THREE MONTHS RESULTS ANNOUNCEMENT

International Consolidated Airlines Group (IAG) today (May 9, 2014) presented Group consolidated results for the three months to March 31, 2014.

IAG period highlights on results:

- First quarter operating loss €150 million (2013: operating loss of €278 million) before exceptional items
- Revenue for the quarter up 6.7 per cent to €4,203 million, up 7.6 per cent at constant currency
- Non-fuel costs up 3.8 per cent, up 4.8 per cent at constant currency
- At constant currency, first quarter passenger unit revenue down 1.4 per cent (excluding Vueling down 0.5 per cent) and non-fuel unit costs down 6.2 per cent (excluding Vueling down 4.2 per cent)
- Fuel unit costs for the quarter down 8.9 per cent, 7.4 per cent at constant currency
- Cash of €4,004 million at March 31, 2014 was up €371 million on 2013 year end
- Adjusted gearing remains at 50 per cent

Performance summary:

	Three months to March 31		
Financial data € million	**2014**	2013	Higher / (lower)
Passenger revenue	**3,664**	3,346	9.5 %
Total revenue	**4,203**	3,939	6.7 %
Operating loss before exceptional items	**(150)**	(278)	
Exceptional items	**-**	(311)	
Operating loss after exceptional items	**(150)**	(589)	
Loss after tax	**(184)**	(630)	
Basic loss per share (€ cents)	**(9.3)**	(34.3)	
Operating figures	**2014**	2013	Higher / (lower)
Available seat kilometres (ASK million)	**56,316**	50,359	11.8 %
Revenue passenger kilometres (RPK million)	**43,220**	38,986	10.9 %
Seat factor (per cent)	**76.7**	77.4	(0.7pts)
Passenger revenue per RPK (€ cents)	**8.48**	8.58	(1.2)%
Passenger unit revenue per ASK (€ cents)	**6.51**	6.64	(2.0)%
Non-fuel unit costs per ASK (€ cents)	**5.26**	5.67	(7.2)%
€ million	**At March 31, 2014**	At December 31, 2013	Higher / (lower)
Cash and interest-bearing deposits	**4,004**	3,633	10.2 %
Adjusted net debt[1]	**5,508**	5,701	(3.4)%
Adjusted gearing[2]	**50%**	50%	-

[1] Adjusted net debt is net debt plus capitalised operating aircraft lease costs.
[2] Adjusted gearing is net debt plus capitalised operating aircraft lease costs, divided by net debt plus capitalised operating aircraft lease costs and adjusted equity.

Willie Walsh, IAG Chief Executive Officer, said:

"We're pleased that our quarterly operating loss has reduced significantly from €278 million last year to €150 million, especially as Vueling's quarterly losses were not included last year as they weren't in the Group. At constant currency, revenue was up 7.6 per cent and non-fuel costs rose 4.8 per cent.

"Iberia has almost halved its losses from quarter one last year with an operating loss of €111 million compared to €202 million. The airline continues to benefit from restructuring and these figures don't reflect the impact of recent pay and productivity agreements which took effect in April. While the restructuring remains work in progress, Iberia is gradually resuming some routes including longhaul services to Santo Domingo and Montevideo.

"British Airways made an operating loss of €5 million in the quarter, compared to a €72 million operating loss in 2013. The airline has increased capacity within a controlled cost environment and benefited from the efficiency of its new Airbus A380 and Boeing 787 aircraft.

"Vueling made an operating loss of €30 million and has managed to keep its losses flat while growing capacity. The airline continues to grow with its main focus in southern Europe".

Trading outlook

We expect to improve operating profit for the 2014 full year by at least €500 million, from a 2013 base of €770 million. Unit revenues should remain relatively flat, with margin expansion driven by a reduction in unit costs.

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 expenditures 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. The Group undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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 2013; these documents are available on www.iagshares.com.

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CONSOLIDATED INCOME STATEMENT

	Three months to March 31				
€ million	**Total 2014**	Before exceptional items 2013	Exceptional items	Total 2013	Higher / (lower)
Passenger revenue	**3,664**	3,346		3,346	9.5 %
Cargo revenue	**250**	270		270	(7.4)%
Other revenue	**289**	323		323	(10.5)%
Total revenue	**4,203**	3,939		3,939	6.7 %
Employee costs	**1,018**	1,031	268	1,299	(1.3)%
Fuel, oil costs and emissions charges	**1,388**	1,361		1,361	2.0 %
Handling, catering and other operating costs	**452**	446		446	1.3 %
Landing fees and en-route charges	**335**	291		291	15.1 %
Engineering and other aircraft costs	**307**	307	15	322	0.0 %
Property, IT and other costs	**231**	218		218	6.0 %
Selling costs	**213**	186		186	14.5 %
Depreciation, amortisation and impairment	**278**	248	8	256	12.1 %
Aircraft operating lease costs	**126**	95	20	115	32.6 %
Currency differences	**5**	34		34	
Total expenditure on operations	**4,353**	4,217	311	4,528	3.2 %
Operating loss	**(150)**	(278)	(311)	(589)	
Net non-operating costs	**(53)**	(81)		(81)	
Loss before tax	**(203)**	(359)	(311)	(670)	
Tax	**19**	40		40	
Loss after tax for the period	**(184)**	(319)	(311)	(630)	

