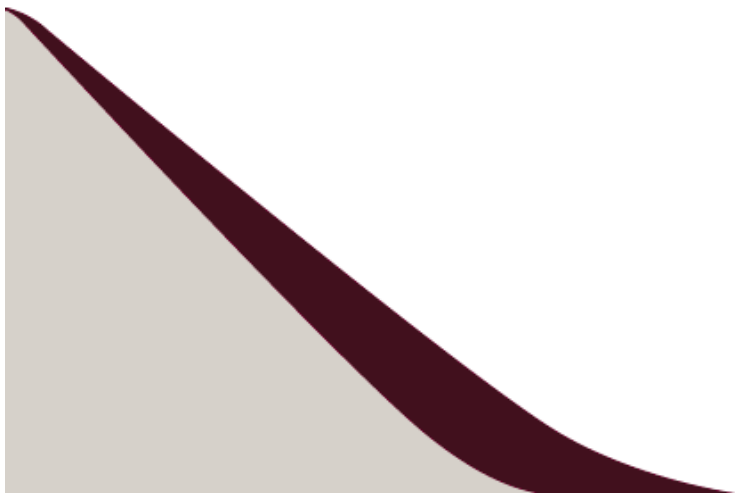


IAG results presentation

Quarter Two 2013

2nd August 2013



Main events in Q2

- IAG's stake in Vueling increased to more than 90% and Vueling is now in a de-listing process
- IAG Group diversified its financing sources through the launch of a convertible bond and BA launch of the first European EETC
- New management team in Iberia
- Board change following Bankia divestment

Q2 operating result summary

- €245 million Q2 Group reported operating profit before exceptional items (Q2 2012 loss €4 million)
 - impacted by adverse currency effects of €19m
- Vueling consolidated in IAG accounts for the first time, with an operating profit of €27 million from 26th April
- Q2 headlines at constant currency excluding Vueling:
 - Passenger unit revenue up 4.8%
 - Unit cost down 2.1%
 - Unit cost ex-fuel down 0.2% (beginning to see benefits of Iberia cost reduction)

Airline performance: Q2 2013

BRITISH AIRWAYS 

IBERIA 

vueling 

	Q2 2013* (£m)	v/y
Revenue	2,940	5.3%
Costs	2,730	0.6%
OPERATING RESULT pre exceptional items	210	+132
Operating margin	7.1%	+4.3 pts
ASK (m)	40,615	0.1%
RPK (m)	33,405	2.0%
Seat factor	82.2%	+1.6 pts
Sector length (kms)	3,253	-2.6%
Revenue per ASK	7.24	5.2%
Cost per ASK	6.72	0.4%
Ex-fuel costs per ASK	4.39	1.6%

	Q2 2013* (€m)	v/y
Revenue	1,076	-11.7%
Costs	1,111	-15.3%
OPERATING RESULT pre exceptional items	- 35	+58
Operating margin	-3.3%	+4.4 pts
ASK (m)	13,158	-13.6%
RPK (m)	10,391	-17.9%
Seat factor	79.0%	-4.1 pts
Sector length (kms)	2,909	4.3%
Revenue per ASK	8.18	2.4%
Cost per ASK	8.44	-1.9%
Ex-fuel costs per ASK	6.09	0.5%

	Q2 2013* (€m)	v/y
Revenue	1,076	-11.7%
Costs	1,111	-15.3%
OPERATING RESULT pre exceptional items	- 35	+58
Operating margin	-3.3%	+4.4 pts
ASK (m)	13,158	-13.6%
RPK (m)	10,391	-17.9%
Seat factor	79.0%	-4.1 pts
Sector length (kms)	2,909	4.3%
Revenue per ASK	8.18	2.4%
Cost per ASK	8.44	-1.9%
Ex-fuel costs per ASK	6.09	0.5%

Vueling was consolidated from 26th April

* Pre-exceptional items

Q2 financial summary

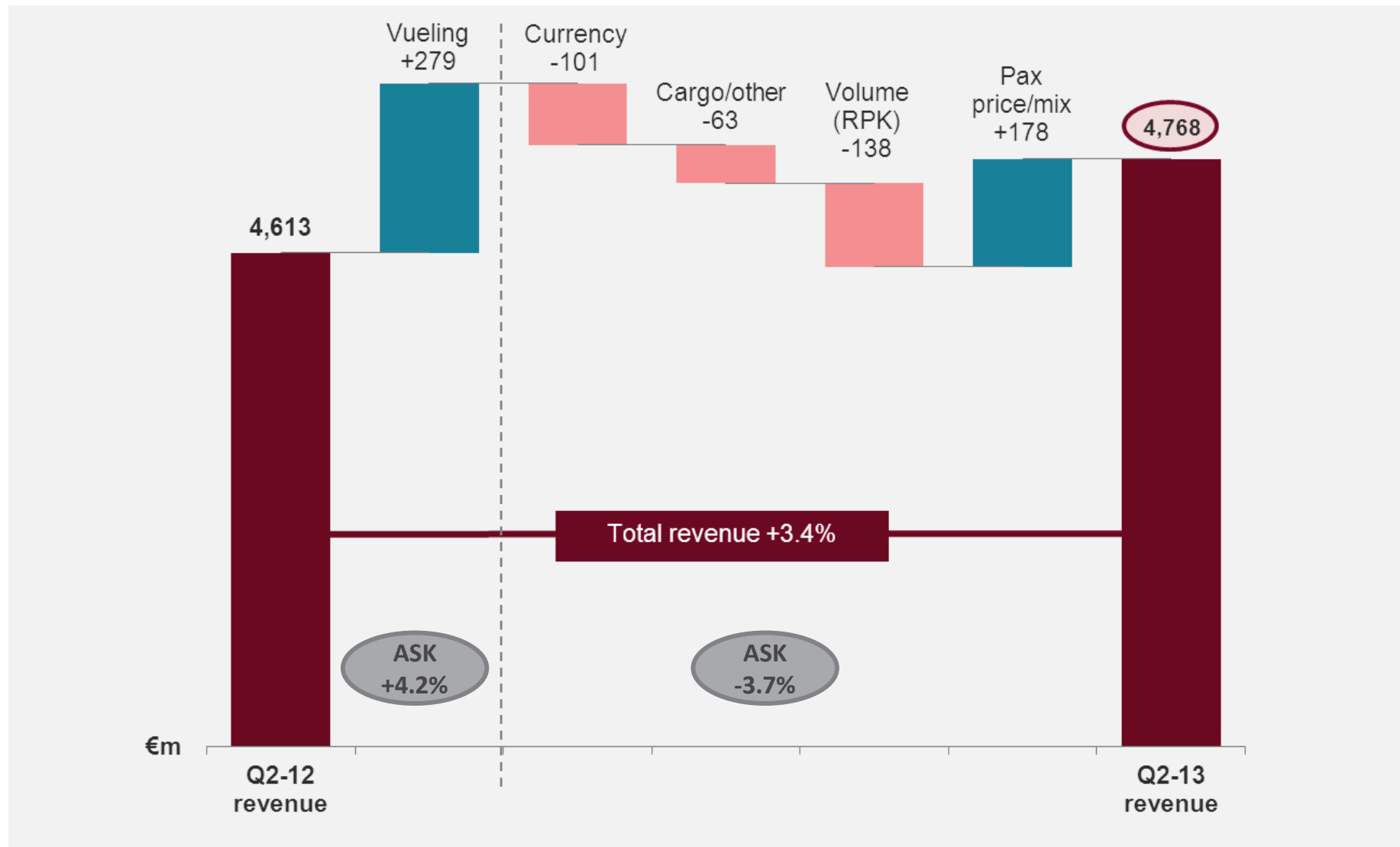
Reported	Q2-12 (€m)	Q2-13* (€m)	vly
Revenue	4,613	4,768	+3.4%
Fuel cost	1,564	1,503	-3.9%
Ex-fuel cost	3,053	3,020	-1.1%
OPERATING RESULT pre exceptional items	-4	245	+249
ASK (m)	55,820	58,186	+4.2%
RPK (m)	45,398	47,230	+4.0%
CTK (m)	1,527	1,392	-8.8%
Seat factor	81.3%	81.2%	(0.1) pts
Passenger rev per ASK	7.02	7.14	+1.7%
Cargo rev per CTK	19.58	19.47	-0.6%
Cost per ASK	8.27	7.77	-6.0%
Ex-fuel cost per ASK	5.47	5.19	-5.1%

