IAG results presentation

Full Year 2019

28 February 2020

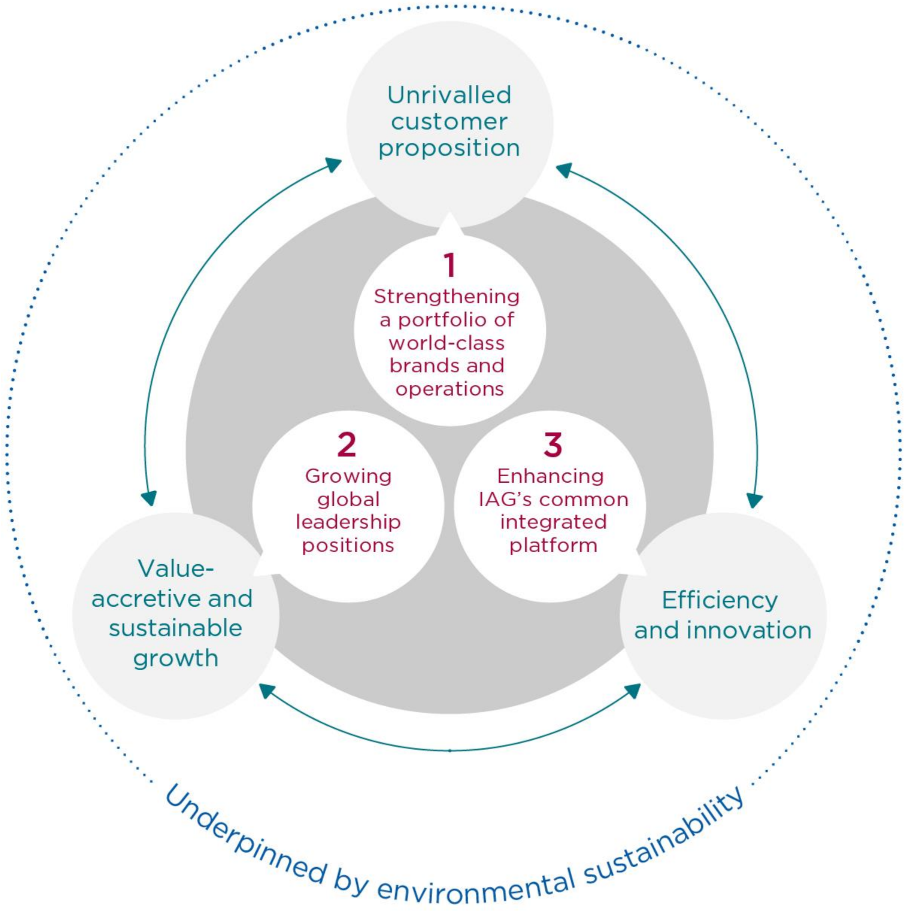
2019 Highlights

Willie Walsh, Chief Executive Officer

INTERNATIONAL AIRLINES GROUP

Continued progress against strategic objectives

FY 2019 strategic highlights



- **Strengthen portfolio of world-class brands and operations**
  - Announced planned acquisition of Air Europa, subject to regulatory approvals
  - British Airways new Club Suite on 5 aircraft (4 A350s, 1 B777) and in-flight product enhancements (amenities, catering, new World Traveller Plus seat, Wi-Fi rollout. Revamped lounges – Geneva, Johannesburg, Milan, New York JFK, SFO
  - Iberia Madrid lounge refurbishment and completion of premium economy long-haul rollout
  - Strong NPS increase by 9.5 points to 25.8, driven by British Airways and Vueling, target of 33 by 2022
  - LEVEL expansion at Barcelona and roll-out to Amsterdam

Grow global leadership positions

- North America traffic (RPK) growth of 3.6%
  - New destinations – Charleston (BA), Minneapolis (Aer Lingus), Pittsburgh (BA)
  - LEVEL – new route Barcelona to New York
- Latin America and Caribbean traffic growth of 15.6%
  - Iberia - higher frequencies on existing routes
  - LEVEL – new route Barcelona to Santiago
  - British Airways – increased economy seating ex-LGW on Caribbean routes
- Intra-Europe traffic growth of 3.8% - Domestic +10.1% (mainly Spain), Europe +2.2%
- Asia traffic growth of 5.0% – British Airways new routes to Islamabad and Osaka, signed joint business agreement with China Southern Airlines

Enhance IAG's common integrated platforms

- Launched 'Flightpath net zero' carbon emissions by 2050
- 39 new generation aircraft delivered in 2019: 8 A350s, 21 A320 NEOs, 7 A321 NEOs, 3 A321 NEO LRs
- 22 old generation aircraft retired or returned
- Orders for 18 B777-9s plus 24 options for delivery 2022-2025 and 14 A321XLRs from 2023 (6 Aer Lingus, 8 Iberia)
- Signed letter of intent for 200 B737s for delivery 2023-2027 (BA LGW and Vueling)
- NDC/API distribution – highest IATA@scale NDC certification (>20% of indirect bookings via NDC)
- IAGTech launch – new IT management (CIO), operating model and governance structure

Good underlying financial performance in 2019 and 4Q 2019

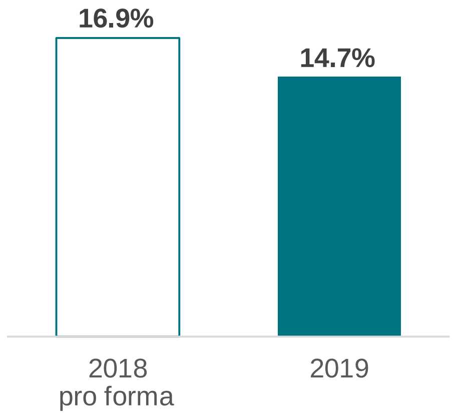
FY 2019 financial highlights

- FY19 operating profit of €3,285m (12.9% margin) compared to €3,485m (14.4%) in 2018
  - Negatively affected by €170m due to the BA pilots' strikes and Heathrow disruption
  - Despite a fuel headwind of €738m (+14% on +4% ASK increase)
  - Passenger unit revenue of -0.5% at constant currency and airline non-fuel unit cost of -0.9% at constant currency, in line with guidance given in 26 September trading update
  - Adjusted EPS (pre-exceptional) growth of +1.7%
- 4Q 2019 operating profit of €765m (12.3% margin), 7% higher than €715m (11.9%) in 4Q 2018
  - Aer Lingus (6.2%) and British Airways (16.0%) higher margin than a year ago, Iberia (8.0%) the same and Vueling (0.9%) lower
- RoIC of 14.7% slightly below IAG's 15% target but would have been 15.4% excluding the BA pilots' strikes
- Carbon efficiency improvement in 2019 of 1.9% (to 89.8 from 91.5g CO_2/pkm in 2018)
- Shareholder cash returns
  - In 2019, IAG returned €1.3 billion of cash to shareholders, including €695m in special dividends
  - The IAG Board is recommending a total ordinary dividend in respect of the 2019 financial year of 31.5 € cents per share, an increase compared to 31.0 € cents per share in respect of 2018
  - In view of the potential acquisition of Air Europa, the Board is not recommending additional cash returns in 2020 at this stage

RoIC slightly short of target, operating margin in line

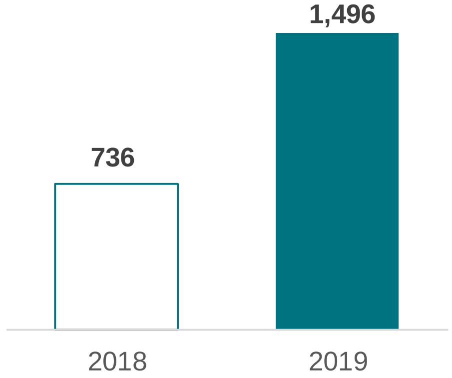
FY 2019 financial highlights

RoIC
(%)



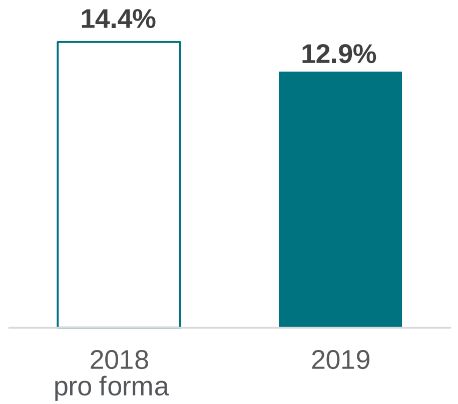
Targeting sustainable 15%

Levered
free cash flow
(€m)



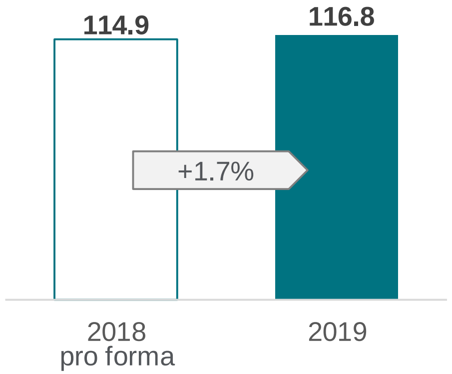
Targeting €2.1bn p.a
average 2020-2022

Operating
margin
(%)



Targeting 12%-15%

Adjusted
EPS
(€ cents)



Targeting 10%+ growth
average 2020-2022

Pro forma financial information is based on the Group's restated statutory results with an adjustment to reflect the estimated impact of IFRS 16 'Leases' from 1 January 2018. The 2018 results have been restated to reclassify 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.

