Proposed Capital Increase and 1H results

31 July 2020

INTERNATIONAL AIRLINES GROUP

Disclaimer

Disclaimer relating to capital increase:

The securities offered as part of the capital increase referred to in this document will not be registered under the U.S. Securities Act of 1933, amended and may not be offered or sold in the United States (including its territories and possessions, any state of the United States and the District of Columbia) absent registration or an applicable exemption from registration requirements in the United States. The offering of such securities may also be restricted or prohibited in certain other jurisdictions, including Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa, Switzerland and the United Arab Emirates

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 2019; these documents are 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.

Agenda

1. Executive summary	Willie Walsh	IAG CEO
2. Successful track record	Willie Walsh	IAG CEO
3. First half 2020 results	Steve Gunning	IAG CFO
4. Response to COVID-19	Steve Gunning	IAG CFO
5. Positioning IAG for the future	Luis Gallego	IAG CEO Designate
6. Proposed Capital Increase	Steve Gunning	IAG CFO
7. Conclusions	Willie Walsh	IAG CEO

1. Executive summary

IAG plans to emerge from COVID-19 in a strong position

- IAG was in a strong position both strategically and financially going into the COVID-19 crisis
- COVID-19 has caused substantial losses for the global industry and IAG (1H 2020 pre-exceptional operating loss of €1.9 billion)
- IAG acted quickly to mitigate the negative impacts, bolster liquidity and protect its long term future
- IAG expects it will take until at least 2023 for passenger demand to recover to 2019 levels
- IAG has a clear plan for returning to service, right-sizing and restructuring as demand gradually returns
- Based on our current capacity planning scenario, IAG would reach breakeven in terms of **Net cash flows from operating activities** during quarter 4 2020
- In addition to considerable actions taken by IAG to date, proposed Capital Increase of up to €2.75bn will further strengthen IAG's financial and strategic position

Proposed Capital Increase to further strengthen IAG's financial and strategic position

Resilience

- Proposed capital increase of up to €2.75bn, fully supported by IAG's largest shareholder, Qatar Airways (25.1% holding), allows the company to strengthen its balance sheet and reduce leverage
- Enhances liquidity and helps IAG withstand a prolonged downturn in air travel
- Capital increase size based on IAG's stressed, downside scenario planning

Flexibility

- Provides IAG with the opportunity to take advantage of a recovery in demand for air travel
- Enables continued investment to drive efficiencies and innovation
- Allows IAG to selectively distribute capital to OpCos subject to capital allocation discipline
- Ensures IAG can focus on the long term value drivers of the airline industry, especially in a post- COVID-19 world

Opportunity

- Helps IAG to capitalise on its strengths and execute its strategic priorities
- Continued commitment to environmental sustainability

Note: Capital Increase subject to approval of shareholders at the Annual General Meeting on 8 September 2020

2. Successful track record

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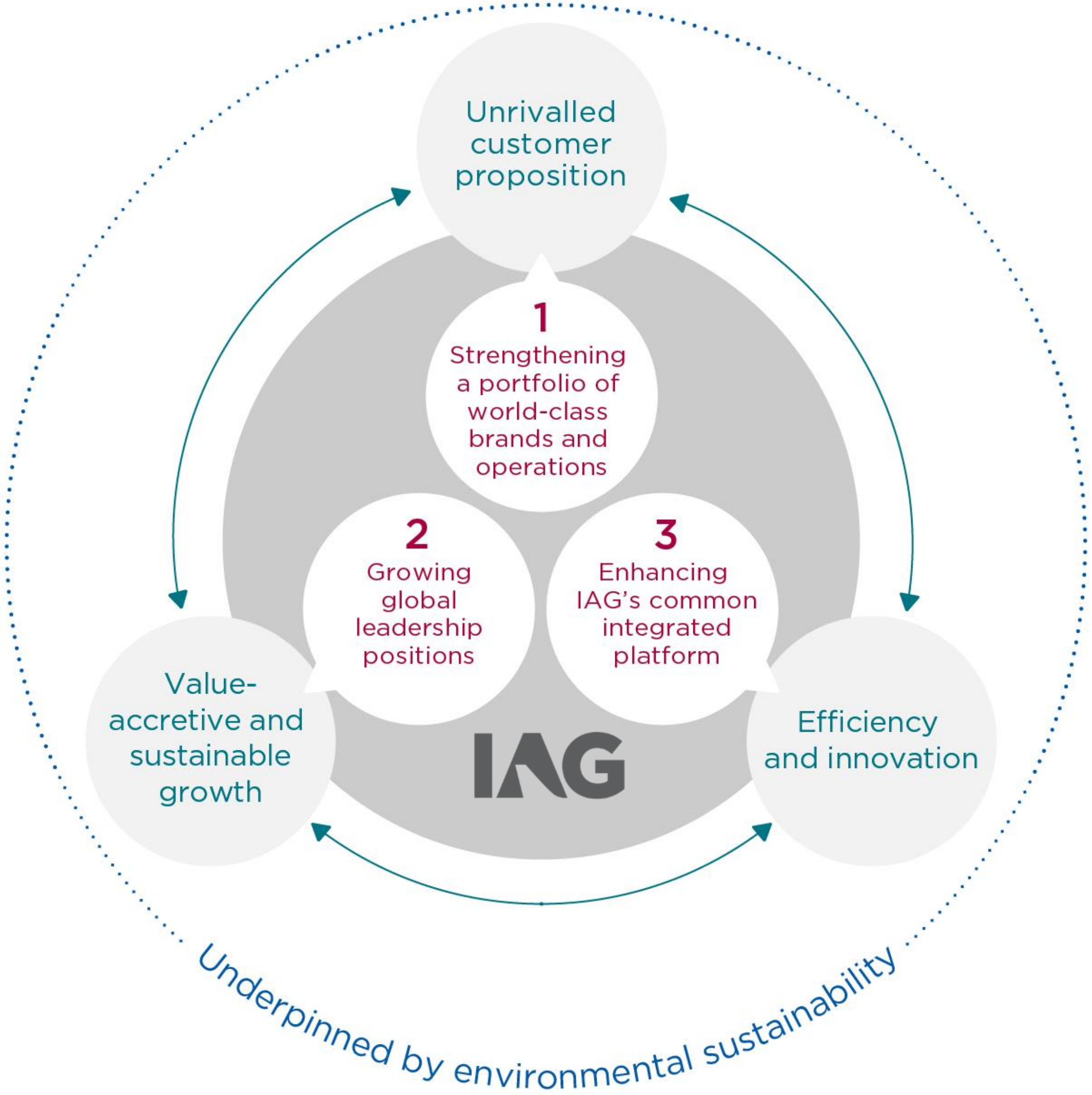
A proven and successful business model



Excellent record of consolidation

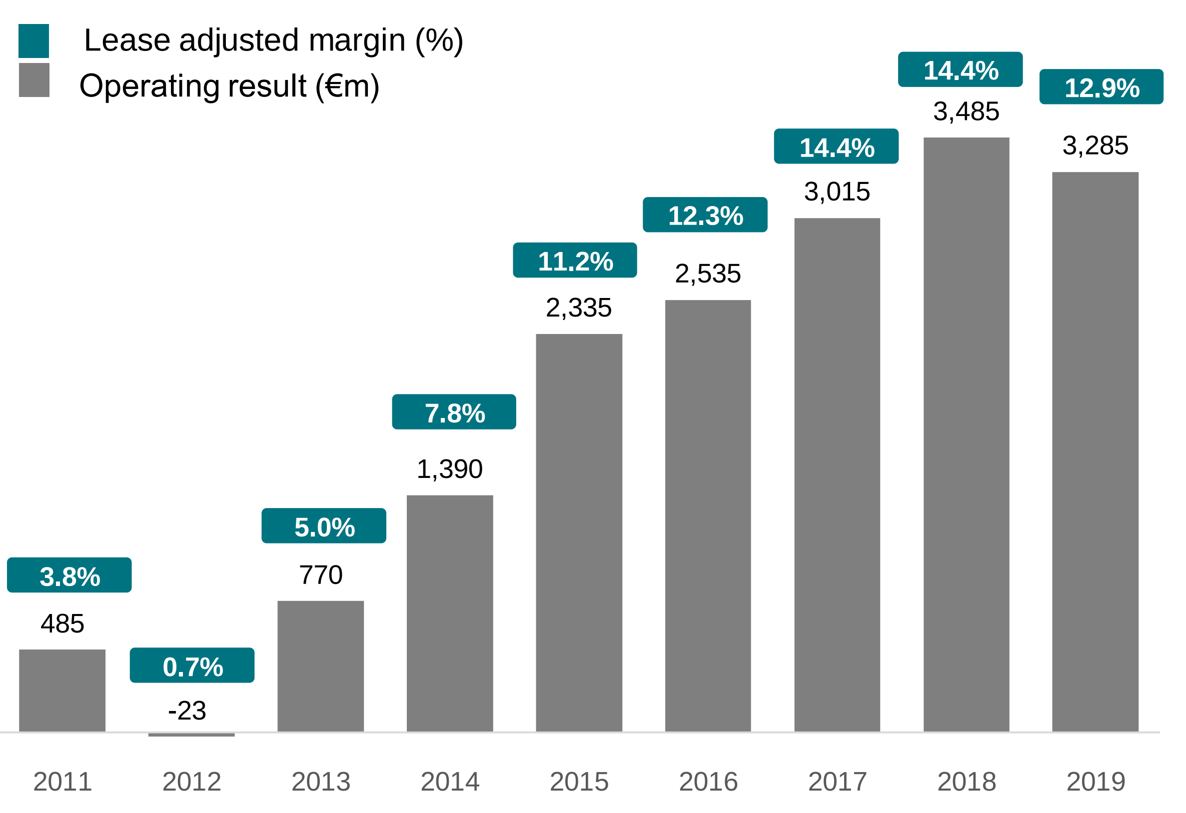
Acquisitions and joint business agreements, 2011-2020

