

IAG Q1 results 2026

A strong first quarter. We are confident in our business model and the long-term prospects for the business

Luis Gallego, IAG Chief Executive Officer, said:

"We are pleased to report a strong first quarter, in which revenue grew by 1.9% and profit grew by 77.3% to €351 million, reflecting continued strong demand for our networks and airline brands.

"IAG is uniquely positioned to navigate the current headwinds created by the Middle East conflict thanks to our leading positions across diverse markets, strong brands, structurally high margins and strong balance sheet, as well as a strong track record of execution.

"We are actively managing the uncertainty created by the fuel price increase and its impact, taking the necessary action on yields, costs and capacity. We currently see no issues with fuel availability in our main markets, particularly as we benefit from our investment in fuel self-supply at our hubs.

"Whilst the impact of the higher fuel price will inevitably lead to lower profit this year than we originally anticipated, we are confident in our business model and strategy, which has made us one of the best-performing airline groups in the world, and which gives us the opportunity to prove our resilience. This confidence means we are on track to continue with the remaining €1 billion return of excess cash."

Highlights

- Revenue in the first quarter increased by 1.9% to €7,181 million reflecting continued strong demand for our network and brands
- Operating profit increased by 77.3% in the first quarter, driven by revenue growth and to date limited impact on cost from the Middle East conflict. Operating margin improved by 2.1pts to 4.9%
- Our capital-light Loyalty business grew its revenue by 10.0% and profit increased by 32.6% at a 20.1% margin
- Strong balance sheet: net debt of €4,183 million; net leverage is at 0.5x. Liquidity of €12,731 million
- We are on track to continue with the remaining €1 billion of excess cash returns through to the end of February 2027, as previously communicated
- IAG is uniquely positioned to navigate the current Middle East conflict due to its strategy and capital allocation discipline:
 - a diverse portfolio of market-leading airlines and brands
 - structurally high margins underpinned by a well-established transformation programme; and
 - a strong balance sheet

Trading

- We have seen strong demand across most of our markets, particularly in our Premium cabins and in both the North and South transatlantic markets, which together represent around half of our capacity. Business travel in particular continues to deliver good revenue growth. We have seen some long-haul yield pressure at Aer Lingus, due to the high levels of competition, as well as some softer demand in the Eastern Mediterranean. The short-haul European market remains competitive.
- At a Group level in the first quarter we increased ASKs by 0.2%, total PRASK increased by 3.5%, and PRASK at constant currency increased by 8.2%.
- By region:

Three months to 31 March 2026	Proportion of total ASKs 2026	ASKs higher/(lower) v2025	Passenger load factor (%)	Passenger load factor higher/(lower) v2025	Passenger revenue per ASK higher/(lower) v2025 ¹
North Atlantic	27.7 %	(0.4)%	79.1	0.5pts	(0.2)%
Latin America and Caribbean	22.8 %	1.9 %	89.8	1.9pts	4.5 %
Europe	22.9 %	(1.6)%	82.4	1.0pts	3.5 %
Domestic (Spain and UK)	8.2 %	(2.5)%	88.3	3.2pts	16.8 %
Africa, Middle East and South Asia	13.4 %	(2.2)%	84.4	2.9pts	2.1 %
Asia Pacific	5.0 %	19.3 %	88.4	1.0pts	3.4 %
Total network	100.0 %	0.2 %	84.2	1.5pts	3.5 %

¹ Passenger revenue per ASK ('PRASK') for the 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, EC261 compensation and the impact of assumptions for unused tickets.

Impact and response to Middle East conflict

Capacity

Around 3% of our capacity was exposed to the Gulf region prior to the start of the conflict, which was operated mostly by British Airways, with smaller amounts by Iberia and Vueling. In total the Group's affected network included the United Arab Emirates, Qatar, Saudi Arabia, Bahrain, Israel, Jordan and Cyprus.

A large part of this network has been redeployed. In the short term this includes to add capacity on routes where there is now reduced seat supply due to fewer flights by Middle Eastern carriers. Examples include Bangkok, Singapore and Male. British Airways has also announced additional flights for this summer on routes that now have more direct demand, such as India and Nairobi to the United States, as well as for later this year to cater to an expected shift in demand to alternative winter sun destinations, such as the Caribbean and Sri Lanka. Iberia and Vueling have both reallocated Tel Aviv capacity to domestic Spain routes.

We have also taken the opportunity of the additional aircraft availability to increase resilience into the schedules of all our brands to cover for maintenance and engineering supply chain issues and aircraft delivery delays.

Looking longer term the Group is reviewing its capacity across its networks and brands. Whilst demand is strong at the moment we remain vigilant about the upcoming winter season.

Jet fuel hedging and availability

We are well hedged for the rest of the year at 70%. As reflected in our first quarter results, our hedging strategy has protected the business from the shorter term impact of the recent major increases in jet fuel prices. We continue to execute our policy, which gives the Group a greater degree of certainty to make future pricing and capacity decisions.

Given the strength of our supply chain and inventory, and in particular the self-supply arrangements that we have invested in at our main hubs, based on what we know today we are confident of jet fuel supply in our main markets throughout the summer. Today the situation is more about the price of fuel than availability.

