IAG Q1 results 2024

Strong demand for travel has helped to deliver a very good first quarter and we are well-positioned for the summer

Summary

- Strong demand across our airlines has driven higher revenue, positive unit revenue and, alongside our transformation benefits, increased operating profit in the first quarter of 2024
- Operating profit before exceptional items of €68 million (Q1 2023: €9 million), an increase of €59 million
- We continue to invest in our core markets, with 7.0% passenger capacity growth vs Q1 2023
- Non-fuel unit costs in the quarter were as expected. They reflect planned investment to deliver customer benefits and operational efficiency, as well as the annualised impact of 2023 pay deals; no change to expectations for the full year
- Our balance sheet continues to strengthen, benefitting from strong profit and cash performance as well as seasonality: net debt to EBITDA before exceptional items of 1.3 times (31 December 2023: 1.7 times, 31 March 2023: 2.1 times)
- We are well-positioned for the summer

Luis Gallego, IAG Chief Executive Officer, said:

"Our transformation initiatives and increased demand, including over the Easter holidays, have delivered another very good set of results with improvements to both revenue and operating profit.

"Our Group benefits from the strength of our core markets – North Atlantic, South Atlantic and intra-Europe – and the performance of our brands. Investment across the Group in transformation is delivering encouraging improvements in punctuality and customer experience at our airlines. IAG Loyalty continues to perform very well.

"We are well-positioned for the summer. The high demand for travel is a continuing trend."

Financial summary:

	Three months to 31 March	
Reported results (€ million)	**2024**	2023
Total revenue	**6,429**	5,889
Operating profit	**68**	9
Loss after tax	**(4)**	(87)
Basic loss per share (€ cents)	**(0.1)**	(1.8)
Cash, cash equivalents and interest-bearing deposits[1]	**8,726**	6,837
Borrowings[1]	**16,164**	16,082

Alternative performance measures (€ million)	**2024**	2023
Total revenue before exceptional items	**6,429**	5,889
Operating profit before exceptional items	**68**	9
Operating margin before exceptional items	**1.1%**	0.2%
Loss after tax before exceptional items	**(93)**	(87)
Adjusted loss per share (€ cents)	**(1.9)**	(1.8)
Net debt[1]	**7,438**	9,245
Net debt to EBITDA before exceptional items (times)[1]	**1.3**	1.7
Total liquidity[1, 2]	**13,330**	11,624

For definitions of Alternative performance measures, refer to IAG Annual report and accounts 2023.

1 The prior period comparative is 31 December 2023.

2 Total liquidity includes Cash, cash equivalents and interest-bearing deposits, plus committed and undrawn general and aircraft-specific financing facilities.

Financial highlights for the first quarter of 2024

- Passenger revenue per available seat kilometre ('ASK') for the first quarter was 4.4% higher than in the first quarter of 2023, through the benefit of the timing of Easter and a continued strong leisure traffic recovery, with business traffic recovering more slowly
- Non-fuel unit costs increased by 3.7% versus quarter one 2023, driven by investments in the business and the impact of wage settlements agreed during the course of 2023
- Fuel unit cost was down 4.9% versus the first quarter of 2023, linked to lower effective average fuel prices net of hedging and the benefits of IAG's more efficient aircraft deliveries
- Operating margin before exceptional items for the first quarter was 1.1%
- Loss after tax for the first quarter of €4 million (Q1 2023: loss after tax of €87 million)
- Net debt has reduced in the quarter to €7.4 billion (31 December 2023: €9.2 billion, 31 March 2023: €8.4 billion)

Strategic highlights

Trading and network

Three months to 31 March 2024	Proportion of total ASKs 2024	ASKs higher/(lower) v2023	Passenger load factor (%)	Passenger load factor higher/(lower) v2023	Passenger revenue per ASK higher/(lower) v2023[1]
North Atlantic	28.7 %	0.6 %	77.8	3.0pts	6.5 %
Latin America and Caribbean	21.6 %	14.4 %	86.8	(0.1)pts	(1.4)%
Europe	23.6 %	9.0 %	84.3	1.7pts	5.7 %
Domestic (Spain and UK)	8.3 %	6.5 %	87.2	2.0pts	6.9 %
Africa, Middle East and South Asia	14.1 %	0.4 %	82.8	(0.1)pts	(3.4)%
Asia Pacific	3.7 %	43.4 %	87.3	(1.5)pts	(12.6)%
Total network	**100.0 %**	**7.0 %**	**83.1**	**1.6pts**	**4.4 %**

1 Passenger revenue per ASK for total network is based on total passenger revenue divided by ASKs. For the analysis by region, passenger revenue excludes certain items that are not directly assigned at a route level, including joint business payments or receipts, foreign exchange hedging gains or losses and adjustments to assumptions for unused tickets.

IAG increased capacity for the North Atlantic region by 0.6% in the first quarter, with incremental growth at Aer Lingus, British Airways and Iberia. Unit revenue increased by 6.5% with good demand in both the business and leisure segments.