- **2011**
  - IAG formed (British Airways, Iberia)
  - First full year of Atlantic Joint Business
- **2012**
  - bmi acquisition
  - Siberian joint business formed with JAL (Japan Airlines)
- **2013**
  - Vueling acquisition
  - Finnair joins Atlantic Joint Business
- **2014**
  - Finnair joins Siberian Joint Business
- **2015**
  - Aer Lingus acquisition
  - c. €860m annual synergies by 2015 (British Airways, Iberia)
- **2016**
  - QATAR joint business formed
- **2017**
  - Monarch slot purchase
- **2018–2019**
  - Initial 5% stake in Norwegian but decided not to proceed
- **2019**
  - China Southern joint business formed (中国南方航空 China Southern Airlines)
- **2020**
  - Proposed acquisition (Air Europa)

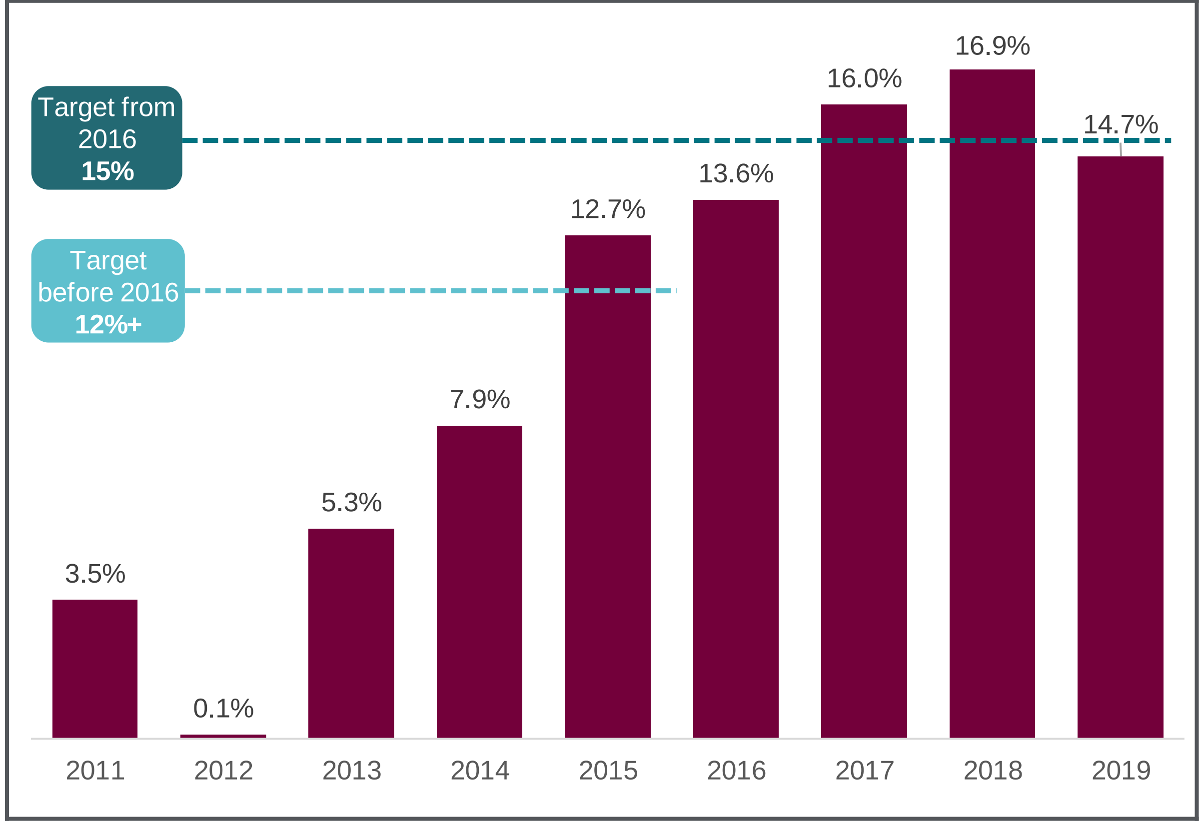
Note: Year represents the year the deal was completed; Air Europa acquisition is still under negotiation and pending regulatory approval; Synergies stopped being tracked beyond 2015

Track record of improving profitability and returns on invested capital

Operating result and lease adjusted margin

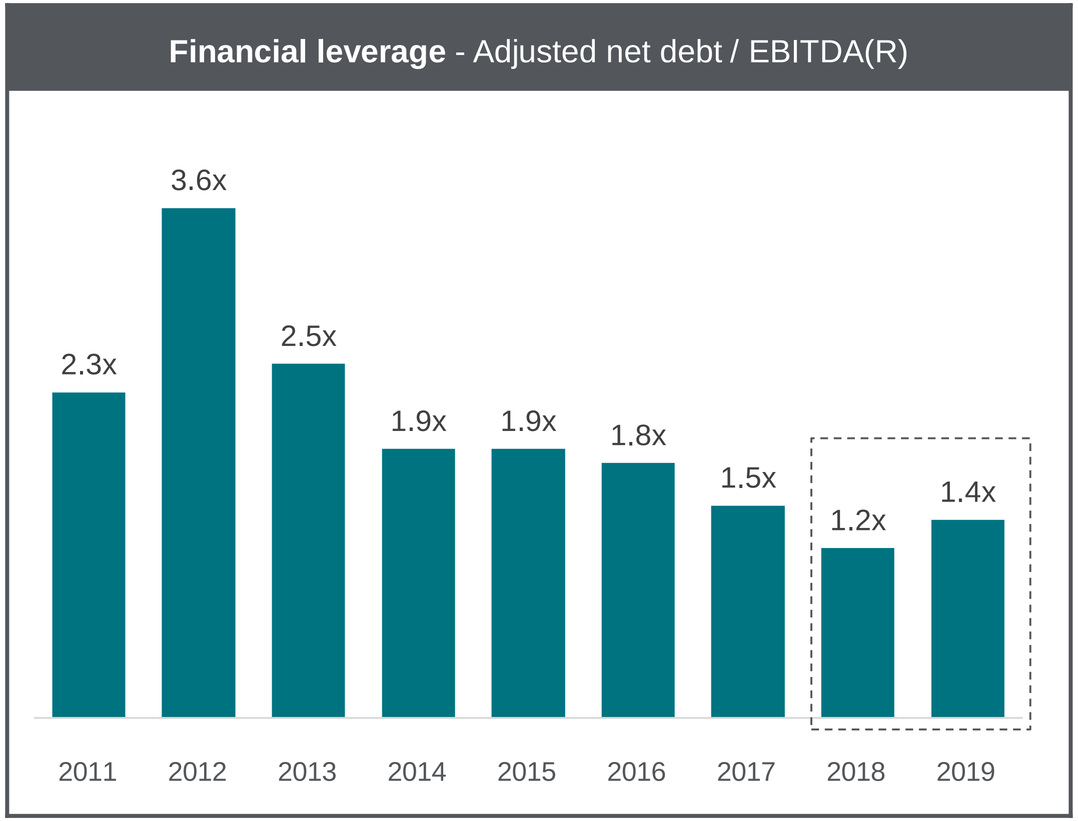


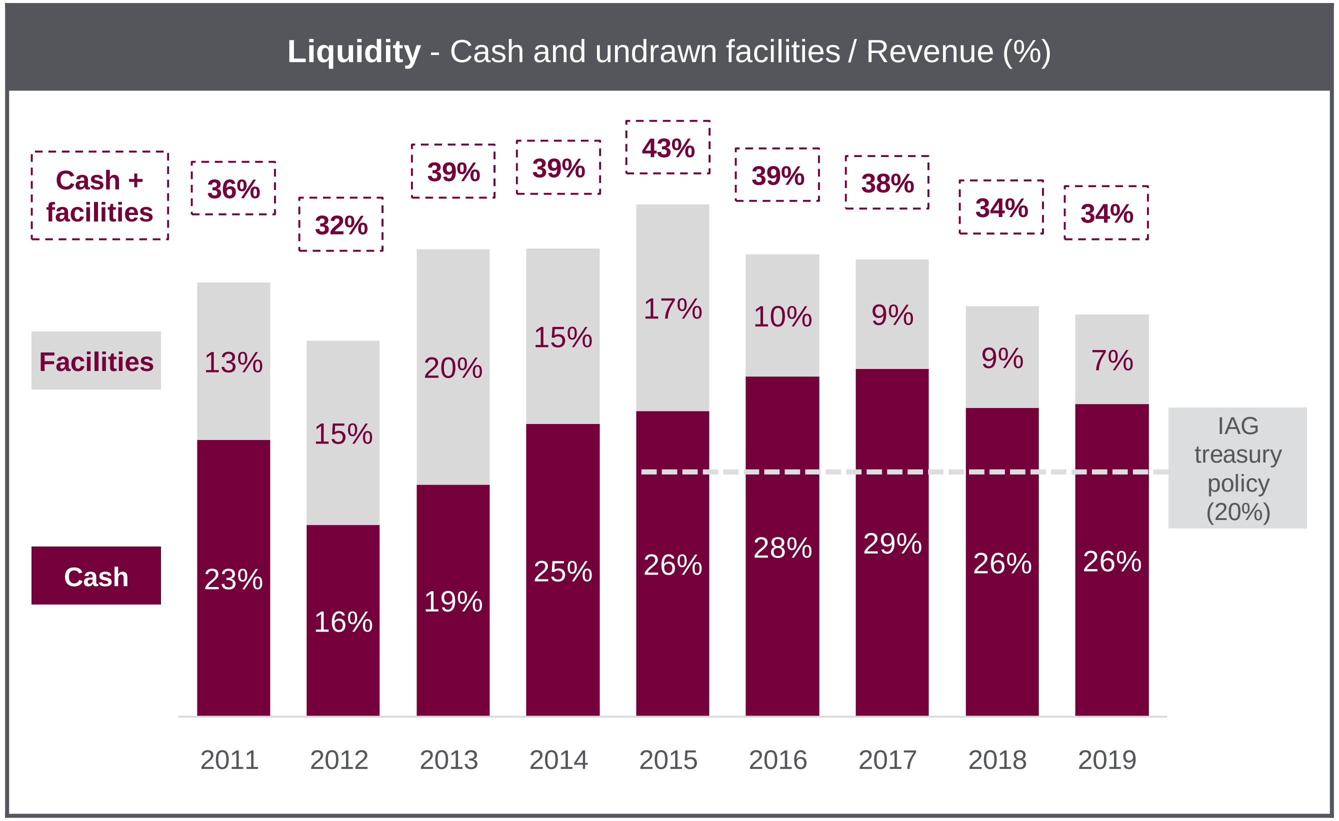
Return on invested capital (RoIC)



