

## **RELEVANT FACT**

### **FULL YEAR 2019 GUIDANCE UPDATE**

International Airlines Group's (IAG) is updating its full year 2019 operating profit guidance based on recent events.

During September, BALPA's (British Airways main pilots' union) industrial action initially scheduled for the 9, 10 and 27 led to an initial cancellation of 4,521 flights over a period of seven days. Subsequently, 2,196 flights were reinstated leaving 2,325 cancellations. British Airways also introduced flexible commercial policies on 4,070 flights not directly affected by the industrial action. These policies enabled customers to re-book flights or receive a refund. The net financial impact of the industrial action is estimated to be €137 million. In addition, there were further disruption events affecting British Airways in the quarter, including threatened strikes by Heathrow Airport employees, which had a further net financial impact of €33 million.

IAG estimates that the latest booking trends in its low cost segments (primarily Vueling and LEVEL) will have an adverse financial impact of €45 million.

At current fuel prices and exchange rates, IAG therefore expects its 2019 operating profit before exceptional items to be €215 million lower than 2018 pro forma (€3,485 million). Passenger unit revenue is expected to be slightly down at constant currency, compared to flat guidance previously, and non-fuel unit costs are expected to improve at constant currency, unchanged from previous guidance. Capacity growth, measured in ASKs, for the fourth quarter is now expected to be about 2 per cent, which is 1.2 points below previous guidance, and full year capacity growth is expected to be about 4 per cent, compared to 5 per cent previously.

There have been no further talks between British Airways and BALPA. The airline's offer of a 11.5 per cent pay increase over three years still stands and has been accepted by British Airways' other unions, representing 90 per cent of the airline's employees. Clearly any further industrial action will additionally impact IAG's full year 2019 operating profit.

Willie Walsh, IAG's chief executive, and Steve Gunning, IAG's chief financial officer, will host an analysts' conference call at 07:30am UK time (08:30am CET) on Thursday 26 September.

Steve Gunning  
Chief Financial Officer

26 September 2019

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*This announcement contains inside information and is disclosed in accordance with the company's obligations under the Market Abuse Regulation (EU) No 596/2014.*

The conference call details are:

Location	Phone Number
United Kingdom, London	+44 (0) 2071 928000
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Confirmation Code: 8179236

Participants will have to quote this code when dialing into the conference, dial in 5-10 minutes prior to the start time