Operating figures	**2014** [1]	2013 [1]	Higher / (lower)
Available seat kilometres (ASK million)	**56,316**	50,359	11.8 %
Revenue passenger kilometres (RPK million)	**43,220**	38,986	10.9 %
Seat factor (per cent)	**76.7**	77.4	(0.7pts)
Cargo tonne kilometres (CTK million)	**1,371**	1,364	0.5 %
Passenger numbers (thousands)	**15,284**	11,772	29.8 %
Tonnes of cargo carried (thousands)	**225**	227	(0.9)%
Sectors (thousands)	**127,472**	105,788	20.5 %
Block hours (hours)	**376,096**	330,866	13.7 %
Average manpower equivalent	**58,389**	58,065	0.6 %
Aircraft in service	**441**	365	20.8 %
Passenger revenue per RPK (€ cents)	**8.48**	8.58	(1.2)%
Passenger unit revenue per ASK (€ cents)	**6.51**	6.64	(2.0)%
Cargo revenue per CTK (€ cents)	**18.23**	19.79	(7.9)%
Fuel cost per ASK (€ cents)	**2.46**	2.70	(8.9)%
Total cost excluding fuel per ASK (€ cents)	**5.26**	5.67	(7.2)%
Total cost per ASK (€ cents)	**7.73**	8.37	(7.6)%

[1] Financial ratios are before exceptional items (for the three months to March 31, 2014 there are no exceptional items).

Financial review:

The performance for the three month period to March 31, 2014 includes Vueling's operations; the three month comparative period excludes Vueling as the acquisition was completed on April 26, 2013.

Revenue

On a capacity increase of 11.8 per cent, passenger revenue was up 9.5 per cent (10.2 per cent at constant currency 'ccy') leading to a passenger unit revenue decrease of 2.0 per cent (1.4 per cent at ccy). Excluding Vueling, capacity was up 3.7 per cent, passenger revenue increased 2.4 per cent (3.1 per cent at ccy) and passenger unit revenue decreased 1.1 per cent (0.5 per cent at ccy).

Cargo revenue for the quarter decreased 7.4 per cent (3.3 per cent at ccy) with yields down 3.8 per cent at ccy. Due to overall excess capacity in the market cargo demand and yields remain weak.

Other revenue is down 10.5 per cent (10.8 at ccy) from the elimination of Iberia's handling and maintenance revenue related to Vueling, included in the comparative period.

Costs

Employee unit costs decreased 11.7 per cent (12.2 per cent at ccy). The average number of employees increased by 0.6 per cent versus the same period last year and productivity improved by 11.2 per cent. Employee unit cost and productivity improvements were from the addition of Vueling, the Iberia Transformation Plan, and British Airways' efficient growth.

Fuel unit costs decreased 8.9 per cent (7.4 per cent at ccy) driven by lower average fuel prices net of hedging and consumption efficiencies with the introduction of new aircraft.

At constant currency, non-fuel unit costs decreased by 6.2 per cent and by 4.2 per cent excluding Vueling. On a unit basis the Group improved non-fuel costs in areas such as Handling, catering and other operating costs, Engineering and other aircraft costs and in Property, IT and other costs driven by the Group's efficient growth.

On a unit basis, Vueling's proportionately higher sectors and passenger numbers have increased Landing fees and en-route charges, Handling, catering and other operating costs and Aircraft operating lease costs. However, the non-fuel unit cost performance also benefits from the elimination of Iberia's handling and engineering costs associated with its Vueling activity.

Depreciation costs increased 12.1 per cent reflecting a reduction in the estimated residual value of the Boeing 747s.

Net non-operating costs were €53 million for the quarter compared to €81 million in 2013. The decrease is due to lower pension financing charges and a decrease in associate losses for the quarter following the acquisition of Vueling.

The loss before tax for the quarter was €203 million (2013: €359 million).

Deferred tax assets related to Iberia's current period losses have not been recognised. The recognition of these deferred tax assets will be reviewed in the second half of the year as part of the annual Business planning process. Excluding this impact, the tax credit for the quarter of €19 million reflects an effective tax rate for the Group of 28 per cent.

The Group's cash position was €4,004 million up €371 million from December 31, 2013. British Airways' cash position was €2,471 million, Iberia €734 million, Vueling €602 million and the parent and holding companies €197 million. Included in the Group's cash balance are funds of €217 million equivalent of restricted cash, of which €184 million relates to funds which have been recognised by Venezuela's Central Bank at the official rate of 6.3, but not yet repatriated. The time taken to repatriate cash has risen to 15 months. Following the Venezuelan government's implementation of a new exchange rate system applicable to airlines, Iberia has been recording its local ticket sales on average at 10.7 bolivars to the dollar. Iberia is continuing to manage its exposure to the currency and the bolivar cash position has not increased since year end. Iberia is continuing to work with the authorities regarding the timing and exchange rate applicable to the repatriation of funds held in Venezuela. Any historic funds repatriated at an exchange rate higher than 6.3 bolivars to the dollar will result in an impairment of cash held.

The adjusted net debt of the Group has decreased €193 million to €5,508 million compared to December 31, 2013 and adjusted gearing was flat.