IAG results presentation

Quarter Three 2017

27th October 2017

INTERNATIONAL AIRLINES GROUP

Q3 financial summary

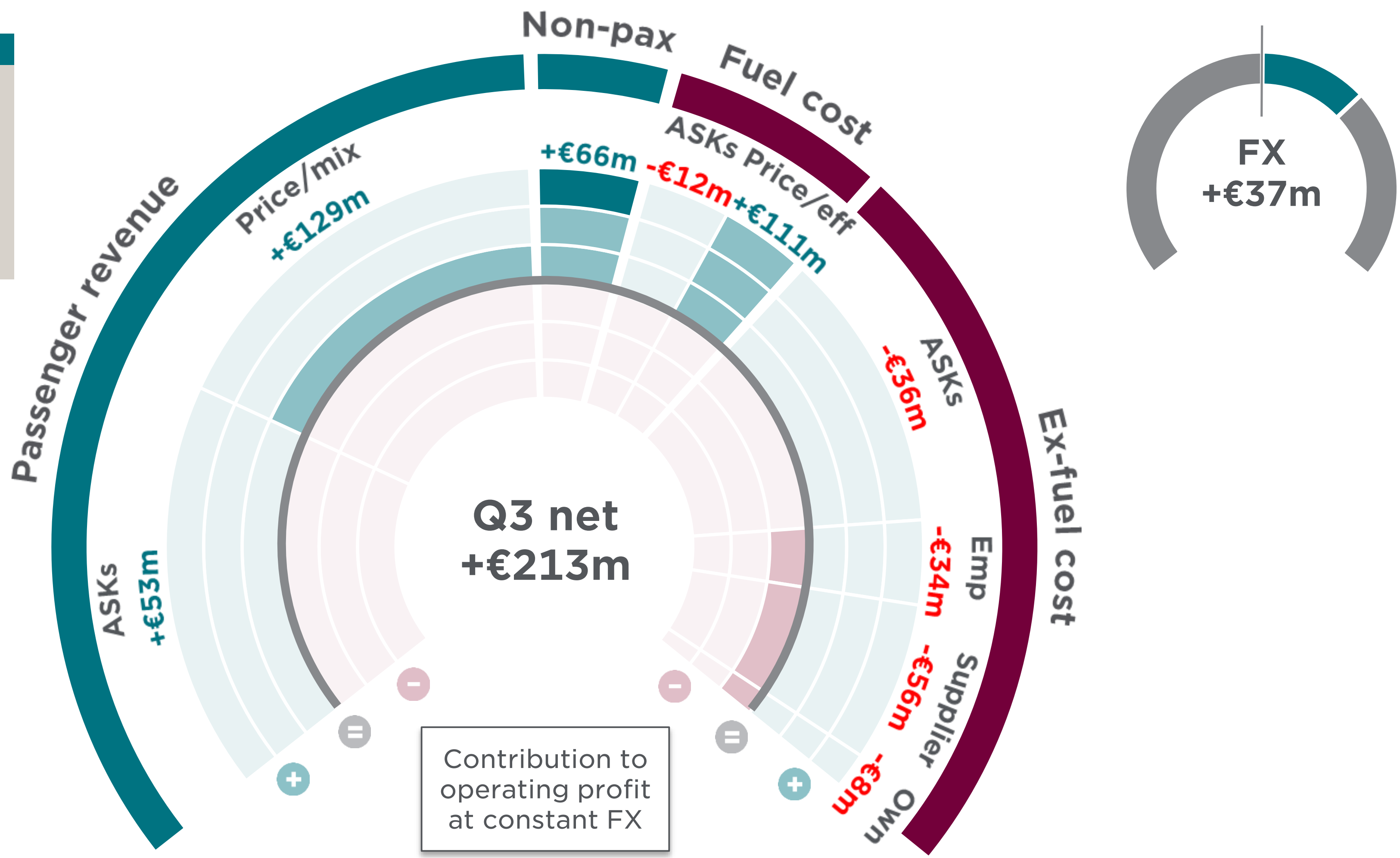
OPERATING PROFIT	TOTAL UNIT REVENUE	PAX UNIT REVENUE
€1,455m (reported, pre-exceptional)	+2.9% (constant FX)	**+2.2%** (constant FX)
+€250m (reported change)	+1.1% (reported) (€240m Group FX drag) (€123m OpCo FX tailwind)	+0.7% (reported)

TRAFFIC/CAPACITY	TOTAL UNIT COST	EX-FUEL UNIT COST
ASKs: +0.9% (reported)	-0.3% (constant FX)	+2.5% (constant FX) **+1.4%** (constant FX, net of other revenue gain)
RPKs: +1.6% (reported)	-3.1% (reported) (€196m Group FX benefit) (€42m OpCo FX headwind)	-1.7% (reported)

‘Group FX’ = drag/benefit from translation of GBP profits into EUR; ‘OpCo FX’ = FX headwind/tailwind at company level

Q3 operating profit drivers

OPERATING PROFIT
€1,455m (reported, pre-exceptional)
+€250m (reported change)



