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**Q1 2026 INTERNATIONAL CONSOLIDATED AIRLINES GROUP SA
EARNINGS CALL**

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CORPORATE PARTICIPANTS

- **Luis Gallego Martín** *International Consolidated Airlines Group SA - Chief Executive Officer, Executive Director*
- **Nicholas Cadbury** *International Consolidated Airlines Group SA - Chief Financial and Sustainability Officer*
- **Lynne Embleton** *International Consolidated Airlines Group SA - Chair and Chief Executive Officer of Aer Lingus*
- **Marco Sansavini** *International Consolidated Airlines Group SA - Chair and Chief Executive Officer of Iberia*
- **Sean Doyle** *International Consolidated Airlines Group SA - Chair and Chief Executive Officer of British Airways*

CONFERENCE CALL PARTICIPANTS

- **Operator**
- **Alexander Irving** *Bernstein - Analyst*
- **Jaime Rowbotham** *Deutsche Bank AG - Analyst*
- **James Hollins** *Exane Bnp Paribas - Analyst*
- **Stephen Furlong** *J & E Davy Unlimited Co - Analyst*
- **Harry Gowers** *JPMorgan Chase & Co - Analyst*
- **Savanthi Syth** *Raymond James Holdings (Canada) Inc - Equity Analyst*
- **Ruairi Cullinane** *RBC Capital Markets Inc - Analyst*
- **Andrew Lobbenberg** *Barclays Services Corp - Equity Analyst*
- **Gerald Khoo** *Panmure Liberum Capital Ltd - Analyst*
- **Muneeba Kayani** *Bofa Merrill Lynch Asset Holdings Inc - Analyst*
- **Conor Dwyer** *Citi Infrastructure Investments LLC - Analyst*
- **Jarrold Castle** *UBS AG - Analyst*

PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to International Airlines Group Q1 2026 results. (Operator Instructions) I would like to remind all participants that this call is being recorded.

I will now hand over to Luis Gallego, Chief Executive Officer, for the presentation. Please go ahead.

Luis Gallego Martín *International Consolidated Airlines Group SA - Chief Executive Officer, Executive Director*

Thank you very much, and good morning, everybody, and welcome to the IAG First Quarter Results. As usual, I'm joined by Nicholas Cadbury, our CFO; as well as the IAG Management Committee. And for the first time, I would also like to welcome José Antonio Barrionuevo, our incoming CFO, to the call.

I'm pleased to report a strong first quarter. We grew revenue by 1.9%, reflecting continuing strong demand for our airlines and networks. We grew profit by 77% to deliver operating profit of EUR351 million. Our operating margin improved by 2.1 points to 4.9%, in our seasonally quietest quarter. This good profit performance was mostly achieved before the impact of the Middle East conflict, which we expect to have a more substantial impact in the rest of the year.

We have started this year in an incredibly strong position, so we are uniquely well set to navigate the headwinds that the crisis has created. We have leading positions across the diverse geographical markets. We have leading brands across different customer segments in those markets, and we have a structurally high margins supported by our well-established transformation program that help us to absorb some of the effects of this volatility.

I will also mention at this point, our capital-light loyalty business, which grew revenue by 10% and profits by 32.6% at a 20% margin. And we have an incredibly strong balance sheet at 0.5x net leverage. Finally, due to our cash-generative business model, we are on track to complete the remaining EUR1 billion of our excess cash return by February 2027, as we previously announced. Bringing this all together means that we have an opportunity now to prove how resilient this business is. We have faced macro challenges like this before.

We have a well-established transformation program, which means that we are taking all the revenue costs -- we are taking all the revenue and cost actions that you would have taken -- or we are taking all the revenue cost action that you would expect, and we are well positioned to take advantage of opportunities that arise as a result of the current market situation.

So in summary, I'm very confident in the longer-term prospects for this business.

And now I hand over to Nicholas to take you through the numbers in more detail.

Nicholas Cadbury *International Consolidated Airlines Group SA - Chief Financial and Sustainability Officer*

Thank you, Luis, and good morning, everybody. I'm pleased to share our first quarter results with you. Before I go to the performance, I just want to highlight that this quarter contains only a limited impact on fuel costs from the Middle East conflict. We expect subsequent quarters will be impacted to a greater extent.

Focusing on the first quarter, we delivered a strong operating profit of EUR351 million, up EUR153 million versus last year, driven by the strong passenger revenue growth, partly offset by an increase in fuel costs in March. The increase in operating profit benefited from the early timing of this year's Easter holidays and a small impact from the closure of the Heathrow Airport on March 21 last year. We've seen strong demand across most of our markets, particularly in our premium cabins and in both the North and South Atlantic markets, which represents around about half of our capacity.

