IAG INTERNATIONAL AIRLINES GROUP

Connecting people, businesses and countries

2023 Half One results

Disclaimer

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Forward-looking statements:

Certain statements included in this document and any related conference call or webcast (including any related Q&A session) are forward-looking. These statements can be identified by the fact that they do not relate only to historical or current facts. By their nature, they involve risk and uncertainties because they relate to events and depend on circumstances that will occur in the future. Actual results could differ materially from those expressed or implied by such forward-looking statements.

Forward-looking statements often use words such as “expects”, “may”, “will”, “could”, “should”, “intends”, “plans”, “predicts”, “envisages” or “anticipates” or other words of similar meaning. They include, without limitation, any and all projections relating to the results of operations and financial conditions of International Consolidated Airlines Group, S.A. and its subsidiary undertakings from time to time (the ‘Group’), as well as plans and objectives for future operations, expected future revenues, financing plans, expected expenditure, acquisitions and divestments relating to the Group and discussions of the Group’s business plans. All forward-looking statements in this document and any related conference call or webcast (including any related Q&A session) are based upon information known to the Group on that date and speak as of that date. Other than in accordance with its legal or regulatory obligations, the Group does not undertake to update or revise any forward-looking statement to reflect any changes in events, conditions or circumstances on which any such statement is based.

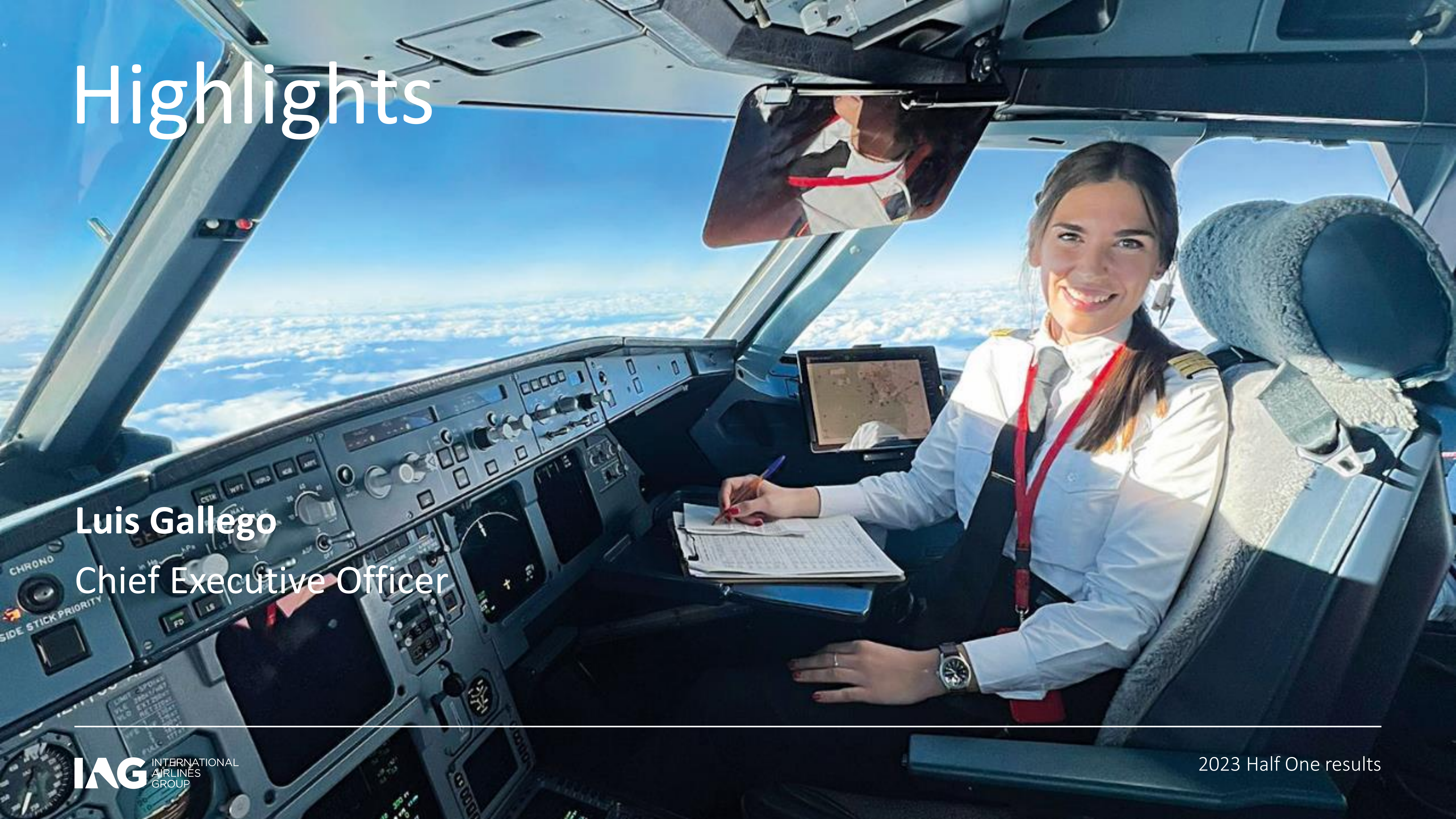
Actual results may differ from those expressed or implied in the forward-looking statements in this document and any related conference call or webcast (including any related Q&A session) as a result of any number of known and unknown risks, uncertainties and other factors, including, but not limited to, the current economic and geopolitical environment and ongoing recovery from the COVID-19 pandemic and uncertainties about its future impact and duration, many of which are difficult to predict and are generally beyond the control of the Group, and it is not reasonably possible to itemise each item. Accordingly, readers of this document and participants in any related conference call or webcast (including any related Q&A session) are cautioned against relying on forward-looking statements. Further information on the primary risks of the business and the Group’s risk management process is set out in the Risk management and principal risk factors section in the Annual Report and Accounts 2022; this document is available on www.iairgroup.com. All forward-looking statements made on or after the date of this document and attributable to IAG are expressly qualified in their entirety by the primary risks set out in that section. Many of these risks are, and will be, exacerbated by the ongoing recovery from the COVID-19 pandemic and uncertainties about its future impact and duration and any further disruption to the global airline industry as well as the current economic and geopolitical environment.

Alternative Performance Measures:

This document and any related conference call or webcast (including any related Q&A session) contain, in addition to the financial information prepared in accordance with International Financial Reporting Standards (‘IFRS’) and derived from the Group’s financial statements, alternative performance measures (‘APMs’) as defined in the Guidelines on alternative performance measures issued by the European Securities and Markets Authority (ESMA) on October 5, 2015. The performance of the Group is assessed using a number of APMs. These measures are not defined under IFRS, should be considered in addition to IFRS measurements, may differ to definitions given by regulatory bodies relevant to the Group and may differ to similarly titled measures presented by other companies. They are used to measure the outcome of the Group’s strategy based on ‘Unrivalled customer proposition’, ‘Value accretive and sustainable growth’ and ‘Efficiency and innovation’.

For definitions and explanations of alternative performance measures, refer to the Alternative performance measures section in the IAG Annual report and accounts 2022 (https://www.iairgroup.com/h1-2022-financial-results) and the Interim Management Report for the six months to June 30, 2023 (https://www.iairgroup.com/h1-2023-financial-results). These documents are available on www.iairgroup.com

Highlights



Luis Gallego

Chief Executive Officer

Record first half profit driven by continued strong demand

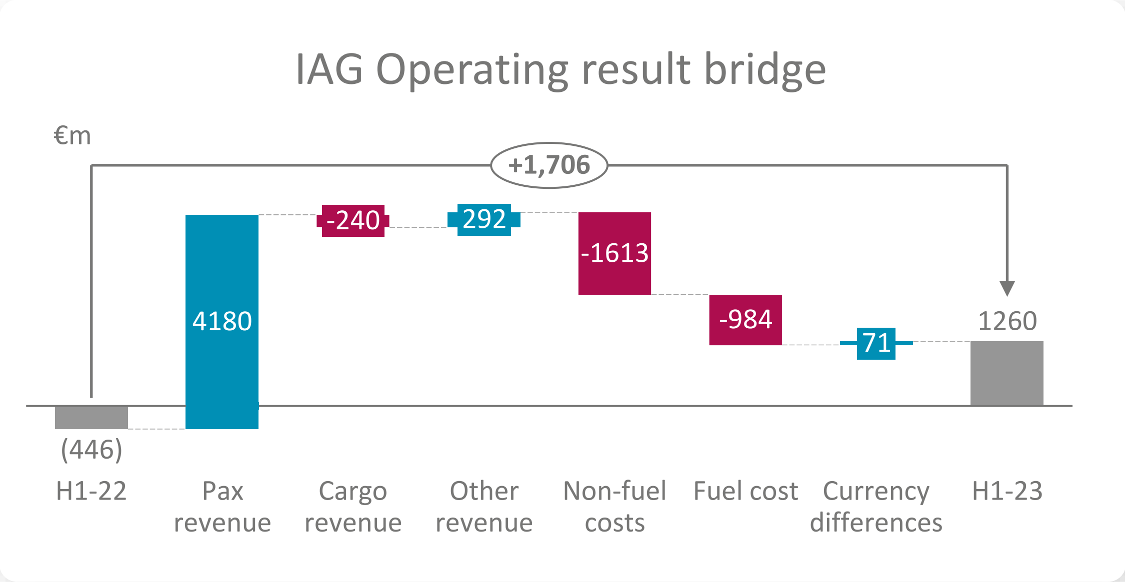
- Record H1 profit driven by a strong trading performance across the Group
  - Group operating profit before exceptional items of €1,260m (vs H1 2022: operating loss -€446m)
  - Sustained strong demand driving positive unit revenue across our network, with particular outperformance from our Spanish businesses
- Focus on operational resilience reflecting challenging operating environment
- Strong leisure demand; total bookings currently at c.80% for Q3 and c.30% for Q4
- Net debt improved again to €7.6bn; net debt to EBITDA leverage of 1.5x
- Continue to target strong margins and return on capital in the medium term