Q3 results

Cost | Ex-fuel cost | Fuel

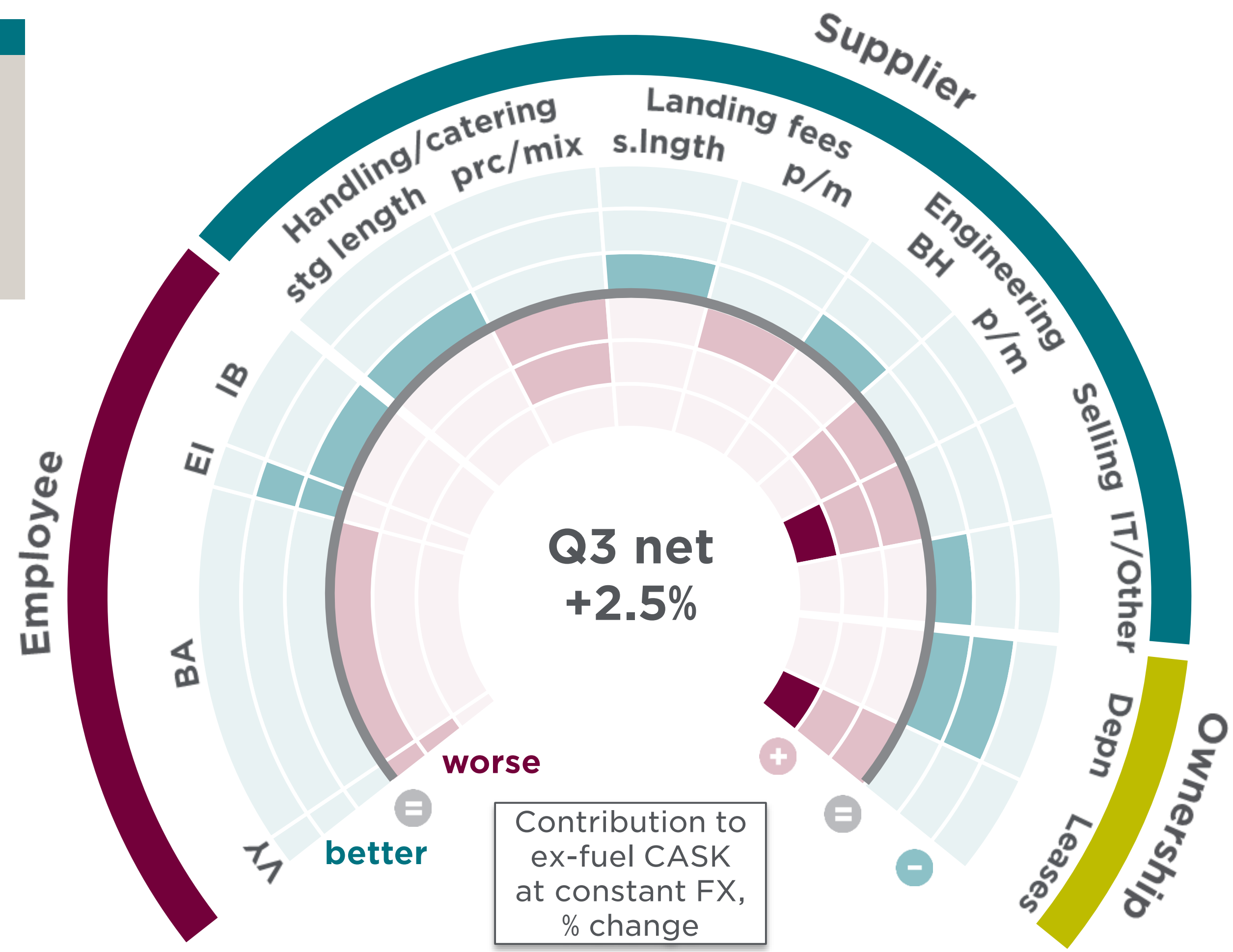
Fleet | Capacity plan | Capacity changes

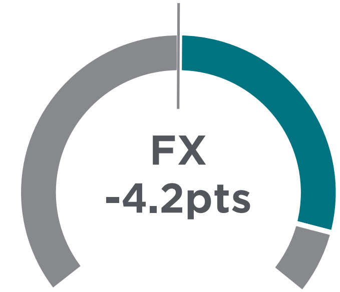
Network | ASK by region | RASK by region

Product | Revenue | Airlines

Q3 ex-fuel unit cost

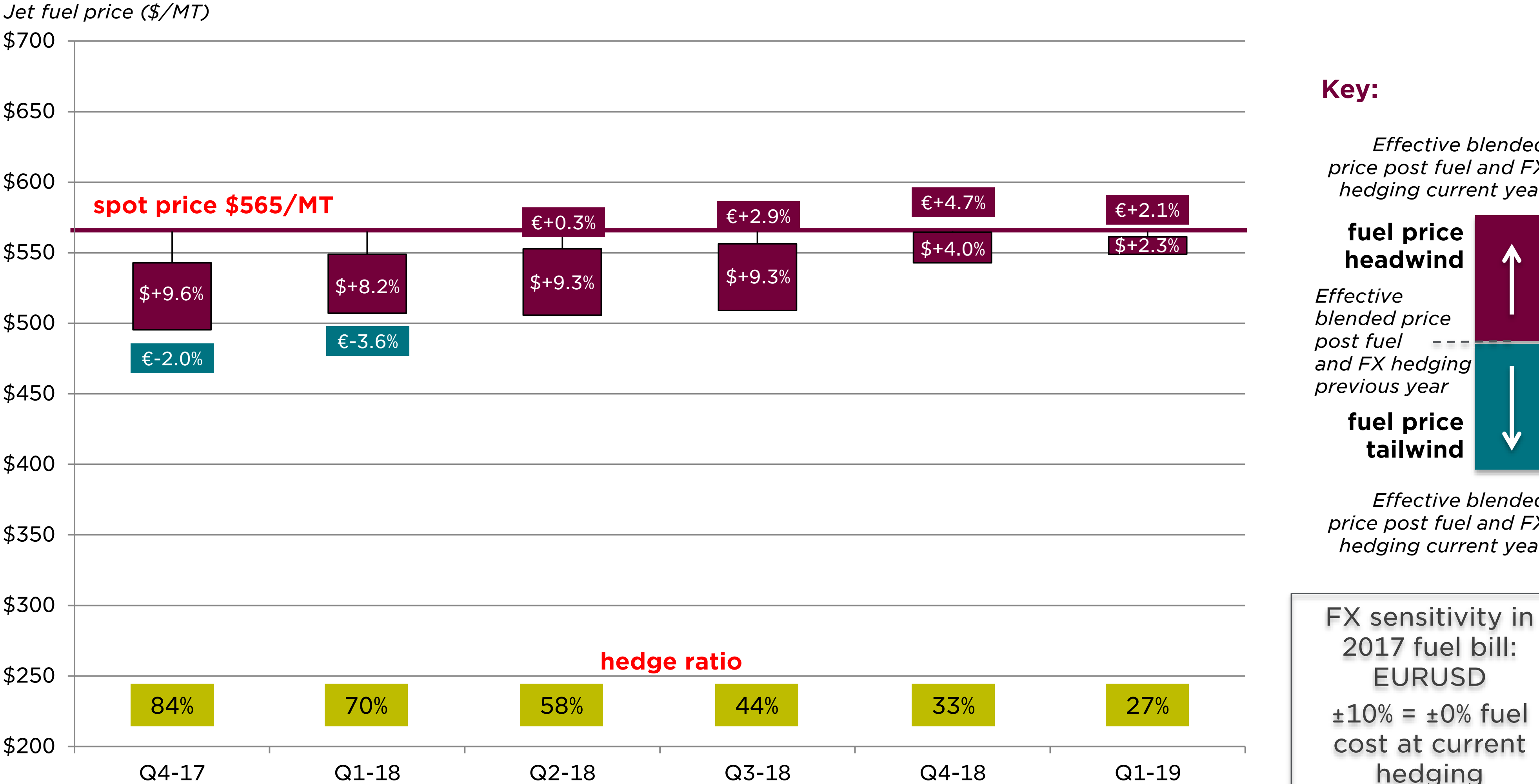
EX-FUEL UNIT COST
+2.5% (constant FX)
-1.7% (reported)





