

IAG results presentation

Quarter Three 2013
8th November 2013



Q3 financial summary:

OPERATING PROFIT

€551m

(pre-Vueling, pre-exceptional items)

€690m

(reported)

+€420m

(reported growth)

PAX UNIT REVENUE

+7.4%

(pre-Vueling, constant FX)

+6.7%

(constant FX)

+1.2%

(reported)

TRAFFIC/CAPACITY

ASKs: -3.6%

(pre-Vueling)

ASKs: +9.1%

(reported)

RPKs: +9.0%

(reported)

UNIT COST (EX-FUEL)

+0.6%

(pre-Vueling/constant FX)

-4.3%

(constant FX)

-9.0%

(reported)

UNIT COST

-0.5%

(pre-Vueling/constant FX)

-5.0%

(constant FX)

-9.6%

(reported)

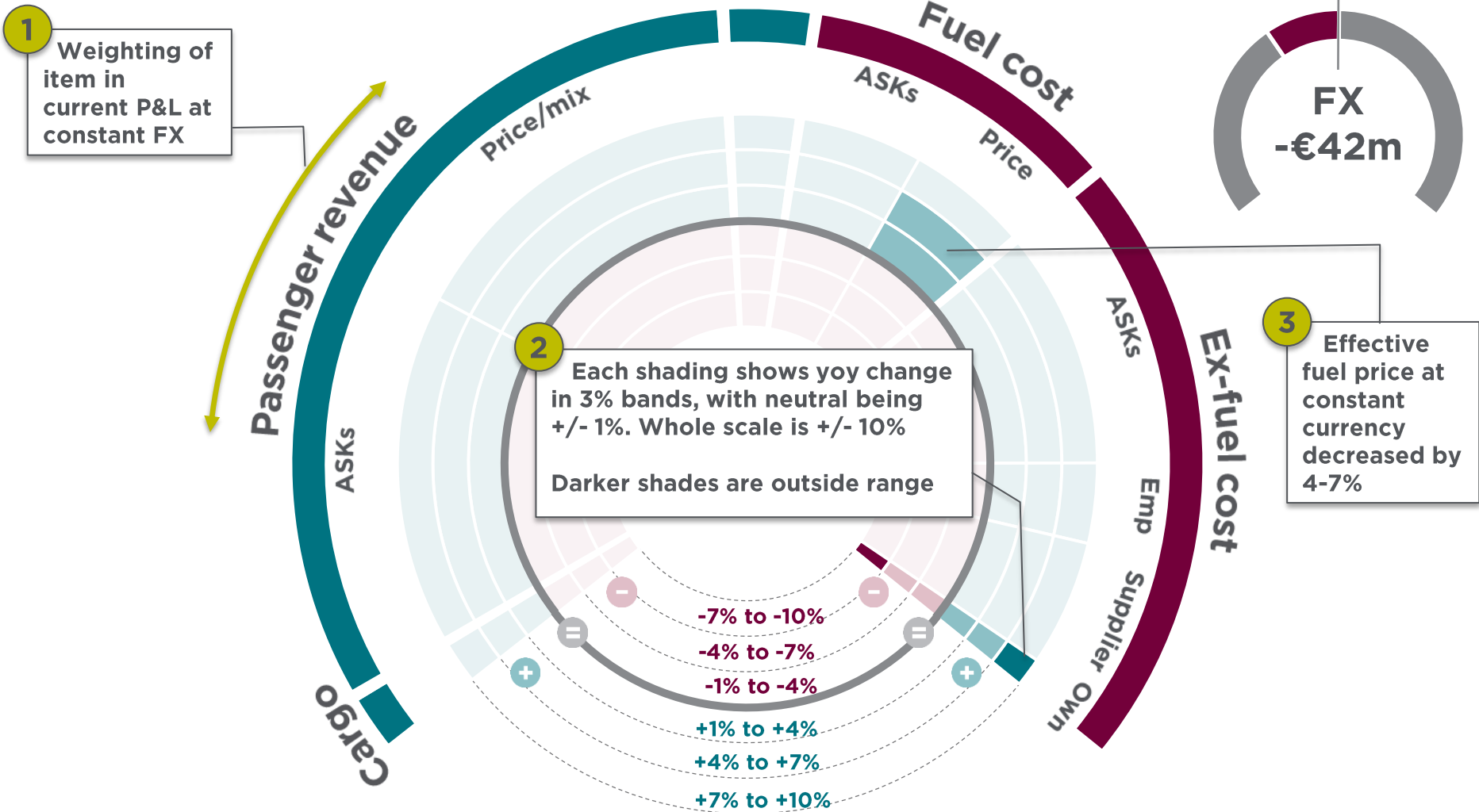
CURRENCY IMPACT

revenue €288m drag

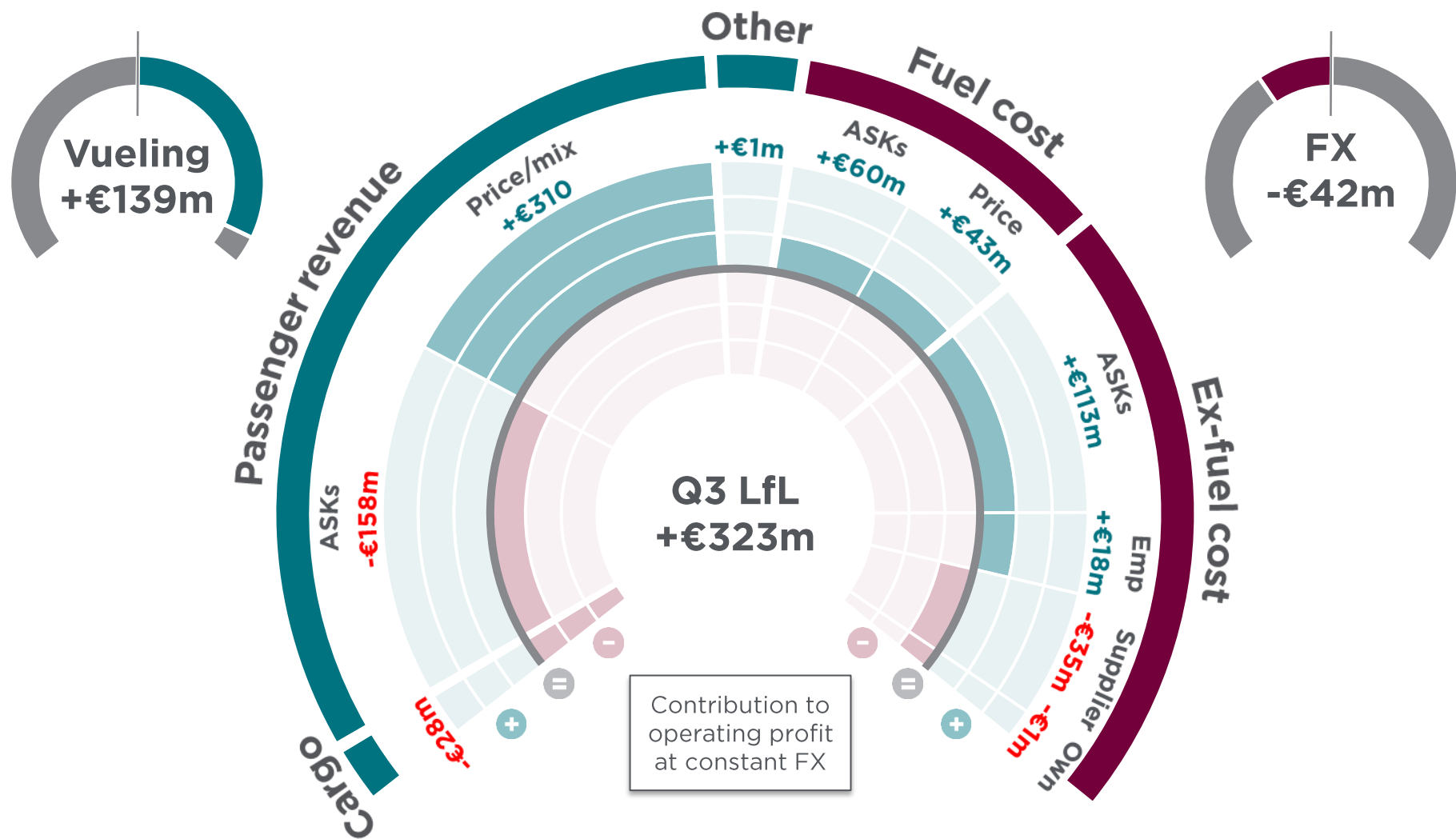
costs €246m benefit

net €42m drag

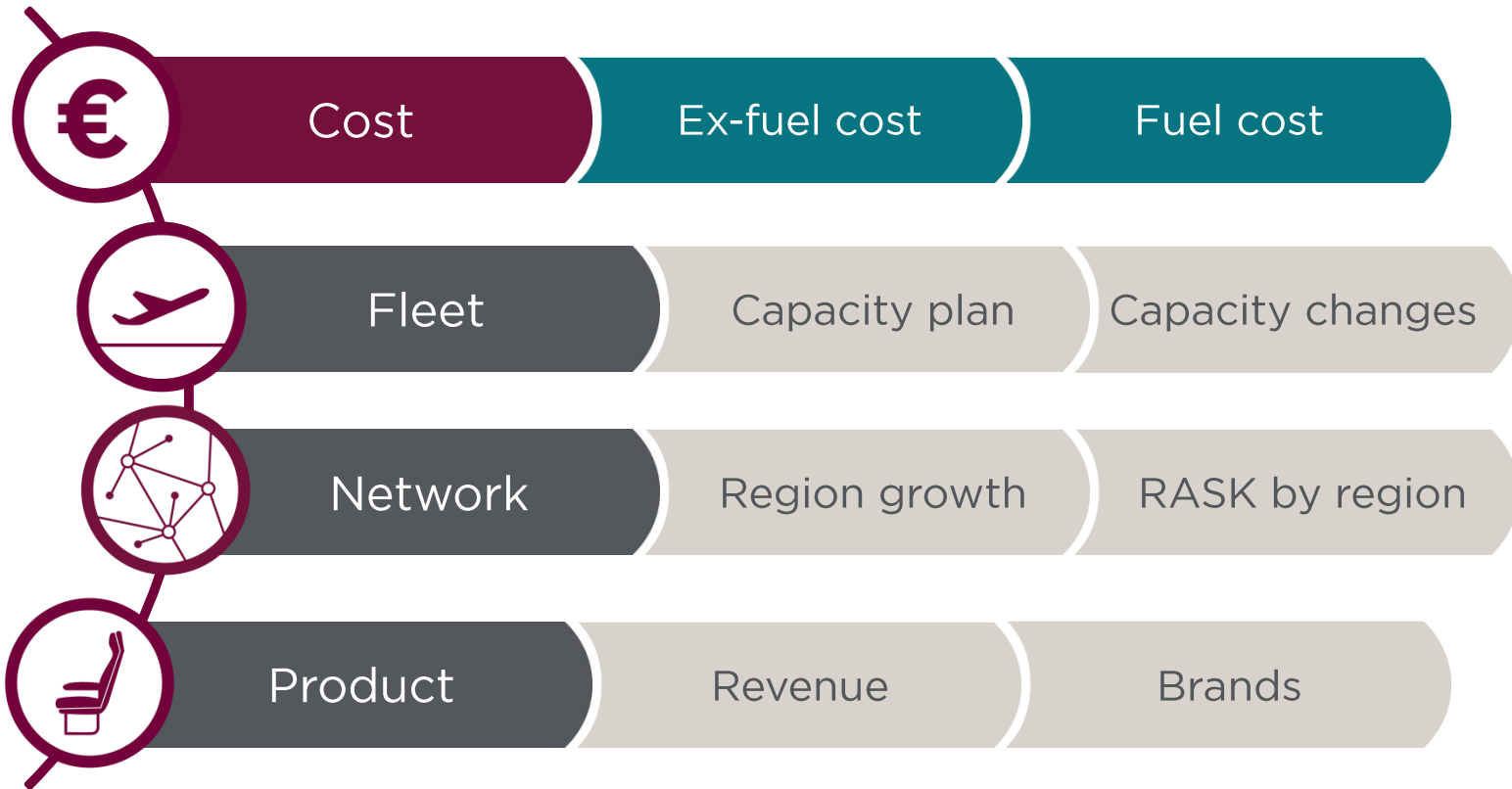
Contribution heat map - how it works



