facilities to build resilience and to equip the business to absorb shocks and minimise disruption risks
- Fleet financing will be tailored to match fleet operational requirements
- Diversification of financing sources to adapt to fast-changing financing markets and to mitigate market volatility
- Residual value risks on interim and existing fleet will be actively managed
- Investments in product and brand to be funded mostly through internal cashflow

# Balance sheet parameters, 2015 horizon

- Net debt/EBITDA: <math><3.0x</math>
- Gross debt/EBITDA: <math><4.0</math>
- Gearing: limit as determined by above parameters
- Expected <math><50\%</math> net debt (incl. leases) to total capital

Targeting investment grade

Targeting free cash generation - in aggregate 2012-2015

# Financial risk management strategy

Integrated policy to manage Group fuel and foreign exchange exposures

- Board manages exposure parameters on quarterly basis
  - confirms target hedging profile
  - confirms level of discretion delegated to the IAG Hedging Committee (typically +/- 10%)
- IAG Hedging Committee establishes monthly mandate for execution of trades
- Main exposures
  - Fuel burn of 7.5 million MT per annum
  - US \$ short of \$3.5 billion (varying with fuel price)
  - Carbon emissions of 23 MT per annum → net ETS exposure of c. €90m (varying with carbon credit price)

# Financial risk management strategy

- Target hedging profile determined by a combination of:
  - Gross exposures
  - Internal ability to hedge through revenue management
  - Competitor exposure and behaviour
- Fuel risk and foreign exchange risk managed using similar hedging profiles

<b>Current Hedging Position</b>				
	<b>Q4-11</b>	<b>Q1-12</b>	<b>12 mths</b>	<b>FY12</b>
Fuel cover	78%	68%	63%	53%
US\$ cover	78%	71%	59%	44%

# 2011 outlook summary

- We expect Q4 operating profit to be an improvement on Q4 2010, taking into account one-offs in last year's base
- Forward bookings for premium cabins currently broadly in line with 2010 levels
- Non premium markets weaker than 2010, particularly in Spanish market
- We expect to deliver a 2011 full-year operating profit of around double that of 2010
- We remain ready to adjust capacity downward in response to any sustained downturn in demand



# View into 2012

- Fuel unit cost: +14% (based on spot rate of \$1030/mt)
- Unit cost ex-fuel: flat
- Capacity: +2.5% starting assumption, managed to optimise unit revenue

# Conclusion

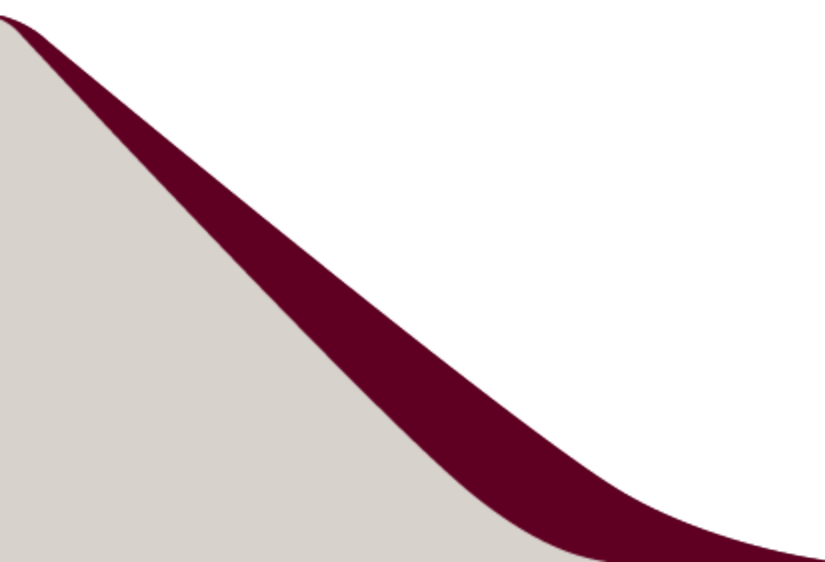
- We are focused internally on generating synergies and improving our competitiveness
- We will allocate a prudent level of growth to markets where we either want to cement an existing leadership position, or develop a leadership opportunity
- We will actively manage our network portfolio to react quickly to underlying demand and shield the Group from shocks
- We will reduce exposure to markets where we believe there to be structural or irrational overcapacity

We aim to transform our profitability by being disciplined with our capacity, and retaining the synergy benefits and profit improvements for our shareholders

# Global Services Platform

Ignacio de Torres

*Director of Global Services*



# 2011: A year of achievements

## ✓ **GOOD START!!**

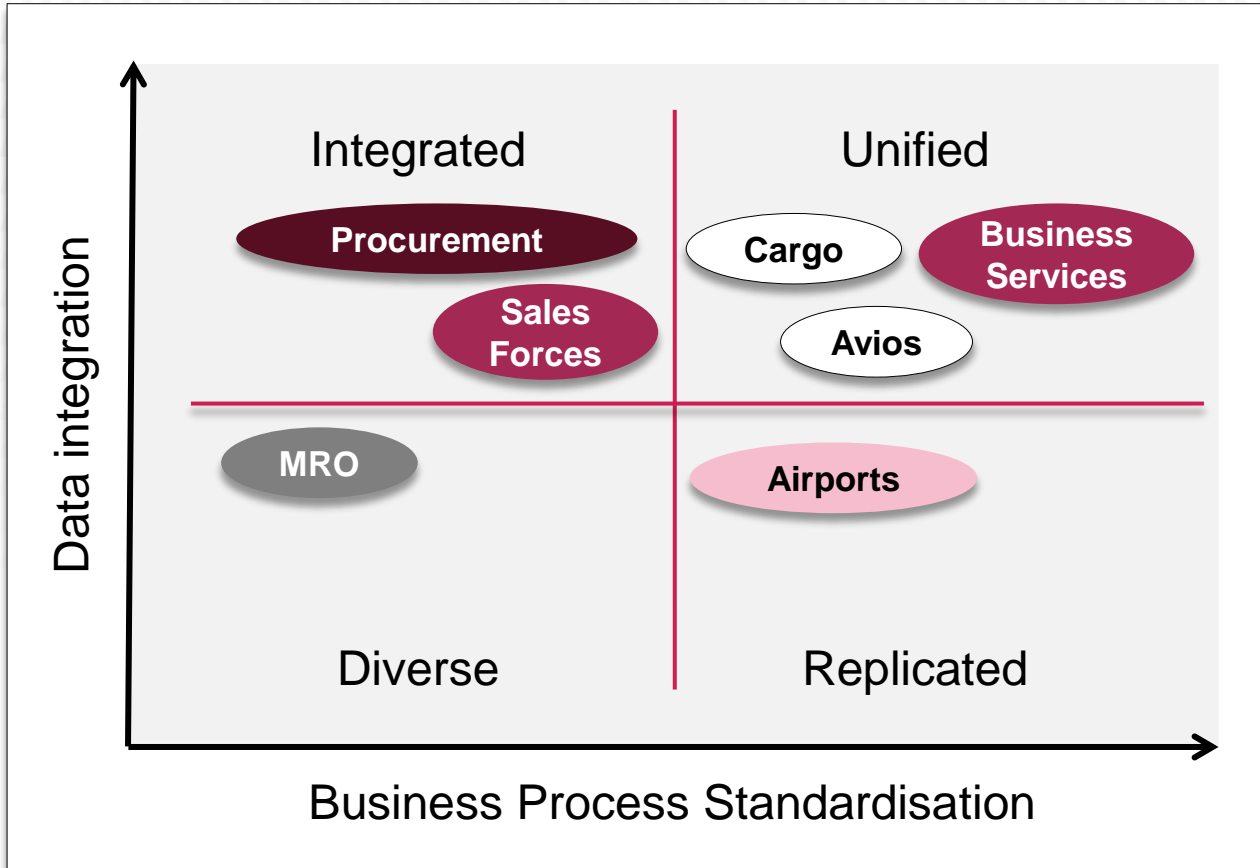
- Year 1 cost synergies expected to exceed targets (€ 30m vs. € 26m)
- Positive outlook for Year 2 synergy targets, with initiatives on track

## ✓ Good progress in defining new operating models for the main integrated areas:

- Global Services Platform (GSP)
- Finance
- Procurement
- Airports
- Sales
- IT

## ✓ Year 5 synergies beyond original targets

# Cost synergies present across the board



**Procurement**

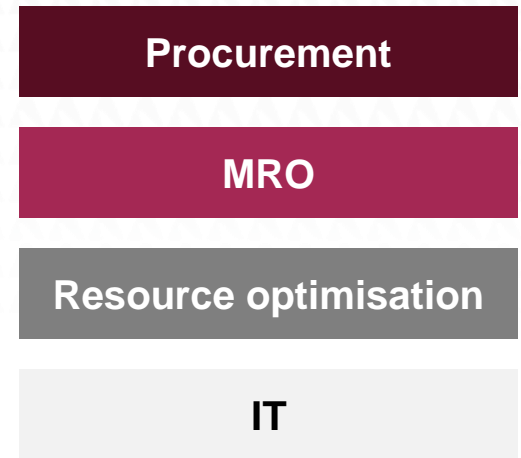
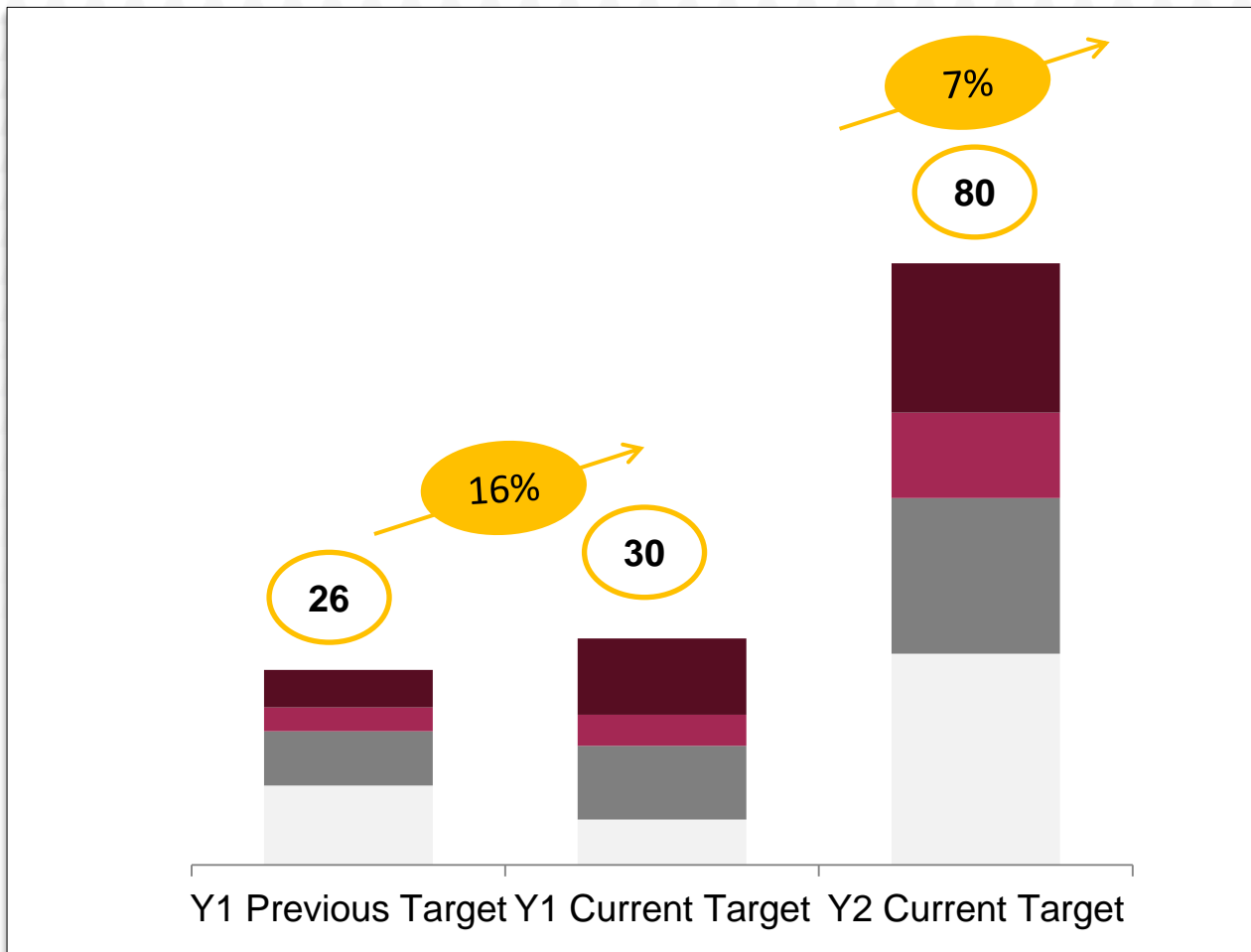
**Resource Optimisation**

**MRO**

**IT**

**Revenue Initiatives**

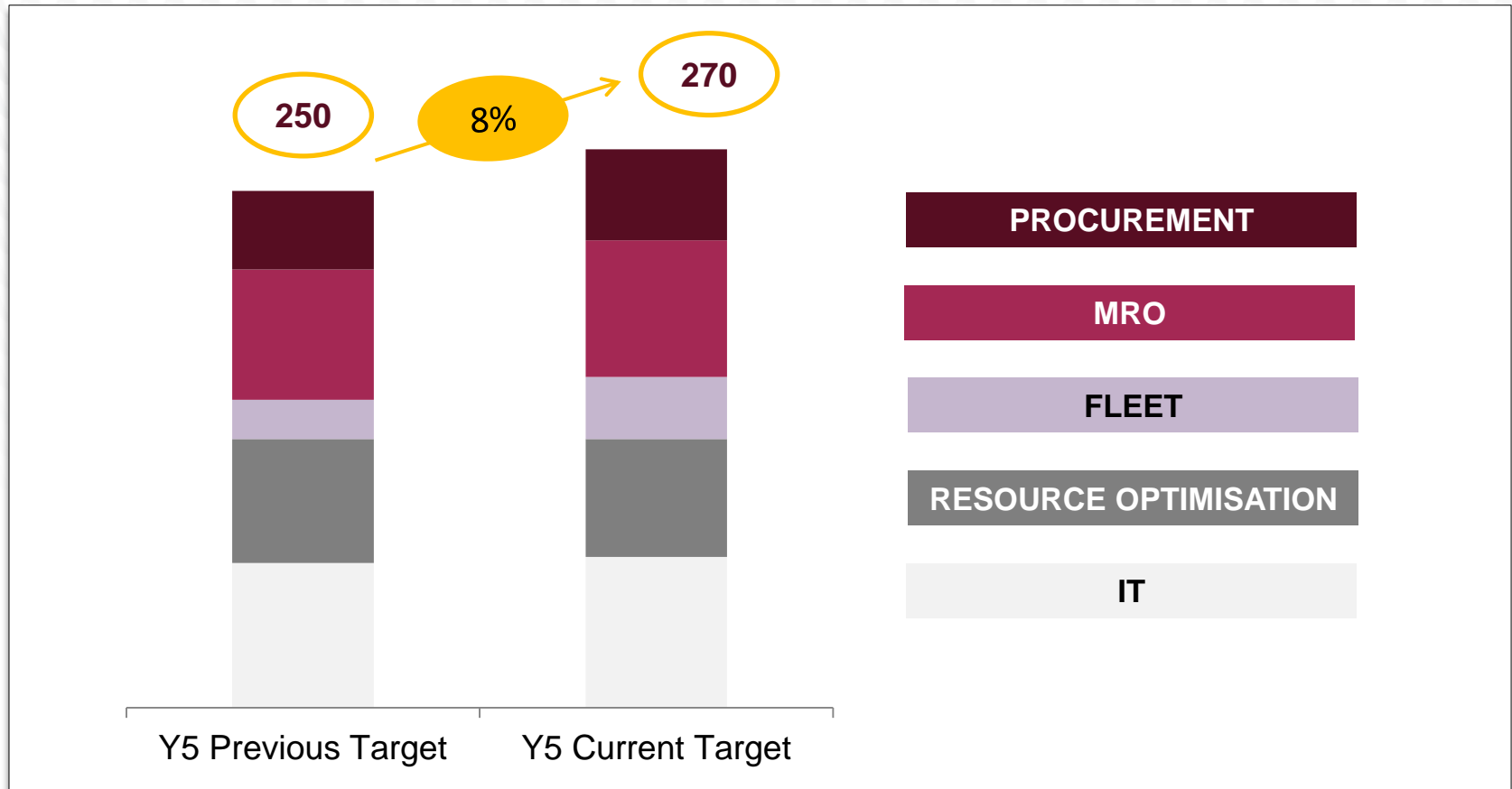
# Year 1 and Year 2 already ahead of targets





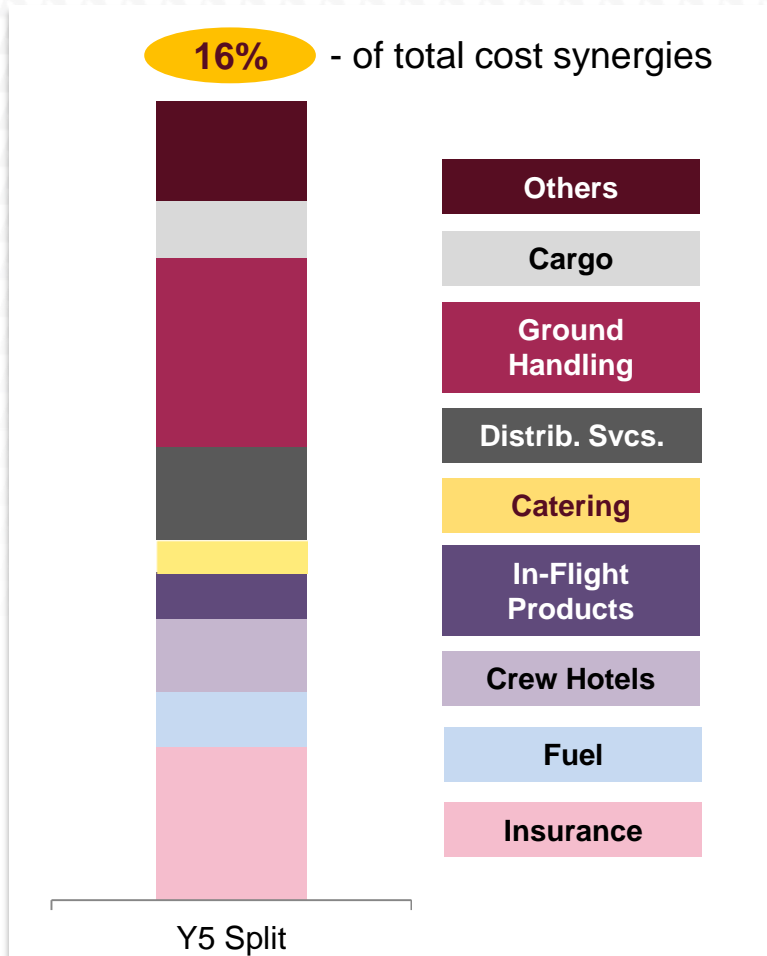
# 2015: Delivering beyond initial targets

- Most initiatives identified and targeted



# Detailed breakdown

# Procurement: gains from centre-led model



## Progress so far

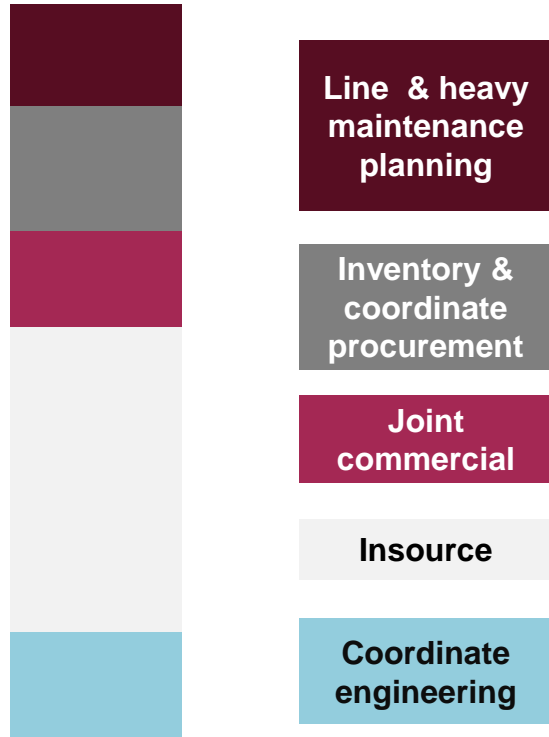
- ✓ **Insurance:** Joint placement of a/c policies
- ✓ **Jet Fuel:** Joint tendering across the network
- ✓ **Crew Hotels:** Joint crew hotel accommodation and night stop reductions in hubs
- ✓ **Cargo Procurement:** EU trucking tender
- ✓ **Airports Ground Handling:** Joint contracts at home bases and key premium airports

## What we are working on

- **Centre-led Model:** Leverage and underpin initiatives for Y5 in order to exceed the targets, while being scalable to other airlines
- **Distribution Services:** Alignment of technology contracts and suppliers to commercial strategy

# MRO: insourcing and joint initiatives

24% - of total cost synergies



Y5 Split

## Progress so far

- ✓ **Line Maintenance & inventory:** Single business and operations merger (ORY, BRU, CVA, ATH, BOS, LAX)-inventory jointly managed and common portal in place
- ✓ **Engineering & procurement:** Common approach
- ✓ **Insource works:** BA CFM56/5B engine overhaul contract with IB; BA Engine lease with third parties through IB
- ✓ **Joint team & strategy for commercial:** Thomas Cook and Cygnus contracts

## What we are working on

- **Line maintenance:** Global single approach
- **Inventory:** Single inventory for the Group
- **Insourcing business:** Insource business with high profit margins

# Fleet: exceeding previous target

11% - of total cost synergies



Maintenance

Fleet

Y5 Split

## Progress so far

- ✓ **A-330:** Improvement vs. 2008 Iberia RFP
- ✓ **A-320:** Applying the final application for A320 options within IAG
- ✓ **Maintenance:** Total care agreements

## What we are working on

- Future joint Group-led aircraft deals

# Resource Optimisation: potential for more

21% - of total cost synergies



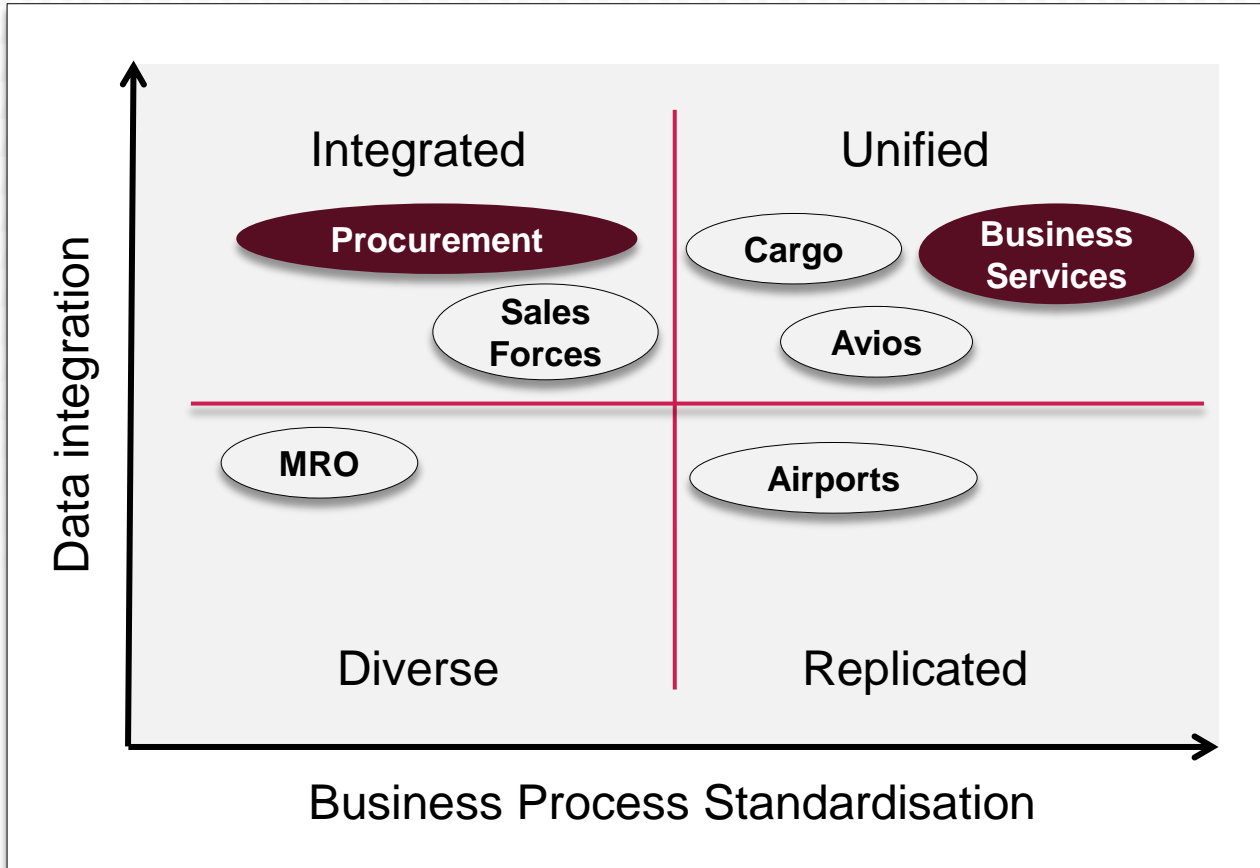
## Progress so far

- ✓ **Sales Force:** Successfully integrated UK, Spain, N. America, S. Africa, Nigeria, Egypt, Russia, Chile, Switzerland
- ✓ **Airports:** Successfully integrated ticket desk, offices or supervision at LHR, JFK, BRU, TXL, FRA, ORY, LAX, AMS and LAD
- ✓ **Cargo:** GSA rationalisation & Sales team integration
- ✓ **Corporate centre:** Initial steps on Finance, HR, Procurement Legal and Communications

## What we are working on

- **Corporate centre:** Working through specification of a scalable back office platform for the group – “Global Services Platform”

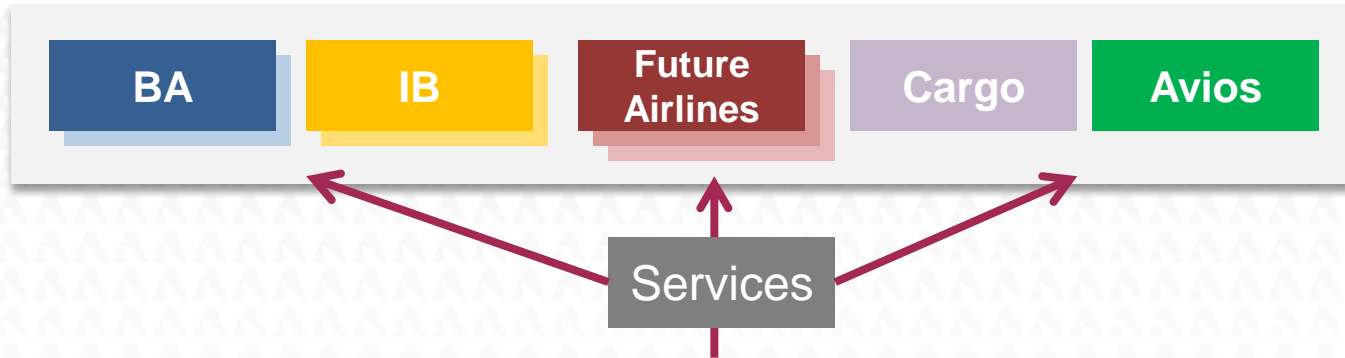
# Global Services Platform



**Global Services Platform**



# The Global Services Platform architecture



- Common Systems & Information Processes
- Scalable Platform (Plug & Play)
- Simple (Reduce Complexity)

# IT – base platform for rest of businesses

## OBJECTIVES & STRATEGY

Enable Value ...

1. From BA/Iberia Merger
2. Supporting new business model & developing IAG Platform
3. Parallel focus on diverse needs at Operating Company level

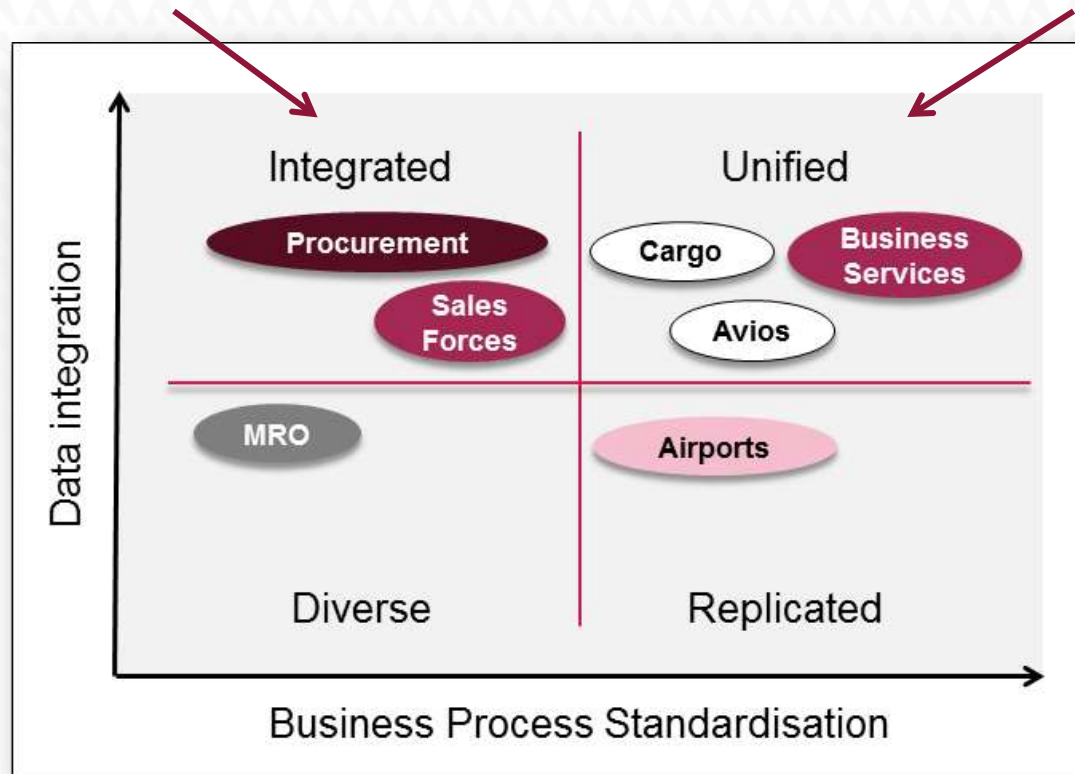


# IT – what we are working on initially

**Focus on Priority Business Areas** (Must Do's & Quick Wins)

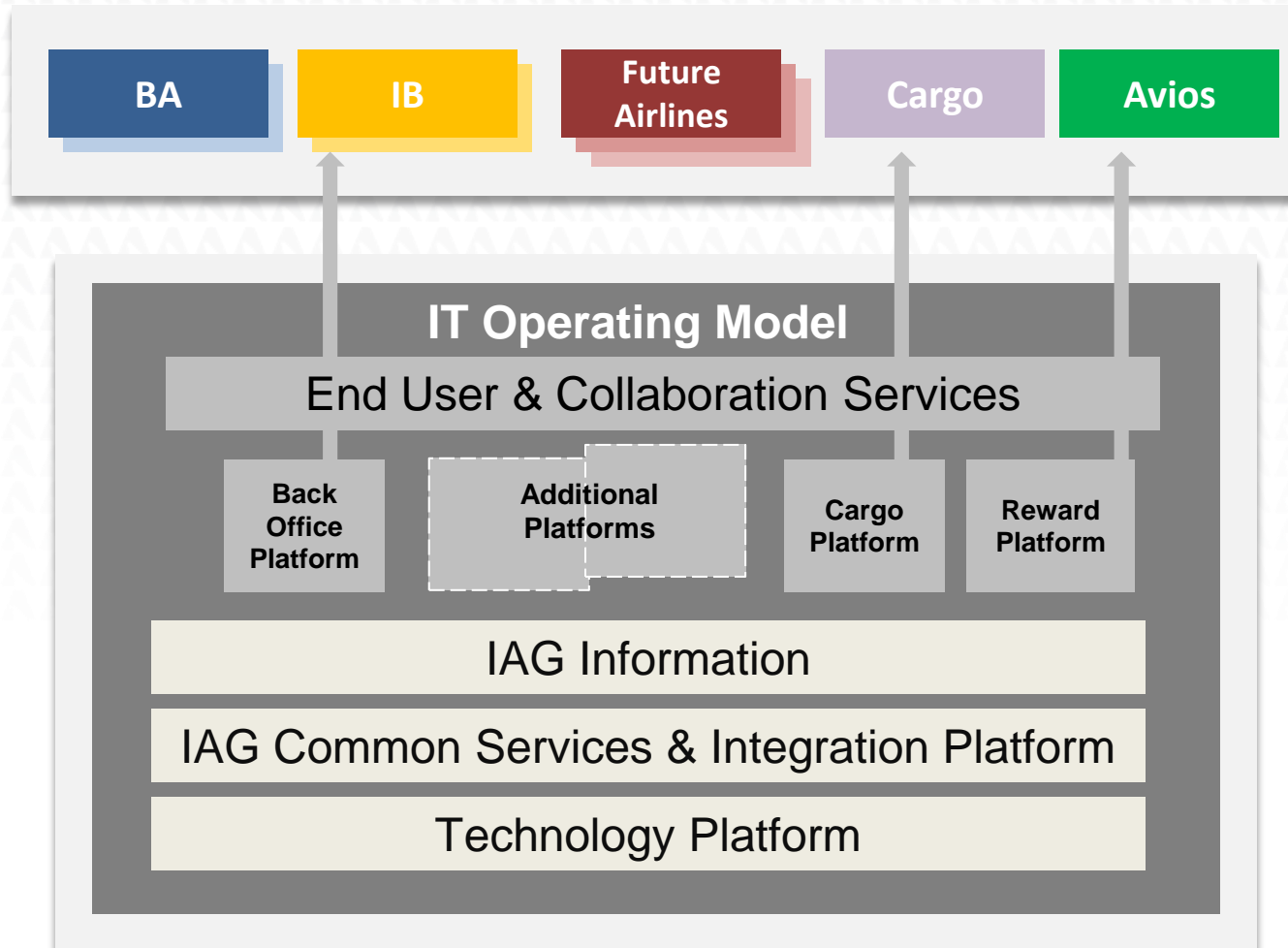
Enable Short Term Business Synergies  
(Infrastructure & Information Provision)