Financial results

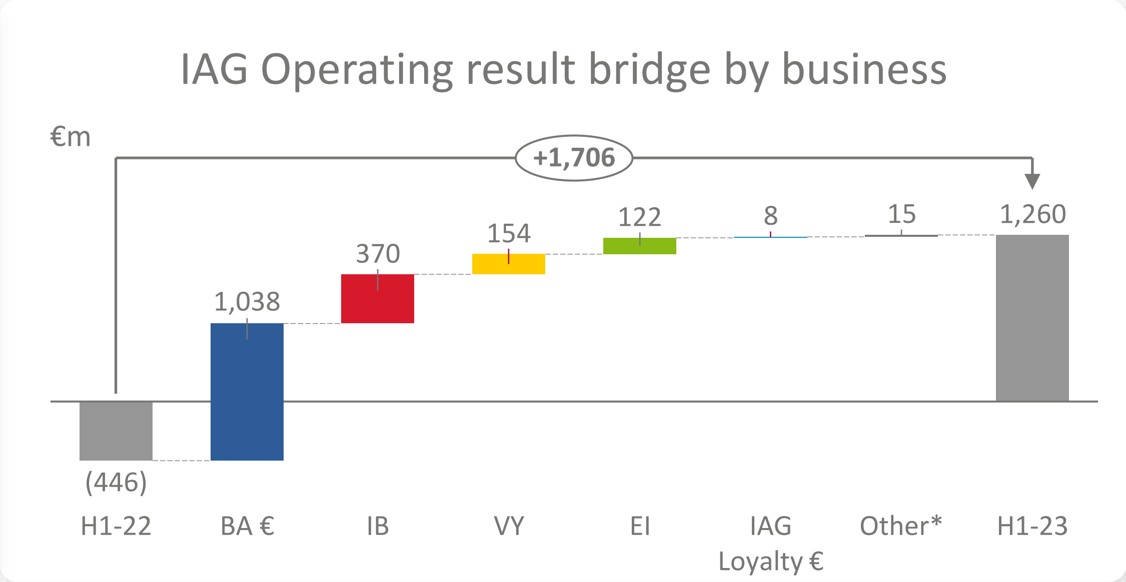
Nicholas Cadbury

Chief Financial Officer

Continuing strong performance across the Group



*Before exceptional items



*Other includes LEVEL, IAG Cargo, IAG GBS, ICAG and consolidation adjustments

The 2022 results include a reclassification to conform with the current period presentation for the Net gain on sale of property, plant and equipment within Operating profit/(loss). Accordingly, for the six months to June 30, 2022, the Group has reclassified €21 million of gains from Other non-operating (charges)/credits to Expenditure on operations. There is no impact on the Loss after tax.

Our H1 key metrics

Activity	**ASKs** 154,034m *30.9% vH1-22* *20.0% vQ2-22*				
Commercial performance	**Total pax revenue** €11,784m *55.0% vH1-22* *36.2% vQ2-22*	**Pax RASK** €7.65c *18.4% vH1-22* *13.5% vQ2-22*	**Load factor** 84.1% *6.3pts vH1-22* *4.6pts vQ2-22*		
Cost performance	**Total expenditure** €12,323m *25.8% vH1-22* *14.6% vQ2-22*	**Total CASK** €8.00c *(3.9)% vH1-22* *(4.5)% vQ2-22*	**Fuel CASK** €2.30c *5.7% vH1-22* *(9.4)% vQ2-22*	**Non-fuel CASK** €5.70c *(7.3)% vH1-22* *(2.5)% vQ2-22*	
Financials	**Operating result** €1,260m *€1,706m vH1-22* *€956m vQ2-22*	**Operating margin** 9.3% *14.0pts vH1-22* *11.3pts vQ2-22*	**Net debt*** €7,613m *€(2.8)bn vDec 22*	**Leverage*** 1.5x *(1.6)x vDec-22*	**Liquidity*** €15.6bn *€1.6bn vDec-22*

The metrics included in this slide are before exceptional items

The 2022 results include a reclassification to conform with the current period presentation for the Net gain on sale of property, plant and equipment within Operating profit/(loss). Accordingly, for the six months to June 30, 2022, the Group has reclassified €21 million of gains from Other non-operating (charges)/credits to Expenditure on operations. There is no impact on the Loss after tax.

*The comparatives are December 31, 2022

Particular outperformance from Iberia and IAG Loyalty

	Aer Lingus		British Airways		Iberia		Vueling		IAG Loyalty	
	H1 2023 (€m)	vLY	H1 2023 (£m)	vLY	H1 2023 (€m)	vLY	H1 2023 (€m)	vLY	H1 2023 (£m)	vLY
Total revenue	1,019	+53.5%	6,716	+51.2%	3,246	+41.3%	1,426	+45.9%	562	+48.6%
Passenger revenue	983	+58.7%	5,939	+66.8%	2,385	+47.5%	1,418	+45.7%	345	+37.6%
Operating result before exceptional items	40	+123	528	+894	372	+370	96	+154	141	+14
Operating result before exceptional items	3.9%	+16.4pts	7.9%	+16.1pts	11.0%	+11.4pts	6.7%	+12.7pts	25.1%	(8.6)pts
ASK (m)	14,694	+31.3%	81,213	+38.7%	35,526	+18.8%	19,718	+22.5%	-	-
PRASK (cts/p)	6.69	+21.0%	7.31	+20.4%	6.71	+24.1%	7.19	+18.9%	-	-
Non-fuel CASK (cts/p)	4.70	(4.4%)	5.35	(12.3)%	6.14	+6.3%	4.62	+0.7%	-	-

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- Iberia figures exclude LEVEL

Profit after tax and exceptional items of €921m in H1 2023

	Six months to June 30					
€m	Statutory 2023	Exceptional items	Before exceptional items 2023	Statutory 2022	Exceptional items	Before exceptional items 2022
Revenue	13,583	-	13,583	9,351	-	9,351
Operating costs	12,323	-	12,323	9,768	(29)	9,797
Operating result	1,260	-	1,260	(417)	29	(446)
Finance costs	(565)	-	(565)	(480)	-	(480)
Finance income	167	-	167	3	-	3
Net change in fair value of financial instruments	(13)	-	(13)	130	-	130
Net financing credit relating to pensions	51	-	51	13	-	13
Net currency retranslation credits/(charges)	149	-	149	(197)	-	(197)
Other non-operating (charges)/credits	(12)	-	(12)	105	-	105
Profit/(loss) before tax	1,037	-	1,037	(843)	29	(872)
Tax	(116)	-	(116)	189	-	189
Profit/(loss) after tax	921	-	921	(654)	29	(683)

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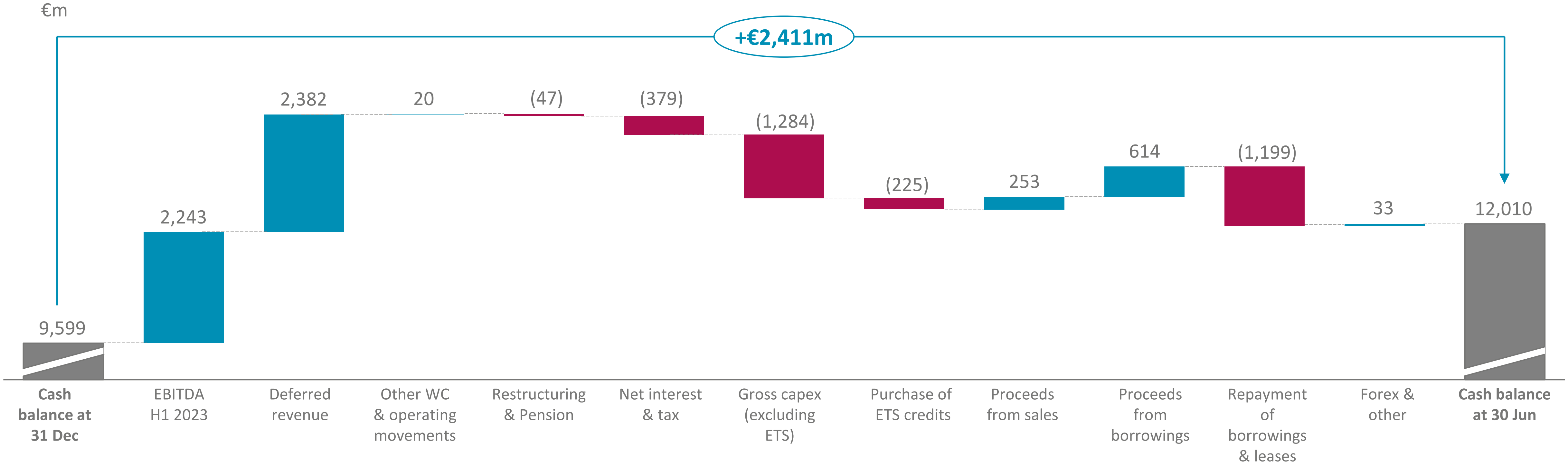
Strong cash position driven by positive EBITDA and typical seasonal working capital pattern



