

IAG results presentation

Quarter Four 2015
26th February 2016



FY2015 financial summary

OPERATING PROFIT

€2,300m

(pre-Aer Lingus, pre-exceptional items)

€2,335m

(reported, pre-exceptional items)

+€945m

(reported change)

TOTAL UNIT REVENUE

-4.1%

(pre-Aer Lingus, constant FX)

-4.1%

(constant FX)

+4.6%

(reported, €1,917m FX benefit)

PAX UNIT REVENUE

-3.7%

(pre-Aer Lingus, constant FX)

-3.5%

(constant FX)

+5.4%

(reported)

TRAFFIC/CAPACITY

ASKs: **+5.0%**

(pre-Aer Lingus)

ASKs: **+8.2%**

(reported)

RPKs: **+9.6%**

(reported)

TOTAL UNIT COST

-8.2%

(pre-Aer Lingus, constant FX)

-7.9%

(constant FX)

+1.1%

(reported, €1,828m FX drag)

EX-FUEL UNIT COST

-4.3%

(pre-Aer Lingus, constant FX)

-3.9%

(constant FX)

+4.3%

(reported)

Q4 financial summary

OPERATING PROFIT

€540m

(pre-Aer Lingus, pre-exceptional items)

€530m

(reported, pre-exceptional items)

+€270m

(reported change)

TOTAL UNIT REVENUE

-3.7%

(pre-Aer Lingus, constant FX)

-4.3%

(constant FX)

+1.8%

(reported, €344m FX benefit)

PAX UNIT REVENUE

-3.7%

(pre-Aer Lingus, constant FX)

-3.7%

(constant FX)

+3.1%

(reported)

TRAFFIC/CAPACITY

ASKs: +4.3%

(pre-Aer Lingus)

ASKs: +12.4%

(reported)

RPKs: +13.9%

(reported)

TOTAL UNIT COST

-10.1%

(pre-Aer Lingus, constant FX)

-9.7%

(constant FX)

-2.6%

(reported, €381m FX drag)

EX-FUEL UNIT COST

-3.9%

(pre-Aer Lingus, constant FX)

-3.2%

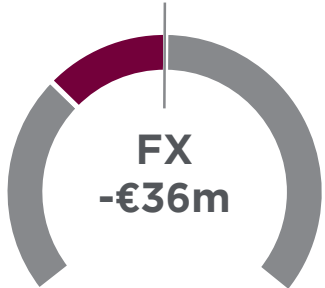
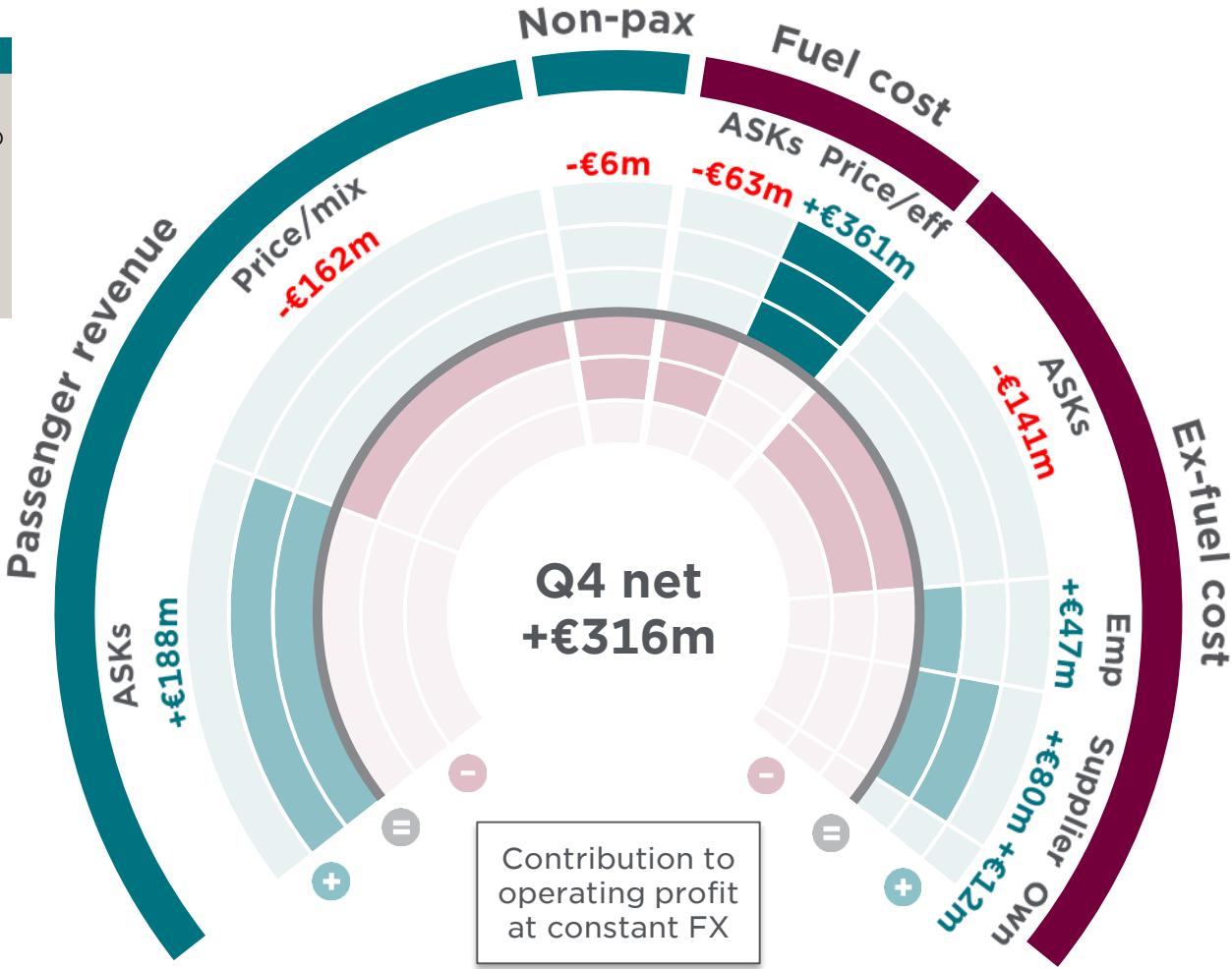
(constant FX)

