

CONVERTIBLE BOND LAUNCH

International Consolidated Airlines Group, S.A. (“**IAG**” or the “**Issuer**”) announces today it is launching an offer of senior unsecured bonds (the “**Bonds**”) convertible into ordinary shares of IAG (the “**Shares**”), for an initial issue size of approximately EUR 800,000,000 due 2028 (the “**Offering**”).

The final terms of the Bonds are expected to be determined and announced later today and settlement is expected to take place on or about May 18, 2021.

The Offering is being issued by IAG under the powers delegated to its board of directors at its annual general meeting held on September 8, 2020.

The target market for the Bonds is comprised of eligible counterparties and professional clients only. The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or the United Kingdom. Accordingly, no PRIIPs Regulation key information document has been prepared as the Bonds are not available to retail investors in the EEA or the United Kingdom. Accordingly, the Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or the United Kingdom.

The Bonds shall bear a fixed rate of interest payable semi-annually in arrears which shall be determined as part of the bookbuilding process. The conversion price of the Bonds is expected to be set at a premium of 45 – 50 per cent. to the volume weighted average price of the Shares on the London Stock Exchange in the period from launch to pricing, translated into EUR at the prevailing exchange rate. The Bonds will be issued at 100 per cent. of their principal amount and, unless previously redeemed, converted or purchased and cancelled, will be redeemed at 100 per cent. of their principal amount on the maturity date.

IAG will have the option to redeem all of the Bonds, but not only some, on or after 8 June 2026 (5 years and 21 days following the settlement date of the Bonds), together with any accrued interest, if the volume weighted average price of the Shares has been at least 130 per cent. of the conversion price over a specified period. The Issuer will also have the option to redeem all outstanding Bonds, but not only some, at their principal amount, together with any accrued interest, at any time, if 85 per cent. or more of the originally issued principal amount of the Bonds shall have been previously converted, redeemed or repurchased and cancelled.

Background to the Offering and Use of Proceeds

Since the start of the COVID-19 pandemic, IAG has taken decisive action to bolster its liquidity by reducing capital requirements and increasing funding, resulting in total cash and facilities of €10.5 billion recently reported as of 31 March 2021 compared to €9.1 billion as of the end of 2019. Funding in 2020 and 2021 to date has included €2.7 billion Rights Issue, €1.5 billion government-supported loans, £2.0 billion (€2.2 billion) UK Export Finance loan, €1.2 billion unsecured bonds and €2.6 billion aircraft financings, sale and leaseback transactions and other asset sales. In addition, IAG increased and extended its facilities by securing a \$1.8 billion (€1.5 billion) 3-year Revolving Credit Facility.

Given the continuing uncertainty in respect of air travel, the net proceeds from the Offering will be used by IAG to (i) strengthen the Group’s balance sheet and increase the Group’s overall liquidity position and (ii) provide the Group with increased operational and strategic flexibility to take advantage of a recovery in demand.

An application will be made for the Bonds to be admitted to trading on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange.

Under the terms of the Offering, IAG will agree not to issue or sell any Shares for a lock-up period ending 90 days after the settlement date of the Bonds, subject to customary exceptions and the Issuer shall not be obliged to comply with the lock-up provision if it has consulted with each of the Joint Global Coordinators and has obtained the prior written consent of at least two of them.

BofA Securities Europe SA, Deutsche Bank Aktiengesellschaft and HSBC are acting as Joint Global Coordinators and Joint Bookrunners and BNP Paribas, Citigroup Global Markets Europe AG and Credit Suisse are acting as Co-Bookrunners and Caixabank, Commerzbank Aktiengesellschaft, MUFG and SMBC Nikko are acting as Co-Managers.

Stephen Gunning
Chief Financial Officer

May 11, 2021

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The Bonds and the Shares (together the "Securities") mentioned in this press release have not been and will not be registered in the United States under the U.S. Securities Act of 1933 (the "U.S. Securities Act"), and may not be offered or sold in the United States, absent registration or exemption from registration under the U.S. Securities Act. There will be no public offer of the Securities in the United States or in any other jurisdiction.