Financial results

Steve Gunning, Chief Financial Officer

INTERNATIONAL AIRLINES GROUP

Good FY19 results in a year affected by disruption and higher fuel costs

FY 2019 financial summary

OPERATING PROFIT	TOTAL UNIT REVENUE	PAX UNIT REVENUE
€3,285m (reported before exceptional) **- €267m** (constant currency change) -€200m (reported change)	-0.4% (constant currency) +1.1% (reported) (€68m translation benefit) (€325m transaction tailwind)	**-0.5%** (constant currency) +1.0% (reported)

TRAFFIC/CAPACITY	TOTAL UNIT COST	NON-FUEL UNIT COST
ASKs: +4.0% (reported) RPKs: +5.6% (reported)	+1.4% (constant currency pro forma) +2.9% (reported change vs. 2018 pro forma) (€58m translation drag) (€268m transaction headwind)	-0.1% (constant currency pro forma) **-0.9%** (airline constant currency pro forma) +0.6% (reported change vs. 2018 pro forma)

‘Translation’ = drag/benefit from translation of British Airways and Avios financial results from GBP into EUR; ‘Transaction’ = FX headwind/tailwind at company level

Pro forma financial information is based on the Group’s restated statutory results with an adjustment to reflect the estimated impact of IFRS 16 ‘Leases’ from 1 January 2018. The 2018 results have been restated to reclassify 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.

See definition of airline non-fuel unit costs in appendices.

IAG

Strong 4Q operating profit despite strikes affecting bookings

4Q 2019 financial summary

OPERATING PROFIT	TOTAL UNIT REVENUE	PAX UNIT REVENUE
€765m (reported before exceptional) **-€29m** (constant currency change) +€50m (reported change)	-1.2% (constant currency) +1.4% (reported) (€87m translation benefit) (€70m transaction tailwind)	**-0.4%** (constant currency) +2.2% (reported)

TRAFFIC/CAPACITY	TOTAL UNIT COST	NON-FUEL UNIT COST
ASKs: +1.9% (reported) RPKs: +5.4% (reported)	-0.5% (constant currency pro forma) +0.9% (reported change vs. 2018 pro forma) (€73m translation drag) (€5m transaction headwind)	-1.6% (constant currency pro forma) **-1.7%** (airline constant currency pro forma) -0.7% (reported change vs. 2018 pro forma)

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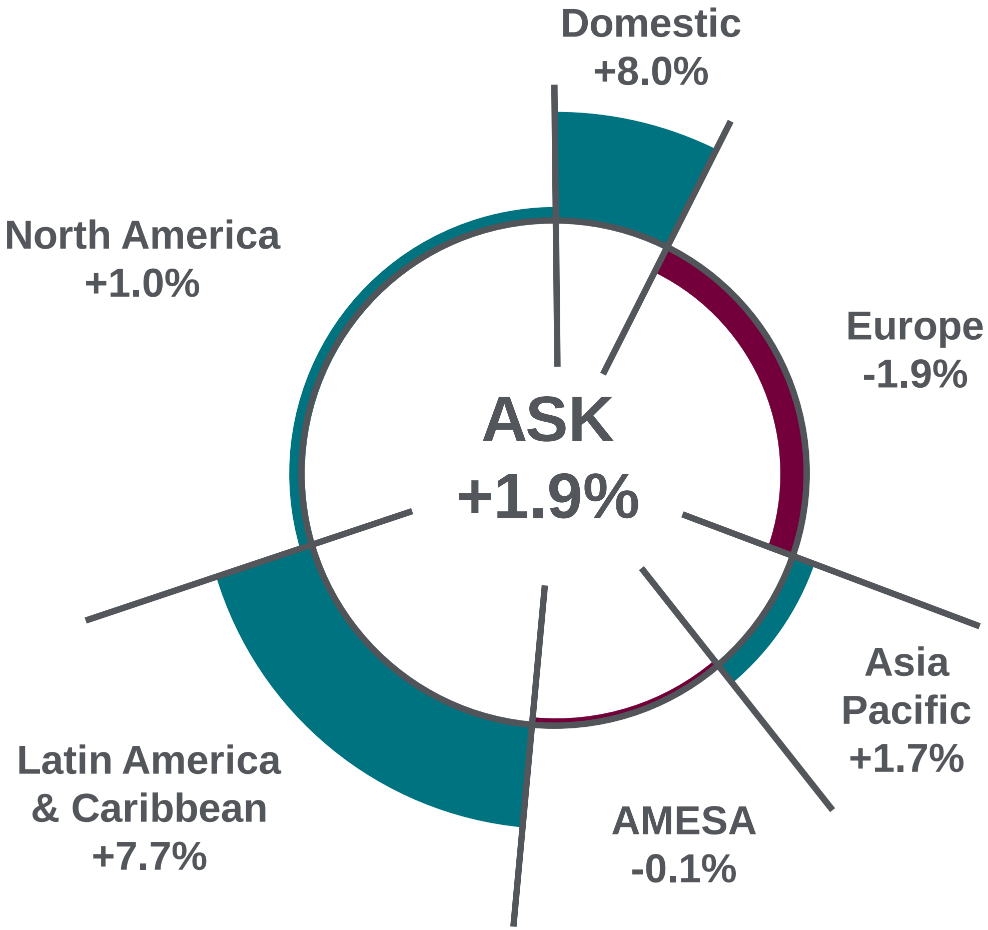
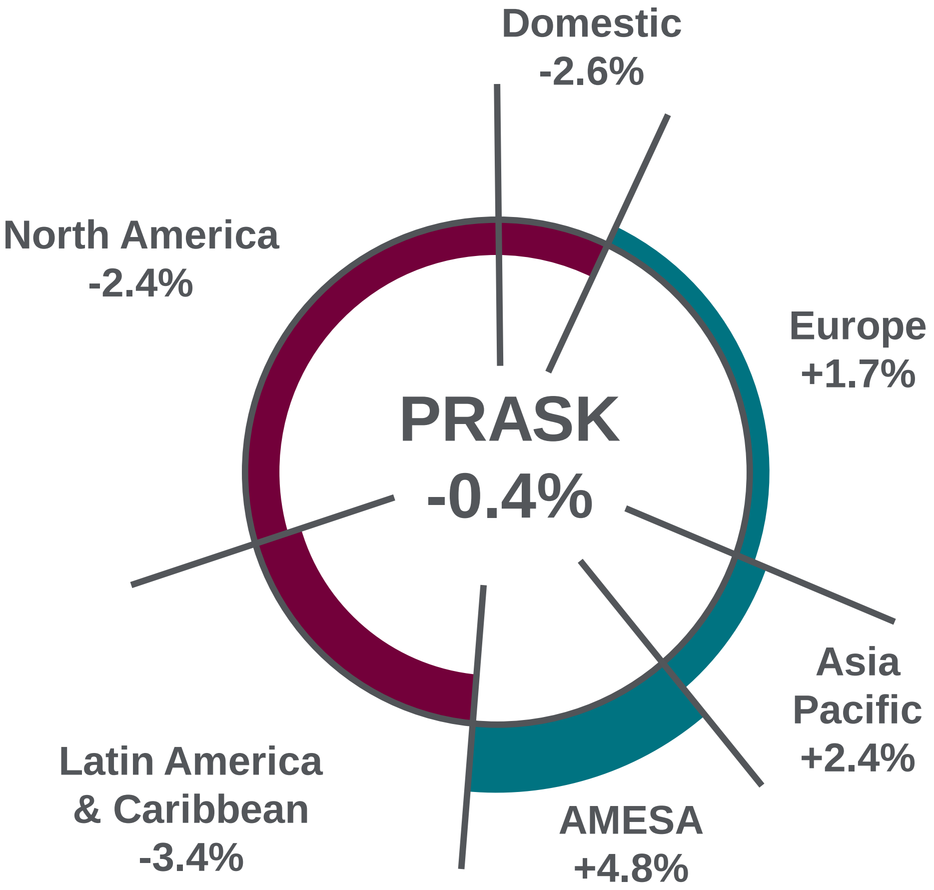
Mixed regional revenue performance