Cargo revenue reduced slightly year-on-year, driven by the normalization of the Red Sea related pricing surge, particularly in the first half of last year, and a small reduction in tonnage relating to less Middle East capacity. Other revenue saw a small increase year-on-year at constant currency, with a reduction in third-party MRO revenue at Iberia due to a change in how certain components are charged, and this was offset by the continuing growth in our loyalty business. FX, particularly the impact of the weaker USD against both the euro and the sterling, drove a benefit of EUR48 million to the profit in the quarter.

The right-hand side of this shows the strong performance of our businesses. Our leadership positions across diverse markets and strong brands drove this exceptional performance, with all but Aer Lingus delivering improved results in the quarter.

Aer Lingus saw a larger seasonal loss year-on-year, driven by the ongoing high level of capacity from competitors into Dublin, putting pressure on yields together with the Manchester-based closure costs.

British Airways delivered high profits and margins year-on-year, driven by strong passenger unit revenues, which increased 8.5% in the quarter. BA saw strong demand across its long-haul network and particularly on North Atlantic and short-haul leisure routes, in addition to a strong business travel market. Iberia delivered an operating margin of over 9% in the quarter, up 1.6 percentage points year-on-year, driven by a strong revenue and improved cost performance.

Iberia saw strong demand on routes to Latin America and the Spanish domestic market.

Vueling also delivered an improved results with a smaller seasonal loss year-on-year driven by a strong revenue performance. The performance of Spanish domestic routes was particularly pleasing, although routes to the UK and Italy were a little bit more challenging.

At Loyalty, including our BA Holidays, continue to deliver high-quality, high-margin, asset-light earnings with profits increasing over 30% in the quarter and margins increasing to over 20%. The growth in profit came mainly in the Loyalty business driven by non airline partnerships, with the Holiday business flat year-on-year as we invest in the Holiday platforms. Looking forward, we expect Loyalty to deliver just over 10% earnings growth for the full year.

Turning now to show our regional revenue performance in more detail. The revenue performance was extremely strong, with passenger unit revenue increasing 8.2% at constant currency and 3.5% on a reported basis. Capacity was broadly flat year-on-year, less than we guided at the full year results due to the calculations of flights destinations in the Middle East, which would normally be fully reallocated to other markets, at short notice and due to the availability of aircraft due to ongoing technical challenges.

We are very pleased with the North Atlantic performance, where unit revenue increased by 6.8% at constant currency on a small reduction in capacity. The underlying performance sequentially improved compared to the previous quarter. And whilst the North Atlantic performance worsened for Aer Lingus, driven by intensified competition, performance of British Airways was notably strong. BA saw strong demand in both business and leisure segments for both premium and nonpremium cabins, and business segment revenue grew from all points of sale, but notably strong from the North Atlantic points of sale.

Latin America and Caribbean continues to be our strongest long-haul network performer, with unit revenue increasing by 9% at constant currency and year-on-year and increasing capacity of just under 2%. All three cabins for Iberia contributed to the strong performance, in addition to both the Spanish and Latin America point-of-sale. Domestic saw very strong unit revenues, which increased 18% at constant currency on a 2.5% reduction in capacity. Performance was strong across both the Canary and the Balearic Islands, in addition to the Spanish mainland, partly benefiting from the disruption to the train services.

Unit revenues on European routes increased 6% on a 1.6% cut in capacity. Aer Lingus short-haul performance worsened as a result of additional competition. BA and Iberia saw strong performance in business and leisure segments. Vueling seen benefits from improving their revenue management approach and the timing of the Easter holidays.

Africa, Middle East and South Asia was impacted by the Middle East conflict, with cancellations on routes to the Middle East in March, offset by benefits from customers shifting travel away from the Middle Eastern hubs onto routes in South Asia and Africa. And likewise, in Asia Pacific, routes benefitted in particular from passengers avoiding the Middle Eastern hubs in March, with far east routes seeing good growth in both business and leisure segments.

Total unit costs improved by 0.5% and nonfuel unit cost improved by 0.9% year-on-year. Fuel unit costs increased 0.9% in the quarter, whilst fuel rose during the quarter, particularly from February 28, due to the Middle East conflict. This was largely offset by our hedging strategy and the timing of the pricing of our commodity contracts. The Q1, the cost performance benefited from the FX movement of 4.6%, increasing plus 3.6% on a constant currency basis.

This partly reflects the pay deals, the impact of employee national insurance increases in the UK supply cost increases and the higher ownership costs driven by investments in our new fleet. Capacity will be lower for the 3% increase I guided at the full year results in February. And whilst we are taking cost actions to mitigate the increase in fuel price, the lower than planned capacity growth will be a slight headwind on nonfuel costs.