Strong EBITDA and working capital improving net debt

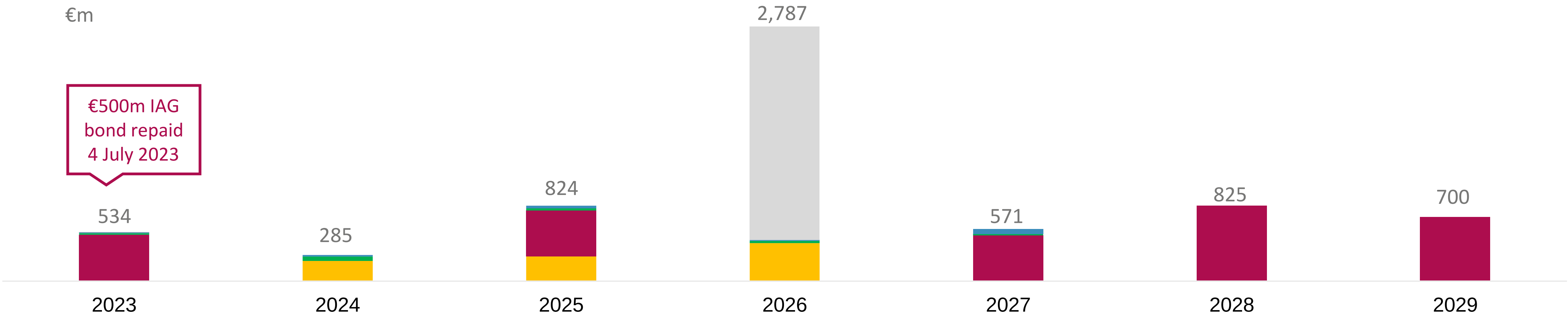
€m	31 Dec 2019	31 Dec 2020	31 Dec 2021	31 Dec 2022	30 Jun 2022	30 Jun 2023
Gross debt	14,254	15,679	19,610	19,984	20,169	19,623
Bank and other loans	1,954	3,369	7,485	6,546	7,160	6,472
Asset financed and lease liabilities	12,300	12,310	12,125	13,438	13,009	13,151
Cash, cash equivalents and interest-bearing deposits	6,683	5,917	7,943	9,599	9,190	12,010
Net debt	7,571	9,762	11,667	10,385	10,979	7,613

Note: Net debt decrease compared to 31 December 2022 includes unfavourable non-cash movements of €69m in the first half of 2023

- Improvement in cash driven by strong EBITDA and working capital inflow from passenger bookings (which is expected mostly to unwind in the second half of the year)
- Full year 2023 capex reiterated at around €4bn, with 19 aircraft deliveries* expected for the second half of the year
- IAG's €500m unsecured bond repaid on July 4, 2023

*30 aircraft deliveries in total for 2023, out of which 3 are direct leases

Manageable debt repayment schedule



Bonds issued by ICAG
- €500 million fixed rate 0.50 per cent bond 2023
- €500 million fixed rate 2.75 per cent bond 2025
- €500 million fixed rate 1.50 per cent bond 2027
- €825 million convertible rate 1.125 per cent bond 2028
- €700 million fixed rate 3.75 per cent bond 2029

Other secured loans
- Floating rate euro mortgage loans secured on aircraft

Other unsecured bonds and loans
- Fixed rate unsecured bonds
- Fixed rate unsecured US dollar mortgage loan
- Fixed rate unsecured euro loans with the Spanish State (Department of Industry)

Floating rate ICO guaranteed loans

UKEF loan

Note: Excludes finance and operating leases

Fuel hedging - c.67% for the remainder of 2023

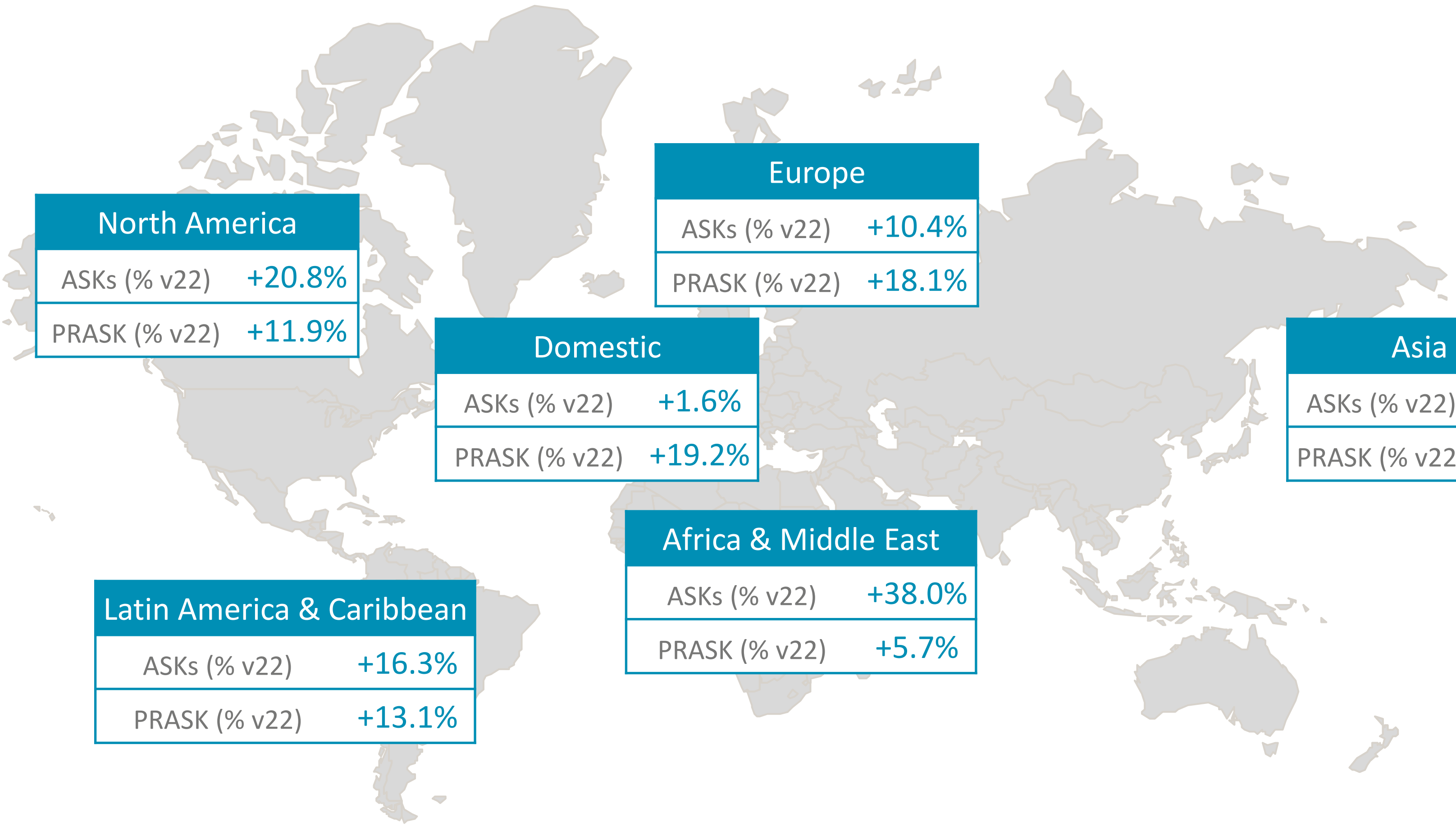
	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Jet fuel price scenario	$850/mt	$850/mt	$800/mt	$800/mt	$800/mt	$800/mt
$/€ scenario	1.09	1.09	1.09	1.09	1.09	1.09
Hedge ratio	69%	65%	58%	49%	39%	32%
Effective blended price post fuel and FX hedging*	$830/mt	$865/mt	$815/mt	$810/mt	$815/mt	$810/mt

* Note: Effective blended price excluding into plane cost

Sensitivity

Jet fuel price scenario for the remainder of the year	FY 2023 Fuel cost
$750/mt	c.€7.2bn
$850/mt	c.€7.4bn
$950/mt	c.€7.5bn

Our trading in Q2 2023 compared to Q2 2022



Total	
ASKs (% v22)	+20.0%
PRASK (% v22)	+13.5%

North America	
ASKs (% v22)	+20.8%
PRASK (% v22)	+11.9%

Latin America & Caribbean	
ASKs (% v22)	+16.3%
PRASK (% v22)	+13.1%

Domestic	
ASKs (% v22)	+1.6%
PRASK (% v22)	+19.2%

Europe	
ASKs (% v22)	+10.4%
PRASK (% v22)	+18.1%

Africa & Middle East	
ASKs (% v22)	+38.0%
PRASK (% v22)	+5.7%

Asia Pacific	
ASKs (% v22)	+342.6%
PRASK (% v22)	+14.2%

Regional data in the chart represents commercial passenger revenue (flown revenue plus ancillaries) in unit terms at outturn

