IAG results presentation

Quarter One 2016

29th April 2016

INTERNATIONAL AIRLINES GROUP

Q1 financial summary

OPERATING PROFIT	TOTAL UNIT REVENUE	PAX UNIT REVENUE
€181m (pre-Aer Lingus, pre-exceptional items)	-4.9% (pre-Aer Lingus, constant FX)	**-5.2%** (pre-Aer Lingus, constant FX)
€155m (reported, pre-exceptional items)	-4.9% (constant FX)	-4.7% (constant FX)
+€130m (reported change)	**-3.6%** (reported, €70m FX benefit)	-3.5% (reported)

TRAFFIC/CAPACITY	TOTAL UNIT COST	EX-FUEL UNIT COST
ASKs: +4.8% (pre-Aer Lingus)	-9.3% (pre-Aer Lingus, constant FX)	**-0.5%** (pre-Aer Lingus, constant FX)
ASKs: +11.9% (reported)	-8.6% (constant FX)	+0.6% (constant FX)
RPKs: +13.8% (reported)	**-6.1%** (reported, €132m FX drag)	+1.3% (reported)

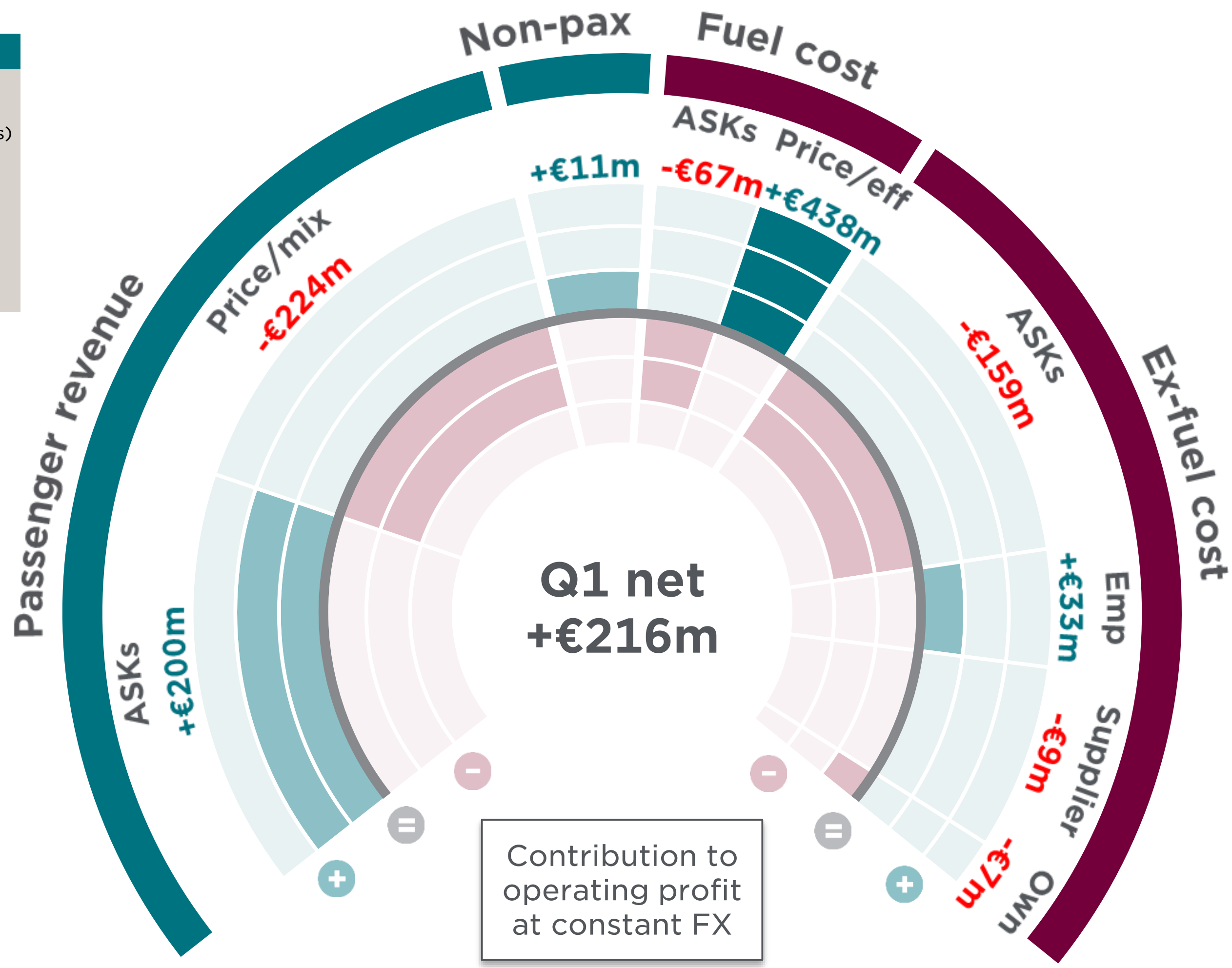
Q1 operating profit drivers

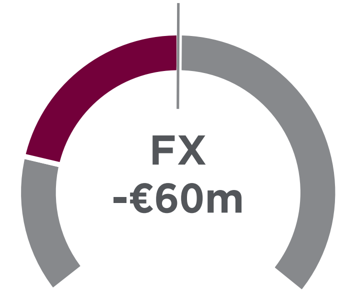
OPERATING PROFIT

€181m
(pre-Aer Lingus, pre-exceptional items)