The Group has continued to invest in the strongly growing Latin America and Caribbean region, mainly through Iberia, but also adding capacity at British Airways and LEVEL, delivering overall capacity growth of 14.4% in the first quarter. Continuing strong demand has supported pricing, with only a small unit decline of 1.4%, on top of the substantial capacity increase.

Our capacity growth to Europe was 9.0% in the first quarter, with growth in particular at Aer Lingus, British Airways and Iberia. The continuing demand for travel between major European cities across all of our airlines, in particular for leisure, as well as the benefit from the timing of the Easter weekend, has delivered unit revenue growth of 5.7%.

Our Domestic region (Spain and UK) capacity growth was 6.5% in the first quarter, mostly in Spain through Iberia and Vueling. As in the remainder of Europe, robust demand for travel and the Easter weekend has supported a unit revenue increase of 6.9%.

The rest of the world is currently more challenging. Capacity to the Africa, Middle East and South Asia region increased by 0.4% and unit revenues have declined by 3.4%. In particular the conflict in the Middle East has impacted flying by most of our airlines to the region. Our capacity to the Asia Pacific region, only 3.7% of our Group capacity, increased by 43.4%, mainly reflecting the annualisation of British Airways' route restoration in 2023. This large capacity increase has led to a unit revenue decline of 12.6% in the quarter.

Other

On 1 April, BA Holidays transferred to IAG Loyalty. This will support BA Holidays' ambitious growth strategy, add value to IAG Loyalty and deliver more for our customers and our airlines within IAG.

We continue to make progress through the Air Europa acquisition process and have presented a package of remedies to the European Commission. Our expectation remains for the process to complete later this year.

Outlook

- We expect positive long-term, sustainable demand for travel
- We are well-positioned for the summer
- Our full year capacity plans remain for around 7% ASK growth, with investment in our core markets
- We continue to expect non-fuel unit costs to increase slightly for the year as we continue to invest in the business
- We continue to expect to generate significant free cash flow and to maintain a strong balance sheet
- We are focused on our strategy to deliver world-class margins and returns
- We are committed to sustainable shareholder value creation and cash returns

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Forward-looking statements:

Certain statements included in this announcement 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”, “believes”, “may”, “will”, “could”, “should”, “continues”, “intends”, “plans”, “targets”, “predicts”, “estimates”, “envisages” or “anticipates” or other words of similar meaning or their negatives. 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, and its assumptions, expectations, objectives and resilience with respect to climate scenarios. All forward-looking statements in this announcement are based upon information known to the Group on the date of this announcement and speak as of the date of this announcement. 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 announcement as a result of any number of known and unknown risks, uncertainties and other factors, including, but not limited to, economic and geo-political, market, regulatory, climate, supply chain or other significant external events, 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 announcement 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 2023; this document is available on www.iairgroup.com. All forward-looking statements made on or after the date of this announcement and attributable to IAG are expressly qualified in their entirety by the primary risks set out in that section.

Alternative Performance Measures:

This announcement contains, 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 5 October 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 APMs, refer to the APMs section in the most recent published financial report and in the IAG Annual report and accounts 2023. These documents are available on www.iairgroup.com.

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CONSOLIDATED INCOME STATEMENT

€ million	Three months to 31 March 2024	2023	Higher/(lower)
Passenger revenue	**5,632**	5,041	11.7 %
Cargo revenue	**283**	323	(12.4)%
Other revenue	**514**	525	(2.1)%
Total revenue	**6,429**	5,889	9.2 %
Employee costs	**1,437**	1,257	14.3 %
Fuel costs and emissions charges	**1,789**	1,758	1.8 %
Handling, catering and other operating costs	**894**	776	15.2 %
Landing fees and en-route charges	**525**	484	8.5 %
Engineering and other aircraft costs	**578**	587	(1.5)%
Property, IT and other costs	**280**	249	12.4 %
Selling costs	**294**	280	5.0 %
Depreciation, amortisation and impairment	**559**	486	15.0 %
Net loss/(gain) on sale of property, plant and equipment	**1**	(10)	nm
Currency differences	**4**	13	(69.2)%
Total expenditure on operations	**6,361**	5,880	8.2 %
Operating profit	**68**	9	nm
Finance costs	**(228)**	(274)	(16.8)%
Finance income	**75**	68	10.3 %
Net change in fair value of financial instruments	**(9)**	(1)	nm
Net financing credit relating to pensions	**14**	25	(44.0)%
Net currency retranslation (charges)/credits	**(44)**	60	nm
Other non-operating credits/(charges)	**37**	(8)	nm
Total net non-operating costs	**(155)**	(130)	19.2 %
Loss before tax	**(87)**	(121)	(28.1)%
Tax	**83**	34	nm
Loss after tax for the period	**(4)**	(87)	(95.4)%

ALTERNATIVE PERFORMANCE MEASURES

All figures in the tables below are before exceptional items. Refer to Alternative performance measures section for more detail.