Develop Longer Term strategies



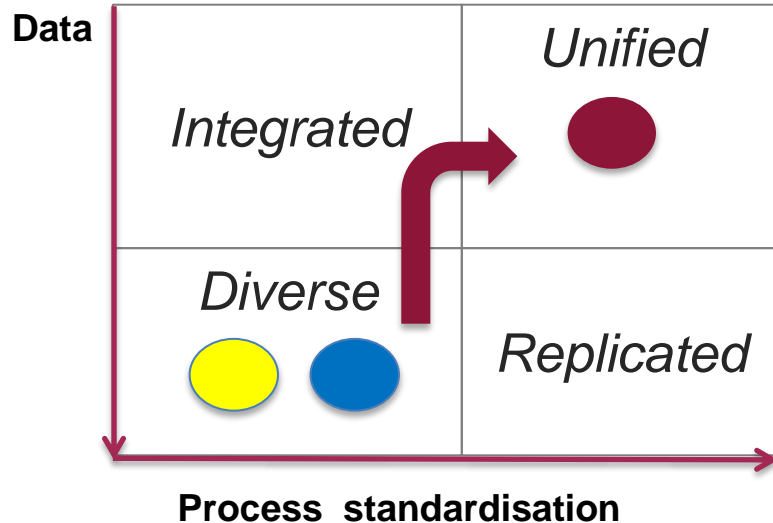
IT Infrastructure

# IT – common IAG model being defined



# IT – underpinning IAG single currency: Avios

- Initial Focus:
  - Integration of information
  - IT team of approx. 300 people across BA, IB & Avios with 20 sub-projects
  - Underpinning Avios launch later this month

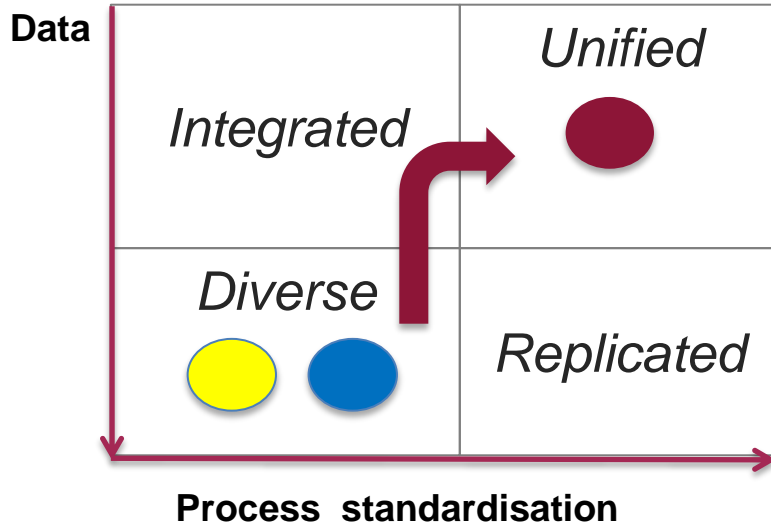


## Avios Synergy Levers

- Single Currency
- Balance Transfer Tool
- Common Zone Maps
- Redemption Platform

# IT – underpinning IAG Cargo

- Initial Focus:
  - Leverage “best of both”
  - Phase 1 underway to deliver quick wins & underpin revenue growth in 2012
  - Business case for Phase 2 platform under development

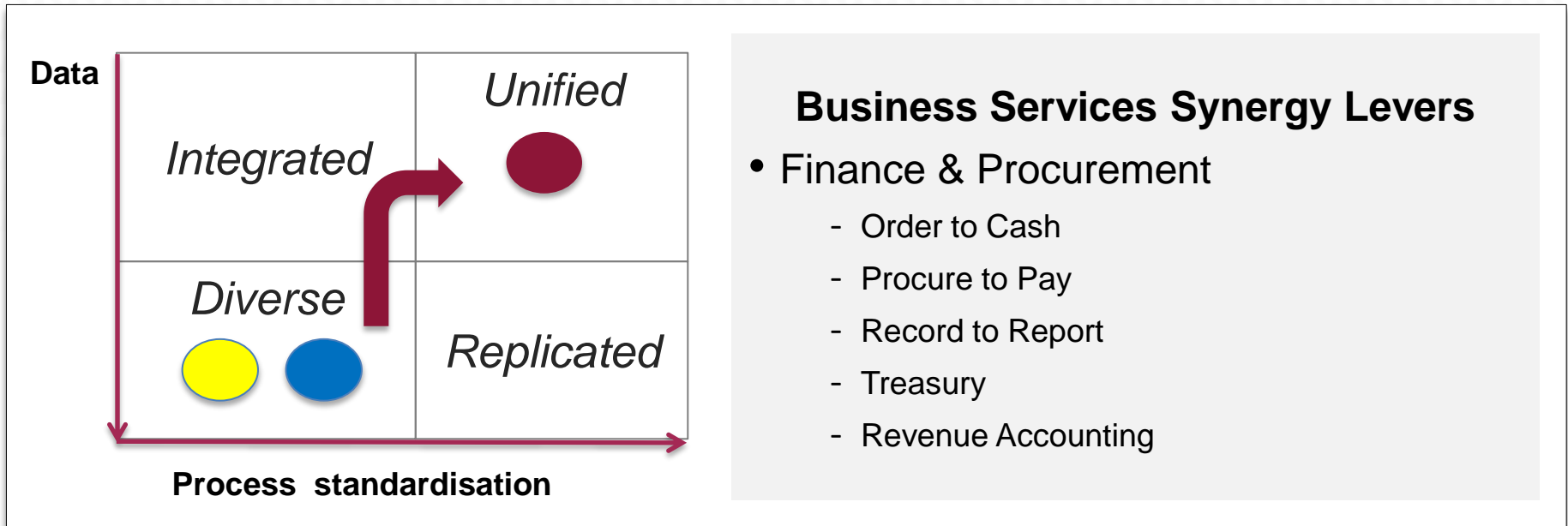


## Cargo Synergy Levers

- One revenue management solution
- Single customer programme
- Joint deals with large customers
- One on-line portal
- Electronic AirWay Bills

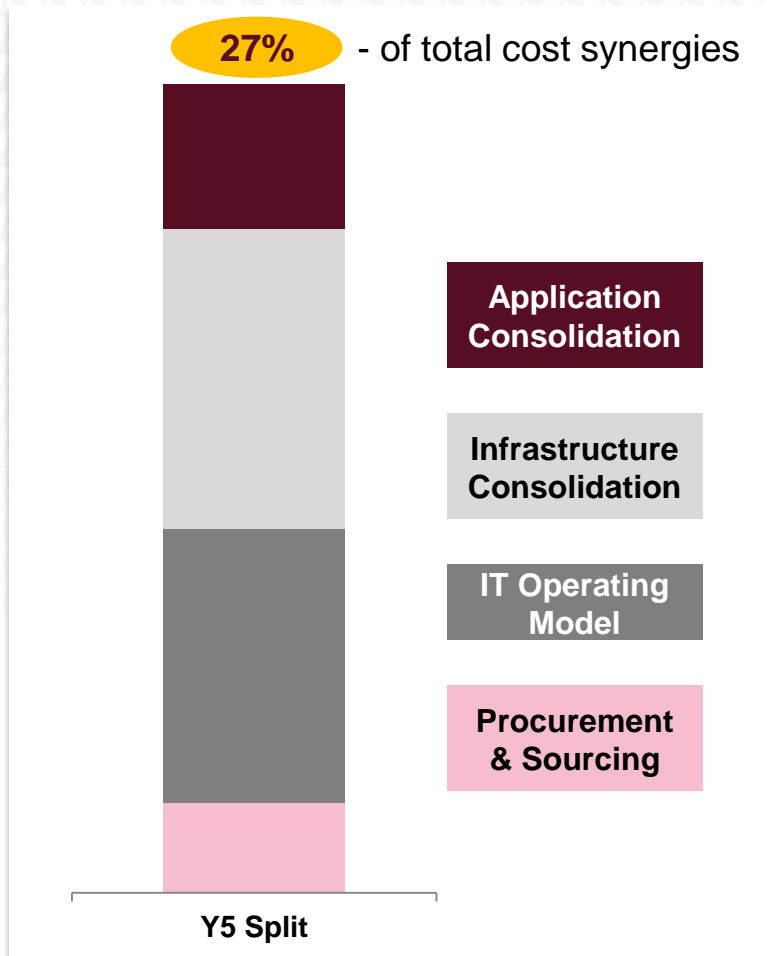
# IT – underpinning IAG Back Office

- Initial Focus:
  - Process & Information needs





# IT – target of 27% of cost synergies by 2015



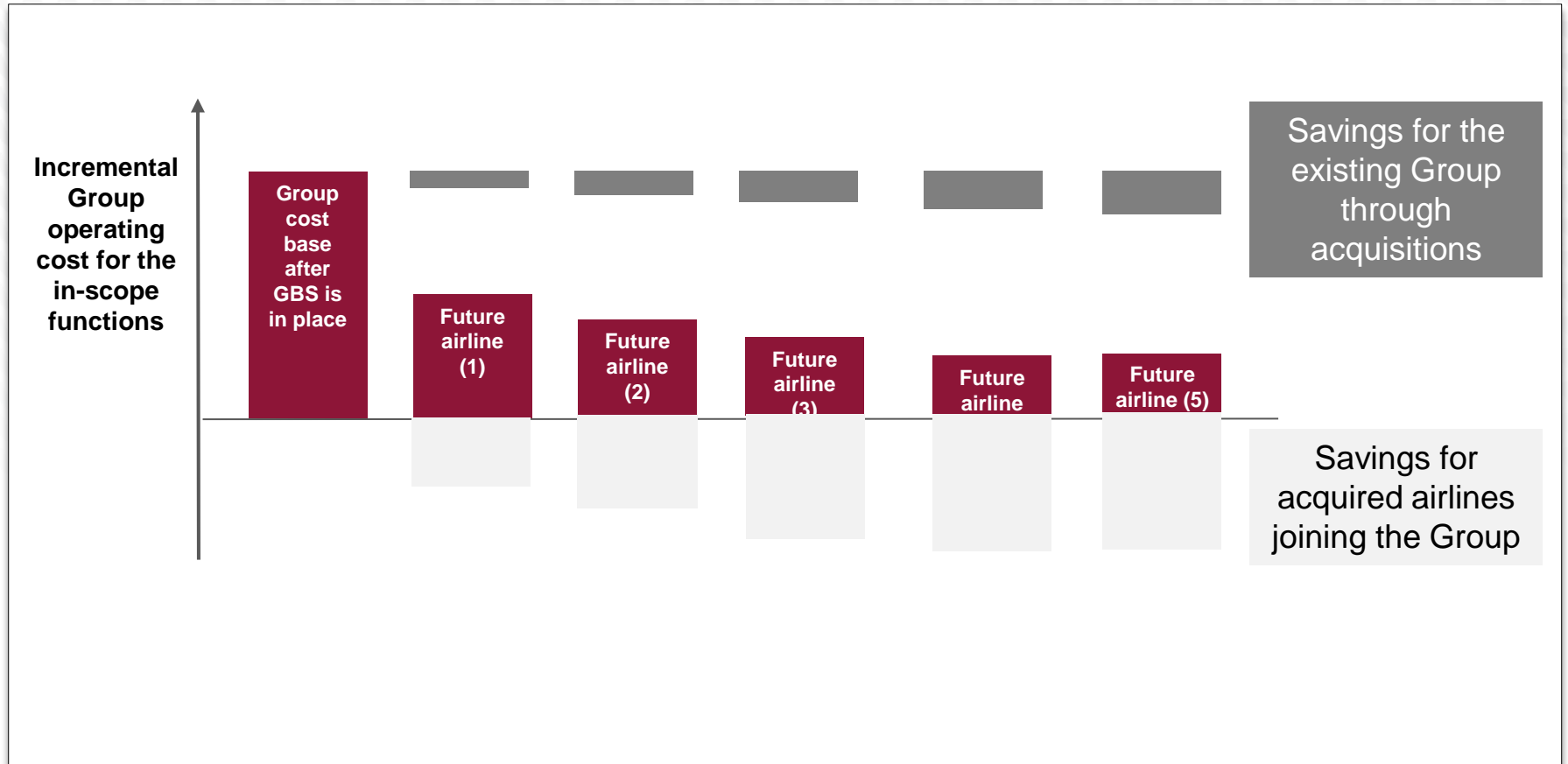
## Progress so far

- ✓ **Infrastructure Consolidation:** Initial IT strategies and standards aligned across OpCos by Service Tower (Servers, Desktop, Telecoms, Service Desk, Security)
- ✓ **Application Architecture:** IAG Business & Systems Capability Models developed
- ✓ **IT Operating Model**
  - ✓ Restructuring of BA, Iberia IT teams
- ✓ **Procurement & Sourcing:** Joint RFP's & contracts negotiated against draft sourcing strategy

## What we are working on

- **IT Organisation:** Business Case underway to put in place new IT capabilities & Data Centre Strategy
- **Application Plans:** Business Governance groups established in all priority areas

# New airlines would increase synergies through GSP scalability



# Strategy and commercial

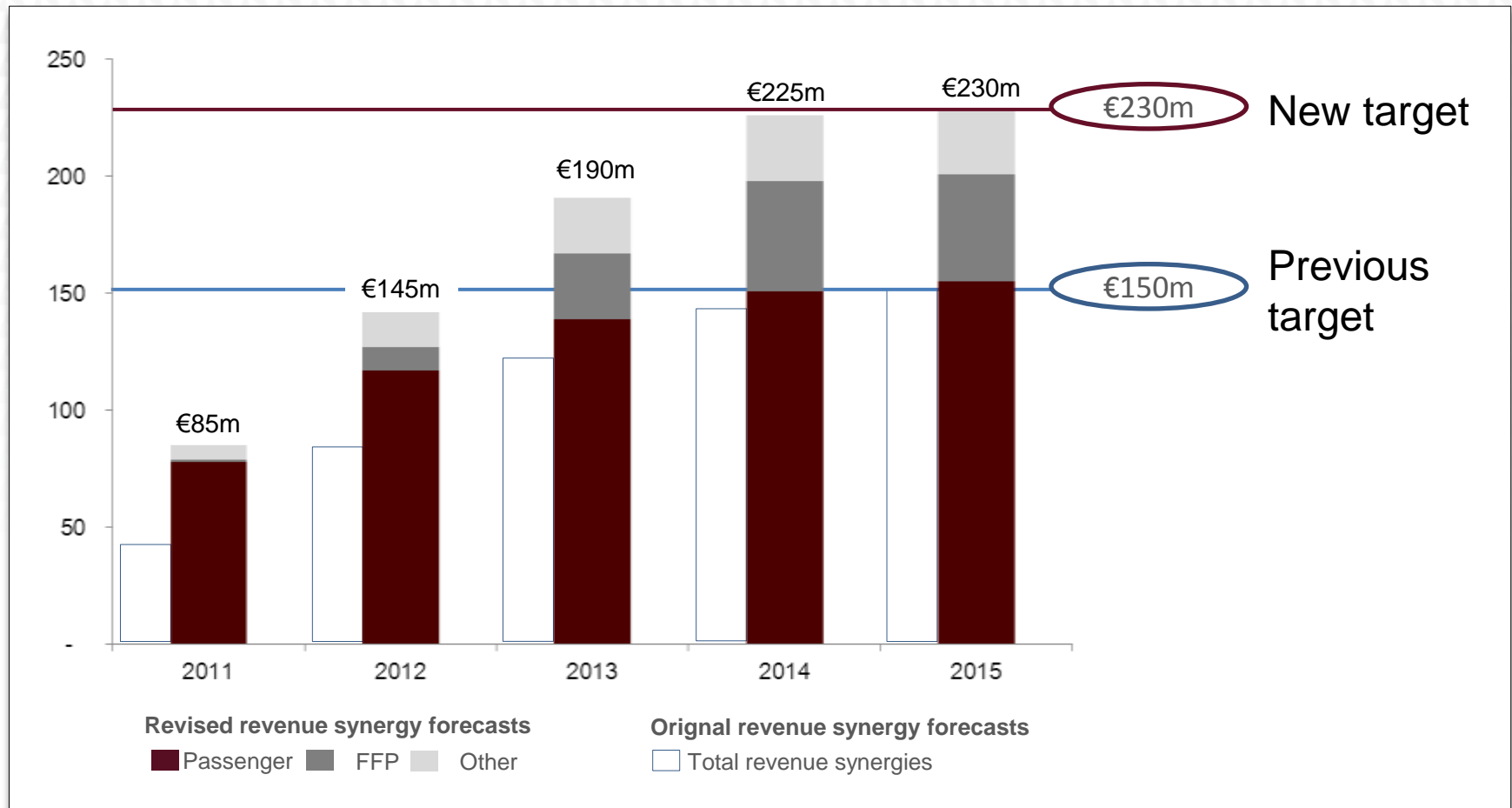
Robert Boyle

*Director of Strategy, IAG*

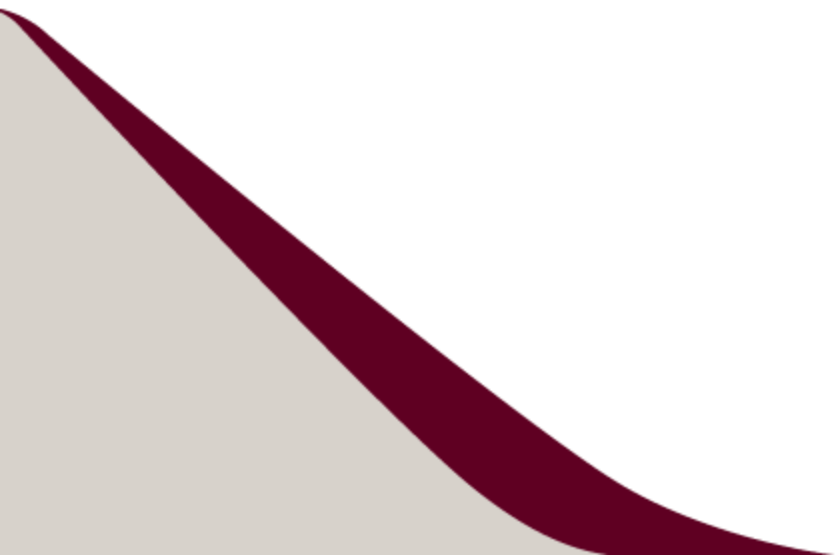
Drew Crawley

*Commercial Director, British Airways*

# Revenue synergies summary

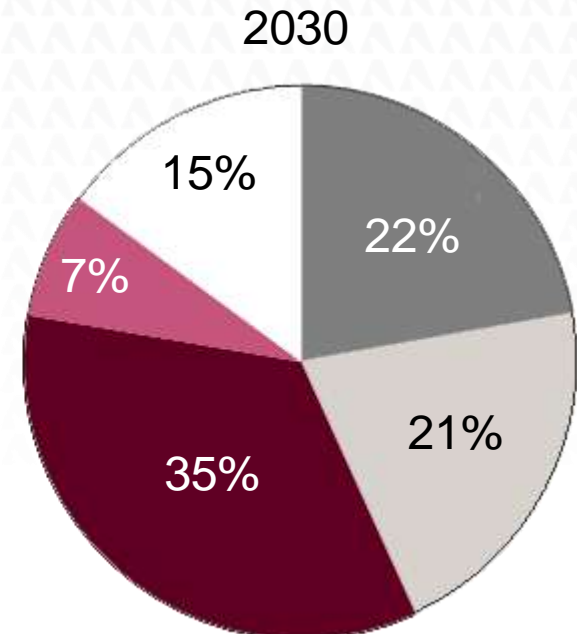
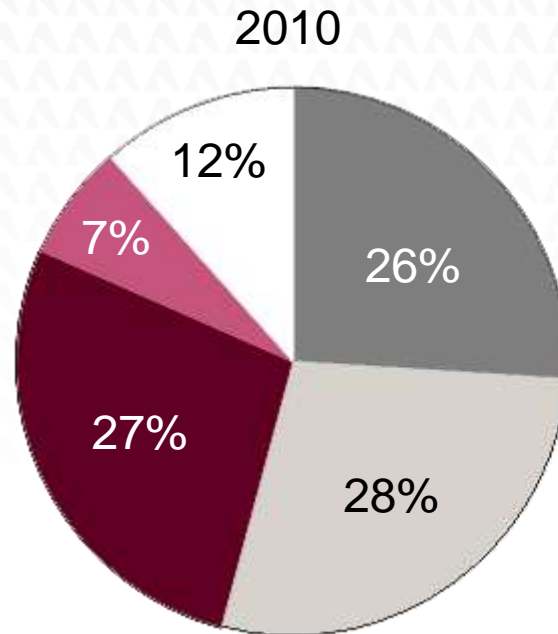


