

IAG RESULTS

QUARTER ONE 2022

6 May 2022

IAG INTERNATIONAL
AIRLINES
GROUP

HIGHLIGHTS

LUIS GALLEGO, CHIEF EXECUTIVE OFFICER



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Capacity recovery as expected and strong forward bookings



- Continued recovery in capacity (65% of 2019 levels in 1Q 2022 vs. 58% in 4Q 2021) in line with guidance
- 1Q 2022 operating loss pre-exceptional of €0.75bn reflecting:
 - Normal seasonality
 - The impact of Omicron on bookings for travel in January and February
 - Ramp-up costs to enable a fuller schedule by 3Q 2022
- Iberia, IAG Cargo and IAG Loyalty continued to outperform



- Strong liquidity of €12.4 billion at end March (vs. €12.0bn at the end of 2021), supported by strong booking activity boosting deferred revenue
- Net debt flat at €11.6bn at end March 2022 vs. €11.7bn at the end of 2021

Increasing demand driving positive operating profit from 2Q despite higher fuel prices



- Forward bookings have been running at a rate of c.90% of 2019 levels in March and April
 - Flown capacity of 69% in March, growing to c.77% in April
 - Premium leisure continues to be strong
 - Demand on North Atlantic routes continues to recover



- FY 2022 capacity now planned to be c.80% of 2019 levels:
 - Slightly moderated to enable operational resilience at Heathrow (mainly British Airways shorthaul)
 - 2Q capacity to be c.80% of 2019 levels and 3Q capacity to be c.85% of 2019 levels
 - North Atlantic network restoration for the Group in 3Q with capacity close to 2019 levels (95%)



- We expect to make an operating profit from 2Q onwards and for FY 2022
- Net cash flows from operating activities to be significantly positive

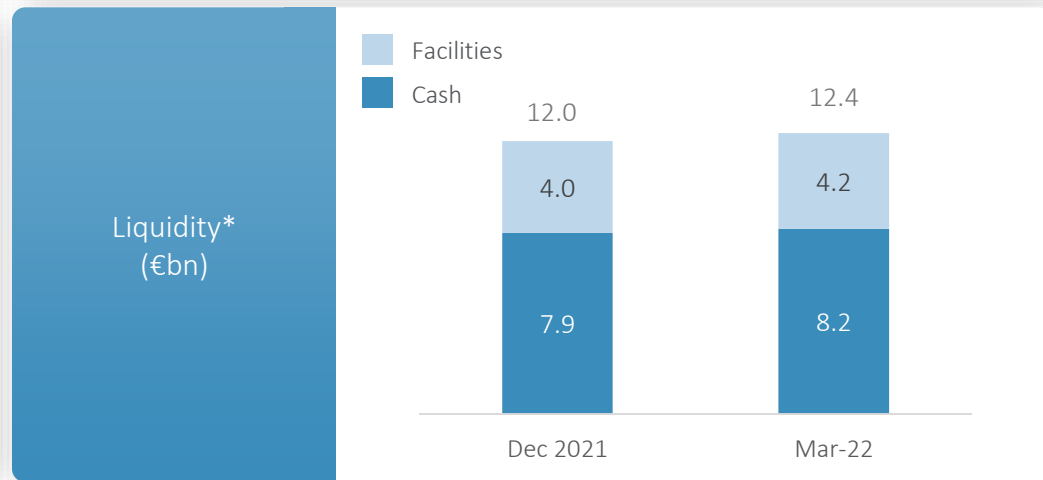
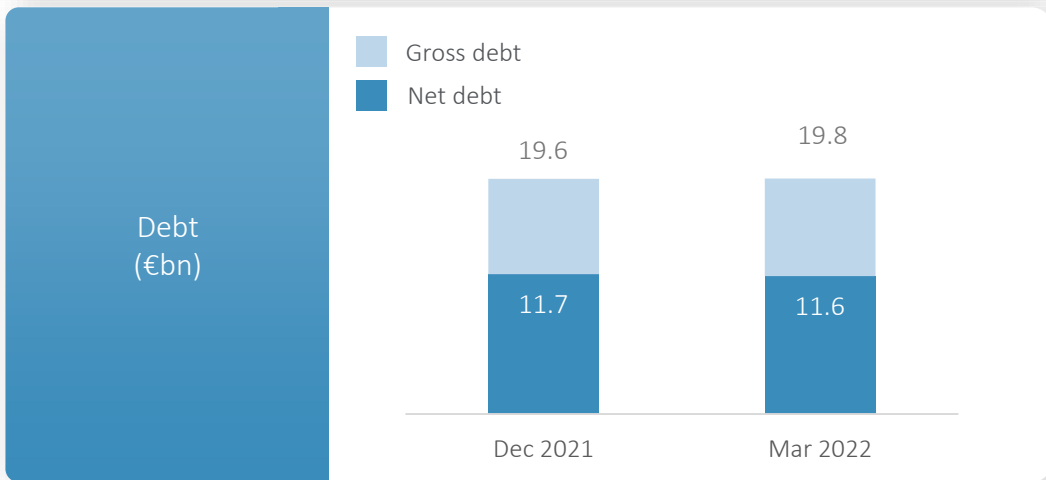
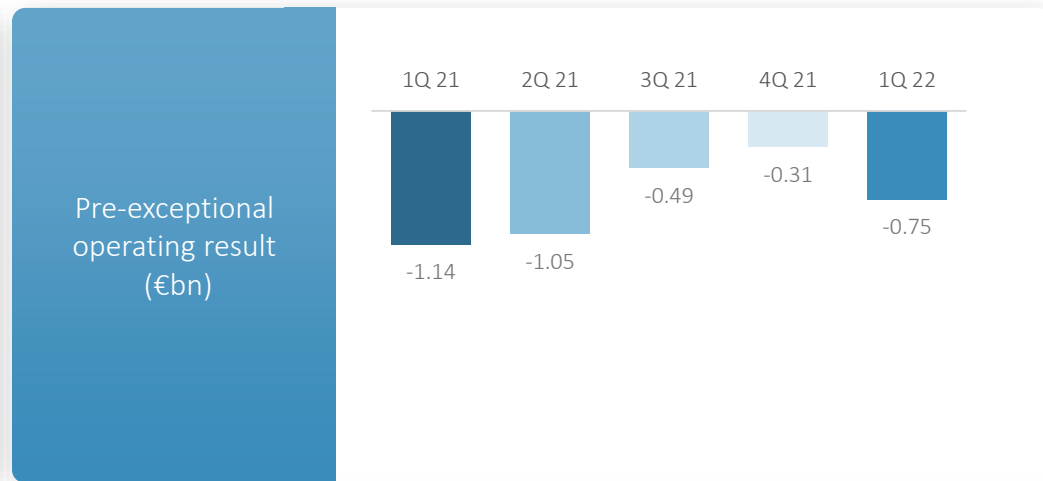
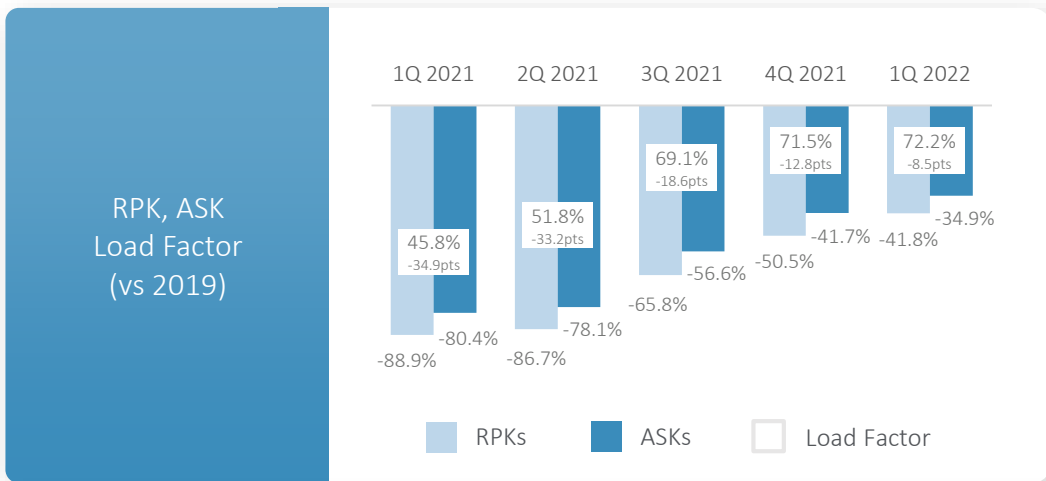
FINANCIAL RESULTS