	Three months to 31 March		
	Before exceptional items		
€ million	**2024**	2023	Higher/(lower)
Passenger revenue	**5,632**	5,041	11.7 %
Cargo revenue	**283**	323	(12.4)%
Other revenue	**514**	525	(2.1)%
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Total net non-operating costs	**(155)**	(130)	19.2 %
Loss before tax	**(87)**	(121)	(28.1)%
Tax	**(6)**	34	nm
Loss after tax for the period	**(93)**	(87)	6.9 %

Operating figures	**2024**	2023	Higher/ (lower)
Available seat kilometres (ASK million)	**76,684**	71,663	7.0 %
Revenue passenger kilometres (RPK million)	**63,751**	58,423	9.1 %
Passenger load factor (per cent)	**83.1**	81.5	1.6pts
Passenger numbers (thousands)	**26,361**	24,279	8.6 %
Cargo tonne kilometres (CTK million)	**1,217**	1,125	8.2 %
Sold cargo tonnes (thousands)	**155**	151	2.6 %
Sectors	**167,285**	157,500	6.2 %
Block hours (hours)	**505,457**	468,625	7.9 %
Aircraft in service	**585**	561	4.3 %
Passenger revenue per RPK (€ cents)	**8.83**	8.63	2.4 %
Passenger revenue per ASK (€ cents)	**7.34**	7.03	4.4 %
Cargo revenue per CTK (€ cents)	**23.25**	28.71	(19.0)%
Fuel cost per ASK (€ cents)	**2.33**	2.45	(4.9)%
Non-fuel costs per ASK (€ cents)	**5.96**	5.75	3.7 %
Total cost per ASK (€ cents)	**8.30**	8.21	1.1 %

FINANCIAL REVIEW for the three months to 31 March 2024

IAG capacity

In the first three months of 2024, passenger capacity operated, measured in available seat kilometres (ASKs), rose by 7.0% versus the same period in 2023.

Capacity operated by airline

	ASKs higher/(lower) v2023	Passenger load factor (%)	Higher/(lower) v2023
Aer Lingus	4.0 %	74.9	0.1pts
British Airways	5.0 %	81.1	2.3pts
Iberia	15.4 %	85.5	0.1pts
LEVEL	5.2 %	94.8	3.1pts
Vueling	2.0 %	91.0	1.7pts
Group	**7.0 %**	**83.1**	**1.6pts**

Iberia's growth of 15.4% versus the first quarter of 2023 is principally driven by the increase in the number of Airbus A350-900 aircraft in service flying to North and South America, with 22 A350-900 aircraft in service at the end of the first quarter, compared with 16 at 31 March 2023.

Basis of preparation

In its assessment of going concern over the period of at least 12 months from the date of approval of this report (the 'going concern period'), the Group has considered the impact of a severe but plausible downside scenario and sensitivities, together with aircraft financing requirements, and the Directors have a reasonable expectation that the Group has sufficient liquidity to continue in operational existence over the going concern period, and hence continue to adopt the going concern basis.

Unless stated otherwise, all figures and variances quoted below relate to the first three months of 2024 compared with the first three months of 2023 on a reported basis (including exceptional items).

Summary

Reported results € million	**2024**	2023	Higher/(lower) vly
Operating profit	**68**	9	59
Loss before tax	**(87)**	(121)	34
Loss after tax	**(4)**	(87)	83

The Group's operating profit for the first quarter increased by €59 million versus the first quarter of 2023, driven by higher passenger unit revenues and lower effective fuel prices after hedging, net of the impact of an expected increase in non-fuel unit costs, as discussed further below.

Summary of exceptional items

On 18 January 2024 the *Tribunal Constitucional* (Constitutional Court) in Spain ruled that the Royal Decree-Law 3/2016, introducing a number of amendments to the corporate income tax law, was unconstitutional. The amendments were accordingly revoked, leading to the recognition of an exceptional tax credit of €89 million relating to the 2023 tax year. See Alternative performance measures section for further information.

There were no exceptional items in the first three months of 2023.

Alternative performance measures (before exceptional items) € million	**2024**	2023	Higher/(lower) vly
Operating profit	**68**	9	59
Loss before tax	**(87)**	(121)	34
Loss after tax	**(93)**	(87)	(6)

Revenue

€ million	**2024**	Higher/(lower) vly (%)	Higher/(lower) vly
Passenger revenue	**5,632**	11.7 %	591
Cargo revenue	**283**	(12.4)%	(40)
Other revenue	**514**	(2.1)%	(11)
Total revenue	**6,429**	9.2 %	540

Total revenue increased €540 million versus 2023, driven by an increase in passenger traffic and yields, partially offset by a reduction in Cargo revenue and a small reduction in Other revenue.