If the current conflict continues to restrict flows of both crude oil and jet fuel from the Middle East, there is the potential for supplies of jet fuel to be restricted on a global basis. We are engaging with governments in each of our home markets as well as with the EU to ensure that the industry is getting the support it needs to navigate this situation.

Outlook

- We are well-positioned to manage the current headwinds due to our diverse portfolio of businesses; leading positions in strong markets; attractive brands; structurally high market-leading margins, supported by an established transformation programme; and strong balance sheet
- Demand for travel continues to be robust in our main markets and we have seen resilient booked revenue for the second quarter at 80%, which is in line with historical levels.
- Capacity will be lower than the 3% increase guided at full year results in February as a result of our actions taken already. At present we expect to increase capacity by c.1% in Q2 and by c.2% in Q3. We continue to review our longer term capacity plans.
- Whilst the first quarter was relatively unaffected by the Middle East conflict we expect it to have a more substantial impact throughout the rest of the year as the increase in the fuel cost starts to manifest itself. As a result we expect our profit to be lower than originally anticipated at the beginning of the year.
- Based on the fuel curve as at 5 May 2026, including our hedging positions and sustainability costs, our fuel cost would be c.€9.0 billion. We continue to execute our hedging policy and are currently 70% hedged for the remainder of the year with a mix of instruments.
- We expect to recover around 60% of the higher fuel cost during this year through our revenue and cost management actions, reflecting the mix of markets in which we operate, the benefits of our transformation programme and our investment in modern, efficient aircraft across the portfolio.
- We continue to expect to generate significant free cash flow in the year but, given the impact of the Middle East conflict, for it to be less than the €3 billion guided at full year results in February. Capex is now expected to be around €3.5 billion (from €3.6 billion previously).
- We are on track to continue with the remaining €1 billion of excess cash returns through to the end of February 2027, as previously communicated.
- In the longer term we expect the current situation to reinforce IAG's leadership position and resilient earnings power in a more consolidated, sustainable airline market.

Financial summary:

Reported results (€ million)	Three months to 31 March		
	2026	2025	Higher/ (lower)
Total revenue	7,181	7,044	1.9 %
Operating profit	351	198	77.3 %
Profit after tax	301	176	71.0 %
Basic earnings per share (€ cents)	6.5	3.7	75.7 %
Cash, cash equivalents and interest-bearing deposits ¹	10,061	8,319	1,742
Borrowings ¹	14,244	14,267	(23)
Alternative performance measures (€ million)	2026	2025	Higher/ (lower)
Total revenue before exceptional items	7,181	7,044	1.9 %
Operating profit before exceptional items	351	198	77.3 %
Operating margin before exceptional items	4.9%	2.8%	2.1pts
Profit after tax before exceptional items ²	301	176	71.0 %
Adjusted earnings per share (€ cents)	3.6	2.3	56.5 %
Net debt ¹	4,183	5,948	(1,765)
Net debt to EBITDA before exceptional items (times) ¹	0.5	0.8	(0.3)
Total liquidity ^{1, 3}	12,731	10,948	1,783
Operating figures	2026	2025	Higher/ (lower)
Available seat kilometres (ASK million)	79,317	79,134	0.2 %
Passenger revenue per ASK (€ cents)	7.85	7.58	3.5 %
Non-fuel costs per ASK (€ cents)	6.42	6.48	(0.9)%

For definitions of Alternative performance measures, refer to the Alternative performance measures definition and reconciliation section from page 15.

¹ The prior period comparative is 31 December 2025.

² There were no exceptional items in the three months to 31 March 2026 (2025: no exceptional items).

³ Total liquidity includes Cash, cash equivalents and interest-bearing deposits, plus committed and undrawn general and aircraft-specific financing facilities.

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Forward-looking statements:

This announcement contains forward-looking statements within the meaning of applicable securities laws. This cautionary statement is made for the purpose of providing protection for such forward-looking statements and is intended to qualify all forward-looking statements made in, or incorporated by reference into, this announcement. 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”, “would”, “might”, “continues”, “intends”, “plans”, “targets”, “predicts”, “estimates”, “envisages”, “anticipates”, “aims”, “seeks”, “projects”, “forecasts”, “outlook” or “guidance”, or the negative or other variations of such words, or comparable terminology. They include, without limitation, any and all projections or expectations relating to the results of operations, financial condition, cash flows, dividend policy, capital allocation, fleet and capacity plans, route network development, competitive position, industry trends, strategy and regulatory developments 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 and sustainability 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. Except as required by applicable law, regulation or the rules of any stock exchange on which the Group’s securities are admitted to trading, the Group expressly disclaims any obligation or undertaking to release publicly any update, revision, or correction to any forward-looking statement contained herein to reflect any change in the Group’s expectations or any change in events, conditions, assumptions, 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: changes in general economic, business, or market conditions; fuel price volatility; foreign exchange rate fluctuations; changes in interest rates and financing conditions; the impact of pandemics, public health emergencies, or travel restrictions; terrorist incidents, armed conflicts, or geopolitical instability; changes in applicable laws, regulations, or government policy (including taxation, emissions trading schemes, and environmental regulation); the loss, reduction, or reallocation of airport slots or changes to slot allocation rules and regulations, labour relations, industrial action, or workforce constraints; disruptions to IT systems or cybersecurity incidents; the outcome of litigation or regulatory proceedings; changes in competitive dynamics, consumer demand, or booking patterns; supply chain disruptions; climate-related risks; and the Group’s ability to execute its business strategy, achieve anticipated synergies, or manage its fleet and capacity plans — many of which are difficult to predict and are generally beyond the control of the Group, and it is not reasonably possible to enumerate all factors that could cause actual results to differ materially from those anticipated. 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 2025; 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.