Adjusted EPS increased by 56% in Q1, reflecting the strong performance in the quarter, with adjusted profit after tax increasing by 71%. Adjusted EPS increased by 56%, lower than the increase in profit after tax due to the positive fair value movement on the convertible being included in profit but excluded from the EPS calculation. This was partly offset by the lower share count due to our share buyback program.

Our balance sheet continues to be exceptionally strong. It continues to strengthen further during the quarter. Net debt reduced both year-on-year and quarter-on-quarter, falling to EUR4.2 billion at the end of March, reflecting the strong profitability and seasonal working capital in place and the buildup of bookings for future travel ahead of the peak summer. Likewise, net leverage fell to 0.5x, reflecting lower net debt and strong profitability.

Q1 saw one A321 XLR delivered, and we still expect to take delivery of 17 aircraft this year. And lastly, we expect to spend about EUR3.5 billion on CapEx this year, slightly down on the EUR3.6 billion guided in February, but mainly just due to small phasing changes. We remain committed to the investments we are making as part of the transformation program, such as the commercial replatforming and BA. This is delivering benefits for us this year.

And on that note, I'll hand back to Luis. Thank you.

Luis Gallego Martín *International Consolidated Airlines Group SA - Chief Executive Officer, Executive Director*

Thank you, Nicholas. With regards to the Middle East situation, we have already taken decisive action, and we continue to ensure that we are controlling the things that we can control. Firstly, looking at our network. We have reallocated our capacity that used to the region, which was about 3% of the total group capacity. In the short term, some of that has been added to routes where there is currently a deficit of supply that was previously flown by the Middle East carriers.

For example, British Airways has added flights to Bangkok, Singapore and the Maldives. Some has been reallocated back to core markets such as by Iberia and Vueling replacing Tel Aviv flights with more flights in the domestic markets.

Further out, we are also expecting more demand on routings which might previously have gone through the Middle East, such as from India to the United States. And British Airways are also adding some alternative Winter sun capacity to the Caribbean and Sri Lanka. We have also decided to use some of the spare aircraft capacity to add resilience to our schedules, which have been affected by engineering and maintenance supply chain issues. We are continuing to review our plans for the longer term, should the conflict and higher fuel prices be sustained.

On fuel price, we continue to be well hedged for the rest of the year. This allows us to protect customers to some extent from the volatility, and allow us to take considered decisions on pricing and capacity. We are confident with the fuel availability through the summer due to our positions in our main markets and the fact that we have invested in self supply capability in our hubs. Today, the situation is more about price than availability. We are also working with governments in each of our home markets as well as within - with the EU to ensure that the industry is getting the support it needs to navigate these prices.

Moving on to our outlook for the rest of the year as well as into the longer term. As I mentioned at the beginning, we start from a very strong position with our diversity of markets and brands, high margins and a strong balance sheet. Demand for travel continues to be robust in our main markets, and we have seen resilient book revenue at 80% for the second quarter, which is in line with historical level. But the impact of the higher fuel price will inevitably lead to lower profit this year than we originally anticipated.

We are now forecasting a total fuel cost for the year of EUR9 billion, which is EUR2 billion higher than the EUR7 billion scenario for the 31st of December 2025, that we presented at our full year results in February. We are actively addressing these headwinds. And as a result, we expect to recover around 60% of these fuel costs increase this year. This will be done through revenue and cost management, reflecting the different markets in which our brands operate as well as the benefits of our transformation program. For example, this includes the revenue uplift for the new British Airways commercial platform, which last year included a new revenue management system, payment system and website booking channel.

We are using data-driven software and insights to deliver more efficient, lower cost operations, such as with the AI-based engine maintenance tool that we are developing around the group. And our investments in new more efficient fleet will play their part. And we have a strong track record of execution to ensure this will succeed. You can be assured that we know what to do and that we will take the right actions to ensure the long-term success of this group.

We continue to expect to generate significant free cash flow for it to be slightly lower than the EUR3 billion for this year that we guide at the results in February. And based on our strong cash generation, we are on track to continue the remaining EUR1 billion of excess cash returns by the end of February next year, as previously guided.

Meanwhile, our long-term prospects remain strong, if not even stronger than before. We expect it to be difficult for less strong airlines to cope with a high price of fuel, which can lead to opportunities for us as well as a more consolidated industry. And our business model and strategy will ensure that we remain one of the best-performing airline groups in the world.

And on that note, we'll open now the call to questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Alex Irving, Bernstein.

Alexander Irving *Bernstein - Analyst*

Two from me, please. The first is on winter capacity. You set out your plans for Q2 and Q3, but what are your early thoughts on Q4? Lower contribution quarters, hedging starts to roll off, could capacity even be down year-on-year?