Passenger revenue

The increase in Passenger revenue of €591 million, or 11.7%, was ahead of the increase in passenger capacity of 7.0%, driven by higher yields, measured as passenger revenue per revenue passenger kilometre ('RPK'), up 2.4%, together with higher passenger load factors, with the Group passenger load factor 1.6 points higher. These improvements led to an increase in passenger unit revenue, measured as passenger revenue per ASK, of 4.4%; at constant currency, passenger unit revenue increased by 4.0%. The growth in Passenger revenue was linked to the increase in capacity, strong leisure demand and the earlier timing of Easter than in the previous year. Leisure travel demand remains strong and corporate travel continues to recover.

Cargo revenue

Cargo revenue, at €283 million, was €40 million lower than in 2023. Cargo volumes, measured in cargo tonne kilometres (CTKs), were 8.2% higher than the previous year. Cargo yields, measured as cargo revenue per cargo tonne kilometre, were 19.0% below those of 2023, impacted by the increase in global passenger airline capacity across the industry and elevated prices in the first three months of 2023. An increased demand for sea-to-air freight conversion from South Asia and the Middle East helped to partially offset the decline in revenue versus the previous year.

Other revenue

Other revenue, at €514 million was down €11 million versus 2023, mainly due to lower third-party maintenance revenue within Iberia.

Operating costs

Total operating expenditure rose from €5,880 million in 2023 to €6,361 million in 2024, an increase of 8.2%, linked to the higher volume of flights, lower fuel unit costs and an increase in non-fuel unit costs, which increased by 3.7% versus the first quarter of 2023. At constant currency and excluding the impact of non-flying activity, airline non-fuel unit costs rose by 4.6%, in line with investments in the business, the impact of wage increases during the course of 2023 and supplier cost increases, partially mitigated by the impact of the Group's transformation initiatives. See Alternative performance measures for further information.

Employee costs

	2024	Higher/(lower) vly (%)	Higher/(lower) vly
Employee costs, € million	**1,437**	14.3 %	180
Employee costs per ASK, € cents	**1.87**	6.8 %	

The rise in Employee costs of €180 million or 14.3% versus 2023 reflected the timing of wage settlements, with a number of the Group's wage settlements in 2023 occurring after the first quarter. Employee numbers also rose as the airlines increase their flying activity and prepare for increased flying schedules for the summer period.

Fuel costs and emissions charges

	2024	Higher/(lower) vly (%)	Higher/(lower) vly
Fuel costs and emissions charges, € million	**1,789**	1.8 %	31
Fuel costs and emissions charges per ASK, € cents	**2.33**	(4.9)%	

Fuel costs and emissions charges were up €31 million, or 1.8% versus 2023, reflecting increased flying volumes, but with lower commodity fuel prices than in the first three months of 2023, and a neutral position on hedging, versus a small gain on fuel and related foreign exchange hedging in 2023. Within Fuel costs and emissions charges, the provision for complying with emissions trading schemes was €69 million, up from €47 million in 2023.

Supplier costs

€ million	2024	Higher/(lower) vly (%)	Higher/(lower) vly
Handling, catering and other operating costs	**894**	15.2 %	118
Landing fees and en-route charges	**525**	8.5 %	41
Engineering and other aircraft costs	**578**	(1.5)%	(9)
Property, IT and other costs	**280**	12.4 %	31
Selling costs	**294**	5.0 %	14
Currency differences	**4**	(69.2)%	(9)
Total Supplier costs	**2,575**	7.8 %	186
Supplier costs per ASK, € cents	**3.36**	0.7 %	

Total Supplier costs rose by €186 million, or 7.8%, to €2,575 million, with the impact of the Group's cost transformation initiatives partially mitigating the impacts of inflation and the additional operating cost arising from the Group's conscious investment in customer experience and IT. Supplier unit costs were up by 0.7% versus 2023.

Ownership costs

Ownership costs include Depreciation, amortisation and impairment of tangible and intangible assets, including right of use assets, and the Net loss/(gain) on sale of property, plant and equipment.

	2024	Higher/(lower) vly (%)	Higher/(lower) vly
Depreciation, amortisation and impairment	**559**	15.0 %	73
Net loss on sale of property, plant and equipment	**1**	nm	11
Ownership costs, € million	**560**	17.6 %	84
Ownership costs per ASK, € cents	**0.73**	9.9 %	

The increase in ownership costs versus 2023 is mainly driven by the increase in the Group's fleet of aircraft, which is linked to the airlines' growth in capacity and their investments in new, more fuel-efficient aircraft, together with customer-focused investments, such as new and improved seats in business cabins. The Net loss on sale of property, plant and equipment was €1 million, reflecting the disposal of aircraft withdrawn from service and related spare parts.

Exchange rate impact

Exchange rate impacts are calculated by retranslating current year results at prior year exchange rates. The reported revenues and expenditures are impacted by the translation of currencies other than euro to the Group's reporting currency of euro, primarily pound sterling related to British Airways and IAG Loyalty. From a transaction perspective, the Group's performance is impacted by the fluctuation of exchange rates, primarily exposure to the pound sterling, euro and US dollar. The Group typically generates a surplus in most currencies in which it does business, except the US dollar, for which capital expenditure, debt repayments and fuel purchases typically create a deficit which is managed and partially hedged. The Group hedges its economic exposure from transacting in foreign currencies but does not hedge the translation impact of reporting in euro.