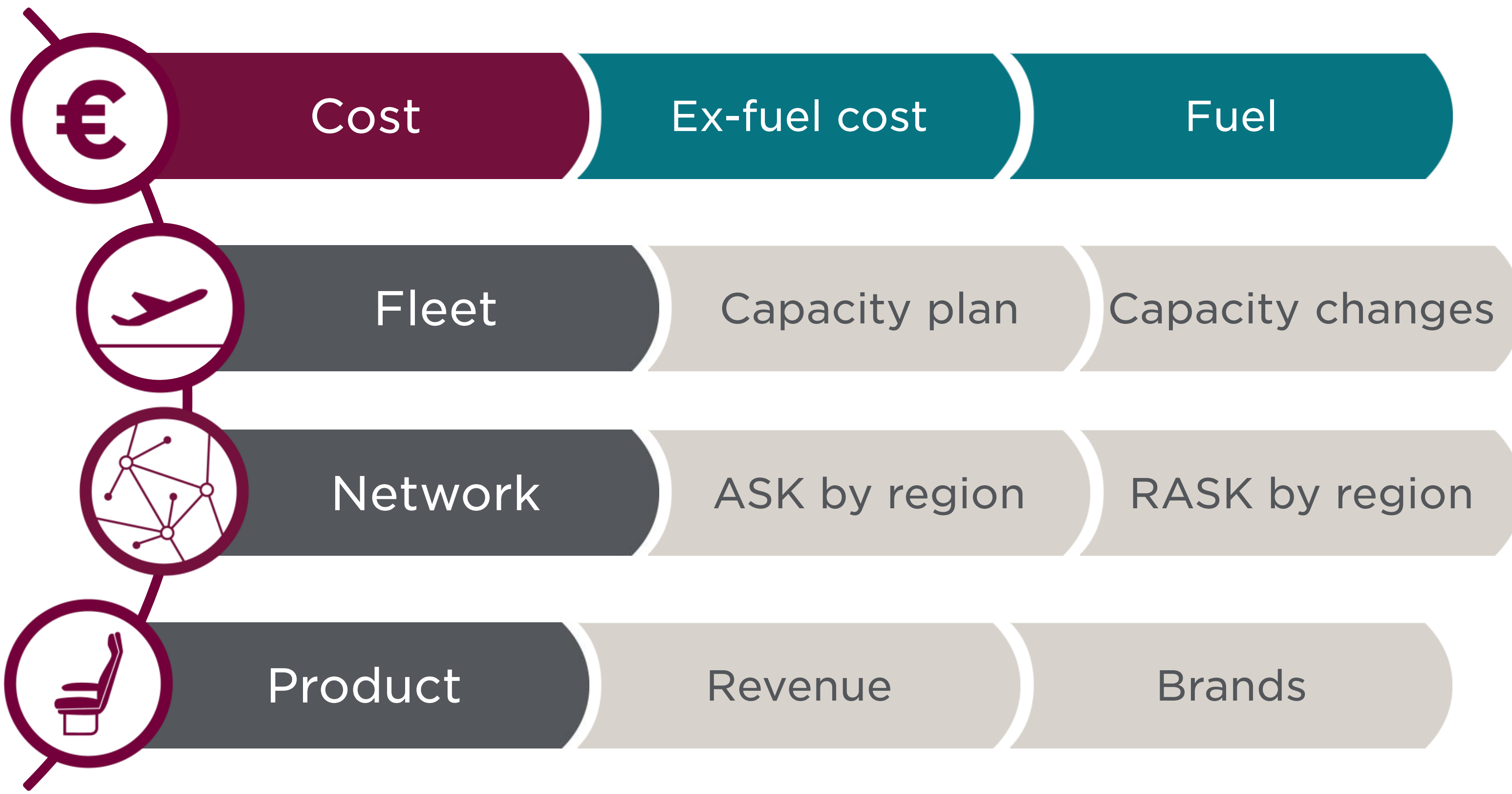
€155m
(reported, pre-exceptional items)

+€130m
(reported change)



