Capital Markets Day

2nd November 2018
## Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Speaker</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>08.30</td>
<td>Registration and Breakfast</td>
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<tr>
<td>09.00</td>
<td>Opening remarks</td>
<td>Antonio Vázquez</td>
<td>IAG Chairman</td>
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<tr>
<td>09.10</td>
<td>Investment case</td>
<td>Willie Walsh</td>
<td>IAG CEO</td>
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<td></td>
<td></td>
<td>Robert Boyle</td>
<td>IAG Director of Strategy</td>
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<tr>
<td>10.00</td>
<td>LEVEL</td>
<td>Vincent Hodder</td>
<td>LEVEL CEO</td>
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<tr>
<td>10.30</td>
<td>Vueling</td>
<td>Javier Sánchez-Prieto</td>
<td>Vueling Chairman &amp; CEO</td>
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<td>10.50</td>
<td>Aer Lingus</td>
<td>Stephen Kavanagh</td>
<td>Aer Lingus CEO</td>
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<tr>
<td>11.10</td>
<td>Coffee Break</td>
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<tr>
<td>11.40</td>
<td>Iberia</td>
<td>Luis Gallego</td>
<td>Iberia Chairman &amp; CEO</td>
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<td>12.00</td>
<td>British Airways</td>
<td>Alex Cruz</td>
<td>BA Chairman &amp; CEO</td>
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<td>12.30</td>
<td>IAG Digital</td>
<td>Robert Boyle</td>
<td>IAG Director of Strategy</td>
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<td></td>
<td></td>
<td>Lynne Embleton</td>
<td>IAG Cargo CEO</td>
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<tr>
<td>13.00</td>
<td>Lunch</td>
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<tr>
<td>13.50</td>
<td>Financial investment case</td>
<td>Enrique Dupuy</td>
<td>IAG CFO</td>
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<tr>
<td>14.30</td>
<td>Conclusion and Q&amp;A</td>
<td>Willie Walsh</td>
<td>IAG CEO</td>
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<tr>
<td>15.30</td>
<td>Drinks Reception</td>
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</table>
Investment case

Willie Walsh – IAG CEO
Robert Boyle – IAG Director of Strategy
The IAG investment case

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

Unique structure

Portfolio of world-class brands

Global leadership positions

Cost efficiency

Innovation

Sustainable profitability

Accretive growth

RoIC

Margin

Organic

Inorganic

Total shareholder returns

EPS growth

Ordinary dividend

Share buyback

Total shareholder returns
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
- Operationally focused companies
- Distinct brands
- Diversified customer base
- Complementary networks

Global leadership positions
- Leading the consolidation of the airline sector
- Barcelona, Dublin, London, Madrid
- North Atlantic, South Atlantic, and intra-Europe

Cost efficiency
- 11.7% reduction in CASK ex-fuel at constant currency since IAG’s founding in 2011
- c.4% further reduction targeted by 2022

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
Setting the scene – IAG a strong player in a growth business

Willie Walsh – IAG CEO
Reasons to be optimistic about the industry potential

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Industry Net Profit</th>
<th>Passenger Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947</td>
<td>-$13bn</td>
<td>+9.2% CAGR</td>
</tr>
<tr>
<td>2009</td>
<td>$183bn</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>$13bn</td>
<td>+6.0% CAGR</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
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</tbody>
</table>

63 years

8 years

Source: ICAO
Structural changes driving the optimism

- Gradual erosion of protectionism in more developed markets
- Restructured labour agreements
- Improvements in technology e.g. direct distribution
- Industry finding inventive ways to capture value
  - Different business models
  - Ancillary products
- Airlines executives focused on managing for value
- Industry consolidation
Domestic US has seen significant consolidation in recent times…

### Domestic United States

Top 5 Carriers by capacity seat share in 2018

86% of total market of 957 million seats

- **American Airlines**: 22%
- **Southwest**: 21%
- **Delta**: 21%
- **United Airlines**: 16%
- **Alaska**: 5%

### Intra Europe

Top 5 Carriers by capacity seat share in 2018

63% of total market of 929 million seats

- **Lufthansa**: 16%
- **Ryanair**: 15%
- **IAG**: 12%
- **easyJet**: 11%
- **Air France KLM**: 9%

Source: OAG departing seats in 2018; Europe excluding Russia and Turkey
…with the European short haul market also consolidating

63% of the European short-haul market is represented by 5 airline groups - a c.20ppt increase since 2008

Intra Europe capacity, today’s 5 largest airline groups
Available seats to and from European airports (millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Other</th>
<th>Lufthansa, Ryanair, IAG, easyJet, AF/KLM</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>734</td>
<td>43%</td>
</tr>
<tr>
<td>2009</td>
<td>696</td>
<td>47%</td>
</tr>
<tr>
<td>2010</td>
<td>725</td>
<td>47%</td>
</tr>
<tr>
<td>2011</td>
<td>734</td>
<td>51%</td>
</tr>
<tr>
<td>2012</td>
<td>724</td>
<td>54%</td>
</tr>
<tr>
<td>2013</td>
<td>723</td>
<td>58%</td>
</tr>
<tr>
<td>2014</td>
<td>743</td>
<td>58%</td>
</tr>
<tr>
<td>2015</td>
<td>775</td>
<td>60%</td>
</tr>
<tr>
<td>2016</td>
<td>837</td>
<td>61%</td>
</tr>
<tr>
<td>2017</td>
<td>888</td>
<td>61%</td>
</tr>
<tr>
<td>2018</td>
<td>929</td>
<td>63%</td>
</tr>
</tbody>
</table>

Source: OAG. Europe excluding Russia and Turkey. Note: IB is not included in the group of 5 until the creation of IAG. Date and airline acquired: 2009 Austrian, 2011 IAG creation, 2013 Vueling, 2015 Aer Lingus, 2016 Brussels Airlines
Long-haul consolidation driven mainly by joint ventures

Capacity share for long haul flights departing Europe
(One-way Available Seat Kilometres)

- Big 3 non JB capacity
- Big 3 JB capacity
- Big 3 Middle Eastern Carriers
- Other

Source: Estimated from OAG and company press releases

More liberalised markets have experienced deeper co-operation through the form of commercial joint ventures where co-operation extends beyond normal alliance activity.
Track record of successful and consistent inorganic growth

- 2011: IAG formed
- 2012: bmi acquisition
- 2013: Vueling acquisition
- 2014: Aer Lingus acquisition
- 2015: Monarch slot purchase
- 2016: Finnair join Atlantic Joint Business
- 2017: QATAR joint business formed
- 2018: LATAM joint business approved

Note: Year represents the year the deal was completed
Unique structure

Willie Walsh – IAG CEO
IAG’s unique operating model

<table>
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<tr>
<th>Corporate Parent</th>
<th>Airline Operating Companies</th>
<th>Platform of common services</th>
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<tbody>
<tr>
<td>IAG</td>
<td>Full Service</td>
<td>IAG Cargo</td>
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<tr>
<td></td>
<td>Value</td>
<td>avios</td>
</tr>
<tr>
<td></td>
<td>Low cost</td>
<td>MRO / Fleet</td>
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<tr>
<td></td>
<td></td>
<td>IAG GBS</td>
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<tr>
<td></td>
<td></td>
<td>Digital</td>
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<tr>
<td></td>
<td></td>
<td>IAG Connect</td>
</tr>
</tbody>
</table>

- IAG
- British Airways
- Iberia
- Aer Lingus
- Iberia Express
- Vueling
- Level

- IAG Cargo
- Avios
- MRO / Fleet
- IAG GBS
- Digital
- IAG Connect
Clear areas of focus

Corporate Parent

Sets the long term vision for the Group

Defines portfolio attractiveness and makes capital allocation decisions

Exerts vertical and horizontal influence across the Group

Airline Operating Company

Define product strategy for target customer segments

Deep and real-time understanding of competitive environment

Standalone profit centres and independent credit identities

Individual brand, cultural identity and management teams
Four core corporate parent activities

1. Group Strategy, including digital
2. Group Finance
3. General Counsel
4. Chief of Staff

Open floor plan for all corporate parent staff

IAG Management Committee includes CEOs of largest operating companies
IAG’s Management Committee

- Weekly meetings
- Headed by the Group CEO
- Comprised of the airline and platform CEOs and IAG’s senior management (CFO, Chief of Staff, Director of Strategy and General Counsel)
Unique set of competitive advantages

**PARENT NEUTRALITY**
Independence of corporate parent from operating companies enables flexible, rapid and dispassionate decision making.

**ATTRACTIVE PORTFOLIO OF BUSINESSES**
Good combination of profitable businesses each with attractive and distinct market positioning. Diversified exposure to mature and fast growing segments of the industry.

**A PORTFOLIO MANAGER WITH A ‘FEEL FOR THE BUSINESS’**
IAG understands the critical success factors in the airline business – able to judge suitable targets and performance levels and react sensitively to issues that arise.

**GEOGRAPHICALLY COMPLEMENTARY HUBS**
Each hub has a clearly defined role in the total IAG system, underpinned by a large local market.

**ROBUST STRUCTURAL POSITIONING**
Balance sheet strength combined with competitive cost base, provide platform to deliver value throughout the cycle.

**‘PLUG AND PLAY MODEL’**
Model allows value to be created quickly from inorganic plays. Alternatively, ideas can be developed at the centre and leveraged at scale across the wider group.
A series of case studies

• Track record of value creation
• Rapid decision making
• ‘Plug and Play’ platform
• Integrated business planning process
Track record of value creation

IAG’s Return on Invested Capital

<table>
<thead>
<tr>
<th>Year</th>
<th>Return on Invested Capital</th>
</tr>
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<tbody>
<tr>
<td>2011</td>
<td>3.5%</td>
</tr>
<tr>
<td>2012</td>
<td>0.1%</td>
</tr>
<tr>
<td>2013</td>
<td>5.3%</td>
</tr>
<tr>
<td>2014</td>
<td>7.9%</td>
</tr>
<tr>
<td>2015</td>
<td>12.7%</td>
</tr>
<tr>
<td>2016</td>
<td>13.6%</td>
</tr>
<tr>
<td>2017</td>
<td>16.0%</td>
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<tr>
<td>LTM</td>
<td>16.1%</td>
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Synergy delivery
€856m
Total annual reported synergies as of 2015 achieved from the BA and IB merger

Commitment to make tough choices
c.21%
Reduction in Iberia’s average headcount since 2012

Margin expansion post acquisition

- Vueling: 5.6 ppt
- Aer Lingus: 9.1 ppt

Operating margin growth post acquisition by IAG (vs. year prior to acquisition)
Rapid decision making

The launch of LEVEL

September 2016
IAG Board endorses recommendation to progress analysis and launch NGLC from Summer 2017