<i>Pre Vueling</i>	
Q2-13* (€m)	vly
4,489	-2.7%
1,423	-9.0%
2,848	-6.7%
218	+222
53,773	-3.7%

<i>Pre Vueling at constant FX</i>	
Q2-13	vly
7.36	+4.8%
19.68	+0.5%
8.10	-2.1%
5.46	-0.2%

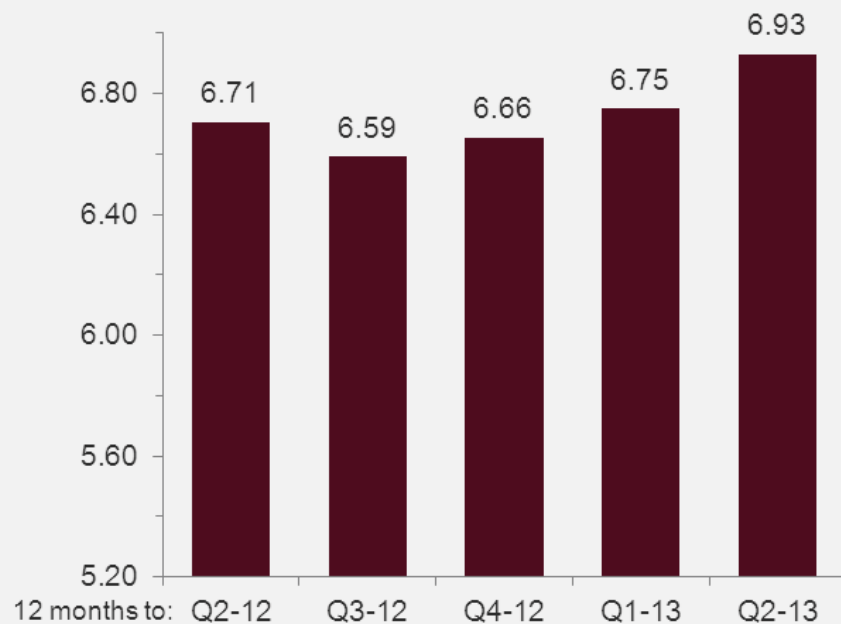
*IAG Reported: IB+BA+Vueling (from 26th of April) IAG Pre Vueling: IB+BA

Q2 revenue development

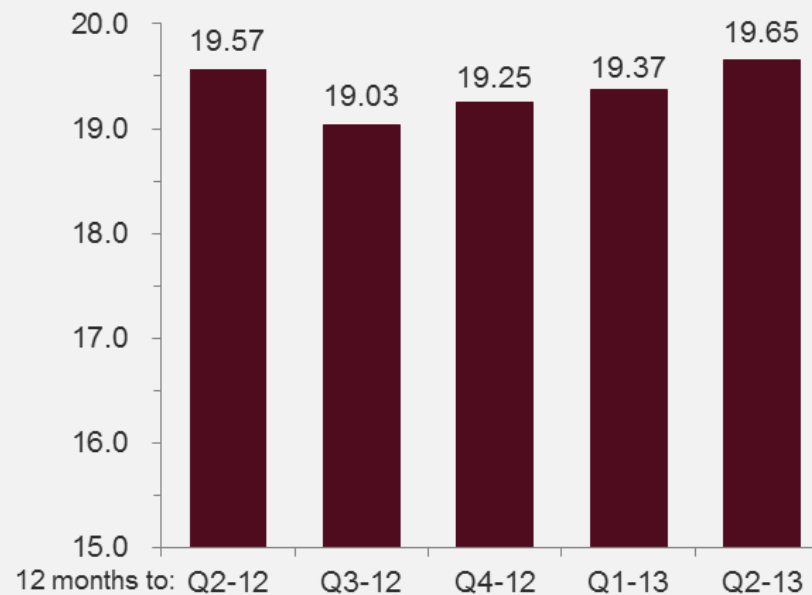


Q2 passenger unit revenue and cargo yield

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



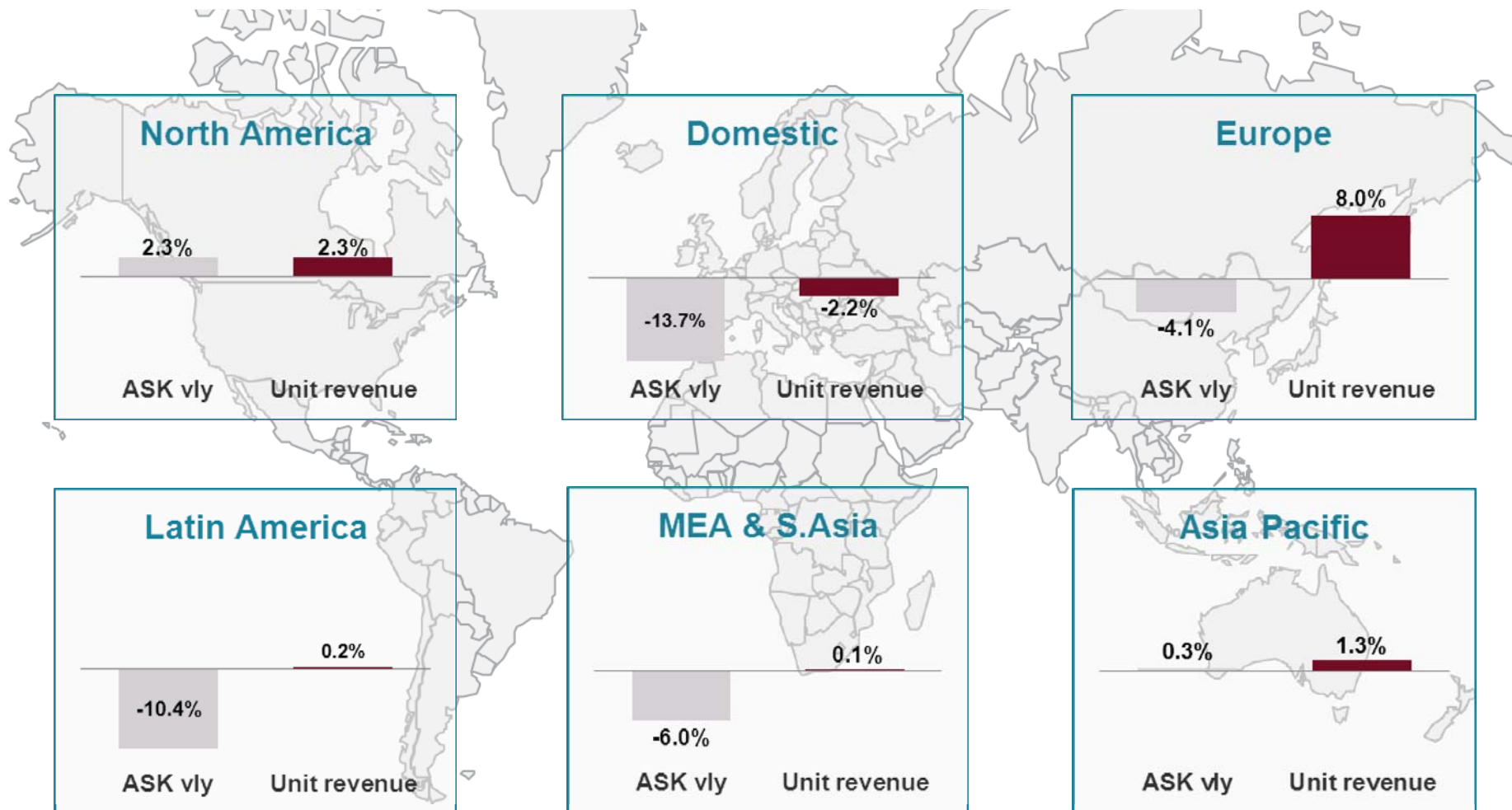
Cargo revenue per CTK at constant FX, rolling 12 months, € cents*