NICHOLAS CADBURY, CHIEF FINANCIAL OFFICER

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Demand returning and liquidity remains very strong



* Liquidity includes committed and undrawn general and aircraft financing facilities; 31 December 2021 cash of €7,943m and facilities of €4,043m

1Q 2022 PRE-EXCEPTIONAL OPERATING RESULT





1Q loss driven by normal seasonality, the impact of Omicron and ramp-up costs

	1Q 2022	1Q 2021	vly	1Q 2019	v19
Passenger revenue	2,655	454	+485%	4,623	-43%
Cargo revenue	432	350	+23%	275	+57%
Other revenue	348	159	+119%	397	-12%
Total revenue	3,435	963	+257%	5,295	-35%
Employee costs	1,045	631	+66%	1,213	-14%
Fuel, oil costs and emissions charges	918	288	+219%	1,366	-33%
Supplier costs	1,695	718	+136%	2,075	-18%
Depreciation, amortisation and impairment	531	470	+13%	515	+3%
Total expenditure on operations	4,189	2,107	+99%	5,169	-19%
Pre-exceptional operating result	-754	-1,144	+390	126	-880
Exceptional items	23	67	-66%	nm	nm
Post-exceptional operating result	-731	-1,077	+346	126	-857
ASKs	49,080	14,796	+232%	75,423	-35%

Note: 2019 and 2020 employee cost figures have been restated for pensions accounting policy change