Overall, in the first three months of 2024 the Group operating profit before exceptional items was reduced by €1 million due to adverse exchange rate impacts.

Exchange rate impact before exceptional items

€ million Favourable/(adverse)	2024 Translation impact	 Transaction impact	 Total exchange impact
Total exchange impact on revenue	99	(73)	**26**
Total exchange impact on operating expenditures	(94)	67	**(27)**
Total exchange impact on operating profit	5	(6)	**(1)**

Operating profit/(loss) before exceptional items by operating company

	2024	2023	Higher/(lower)
British Airways (£ million)	**22**	14	8
Aer Lingus (€ million)	**(82)**	(81)	(1)
Iberia (€ million)	**70**	66	4
Vueling (€ million)	**(25)**	(64)	39
IAG Loyalty (£ million)	**80**	71	9

Typically, the first quarter of the year is the least profitable for the Group's airlines and the operating losses in Aer Lingus and Vueling reflect the nature of their businesses, with proportionately more focus on leisure segments, which are more seasonal.

Total net non-operating costs

Total net non-operating costs for the three months were €155 million, versus €130 million in 2023. Finance costs of €228 million were €46 million lower than in 2023, mainly reflecting the voluntary early repayment in the second half of 2023 of debt drawn as a result of the impact of the COVID-19 pandemic in 2020 and 2021. Net currency retranslation resulted in a charge of €44 million in 2024, principally reflecting US dollar foreign exchange movements, versus a credit of €60 million in 2023. Other non-operating credits of €37 million (2023: charges of €8 million) mainly represent net gains on derivative contracts for which hedge accounting is not applied.

Tax

The tax credit on the loss for the three months was €83 million (2023: tax credit of €34 million), with an effective tax rate of 95.4% (2023: 28.1%). Excluding the exceptional tax credit outlined above, the tax charge on the loss for the three months was €6 million.

The substantial majority of the Group's activities are taxed where the main operations are based: in Spain, the UK and Ireland, which have statutory corporation tax rates of 25%, 25% and 12.5% respectively for 2024. The expected effective tax rate for the Group is determined by applying the relevant corporation tax rate to the profits or losses of each jurisdiction. The geographical distribution of profits and losses in the Group results in the expected tax rate being 11.5% for the three months to 31 March 2024.

The difference between the actual effective tax rate of 95.4% and the expected tax rate of 11.5% is principally due to the Group having recorded an adjustment to current and deferred tax in respect of prior periods which arose as a result of the revocation of Royal Decree-Law 3/2016 in Spain. See Alternative performance measures section for further information.

Aircraft deliveries and financing

Number of aircraft	**Delivered in the three months to 31 March 2024**	Of which financed in the three months to 31 March 2024	Aircraft delivered in 2023 and financed in the three months to 31 March 2024
Airbus A321neo (British Airways)	**–**	–	1
Airbus A350-1000 (British Airways)	**1**	1	–
Airbus A350-900 (Iberia)	**1**	1	1
Airbus A320ceo (Vueling direct lease)	**2**	2	–
Total	**4**	4	2

During the three months, the Group took delivery of four aircraft, all of which were financed, including two Airbus A320ceo aircraft for Vueling to provide backfill for additional aircraft maintenance requirements linked to Pratt and Whitney 'GTF' engines. The Group also financed two aircraft delivered in 2023.

Net debt and leverage

€ million	31 March 2024	31 December 2023
Total borrowings	**16,164**	16,082
Cash, cash equivalents and current interest-bearing deposits	**8,726**	6,837
Net debt	**7,438**	9,245
Rolling four quarters EBITDA before exceptional items	**5,702**	5,570
Net debt to EBITDA before exceptional items	**1.3**	1.7

The main driver of the reduction in leverage versus 31 December 2023 was the increase in cash during the quarter, which increased mainly due to the normal seasonal inflow of bookings for future travel periods during the first quarter of the year.

Liquidity

€ million	31 March 2024	31 December 2023
Cash, cash equivalents and current interest-bearing deposits	**8,726**	6,837
Committed and undrawn general and overdraft facilities	**4,443**	4,412
Committed and undrawn aircraft facilities	**161**	375
Total	**13,330**	11,624