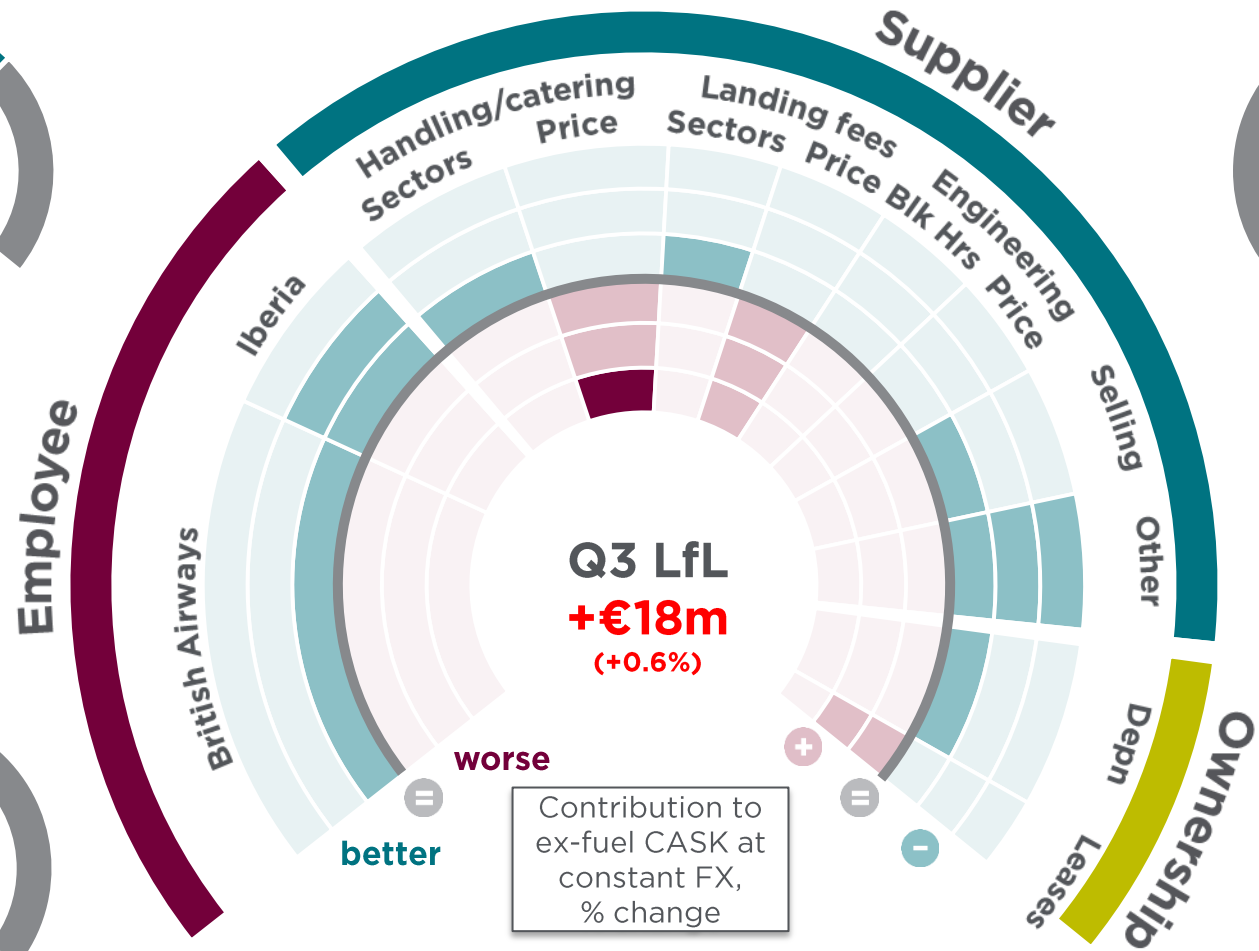
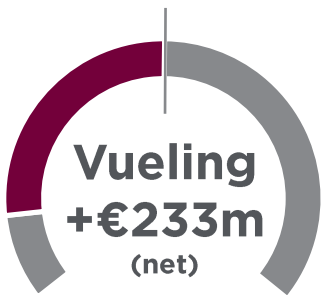
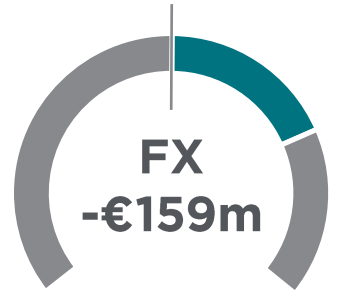
Operating profit drivers: strong revenues



Q3 results: cost



Ex-fuel unit cost: staff/overhead costs down

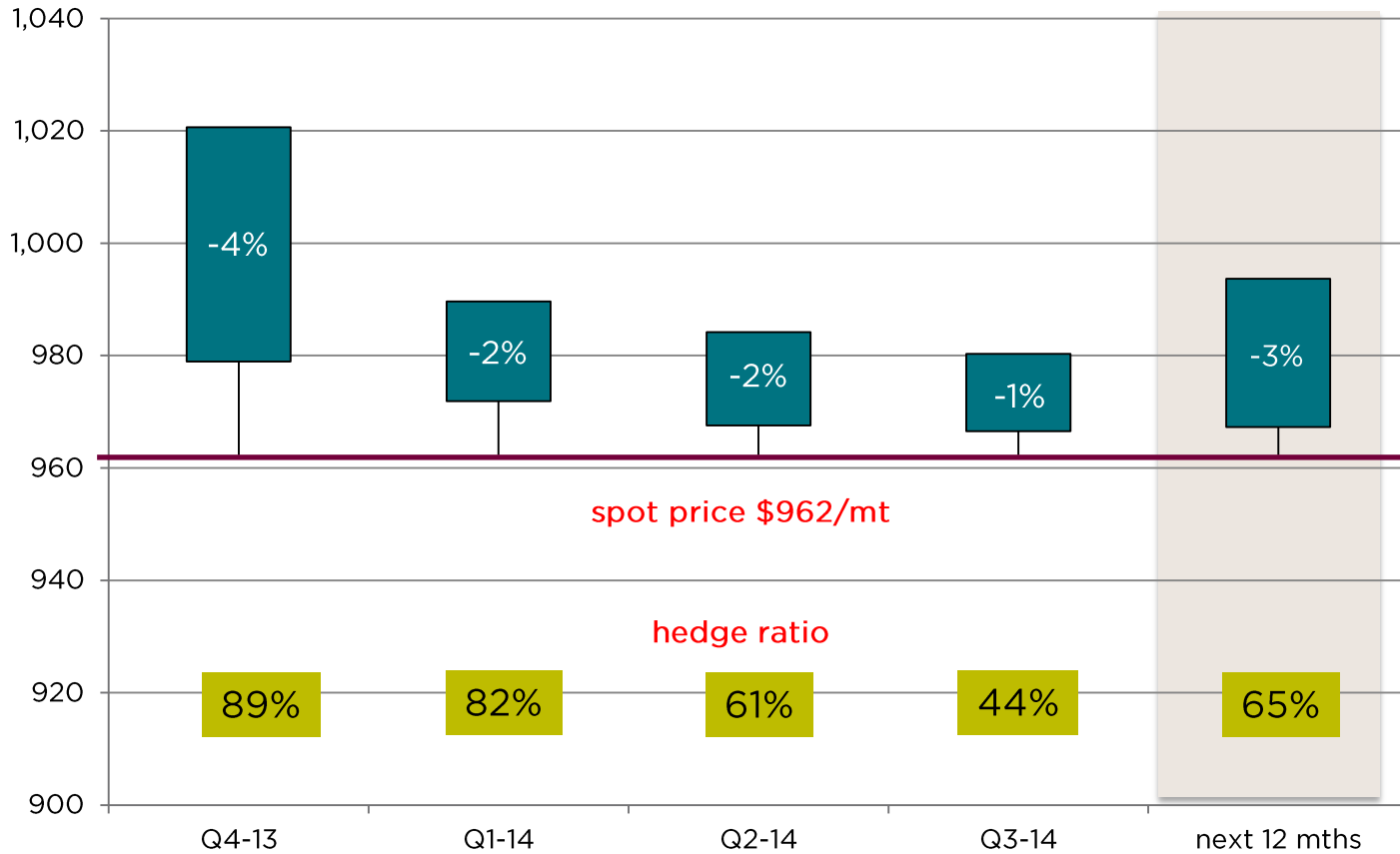


Contribution to ex-fuel CASK at constant FX, % change

Modest fuel price tailwind



Jet fuel price (\$/mt)