1Q 2022 FINANCIAL PERFORMANCE AT AIRLINE LEVEL

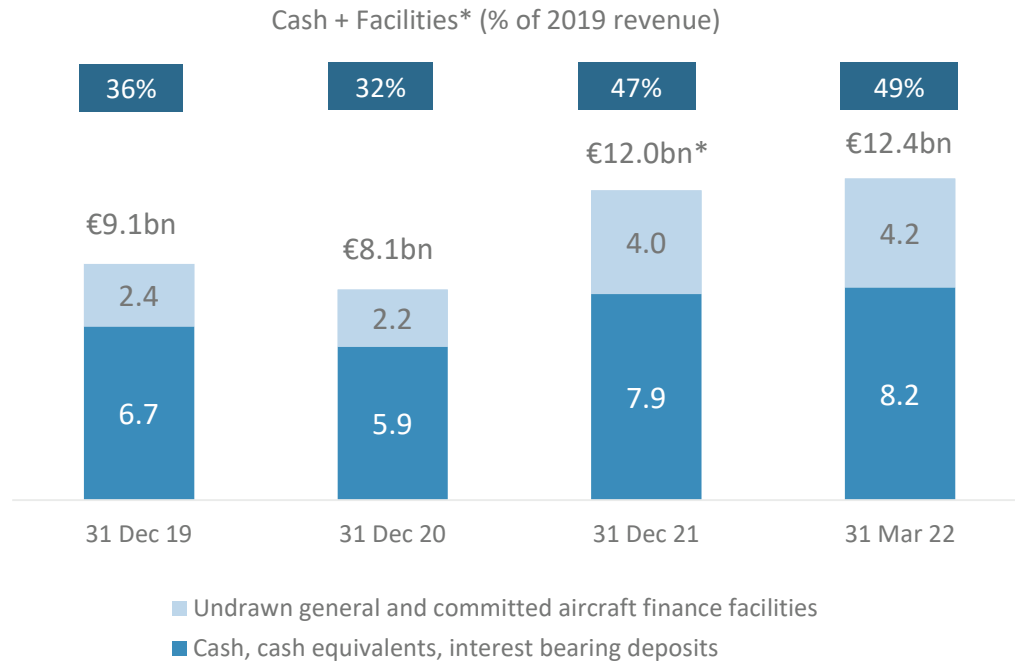
Iberia and cargo continued to outperform, other airlines recovering as expected

	Aer Lingus 		BRITISH AIRWAYS 		IBERIA 		vueling 	
	1Q 2022 (€m)	v19	1Q 2022 (£m)	v19	1Q 2022 (€m)	v19	1Q 2022 (€m)	v19
Passenger revenue	167	-52%	1,282	-52%	641	-23%	259	-30%
Cargo revenue	19	+46%	286	+63%	89	+27%	-	-
Other revenue	3	-25%	138	+3%	183	-37%	2	-50%
Total revenue	189	-48%	1,706	-42%	913	-23%	261	-31%
Total expenditure on operations	299	-25%	2,136	-22%	1,002	-17%	360	-18%
Pre-exceptional operating result	-110	-76	-430	-649	-89	-65	-99	-34
Pre-exceptional operating margin	-58%	-49pts	-25%	-32pts	-10%	-8pts	-38%	-21pts
ASK (m)	4,006	-31%	25,157	-43%	13,909	-15%	5,427	-27%
RPK (m)	2,275	-47%	17,903	-49%	10,580	-24%	4,191	-33%
Load factor (%)	57%	-16pts	71%	-8pts	76%	-9pts	77%	-7pts
Sector length (km)	1,930	+3%	3,304	+2%	2,600	-7%	1,030	+9%

Note: 2019 and 2020 employee cost figures have been restated for pensions accounting policy change

Highest liquidity since the start of the pandemic with further actions in 2Q 2022

Liquidity position



* Note: 31 December 2021 cash of €7,943m and facilities of €4,043m

Liquidity and financing actions

1Q 2022

- €200m ISIF facility agreed by Aer Lingus
- 1 A350 sale and lease back for Iberia
- 1 A350 EETC for British Airways

2Q 2022

- 5 aircraft (2 A350s, 3 A320neos) delivered to Iberia in 1Q and financed in 2Q by \$461m sustainability-linked EETC
- 2 A350s delivered to British Airways in 1Q to be financed

DEBT POSITION

Net debt flat

Net debt

€m	31 Dec 2019	31 Dec 2020	31 Dec 2021	31 Mar 2022
Gross debt	14,254	15,679	19,610	19,777
Bank and other loans	1,954	3,369	7,485	7,425
Asset finance and lease liabilities	12,300	12,310	12,125	12,352
Cash, cash equivalents and interest-bearing deposits	6,683	5,917	7,943	8,184
Net debt*	7,571	9,762	11,667	11,593

* Note: Net debt quarter on quarter increase includes non-cash movements of: €380m at 31 Mar in 1Q 2022

FUEL HEDGING

Fuel hedging - currently 78% in 2Q 2022, c.65% for 2H 2022 and c.25% for FY 2023

Fuel hedging

	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023
Jet fuel price scenario	\$1,350/mt	\$1,200/mt	\$1,050/mt	\$1,000/mt	\$950/mt	\$900/mt
\$/€ scenario	1.05	1.05	1.05	1.05	1.05	1.05
Hedge ratio	78%	75%	53%	36%	26%	19%
Effective blended price post fuel and FX hedging*	\$905/mt	\$915/mt	\$880/mt	\$915/mt	\$910/mt	\$870/mt