4Q 2019 revenue performance by region





Regional data in the chart represents flown passenger revenue in unit terms at constant currency before transfer payments, Avios redemption and ancillaries

Strong unit cost control

4Q 2019 unit cost performance

	4Q 2018 pro forma unit costs (€ cents)	4Q 2019 reported unit costs (€ cents)	% vly	% vly constant currency
Employee	1.52	1.52	0.2%	-1.2%
Supplier	2.75	2.67	-2.7%	-3.1%
Ownership	0.64	0.68	5.7%	+4.2%
Non-fuel	4.91	4.87	-0.7%	-1.6%
Fuel	1.68	1.77	5.6%	+2.4%
TOTAL	6.59	6.64	0.9%	-0.5%

Fuel efficiency
(fuel burn per ASK)

-1.6%
(12 months rolling)

Airline non-fuel unit cost

-1.7%
(constant currency pro forma)

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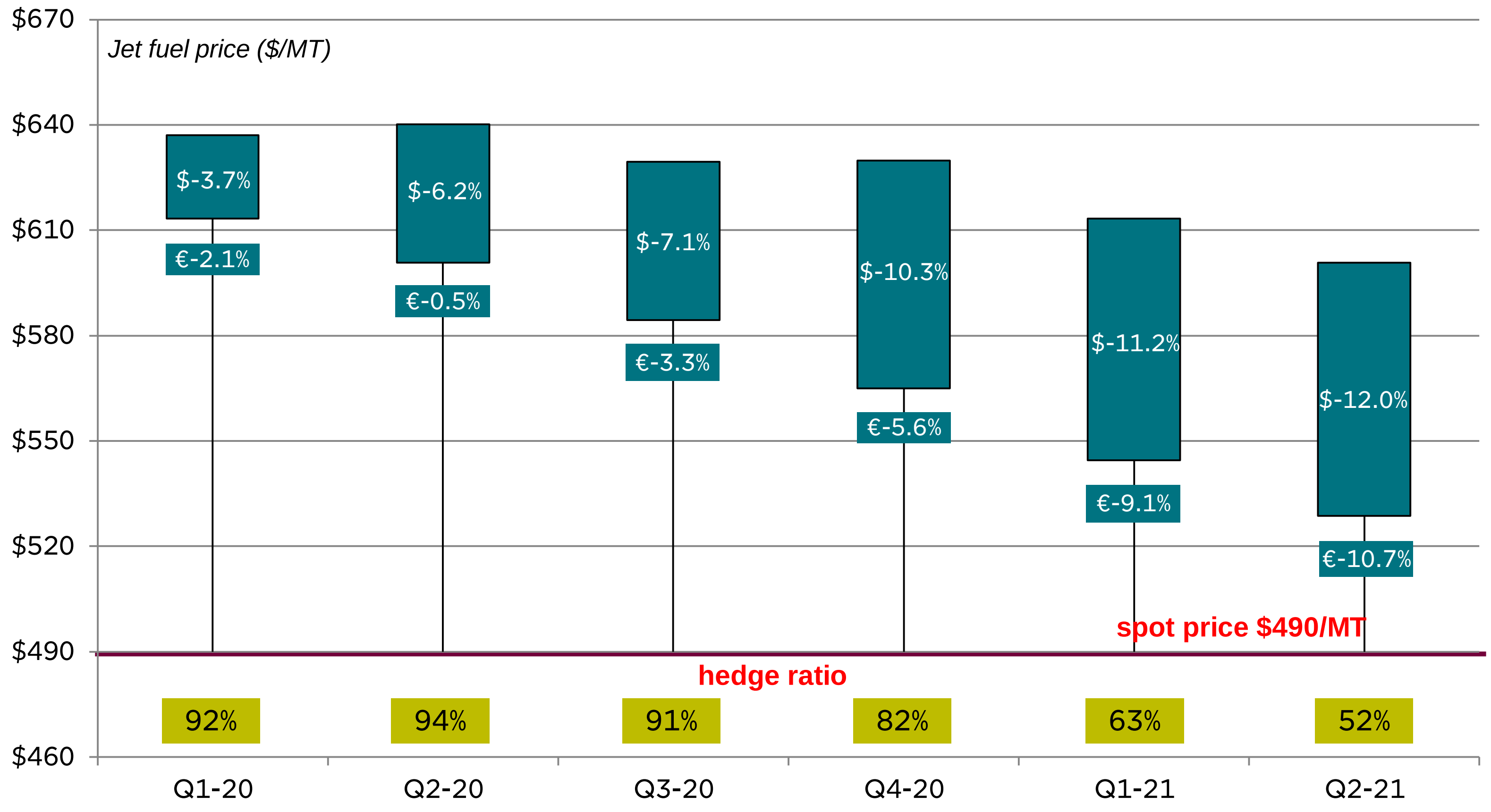
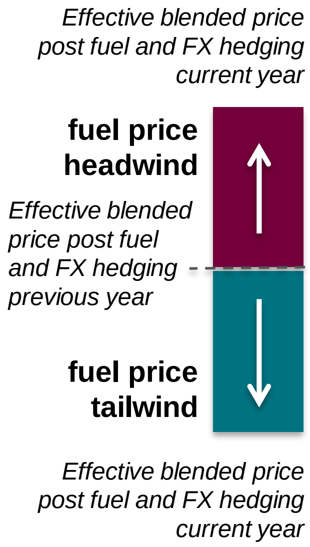
Fuel tailwind expected in 2020

Fuel scenario: detailed modelling in appendix



2020 fuel bill scenario - €5.9bn (at $490/MT and 1.09$/€)

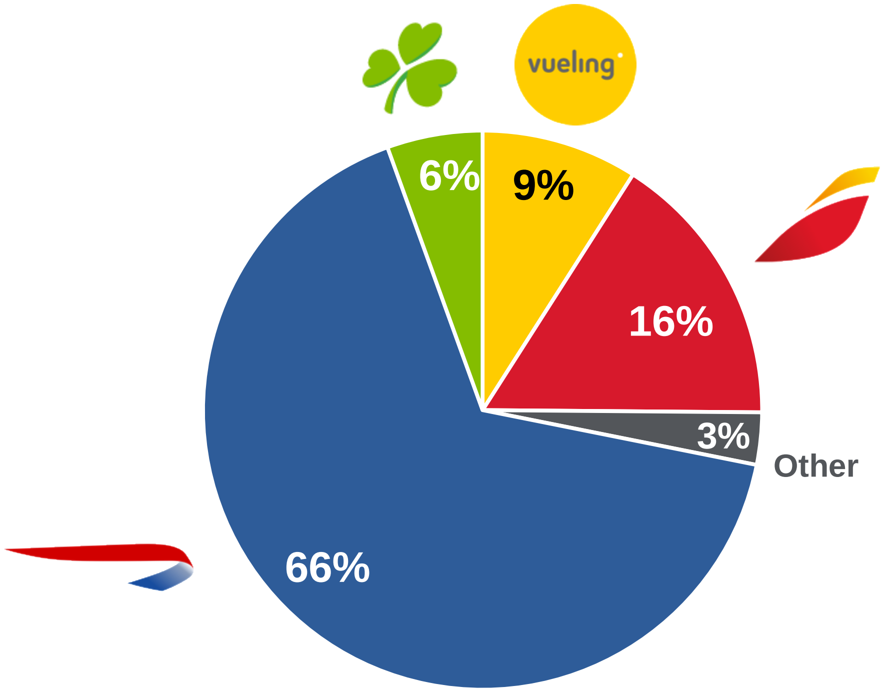
Key:



FX sensitivity in 2020 fuel bill: EURUSD ±10% = ±4% fuel cost at current hedging

RoIC slightly below long term target

Financial target tracker: profitability trend by airline



IAG capital allocation 4Q 2019

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IAG

Op. margin: 4Q 2019	12.3%
Op. margin trend vly	+0.4pts
Nml. margin: last 4Qs	11.6%
RoIC: last 4Qs	14.7%

Aer Lingus

Op. margin: 4Q 2019	6.2%
Op. margin trend vly	+0.9pts
Nml. margin: last 4Qs	11.9%
RoIC: last 4Qs	22.0%

IBERIA

Op. margin: 4Q 2019	8.0%
Op. margin trend vly	0.0pts
Nml. margin: last 4Qs	7.9%
RoIC: last 4Qs	14.1%

BRITISH AIRWAYS

Op. margin: 4Q 2019	16.0%
Op. margin trend vly	+0.6pts
Nml. margin: last 4Qs	12.9%
RoIC: last 4Qs	14.7%

vueling

Op. margin: 4Q 2019	0.9%
Op. margin trend vly	-3.0pts
Nml. margin: last 4Qs	8.8%
RoIC: last 4Qs	13.1%

Nml. Margin: As above, adjusted for inflation, for comparability with Invested Capital
Average Invested Capital: Tangible Fleet and ROU Fleet assets NBV (inflation adjusted), Other PPE and Other ROU assets NBV and software intangible assets NBV.