ex-fuel CASK net of other revenue gain: +1.4% yoy

Fuel scenario: detailed modelling in appendix



FX sensitivity in 2017 fuel bill: EURUSD

±10% = ±0% fuel cost at current hedging

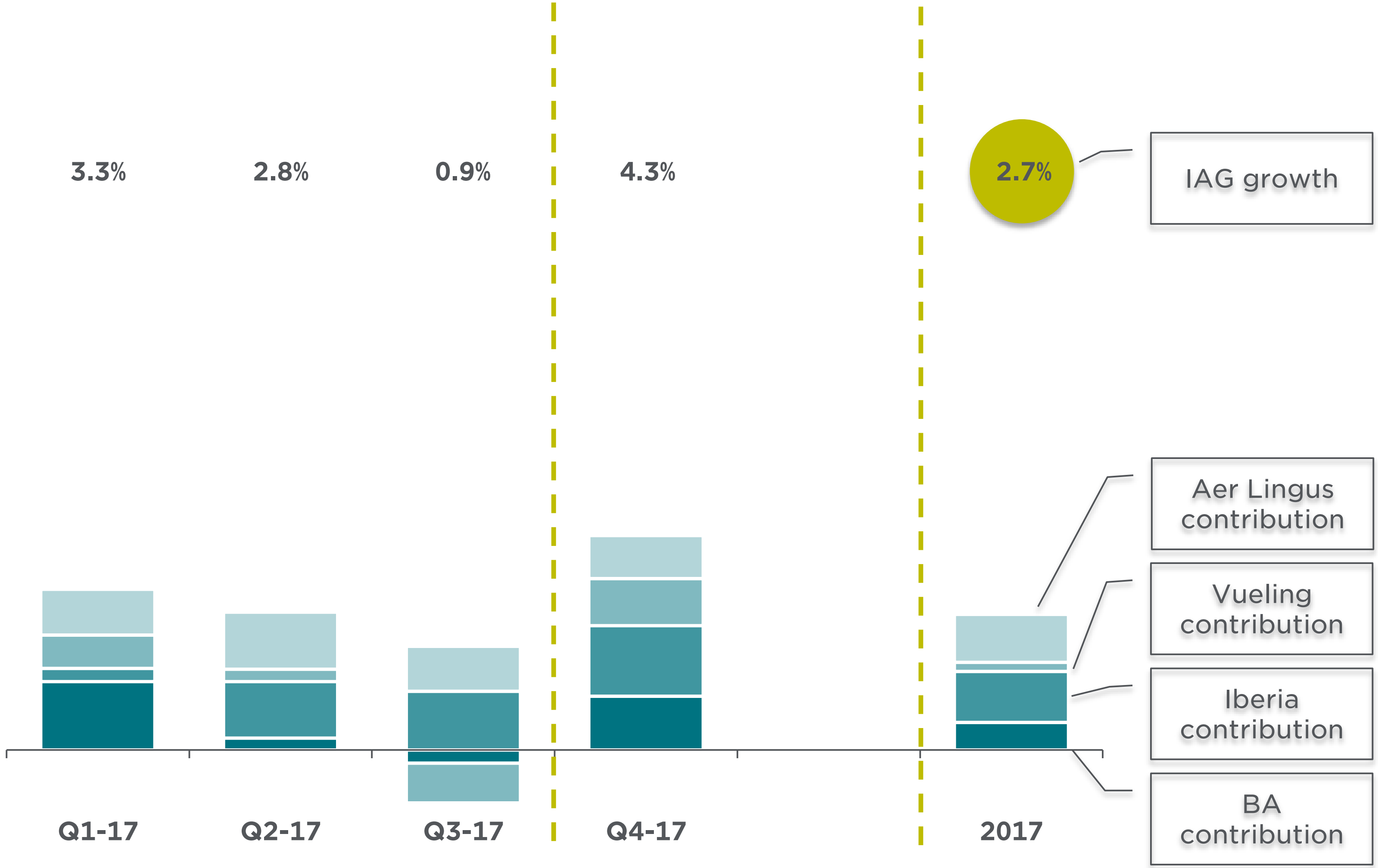
2017 fuel bill scenario - €4.6bn **(at $565/MT and 1.18$/€)**