23 February 2017
IAG Board endorses recommendation to launch NGLC from Barcelona under new brand, operated by Iberia

17 March 2017
LEVEL flights go on sale

May 2017
IAG Board endorses recommendation to pursue Paris as second base

June 2017
LEVEL flights launch from Barcelona

28 June 2018
LEVEL branded short-haul flights from Vienna go on sale

July 2018
LEVEL flights launch from Paris (long haul) and Vienna (short haul)

Notes: NGLC - “Next Generation Low Cost Carrier”
## Plug and Play platform

<table>
<thead>
<tr>
<th>Established</th>
<th>IAGCargo</th>
<th>avios</th>
<th>MRO / Fleet</th>
<th>IAGGBS</th>
<th>Digital</th>
<th>IAG Connect</th>
</tr>
</thead>
</table>

**The Group service provider for:**
- **IAGCargo:** Retailing IAG’s cargo capacity
- **avios:** Reward currency used to underpin OpCo FFPS
- **MRO / Fleet:** Improving the competitiveness of IAG’s maintenance activities
- **IAGGBS:**
  - IT
  - Procurement
  - Finance Ops
- **Digital:** Setting the digital strategy for IAG
- **IAG Connect:** In-flight connectivity strategy and roll-out

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**Synergies can be quickly realised by removing duplication of activities from acquired carriers in addition to the scale effects of added volume**
Disciplined capital allocation and proactive portfolio management

IAG business planning process

**Corporate Parent**
- IAG sets the areas of focus and the assumptions for the next business plan
- IAG provides feedback and reviews the plans from a Group perspective
- IAG Management Committee agree OpCo plans

**Operating Company**
- OpCo's present the proposed size and shape of their plan, focusing on network & fleet
- OpCo's refine their plans focusing on financial targets

IAG Board ratify plan, during annual 2-day Board Strategy Meeting

**PHASE 1**
- IAG sets the areas of focus and the assumptions for the next business plan
- OpCo's present the proposed size and shape of their plan, focusing on network & fleet

**PHASE 2**
- IAG provides feedback and reviews the plans from a Group perspective
- OpCo's refine their plans focusing on financial targets
- IAG Management Committee agree OpCo plans
- IAG Board ratify plan, during annual 2-day Board Strategy Meeting
Cost efficiency and leadership

Willie Walsh – IAG CEO
Cost efficiency and leadership

11.5% ex-fuel unit cost reduction delivered; c.5% more to come by 2023

Ex-fuel unit cost indexed to 2010 at constant currency

DELIVERED THROUGH
- Group synergies
- Iberia – Plan de Futuro I
- Vueling – Darwin
- GBS roll-out

STILL TO COME
- British Airways – Plan4
- Iberia – Plan de Futuro II
- Vueling – NEXT
- Aer Lingus – value model
- LEVEL expansion
Cost efficiency and leadership

Peer cost performance 2010-YTD

IAG

- 11.5%

COMPETITOR 1

- 9.0%

COMPETITOR 2

+ 13.2%

COMPETITOR 3

+ 11.1%

Source: Company reports
IAG airlines are cost competitive against their European counterparts

2017 non-fuel CASK €cents / ASK

Source: Company reports
Portfolio of world-class brands

Robert Boyle – IAG Director of Strategy
IAG’s customer base is diversified geographically…

IAG passenger revenue by point-of-sale (12 months to Sept 2018)

- UK: 32%
- North America: 21%
- Rest of Europe: 20%
- Spain: 13%
- Asia Pacific / Far East: 5%
- Latin America / Caribbean: 4%
- Africa / M. East / South Asia: 6%
... and also diversified by industry sector

IAG revenue by product and industry 2017
Customer needs vary by travel occasion

Tested 100+ variables; consistent across all home markets

**Trip Cabin**
e.g. premium, non-premium

**Trip Flight Length**
e.g. short haul, long haul

**Attitude**
e.g. Value mindset - trading up vs trading down

**Trip Purpose**
e.g. business, leisure

**Travel party**
e.g. solo traveller, family, couples

**Demographic**
e.g. age
These differing customer needs translate into 7 key customer demand spaces
Brand is a significant driver of consumer choice in air travel

All three levers, brand, network / schedule and price, need to be optimised
Challenge for brands seeking to be “everything to everyone”

Inherently conflicting needs make it impossible to resonate with the full spectrum of demand

- Trade down needs and premium needs inherently conflict
- Brands trying to appeal to both ends become neutrally perceived
Different brands fit well with needs of different demand spaces

Leading competitor brands by demand space

Indexed fit

<table>
<thead>
<tr>
<th>Frugal First</th>
<th>Frugal Fun</th>
<th>Business on a Budget</th>
<th>Smooth Flying</th>
<th>Global Getaway</th>
<th>Leisure Indulgence</th>
<th>Classy Business</th>
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<tbody>
<tr>
<td>Short-Haul</td>
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<tr>
<td>Long-Haul</td>
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<tr>
<td>Trade-down back cabin</td>
<td>Business back cabin</td>
<td>Trade-up back cabin</td>
<td>Premium front cabin</td>
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</table>
Different brands fit well with needs of different demand spaces

The British Airways and Iberia brands perform strongly in premium spaces
Different brands fit well with needs of different demand spaces

The Vueling and LEVEL brands have strong fit with frugal spaces.
**Different brands fit well with needs of different demand spaces**

The Aer Lingus brand has strong fit with needs of frugal space in the US.
We believe there is significant additional value to be captured in improving our brand positioning

- Importance of brand should not be underestimated
- Brands should focus on resonating strongly with target demand segments - avoid trying to be everything to everyone
- Current fit for IAG brands suggests more value can be captured
- Business plans for individual Airline Operating Companies reflect more focused investment in target demand spaces
- IAG Operating Companies already well positioned on price and network - the major purchase drivers of customers
Global leadership positions

Robert Boyle – IAG Director of Strategy
IAG is building a portfolio of brands to better compete for value across all segments of the market

Distribution of IAG ASKs by business model type

<table>
<thead>
<tr>
<th>Year</th>
<th>Low Cost Carriers</th>
<th>Value Carriers</th>
<th>Full Service Carriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>11% (5%)</td>
<td>83%</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>13% (11%)</td>
<td>76%</td>
<td></td>
</tr>
<tr>
<td>2023 (F)</td>
<td>20% (12%)</td>
<td>68%</td>
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Source: IAG traffic stats; 2015 includes Aer Lingus for 4.5 months; Breakdown is based on annual calendar year-end ASKs except for 2018, which is based on 12 months ending 30 September 2018
Each hub is complementary and has its own unique strengths

IAG long-haul routes from our key hubs

DUB
Geographically advantageous for North Atlantic

MAD
Geographically advantageous for South Atlantic

LON
Largest air transport market in the world

97 long-haul routes
70 non-overlap routes
IAG is the revenue share leader in each of its home cities

**Revenue share (TTM August 2018)**

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<tr>
<th></th>
<th>Madrid</th>
<th>London</th>
<th>Barcelona</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAG</td>
<td>57%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>42%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>10%</td>
<td>62%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>33%</td>
<td></td>
<td>62%</td>
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**Passenger share (TTM August 2018)**

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<tr>
<th></th>
<th>Madrid</th>
<th>London</th>
<th>Barcelona</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAG</td>
<td>46%</td>
<td>57%</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>22%</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>17%</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>37%</td>
<td>38%</td>
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Source: Share created by information provided by DDS and is based on all O&D trips out of the city disclosed
The IAG investment case

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

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

- Sustainable profitability
- RoIC
- Margin
- Organic
- Inorganic

- Accretive growth

Total shareholder returns

- EPS growth
- Ordinary dividend
- Share buyback
Building the airline business model of the future
Vincent Hodder
CEO LEVEL

20 years of airline experience in strategy, commercial and operational roles, 14 years at executive level

Lived and worked globally including Australia, Central America, Mexico, Japan, Korea, South Africa, Chile, UK, USA

Experience in
European regional aviation (Flybe 2015-2018)
ultra low cost airlines (VivaAerobus (Mexico) 2013-2015)
low cost carrier start-up (Jetstar Japan 2011-2013)
low cost long haul and short haul (Jetstar 2007-2011)
dual brand operation in large airline group (Qantas/Jetstar)
multi AOC operation under common brand (TACA 2002-2007)
full service long haul airlines (as consultant with Bain & Co 1999-2002)
We are building the customer centric, technologically enabled, airline business model of the future
LEVEL by the numbers

Long haul network

- 3 bases
- 9 aircraft
- 22 routes
- +700,000 passengers
- 90% Load factor

Short haul network

Note: Load factor for year-around routes
Strategic rationale

<table>
<thead>
<tr>
<th>Allow IAG to target growing price sensitive leisure markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Full service brands target customer segments who value the full service experience</td>
</tr>
<tr>
<td>• LEVEL focuses on keeping prices low and the experience simple</td>
</tr>
<tr>
<td>• Specific focus increases chances of winning target customer segments</td>
</tr>
<tr>
<td>• Open access to new network opportunities leveraging cost base</td>
</tr>
<tr>
<td>• Brand has cross border appeal</td>
</tr>
<tr>
<td>• Demonstrate lower cost operations and pilot new technology</td>
</tr>
<tr>
<td>• Develop centre of excellence in ancillary / digital led customer centric model</td>
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</table>
LEVEL is both a brand and a new approach to what an airline is...

**LEVEL Brand**

**LEVEL Business Model**

LEVEL designed for Low Cost Long Haul but brand and model are flexible enough to apply equally to Short Haul operation.

*AMC – Airline Management Company*
Brand is targeting the Frugal demand spaces

LEVEL to centre brand on Frugal demand spaces…

…meeting emotional and functional associations

<table>
<thead>
<tr>
<th>Emotional</th>
<th>Functional</th>
<th>Technical</th>
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</thead>
<tbody>
<tr>
<td>Frugal</td>
<td>Economical</td>
<td>Seat Comfort</td>
</tr>
<tr>
<td>Fun &amp; Exciting</td>
<td>Reliable</td>
<td>Baggage Options</td>
</tr>
<tr>
<td>Cool &amp; Productive</td>
<td>Modern &amp; Entertaining</td>
<td>Service</td>
</tr>
<tr>
<td>Basic &amp; Easy</td>
<td>Wi-Fi</td>
<td></td>
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Primary space

Secondary space

Frugal

Frugal First

Frugal Fun

Global Getaway

Premium

SH Leisure

LH Leisure

Biz
Brand Inspiration – a modern definition of value

Affordable brands shouldn’t feel ‘cheap’

Global consumer macro trends

Squeezed Middle
Value -v- Cheap/Expensive
Experiences over Possessions

LEVEL Brand & Purpose

Standing up for your right to Fly, opening up access to experience the world
Initial brand work has positioned **LEVEL** well on cost

Brand positioning very strong in **Paris**, significant differentiation in **Lowest Cost and Frugal**

Brand perception strong in **Barcelona** with further room for differentiation

Sample of 1000 flyers in Paris Metro region and 1000 flyers in NE Spain Region. Survey run in June 2018.