Operating profits impacted by disruption and higher fuel costs

Financial performance at airline level

	Aer Lingus FY 2019 (€m)	Aer Lingus vly	British Airways FY 2019 (£m)	British Airways vly	Iberia FY 2019 (€m)	Iberia vly	Vueling FY 2019 (€m)	Vueling vly
Revenue	2,125	+5.8%	13,290	+2.5%	5,645	+9.2%	2,455	+5.0%
Cost	1,849	+8.9%	11,369	+3.9%	5,148	+11.0%	2,215	+6.8%
Operating result	276	-35	1,921	-104	497	-36	240	-24
Operating margin	13.0%	-2.5pts	14.5%	-1.1pts	8.8%	-1.5pts	9.8%	-1.5pts
ASK (m)	30,255	+4.2%	186,170	+0.9%	73,354	+7.6%	38,432	+2.7%
RPK (m)	24,753	+5.3%	155,580	+2.2%	63,991	+9.8%	33,410	+4.5%
Sector length (km)	2,021	+1.0%	3,183	+0.4%	2,841	+2.7%	952	-1.3%
RASK	7.02	+1.5%	7.14	+1.6%	7.69	+1.5%	6.39	+2.3%
CASK	6.11	+4.5%	6.11	+3.0%	7.02	+3.2%	5.76	+4.1%
CASK ex-fuel	4.59	+1.2%	4.37	+0.6%	5.38	+1.4%	4.34	+2.5%

Note: RASK = total revenue per ASK
Iberia excludes LEVEL
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Modest growth in EPS due to lower share count

Below the line

€m	FY 2018	FY 2019
Operating profit (pre-exceptional)	3,485	3,285
Net finance income/(costs)	(520)	(561)
Net financing credit relating to pensions	27	26
Net currency retranslation credits /(charges)	(19)	201
Other non-operating charges	(9)	(4)
Profit before tax (pre-exceptional)	2,964	2,947
Tax	(542)	(560)
Profit after tax (pre-exceptional)	2,422	2,387
Diluted EPS (pre-exceptional) € cents	114.9	116.8

The weighted average number of shares in 2018 was 2,113,081 and in 2019 was 2,065,776
The prior year comparative is 31 December 2018 pro forma.
Pro forma financial information is based on the Group's restated statutory results with an adjustment to reflect the estimated impact of IFRS 16 'Leases' from 1 January 2018. The 2018 results have been restated to reclassify 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.

Slight increase in leverage, although well below target ceiling

Leverage and cash position

€m	December 2018	December 2019
Gross debt	12,704	14,254
Cash, cash equivalents & interest-bearing deposits	6,274	6,683
Net debt / (cash)	6,430	7,571
Net debt / EBITDA	1.2x	1.4x

The prior year comparative is 31 December 2018 pro forma
Pro forma financial information is based on the Group's restated statutory results with an adjustment to reflect the estimated impact of IFRS 16 'Leases' from 1 January 2018. The 2018 results have been restated to reclassify 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.

Outlook

Willie Walsh, Chief Executive Officer

INTERNATIONAL AIRLINES GROUP

Guidance for FY 2020

The earnings outlook is adversely affected by weaker demand as a result of coronavirus (COVID-19). We are currently experiencing demand weakness on Asian and European routes and a weakening of business travel across our network resulting from the cancellation of industry events and corporate travel restrictions.

In Asia, flights to Mainland China have been suspended. On January 29, British Airways suspended its daily flight to both Beijing and Shanghai and Iberia suspended its three times weekly service to Shanghai on January 31. In addition, some services on other Asian routes have been reduced. From February 13, British Airways reduced its daily Hong Kong service from two to one. From March 13, it will reduce its daily service to Seoul to 3-4 times weekly.

Some of the freed-up long haul capacity is being redeployed to routes with stronger demand. British Airways has announced additional flights to India, South Africa and the US, while Iberia is increasing capacity on US and domestic routes.

Capacity on Italian routes for March has been significantly reduced through a combination of cancellations and change of aircraft gauge and further capacity reductions will be activated over the coming days. We also expect to make some capacity reductions across our wider short haul network. Short haul capacity is not being redeployed at this stage.

The net impact of current flight cancellations and redeployed capacity is to lower IAG's FY 2020 planned capacity by approximately 1 per cent in terms of available seat kilometres to 2 per cent for the year. Our operating companies will continue to take mitigating actions to better match supply to demand in line with the evolving situation. Cost and revenue initiatives are being implemented across the business.

IAG is resilient with a strong balance sheet and substantial cash liquidity to withstand the current weakness. We have a management team experienced in similar situations and have demonstrated that we can respond quickly to changing market conditions. We are strongly positioned for the expected recovery in demand.

Given the ongoing uncertainty on the potential impact and duration of COVID-19, it is not possible to give accurate profit guidance for FY 2020 at this stage.

Investment case and topics

Willie Walsh, Chief Executive Officer

INTERNATIONAL AIRLINES GROUP

The IAG investment case

A unique structure that drives growth and innovation to generate superior shareholder returns

- Unique structure
- Portfolio of world-class brands and operations
- Global leadership positions
- Cost efficiency
- Innovation

- Sustainable profitability
  - RoIC
  - Operating margin
- Accretive growth
  - Organic
  - Inorganic

- Total shareholder returns
  - EPS growth
  - Ordinary dividend
  - Share buyback / Special dividend

Underpinned by environmental sustainability

The IAG investment case

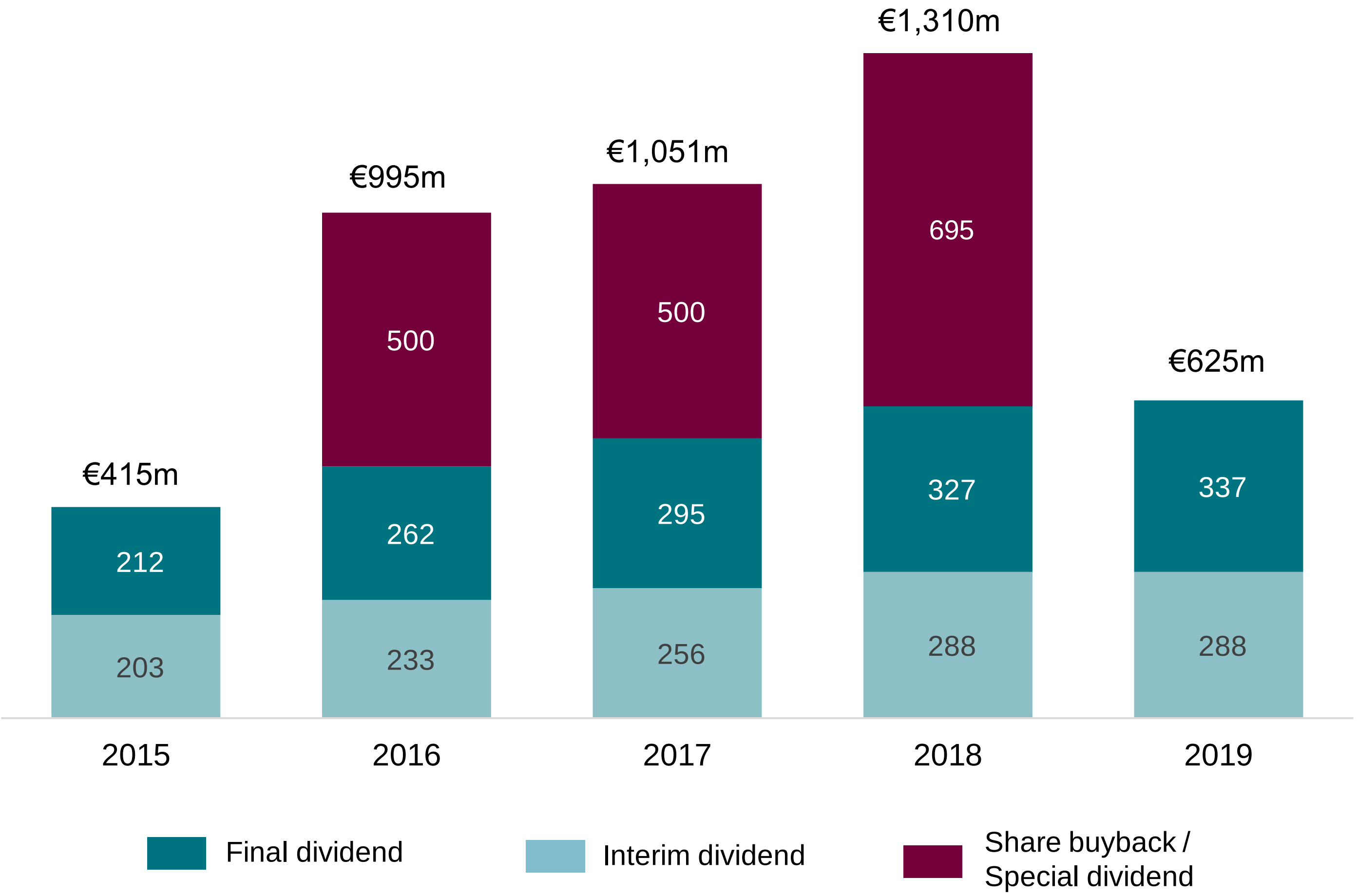
A unique structure that drives growth and innovation to generate superior shareholder returns

