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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

FOR IMMEDIATE RELEASE

10 September 2020

International Consolidated Airlines Group, S.A.

Fully Underwritten Capital Increase to Raise Gross Proceeds of €2,741 million

Further to the announcement on 31 July 2020 and the approval by shareholders on 8 September 2020, International Consolidated Airlines Group, S.A. ("IAG", the "Company" and, together with its subsidiaries, the "Group") today announces a fully underwritten capital increase with pre-emptive subscription rights to raise gross proceeds of €2,741 million (the "Capital Increase") through the issuance of 2,979,443,376 new shares in IAG (the "New Shares"). The subscription price will be €0.92 for each New Share, representing a 35.9% discount to the TERP (*theoretical ex-rights price*) based on the closing price of the shares on 9 September 2020. As previously announced, Qatar Airways Group Q.C.S.C. ("Qatar Airways"), IAG's largest shareholder (25.1% holding), has irrevocably undertaken to subscribe for its pro-rata entitlement under the Capital Increase. For each existing share of IAG, its holder is entitled to one subscription right and 2 subscription rights are required to subscribe for 3 New Shares.

Key Highlights

- The Capital Increase to raise €2,741 million is designed to:
 - enable IAG to strengthen its balance sheet and reduce leverage;
 - enhance liquidity and help IAG withstand a more prolonged downturn in air travel based on IAG's stressed, downside scenario planning; and
 - provide IAG with the operational and strategic flexibility to take advantage of a recovery in demand for air travel.
- IAG acted quickly to mitigate the impacts of the COVID-19 pandemic, bolster liquidity and to protect its long-term future. These actions preserved cash through a range of measures including: capacity reductions; lowering operating costs; accessing Government wage support schemes in the UK, Spain and Ireland and other measures agreed to reduce employee costs; reducing discretionary spending, including halving planned capex over the next three years, and significantly reducing fleet deliveries.
- IAG believes the Capital Increase, together with its quick response to the crisis, should enable the Group to emerge from the current pandemic in a strong position, with more resilience,

greater flexibility and the ability to make the right operational and strategic decisions for the long term benefit of all its stakeholders.

- IAG has a proven and successful operating model underpinned by its portfolio of world-class brands, global leadership positions in each of its home markets and unique structure. The Group has a strong track record of value-enhancing consolidation and delivering value to shareholders through industry-leading returns and growing profitability.
- Qatar Airways, IAG's largest shareholder (25.1% holding), has irrevocably undertaken to subscribe for its pro-rata entitlement under the Capital Increase.
- The Capital Increase was approved by shareholders at the General Shareholders' Meeting on 8 September 2020.

Details of the Capital Increase

- The subscription price of €0.92 per New Share represents a discount of 35.9% to the TERP (*theoretical ex-rights price*) of €1.44 per share by reference to the closing price on 9 September 2020 (the last business day before this announcement).
- The gross proceeds of the Capital Increase will amount to an aggregate of €2,741 million.
- For each existing share of IAG, its holder is entitled to one subscription right and 2 subscription rights are required to subscribe for 3 New Shares.
- The preferential subscription period is expected to last fifteen calendar days from the day after publication of the Capital Increase in the BORME (Official Gazette of the Business Register), during which the subscription rights can be traded.
- The New Shares will confer to their holders the same voting and economic rights as the ordinary shares of the Company currently in circulation.
- Subscription rights that are not exercised shall automatically lapse at the end of the subscription period and, therefore, shareholders who take no action will not receive compensation for any unused or expired subscription rights and will be diluted.
- The Capital Increase is, subject to certain customary conditions, underwritten by Goldman Sachs International and Morgan Stanley & Co. International plc acting as Joint Sponsors, Joint Global Coordinators and Joint Bookrunners, Deutsche Bank Aktiengesellschaft acting as Joint Global Coordinator and Joint Bookrunner and Banco Bilbao Vizcaya Argentaria, S.A, Banco Santander, S.A., Barclays Bank PLC, BofA Securities, Citigroup Global Markets Limited and Credit Suisse Securities (Europe) Limited acting as Joint Bookrunners.

Use of Proceeds

The net proceeds of the Capital Increase will be used to strengthen the Group's balance sheet by reducing financial leverage and increasing IAG's liquidity position.