* Note: Effective blended price excluding into plane cost

CEO UPDATE & OUTLOOK

LUIS GALLEGO, CHIEF EXECUTIVE OFFICER

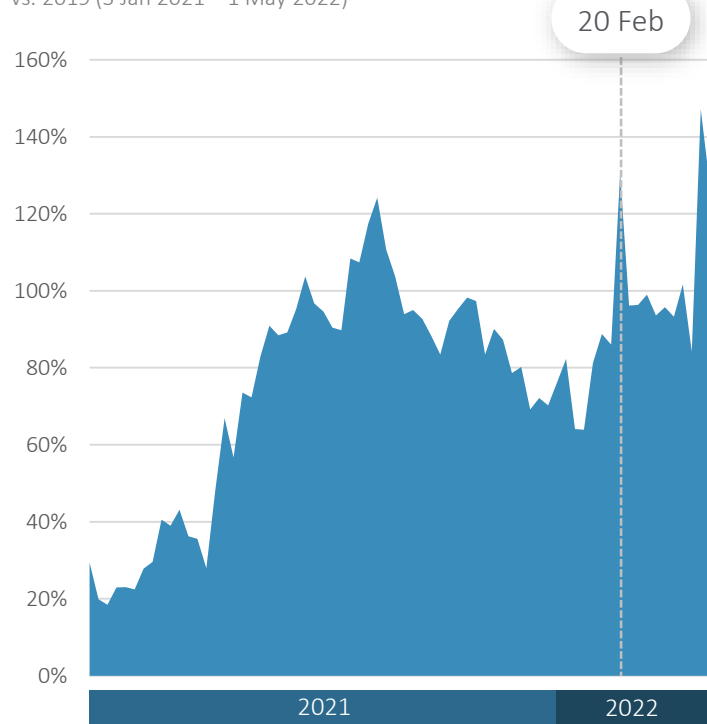


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Forward bookings continue to strengthen at c.90% of 2019 levels

Spain domestic

vs. 2019 (3 Jan 2021 – 1 May 2022)



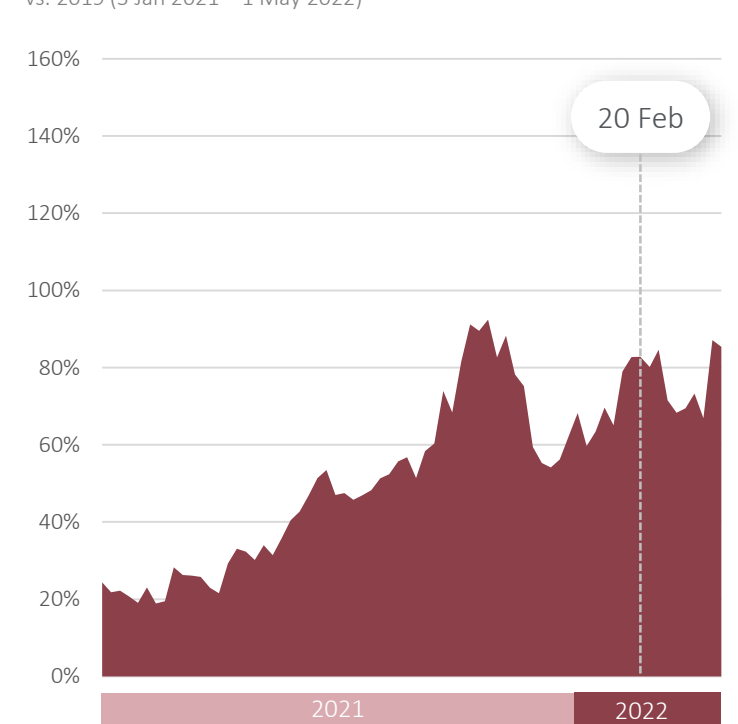
International shorthaul

vs. 2019 (3 Jan 2021 – 1 May 2022)