This document is an advertisement and does not comprise a prospectus for the purposes of the Prospectus Regulation (as defined below) and/or Part VI of the Financial Services and Markets Act 2000 of the United Kingdom (the "FSMA") or otherwise.

In connection with the offering of the Bonds, a Prospectus is not required to be published pursuant to the Prospectus Regulation.

This announcement and any offer when made are only addressed to and directed, in member states of the European Economic Area and the United Kingdom, at persons who are "qualified investors" within the meaning of Prospectus Regulation (as defined below) ("qualified investors"). Each person who initially acquires any Bonds or to whom any offer of Bonds may be made and, to the extent applicable, any fund on behalf of which such persons is acquiring the Bonds that are located in a member state of the European Economic Area or in the United Kingdom will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" For these purposes, the expression "Prospectus Regulation" means Regulation (EU) 2017/1129 and Regulation (EU) 2017/1129 as it forms part of the United Kingdom domestic law by virtue of the EUWA.

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on Markets in Financial Instruments, as amended ("MiFID II"); (b) articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; (c) local implementing measures in the EEA; (d) Regulation (EU) No 600/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA ("UK MiFIR"); and (e) the FCA Handbook Product Intervention and Product Governance Sourcebook (together, the "Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Bonds have been subject to a product approval process, which has determined that: (i) the target market for the Bonds is (a) in the EEA, eligible counterparties and professional clients only, each as defined in MiFID II and (b) in the United Kingdom, eligible counterparties (as defined in the FCA Handbook Conduct of Business Sourcebook) and professional clients (as defined in UK MiFIR); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "Distributor") should take into consideration the manufacturers' target market assessment; however, a Distributor subject to MiFID II or the Product Governance Requirements is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

The target market assessment is without prejudice to the requirements of any contractual or legal selling restrictions in relation to any offering of the Bonds.

For the avoidance of doubt, the target market assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II or UK MiFIR; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Bonds.

In the United Kingdom, this document is being distributed only to, and is directed only at, qualified investors within the meaning of Article 2(e) of the Prospectus Regulation, as amended, as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018 who are (i) persons having professional experience in matters relating to investments falling within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), and qualified investors falling within Article 49(2)(a) to (d) of the Order, and (ii) persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons").

This announcement must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any Member State of the European Economic Area, by persons who are not qualified investors. Any investment or investment activity to which this communication relates is available only to qualified investors in the EEA and relevant persons in the United Kingdom and will be engaged in only with relevant persons.

*The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area or in the United Kingdom. For these purposes, a retail investor in the EEA or the United Kingdom means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and in the United Kingdom, a person who is one (or more) of (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of United Kingdom domestic law by virtue of the EUWA or (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA.*

*Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIPs Regulation**”) or the PRIPs Regulation as it forms part of United Kingdom domestic law by virtue of the EUWA (the “**UK PRIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA or the United Kingdom has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIPs Regulation and/or the UK PRIPs Regulation.*

The Bonds may be sold only to purchasers in Canada purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Bonds or Shares issued on conversion of the bonds must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of the applicable securities laws.

This announcement or electronic transmission hereof does not constitute or form part of an offer to sell securities or the solicitation of any offer to subscribe for or otherwise buy any securities to any person in the United States, Australia, Japan and South Africa or in any jurisdiction to whom or in which such offer or solicitation is unlawful.

Each of the Managers is acting on behalf of the Issuer and no one else in connection with the offering of the Bonds and will not be responsible to any other person for providing the protections afforded to clients of such Managers or for providing advice in relation to the Bonds or any transaction, matter or arrangement referred to in this announcement.

In connection with the offering of the Bonds, the Managers and any of their affiliates, acting as investors for their own accounts or for the accounts of others, may subscribe for or purchase bonds and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts or for the accounts of others in such bonds and any other securities of the Issuer or related investments in connection with the Bonds, the Issuer or otherwise. Accordingly, references to the Bonds being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Managers and any of their respective affiliates acting as investors for their own accounts. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.