Where forward-looking statements in this announcement are based on data, forecasts, or estimates sourced from third parties, the Group has not independently verified such information and makes no representation or warranty, express or implied, as to its accuracy, completeness, or reliability.

To the fullest extent permitted by applicable law, neither the Group nor any of its directors, officers, employees, or advisers accepts any liability whatsoever for any loss, howsoever arising, from any use of, or reliance on, forward-looking statements contained in this announcement or any information on which such statements are based.

These cautionary statements qualify all forward-looking statements contained in this announcement and all forward-looking statements attributable to the Group or to persons acting on its behalf, whether made in writing or orally, including in investor presentations, earnings calls, or other communications.

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 and outcome of the Group’s strategy 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.

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 2025](#). These documents are available on www.iairgroup.com.

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CONSOLIDATED INCOME STATEMENT

€ million	Three months to 31 March		
	2026	2025	Higher/ (lower)
Passenger revenue	6,226	6,000	3.8 %
Cargo revenue	275	318	(13.5)%
Other revenue	680	726	(6.3)%
Total revenue	7,181	7,044	1.9 %
Employee costs	1,621	1,609	0.7 %
Fuel costs and emissions charges	1,735	1,715	1.2 %
Handling, catering and other operating costs	972	987	(1.5)%
Landing fees and en-route charges	579	554	4.5 %
Engineering and other aircraft costs	665	778	(14.5)%
Property, IT and other costs	286	299	(4.3)%
Selling costs	293	299	(2.0)%
Depreciation, amortisation and impairment	672	618	8.7 %
Net loss/(gain) on sale of property, plant and equipment	3	(6)	nm
Currency differences	4	(7)	nm
Total expenditure on operations	6,830	6,846	(0.2)%
Operating profit	351	198	77.3 %
Finance costs	(180)	(219)	(17.8)%
Finance income	62	85	(27.1)%
Net change in fair value of financial instruments	162	75	nm
Net financing credit relating to pensions	27	21	28.6 %
Net currency retranslation (charges)/credits	(23)	134	nm
Other non-operating credits/(charges)	23	(55)	nm
Total net non-operating credits	71	41	73.2 %
Profit before tax	422	239	76.6 %
Tax	(121)	(63)	92.1 %
Profit after tax for the period	301	176	71.0 %

ALTERNATIVE PERFORMANCE MEASURES

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

€ million	Three months to 31 March		
	Before exceptional items		
	2026	2025	Higher/ (lower)
Passenger revenue	6,226	6,000	3.8 %
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Total net non-operating credits	71	41	73.2 %
Profit before tax	422	239	76.6 %
Tax	(121)	(63)	92.1 %
Profit after tax for the period	301	176	71.0 %
Operating figures	2026	2025	Higher/ (lower)
Available seat kilometres (ASK million)	79,317	79,134	0.2 %
Revenue passenger kilometres (RPK million)	66,813	65,417	2.1 %
Passenger load factor (%)	84.2	82.7	1.5pts
Passenger numbers (thousands)	26,394	26,178	0.8 %
Cargo tonne kilometres (CTK million)	1,207	1,308	(7.7)%
Sectors	166,792	168,866	(1.2)%
Block hours (hours)	522,370	516,794	1.1 %
Aircraft in service	627	601	4.3 %
Passenger revenue per RPK (€ cents)	9.32	9.17	1.6 %
Passenger revenue per ASK (€ cents)	7.85	7.58	3.5 %
Cargo revenue per CTK (€ cents)	22.78	24.31	(6.3)%
Fuel cost per ASK (€ cents)	2.19	2.17	0.9 %
Non-fuel costs per ASK (€ cents)	6.42	6.48	(0.9)%
Total cost per ASK (€ cents)	8.61	8.65	(0.5)%

FINANCIAL REVIEW for the three months to 31 March 2026

IAG capacity

In the first three months of 2026, passenger capacity operated, measured in available seat kilometres (ASKs), rose by 0.2% versus the same period in 2025. Growth was lower than the original plan of approximately 2%, linked to cancellations due to the conflict in the Middle East, together with aircraft availability linked to engine issues, particularly impacting Iberia.