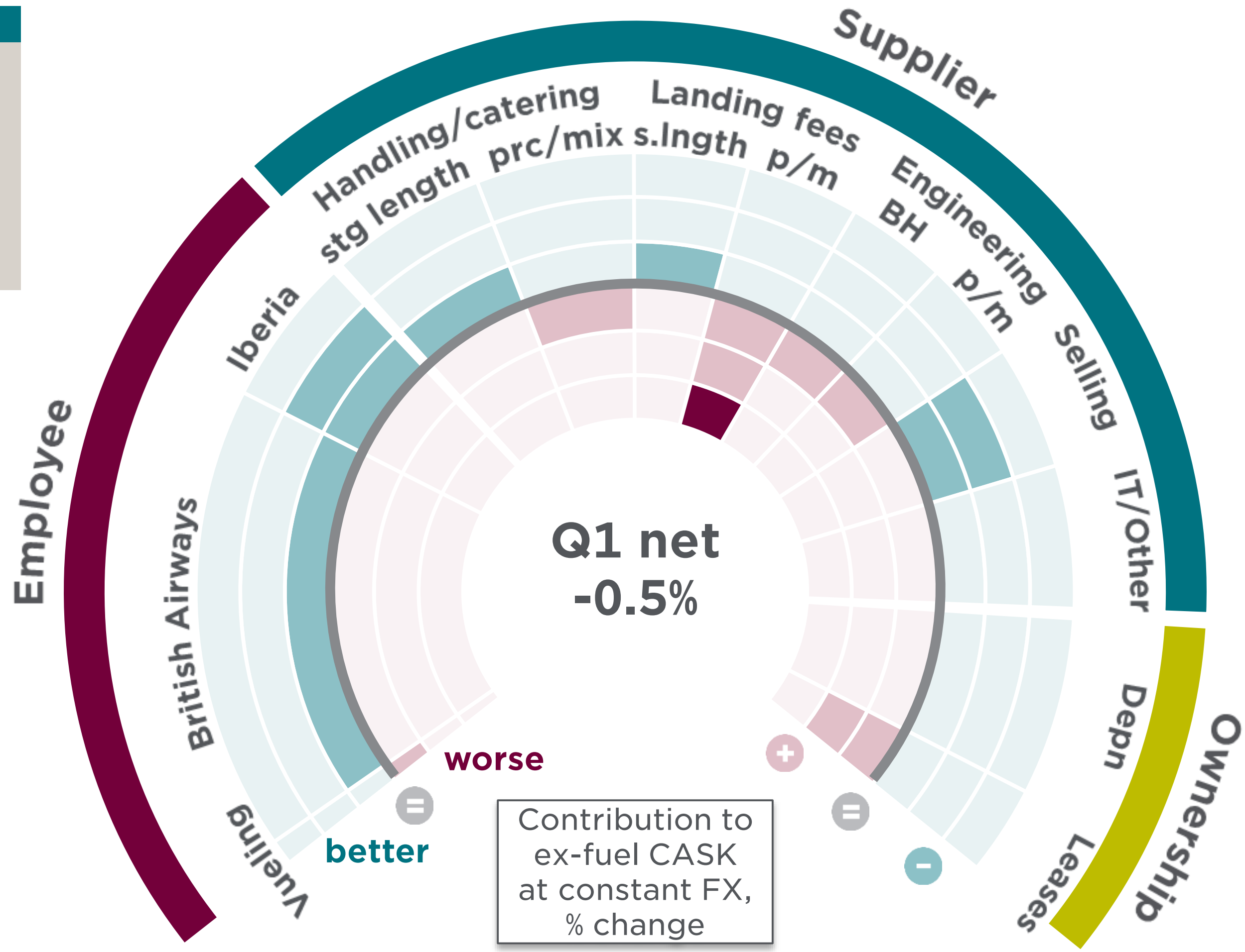


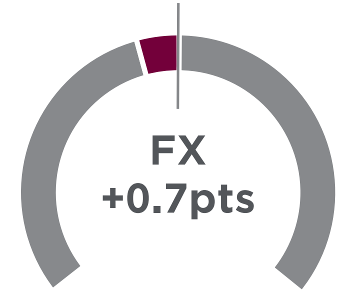
Q1 results

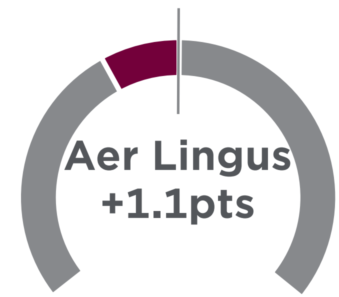

Cost
Ex-fuel cost
Fuel
Fleet
Capacity plan
Capacity changes
Network
ASK by region
RASK by region
Product
Revenue
Brands

Q1 ex-fuel unit cost: continued cost discipline

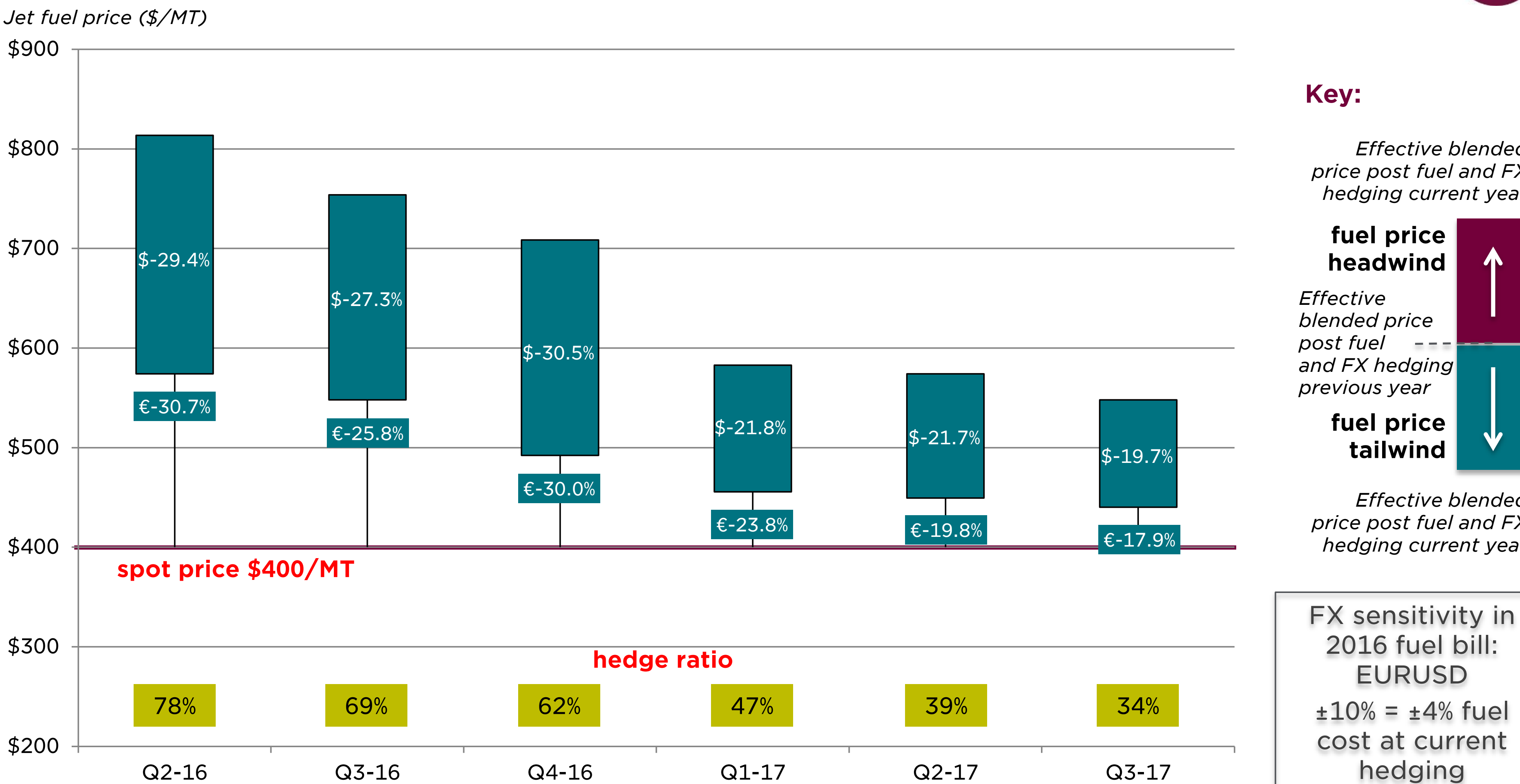
EX-FUEL UNIT COST
-0.5% (pre-Aer Lingus, constant FX)
+0.6% (constant FX)
+1.3% (reported)







