



CONNECTING PEOPLE, BUSINESSES AND COUNTRIES

QUARTER TWO 2022 RESULTS

29 July 2022



# HIGHLIGHTS

LUIS GALLEGO, CHIEF EXECUTIVE OFFICER

**IAG** INTERNATIONAL  
AIRLINES  
GROUP



## Strong recovery of underlying profitability and cash generation



- First quarter of profitability since the start of the pandemic
- Continued recovery in capacity (78% of 2019 levels in 2Q 2022 vs 65% in 1Q 2022), broadly in line with guidance
- 2Q 2022 operating profit pre-exceptional of €0.3bn (vs loss of -€1.0bn in 2Q 2021)
  - All businesses profitable at the operating level
  - Revenue recovered to 88% of 2Q 2019 and almost 5 times higher than 2Q 2021



- Liquidity of €13.5bn at end June (vs €12.4bn at end March), driven by positive EBITDA, strong forward bookings and working capital
- Net debt reduced to €11.0bn at end June vs €11.6bn at end March

## Positive outlook for the rest of the year



- Forward bookings have recovered to a rate of c.90% of 2019 levels by volume and c.95% by revenue
  - Demand is strongest on the key domestic, European, North Atlantic and South American / Caribbean routes
  - Premium leisure revenue continues to be strong and has almost fully recovered to 2019 levels
  - Business channel bookings have recovered to c.60% of 2019 in terms of volume and c.70% in terms of revenue
  - Usual limited visibility of 4Q bookings apart from key holidays with no sign of demand weakness



- FY 2022 capacity now planned to be c.78% of 2019 levels compared to c.80% before
  - Further moderated to enable operational resilience at Heathrow (mainly British Airways shorthaul)
  - 3Q capacity to be c.80% of 2019 levels and 4Q capacity to be c.85% of 2019 levels
  - North Atlantic capacity in 3Q expected to be 92% of 2019 levels compared to previous guidance of 95%

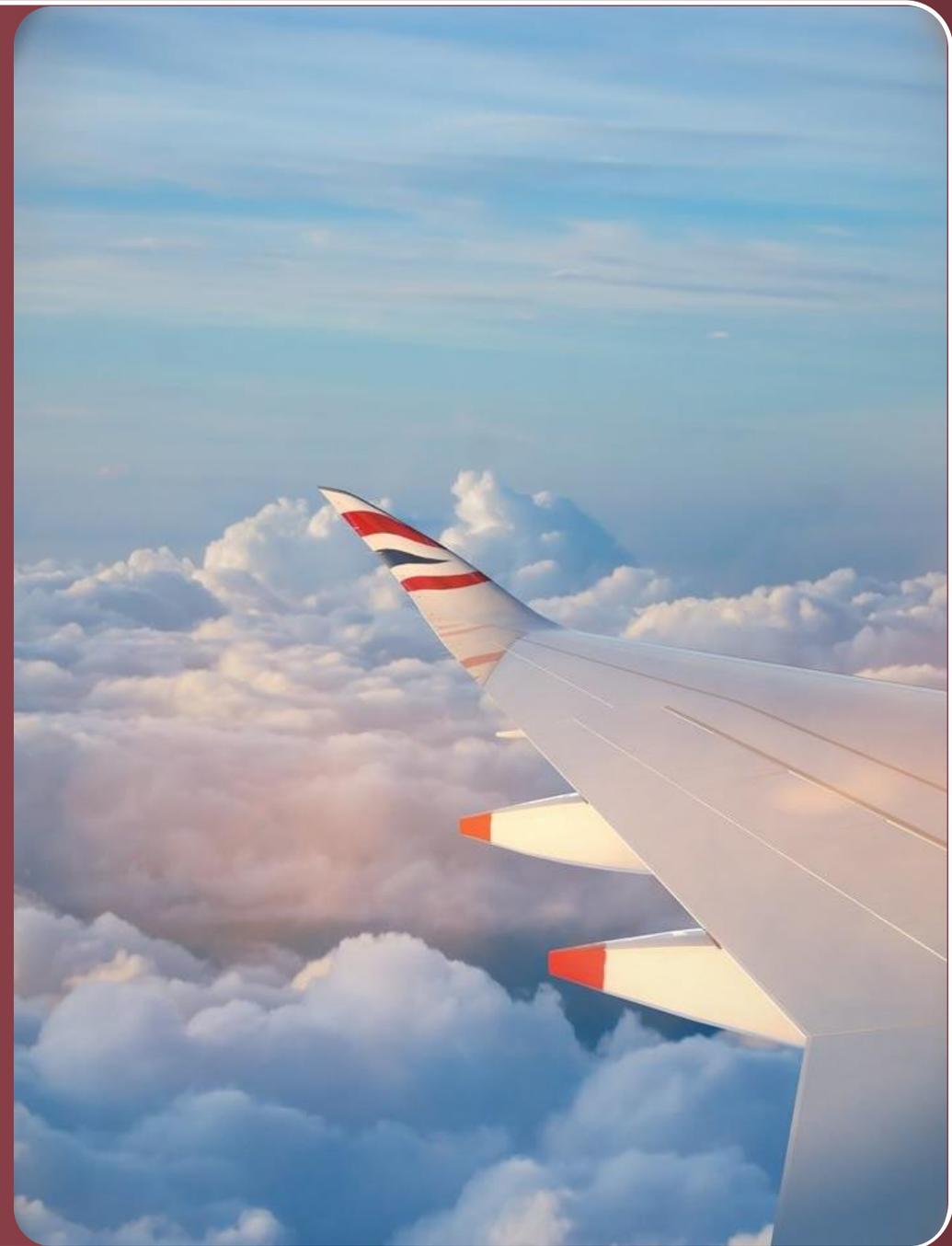


- Pre-exceptional operating profit to be significantly improved in 3Q compared to 2Q and to be positive for FY 2022
- Limited financial impact of BA's capacity moderation
- Net cash flow from operating activities expected to be significantly positive for FY 2022
- Net debt expected to increase in FY 2022, as per previous guidance, due to capex and seasonal working capital unwind in 2H

# FINANCIAL RESULTS

NICHOLAS CADBURY, CHIEF FINANCIAL OFFICER

**IAG** INTERNATIONAL  
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## 2Q 2022 FINANCIAL PERFORMANCE AT GROUP LEVEL

### First positive operating result since 2019



(€m)	2Q 2022	2Q 2021	2Q 2019	v19
Passenger revenue	4,949	682	5,963	-17%
Cargo revenue	411	419	281	+46%
Other revenue	556	143	487	+14%
<b>Total revenue</b>	<b>5,916</b>	<b>1,244</b>	<b>6,731</b>	<b>-12%</b>
Employee costs	1,122	666	1,297	-14%
Fuel, oil costs and emissions charges	1,648	349	1,570	+5%
Supplier costs	2,369	824	2,393	-1%
Depreciation, amortisation and impairment	490	450	520	-6%
<b>Total expenditure on operations</b>	<b>5,629</b>	<b>2,289</b>	<b>5,780</b>	<b>-3%</b>
<b>Pre-exceptional operating result</b>	<b>287</b>	<b>-1,045</b>	<b>951</b>	<b>-664</b>
Exceptional items	6	78	-	nm
<b>Post-exceptional operating result</b>	<b>293</b>	<b>-967</b>	<b>951</b>	<b>-658</b>
ASKs (m)	68,630	19,245	88,008	-22%
RPKs (m)	56,114	9,969	74,806	-25%
Load factor (%)	82%	52%	85%	-3pts
Sector length (km)	2,168	2,134	2,327	-7%