Note: Pre exceptional operating result and RoIC 2011-2017 are based on the Group's statutory results (not adjusted for IFRS16); 2018 adjusted to reflect the estimated impact of IFRS16; 2019 post IFRS16. Lease adjusted margin 2011-2017; Operating margin (post IFRS16) 2018-2019. BA pilots' strike in 2019 depressed operating result by €137m (-0.4% impact on operating margin and -0.6% impact on RoIC)

Strong financial position entering the crisis





Leverage: 2011-2017 based on the Group's statutory results (not adjusted for IFRS16); 2018 Group's statutory results with an adjustment to reflect the estimated impact of IFRS16 leases from 1 Jan 2018: 2019 post IFRS16

Adjusted net debt: 2011-2017 calculated as long-term borrowings plus capitalised operating lease costs less current interest bearing deposits and cash and cash equivalents; 2018-2019 long-term borrowings plus lease liabilities less current interest bearing deposits and cash and cash equivalents

Liquidity: Calculated as year end cash and undrawn facilities divided by LTM revenue

Substantial cash returned to shareholders since 2015

Cash returns to shareholders 2015-2019

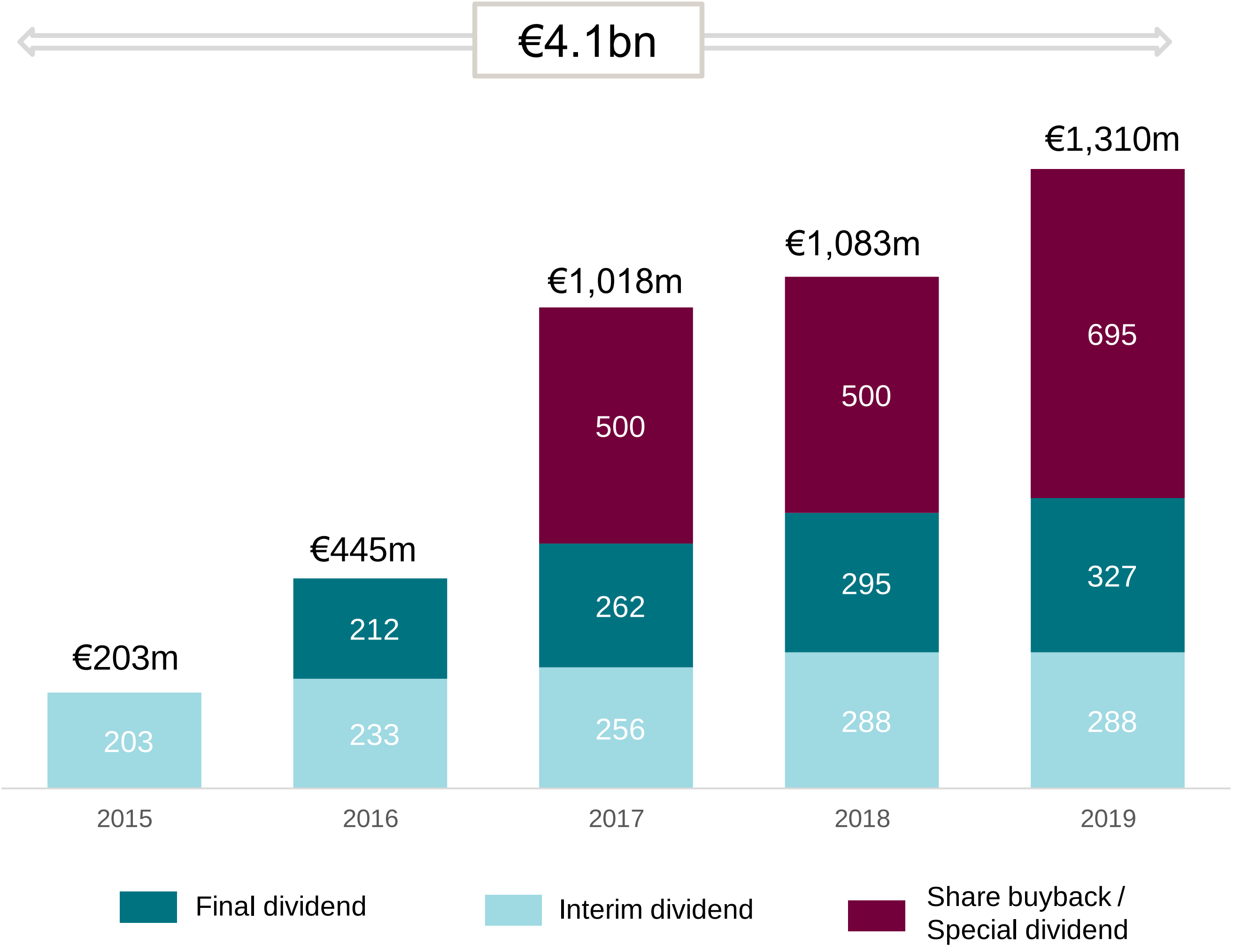


Chart shows shareholder returns in respect of the cash out flow year impact

The Board of Directors has resolved to withdraw the proposal to the next Annual General Meeting of the 2019 proposed final ordinary dividend of €337m 17.0 € cents per share

Leading the airline industry to tackle climate change

Aviation industry CO_2 targets

2010 – 2020 1.5% pa fuel efficiency

2020 Carbon neutral growth from 2020

2050 - 50% emissions (2005 base)

IAG climate targets

2015 – 2020 1.7% pa efficiency gain

2020 87.3 gCO_2/pkm

2025 80gCO_2/pkm (10% drop from 2019 base)

2030 22 Net MT CO_2 (20% drop from 2019 base)

2050 Net Zero emissions

Post COVID-19 IAG remains fully committed to its carbon targets

Underpinned by environmental sustainability

- **1st airline group** worldwide to commit to achieve net zero carbon emissions by 2050
- Environmental aspects integrated into key **decision making**
- 2020 **management incentives** aligned to climate targets

Pathway to achieving IAG's targets

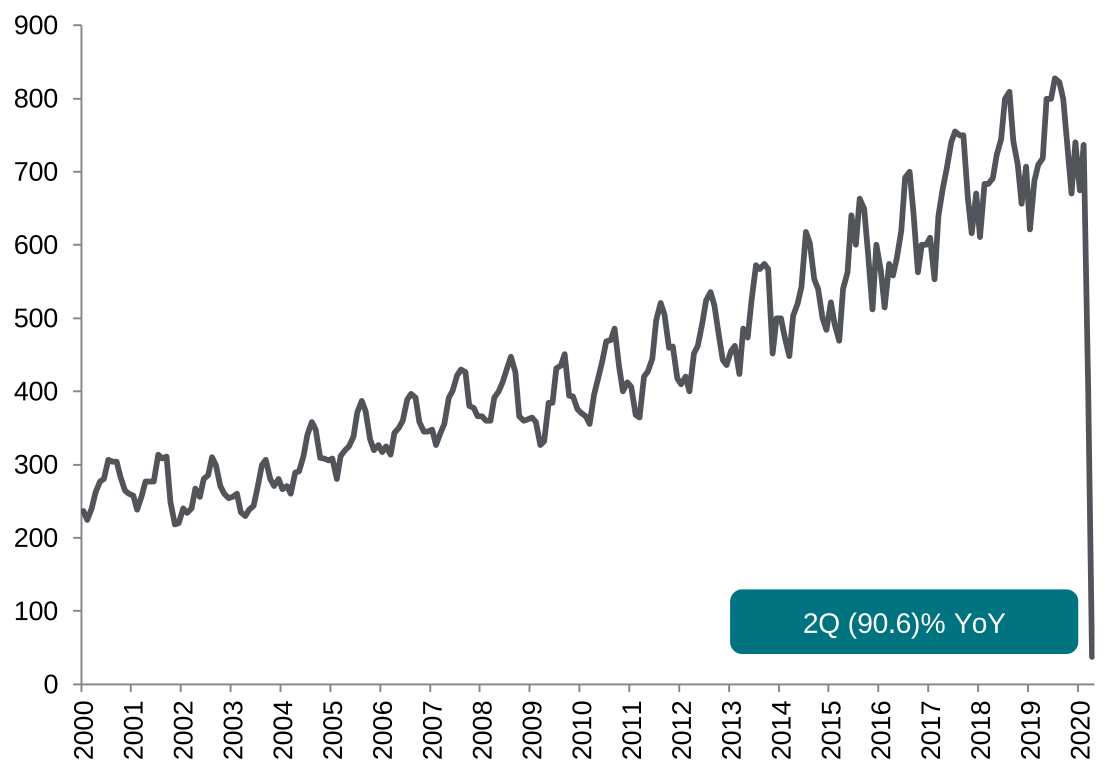
Fleet and operations	Over €6bn investment in 75 new aircraft by 2022 (20%-40% more efficient) and early retirement of old generation fleet
Sustainable Aviation Fuels	Initial investment of $400m over 20 years through partnership with Velocys
Carbon offsets and removal	ETS, CORSIA and voluntary offsets

gCO2/pkm: grammes of CO2 per passenger kilometres (standard industry measure for fuel efficiency). Industry sources: 2010-15 1.5% pa fuel efficiency: IATA/ATAG, 2020 Carbon neutral growth from 2020: ICAO/IATA/ATAG, 2050 – 50% emissions (2005 base): IATA/ATAG