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 and operations	• Operationally focused companies • Distinct brands • Diversified customer base • Complimentary networks
Global leadership positions	• Leading the consolidation of the airline sector • Barcelona, Dublin, London, Madrid • North Atlantic, South Atlantic, and intra-Europe
Cost efficiency	• 11.0% reduction in CASK ex-fuel at constant currency since IAG's founding in 2011 • 1% CAGR reduction in airline non-fuel costs over the next 5 years
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

Underpinned by environmental sustainability

Industry thought leadership	Pathway to achieve targets	Environment criteria in all decision making	Management incentives for environmental performance

€4.4bn returns to shareholders since 2015

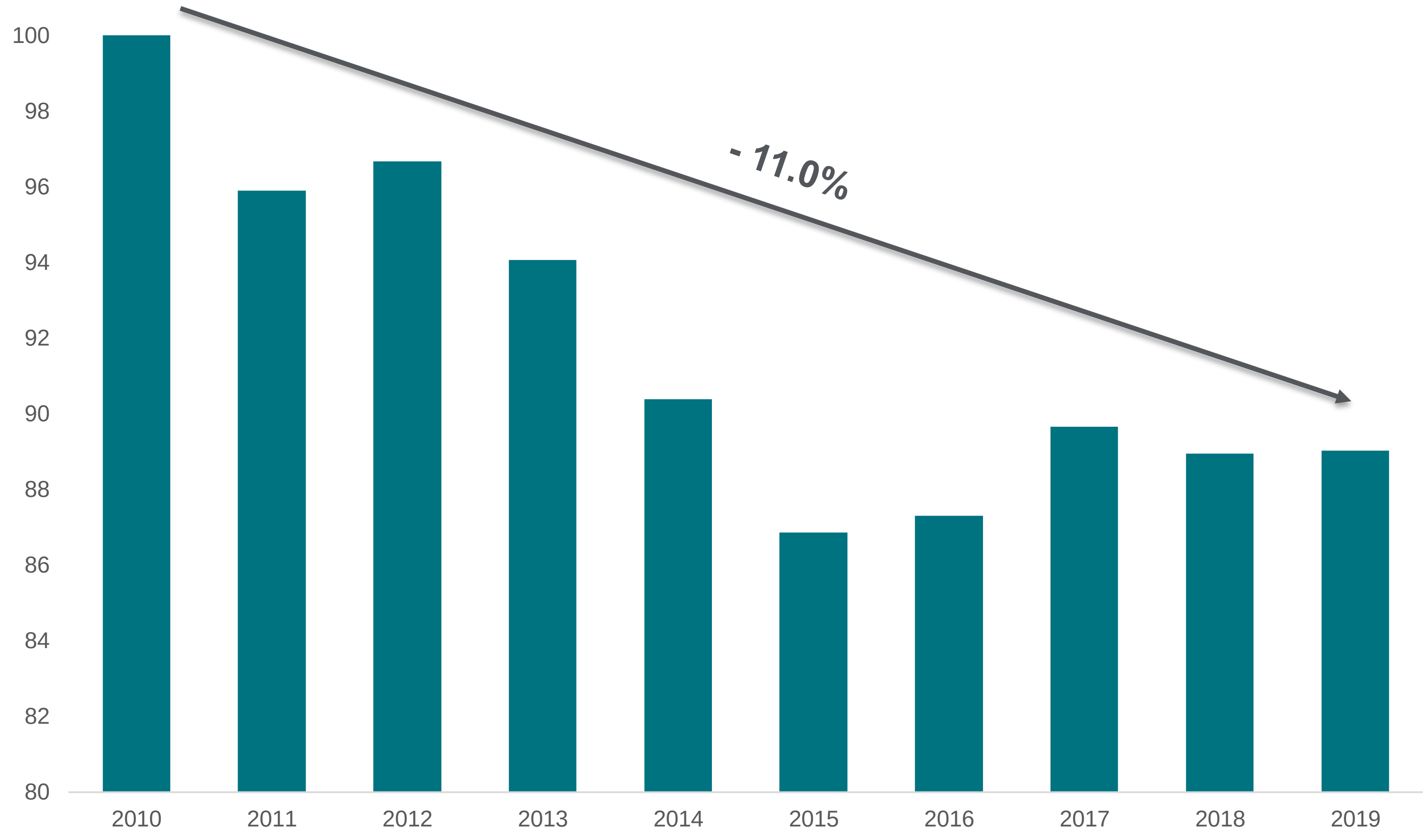


- **Cash priorities**
  1. Re-invest in the business to generate accretive organic growth and improve environmental sustainability;
  2. Commitment to sustained ordinary dividend;
  3. Inorganic growth;
  4. Surplus cash returned to shareholders if no inorganic opportunities exist.

- **Full year 2019**
  - Continued growth in ordinary dividend €625m
  - Ordinary pay-out ratio slightly more than 25% (adjusted for the impact of industrial action by BA pilots)
  - No share buyback or special dividend proposed due to potential Air Europa acquisition (subject to regulatory approvals)

Chart shows shareholder returns in respect of the reported financial year.
2019 proposed final ordinary dividend of €337m 17.0 € cents per share subject to approval at the Annual General Meeting]

11.0% non-fuel unit cost reduction delivered since 2010



2010 - 2019 delivered through:

- Group synergies
- British Airways – Plan4
- Iberia – Plan de Futuro I and II
- Vueling – Darwin and NEXT
- Aer Lingus – value model
- GBS roll-out

IAG

Ex-fuel unit cost indexed to 2010 at constant currency
2018 figures have been restated for IFRS 15

IAG Letter of Intent (LOI) for 200 Boeing 737 MAX aircraft

Summary

- LOI signed in June 2019 to order 200 B737MAX aircraft
- Order predominantly to replace existing short-haul aircraft
- Aircraft to be initially placed at BA LGW and Vueling to a harmonised group specification
- Flexibility to place the aircraft elsewhere in the Group
- Mixture of B737-8 and B737-10 variants, with the flexibility to up and down gauge as required
- Deliveries requested between 2023 and 2027

Strategic rationale

- Transition to a dual source Airbus / Boeing fleet for narrow-body aircraft will introduce competition to IAG narrow-body fleet campaigns
- Diversifies the narrow-body fleet to help IAG to mitigate the impact of delivery delays and operational issues