Capacity operated by airline

Three months to 31 March	ASKs higher/(lower) v2025	Passenger load factor (%)	Higher/(lower) v2025
Aer Lingus	4.6 %	74.3	(1.0)pts
British Airways	(0.3)%	81.9	2.0pts
Iberia	(1.1)%	88.6	1.4pts
LEVEL	26.5 %	91.5	(2.0)pts
Vueling	(1.9)%	90.9	2.6pts
Group	0.2 %	84.2	1.5pts

Capacity operated by region

Three months to 31 March	Proportion of total ASKs 2026	ASKs higher/(lower) v2025	Passenger load factor (%)	Higher/(lower) v2025
North Atlantic	27.7 %	(0.4)%	79.1	0.5pts
Latin America and Caribbean	22.8 %	1.9 %	89.8	1.9pts
Europe	22.9 %	(1.6)%	82.4	1.0pts
Domestic (Spain and UK)	8.2 %	(2.5)%	88.3	3.2pts
Africa, Middle East and South Asia	13.4 %	(2.2)%	84.4	2.9pts
Asia Pacific	5.0 %	19.3 %	88.4	1.0pts
Total network	100.0 %	0.2 %	84.2	1.5pts

The conflict in the Middle East, particularly from 28 February 2026 onwards, led to the Group's airlines suspending flights to destinations in the immediately affected area, including: Abu Dhabi, Amman, Bahrain, Doha, Dubai and Tel Aviv, with Jeddah suspended from 24 April. The Middle East represents approximately 3% of the Group's capacity. Some capacity has been deployed to alternative destinations, including those providing travel routings avoiding the Middle East. In particular, British Airways increased flights to Singapore, Bangkok and the Maldives in March and April 2026.

In addition to the initial capacity actions above, British Airways has added additional flying to India, increasing frequencies to Bangalore, Delhi and Mumbai, and operating with larger aircraft to Hyderabad; the airline has also increased frequencies to Nairobi to two per day. Iberia has redeployed capacity previously flying to the Middle East to Latin America and the Spanish Islands.

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 Board has considered the impact of a severe but plausible downside scenario and sensitivities, together with aircraft financing requirements. Consequently 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 of preparation for this report.

Unless stated otherwise, all figures and variances quoted below relate to the first three months of 2026 compared with the first three months of 2025 on a reported basis (including exceptional items).

Summary

Reported results € million	2026	2025	Higher/(lower) vly
Operating profit	351	198	153
Profit before tax	422	239	183
Profit after tax	301	176	125

The Group's Operating profit for the first three months increased by €153 million versus the first three months of 2025. In 2026, Operating profit benefited from the earlier timing of the Easter holidays versus the previous year, together with favourable foreign exchange impacts of €48 million; in addition, the first three months of 2025 were affected by the effective closure of London Heathrow airport on 21 March 2025. Profit before tax exceeds Operating profit in both years due to fair value movements related to IAG's convertible bonds; 2025 also included currency retranslation credits.

Summary of exceptional items

There were no exceptional items in the first three months of 2026 or 2025.

Revenue

€ million	2026	Higher/(lower) vly (%)	Higher/(lower) vly
Passenger revenue	6,226	3.8 %	226
Cargo revenue	275	(13.5)%	(43)
Other revenue	680	(6.3)%	(46)
Total revenue	7,181	1.9 %	137

Passenger revenue

The increase in passenger revenue of €226 million, or 3.8%, was driven by higher yields, measured as passenger revenue per revenue passenger kilometre (RPK), up 1.6% and a higher passenger load factor, which was up 1.5 points versus the first three months of 2025. Passenger unit revenue, measured as passenger revenue per ASK (PRASK), rose by 3.5%. PRASK for the first quarter was adversely affected by foreign currency variances, particularly due to a weaker US dollar than in early 2025, together with the translation impact of a weaker pound sterling against the euro; at constant currency PRASK was up 8.2%.

Cargo revenue

Cargo revenue of €275 million was €43 million lower than in 2025. Cargo volumes, measured in cargo tonne kilometres (CTKs), were 7.7% lower than the previous year, whilst cargo yields, measured as cargo revenue per cargo tonne kilometre, were 6.3% lower. Market yields were elevated in the first half of 2025, supported by global supply chain disruptions and strong demand; however, since the third quarter of 2025 yields have declined as market rates stabilised from the previous year's Red Sea-related surge. Cargo revenue was further impacted by a weakened US dollar, while March performance was affected by cancellations to destinations in the Middle East. The Group continued to prioritise high-yielding and premium flows, particularly across Asia Pacific and India.

Other revenue

Other revenue, at €680 million, was down €46 million versus 2025, mainly driven by reduced third-party revenues from Iberia's Maintenance, Repair and Overhaul (MRO) business, which in turn were mainly linked to a change in how the cost of certain components are charged: previously such costs were included in Iberia's MRO contracts, but now these costs are charged directly to the airline customer by the manufacturer, reducing MRO revenue. Loyalty revenues continued to see growth, particularly from non-airline partners, with holiday-related revenues flat year-on-year, with some initial disruption seen from the conflict in the Middle East.

Operating costs

Total operating expenditure in the first quarter reduced from €6,846 million in 2025 to €6,830 million in 2026, a decrease of 0.2%, mainly due to foreign exchange benefits linked to a weaker US dollar and the translation impact of a weaker pound sterling against the euro, with foreign exchange benefits of €401 million, or 5.9% of operating expenditure. The increase in operating expenditure before foreign exchange benefits of 5.7% was linked to an increase in fuel costs, driven particularly by the significant increase in prices from 28th February onwards, outlined further below, and additional non-fuel costs reflecting the impact of wage increases and supplier cost increases, which were partially mitigated by the impact of the Group's transformation and innovation initiatives.

Employee costs

	2026	Higher/(lower) vly (%)	Higher/(lower) vly
Employee costs, € million	1,621	0.7 %	12
Employee costs per ASK, € cents	2.04	0.5 %	

The rise in employee costs of €12 million or 0.7% versus 2025 reflects wage increases and increased employee numbers linked to planned additional capacity. Employee costs also reflect the increase in Employers' National Insurance in the UK, which was effective from April 2025.