Second one, Luis, I'd like to pick up on the last comment that you made. You rightly point out that your margins are higher, your balance sheet stronger and competitors in your main markets. Do you expect competitors to retrench, enabling you to invest countercyclically and capture share? And if so, where do you see the biggest opportunities, please?

Luis Gallego Martín *International Consolidated Airlines Group SA - Chief Executive Officer, Executive Director*

Okay. So when we reported full year 2025 results, we expected an increase of capacity for this year of around 3%. What we are saying now is that we are going to reduce to 1%, more or less. For the Q2, it's 1%; for the Q3, it's 2%. We are not talking still about the Q4 because still we are working on the program.

And to be honest, the capacity is going to be also affected by this situation. But in principle, the growth that we expect for the year is going to be around 1%.

So the second question about opportunities that we can have, yes, as we said, we have started this crisis in a very strong position. We are well hedged. As we said, we continue with our transformation. So we are going to navigate this crisis much better than others. And we have seen in previous crisis that this bring opportunities to the table.

We have seen the situation of, for example, of Spirit in US. And we are sure that in Europe, some airlines are going to have also difficulties, and some of them also, they will need to reduce capacity. That can be an opportunity for us. So usually, after these crisis, we are even stronger than we were before.

Operator

Jamie Rowbotham, Deutsche Bank.

Jaime Rowbotham *Deutsche Bank AG - Analyst*

Two from me. So firstly, in terms of the revenue and cost initiatives to recover the fuel cost headwind, where are you finding it easier to increase fares without too much impact on demand? Any comments on forward bookings or forward pricing would be welcome. And what specifically are the cost initiatives that you referred to, please?

And secondly, in terms of jet fuel supply, in addition to some shortages in Southeast Asia, there have been a few reports of issues in Europe, places like Italy, Sweden. Have you been completely unaffected so far? And do you expect that to remain the case?

Luis Gallego Martín *International Consolidated Airlines Group SA - Chief Executive Officer, Executive Director*

Okay. So about the pass-through, we said that we expect to recover around 60% of the higher fuel costs that we are going to have. And yes, it's a mix of revenue and cost management actions. For sure, the revenue improvement that we are talking about is an average, and we are going to have variation by market and also by segment. We are going to have a stronger recovery for sure in long haul and premium markets.

And we are going to more difficulties to increase the pass-through in more competitive markets like short-haul Europe.

In terms of cost, what we are doing is reviewing all the discretionary spend that we have. We don't have any plan to cut investments because at the end, we continue with our plans to be stronger for the future. But we continue with our transformation program to be more efficient.

And about the fuel shortages, so I think all of you are receiving mixed messages about fuel. But for us, all the jobs that we did previously to this crisis for many years is delivering results now. So it's true that there is less jet fuel coming from the Middle East, that there are other regions with record supplies, for example, the US. And this, at the end, is a global supply chain. So all the actions we did in order to increase our self supply are working now, and we are confident that we are not going to have any issue for the summer in our main hubs and main markets.

Asia was concerned some weeks ago, but now we know that Asia is also building up reserves. So that's the reason of the confidence that we are going to operate the schedule that we have for the summer.

Operator

James Hollins, BNP Paribas.

James Hollins *Exane Bnp Paribas - Analyst*

I'd like to start by saying best of luck to Nicholas, and thanks for everything. And hello to José Antonio. And Nicholas, I'm going to send you off with a particular annoying question, which is around full year CASK-ex fuel or unit cost ex fuel. Clearly, it was guided down 1%. Very obviously, you removed that because you cut around 2 percentage points of capacity.

I was wondering with -- obviously Luis' take on some of cost actions, discretionary spend, et cetera, how close you might still get to down 1% and how should we still assume 2 percentage points of FX benefit?

And then one for Lynne, if she's on, on Aer Lingus. Clearly, we've had troubles with strikes. We've now seen the ongoing troubles with competition on transatlantic. Is that getting worse? And is it time to start thinking about the transformation plans, network and considerations, et cetera, in Aer Lingus?

Nicholas Cadbury *International Consolidated Airlines Group SA - Chief Financial and Sustainability Officer*

Thanks, James, and I enjoy working with you, too. So thank you for that. Just on nonfuel cash, you're right. At the year-end, we said it would be down about 1% overall. And I don't think we'll be far off from that actually. The reason we haven't given guidance has been due to there's denominator in the ASK is going to be in Q4 yet as well. But my anticipation, it would be kind of closer to flattish overall. Aer Lingus?