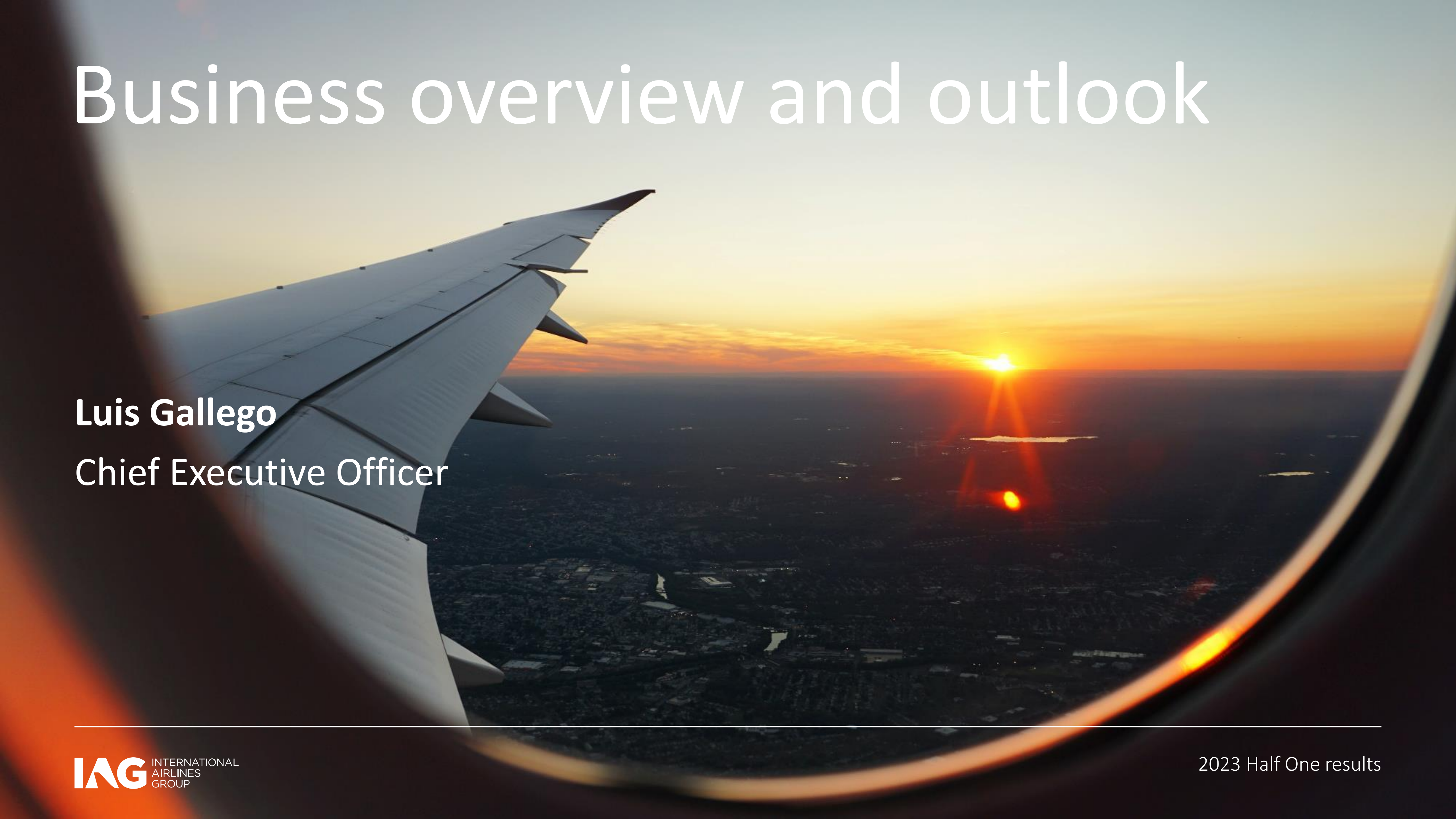
Trading outlook

- FY 2023 guidance
  - Customer demand remains strong across the Group, particularly for leisure customers, with c.80% of the third quarter passenger revenue already booked
  - We continue to expect capacity to be around 97% of pre-Covid levels, subject to disruption
  - Whilst there is no sign of weakness in forward bookings, we continue to be mindful of wider uncertainties that might affect the full year. This includes the potential impact of geopolitical and macroeconomic volatility on the price of fuel and consumer confidence, as well as the impact of external factors on the operating environment, such as strikes. Our Cargo business continues to be impacted by a weak market
  - We are currently c.30% booked for the fourth quarter, which is typical for this time of year
  - We continue to expect non-fuel unit cost to be in the range of 6% to 10% better compared to 2022
  - We expect to generate sustainable free cash flow this year and for net debt at 31 December 2023 to reduce compared to 31 December 2022 in line with our profit outperformance

Business overview and outlook

Luis Gallego

Chief Executive Officer



Generating long term shareholder value

Unique structure

Portfolio of world class brands

Global leadership positions

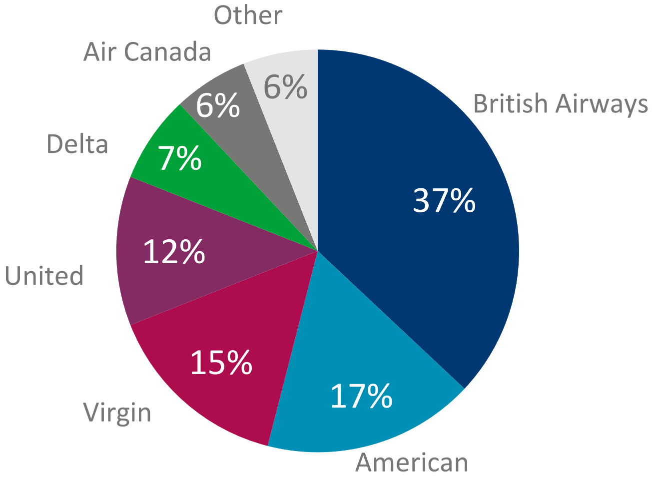
Efficiency and innovation

Leading sustainability agenda

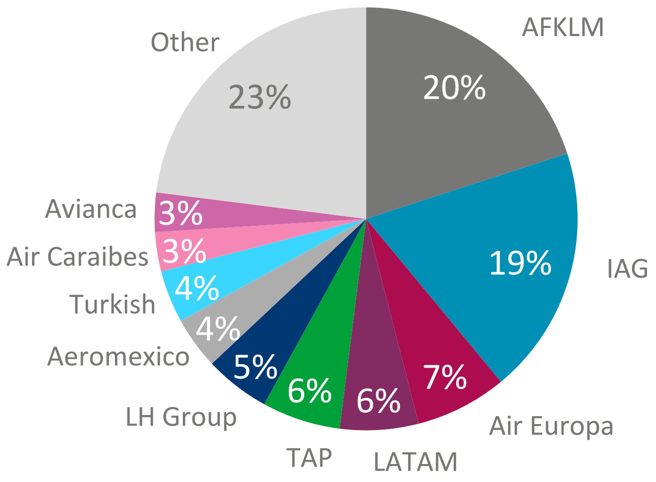
Delivering high sustainable shareholder returns

Network investment in our strong hubs

London – North Atlantic
ASK capacity share



Europe – South Atlantic
ASK capacity share



- British Airways is focused on its North Atlantic network, launching to Cincinnati and restoring Las Vegas
- Aer Lingus addressing core US markets with a new route to Cleveland and resumption of Hartford.
- Iberia increasing its frequencies to build share in key Latin American destinations (e.g. Bogota, Mexico)
- Vueling and Level building Barcelona leadership position and South Atlantic routes

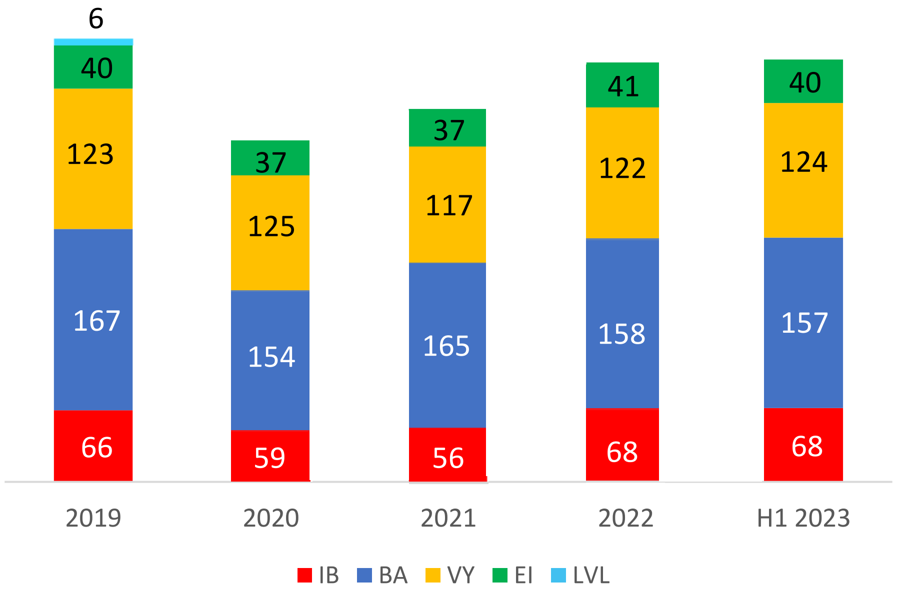
Source: OAG Capacity, DDS Revenue Jun22-May23
IAG Addressable Markets Only

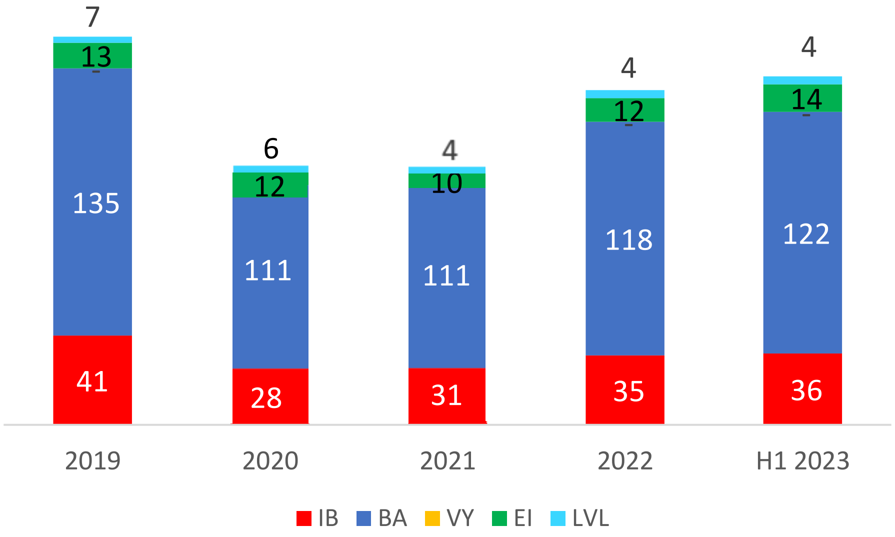
Investment in fleet to support hub and customer strategy

Narrowbody fleet

Widebody fleet

New generation: 11% → 43% (Narrowbody); 20% → 43% (Widebody)





	2019	2020	2021	2022	H1 2023
Total number of aircraft – Narrowbody	402	376	375	389	389
Total number of aircraft – Widebody	196	157	156	169	176

Investing to improve our operations

Aer Lingus

OTP
63.6%

- Increased resourcing at Dublin to mitigate on-the-day disruption
- Increased check-in resource for high demand destinations
- Managing the schedule to protect connections
- Removal of redundant airport check-points

British Airways

OTP
57.2%

- Recruited and trained 4,000 people ahead of the summer
- Heathrow above 2019 levels of handling and passenger service resources; new Director of Heathrow
- Investing in engineering transformation programme
- Wet leasing 8 aircraft at Heathrow and Gatwick

Iberia

OTP
90.4%

- Third most punctual airline in Europe in Q2*
- Increase in stand-by crew and more resource for crew planning team
- Increased co-ordination between scheduling and operations functions for tactical decision-making
- More resource in Madrid hub customer service team