- First quarter of positive passenger unit revenue vs 2019. Improving trend across 2Q
- Operating result adversely impacted by FX impact of -€106m
- Passenger revenue 83% recovered vs 2Q-19 (1Q-22 57% recovered vs 1Q-19):
  - Passenger unit revenue +6.4% vs 2Q-19 driven by yield, +10.6% vs. 2Q-19
  - Traffic (RPKs) 75% / capacity (ASKs) 78% recovered vs 2Q-19; load factor 82%, -3pts vs 2Q-19
  - Positive unit revenue at every IAG airline except Aer Lingus, and strongest at Iberia and Vueling driven by Spanish domestic and Latin America
- Cargo revenue +46% vs 2Q-19 driven entirely by yield, with cargo traffic (CTKs) -32.6% vs 2Q-19
  - COVID restrictions in China have impacted freight volumes from Asia
- Other revenue +14% vs 2Q-19 driven by BA Holidays and IAG Loyalty
- Total unit costs +24.9% vs 2Q-19. Non-fuel unit costs +21.3% vs 2Q-19; fuel unit costs +34.6% vs 2Q-19
  - Employee unit costs +10.9% vs 2Q-19; improved performance vs 1Q-22 as capacity ramped up. 1Q-22 impacted by staff recruited ahead of the Summer peak
  - Fuel commodity spot prices up +150% vs last year, but fuel hedging limited the increase to +45%
  - Supplier unit costs +26.9% vs 2Q-19; in line with 1Q-22 performance (+25.5% vs 1Q-19)
    - Currency differences cost impact (-€75m vs -€21m in 2Q-19)
  - Depreciation unit costs -20.8% vs 2Q-19 driven by €23m one-off benefit relating to de-designation of FX hedge accounting
- Disruption impact c.€15m in the quarter

Note: 2019 employee cost figures have been restated for pensions accounting policy change. Exceptional credit of €6m in 2Q-22 reflects partial reversal of an aircraft impairment made in 2020. Exceptional credit of €78m in 2Q-21 reflects a net 'over-hedging' gain related to derecognition of hedge accounting for fuel derivatives

## Aer Lingus turnaround of operating result



(€m) 2Q 2022 2Q 2021 2Q 2019 v19

Passenger revenue	452	22	588	-23%
Cargo revenue	21	16	13	+62%
Other revenue	2	-	4	-50%
<b>Total revenue</b>	<b>475</b>	<b>38</b>	<b>605</b>	<b>-22%</b>
Employee costs	105	42	105	0%
Fuel, oil costs and emissions charges	142	12	129	+10%
Supplier costs	178	45	225	-21%
Depreciation, amortisation and impairment	35	35	34	+3%
<b>Total expenditure on operations</b>	<b>460</b>	<b>134</b>	<b>493</b>	<b>-7%</b>
<b>Pre-exceptional operating result</b>	<b>15</b>	<b>-96</b>	<b>112</b>	<b>-97</b>
Exceptional items	-	11	-	-
<b>Post-exceptional operating result</b>	<b>15</b>	<b>-85</b>	<b>112</b>	<b>-97</b>
ASKs (m)	7,189	919	8,394	-14%
RPKs (m)	5,595	190	6,996	-20%
Load factor (%)	78%	21%	83%	-5pts
Sector length (km)	2,109	2,063	2,033	+4%

- Passenger revenue 77% recovered vs 2Q-19; (1Q-22 48% recovered vs 1Q-19):
  - Traffic 80% / capacity 86% recovered vs 2Q-19; load factor 78%, -5pts vs 2Q-19
  - Passenger unit revenue -10.3% vs 2Q-19. Passenger yield -3.9% vs Q2-19, negatively impacted by a change in accounting treatment after alignment of Group commercial policies and negative mix impact from higher proportion of longhaul capacity
  - Shorthaul leisure strongest segment overall
  - Significant yield increase in Euro Leisure routes / London. Shorthaul cities improved vs 1Q-22
- Non-fuel unit costs +1.9%; fuel unit costs +28.4%; employee unit costs +16.8% vs 2Q-19
  - Supplier unit costs -8.5% vs 2Q-19 positively impacted by the change in accounting policy mentioned above



## British Airways first operating profit since 2019



(£m)	2Q 2022	2Q 2021	2Q 2019	v19
Passenger revenue	2,277	203	3,112	-27%
Cargo revenue	266	279	180	+48%
Other revenue	194	24	171	+14%
<b>Total revenue</b>	<b>2,737</b>	<b>506</b>	<b>3,463</b>	<b>-21%</b>
Employee costs	498	322	666	-25%
Fuel, oil costs and emissions charges	768	187	823	-7%
Supplier costs	1,159	406	1,181	-2%
Depreciation, amortisation and impairment	258	213	267	-3%
<b>Total expenditure on operations</b>	<b>2,683</b>	<b>1,128</b>	<b>2,937</b>	<b>-9%</b>
<b>Pre-exceptional operating result</b>	<b>54</b>	<b>-622</b>	<b>526</b>	<b>-472</b>
Exceptional items	-	56	-	-
<b>Post-exceptional operating result</b>	<b>54</b>	<b>-566</b>	<b>526</b>	<b>-472</b>
ASKs (m)	33,416	6,800	48,337	-31%
RPKs (m)	26,875	2,743	40,768	-34%
Load factor (%)	80%	40%	84%	-4pts
Sector length (km)	2,912	3,422	3,146	-7%

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



- Passenger revenue 73% recovered vs 2Q-19 (1Q-22 48% recovered vs 1Q-19):
  - Traffic 66% / capacity 69% recovered vs 2Q-19; load factor 80%, -4pts vs 2Q-19
  - Passenger unit revenue +5.9% vs 2Q-19. Passenger yield +11.0% vs Q2-19
  - Strong yield performance offset recent capacity reductions and partly fuel price increase:
    - Longhaul unit revenue positive, driven by premium, with non-premium also positive
    - Shorthaul unit revenue improved over the quarter and positive in the month of June
    - Leisure channel unit revenue / yields above 2Q-19 in long-premium / non-premium & shorthaul
    - Business channel yields above 2Q-19. Volumes remain below 2019 levels
- Leisure demand continues to outpace capacity. Business revenue gradually improving driven by yield
- Non-fuel unit costs +31.0%; fuel unit costs +35.0%; employee unit costs +8.1% vs 2Q-19
  - Supplier unit costs +42.0% vs 2Q-19 partly due to currency differences and BA Holidays costs

## Iberia continues to report the best performance in the Group



(€m)	2Q 2022	2Q 2021	2Q 2019	v19
Passenger revenue	976	274	1,021	-4%
Cargo revenue	88	95	73	+21%
Other revenue	320	132	345	-7%
<b>Total revenue</b>	<b>1,384</b>	<b>501</b>	<b>1,439</b>	<b>-4%</b>
Employee costs	270	160	294	-8%
Fuel, oil costs and emissions charges	345	91	304	+14%
Supplier costs	585	306	610	-4%
Depreciation, amortisation and impairment	91	88	98	-7%
<b>Total expenditure on operations</b>	<b>1,291</b>	<b>645</b>	<b>1,306</b>	<b>-1%</b>
<b>Pre-exceptional operating result</b>	<b>93</b>	<b>-144</b>	<b>133</b>	<b>-40</b>
Exceptional items	-	1	-	-
<b>Post-exceptional operating result</b>	<b>93</b>	<b>-143</b>	<b>133</b>	<b>-40</b>
ASKs (m)	15,989	8,003	18,379	-13%
RPKs (m)	13,481	4,547	16,057	-16%
Load factor (%)	84%	57%	87%	-3pts
Sector length (km)	2,598	2,651	2,817	-8%

- Operating profit positive across all business areas (Airline, 3<sup>rd</sup> party MRO and Handling) in 2Q-22
- Passenger revenue 96% recovered vs 2Q-19 (1Q-22 77% recovered vs 1Q-19):
  - Traffic 84% / capacity 87% recovered vs 2Q-19; load factor 84%, -3pts vs 2Q-19
  - Passenger unit revenue +9.9% vs 2Q-19. Passenger yield +13.9% vs 2Q-19
  - Strong Spanish domestic and Atlantic demand driving positive unit revenue with higher yields more than offsetting lower load factors vs 2Q-19
  - Load factor gap to 2019 sequentially narrowed each month across the quarter
  - Business channel and leisure channel yields on both longhaul and shorthaul above 2Q-19
  - Longhaul premium and non-premium positive unit revenue driven by yield above 2Q-19
- Profitable performance in MRO and Handling, despite lower revenues from a phasing / mix of engines in MRO and lower activity from 3<sup>rd</sup> parties in Handling
- Non-fuel unit costs +8.5%; fuel unit costs +30.2%; employee unit costs +5.5% vs 2Q-19