Question (to those aware of LEVEL brand) "Which airlines come to mind when you think about the descriptions... 'Fun' 'Modern' 'Lowest Cost' 'Frugal'"
Customer experience differentiators & priorities

Easy & Economical
Focus on **digital channels** in the customer experience is key to creating an easy, seamless, joined-up journey & control cost

Entertaining & Cool
Focus on offering something **unique and different** by referencing brands that consumers love outside the airline experience

Modern & Unique
Focus on **our people** living the LEVEL brand by bringing their unique and authentic personality to work
- Less formal uniform & fewer uniform guidelines
- Less scripts, focus on authentic communication
- More empowerment for team to make decisions in the moment
.air retail portal is a key enabler to deliver LEVEL product

Giving control to customers

Pair & Pay technology brings the simplicity of online retail on-board

Recent and planned enhancements

**Instant payment** & integration of ApplePay allows customers to make purchases quickly and easily

.air portal will bring significant customer & commercial benefits:

> Retailing of entertainment on-board

> Content sponsorships & partnership
Ancillary revenue is key opportunity to outperform

Average ancillary revenue per passenger

Now  Target
LEVEL ethos - improving product proposition at lower cost

1. New Catering Proposition

- New packaging - 50% reduction in single use plastic
- Move to fresh food at **same price** as frozen

2. New On-Board Product

- New premium blankets, pillows and amenity kit - used in economy retail offer **8% reduction cost**

3. New Uniform & Service Style

- Service style pillars introduced
- New uniform in Paris **15% cheaper than BCN**

4. Improved Portal Pair & Pay

- **New single click** purchase and easier check-out process
Customer at centre of LEVEL organisation

- Unique organisational structure
- LEVEL sits between production units and customer
- Breaks traditional ‘vertically integrated’ model
- Highly scalable, multi national structure
- Production units ‘compete’ for growth opportunity
- LEVEL agnostic to production unit structure
- AMC is centre of excellence in ancillary / digital led customer centric model

Diagram:

1. Sub-contractor/third party provides capacity to agreed parameters and standards
2. Directly held subsidiary AOC holding entities owned by AMC
3. Franchisee Brand, technology and commercial model franchised to operating carrier
Three distinct production models under one umbrella brand

**LEVEL Spain**
- **Sub contract/Third party operation**
- **IBERIA**

**LEVEL France**
- **Directly held subsidiary**
- **LEVEL France**

**LEVEL Austria**
- **Franchisee**
- **ANISEC**

- Barcelona is large underserved market with a number of attractive expansion opportunities for LEVEL and extensive Vueling network
- LEVEL flights operated by Iberia under Iberia code with Iberia crews
- Iberia operation allowed rapid startup with low cost base for LEVEL and efficiency improvements for Iberia with pilot union support

- Paris is most important travel market in Europe after London
- OpenSkies transitioned to operate LEVEL flights as subsidiary of LEVEL AMC
- Transition to LEVEL supported faster ramp up of Paris operations while making effective use of existing IAG assets

- Lack of true low cost presence created opportunity for IAG to establish short haul LCC operation in Austria
- ANISEC established to leverage Group infrastructure and capability at lower cost of operation focused in Vienna
- Opportunistic extension of LEVEL brand into short haul as part of pan-European low cost vision leveraging existing IAG brand assets

Understanding the key success factors for long haul low cost

1. Maintain maniacal focus on core customer segment and on cost base
2. Deliver on the promise - great value, not ‘cheap’
3. Invest in technology to lower costs and deliver the customer experience
4. Access traditional as well as digital distribution
5. Build partnerships to provide short haul feed
6. Leverage scale and capability of sister OpCo’s, but avoid legacy contagion
7. Maintain maniacal focus on core customer segment and on cost base
LEVEL expansion into short haul from Vienna

Pan-European network with focus on Mediterranean destinations, Paris and London

Fast growth plans with three deliveries in 2019

➢ Summer 2018: 14 destinations and 168 weekly flights
➢ Winter 2018: 8/10 destinations and 84/98 weekly flights

Targeting frugal first & consistently good customer feedback

✓ Brand perceived to provide good price-quality relationship
✓ Value experience localised to the DACH market
✓ Catering for purchase with local products and brands
✓ Refresh programmes in W18 to fully align cabin interior to LEVEL brand

Level expansion into short haul from Vienna
LEVEL is ‘designed for success’

Strong brand positioning, customer focus and operations

- Brand awareness
- Functional Products
- Unique Service Style

Optimising cost savings and leveraging IAG strengths

- Best in class costs
- Efficient Technology
- Leveraging IAG
Aggressive growth aspirations across both long haul and short haul

Current fleet
Deliveries 2019

- Short haul
- Long haul

<table>
<thead>
<tr>
<th>Year</th>
<th>Current Fleet</th>
<th>Deliveries 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>2023</td>
<td>42</td>
<td>28</td>
</tr>
</tbody>
</table>
Key priorities

• Move from project mode to ongoing operation
• Build out foundations to support rapid growth to scale
• Standardise customer experience across existing production units
• Develop case for network and footprint expansion
• Begin build of differentiating technology platform
Vueling

Javier Sánchez-Prieto - Chairman and CEO
Adapting & delivering

We continue to grow & transform…

1. Strategy & NEXT programme remain unchanged
2. Market expansion continues to deliver
3. Adapting to European headwinds

…by delivering on what matters to our Customers & People…

1. Significant ongoing investments in Operations to answer unstable ATC situation
2. Building a leading European LCC Customer Experience

…and creating profits & flexibility for IAG

1. Supporting agile IAG European expansion
2. Delivering profitable and capital-efficient growth
Market expansion continues with Spain & BCN further strengthened

Continued to strengthen our core markets

**Market share**

<table>
<thead>
<tr>
<th>Region</th>
<th>Market share 2016</th>
<th>Market share 2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barcelona*</td>
<td>40 %</td>
<td>43 %</td>
<td>+3pp</td>
</tr>
<tr>
<td>Spain - Balearics</td>
<td>38 %</td>
<td>45 %</td>
<td>+7pp</td>
</tr>
<tr>
<td>Spain - Canaries</td>
<td>22 %</td>
<td>26 %</td>
<td>+4pp</td>
</tr>
</tbody>
</table>

**Capacity growth**

<table>
<thead>
<tr>
<th>Region</th>
<th>Capacity growth 2016-2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain - France</td>
<td>4,2 - 4,6</td>
<td>+11,6 %</td>
</tr>
<tr>
<td>Spain - Italy</td>
<td>3,4 - 3,9</td>
<td>+16,6 %</td>
</tr>
</tbody>
</table>

*Source: SRS. 2018 seats*

*Short & Medium Haul Market (<4,500km)*
Capacity discipline & ‘smart’ growth at the core of our network strategy

Growth approach results in stronger commercial and operational network

**Fleet plan flexibility**
(Total peak fleet at beginning of 3Q)

<table>
<thead>
<tr>
<th>Year</th>
<th>Last Plan</th>
<th>Current Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>112,112</td>
<td>121,117</td>
</tr>
<tr>
<td>2019</td>
<td>121,117</td>
<td>152,142</td>
</tr>
<tr>
<td>2022</td>
<td>-10%</td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td>154</td>
<td></td>
</tr>
</tbody>
</table>

**Increasing gauge of new deliveries**
(Larger short-haul aircraft)

<table>
<thead>
<tr>
<th>Year</th>
<th>Last Plan</th>
<th>Current Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>2019</td>
<td>15</td>
<td>58</td>
</tr>
<tr>
<td>2023</td>
<td>+43%</td>
<td></td>
</tr>
</tbody>
</table>

**Decreasing seasonality**
Seats (Q2+Q3)/(Q1+Q4)

<table>
<thead>
<tr>
<th>Year</th>
<th>Last Plan</th>
<th>Current Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1.56</td>
<td>1.35</td>
</tr>
<tr>
<td>2019</td>
<td>-13%</td>
<td>1.22</td>
</tr>
<tr>
<td>2023</td>
<td>-10%</td>
<td></td>
</tr>
</tbody>
</table>

**Increasing utilisation**
(BH/AC/DAY)

<table>
<thead>
<tr>
<th>Year</th>
<th>Last Plan</th>
<th>Current Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>8.8</td>
<td>9.7</td>
</tr>
<tr>
<td>2019</td>
<td>+10%</td>
<td>10.9</td>
</tr>
<tr>
<td>2023</td>
<td>+12%</td>
<td></td>
</tr>
</tbody>
</table>

**Smart Growth**

- Decreasing seasonality
- Increasing gauge of new deliveries
- Increasing utilisation
- Fleet plan flexibility
Expansion powered by ‘smart’ growth aligned to new market conditions: higher fuel prices and ATC

Planned capacity for 2019 adjusted from 10.4 % to 7.4% to best position for current headwinds

Business Plan Growth Profile

(bASK)

- Overall growth of 10% CAGR remains consistent between plans
- However, seat growth CAGR has been reduced -1pp versus Last Plan: 10%
- Reduced capacity increase for 2019 compared to previous plan
  - Net of 4 less additional aircraft for 2019
Expansion complicated by ATC situation (1/2)

European short haul carriers collectively endured the worst summer operating environment in recent history.

**Summer Eurocontrol delays**
(June–August average daily delays in minutes)

<table>
<thead>
<tr>
<th>Year</th>
<th>All airlines (50,509)</th>
<th>Vueling only (1,152)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>50,509</td>
<td>1,152</td>
</tr>
<tr>
<td>2015</td>
<td>65,334</td>
<td>1,453</td>
</tr>
<tr>
<td>2016</td>
<td>73,719</td>
<td>3,039</td>
</tr>
<tr>
<td>2017</td>
<td>77,879</td>
<td>2,914</td>
</tr>
<tr>
<td>2018</td>
<td>139,548</td>
<td>5,485</td>
</tr>
</tbody>
</table>

- **+29% CAGR**
- **+79%**
- **+48% CAGR**
- **+88%**

Flights delayed per day due to ATC en-route delays
(July 2018)

- **Crossing French airspace:**
  - 52% of Vueling flights
  - 85% of Vueling rotations

Source: Eurocontrol
Expansion complicated by ATC situation (2/2)

All major European airports were significantly affected

Airports classified by total number of departures - % OTP by airport (June – Aug 2018)

Source: Flightstats & SRS
Adapting & delivering

1. We continue to grow & transform…
   - Strategy & NEXT programme remain unchanged
   - Market expansion continues to deliver
   - Adapting to European headwinds

2. …by delivering on what matters to our Customers & People…
   - Significant ongoing investments in Operations to answer unstable ATC situation
   - Building a leading European LCC Customer Experience

3. …and creating profits & flexibility for IAG
   - Supporting agile IAG European expansion
   - Delivering profitable and capital-efficient growth
Continue transforming and modernising our operations & customer experience

<table>
<thead>
<tr>
<th>Network</th>
<th>Airport</th>
<th>In-Flight</th>
<th>Disruption and Customer Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Market depth</td>
<td>• New boarding groups</td>
<td>• Enhance retail offering</td>
<td>• Best-in-class call centre &amp; customer relations</td>
</tr>
<tr>
<td>• Minimise route complexity</td>
<td>• Minimise queues</td>
<td>• Refreshed cabins</td>
<td>• Self-management disruption tools</td>
</tr>
<tr>
<td>• Base redefinition</td>
<td>• Streamlined check-in</td>
<td>• In-seat power</td>
<td>• Voice recognition</td>
</tr>
<tr>
<td>• Isolation from problematic ATC regions</td>
<td>• Consistent processes</td>
<td>• Wi-Fi</td>
<td>• Consistent and reliable communication</td>
</tr>
<tr>
<td></td>
<td>• Self check-in kiosks and bag drop in key airports</td>
<td>• Best-in-class cabin crew</td>
<td></td>
</tr>
</tbody>
</table>

**Airport**

- New boarding groups
- Minimise queues
- Streamlined check-in
- Consistent processes
- Self check-in kiosks and bag drop in key airports

**In-Flight**

- Enhance retail offering
- Refreshed cabins
- In-seat power
- Wi-Fi
- Best-in-class cabin crew

**Disruption and Customer Care**

- Best-in-class call centre & customer relations
- Self-management disruption tools
- Voice recognition
- Consistent and reliable communication
In Q3, we delivered new products to better meet the needs of our price-sensitive customers.

