

### **IAG's actions to address COVID-19's financial impact**

The rapid spread of COVID-19, and associated government travel restrictions and advisories are having a significant and increasingly negative impact on the demand for global air traffic on almost all routes operated by IAG's airlines.

To date IAG has suspended flights to China, reduced capacity on Asian routes, cancelled all flights to, from and within Italy and made various changes to our network.

The US Presidential announcement to restrict entry of foreign nationals who have been in countries in the Schengen Area, the UK and Ireland has added to the uncertainty on North Atlantic routes. In addition, many other countries have banned or are restricting inward travel including Argentina, Chile, India and Peru. Spain has also been the subject of travel advisories, for example by the UK Foreign and Commonwealth Office (FCO).

IAG is implementing further initiatives in response to this challenging market environment. Capacity, in terms of available seat kilometres, in the first quarter of 2020 is now expected to be reduced by around 7.5 per cent compared to last year. For April and May, the Group plans to reduce capacity by at least 75 per cent compared to the same period in 2019.

IAG is also taking actions to reduce operating expenses and improve cash flow. These include grounding surplus aircraft, reducing and deferring capital spending, cutting non-essential and non-cyber related IT spend, freezing recruitment and discretionary spending, implementing voluntary leave options, temporarily suspending employment contracts and reducing working hours.

Given the continued uncertainty on the potential impact and duration of COVID-19, it is still not possible to give accurate profit guidance for the full year 2020.

The Group has strong liquidity with cash, cash equivalents and interest-bearing deposits of €7.35 billion as at 12 March. In addition, undrawn general and committed aircraft backed financing facilities amount to €1.9 billion, resulting in total liquidity of €9.3 billion.

Willie Walsh, IAG's chief executive, said: "We have seen a substantial decline in bookings across our airlines and global network over the past few weeks and we expect demand to remain weak until well into the summer. We are therefore making significant reductions to our flying schedules. We will continue to monitor demand levels and we have the flexibility to make further cuts if necessary. We are also taking actions to reduce operating expenses

and improve cash flow at each of our airlines. IAG is resilient with a strong balance sheet and substantial cash liquidity.”

In light of the exceptional circumstances facing the aviation industry due to COVID-19, and in particular the developing situation in Spain, it has been decided that Luis Gallego will continue in his role as Iberia chief executive for the next few months to lead the response in Spain. In the meantime, Willie Walsh will continue to act as Group chief executive and Javier Sanchez will remain in place as Vueling chief executive.

Antonio Vázquez, IAG’s chairman, said: “As we respond to COVID-19, Willie, Luis and the board of IAG have decided that management stability across the Group should be a priority in the near term. We are grateful that Willie has agreed to delay his retirement for a short period at this challenging time.”

Stephen Gunning  
Chief Financial Officer

16 March 2020

#### **Analyst and investor conference call**

A conference call for analysts and investors will be held today, 16 March 2020, at 8:00am UK time (9:00am CET).

**Participant code: 5559822**

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*Please dial to the conference call 5-10 min prior to the schedule time in order to minimize and reduce any potential hold times.*