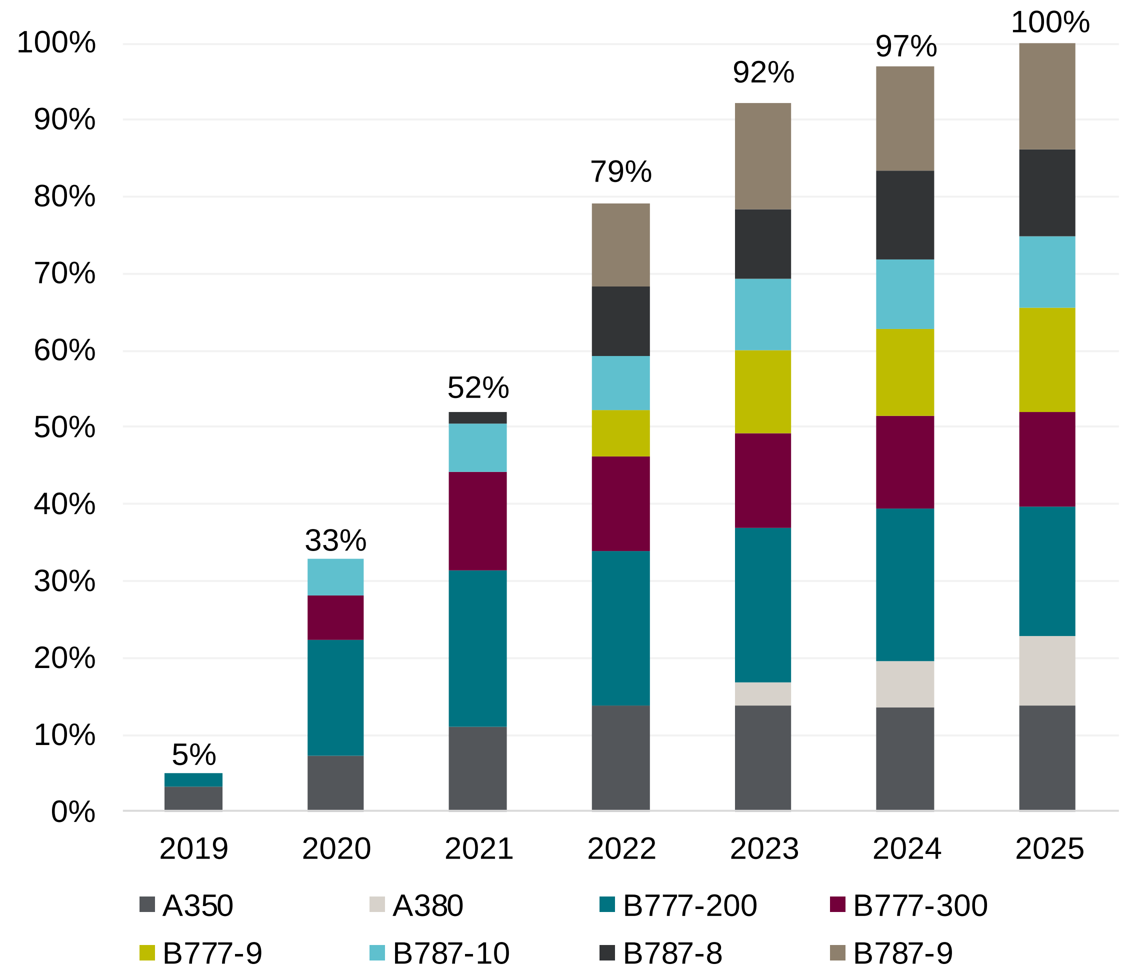
Timing

- Shareholder approval will be not be sought until the aircraft has returned to service

Customer satisfaction improving

- NPS improved by 9.5pts to 25.8 in 2019, driven by all IAG airlines
- Aer Lingus – improved connections experience with new flight connections facility in Pier 4 at Dublin hub, enhanced catering proposition
- British Airways – new longhaul business class seat “Club Suite”, refurbished lounges (e.g. New York JFK, San Francisco), enhanced catering in all cabins
- Iberia – refurbished lounges in Madrid hub, completed premium economy longhaul roll-out, new boarding procedures
- Vueling – improved disruption management, increase OTP by c.7pts

BA LHR Club World Suite rollout by aircraft type by year



Leading the airline industry on tackling climate change

IAG Underpinned by environmental sustainability

Industry thought leadership

1st airline group worldwide **to commit** to achieve **net zero carbon** emissions by 2050

IAG → easyJet, Etihad Airways, Qantas, jetBlue, Delta

Environment criteria in all decision making

Integrate sustainability into **business planning**, including fleet purchasing, network and customer decisions

Management incentives for environmental performance

Management incentives aligned to climate targets approved for 2020

Pathway to achieve targets

IAG is undertaking a multi-faceted approach to meeting its targets, some examples below:

CO_2 Net zero emissions 2050

Fleet and operations

c. €12Bn investment in 142 new aircraft by 2022 including A320neo and A350, 20% to 40% more efficient than aircraft they replace

Sustainable Aviation fuels

Initial investment of $400Mn in sustainable aviation fuels over 20 years through partnership with Velocys

Carbon offsets and removals

ETS (current market price): **€24.6/TN**
CORSIA (ICAO guidance): **$17/TN**

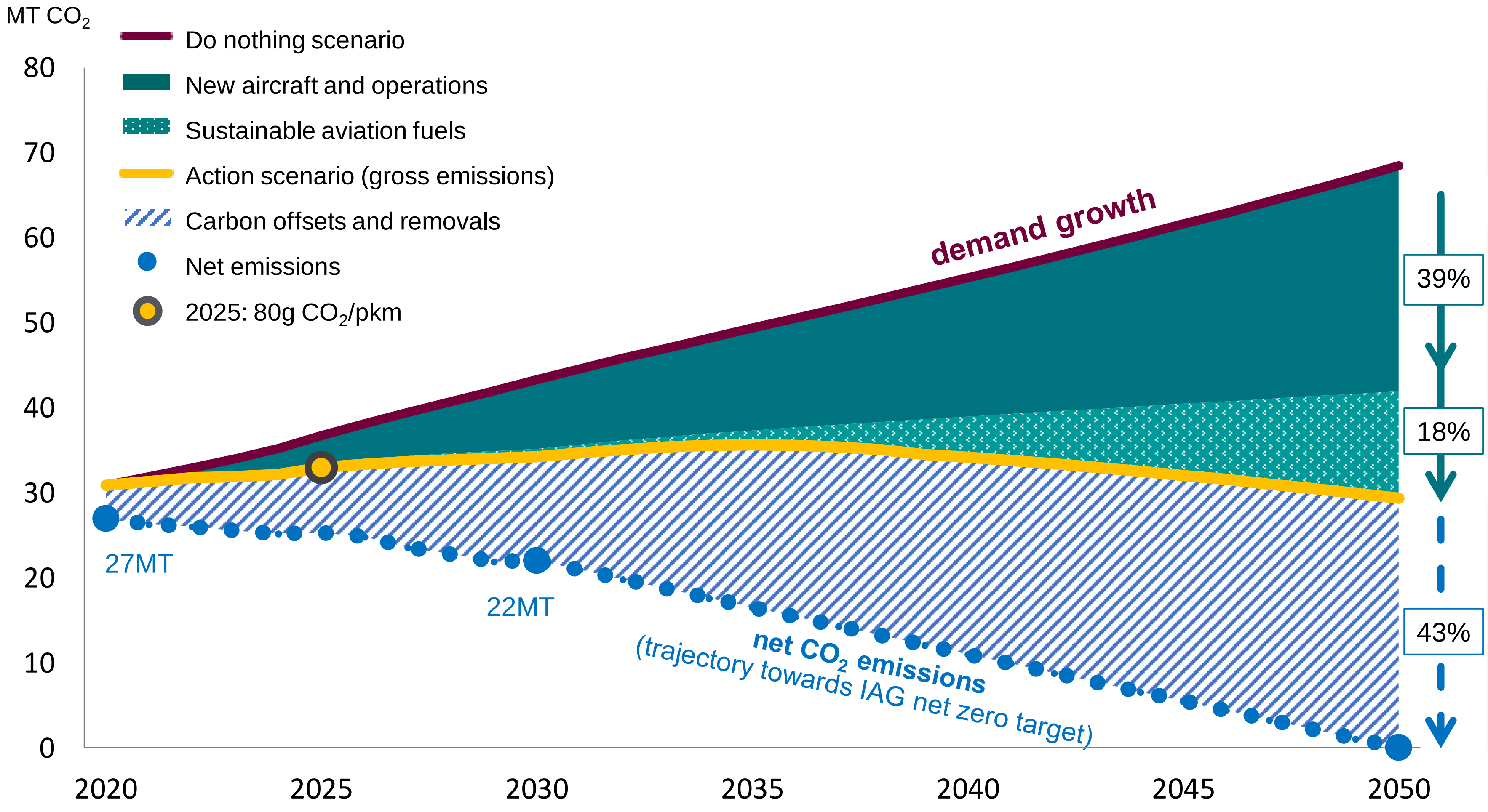
We expect current carbon prices to increase

CO_2 Net zero emissions 2050

Innovation

IAG pathway to net zero CO_2 by 2050 after actions taken

We will proactively work with partners to ensure successful delivery our 2050 goal



Do nothing scenario
CO_2 emissions if no action taken

Actions taken by IAG
Reduced CO_2 emissions from:
1) Investing in new more efficient aircraft
2) Operational efficiency
3) Sustainable fuels

Carbon offsets and removals
Includes structured schemes to fund emission reductions elsewhere:
1) CORSIA, EU ETS
2) Voluntary offsets
3) Carbon capture technology

Permitted Maximum removal

- To retain an operating licence under the relevant EU regulation, an airline must be able to demonstrate that it's majority owned by and effectively controlled by EU nationals (or Member States).
- Like many other listed airline groups, IAG has always had a provision in its by-laws permitting it to restrict non-EU nationals from acquiring IAG shares when it might threaten its airlines' operating licences. IAG's by-laws are intended to complement the national ownership structures that BA and IB have had in place since the merger in 2011.
- On 11 February 2019, IAG issued a Permitted Maximum notice because ownership of the Group´s shares by non-EU shareholders had reached 47.5%.
- On 17 January 2020, the share register of IAG showed that ownership of the Group's shares by non-EU shareholders was 39.5%. As a result, the Permitted Maximum was removed with immediate effect.
- IAG will continue to monitor the level of the Group's non-EU shareholding. Under Article 11 of IAG's bylaws, the Board is authorised to re-impose the Permitted Maximum at any time if necessary.