**NEW FARES**

<table>
<thead>
<tr>
<th>TIMEFLEX</th>
<th>FAMILY</th>
<th>OPTIMA</th>
<th>BASIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hand luggage 10kg</td>
<td>Hand luggage 10kg</td>
<td>Hand luggage 10kg</td>
<td>Hand luggage 10Kg</td>
</tr>
<tr>
<td>Seats selection</td>
<td>Seats together</td>
<td>Seats selection</td>
<td></td>
</tr>
<tr>
<td>Flexibility</td>
<td>1 Checked luggage (23 kg)</td>
<td>1 Checked luggage (23 kg)</td>
<td></td>
</tr>
<tr>
<td>Fast track</td>
<td>Priority Boarding (if children -2 years old)</td>
<td>Hold on GDS +24h</td>
<td></td>
</tr>
<tr>
<td>Priority Boarding</td>
<td>Dedicated check-in counter in Barcelona and Rome</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority check-in</td>
<td>Hold on GDS +48h</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Targeted new fares & products off to strong start with immediate 3% share of new sales**

- **Clearer and unbundled ‘Space flex’ products driving early increase of 1% in ancillaries**

* TIMEFLEX: Changes are allowed on the same day for free. Other changes of date or time are allowed by paying the difference in case it is to a higher class.
Digital investment underpins the transformation in every business area

1st Customer Experience in LCC
- Biometric boarding
- EVA chatbot
- WhatsApp
- Voice: use it to help handling calls in CC centre

Marketplace
- Ancillaries dynamic pricing for bags
- Demand forecast models
- Sales anomaly detection models

Operational efficiency
- ATC forecast models
- Fleet analytics
- Check-in counters optimiser
- Customer self service

Digital mindset
- Crew connectivity
- Digital signature for crew
- Predictive analysis for interviewing crews
Adapting & delivering

1. We continue to grow & transform…
   - Strategy & NEXT programme remain unchanged
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3. …and creating profits & flexibility for IAG
   - Supporting agile IAG European expansion
   - Delivering profitable and capital-efficient growth
Vueling plan remains aligned with IAG targets & sustainable growth

<table>
<thead>
<tr>
<th></th>
<th>Rolling 12m</th>
<th>2019-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease adjusted operating margin (%)</td>
<td>11.6%</td>
<td>11%-15%</td>
</tr>
<tr>
<td>Sustainable through the cycle RoIC (real terms)</td>
<td>13.4%</td>
<td>15%</td>
</tr>
<tr>
<td>ASK growth per annum</td>
<td>8.8%</td>
<td>9%-10%</td>
</tr>
<tr>
<td>Fleet**</td>
<td>113</td>
<td>135</td>
</tr>
</tbody>
</table>

*Rolling 12m as of Q3 2018

**Rolling 12m fleet is at the end of the period. 2019-2023 average fleet during the period.
Aer Lingus

Stephen Kavanagh - CEO
Vision and strategy

Our mission is to be the **leading value carrier** across the North Atlantic…

Enabled by a **profitable and sustainable short-haul network**…Supported by a guest focused, brand and digitally enabled value proposition…Delivering above average returns on invested capital for our IAG shareholders.

A **Demand Led Value** proposition centred on **COST, PRODUCT and SERVICE** with an Operating Model that is simple by design.
A virtuous value model circle

Since IAG acquisition RoIC doubled to 28%**
Since IAG acquisition NFCASK reduced by 18%*
Since IAG acquisition Operating margin doubled to 18%**
Since IAG acquisition ASKs increased by 33%
Since IAG acquisition PRASK reduced by 9%*

NPS

Aer Lingus has built a compelling competitive position

* At constant currency
** Operating margin is lease-adjusted

Since IAG acquisition – from Q3 2015 to Q3 2018 RTM
Delivering leading financial performance

Sustained performance delivered by the successful execution of our value model

*RTM: Rolling Twelve Months
Note: pre-2017 figures have not been restated for IFRS 15 & 9
### Competition

Value carrier competitive advantage

<table>
<thead>
<tr>
<th></th>
<th>Aer Lingus</th>
<th>norwegian</th>
<th>WOW air</th>
<th>ICELANDAIR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial strength</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Balanced Cabin Contribution</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Feed and partners</td>
<td>✓</td>
<td>✗</td>
<td>~</td>
<td>~</td>
</tr>
<tr>
<td>Established North American Presence</td>
<td>✓</td>
<td>~</td>
<td>✗</td>
<td>✓</td>
</tr>
<tr>
<td>Primary airports</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
Prioritising our guest investments

Targeted investments are led by NPS and heat maps
NPS and brand

NPS driven investments are delivering brand preference

Guest performance

Rolling 12 months: 81%*
* Arrival OTP <15mins

Supports targeted investments across major guest and brand touch points

- New brand identity
- New uniform
- North America halo investments
- NATL bundled alcohol
- New WiFi and social media package
- New guest centric long haul service
- Mobile web
- Fully deliver AerClub
- AerSpace
- Baggage tracking and repatriations service
Hub network expansion

North Atlantic ASK 11% CAGR 2018-23

- Growth delivering increased network connectivity
- 63% of ASK growth in established markets (schedule depth)
  - Seat capacity via frequency and/or gauge increases
- 37% of ASK growth in new markets (schedule breadth)
  - Substantial demand led opportunities
  - A321LR unlocks new city pairs
- Improved RASK management capability
  i. New point of sale revenue management tools
  ii. Increased relative business cabin capacity
  iii. Load factor opportunity
  iv. Leverage ancillary retail
Fleet investment plan

Accelerated North Atlantic fleet growth opportunity

- Three incremental wide-bodies bringing total to 16
  - A330 platform
- Ten incremental narrow-bodies bringing total to 14
  - A321LR and potential XLR platform
- CASK efficient fleet growth
  
  i. Increased average gauge
  
  ii. New engine technology
  
  iii. Increased block-hour utilisation

Longhaul Fleet Plan (peak summer)*

Variance vs 2017 CMD

*Fleet plan as of end of August in each year
Dublin Airport infrastructure

daap plans are addressing capacity challenges

• New Northern runway on track

• Further c.€1.7bn infrastructure development through 2020-24

• User charges expected to remain broadly flat

• Enables continued Aer Lingus growth

• Constructive engagement with Dublin Airport Authority

• EY estimated benefit of €18.6bn in GDP to Irish economy associated with Hub infrastructure development by 2033*

* EY Report: Economic Impact of the development of Dublin Airport as a Hub – September 2018
## Aer Lingus plan aligned with IAG targets

<table>
<thead>
<tr>
<th>Metric</th>
<th>Rolling 12m*</th>
<th>2019-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease adjusted operating margin (%)</td>
<td>17.8%</td>
<td>15%+</td>
</tr>
<tr>
<td>Sustainable through the cycle RoIC (real terms)</td>
<td>27.9%</td>
<td>15%+</td>
</tr>
<tr>
<td>ASK growth per annum (CAGR)</td>
<td>9.3%</td>
<td>7%-8%</td>
</tr>
<tr>
<td>Fleet**</td>
<td>55</td>
<td>66</td>
</tr>
</tbody>
</table>

*Rolling 12m as of Q3 2018  
**Rolling 12m fleet is at the end of the period. 2019-2023 average fleet during the period. Fleet numbers include wet leases.
Over the last five years, IB has undergone a radical transformation structured through Plan de Futuro ...

<table>
<thead>
<tr>
<th>Solid revenues</th>
<th>Simple and flexible CASK</th>
<th>Competitive fleet and network</th>
<th>Profitable, sustainable business</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RASK improvement</strong> and launch of new <strong>disruptive commercial initiatives</strong>:</td>
<td><strong>Labour restructuring, cost awareness and process simplification</strong>:</td>
<td><strong>Fleet renewal and network optimisation</strong> and redesign:</td>
<td>Sustainable <strong>profitability</strong> of non airline businesses:</td>
</tr>
<tr>
<td>- Re-branding and product enhancement</td>
<td>- GBS contract negotiation</td>
<td>- Fleet densification and simplification</td>
<td>- MRO transformation programme towards IMS target</td>
</tr>
<tr>
<td>- New Distribution Model</td>
<td>- Fuel efficiency programme</td>
<td>- Partnerships strengthening</td>
<td></td>
</tr>
<tr>
<td>- Digitalisation and personalisation</td>
<td>- Flight &amp; Ground process optimisation</td>
<td>- Focus in core markets and cancellation of un-profitable non-strategic routes</td>
<td></td>
</tr>
<tr>
<td>- Sales transformation</td>
<td></td>
<td>- Utilisation and productivity</td>
<td></td>
</tr>
</tbody>
</table>

**People & Digital transformation**

<table>
<thead>
<tr>
<th><strong>Empowered employees</strong> and <strong>digital mindset</strong> focused on the customer to drive the <strong>IB cultural transformation</strong>:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Customer experience transformation (NPS &amp; personalisation), Digital Transformation programme and Plan person@</td>
</tr>
</tbody>
</table>

**Focused on the customer** to drive the **IB cultural transformation**:

- RevMan and ancillaries best-practice
- Re-branding and product enhancement
- New Distribution Model
- Digitalisation and personalisation
- Sales transformation

**Simple and flexible CASK**

- Labour restructuring, cost awareness and process simplification:
  - Labour agreements & ERE
  - GBS contract negotiation
  - Fuel efficiency programme
  - Flight & Ground process optimisation

**Competitive fleet and network**

- Fleet renewal and network optimisation and redesign:
  - A330, A350 acquisition
  - Fleet densification and simplification
  - Partnerships strengthening
  - Focus in core markets and cancellation of un-profitable non-strategic routes
  - Utilisation and productivity

**Profitable, sustainable business**

- Handling strategic plan (improve productivity and digitalisation)
- MRO transformation programme towards IMS target
... with outstanding results across all dimensions

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT (€m)</th>
<th>RoIC (%)</th>
<th>NPS</th>
<th>OTP (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>-351</td>
<td>&lt; 0%</td>
<td>0</td>
<td>74%</td>
</tr>
<tr>
<td>2013</td>
<td>-166</td>
<td>&lt; 0%</td>
<td>11</td>
<td>87%</td>
</tr>
<tr>
<td>2014</td>
<td>50</td>
<td>4%</td>
<td>17</td>
<td>90%</td>
</tr>
<tr>
<td>2015</td>
<td>222</td>
<td>10%</td>
<td>25</td>
<td>88%</td>
</tr>
<tr>
<td>2016</td>
<td>271</td>
<td>9%</td>
<td>30</td>
<td>90%</td>
</tr>
<tr>
<td>2017</td>
<td>377</td>
<td>12%</td>
<td></td>
<td>90%</td>
</tr>
</tbody>
</table>

1 EBIT numbers prior to 2017 have not been restated for IFRS 15 and 9
2 On time performance, measured through FlightGlobal's FlightStats

NOTE: Figures do not include LEVEL
In a high fuel price environment, IB is in an optimal position to reap the benefits of its transformation.