## Vueling full capacity recovery in 2Q

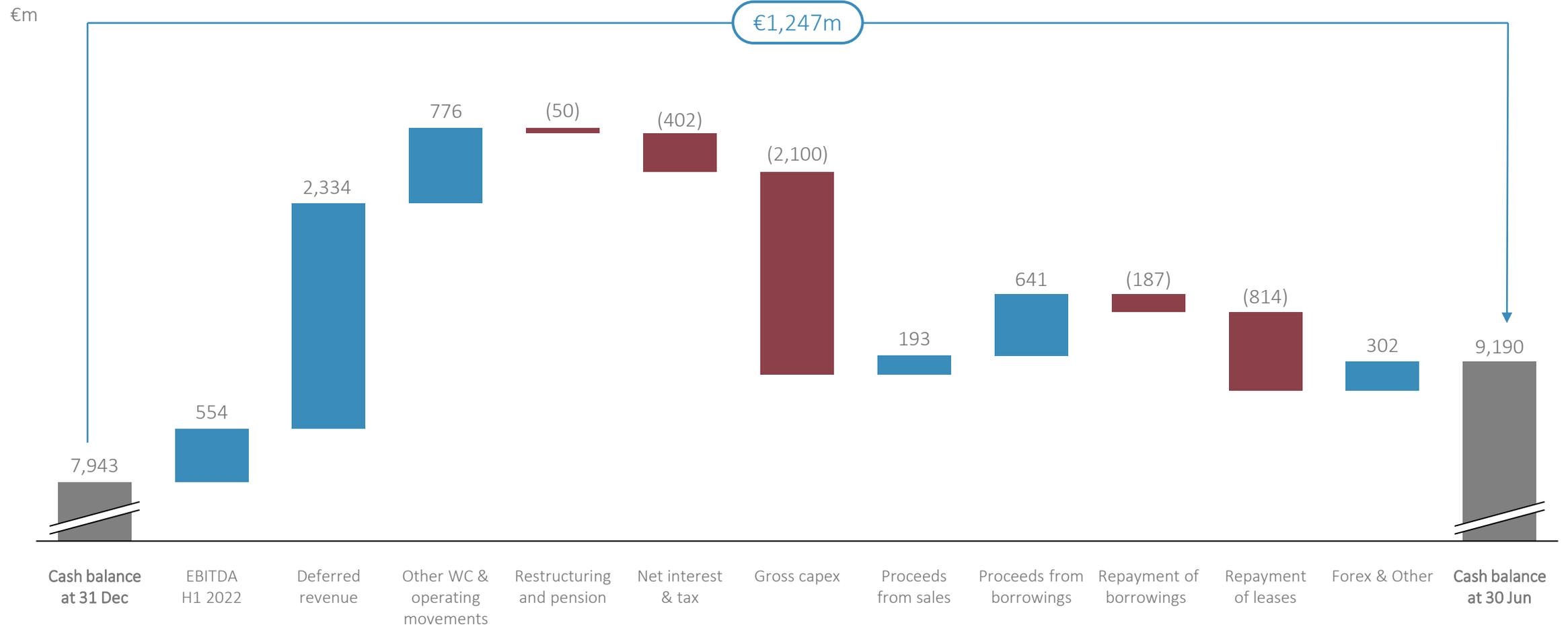
**vueling**

(€m)	2Q 2022	2Q 2021	2Q 2019	v19
Passenger revenue	714	146	681	+5%
Cargo revenue	-	-	-	-
Other revenue	3	3	4	-25%
<b>Total revenue</b>	<b>717</b>	<b>149</b>	<b>685</b>	<b>+5%</b>
Employee costs	87	38	76	+15%
Fuel, oil costs and emissions charges	217	28	158	+37%
Supplier costs	335	122	320	+5%
Depreciation, amortisation and impairment	38	60	61	-38%
<b>Total expenditure on operations</b>	<b>677</b>	<b>248</b>	<b>615</b>	<b>+10%</b>
<b>Pre-exceptional operating result</b>	<b>40</b>	<b>-99</b>	<b>70</b>	<b>-30</b>
Exceptional items	6	2	-	nm
<b>Post-exceptional operating result</b>	<b>46</b>	<b>-97</b>	<b>70</b>	<b>-24</b>
ASKs (m)	10,665	3,427	10,641	0%
RPKs (m)	8,974	2,324	9,113	-2%
Load factor (%)	84%	68%	86%	-2pts
Sector length (km)	1,019	962	956	+7%



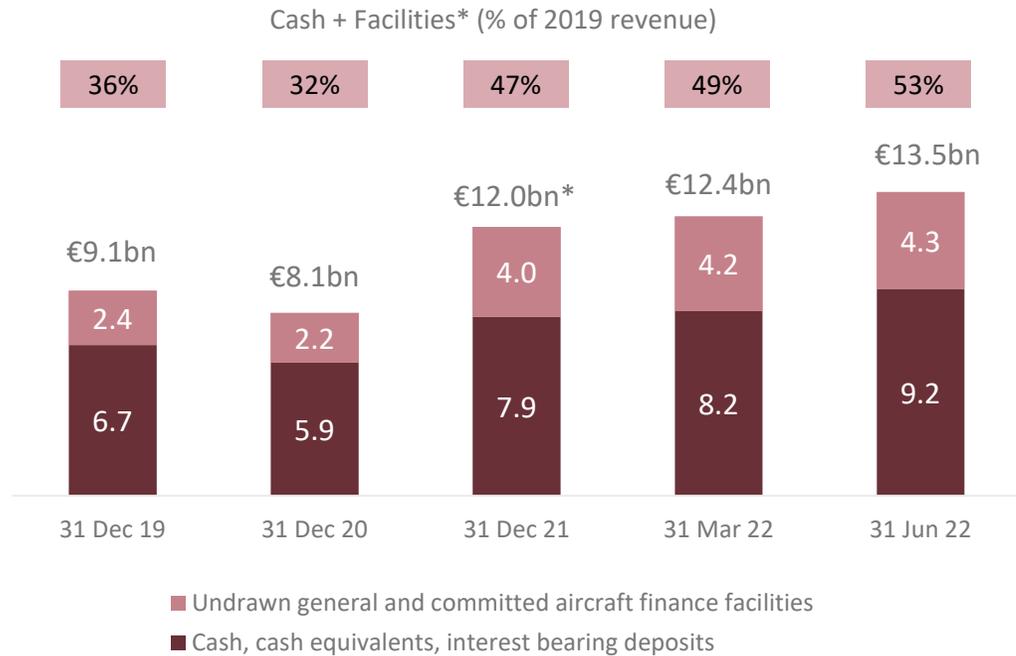
- Full capacity recovered vs 2019, increasing domestic market share and maintaining international share
- Passenger revenue +5% vs 2Q-19 (1Q-19 -30% vs 1Q-19):
  - Passenger unit revenue +4.6% vs 2Q-19. Passenger yield +7.9% vs 2Q-19
  - Passenger yield driven by ancillaries, up +65% vs 2Q-19
  - Passenger load factor (84%) improved across the quarter with June +2pts vs June 2019
  - Performance driven by recovery in the Spanish Domestic market
  - Whilst the ramp-up of new bases at Paris-Orly / London-Gatwick slightly diluted the overall performance, both bases are outperforming expectations
- Non-fuel unit costs +0.3%; fuel unit costs +37.1%; employee unit costs +14.5% vs 2Q-19
  - Ownership costs -37.5% vs 2Q-19 driven by €23m one-off benefit relating to de-designation of FX hedge accounting