Fuel costs and emission charges

	2026	Higher/(lower) vly (%)	Higher/(lower) vly
Fuel costs and emissions charges, € million	1,735	1.2 %	20
Fuel costs and emissions charges per ASK, € cents	2.19	0.9 %	

Fuel costs and emissions charges were up €20 million, or 1.2% versus 2025, driven principally by an increase in emissions charges; higher average commodity fuel prices in US dollars were reduced by the impact of fuel hedging and favourable foreign exchange benefits, due to the weaker US dollar. At constant currency, the Group's fuel unit costs, measured as Fuel costs and emissions charges per ASK, were 10.6% higher than the first quarter of 2025. Average market commodity prices in January and February were lower than the previous year, but prices rose significantly from the end of February onwards, linked to the conflict in the Middle East and the disruption to shipping and oil exports through the Strait of Hormuz, with the spot jet fuel price at the end of March approximately \$1,725 per metric tonne, double the price at the end of February. The impact in the quarter was mainly offset by the contract pricing bases for jet fuel and the Group's hedging policy. Fuel contracts are priced on a number of different bases, representing the average price over a reference period. Approximately 60% of the Group's fuel consumption is linked to contracts with a pricing reference period of the prior month (or before), with approximately 40% priced within the month. The Group expects to see a significant increase in fuel costs in April, linked to the average prices in March and April; the impact will be partially offset by the impact of the Group's fuel hedging policy.

Fuel hedging

The Group seeks to reduce the impact of volatile commodity prices by hedging prices in advance. The Group's fuel hedging policy is designed to provide flexibility to respond to both significant unexpected reductions in travel demand or capacity and/or material or sudden changes in jet fuel prices. The policy allows for differentiation within the Group, to match the nature of each operating company, and the use of option structures for a proportion of the hedging undertaken. The policy operates on a three-year rolling basis, with hedging of up to 75% of anticipated requirements in near-term, reducing steadily over the first two years down to 20% for the final year. The policy also provides flexibility for low-cost airlines within the Group to adopt hedging of up to 80% in the near-term. In the near term, the Group hedges its anticipated jet fuel exposure using a greater proportion of jet fuel derivatives. Further out, the Group uses more liquid proxy instruments, primarily Brent crude oil and gasoil, with positions progressively transitioned into jet fuel hedges, where possible, as delivery approaches.

Emissions charges

The cost of complying with various emissions trading schemes and the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA) was €148 million, up from €70 million in the first three months of 2025; this cost includes the end of free allowances in the EU and UK, together with the latest assumptions on the cost associated with the CORSA scheme. Fuel consumption, carbon emissions and costs continue to benefit from the Group's investment in new-generation aircraft.

Supplier costs

€ million	2026	Higher/(lower) vly (%)	Higher/(lower) vly
Handling, catering and other operating costs	972	(1.5)%	(15)
Landing fees and en-route charges	579	4.5 %	25
Engineering and other aircraft costs	665	(14.5)%	(113)
Property, IT and other costs	286	(4.3)%	(13)
Selling costs	293	(2.0)%	(6)
Currency differences	4	nm	11
Total Supplier costs	2,799	(3.8)%	(111)
Supplier costs per ASK, € cents	3.53	(4.0)%	

Total Supplier costs fell by €111 million, or 3.8%, to €2,799 million. Excluding the impact of favourable foreign exchange benefits, total Supplier costs were 1.7% higher than the first quarter of 2025, or 1.4% higher on a unit basis, with the impact of the Group's cost transformation initiatives partially mitigating the impacts of inflation. Foreign exchange particularly impacts on Engineering and other aircraft costs, the majority of which are denominated in US dollars.

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.

€ million	2026	Higher/(lower) vly (%)	Higher/(lower) vly
Depreciation, amortisation and impairment	672	8.7 %	54
Net loss/(gain) on sale of property, plant and equipment	3	nm	(9)
Ownership costs, € million	675	10.3 %	63
Ownership costs per ASK, € cents	0.85	10.0 %	

The increase in ownership costs versus 2025 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, and IT investment.

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, primarily pound sterling related to British Airways and IAG Loyalty, to the Group's reporting currency of euro. 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 2026 the Group's operating profit before exceptional items benefited from €48 million of favourable exchange rate impacts versus the same period in 2025.

Exchange rate impact before exceptional items

€ million Favourable/(adverse)	2026		Total exchange impact
	Translation impact	Transaction impact	
Total exchange impact on revenue	(222)	(131)	(353)
Total exchange impact on operating expenditures	205	196	401
Total exchange impact on operating profit	(17)	65	48

Average Income statement foreign exchange rates

Three months to 31 March	2026	2025	Higher/(lower) vly (%)
£ to €	1.15	1.20	(4.2)%
€ to \$	1.17	1.04	12.5 %
£ to \$	1.34	1.25	7.2 %

The adverse translation foreign exchange variance of €17 million relates to the weakening of the pound sterling versus the euro of 4.2% versus the first quarter of 2025. The overall favourable transaction foreign exchange variance of €65 million reflects a weaker US dollar versus the first quarter of 2025, which benefited the Group's airlines, which have a net short position in US dollars, due to certain costs such as fuel and aircraft maintenance being principally denominated in US dollars.