1. Leverage our best-in-class cost base...
   - Compete effectively with other airlines with our best-in-class cost base
     
     **Airline non-fuel CASK evolution (€ cts)**

     ![Cost Base Chart]

     - Employee Ownership
     - Suppliers
     - 2013
     - 2018E
     - 2023E

     -4.0% p.a.
     -1.0% p.a.

2. ... to consolidate our competitive position...
   - Enhance and improve position in core markets
     - MEX
     - BUE
     - SCL
     - NYC
     - Spain
     - France
     - Italy
     - MVD
     - LAX
     - RIO
     - BOS
     - BOG
     - LIM

   - Achieve efficient flying in markets that can support growth and invest in selected markets

3. ... while strengthening our investment in brand, customer, digitalisation and operational excellence
   - Strengthening of our commercial positioning in Latam and selected European markets
   - Customer Plan to improve customer engagement, fit and satisfaction
   - Goal to boost customer experience and company processes through Digital
   - Best-in-class network operations and punctuality

NOTE: Figures do not include LEVEL
Our plan factors in even further improvement of our best-in-class cost base

Airline non-fuel CASK. € cts

Key cost initiative buckets

- Workforce reduction and productivity improvements
- Focus on G&A costs
- Transformation of flight and ground processes
- Network and fleet optimisation
- Transformation of non-airline businesses towards sustained profitability

• Further workforce optimisation (mainly headquarters) and productivity improvements
• Focus on supplier costs: procurement optimisation and contract renegotiations
• Process automation and simplification, leveraging digital
• Fleet consumption and weight optimisation

NOTE: Figures do not include LEVEL
We plan to continue with the growth plan announced in last year’s CMD.

Plan subject to achieving successful labour agreements.

NOTE: Figures do not include LEVEL.
Iberia Express is a key lever for our network

Overview of Iberia Express

- **Low-cost platform** (CASK ex-fuel well below 4 c€) to operate effectively in competitive LCC routes, while:
  - Offering low prices
  - Meeting group profitability target

- **Strategic alignment of product and brand with IB**, delivering:
  - Efficient connection for IB’s long-haul network
  - High customer satisfaction

- **Efficient organizational structure**, focused on innovation and operational and management talent

<table>
<thead>
<tr>
<th>Key figures</th>
<th>Key results</th>
</tr>
</thead>
<tbody>
<tr>
<td>22 aircraft A320 &amp; 321</td>
<td>• EBIT 2017: €46m</td>
</tr>
<tr>
<td>&gt; 40 destinations</td>
<td>• EBIT % 2017: 14%</td>
</tr>
<tr>
<td>&gt; 5,5m annual pax</td>
<td>• NPS 2017: 32%</td>
</tr>
<tr>
<td>~ 700 staff</td>
<td>• OTP 2017: 94%</td>
</tr>
<tr>
<td></td>
<td>• World’s most on-time LCC 2014, 2015, 2016 and 2017</td>
</tr>
</tbody>
</table>
We have the flexibility to adapt our growth plan if needed

# A/C EOY 2018-2023

NOTE: Figures do not include LEVEL
We plan to invest in our strategic markets, such as LatAm, addressing the needs of our target segments – Premium and Trade-up.
We are investing in our customer at every stage of its journey

### Fleet and Wi-Fi
- Improve **Connectivity** (Free messaging via Wi-Fi)
- Improve **comfort** (Premium Economy, A350, A320 Neos, Extra-large bins, Airspace, luxury bedding and amenities, extra legroom)
- Boost **entertainment** (Virtual Reality, IAG Connect portal)

### Ground transformation, disruptions, Connections and baggage
- MAD to become the preferred HUB (Catering plan, Hola Madrid)
- Uplift the **Business and Premium experience** (VIP lounges, new Business checking)
- Ensure **seamless operations** (baggage, connections & disruptions)

### Inflight Transformation and Cabin Crew
- Enhance **Crew environment** (new digital training framework, new service design)
- Boost **food quality** (new catering product)
- Improve **Customer Experience through Digital** (new Pursers App, digital press)

### Customer Engagement
- Leverage **customer analytics** to improve IB interaction on every single touch point
- Deliver **Personalized Marketing and Servicing** (new CRM live, new Customer HUB)
- New **Claims portal**

### Digital Customer Journey and Voice
- Become the first **Digital Connected** airline
- Improve **Customer Operations** through Digital (Implement Digital Touch points along the whole Customer Journey)
- Voice to be the number one interaction platform

### Cross Services / Experience
- Improve **Customer Experience through Digital**
- Implement Digital Touch points along the whole Customer Journey
Case study: Premium Economy is proving a successful model

**Improved Passenger Experience**

**Space**
More space for our passengers with **bigger seat** (49 vs 46cm), **better pitch** (94 vs 79-81 cm) and **more recline** (18 vs 15 cm)

**Growing Network & Supply**

**Cabin**
Premium Eco. can be found in all A350, A340 and A330-200 with 21 to 23 seats per flight

**Product**
Entertainment with **bigger tactile screen** (12” vs 9”), selected **gastronomy** and **wi-fi connectivity**

**Routes**
13 routes with Premium Economy cabin:
- **N. America**: CHI, NYC, MIA, BOS, MEX
- **S. America**: BOG, LIM, UIO, SCL, PTY, SAO, BUE, CCS

**Profitability**
+13% more revenues\(^1\) on routes with Premium Eco. & Business configuration vs only Business cabin

**Passenger**
**Good Load Factor** (~80%) and **good perception** of overall product (NPS ~45), in particular addressing the needs of our Trade-up segment

---

\(^1\) Based on real performance of routes with Premium Eco. during Jan – Apr 2018 vs same routes one year before and adjusted by performance of economy cabin during same period
Case study: IB Chatbot and Voice. “Hola, Iberia”

**Chatbot**
- **IB just launched IBot**, our new travel assistant, including:
  - Flight info
  - Check-in, boarding passes
  - Frequent questions
  - Flight subscription

**Voice**
- **Voice is already the standard, exponential adoption:**
  - Voice searches expected to reach 60% of total searches in two years
  - Over 50 million voice devices annually sold just in the US
- **IB has partnered with Amazon and Movistar in voice**

The future is promising, as personalisation will become a game changer:
- **customers** (e.g., all customer with access to IBot in 3 months)
- **channels** (e.g., voice in Google, IBot in App, Voice for IBot, other Social, etc.)
- **use cases** (e.g., personalisation, manage my booking, IB Plus/Avios, Booking)
- **languages** (e.g., IBot in English)
IB targets are aligned with IAG targets

<table>
<thead>
<tr>
<th></th>
<th>Rolling 12m*</th>
<th>2019-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease adjusted operating margin (%)</td>
<td>9.9%</td>
<td>9% – 15%</td>
</tr>
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<td>Sustainable through the cycle RoIC (real terms)</td>
<td>12.3%</td>
<td>15%</td>
</tr>
<tr>
<td>ASK growth per annum</td>
<td>4.8%</td>
<td>5.5% - 6.5%</td>
</tr>
<tr>
<td>Fleet**</td>
<td>105</td>
<td>118</td>
</tr>
</tbody>
</table>

*Rolling 12m as of Q3 2018
**Rolling 12m fleet is at the end of the period. 2019-2023 average fleet during the period.
NOTE: Figures do not include LEVEL Spain
The focus has been on getting the financial foundations in place…

**Non-fuel costs ahead of competitors**

<table>
<thead>
<tr>
<th>2017 CESK ex-fuel</th>
<th>AF-KLM</th>
<th>DL</th>
<th>LH</th>
<th>UA</th>
<th>AA</th>
<th>BA</th>
</tr>
</thead>
<tbody>
<tr>
<td>p/ASK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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</tr>
</tbody>
</table>

**Profits on an upward trend**

<table>
<thead>
<tr>
<th>Operating profit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018 (f)</th>
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<tr>
<td>£1,250m</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>£1,473m</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>£1,750m</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**ROIC above 15%**

<table>
<thead>
<tr>
<th>ROIC since 2015</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>12m 30 Sep 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13%</td>
<td>14%</td>
<td>16%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: Airline financial results, OAG

Note: CESK = non-fuel cost per equivalent seat kilometre. Airline published results for 2017 converted into GBP and adjusted to BA’s stage length. LH is airline operations only.