Current Trading and Outlook

Following an almost complete cessation of new booking activity in April and May, June saw a significant increase in bookings to approximately 30% of prior year levels by the end of the month. This was driven by the easing of country lockdowns in key home markets and across Europe as well as the gradual re-opening of intra-European borders. Domestic travel has led the recovery, followed by international short-haul and then long-haul travel.

Since July, IAG has experienced an overall levelling off of bookings. Short-haul bookings have fallen slightly following the re-implementation of quarantine requirements by the UK and other European governments for travellers returning from specific countries including Spain.

As anticipated, IAG has seen a delayed recovery of long-haul booking activity, impacted by the continued existence of travel restrictions to many long-haul destinations, including North and South America. Long-haul bookings have seen a modest increase since mid-August.

Where travel markets have reopened without border restrictions and quarantine requirements IAG has been encouraged by the level of pent-up demand that exists for air travel.

As a result of the impact of current travel restrictions and quarantine requirements on booking activity, the Group's capacity planning scenario for 2020 has been lowered to minus 63% in terms of available seat kilometres (ASKs) compared to 2019 from minus 59% previously. For 3Q 2020 capacity is expected to decline by 78% compared to 2019 and lower than a decline of 74% in the previous scenario. For 4Q 2020 capacity is expected to decline by 60% compared to 2019 and compared to a decline of 46% in the previous scenario. For 2021 capacity is expected to decline by 27% compared to 2019, a reduction compared to 24% previously planned.

Despite a lower capacity in 4Q 2020 than under the previous planning scenario, the Group continues to expect that it would reach breakeven in terms of Net cash flows from operating activities during 4Q 2020. This is as a result of mitigating actions taken to reduce operating expenses further and enhance working capital.

There has been no change to the Group's expectation that it will take until at least 2023 for passenger demand to recover to 2019 levels.

There has also been no change to the Group's downside planning scenario, which was used to determine the size of the Capital Increase. The downside scenario includes a reduction in capacity in terms of ASKs of 66% in 2020 and 35% in 2021 relative to 2019. IAG considers that further downside to the latest planning scenario is more likely to be in the form of delays or extensions to the recovery trajectory, for example as a result of partial travel restrictions, rather than a return to full lockdown.

IAG has continued to implement its restructuring plans. British Airways is in the process of reducing headcount by up to 13,000. By the end of August, the headcount was reduced by 8,236 due to employees leaving the business and mostly as a result of voluntary redundancy. It has concluded labour agreements with its pilots, engineers and Heathrow customer service staff. In regard to cabin crew, agreement in principle has been reached with Unite and a consultative ballot is expected to start shortly. Other consultation discussions continue, including with Heathrow ground handling services and cargo operations staff, UK Contact Centre employees and Gatwick based cabin crew. Iberia and Vueling continue to benefit from the Spanish Government's ERTE furlough scheme, which is expected to be extended into 2021. Aer Lingus has implemented reductions in salaries and working hours across the

airline and expects 250 voluntary redundancies by the end of 2020. IAG expects to report restructuring charges of c.€330 million in its 2020 results associated with employee redundancies.

As at 31 August 2020, the Group had total liquidity of €7.6 billion, comprised of €5.8 billion of cash, cash equivalents and interest-bearing deposits and €1.8 billion of undrawn and committed general and aircraft facilities. Cash at the end of August included an approximate £750 million payment from American Express, a significant part of which was a pre-purchase of Avios points, as announced on 24 July 2020.

Directors' Intentions

Each Director who is a shareholder and who is able to participate in the Capital Increase has irrevocably undertaken to take up in full or in part his or her entitlement to subscribe for New Shares.

Prospectus

A prospectus (the "Prospectus") setting out the full details of the Capital Increase, including a full timetable of key dates, is expected to be approved and registered by the Spanish National Securities Market Commission ("CNMV") in the coming days and to be published on the Company's website (www.iairgroup.com) and the CNMV (www.cnmv.es). The preceding summary should be read in conjunction with the full text of the following announcement, together with the Prospectus.