Q3 results

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

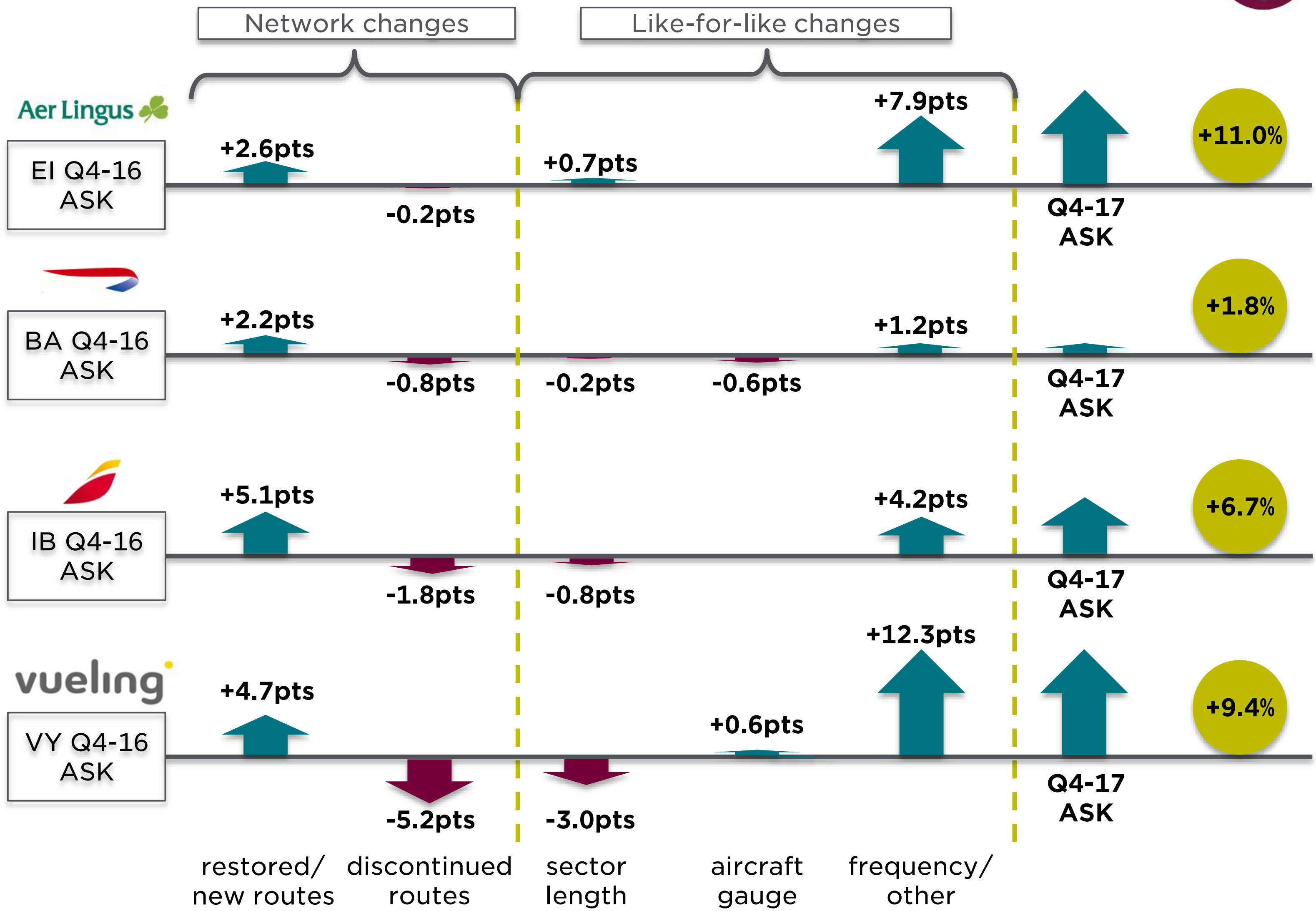
2017 capacity growth and contributions

- **Aer Lingus:** Q4-17 and FY2017 capacity planned to be +11.0% and +12.3% respectively
- **Vueling:** Q4-17 and FY2017 capacity planned to be +9.4% and +1.7% respectively
- **Iberia:** Q4-17 and FY2017 capacity planned to be +6.7% and +4.9% respectively
- **BA:** Q4-17 and FY2017 capacity planned to be +1.8% and +0.9% respectively