+2.4%

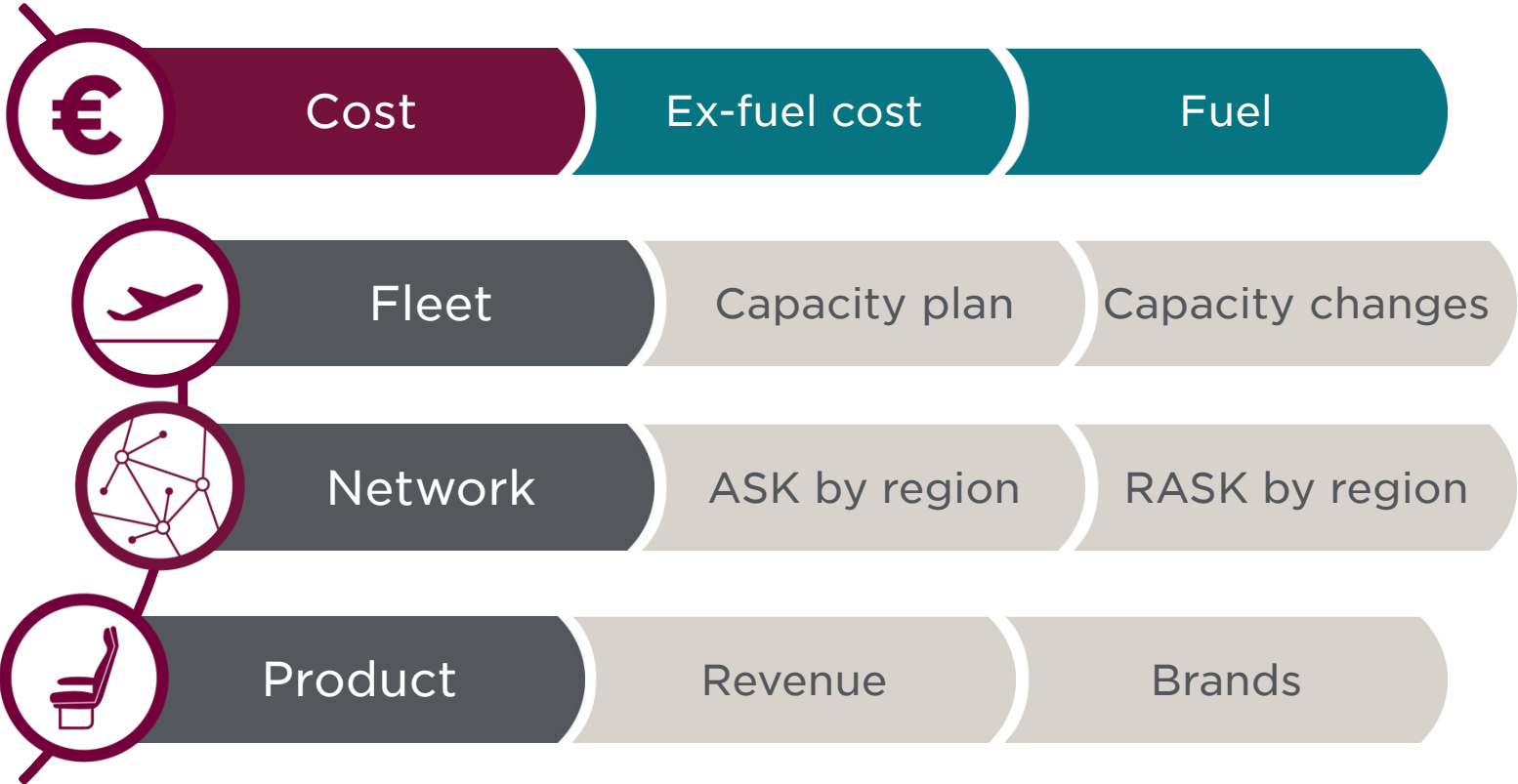
(reported)

Q4 operating profit drivers

OPERATING PROFIT	
€540m	(pre-Aer Lingus, pre-exceptional items)
€530m	(reported, pre-exceptional items)
+€270m	(reported change)



Q4 results

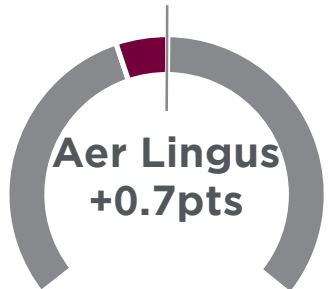
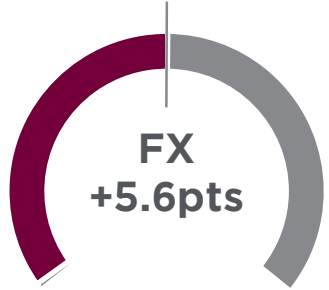
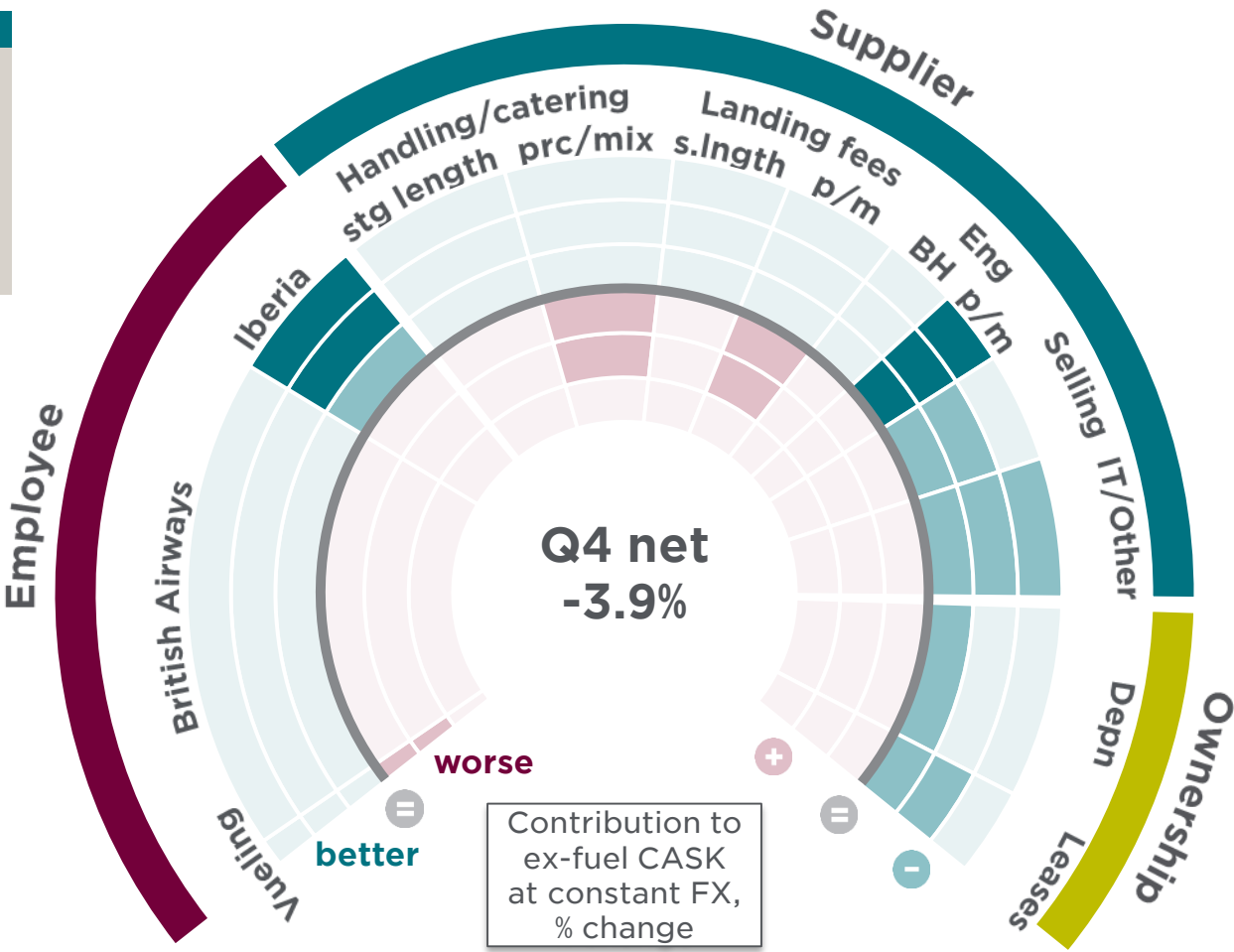