Brexit – ownership and control issues

- IAG is a Spanish company. Its airlines have long-established Air Operator Certificates and substantial businesses in Ireland, France, Spain, the UK and Austria employing tens of thousands of EU citizens and operating 598 aircraft.

- IAG remains confident that a comprehensive air transport agreement will be reached between the EU and the UK.

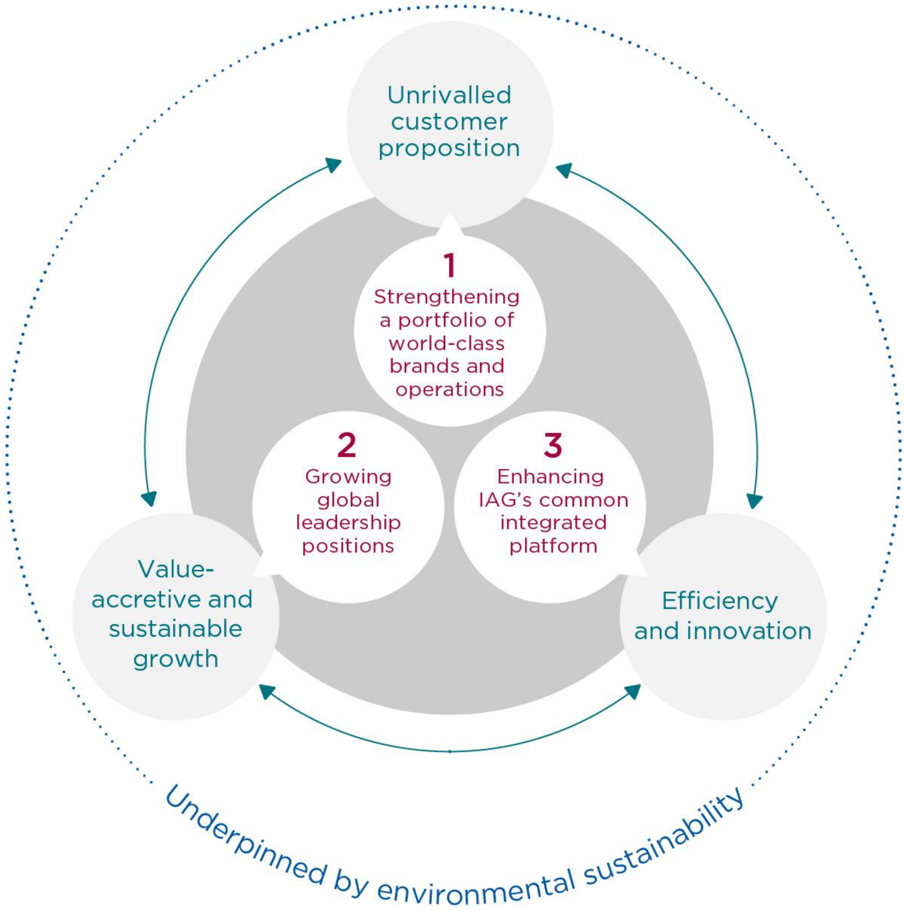
- As required by the EU, IAG's airlines submitted plans on ownership and control to the national regulators in Spain, Ireland, France and Austria. Those regulators confirmed that the plans would satisfy EU ownership and control rules in the event of a no deal Brexit.

- The EU Commission has been notified about the remedial plans by the national regulators. The plans don't require EC approval but, as with all EU operating licences, the EC has the right under EU law to investigate and, where appropriate, request the regulators to implement corrective measures.

- The UK Government has not required British Airways to submit any remedial plans for a no deal Brexit.

2020: Continued progress towards strategic objectives

FY 2020 strategic initiatives



- **Strengthen portfolio of world-class brands and operations**
  - Air Europa acquisition in 2H20 subject to regulatory approvals
  - British Airways Club Suite installed on one third of LHR long-haul fleet (38 aircraft) by end 2020 (9 A350s, 16 B777-200ERs, 7 B777-300ERs, 6 B787-10s)
  - IAG Loyalty new partnership with Barclays Premier
- **Grow global leadership positions**
  - North America new routes (British Airways – Portland, Iberia – Washington DC) and increased frequencies (e.g. Aer Lingus to US)
  - Latin America – Air Europa integration
  - Intra-Europe – consolidate 2019 growth and strengthening core markets
  - Asia – joint business agreement of British Airways with China Southern Airlines
- **Enhance IAG's common integrated platforms**
  - CO_2 target of 87.6gCO_2/pkm (down 2.5% from 89.8gCO_2/pkm in 2019)
  - Expected aircraft deliveries of 7 A320 NEOs, 4 A321 NEOs, 5 A321 NEO LRs, 3 A330, 10 A350s, 4 B777-300ERs, 6 B787-10s and 6 E190s
  - Planned retirements and returns of 41 old generation aircraft
  - IAGTech – launch of IT strategy with 3 year vision and roadmaps

IAG

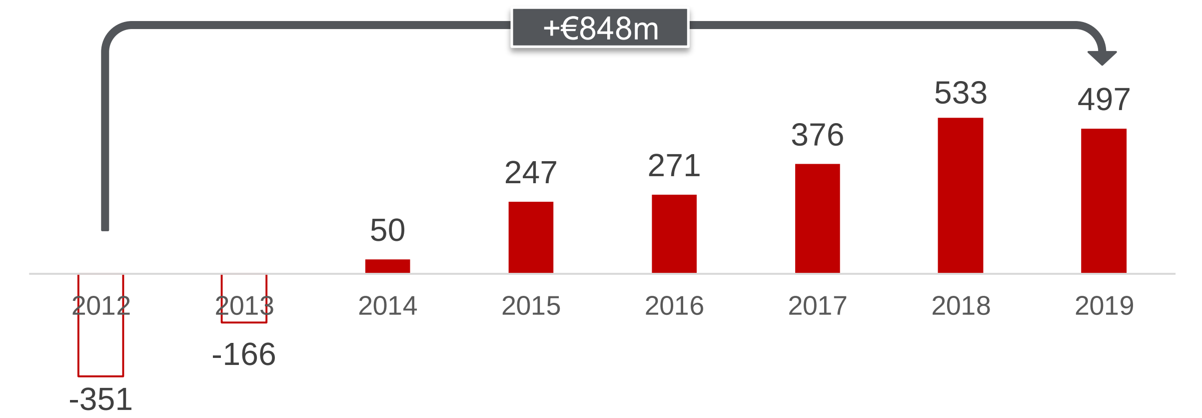
Conclusions

- IAG has a unique structure that drives growth and innovation to generate superior returns to shareholders with a strong portfolio of world-class brands and global leadership positions supported by common integrated platforms
- Management promotions demonstrates the depth of internal talent ready to lead IAG into a new era
- IAG continues to lead the consolidation in Europe with the planned acquisition of Air Europa
- IAG leads the industry in environmental sustainability being the first airline Group worldwide committing to net zero CO_2 emissions by 2050
- 11.0% non-fuel unit cost at constant currency reduction since 2010
- Strong underlying financial performance FY 2019 and 4Q 2019
- Strong balance sheet (1.4x net debt/EBITDA) and cash (26% of total revenues) position
- Announced dividend per share of 31.5€ cents, higher than in 2018 despite lower profit after tax
- Nearly €4.1 billion cash returned to shareholders since 2015 with another €337 million to be returned in 2020, subject to shareholder approval at our Annual General Meeting in June 2020

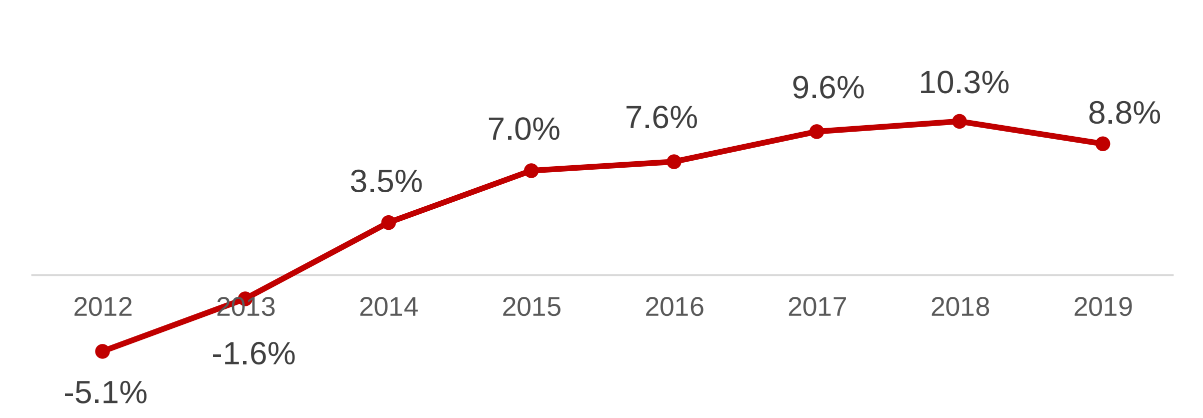
Iberia transformation under the leadership of Luis Gallego