* Vueling figures are not included

Q2 regional performance

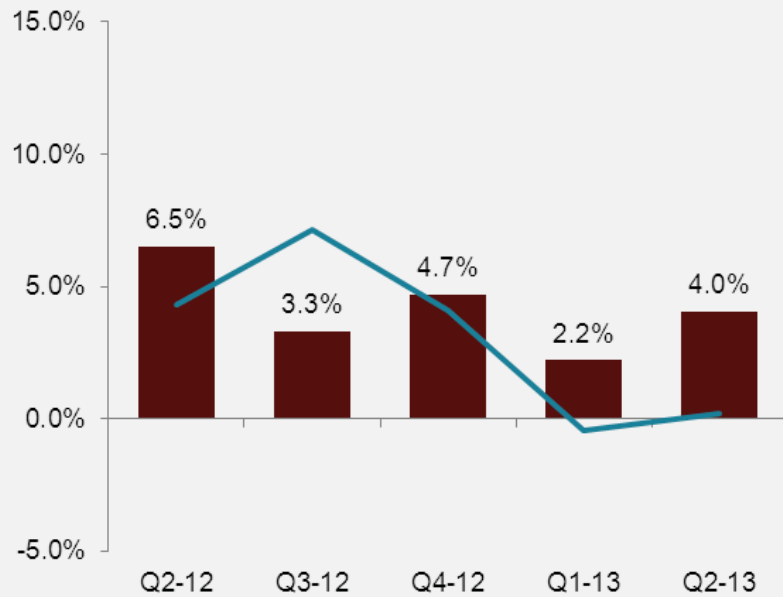
% change in passenger unit revenue at reported currency*



* Vueling figures are not included

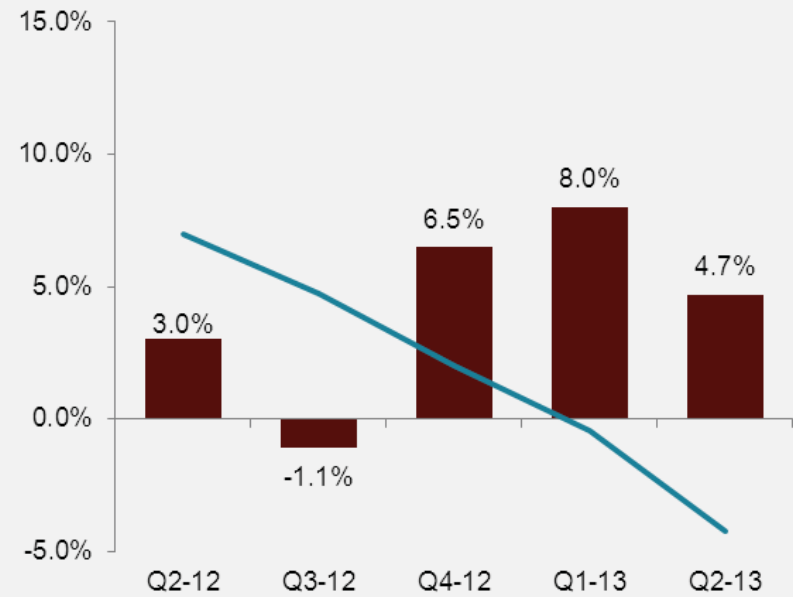
Q2 cabin mix development

Premium unit revenue and volume : % vly*



■ Premium passenger rev per ASK
 — Premium RPK change

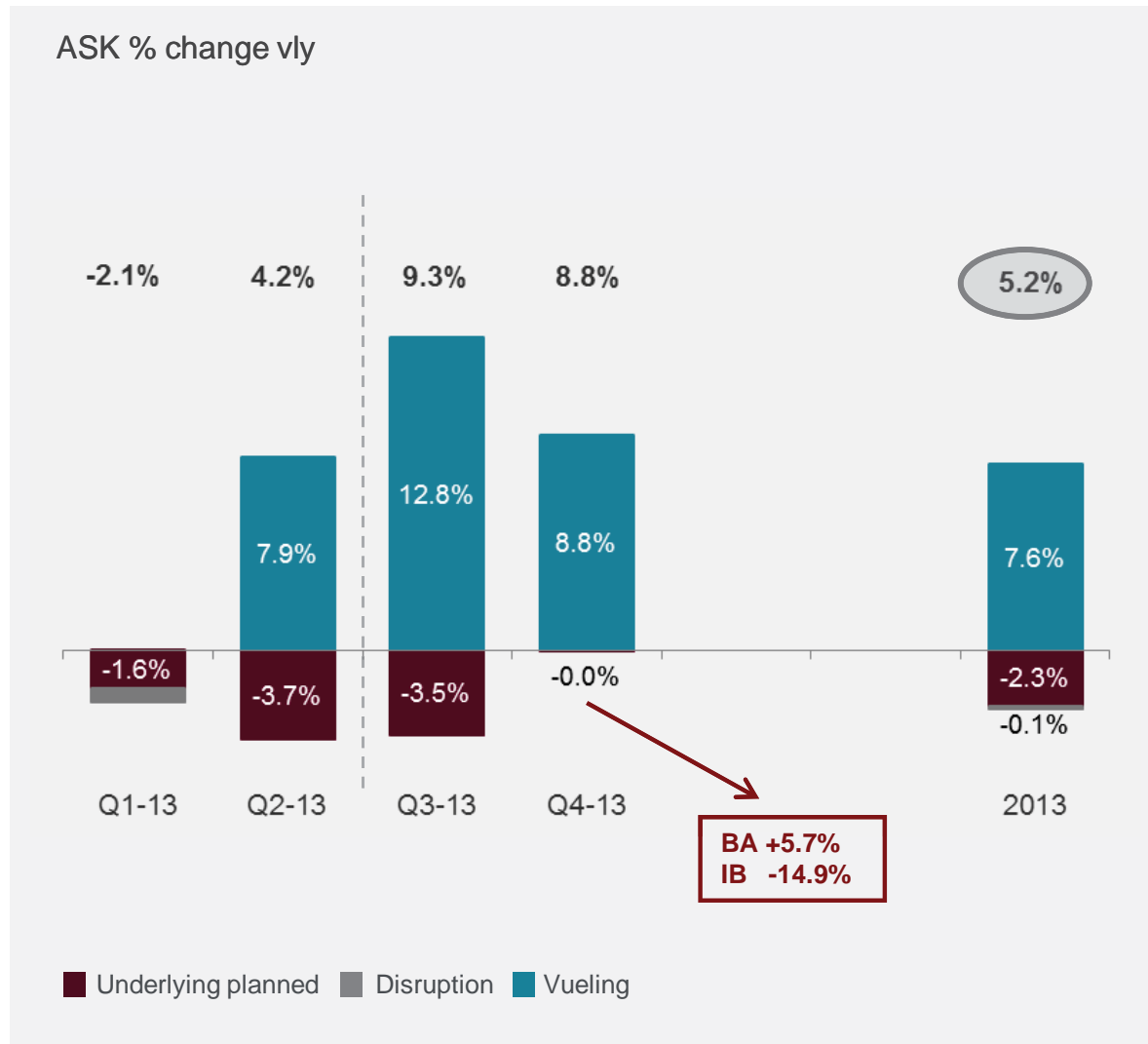
Non premium unit revenue and volume : % vly*



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

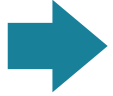




* Vueling figures are not included; revenue at constant currency

Capacity plan 2013



- Underlying planned 2013 capacity reduction around 2% (BA +2.1%, IB -14.0%)
- Underlying planned Q4 capacity flat (BA +5.7%, IB -14.9%)
- BA capacity increase in Q4 due to extra gauge from A380/B787
- No change to long-term BA capacity plan (around 3% per annum growth)

Underlying unit revenue environment

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

Cost and cash flow trends

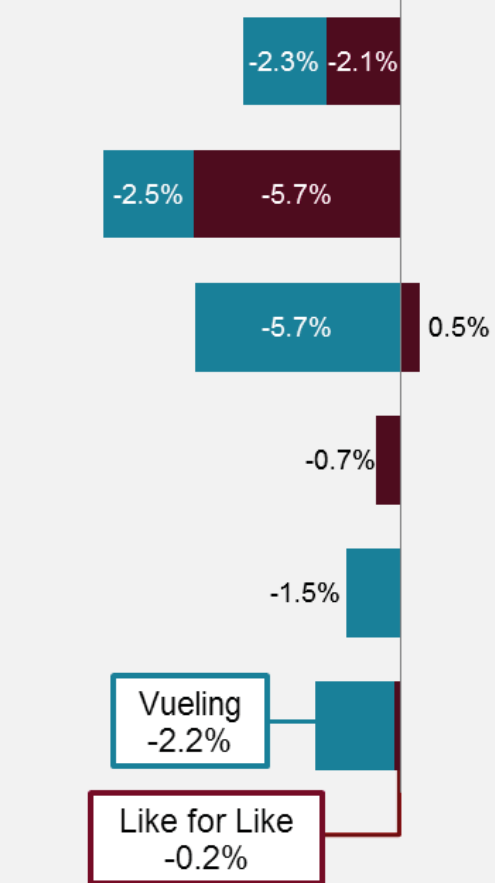
Q2 unit cost growth

	Q2-13 v Q2-12 €,m	Q2 unit cost reported % change vly
TOTAL	-94	-6.0%
Fuel	-61	-7.9%
Employee	-38	-7.8%
Supplier	+5	-3.8%
Ownership	+0	-3.0%
Non-fuel	-33	-5.1%