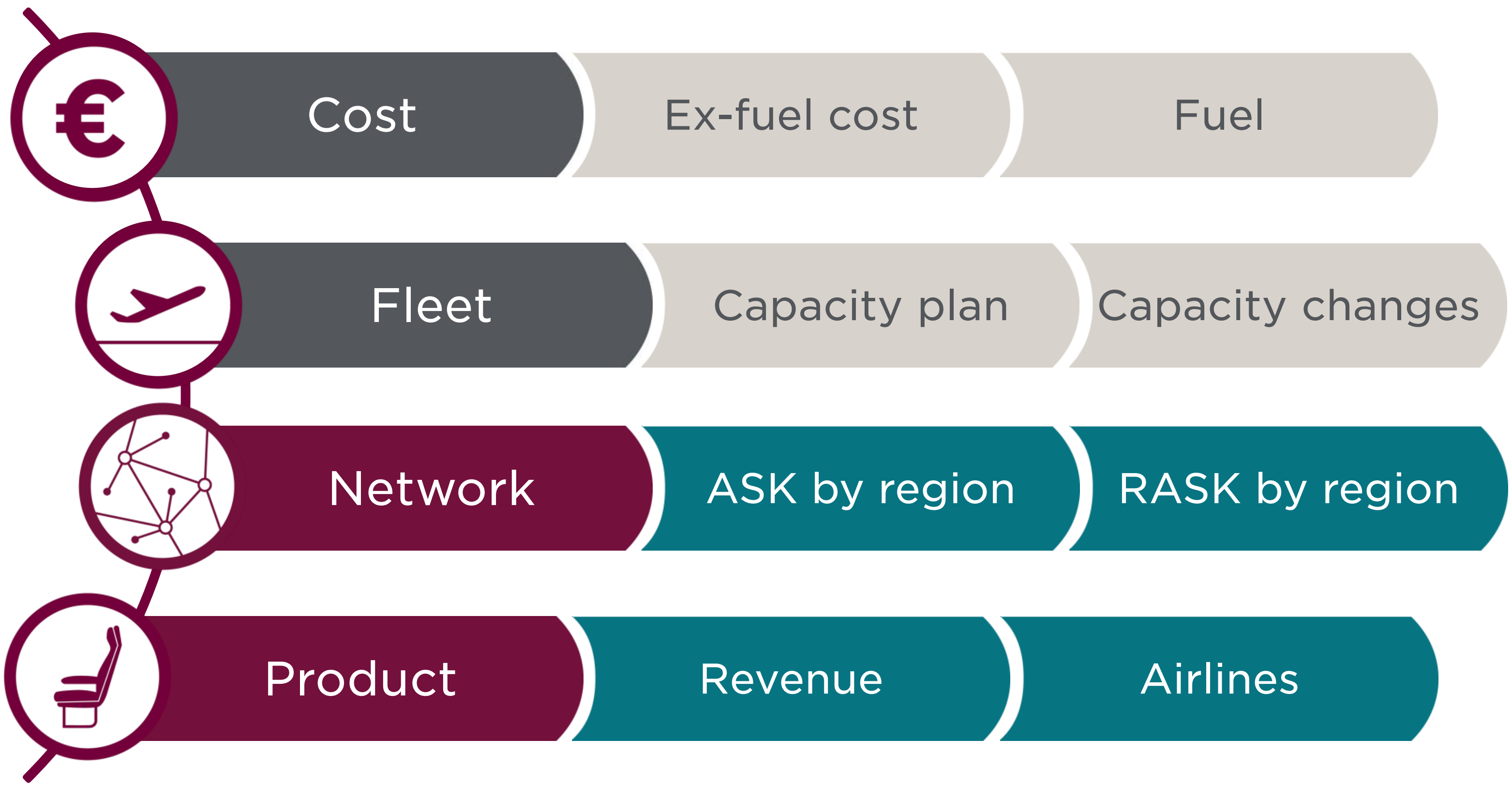
Q4-17 capacity growth drivers by airline

- New BA routes include: Santiago de Chile, New Orleans, Oakland, Fort Lauderdale
- IB restored/new routes driven by LEVEL routes
- EI frequency change driven by Washington and San Francisco
- BA frequency change driven by Los Angeles
- IB frequency change driven by Guatemala, Boston
- VY frequency change driven by BCN



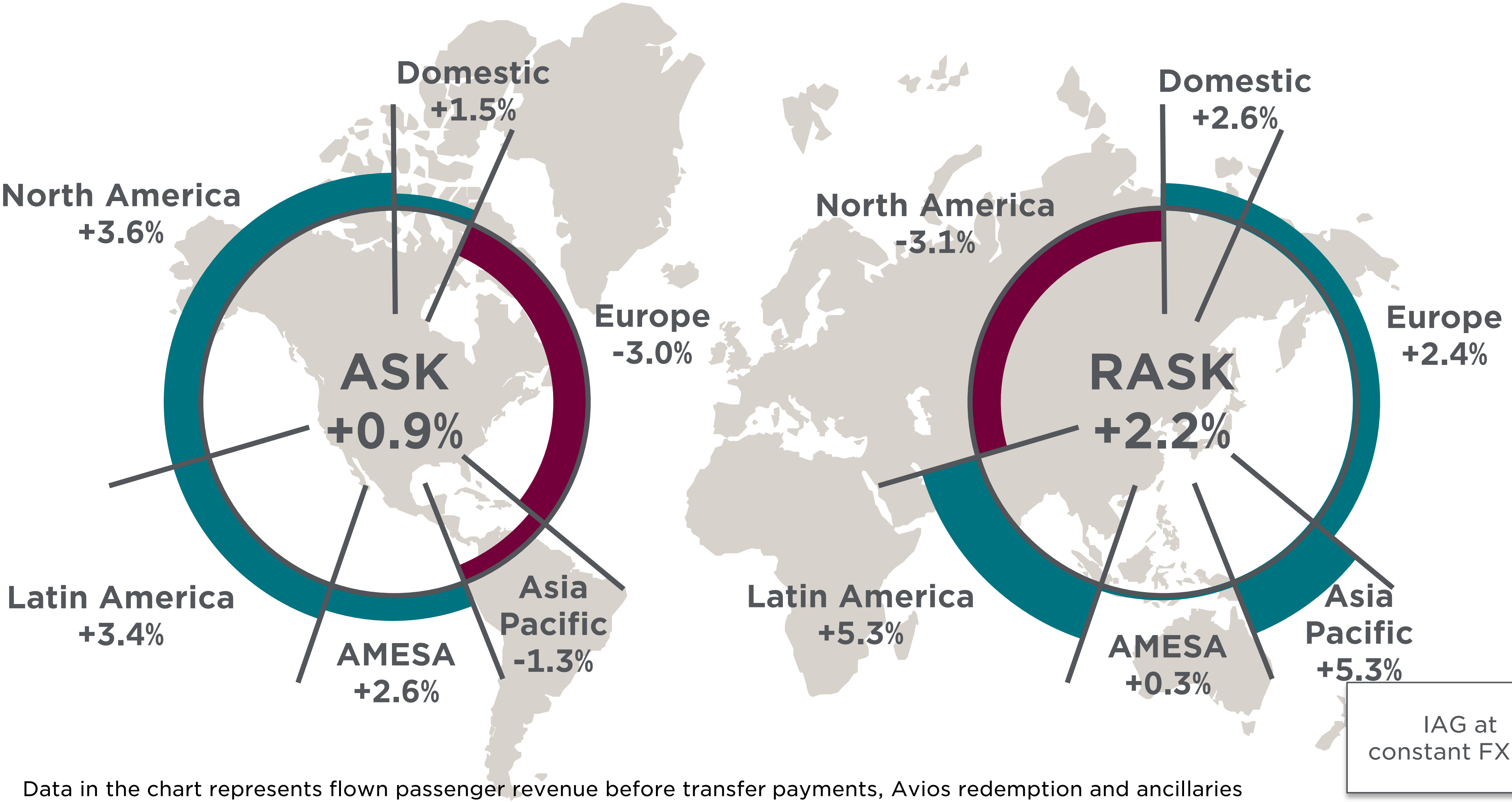
New routes are routes that were not operated for the whole period last year