Lynne Embleton *International Consolidated Airlines Group SA - Chairman and Chief Executive Officer of Aer Lingus*

Should I pick up? Yes. So on the Aer Lingus side, there's various reasons why I'm positive about the outlook. They certainly -- Luis has already commented on the transformation program, that's delivering and going well. But we do need to go further to get to this group 12% to 15% operating margin, and we're all really focused on that. Cost reduction is a major part of the transformation and we accelerated that cost production program.

To get to your question around capacity. You've seen part of the impact in Q1 2026 was the closure of Manchester. Now Manchester was profitable, but it wasn't profitable enough to get to the 12% to 15% operating margin overall for Aer Lingus. So that's why we took that decision to close the base. So what we're looking at now is what's the right size of network for 2027, particularly given we expect some of this fuel cost increase particularly into next year.

And importantly, it's tackle seasonality. We can make good money in the summers, but we're a very seasonal country. And as we carry cost for the winter, that's increasingly probably this fuel price. So the more we can reduce our cost profile this year, the more we can keep our planned program intact.

Operator

Stephen Furlong, Davy.

Stephen Furlong *J & E Davy Unlimited Co - Analyst*

Two questions. Just on first one, short-haul. I mean you obviously stated that the short-haul market remains competitive. So just on the general pass-through comment at 60%. I mean is it in short-haul almost close to zero? And is it just too many seats in that market?

Second question on Lat Am and Iberia, certainly nothing really changes in terms of your view on that market in its entirety. I'm thinking one or other will acquire a minority stake in TAP. Does that change anything at all for Iberia's excellent performance and brand center?

Nicholas Cadbury *International Consolidated Airlines Group SA - Chief Financial and Sustainability Officer*

Just on the short haul. We are getting some pass-through on short haul. But you are right, it's towards the lower end. It's not at the 60%. The other thing on short haul, of course, you get a shorter booking curve.

So we get less visibility going forward. So it's harder to call what that will look like over all. But as Luis said earlier, you're getting much more traction on pass-through on the kind of higher premium, particularly in the North Atlantic.

Marco Sansavini *International Consolidated Airlines Group SA - Chairman and Chief Executive Officer of Iberia*

Well, first, on the short haul, there is a portion of our short haul, which is the domestic stay, which is having an evolution in itself, you have seen in our Q1, our overall domestic performance has been very strong with an increase of in constant currency, 18% of the RASK. And that is driven by two main factors in the domestic.

One is the fact that the trade disruptions have generated increased demand that we believe is going to be structural towards the flight traffic. And in the second place, we've also seen some increased demand after the disruptions in the Middle East that seem to indicate that there is also an increasing demand following people that are moving away from other Mediterranean areas to, in particular, the Spanish islands.

Going to LatAm, we continue to see a very, very strong evolution of the market. So no any significant changes. There are some elements that are reinforcing this. For instance, we've been commenting how much it is evolving as a new Miami. We are now having another 0.5 million people that are moving in 2026.

They are residents to Spain and Madrid in particular. So continuing the same trend that we've seen in 2025. And to be honest, we don't see any influence of our Plan de Vuelo to 2030 flight plan due to the tough possible evolution. As you remember, the tough interest for Group was specifically for the Brazilian market is one where IAG and Iberia are not particularly present. So therefore, our potential and development in the region remains independent from the group decision on that.

Operator

Harry Gowers, J.P. Morgan.

Harry Gowers JPMorgan Chase & Co - Analyst

First question, I mean, there might be some bad math involved. But I think when I back out your kind of revenue pass-through comments, it might imply that pricing might be similar to the Q1 rate for the rest of the year, the plus 3.5%. So is that what you're implying with your pass-through figures? Or should we be assuming that RASK will accelerate into Q2 given that's what some of your peers have been highlighting?

And then second question, I just wanted to follow up on Jamie's question earlier, just on the stickiness of higher prices and whether you are seeing any kind of less willingness as time goes on for passengers to pay elevated ticket prices in any long-haul markets?

Nicholas Cadbury International Consolidated Airlines Group SA - Chief Financial and Sustainability Officer

Yes, your calculation on the first question is about right, roughly, if you do the math on it. So not as bad math. I missed the second question actually.

Luis Gallego Martín International Consolidated Airlines Group SA - Chief Executive Officer, Executive Director

Yes. Sorry, can you repeat the second question, please?

Harry Gowers JPMorgan Chase & Co - Analyst

Yes. The second one was a follow-up on Jamie's question earlier, just on the stickiness of elevated ticket prices and whether you are seeing kind of less willingness as time goes on for passengers to pay elevated ticket prices in any of the long-haul markets?

Luis Gallego Martín International Consolidated Airlines Group SA - Chief Executive Officer, Executive Director

To be honest, for the time being, what we see for the second quarter and the third quarter is that the trading remains positive at group and very strong with resilient demand. So we don't see any weakness for the time being. So we are going to continue with the current schedule level.