Q4 ex-fuel unit cost: continued cost discipline



EX-FUEL UNIT COST

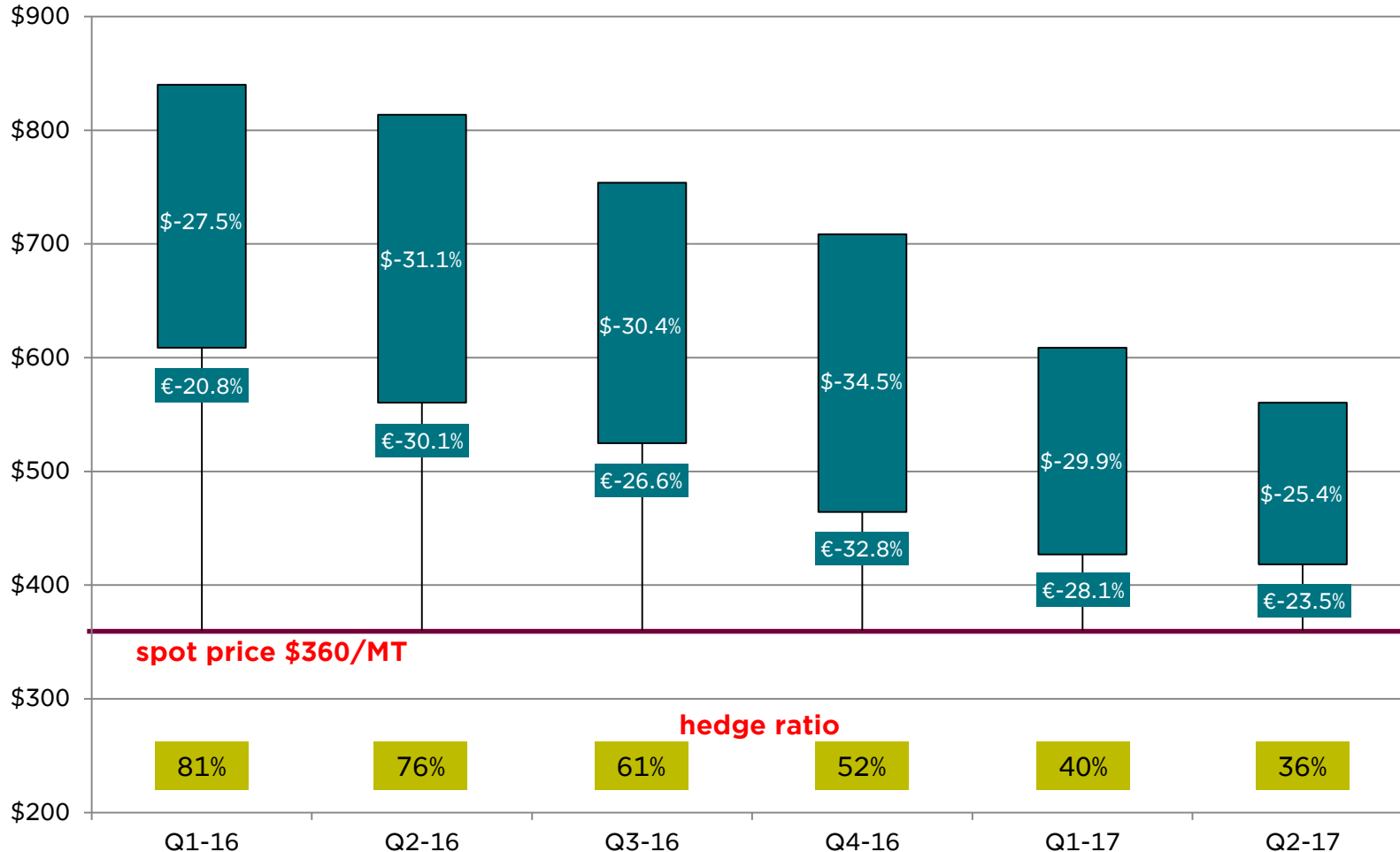
- 3.9%**
(pre-Aer Lingus, constant FX)
- 3.2%**
(constant FX)
- +2.4%**
(reported)



Fuel scenario: detailed modelling in appendix

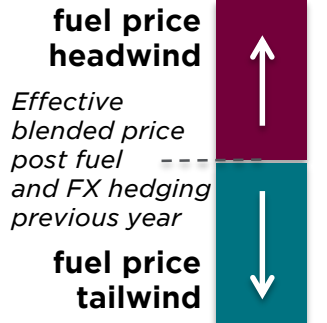


Jet fuel price (\$/MT)



Key:

Effective blended price post fuel and FX hedging current year

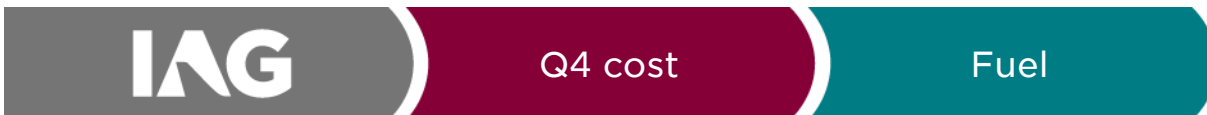


Effective blended price post fuel and FX hedging current year

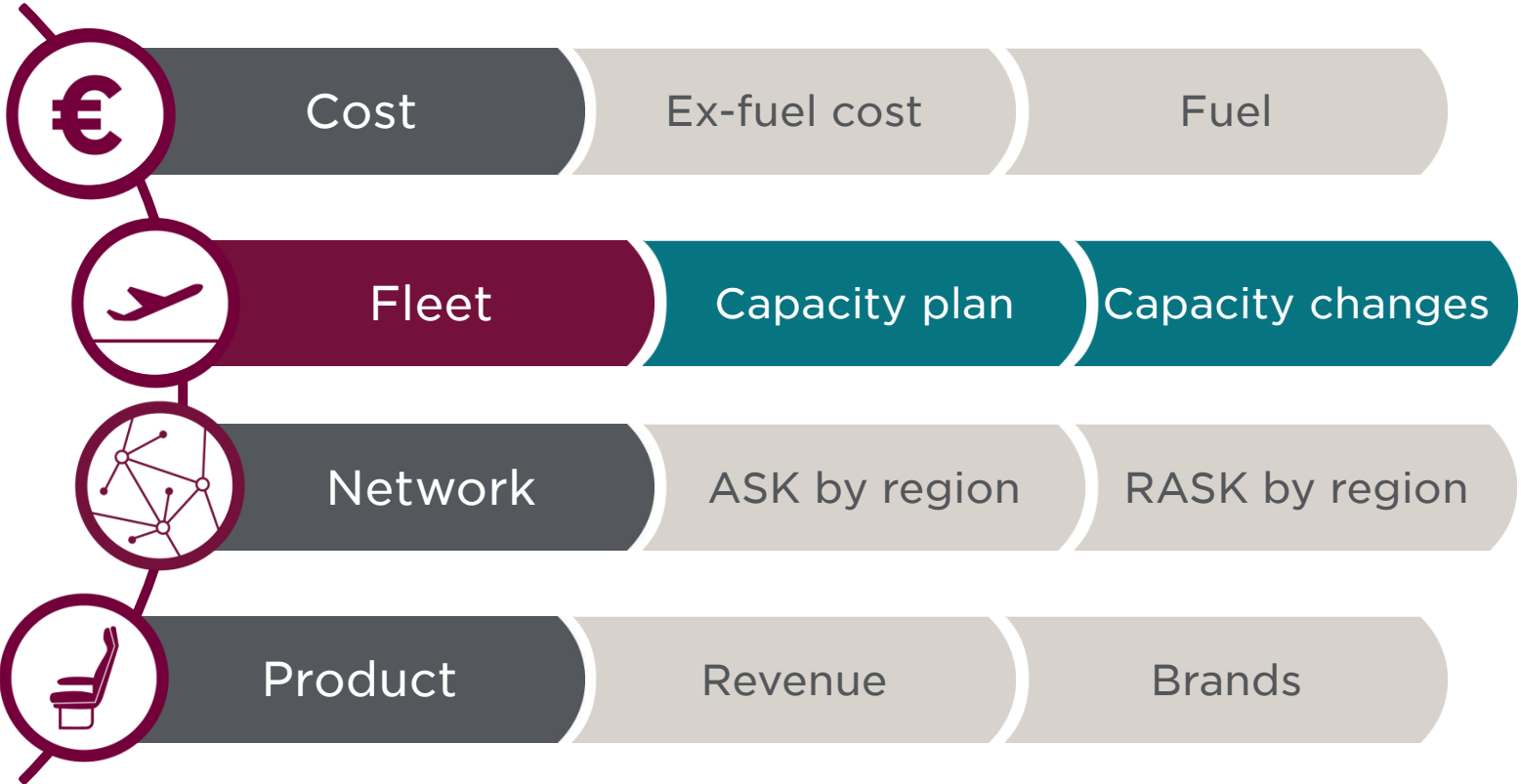
FX sensitivity in 2016 fuel bill:
EURUSD
±10% = ±6% fuel cost at current hedging

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

Forward numbers in this case include Aer Lingus



Q4 results



2016 capacity growth and contributions

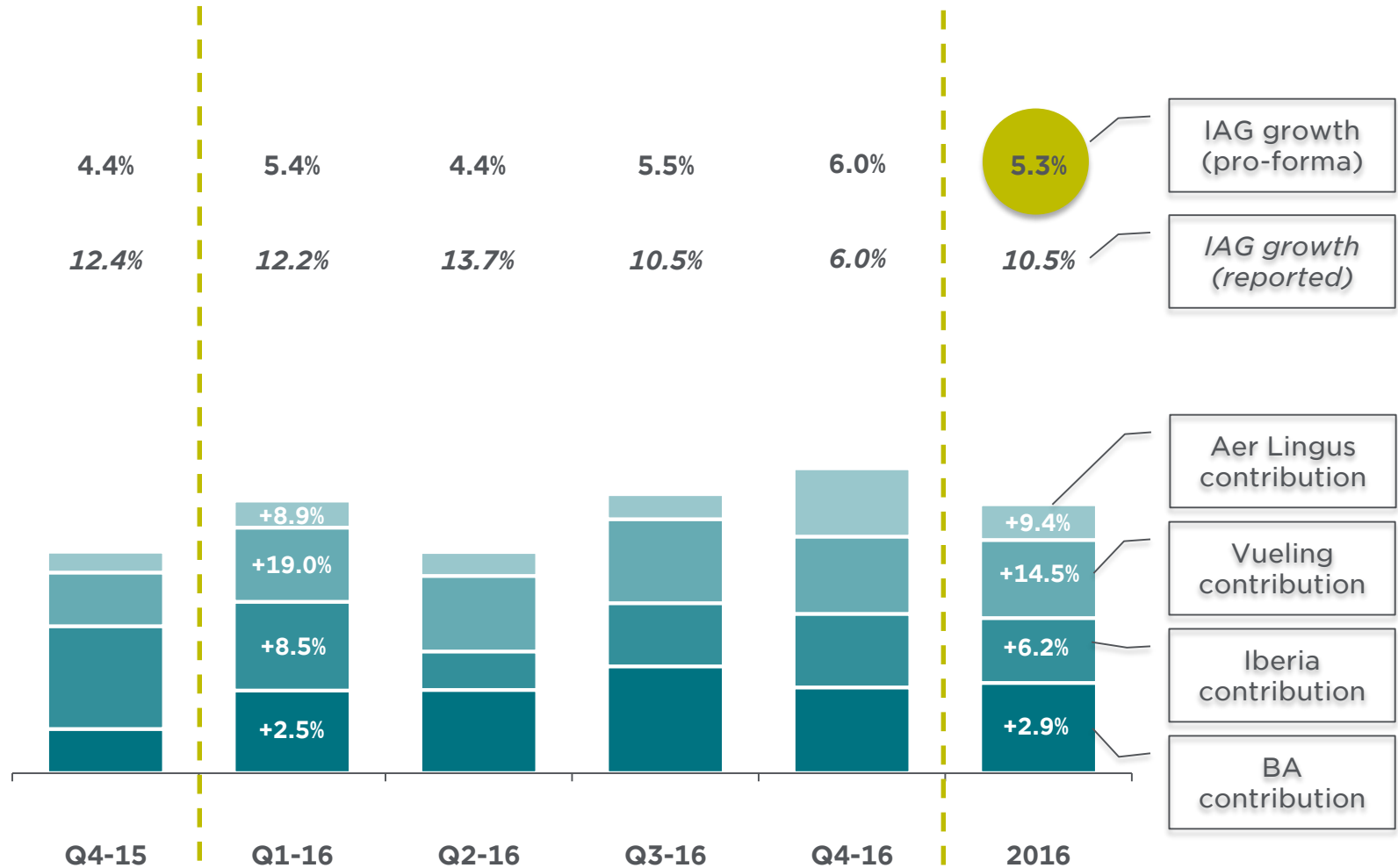


- **Aer Lingus:** Q1-16 and FY2016 capacity planned to be +8.9% and +9.4% respectively

- **Vueling:** Q1-16 and FY2016 capacity planned to be +19.0% and +14.5% respectively

- **Iberia:** Q1-16 and FY2016 capacity planned to be +8.5% and +6.2% respectively