## Strong cash position driven by working capital and positive EBITDA



## Highest liquidity since the start of the pandemic

## 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 A320neo) delivered to Iberia in 1Q and financed in 2Q by \$461m sustainability-linked EETC
- 2 aircraft (1 A320neo, 1 A321neo) financed

## 2H 2022

- 1 A320neo delivered to Iberia in 2Q and 2 aircraft (1 A320neo, 1 A321neo) to be delivered in 2H have committed financing
- 3 A350s delivered to British Airways in 1H (2 in 1Q, 1 in 2Q) to be financed

## DEBT POSITION

Net debt reduced despite €910m adverse non-cash movement in 1H

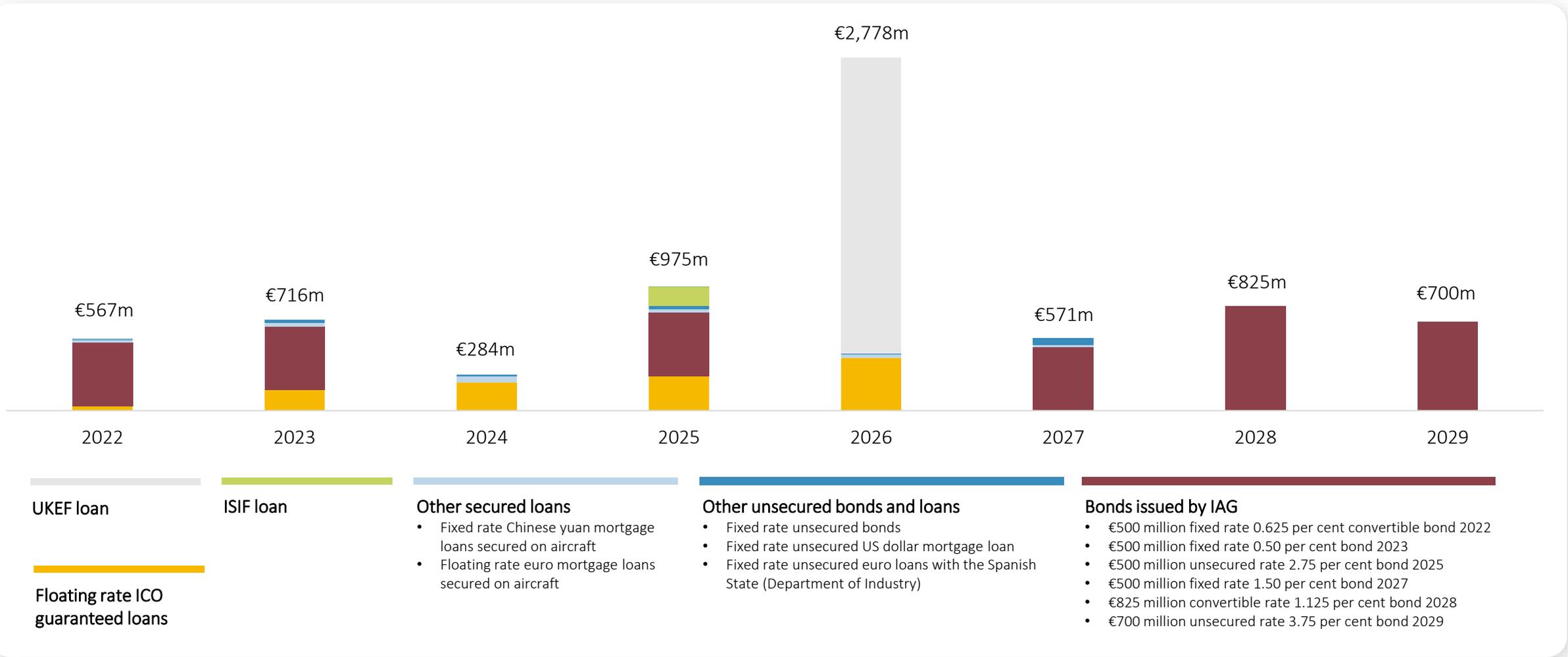
### Net debt

€m	31 Dec 2019	31 Dec 2020	31 Dec 2021	31 Mar 2022	31 Jun 2022
Gross debt	14,254	15,679	19,610	19,777	20,169
Bank and other loans	1,954	3,369	7,485	7,425	7,160
Asset finance and lease liabilities	12,300	12,310	12,125	12,352	13,009
Cash, cash equivalents and interest-bearing deposits	6,683	5,917	7,943	8,184	9,190
<b>Net debt*</b>	<b>7,571</b>	<b>9,762</b>	<b>11,667</b>	<b>11,593</b>	<b>10,979</b>

\* Note: Net debt quarter on quarter increase includes adverse non-cash movements of: €380m at 31 Mar in 1Q 2022 and €530m in 2Q 2022

Net debt expected to increase in FY 2022 as per previous guidance, due to capex and seasonal working capital unwind in 2H

## Manageable debt repayment schedule



Note: Excludes finance and operating leases

## FUEL HEDGING

Fuel hedging - currently 81% in 3Q 2022, c.73% for 2H 2022 and c.34% for FY 2023

### Fuel hedging

	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023
Jet fuel price scenario	\$1,230/mt	\$1,110/mt	\$1,055/mt	\$1,000/mt	\$970/mt	\$950/mt
\$/€ scenario	1.02	1.02	1.02	1.02	1.02	1.02
Hedge ratio	81%	65%	48%	39%	29%	18%
Effective blended price post fuel and FX hedging*	\$900/mt	\$925/mt	\$960/mt	\$955/mt	\$915/mt	\$880/mt

\* Note: Effective blended price excluding into plane cost

Full year 2022 fuel cost expected to be c. €6.2bn at the current spot and forward rates for jet fuel and FX (as of 28 July)

# BUSINESS UPDATE AND OUTLOOK

LUIS GALLEGO, CHIEF EXECUTIVE OFFICER

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## Investing in our customers

### Cabin

- **British Airways'** Club Suite continues to be rolled out
- **Iberia** A350 introduction of new business class suite, wider economy seats and improved inflight entertainment



### Terminal

- **British Airways** and **Iberia** to co-locate all flights at New York JFK with American Airlines at Terminal 8 from December 2022



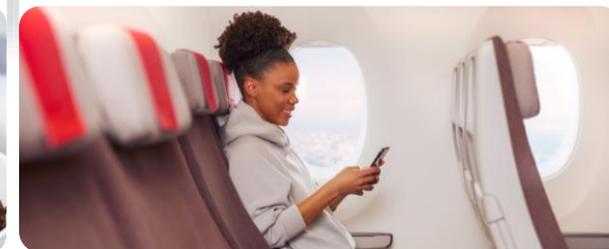
### Customer service

- **British Airways** catering refresh of Club Europe (April) and long-haul all cabins (August to October)
- **Vueling** to kick-off facial recognition at self bag drop, security access and aircraft boarding



### Digital

- **Iberia** and Trip.com partnership to drive NDC (New Distribution Capability) benefits for the customer
- **Vueling** now accepts UnionPay International credit card



# IAG Loyalty - increased relevance and contribution

## IAG Loyalty

- Avios collected by customers outside of flying in 2Q-22 now +22% higher than 2Q-19, compared to flat in 1Q-22
- Continued strong contribution from American Express partnership:
  - 2Q-22 performance driving record income +54% higher than in 2Q-19
  - Total customers c.30% higher than pre-pandemic (vs 2Q-19), and new customer acquisition up c.50% in 2Q-22 vs 2Q-19
- Investing in customer enhancements:
  - Improved credit card benefits and value proposition
  - Relaunch of British Airways Prepaid Mastercard
  - Further Avios collection partners launching in 2H
- Increasing contribution to IAG's operating result



## Progress in restoring operational resilience at Heathrow



People

### Resourcing

- 2Q absence rate of 6% vs 7% in 1Q (vs normal 4-5%)
- New hires increased from 1,400 to 2,800 and total applications increased from 33,000 to 56,000 YTD