Operator

Savi Syth, Raymond James.

Savanthi Syth Raymond James Holdings (Canada) Inc - Equity Analyst

For the first question, I was just wondering how much of 2Q and 3Q were sold prior to kind of the crisis and the increasing prices? I'm just curious what the kind of the post-crisis RASK trends are that's showing up in the kind of the new bookings?

And then for the second question, I was just kind of curious on your South Atlantic, what your point-of-sale mix was and what the impact of kind of the strengthening -- some of the Latin American currencies might mean for revenue and demand?

Nicholas Cadbury *International Consolidated Airlines Group SA - Chief Financial and Sustainability Officer*

So on the first question about what was presell. I think when we did our February results, we said that Q2 was about 40% sold overall, now it's 80%. I don't think we gave a number for Q3 overall, but we're about just under 40% sold currently.

Marco Sansavini *International Consolidated Airlines Group SA - Chairman and Chief Executive Officer of Iberia*

And on the South Atlantic, you've seen in Q1 that despite the currency effect, the RASK of South Atlantic is really pretty strong. We had an increase of 9.2%. And there is a track record of resilience of demand in travel in South Atlantic market despite the volatility of the local currencies. This is something that we have seen all along in the last decade. So in fact, we are not seeing any impact of demand related to that at this stage.

Operator

Ruairi Cullinane, RBC Capital Markets.

Ruairi Cullinane *RBC Capital Markets Inc - Analyst*

The first question is, is there any reason why Q2 should diverge significantly from 60% fuel recovery rate in full year '26 as a whole? And then secondly, how have you approached hedging since the war? Have you been still opportunistic given the volatility or follows your policies as usual?

Nicholas Cadbury *International Consolidated Airlines Group SA - Chief Financial and Sustainability Officer*

Just in terms of the kind of the pass-through, kind of a lot of people recall actually, it's kind of lower in Q2 because you had that 40% already booked. So it's more like kind of 50% for kind of Q2 overall. And then it grows as that go through the year.

In terms of hedging, it's quite difficult to be opportunistic at the moment because it can fluctuate by plus or minus 5% during the day. And what you look at on the screen isn't necessarily there when you come to buy it. So it's much more volatile than that. So we're really just continuing with the kind of existing policy that we have, certainly as you go continuing to hedge and not taking any kind of big, calculated risks or opportunities either way.

Operator

Andrew Lobbenberg, Barclays.

Andrew Lobbenberg *Barclays Services Corp - Equity Analyst*

And Nicholas, it's been a blast working with you. Thank you. What can you tell us about the back of the bus? Obviously, the front of the bus on long haul is good and it's all very constructive. But just how weak are things in the back? How does it compare North Atlantic against South Atlantic? And what are the levers you've got to try and improve potentially the performance in the back?

And then otherwise, what can you tell us about trading on Holidays? Obviously, the likes of TUI, J2 & easy have all been somewhat cautious on Holidays. I think BA Holidays was a really nice momentum driver. How is that holding up in the current strange situation?

Luis Gallego Martín *International Consolidated Airlines Group SA - Chief Executive Officer, Executive Director*

Okay. So first of all, about the back of the aircraft, as I said before, we continue seeing strong demand there. We don't see any weakness for the time been, but maybe Sean, you want to comment?

Sean Doyle *International Consolidated Airlines Group SA - Chairman and Chief Executive Officer of British Airways*

Yes. I think long-haul economy and long haul World Traveler Plus are performing robustly. I think, again, the fact that we have a greater mix of premium economy versus economies is also helping with stickiness in pricing. And we do see that across all of our main markets.

And as Nicholas, I think, mentioned in the intro, the fact that people haven't been traveling as much over the Gulf has been benefiting the economy cabin where BA is providing an alternative. And as we said, the North Atlantic has been robust as well.

Marco Sansavini *International Consolidated Airlines Group SA - Chairman and Chief Executive Officer of Iberia*

And same appliance for South Atlantic. If you look at the tourist data for Q1 and in particular, in Southern Europe and to Spain, we have an increase in tourist from the US to Spain of 11% in Q1 and 9% from LatAm to Spain, so extremely solid.

Luis Gallego Martín *International Consolidated Airlines Group SA - Chief Executive Officer, Executive Director*

And what, for Holidays maybe, Adam, do you want to comment?

Adam Daniels *IAG Loyalty - Chief Executive Office*

Sure. Yes. So I think on the Holiday side, I think we're seeing a mixed performance. We've clearly seen weakness in the Middle East, Dubai was our number two destination. So that has clearly had an effect.