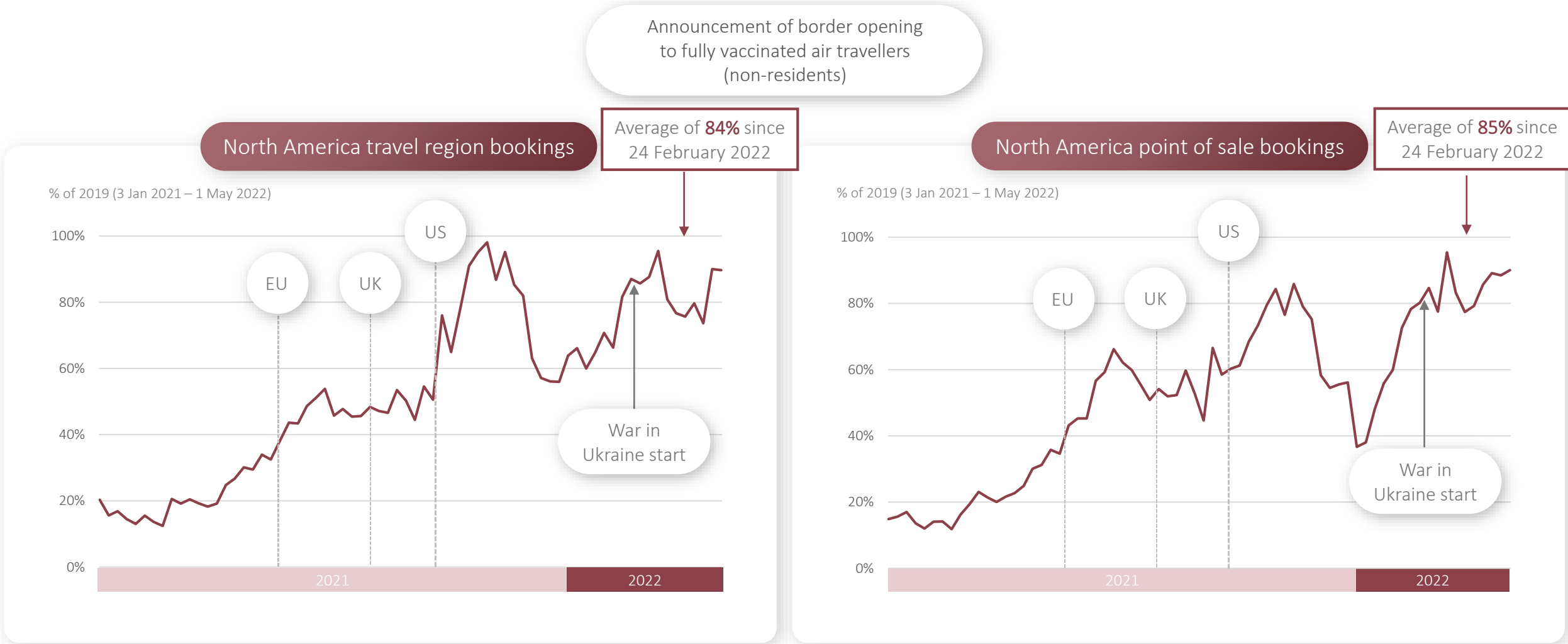
Longhaul

vs. 2019 (3 Jan 2021 – 1 May 2022)



Note: 20 February 2022 was the date used for the data in FY 2021 results presentation on 25 February 2022

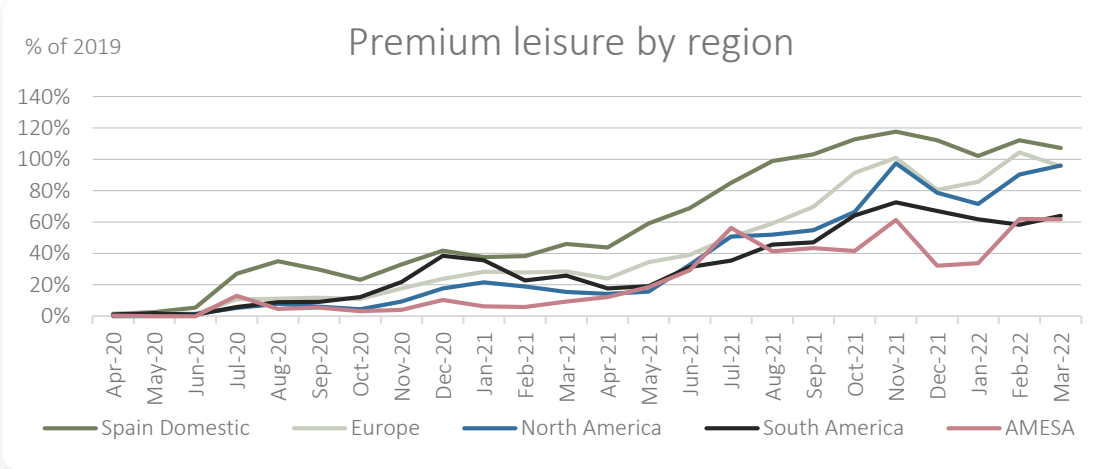