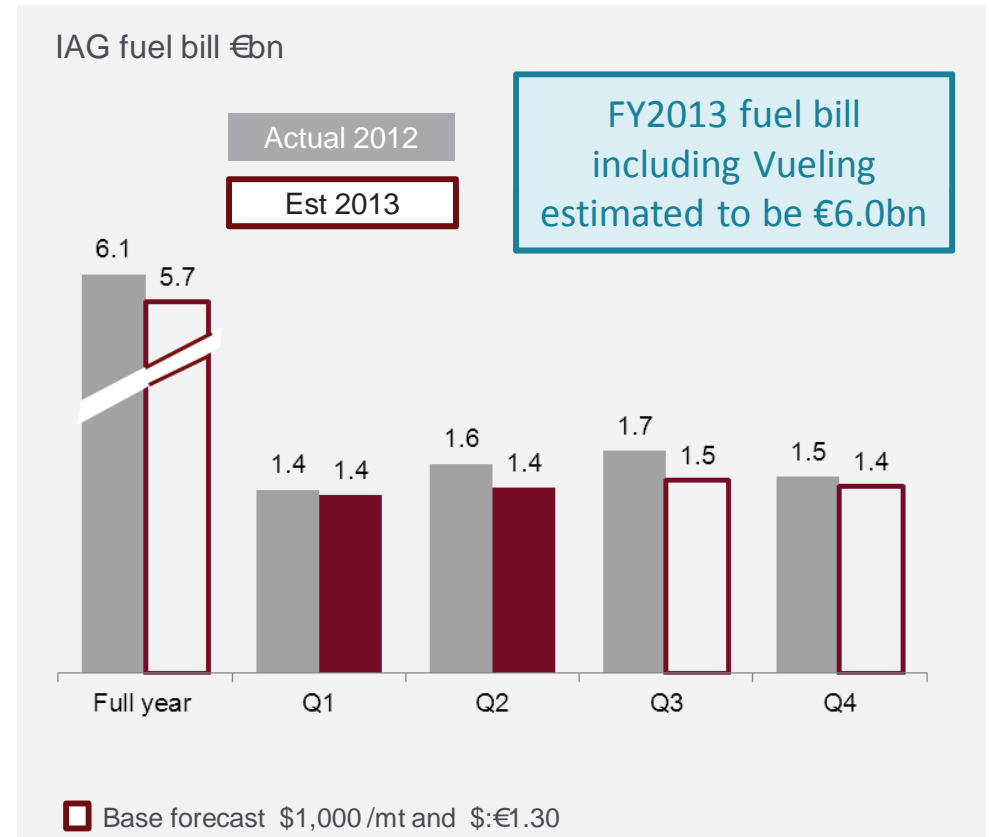
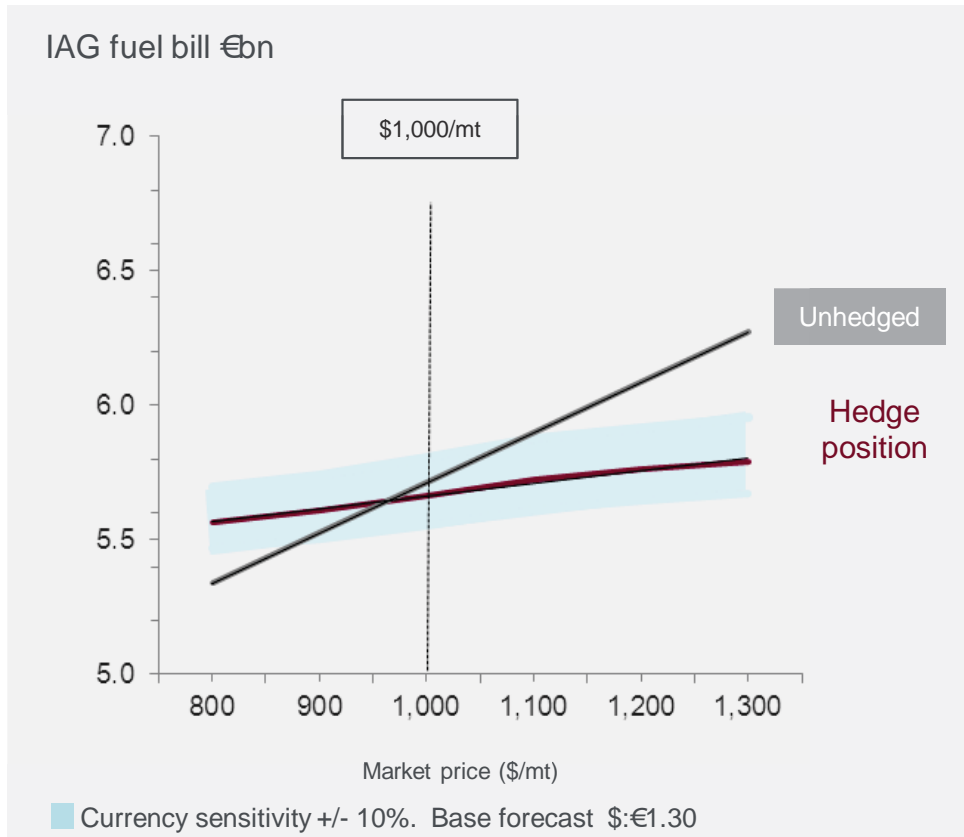
Q2 unit cost
constant FX
% change vly

-4.4%
-8.2%
-5.2%
-0.7%
-1.5%
-2.4%

Q2 unit cost split
constant FX
% change vly



Fuel hedging & guidance: 2013



The fuel guidance for 2013 does not include Vueling

Current fuel hedging (%)

Q3-13	Q4-13	Q1-14	Q2-14	Fwd12m
86%	85%	69%	47%	67%

The fuel hedging 2013 includes Vueling

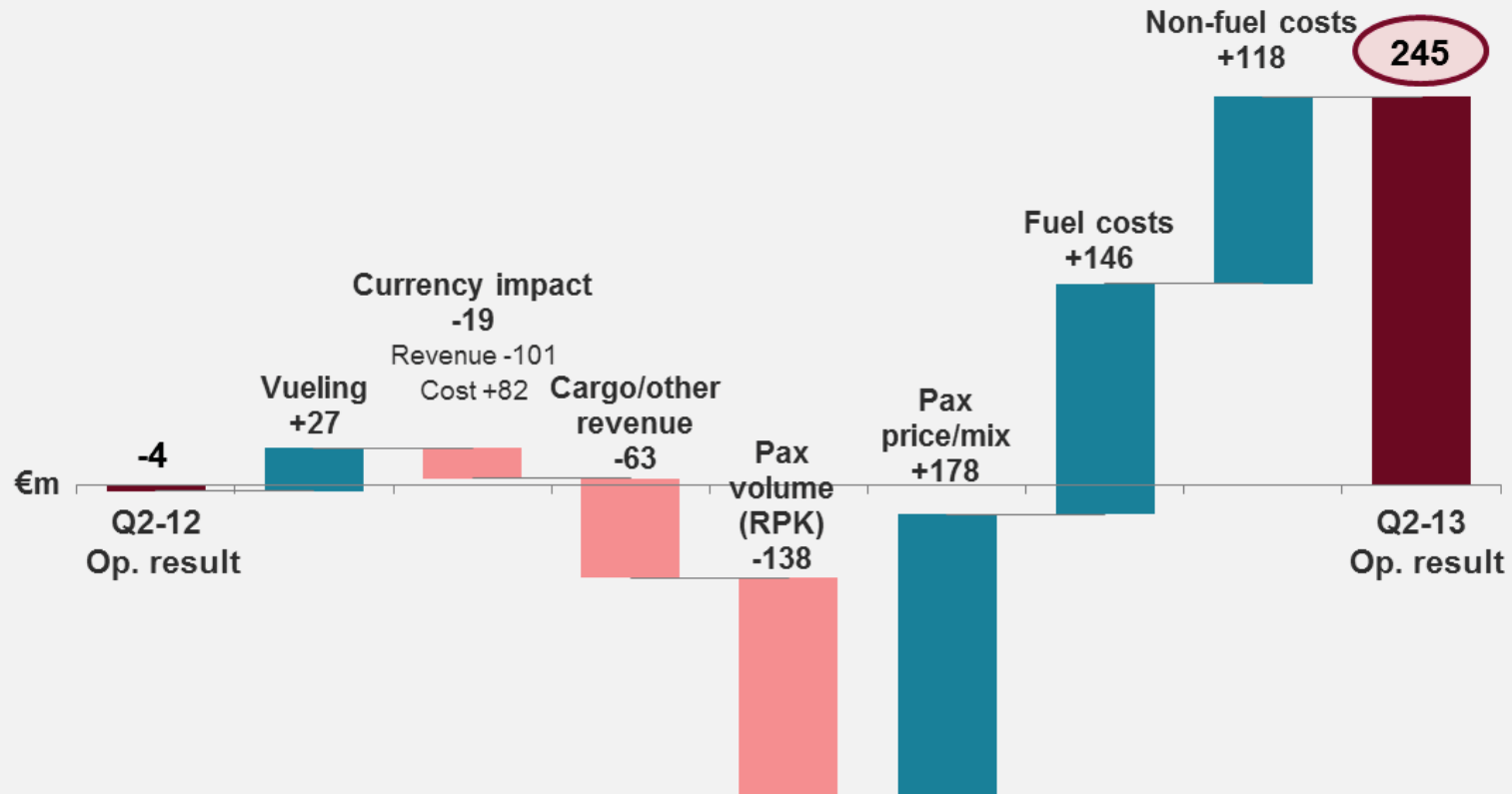
Blended price (\$/mt)