- **BA:** Q1-16 and FY2016 capacity planned to be +2.5% and +2.9% respectively

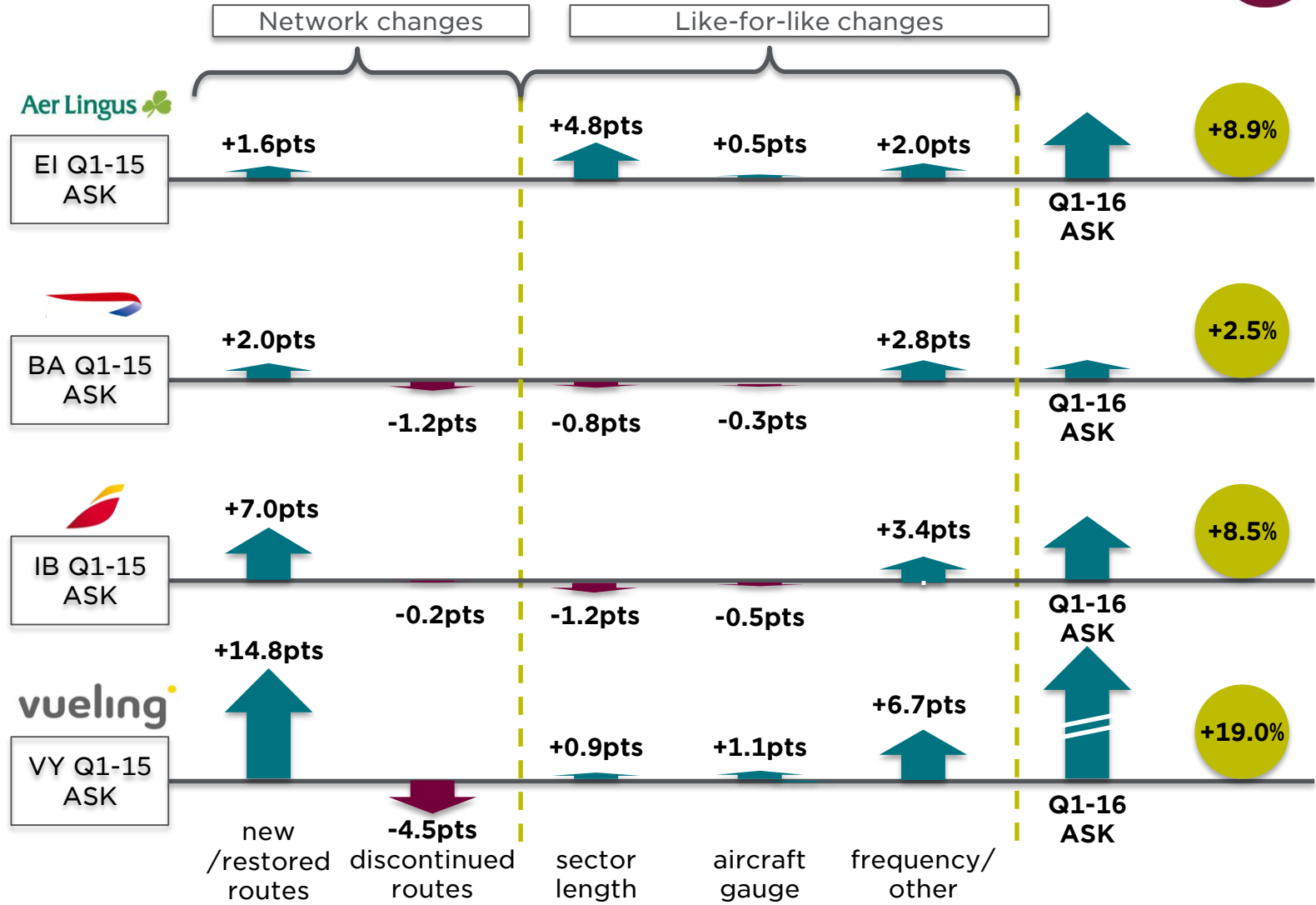


Pro-forma numbers includes Aer Lingus in the base

Q1-16 capacity growth drivers by airline

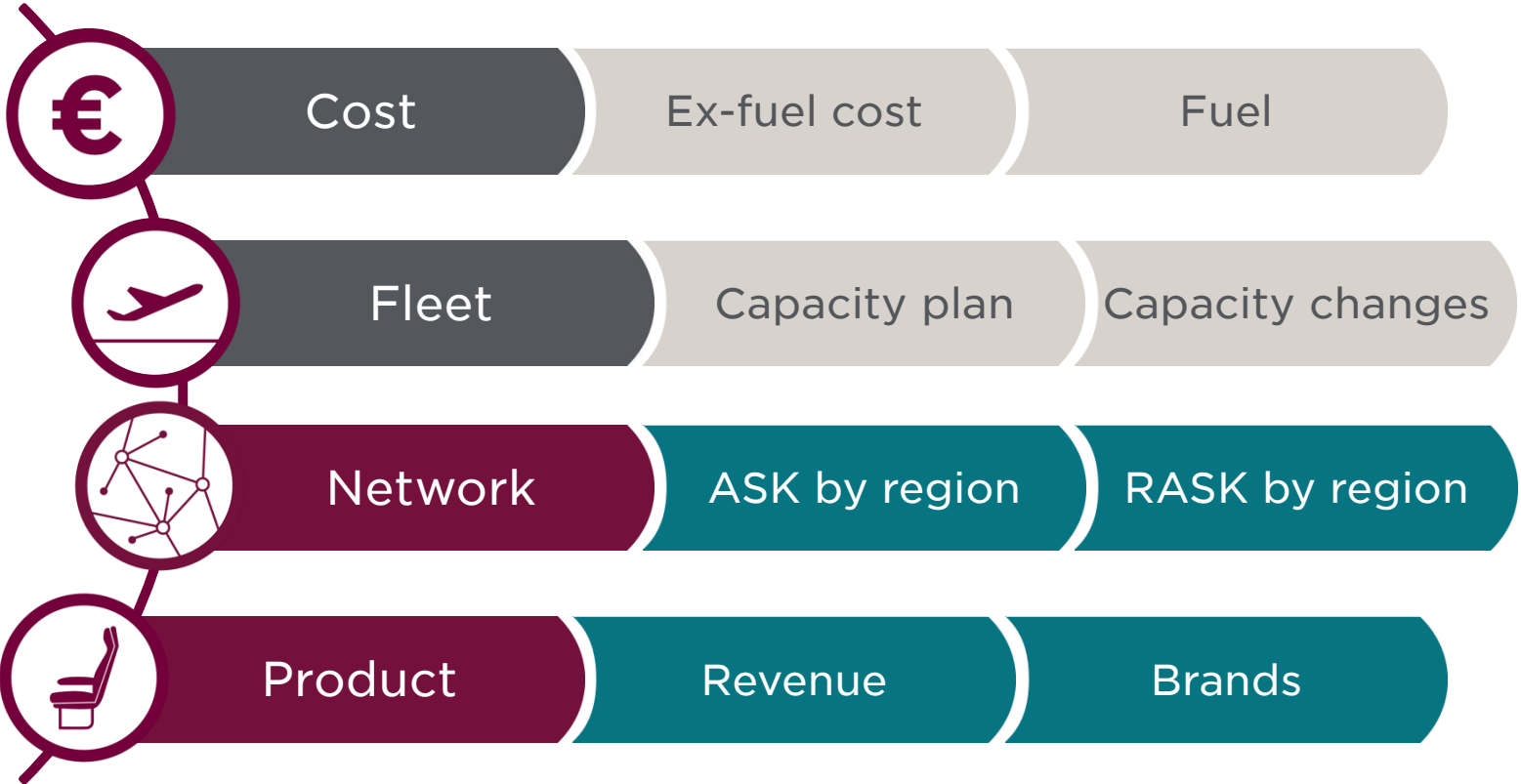


- IB restored/new routes driven by Havana, Cali/Medllin
- New routes driven by KL (BA), Washington (EI)
- New routes for Vueling driven by Rome and Barcelona
- BA frequency change driven by New York and Las Vegas
- IB frequency change: Mexico, Santo Domingo, Las Palmas, and Tenerife