The reduction in committed and undrawn aircraft facilities was due to the financing of two aircraft for British Airways, for which the financing was agreed and committed during 2023.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group has continued to maintain its framework and processes to identify, assess, and manage risks. The principal risks and uncertainties affecting the Group are detailed in the Risk management and principal risk factors section of the 2023 Annual report and accounts and these remain relevant. The Board has continued to monitor and assess risks in the light of changes that influence the Group and the aviation industry and continues to closely review how risks combine to create increased threats. In assessing its principal risks, the Group has considered its risk environment including: (i) geopolitical tensions and conflicts and their impact on financial markets, fuel price, operations and customer sentiment towards travel, particularly business travel; (ii) operational resilience, including the impacts of the continued delays in the supply chain, especially engines and component availability and reliability; (iii) how the Group's airlines respond to disruption from geopolitical and other operational events to manage disrupted customers; (iv) regulator or government reviews into capacity at airports or pricing, particularly ancillaries, which could disrupt airlines' revenue models; (v) the Group's industrial relations landscape and the risk of breakdown in industrial negotiations; and (vi) people engagement, including the culture, talent and skillsets needed to accelerate the change agenda and maximise the opportunities offered by Artificial Intelligence (AI) adoption. Where further action has been required, the Board has considered potential mitigations, and, where appropriate or feasible, the Group has implemented or confirmed plans that would address those risks or retain them within the Board's determined Group risk appetite.

Traffic and capacity statistics - Group

Three months to 31 March	**2024**	2023	Higher/(lower) vly
Passengers carried ('000s)	**26,361**	**24,279**	**8.6 %**
North Atlantic	2,569	2,456	4.6 %
Latin America and Caribbean	1,785	1,569	13.8 %
Europe	13,436	12,092	11.1 %
Domestic (Spain and UK)	6,684	6,345	5.3 %
Africa, Middle East and South Asia	1,619	1,628	(0.6)%
Asia Pacific	268	189	41.8 %
Revenue passenger kilometres (million)	**63,751**	**58,423**	**9.1 %**
North Atlantic	17,081	16,326	4.6 %
Latin America and Caribbean	14,416	12,605	14.4 %
Europe	15,257	13,715	11.2 %
Domestic (Spain and UK)	5,543	5,084	9.0 %
Africa, Middle East and South Asia	8,944	8,914	0.3 %
Asia Pacific	2,510	1,779	41.1 %
Available seat kilometres (million)	**76,684**	**71,663**	**7.0 %**
North Atlantic	21,961	21,835	0.6 %
Latin America and Caribbean	16,600	14,507	14.4 %
Europe	18,096	16,598	9.0 %
Domestic (Spain and UK)	6,354	5,968	6.5 %
Africa, Middle East and South Asia	10,799	10,751	0.4 %
Asia Pacific	2,874	2,004	43.4 %
			Pts Var
Passenger load factor (%)	**83.1**	**81.5**	**1.6**
North Atlantic	77.8	74.8	3.0
Latin America and Caribbean	86.8	86.9	(0.1)
Europe	84.3	82.6	1.7
Domestic (Spain and UK)	87.2	85.2	2.0
Africa, Middle East and South Asia	82.8	82.9	(0.1)
Asia Pacific	87.3	88.8	(1.5)
Cargo tonne kilometres (million)	**1,217**	**1,125**	**8.2 %**

Traffic and capacity statistics – by airline

Three months to 31 March	2024	2023	Higher/(lower) vly
Aer Lingus			
Passengers carried ('000s)	**2,104**	1,995	5.5 %
Revenue passenger kilometres (million)	**4,614**	4,436	4.0 %
Available seat kilometres (million)	**6,163**	5,927	4.0 %
Passenger load factor (%)/Pts variance	**74.9**	74.8	0.1pts
Cargo tonne kilometres (million)	**40**	32	25.0 %
British Airways			
Passengers carried ('000s)	**10,340**	9,434	9.6 %
Revenue passenger kilometres (million)	**32,984**	30,517	8.1 %
Available seat kilometres (million)	**40,659**	38,738	5.0 %
Passenger load factor (%)/Pts variance	**81.1**	78.8	2.3pts
Cargo tonne kilometres (million)	**894**	841	6.3 %
Iberia			
Passengers carried ('000s)	**6,001**	5,481	9.5 %
Revenue passenger kilometres (million)	**16,845**	14,577	15.6 %
Available seat kilometres (million)	**19,693**	17,071	15.4 %
Passenger load factor (%)/Pts variance	**85.5**	85.4	0.1pts
Cargo tonne kilometres (million)	**275**	242	13.6 %
LEVEL			
Passengers carried ('000s)	**140**	129	8.5 %
Revenue passenger kilometres (million)	**1,256**	1,156	8.7 %
Available seat kilometres (million)	**1,325**	1,260	5.2 %
Passenger load factor (%)/Pts variance	**94.8**	91.7	3.1pts
Cargo tonne kilometres (million)	**8**	10	(20.0)%
Vueling			
Passengers carried ('000s)	**7,776**	7,240	7.4 %
Revenue passenger kilometres (million)	**8,052**	7,737	4.1 %
Available seat kilometres (million)	**8,844**	8,667	2.0 %
Passenger load factor (%)/Pts variance	**91.0**	89.3	1.7pts
Cargo tonne kilometres (million)	**n/a**	n/a	n/a

ALTERNATIVE PERFORMANCE MEASURES

The performance of the Group is assessed using a number of alternative performance measures (APMs), some of which have been identified as key performance indicators of the Group. These measures are not defined under International Financial Reporting Standards (IFRS), should be considered in addition to IFRS measurements, may differ to definitions given by regulatory bodies applicable 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 the Group's strategic imperatives of: strengthening our core; driving earnings growth through asset-light businesses; and operating under a strengthened financial and sustainability framework.