Q2-13	Q3-13	Q4-13	FY2013
984	960	954	975

Blended price: average of hedge and spot price

Q2 operating result evolution

Operating result before exceptional items



Balance Sheet

Adjusted balance sheet summary

€m	Dec 2012*	Jun 2013*
Adjusted equity	5,055	4,514
Gross debt	4,798	4,666
Cash, cash equivalents & interest bearing deposits	2,909	3,627
On balance-sheet net debt	1,889	1,039
Gearing	27%	19%
Aircraft lease cap (x8)	3,456	4,181
Adjusted net debt	5,345	5,220
Adjusted gearing	51%	54%
Pre- Vueling adjusted gearing		51%

* Excludes IAS 19 amendments and includes Vueling

- Excludes IAS 19 amendments
- Cash: BA £1.8bn (Dec 12: £1.6bn), Iberia €690m (Dec 12: €808m), Vueling €549m
- Increase in cash also reflects the proceeds from the €390m convertible bond
- Aircraft lease increase is mainly driven by the inclusion of Vueling

Outlook

Outlook for 2013

In light of the requirement for the Group to seek shareholder approval for its fleet 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 recent trends. For 2013, we expect to grow Group capacity by 5.2% including Vueling (reduction of 2.4% excluding Vueling). We should see a reduction in the Group's non-fuel unit cost (flat excluding Vueling).

Iberia

Building the Iberia of the future

The image shows a screenshot of the Iberia website homepage. At the top, the Iberia logo is on the left, and a navigation menu includes "Travel", "Your flights", "Before you travel", "Iberia Experience", and "Iberia Plus". A circular logo is on the far right. Below the navigation is a horizontal menu with icons for "Fly", "Check-in", "Bookings", and "Status". The main content area features a search bar with the text "Where will we take you?". Below the search bar, there is a dropdown menu showing "I would like to fly multiple routes" and a search input field with "London (LON), United Kingdom" selected. To the right of the search bar, a large promotional banner displays the text "A visit to the unexpected" and "Bogota, return price from £606". Below the price, there is a "BOOK YOUR FLIGHT NOW" button and an "x2 avios" logo. The bottom of the page is divided into four red panels: "Travel better travel with Iberia Plus", "Get inspired" (with an upward arrow icon), "Prepare" (with an upward arrow icon), and "Fly" (with an upward arrow icon).

IBERIA

Travel - Your flights - Before you travel - Iberia Experience - Iberia Plus

Fly Check-in Bookings Status

Where will we take you?