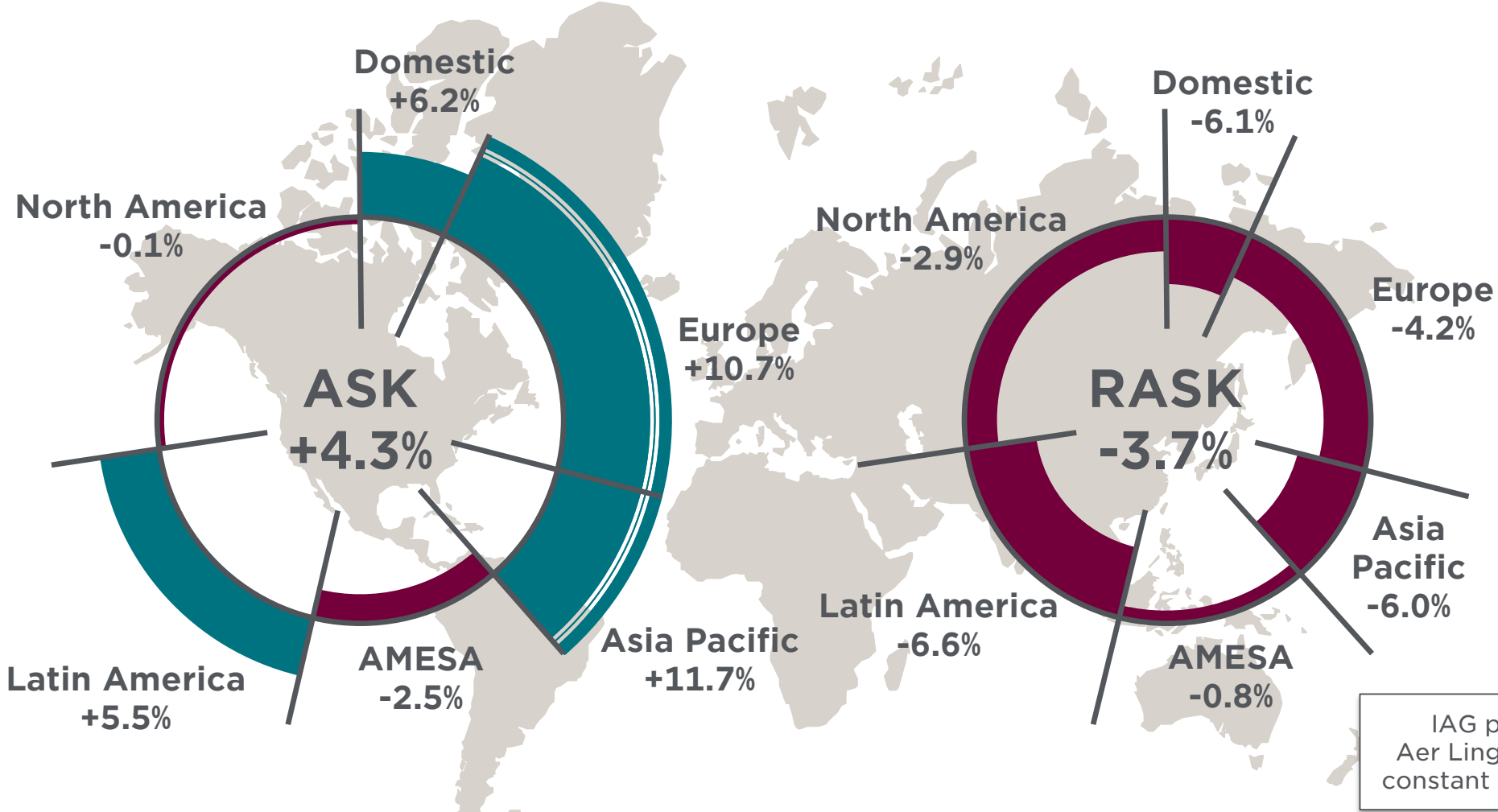


New routes are routes that were not operated for the whole period last year

Q4 results



Q4 capacity and passenger unit revenue change



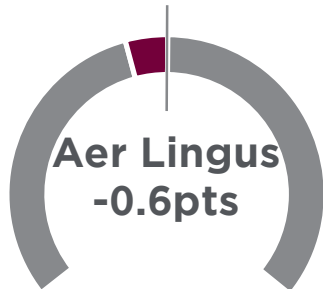
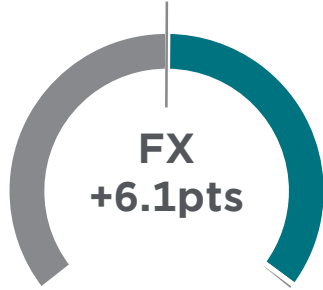
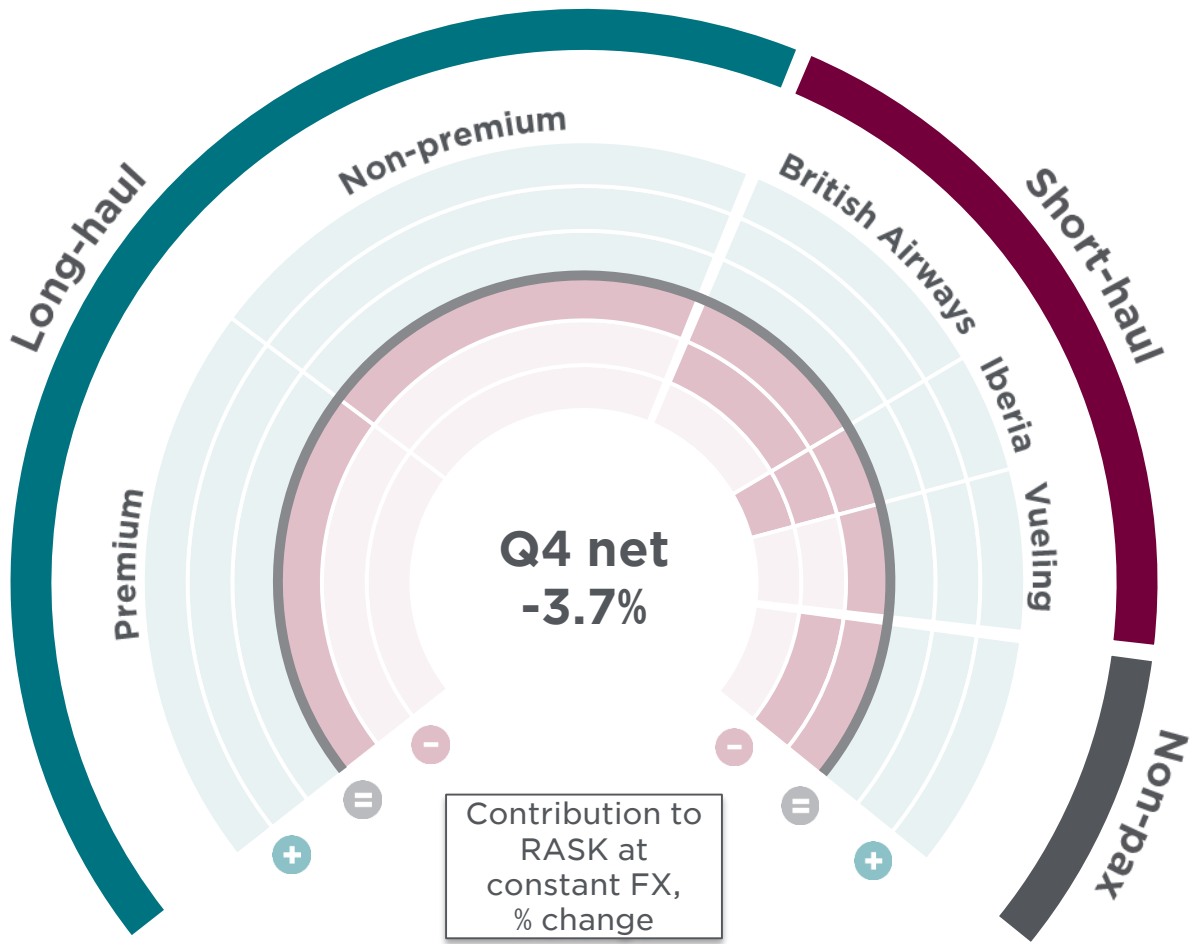
IAG pre Aer Lingus at constant FX vly