Key:

Current spot / hedge blended price

fuel price headwind ↑

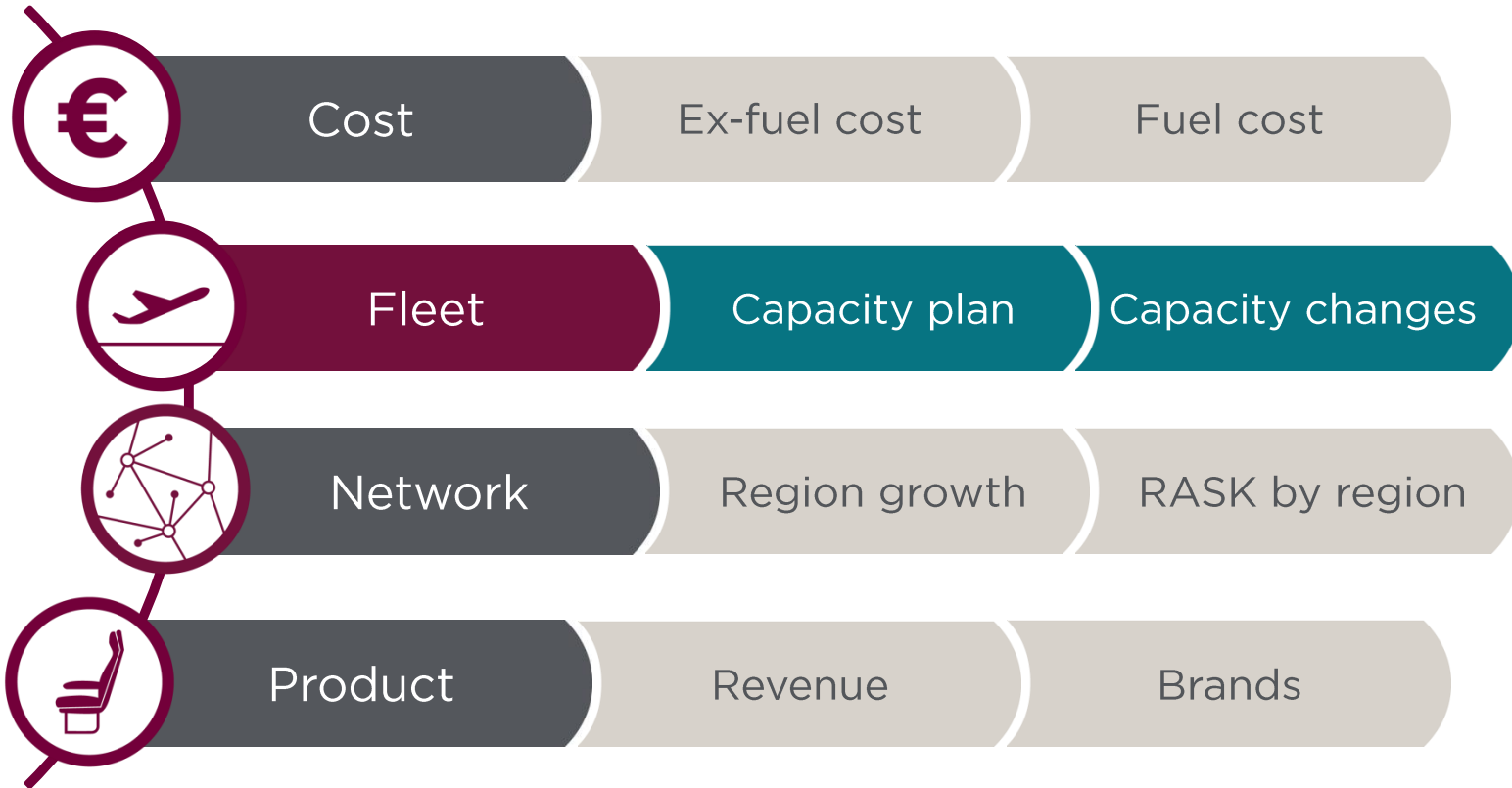
Effective price last year post-hedge

fuel price tailwind ↓

Current spot / hedge blended price

2013 fuel bill estimated to be €6.0bn (at \$1,000mt and 1.30\$)