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

	2026	2025	Higher/(lower)
British Airways (£ million)	186	96	90
Aer Lingus (€ million)	(103)	(55)	(48)
Iberia (€ million)	164	137	27
Vueling (€ million)	(28)	(55)	27
IAG Loyalty (£ million)	116	88	28

British Airways, Iberia and Vueling saw the benefit of a weaker US dollar and an earlier start to the Easter holidays in 2026, which contributed to increases in passenger unit revenues; in addition British Airways' operating profit in the first quarter of the previous year had been impacted by the effective one-day closure of London Heathrow airport in March 2025. The €48 million increase in the operating loss for Aer Lingus mainly reflected additional fuel costs and lower passenger revenues linked to competition on North Atlantic routes. IAG Loyalty's operating profit growth of £28 million mainly reflected growth in the loyalty business driven by non-airline partnerships, with the holidays business flat year-on-year.

Total net non-operating credits

Total net non-operating credits for the three months were €71 million, versus credits of €41 million in 2025. Finance costs net of finance income were €16 million lower, linked to lower borrowings net of reduced interest income, in line with lower interest rates on deposits. The net change in the fair value of financial instruments of €162 million is related to the reduction in the fair value of the Group's convertible bond versus 31 December 2025. A slightly stronger US dollar at 31 March 2026 compared with 31 December 2025 led to a Net currency retranslation charge of €23 million in 2026, versus a credit of €134 million in 2025. Other non-operating credits of €23 million mainly relate to foreign exchange derivative contracts for which hedge accounting is not applied, which were also impacted by the weaker US dollar.

Tax

The tax charge on the profit for the three months was €121 million (2025: tax charge of €63 million), with an effective tax rate of 29% (2025: 26%). The difference between the current period effective tax rate of 29% and the prior period effective tax rate of 26% is principally due to the movement in respect of prior years.

The tax charge is calculated by applying the best estimate of the average annual effective tax rate for each material tax jurisdiction to the interim period pre-tax income of each jurisdiction. 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 2026. The expected tax rate for the Group is determined by applying the relevant corporation tax rate, as adjusted by domestic top-up taxes, 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 28% for the three months to 31 March 2026.

The difference between the actual effective tax rate of 29% and the expected tax rate of 28% is principally due to Spanish tax arising on intra-group dividends and non-deductible expenses, partially offset by recognition of prior year tax assets.

IAG Loyalty VAT

As previously disclosed, on 29 October 2024 His Majesty's Revenue and Customs in the UK (HMRC) issued a decision asserting that VAT is payable at the standard rate of 20% upon issuance of Avios by IAG Loyalty from March 2018 onwards. This contrasts with IAG Loyalty's historical approach of accounting for VAT depending on the nature of the redemption products for which Avios are redeemed, with the vast majority being flights that are zero-rated.

The Group has a hearing scheduled at the First-tier Tribunal (Tax) in the UK during the fourth quarter of 2026, with a decision expected during 2027. To enable a hearing of the case at the First-tier Tribunal (Tax), without admission of liability, the Group in prior periods paid €508 million to HMRC for periods prior to its decision, net of amounts recovered as input VAT for certain of its subsidiaries, which is expected to be refunded if the matter is resolved in the Group's favour. Accordingly, these amounts have been recorded as a non-current asset on the Balance sheet.

For payments made to HMRC for periods subsequent to its decision on 29 October 2024, a proportion of the payments made reduce the amounts that would previously have been recognised within Deferred revenue in the Balance sheet upon issuance of the Avios and subsequently within Passenger revenue and Other revenue in the Income statement when the Avios are redeemed. These payments amount to €104 million at 31 March 2026 and are disclosed as a contingent asset.

The Directors are satisfied that it is not probable that an adverse outcome will eventuate, and accordingly, the Group continues to consider at 31 March 2026, and through to the date of this report, that the €508 million non-current asset, recognised as a result of the payment to HMRC, is recoverable.

Aircraft deliveries, financing and fleet orders

During the first quarter, one Airbus A321XLR was delivered to Aer Lingus; the aircraft was not financed and is held unencumbered. The Group also exercised options to purchase 10 Airbus A320neo family aircraft for delivery in 2030 and 10 Boeing 737 aircraft for delivery in 2028 and 2029. The orders will provide flexibility for short-haul replacement or growth and will be allocated within the Group closer to delivery.

Gross debt, net debt and leverage

€ million	31 March 2026	31 December 2025
Total borrowings	14,244	14,267
Cash, cash equivalents and current interest-bearing deposits	10,061	8,319
Net debt	4,183	5,948
Rolling four quarters EBITDA before exceptional items	7,859	7,652
Gross debt to EBITDA before exceptional items (times)	1.8	1.9
Net debt to EBITDA before exceptional items (times)	0.5	0.8

The reduction in Total borrowings was due to scheduled debt repayments, mainly related to operating and finance leases for aircraft; the impact was partially offset by a strengthening of the US dollar against the euro, which increased Total borrowings by €203 million, together with the modification and/or extension of operating leases.