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

Q4 products: Paris impact in short haul



TOTAL UNIT REVENUE	
-3.7%	(pre-Aer Lingus, constant FX)
-4.3%	(constant FX)
+1.8%	(reported, €344m FX benefit)



Financial performance by brand



Aer Lingus 

BRITISH AIRWAYS 

IBERIA 

vueling 

	FY 2015 (€m)	v/y	FY 2015 (£m)	v/y	FY 2015 (€m)	v/y	FY 2015 (€m)	v/y
Revenue	1,718	+10.4%	11,598	-1.0%	4,764	+11.6%	1,962	+13.7%
Cost	1,594	+7.4%	10,223	-4.8%	4,517	+7.1%	1,802	+13.8%
Operating result	124	+52	1,375	+400	247	+197	160	+19
Operating margin	7.2%	+2.6pts	11.9%	+3.5pts	5.2%	+4.0pts	8.1%	-0.2pts
Lease adjusted margin	8.4%	+2.7pts	12.2%	+3.7pts	7.0%	+3.5pts	11.7%	+0.2pts
ASK (m)	21,476	+5.4%	174,274	+2.0%	59,872	+10.2%	30,476	+14.2%
RPK (m)	17,532	+9.0%	142,016	+2.6%	48,564	+13.8%	24,775	+15.5%
Sector length (kms)	1,641	+4.3%	3,090	-2.1%	2,813	+0.1%	987	-0.0%
RASK	8.00	+4.8%	6.66	-2.9%	7.96	+1.3%	6.44	-0.3%
CASK	7.42	+1.9%	5.87	-6.7%	7.55	-2.7%	5.91	-0.5%
CASK ex-fuel	5.62	+3.1%	4.13	-2.4%	5.46	-3.2%	4.16	+1.2%
Employee cost per ASK	1.54	-2.5%	1.44	+0.0%	1.71	-10.5%	0.62	+6.0%

Numbers stated before currency impact and effect of Avios restructuring.

Aer Lingus lease adjusted margin includes an adjustment for the ownership element of wet leases.

IAG

2015 product

Brand performance

Financial target tracker: profitability trend by airline

Aer Lingus included for 12 months **IAG**

Op. margin: Q4 2015	10.2%
Op. margin trend vly	4.9pts.
Nml. margin: last 4Qs	10.7%
RoIC: last 4Qs	12.7%

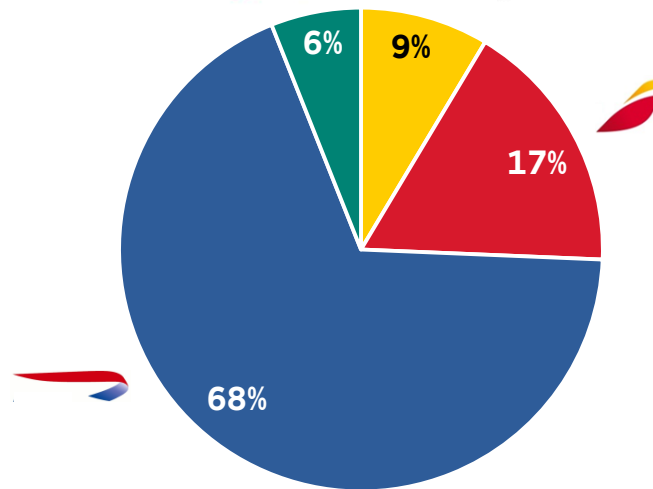
Aer Lingus excluded **IAG**

Op. margin: Q4 2015	11.0%
Op. margin trend vly	4.9pts.
Nml. margin: last 4Qs	10.9%
RoIC: last 4Qs	12.7%

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  vueling 



IAG capital allocation
Q4 2015

Aer Lingus 

Op. margin: Q4 2015	-2.0%
Op. margin trend vly	+5.9pts
Nml. margin: last 4Qs	8.2%
RoIC: last 4Qs	12.0%

vueling 

Op. margin: Q4 2015	1.4%
Op. margin trend vly	-3.4pts.
Nml. margin: last 4Qs	12.3%
RoIC: last 4Qs	13.7%



Op. margin: Q4 2015	6.2%
Op. margin trend vly	5.4pts.
Nml. margin: last 4Qs	7.2%
RoIC: last 4Qs	10.0%



Op. margin: Q4 2015	13.6%
Op. margin trend vly	5.7pts.
Nml. margin: last 4Qs	11.4%
RoIC: last 4Qs	13.2%

Below the line

Below the line: significant growth in underlying EPS

€m	FY 2014	FY 2015
Operating profit (before exceptional items)	1,390	2,335
Net finance cost	-205	-252
Other	-79	-265
Profit before tax (before exceptional items)	1,106	1,818
Tax	-238	-279
Profit after tax (before exceptional items)	868	1,539
Fully diluted EPS, pre exceptional (€ cents)	40.2	71.4

Balance sheet

Balance sheet: coverage unchanged

- Excludes IAS 19 amendments

Cash:

- BA £2.0bn/€2.8bn (Dec 14: £2.5bn/€3.2bn)
- Iberia €0.8bn (Dec 14: €0.9bn),
- Vueling €0.6bn (Dec 14: €0.7bn),
- Parent and other Group companies €0.8bn (Dec 14: €0.2bn)
- Aer Lingus €0.8bn

€m	Dec 2014	Dec 2015
Adjusted equity	5,743	7,328
Gross debt	6,617	8,630
Cash, cash equivalents & interest bearing deposits	4,944	5,856
On balance sheet net debt	1,673	2,774
Gearing	23%	27%
Aircraft lease capitalisation (x8)	4,408	5,736
Adjusted net debt	6,081	8,510
Adjusted gearing	51%	54%
Adjusted net debt / EBITDAR	1.9x	1.9x

Numbers stated for Dec 2015 include Aer Lingus

Outlook

Guidance for FY2016

Trading outlook

In 2016, IAG expects to generate an absolute operating profit increase similar to 2015. Revenue trends in quarter 1 appear broadly in line with those experienced in quarter 4 2015.