# Industry Context



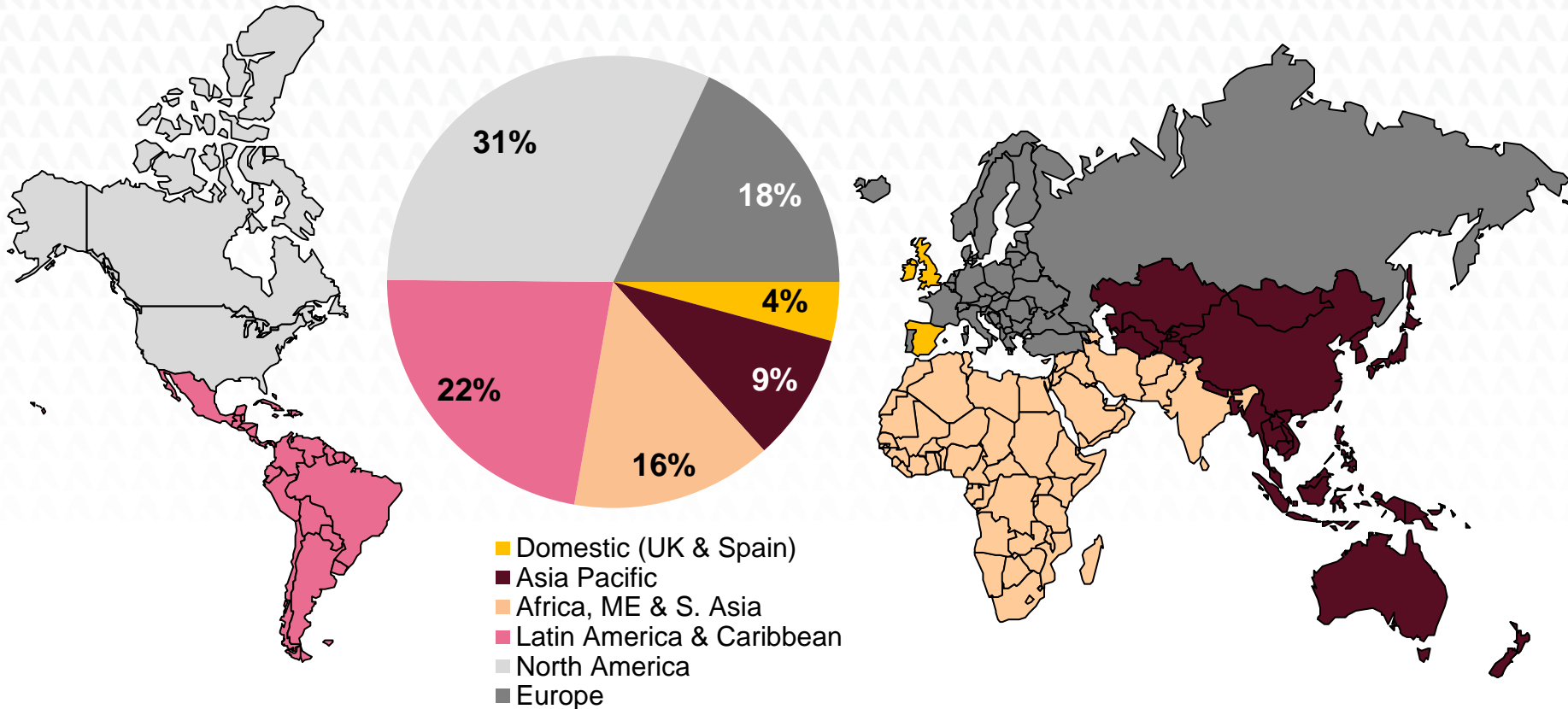
# Shifting geographic balance

## World RPK distribution



Source: Airbus 2011 Global Market Forecast data  
IAG analysis

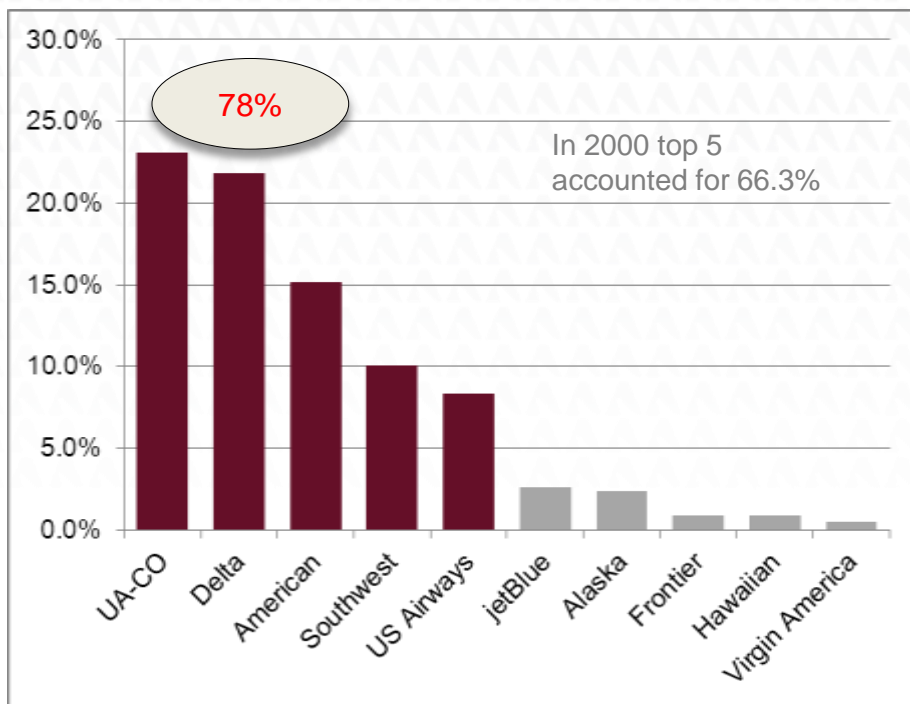
# IAG global capacity exposure



*Geographic breakdown of IAG ASKs, Year to Oct 2011*

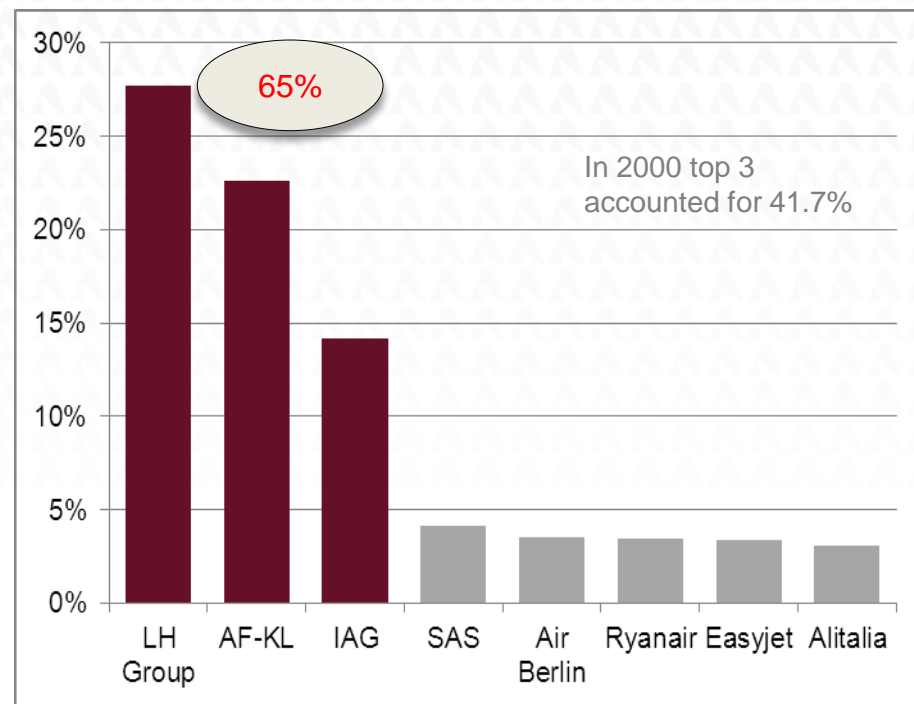
# Industry is consolidating

## Airlines: US – 2010 Revenues



Source: Form 41 data

## Airlines: Europe – 2010 Revenues



Source: IATA and company reports



# Our oneworld partners



# IAG Strategic Objectives



# Global Hubs: Madrid & Heathrow

# Geographically well placed hubs

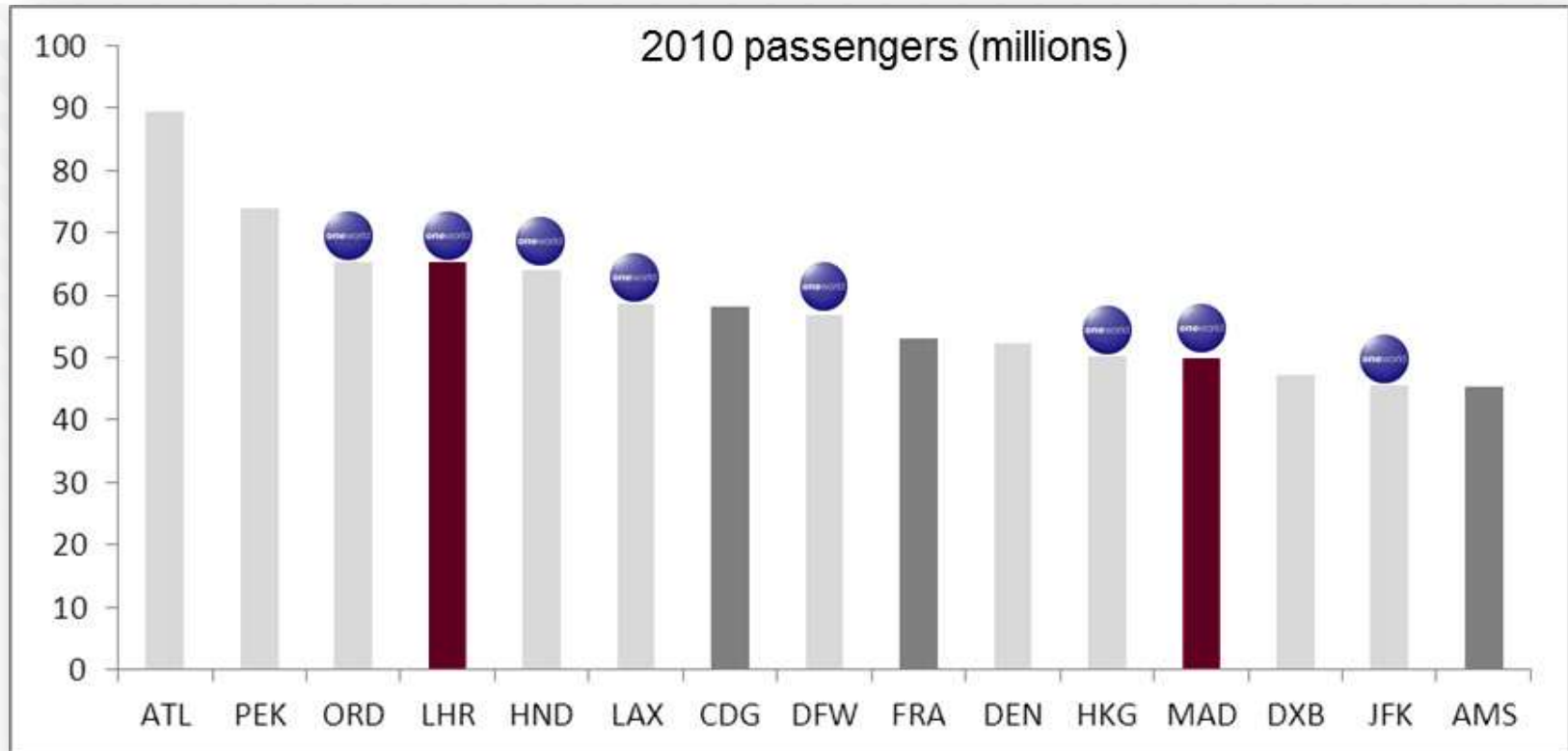
Madrid Barajas

London Heathrow



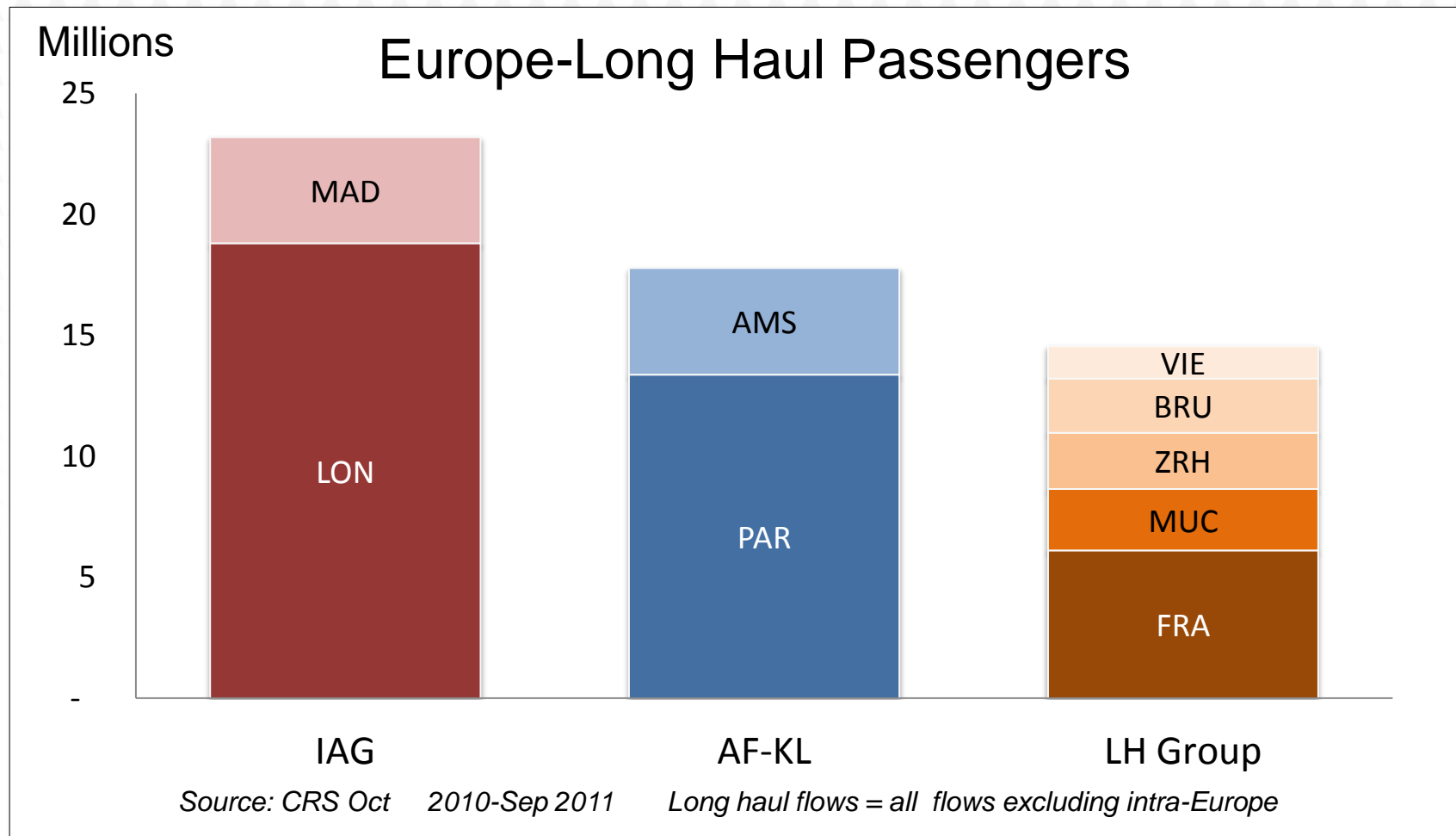


# Heathrow and Barajas – global hubs

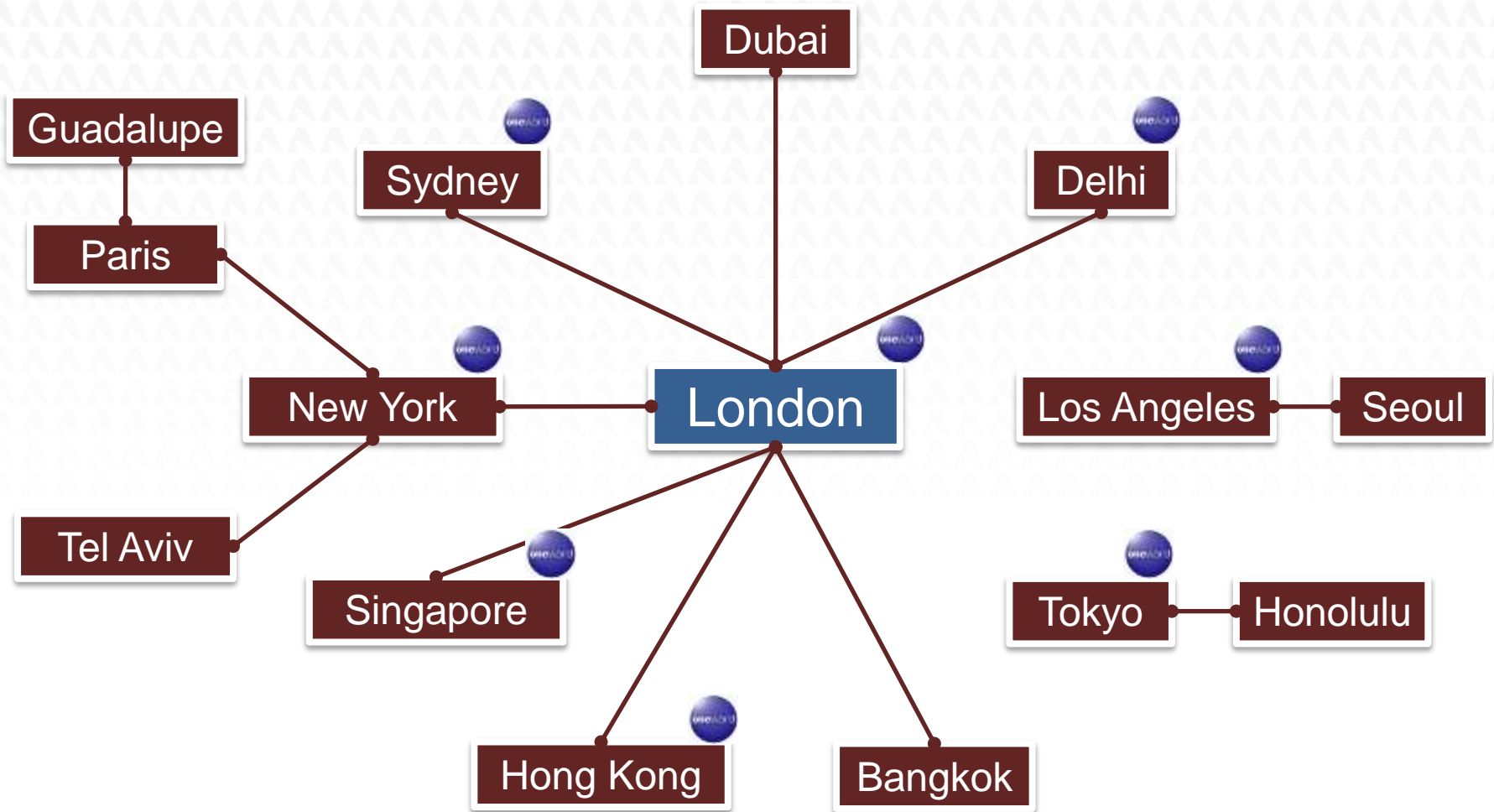


Source: Airports Council International

# Well placed to serve largest longhaul O&D

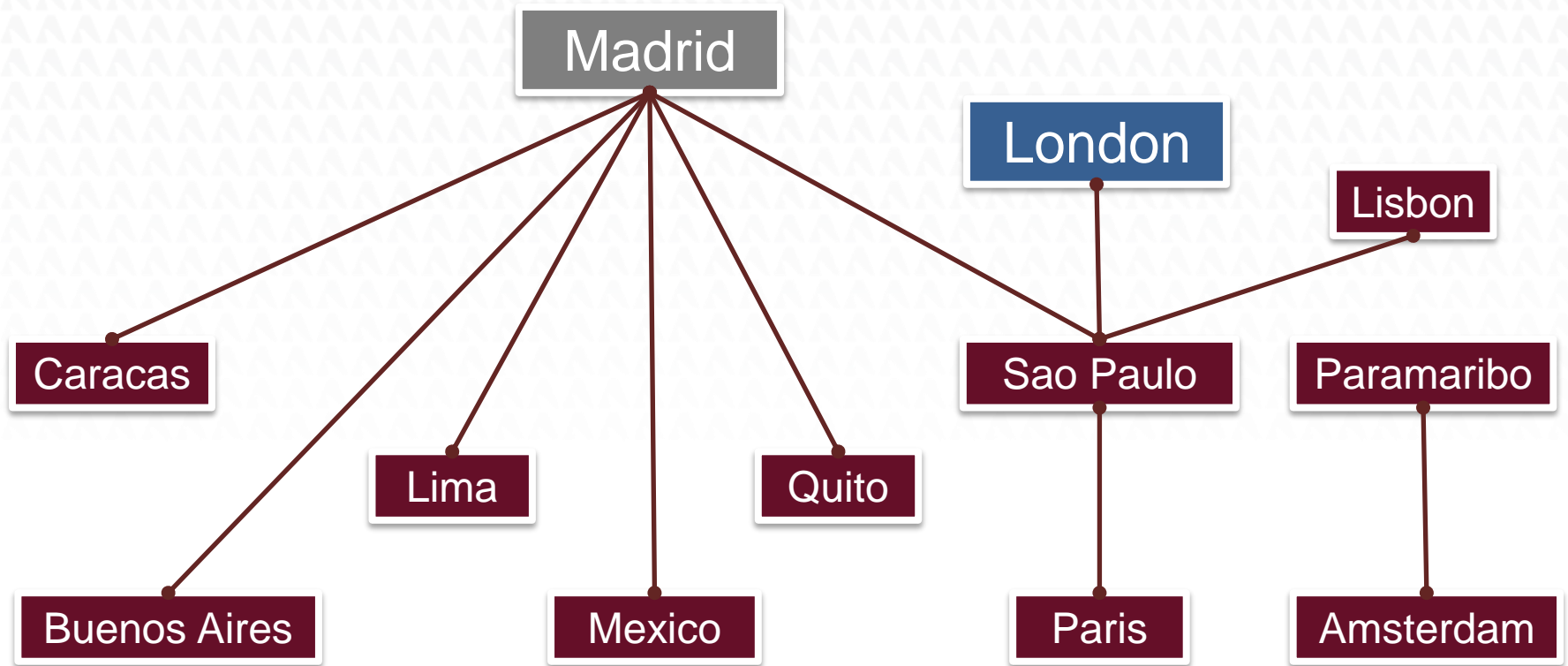


# World's top 10 long haul O&D markets



Source: October 2010-September 2011 CRS Data.  
Sectors over 3,000 miles

# Latam-Europe top 10 long haul O&D markets



Source: October 2010-September 2011 CRS Data Excludes Caribbean



# Well positioned hubs



## Key Asia-Latam markets:

- Beijing to Sao Paulo via Madrid is 5 kilometres longer than direct
- Beijing to Sao Paulo via London is 33 kilometres longer than direct

# Great passenger terminals



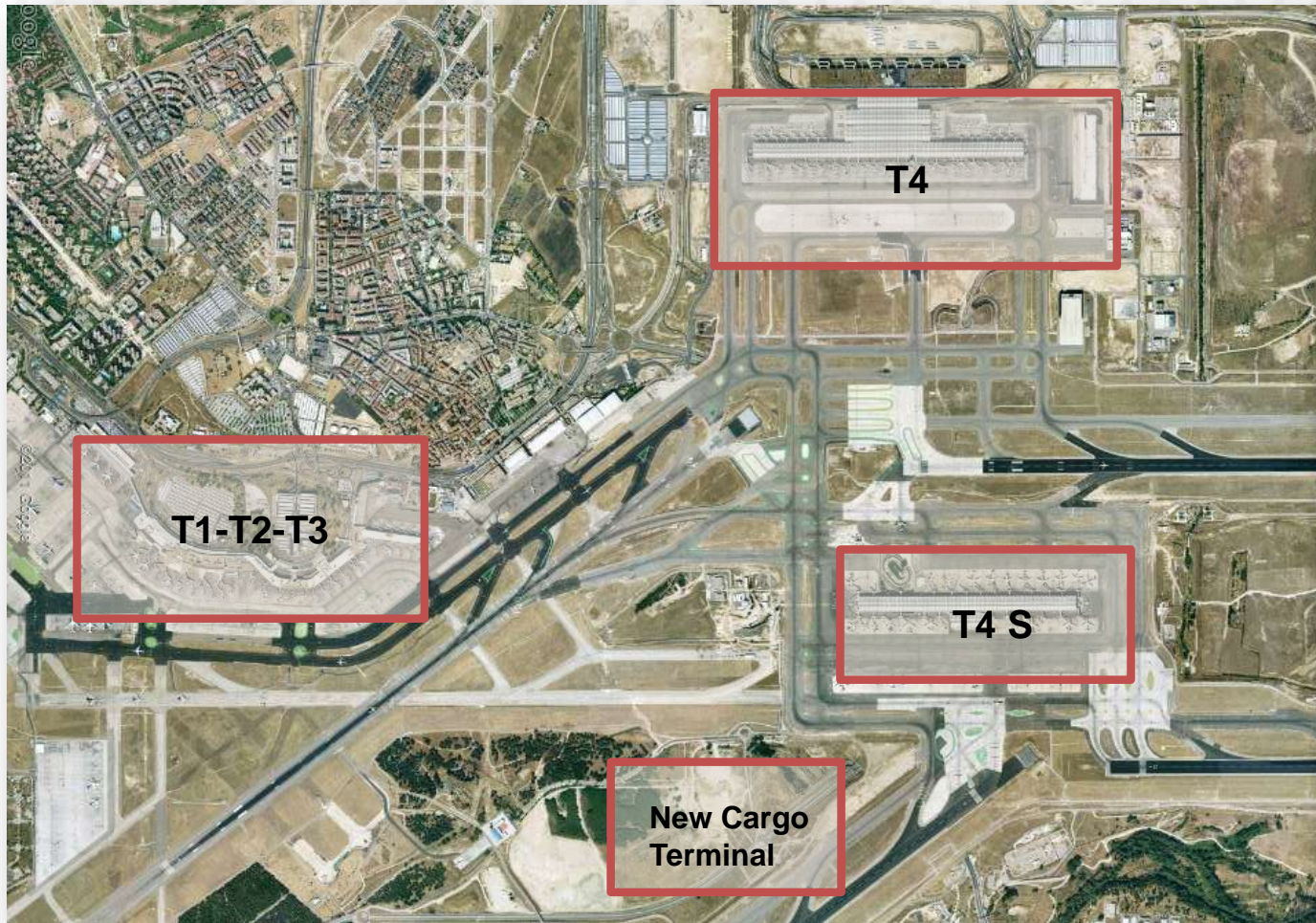


# Heathrow 2011

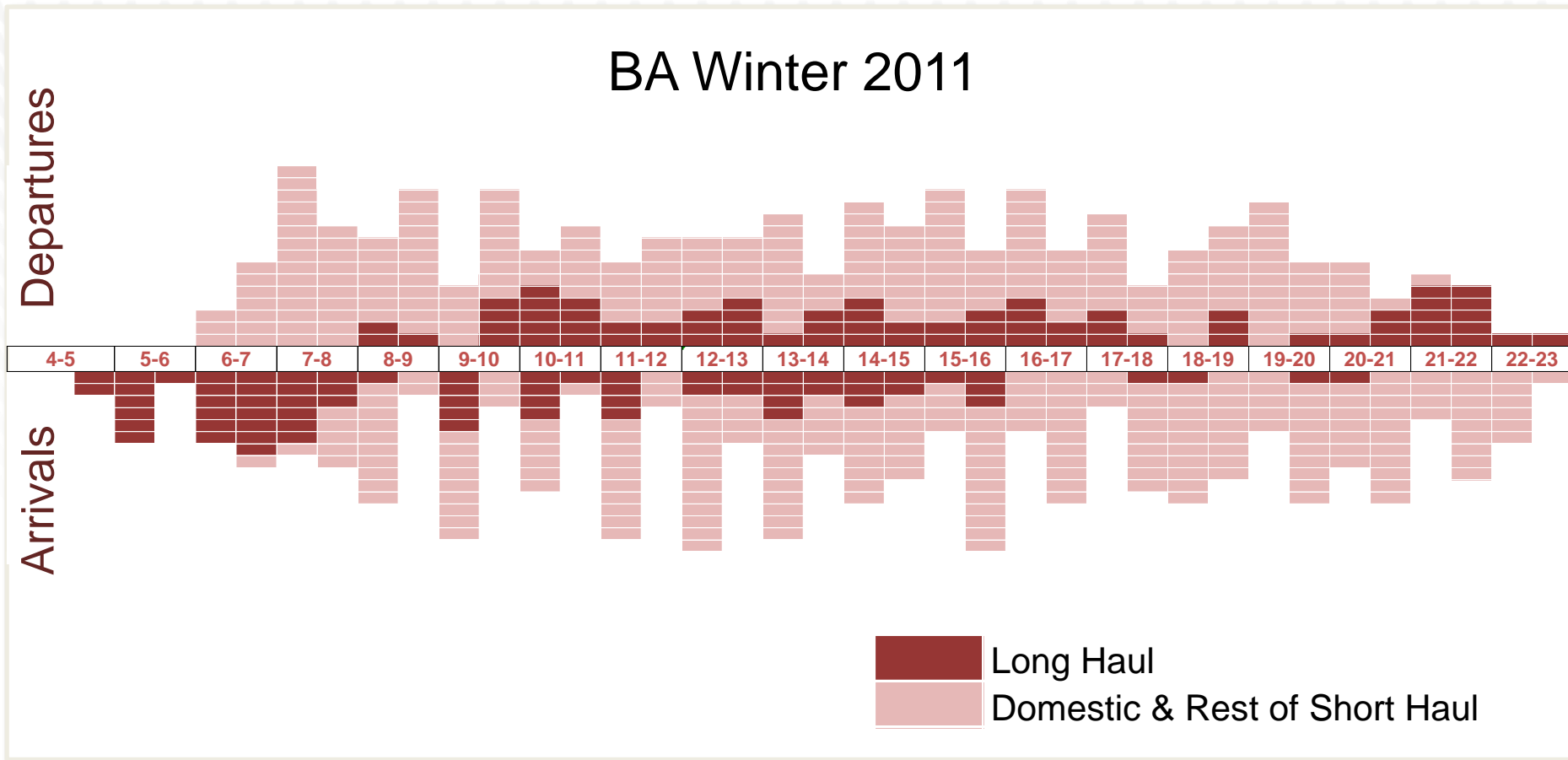




# Barajas infrastructure

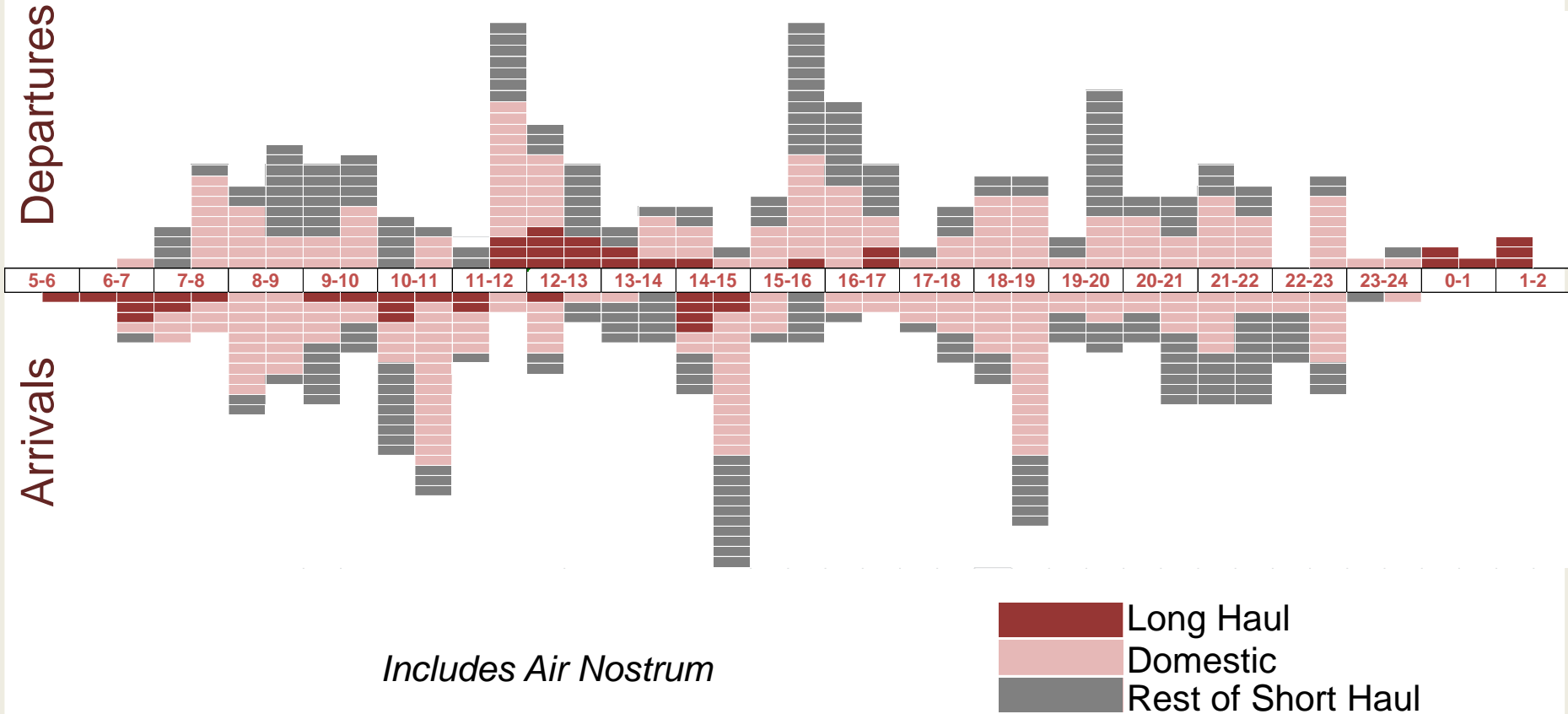


# BA Heathrow hub detail

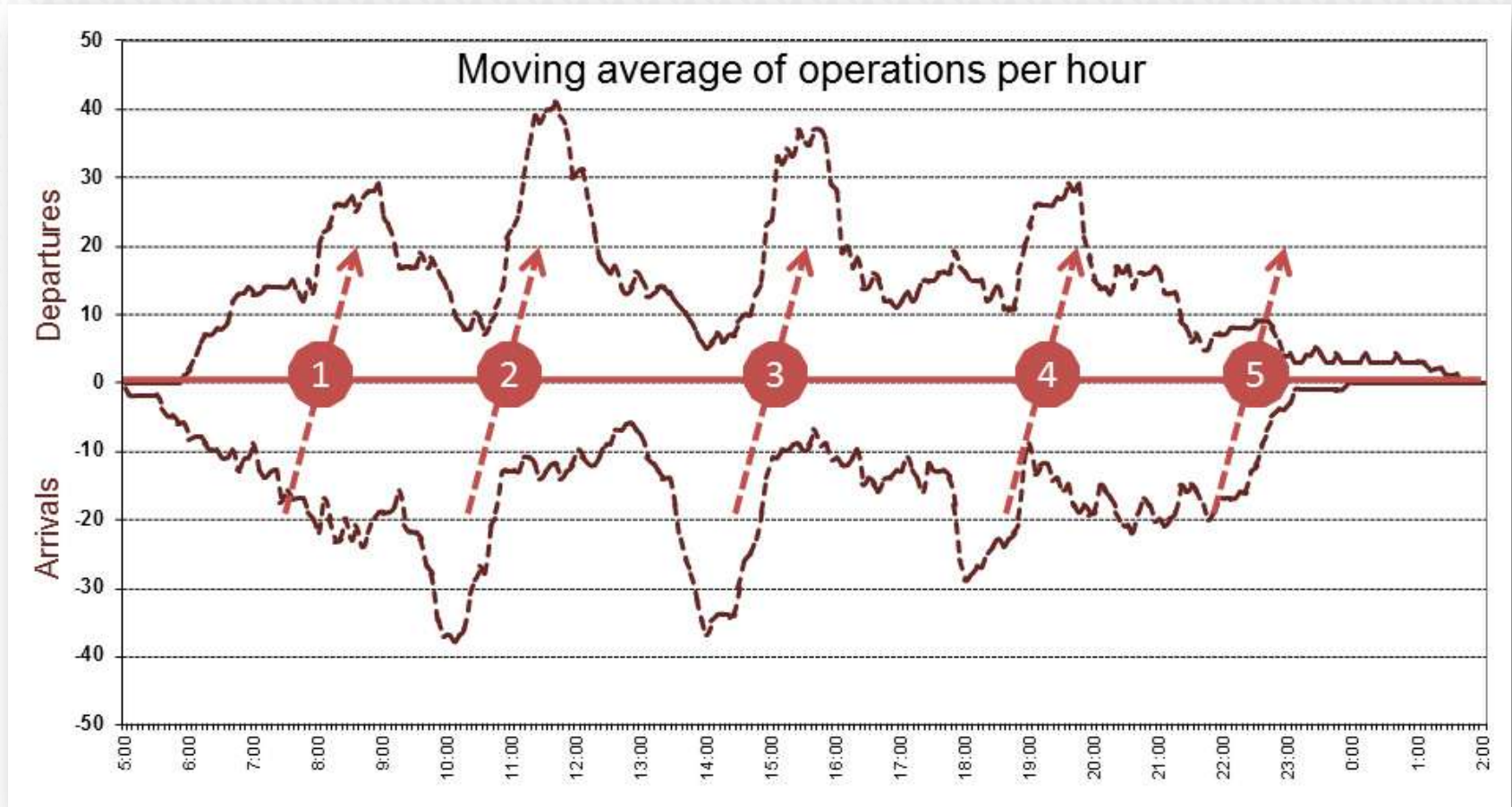


# Iberia Madrid hub detail

Winter 2011



# IB Madrid hub overview





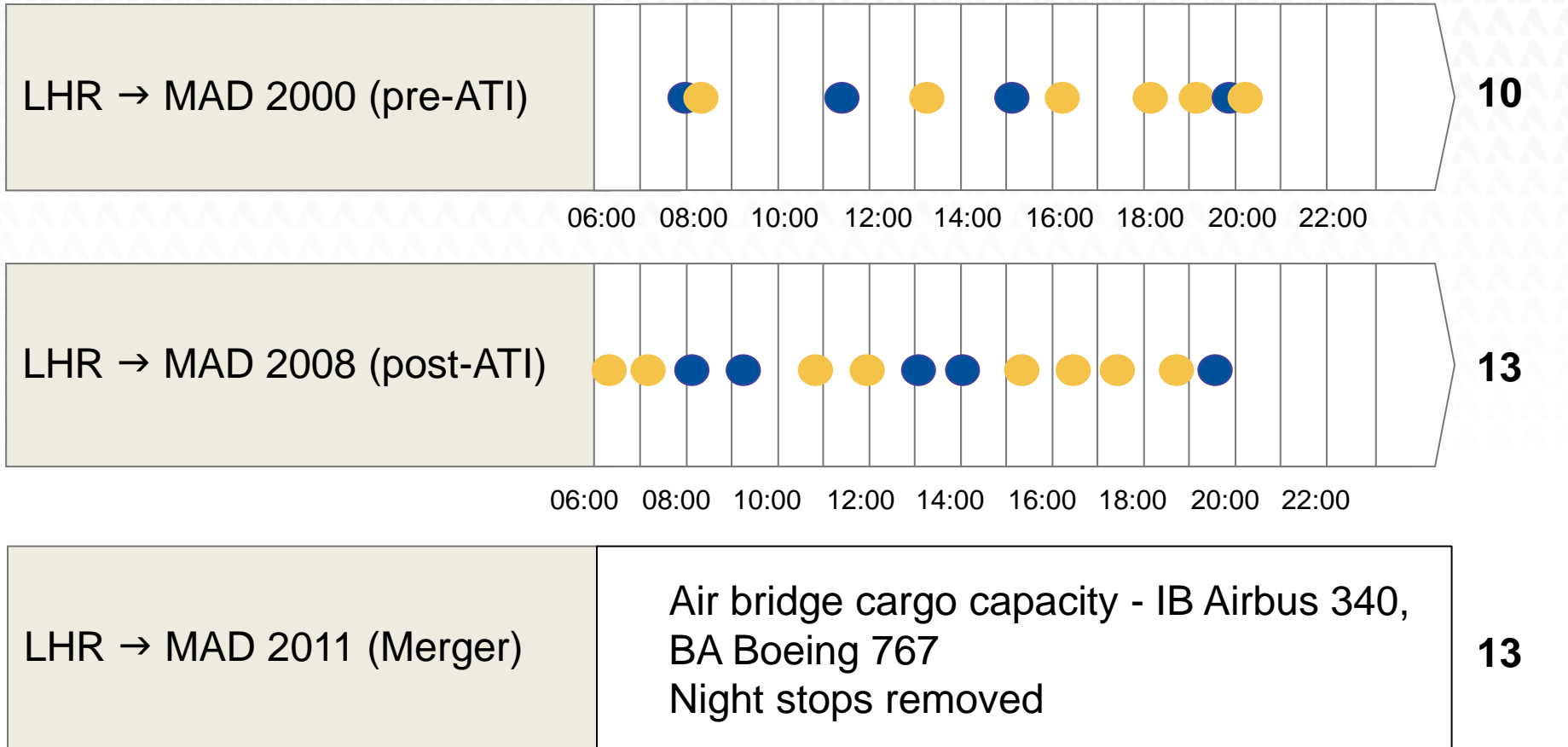
# Increased capacity between hubs after merger

LHR-MAD

Timing of flight departures



Flights





# Dual hub opportunities



Improved routes for some flows:

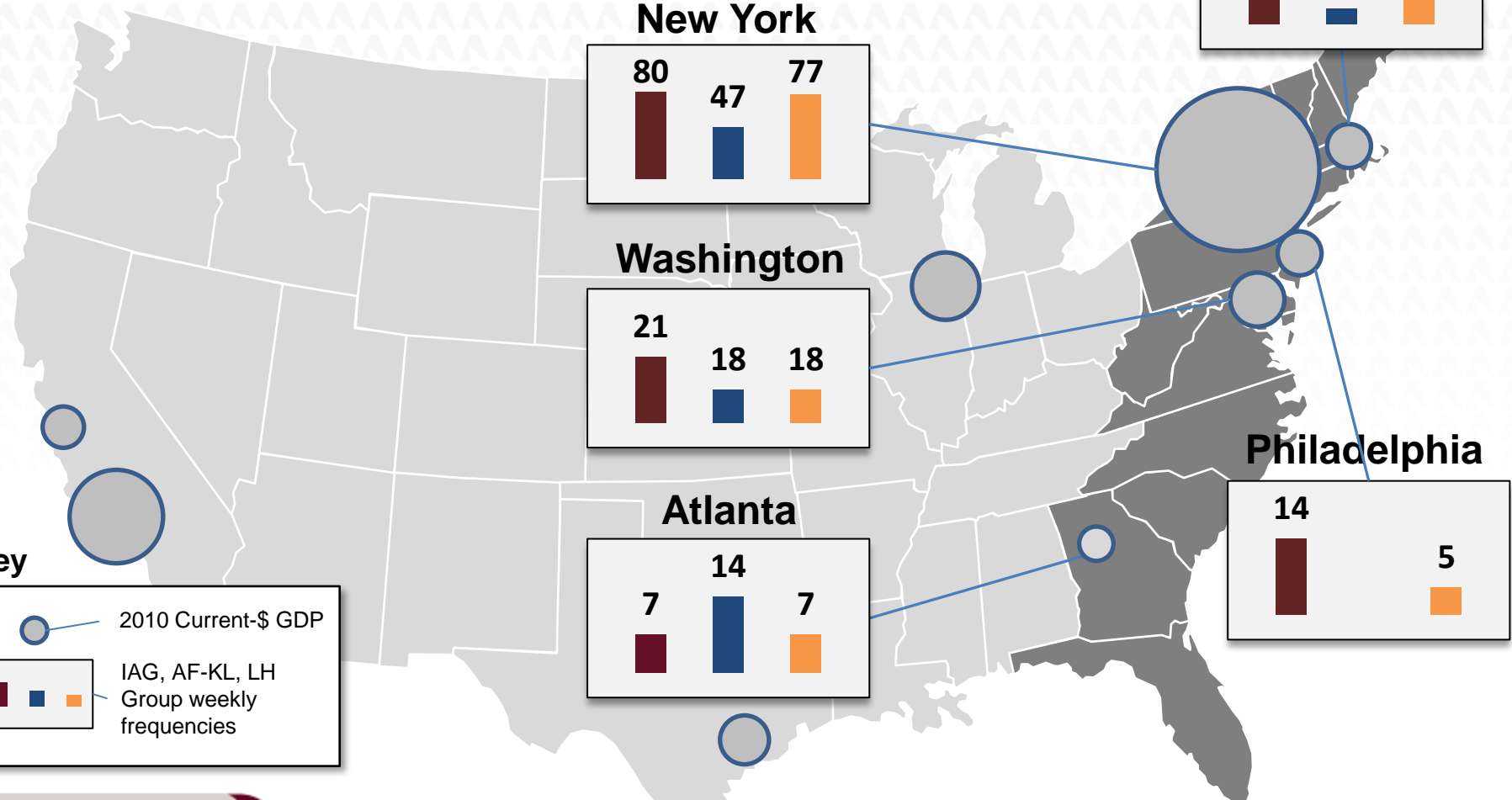
- Stockholm to New York **11%** shorter via London than Madrid
- Tel Aviv to Buenos Aires **8%** shorter via Madrid than London

# IAG Strategic Objectives



# Key Flows

# IAG presence in top 5 East Coast cities by GDP



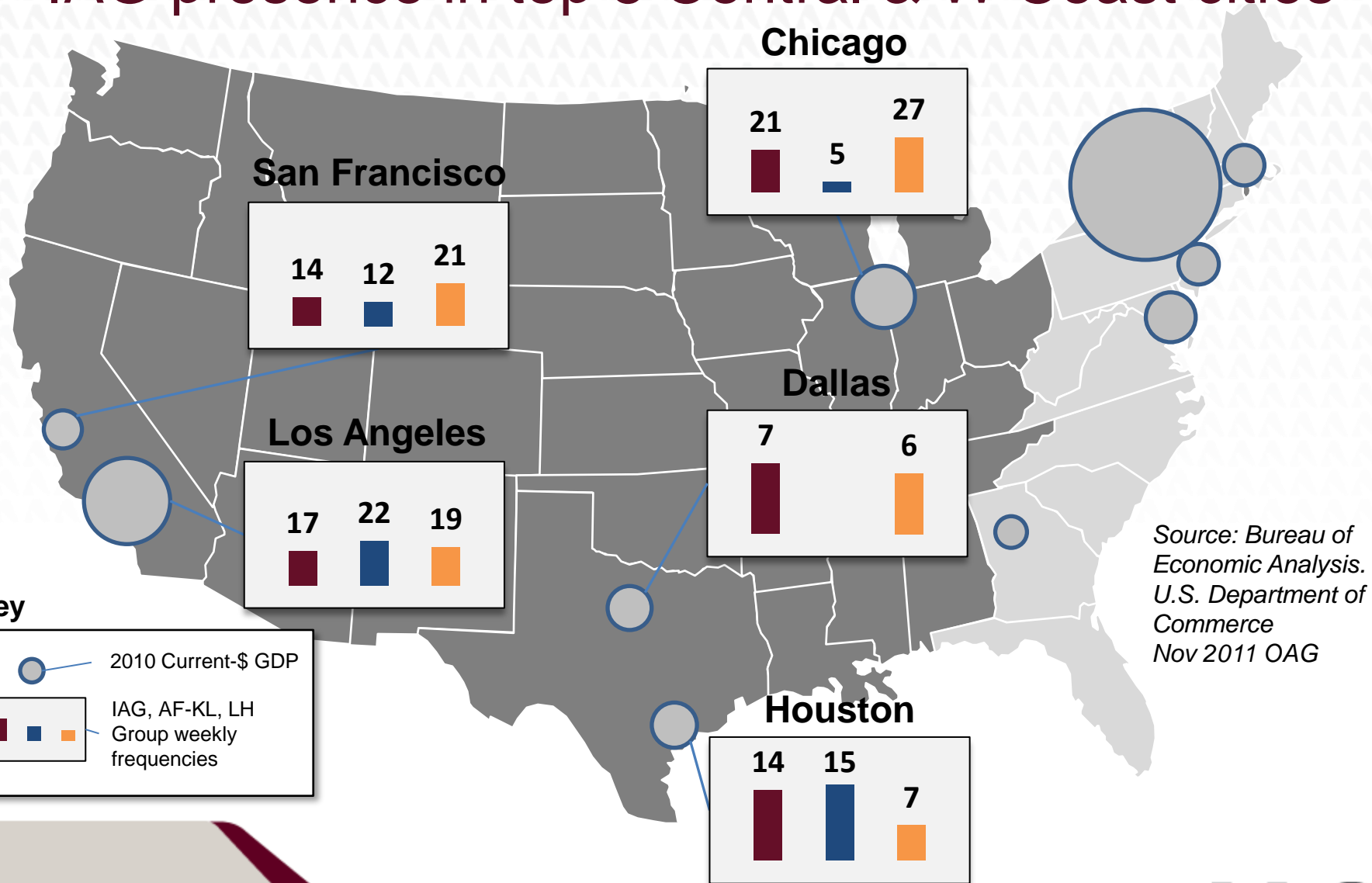
**Key**

- 2010 Current-\$ GDP
- IAG, AF-KL, LH Group weekly frequencies

Source: Bureau of Economic Analysis. U.S. Department of Commerce  
Nov 2011 OAG

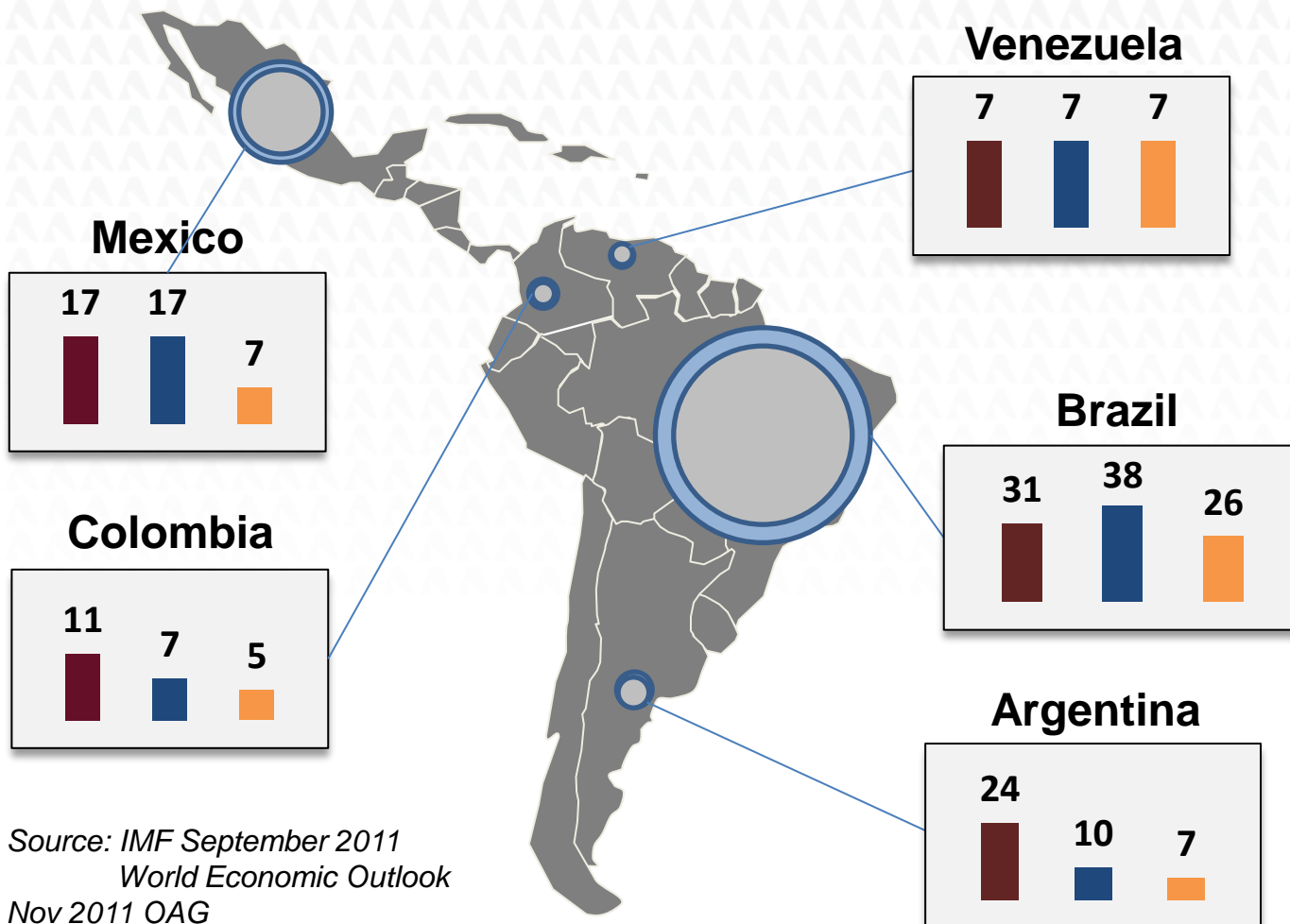


# IAG presence in top 5 Central & W Coast cities



Source: Bureau of Economic Analysis.  
U.S. Department of Commerce  
Nov 2011 OAG

