

THREE MONTHS RESULTS ANNOUNCEMENT

International Consolidated Airlines Group (IAG) today (April 30, 2015) presented Group consolidated results for the three months to March 31, 2015.

IAG period highlights on results:

- First quarter operating profit €25 million (2014: operating loss of €150 million)
- Revenue for the quarter up 12.0 per cent to €4,707 million, up 3.7 per cent at constant currency
- Passenger unit revenue for the quarter up 6.9 per cent and down 0.8 per cent at constant currency
- Fuel unit costs for the quarter down 4.5 per cent, down 11.0 per cent at constant currency
- Non-fuel unit costs for the quarter up 5.9 per cent, down 2.7 per cent at constant currency
- Cash of €6,003 million at March 31, 2015 was up €1,059 million on 2014 year end
- Adjusted gearing down 3 points to 48 per cent and adjusted net debt to EBITDAR improved 0.2 to 1.7 times.

Performance summary:

| Financial data € million | Three months to March 31 | | Higher / (lower) |
|--|--------------------------|-------------------|------------------|
| | 2015 | 2014 | |
| Passenger revenue | 4,116 | 3,664 | 12.3 % |
| Total revenue | 4,707 | 4,203 | 12.0 % |
| Operating profit/(loss) | 25 | (150) | 116.7 % |
| Loss after tax | (26) | (184) | 85.9 % |
| Basic loss per share (€ cents) | (1.5) | (9.3) | 83.9pts |
| Operating figures | 2015 | 2014 | Higher / (lower) |
| Available seat kilometres (ASK million) | 59,105 | 56,316 | 5.0 % |
| Seat factor (per cent) | 77.7 | 76.7 | 1pt |
| Passenger unit revenue per ASK (€ cents) | 6.96 | 6.51 | 6.9 % |
| Non-fuel unit costs per ASK (€ cents) | 5.57 | 5.26 | 5.9 % |
| € million | March 31, 2015 | December 31, 2014 | Higher / (lower) |
| Cash and interest-bearing deposits | 6,003 | 4,944 | 21.4 % |
| Adjusted net debt ⁽¹⁾ | 5,777 | 6,081 | (5.0)% |
| Adjusted net debt to EBITDAR | 1.7 | 1.9 | (0.2) |
| Adjusted gearing ⁽²⁾ | 48% | 51% | (3pts) |

⁽¹⁾ Adjusted net debt is net debt plus capitalised rolling four quarter aircraft operating lease costs.

⁽²⁾ Adjusted gearing is adjusted net debt, divided by adjusted net debt and adjusted equity.

Willie Walsh, IAG Chief Executive Officer, said:

“IAG made an operating profit of €25 million compared to a €150 million operating loss last year. This is IAG’s first ever quarter 1 operating profit in what is traditionally the weakest quarter of the year. There was a strong improvement both at a Group level and with all three airlines.

“At constant currency, revenue was up 3.7 per cent with passenger unit revenue down 0.8 per cent. In particular, there was a consistent positive performance in our key North American market.

“We achieved a strong unit cost performance with non-fuel unit costs down 2.7 per cent and fuel unit costs down 11.0 per cent, at constant currency. As before, fuel costs benefitted by operating more efficient aircraft and lower fuel prices though hedging and significant currency headwinds reduced the positive impact of lower oil prices.

“Cost discipline across our airlines continued through increased productivity and supplier cost savings, enabling us to improve our operating margin while growing capacity by 5.0 per cent.”

Trading outlook

At current fuel prices and exchange rates, IAG expects in 2015 to generate an operating profit in excess of €2.2 billion. The rate of profit improvement in quarter 2 will be slower than in quarter 1, due to the timing of Easter, and an adverse year-on-year fuel price in this quarter (net of fuel and currency hedging).

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 2014; these documents are available on www.iagshares.com.

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CONSOLIDATED INCOME STATEMENT

Three months to March 31

| € million | 2015 | 2014 | Higher/ (lower) |
|--|--------------|--------------|--------------------|
| Passenger revenue | 4,116 | 3,664 | 12.3 % |
| Cargo revenue | 246 | 250 | (1.6)% |
| Other revenue | 345 | 289 | 19.4 % |
| Total revenue | 4,707 | 4,203 | 12.0 % |
| Employee costs | 1,124 | 1,018 | 10.4 % |
| Fuel, oil costs and emissions charges | 1,389 | 1,388 | 0.1 % |
| Handling, catering and other operating costs | 511 | 452 | 13.1 % |
| Landing fees and en-route charges | 362 | 335 | 8.1 % |
| Engineering and other aircraft costs | 334 | 307 | 8.8 % |
| Property, IT and other costs | 239 | 231 | 3.5 % |
| Selling costs | 227 | 213 | 6.6 % |
| Depreciation, amortisation and impairment | 306 | 278 | 10.1 % |
| Aircraft operating lease costs | 144 | 126 | 14.3 % |
| Currency differences | 46 | 5 | 820.0 % |
| Total expenditure on operations | 4,682 | 4,353 | 7.6 % |
| Operating profit/(loss) | 25 | (150) | 116.7 % |
| Net non-operating costs | (62) | (53) | (17.0)% |
| Loss before tax | (37) | (203) | 81.8 % |
| Tax | 11 | 19 | (42.1)% |
| Loss after tax for the period | (26) | (184) | 85.9 % |