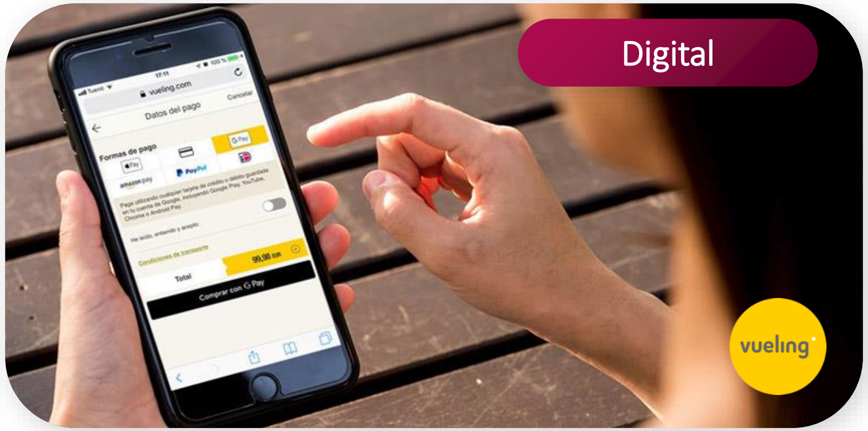
Vueling

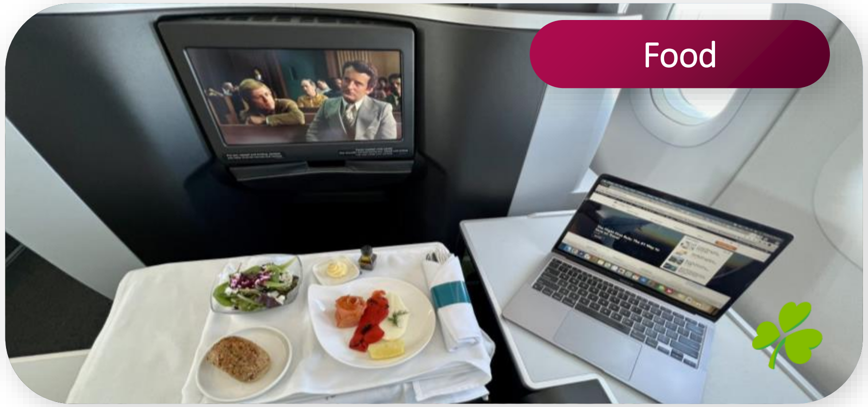
OTP
79.3%

- Second most punctual LCC in Europe in 2023*
- Better balanced commercial, network and operations schedules
- Use of data and modelling tools to enhance planning and operational decision-making
- New line maintenance and parts management model

OTP – Quarter 2 on time performance: Departure 15 minutes
* Cirium On Time performance (A14) ranking figures
Iberia data excludes Iberia Express

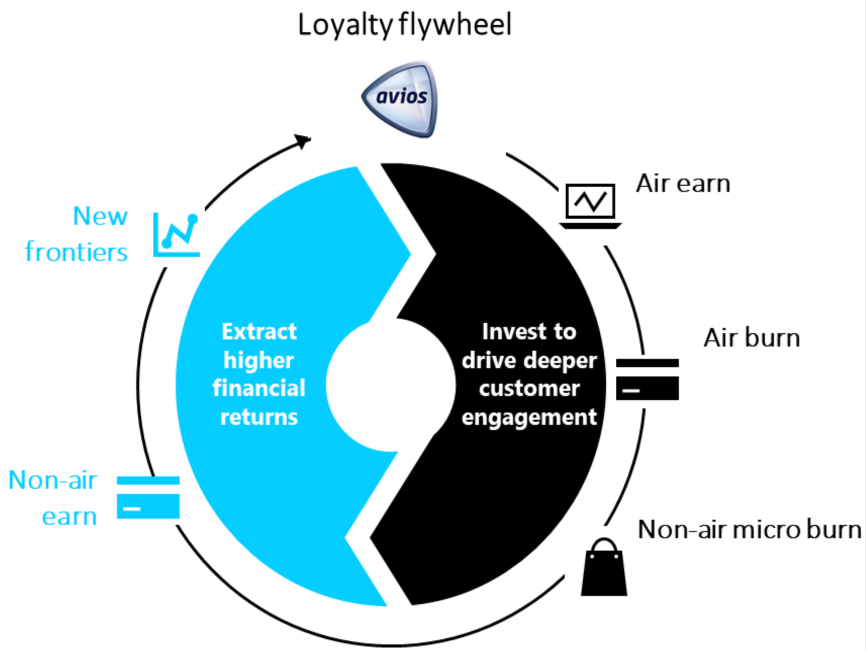
Investing in our customers' experience

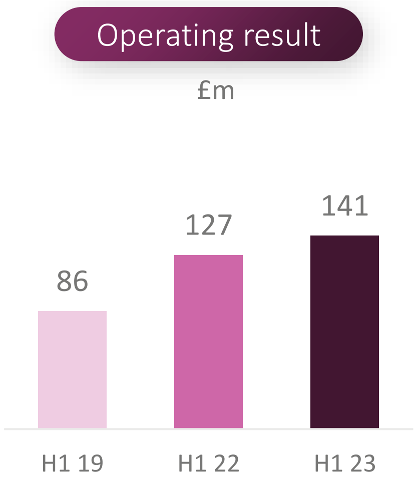




Excellent momentum in Loyalty

IAG Loyalty





Collection

- 48% more Avios collected from non-air partners in H1 2023 than in H1 2019
- Record H1 American Express Remuneration of £286m, +76% vs 2019
- 55% more members utilising our online shopping portal vs H1 2019
- Half a billion Avios issued in first few weeks following launch of 'Avios Balance Booster' product

Redemption

- 25% more Avios redeemed in H1 2023 than H1 2019
- Launch of the first Avios-Only flights to in-demand destinations Geneva and Sharm El-Sheikh
- Continued growth in new British Holidays redemption since launch with c.20% of bookings using Avios to save money

Our people are central to our business

- 7,000 people recruited across the Group
- Implementing pilot cadet schemes to support long term supply
- Implementing resourcing, talent and succession strategies to achieve 40 per cent women in senior leadership roles by 2025
- Ongoing collective bargaining discussions at Aer Lingus, British Airways and Vueling

Continuing to prioritise our sustainability initiatives

- IAG's economic contribution: 600,000 jobs and €70bn added to EU and UK GDP (direct and indirect)*
- Active involvement in UK and EU policy discussions: e.g. on mandate design and a price stability mechanism.
- Ongoing investment to secure SAF supply – e.g. funding for the next phase of Nova Pangaea's waste to bioethanol project in the UK

* PwC May 2023 report - *IAG Economic Impact Report EU*

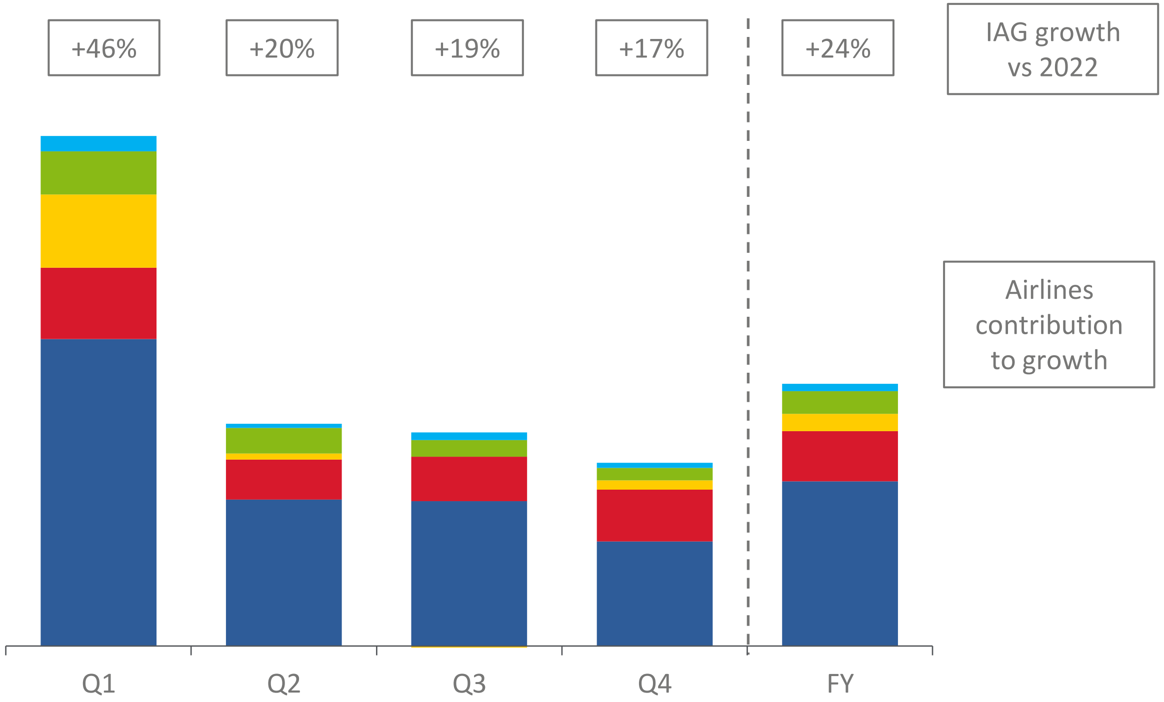
Summary

- A good start to the year as strong demand across our group has delivered record profit
- Expect strong leisure demand to continue through the summer
- We are committed to investing further in our customer propositions and operational performance
- We expect to generate sustainable free cash flow this year and continue to de-lever year-on-year
- Well positioned to benefit from unique business model and attractive markets to grow into the medium term