### Referencing

- Overall referencing processing time is still more than 100 days on average
- However, for those candidates processed using BA's new in-house referencing system capabilities, average time is c.40 days

Airport capacity constraints

### Terminal capacity

- T5 now solely a BA terminal. Qatar Airways moved out on 14 June and Iberia / American on 12 July. T3 handling only 30 BA shorthaul flights per day
- BA and some other airlines have reduced capacity to mitigate lack of HAL Security and 3<sup>rd</sup> party resources
- Border Force is now relatively stable

### COVID checks

- Reduction in document checks due to fewer Government restrictions (e.g. end of COVID tests required for inbound travel to US in early June)

IT

### IT instability

- No significant IAG IT issues in 2Q, apart from HAL baggage system
- Migration of systems from UK Data Centres to AWS underway
- Successful implementation of new Flight Planning solution

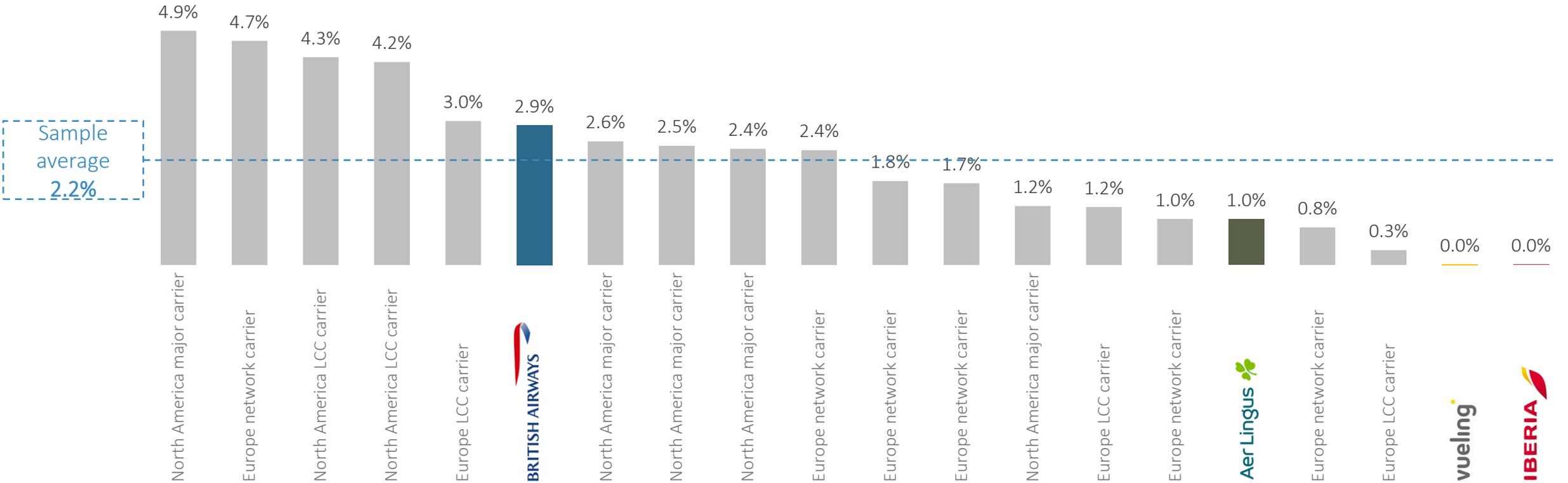
## Proactive schedule management to protect the majority of flights and customers

## Schedule changes



Initiative	Details	Total impact on planned flights and capacity May-October
1. Pre-emptive reduction – Phase I (6 May)	Cancellation from schedule of planned 16,000 flights May to October (85% shorthaul, 15% longhaul)	10% of flights 10% of ASKs
2. Pre-emptive reduction – Phase II (June)	Cancellation from schedule of planned 1,900 flights, mainly in July	1% of flights 1% of ASKs
3. Slot amnesty programme (6 July)	UK DfT decided on 21 June to waive slot rules until end October due to 70:30 rule not working and pressure from HAL security and ground handling staff shortages	7% of flights 2% of ASKs
4. Heathrow Airport Limited (HAL) capacity cap (12 July)	<p>Heathrow imposed cap of 100,000 passengers per day, requiring overall reduction of 4,000 passengers per day across airport and limiting sale of tickets for flights until 11 September</p> <p>Caused by HAL security staff shortages</p> <p>Limited impact because BA had already offered most reductions previously</p> <p>6 shorthaul departures per day, 12 July - 11 September</p>	0.5% of flights 0.2% of ASK
TOTAL		c.18% of flights c.13% of ASKs

## Cancellations across the industry



Cancellation % = Number of flights cancelled / Number of flight records

Note: Cancellations defined as within the OAG operating window (i.e. cancelled within 48 hours of scheduled departure)

Source: OAG April - June 2022 Operational Data

## Focusing on our people



- **Labour discussions**
  - Ongoing collective bargaining negotiations with most work groups at each OpCo
- **Managing senior talent at Group level** - Investing in building the bench-strength and diversity of talent pipelines:
  - Succession planning
  - Talent mapping
  - Refreshed approach to performance management
- **Organisational health** as a priority across the group: common metric and framework. Metric being used across the Group with all employees to drive culture and engagement
- **Diversity**
  - Targets and framework for senior management
  - Data driven approach
  - Cross Group panel – best practices

## Leading global aviation towards net zero emissions

### Recognition



Region	Airline	2021	2020	2019	2018	2017
Europe	IAG 	A-	A-	B	B	A
	Ryanair	B	B-	F	F	F
	easyJet	B	C	N/A	F	F
	Lufthansa	B-	B	B	B	A-
	AF-KLM	C	B-	C	B	B
	Wizz Air	C	F	F	F	F
US	American	A-	A-	B-	D	D
	United	B	A	A-	B	B
	Delta	C	B	A-	B	C
	Southwest	D	B	C	C	C

### Action



SAF committed offtakes and investments increased to \$865m



25% of 2030 SAF needs already pre-purchased at cost competitive prices relative to fossil fuel



IAG airlines continue developing agreements to reach IAG target of 10% SAF by 2030



ZeroAvia (hydrogen-electric aircraft developer) investment increased



Partnering with Airbus to explore opportunities for Direct Air Carbon Capture and Storage (DACCS)

## Recent fleet replacement orders important step towards net zero emissions

### Orders

Aircraft type	Committed (as of 30 June)			Subject to Shareholder approval**		
	Future deliveries	Delivery years	Options	Future deliveries	Delivery years	Options
Airbus A320neo family	60*	2022-2025	50	37	2025-2028	50***
Airbus A321 XLR	14	2024-2025	14			
Airbus A350	17	2022-2030	52			
Boeing 737-8200				25	2023-2027	100
Boeing 737-10				25		
Boeing 777-9	18	2026-2028	24			
Boeing 787-10	10	2022-2024	6			
<b>Total</b>	<b>119</b>		<b>146</b>	<b>87</b>		<b>150</b>