3. 1H 2020 results

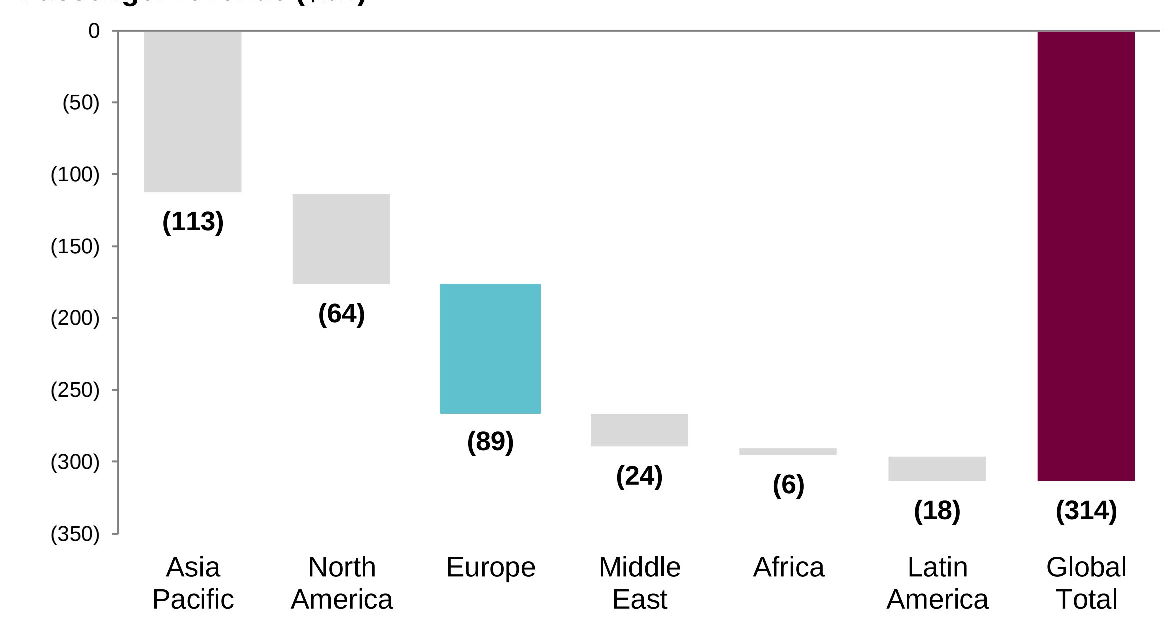
Unprecedented collapse in global passenger demand and revenue as a result of government lockdowns and travel restrictions

Global passenger demand (RPKs bn/month)



Source: IATA monthly statistics

Global passenger revenue forecast by region of airline base 2020 vs 2019 ($bn)



Estimated % reduction in RPKs (2020 vs. 2019)

	Asia Pacific	North America	Europe	Middle East	Africa	Latin America	Global Total
%	(50)%	(36)%	(55)%	(51)%	(51)%	(49)%	(48)%*

Source: IATA COVID-19 Updated Impact Assessment, 14 April 2020.

IAG RPKs: Revenue Passenger Kilometres

Substantial operating loss due to COVID-19

Pre exceptional operating results, 2Q 2020 and 1H 2020

€m	2Q 2020	2Q 2019	vly	1H 2020	1H 2019	vly
Passenger revenue	198	5,963	-96.7%	4,151	10,586	-60.8%
Cargo revenue	369	281	+31.3%	615	556	+10.6%
Other revenue	174	487	-64.3%	560	884	-36.7%
Total revenue	741	6,731	-89.0%	5,326	12,026	-55.7%
Employee costs	656	1,288	-49.1%	1,890	2,492	-24.2%
Fuel, oil costs and emissions charges	104	1,570	-93.4%	1,313	2,936	-55.3%
Handling, catering and other operating costs	201	749	-73.2%	853	1,413	-39.6%
Landing fees and en-route charges	88	596	-85.2%	539	1,081	-50.1%
Engineering and other aircraft costs	262	546	-52.0%	766	1,031	-25.7%
Property, IT and other costs	181	211	-14.2%	406	380	+6.8%
Selling costs	57	270	-78.9%	268	551	-51.4%
Depreciation, amortisation and impairment	544	520	+4.6%	1,114	1,035	+7.6%
Currency differences	13	21	-38.1%	77	12	nm
Total expenditure on operations	2,106	5,771	-63.5%	7,226	10,931	-33.9%
Operating result	-1,365	960	nm	-1,900	1,095	nm

The 2019 results includes a reclassification of the costs the Group incurs in relation to compensation for flight delays and cancellations as a deduction from revenue as opposed to an operating expense. There is no change in operating profit.

€2.1 billion of exceptional charges in the first half

1H 2020 exceptional items

- Net ‘over-hedging’ loss of €1,307 million
  - A fuel ‘over-hedging’ loss of €1,269 million based on forward jet fuel prices and foreign currency rates as of the end of June
  - Positive impact from the increase in fuel prices since 30 March has been broadly offset by the impact of a slower capacity ramp up in 2020
  - An FX ‘over-hedging’ loss of €38m against revenue
- Impairment charge on fleet of €731m mostly related to the retirement of old-generation aircraft 32 B747-400s, 15 A340-600s and 13 other aircraft, and other exceptional charges of €77m related to these retirements
- ICO (Information Commissioner’s Office) fine provision of £20/€22m in respect of the theft of customer data from British Airways’ website announced on 6 September 2018, which is significantly lower than £183 million proposed by the ICO on 4 July 2019

Net debt increased by €2.9bn in 1H 2020 but liquidity remained strong

Leverage and cash liquidity

€m	30 June 2020	31 March 2020	31 December 2019
Gross debt	16,479	14,453	14,254
Cash, cash equivalents and interest-bearing deposits	6,016	6,945	6,683
Net debt	10,463	7,508	7,571
Net debt / EBITDA	4.2x	1.6x	1.4x
Cash (% of 2019 revenue)	24%	27%	26%
Total liquidity (€bn)	8.1	9.5	8.6
Liquidity (% of 2019 revenue)	32%	37%	34%

Liquidity calculation includes cash and cash equivalents, interest bearing deposits and undrawn general and committed aircraft finance facilities
The 2019 results includes a reclassification of the costs the Group incurs in relation to compensation for flight delays and cancellations as a deduction from revenue as opposed to an operating expense. There is no change in operating profit.
Net debt / EBITDA calculated using rolling 12 month EBITDA

4. Response to COVID-19

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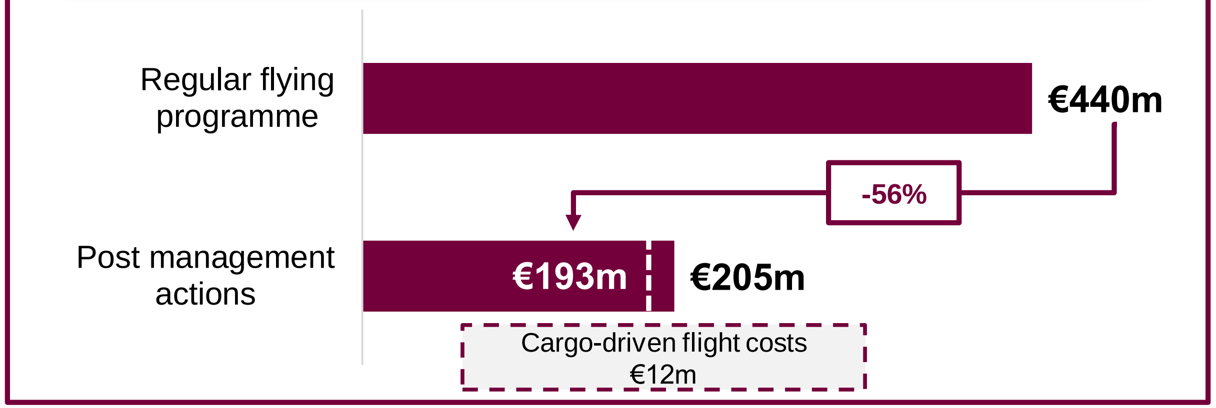
IAG acted quickly to respond to the pandemic

Operating cost reductions	• Cash operating expenses reduced from €440m in Q1 to **€205m** per week in Q2 • **95%** reduction in passenger capacity in 2Q with 1,875 cargo-only flights using passenger aircraft in Q2 • Furlough of staff with support from government employee support schemes • Salary reductions including management and Board, contractor layoffs, halting non-essential spending
Capex initiatives	• Capex halved by c.€7bn versus plan over next three years • Financing arranged for all aircraft capex in 2020
Reduction in fleet & deliveries	• 2020-2022 aircraft deliveries (143) reduced by 68 through deferrals and cancellations • Further fleet reductions • Additional flexibility to return aircraft to lessors upon expiry
Working capital management	• Proactive management of receivables • Supplier and lessor payment deferrals after negotiated agreements • Management of customer booking cancellations through use of vouchers and other tools
Liquidity bolstered	• Total liquidity of c.€8.1bn at 30 June 2020 • Accessed available government lending support (e.g. £0.3bn UK CCFF, €1.0bn Spain ICO) • £750m renewal of American Express global partnership • Multiple treasury actions

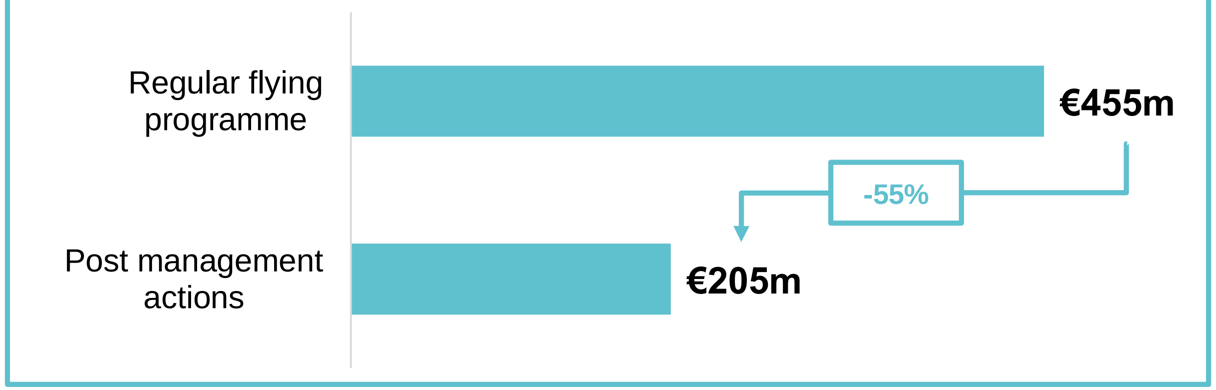
Note: CCFF: Bank of England's Coronavirus Corporate Finance Facility. ICO: Spanish *Instituto de Credito Official* programme