Appendices

FY 2023 capacity planned to be c.97% of 2019 level

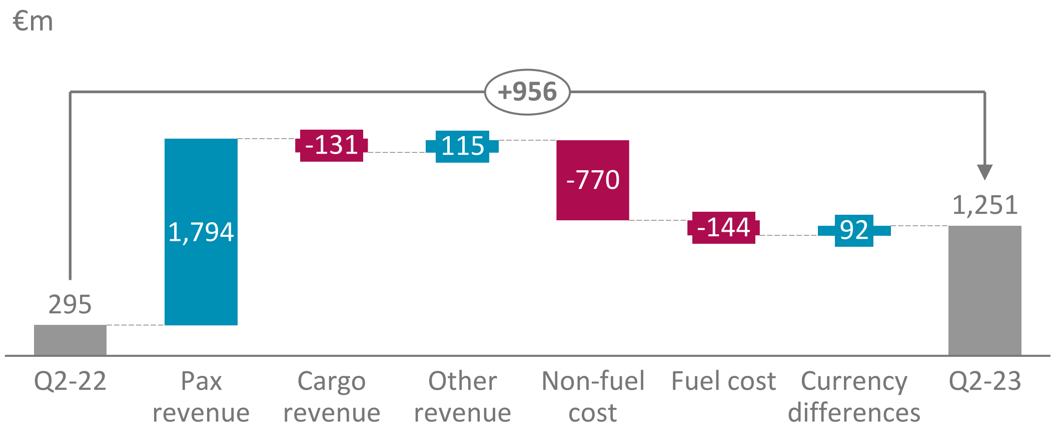
ASKs	Q3 2023 vs 2022	Q3 2023 % of 2019	FY 2023 vs 2022	FY 2023 % of 2019
	+14%	103%	+21%	105%
	+27%	94%	+30%	91%
	+17%	99%	+19%	103%
	+35%	143%	+37%	136%
	-1%	102%	+11%	109%
IAG	+19%	97%	+24%	97%



Note: British Airways includes BA CityFlyer and BA EuroFlyer; Iberia includes Iberia Express; LEVEL refers to LEVEL Spain only

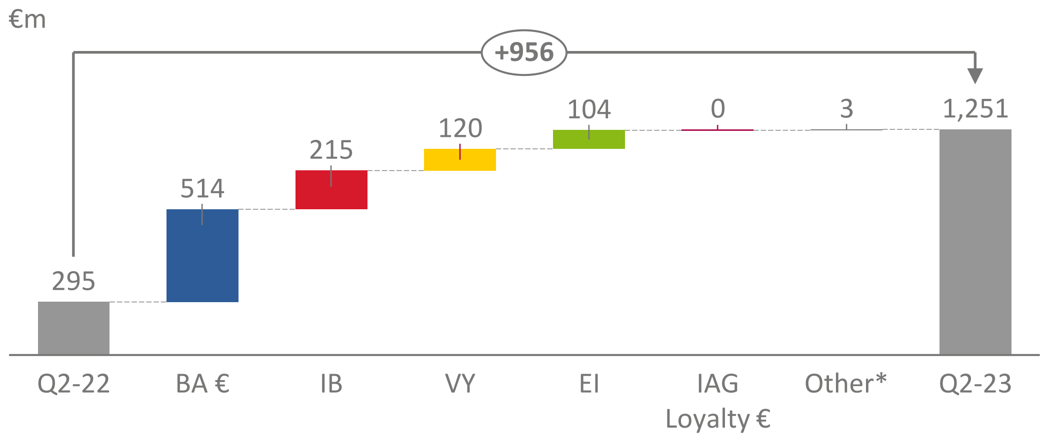
Continuing strong performance across the Group

IAG Operating result bridge



*Before exceptional items

IAG Operating result bridge by business



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Our key Q2 metrics (v2019 and v2022)

Activity	**ASKs** 82,371m *(6.4)% v19* *20.0% v22*				
Commercial performance	**Total pax revenue** €6,743m *13.1% v19* *36.2% v22*	**Pax PRASK** €8.19c *20.8% v19* *13.5% v22*	**Load factor** 86.4% *1.4pts v19* *4.6pts v22*		
Cost performance	**Total expenditure** €6,443m *11.5% v19* *14.6% v22*	**Total CASK** €7.82c *19.1% v19* *(4.5)% v22*	**Fuel CASK** €2.18c *22.0% v19* *(9.4)% v22*	**Non-fuel CASK** €5.65c *18.0% v19* *(2.5)% v22*	
Financials	**Operating result** €1,251m *€300m v19* *€956m v22*	**Operating margin** 16.3% *2.1pts v19* *11.3pts v22*	**Net debt**** €7,613bn *€0.04bn v19* *€(2.8)bn v22*	**Leverage**** 1.5x *0.1x v19* *(1.6)x v22*	**Liquidity**** €15.6bn *€6.5bn v19* *€1.6bn v22*

The metrics included in this slide are before exceptional items
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*The comparatives are December 31, 2019 and December 31, 2022

Record second quarter profit

IAG INTERNATIONAL AIRLINES GROUP (€m)	Q2 2023	Q2 2022*	Q2 2019	vLY
Passenger revenue	6,743	4,949	5,963	36.2%
Cargo revenue	280	411	281	(31.9%)
Other revenue	671	556	487	20.7%
Total revenue	7,694	5,916	6,731	30.1%
Employee costs	1,353	1,122	1,297	20.6%
Fuel, oil costs and emissions charges	1,792	1,648	1,570	8.7%
Supplier costs	2,808	2,369	2,393	18.5%
Ownership costs	490	482	520	1.7%
Total expenditure on operations	6,443	5,621	5,780	14.6%
Operating result before exceptional items	1,251	295	951	+956
Operating margin before exceptional items	16.3%	5.0%	14.1%	+11.3pts
Operating result after exceptional items	1,251	301	951	+950
ASKs (m)	82,371	68,630	88,008	+20.0%
RPKs (m)	71,162	56,114	74,806	+26.8%
Load factor (%)	86.4%	81.8%	85.0%	+4.6pts
Sector length (km)	2,359	2,168	2,328	8.8%

- Record operating profit of €1,251m (+€956m vs Q2-22)
- Total revenue 30% higher than Q2-22
- Passenger revenue 36.2% higher than Q2-22 :
  - Traffic (RPKs) +26.8% / capacity (ASKs) +20% vs Q2-22 ((6.4%) vs Q2-19)
  - Passenger unit revenue +13.5% vs Q2-22
  - Driven by yield +7.4% vs. Q2-22 with load factor of 86.4%, +4.6pts vs Q2-22
  - Unit revenue driven by strong leisure demand across the network, while business recovering slowly through the half
- Cargo revenue down (31.9%) vs Q2-22 driven entirely by yield
- Operating margin up 11.3pts reflecting the increase in premium customer revenue combined with a softening of fuel prices.
- Other revenue +20.7% vs Q2-22 driven by Iberia third party MRO business, BA Holidays and IAG Loyalty
- Total unit costs (4.5%) vs Q2-22. Non-fuel unit costs (2.5%) vs Q2-22; fuel unit costs (9.4%) vs Q2-22
  - Employee unit costs up +0.5% vs Q2-22, driven by inflation net of benefit of increase in capacity
  - Supplier unit costs down (1.2%) vs Q2-22, driven by inflation and one-offs including disruption, net of benefit of capacity increase
  - Ownership unit costs down (15.3%) vs Q2-22, driven by increase in capacity

*The 2022 results include a reclassification to conform with the current period presentation for the Net gain on sale of property, plant and equipment within Operating profit/(loss). Accordingly, for the three months to June 30, 2022, the Group has reclassified €8 million of gains from Other non-operating (charges)/credits to Expenditure on operations. There is no impact on the Loss after tax.

Aer Lingus strong quarter 2 performance

Aer Lingus (€m)	Q2 2023	Q2 2022*	Q2 2019	vLY
Passenger revenue	643	452	588	+42%
Cargo revenue	15	21	13	(27)%
Other revenue	3	2	4	+28%
Total revenue	661	475	605	+39%
Employee costs	126	105	105	+20%
Fuel, oil costs and emissions charges	164	142	129	+15%
Supplier costs	216	178	227	+21%
Ownership costs	34	33	32	+4%
Total expenditure on operations	540	458	493	+18%
Operating result before exceptional items	121	17	112	+104
Operating margin before exceptional items	18.3%	3.6%	18.5%	+14.7pts
Operating result after exceptional items	121	17	112	+613%
ASKs (m)	8,767	7,189	8,394	+22%
RPKs (m)	7,444	5,595	6,996	+33%
Load factor (%)	84.9%	77.8%	83.3%	+7.1pts
Sector length (km)	2,382	2,126	2,033	+13%

- Operating profit of €121m (+€104m vs Q2-22) with capacity +22% vs Q2-22
- Passenger revenue +42% vs Q2-22
  - Total Capacity at 122% of 2022 levels, with North Atlantic at c.129%.
  - Passenger unit revenue +17% vs 2022
    - Yields +7% vs 2022, with load factor 84.9%, +7pts vs Q2-22
    - Long haul revenue above Q2-22 with higher yields and load factors
    - Short haul revenue:
      - Strong demand in leisure and city destinations
- Non-fuel unit costs (2.5)% vs Q2-22; fuel unit costs down (5.7)% vs Q2-22
  - Employee unit costs (1.3)% vs Q2-22 from efficient growth but impacted by pay inflation
  - Supplier unit costs (0.1)% vs Q2-22 from efficient growth but impacted by inflation
  - Ownership unit costs (14.9)% vs Q2-22 reflecting restored capacity

*The 2022 results include a reclassification to conform with the current period presentation for the Net Gain on Sale of Property, Plant and Equipment within Operating profit/(loss). Accordingly, for the three months to June 30, 2022, Aer Lingus has reclassified €2 million of gains from Other non-operating (charges)/credits to expenditure on operations. There is no impact on the Loss after tax.