Fuel scenario: detailed modelling in appendix



FX sensitivity in 2016 fuel bill: EURUSD

±10% = ±4% fuel cost at current hedging

2016 fuel bill scenario - €4.8bn (at $400/MT and 1.13$/€)

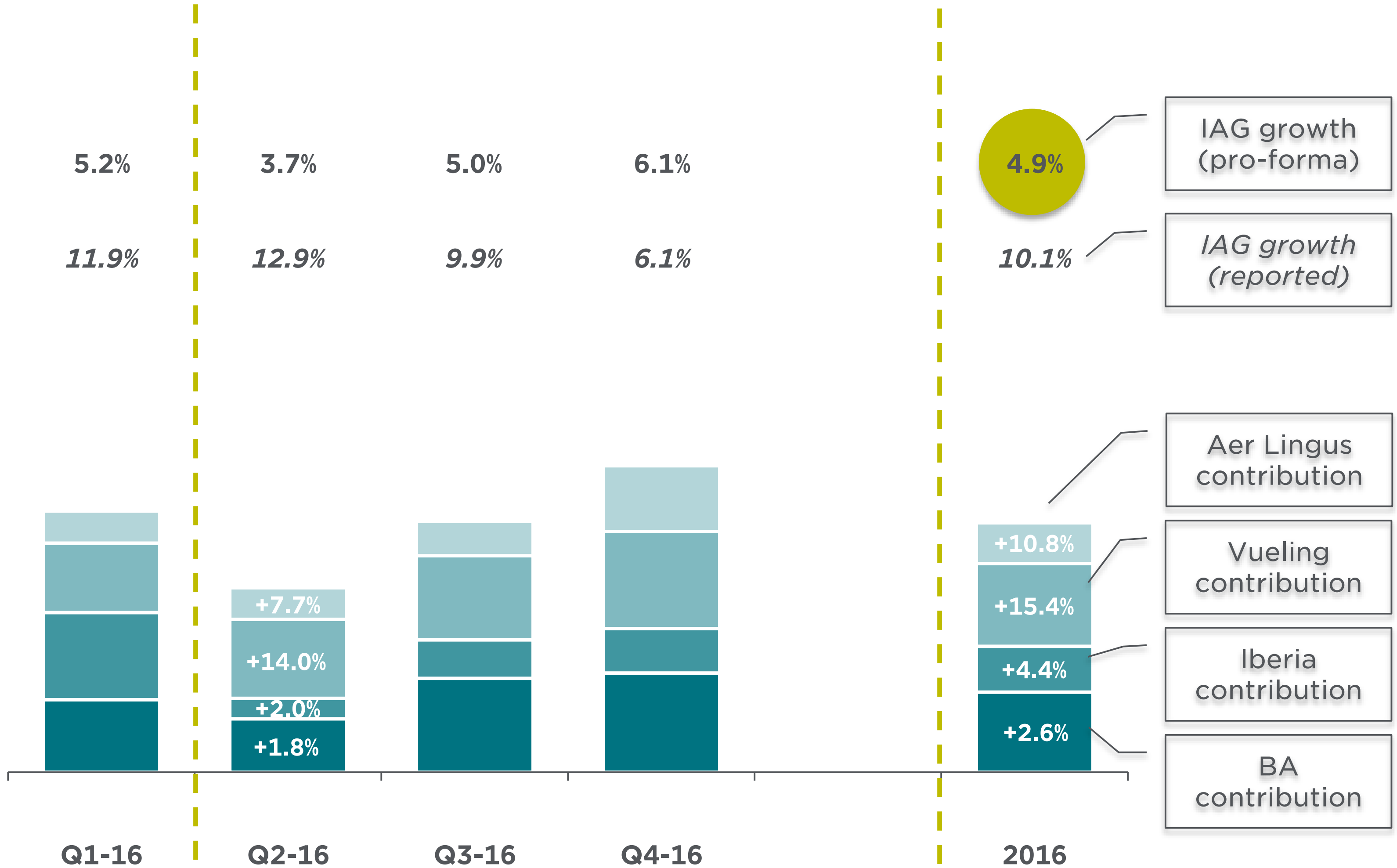
Forward numbers in this case include Aer Lingus