Operating profit shown includes OpenSkies, with 2017 restated for IFRS 9 & IFRS 15.
Our plan balances three key priorities

Higher rates of growth

Significant customer & people investment

Strong financial performance
Higher rates of growth
Providing more customer choice than any other UK airline

**A leading airline in London**
- Largest at Heathrow & London City
- Second at Gatwick

**The best transatlantic network**
- 34 points served from London
- Largest network of any European carrier

**Significant progress on short-haul**
- Peak summer seat factor up over 3 pts
- Expansion at Gatwick and London City

**London seat share**
- British Airways: 27.9%
- easyJet: 15.4%
- Ryanair: 12.9%

**North American network**

**Short-haul ASKs since 2015**
- 2015: 33.8bn
- 2016: 35.5bn
- 2017: 35.3bn
- 2018: 36.7bn

Source: OAG
Expanding long-haul network depth and breadth

<table>
<thead>
<tr>
<th>The best schedule across the North Atlantic</th>
<th>Growing rest of world presence</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Adding depth into key markets</td>
<td>• Building network depth and breadth</td>
</tr>
<tr>
<td>• New routes profitable within first year of operation</td>
<td>• New routes announced to Durban and Osaka</td>
</tr>
<tr>
<td>• High return segment, with large premium capacity</td>
<td>• Further Asia-Pacific, Africa and LACAR opportunities in scope</td>
</tr>
<tr>
<td>• Largest premium seat capacity on North Atlantic</td>
<td>• Ongoing additions to B787 fleet enables new market growth</td>
</tr>
</tbody>
</table>

23 long-haul routes launched since 2014

- **10 new routes**
- **4 new routes**
- **7 new routes**
- **2 new routes**

- Routes from LHR
- Routes from LGW
Long-haul growth facilitated by optimised fleet deployment

Positioning in key cities

- Lead on schedule quality and depth on key city pairs
- A380s deployed successfully to Boston, Washington and Chicago
- High premium configured aircraft delivering ahead of expectations

Existing markets

- Building out existing routes – Nashville to daily, Seattle to double daily
- Optimising joint network with AA – recent schedule changes on Miami, Dallas & Phoenix
- A350 – efficient replacement of B747 capacity with enhanced product offering

Developing new markets

- New generation aircraft provide range & capacity to open new markets
- Newly launched Durban, Osaka, Pittsburgh & Charleston
- B787 fleet maintain breadth by improving the performance of several existing routes
**Growing Heathrow profitability**

- Continue to build depth into high demand leisure markets
- Significant seat factor improvement delivered – further room for uplift
- Peak Summer profits up 60% vs 2016

**Gatwick expansion**

- Catchment overlap enables some Heathrow routes to move to Gatwick
- Optimise Monarch slots for 2019
- A320 deployment and schedule growth drive competitive unit costs at LGW

**London City expansion**

- Strong growth in leisure and business demand
- 4 additional aircraft at LCY from 2019
- Track record of profitable growth - margin doubling, ASKs +c.65% vs 2013

---

**LHR peak Summer seat factor**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>June</td>
<td>81.3%</td>
<td>87.1%</td>
</tr>
<tr>
<td>July</td>
<td>84.2%</td>
<td>89.4%</td>
</tr>
<tr>
<td>August</td>
<td>79.8%</td>
<td>86.9%</td>
</tr>
</tbody>
</table>

**2018 LGW short-haul capacity growth**

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>12.7%</td>
<td>15.3%</td>
<td>25.2%</td>
</tr>
</tbody>
</table>

**CityFlyer margin evolution**

- 2013: 7.3%
- 2014: 10.1%
- 2015: 12.3%
- 2016: 12.8%
- 2017: 14.2%

Note: CityFlyer margin lease adjusted
Gatwick performance shows strategy is working

### 289 weekly slots acquired for Summer 2018 onwards
- Monarch slot flying started in February 2018
- Operating on longer, short-haul routes
- Incremental capacity has been filled with no drop in yield
- Schedule continues to be optimised from 2019 onwards

### Reconfiguration of B777s underway
- Cabin size optimised for Gatwick market
- Significant improvement in customer satisfaction achieved
- Five Gatwick B777s reconfigured to date
- Remaining aircraft to be completed by end of 2019

---

### Gatwick short-haul performance

<table>
<thead>
<tr>
<th>ASKs</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.0%</td>
<td>20.0%</td>
</tr>
</tbody>
</table>

+2 pt RASK growth

---

### Step change in customer experience

- **Revenue per flight**: +20%
  - **Aircraft Interiors**: +35%
  - **In-flight Entertainment**: +40%
  - **Cabin Crew**: +13%

---

Note: Short-haul performance on ex-Monarch slots for the period February 2018 to August 2018. B777 performance in August 2018 vs August 2017 for four refurbished aircraft across the same routes.
Planned growth upgraded to 3-4% per year

Cost structures in place support growth, aided by weak sterling

Building depth & breadth in Asia-Pacific, targeting larger markets

B787 fleet enables efficient new market development

Note: (1) ASK growth is CAGR 2018-2023. (2) North America includes Mexico and Puerto Rico. (3) 2018 includes year-to-date and scheduled ASKs
Significant customer & people investment
Extended cabin improvements across all long-haul cabins

<table>
<thead>
<tr>
<th>New Club World seat arrives on A350</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Larger seat</td>
</tr>
<tr>
<td>• All-aisle access</td>
</tr>
<tr>
<td>• Gate-to-gate in-flight entertainment</td>
</tr>
<tr>
<td>• Increased privacy</td>
</tr>
<tr>
<td>• Increased stowage</td>
</tr>
<tr>
<td>• First A350 arrives in July 2019</td>
</tr>
<tr>
<td>• By end of 2019, new seat on:</td>
</tr>
<tr>
<td>o 4x A350s</td>
</tr>
<tr>
<td>o Retrofitted to 2x B777s</td>
</tr>
<tr>
<td>• Roll-out accelerates from 2020 onwards</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>First</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Optimise - mix of 8/14 seat cabins</td>
</tr>
<tr>
<td>• Product upgrade</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Club World</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Grow - seat count and floorspace</td>
</tr>
<tr>
<td>• New generation seat</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New in-flight entertainment and wi-fi across all cabins</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Short-haul complete Q2 2019</td>
</tr>
<tr>
<td>• Long-haul over 80% complete by the end of 2019</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>World Traveller Plus</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Grow - seat count with larger cabins</td>
</tr>
<tr>
<td>• New seat and IFE</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>World Traveller</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Grow - seat count via competitive configuration</td>
</tr>
<tr>
<td>• Modern interiors and IFE</td>
</tr>
</tbody>
</table>

Note: wi-fi includes in scope, BA mainline aircraft only.
Further enhancements to catering and lounges

### More catering improvements due in 2019

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Club World rolled out</td>
<td>• New food, bedding and amenities in First from May</td>
</tr>
<tr>
<td>• World Traveller first phase</td>
<td>• WT Plus catering &amp; soft product upgraded from Q1</td>
</tr>
<tr>
<td>• Club Europe rolled out</td>
<td>• Euro Traveller improvements</td>
</tr>
<tr>
<td>• Euro Traveller modifications</td>
<td></td>
</tr>
</tbody>
</table>

### Lounge investment continuing

- Opened at Rome & Aberdeen (2018), Boston & Gatwick (2017)
- JFK First lounge opened in October
- 11 new third party lounges, extending the customer proposition
- Improved food and drink at key lounges
Investing in service & our people across all customer touchpoints

### Setting colleagues up for success

<table>
<thead>
<tr>
<th>Talent</th>
<th>Learning</th>
<th>Engagement</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Updated recruitment attributes implemented in Q3 2018</td>
<td>28,500 colleagues trained in service in the next 18 months</td>
<td>Investment in engagement, including recognition &amp; new uniforms</td>
<td>Colleague clarity on how they are performing</td>
</tr>
</tbody>
</table>

### Making it easier for colleagues to do their job well

<table>
<thead>
<tr>
<th>Product</th>
<th>Standards</th>
<th>Tools</th>
<th>Policies &amp; flexibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enabling colleagues to focus on providing great service</td>
<td>Simplification in customer procedures for each touchpoint</td>
<td>Investment in devices and CRM capability</td>
<td>Increased flexibility for top tier customers</td>
</tr>
</tbody>
</table>
Continued investment in technology

**Enhancing ba.com & the app**
- Rollout of new homepage and new selling flow to all markets
- One million bookings in January 2018 on ba.com
- Airside upgrade proposition & cancel & rebook functionality in the app

**New technology being exploited**
- Chatbots trialled with Sales Agents, being rolled out to customers
- Robotic process automation to link e-tickets for customers during disruption
- Automating hotel bookings in disruption

**Digital concepts in testing**
- Boarding pass as method of payment
- Personalised wireless charging in T5 lounges
- Jetty video recognition
- Future baggage tracking
Upgrading the operation – infrastructure, technology & service

- Additional de-icing rigs
- Biometric boarding in USA
- Mototoks for wide-bodies
- Paperless T5 departures

‘First Contact Resolution’ at Heathrow

- All customer-facing staff to resolve virtually all customer issues at first point-of-contact
- Five-fold increase in rebooking capability during disruption
- Strong employee collaboration
- Training programme will be completed by May 2019
Strong financial performance
Strong financial performance

Non-fuel costs ahead of competitors

2017 CESK ex-fuel

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<tr>
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<tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>BA</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Profits on an upward trend

Operating profit

<table>
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<tr>
<th></th>
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ROIC above 15%

ROIC since 2015

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<th>2016</th>
<th>2017</th>
<th>12m 30 Sep 2018</th>
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Source: Airline financial results, OAG

Note: CESK = non-fuel cost per equivalent seat kilometre. Airline published results for 2017 converted into GBP and adjusted to BA’s stage length. LH is airline operations only. Operating profit shown includes OpenSkies, with 2017 restated for IFRS 9 & IFRS 15.
### BA aligned to IAG targets

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<td>15%+</td>
</tr>
<tr>
<td>ASK growth per annum</td>
<td>2.2%</td>
<td>3%-4%</td>
</tr>
<tr>
<td>Fleet**</td>
<td>296</td>
<td>316</td>
</tr>
</tbody>
</table>

*Rolling 12m as of Q3 2018

**Rolling 12m fleet is at the end of the period. 2019-2023 average fleet during the period.
Celebrating BA’s centenary in 2019

Sharing our heritage

Sustainability

The future of air travel

Investment for customers

New uniforms

Future airline careers

Partnerships

Centenary celebrations
IAG Digital

Robert Boyle – IAG Director of Strategy
Lynne Embleton – IAG Cargo CEO
DIGITAL TRANSFORMATION

SHOP ORDER SETTLE
- New Distribution Capability
  - One Order
  - One ID
  - No PSS

DATA
- AI Pricing
  - Predictive Maintenance
  - Machine Vision Analytics
  - Customer Insights

MARKETPLACES
- In-Flight Commercial
  - Maintenance Repair Overhaul
  - Zenda APIs
  - New Blockchain Products

AUTOMATION
- Robotics
  - Drones
  - Autonomous Vehicles
  - Self-Boarding Gates

DIGITAL MINDSET
- Innovation
  - Hangar 51
  - Digital Academies
  - Investment
NEW DISTRIBUTION CAPABILITY
Leading digital transformation in the aviation industry

Legacy process
- ATPCo OAG GDS
- Paper Ticket
- Plastic cards
- Paper Boarding Pass
- Paper invoice

Electronic
- EDIFACT
- E-Ticket
- E-wallets
- Mobile Boarding Pass
- E-invoicing

Digital
- NDC
- ONE Order
- Open banking
- One ID
- Digital Finance

Infrastructure
- No content limitations
- No PNR or ticket
- No cards
- No check-in
- No invoice

Travel Grid
Helping our partners transition to a digital distribution model

**Legacy model**

- Limited Functionality
  - Cryptic selling platforms
  - Static and limited pricing options
  - Inability to sell many ancillary services
  - Reduced ability to differentiate product via rich content

**Digital Distribution model**

- Enhanced NDC / Direct Functionality
  - Advanced merchandising capability
  - Dynamic pricing
  - Advanced seat selection
  - Full range of ancillaries e.g. lounge access, in-flight catering etc