British Airways quarter 2 profit almost fully recovered

BRITISH AIRWAYS (£m)	Q2 2023	Q2 2022*	Q2 2019**	v22
Passenger revenue	3,275	2,277	3,112	+44%
Cargo revenue	183	266	180	(31)%
Other revenue	216	194	172	+12%
Total revenue	3,674	2,737	3,463	+34%
Employee costs	632	498	666	+27%
Fuel, oil costs and emissions charges	906	768	823	+18%
Supplier costs	1,379	1,159	1,181	+19%
Ownership costs	243	252	266	(4)%
Total expenditure on operations	3,160	2,677	2,936	+18%
Operating result before exceptional items	514	60	527	+454
Operating margin before exceptional items	14.0%	2.2%	15.2%	+11.8pts
Operating result after exceptional items	514	60	527	+454
ASKs (m)	42,475	33,416	48,337	+27%
RPKs (m)	35,920	26,875	40,768	+34%
Load factor (%)	84.6%	80.4%	84.3%	+4.2pts
Sector length (km)	3,159	2,908	3,146	+9%

- Operating profit of £514m (+£454m vs Q2-22) with capacity +27% vs Q2-22
- Passenger revenue +44% vs Q2-22 levels:
  - Traffic +34% / capacity +27% vs Q2-22; load factor 85%, +4.2pts vs Q2-22
  - Passenger unit revenue +13.2% vs Q2-22
  - Revenue increase driven by strong leisure performance:
    - Long-haul and short-haul unit revenue above Q2-22, both premium and non-premium
    - Leisure channel yields above Q2-22 across all segments
    - Business channel yields below Q2-22. Volumes remain below 2019 levels
    - Leisure demand continues to outpace capacity. Business revenue steadily improving, driven by yield
- Non-fuel unit costs down (7.3)%; fuel unit costs down (7.1)% vs Q2-22;
  - Employee unit costs down (0.1)% vs Q2-22 driven by inflation net of benefit of increase in capacity
  - Supplier unit costs down (6.3)% vs Q2-22 largely due to an increase in capacity offset by disruption in the quarter

*The 2022 results include a reclassification to conform with the current period presentation for the Net gain on sale of property, plant and equipment within Operating profit/(loss). Accordingly, for the three months to June 30, 2022, British Airways has reclassified €7 million of gains from Other non-operating (charges)/credits to Expenditure on operations. There is no impact on the Loss after tax.
**2019 employee cost figures have been restated for pensions accounting policy change

Iberia 17% operating margin in quarter 2

IBERIA (€m)	Q2 2023	Q2 2022*	Q2 2019	vLY
Passenger revenue	1,331	976	1,021	+36%
Cargo revenue	66	88	73	(24)%
Other revenue	383	320	345	+20%
Total revenue	1,780	1,384	1,439	+29%
Employee costs	321	270	294	+19%
Fuel, oil costs and emissions charges	337	345	304	(2)%
Supplier costs	716	585	610	+22%
Ownership costs	99	92	85	+7%
Total expenditure on operations	1,473	1,292	1,293	+14%
Operating result before exceptional items	307	92	146	+215
Operating margin before exceptional items	17.2%	6.7%	10.2%	+11pts
Operating result after exceptional items	307	93	133	+214
ASKs (m)	18,455	15,989	18,379	+15%
RPKs (m)	16,189	13,481	16,057	+20%
Load factor (%)	87.7%	84.3%	87.4%	+3.4pts
Sector length (km)	2,695	2,598	2,817	+4%

- Group operating profit +€215m vs Q2-22, positive across all business areas (Airline, MRO and Handling).
  - Airline EBIT +€215m above Q2-22 results, due to strong revenue performance and capacity growth
  - Profitable performance in MRO and Handling business despite inflation, thanks to higher activity and solid productivity
- Passenger revenue improving +36% vs Q2-22:
  - Capacity +15% above Q2-22, with short-haul +10% while long-haul +18% vs Q2-22
  - Passenger unit revenue +18% vs Q2-22
  - Yield +13% and load factor 87.7%, with LH LF +1pp and SH 5pp vs Q2-22
  - Strong performance specially in North Atlantic and LACAR
- Group non-fuel unit costs +4.0% vs Q2-22, Airline non-fuel unit costs +3.9% vs Q2-22; fuel unit costs -15.3% vs Q2-22
  - Employee unit costs +3.0% vs Q2-22 driven by pay inflation
  - Supplier unit costs +6.0% vs Q2-22 impacted by inflation and selling costs related to sales growth
  - Ownership unit costs (6.8)% vs Q2-22 reflecting capacity growth

*The 2022 results include a reclassification to conform with the current period presentation for the Net gain on sale of property, plant and equipment within Operating profit/(loss). Accordingly, for the three months to June 30, 2022, Iberia has reclassified €1 million of loss from Other non-operating (charges)/credits to Expenditure on operations. There is no impact on the Loss after tax.

Vueling strong results driven by strong demand and transformation

vueling (€m)	Q2 2023	Q2 2022	Q2 2019	vLY
Passenger revenue	898	714	681	+26%
Cargo revenue	-	-	-	-
Other revenue	4	3	5	+62%
Total revenue	902	717	685	+26%
Employee costs	102	87	76	+17%
Fuel, oil costs and emissions charges	231	217	158	+6%
Supplier costs	349	335	320	+4%
Ownership costs	60	38	61	+57%
Total expenditure on operations	742	677	615	+10%
Operating result before exceptional items	160	40	70	+120
Operating margin before exceptional items	17.8%	5.6%	10.3%	12.2pts
Operating result after exceptional items	160	40	70	+120
ASKs (m)	11,061	10,665	10,641	+4%
RPKs (m)	10,040	8,974	9,113	+12%
Load factor (%)	90.9%	84.1%	85.6%	+6.8pts
Sector length (km)	1,028	1,019	965	+1%

- Operating profit of €160m, €120m better than Q2-22 and €90m better than Q2-19
- Passenger revenue +26% vs Q2-22:
  - Q2 capacity in line with 2019 and 2022 levels (+4% vs Q2-22)
  - Passenger unit revenue +21% vs Q2-22
    - Total yield +12% vs Q2-22, driven by ancillary yield up +21% vs Q2-22
    - Passenger load factor of 91%, +6.8pts vs Q2-22
- Non-fuel unit costs +7.3% vs Q2-22, driven by a one-off benefit in the base. Excluding the base effect, non-fuel unit costs +1.6% vs Q2-22; fuel unit costs +2.7% vs Q2-22;
  - Employee unit costs +13.3% vs Q2-22 driven pay inflation
  - Supplier unit costs +0.7% vs Q2-22 driven by inflation offset by transformation initiatives
  - Ownership unit costs +51.7% vs Q2-22 driven by €23m one-off benefit in the base relating to de-designation of FX hedge accounting. Excluding it, ownership unit costs -6.2%

H1 2023 traffic and capacity statistics vs 2022

Group performance

Group performance	Quarter			Year to date		
	Q2 2023	Q2 2022	vLY	H1 2023	H1 2022	vLY
Passengers carried ('000s)	**30,028**	**25,592**	**+17.3%**	**54,307**	**39,969**	**+35.9%**
Domestic (UK & Spain)	7,490	6,838	+9.5%	13,835	11,283	+22.6%
Europe	15,773	13,640	+15.6%	27,865	20,062	+38.9%
North America	3,541	2,703	+31.0%	5,997	4,001	+49.9%
Latin America & Caribbean	1,486	1,297	+14.6%	3,055	2,576	+18.6%
Africa ,Middle East & South Asia	1,461	1,046	+39.7%	3,089	1,956	+57.9%
Asia Pacific	277	68	+307.4%	466	91	+412.1%
Revenue passenger km (m)	**71,162**	**56,114**	**+26.8%**	**129,585**	**91,546**	**+41.6%**
Domestic (UK & Spain)	5,901	5,412	+9.0%	10,985	9,010	+21.9%
Europe	19,360	16,562	+16.9%	33,075	24,166	+36.9%
North America	23,492	17,926	+31.0%	39,818	26,554	+50.0%
Latin America & Caribbean	12,139	10,213	+18.9%	24,744	20,350	+21.6%
Africa ,Middle East & South Asia	7,634	5,403	+41.3%	16,548	10,645	+55.5%
Asia Pacific	2,636	598	+340.8%	4,415	821	+437.8%
Available seat km (m)	**82,371**	**68,630**	**+20.0%**	**154,034**	**117,710**	**+30.9%**
Domestic (UK & Spain)	6,518	6,418	+1.6%	12,486	11,066	+12.8%
Europe	22,518	20,390	+10.4%	39,116	31,192	+25.4%
North America	26,931	22,299	+20.8%	48,766	35,706	+36.6%
Latin America & Caribbean	13,931	11,975	+16.3%	28,438	24,921	+14.1%
Africa ,Middle East & South Asia	9,481	6,872	+38.0%	20,232	13,753	+47.1%
Asia Pacific	2,992	676	+342.6%	4,996	1,072	+366.0%
Passenger load factor (%)	**86.4**	**81.8**	**+4.6 pts**	**84.1**	**77.8**	**+6.3 pts**
Domestic (UK & Spain)	90.5	84.3	+6.2 pts	88.0	81.4	+6.6 pts
Europe	86.0	81.2	+4.8 pts	84.6	77.5	+7.1 pts
North America	87.2	80.4	+6.8 pts	81.7	74.4	+7.3 pts
Latin America & Caribbean	87.1	85.3	+1.8 pts	87.0	81.7	+5.3 pts
Africa ,Middle East & South Asia	80.5	78.6	+1.9 pts	81.8	77.4	+4.4 pts
Asia Pacific	88.1	88.5	-0.4 pts	88.4	76.6	+11.8 pts
Cargo tonne km (m)	**1,099**	**949**	**+15.8%**	**2,224**	**1,939**	**+14.7%**