The main driver of the reduction in Net debt to EBITDA before exceptional items (leverage) versus 31 December 2025 was the normal seasonality within working capital linked to the build up of bookings for future travel ahead of the peak summer travel season.

The Group's current ratings (at 7 May 2026) are all investment grade, with the following ratings: S&P: BBB (stable outlook) and Moody's: Baa2 (stable outlook). British Airways has separate credit ratings, which are also investment grade, with S&P BBB (stable outlook), Moody's Baa2 (stable outlook) and Fitch BBB (stable outlook).

Liquidity

€ million	31 March 2026	31 December 2025
Cash, cash equivalents and current interest-bearing deposits	10,061	8,319
Committed and undrawn general and overdraft facilities	2,670	2,629
Total	12,731	10,948

The principal component of the Group's committed and undrawn general and overdraft facilities is a \$3.0 billion (€2.6 billion), sustainability-linked, secured Revolving Credit Facility (RCF), available until 2029 and accessible by British Airways, Iberia and Aer Lingus, each of which has separate limits.

The Group also has access to an increasing pool of unencumbered aircraft, which totals 189 aircraft, including 26 aircraft less than 6 years old.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group has continued to maintain its processes to identify, assess, and manage risks under the Group's Enterprise Risk Management (ERM) framework. The principal risks and uncertainties affecting the Group are detailed in the Risk management and principal risk factors section of the 2025 Annual report and accounts and these remain relevant.

The IAG Board monitors the risk landscape and challenges management on its plans to address and adapt to changes that influence or impact the Group's performance, including the Group's businesses response to significant geopolitical events such as the outbreak of war or market shocks, volatility in financial markets and friction in trade flows, disruption in operations and the Group's supply chain, AI and other emerging technologies that could transform the business or the aviation industry.

In assessing the Group's principal risks, the Board has considered the risk environment including:

- the war in Iran and military action across the Gulf region driving market volatility, elevated fuel pricing and operational and customer disruption, and which could curtail access to markets, see energy and jet fuel supply impacts from the closure of key supply lanes and damage to fuel production or refining infrastructure, resulting in sustained fuel price increases and macro-economic uncertainty, vulnerabilities in or constrained jet fuel supply impacting the network, risk to slots if waivers cannot be secured from regulators, and drive inflation and affect interest rates;
- monitoring the trade and economic effects, outcomes to markets and demand resulting from inflation or other central bank or governmental policy decisions that may reduce customer confidence in key customer segments or markets, particularly in respect to adjustment to energy price increases;
- resilience to the externally hostile and increasing cyber threat environment, further heightened by geopolitical conflicts, with the use of sophisticated techniques, including AI and social engineering to gain unauthorised access to systems and data within the Group's businesses or its supply chains;
- operational, IT and technical resilience across its airlines, response plans, customer support and disruption management tools to adapt to unplanned events, including airspace or airport closures or disruptions, cyber events, constrained fuel supply at airports or increased friction impacting the flow of goods and creating further supply chain delays in aircraft maintenance, especially for engines and components;
- expansion plans for the London airports, including Heathrow and Gatwick, with the costs of inefficient infrastructure projects impacting on traffic and network, growth and fleet decisions;
- costs of mandates for the use of synthetic sustainable jet fuel and carbon schemes, and relative competitive distortion; and
- managing the cost base and any new inflationary effects, and accelerating AI adoption and transformational change.

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		
	2026	2025	Higher/(lower) vly
Passengers carried ('000s)	26,394	26,178	0.8 %
North Atlantic	2,594	2,588	0.2 %
Latin America and Caribbean	1,990	1,928	3.2 %
Europe	12,983	12,973	0.1 %
Domestic (Spain and UK)	6,799	6,731	1.0 %
Africa, Middle East and South Asia	1,663	1,656	0.4 %
Asia Pacific	365	302	20.9 %
Revenue passenger kilometres (million)	66,813	65,417	2.1 %
North Atlantic	17,328	17,293	0.2 %
Latin America and Caribbean	16,258	15,637	4.0 %
Europe	14,950	15,001	(0.3)%
Domestic (Spain and UK)	5,732	5,664	1.2 %
Africa, Middle East and South Asia	9,006	8,889	1.3 %
Asia Pacific	3,539	2,933	20.7 %
Available seat kilometres (million)	79,317	79,134	0.2 %
North Atlantic	21,914	22,013	(0.4)%
Latin America and Caribbean	18,112	17,782	1.9 %
Europe	18,134	18,429	(1.6)%
Domestic (Spain and UK)	6,489	6,652	(2.5)%
Africa, Middle East and South Asia	10,666	10,904	(2.2)%
Asia Pacific	4,002	3,354	19.3 %
Passenger load factor (%)	84.2	82.7	1.5
North Atlantic	79.1	78.6	0.5
Latin America and Caribbean	89.8	87.9	1.9
Europe	82.4	81.4	1.0
Domestic (Spain and UK)	88.3	85.1	3.2
Africa, Middle East and South Asia	84.4	81.5	2.9
Asia Pacific	88.4	87.4	1.0
Cargo tonne kilometres (million)	1,207	1,308	(7.7)%