But we also see some strength elsewhere as customers change their travel plans, particularly places like the Caribbean and the Indian ocean are particularly strong. And we are seeing customers book later as well. That's a trend I think that the market is talking about, too.

One thing I would say is that we're seeing more revenue growth from our BA Club members, and they're booking -- higher average revenue per booking. So that's helping us through this. And you'll see more initiatives this year coming to encourage our BA Club members to book with BA Holidays.

Operator

Gerald Khoo, Panmure.

Gerald Khoo *Panmure Liberum Capital Ltd - Analyst*

Two for me. Firstly, can you explain how fuel self-supply works? Who are you cutting out? What advantages do they give you? And how does it work when you presumably still using common infrastructure at the airports?

And secondly, on RASK, you've given a constant currency number. But are you potentially able to separate out the uplift on mix as well to illustrate how much premium is helping you, please?

Luis Gallego Martín *International Consolidated Airlines Group SA - Chief Executive Officer, Executive Director*

Okay. About your first question. We have in UK and Ireland, our own supply of fuel and our own inventory at the airport that helps to the situation. It's different in Spain, but in Spain, we don't have a problem because we have a lot of refineries.

So BA, for example, has a license to put fuel in Heathrow. We also have long contracts with the different providers, but I think that gives a lot of stability. I don't know if you want to --

Sean Doyle *International Consolidated Airlines Group SA - Chairman and Chief Executive Officer of British Airways*

Yes. Look, I think we've got two or three benefits when we do strategic contracts with big providers, which gives us supply certainty. Two, it's more efficient actually in terms of self-supply. And three, it allows us to forward buy opportunistically when we have constraints in the market like we have today. And the fact that we're able to have more control over our supply situation with volatility in the market is a big advantage that will play out for us over the summer.

Nicholas Cadbury *International Consolidated Airlines Group SA - Chief Financial and Sustainability Officer*

It's a big investment as well. We've got a port at the Isle of Grain. We've got trains that come twice a day at Heathrow. So it's something that's difficult to replicate.

Sean Doyle *International Consolidated Airlines Group SA - Chairman and Chief Executive Officer of British Airways*

And it's been something we've been working on for 10 years.

Nicholas Cadbury *International Consolidated Airlines Group SA - Chief Financial and Sustainability Officer*

And I just also comment that we have the ability to supply by the Isle of Grain and then cross into Dublin as well. Just do you ask a question, Gerald, about kind of RASK kind of splitting it out. I'm afraid we don't normally do that actually overall. So probably we'll go into that detail overall, I'm afraid.

Operator

Muneeba Kayani, Bank of America.

Muneeba Kayani *Bofa Merrill Lynch Asset Holdings Inc - Analyst*

So I wanted to follow up actually on the previous question where -- just to understand what sort of RASK trends have you seen on bookings kind of post the start of the war and the fuel price spike? Because we've heard from others is a big increase in fares. Your

peer talked about 14% on average increase. And your partner, American, talked about like 25% increase on fares to London. So kind of what are you seeing on that fare increase?

And then kind of related to that, on your fuel recapture and maybe you talked about it earlier in the call, because I joined a bit late, like your 60% seems to be lower than what others are talking about, both in the US and Europe. So what do you think is driving that? And do you think fares will come down? Is that what you're assuming because, based on the forward curve, fuel prices are expected to come down. So if you can give a bit more color on that 60% for the rest of the year?

Nicholas Cadbury *International Consolidated Airlines Group SA - Chief Financial and Sustainability Officer*

I'll probably combine those two questions together, if that's okay. It's difficult for us to comment on other airlines. We're not quite sure what their assumptions have been. What we're just thinking is just what we're seeing at the current moment, as we said, we got good visibility through Q2 to Q3. Visibility into Q4 is fairly limited at the moment. So I wouldn't kind of comment too much on that at the moment overall.

I mean in terms of the 60% pass-through, if you do the math, it means you've got to go get a 4%, 5% uplift in your kind of yields and load factors overall going through. And you'll see, as we said earlier, you're seeing that slightly different across the different routes. We're seeing it strongly across the North Atlantic. The South Atlantic is good. Well we've got a bigger mix of economy cabins as we just said, and it's a bit harder to pass through in Europe at the moment because it's quite competitive overall. So it's a mixture of those overall.

Operator

Conor Dwyer, Citi.

Conor Dwyer *Citi Infrastructure Investments LLC - Analyst*

First question I had was around consolidation. You spoke a little bit about being approached. Obviously, I wasn't going to ask you for any names, but more so if we think about what exactly would you be looking for as the perfect fit? Is it something to bolster your share in a particular long-haul market? Is it perhaps to bolster your feeder traffic into your hubs? What are the kind of attributes of the company that you would be looking for?