H1 2023 traffic and capacity statistics vs 2019

Group performance

Group performance	Quarter			Year to date		
	Q2 2023	Q2 2019	v2019	H1 2023	H1 2019	v2019
Passengers carried ('000s)	**30,028**	**31,504**	**-4.7%**	**54,307**	**55,886**	**-2.8%**
Domestic (UK & Spain)	7,490	7,454	+0.5%	13,835	13,375	+3.4%
Europe	15,773	16,906	-6.7%	27,865	29,312	-4.9%
North America	3,541	3,487	+1.5%	5,997	5,969	+0.5%
Latin America & Caribbean	1,486	1,539	-3.4%	3,055	3,014	+1.4%
Africa, Middle East & South Asia	1,461	1,480	-1.3%	3,089	3,001	+2.9%
Asia Pacific	277	638	-56.6%	466	1,215	-61.6%
Revenue passenger km (m)	**71,162**	**74,806**	**-4.9%**	**129,585**	**135,684**	**-4.5%**
Domestic (UK & Spain)	5,901	5,371	+9.9%	10,985	9,702	+13.2%
Europe	19,360	19,917	-2.8%	33,075	33,468	-1.2%
North America	23,492	22,948	+2.4%	39,818	39,498	+0.8%
Latin America & Caribbean	12,139	12,738	-4.7%	24,744	24,920	-0.7%
Africa, Middle East & South Asia	7,634	7,721	-1.1%	16,548	16,440	+0.7%
Asia Pacific	2,636	6,111	-56.9%	4,415	11,656	-62.1%
Available seat km (m)	**82,371**	**88,008**	**-6.4%**	**154,034**	**163,431**	**-5.7%**
Domestic (UK & Spain)	6,518	6,106	+6.7%	12,486	11,267	+10.8%
Europe	22,518	24,082	-6.5%	39,116	41,156	-5.0%
North America	26,931	26,599	+1.2%	48,766	48,027	+1.5%
Latin America & Caribbean	13,931	14,778	-5.7%	28,438	29,137	-2.4%
Africa, Middle East & South Asia	9,481	9,295	+2.0%	20,232	19,994	+1.2%
Asia Pacific	2,992	7,148	-58.1%	4,996	13,850	-63.9%
Passenger load factor (%)	**86.4**	**85.0**	**+1.4 pts**	**84.1**	**83.0**	**+1.1 pts**
Domestic (UK & Spain)	90.5	88.0	+2.5 pts	88.0	86.1	+1.9 pts
Europe	86.0	82.7	+3.3 pts	84.6	81.3	+3.3 pts
North America	87.2	86.3	+0.9 pts	81.7	82.2	-0.5 pts
Latin America & Caribbean	87.1	86.2	+0.9 pts	87.0	85.5	+1.5 pts
Africa, Middle East & South Asia	80.5	83.1	-2.6 pts	81.8	82.2	-0.4 pts
Asia Pacific	88.1	85.5	+2.6 pts	88.4	84.2	+4.2 pts
Cargo tonne km (m)	**1,099**	**1,409**	**-22.0%**	**2,224**	**2,802**	**-20.6%**

H1 2023 traffic and capacity statistics vs 2022

Group performance by airline

Performance by airline	Quarter			Year to date		
	Q2 2023	Q2 2022	vLY	H1 2023	H1 2022	vLY
Aer Lingus						
Passengers carried ('000s)	3,059	2,541	+20.4%	5,054	3,690	+37.0%
Revenue passenger km (m)	7,444	5,595	+33.0%	11,880	7,870	+51.0%
Available seat km (m)	8,767	7,189	+22.0%	14,694	11,195	+31.3%
Passenger load factor (%)	84.9	77.8	+7.1 pts	80.8	70.3	+10.5 pts
Cargo tonne km (m)	39	33	+18.2%	71	61	+16.4%
British Airways						
Passengers carried ('000s)	11,077	9,069	+22.1%	20,511	14,363	+42.8%
Revenue passenger km (m)	35,920	26,875	+33.7%	66,437	44,778	+48.4%
Available seat km (m)	42,475	33,416	+27.1%	81,213	58,573	+38.7%
Passenger load factor (%)	84.6	80.4	+4.2 pts	81.8	76.4	+5.4 pts
Cargo tonne km (m)	811	691	+17.4%	1,652	1,430	+15.5%
Iberia						
Passengers carried ('000s)	5,991	5,041	+18.8%	11,472	8,887	+29.1%
Revenue passenger km (m)	16,189	13,481	+20.1%	30,766	24,061	+27.9%
Available seat km (m)	18,455	15,989	+15.4%	35,526	29,898	+18.8%
Passenger load factor (%)	87.7	84.3	+3.4 pts	86.6	80.5	+6.1 pts
Cargo tonne km (m)	241	214	+12.6%	483	433	+11.5%
LEVEL						
Passengers carried ('000s)	189	139	+36.0%	318	193	+64.8%
Revenue passenger km (m)	1,569	1,189	+32.0%	2,725	1,672	+63.0%
Available seat km (m)	1,623	1,371	+18.4%	2,883	1,952	+47.7%
Passenger load factor (%)	96.7	86.7	+10.0 pts	94.5	85.7	+8.8 pts
Cargo tonne km (m)	8	11	-27.3%	18	15	+20.0%
vueling						
Passengers carried ('000s)	9,712	8,802	+10.3%	16,952	12,836	+32.1%
Revenue passenger km (m)	10,040	8,974	+11.9%	17,777	13,165	+35.0%
Available seat km (m)	11,051	10,665	+3.6%	19,718	16,092	+22.5%
Passenger load factor (%)	90.9	84.1	+6.8 pts	90.2	81.8	+8.4 pts
Cargo tonne km (m)	n/a	n/a	n/a	n/a	n/a	n/a

H1 2023 traffic and capacity statistics vs 2019

Group performance by airline

Performance by airline	Quarter			Year to date		
	Q2 2023	Q2 2019	v2019	H1 2023	H1 2019	v2019
Aer Lingus						
Passengers carried ('000s)	3,059	3,255	-6.0%	5,054	5,451	-7.3%
Revenue passenger km (m)	7,444	6,996	+6.4%	11,880	11,251	+5.6%
Available seat km (m)	8,767	8,394	+4.4%	14,694	14,198	+3.5%
Passenger load factor (%)	84.9	83.3	+1.6 pts	80.8	79.2	+1.6 pts
Cargo tonne km (m)	39	43	-9.3%	71	82	-13.4%
BRITISH AIRWAYS						
Passengers carried ('000s)	11,077	12,643	-12.4%	20,511	23,115	-11.3%
Revenue passenger km (m)	35,920	40,768	-11.9%	66,437	75,643	-12.2%
Available seat km (m)	42,475	48,337	-12.1%	81,213	92,170	-11.9%
Passenger load factor (%)	84.6	84.3	+0.3 pts	81.8	82.1	-0.3 pts
Cargo tonne km (m)	811	1,083	-25.1%	1,652	2,145	-23.0%
IBERIA						
Passengers carried ('000s)	5,991	5,697	+5.2%	11,472	10,643	+7.8%
Revenue passenger km (m)	16,189	16,057	+0.8%	30,766	30,023	+2.5%
Available seat km (m)	18,455	18,379	+0.4%	35,526	34,804	+2.1%
Passenger load factor (%)	87.7	87.4	+0.3 pts	86.6	86.3	+0.3 pts
Cargo tonne km (m)	241	283	-14.8%	483	574	-15.9%
LEVEL						
Passengers carried ('000s)	189	484	-61.0%	318	773	-58.9%
Revenue passenger km (m)	1,569	1,872	-16.2%	2,725	3,399	-19.8%
Available seat km (m)	1,623	2,257	-28.1%	2,883	4,175	-30.9%
Passenger load factor (%)	96.7	82.9	+13.8 pts	94.5	81.4	+13.1 pts
Cargo tonne km (m)	8	0		18	1	+1700.0%
vueling						
Passengers carried ('000s)	9,712	9,425	+3.0%	16,952	15,904	+6.6%
Revenue passenger km (m)	10,040	9,113	+10.2%	17,777	15,368	+15.7%
Available seat km (m)	11,051	10,641	+3.9%	19,718	18,084	+9.0%
Passenger load factor (%)	90.9	85.6	+5.3 pts	90.2	85.0	+5.2 pts
Cargo tonne km (m)	n/a	n/a	n/a	n/a	n/a	n/a

Alternative Performance Measures (APMs) and Financial terminology definitions

Measure	IFRS/APM	Definition	Source of calculation
Operating profit (and other Income statement items) before exceptional items	APM	See IAG 2022 ARA (APMs section) and accounting policies	H1 2023 Interim Management Report (Reconciliation of alternative performance measures section, note a: Profit/(loss) after tax before exceptional items)
EBITDA before exceptional items	APM	Operating result before exceptional items, interest, taxation, depreciation, amortisation and impairment.	H1 2023 Interim Management Report (Reconciliation of alternative performance measures section, note e: Net debt to EBITDA before exceptional items)
Unit measures (PRASK, Fuel CASK, Non Fuel CASK)	APM	Passenger revenue, fuel costs, non-fuel costs (before exceptional items) divided by capacity (ASKs)	Glossary in 2022 ARA
Gross debt	IFRS	Total borrowings (current and non-current)	Direct from Balance sheet (Current liabilities, Non-current liabilities
Cash	IFRS	Cash and cash equivalents and Current interest-bearing deposits	Direct from Balance sheet (Current assets)
Net debt	IFRS	Gross debt (per above) less Cash	H1 2023 Interim Management Report (Reconciliation of alternative performance measures section, note e: Net debt to EBITDA before exceptional items)
Net debt to EBITDA before exceptional items (or Leverage)	APM	Based on Net debt (per above) and the rolling four quarters EBITDA before exceptional items	H1 2023 Interim Management Report (Reconciliation of alternative performance measures section, note e: Net debt to EBITDA before exceptional items)
Liquidity (or Total liquidity)	APM	Cash (per above) plus committed and undrawn general and overdraft facilities, and aircraft-specific financing facilities	H1 2023 Interim Management Report (Reconciliation of alternative performance measures section, note h: Liquidity)
Movements in working capital	IFRS	Net movements in working capital per cash flow statement	Direct from Cash flow statement (Cash flows from operating activities)
Capex (or gross capital expenditure)	IFRS	Acquisition of property, plant and equipment and intangible assets per cash flow statement	Direct from Cash flow statement (Cash flows from investing activities)

Where the term ARA is used this refers to both the Annual report and accounts and the Annual financial report.

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