**Transition period**

- Private channel kicked off November 2017
- Temporary commercial agreements with key travel agents
- Technical migration in progress
IAG’s NDC already offers a growing list of unique content and services... with many more to come!
IAG provide a wide choice to agencies seeking NDC content

We have partnered with growing number of next generation tech providers expanding access to IAG NDC/API content:

- travelfusion
- cirravia
- SoftConEx
- Verteil
- at Airlines Technology
- paxport
- Beroni informática
- TPO CONNECTS
- MIG
- nextit
- traveltek
- TravelLoop
- welltravel
- simática
- ATRUS
- Ileego
- JR Technologies
- grupo[iris]
Digital distribution brings many new benefits

- Access to wider range of content
- Stronger relationship with airlines
- Competitive advantage
- Tailored offers for their customers
- Improved transparency helps customers make informed decisions
- Customer recognition and tailored offers
- Lower consumer prices
We plan to grow NDC/API bookings significantly above IATA targets

* IATA 2020 Leader Board Target: Industry goal of processing at least 20% of indirect sales via NDC
IAG is rolling out connectivity across our fleet

90% by 2019

Target from CMD 2015 for proportion of group long haul fleet connected

Update:

<table>
<thead>
<tr>
<th></th>
<th>Long haul</th>
<th>Short haul</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>62%</td>
<td>24%</td>
</tr>
<tr>
<td>2019</td>
<td>79%</td>
<td>73%</td>
</tr>
<tr>
<td>Q2 2020</td>
<td>87%</td>
<td>87%</td>
</tr>
</tbody>
</table>
IAG introduced .air - the most advanced connectivity service

- **Consistent customer experience**
  - regardless of aircraft system

- **Single Sign On**
  - single account creation for customers

- **Single means of payment**
  - access to stored cards

- **Single Wi-Fi catalogue**
  - one communications provider

- **Entitlement**
  - enables differentiation and pre-flight sales

- **Data**
  - customer, sales, inventory, billing
IAG first to innovate with award-winning “Pair & Pay”
2019 will bring future enhancements to in-flight service

On-demand restaurant style dining

✓ **Clearer options**, tailored to customers
✓ **Crew focus** on customer demand
✓ **Online payment** reduces fraud
✓ Enabling **pre-ordering** drives reduction in wastage
✓ **Data** helps understand our customers
INNOVATION
The group has an extensive innovation network which includes 300+ start up and tech communities globally.
IAG innovation network extends digital opportunity within the group
Rolling Hangar 51 accelerator programmes attract global talent

- 1200+ start up applied and technologies screened
- 24 accelerator participants
- 40+ countries
- 100% still trading | 66% High Growth | 8% Exited
IAG has a world class platform for incubation

WE ARE DRIVING REAL RESULTS

- 50% reduction in pushback delays
- Simplified and safer operations
- Significant reduction in emissions
IAG is supporting technological growth through investment

IAG strategically incubates and invests in the most promising early stage and emerging technology players in the travel market.

- Security Verification Blockchain
- Travel Distributed Ledger and AI Technology provider
- Commercial Retailing Marketplace for Travel
- Digital Challenger Bank
- Post Booking Fare Flexibility
- Travel Itinerary app
Our focus is now on deployment at scale whilst continuing to innovate.
We are a business undergoing transformation

Enhance contribution through technology

1. Technology to drive effective operations
2. Exploiting digital across commercial

Better asset utilisation | Reduce costs | Increase revenue
Investment in online capability

Online penetration has quadrupled YTD

New upselling functionality driving revenue
A revolution in our pricing is underway

- Cloud based
- 24/7 availability
- Market rate as a tactical pricing tool
- Guided spot prices
- AI optimised spot prices

Evolution

Revolution
Tackling the paper mountain with eFreight and ePouch

Documents ePouch

Digitisation of documents
Trackers enabling better asset management

Customer tracking devices approved and live

Global ULD tracking trial

Dolly tracking in Madrid

Location visualisation of Heathrow telematics
Changing the way operations communicate

![Diagram showing communication tools changing to a more modern approach]
A strong group platform transforming through technology
Financial investment case

Enrique Dupuy – IAG CFO
The IAG investment case

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

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

- Sustainable profitability
- Accretive growth

- RoIC
- Margin
- Organic
- Inorganic

- EPS growth
- Ordinary dividend
- Share buyback

Total shareholder returns
Strong track record of profitability at IAG and OpCo levels

Operating profit, 2011-2018E, and operating margin by OpCo, 2011-1H18 LTM

### Operating profit (€m)

<table>
<thead>
<tr>
<th>Year</th>
<th>British Airways</th>
<th>Iberia</th>
<th>Vueling</th>
<th>Aer Lingus</th>
<th>Other</th>
<th>IAG</th>
<th>Consensus</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>-500</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2012</td>
<td>500</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2013</td>
<td>1,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2014</td>
<td>1,500</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2015</td>
<td>2,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2016</td>
<td>2,500</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>2017</td>
<td>3,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2018E</td>
<td>3,500</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### Operating margin (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>British Airways</th>
<th>Iberia</th>
<th>Vueling</th>
<th>Aer Lingus</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>-10.0%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-5.0%</td>
</tr>
<tr>
<td>2012</td>
<td>-5.0%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-5.0%</td>
</tr>
<tr>
<td>2013</td>
<td>0.0%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>2014</td>
<td>5.0%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5.0%</td>
</tr>
<tr>
<td>2015</td>
<td>10.0%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>10.0%</td>
</tr>
<tr>
<td>2016</td>
<td>15.0%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>15.0%</td>
</tr>
<tr>
<td>2017</td>
<td>20.0%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>20.0%</td>
</tr>
<tr>
<td>LTM 1H18</td>
<td>20.0%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>15.0%</td>
</tr>
</tbody>
</table>

Note: EPS as reported in IAG Annual Reports
Strong track record of EPS growth – c.40% CAGR since 2013

Adjusted EPS, 2011-2018E (€ cents)

- 2011: 27.0
- 2012: -23.4
- 2013: 20.8
- 2014: 40.2
- 2015: 71.4
- 2016: 90.2
- 2017: 102.8
- 2018: 115.5

Target from 2016: 12%+ p.a.
2015 target: 10%+ p.a.
Strong track record of Return on Invested Capital

Return on Invested Capital (RoIC) – IAG and by OpCo – 2011-2018

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>LTM to 3Q18</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAG</td>
<td>3.5%</td>
<td>0.1%</td>
<td>5.3%</td>
<td>7.9%</td>
<td>12.7%</td>
<td>13.6%</td>
<td>16.0%</td>
<td>16.1%</td>
</tr>
<tr>
<td>OpCo</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>13.2%</td>
<td>13.5%</td>
<td>16.0%</td>
<td>16.7%</td>
</tr>
<tr>
<td>2012</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>10.0%</td>
<td>9.0%</td>
<td>12.2%</td>
<td>12.3%</td>
</tr>
<tr>
<td>2013</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>13.7%</td>
<td>7.3%</td>
<td>13.4%</td>
<td>13.4%</td>
</tr>
<tr>
<td>2014</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>12.0%</td>
<td>23.1%</td>
<td>23.1%</td>
<td>27.9%</td>
</tr>
<tr>
<td>2015</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>12.7%</td>
<td>13.6%</td>
<td>16.0%</td>
<td>16.1%</td>
</tr>
<tr>
<td>2016</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LTM</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>12.0%</td>
<td>23.1%</td>
<td>23.1%</td>
<td>27.9%</td>
</tr>
</tbody>
</table>

Note: *RoIC as reported in IAG Annual Reports
Significantly higher returns than almost all major competitors

Return on Invested Capital (RoIC) 2017, IAG and OpCos compared to peers

<table>
<thead>
<tr>
<th>Company</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAG</td>
<td>16.0%</td>
<td>16.0%</td>
</tr>
<tr>
<td>Aer Lingus</td>
<td>23.1%</td>
<td>16.0%</td>
</tr>
<tr>
<td>British Airways</td>
<td>16.0%</td>
<td>13.4%</td>
</tr>
<tr>
<td>Vueling</td>
<td>16.0%</td>
<td>12.2%</td>
</tr>
<tr>
<td>Iberia</td>
<td>8.1%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Air France-KLM</td>
<td>8.4%</td>
<td>12.0%</td>
</tr>
<tr>
<td>easyJet**</td>
<td>10.1%</td>
<td>11.2%</td>
</tr>
<tr>
<td>Lufthansa</td>
<td>12.0%</td>
<td>18.4%</td>
</tr>
<tr>
<td>Ryanair*</td>
<td>4.8%</td>
<td></td>
</tr>
<tr>
<td>American Airlines</td>
<td>10.1%</td>
<td>11.2%</td>
</tr>
<tr>
<td>Delta Air Lines</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Airlines</td>
<td></td>
<td>4.8%</td>
</tr>
</tbody>
</table>

Note: *Ryanair latest results year to Mar-18; **easyJet year to Sept-17. RoIC based on IAG’s definition of RoIC in 2017 annual report.
IAG’s metrics are in the upper quartile of the FTSE100

Upper quartile financial metrics in the FTSE 100

**2017A Return on capital employed (calendarised)**

- **IAG**: 18%
- **18th place**

**2017A Return on equity (calendarised)**

- **IAG**: 31%
- **13th place**

**2017A Net debt (cash) / adj. EBITDA**

- **IAG**: 3.8x
- **13th place**

Source: FactSet as at Oct-18 using FactSet definitions; (a) Calculated as reported EBIT / (Total assets – current liabilities); (b) Calculated as reported EPS / Book value per share
IAG’s metrics are in the upper quartile of the FTSE100

Upper quartile financial metrics in the FTSE 100

Source: FactSet as at Oct-18 using FactSet definitions
We have stress-tested our financial model and conclude we are far more resilient than before the last global recession in 2008

- Portfolio diversification and strategic benefits of IAG today compared to individual airline companies in 2008
- Significant progress in raising profitability since 2008 – e.g. c.13% operating margin vs. 5.7% pro-forma in 2008
- Strong balance sheet – e.g. Adjusted net debt/EBITDAR of 1.4x
- More flexible – e.g. higher proportion of aircraft on operating lease (c.50% today vs. c.40% pro-forma in 2008)
- Lower cost than in 2008:
  - Lower CASK ex-fuel in nominal terms - c.5.0 € cents today vs. 5.6 € cents pro-forma in 2008
  - Fuel price more benign today (c.$740/tonne) than in summer 2008 (c.1,250/tonne)
  - More fuel efficient fleet compared to 10 years ago
- Greater LCC model and value model weighting in the IAG portfolio
  - LCCs (Vueling and LEVEL) 13% of group ASKs in YTD2018 vs. 3% pro-forma in 2008
  - Aer Lingus and Iberia Express value models (around 12% of group ASKs in YTD2018)
We can be profitable even in a global downturn scenario