Q3 results



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

Q3 capacity and passenger unit revenue change

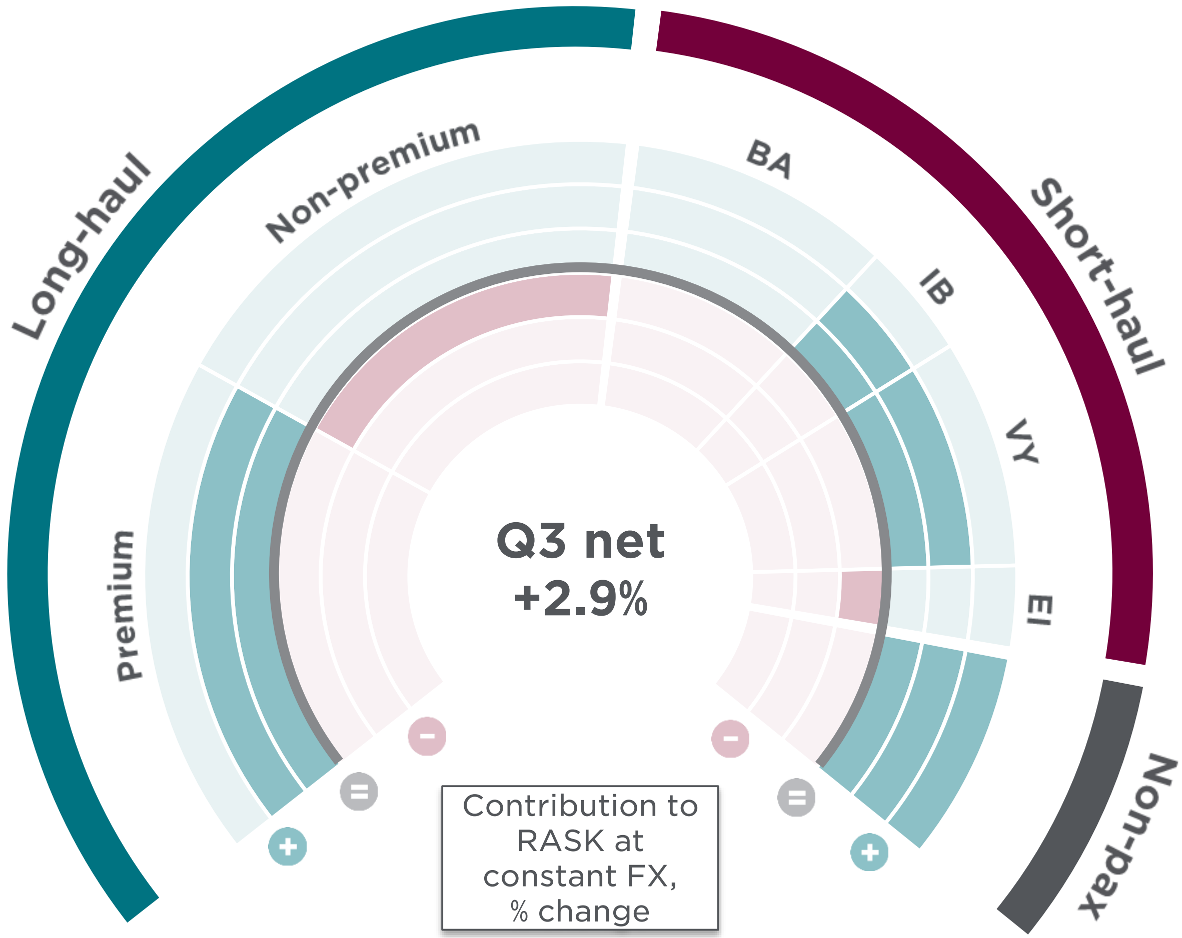


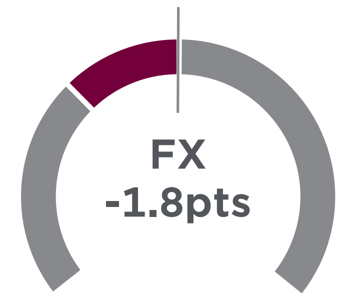
IAG at constant FX vly

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

Q3 products: strong long-haul premium

TOTAL UNIT REVENUE
+2.9% (constant FX)
+1.1% (reported) (€240m Group FX drag) (€123m OpCo FX tailwind)