Q1 results

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

2016 capacity growth and contributions

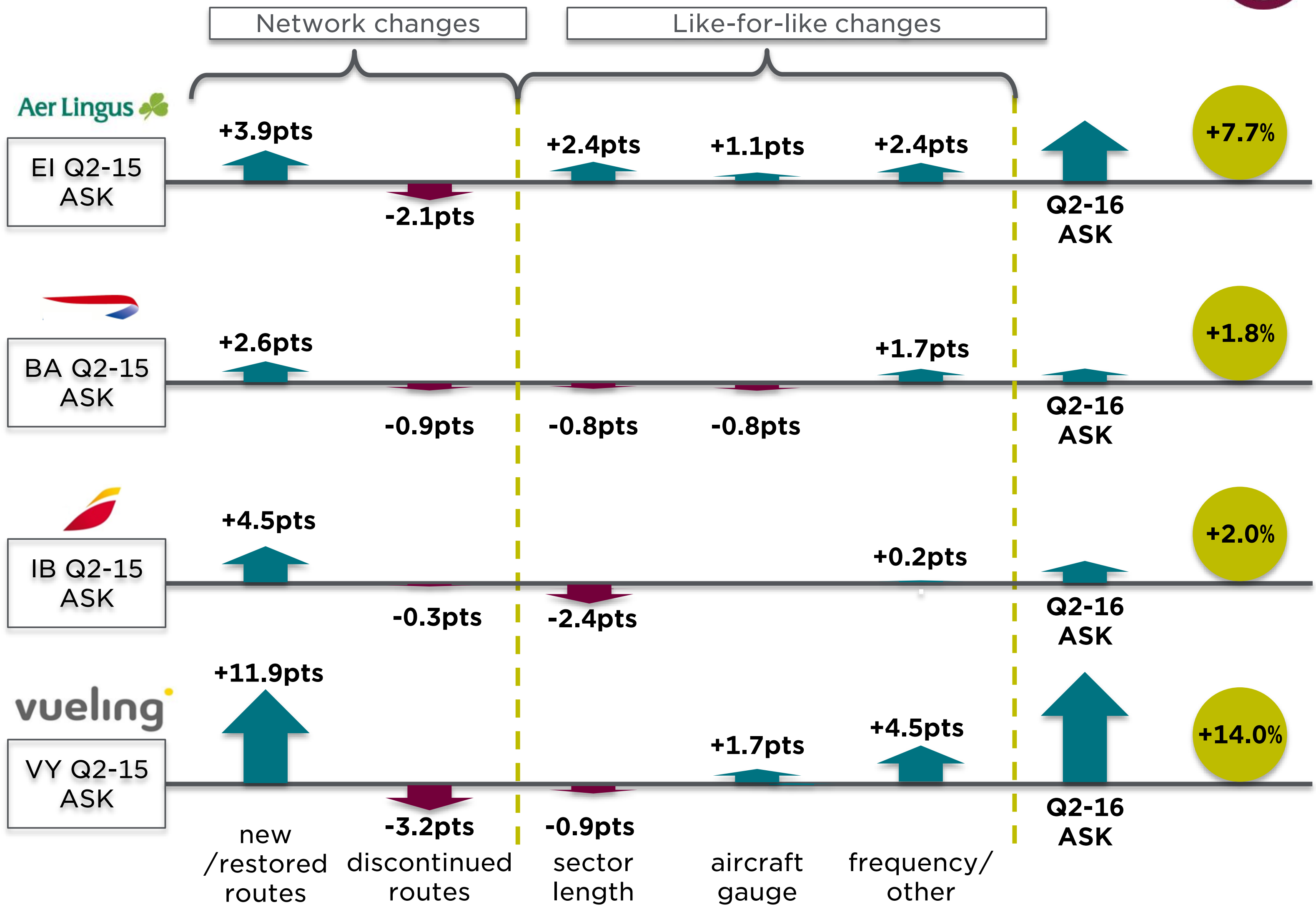
- **Aer Lingus:** Q2-16 and FY2016 capacity planned to be +7.7% and +10.8% respectively
- **Vueling:** Q2-16 and FY2016 capacity planned to be +14.0% and +15.4% respectively
- **Iberia:** Q2-16 and FY2016 capacity planned to be +2.0% and +4.4% respectively
- **BA:** Q2-16 and FY2016 capacity planned to be +1.8% and +2.6% respectively



Pro-forma numbers includes Aer Lingus in the base

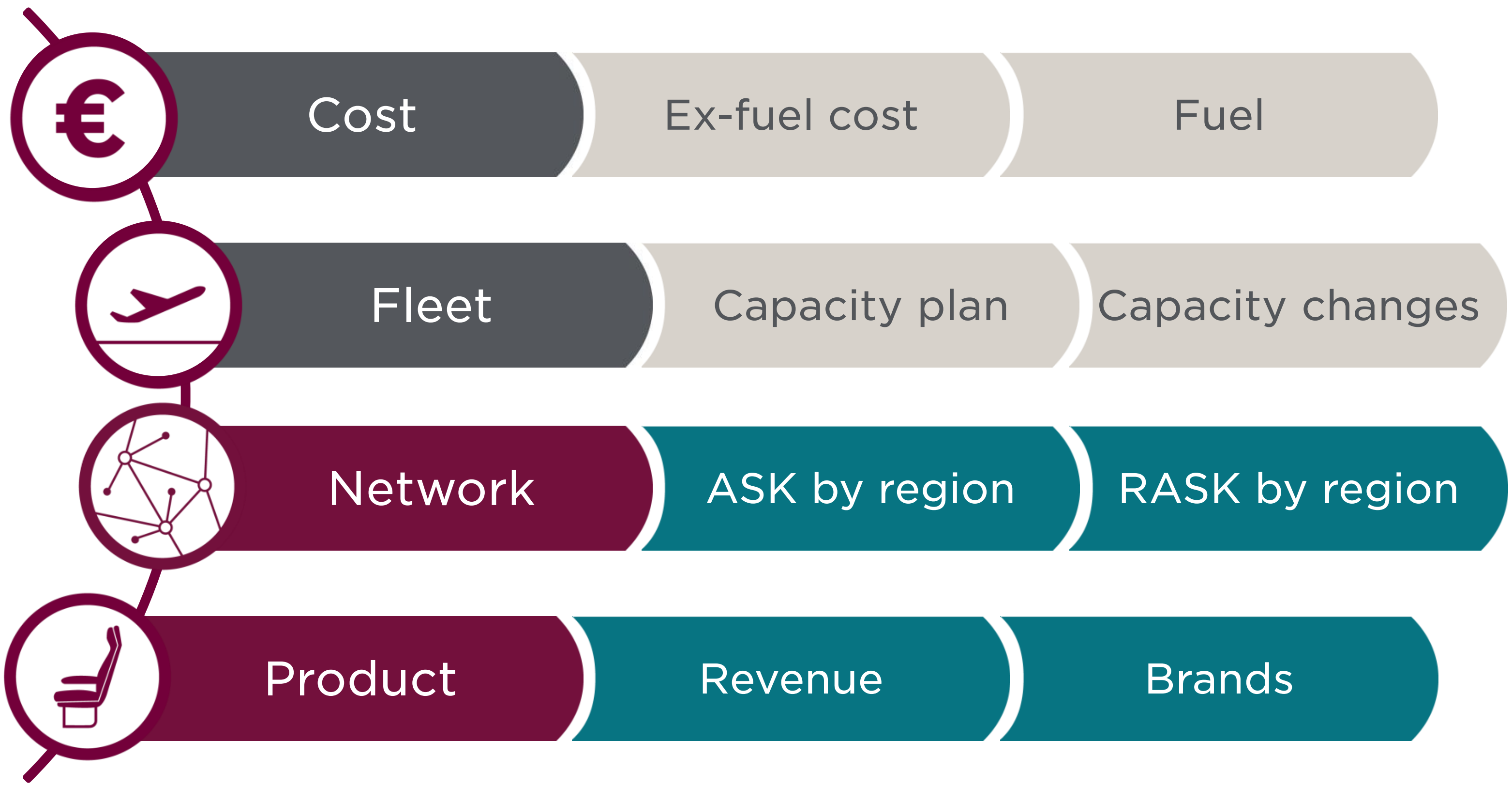
Q2-16 capacity growth drivers by airline

