

RELEVANT FACT

IAG CAPITAL MARKETS DAY 2019

International Consolidated Airlines Group (“IAG”) will host its Capital Markets Day today (8 November 2019). Presentations will be given on IAG’s strategic, sustainability, IT and loyalty initiatives and medium-term financial goals for 2020-2022.

Medium-term planning goals for the three years 2020-2022 include:

- Return on Invested Capital (real terms) targeting sustainable 15% (no change);
- Operating profit margin of 12-15% (no change);
- ASK growth of 3.4% per annum compared to approximately 6% per annum for 2019-2023 previously;
- ASK growth in 2020 is currently planned to be 3.2% (not adjusted for the British Airways strikes in 2019 and leap year in 2020);
- Average EPS growth of 10%+ per annum (compared to 12%+ per annum previously), reflecting the lower planned ASK growth;
- Capital expenditure (“capex”): average of €4.7bn per annum for gross capex (compared to an average of €2.6bn per annum for net capex for 2019-2023 previously);
- Levered free cash flow (“LFCF”) average of €2.1bn per annum;
- Financial leverage to be investment grade (no change) with net debt/EBITDA at or below 1.8 times.

IAG has made some changes to the definition of its metrics:

- Free cash flow definition is changed from ‘Equity Free Cash Flow’ to ‘Levered Free Cash Flow’ (LFCF). LFCF is defined as cash generated in the period, excluding returns to shareholders (i.e. ordinary dividends, special dividends and share buybacks), and includes pension contributions, restructuring payments, movements in working capital and cash flows from financing activities (excluding returns to shareholders);
- Capital expenditure goal is changed from net capex to gross capex. Gross capex is defined as the total investment in fleet, customer product, IT and infrastructure before any proceeds from sale of property, plant and equipment and intangible assets, as shown in the cash flow statement.

In common with several other European and North American airlines, IAG will no longer disclose monthly traffic data from January 2020 but will instead report traffic data on a quarterly basis.

The presentations from the Capital Markets Day can be accessed via www.iairgroup.com and a webcast of the event will be available today from 0900 GMT/1000 CET.

Steve Gunning
Chief Financial Officer

8 November 2019

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This announcement contains inside information and is disclosed in accordance with the company's obligations under the Market Abuse Regulation (EU) No 596/2014.

Forward-looking statements:

Certain statements included in this announcement are forward-looking. These statements can be identified by the fact that they do not relate only to historical or current facts. By their nature, they involve risk and uncertainties because they relate to events and depend on circumstances that will occur in the future. Actual results could differ materially from those expressed or implied by such forward-looking statements.

Forward-looking statements can typically be identified by the use of words such as "expects", "may", "will", "could", "should", "intends", "plans", "predicts", "envisages" or "anticipates" or other words of similar meaning. They include, without limitation, any and all projections relating to the 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 expenditure and divestments relating to the Group and discussions of the Group's business plan. All forward-looking statements in this announcement are based upon information known to the Group on the date of this announcement and speak as of the date of this announcement. Other than in accordance with its legal or regulatory obligations, the Group does not undertake to update or revise any forward-looking statement to reflect any changes in events, conditions or circumstances on which any such statement is based.

It is not reasonably possible to itemise all of the many factors and specific events that could the forward-looking statements in this announcement to be incorrect or 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 Group's risk management process is set out in the 'Risk management and principal risk factors' section in the Annual Report and Accounts 2018; these documents are available on www.iagroup.com. All forward-looking statements made on or after the date of this document and attributable to IAG are expressly qualified in their entirety by the primary risks set out in that section.