I would like to fly multiple routes

London (LON), United Kingdom To

Hotels | Cars

A visit to the unexpected

Bogota, return price from

£606

BOOK YOUR FLIGHT NOW

x2 avios

Travel better travel with Iberia Plus

Get inspired

Our destinations, with our best price guarantee

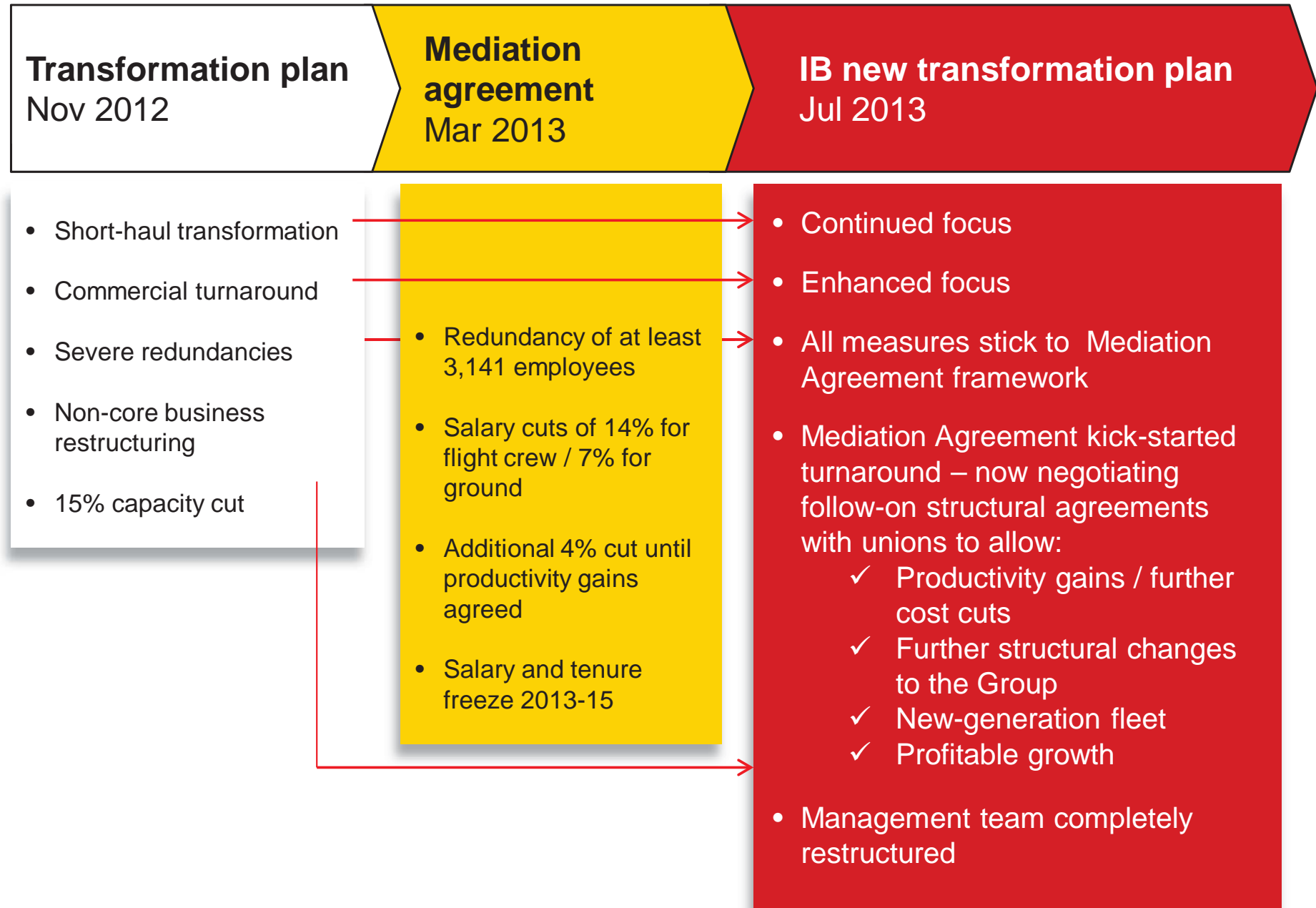
Prepare

Everything you need for your next flight

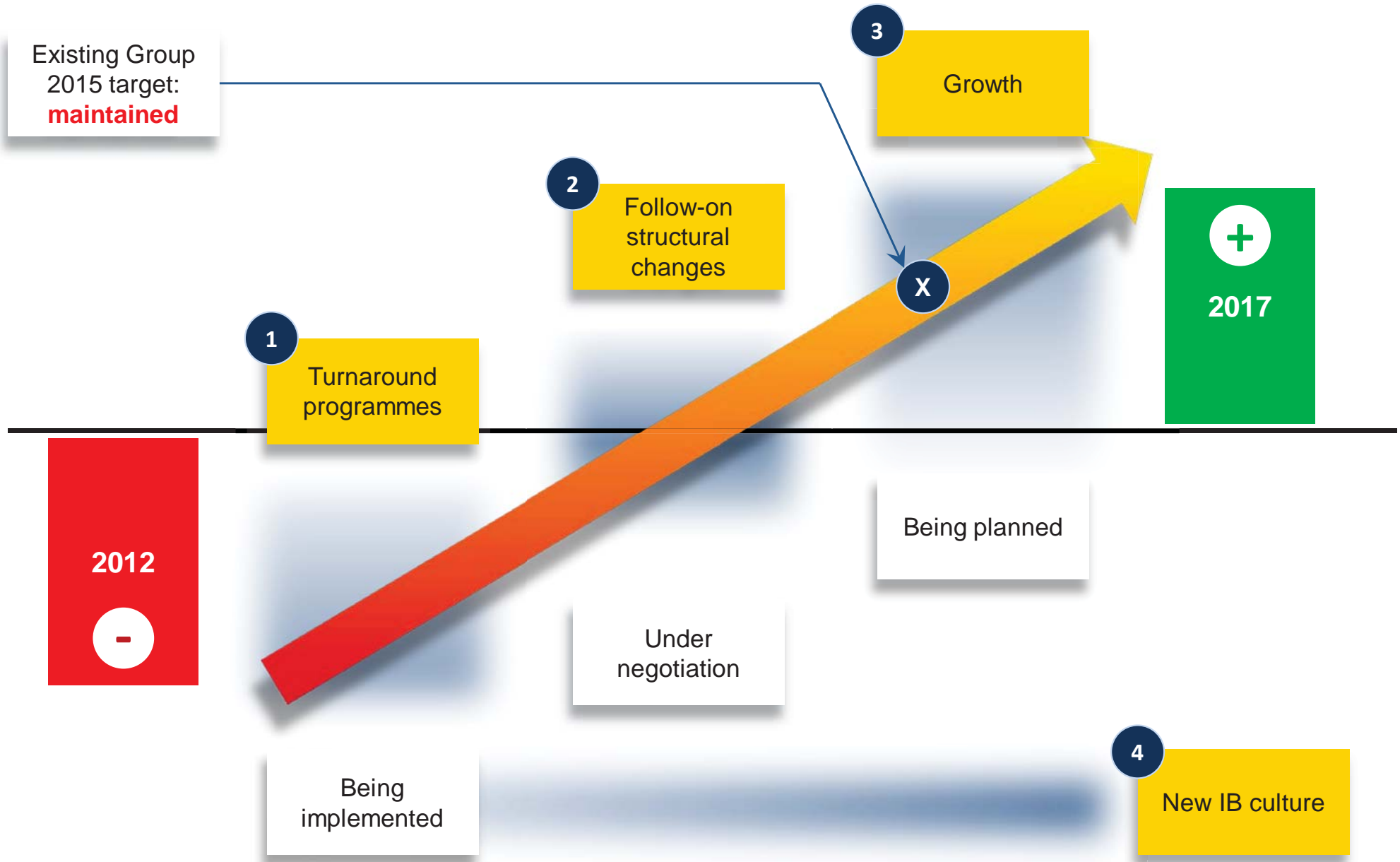
Fly

All about services in-flight and at the airport

What we have been working on: going beyond the Mediation Agreement



New transformation plan: phased EBIT roadmap



1 Turnaround programmes: Mediation Agreement

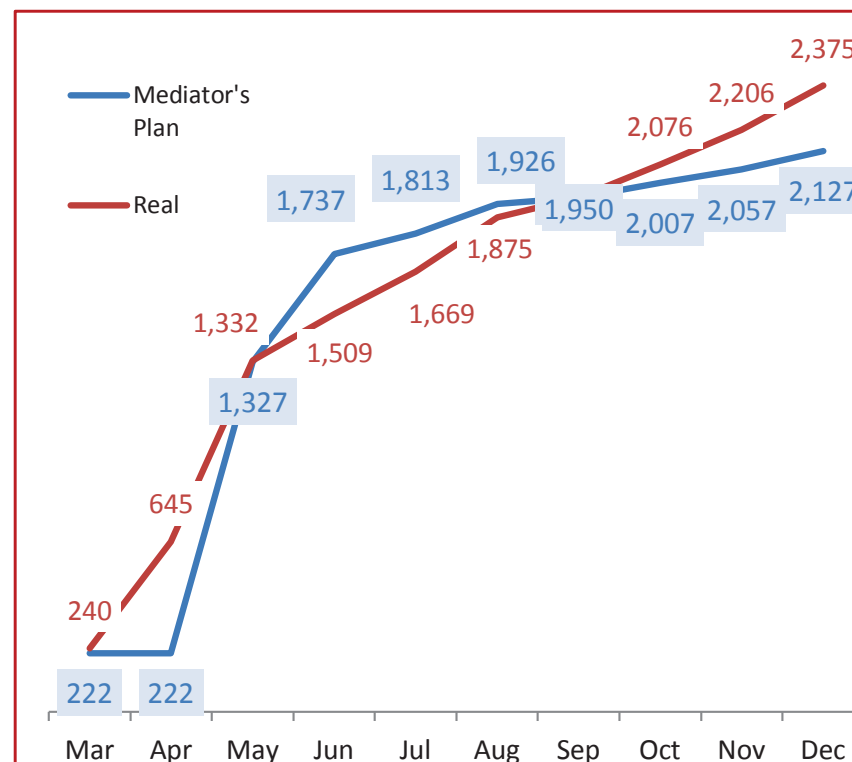
Headcount / salary reductions produce *gross* savings of €360m from 2012 levels by 2015: *net* savings will depend on scale of business at that stage

Headcount: where are we?

	Jun '12	Jun '13	Delta	
• Ground	16,212	14,923	1,289	(-8%)
• Pilots	1,537	1,435	102	(-7%)
• Cabin Crew	3,966	3,492	474	(-12%)
• Total	21,715	19,850	1,865	(-9%)

Headcount reduction had already started before Mediation Agreement

Headcount: what can we expect?



End-13 run-rate ahead of Mediation Agreement, producing higher savings for 2014

Revenue management	Complete re-organisation / strengthening of RevMan team, upgrade of IT systems, launch of new commercial actions / policies - [IN PROGRESS]
Salesforce effectiveness	Complete re-organisation of sales team, upgrade of IT systems, new sales team objectives / tracking, new variable incentives – [IN PROGRESS]
Marketing / new product image	Rebalancing of marketing towards communication of new products, brand support, finalising brand relaunch – [IN PROGRESS]
Online channel	Radical overhaul of online channel, simplified purchase process / new search engine (focusing on conversion / ancillaries), new mobile app – [IMPLEMENTED in July '13]
Product / customer experience	New long haul fleet (8 A330) with new seats, new IFE, future connectivity and retrofit of current long haul fleet – [IN PROGRESS]

1 Turnaround programmes: already investing in IB's future

Investment progressing in A330 fleet / product retrofit:
IAG fleet options give Iberia the potential to acquire **up to 48 next-generation aircraft** for long-term replacement and growth

		Firm orders		Pre-purchase agreements		
		2013	2014	2015-2017	2018-2021	2022-2024
Short haul	Delivered					
	Pending					
Long haul	Delivered					
	Pending					
	New product retrofit					

5 A320	2 A320	2 A319	4 A320		
4 A330-300	1 A330-300	3 A330-300	8 A330		
7 A340-600		10 A340-600			

IAG signed options to replace A330 / A340, and grow, with up to 32 A350-900 and 12 B787-9
[SUBJECT TO PROGRESS OF TRANSFORMATION PLAN]