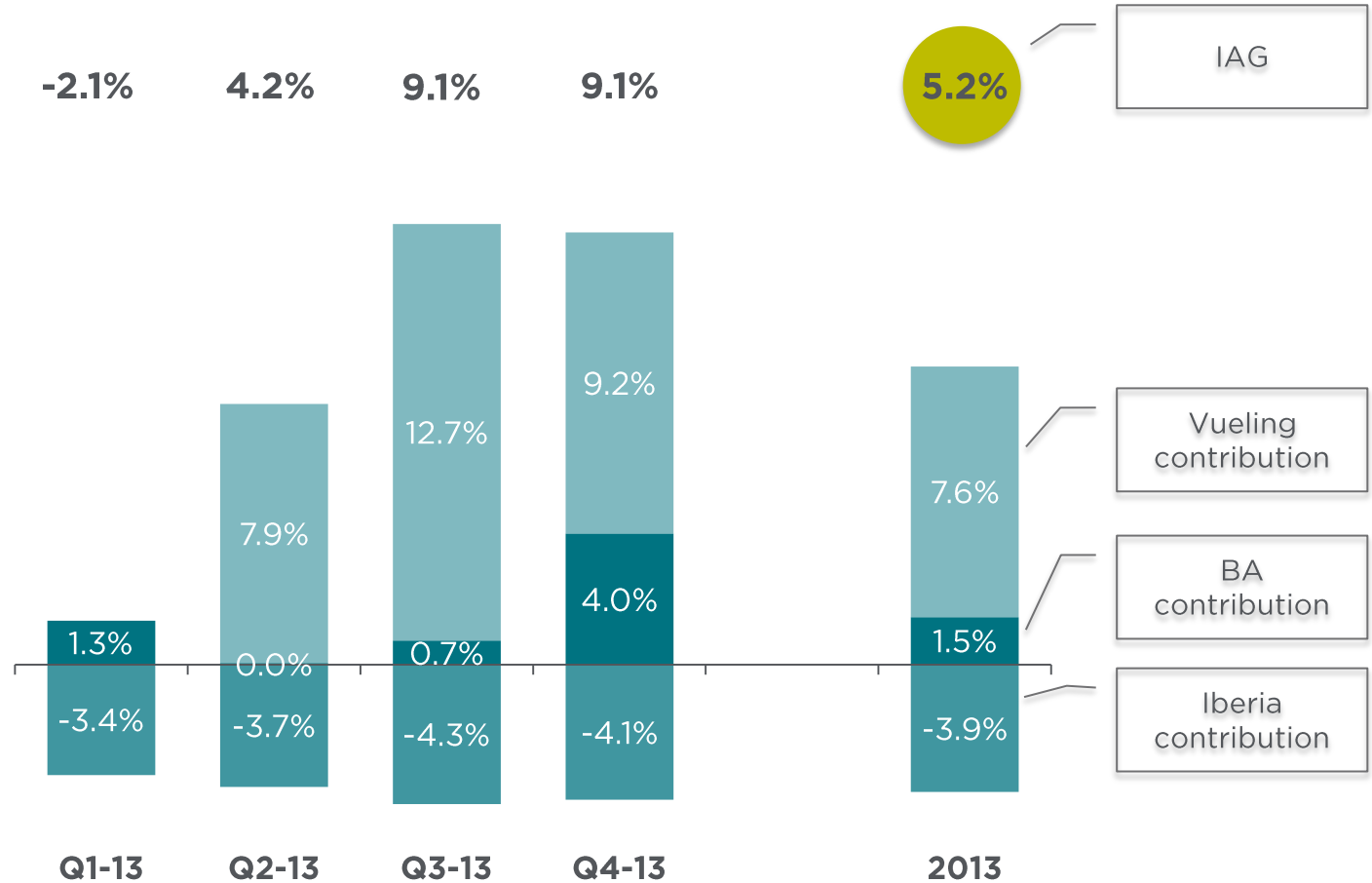
Q3 results: fleet



2013 capacity: BA/Vueling drive growth



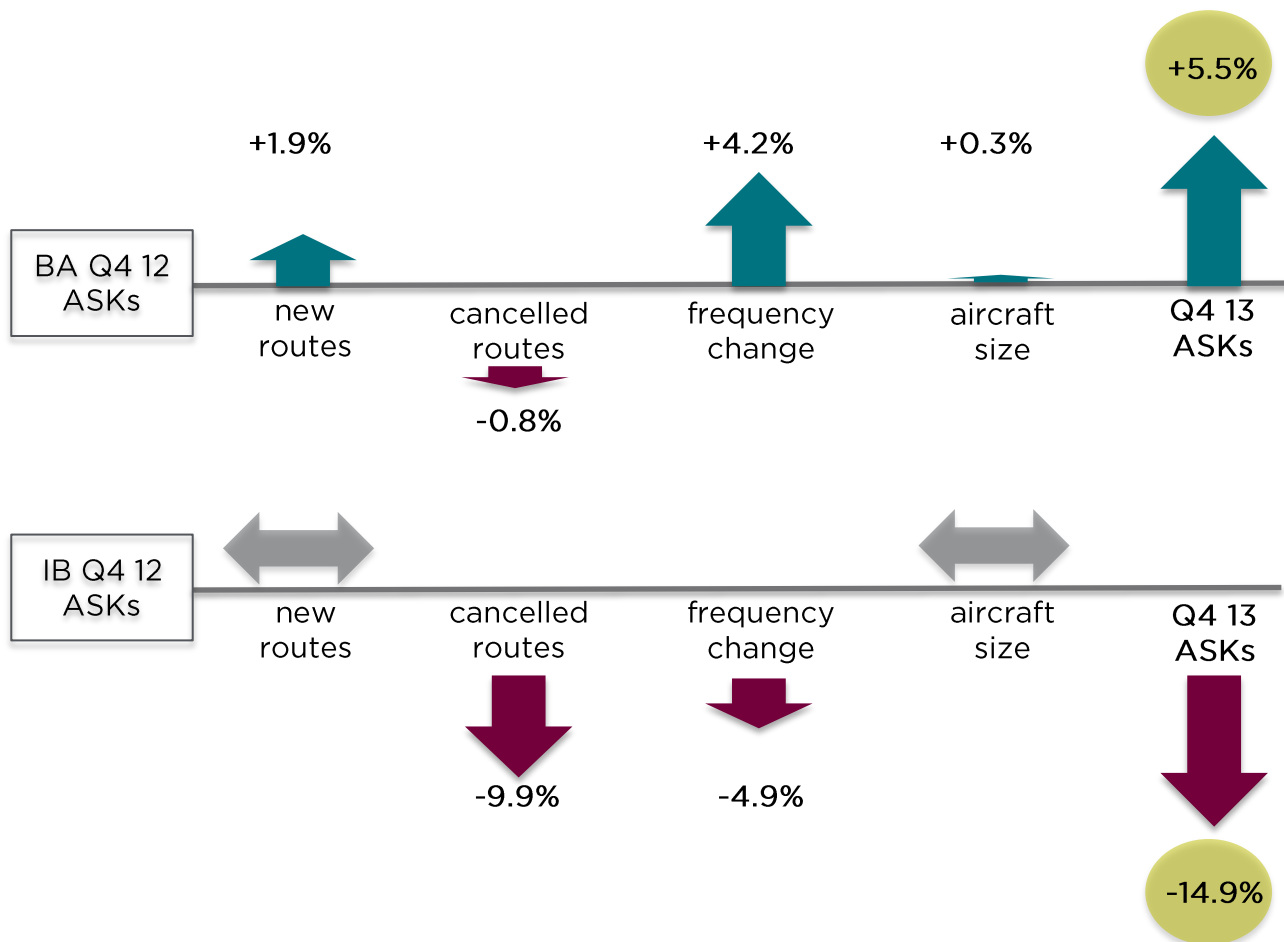
- **BA:** Q4-13 and FY2013 capacity planned to be +5.5% and +2.1%, respectively.
- **Iberia:** Q4-13 and FY2013 capacity planned to be -14.9% and -13.9%, respectively.
- **Vueling:** Q4-13 and FY2013 capacity planned to be +26.1% and +22.2%, respectively.