# IAG presence in top 5 Latin American countries



**Key**

Real 2016 GDP, 2011 Constant Prices

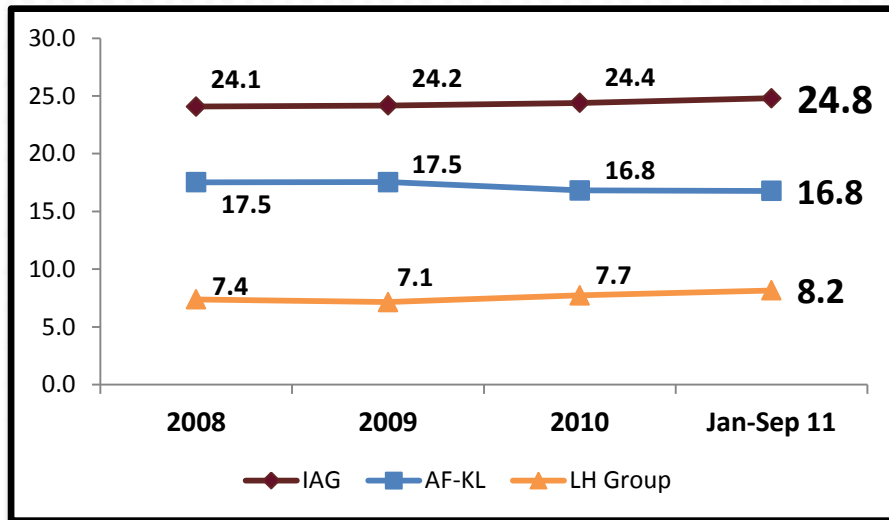
2011 GDP

IAG, AF-KL, LH Group weekly frequencies

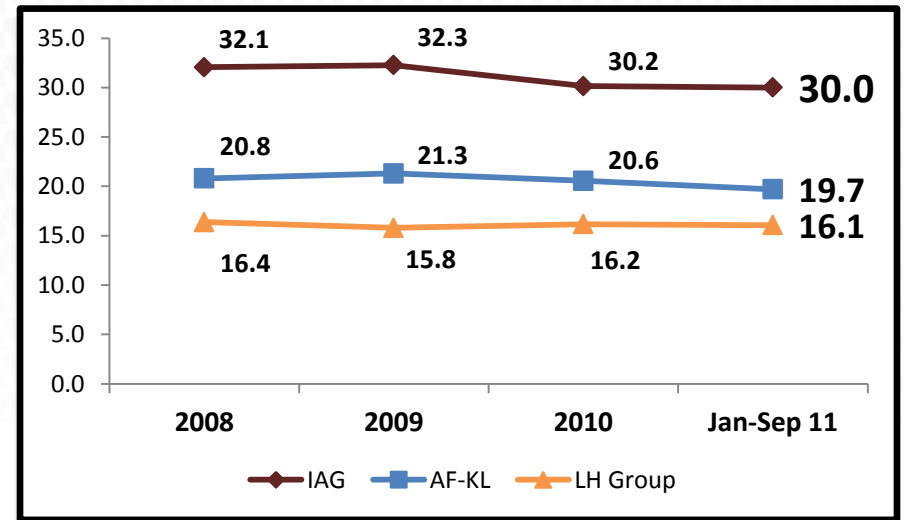
Source: IMF September 2011 World Economic Outlook  
Nov 2011 OAG

# Leadership in Latin America

## Economy Market Share



## Premium Market Share



Source: CRS data

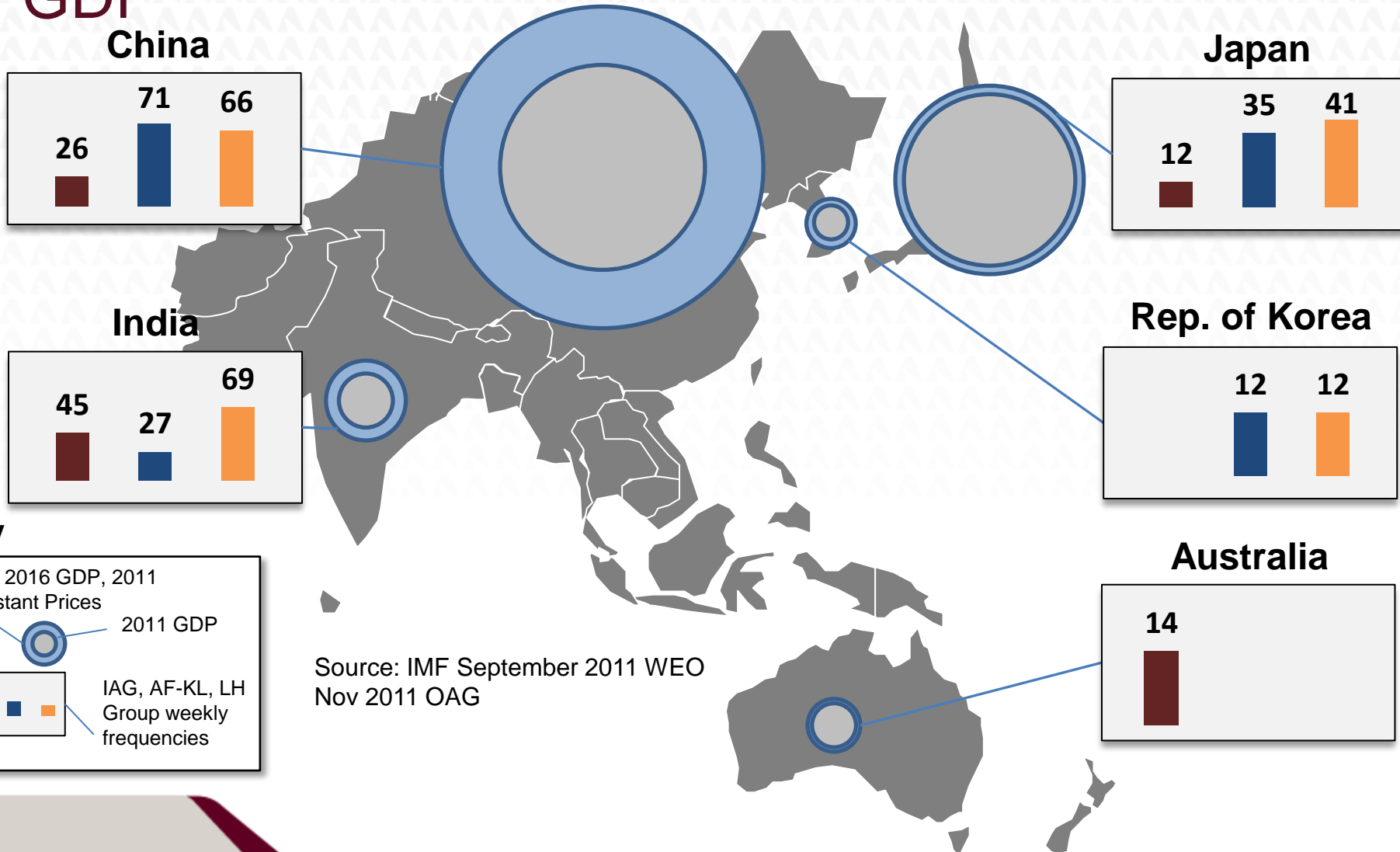


# IAG Strategic Objectives





# IAG presence in top 5 Asia Pacific countries by GDP



Source: IMF September 2011 WEO  
Nov 2011 OAG

**Key**

Real 2016 GDP, 2011 Constant Prices

2011 GDP

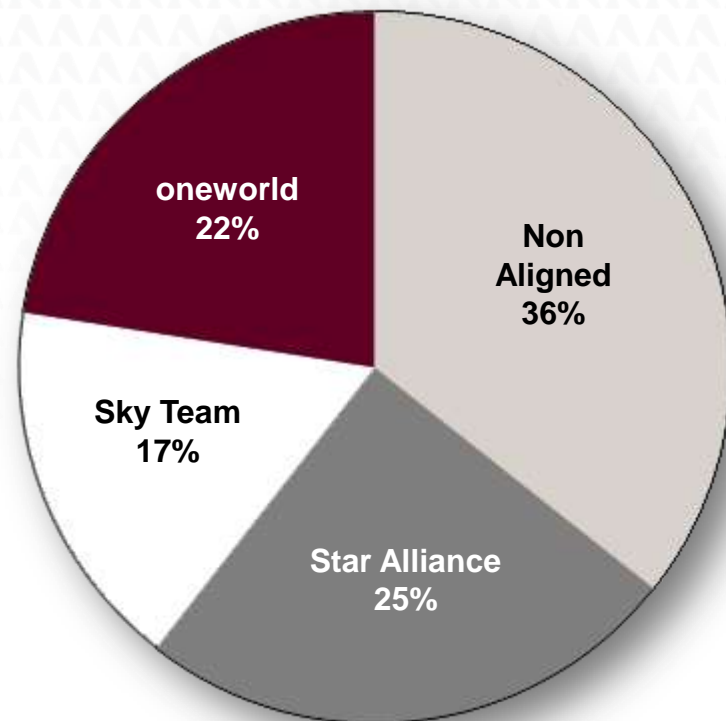
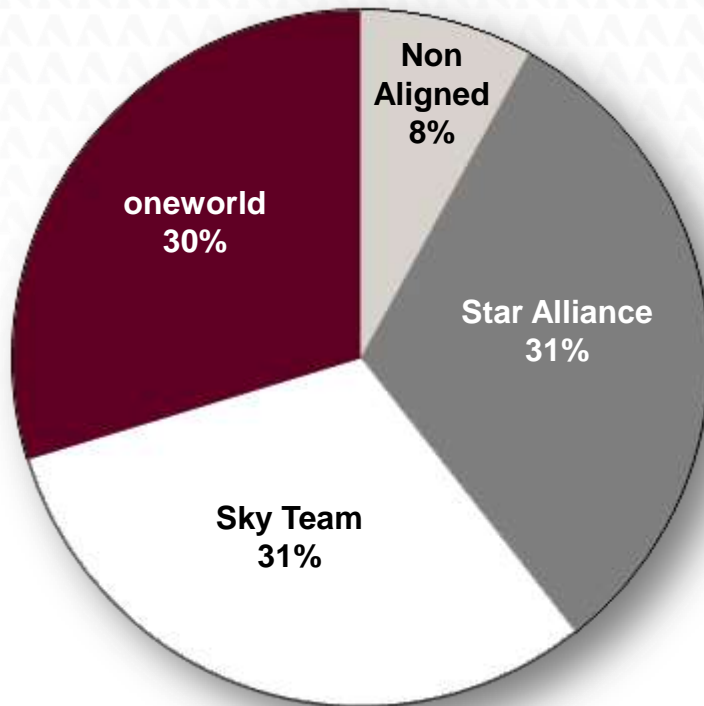
IAG, AF-KL, LH Group weekly frequencies

# Stronger Europe-to-Asia in critical markets

Presence in critical markets through alliances

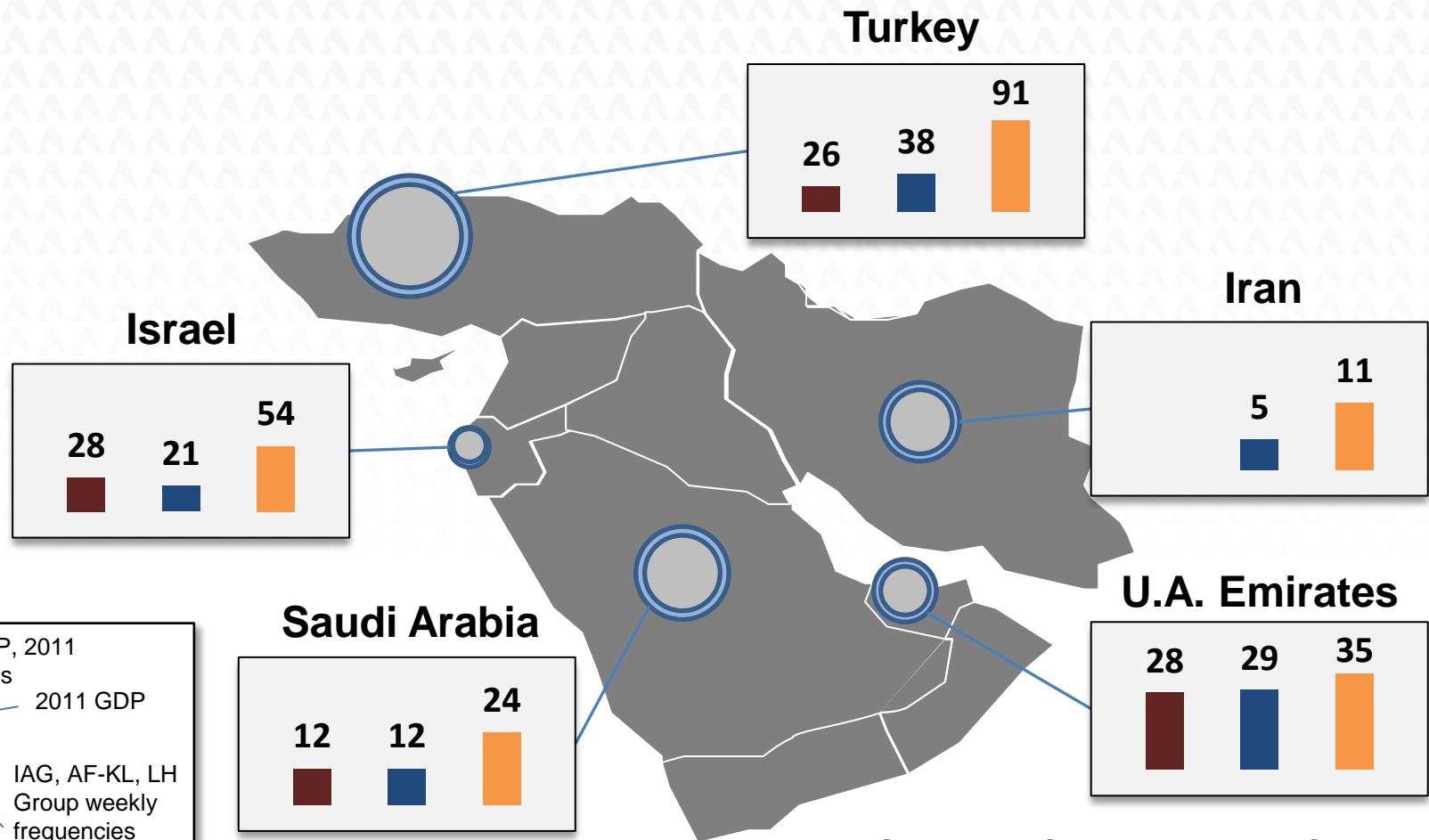
China

India



Source: Nov 11 OAG, ASK

# IAG presence in top 5 Middle East countries

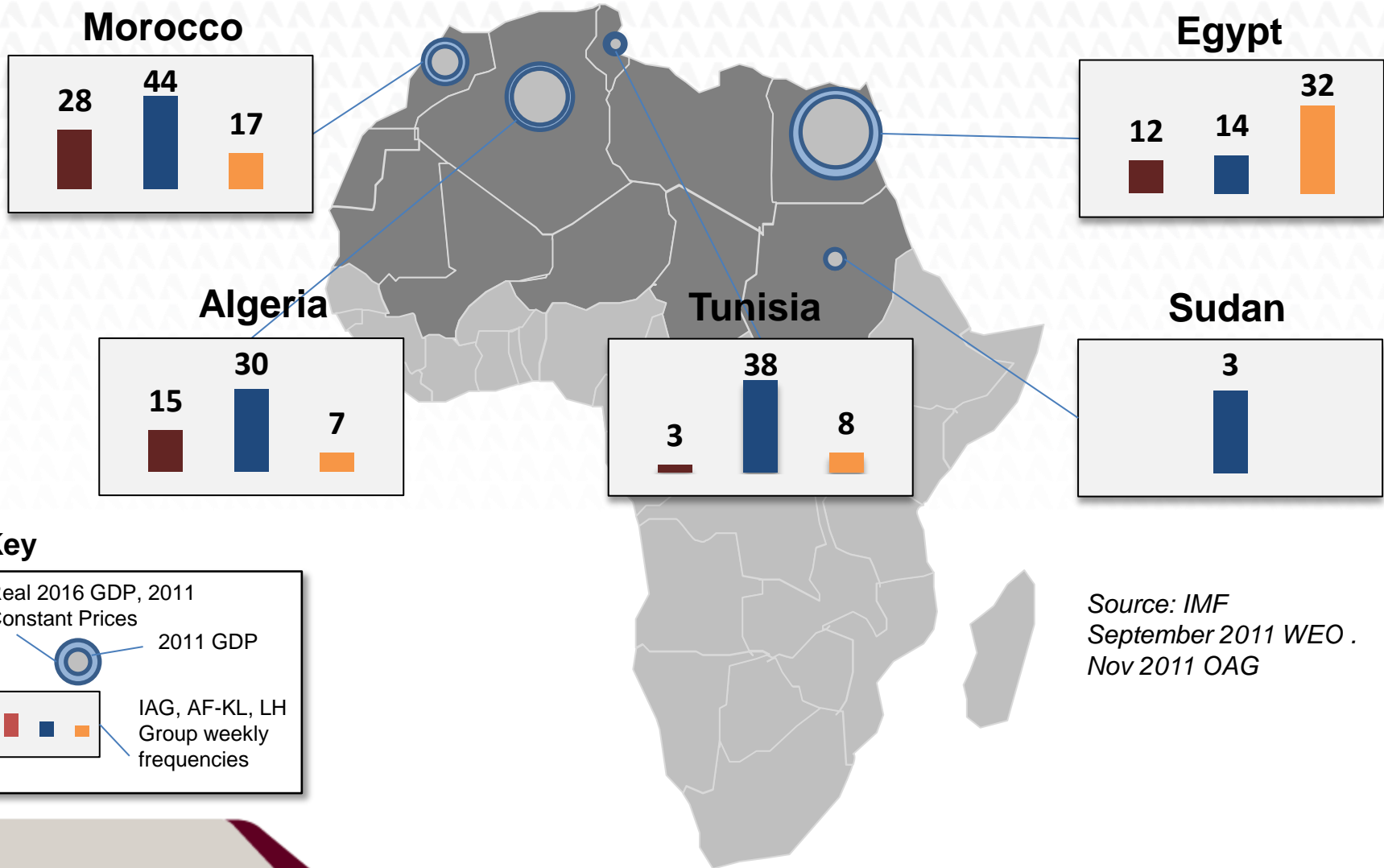


Source: IMF September 2011 WEO  
Nov 2011 OAG

# IAG Strategic Objectives



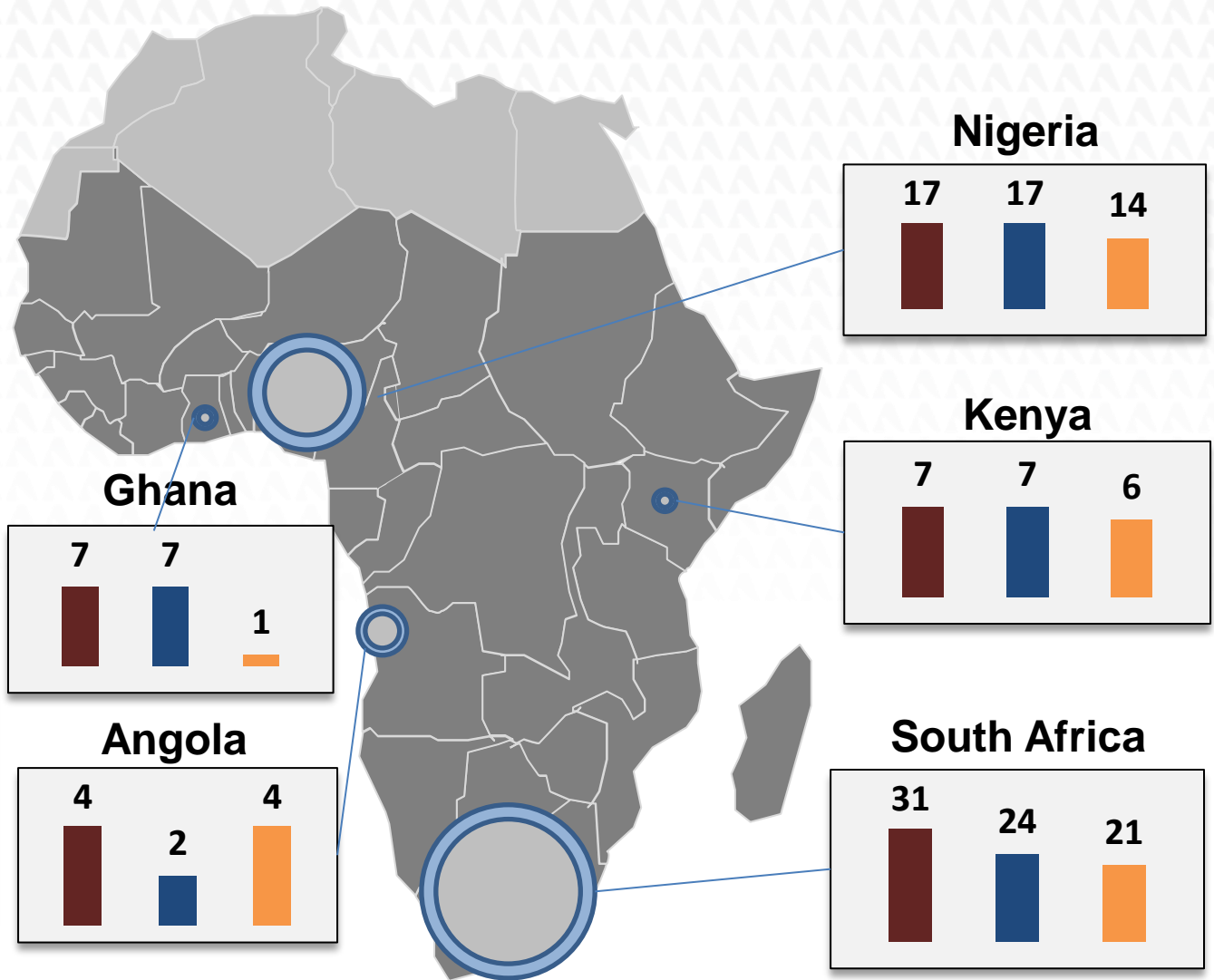
# IAG presence in top 5 North African countries



Source: IMF  
September 2011 WEO .  
Nov 2011 OAG

# IAG presence in top 5 Sub Saharan African countries

Source: IMF  
September 2011 WEO .  
Nov 2011 OAG



## Key

Real 2016 GDP, 2011  
Constant Prices

2011 GDP

IAG, AF-KL, LH  
Group weekly  
frequencies

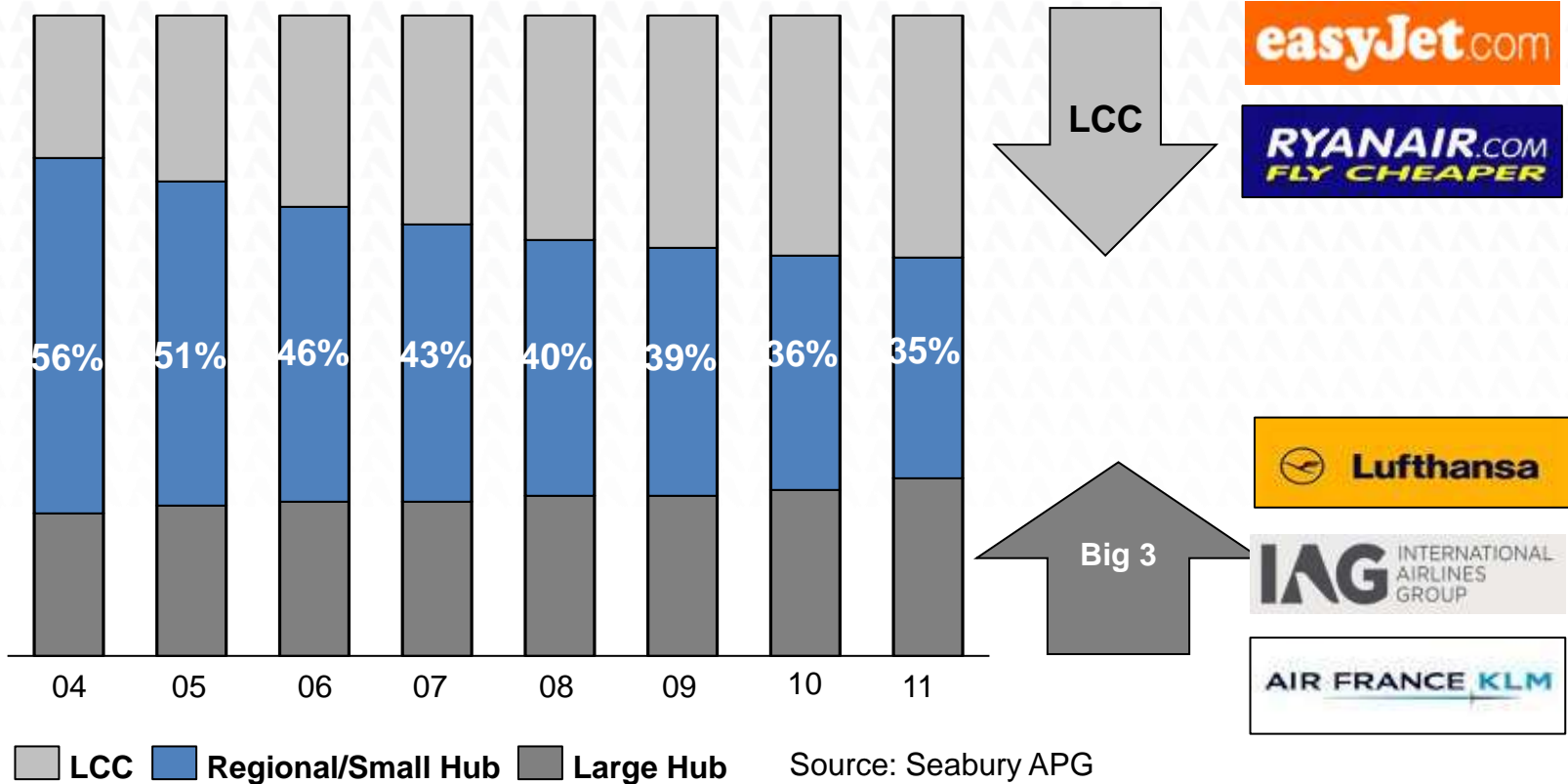
# IAG Strategic Objectives





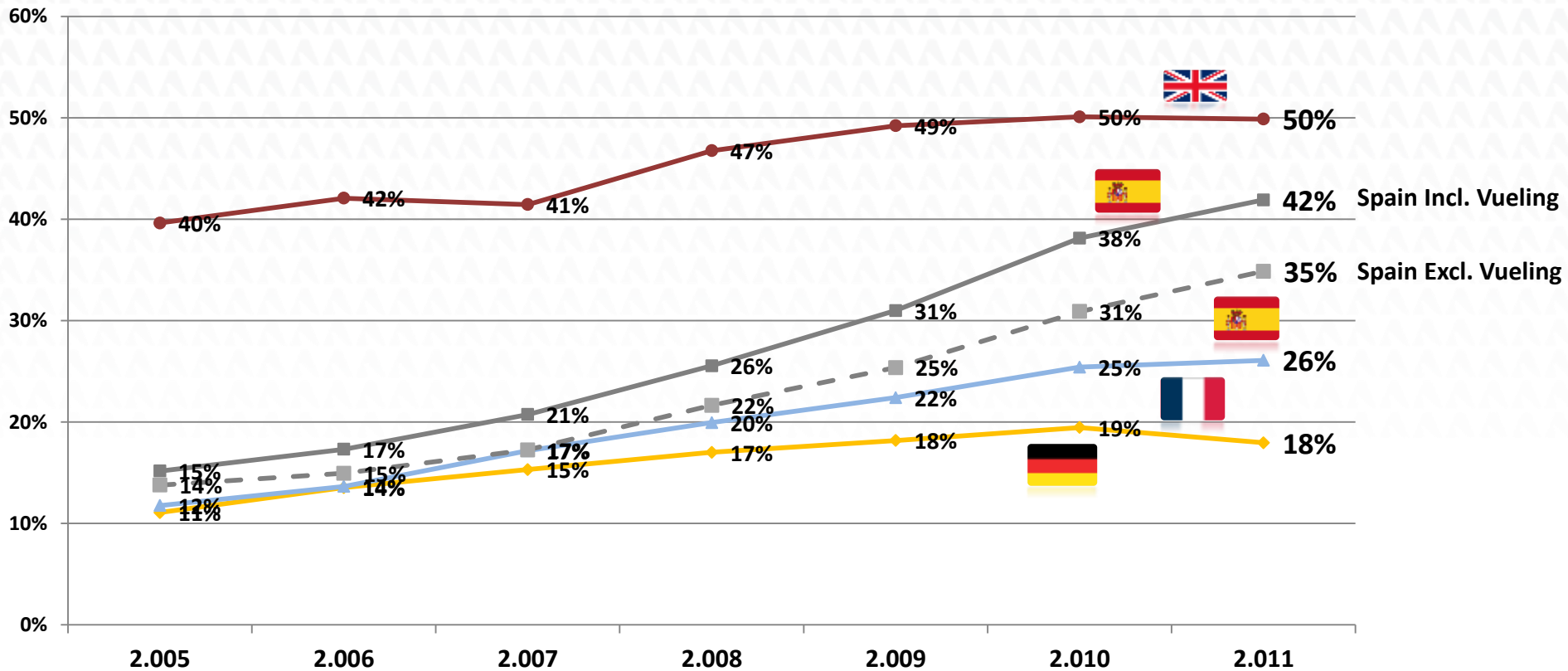
# Intra-Europe

Share of  
Intra-Europe  
weekly seats



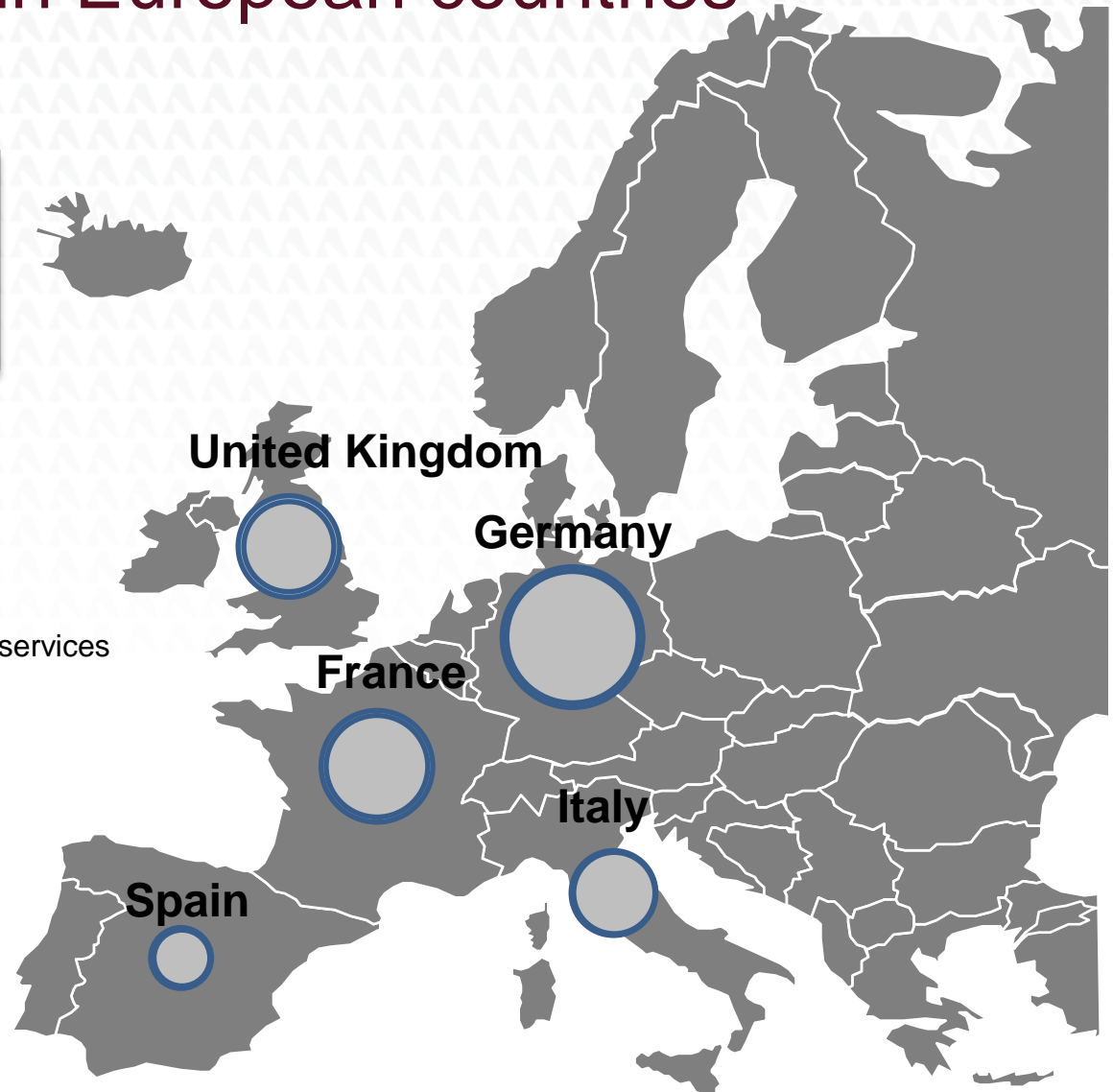
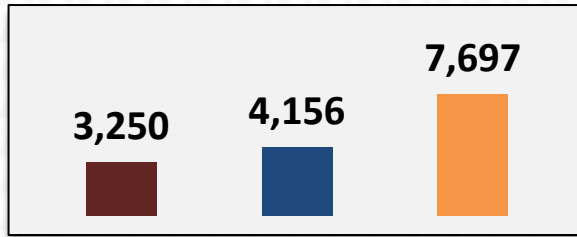