- As a result of Audiencia Nacional's recent ruling in our favour (4th July), the Mediation Agreement is applicable to all employee groups
- We are currently negotiating measures to enhance our productivity: should an agreement on real sustainable productivity gains be reached, the 4% salary reduction would no longer apply and would be superceded
- Additionally, we are also negotiating potential structural long-term agreements with the unions, to enable future profitable growth

4 New IB culture: starts with complete management refresh

New CEO (27th March 2013)

- New leadership team
- 10 people, down from 12
- 4 new, 2 internal promotions and 1 pending
- Announced 10th May 2013



Dedicated Project Management Office set up to manage transformation plan, reporting to new CFO – each individual manager tasked with specific transformation targets

- New top management team
- 35 people, down from 71
- Announced 9th July 2013



-
- **We are focused on capturing all the transformation levers**, both restructuring initiatives and commercial enhancement measures
 - Additionally, we are fully committed to **negotiations to reach** agreements with unions that will provide **a stable and healthy cost base**
 - **In parallel, the company is designing** (through network and fleet planning analysis) **the future growth profile of Iberia**, once this healthy cost base is attained



In big steps,
building the Iberia
of the future

Vueling

Vueling Airlines

Q2'13 results preview

Spanish GAAP presentation

Note: IAG figures are consolidated according to IFRS under Group accounting policies and represents results from the acquisition date (26th April 2013)

2013e

70
aircraft⁽¹⁾

212
Routes

111
Destinations

16 M
Pax

>50%
international
traffic

Vueling Cities 2013



○ Leader in Barcelona airport with a 33% market share in H1'13

○ Significant presence in main European airports: Paris Orly (3rd carrier) and Rome Fiumicino (4th carrier)

○ Double digit activity growth: +20% ASKs in H1'13

(1) In Summer peak season



Low cost

- Single aircraft model
- High fleet utilisation
- Low cost base
- High punctuality
- High crew productivity
- Short turnarounds
- No crew night-stops
- Ancillary revenue



High service

- Business class: VIP lounge, unlimited catering...
- 40% business passengers
- Connecting flights
- Main airports and terminals
- Flexible fares
- Multiple daily frequencies

vueling pass

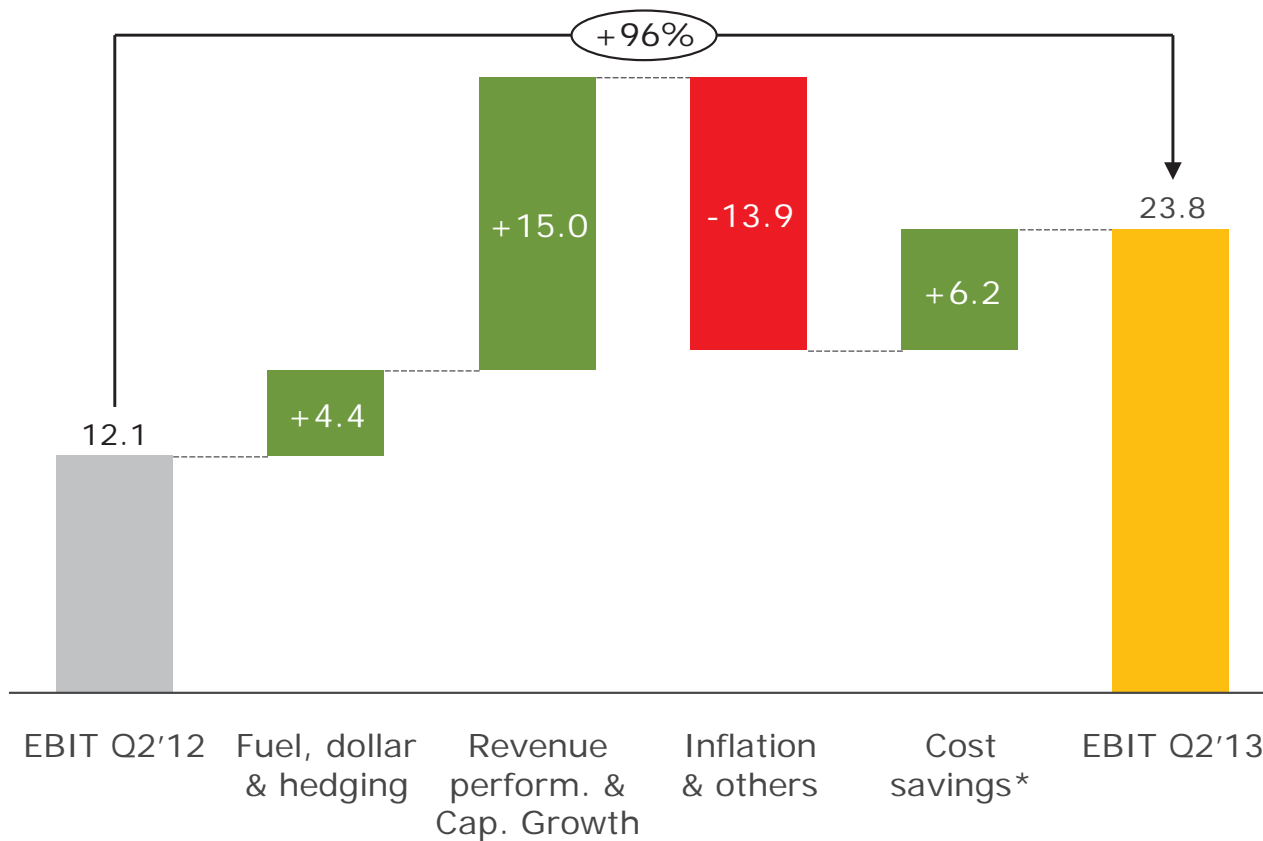
Solo VIP disponible en los siguientes aeropuertos:
BARCELONA, MADRID, ALICANTE, MÁLAGA, ÁMSTERDAM,
PALMA DE MALLORCA, BRUSELAS, ROMA, LISBOA, MILÁN



- Vueling achieved a positive EBIT of €23.8m, a 97% increase vs. previous year
-
- Capacity in ASKs rose by 25%, driven by a significant increase in stage length (+8%) and seats (+15%)
 - Revenue per passenger increased by 5% and the load factor improved by +1.3pp to 76.8%
 - Vueling continued reducing its cost base and reached in Q2 2013 a 3.93 euro cents CASK ex-fuel, 3% lower than in the same period last year
 - Vueling achieved an EBITDAR of €64.8m, which represents a margin of 18%, compared to a 16% in Q2 2012
-
- Vueling maintained a strong balance sheet with a net cash position of €549m as of 30th June 2013

Note: The above figures are stated according to Spanish GAAP

Impact of key factors on Q2 2013 EBIT (€m)