Profitability metrics 2012-2019

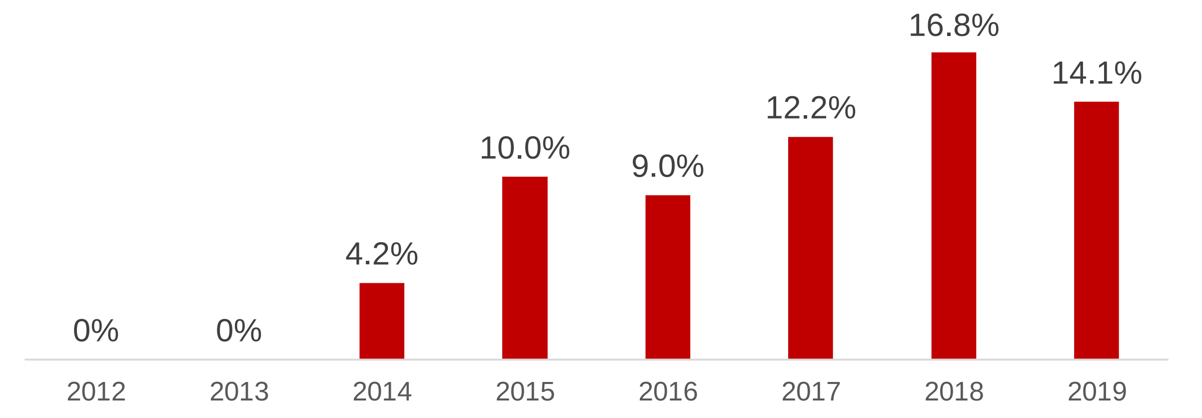
Operating profit 2012-2019 (€m)



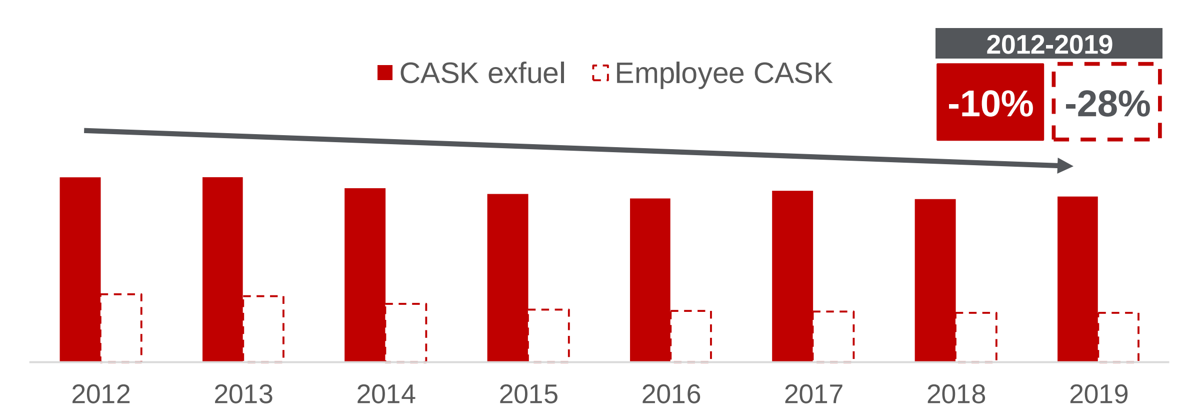
Operating margin* 2012-2019 (%)



RoIC 2012-2019 (%)



CASK exfuel and Employee CASK 2012-2019



Note: *Lease adjusted margin 2012-2017; Operating margin (post IFRS16) 2018 and 2019
RoIC and EBIT figures as reported 2012-2017; 2018 and 2019 post IFRS16

Iberia has improved customer satisfaction and brand strength

KPIs on service and product

OTP	74% OTP in 2012	»	90% OTP in 2019 #1 punctual airline in 2017
Brand	Outdated brand, fleet and product	»	Top 30 brand in Spain #1 choice airline in Spain
NPS	~0pp NPS 3 stars in 2013	»	30pp NPS 4 stars in 2019

CAPA Airline Turnaround of the Year Prize for 2016

IAG's Management Committee

Vueling CEO

IAG Cargo CEO

IAG CEO

IAG CFO

Iberia CEO

BA CEO

Aer Lingus CEO

IAG CIO

IAG General Counsel

IAG Director of Strategy

Avios CEO

IAG Chief of Staff

Appendices

INTERNATIONAL
AIRLINES
GROUP

Airline non-fuel unit costs

Metric	Definition (new approach)
Airline non-fuel costs	The Group monitors airline unit costs (per ASK, a standard airline measure of capacity) as a means of tracking operating efficiency of the core airline business. As fuel costs can vary with commodity prices, the Group monitors fuel and non-fuel costs individually. Within non-fuel costs are the costs associated with generating 'Other revenue', which typically do not represent the costs of transporting passengers or cargo and instead represent the costs of handling and maintenance for other airlines, non-flight products in BA Holidays and costs associated with other miscellaneous non-flight revenue streams. Airline non-fuel costs per ASK is defined as total operating expenditure before exceptional items, less fuel, oil costs and emission charges and less non-flight specific costs divided by total available seat kilometres (ASKs), and is shown on a constant currency basis.

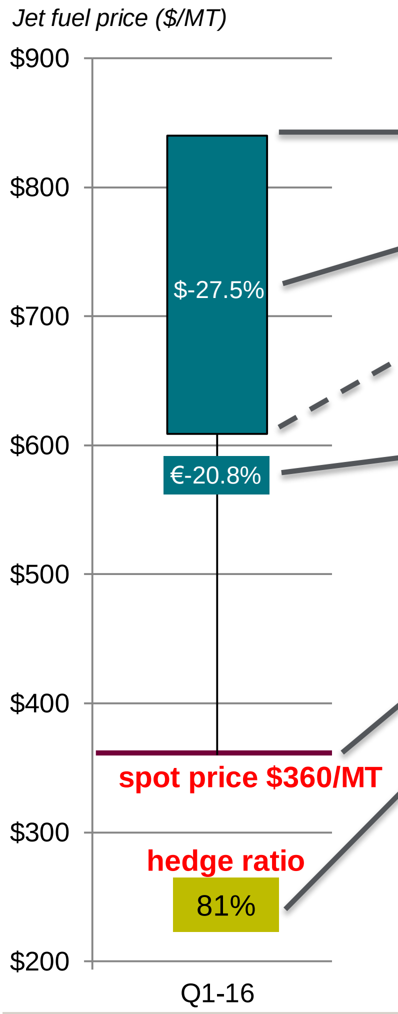
€ million	2019 Reported	ccy adjustment	2019 ccy	2018 Pro forma
Total operating expenditure before exceptional	22,221	-325	21,896	20,773
Less: Fuel, oil costs and emission charges	6,021	-212	5,809	5,283
Non-fuel costs	**16,200**	**-113**	**16,087**	**15,490**
Less: Non-flight specific costs	1,654	-40	1,614	1,450
Airline non-fuel costs	**14,546**		**14,473**	**14,040**
Available seat kilometres (ASK million)	337,754		337,754	324,808
Airline non-fuel unit costs (€ cents)	**4.31**		**4.29**	**4.32**

The comparative information for 2018 is presented on a Pro forma basis due to the Group adopting IFRS 16 from 1 January 2019.

Restatement for EU261 in 2019

EU261 compensation costs	Q1-19			Q2-19			Q3-19		
	2019 Reported	EU261	2019 Adjusted	2019 Reported	EU261	2019 Adjusted	2019 Reported	EU261	2019 Adjusted
Passenger revenue	4,646	-23	4,623	6,003	-40	5,963	6,536	-44	6,492
Total revenue	**5,318**	**-23**	**5,295**	**6,771**	**-40**	**6,731**	**7,310**	**-44**	**7,266**
Handling, catering and other operating costs	687	-23	664	789	-40	749	867	-44	823
Total expenditure	**5,183**	**-23**	**5,160**	**5,811**	**-40**	**5,771**	**5,885**	**-44**	**5,841**
Operating profit (pre-exceptional)	135	-	135	960	-	960	1,425	-	1,425

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 $360/MT and 1.10$/€)

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 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 cause 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 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.