- IB restored/new routes driven by Havana, and Cali/Medellín
- New BA routes: KL, San Jose CA, LGWJFK and Lima
- New routes for EI driven by LAX
- New routes for VY include new UK routes from BCN
- BA frequency change driven by LHR-Las Vegas, Shanghai, and Dubai
- IB frequency change: Montevideo, Los Angeles, Canary Is



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

Q1 results


Cost
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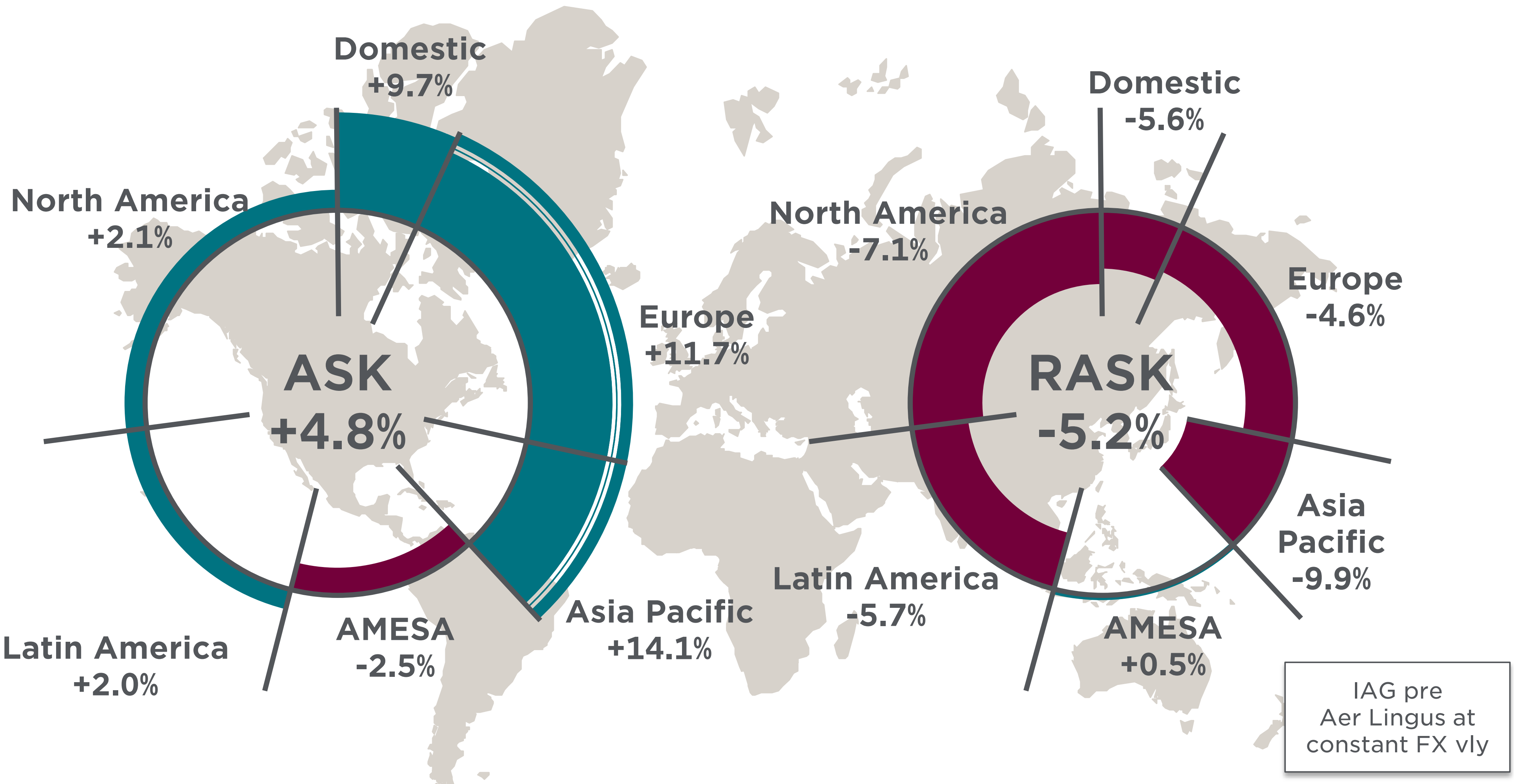
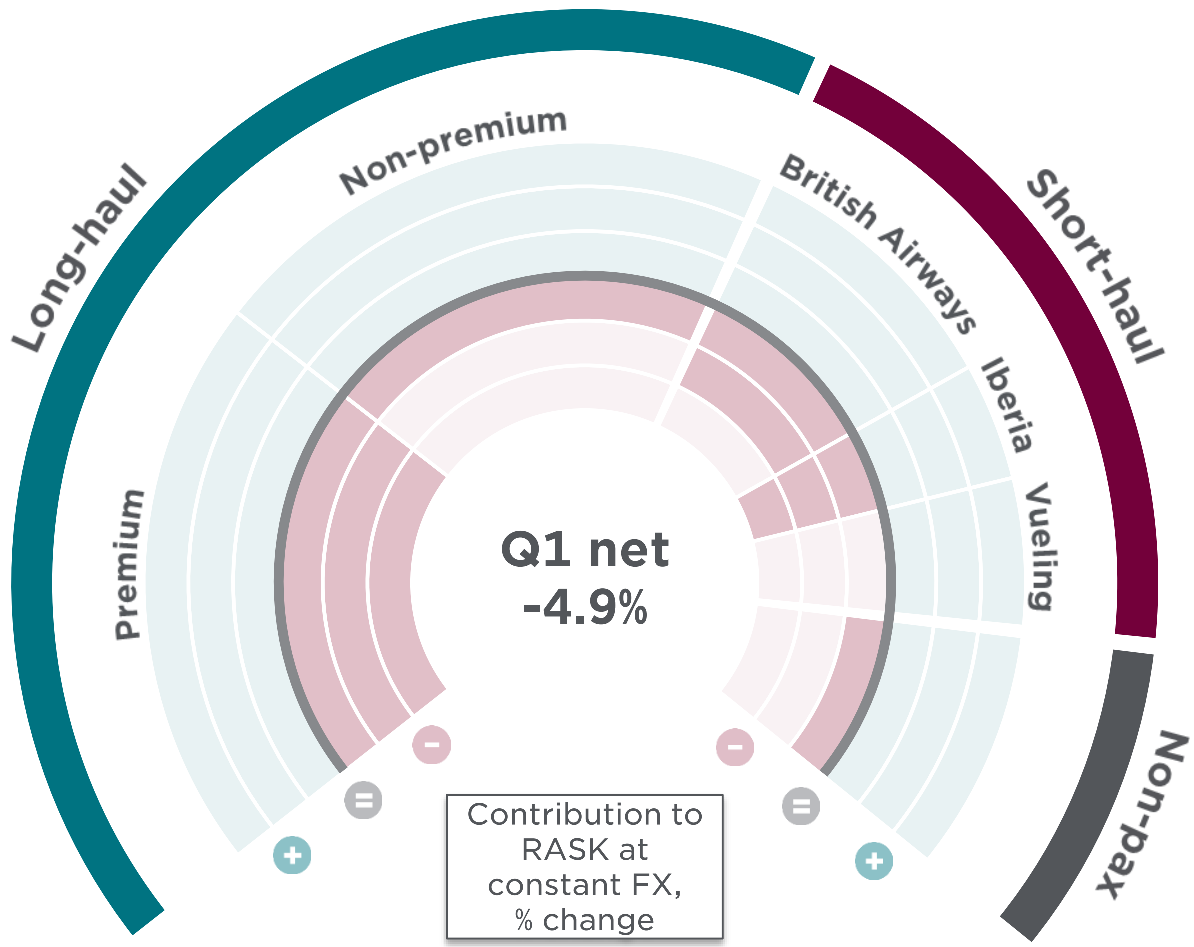
Q1 capacity and passenger unit revenue change