Significant reduction in capacity and operating costs

Actual operating cash costs per week – 2Q



Operating cash costs per week – July and August

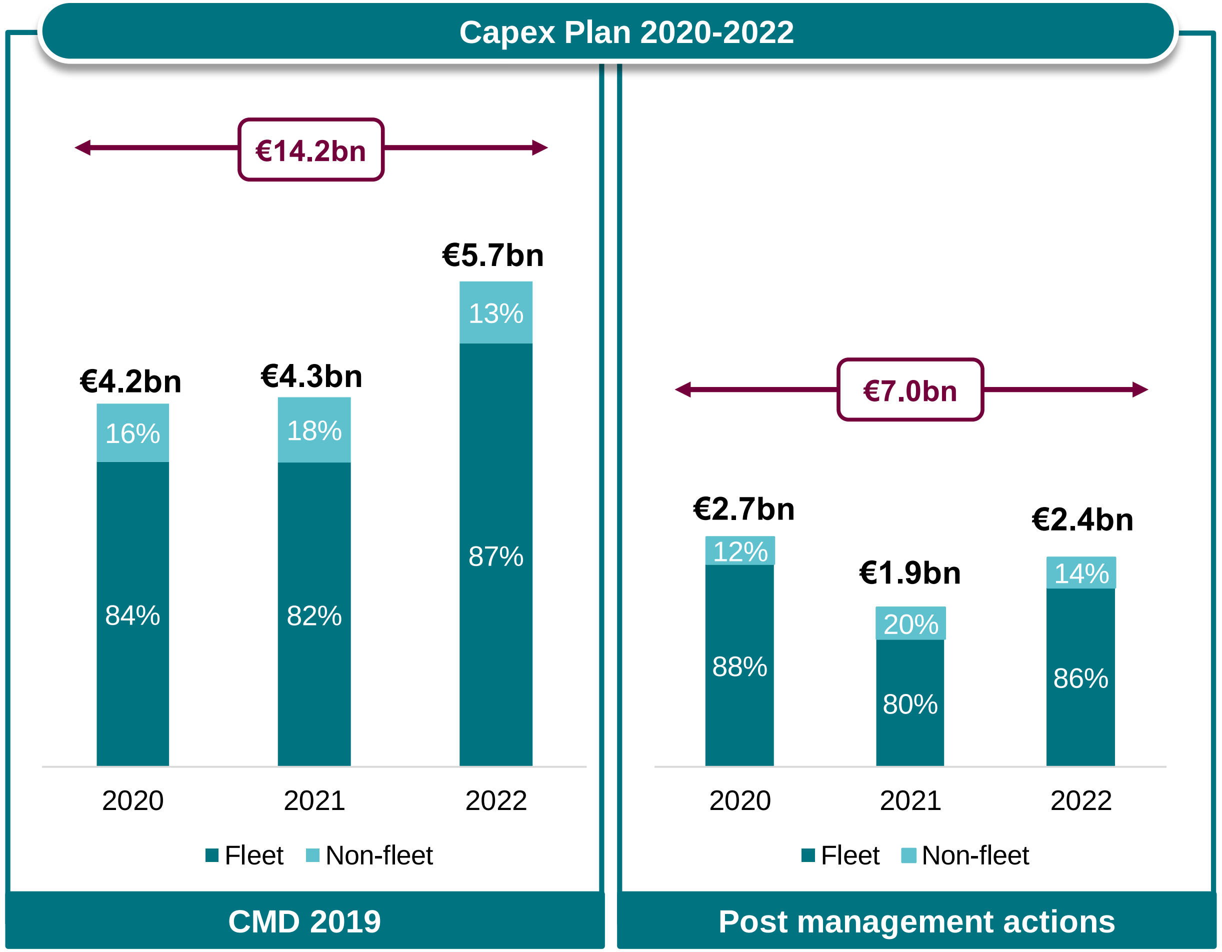


Management actions

- 95% passenger capacity reduction in 2Q (effective reduction of 87% including 1,875 cargo-driven flights)
- Furlough of crew and staff
    - UK Coronavirus Job Retention Scheme
    - Spain ERTE
    - Ireland Wage Subsidy Scheme
- Salary and Directors' fee reductions and contractor layoffs
- Halting non-essential discretionary spending (e.g. IT, recruitment, training, marketing, T&E, etc.)

Note: excludes revenue, working capital, tax, debt amortisation and pension deficit payments; includes interest cash expense and income; includes finance lease repayments and operating lease rentals; includes fuel and FX 'over-hedge' losses. T&E: Travel & Expenses

Planned capex halved over the next 3 years



Management actions

2020

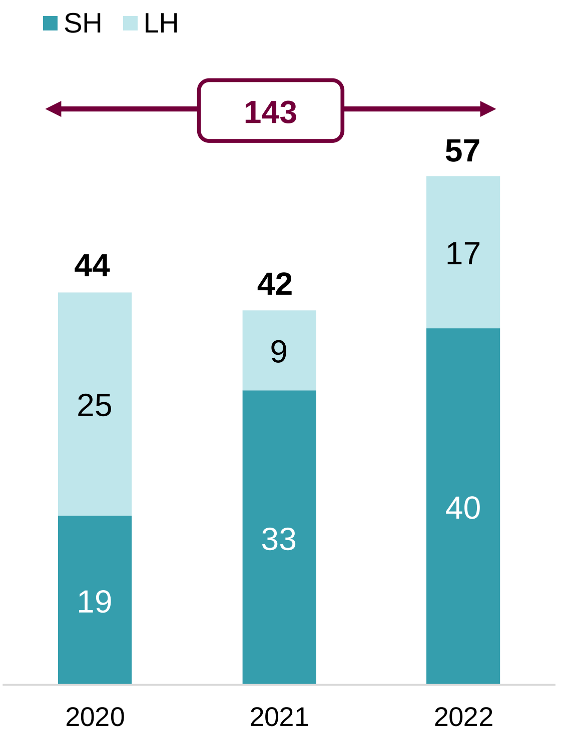
- Gross capex reduction of €1.5bn to €2.7bn (of which €1.34bn spent in 1H), €300m greater reduction than previous estimate in May
- All 2020 fleet capex covered by committed finance

2020-2022

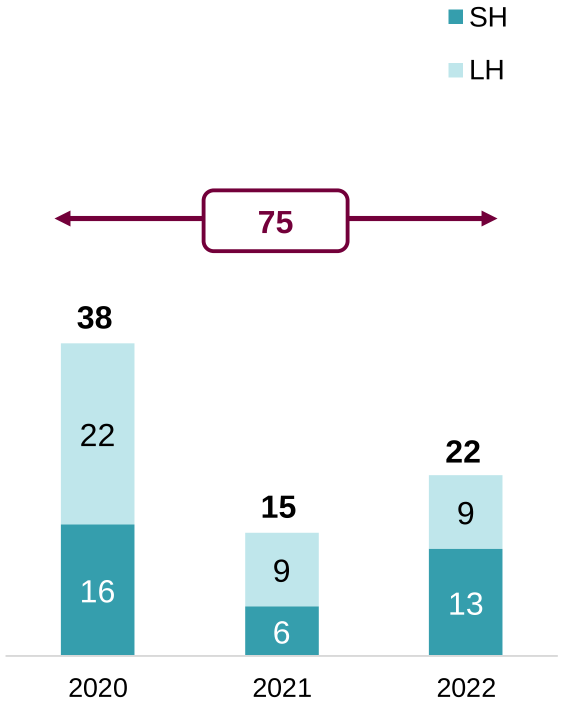
- Gross capex reduction of c.€7.3bn to €7bn
- Fleet related capex down by €6.1bn from deferral of aircraft and associated payments
- Property, ground equipment and IT spending reduction of €1.2bn

Fleet deliveries significantly reduced

Fleet deliveries



CMD 2019

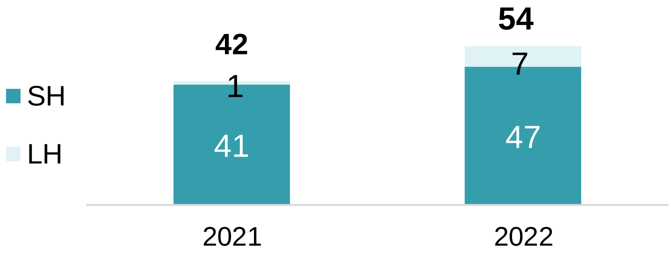


Post management actions

Management actions

- Total fleet deliveries to be reduced by 68 aircraft between 2020 and 2022
- Further fleet reduction has been implemented including retirement of 53 Long Haul aircraft (15 A340-600s, 32 B747-400s, 4 A330-200s and 2 B777-200s)
- Maintain plan to return 20 leased aircraft due to expire in 2020