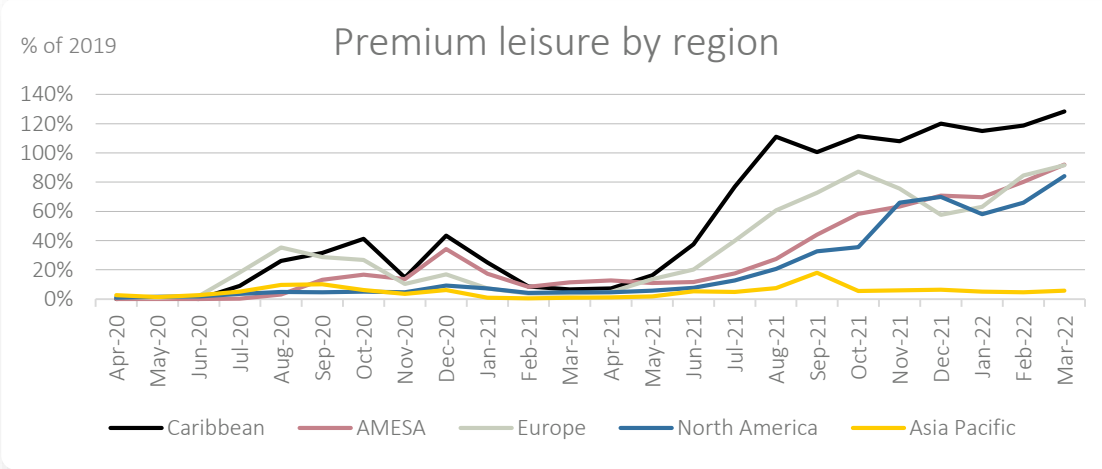
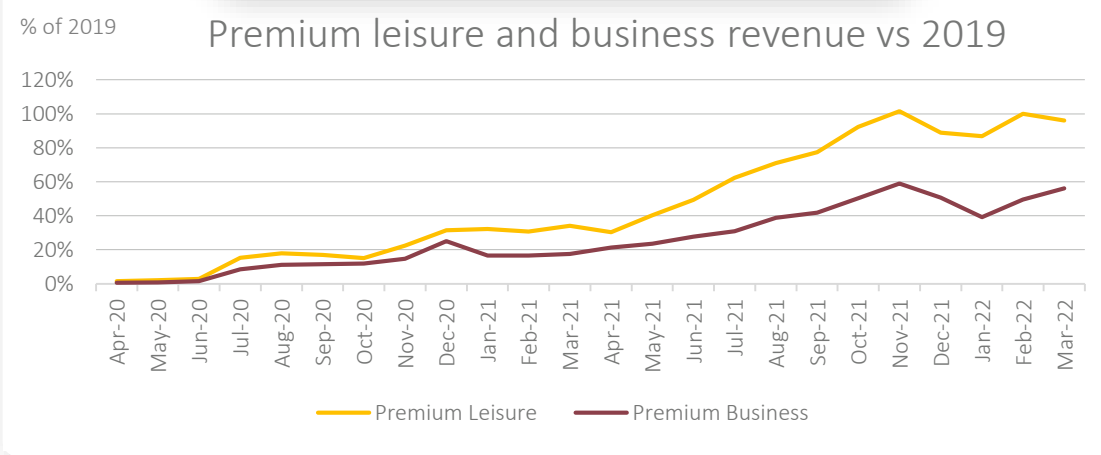
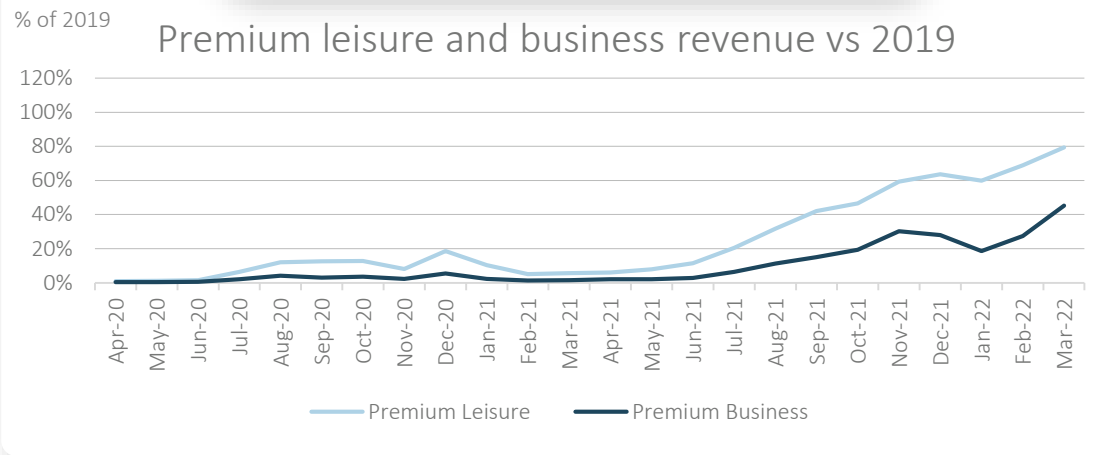
Sales in North America developing positively despite testing requirements and war in Ukraine