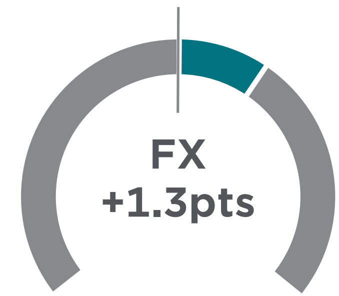


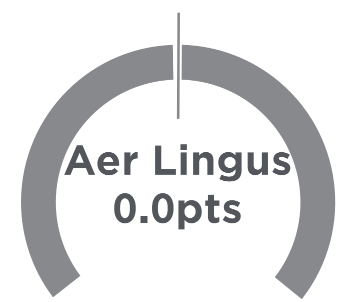
Data in the chart represents flown passenger revenue before transfer payments, Avios reconciliation and ancillaries

Q1 products: Easter impact in premium

TOTAL UNIT REVENUE
-4.9% (pre-Aer Lingus, constant FX)
-4.9% (constant FX)
-3.6% (reported, €70m FX benefit)







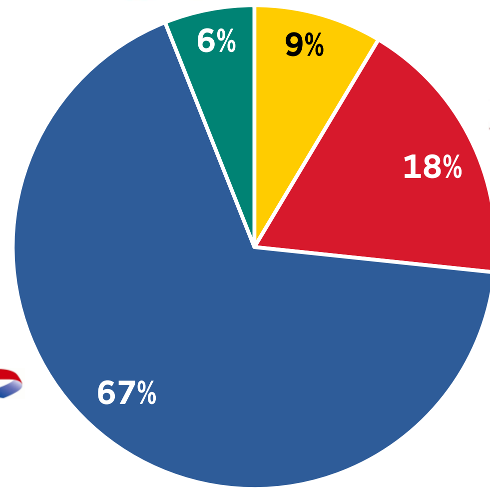
Financial target tracker: profitability trend by airline

Aer Lingus included for 12 months IAG

Op. margin: Q1 2016	4.2%
Op. margin trend vly	3.3pts.
Nml. margin: last 4Qs	11.4%
RoIC: last 4Qs	13.7%

Aer Lingus excluded IAG

Op. margin: Q1 2016	5.0%
Op. margin trend vly	3.4pts.
Nml. margin: last 4Qs	11.6%
RoIC: last 4Qs	13.8%



IAG capital allocation
Q1 2016

vueling

Op. margin: Q1 2016	-6.2%
Op. margin trend vly	-0.9pts.
Nml. margin: last 4Qs	11.7%
RoIC: last 4Qs	12.6%

Op. margin: Q1 2016	-4.9%
Op. margin trend vly	-1.0pts.
Nml. margin: last 4Qs	6.6%
RoIC: last 4Qs	8.9%

Aer Lingus

Op. margin: Q1 2016	-6.9%
Op. margin trend vly	1.6pts
Nml. margin: last 4Qs	8.3%
RoIC: last 4Qs	12.6%

Op. margin: Q1 2016	7.7%
Op. margin trend vly	5.3pts.
Nml. margin: last 4Qs	11.7%
RoIC: last 4Qs	12.6%

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.

From Q1 2016 British Airways and Iberia figures do not include Avios.