| Operating figures | 2015 | 2014 | Higher/ (lower) |
|--|---------|---------|--------------------|
| Available seat kilometres (ASK million) | 59,105 | 56,316 | 5.0 % |
| Revenue passenger kilometres (RPK million) | 45,898 | 43,220 | 6.2 % |
| Seat factor (per cent) | 77.7 | 76.7 | 1pt |
| Cargo tonne kilometres (CTK million) | 1,314 | 1,371 | (4.2)% |
| Passenger numbers (thousands) | 16,678 | 15,284 | 9.1 % |
| Tonnes of cargo carried (thousands) | 218 | 225 | (3.1)% |
| Sectors | 135,168 | 127,472 | 6.0 % |
| Block hours (hours) | 391,504 | 376,096 | 4.1 % |
| Average manpower equivalent | 58,057 | 58,389 | (0.6)% |
| Aircraft in service | 466 | 441 | 5.7 % |
| Passenger revenue per RPK (€ cents) | 8.97 | 8.48 | 5.8 % |
| Passenger unit revenue per ASK (€ cents) | 6.96 | 6.51 | 6.9 % |
| Cargo revenue per CTK (€ cents) | 18.72 | 18.23 | 2.7 % |
| Fuel cost per ASK (€ cents) | 2.35 | 2.46 | (4.5)% |
| Non-fuel unit costs per ASK (€ cents) | 5.57 | 5.26 | 5.9 % |
| Total cost per ASK (€ cents) | 7.92 | 7.73 | 2.5 % |

No exceptional items in the three months to March 31, 2015 and 2014.

Financial review:

Operating profit overview

IAG's operating profit for the period was €25 million an improvement of €175 million from the prior year loss. British Airways made a profit of €117 million (2014: €5 million loss); Iberia made a loss of €55 million (2014: €111 million loss) and Vueling's loss was €29 million (2014: €30 million loss).

Capacity

IAG increased capacity (ASKs) by 5.0 per cent in the first three months of the year, traffic volumes rose higher and seat factor improved 1 point to 77.7 per cent. Group traffic benefited from the partial shift of Easter which was in April last year. The increase primarily reflects growth at Vueling, the restoration of routes at Iberia and seat densification in British Airways shorthaul.

Revenue

Passenger revenue increased 12.3 per cent compared to the same period last year, with 8.1 points of positive currency impacts. Passenger unit revenue (passenger revenue per ASK) was down 0.8 per cent at constant currency ('ccy') from lower yields but with higher volumes. Passengers carried increased by 9.1 per cent in the period. Passenger revenue performance in our key markets was stable and the timing of Easter had a positive impact for the Group.

Cargo revenue for the period decreased by 10.8 per cent at ccy reflecting the reduction in the Cargo freighter programme. The underlying performance of the Cargo business continued to improve with load factor up 4 points and positive mix.

Other revenue was up 9.7 per cent at ccy partially due to BA Holidays. Avios revenue rose through increased customer engagement and due to a timing benefit of €30 million. Maintenance revenues were down with less third party activity in the period versus last year.

Costs

Employee unit costs improved 1.7 per cent at ccy reflecting efficient growth. The average number of employees decreased by 0.6 per cent driven by Iberia and British Airways versus the same period last year. Productivity was 5.5 per cent higher from Iberia's Plan de Futuro and efficiency improvements at British Airways.

Fuel unit costs decreased 11.0 per cent at ccy driven by lower average fuel prices net of hedging. The introduction of new fleet and improved operational procedures continued to drive efficiencies.

At constant currency, non-fuel unit costs decreased 2.7 per cent with a benefit from exiting the Cargo freighter programme. Currency had a significant adverse impact during the period, increasing non-fuel costs by 9.0 points. Translation was 6.5 points and the transactional impact was 2.5 points which was primarily at British Airways. The Group improved in all supplier unit cost lines at ccy, while maintaining its ownership unit costs at ccy flat.

Non-operating costs, taxation and loss after tax

Net non-operating costs were €62 million for the quarter compared to €53 million in 2014.

The loss before tax for the quarter was €37 million (2014: €203 million), an 81.8 per cent improvement in the period.

The tax credit for the period was €11 million for an effective tax rate for the Group of 30 per cent (2014: 28 per cent, excluding the impact of unrecognised deferred tax assets).

Cash and leverage

The Group's cash position was €6,003 million up €1,059 million from December 31, 2014. British Airways' cash position was €4,015 million, Iberia €931 million, Vueling €794 million and the parent and other Group companies €263 million. Compared to December 31, 2014 the Group's adjusted net debt decreased €304 million to €5,777 million, adjusted net debt to EBITDAR improved 0.2 to 1.7 times, and adjusted gearing was down 3 points to 48 per cent.