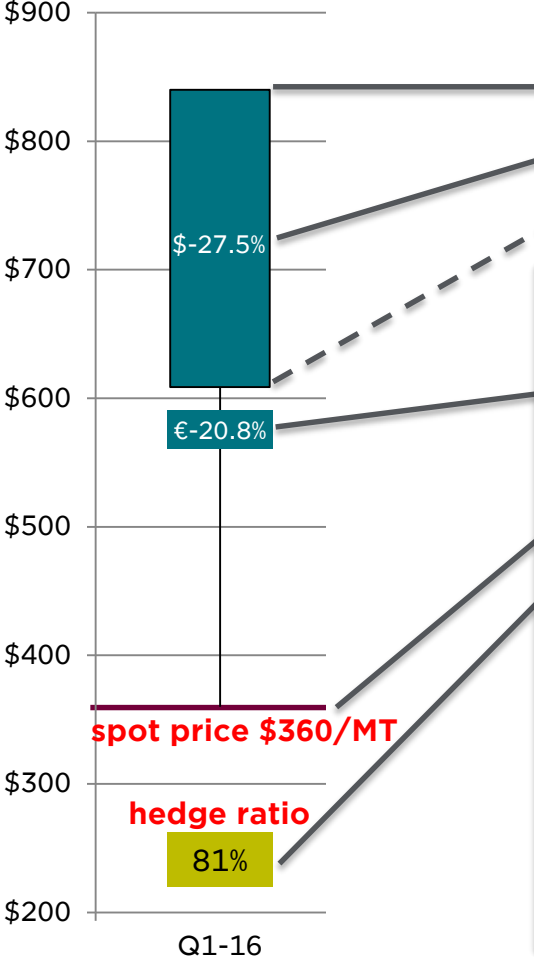
Dividend statement

The Board is proposing a final dividend to shareholders of 10 euro cents per share, which brings the full year dividend to 20 euro cents per share. The final dividend will be paid, subject to shareholder approval, on July 4, 2016 to shareholders on the register on July 1, 2016.

Appendix

Fuel modelling

Jet fuel price (\$/MT)

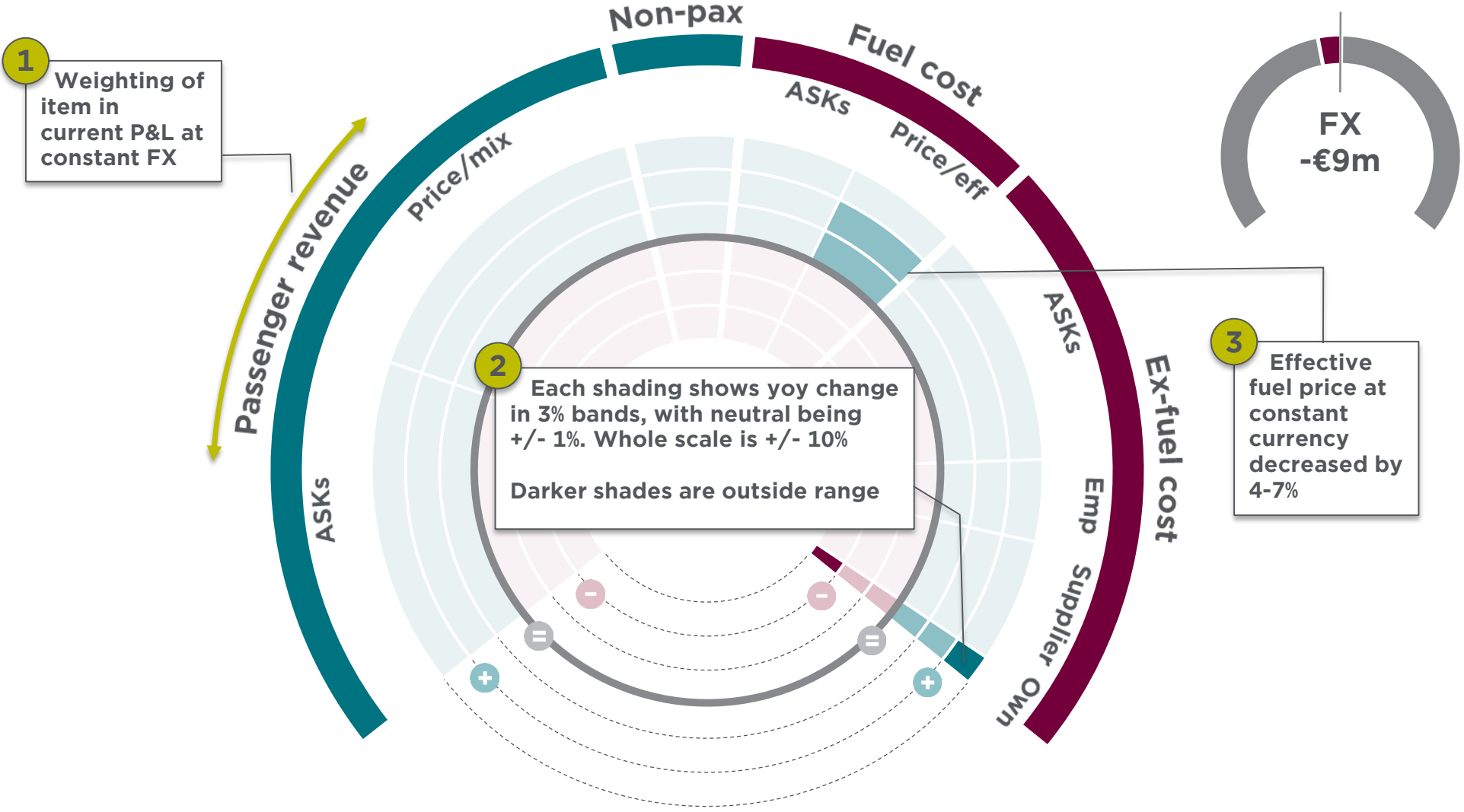


\$	50	A	intoplane costs
\$	840	B	Last year blended USD jet fuel price
(27.5%)		C	Latest guidance, current year USD jet fuel price benefit
\$	609	D	calc: $D = B \times (1 + C)$ [curr yr blended USD jet fuel price]
\$	1.10	E	Latest guidance EUR/USD scenario
€	544	F	calc: $F = (D + A) / E$ [curr yr blended EUR jet fuel price]
(20.8%)		G	Previous EUR jet fuel price benefit
€	687	H	calc: $H = F / (1 + G)$ [curr yr implied EUR jet fuel price]
\$	360	I	Latest guidance jet fuel spot price scenario
	81%	J	Current year % hedged
\$	667	K	calc: $K = (D - (1 - J) \times I) / J$ [implied hedge price]
\$	400	L	Your chosen modelling assumption for jet fuel spot
\$	617	M	calc: $M = K \times J + L \times (1 - J)$ [modelled blended USD jet fuel price]
\$	1.15	N	Your chosen modelling assumption for EUR/USD
€	536	O	calc: $O = (M + A) / N$ [modelled all-in EUR fuel price]
(21.9%)		P	calc: $P = O / F - 1$ [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 2014; these documents are available on www.iagshares.com.