Balance sheet

Balance sheet: coverage improved

€m	Dec 2015	Mar 2016
Adjusted equity	7,328	7,080
Gross debt	8,630	9,168
Cash, cash equivalents & interest bearing deposits	5,856	6,824
On balance sheet net debt	2,774	2,344
Gearing	27%	25%
Aircraft lease capitalisation (x8)	5,736	5,920
Adjusted net debt	8,510	8,264
Adjusted gearing	54%	54%
Adjusted net debt / EBITDAR	1.9x	1.8x

Excludes IAS 19 amendments
Numbers stated include Aer Lingus

Outlook

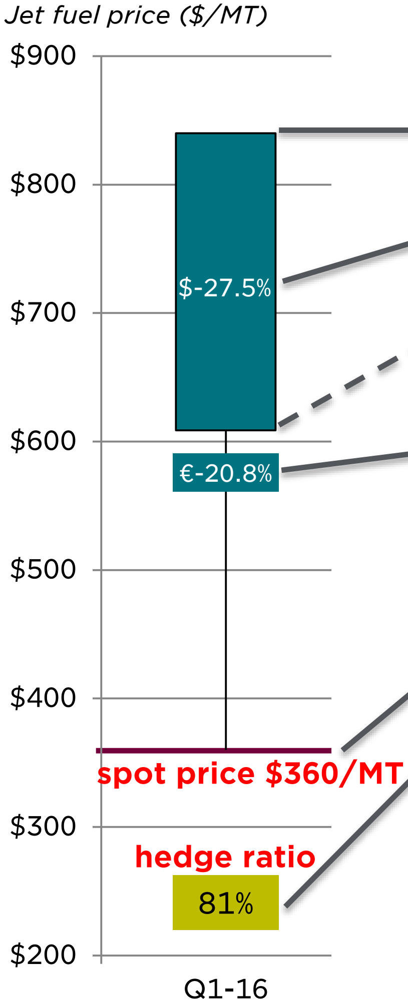
Guidance for FY2016

Trading outlook

Revenue trends in quarter two have been affected by the aftermath of the Brussels terrorist attacks, as well as some softness in underlying premium demand. As a result, IAG has moderated its short term capacity growth plans. The Group also expects to reduce its underlying ex-fuel unit costs for the full year by around one per cent. Consequently, in 2016, IAG still expects to generate an absolute operating profit increase similar to 2015.

Appendix

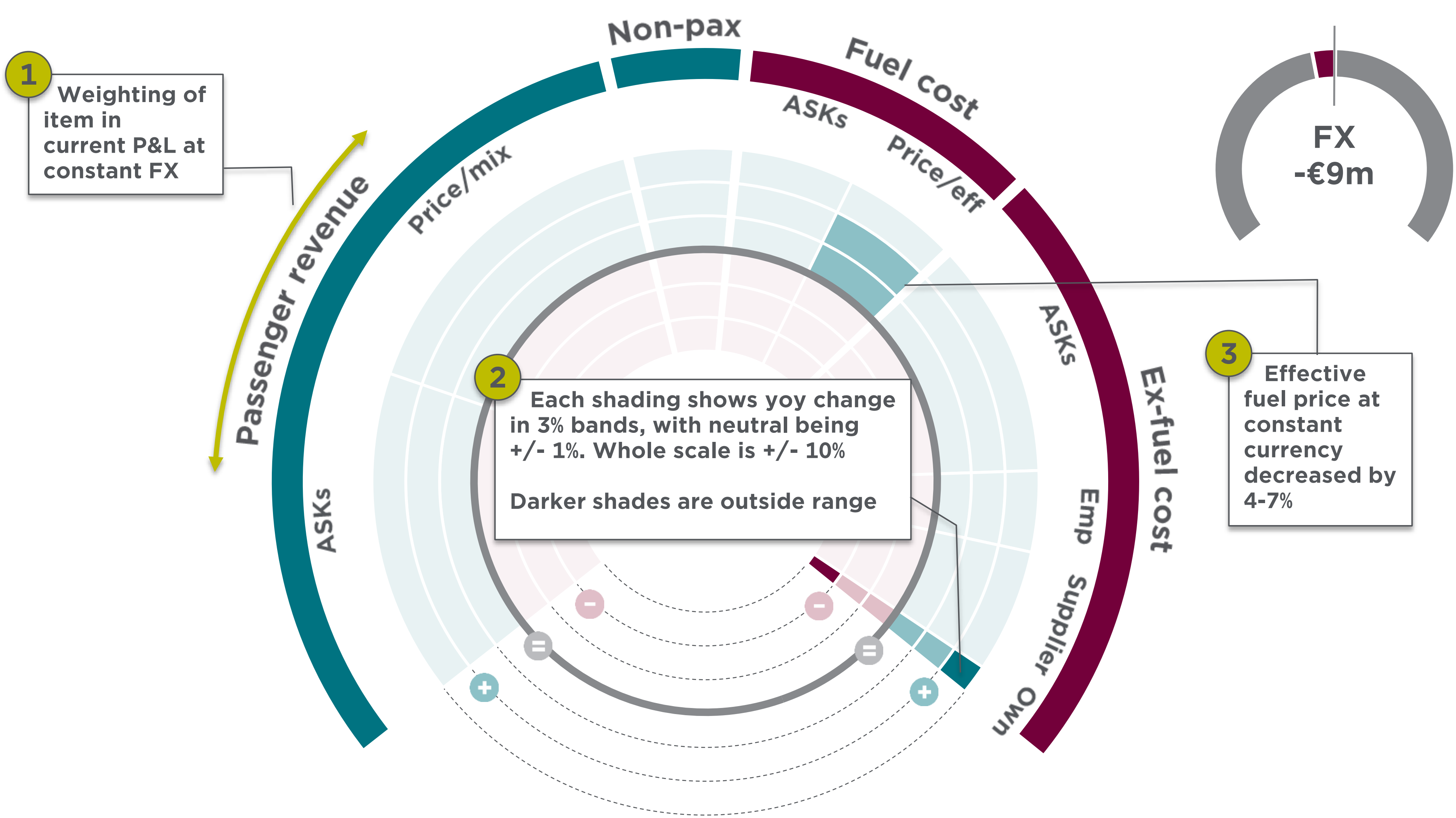
Fuel modelling



$ 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 2015; these documents are available on www.iagshares.com.