During the three months to 31 March 2024, the Group has made no changes to its pre-existing disclosures and treatments of APMs compared to those disclosed in the Annual report and accounts for the year to 31 December 2023.

The definition of each APM, together with a reconciliation to the nearest measure prepared in accordance with IFRS is presented below.

a Loss after tax before exceptional items

Exceptional items are those that in the Board's and management's view need to be separately disclosed by virtue of their size or incidence to supplement the understanding of the entity's financial performance. The Management Committee of the Group uses financial performance on a pre-exceptional basis to evaluate operating performance and to make strategic, financial and operational decisions, and externally because it is widely used by security analysts and investors in evaluating the performance of the Group between reporting periods and against other companies.

While there has been one exceptional item recorded in the three months to 31 March 2024, no exceptional items were recorded in the three months to 31 March 2023.

The table below reconciles the statutory Income statement to the Income statement before exceptional items of the Group:

	Three months to 31 March					
€ million	**Statutory 2024**	**Exceptional items**	**Before exceptional items 2024**	Statutory 2023	Exceptional items	Before exceptional items 2023
Passenger revenue	**5,632**	**–**	**5,632**	5,041	–	5,041
Cargo revenue	**283**	**–**	**283**	323	–	323
Other revenue	**514**	**–**	**514**	525	–	525
Total revenue	**6,429**	**–**	**6,429**	5,889	–	5,889
Total expenditure on operations	**6,361**	**–**	**6,361**	5,880	–	5,880
Operating profit	**68**	**–**	**68**	9	–	9
Total net non-operating costs	**(155)**	**–**	**(155)**	(130)	–	(130)
Loss before tax	**(87)**	**–**	**(87)**	(121)	–	(121)
Tax[1]	**83**	**89**	**(6)**	34	–	34
Loss after tax for the period	**(4)**	**89**	**(93)**	(87)	–	(87)

1 Revocation of Royal Decree-Law 3/2016 in Spain

On 18 January 2024 the *Tribunal Constitucional* (Constitutional Court) in Spain ruled that the Royal Decree-Law 3/2016, introducing a number of amendments to the corporate income tax law, was unconstitutional. The amendments were accordingly revoked, leading to the recognition of an exceptional tax credit of €89 million in the three months to 31 March 2024.

Prior to the introduction of RDL 3/2016, the Spanish companies of the Group were permitted to offset up to 70% of their taxable profits with historical accumulated tax losses (to the extent there were sufficient tax losses to do so). With the introduction of the RDL 3/2016, this limitation of tax losses applied to taxable profits was reduced to 25%. The ruling by the *Tribunal Constitucional* principally means that the loss limitation reverts to 70%, with the associated current tax for fiscal year 2023 updated accordingly. With the change to the loss limitation, the Group expects to be able to utilise more of its historical tax losses, which in turn has led to the Group's Spanish companies recognising deferred tax assets in relation to tax losses that were previously unrecognised.

The combination of both of the current tax and the deferred tax has given rise to the aforementioned exceptional tax credit. There was no cash flow impact in the three months to 31 March 2024, as the refund will be received subsequent to the final 2023 tax return submissions for the Group's Spanish companies, at the earliest in late 2024.

In addition to fiscal year 2023, the *Tribunal Constitucional* revocation also applied to fiscal years 2016 to 2022. However, there remains significant uncertainty as to timing and amounts, if any, to be recovered. Accordingly, no income tax credit in the Income statement nor the associated income tax receivable in the Balance sheet have been recorded.

b Adjusted loss per share (KPI)

Adjusted loss is based on results before exceptional items after tax and adjusted for loss attributable to equity holders and interest on convertible bonds, divided by the weighted average number of ordinary shares, adjusted for the dilutive impact, when applicable, of the assumed conversion of the bonds and employee share schemes outstanding.

€ million	Three months to 31 March 2024	2023
Loss after tax attributable to equity holders of the parent	**(4)**	(87)
Exceptional items	**89**	–
Loss after tax attributable to equity holders of the parent before exceptional items	**(93)**	(87)
Income statement impact of convertible bonds	**–**	–
Adjusted loss	**(93)**	(87)
Weighted average number of ordinary shares in issue used for basic earnings per share	**4,917**	4,955
Weighted average number of ordinary shares used for diluted earnings per share	**4,917**	4,955
Basic loss per share (€ cents)	**(0.1)**	(1.8)
Basic loss per share before exceptional items (€ cents)	**(1.9)**	(1.8)
Adjusted loss per share before exceptional items (€ cents)	**(1.9)**	(1.8)

c Airline non-fuel costs per ASK

The Group monitors airline unit costs (per available seat kilometre (ASK), a standard airline measure of capacity) as a means of tracking operating efficiency of the core airline business. As fuel costs can vary with commodity prices, the Group monitors fuel and non-fuel costs individually. Within non-fuel costs are the costs associated with generating Other revenue, which typically do not represent the costs of transporting passengers or cargo and instead represent the costs of handling and maintenance for other airlines, non-flight products in BA Holidays and costs associated with other miscellaneous non-flight revenue streams. Airline non-fuel costs per ASK is defined as total operating expenditure before exceptional items, less fuel costs and emission charges and less non-flight specific costs divided by total available seat kilometres (ASKs), and is shown on a constant currency basis (abbreviated to 'ccy').