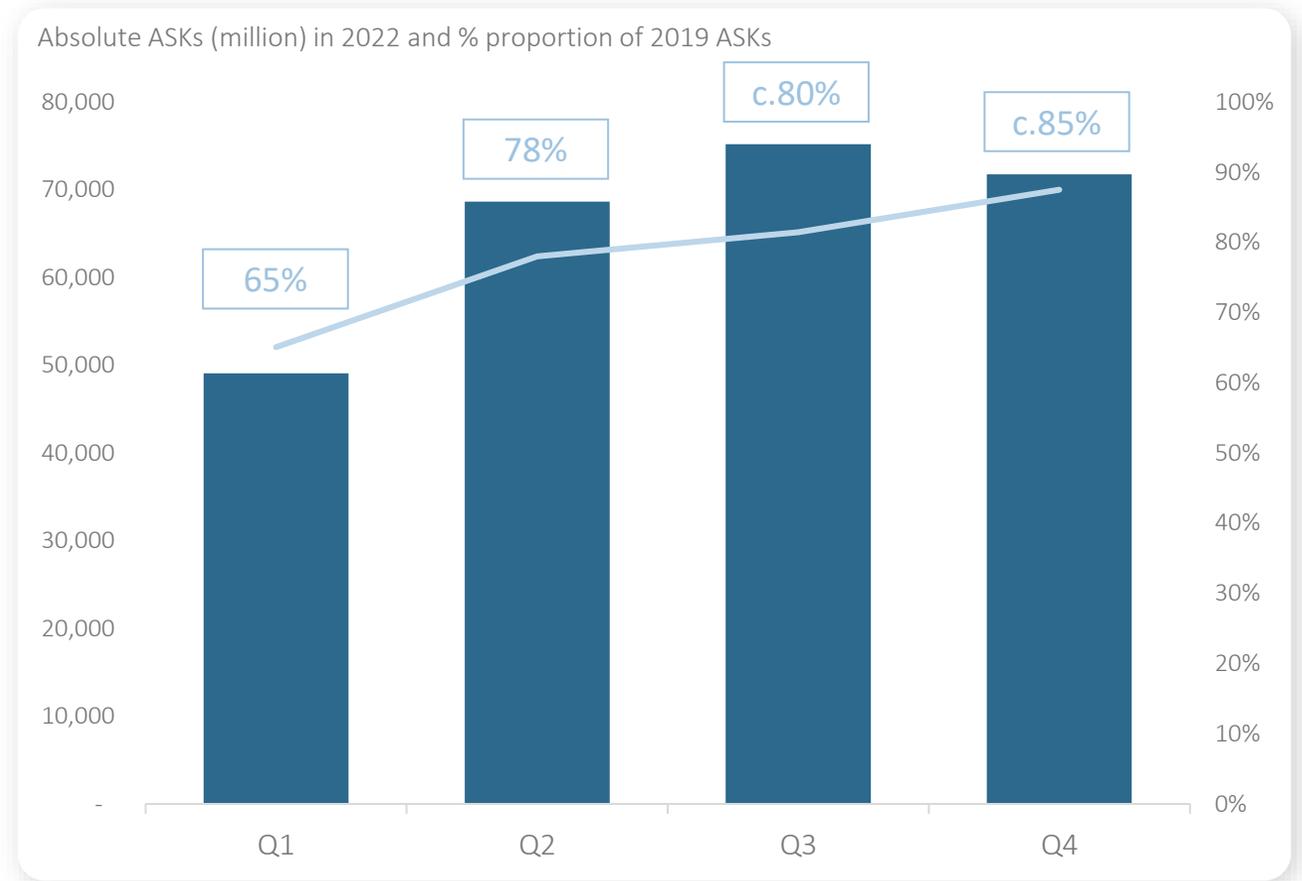
\* Includes Airbus order announced on 30 of June (17x A320neo and 5x A321neo)

\*\* Includes Boeing order announced on 19 of May and Airbus order announced on 28 of July

\*\*\* Assuming shareholder approval is obtained the total number of A320 family options will be 50

FY 2022 capacity planned to be broadly unchanged at c.78% of 2019

ASKs % of 2019	3Q 2022	FY 2022
	93%	88%
	74%	70%
	84%	87%
	55%	51%
	104%	99%



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

# Strong forward bookings at c.85% in volume and c.95% in revenue of 2019 levels

## Spain domestic

vs. 2019 (3 Jan 2021 – 24 July 2022)



1 May

## International shorthaul

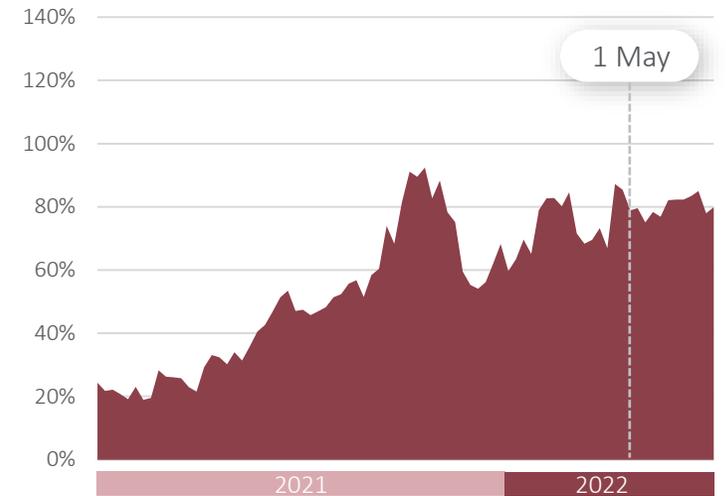
vs. 2019 (3 Jan 2021 – 24 July 2022)



1 May

## Longhaul

vs. 2019 (3 Jan 2021 – 24 July 2022)



1 May

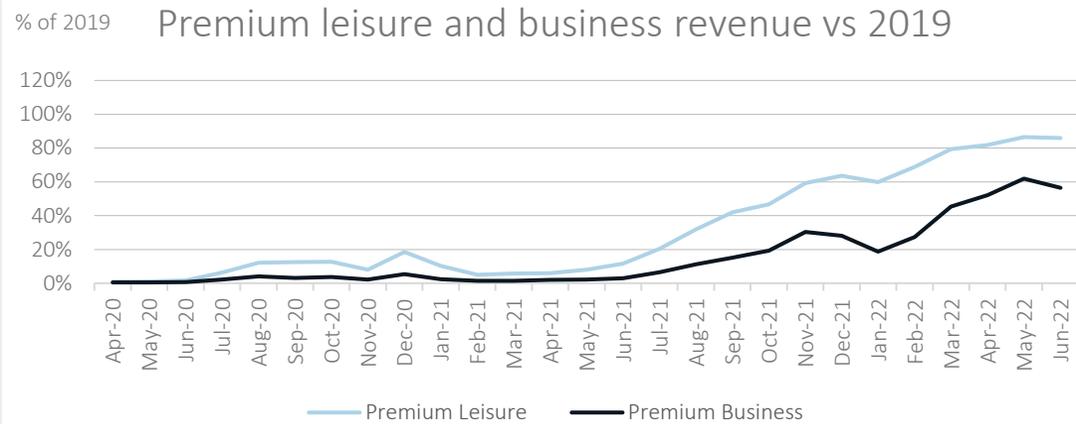
- Spanish domestic bookings remain the strongest at c.100% and revenue c.120% of 2019 levels over the last 5 weeks

- European shorthaul remains strong at c.80% bookings and revenue c.100% over last 5 weeks
- Slight decline due to Heathrow capacity cap limiting new ticket sales since mid-July

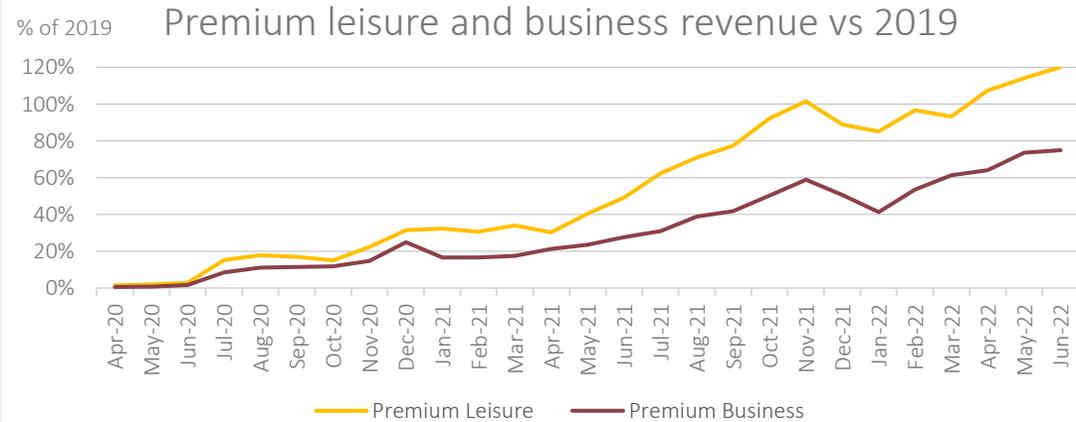
- Longhaul continues to lag partly due to most of Asia still closed but has increased to c.80% for bookings and c.90% for revenue
- North Atlantic bookings at c.95% and revenue c.100% over last 5 weeks