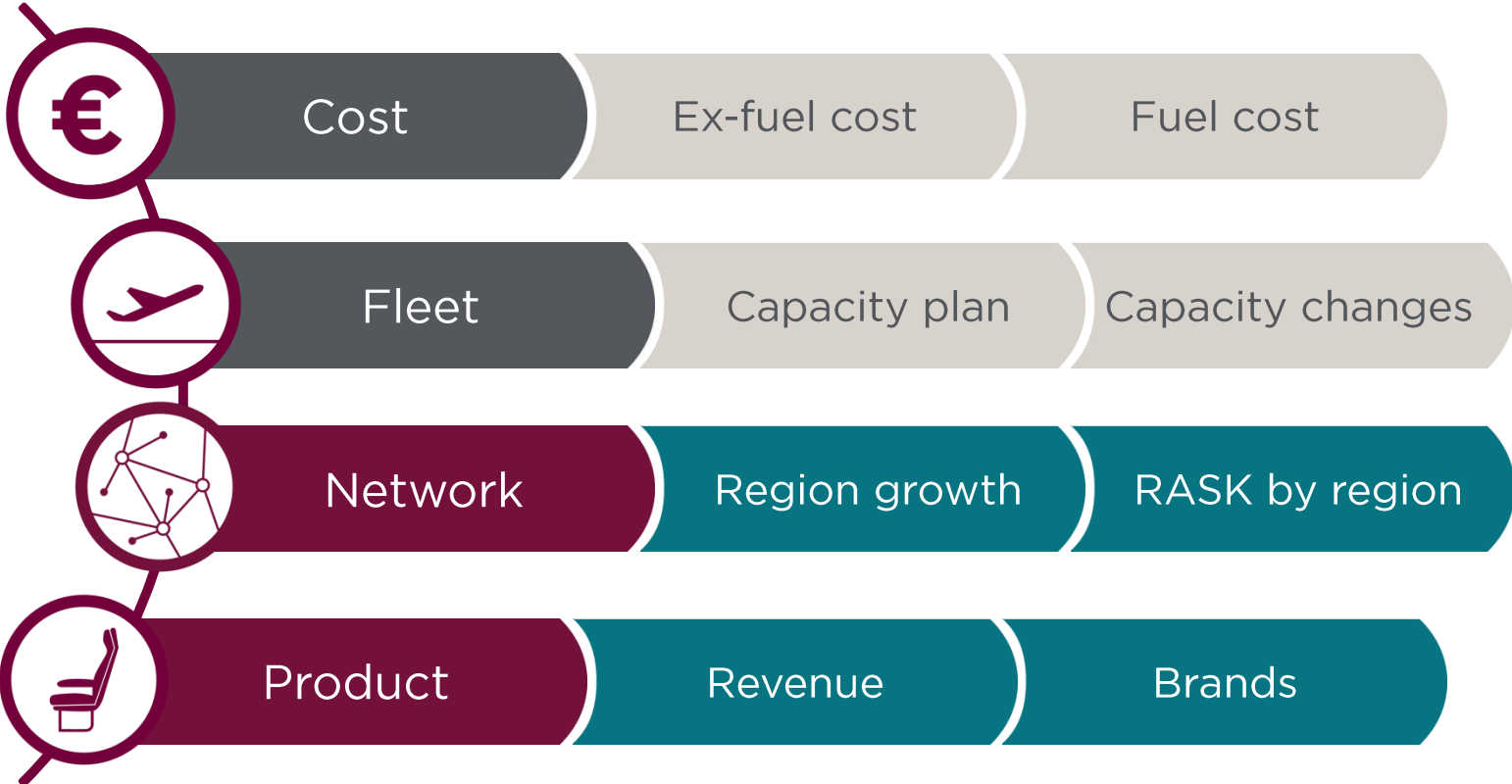
Q4 changes: BA frequency increase



- New routes for BA include Chengdu/Colombo & LHR leisure destinations.
- Cancelled routes driven by Iberia/bmi route changes & Dar es Salaam for BA
- Frequency change for BA partly driven by Seoul launch in December last year