Note: North America includes United States, Canada and Mexico

Note: Announcement of border opening to fully vaccinated air travellers (non-residents) on 21 May 2021 (EU), 28 July 2021 (UK), 21 September 2021 (US)

Strong business travel recovery and premium leisure continues to outperform



Note: AMESA includes Africa, Middle East and South Asia

Note: Premium refers to First and Business class cabins only.

British Airways operational challenge due to COVID, resourcing issues, airport constraints and IT



People

Resourcing

- Increased absence due to surge in COVID infections (absence currently c.7% vs. historical 4% - 5%)
- High interest in cabin crew vacancies but tight recruitment market for ground operations roles

Referencing

- Complex and onerous referencing process
- Increased regulatory demands vs. pre-COVID
- Average reference process time increased c.20% to 103 days

Airport capacity constraints

Terminal capacity

- T4 closed until mid-June, creating a squeeze on T5
 - 25% fewer check-in desks available to BA
 - Baggage, logistics and loading teams have less access to the infrastructure they need
- Insufficient security and Border Force staff

COVID checks

- Almost every country still requires additional document checks by airlines
- Higher demand for airport check-in desks and longer transaction times

IT

IT instability

- Selected data centre and network issues

Building operational resilience at Heathrow








Short term

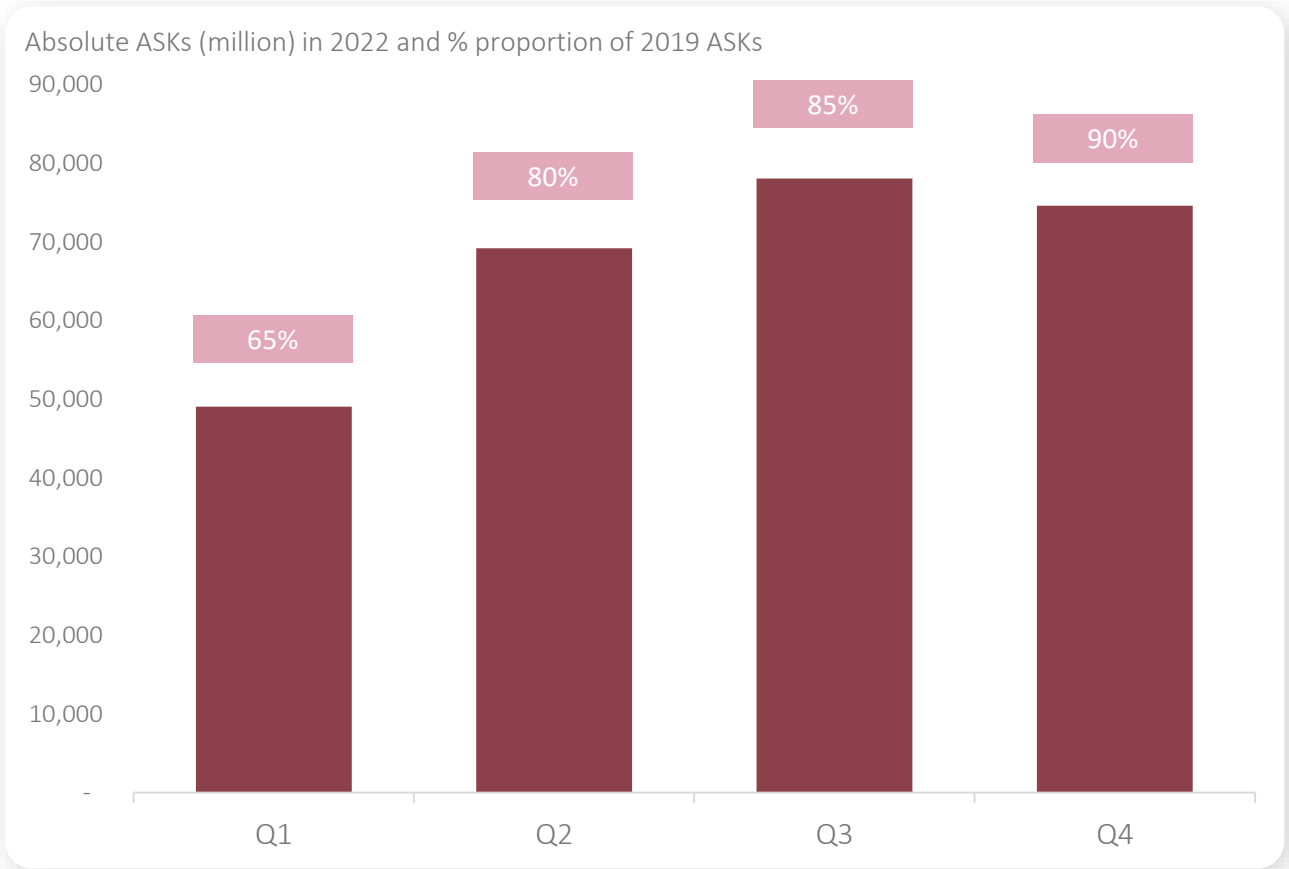
- **Special task force** created to focus on current issues
- **Schedule:**
 - Vast majority of planned schedule reductions focused on high frequency shorthaul routes
 - Use of Group and partner capacity support (e.g. American Airlines, Finnair, Iberia Express)
- **Resourcing:**
 - 1,600 recruits with 3,100 in referencing
 - Additional head office employees redeployed to recruitment
 - Temporary cabin crew sourced from Spain
 - Speeding up referencing (increased automation, new portal, change in government regulation)
- **Airport:**
 - Doubled number of self service bag drops and improved T5 layout
 - Employees awaiting referencing checks assigned to other operational tasks (e.g. cabin crew assisting passengers in the terminal)

Long term

- **Management changes:**
 - Splitting Operations structure into Technical and Operations
- **Process:**
 - Transforming operations leveraging Group's best practices
 - Supported by improved planning software
 - Data transformation within Operations to drive better decision making
- **IT:**
 - Accelerate replacement of legacy IT systems
 - IT a core pillar of BA transformation programme

FY 2022 capacity planned to be c.80% of 2019

ASKs % of 2019	2Q 2022	FY 2022
	87%	88%
	70%	74%
	87%	86%
	63%	52%
	102%	100%



Note: British Airways includes BA CityFlyer; Iberia includes Iberia Express; LEVEL includes Spain, France and Austria. LEVEL France and Austria operations were closed in 2021.

Strong demand driving profitability from 2Q 2022

- Strong leisure demand in longhaul and shorthaul
- Business travel demand continues to improve
- North Atlantic network restoration for the Group in 3Q 2022 to 95% of 2019 capacity
- British Airways focused on improving operational resilience and customer service
- IAG expects operating result to be profitable from 2Q onwards and in FY 2022
- Net cash flows from operating activities to be significantly positive in FY 2022
- Highest liquidity since the start of the pandemic

APPENDICES

RECONCILIATION BETWEEN PRE-EXCEPTIONAL OPERATING RESULT AND POST-EXCEPTIONAL
RESULT AFTER TAX

Loss after tax and exceptional items of c.€0.8bn in 1Q 2022

€m	1Q 2022	1Q 2021
Operating result (pre exceptional)	-754	-1,144
Exceptional items	23	67
Operating result (post exceptional)	-731	-1,077
Net finance costs	-172	-174
Net financing (charge)/credit relating to pensions	7	1
Net currency retranslation (charges)/credits	-61	-13
Other non-operating credits/ (charges)	41	40
Result before tax (post exceptional)	-916	-1,223
Tax	129	149
Result after tax (post exceptional)	-787	-1,074