Note: 1 May 2022 was the date used for the data in 1Q 2022 results presentation on 6 May 2022

# Premium leisure revenue almost fully recovered while business travel makes steady progress



- BA’s premium leisure revenue recovered to c.85% of 2019 levels by June
- Premium leisure routes to Caribbean, Europe and North America have fully recovered
- BA’s premium business revenue has recovered to c.60% of 2019 levels (June 2019 President Trump visit base effect)
- Overall recovery constrained by limited flying on Asia Pacific routes



- Iberia’s premium leisure revenue exceeded 2019 levels by 15% in 2Q and 20% in June
- Iberia’s strongest markets for premium leisure are Domestic, Europe and North America
- Iberia’s premium business revenue at c.70% of 2019 levels

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

## Positive outlook for the rest of the year

- Strong recovery of underlying profitability and cash generation in the second quarter
- All businesses profitable at the operating level
- Liquidity strength continues and net debt slightly reduced but will increase in the second half of 2022
- Capacity moderation by British Airways to preserve operational resilience and customer service with limited financial impact
- Forward bookings continue to strengthen in both leisure and business segments with no sign of weakness
- Pre-exceptional operating profit to be significantly improved in 3Q compared to 2Q and to be positive for FY 2022
- Net cash flows from operating activities expected to be significantly positive in FY 2022

# APPENDICES

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

## Loss after tax and exceptional items of c.€0.8bn in 2Q 2022

€m	2Q 2022	2Q 2021*
Operating result (pre exceptional)	287	-1,045
Exceptional items**	6	78
Operating result (post exceptional)	293	-967
Net finance costs	-175	-185
Net financing (charge)/credit relating to pensions	6	2
Net currency retranslation (charges)/credits	-136	0
Other non-operating credits/ (charges)***	85	30
Result before tax (post exceptional)	73	-1,120
Tax	60	139
Result after tax (post exceptional)	133	-981

\*The 2021 results include a reclassification to conform with the presentation adopted in the 2021 Annual Report and Accounts regarding the fair value movements of the €825m convertible bond issued in 2021

\*\*The exceptional impairment reversal in 2Q 2022 of €6m relates to four Airbus A320 in Vueling, previously stood down in the fourth quarter of 2020 and subsequently stood up in the second quarter of 2022. The exceptional credit to Fuel, oil costs and emissions charges of €78m recorded in 2Q 2021 is related to the derecognition of hedge accounting of the associated fuel and foreign currency derivatives arising from fuel consumption.

\*\*\*In June 2022, the Group entered into a financing arrangement with Globalia, whereby, the Group provided a €100m seven-year unsecured loan, which is convertible for a period of two years from inception into a fixed number of the shares of Air Europa. A €41m charge corresponding to the valuation of this financing arrangement has been recorded within Net change in fair value of financial instruments.

## GROUP PERFORMANCE

# 2Q and 1H 2022 traffic and capacity statistics vs 2019

Group performance	Quarter			First half year		
	2Q 2022	2Q 2019	v3y	1H 2022	1H 2019	v3y
<b>Passengers carried ('000s)</b>	<b>25,592</b>	<b>31,504</b>	<b>-18.8%</b>	<b>39,969</b>	<b>55,886</b>	<b>-28.5%</b>
Domestic (UK & Spain)	6,838	7,454	-8.3%	11,283	13,375	-15.6%
Europe	13,640	16,906	-19.3%	20,062	29,312	-31.6%
North America	2,703	3,487	-22.5%	4,001	5,969	-33.0%
Latin America & Caribbean	1,297	1,539	-15.7%	2,576	3,014	-14.5%
Africa & Middle East	1,046	1,480	-29.3%	1,956	3,001	-34.8%
Asia & Pacific	68	638	-89.3%	91	1,215	-92.5%
<b>Revenue passenger km (m)</b>	<b>56,114</b>	<b>74,806</b>	<b>-25.0%</b>	<b>91,546</b>	<b>135,684</b>	<b>-32.5%</b>
Domestic (UK & Spain)	5,412	5,371	+0.8%	9,010	9,702	-7.1%
Europe	16,562	19,917	-16.8%	24,166	33,468	-27.8%
North America	17,926	22,948	-21.9%	26,554	39,498	-32.8%
Latin America & Caribbean	10,213	12,738	-19.8%	20,350	24,920	-18.3%
Africa & Middle East	5,403	7,721	-30.0%	10,645	16,440	-35.2%
Asia & Pacific	598	6,111	-90.2%	821	11,656	-93.0%
<b>Available seat km (m)</b>	<b>68,630</b>	<b>88,008</b>	<b>-22.0%</b>	<b>117,710</b>	<b>163,431</b>	<b>-28.0%</b>
Domestic (UK & Spain)	6,418	6,106	+5.1%	11,066	11,267	-1.8%
Europe	20,390	24,082	-15.3%	31,192	41,156	-24.2%
North America	22,299	26,599	-16.2%	35,706	48,027	-25.7%
Latin America & Caribbean	11,975	14,778	-19.0%	24,921	29,137	-14.5%
Africa & Middle East	6,872	9,295	-26.1%	13,753	19,994	-31.2%
Asia & Pacific	676	7,148	-90.5%	1,072	13,850	-92.3%
<b>Passenger load factor (%)</b>	<b>81.8</b>	<b>85.0</b>	<b>-3.2 pts</b>	<b>77.8</b>	<b>83.0</b>	<b>-5.2 pts</b>
Domestic (UK & Spain)	84.3	88.0	-3.7 pts	81.4	86.1	-4.7 pts
Europe	81.2	82.7	-1.5 pts	77.5	81.3	-3.8 pts
North America	80.4	86.3	-5.9 pts	74.4	82.2	-7.8 pts
Latin America & Caribbean	85.3	86.2	-0.9 pts	81.7	85.5	-3.8 pts
Africa & Middle East	78.6	83.1	-4.5 pts	77.4	82.2	-4.8 pts
Asia & Pacific	88.5	85.5	+3.0 pts	76.6	84.2	-7.6 pts
<b>Cargo tonne km (m)</b>	<b>949</b>	<b>1,409</b>	<b>-32.6%</b>	<b>1,939</b>	<b>2,802</b>	<b>-30.8%</b>