€ million	**Three months to 31 March 2024 Reported**	**ccy adjustment**[1]	**Three months to 31 March 2024 ccy**	Three months to 31 March 2023
Total expenditure on operations	6,361	(27)	6,334	5,880
Less: exceptional items in operating expenditure	–	–	–	–
Less: fuel costs and emission charges	1,789	–	1,789	1,758
Non-fuel costs	4,572	(27)	4,545	4,122
Less: Non-flight specific costs	443	(4)	439	452
Airline non-fuel costs	4,129	(23)	4,106	3,670
ASKs (millions)	76,684		76,684	71,663
Airline non-fuel unit costs per ASK (€ cents)	**5.39**		**5.36**	5.12

1 Refer to note e for the definition of the ccy adjustment.

d Net debt to EBITDA before exceptional items (KPI)

To supplement total borrowings as presented in accordance with IFRS, the Group reviews net debt to EBITDA before exceptional items to assess its level of net debt in comparison to the underlying earnings generated by the Group in order to evaluate the underlying business performance of the Group. This measure is used to monitor the Group's leverage and to assess financial headroom against internal and external security analyst and investor benchmarks.

Net debt is defined as long-term borrowings (both current and non-current), less cash, cash equivalents and current interest-bearing deposits. Net debt excludes supply chain financing arrangements which are classified within trade payables.

EBITDA before exceptional items is defined as the rolling four quarters operating result before exceptional items, interest, taxation, depreciation, amortisation and impairment

The Group believes that this additional measure, which is used internally to assess the Group's financial capacity, is useful to the users of the financial statements in helping them to see how the Group's financial capacity has changed over the year. It is a measure of the profitability of the Group and of the core operating cash flows generated by the business model.

€ million	31 March 2024	31 December 2023
Interest-bearing long-term borrowings	**16,164**	16,082
Less: Cash and cash equivalents	**6,874**	5,441
Less: Other current interest-bearing deposits	**1,852**	1,396
Net debt	**7,438**	9,245
Operating profit	**3,566**	3,507
Add: Depreciation, amortisation and impairment	**2,136**	2,063
EBITDA	**5,702**	5,570
Add: Exceptional items	**–**	–
EBITDA before exceptional items	**5,702**	5,570
Net debt to EBITDA before exceptional items (times)	**1.3**	1.7

e Results on a constant currency basis

Movements in foreign exchange rates impact the Group's financial results. The IAG Board and Management Committee review the results, including revenue and operating costs at constant rates of exchange. These financial measures are calculated at constant rates of exchange based on a retranslation, at prior year exchange rates, of the current year's results of the Group. Although the Board and Management Committee do not believe that these measures are a substitute for IFRS measures, the Board and Management Committee do believe that such results excluding the impact of currency fluctuations year-on-year provide additional useful information to investors regarding the Group's operating performance on a constant currency basis. Accordingly, the financial measures at constant currency within the discussion of the Group Financial review should be read in conjunction with the information provided in the Group financial statements.

The following table represents the main average and closing exchange rates for the reporting periods. Where 2024 figures are stated at a constant currency basis, they have applied the 2023 rates stated below:

Foreign exchange rates

	Average three months to 31 March		Closing at 31 March	Closing at 31 December
	2024	2023	**2024**	2023
Pound sterling to euro	**1.16**	1.14	**1.17**	1.16
Euro to US dollar	**1.09**	1.07	**1.09**	1.09
Pound sterling to US dollar	**1.27**	1.22	**1.27**	1.27

f Liquidity

The Board and the Management Committee monitor liquidity in order to assess the resilience of the Group to adverse events and uncertainty and develop funding initiatives to maintain this resilience.

Liquidity is used by analysts, investors and other users of the financial statements as a measure to the financial health and resilience of the Group.

Liquidity is defined as Cash and cash equivalents plus Current interest-bearing deposits, plus Committed and undrawn general and aircraft financing facilities.

€ million	31 March 2024	31 December 2023
Cash and cash equivalents	**6,874**	5,441
Current interest-bearing deposits	**1,852**	1,396
Committed and undrawn general and overdraft facilities	**4,390**	4,359
Committed and undrawn aircraft facilities	**161**	375
Overdrafts and other facilities	**53**	53
Total liquidity	**13,330**	11,624