# Low cost carrier penetration by country



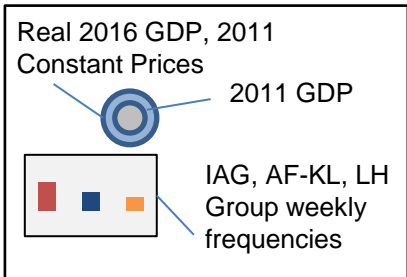
# IAG presence in European countries

## Intra-Europe frequencies



Source: IMF September 2011 WEO.  
OAG November 2011. Excluding domestic services

### Key

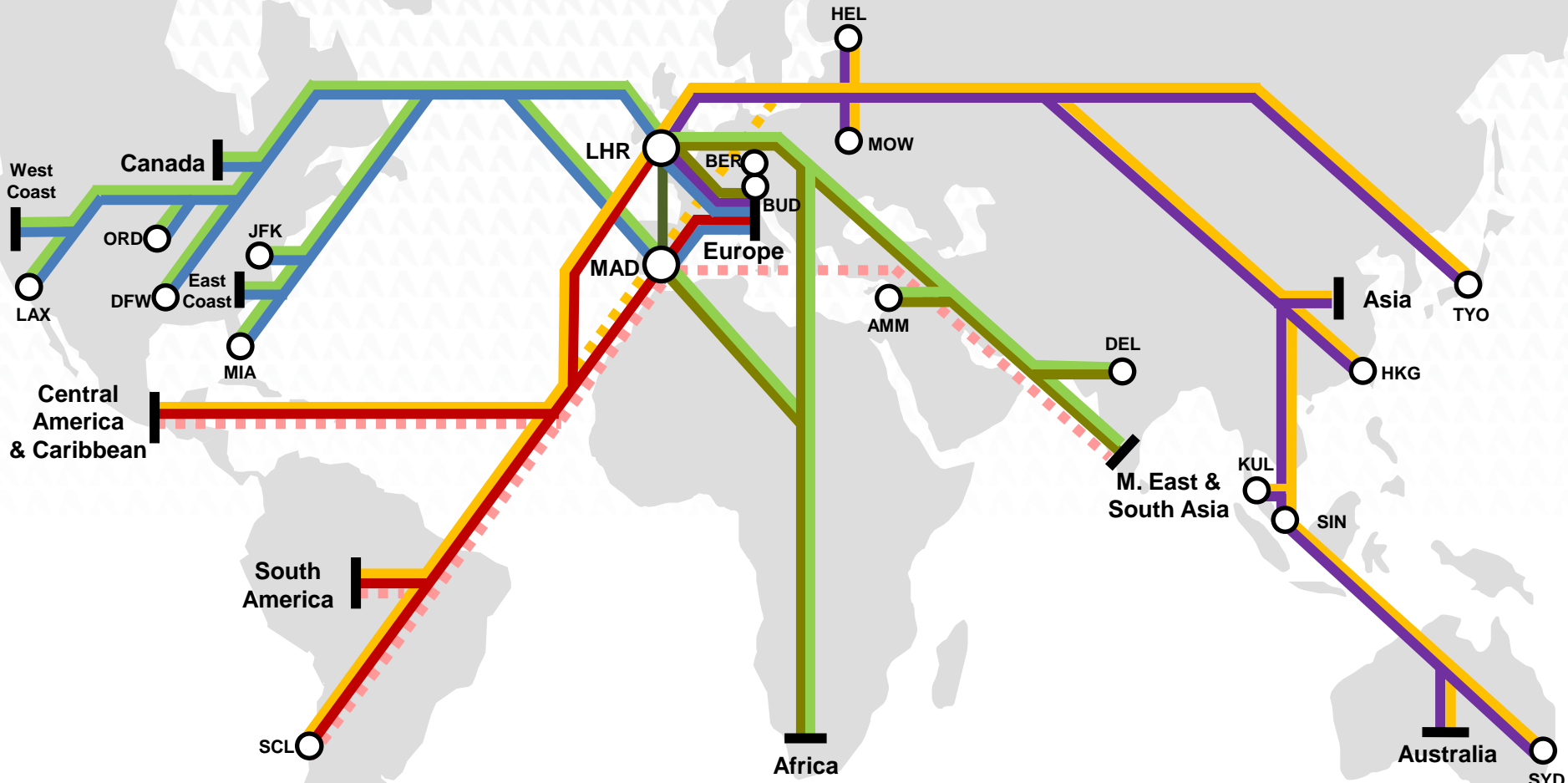


# IAG Strategic Objectives



# IAG network and flows

*Connecting the world via the IAG hubs*



- Heathrow - Madrid
- Europe - North America
- Europe - Latin America
- Europe - Central Asia & Pacific
- Europe - Africa, M. East & South Asia
- Latin America - Asia Pacific
- North America - Africa, M. East & South Asia

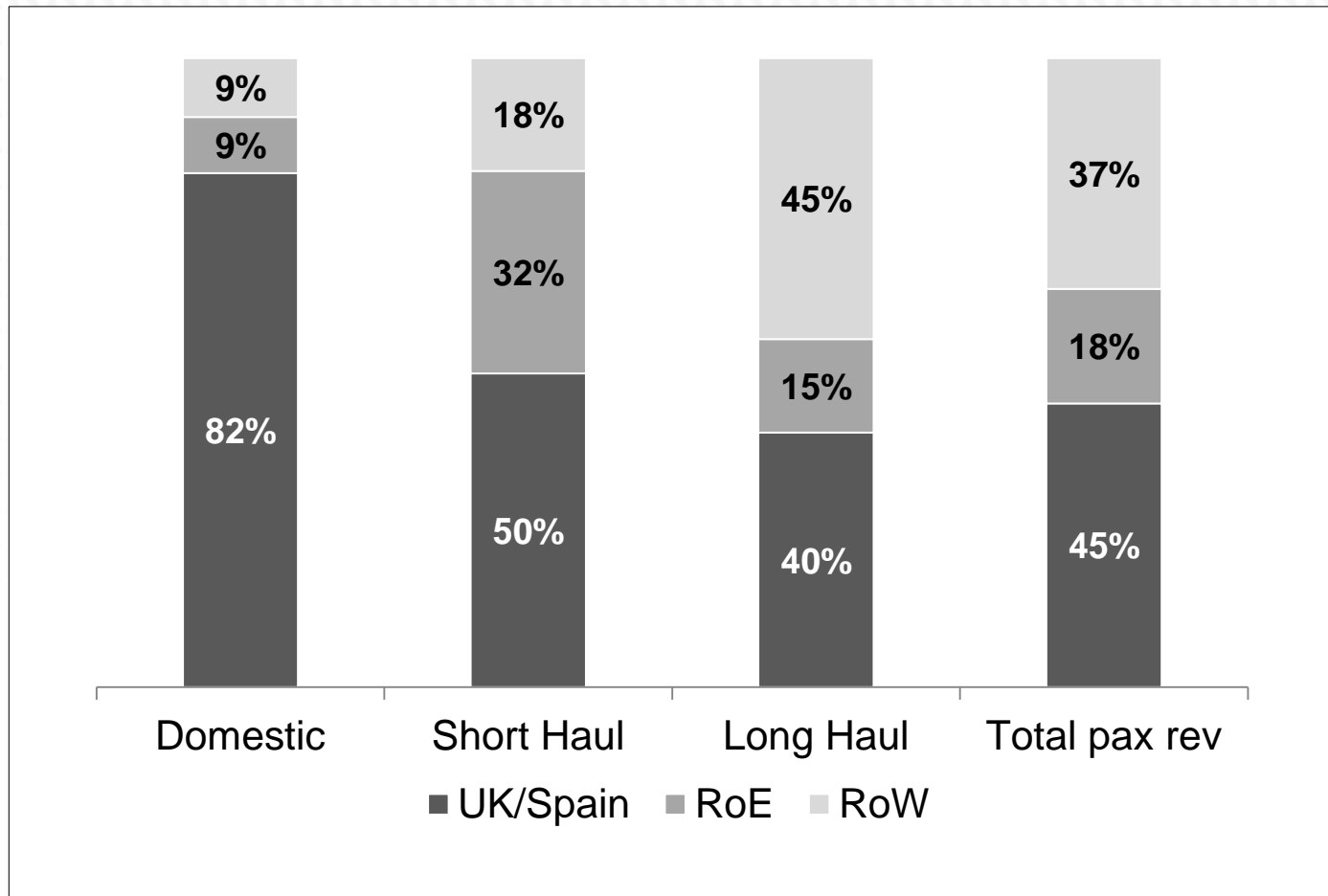
- Latin America - Asia Pacific flow under consideration
- Latin America - M. East & South Asia flow under consideration

○ IAG / oneworld hubs



# Customer base and current trading

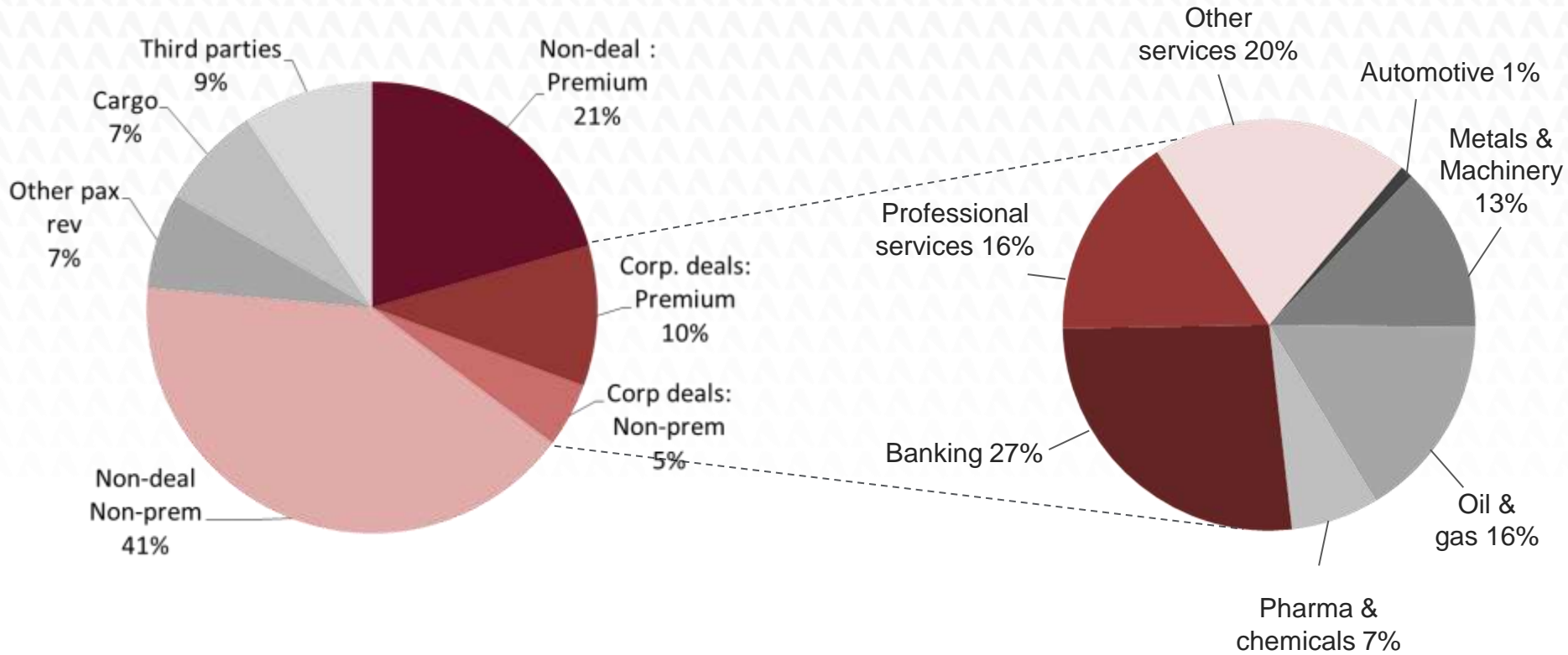
# IAG revenue by point of sale yr to date 2011



# Evolution of POS exposure, 2011 ytd v 2010

	Domestic	Short Haul	Long Haul	TOTAL
UK/Spain	0.0%	0.9%	-2.0%	-1.9%
RoE	-1.0%	-0.7%	0.9%	0.5%
RoW	1.0%	-0.2%	1.1%	1.4%

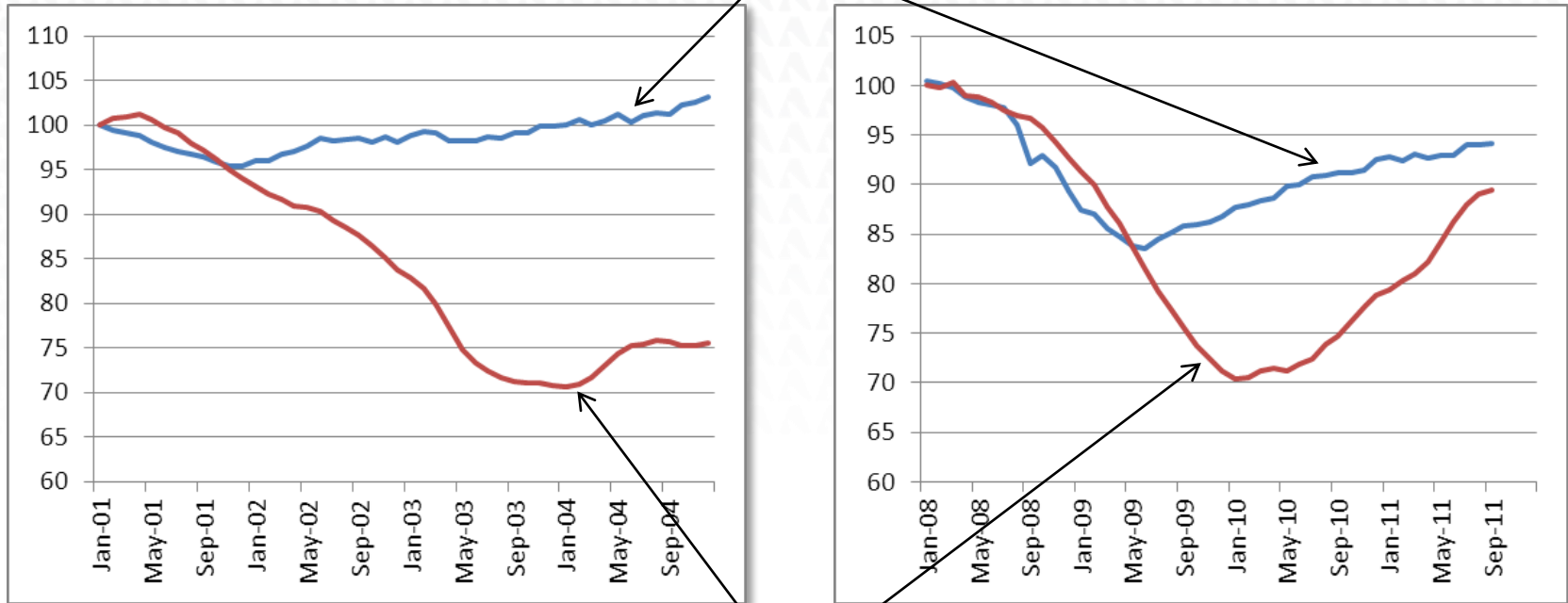
# IAG revenue by product and industry





# Comparison with previous recession

US industrial production

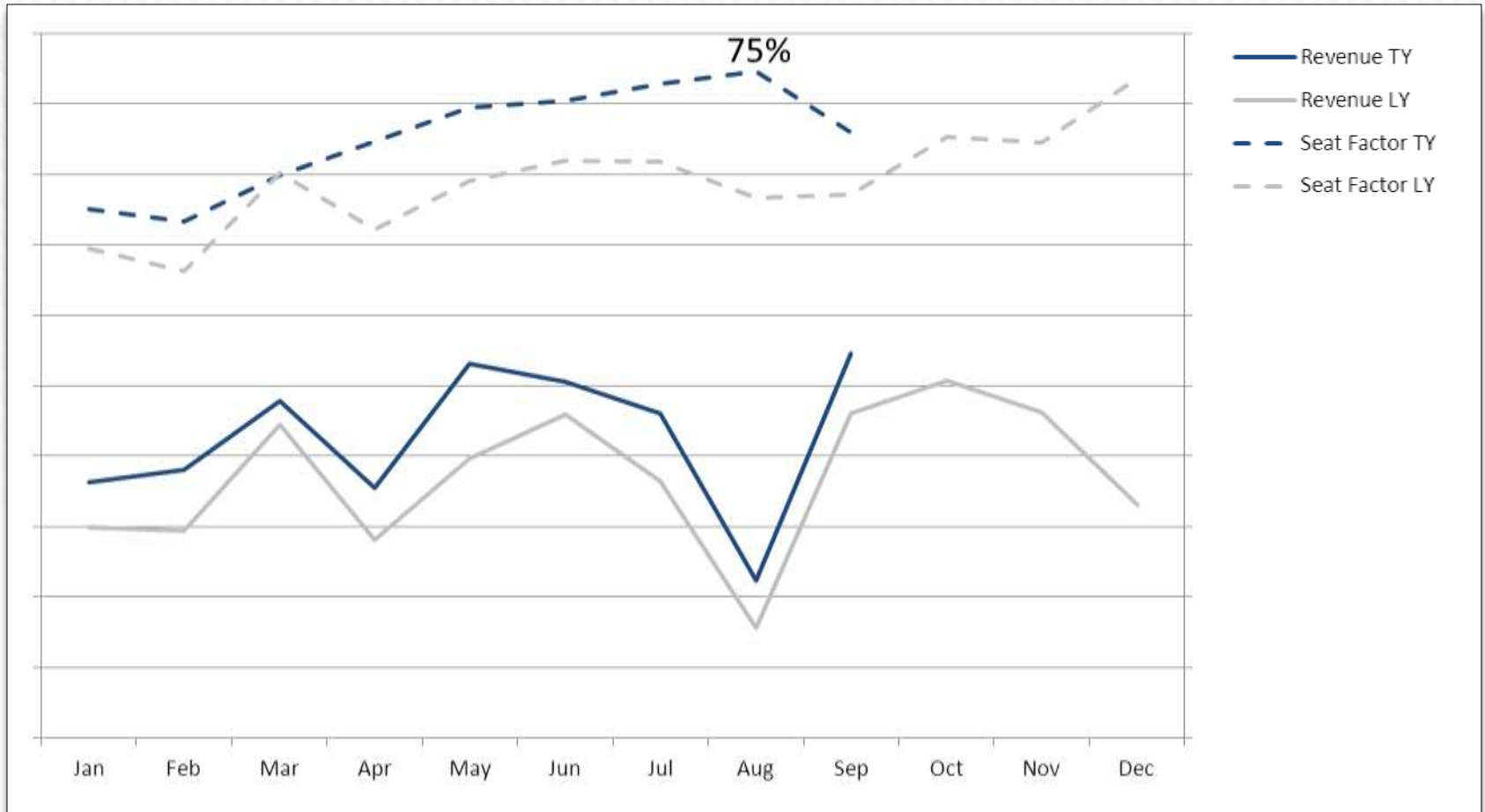


IAG long haul premium revenue  
*Rolling 12 months*

# British Airways: current market experience

- High yield bookings are above last year
- Long haul premium: price rises are still driving revenue increases
- Long haul non-premium: price rises are being offset by mix deterioration
- Corporate travel policy changes:
  - small moves from Club Europe to Euro Traveller, not widespread
  - Limited long haul change

# LCYJFK: barometer of business activity



# We are not standing still



Everyone can choose a seat FREE of charge at check-in, from 24 hours before departure.

You can also choose your seat as soon as you've made your booking. Use our guide to find out if it's free for you or if there's a charge.

## Need a Travel Visa?

Citizenship  
United Kingdom

Destination  
Select Destination

Select  
 Tourist  Business

FIND OUT NOW

VisaCentral



# IAG

[> Home](#)Booking Reference: **YIQIQZ**    Departs: **Heathrow (London), Fri 1 Oct 2010, 10:35****Online Check-in is open**

Get the best choice of seats, and speed through the airport. Check in online and print your boarding pass now.

[Check in now >](#)**Your services****My booking****Before my flight****At the airport****On board****My destination****Your details**

Speed your way through the airport, and keep up to date with information important to your booking.

**> Travelling to the USA**

A US Travel Authorisation is required for all non US passport holders travelling on the Visa Waiver Programme.

**> Change Passport / ID card Information**

If your passport / id card has changed please adjust your information here.

**> Add frequent flyer number**

Receive all of your benefits by adding your frequent flyer number.

**Your journey**

Make sure you get the most out of flying by tailoring your booking to suit you.

**> Insurance**

Travel around the world with complete peace of mind

**> Request special meals****> View / change seats****> High Life Shop! online****> View on board entertainment****> View destination guides****Your departure**

Speed your departure, and get the best seats by getting up to date with check-in and baggage information.

**> Online Check-in is open**

Get the best choice of seats, check in and print your boarding pass now.

**> Change your baggage allowance**

Save money and purchase excess baggage online. Also refunds.

**> Print / view 'Your Itinerary'**

All your information in our customer friendly, up-to-date itinerary.

**> Baggage tips**





> Home

- 1 Dates
- 2 Flights
- 3 Price
- 4 Passengers
- 5 Payment
- 6 Confirmation

## Choose your flights

→ **Outbound**  
London - Hong Kong - Wednesday 30 November 2011

**i** **Lowest single adult price including taxes, fees, charges and surcharges**

- Please note that carriers other than British Airways may offer differing levels of service. Click the flight number for more information.
  - If you change your outbound flight the inbound prices may change.
  - These prices shown are valid only when purchased as a return journey.
  - The price is quoted in GB Pounds (GBP, £).
- > [Currency calculator](#)

Key: lowest price

◀ Previous day		Sort by:		Change outbound class:		Next day ▶	
		Departure time ▼		Economy ▼			
Price	Depart	Arrive	From	To	Flight Operating airline	Class of travel	
<b>£255</b> ⊕	18:40 30 Nov	14:20 1 Dec	Heathrow (London)	Hong Kong	<a href="#">BA0025</a> British Airways	<a href="#">World Traveller</a>	
£255 ○	21:00 30 Nov	16:40 1 Dec	Heathrow (London)	Hong Kong	<a href="#">BA0027</a> British Airways	<a href="#">World Traveller</a>	



Dates & flights

Price

Passengers

Payment

Confirmation



# Outbound Flight

## Heathrow (London) - Hong Kong

Friday 25 Nov 2011



All our flight classes include a complimentary checked baggage allowance



These are the lowest single adult prices including taxes, fees, charges and surcharges.

< Previous Week

Also change my inbound dates

Next Day >

Tue 22 Nov from <b>£255</b>	Wed 23 Nov from <b>£255</b>	Thu 24 Nov from <b>£255</b>	<b>Fri 25 Nov from £255</b>	Sat 26 Nov from <b>£255</b>	Sun 27 Nov from <b>£940</b>	Mon 28 Nov from <b>£940</b>
--------------------------------------	--------------------------------------	--------------------------------------	---	--------------------------------------	--------------------------------------	--------------------------------------

Departs LHR	Arrives HKG	Flight Operator
18:40 25 Nov	14:20 26 Nov	British Airways <a href="#">BA0025</a>
21:00 25 Nov	16:40 26 Nov	British Airways <a href="#">BA0027</a>

	About Economy	About Premium Economy	About Business
	<ul style="list-style-type: none"> <li>23kg checked baggage allowance</li> <li>Food and bar service</li> <li>31" legroom</li> </ul>	<ul style="list-style-type: none"> <li>Separate, smaller cabin</li> <li>2 x 23kg checked baggage allowance</li> <li>Three-course meal and bar service</li> <li>38" legroom</li> </ul>	<ul style="list-style-type: none"> <li>Access to British Airways lounges</li> <li>Dedicated check-in area</li> <li>3 x 32kg checked baggage allowance</li> <li>Four-course dining including fine wines and champagne</li> <li>Seat that converts into a 6ft fully flat bed</li> </ul>
	<a href="#">More Details &gt;</a>	<a href="#">More Details &gt;</a>	<a href="#">More Details &gt;</a>
Economy	Premium Economy	Business	
<ul style="list-style-type: none"> <li>£255</li> </ul>	<ul style="list-style-type: none"> <li>£699</li> <li>Only 4 seat(s) left at this price</li> </ul>	<ul style="list-style-type: none"> <li>£3280</li> </ul>	
	<ul style="list-style-type: none"> <li>£426</li> <li>Only 1 seat(s) left at this price</li> </ul>	<ul style="list-style-type: none"> <li>£3280</li> </ul>	





# **North Atlantic Joint Business update**

# The Joint Business is big business

- **\$7.9 bn** revenue
- **24%** of IAG ( 37% of BA's revenue & 13% of IB )
- **20%** share of Europe – US market
- **96** transatlantic daily flights built around **7 Hubs**
- **70m** frequent flyer programme members
- **12 million** passengers expected this year



# We've made good progress in our first year

External

Codeshares launched & joint pricing



AA 123	12/15/10	1000	1200	1400	1600
BA 456	12/16/10	1100	1300	1500	1700
DL 789	12/17/10	1200	1400	1600	1800
UA 101	12/18/10	1300	1500	1700	1900
SW 202	12/19/10	1400	1600	1800	2000

Roll-out of Joint Selling



5 new routes



Loyalty:  
Closure of the  
"Transatlantic"



oneworld Transfer Centers



60+ Policies Aligned



Schedule Optimization



2010

Q4

Q1

Q2

2011

Q3

Q4

Internal

AA/BA/IB teams working together to optimise a complex seven-hub system and maximise customer benefits

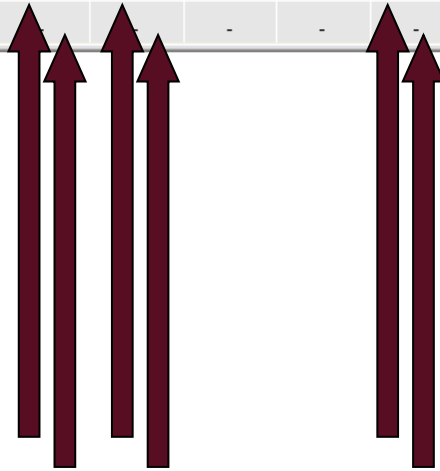
Before the JB and IAG, for a citypair BA effectively had one price in a cabin on offer – eg LHR LAX...

	Airlines																			
	Flight times																			
Options from \$1199	Air Canada	Three airlines or more	Continental Airlines	United Airlines	American Airlines	British Airways	bmi	Delta Air Lines	Iberia Airlines	Brussels Airlines	Air New Zealand	Virgin Atlantic	US Airways	Air France	Lufthansa	SAS	Icelandair	Alitalia	KLM	
Nonstop	-	-	From \$1425	From \$1425	From \$1583	From \$1629	From \$1490	-	-	-	From \$1551	From \$1551	-	-	-	-	-	-	-	-
One stop	From \$1199	From \$1250	From \$1256	From \$1275	From \$1278	-	From \$1326	From \$1370	From \$1510	-	-	From \$2175	From \$1562	From \$1690	From \$1899	-	-	From \$2504	From \$3065	
Two stops	-	-	-	-	-	-	-	-	-	-	From \$1529	-	-	-	-	From \$2058	From \$2248	-	-	



# Now we have 6 or more price points in our distribution channels...

	Airlines																			
	Flight times																			
Options from \$1199	Air Canada	Three airlines or more	Continental Airlines	United Airlines	American Airlines	British Airways	bmi	Delta Air Lines	Iberia Airlines	Brussels Airlines	Air New Zealand	Virgin Atlantic	US Airways	Air France	Lufthansa	SAS	Icelandair	Alitalia	KLM	
Nonstop	-	-	From \$1425	From \$1425	From \$1583	From \$1629	From \$1490	-	-	-	From \$1551	From \$1551	-	-	-	-	-	-	-	-
One stop	From \$1199	From \$1250	From \$1256	From \$1275	From \$1278	From \$1310	From \$1326	From \$1370	From \$1510	-	-	From \$2175	From \$1562	From \$1690	From \$1899	-	-	From \$2504	From \$3065	
Two stops	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	From \$2058	From \$2248	-	-

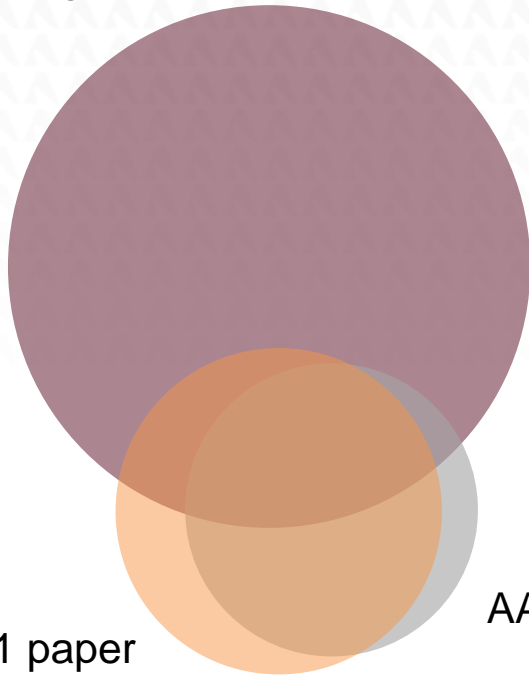


# Different sources of incremental revenue



## BA Metal

AAdvantage members



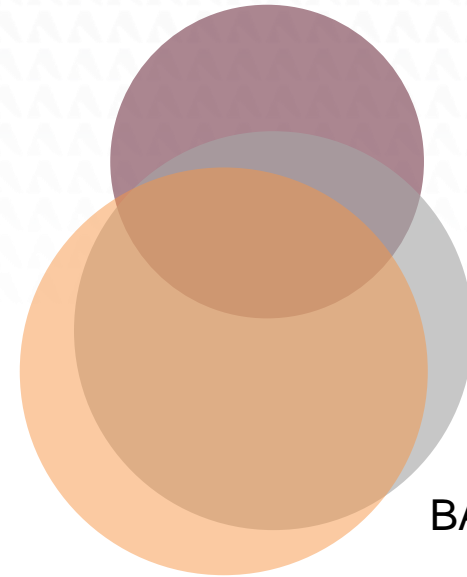
AA 001 paper

AA\* code



## AA Metal

BA Exec Club members



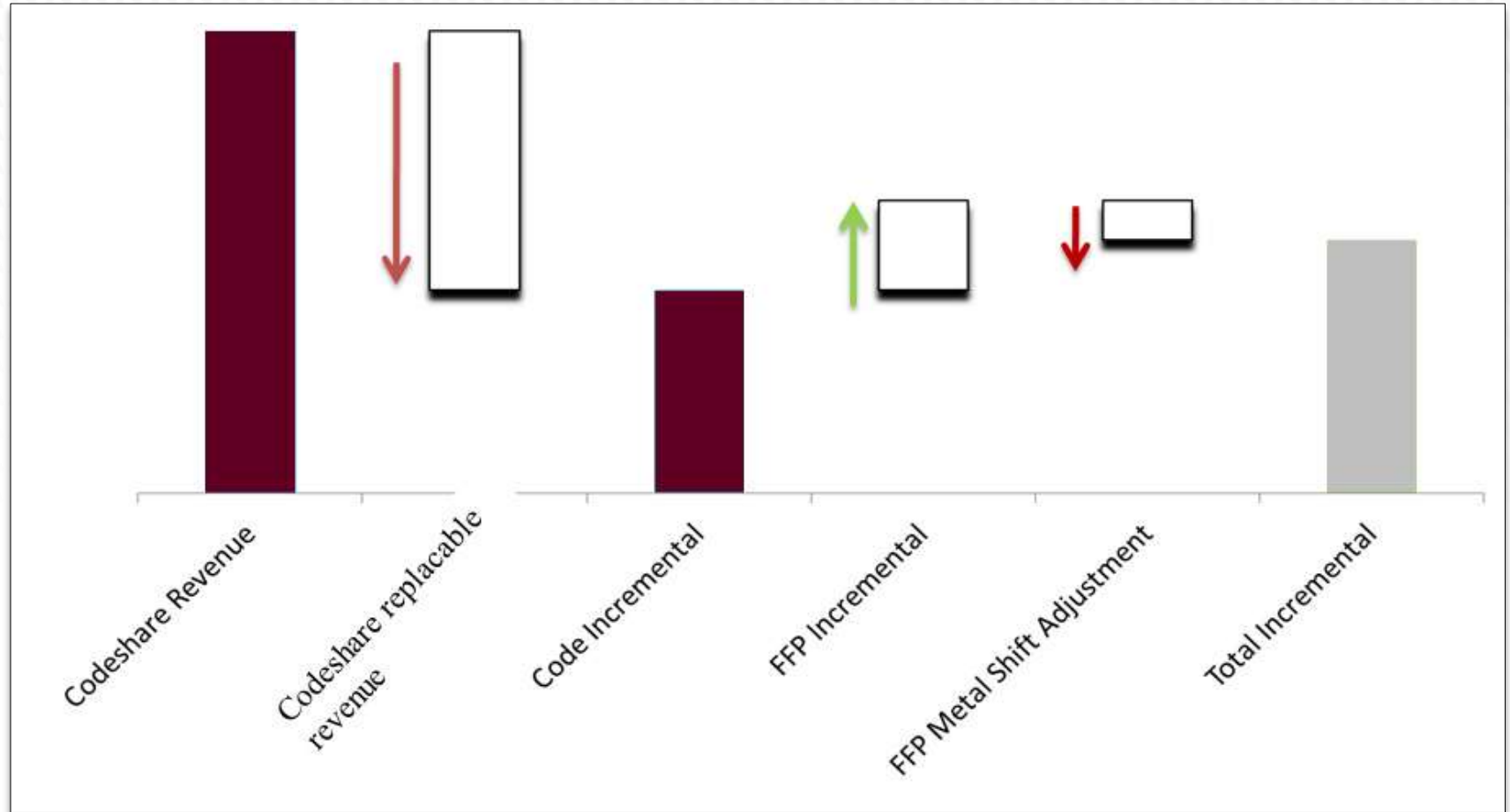
BA 125 paper

BA\* code

*Note : Size of circles proportional to revenue*







# How we validate our incremental revenues



# At least €150m annual benefits for IAG by 2015

Estimate of market share gains to date for the joint business

	Market Share	Capacity share
Premium	+0.9pts to 25.8% 	+0.1pt 
Non Premium	+0.1 pts to 19.5% 	-0.1pt 