## GROUP PERFORMANCE

# 2Q and 1H 2022 traffic and capacity statistics vs 2021

Group performance	Quarter			First half year		
	2Q 2022	2Q 2021	vLY	1H 2022	1H 2021	vLY
<b>Passengers carried ('000s)</b>	<b>25,592</b>	<b>5,468</b>	<b>+368.0%</b>	<b>39,969</b>	<b>8,080</b>	<b>+394.7%</b>
Domestic (UK & Spain)	6,838	2,934	+133.1%	11,283	4,190	+169.3%
Europe	13,640	1,779	+666.7%	20,062	2,446	+720.2%
North America	2,703	169	+1499.4%	4,001	284	+1308.8%
Latin America & Caribbean	1,297	357	+263.3%	2,576	658	+291.5%
Africa & Middle East	1,046	201	+420.4%	1,956	461	+324.3%
Asia & Pacific	68	28	+142.9%	91	41	+122.0%
<b>Revenue passenger km (m)</b>	<b>56,114</b>	<b>9,969</b>	<b>+462.9%</b>	<b>91,546</b>	<b>16,748</b>	<b>+446.6%</b>
Domestic (UK & Spain)	5,412	2,394	+126.1%	9,010	3,511	+156.6%
Europe	16,562	2,253	+635.1%	24,166	3,063	+689.0%
North America	17,926	1,085	+1552.2%	26,554	1,831	+1350.2%
Latin America & Caribbean	10,213	2,973	+243.5%	20,350	5,483	+271.1%
Africa & Middle East	5,403	991	+445.2%	10,645	2,464	+332.0%
Asia & Pacific	598	273	+119.0%	821	396	+107.3%
<b>Available seat km (m)</b>	<b>68,630</b>	<b>19,245</b>	<b>+256.6%</b>	<b>117,710</b>	<b>34,041</b>	<b>+245.8%</b>
Domestic (UK & Spain)	6,418	3,496	+83.6%	11,066	5,293	+109.1%
Europe	20,390	3,847	+430.0%	31,192	5,316	+486.8%
North America	22,299	4,037	+452.4%	35,706	7,783	+358.8%
Latin America & Caribbean	11,975	5,341	+124.2%	24,921	10,265	+142.8%
Africa & Middle East	6,872	1,841	+273.3%	13,753	4,328	+217.8%
Asia & Pacific	676	683	-1.0%	1,072	1,056	+1.5%
<b>Passenger load factor (%)</b>	<b>81.8</b>	<b>51.8</b>	<b>+30.0 pts</b>	<b>77.8</b>	<b>49.2</b>	<b>+28.6 pts</b>
Domestic (UK & Spain)	84.3	68.5	+15.8 pts	81.4	66.3	+15.1 pts
Europe	81.2	58.6	+22.6 pts	77.5	57.6	+19.9 pts
North America	80.4	26.9	+53.5 pts	74.4	23.5	+50.9 pts
Latin America & Caribbean	85.3	55.7	+29.6 pts	81.7	53.4	+28.3 pts
Africa & Middle East	78.6	53.8	+24.8 pts	77.4	56.9	+20.5 pts
Asia & Pacific	88.5	40.0	+48.5 pts	76.6	37.5	+39.1 pts
<b>Cargo tonne km (m)</b>	<b>949</b>	<b>999</b>	<b>-5.0%</b>	<b>1,939</b>	<b>1,853</b>	<b>+4.6%</b>

## AIRLINE PERFORMANCE

# 2Q and 1H 2022 traffic and capacity statistics vs 2019

Performance by airline	Quarter					
	2Q 2022	2Q 2019	v3y	1H 2022	1H 2019	v3y
<b>AerLingus</b> 						
Passengers carried ('000s)	2,541	3,255	-21.9%	3,690	5,451	-32.3%
Revenue passenger km (m)	5,595	6,996	-20.0%	7,870	11,251	-30.1%
Available seat km (m)	7,189	8,394	-14.4%	11,195	14,198	-21.2%
Passenger load factor (%)	77.8	83.3	-5.5 pts	70.3	79.2	-8.9 pts
Cargo tonne km (m)	33	43	-23.3%	61	82	-25.6%
<b>BRITISH AIRWAYS</b> 						
Passengers carried ('000s)	9,069	12,643	-28.3%	14,363	23,115	-37.9%
Revenue passenger km (m)	26,875	40,768	-34.1%	44,778	75,643	-40.8%
Available seat km (m)	33,416	48,337	-30.9%	58,573	92,170	-36.5%
Passenger load factor (%)	80.4	84.3	-3.9 pts	76.4	82.1	-5.7 pts
Cargo tonne km (m)	691	1,083	-36.2%	1,430	2,145	-33.3%
<b>IBERIA</b> 						
Passengers carried ('000s)	5,041	5,697	-11.5%	8,887	10,643	-16.5%
Revenue passenger km (m)	13,481	16,057	-16.0%	24,061	30,023	-19.9%
Available seat km (m)	15,989	18,379	-13.0%	29,898	34,804	-14.1%
Passenger load factor (%)	84.3	87.4	-3.1 pts	80.5	86.3	-5.8 pts
Cargo tonne km (m)	214	283	-24.4%	433	574	-24.6%
<b>LEVEL</b> 						
Passengers carried ('000s)	139	484	-71.3%	193	773	-75.0%
Revenue passenger km (m)	1,189	1,872	-36.5%	1,672	3,399	-50.8%
Available seat km (m)	1,371	2,257	-39.3%	1,952	4,175	-53.2%
Passenger load factor (%)	86.7	82.9	+3.8 pts	85.7	81.4	+4.3 pts
Cargo tonne km (m)	11	0	n/a	15	1	+1400.0%
<b>vueling</b> 						
Passengers carried ('000s)	8,802	9,425	-6.6%	12,836	15,904	-19.3%
Revenue passenger km (m)	8,974	9,113	-1.5%	13,165	15,368	-14.3%
Available seat km (m)	10,665	10,641	+0.2%	16,092	18,084	-11.0%
Passenger load factor (%)	84.1	85.6	-1.5 pts	81.8	85.0	-3.2 pts
Cargo tonne km (m)	n/a	n/a	n/a	n/a	n/a	n/a

## AIRLINE PERFORMANCE

# 2Q and 1H 2022 traffic and capacity statistics vs 2021

Performance by airline	Quarter					
	2Q 2022	2Q 2021	vLY	1H 2022	1H 2021	vLY
<b>Aer Lingus</b> 						
Passengers carried ('000s)	2,541	143	+1676.9%	3,690	225	+1540.0%
Revenue passenger km (m)	5,595	190	+2844.7%	7,870	314	+2406.4%
Available seat km (m)	7,189	919	+682.3%	11,195	1,802	+521.3%
Passenger load factor (%)	77.8	20.7	+57.1 pts	70.3	17.4	+52.9 pts
Cargo tonne km (m)	33	23	+43.5%	61	43	+41.9%
<b>BRITISH AIRWAYS</b> 						
Passengers carried ('000s)	9,069	967	+837.8%	14,363	1,597	+799.4%
Revenue passenger km (m)	26,875	2,743	+879.8%	44,778	5,223	+757.3%
Available seat km (m)	33,416	6,800	+391.4%	58,573	13,266	+341.5%
Passenger load factor (%)	80.4	40.3	+40.1 pts	76.4	39.4	+37.0 pts
Cargo tonne km (m)	691	763	-9.4%	1,430	1,421	+0.6%
<b>IBERIA</b> 						
Passengers carried ('000s)	5,041	1,862	+170.7%	8,887	3,094	+187.2%
Revenue passenger km (m)	13,481	4,547	+196.5%	24,061	7,913	+204.1%
Available seat km (m)	15,989	8,003	+99.8%	29,898	14,162	+111.1%
Passenger load factor (%)	84.3	56.8	+27.5 pts	80.5	55.9	+24.6 pts
Cargo tonne km (m)	214	211	+1.4%	433	385	+12.5%
<b>LEVEL</b> 						
Passengers carried ('000s)	139	15	+826.7%	193	28	+589.3%
Revenue passenger km (m)	1,189	165	+620.6%	1,672	307	+444.6%
Available seat km (m)	1,371	96	+1328.1%	1,952	288	+577.8%
Passenger load factor (%)	86.7	171.9	-85.2 pts	85.7	106.6	-20.9 pts
Cargo tonne km (m)	11	2	+450.0%	15	4	+275.0%
<b>vueling</b> 						
Passengers carried ('000s)	8,802	2,481	+254.8%	12,836	3,136	+309.3%
Revenue passenger km (m)	8,974	2,324	+286.1%	13,165	2,991	+340.2%
Available seat km (m)	10,665	3,427	+211.2%	16,092	4,523	+255.8%
Passenger load factor (%)	84.1	67.8	+16.3 pts	81.8	66.1	+15.7 pts
Cargo tonne km (m)	n/a	n/a	n/a	n/a	n/a	n/a

## 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 current economic and geopolitical environment and ongoing recovery from 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 2021 Annual Report and Accounts; this document is available on [www.iairgroup.com](http://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 ongoing uncertainty from the recovery from the COVID-19 pandemic and any further disruption to the global airline industry as well as the current economic and geopolitical environment.