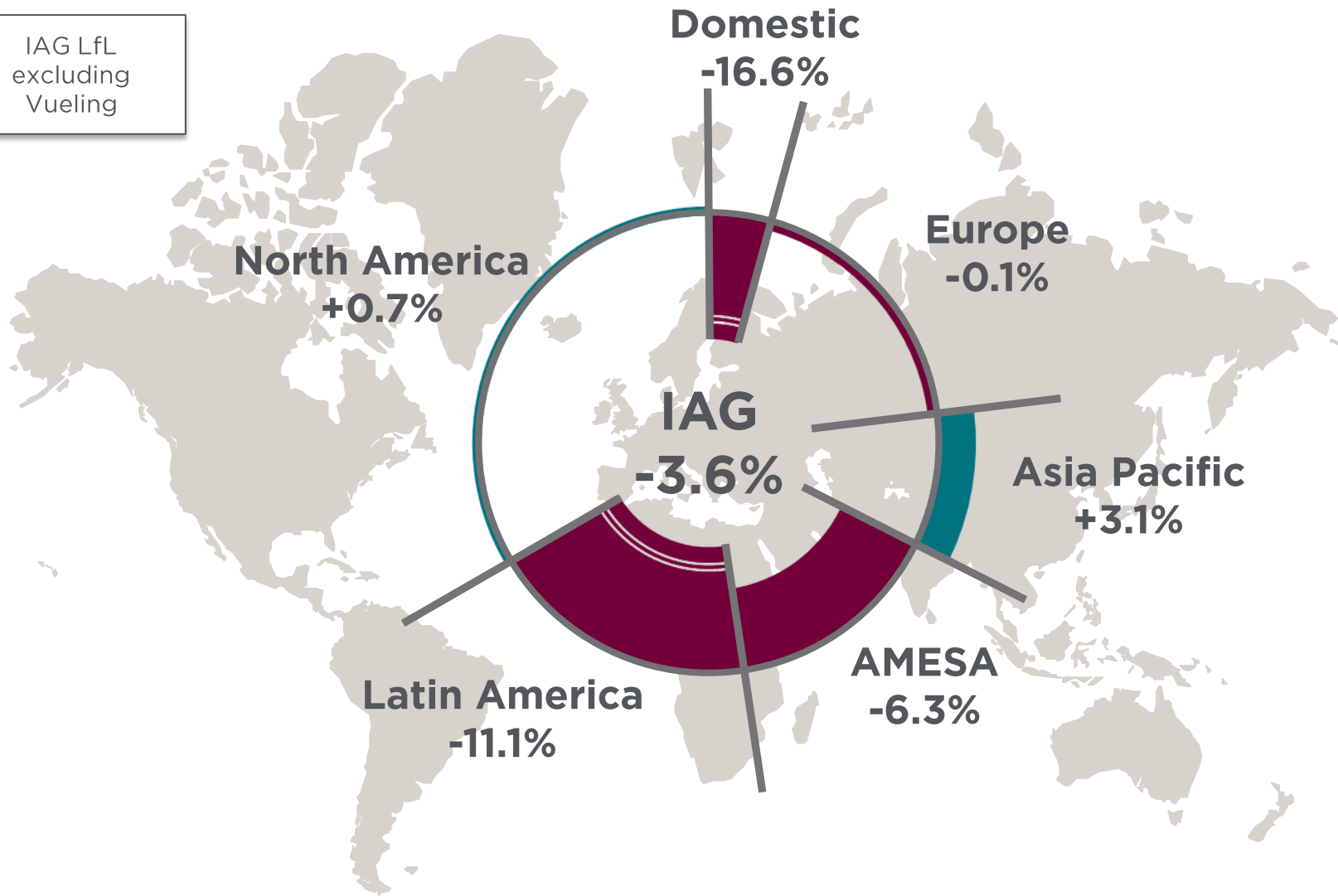
Q3 results



Regional ASK change: Chengdu/IB transformation



IAG LfL
excluding
Vueling



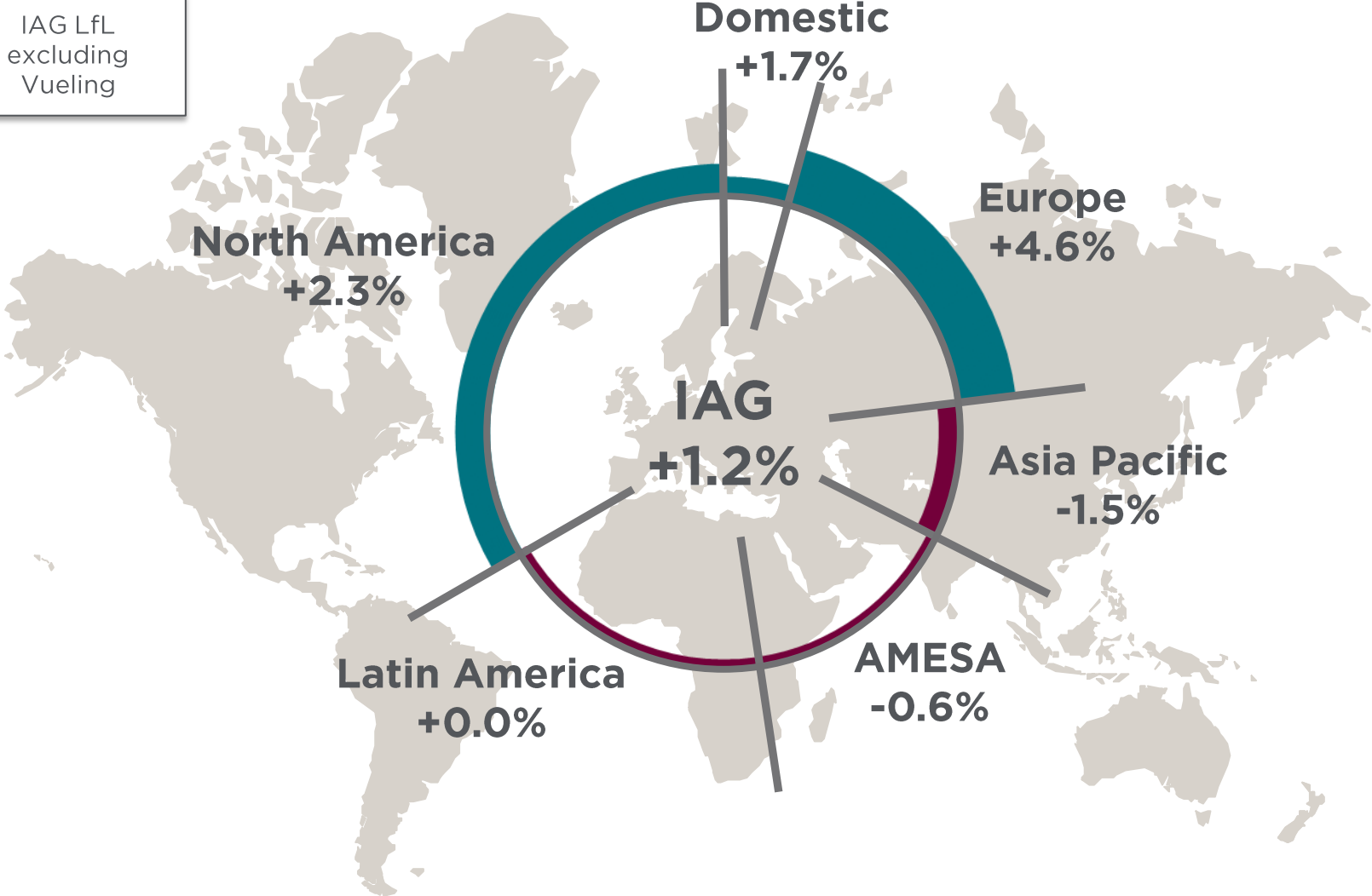
Q3 network

Region growth

Pax RASK (actual): significant FX headwind



IAG LfL
excluding
Vueling



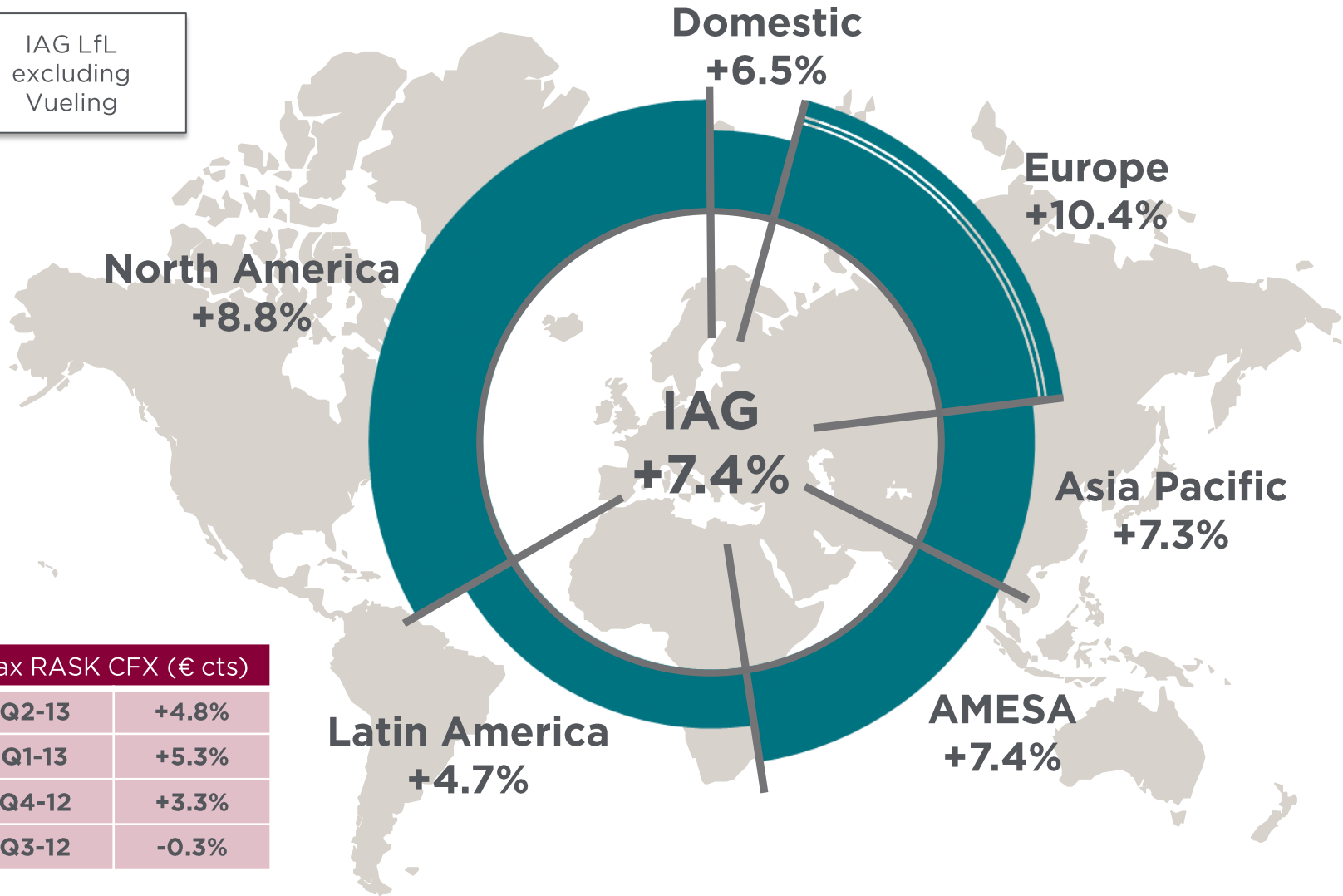
Q3 network

RASK by region

Pax RASK (const. FX): strong everywhere

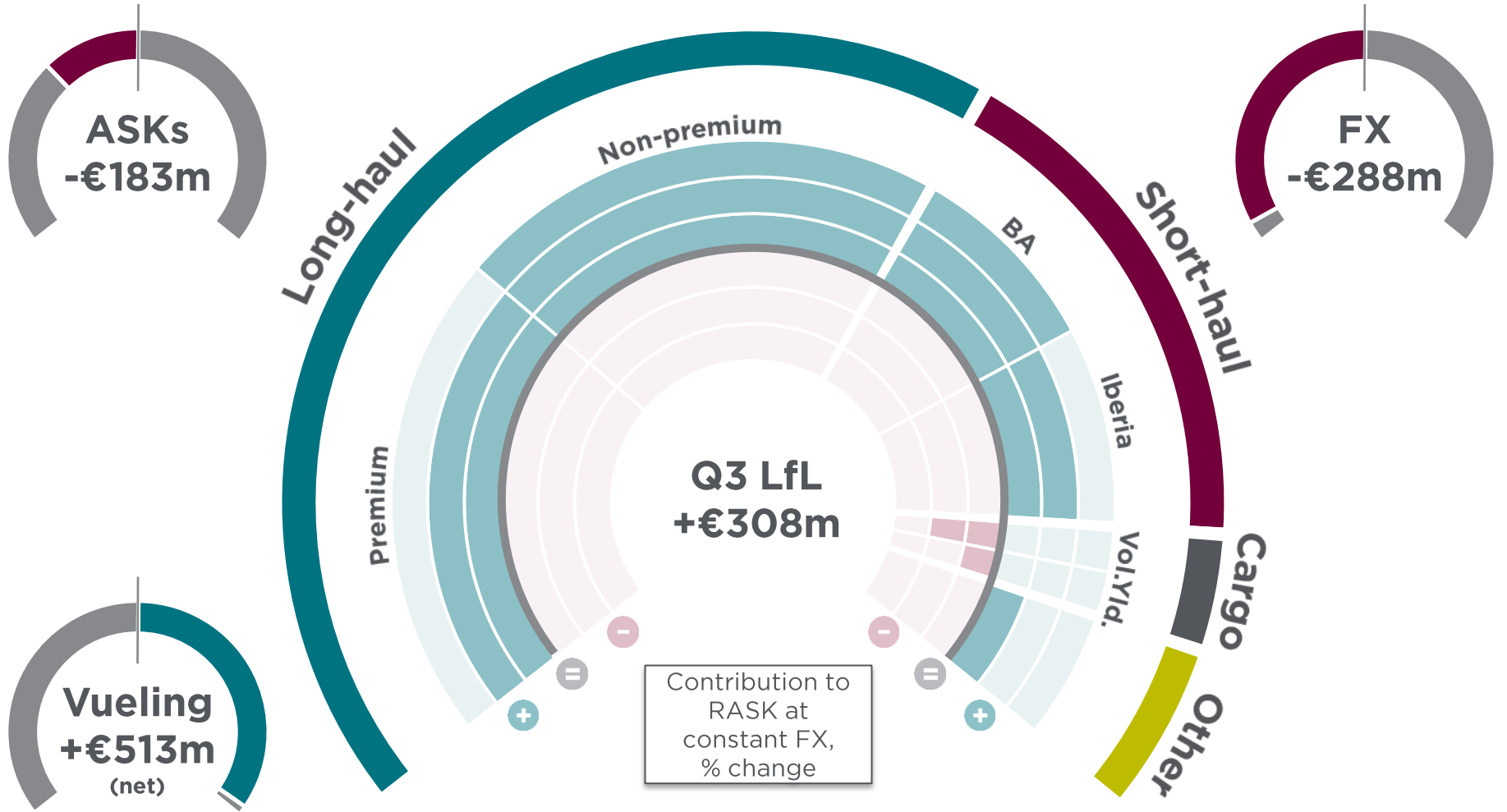


IAG LfL
excluding
Vueling



Pax RASK CFX (€ cts)	
Q2-13	+4.8%
Q1-13	+5.3%
Q4-12	+3.3%
Q3-12	-0.3%

Products: particular strength in non-premium



Financial performance by brand



BRITISH AIRWAYS 

IBERIA 

vueling 

	Q3 2013 (£m)	v/y	Q3 2013 (€m)	v/y	Q3 2013 (€m)	v/y
Revenue	3,179	+8.0%	1,191	-11.8%	557	+32.9%
Costs	2,772	+1.7%	1,117	-17.3%	418	+19.8%
Operating result	407	+191	74	+73	139	+69
Operating margin	12.8%	+5.4 pts	6.2%	+6.1 pts	25.0%	+8.2 pts
ASK (m)	41,981	+0.9%	14,204	-14.9%	7,409	+22.1%
RPK (m)	35,941	+2.0%	11,656	-17.7%	6,245	+27.3%
Sector length (kms)	3,203	-2.6%	2,928	+5.8%	1,021	+7.7%
RASK	7.57	+7.1%	8.38	+3.5%	7.52	+8.8%
CASK	6.60	+0.8%	7.86	-2.8%	5.64	-1.9%