# The Year Ahead

- Further optimise our joint network and schedules to grow our share of the transatlantic market
- Exploit multi-brand portfolio selling to enhance customer choice and increase our distribution reach
- Embed joint agency dealing and drive the corporate dealing pipeline
- Drive a seamless transfer experience for our customers across our 7 hubs
- Harmonise our tri-lateral data and management information
- Greater integration of our commercial processes
- Deepen secondment program across the business to share talent

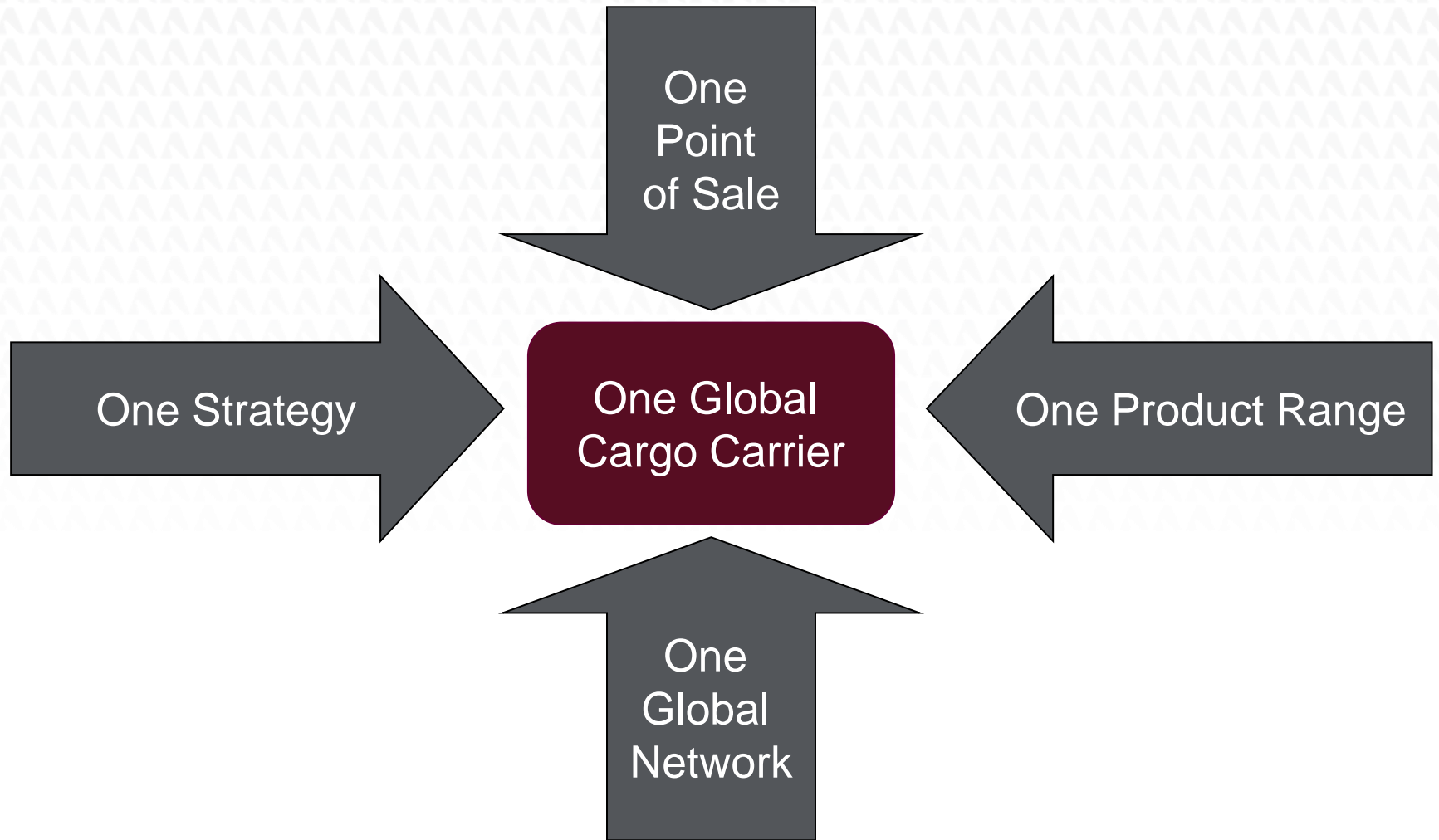
# IAG Cargo

BRITISH AIRWAYS  
WORLD CARGO 

CARGO  
**IBERIA** 

**IAG Cargo**

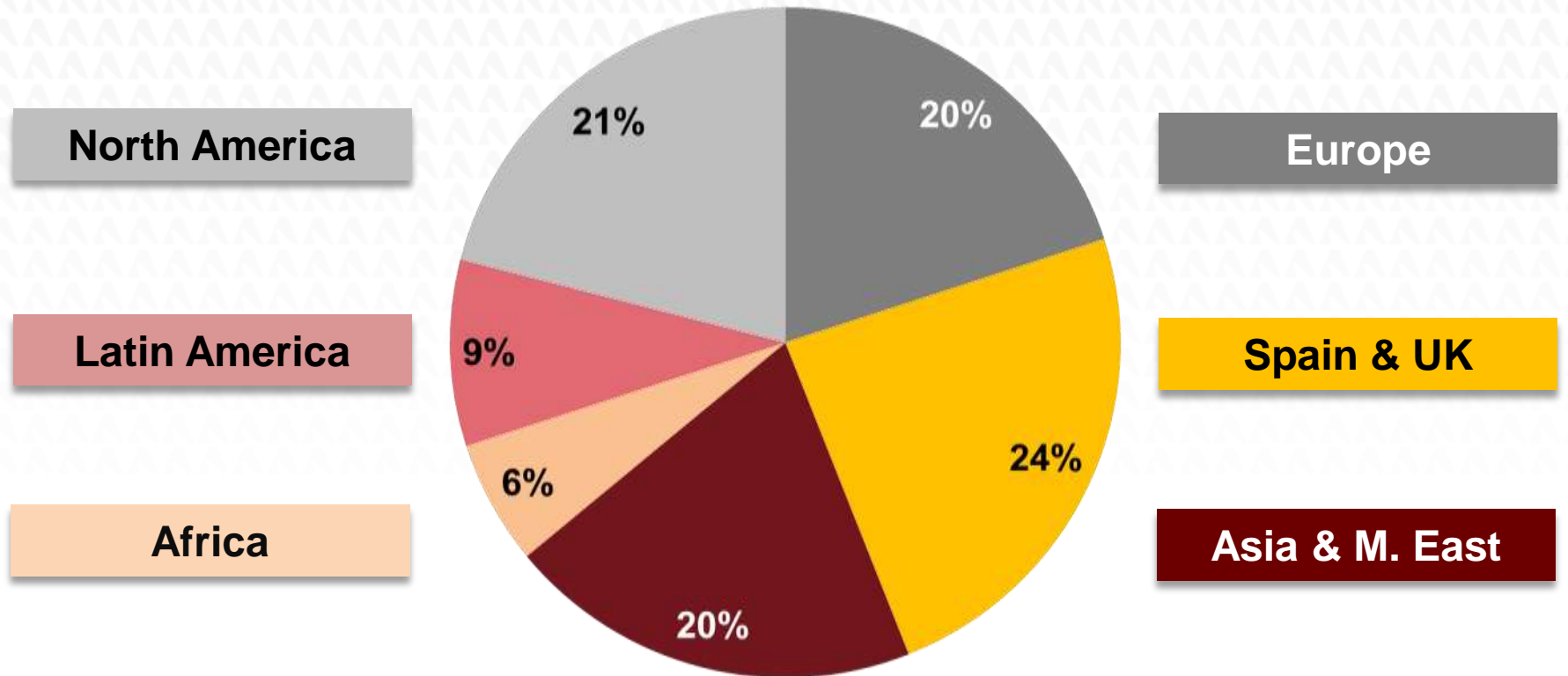
# Unlocking commercial value



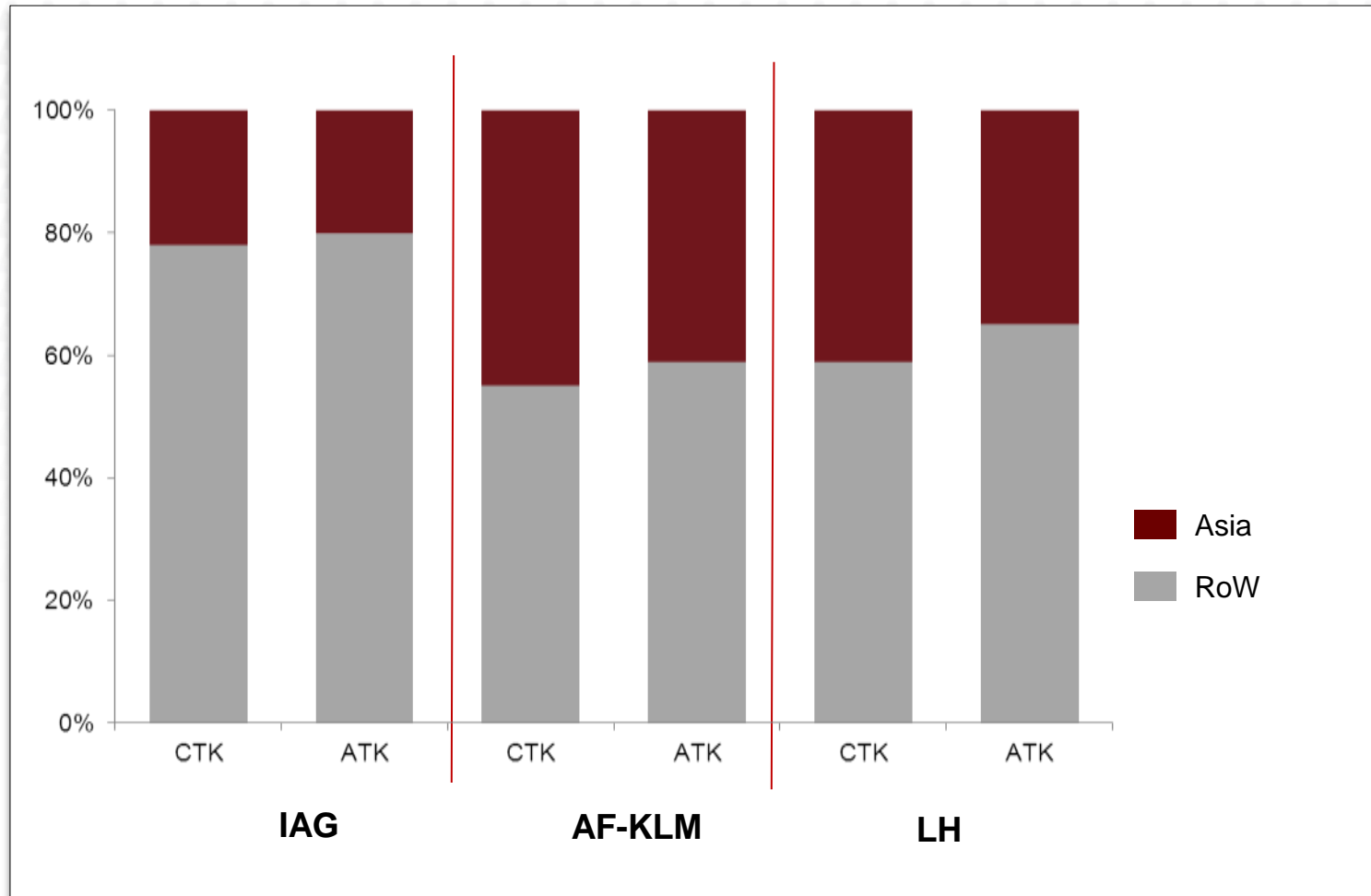
# Unlocking significant revenue opportunities



# Balanced regional exposure



# Exposure to Asia





# IAG Cargo is delivering synergy benefits

Joint customer incentive deals

New freighter routing





# Youngest large freighter fleet of any carrier



BRITISH AIRWAYS  
WORLD CARGO

CARGO  
IBERIA

IAG Cargo

# Avios

# Avios: one currency, many programmes



To be the global leaders in travel rewards

To create a new scalable currency and platform  
for multiple airlines

To generate increased profits and valuable group asset

One multinational loyalty rewards currency available to  
British Airways, Iberia and future IAG owned airlines  
for frequent and non-frequent flyers

# Avios: single reward currency for IAG



- 20 million members
- 5.5 million active members
- 40% of flown revenue
- 3<sup>rd</sup> largest airline currency database
- mix of frequent flyers and leisure customers

## **Ubiquitous reward currency**

- Retain separate frequent flyer loyalty brands
- Marketing efficiencies
- Improved customer intelligence
- Relationship management
- Loyalty scheme brand equity

# Avios: single reward currency for customers



## More ways to collect

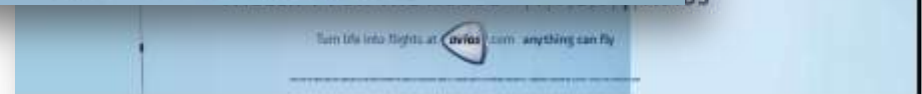
- Collect Avios on flights outside of loyalty programme
- Consolidate Avios balances
- 'one mile flown equals one Avios earned'
- Common partners across programmes

## More ways to redeem

- Industry leading promise
- Short haul redemption flights = fixed taxes, fees and charges of €27/£27
- Great value redemptions on hotels and cars
- Option to pay with 'Avios and money' - all programmes

# Avios: advertising and promotion

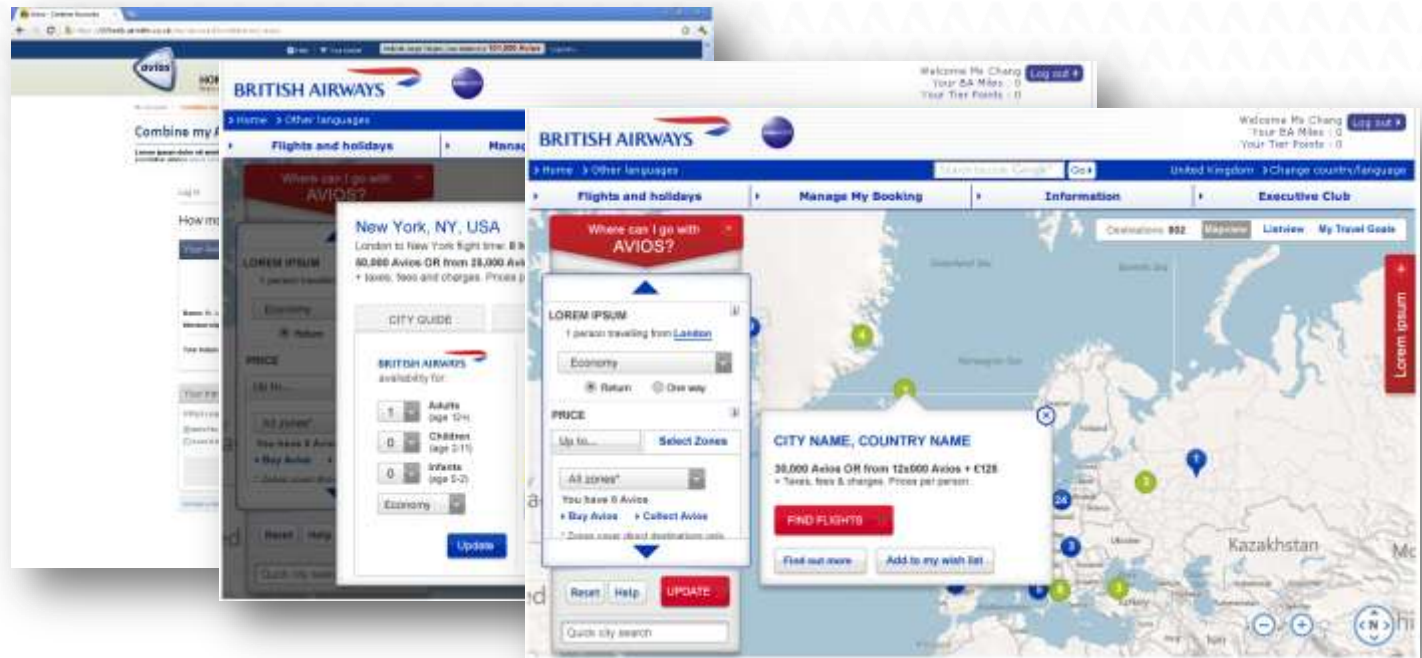
- UK based marketing campaign to promote the change to the Avios currency to commence next week
- Each programme will be communicating the changes to its members





# Avios: new functionality

- Ability to combine Avios across schemes
- New zone maps will improve the flight availability search function





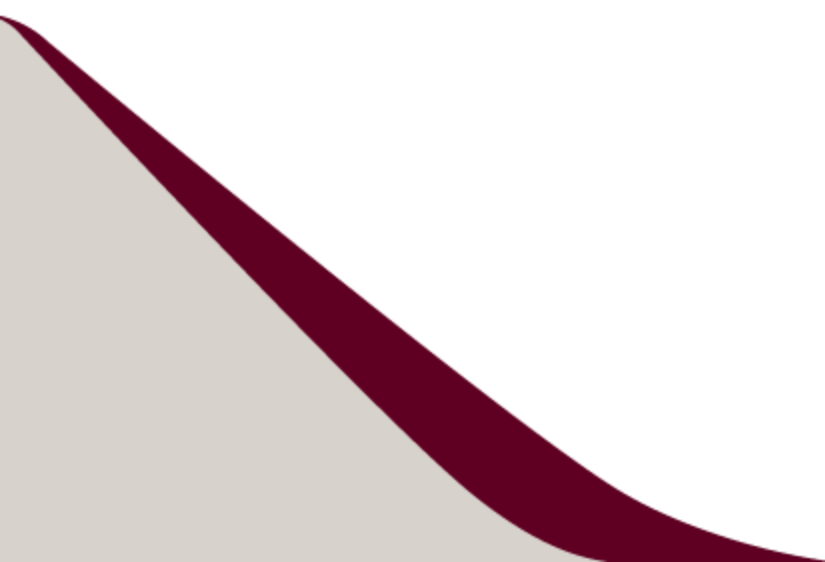
**BRITISH AIRWAYS**



# **Fit For Growth**

Keith Williams

*Chief Executive Officer*



# A rapidly changing world





The world has changed *mobility*



# Customer knows more about us





# Where are we today?



BRITISH AIRWAYS 



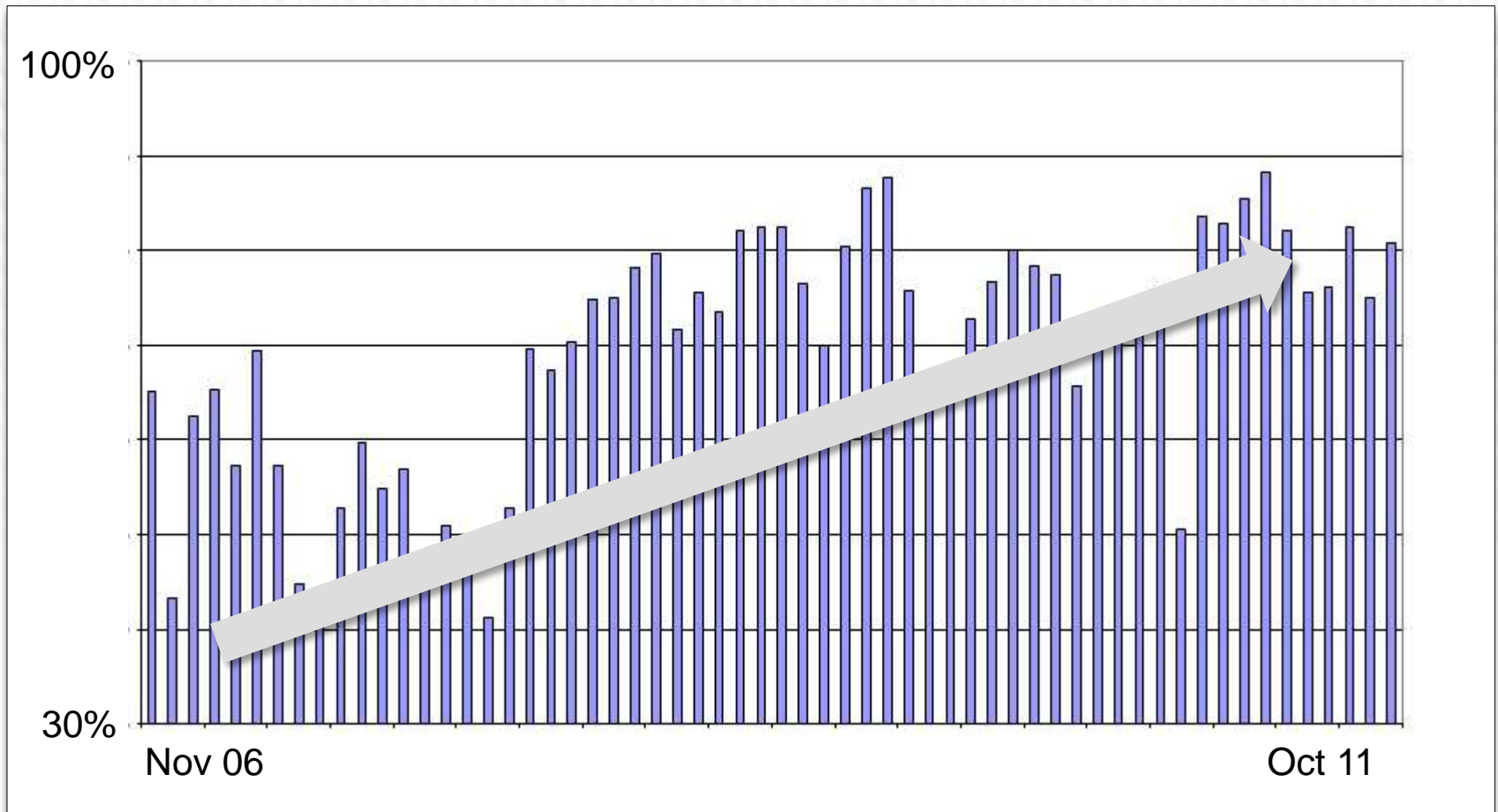
IAG

# Our Heathrow is world class

- Leading punctuality
- World class baggage performance
- Strong customer feedback

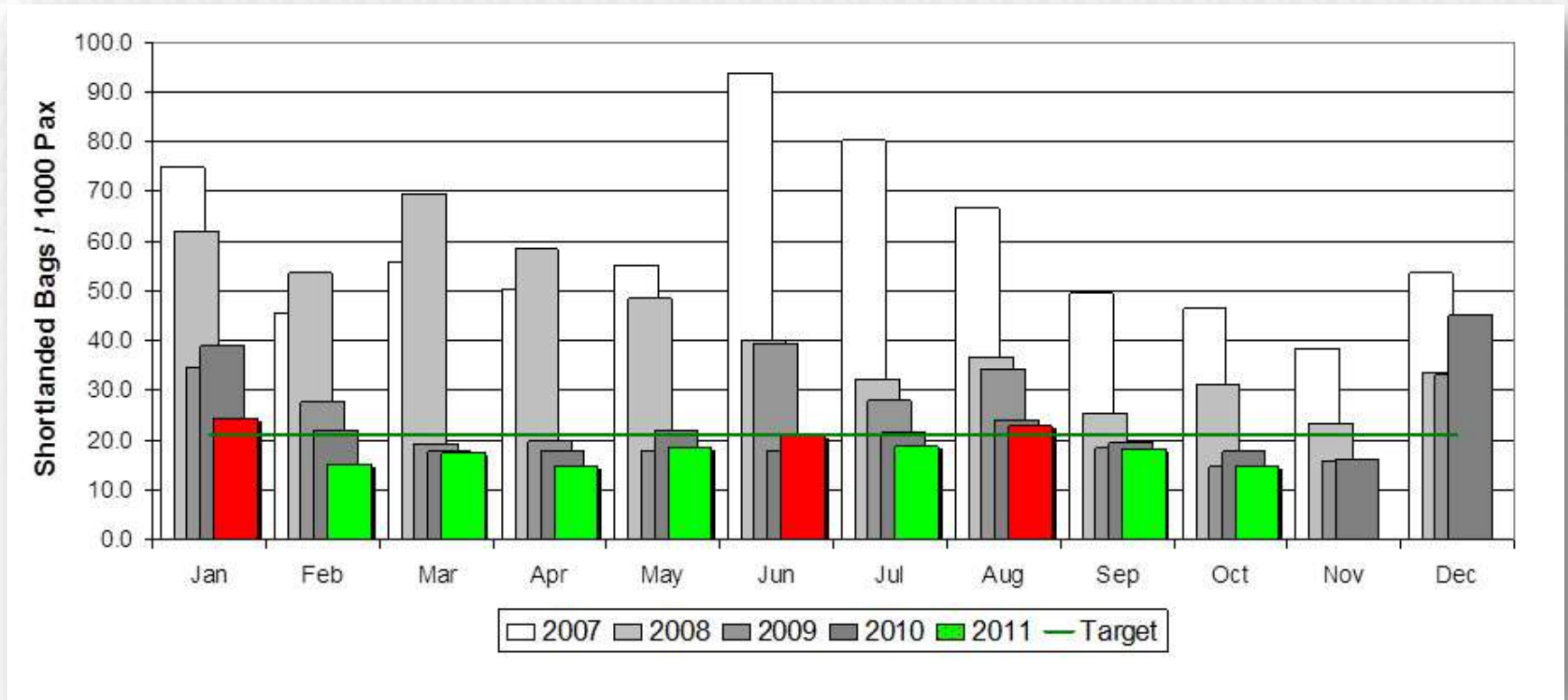


# Heathrow punctuality

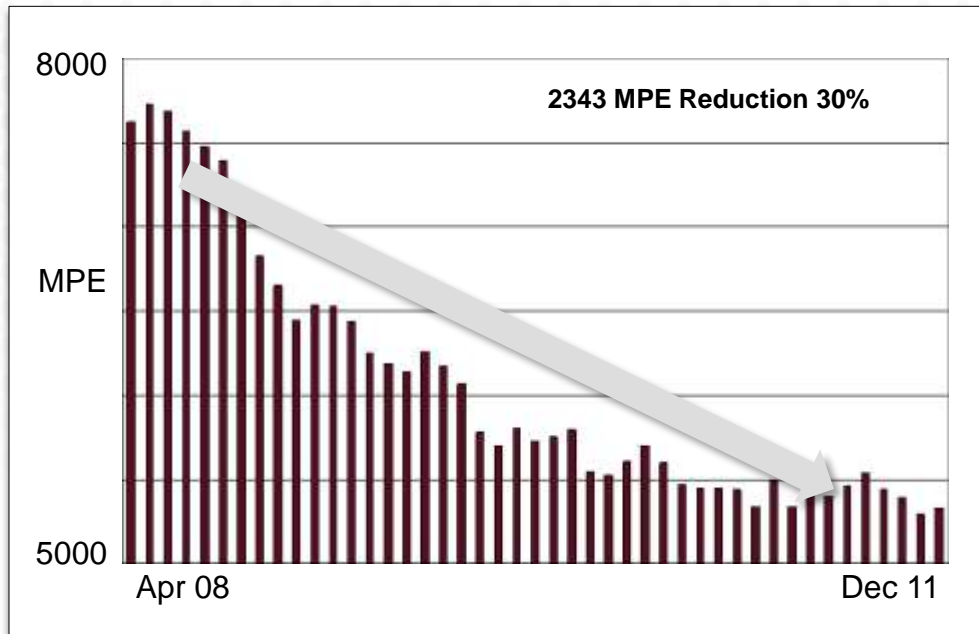




# Heathrow baggage



# Heathrow airport manpower and operations



- Single terminal process
- Greater manpower flexibility from reduced demarcation
- Customer conformance
- Flexible departure
- Concourse layout

# T5 provided a step change in performance

Recommend  
BA  
+5pts

Overall  
Satisfaction  
+6pts

Travel again  
+5pts

Departure  
Process  
+10pts

Arrival  
Process  
+5pts

BRITISH AIRWAYS



IAG



# Not just T5

BRITISH AIRWAYS 



IAG

# The introduction of iPads a success



## Improving satisfaction versus last month

Overall	+30pts
Film Choice	+20pts
TV/Short Programmes	+19pts
Audio	+19pts
Reliability	+34pts
Picture/Sound Quality	+26pts

“iPad is a huge improvement for entertainment; video better than the system in the upgraded 777 First - keep it as an offering.”

*First, London Heathrow – Philadelphia*

BRITISH AIRWAYS



IAG

# Premium coaching increases satisfaction at T3



+11pts in satisfaction with ease of getting off aircraft

**“Most satisfied with punctuality and discerned debarkation for business class passengers. It should be always like this.”**

Club Europe, Barcelona - London



# More wine choice has improved satisfaction



Improving satisfaction  
versus last year

Flights out of Heathrow

12pt increase  
in satisfaction

BRITISH AIRWAYS



IAG

# New First Class is pushing up satisfaction



Cabin  
environment  
+15pts



In-flight  
entertainment  
+20pts

Value  
for  
money  
+11pts

BRITISH AIRWAYS



IAG

# Performance across the business is up

Overall  
Satisfaction  
68%  
+3pts

Travel again  
72%  
+3pts

## Awards



**Telegraph Ultra Awards  
May 2011**

Best First  
Best Business Class



**Conde Nast Traveller  
August 2011**

Best Business Class  
Favourite leisure airline  
– Shorthaul



**Conde Nast Traveller  
September 2011**

Best Airline worldwide  
Best Longhaul airline

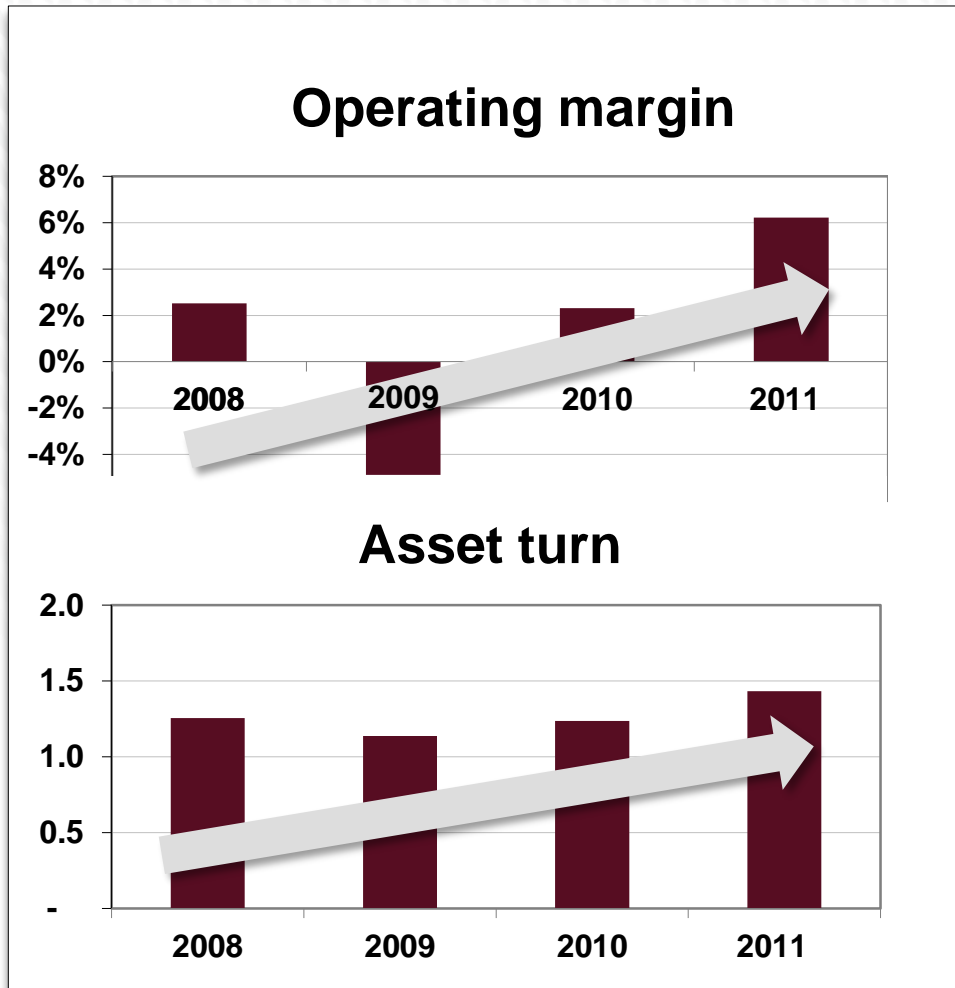
BRITISH AIRWAYS



IAG

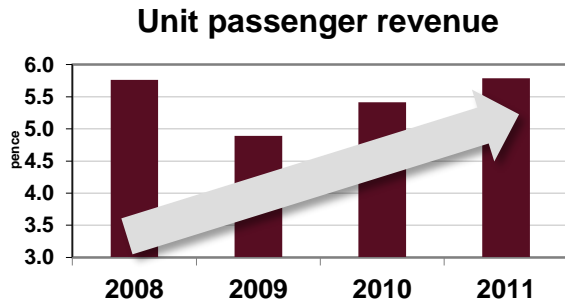
We have created a platform for growth

# We have driven margin and asset turns

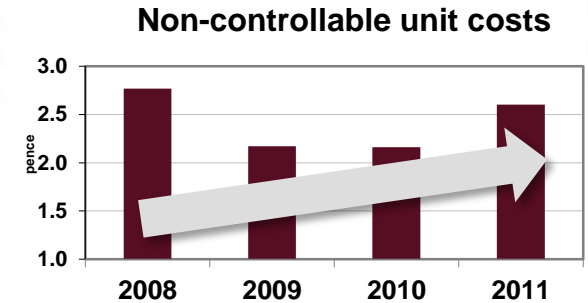
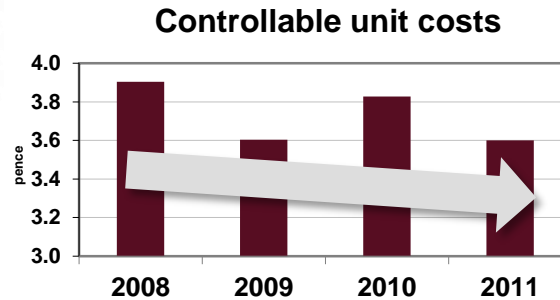
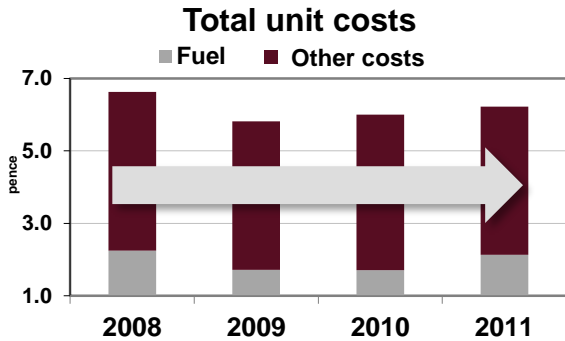


- Economic challenges
- Structural change

# Yield up costs managed



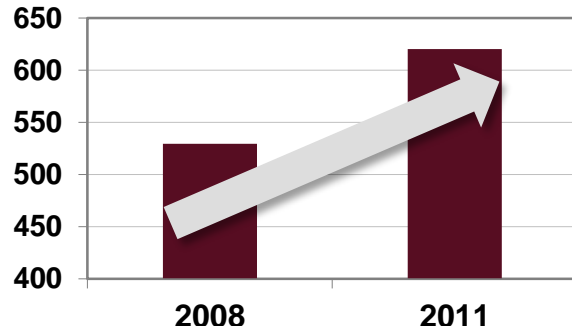
- Control of costs
- Yield improvement
- Capacity increase



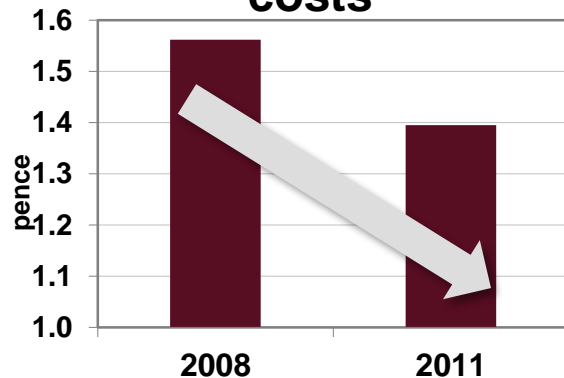


# Productivity up - Unit labour cost down

**Productivity  
(ATKs per MPE)**



**Unit employee  
costs**



- Cabin crew 2013
- Flight crew 2013
- Engineers 2013
- Ground staff 2013
- Admin staff 2013

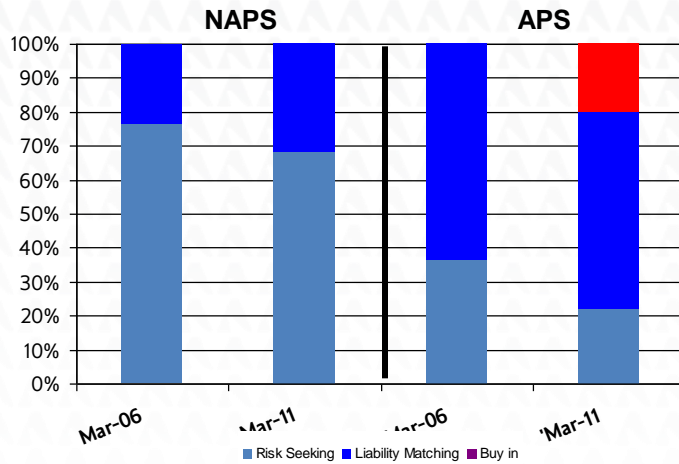
# The journey continues

- Drive revenue
- Focus on controllable costs
- Synergy benefits
- Cabin crew – mixed fleet
- New fleet

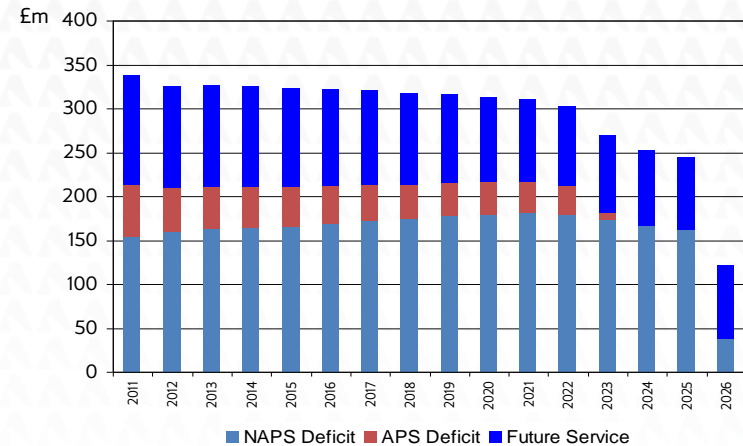


# Pensions risk and cost falling

De-risking underway...