Flexibility to return additional leased aircraft



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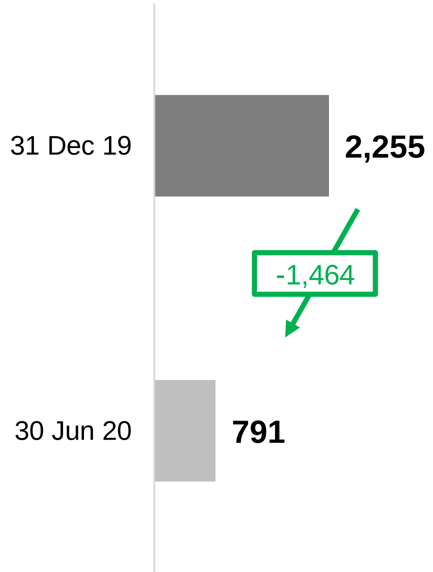
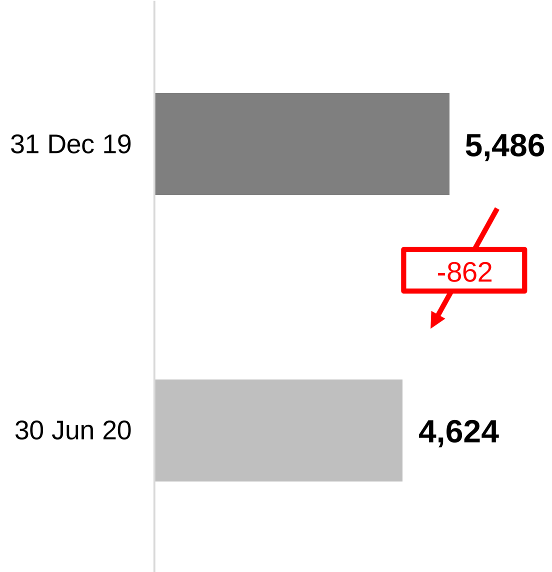
Proactive working capital management

Key working capital movements, 1H 2020

Trade receivables (€m)



Deferred revenue (€m)*



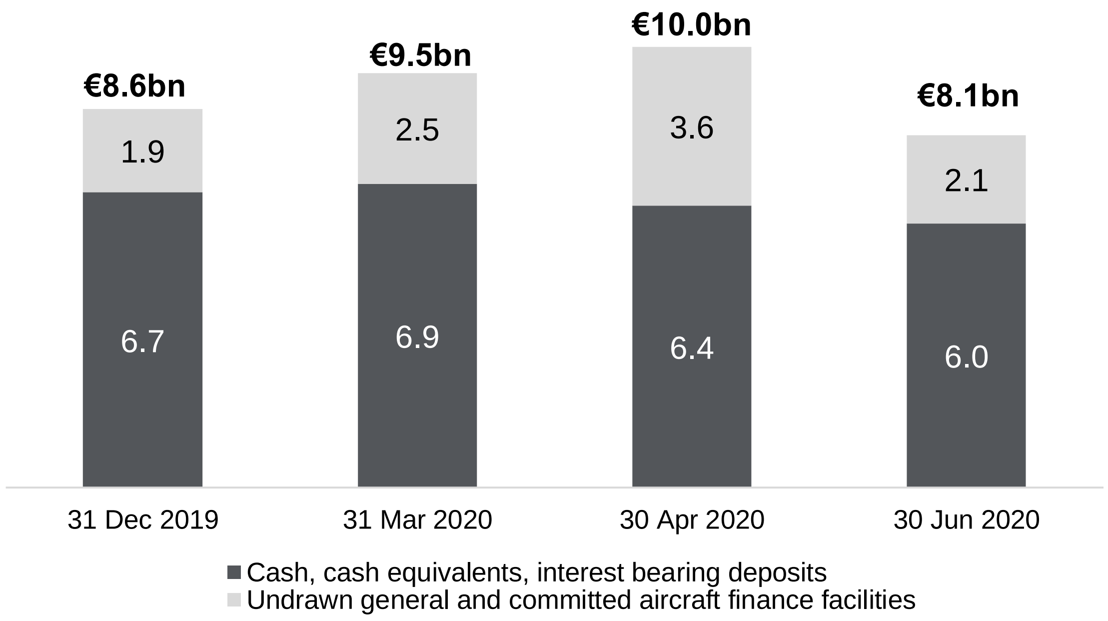
Management actions

- Net working capital cash inflow of €447m in 1H 2020
- Collection of outstanding revenue from customer and agency billing due from 2019
- Acceleration of invoicing and focus on collections
- Management of customer booking cancellation (vouchers, rebooking and refunds)
- Deferral of supplier payments after negotiation (e.g. lessors, air navigation charges)
- Sale of loyalty points from promotional activity

*Deferred revenue is comprised of sales in advance of carriage and customer loyalty programmes

Actions to bolster liquidity

Liquidity position



Management actions

Pre 30 June

- **$1.38bn** British Airways RCF extended in March
- **€337m final dividend** for 2019 cancelled in April
- **£0.3bn** UK CCFF drawn in April
- **€1.0bn** of term loans 70% guaranteed by the ICO in Spain drawn in May
- **c.$1.0bn bridge facilities** secured against aircraft arranged in May and June
- **€400m sale proceeds** including sale and lease back of 5 aircraft

Post 30 June

- **£750m American Express** cash payment to complete in August
- **c€380m sale and lease back** of 5 aircraft completed in July
- Various additional credit lines

5. Positioning IAG for the future

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A compelling investment case

Unique structure	• Disciplined capital allocation • Active portfolio management approach • Flexibility and rapid decision making • Platform with centralised functions to enable scale and plug & play
Portfolio of world-class brands	• Operationally focused companies • Distinct brands • Diversified customer base • Complementary networks
Global leadership positions	• A key player in the consolidation of the airline sector • Barcelona, Dublin, London, Madrid • Trans-Atlantic leadership, and a leading player intra-Europe
Cost efficiency	• 11% reduction in CASK non-fuel at constant currency since IAG's founding in 2011 • Continual total cost focus • Track record of restructuring the business during crises
Innovation	• Dynamic and creative culture • At the forefront of digital innovation in the airline industry • Digital platform to grow revenues streams, enhance customer loyalty and drive cost efficiencies

Encouraging customers to fly again

Pre-travel

- Promotions targeting demand to fly to holiday destinations
- Flexible bookings refundable with cash or vouchers
- Partnering with insurance companies to provide COVID-19 travel cover
- Videos of what to expect for airport and onboard experiences
- Lobbying for testing at airports

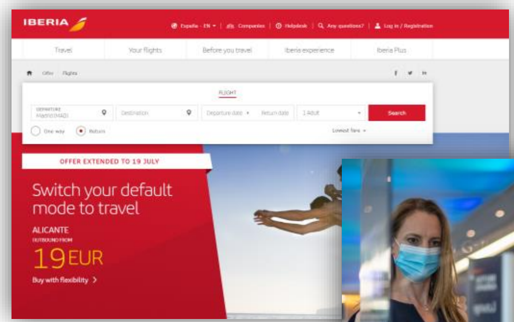
At the airport

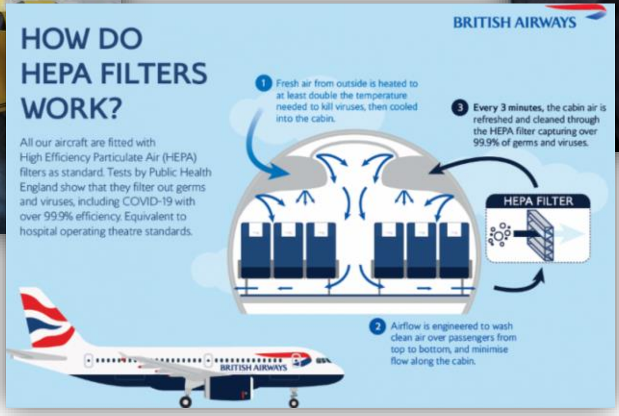
- Encourage self-service check-in and boarding
- Temperature screening for arrivals and departures
- Compulsory face coverings
- Contactless security procedures
- New lounge layouts
- New, row-by-row, boarding

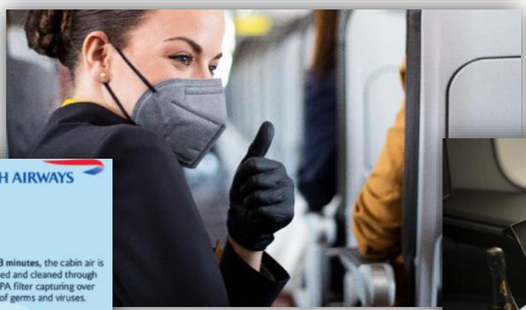
Onboard the aircraft

- Strict cleaning procedures every night and before every flight
- Personal protection packs
- Air on all flights fully recycled every 2-3 minutes through HEPA filters
- Compulsory face coverings
- New catering service to minimise contact

Our goal is to restore confidence at every stage of the customer journey
Ensuring customers have confidence in their safety while allowing operations to recommence effectively