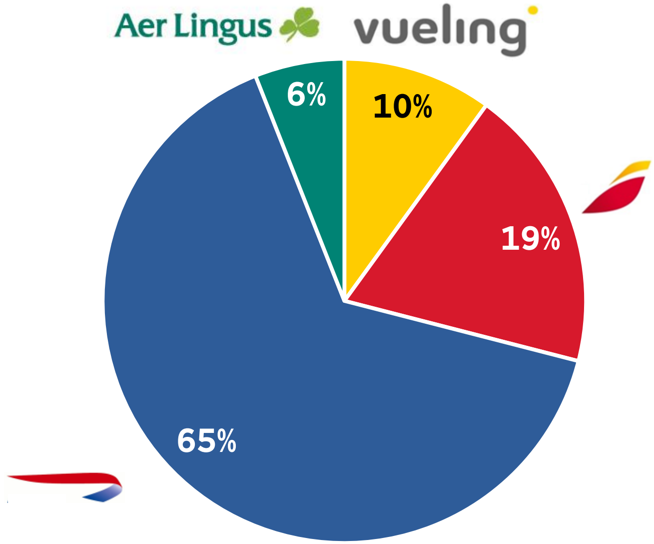




Financial target tracker: profitability trend by airline

IAG

Op. margin: Q3 2017	23.1%
Op. margin trend vly	+3.6pts
Nml. margin: last 4Qs	14.3%
RoIC: last 4Qs	16.3%



IAG capital allocation
Q3 2017

vueling

Op. margin: Q3 2017	28.4%
Op. margin trend vly	+11.0pts
Nml. margin: last 4Qs	13.6%
RoIC: last 4Qs	13.7%

Iberia

Op. margin: Q3 2017	18.6%
Op. margin trend vly	+2.7pts
Nml. margin: last 4Qs	10.5%
RoIC: last 4Qs	13.5%

Notes:

Op. margin	Reported margin, lease adj.
Nml. margin	As above, adjusted for inflation, for comparability with Invested Capital
Invested Capital	Tangible fixed assets NBV, fleet inflation and leases adj.

Aer Lingus

Op. margin: Q3 2017	29.8%
Op. margin trend vly	+0.1pts
Nml. margin: last 4Qs	14.9%
RoIC: last 4Qs	22.9%

British Airways

Op. margin: Q3 2017	21.5%
Op. margin trend vly	+2.9pts
Nml. margin: last 4Qs	14.3%
RoIC: last 4Qs	16.0%

Below the line

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Below the line

€m	Q3 2016	Q3 2017
Operating profit (pre-exceptional)	1,205	1,455
Net finance income/expense	-53	-53
Realised losses on derivatives not qualifying for hedge accounting and other	35	5
Profit before remeasurements and tax (pre-exceptional)	1,187	1,407
Unrealised gains/losses on remeasurements	-17	36
Net financing credit/charge relating to pensions	2	-7
Profit before tax (pre-exceptional)	1,172	1,436
Tax	-202	-290
Profit after tax (pre-exceptional)	970	1,146
Fully diluted EPS (pre-exceptional) (€ cents)	43.9	52.4

Balance sheet

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Balance sheet: continued deleveraging

€m	Dec 2016	Sep 2017
Gross debt	8,515	7,578
Cash, cash equivalents & interest bearing deposits	6,428	7,523
On balance sheet net debt	2,087	55
Aircraft lease capitalisation (x8)	6,072	7,128
Adjusted net debt	8,159	7,183
Adjusted net debt / EBITDAR	1.8x	1.4x

Outlook

Guidance for FY2017

At current fuel prices and exchange rates, IAG expects its operating profit for 2017 to be around €3 billion before exceptional items.