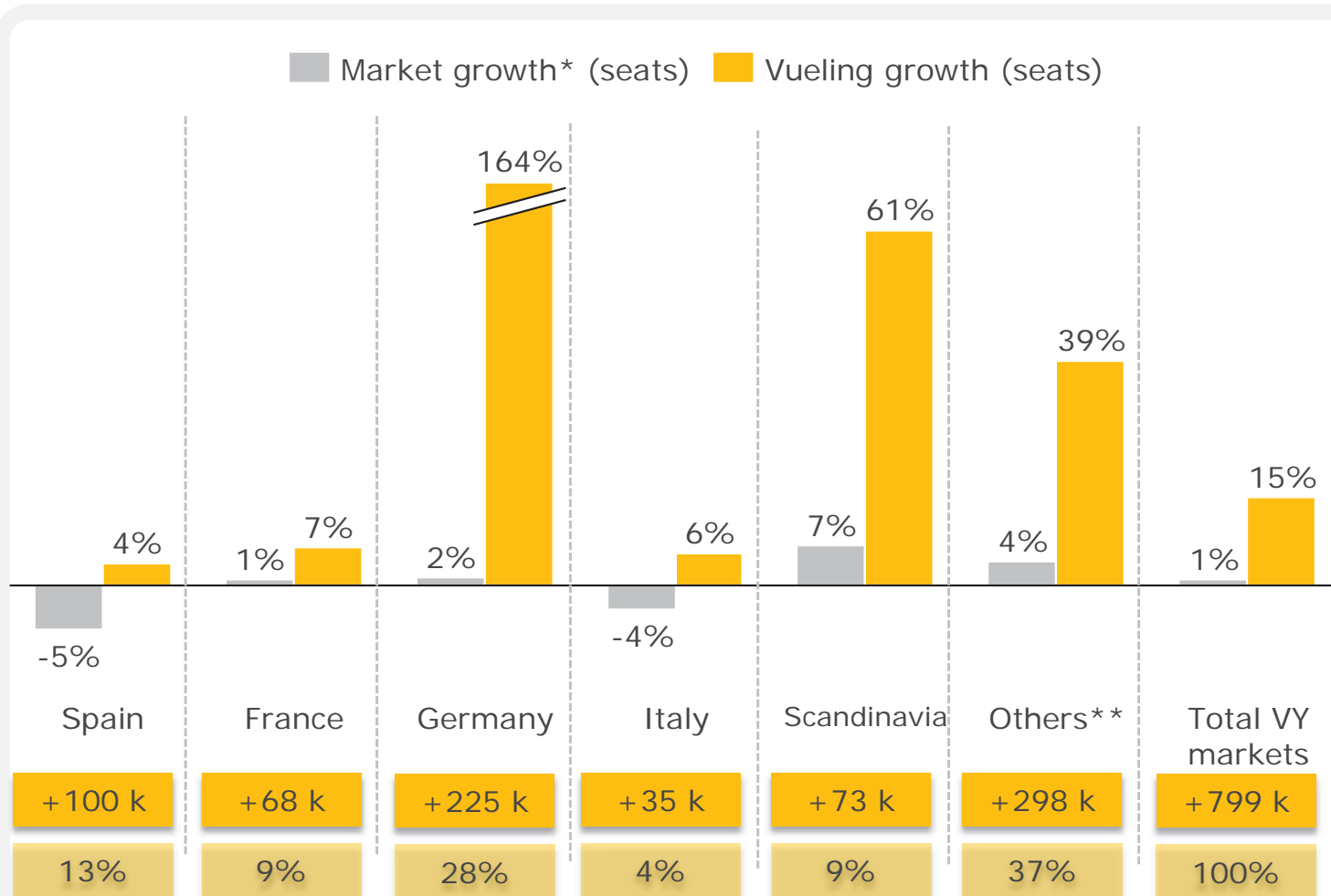


- In Q2 2013 the EBIT result improved by 97% year on year
- More favourable fuel, dollar and hedging costs, and a positive revenue performance contributed to the EBIT improvement

Note: The above figures are stated according to Spanish GAAP
 Source: Vueling *Cost savings ex-fuel

Vueling increased seat capacity by 15%, a higher growth rate than the overall market

Seat growth by market in Q2 2013 vs Q2 2012



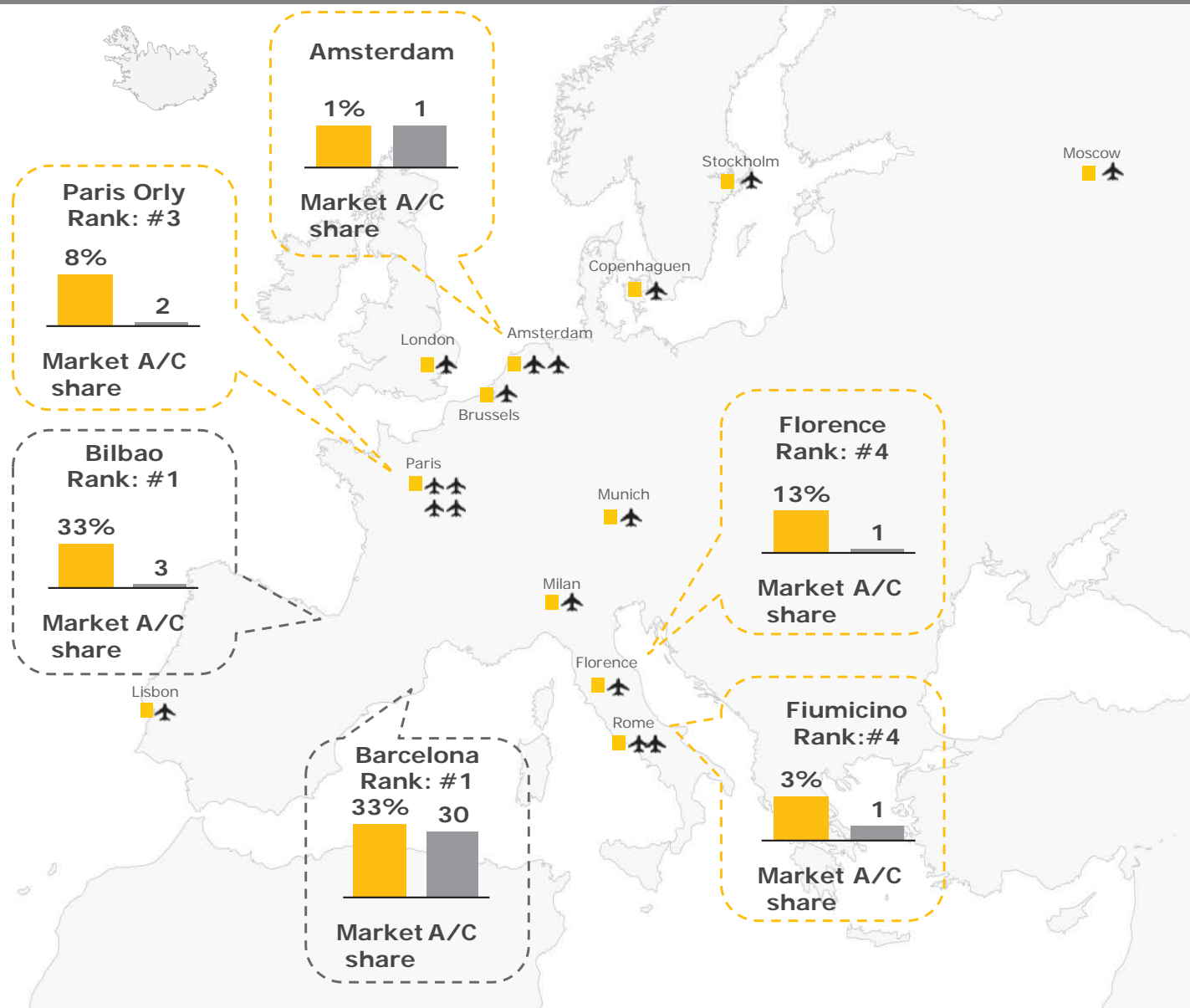
Vueling increased seat capacity by 15% and grew significantly in Germany (+225k seats) and Scandinavia (+73k seats)

Vueling grew in the domestic market by 4% while the Spanish market contracted by -5%

Source: SRS and Vueling estimates.

* Total market growth for each country (in seats). ** Others: Greece, UK, Benelux, Russia, Portugal, Austria, Switzerland, Romania, Czech Republic and North Africa

Vueling increased its presence and market position at the main international airports



Vueling consolidates its leadership in Bilbao and Barcelona with market share at 33%

Vueling increased its international presence by adding more destinations and equivalent aircraft

✈ Equivalent aircraft in main European airports

Source: AENA, SRS and Vueling estimates for the period Jan-Jun 2013.

Goals	Full year targets	Results
<p>1. Growth: Continued International expansion</p>	<ul style="list-style-type: none"> ○ Double digit capacity growth: +(10-15)% in ASKs ○ 100 destinations from Barcelona ○ New base in Florence 	<ul style="list-style-type: none"> ○ Capacity growth: +25% in ASK's ○ 103 destinations from Barcelona ○ New base in Florence
<p>2. Cost reduction: Cost reduction program</p>	<ul style="list-style-type: none"> ○ Maintain CASK ex-fuel at 2012 level ○ €17.7m savings target 	<ul style="list-style-type: none"> ○ Reduction of -3% in CASK ex-fuel in Q2 2013 ○ €14m already captured in H1'13
<p>3. Product: Innovation + business pax</p>	<ul style="list-style-type: none"> ○ Improved connectivity (Wi-Fi, iPad on board, etc.) ○ Automatic boarding pass delivery ○ New cabin configuration ○ Phase II of Excellence business class 	<ul style="list-style-type: none"> ○ New business class launched in May ○ Launch of cockpit iPad project ○ Other initiatives on track
<p>4. Partnerships: Increase connectivity with other airlines</p>	<ul style="list-style-type: none"> ○ More Interline agreements and code-shares 	<ul style="list-style-type: none"> ○ Under negotiation

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 International Consolidated Airlines Group S.A. (the 'Group') plans and objectives for future operations, including, without limitation, discussions of the Group'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 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 Group'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.