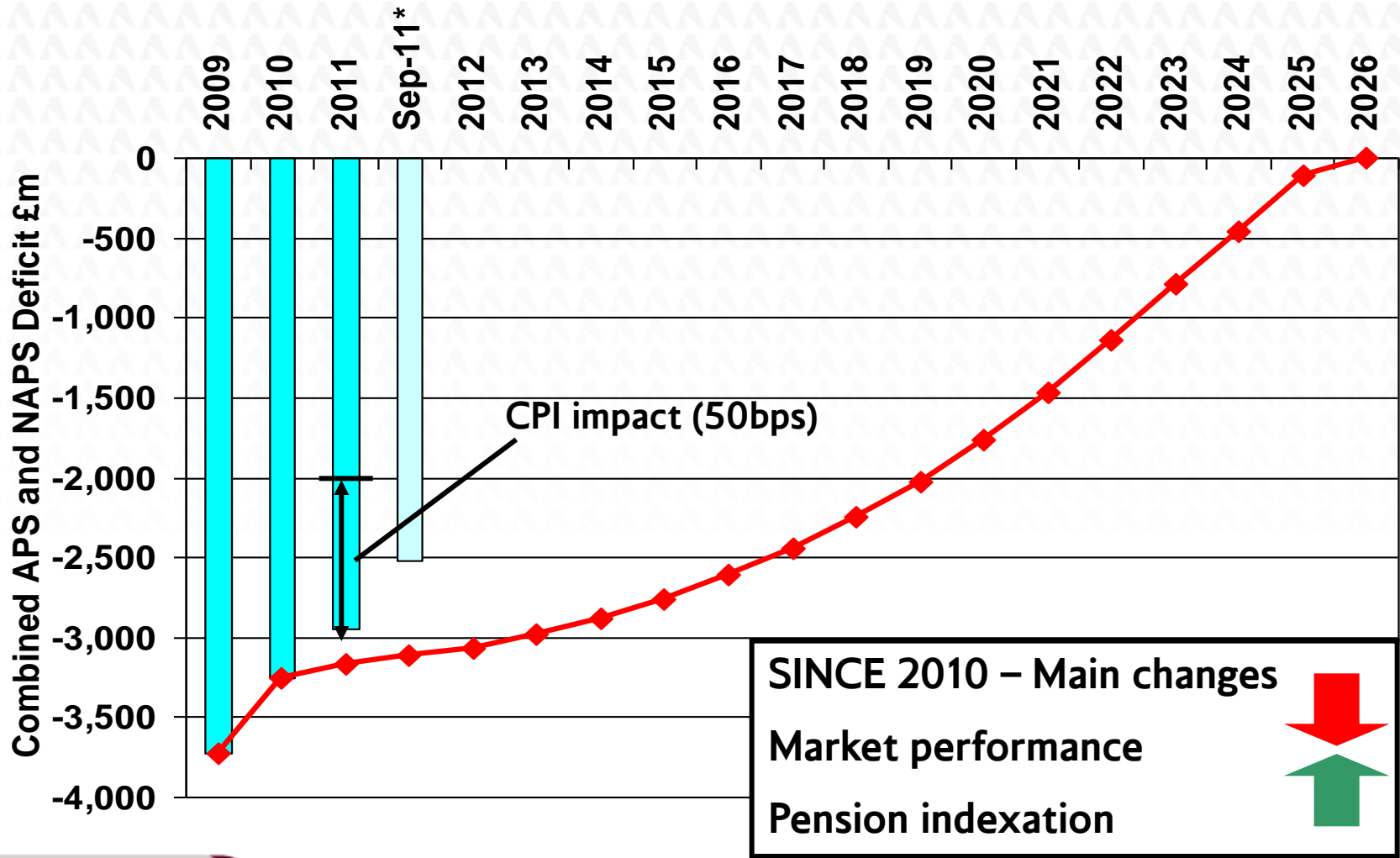


Contributions agreed flat in real terms



- DC Scheme since 2003
- Successful consultation with staff and TU's
- Normal Retirement Age from 55/60 to 65
- Standard Accrual Rate from 1/52, 1/56 to 1/75

# Recovery plan on track



We have a platform for growth

A profitable business valued  
by its customers

## Convenience

- Seeking simplicity and speed in response



## Individualism

- Greater levels of personalisation

# Customer Trends



- Increasingly connected across multiple touchpoints

## Connectivity



- Raised expectations and desire for authenticity

## Experiential



# Putting the customer at the heart of our business creating a distinctive brand promise

## ▪ British Style

Understated, quality, contemporary



## ▪ Thoughtful Service

Professional, intuitive, intelligent, experience

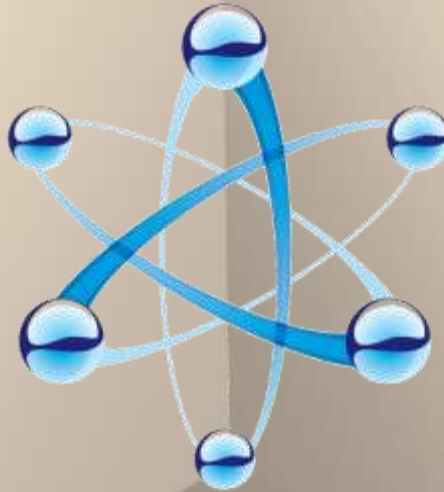


## ▪ Flying Know How

Heritage, scale, standards, reliability, safety & security



## Product



## Service



## Technology



BRITISH AIRWAYS



IAG

# The start of the journey



BRITISH AIRWAYS 



IAG



Before you leave

At the airport

Onboard

On arrival



**Enhancing ba.com to increase revenue and improve service**

- Advanced selling
- Personalisation
- Social media

Achieve a competitive cost base



Grow revenue through airline partnerships and commercial innovation



Secure the right aircraft, technology and infrastructure

Invest selectively in the product

Create the culture and capabilities for success

Win through outstanding service and customer insight



Re-ignite passion and belief in the BA brand

Set the standard for responsible aviation



**Driving the sales of ancillaries products anywhere**

- New products
- New payment
- New locations

Achieve a competitive cost base



Grow revenue through airline partnerships and commercial innovation



Secure the right aircraft, technology and infrastructure

Invest selectively in the product

Create the culture and capabilities for success

Win through outstanding service and customer insight

Re-ignite passion and belief in the BA brand

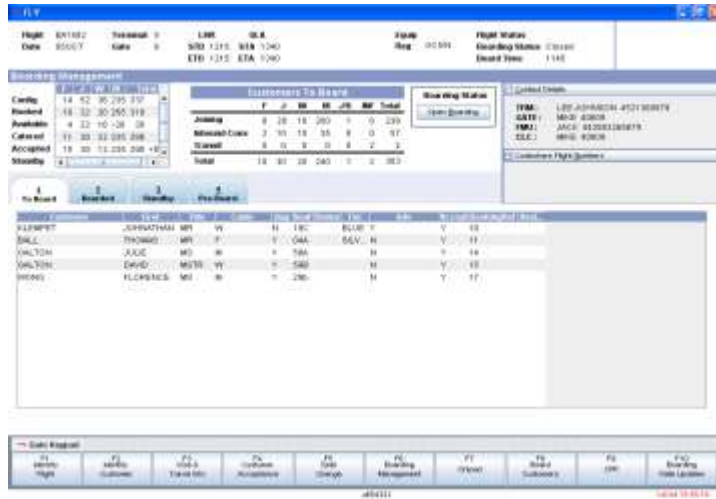
Set the standard for responsible aviation

Before you leave

At the airport

Onboard

On arrival



# Replacing legacy airport technologies

- New passenger and aircraft “check in” systems

Achieve a competitive cost base

Grow revenue through airline partnerships and commercial innovation

Secure the right aircraft, technology and infrastructure



Invest selectively in the product

Create the culture and capabilities for success

Win through outstanding service and customer insight

Re-ignite passion and belief in the BA brand

Set the standard for responsible aviation



Before you leave

At the airport

Onboard

On arrival



Achieve a competitive cost base

Grow revenue through airline partnerships and commercial innovation

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Win through outstanding service and customer insight

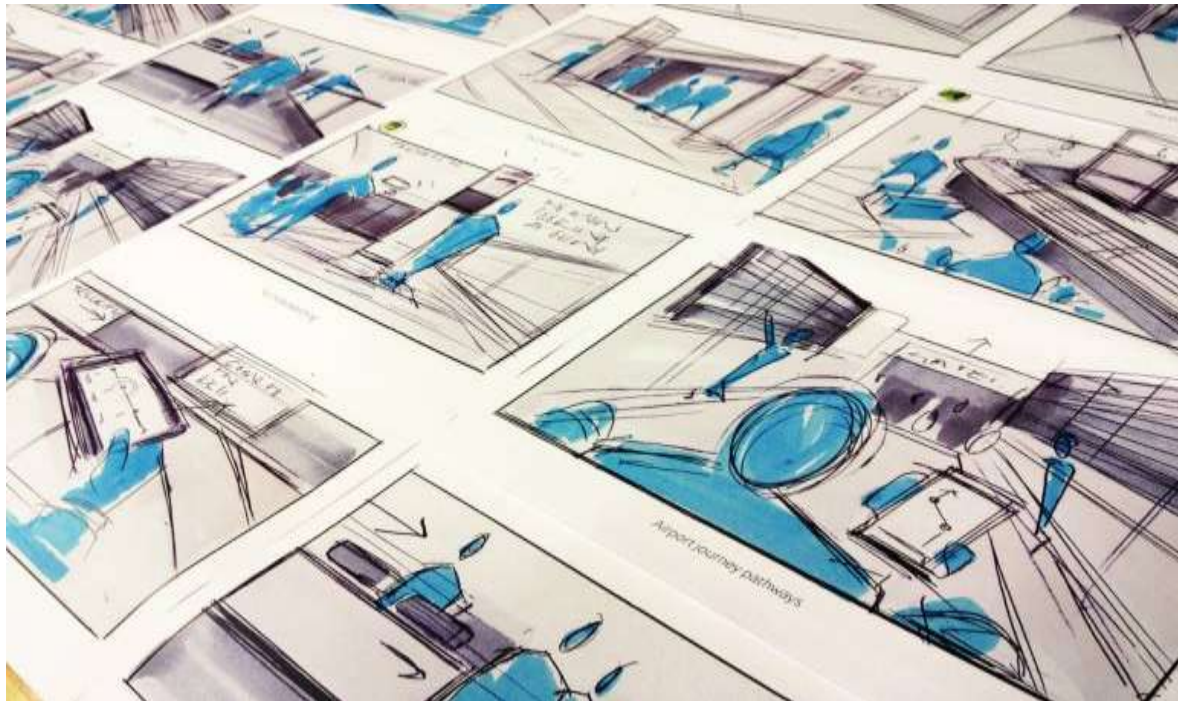
Re-ignite passion and belief in the BA brand

Set the standard for responsible aviation



**Rolling out today's future airport**

▪ **Gatwick Zone A**



# Designing and delivering our “airport of the future”

- Improved end-to-end experience

Achieve a competitive cost base

Grow revenue through airline partnerships and commercial innovation

Secure the right aircraft, technology and infrastructure



Invest selectively in the product

Create the culture and capabilities for success

Win through outstanding service and customer insight

Re-ignite passion and belief in the BA brand

Set the standard for responsible aviation

Before you leave

At the airport

Onboard

On arrival



Achieve a competitive cost base

Grow revenue through airline partnerships and commercial innovation

Secure the right aircraft, technology and infrastructure

Invest selectively in the product

Create the culture and capabilities for success

Win through outstanding service and customer insight

Re-ignite passion and belief in the BA brand

Set the standard for responsible aviation



**Delivering an outstanding experience for all**

- Seats
- Service
- Feedback

Before you leave

At the airport

Onboard

On arrival



**Delivering an exceptional experience in our premium cabins**

- Seats
- IFE
- Food and drink

Achieve a competitive cost base

Grow revenue through airline partnerships and commercial innovation

Secure the right aircraft, technology and infrastructure

Invest selectively in the product

Create the culture and capabilities for success

Win through outstanding service and customer insight

Re-ignite passion and belief in the BA brand

Set the standard for responsible aviation








Before you leave

At the airport

Onboard

On arrival



- Achieve a competitive cost base
- Grow revenue through airline partnerships and commercial innovation
- Secure the right aircraft, technology and infrastructure
- Invest selectively in the product 
- Create the culture and capabilities for success
- Win through outstanding service and customer insight 
- Re-ignite passion and belief in the BA brand 
- Set the standard for responsible aviation

# Continuing the customer conversation

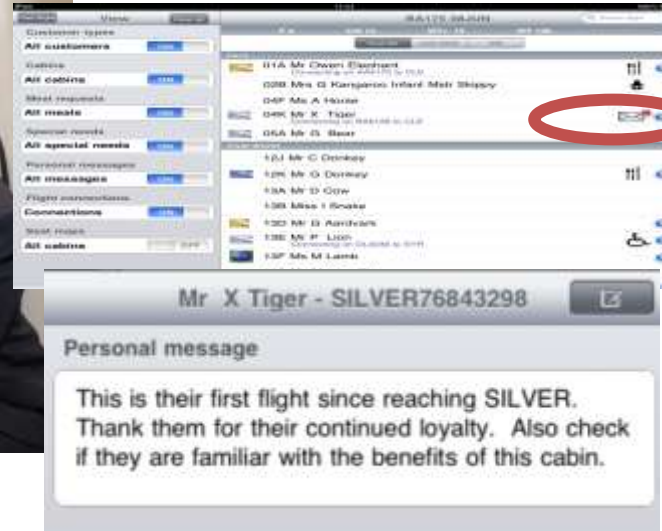
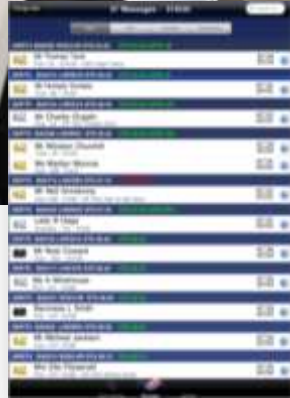
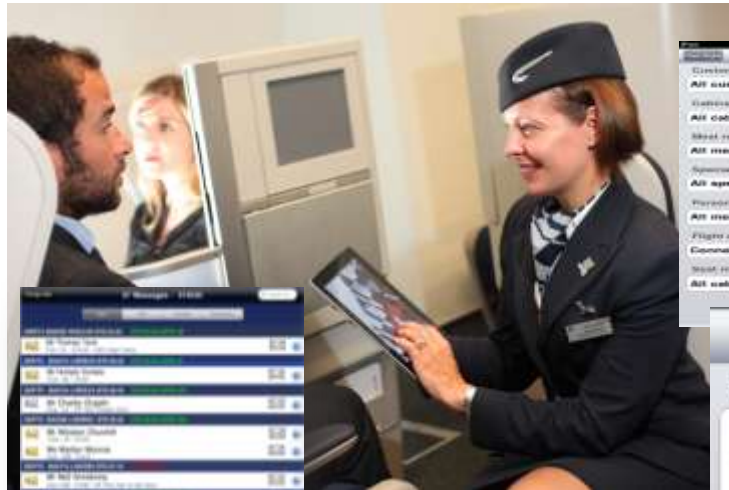
- Facebook
- Twitter
- YouTube

Before you leave

At the airport

Onboard

On arrival



**Providing our colleagues with the tools to do their jobs**

- Mobile devices on board and on the ground

Achieve a competitive cost base

Grow revenue through airline partnerships and commercial innovation

Secure the right aircraft, technology and infrastructure

Invest selectively in the product

Create the culture and capabilities for success

Win through outstanding service and customer insight

Re-ignite passion and belief in the BA brand

Set the standard for responsible aviation






Before you leave

At the airport

Onboard

On arrival



Achieve a competitive cost base	
Grow revenue through airline partnerships and commercial innovation	
Secure the right aircraft, technology and infrastructure	
Invest selectively in the product	
Create the culture and capabilities for success	
Win through outstanding service and customer insight	
Re-ignite passion and belief in the BA brand	
Set the standard for responsible aviation	

# Leveraging superior customer insights

- Single Customer View

# iPad



# Brand engagement



**Investing in our brand and building communication**

- Re-ignite passion in the brand
- Engage our colleagues
- Engage our customer

Achieve a competitive cost base	
Grow revenue through airline partnerships and commercial innovation	
Secure the right aircraft, technology and infrastructure	
Invest selectively in the product	
Create the culture and capabilities for success	
Win through outstanding service and customer insight	
Re-ignite passion and belief in the BA brand	
Set the standard for responsible aviation	

# Olympic opportunity



**Building pride through support of key global events**

▪ **Building loyalty and pride to be part of it**

Achieve a competitive cost base	
Grow revenue through airline partnerships and commercial innovation	
Secure the right aircraft, technology and infrastructure	
Invest selectively in the product	
Create the culture and capabilities for success	
Win through outstanding service and customer insight	
Re-ignite passion and belief in the BA brand	
Set the standard for responsible aviation	

# Setting the standard for responsible aviation

## Strategies

- Reduce BA's environmental impact
- Advocate a responsible regulatory approach to the industry
- Continuously improve BA's safety and security culture



## Key initiatives

- EU ETS – reduce the risk of retaliation and non-compliance
- Accelerate the implementation of biofuels into the aviation industry
- Deliver the Fuel Efficiency Programme
- Reduce the impact on air quality and noise due to our operations
- Community investment including flagship programme, Flying Start
- Deliver improvements to BA's safety risk management capabilities



- One Destination
- Biofuel
- Community

Achieve a competitive cost base

Grow revenue through airline partnerships and commercial innovation

Secure the right aircraft, technology and infrastructure

Invest selectively in the product

Create the culture and capabilities for success

Win through outstanding service and customer insight

Re-ignite passion and belief in the BA brand

Set the standard for responsible aviation





# We must deliver our business plan

## Selectively invest in product to stay competitive

- Onboard (food, seats)
- Airport (check-in, lounges)

## Re-ignite passion and belief in the BA brand among customers and colleagues

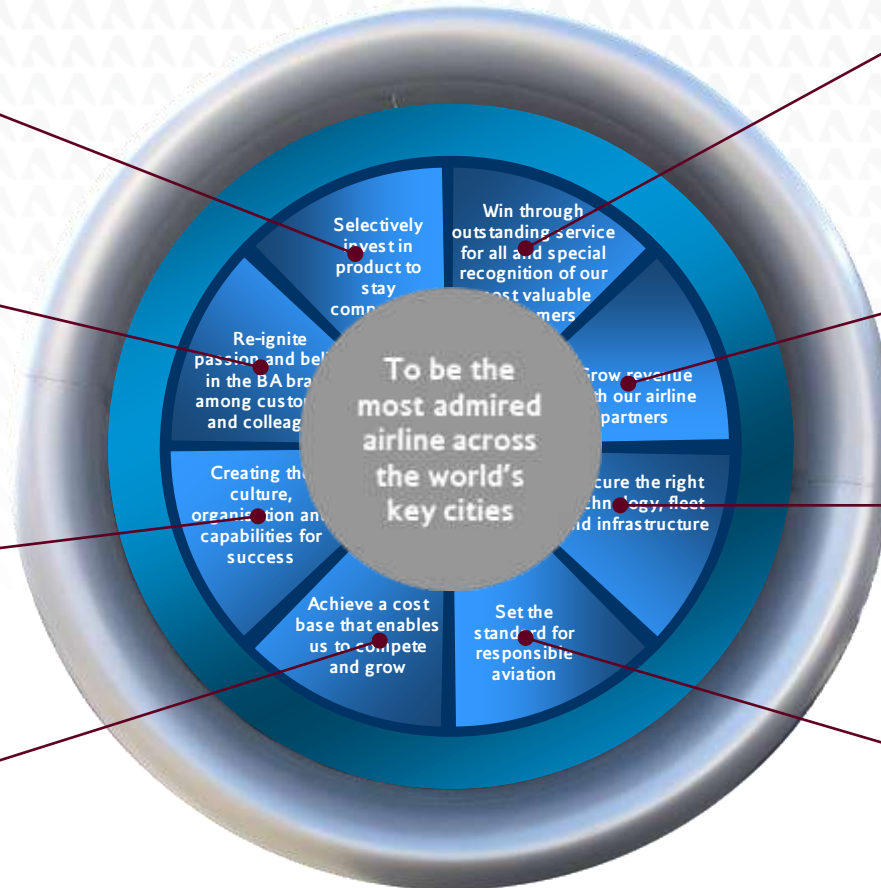
- "To Fly. To Serve."
- Olympics – London 2012
- "Flying Start"

## Creating the culture, organisation and capabilities for success

- "To Fly. To Serve."
- iPad Improvements

## Achieve a cost base that enables us to compete and grow

- IAG Synergies
- Continuous Improvement



## Win through outstanding service for all and special recognition of our most valuable customers

- Colleague Empowerment
- "Single Customer View"

## Grow revenue with our airline partners

- Joint Business Agreement
- ba.com and Mobile innovation

## Secure the right technology, fleet and infrastructure

- New Aircraft (777/787/380)
- New Technologies

## Set the standard for responsible aviation

- One Destination
- Biofuel



**Fit for Growth**

**Fit for Profit**

BRITISH AIRWAYS 



**IAG**



# Renewal Underway

Rafael Sánchez-Lozano

*Chief Executive Officer, Iberia*

# Overview

Iberia faces several challenges:



- A340 fleet costs
- Need to update product

- Service levels and quality
- Punctuality

- Non competitive costs vs. low cost carriers

# Overview

Our strategy to deal with these challenges



- Investing in long haul fleet and product
  - Develop Madrid as a world-class hub
  - Transforming the short & medium haul model
- ✓ The target in 2015 is to be a profitable and renewed Iberia, leader in its markets

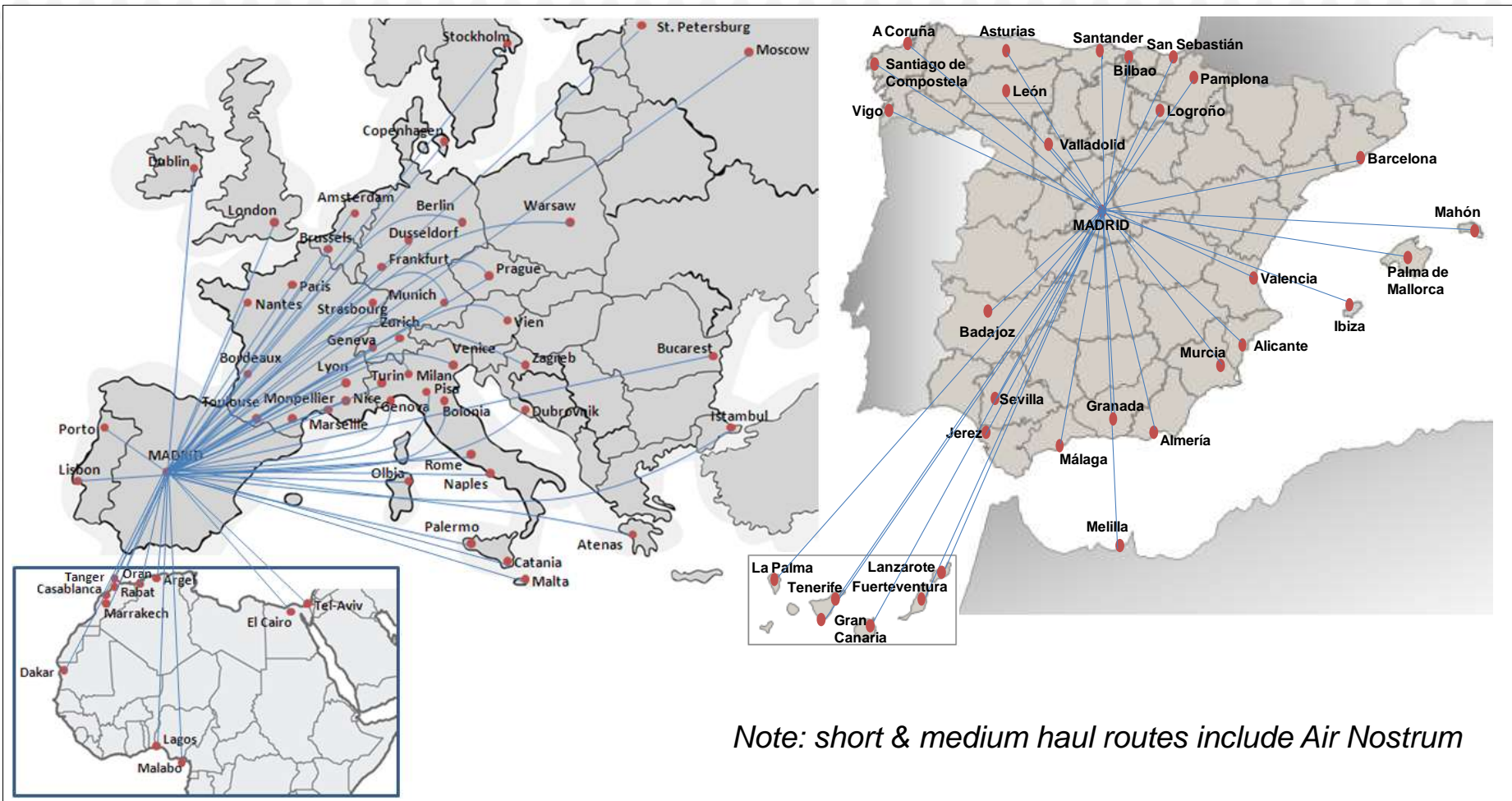
# Iberia's business model: long haul



**Most favourable  
location to connect  
Europe and Latin  
America**



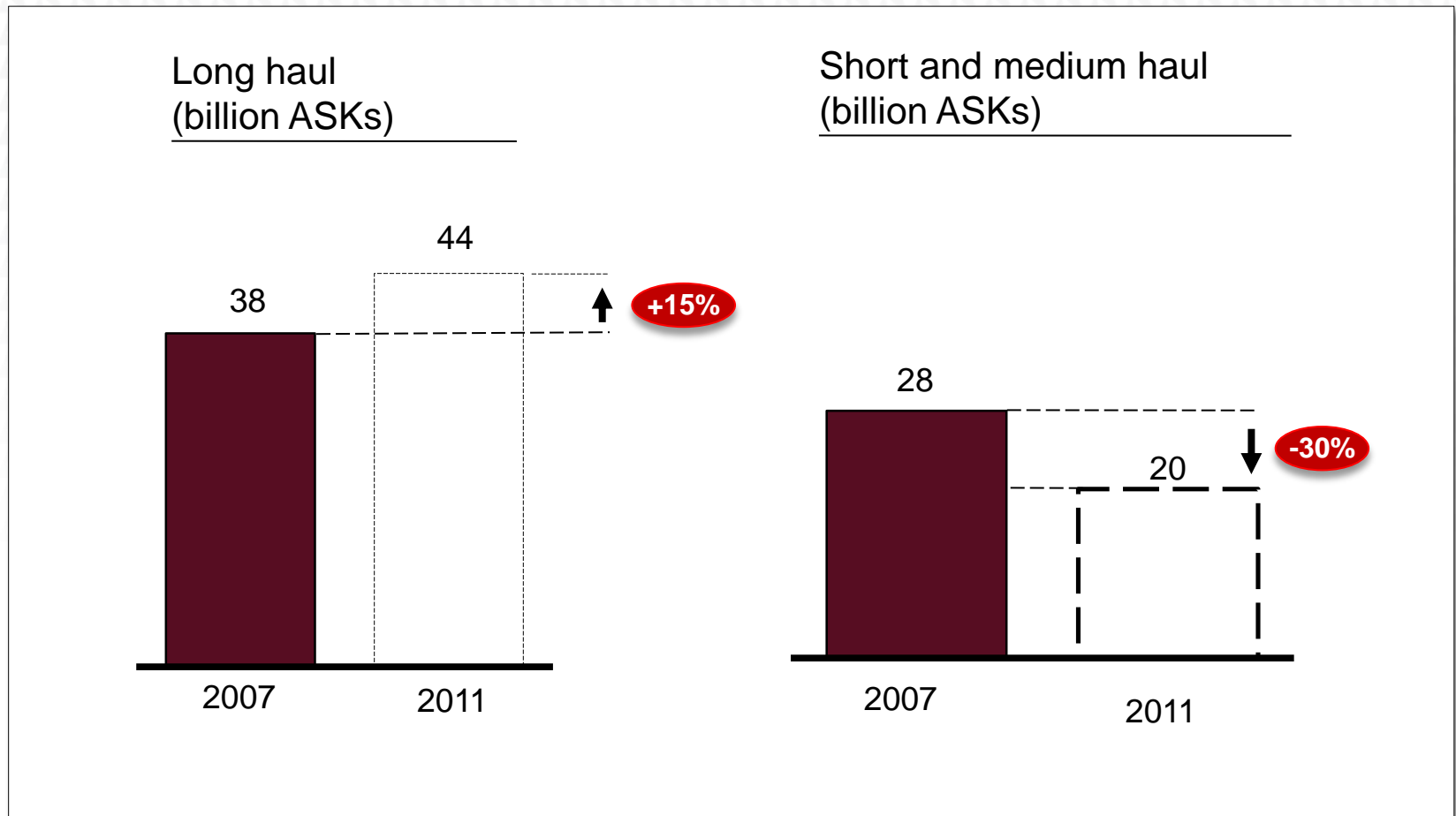
# Iberia's business model: short & medium haul



*Note: short & medium haul routes include Air Nostrum*



# Network restructuring, last four years



# Long haul fleet renewal

# Long haul fleet renewal

- Interim fleet of A330 will replace A340-300 until new generation aircraft becomes available