CASK ex-fuel	4.26	+1.4%	5.62	+1.1%	3.74	-2.6%
Employee cost per ASK	1.40	-0.7%	1.92	-7.2%	0.43	-6.5%

Balance sheet






Balance sheet: gearing marginally down

- Excludes IAS 19 amendments
- Adjusted equity includes conversion £350m BA bond
- Cash: BA £1.9bn (Dec 12: £1.6bn), Iberia €689m (Dec 12: €808m), Vueling €591m
- Increase in cash also reflects the proceeds from the €390m IAG convertible bond
- Aircraft lease increase is mainly driven by the inclusion of Vueling

€m	Dec 2012	Sep 2013
Adjusted equity	5,055	5,470
Gross debt	4,768	4,722
Cash, cash equivalents & interest bearing deposits	2,909	3,740
On balance sheet net debt	1,889	982
Gearing	27%	15%
Aircraft lease cap (x8)	3,456	4,270
Adjusted net debt	5,345	5,252
Adjusted gearing	51%	49%

Outlook

Current trading: no underlying change

	Short haul	Long haul
Non premium	 Stable	 Stable
Premium	 Stable	 Stable
Cargo		 Weak

Guidance for 2013 including Vueling

Operating profit pre-exceptional	c. €740m
Ex-fuel unit cost	down
Fuel bill	€6.0bn
ASKs	+5.2%

Questions and Answers

Disclaimer

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