And then secondly, around the commercial transformation, it's been mentioned a couple of times on this call for BA. So from Sean, really, what I'm looking for is a bit of an update there in terms of how far along are we on that? How much has been spent? How much is still to be spent And when we would expect the meaningful benefits to flow through for that business, if not all, already?

And finally, Nicholas, it's been a pleasure. All the best in the future.

Luis Gallego Martín *International Consolidated Airlines Group SA - Chief Executive Officer, Executive Director*

Thank you. So about the consolidation. So what we say is that the current environment may create consolidation opportunities. But you know that in IAG, we are always highly disciplined about these opportunities. Recently, for example, we withdraw from the TAP binding because we thought it was not going to deliver value for our shareholders.

So when we analyse the different options that we can have for the future, and we are always screening the market, we look for opportunities where we can apply the model that we have at the group. We can improve the performance of the different companies.

And also for sure, they can benefit from the strength of the group. Having objective that we always said, a margin between 12% and 15%; and ROIC margin, similar. So I think that's the screening that we do. And if we see an opportunity, we will explore it, but it's not a must for us to have more companies in the group.

Sean Doyle *International Consolidated Airlines Group SA - Chairman and Chief Executive Officer of British Airways*

And on the commercial transformation, I suppose there's many dimensions to it. I think last year, we rolled out a new payments platform. And over the summer, we rolled out a new revenue management system. I think we're very happy with the results that we're seeing. We have a lot more dynamic pricing, particularly across our long-haul network, which gives us shorter step-ups in terms of trading up.

And also, we're seeing much better ability to manage what we call O&D flows across connecting markets. So that's working well. Payment platforms are working very well.

If you look at ba.com and the replatforming that estate, the selling element of that is more or less there. The vast, vast majority of all of our bookings now are going through the new platform. And we're seeing increases in look-to-book, increases in average revenue, big increases in CSAT. And again, we kind of tipped over a critical point in the January sale, and we scaled the penetration of that platform from a selling perspective over the quarter.

Where we're at on the servicing side is we're very close to getting our app out there. We got about 12,000 users on the beta version at the minute. Again, that's working very well in terms of trials from a servicing perspective. And really, really big increases in CSAT. I think that will make a big impact on the servicing side of things, but a lot of the selling benefits in the new platform, we're already unlocking.

And again, we're kind of very encouraged where we're heading. I think going forward, we will do a lot more on the shop order settled product management kind of vision as we work to kind of roll out Nevio between '27 and 2029. So a lot happening, but some big milestones to drop as well in the coming weeks.

Operator

Jarrold Castle, UBS.

Jarrold Castle *UBS AG - Analyst*

Nick, from me, thanks for over a decade, I guess, as the CFO of companies that I followed. Just in terms of buyback, you seem to be going at a very good pace. I mean you talked about finishing by the end of the year, but it looks like you'll finish sometime during the summer. Potentially limited opportunities for M&A. Should we expect that you give a bit more back to the market, let's say, with the Q3 reporting?

And then maybe one for Sean. But you just give an update in terms of conversations with the pilots on pay? And how far away are you in terms of whatever the terms are that you're willing to offer versus what they want?

Nicholas Cadbury *International Consolidated Airlines Group SA - Chief Financial and Sustainability Officer*

So the share buyback, we're coming up to finishing the current tranche of 500 million in the next couple of weeks. So as soon as we finish that, we'll get on to see if you get on to the next tranche as well, which we're looking forward to as well, especially with the share price where it is today as well as, so a good opportunity as well. So we've said today that we're going to win the next 1 billion, and that's what we're fixed on. I mean we'll keep you informed, but I can't think why that would change at all.

Sean Doyle *International Consolidated Airlines Group SA - Chairman and Chief Executive Officer of British Airways*

Yes. In relation to the pilots, it was obviously a very close ballot, and we're now just serving feedback from the community. I don't think it's just as binary as something like value in the deal. I think we were looking to modernize and transform a number of developments. We're just reflecting on how various parts of the pilot community are feeling about those changes.

And look, timing is everything as well. We were running in engagement over the course of some turbulent times, and we have to factor that in. So we're regrouping, we're engaging with or represent the bodies, and we'll take stock of the feedback we get and sit around the table again.

Operator

There are no further questions at this time. I would like to hand back to Luis Gallego for closing remarks.

Luis Gallego Martín *International Consolidated Airlines Group SA - Chief Executive Officer, Executive Director*

Okay. So thank you very much, for being here today. As you have seen, another strong first quarter. As we said before, we have started this crisis in one of the best situations in the market. And we are sure that we are going to continue navigating the crisis, and we are going to be stronger at the end, taking opportunity of all the transformation initiatives that we are having in the business. Thank you very much and see you for the second quarter.

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