Appendix

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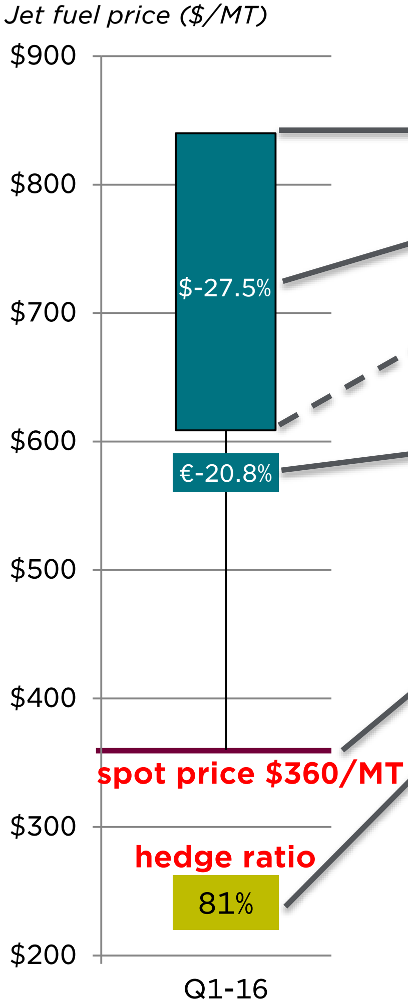
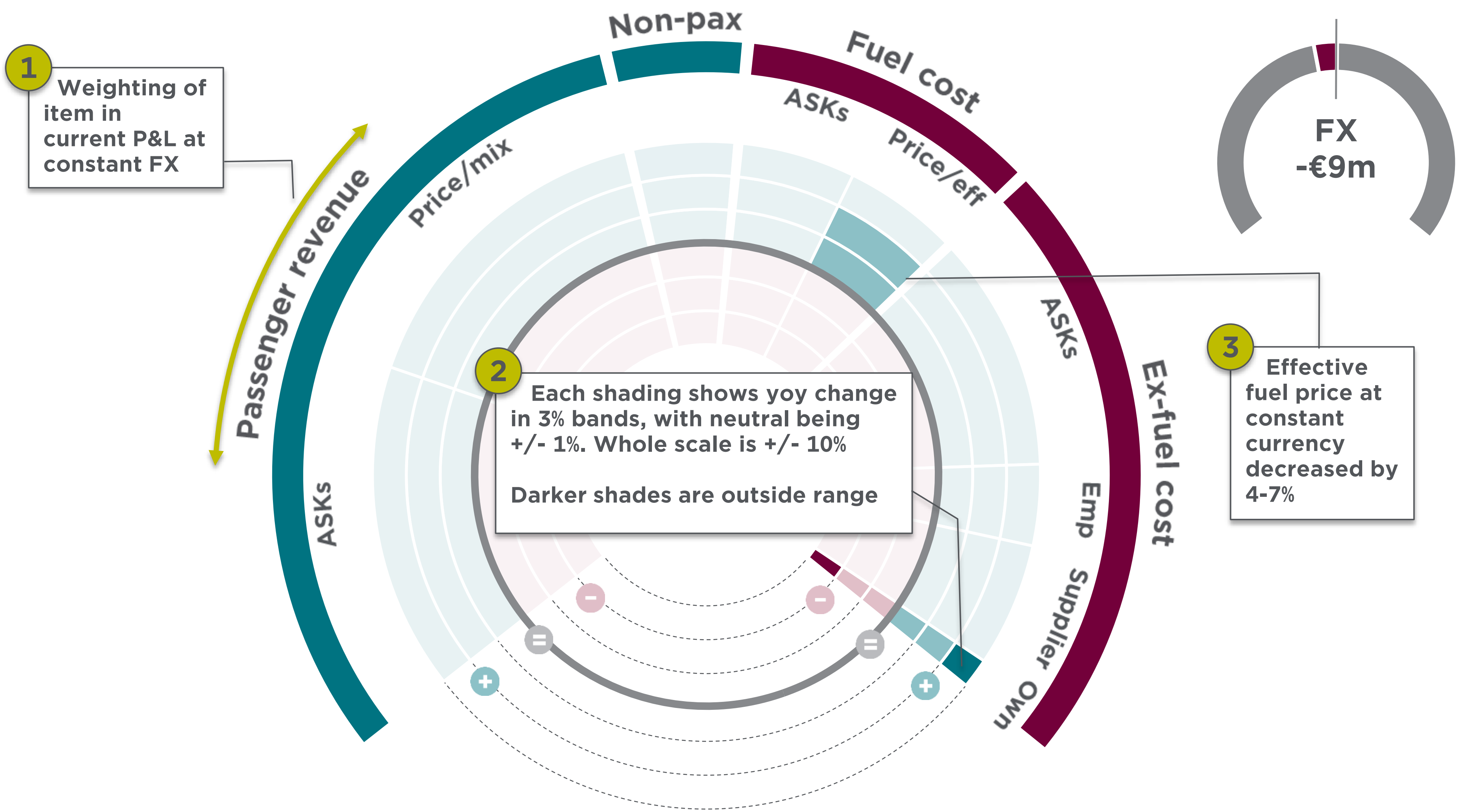
Fuel modelling



$ 50	A	intoplane costs
$ 840	B	Last year blended USD jet fuel price
(27.5%)	C	Latest guidance, current year USD jet fuel price benefit
$ 609	D	calc: D = B x (1 + C) [curr yr blended USD jet fuel price]
$ 1.10	E	Latest guidance EUR/USD scenario
€ 599	F	calc: F = (D + A) / E [curr yr blended EUR jet fuel price]
(20.8%)	G	Previous EUR jet fuel price benefit
€756	H	calc: H = F / (1 + G) [last yr implied EUR jet fuel price]
$ 360	I	Latest guidance jet fuel spot price scenario
81%	J	Current year % hedged
$ 667	K	calc: K = (D - (1 - J) x I) / J [implied hedge price]
$ 400	L	Your chosen modelling assumption for jet fuel spot
$ 617	M	calc: M = K x J + L x (1 - J) [modelled blended USD jet fuel price]
$ 1.15	N	Your chosen modelling assumption for EUR/USD
€ 580	O	calc: O = (M + A) / N [modelled all-in EUR fuel price]
(23.4%)	P	calc: P = O / H - 1 [modelled all-in EUR fuel price change vly]

2016 fuel bill scenario - €4.8bn (at $360/MT and 1.10$/€)

Contribution heat map – how it works



Disclaimer

Certain statements included in this report are forward-looking and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such forward-looking statements.

Forward-looking statements can typically be identified by the use of forward-looking terminology, such as “expects”, “may”, “will”, “could”, “should”, “intends”, “plans”, “predicts”, “envisages” or “anticipates” and include, without limitation, any projections relating to results of operations and financial conditions of International Consolidated Airlines Group S.A. and its subsidiary undertakings from time to time (the ‘Group’), as well as plans and objectives for future operations, expected future revenues, financing plans, expected expenditures and divestments relating to the Group and discussions of the Group’s Business plan. All forward-looking statements in this report are based upon information known to the Group on the date of this report. The Group undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

It is not reasonably possible to itemise all of the many factors and specific events that could cause the forward-looking statements in this report to be incorrect or that could otherwise have a material adverse effect on the future operations or results of an airline operating in the global economy. Further information on the primary risks of the business and the risk management process of the Group is given in the Annual Report and Accounts 2016; these documents are available on www.iagshares.com.