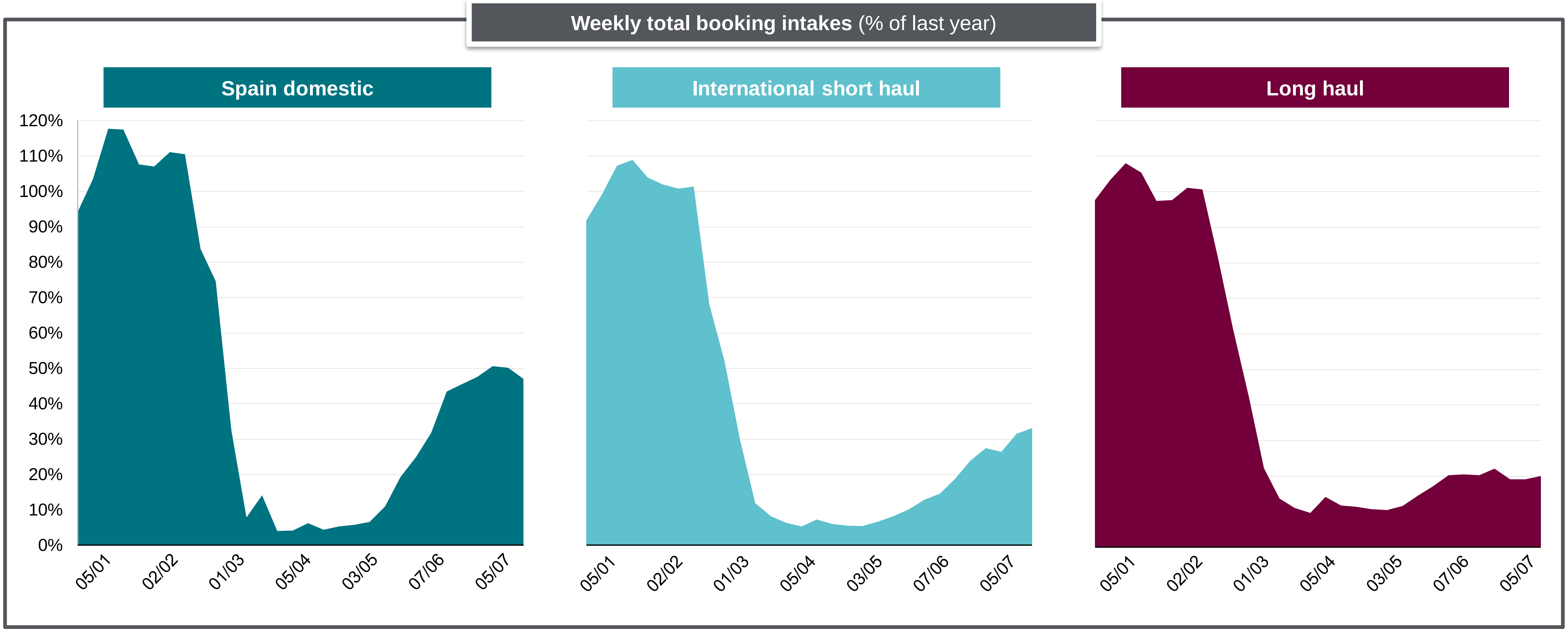






Early signs of demand recovery, especially domestic and short-haul

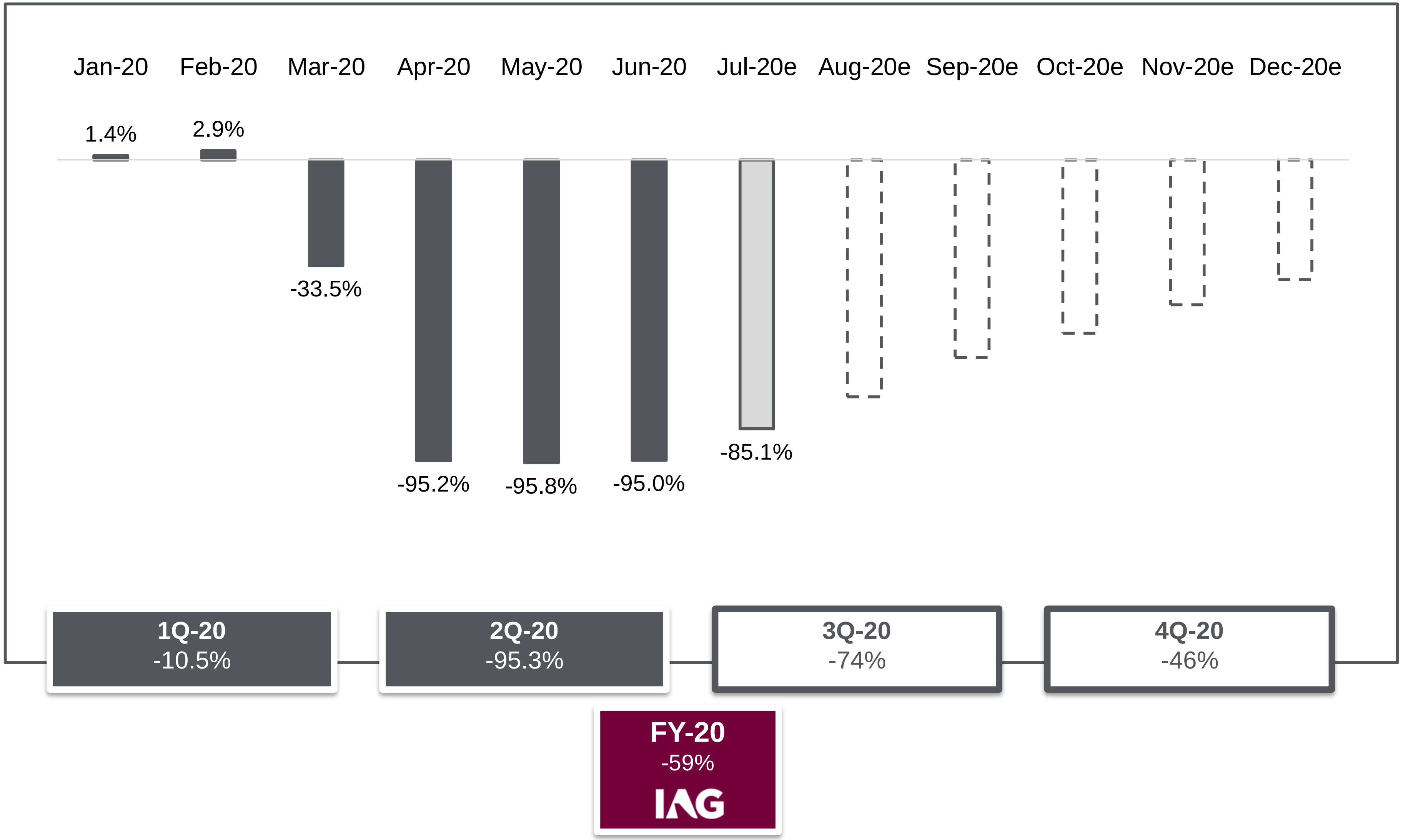
Weekly new passenger booking intake vs last year (January-July 2020)



IAG

Disciplined return to service

2020 current capacity planning scenario (ASKs)



Right sizing the business for the future: Managing our resources

Airline	Network	Fleet	People
Aer Lingus	• Most reduction on short-haul, less on North America	• 6 wet leases returned (4 B757,2 RJ85s) • Grounding of 6 A320s • Grounding of 3 A330s • Introduction of 6 A321 NEO LRs	• 250 headcount reduction (excluding pilots) out of 4,500 total • Pilots salary reductions in 2020-2021 • Support and operational staff 50-70% cut in hours and pay • Downsizing Cork and Shannon bases and temporary layoffs of ground staff and cabin crew • Outsourcing of catering (200 staff)
BRITISH AIRWAYS	• Reduction across network, but more heavily weighted on non-core markets” • Right sizing BA CityFlyer to lower anticipated business demand	• Exiting 747 fleet through early retirements • Temporary grounding of 4 A380s and up to 6 777s • Exiting A318 fleet • Early retirement of 13 Airbus narrow bodies • Temporary grounding of up to 18 narrow body aircraft	• Up to 13,000 redundancies identified • BALPA agreement reached and ballot underway with recommendation to support • Cabin crew contracts at LHR from three to one • Outsourcing of Gatwick handling
IBERIA	• Reductions in all markets with long-haul most significantly impacted, lesser reduction on short-haul	• Early retirement of 15 A340-600s • Grounding of 2 long-haul a/c • Grounding of 17 short-haul a/c • Deferral of some A320 deliveries	• From Apr-20 to Sep-20, most CBA workforce in a Force Majeure ERTE • Mixture of temporary and permanent measures subject to possible extension of ERTE
LEVEL	• Closure of Amsterdam and Vienna	• 6 surplus A320s transfer to Vueling	• Around 240 redundancies in Vienna and Amsterdam due to base closures
	• Focus on Barcelona • Closure of Paris (subject consultation)	• 5 fewer A330s (2 vs.7)	• Potential 190 redundancies in Paris (subject to consultation)
vueling	• -22% ASKs reduction in 2021 (12% Domestic, 26% Europe)	• 48 aircraft grounded, mostly to return to operation in 2021	• Rationalisation of sub-scale bases • From Apr-20 to Sep-20, all CBA workforce in a Force Majeure ERTE • From October, labour costs will keep adjusting to the level of activity with a mixture of temporary and permanent measures

Air Europa: Strategically attractive and revised terms under discussion

- Notwithstanding the unprecedented impact that the COVID-19 pandemic has had on the airline industry, the IAG Board continues to believe that the acquisition of Air Europa has considerable strategic and financial benefits for IAG and its shareholders
- The transaction demonstrates the Group's ability to continue, despite the challenging operating environment, to execute on its strategic priorities and take advantage of consolidation opportunities
- IAG and Globalia remain in active discussions regarding a potential restructuring of the Air Europa acquisition taking into account the impact of the COVID-19 pandemic

Any agreed transaction would remain subject to regulatory clearances

6. Proposed Capital Increase

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Announcement of proposed Capital Increase

- Proposed Capital Increase of up to €2.75bn to be executed by a Rights Issue
- General Meeting to seek shareholder approval on 8 September 2020
- Qatar Airways, IAG's largest shareholder (25.1%) has irrevocably committed to support the Capital Increase
- The balance (74.9%) is fully underwritten on a standby basis
- IAG Directors have committed to take up in full or in part their entitlements under the Capital Increase
- Capital Increase expected to be launched on or around 10 September 2020

Disclaimer relating to capital increase: The securities offered as part of the capital increase referred to in this document will not be registered under the U.S. Securities Act of 1933, amended and may not be offered or sold in the United States (including its territories and possessions, any state of the United States and the District of Columbia) absent registration or an applicable exemption from registration requirements in the United States. The offering of such securities may also be restricted or prohibited in certain other jurisdictions, including Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa, Switzerland and the United Arab Emirates

Proposed Capital Increase to further strengthen IAG's financial and strategic position

Resilience

- Proposed capital increase of up to €2.75bn, fully supported by IAG's largest shareholder, Qatar Airways (25.1% holding), allows the company to strengthen its balance sheet and reduce leverage
- Enhances liquidity and helps IAG withstand a prolonged downturn in air travel
- Capital increase size based on IAG's stressed, downside scenario planning

Flexibility

- Provides IAG with the opportunity to take advantage of a recovery in demand for air travel
- Enables continued investment to drive efficiencies and innovation
- Allows IAG to selectively distribute capital to OpCos subject to capital allocation discipline
- Ensures IAG can focus on the long term value drivers of the airline industry, especially in a post- COVID-19 world

Opportunity

- Helps IAG to capitalise on its strengths and execute its strategic priorities
- Continued commitment to environmental sustainability