TRAFFIC AND CAPACITY STATISTICS - BY AIRLINE

	Three months to 31 March		
	2026	2025	Higher/(lower) vly
Aer Lingus			
Passengers carried ('000s)	2,165	2,141	1.1 %
Revenue passenger kilometres (million)	5,051	4,891	3.3 %
Available seat kilometres (million)	6,795	6,495	4.6 %
Passenger load factor (%)/Pts variance	74.3	75.3	(1.0)pts
Cargo tonne kilometres (million)	34	38	(10.5)%
British Airways			
Passengers carried ('000s)	10,236	9,970	2.7 %
Revenue passenger kilometres (million)	33,597	32,894	2.1 %
Available seat kilometres (million)	41,045	41,170	(0.3)%
Passenger load factor (%)/Pts variance	81.9	79.9	2.0pts
Cargo tonne kilometres (million)	850	942	(9.8)%
Iberia			
Passengers carried ('000s)	5,876	6,069	(3.2)%
Revenue passenger kilometres (million)	18,241	18,136	0.6 %
Available seat kilometres (million)	20,577	20,803	(1.1)%
Passenger load factor (%)/Pts variance	88.6	87.2	1.4pts
Cargo tonne kilometres (million)	311	316	(1.6)%
LEVEL			
Passengers carried ('000s)	201	159	26.4 %
Revenue passenger kilometres (million)	1,774	1,434	23.7 %
Available seat kilometres (million)	1,939	1,533	26.5 %
Passenger load factor (%)/Pts variance	91.5	93.5	(2.0)pts
Cargo tonne kilometres (million)	12	12	- %
Vueling			
Passengers carried ('000s)	7,916	7,839	1.0 %
Revenue passenger kilometres (million)	8,150	8,062	1.1 %
Available seat kilometres (million)	8,961	9,133	(1.9)%
Passenger load factor (%)/Pts variance	90.9	88.3	2.6pts
Cargo tonne kilometres (million)	n/a	n/a	n/a

ALTERNATIVE PERFORMANCE MEASURES DEFINITION AND RECONCILIATION

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 2026, 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 2025.

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

a Profit 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.

There have been no exceptional items recorded in either the three months to 31 March 2026 and the three months to 31 March 2025.

b Adjusted earnings per share ^(KPI)

Adjusted earnings are based on results before exceptional items after tax and adjusted for earnings 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	
	2026	2025
Profit after tax attributable to equity holders of the parent	301	176
Exceptional items	-	-
Profit after tax attributable to equity holders of the parent before exceptional items	301	176
Income statement impact of convertible bonds	(121)	(56)
Adjusted profit	180	120
Weighted average number of ordinary shares in issue used for basic earnings per share	4,624	4,821
Weighted average number of ordinary shares used for diluted earnings per share	4,962	5,175
Basic earnings per share (€ cents)	6.5	3.7
Basic earnings per share before exceptional items (€ cents)	6.5	3.7
Adjusted earnings per share before exceptional items (€ cents)	3.6	2.3

c Ownership costs

Ownership costs represent the income statement impact of the historical purchase of capital assets and is defined as depreciation, amortisation and impairment, arising on both property, plant and equipment and intangible assets, and the Net loss on sale of property, plant and equipment. The Group believes that this measure is useful to the users of the financial statements in understanding the impact of capital assets in deriving the operating result of the Group.

€ million	Three months to 31 March	
	2026	2025
Depreciation, amortisation and impairment	672	618
Net loss/(gain) on sale of property, plant and equipment	3	(6)
Ownership costs	675	612

d Gross and Net debt to EBITDA before exceptional items ^(KPI)

To supplement total borrowings as presented in accordance with IFRS, the Group reviews both Gross debt to EBITDA before exceptional items and Net debt to EBITDA before exceptional items to assess its level of gross and net debt in comparison to the underlying earnings generated by the Group in order to evaluate the underlying business performance of the Group. These measures are used to monitor the Group's leverage and to assess financial headroom against internal and external analyst and investor benchmarks and their long-term industry expectations.

Gross debt is defined as long-term borrowings (both current and non-current). Net debt is defined as Gross debt, less cash, cash equivalents and current interest-bearing deposits.

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 reporting period. 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 2026	31 December 2025
Gross debt: Interest-bearing long-term borrowings	14,244	14,267
Less: Cash and cash equivalents	9,102	7,421
Less: Other current interest-bearing deposits	959	898
Net debt	4,183	5,948
Operating profit	5,177	5,024
Add: Depreciation, amortisation and impairment	2,682	2,628
EBITDA	7,859	7,652
Add: Exceptional items	-	-
EBITDA before exceptional items	7,859	7,652
Gross debt to EBITDA before exceptional items (times)	1.8	1.9
Net debt to EBITDA before exceptional items (times)	0.5	0.8

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:

Foreign exchange rates

	Three months average to 31 March		Closing at 31 March	Closing at 31 December
	2026	2025	2026	2025
Pound sterling to euro	1.15	1.20	1.16	1.14
Euro to US dollar	1.17	1.04	1.16	1.17
Pound sterling to US dollar	1.34	1.25	1.34	1.34

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 of 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 facilities, plus aircraft financing facilities and overdraft facilities.

€ million	31 March 2026	31 December 2025
Cash and cash equivalents	9,102	7,421
Current interest-bearing deposits	959	898
Committed and undrawn general facilities	2,657	2,616
Overdrafts and other facilities	13	13
Total liquidity	12,731	10,948