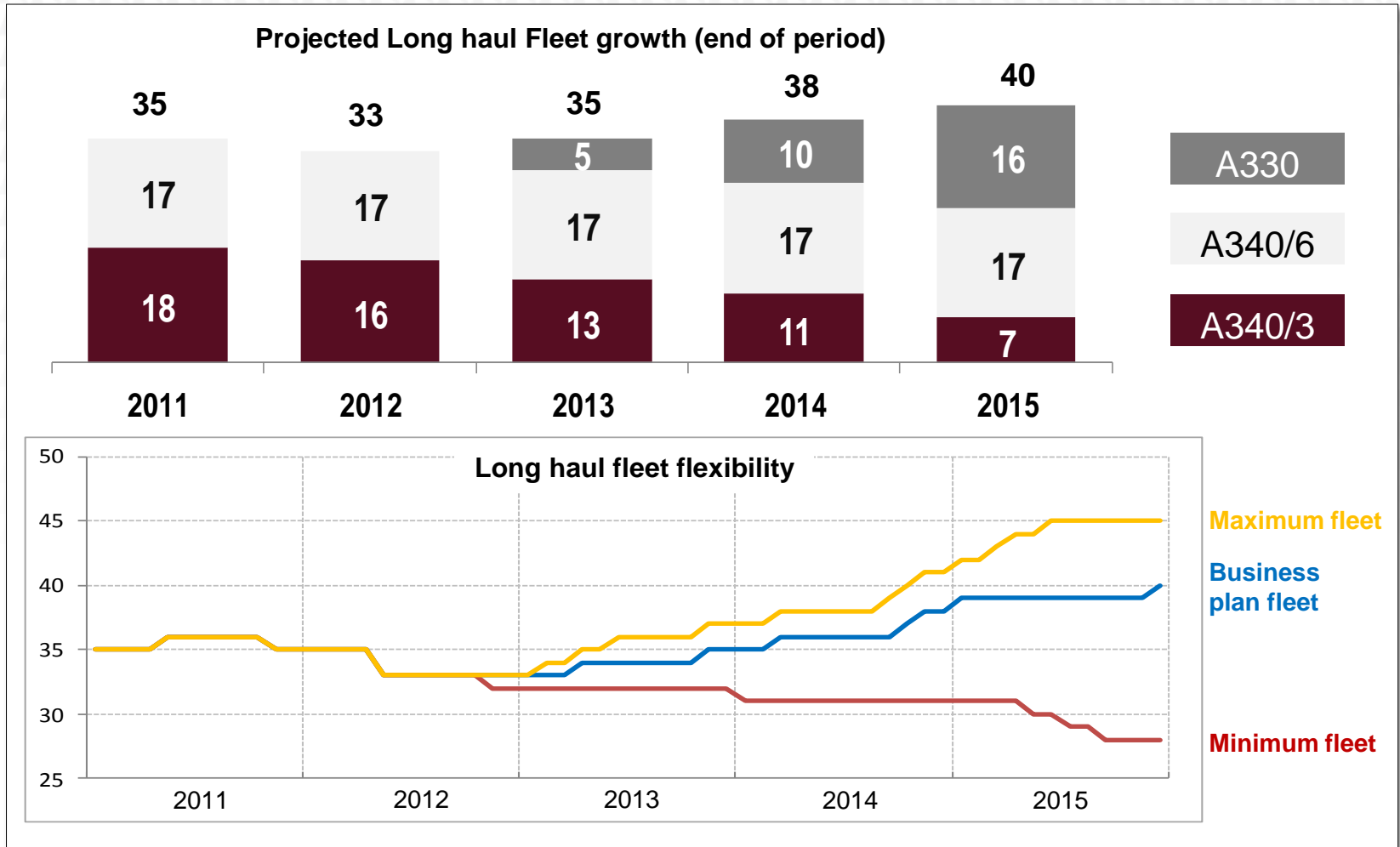
	Capacity (seats)	A330-300 savings versus A340-300		
		Fuel cost/ASK	Maintenance cost/ASK	Total costs/ASK*
A330-300	36/242	-16%	-52%	<b>-14%</b>
A340-300	36/218			

\* Including cost of capital





# Long haul fleet evolution and flexibility



# Improving long haul business products



- Greater **comfort** in bed, more **bed length**
- Access to **aisle** from all seats
- More **privacy**
- Personal storage **space**
- Increased **in-flight entertainment** options
- More seats in  
A340-600: 42 to 46



# Improving long haul economy products



- **Personal in-flight entertainment**
- **More leg room**
- **More reclining seat**
- **Personal storage space**
- **Adjustable headrest**
- **Connectivity**

# Develop Madrid as a world-class hub



# Project to develop Madrid as a world-class hub

## Objective:

*Making Madrid Hub a benchmark of excellence and quality to service Iberia and its customers*



**On time performance**

*A15 85%*

**Customer experience**

*NCP +0,8\**

**Efficiency, MCT & turnaround times**

*-10'*

\* NCP: Level of Perceived Quality, measured in a scale of 10 points

# A project to overcome Iberia's hub weaknesses

Measure	Explanation	Asset turn	Margin
Minimum connection time	-10 min. in T4-T4S and T4-T4 connections	++	++
Turnaround time	-10 min. in A320 fleet	++	+
Level of perceived quality	Reduce gap and align to best EU practices	+	++
Punctuality		++	+++
Disruption		++	++
Connections		++	+
Boarding		+	+

# Transform Madrid into a world-class hub



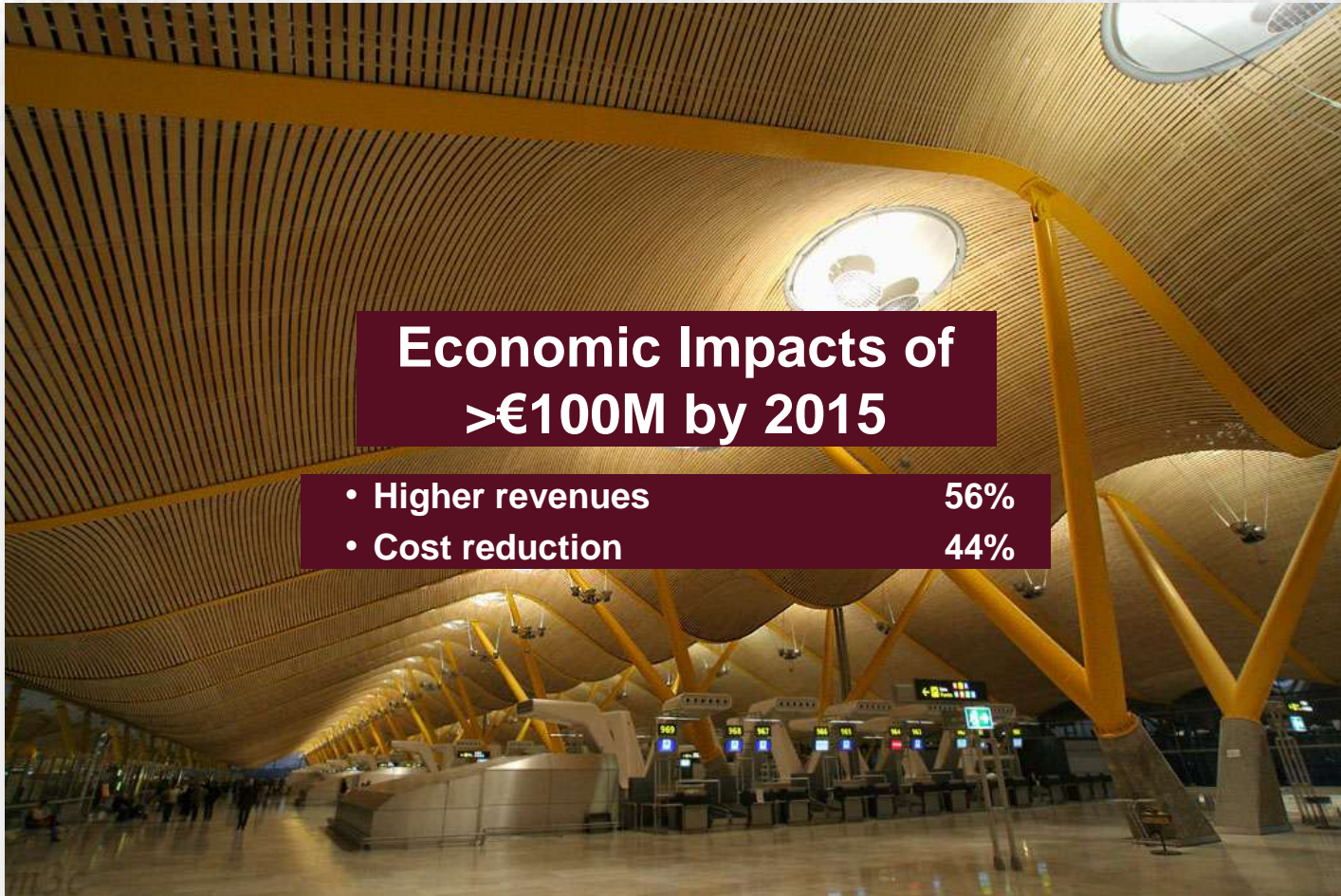
18 programs embedded in the project

## Iberia plan five pillars

- 1 Achieve excellence in punctuality
- 2 Simplify, speed up and improve customer experience
- 3 Continuous improvement of hub efficiency
- 4 Transmit passion for excellence
- 5 Generate good reputation making the change visible



# Significant returns with limited investment





# Barajas project: new office building



- Modular design, open plan, focused on more up-to-date ways of working
- 60% reduction of current recurring location costs (rent, maintenance, consumption): savings of €13m a year
- Ready to move at the end of 2014

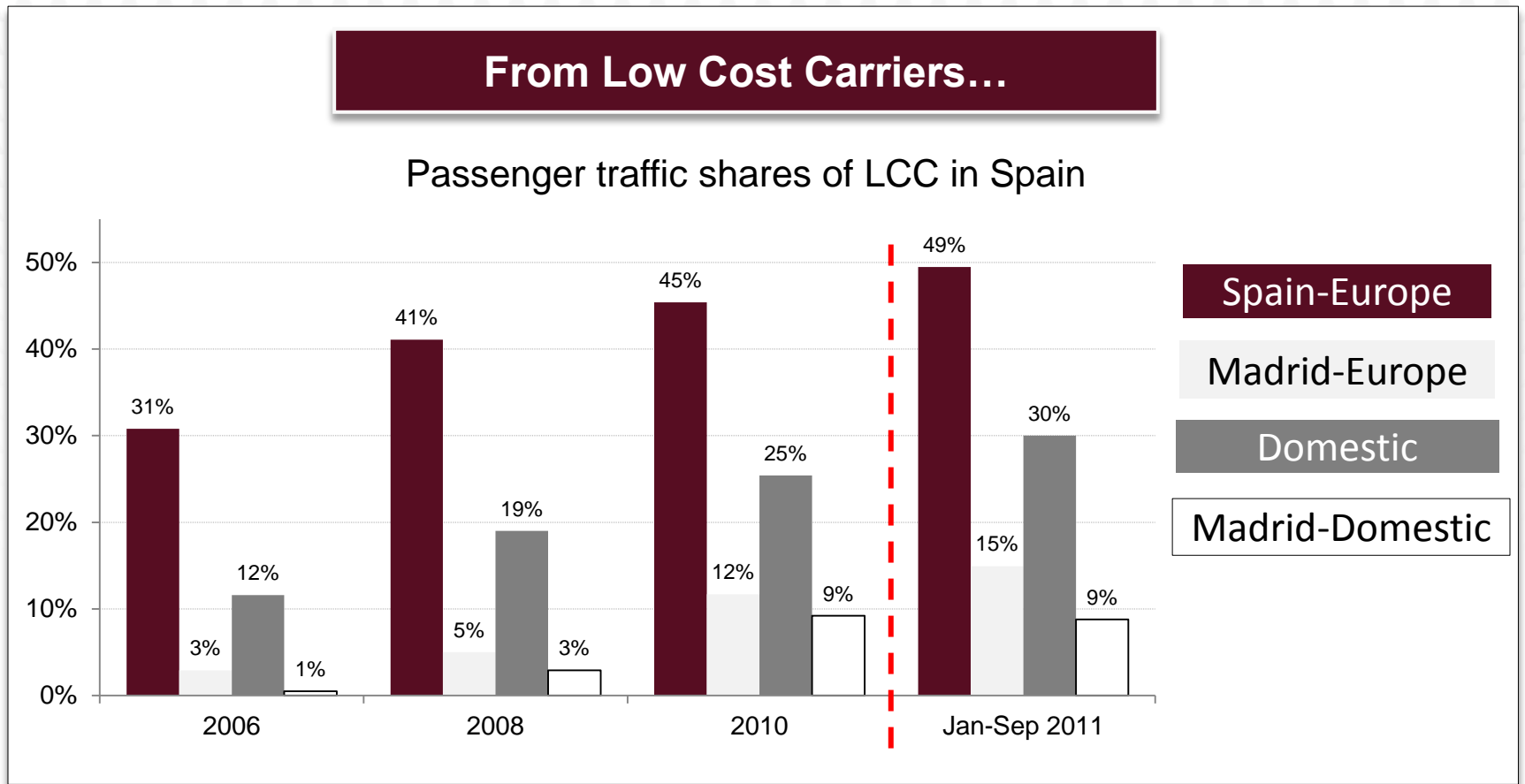
# Barajas project: new cargo terminal



- Distance to T4 from cargo terminal: from ~10 km. to ~3 Km.
- Facilities from only 22,000 sq.m to 39,000 sq.m
- Savings of €7,5m a year
- Ready at the beginning of 2015

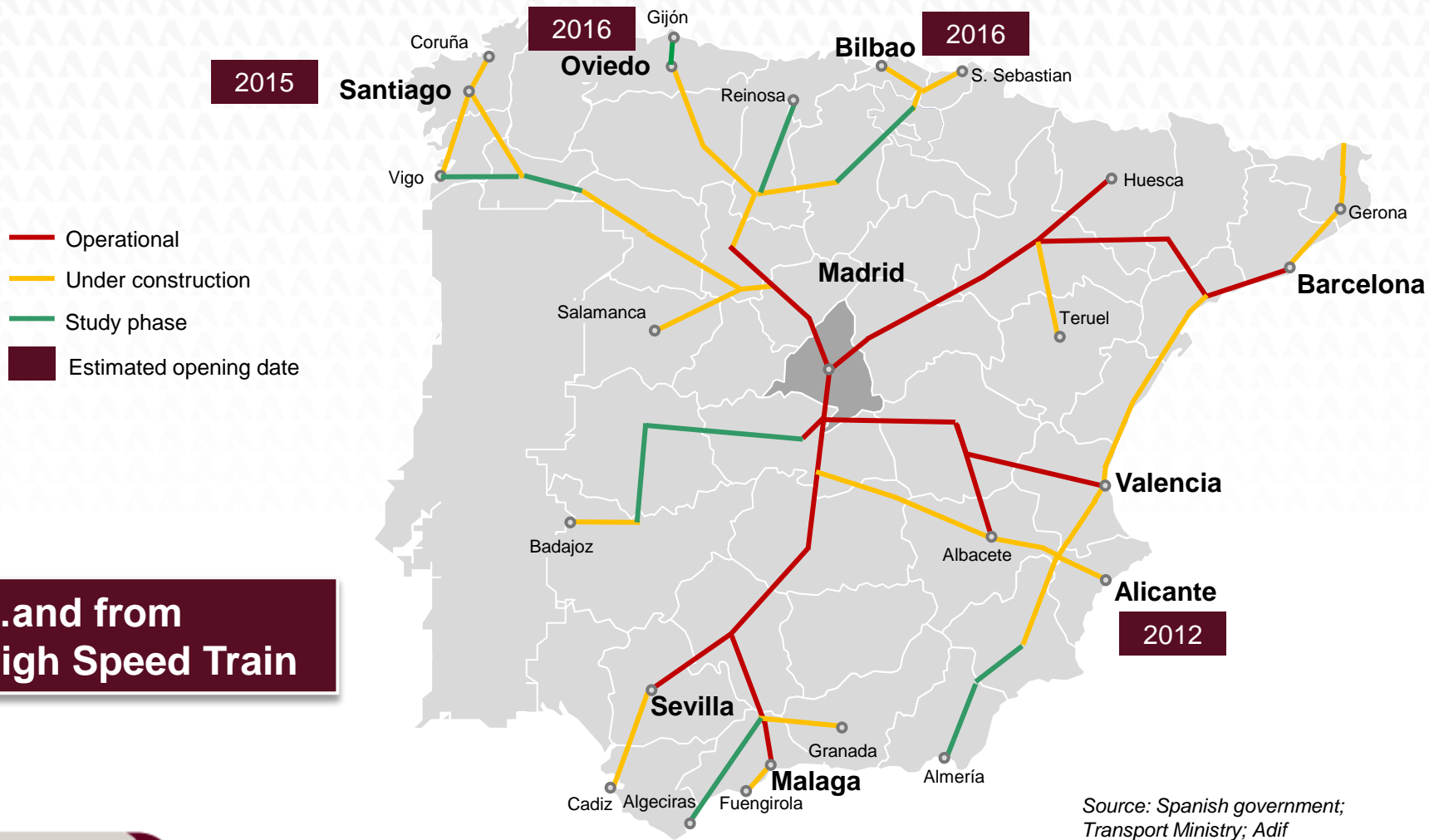
# Restructuring the short & medium haul model

# Competition in short & medium haul is intense

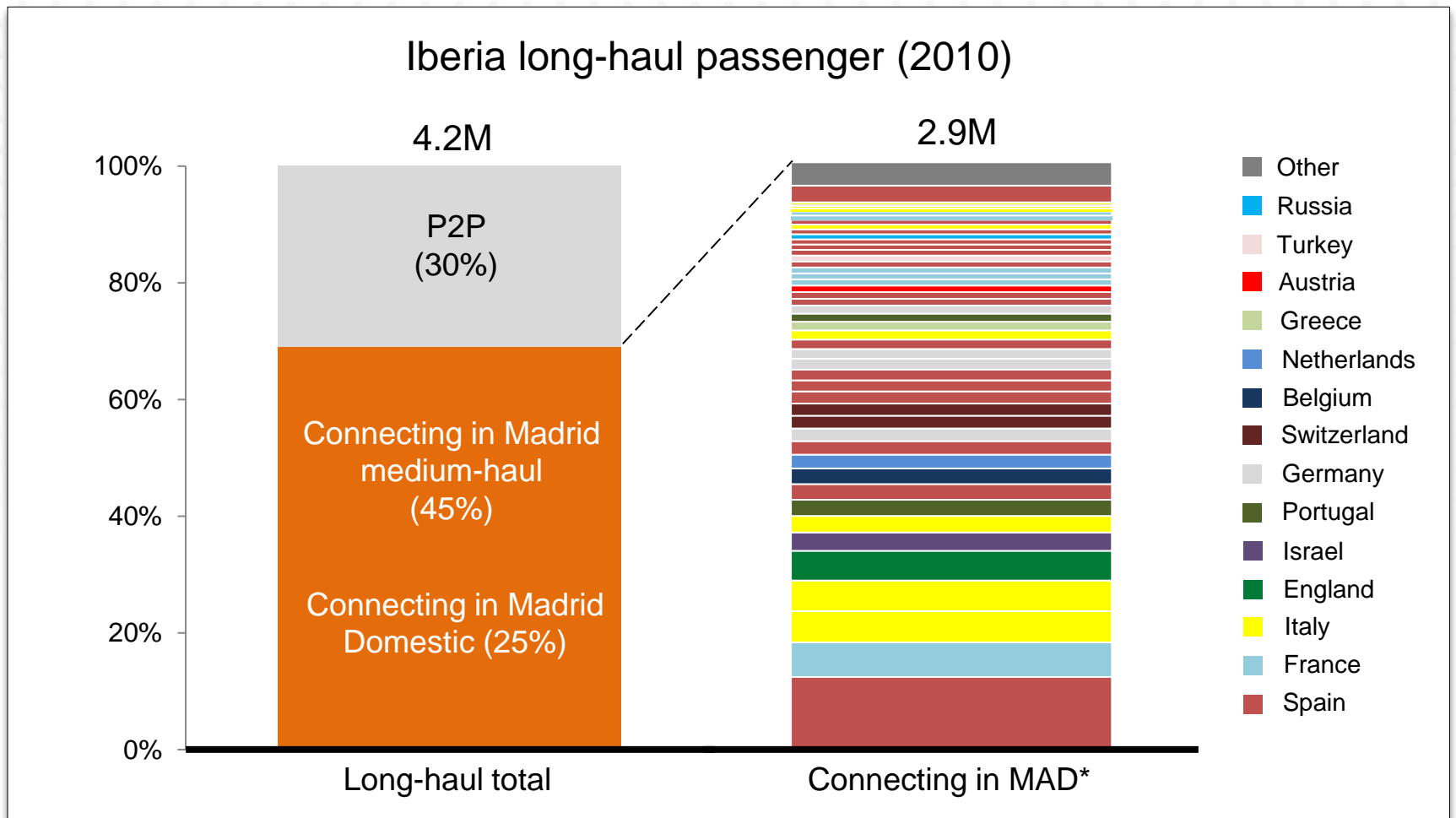




# Competition in short & medium haul is intense



# S&M haul is essential to feed the long haul



\* Split origin/destinations connecting at Madrid hub, database 2010

Note: Includes Air Nostrum; Medium-haul includes flights to Europe, Northern Africa and Middle East;

Domestic includes Canary Islands





# S&M haul network comparisons

DOMESTIC DESTINATIONS	Iberia	Air France/KLM		Lufthansa	
	Madrid	Paris	Schiphol	Frankfurt	Munich
# Windows	5	6	-	6	5
# Destinations	29	24	-	14	15
Total daily frequencies	145	199	-	89	96
Daily freq./# destinations	5,0	8,3	-	6,4	6,4

- Equivalent number of domestic destinations, though with less frequencies

EUROPEAN DESTINATIONS	Iberia	Air France/KLM		Lufthansa	
	Madrid	Paris	Schiphol	Frankfurt	Munich
# Windows	5	6	6	6	5
# Destinations	38	59	64	81	83
Total daily frequencies	117	239	253	255	229
Daily freq./# destinations	3,1	4,1	4,0	3,1	2,8

- Reasonable European connectivity

\* Data includes regional airlines and franchisees

April 2011

# Basic features of Iberia Express

- Staff: 500 employees initially (2012)
- 100% owned by Iberia
- Managed independently from Iberia
- Fleet: initially A320 fleet from Iberia
- Start in summer 2012 with four aircraft and develop to 13 aircraft at the end of 2012
- Maintenance and handling services initially provided by Iberia at market costs

# Iberia Express: S&M haul transformation

## Management and control

- New airline 100% owned by Iberia
- Managed independently from Iberia, strong governance
- Independent operational planning, but coordinated with Iberia

# Iberia Express: S&M haul transformation

## Product

- Iberia Express will offer business and economy products
- Adjusted business product connected to the Madrid hub
- Higher seat density

# Iberia Express: S&M haul transformation

## Network

- Origin/destination routes connected with Iberia
- Commercial planning coordinated with Iberia
- Priority to meet Iberia's network needs and requirements
- Potential for growth following restructuring

# Iberia Express: S&M haul transformation

## Distribution

- Distribution through own website
- Distribution in other channels through IB code
- All Iberia Express flights in code-share with Iberia
- Revenue management coordinated with Iberia
- Independent image and branding but close to Iberia's

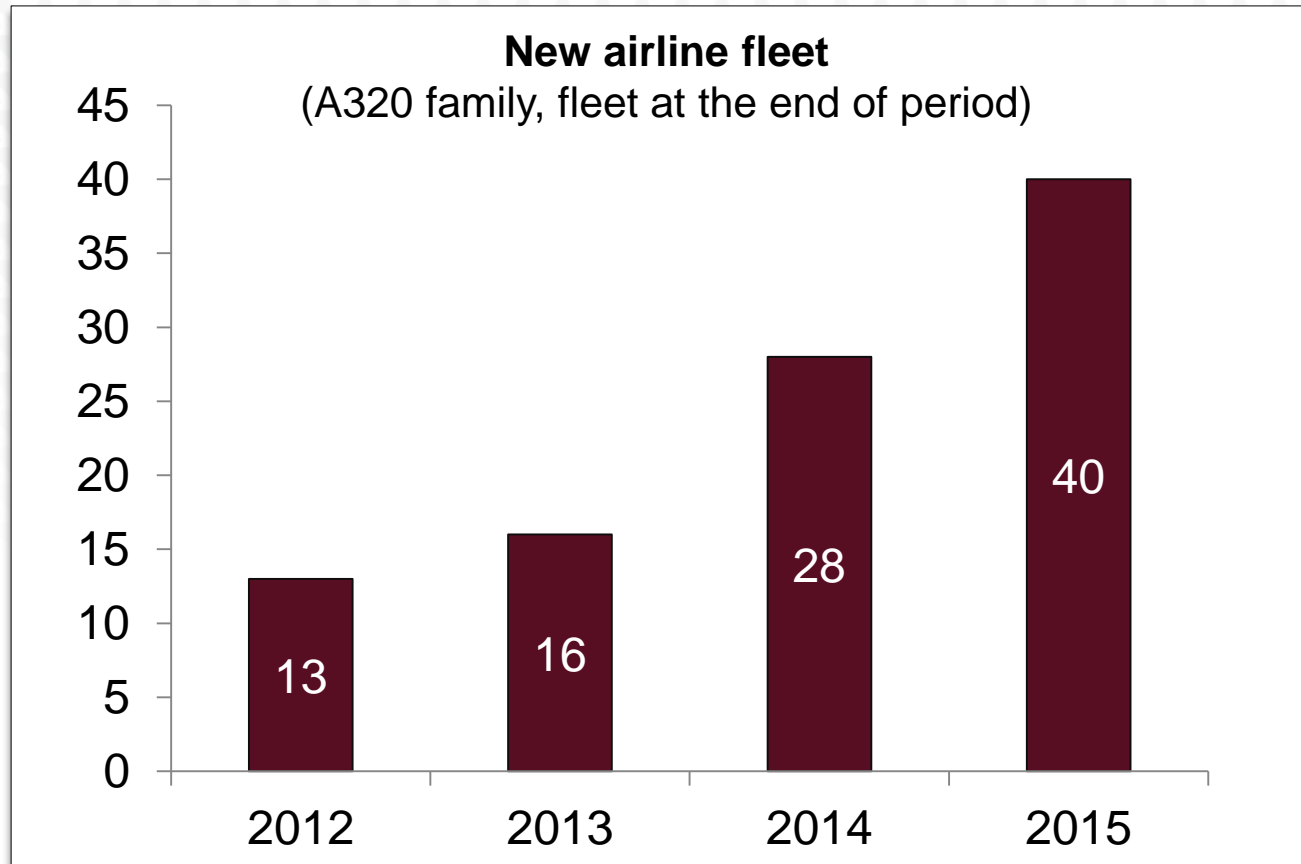


# Iberia Express: S&M haul transformation

## Operating costs

- Single-fleet of A320s
- Flight crew hired at market costs and productivity
- Maintenance and handling initially provided by Iberia, at market prices

# Iberia Express will start in summer 2012



# Positive impact of Iberia Express of >€100M

- 45% of the difference in operating profit to come from the crew
- 25% of handling services and other operational areas to come from the adaptation
- 25% of savings to come from savings in overheads and general costs
- 5% to come from increased asset turn

# Air Nostrum & Vueling relationship will continue

A successful relationship with Vueling and Air Nostrum also plays a role in Iberia's short & medium haul strategy:

- Air Nostrum will continue as a feeder to the Madrid hub on regional and low density routes
- Vueling in Madrid will continue to be a valuable partner in helping us improve our short haul competitiveness

# Cross initiatives

# Rejuvenating Iberia's brand image

Iberia has not rebranded, using the same aircraft branding since 1970

However, the **competition has gradually changed**

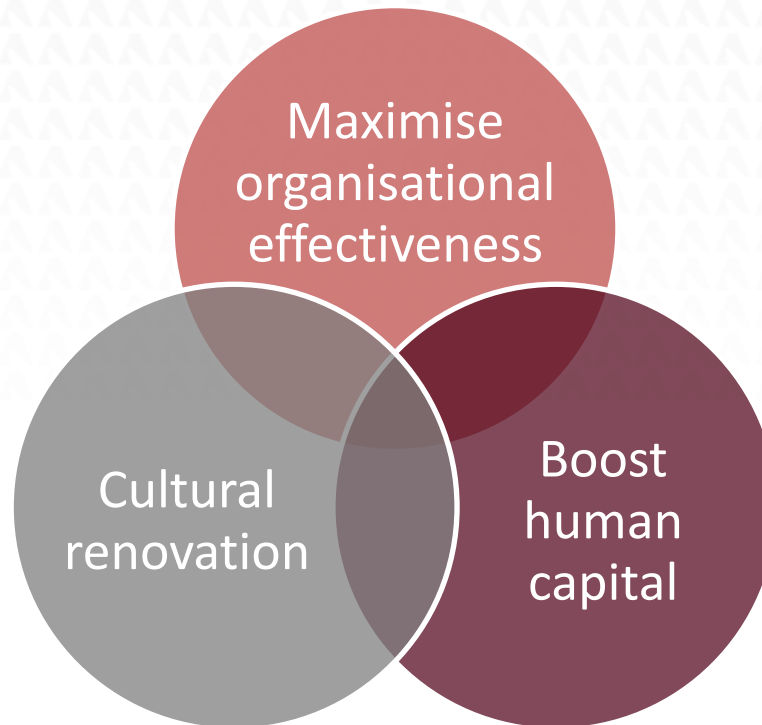


**Brand revamp as a catalyst of change**



# Modernising Iberia's organisation

More efficient, dynamic and flexible and with a winning workforce



# An environmentally and socially responsible organisation

Building brand and reputation among customers and stakeholders



Development and testing of bio-fuels



CO<sub>2</sub> offset scheme

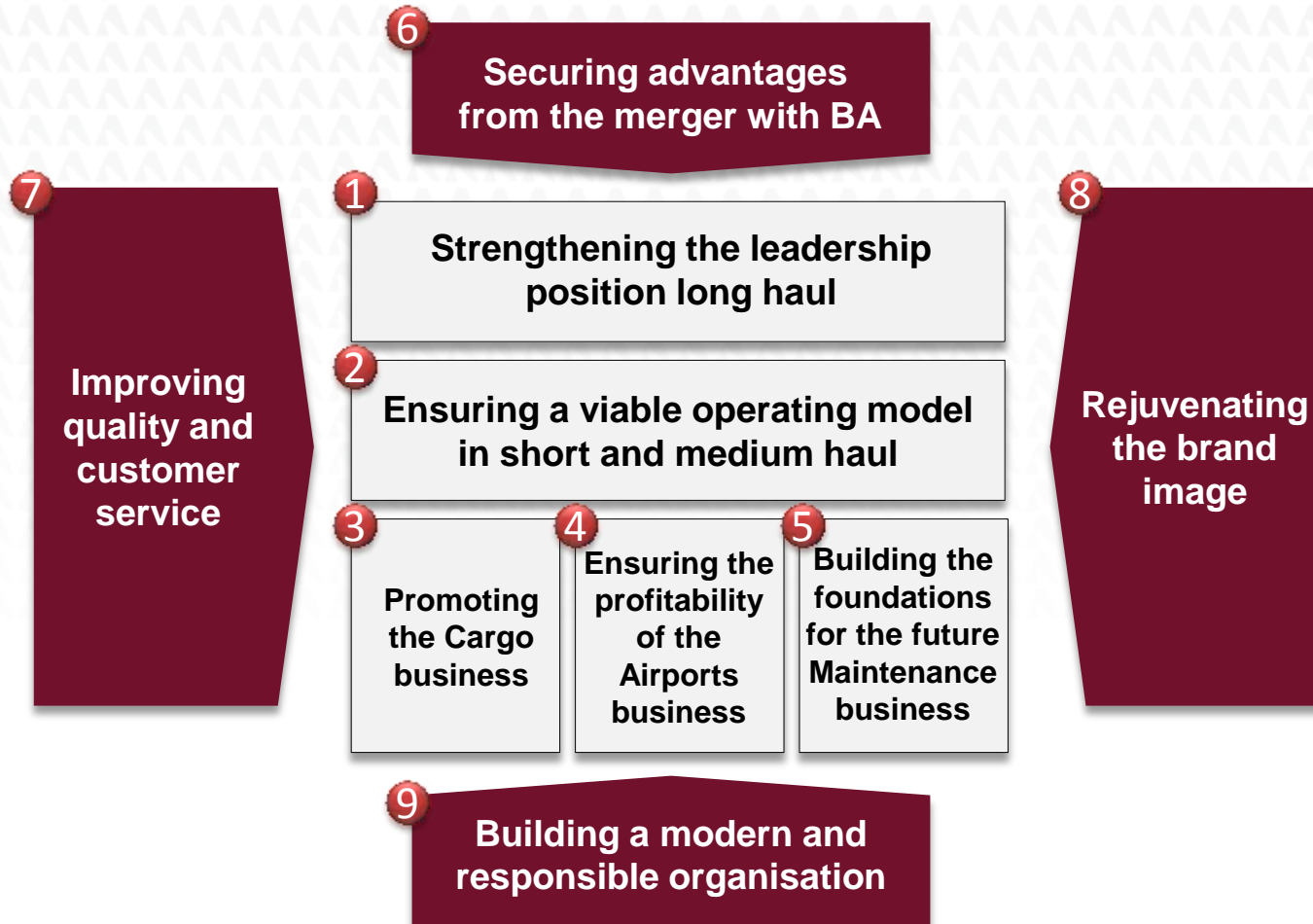


Cooperation with research initiatives



Technical and ops measures

# Business plan based on nine pillars



# Summary

# Industrial relations

There are 3 collective bargaining groups in Iberia:

## Ground staff

- ✓ Signed on April 2010, valid until December 2012
- ✓ Applies to all ground staff, including corporate, commercial, maintenance, ground handling\*, IT, etc. 16,400 employees

## Cabin crew

- ✓ Signed on December 2010, valid until December 2012
- ✓ 4,000 employees

## Pilots

- ✓ Signed on April 2009 with SEPLA (Pilots' Union), expired on 31 December 2009 (Legal automatic extension)
- ✓ In negotiation since November 2009
- ✓ 1,600 employees

\*A specific sectoral agreement applies also to ground handling staff

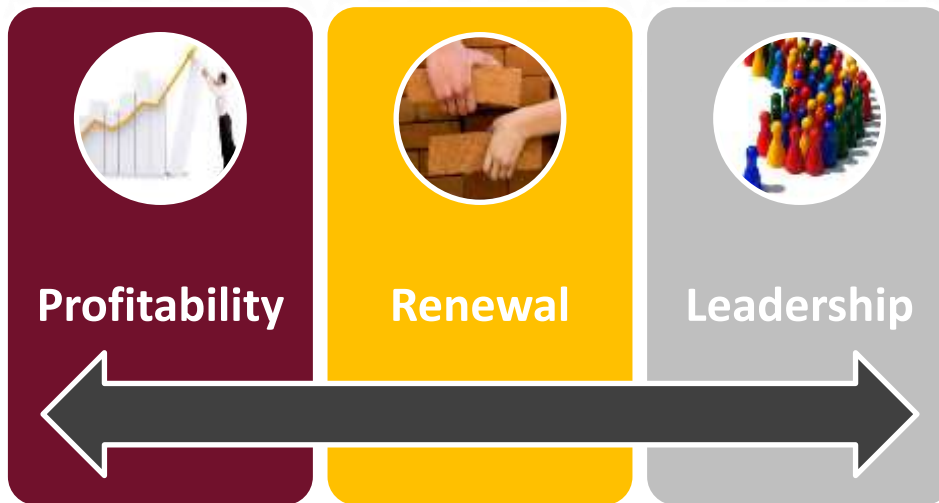
# Roadmap to 2012 (short term actions)

1. Launch Iberia Express in summer 2012
2. Reshape the long haul network
3. Integral project to improve Madrid hub's efficiency
4. Modernise the Iberia brand
5. Continue obtaining/harvesting synergies



# Summary

- 3 leverages, in addition to synergies, to generate value:
  - Interim fleet and new long haul product >€100M
  - Madrid hub project, facilitator of >€100M
  - Iberia Express, saving >€100M
- By 2015, Iberia will be a profitable and renewed airline, leader in its markets



# International Airlines Group

## Inaugural Capital Markets Day – Round up

Willie Walsh

*Group Chief Executive Officer*

# International Airlines Group Inaugural Capital Markets Day