Capital Increase sized to deliver resilience and flexibility in the downside scenario

Sizing Capital Increase

Resilience

- Enhances liquidity and helps IAG withstand a prolonged downturn in air travel
- Preserves cash balances at a level of at least 20% next twelve months expected revenue throughout the downside scenario

Strengthening Balance Sheet

- Helps offset the €2.9bn increase in net debt since the start of COVID-19
- Provide flexibility to execute strategic priorities

Downside scenario assumptions

- **Capacity (ASKs)**
  - **2020**: Prolonged grounding of aircraft (-66% vs 2019)
  - **2021**: Slower recovery vs current capacity planning scenario (-35% vs 2019)
  - **2022**: Current capacity planning scenario level reached by the end of 2022
- **Passenger unit revenue (RASK)**
  - **2020-2021**: Further downside to RASK vs 2019
  - **2022**: RASK still considerably below 2019
- **Mitigating actions**: Additional operating cost and non-fleet capex related actions identified

Note: excludes acquisition of Air Europa

7. Conclusions

INTERNATIONAL AIRLINES GROUP

Emerging from COVID-19 in a strong position

- IAG was in a strong position both strategically and financially going into the COVID-19 crisis
- COVID-19 has caused substantial losses for the global industry and IAG (1H 2020 pre-exceptional operating loss of €1.9 billion)
- IAG acted quickly to mitigate the negative impacts, bolster liquidity and protect its long term future
- IAG expects it will take until at least 2023 for passenger demand to recover to 2019 levels
- IAG has a clear plan for returning to service, right-sizing and restructuring as demand gradually returns
- Based on our current capacity planning scenario, IAG would reach breakeven in terms of **Net cash flows from operating activities** during quarter 4 2020
- In addition to considerable actions taken by IAG to date, proposed Capital Increase of up to €2.75bn will further strengthen IAG's financial and strategic position

Appendix

INTERNATIONAL
AIRLINES
GROUP

Substantial losses for all airlines despite proactive mitigating actions

Financial performance at airline level, 2Q 2020

	Aer Lingus 2Q 2020 (€m)	Aer Lingus vly	British Airways 2Q 2020 (£m)	British Airways vly	Iberia 2Q 2020 (€m)	Iberia vly	Vueling 2Q 2020 (€m)	Vueling vly
Revenue	72	-88.2%	361	-89.6%	278	-80.7%	6	-99.1%
Cost	170	-65.6%	1,073	-63.4%	555	-57.5%	188	-69.5%
Operating result	-98	-210	-711	-1,246	-277	-410	-181	-252
Operating margin	-137.1%	-155.6pts	-197.0%	-212.4pts	-99.3%	-108.6pts	-2801.1%	-2,811.3pts
ASK (m)	836	-90.0%	2,407	-95.0%	544	-97.0%	309	-97.1%
RPK (m)	77	-98.9%	665	-98.4%	268	-98.3%	140	-98.5%
Load factor (%)	9.2%	-74.1%	27.6%	-56.7%	49.3%	-38.1%	45.3%	-40.3%
Sector length (km)	2,469	+21.4%	4,343	+38.2%	2,181	-22.6%	873	-8.7%
RASK	8.55	+18.6%	15.00	+109.3%	51.10	+552.4%	2.10	-67.4%
CASK	20.28	+245.2%	44.54	+635.0%	101.85	+1,332.8%	60.85	+952.7%
CASK non-fuel	17.92	+313.4%	41.86	+860.7%	100.09	+1,735.7%	59.96	+1,294.9%

RASK = total revenue per ASK
Iberia excludes LEVEL
The 2019 results include a reclassification of the costs the Group incurs in relation to compensation for flight delays and cancellations as a deduction from revenue as opposed to an operating expense. There is no change in operating profit.

Pre-exceptional loss per share of 99 € cents in 1H 2020

Below the operating line

€m	1H 2020	1H 2019
Operating result (pre-exceptional)	-1,900	1,095
Net finance income/(costs)	-319	-259
Net financing credit relating to pensions	3	13
Net currency retranslation credits /(charges)	97	138
Other non-operating charges	50	20
Result before tax (pre-exceptional)	-2,069	1,007
Tax	104	-201
Result after tax (pre-exceptional)	-1,965	806
Diluted EPS (pre-exceptional) € cents	-99.0	39.2

The weighted average number of shares for diluted EPS in 1H 2020 was 1,986 million and in 1H 2019 was 2,080 million
The 2019 results includes a reclassification of the costs the Group incurs in relation to compensation for flight delays and cancellations as a deduction from revenue as opposed to an operating expense. There is no change in operating profit.

2Q 2020 and YTD 2020 traffic and capacity statistics

Group performance	Quarter			Year to date		
	Q2 2020	Q2 2019	vLY	2020	2019	vLY
Passengers carried ('000s)	**508**	**31,504**	**-98.4%**	**20,385**	**55,886**	**-63.5%**
Domestic (UK & Spain)	254	7,454	-96.6%	5,277	13,375	-60.5%
Europe	147	16,906	-99.1%	9,729	29,312	-66.8%
North America	51	3,487	-98.5%	2,123	5,969	-64.4%
Latin America & Caribbean	17	1,539	-98.9%	1,452	3,014	-51.8%
Africa & Middle East	7	1,480	-99.5%	1,349	3,001	-55.0%
Asia & Pacific	32	638	-95.0%	455	1,215	-62.6%
Revenue passenger km (m)	**1,155**	**74,806**	**-98.5%**	**52,772**	**135,684**	**-61.1%**
Domestic (UK & Spain)	225	5,371	-95.8%	4,124	9,702	-57.5%
Europe	143	19,917	-99.3%	10,574	33,468	-68.4%
North America	322	22,948	-98.6%	14,060	39,498	-64.4%
Latin America & Caribbean	160	12,738	-98.7%	11,981	24,920	-51.9%
Africa & Middle East	47	7,721	-99.4%	7,714	16,440	-53.1%
Asia & Pacific	258	6,111	-95.8%	4,319	11,656	-62.9%
Available seat km (m)	**4,103**	**88,008**	**-95.3%**	**71,625**	**163,431**	**-56.2%**
Domestic (UK & Spain)	487	6,106	-92.0%	5,262	11,267	-53.3%
Europe	372	24,082	-98.5%	14,417	41,156	-65.0%
North America	2,210	26,599	-91.7%	21,599	48,027	-55.0%
Latin America & Caribbean	285	14,778	-98.1%	14,365	29,137	-50.7%
Africa & Middle East	62	9,295	-99.3%	9,848	19,994	-50.7%
Asia & Pacific	687	7,148	-90.4%	6,134	13,850	-55.7%
Passenger load factor (%)	**28.2**	**85.0**	**-56.8 pts**	**73.7**	**83.0**	**-9.3 pts**
Domestic (UK & Spain)	46.2	88.0	-41.8 pts	78.4	86.1	-7.7 pts
Europe	38.4	82.7	-44.3 pts	73.3	81.3	-8.0 pts
North America	14.6	86.3	-71.7 pts	65.1	82.2	-17.1 pts
Latin America & Caribbean	56.1	86.2	-30.1 pts	83.4	85.5	-2.1 pts
Africa & Middle East	75.8	83.1	-7.3 pts	78.3	82.2	-3.9 pts
Asia & Pacific	37.6	85.5	-47.9 pts	70.4	84.2	-13.7 pts
Cargo tonne km (m)	**578**	**1,409**	**-59.0%**	**1,751**	**2,802**	**-37.5%**

2Q 2020 and YTD 2020 traffic and capacity statistics

Performance by airline	Quarter			Year to date		
	Q2 2020	Q2 2019	vLY	2020	2019	vLY
Aer Lingus						
Passengers carried ('000s)	60	3,255	-98.2%	1,729	5,451	-68.3%
Revenue passenger km (m)	77	6,996	-98.9%	3,415	11,251	-69.6%
Available seat km (m)	836	8,394	-90.0%	6,113	14,198	-56.9%
Passenger load factor (%)	9.2	83.3	-74.1 pts	55.9	79.2	-23.4 pts
Cargo tonne km	52	43	+20.9%	94	82	+14.6%
BRITISH AIRWAYS						
Passengers carried ('000s)	180	12,643	-98.6%	8,728	23,115	-62.2%
Revenue passenger km (m)	665	40,768	-98.4%	29,784	75,643	-60.6%
Available seat km (m)	2,407	48,337	-95.0%	41,655	92,170	-54.8%
Passenger load factor (%)	27.6	84.3	-56.7 pts	71.5	82.1	-10.6 pts
Cargo tonne km	492	1,083	-54.6%	1,371	2,145	-36.1%
IBERIA						
Passengers carried ('000s)	106	5,697	-98.1%	4,270	10,643	-59.9%
Revenue passenger km (m)	268	16,057	-98.3%	12,392	30,023	-58.7%
Available seat km (m)	544	18,379	-97.0%	15,414	34,804	-55.7%
Passenger load factor (%)	49.3	87.4	-38.1 pts	80.4	86.3	-5.9 pts
Cargo tonne km	34	283	-88.0%	282	574	-50.9%
LEVEL						
Passengers carried ('000s)	1	484	-99.8%	440	773	-43.1%
Revenue passenger km (m)	5	1,872	-99.7%	2,087	3,399	-38.6%
Available seat km (m)	7	2,257	-99.7%	2,329	4,175	-44.2%
Passenger load factor (%)	71.4	82.9	-11.5 pts	89.6	81.4	+8.2 pts
Cargo tonne km	-	-		4	1	+300.0%
vueling						
Passengers carried ('000s)	161	9,425	-98.3%	5,218	15,904	-67.2%
Revenue passenger km (m)	140	9,113	-98.5%	5,094	15,368	-66.9%
Available seat km (m)	309	10,641	-97.1%	6,114	18,084	-66.2%
Passenger load factor (%)	45.3	85.6	-40.3 pts	83.3	85.0	-1.7 pts
Cargo tonne km	n/a	n/a	n/a	n/a	n/a	n/a