The Prospectus will also include details for shareholders on how to participate in the Capital Increase. Unless the context otherwise requires, words and expressions defined in the Prospectus shall have the same meanings in this announcement.

This announcement contains inside information and is disclosed in accordance with the Company's obligations under the Market Abuse Regulation (EU) No 596/2014. Steve Gunning, Chief Financial Officer

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This announcement is an advertisement and not a prospectus for the purposes of the Prospectus Regulation. A final form prospectus, which is expected to be approved by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*), will be prepared and made available to the public in accordance with the Prospectus Regulation. The approval of the prospectus should not be understood as an endorsement of the securities. Investors should not subscribe for or purchase any transferable securities referred to in this announcement except on the basis of information contained in the prospectus published and should read the prospectus before making an investment decision in order to fully understand the potential risks and rewards associated with the decision to invest in the securities. The final form prospectus, when published, will be available on the website of the Spanish National Securities Market Commission (www.cnmv.es) and the website of the Company (www.iairgroup.com).

This announcement does not constitute a recommendation concerning any investor's decision or options with respect to the Capital Increase. The price and value of securities can go down as well as up. Past performance is not a guide to future performance. The contents of this announcement are not to be construed as legal, business, financial or tax advice. Each shareholder or prospective investor should consult his, her or its own independent legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice.

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Goldman Sachs International ("Goldman Sachs") is authorised in the United Kingdom by the Prudential Regulation Authority (the "PRA") and regulated in the United Kingdom by the Financial Conduct Authority (the "FCA") and the PRA. Goldman Sachs is acting as Joint Financial Adviser (except in connection with its role as underwriter on the Capital Increase) and Joint Global Co-

ordinator to the Company and no other person in connection with this announcement and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Goldman Sachs nor for providing advice to any person in relation to any matters referred to in this announcement.

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N. M. Rothschild & Sons Limited ("Rothschild & Co"), which is authorised and regulated by the FCA in the United Kingdom is acting exclusively for the Company and no one else in connection with the Capital Increase or any other matter referred to in this announcement and will not regard any other person (whether or not a recipient of this announcement) as a client and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Rothschild & Co or for providing advice in connection with the Capital Increase or any other matter referred to in this announcement.

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BofA Securities Europe SA is governed by articles L. 531-1 and following of the monetary and financial code. BofA Securities Europe SA is authorised as an investment firm by the *Autorité de Contrôle Prudentiel et de Résolution* ("**ACPR**"), is regulated by the ACPR and the *Autorité des Marchés Financiers*, and is not a credit institution.

Banco Bilbao Vizcaya Argentaria S.A. is authorised by the Bank of Spain and is enrolled in the Administrative Register of the Bank of Spain with number 0182. It is subject to supervision by the European Central Bank and by the Bank of Spain, and is subject to limited regulation in the United Kingdom by the FCA and the PRA.

Banco Santander S.A., is authorised by Bank of Spain and subject to supervision by the Bank of Spain and by the European Central Bank and to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Banco Santander is acting exclusively for the Company and no other person in connection with this prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to our clients nor for providing advice to any person in relation to any matters referred to in this prospectus.

None of Goldman Sachs, Morgan Stanley, Deutsche Bank or Rothschild & Co, Banco Bilbao Vizcaya Argentaria S.A., Banco Santander S.A., Barclays Bank PLC, BofA Securities Europe SA, Citigroup Global Markets Limited and Credit Suisse Securities (Europe) Limited, nor any of their respective subsidiaries, branches or affiliates, nor any of their respective directors, officers or employees owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Goldman Sachs, Morgan Stanley, Deutsche Bank or Rothschild & Co, Banco Bilbao Vizcaya Argentaria S.A., Banco Santander S.A., Barclays Bank PLC, BofA Securities Europe SA, Citigroup

Global Markets Limited and Credit Suisse Securities (Europe) Limited in connection with the Capital Increase, this announcement, any statement contained herein, or otherwise.

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”, “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 and divestments relating to the Group and discussions of the Group’s business plan. 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, the effects of the COVID-19 pandemic and uncertainties about its 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 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 2019; these documents are 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. Many of these risks are, and will be, exacerbated by the COVID-19 pandemic and any further disruption to the global airline industry and economic environment as a result.