GROUP PERFORMANCE






1Q 2022 traffic and capacity statistics

vLY and vs 2019

Group performance	Quarter				
	1Q 2022	1Q 2021	vLY	1Q 2019	v19
Passengers carried ('000s)	14,377	2,612	+450.4%	24,382	-41.0%
Domestic (UK & Spain)	4,445	1,256	+253.9%	5,921	-24.9%
Europe	6,422	667	+862.8%	12,406	-48.2%
North America	1,298	115	+1028.7%	2,482	-47.7%
Latin America & Caribbean	1,279	301	+324.9%	1,475	-13.3%
Africa & Middle East	910	260	+250.0%	1,521	-40.2%
Asia & Pacific	23	13	+76.9%	577	-96.0%
Revenue passenger km (m)	35,432	6,779	+422.7%	60,878	-41.8%
Domestic (UK & Spain)	3,598	1,117	+222.1%	4,331	-16.9%
Europe	7,604	810	+838.8%	13,551	-43.9%
North America	8,628	746	+1056.6%	16,550	-47.9%
Latin America & Caribbean	10,137	2,510	+303.9%	12,182	-16.8%
Africa & Middle East	5,242	1,473	+255.9%	8,719	-39.9%
Asia & Pacific	223	123	+81.3%	5,545	-96.0%
Available seat km (m)	49,080	14,796	+231.7%	75,423	-34.9%
Domestic (UK & Spain)	4,648	1,797	+158.7%	5,161	-9.9%
Europe	10,802	1,469	+635.3%	17,074	-36.7%
North America	13,407	3,746	+257.9%	21,428	-37.4%
Latin America & Caribbean	12,946	4,924	+162.9%	14,359	-9.8%
Africa & Middle East	6,881	2,487	+176.7%	10,699	-35.7%
Asia & Pacific	396	373	+6.2%	6,702	-94.1%
Passenger load factor (%)	72.2	45.8	+26.4 pts	80.7	-8.5 pts
Domestic (UK & Spain)	77.4	62.2	+15.2 pts	83.9	-6.5 pts
Europe	70.4	55.1	+15.3 pts	79.4	-9.0 pts
North America	64.4	19.9	+44.5 pts	77.2	-12.8 pts
Latin America & Caribbean	78.3	51.0	+27.3 pts	84.8	-6.5 pts
Africa & Middle East	76.2	59.2	+17.0 pts	81.5	-5.3 pts
Asia & Pacific	56.3	33.0	+23.3 pts	82.7	-26.4 pts
Cargo tonne km (m)	990	854	+15.9%	1,393	-28.9%

AIRLINE PERFORMANCE

1Q 2022 traffic and capacity statistics vLY and vs 2019

Performance by airline	Quarter				
	1Q 2022	1Q 2021	vLY	1Q 2019	v19
Aer Lingus 					
Passengers carried ('000s)	1,149	82	+1301.2%	2,196	-47.7%
Revenue passenger km (m)	2,275	124	+1734.7%	4,255	-46.5%
Available seat km (m)	4,006	883	+353.7%	5,804	-31.0%
Passenger load factor (%)	56.8	14.0	+42.8 pts	73.3	-16.5 pts
Cargo tonne km (m)	28	20	+40.0%	39	-28.2%
BRITISH AIRWAYS 					
Passengers carried ('000s)	5,294	630	+740.3%	10,472	-49.4%
Revenue passenger km (m)	17,903	2,480	+621.9%	34,875	-48.7%
Available seat km (m)	25,157	6,466	+289.1%	43,833	-42.6%
Passenger load factor (%)	71.2	38.4	+32.8 pts	79.6	-8.4 pts
Cargo tonne km (m)	739	658	+12.3%	1,062	-30.4%
IBERIA 					
Passengers carried ('000s)	3,846	1,232	+212.2%	4,946	-22.2%
Revenue passenger km (m)	10,580	3,366	+214.3%	13,966	-24.2%
Available seat km (m)	13,909	6,159	+125.8%	16,425	-15.3%
Passenger load factor (%)	76.1	54.7	+21.4 pts	85.0	-8.9 pts
Cargo tonne km (m)	219	174	+25.9%	291	-24.7%
LEVEL 					
Passengers carried ('000s)	54	13	+315.4%	289	-81.3%
Revenue passenger km (m)	483	142	+240.1%	1,527	-68.4%
Available seat km (m)	581	192	+202.6%	1,918	-69.7%
Passenger load factor (%)	83.1	74.0	+9.1 pts	79.6	+3.5 pts
Cargo tonne km (m)	4	2	+100.0%	1	+300.0%
vueling 					
Passengers carried ('000s)	4,034	655	+515.9%	6,479	-37.7%
Revenue passenger km (m)	4,191	667	+528.3%	6,255	-33.0%
Available seat km (m)	5,427	1,096	+395.2%	7,443	-27.1%
Passenger load factor (%)	77.2	60.9	+16.3 pts	84.0	-6.8 pts
Cargo tonne km (m)	n/a	n/a	n/a	n/a	n/a

Note: British Airways includes BA CityFlyer; Iberia includes Iberia Express; LEVEL includes Spain, France and Austria

DISCLAIMER

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 often use 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.

Actual results may differ from those expressed or implied in the forward-looking statements in this announcement as a result of any number of known and unknown risks, uncertainties and other factors, including, but not limited to, the effects of the COVID-19 pandemic and uncertainties about its impact and duration, many of which are difficult to predict and are generally beyond the control of the Group, and it is not reasonably possible to itemise each item. Accordingly, readers of this announcement are cautioned against relying on forward-looking statements. 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 2021; this document is available on www.iairgroup.com. All forward-looking statements made on or after the date of this announcement and attributable to IAG are expressly qualified in their entirety by the primary risks set out in that section. Many of these risks are, and will be, exacerbated by the COVID-19 pandemic and any further disruption to the global airline industry and economic environment as a result.