Operating profit in a 2008-09 global financial crisis scenario (€ billion) – based on metrics, fuel prices and actions in year post-Lehman bankruptcy

<table>
<thead>
<tr>
<th>Revenue drop</th>
<th>Fuel price drop</th>
<th>Typical management actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>RASK -10.5%</td>
<td>From c.$750/tonne</td>
<td>Capacity from +6% to zero</td>
</tr>
<tr>
<td>BA -12.5%</td>
<td>To $500/tonne</td>
<td>RASK improvement from -10.5% to -8.5%</td>
</tr>
<tr>
<td>Iberia -12.0%</td>
<td>c.60% hedged</td>
<td>Maintain CASK ex-fuel saving of -1%</td>
</tr>
<tr>
<td>Vueling +0.5%</td>
<td></td>
<td>Gross capex reduced by 20%</td>
</tr>
<tr>
<td>Aer Lingus -5.0%</td>
<td></td>
<td>Operating lease rentals reduced by 5%</td>
</tr>
<tr>
<td>Premium traffic - 13.0%, Cargo CTKs - 15%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial metric</th>
<th>Current</th>
<th>Post crisis scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit (€bn) – consensus 2018</td>
<td>3.1</td>
<td>2.0</td>
</tr>
<tr>
<td>Diluted EPS (€) – Bloomberg 2018</td>
<td>1.155</td>
<td>0.75</td>
</tr>
<tr>
<td>DPS @ 25% payout (€)</td>
<td>0.29</td>
<td>0.19</td>
</tr>
<tr>
<td>RoIC</td>
<td>16.1%</td>
<td>c. 10%</td>
</tr>
<tr>
<td>Adjusted net debt/EBITDAR</td>
<td>1.4</td>
<td>1.8</td>
</tr>
</tbody>
</table>
Our financial resilience has been officially recognised by rating agencies

- Strength of the balance sheet has been recognised by Moody’s and S&P Global
- Achieving investment grade status delivers on IAG’s commitment to reach investment grade metrics
- Investment grade balance sheet provides solid platform for delivery of business objectives

Benefits of investment grade rating
- Access to a broader range of credit markets
- Lower cost of financing
- Greater funding flexibility to support business strategy
Despite financial and strategic strengths, IAG is significantly under-valued relative to peers and its ‘Sum of the Parts’ (1 of 2)

Valuation multiples comparison (P/E)

Source: FactSet and public sources using closing share price data on 26th October 2018
Despite financial and strategic strengths, IAG is significantly under-valued relative to peers and its ‘Sum of the Parts’ (2 of 2)

Valuation multiples comparison (EV/EBITDAR)

Source: FactSet and public sources using closing share price data on 26th October 2018
Our goals are still to achieve annual RoIC of 15% and EPS growth of 12%+, despite higher fuel prices

Long term planning goals 2019-2023

Profitability
- RoIC (real terms)
  - Targeting sustainable 15%
- Operating margin 12% - 15%

Average growth
- ASK 6% per annum
- Average EPS growth 12%+ per annum

Balance sheet & cash flow
- Gearing: Investment grade zone
- EBITDAR: ~€7.2bn average per annum
- Capex: average €2.6bn p.a
- Equity FCF €2.5bn average per annum

Cash return to shareholders
- Sustainable ordinary dividend 4x covered by underlying after-tax profit
  + additional returns subject to organic/inorganic growth opportunities
Competitive advantages and high financial returns justify growth

Capacity (ASK) growth 5 years to 2023 compared to last year plan

- Lower near-term growth to Latin America
- LGW ex-Monarch slots, LCY expansion, additional widebodies from 2020
- Slowing down to c.7.4% in 2019 due to ATC constraints but 10% CAGR long-term intact
- Increased growth on North Atlantic with more new routes and A321 LRs
- LEVEL Austria

- ASK 18-22 last year plan: c. 5%
- ASK 19-23 this year plan: c. 6%
Annual average EBITDAR goal of €7.2bn, 2019-2023

EBITDAR Bridge between last year and this year 5 year plan (€ billion)
4% CAGR in aircraft fleet generating 6% ASK CAGR to 2023

Fleet plan (2017-2023)

<table>
<thead>
<tr>
<th>Short-haul</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>A319</td>
<td>64</td>
<td>61</td>
<td>49</td>
<td>43</td>
<td>36</td>
<td>26</td>
<td>22</td>
</tr>
<tr>
<td>A320</td>
<td>216</td>
<td>226</td>
<td>217</td>
<td>207</td>
<td>195</td>
<td>183</td>
<td>157</td>
</tr>
<tr>
<td>A321</td>
<td>47</td>
<td>51</td>
<td>51</td>
<td>51</td>
<td>48</td>
<td>45</td>
<td>40</td>
</tr>
<tr>
<td>A320 NEO family*</td>
<td>-</td>
<td>23</td>
<td>51</td>
<td>75</td>
<td>99</td>
<td>104</td>
<td>104</td>
</tr>
<tr>
<td>B767</td>
<td>7</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>E170/E190/RJ</td>
<td>22</td>
<td>25</td>
<td>21</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>To be decided</td>
<td>-</td>
<td>-</td>
<td>13</td>
<td>19</td>
<td>43</td>
<td>74</td>
<td>128</td>
</tr>
<tr>
<td><strong>Total short-haul</strong></td>
<td><strong>356</strong></td>
<td><strong>386</strong></td>
<td><strong>402</strong></td>
<td><strong>411</strong></td>
<td><strong>437</strong></td>
<td><strong>448</strong></td>
<td><strong>467</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A318</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>A321</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>A321 NEO LR</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>A330</td>
<td>32</td>
<td>38</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>39</td>
<td>38</td>
</tr>
<tr>
<td>A340</td>
<td>17</td>
<td>17</td>
<td>16</td>
<td>11</td>
<td>10</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>A350</td>
<td>-</td>
<td>2</td>
<td>10</td>
<td>21</td>
<td>25</td>
<td>34</td>
<td>38</td>
</tr>
<tr>
<td>A380</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>B744</td>
<td>36</td>
<td>34</td>
<td>32</td>
<td>27</td>
<td>20</td>
<td>13</td>
<td>3</td>
</tr>
<tr>
<td>B757/B767</td>
<td>7</td>
<td>5</td>
<td>1</td>
<td>-</td>
<td>-</td>
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<td>-</td>
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<tr>
<td>B772</td>
<td>46</td>
<td>46</td>
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<td>43</td>
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</tr>
<tr>
<td>B773</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>16</td>
<td>16</td>
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<tr>
<td>B787</td>
<td>25</td>
<td>30</td>
<td>30</td>
<td>36</td>
<td>38</td>
<td>39</td>
<td>42</td>
</tr>
<tr>
<td>To be decided</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5</td>
<td>20</td>
<td>32</td>
<td>44</td>
</tr>
<tr>
<td><strong>Total long-haul</strong></td>
<td><strong>193</strong></td>
<td><strong>201</strong></td>
<td><strong>208</strong></td>
<td><strong>224</strong></td>
<td><strong>237</strong></td>
<td><strong>245</strong></td>
<td><strong>249</strong></td>
</tr>
<tr>
<td><strong>Total fleet</strong></td>
<td><strong>549</strong></td>
<td><strong>587</strong></td>
<td><strong>610</strong></td>
<td><strong>635</strong></td>
<td><strong>674</strong></td>
<td><strong>693</strong></td>
<td><strong>716</strong></td>
</tr>
</tbody>
</table>

Note: *IAG has conversion rights between A320 NEO and A321 NEO on all A320 NEO family deliveries. Fleet plan is subject to change.
4% CAGR in aircraft fleet generating 6% ASK CAGR to 2023

Aircraft additions and returns & retirements (2018-2023)

### Aircraft additions (units)

<table>
<thead>
<tr>
<th>Year</th>
<th>Short-haul firm</th>
<th>Short-haul TBD</th>
<th>Long-haul firm</th>
<th>Long-haul TBD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>16</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>26</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2022</td>
<td>11</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2023</td>
<td>19</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Aircraft returns & retirements (units)

<table>
<thead>
<tr>
<th>Year</th>
<th>Short-haul</th>
<th>Long-haul</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
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</tr>
<tr>
<td>2021</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: TBD – To be decided
Fleet renewal – c.40% of short-haul and c.30% of long-haul by 2023

Fleet plan split by aircraft category

Average aircraft age (unweighted)
We can stop growing and reduce our capacity significantly if needed.

Fleet plan flexibility, 2018-2023 (number of aircraft)

Note: 1) This includes the retirement of 8 B777-200 over 25 years old. At the end of 2023, a further 26 777-200 aircraft will be over 20 years old.
Net capex €2.6bn p.a., increase driven by fleet, product and resilience

Capital spending, 2018-2023 (€ billions)

Net Capex, 2018-2023 (€ billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Capex (€ billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2.2</td>
</tr>
<tr>
<td>2019</td>
<td>2.6</td>
</tr>
<tr>
<td>2019-2023 p.a. average</td>
<td>2.6</td>
</tr>
</tbody>
</table>

Net Capex Annual Average, 2019-2023 (€ billions)

- CMD 2017 (2018-22): 2.1
- Fleet: e.g. Aer Lingus long-haul, BA long-haul, Vueling short-haul
- Product: e.g. BA new Club World, Group-wide Wi-Fi, lounges – e.g. JFK
- IT/infrastructure: e.g. Hybrid cloud IT platform, digital, cargo terminals
- CMD 2018 (2019-23): 2.6

Maintaining a balanced ownership split
Headroom for further cash returns to shareholders and/or inorganic growth opportunities

Capital uses and sources average per year (2019-2023)

- Inorganic growth
- Further return of cash to shareholders
- Reinvestment in business
- Management of leverage

- Equity free cash flow

- Lease payments
- Net interest payments
- Cash tax payments

Indicative not to scale

- Cash reserves
- Credit facilities

- Financing proceeds net of repayments
- Working capital

Headroom

Ordinary dividend

LIT

CAPEX Average €2.6bn

Pension + Restructuring

Capital uses

EBITDAR c. €7.2bn

Net financing

Capital sources
Good track record of cash returns to shareholders (€2.7bn since 2015)

Equity free cash flow (€ millions)

Cash returns to shareholders, 2015-2018 (€ millions)

Significant potential for shareholder value creation

Note: Equity free cash flow as reported in IAG Annual Reports
Disclaimer

Forward-looking statements:

Certain statements included in this report are forward-looking and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such forward-looking statements.

Forward-looking statements can typically be identified by the use of forward-looking terminology, such as “expects”, “may”, “will”, “could”, “should”, “intends”, “plans”, “predicts”, “envisages” or “anticipates” and include, without limitation, any projections relating to 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 report are based upon information known to the Group on the date of this report. 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 report to be incorrect or that 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 risk management process of the Group is given in the Annual Report and Accounts 2017; these documents are available on www.iagshares.com.